Florida Adult Day Training Payment Methodology Report

Report to the Florida Legislature
December 2024

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Purpose of Report

Specific Appropriation (S.A.) 194 of the General Appropriations Act from the 2024 Florida Legislature required that the Agency for Health Care Administration (Agency) develop a report proposing alternative reimbursement rate methodologies for Adult Day Training services provided under the Home and Community Based Waiver at the Agency for Persons with Disabilities, to include reimbursement at a monthly rate. The Agency is required to submit the report to the Governor's Office of Policy and Budget, the chair of the Senate Committee on Appropriations, and the chair of the House of Representatives Appropriations Committee by January 6, 2025.

The Agency completed the required analysis of alternative reimbursement rate methodologies for Adult Day Training services with the assistance of Milliman. This report is submitted in completion of requirements for S.A. 194.

MILLIMAN REPORT

Florida Adult Day Training Payment Methodology Review

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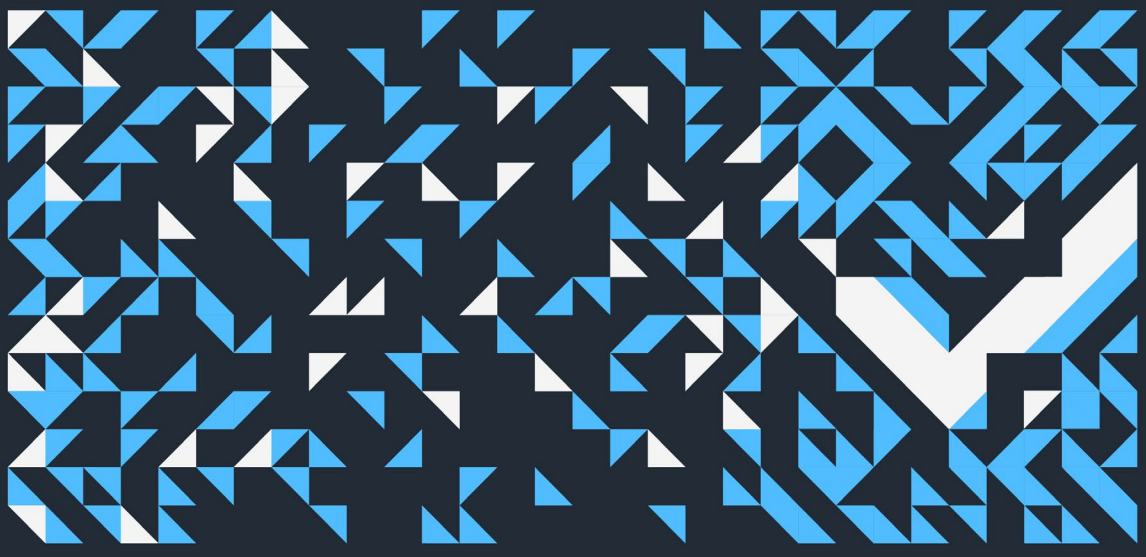

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Executive Summary

The Florida Agency for Health Care Administration (Agency) engaged Milliman, Inc. (Milliman) to identify proposed alternative rate methodologies for Life Skills Development Level 3 – Adult Day Training, referred throughout this report as ADT. Florida's ADT services are covered under Medicaid's Developmental Disabilities Individual Budgeting (iBudget) Waiver services program, which is operated by the Agency for Persons with Disabilities (APD). The Agency is facilitating this review under Chapter 2024-231, Laws of Florida[1], which specifically directs the Agency to use funds in Specific Appropriation 194 to:

"… develop a report proposing alternative reimbursement rate methodologies for Adult Day Training services provided under the Home and Community Based Waiver at the Agency for Persons with Disabilities, to include reimbursement at a monthly rate. The agency shall submit the report to the Governor's Office of Policy and Budget, the chair of the Senate Committee on Appropriations, and the chair of the House of Representatives Appropriations Committee by January 6, 2025."

APPROACH

To complete this work, Milliman conducted independent research to identify how other state Medicaid programs pay for similar services, met with the Agency throughout the engagement with weekly project meetings, and captured feedback through a provider survey. Based upon the independent research, Milliman identified six potential rate methodology adjustments for provider and Agency feedback. Table 1 provides a description of each adjustment.

TABLE 1: POTENTIAL RATE METHODOLOGY ADJUSTMENTS AND FLORIDA'S CURRENT ADULT DAY TRAINING APPROACH

POTENTIAL RATE METHODOLOGY ADJUSTMENT	CURRENT ADULT DAY TRAINING APPROACH[2]
Staffing ratio: payment rate adjustments that define how many staff are needed to support one or more recipients	Payment varies by staffing ratio: 1:1, 1:3, 1:5, or 1:6 to 1:10
Geographical: payment rate adjustments that account for local or regional differences in costs, e.g., increased costs to meet the demand for services in areas with limited providers or areas with a higher cost of living	Payment varies by regional adjustment: ▪ Geographical - Palm Beach, Broward, and Miami-Dade Counties ▪ Monroe County ▪ Non-Geographical - all other counties
Units: time increment that is reported by a provider for payment from Medicaid, e.g., 15-minute, hourly, daily, or monthly	Hourly billing units
Acuity (complexity): payment rate adjustments related to recipients with higher levels of need or care, e.g., specialized staff or enhanced staffing is needed ***Note: An acuity adjustment typically reflects a distinct rate that aligns with an overall assessment score, which is separate from a payment rate adjustment for specific medical or behavioral support needs.***	The current payment rate approach does not include an acuity/complexity adjustment.
Medical or behavioral support needs: payment rate adjustments related to recipients with higher medical or behavioral needs (e.g., administration of a gastrostomy tube) or behavioral support needs	The current payment rate approach does not include a medical or behavioral needs adjustment.
Service setting: payment rate adjustments based on where a recipient receives an ADT service, e.g., facility/center-based service or service provided in the community	The current payment rate approach does not include a service setting adjustment.

Milliman is not advocating for, recommending, or endorsing any specific payment rate methodology adjustments.[3] All final decisions regarding the design, modeling methodologies, parameters, and assumptions, and other aspects of the current ADT rate methodology approach are the responsibility of the Agency. This analysis is focused on the

[1] Chapter 2024-231,§3 at 194, Laws of Florida. Retrieved from https://laws.flrules.org/2024/231

[2] Florida does not have an acuity or medical/behavioral support needs adjustment; however, the variance in payment rates by staffing ratio allows for additional staffing to support more intensive needs.

[3] To streamline and improve the readability of the report we will frequently refer to a "payment rate methodology adjustment" as a "rate adjustment".

overall payment rate methodology and does not include a review of service utilization trends, payment rate funding levels, current rate models, or impact analysis.

PROPOSED ALTERNATIVE REIMBURSEMENT RATE METHODOLOGIES

Based on provider feedback from the survey and a review of ADT reimbursement approaches used by other state Medicaid programs, the Agency identified the below areas of focus for alternative rate methodologies for additional consideration:

- **Service setting:** This adjustment would recognize potential cost differentials between delivering services in the community versus in an ADT facility or center. Providers have expressed support for this type of adjustment, and incentivizing care in the community is consistent other states' approaches and the Agency's goal to promote access to community-integrated services.
- **Staffing ratio:** Providers expressed support for lower staffing ratios for community settings to improve recipient and ADT staff safety and higher staffing ratios for facility-based services; the current ADT staffing ratios are the same across service settings. Further understanding of increased staffing requirements by setting would be needed, along with identifying related changes in costs to implement a rate adjustment.
- **Behavioral support:** Providers indicated challenges providing services to individuals with high behavioral support needs and they suggested either higher reimbursement for increased staff training or lower staffing ratios for people with behavioral needs. This approach would provide enhanced rates for recipients in need of additional behavioral supports. In other states, qualifying for a behavioral rate adjustment is often based on an assessment tool score or may reflect presence of a specialized behavioral supports plan or other needs criteria.

The Agency also identified the below features of the current rate methodology that could be modified. However, these modifications would have broader implications, necessitating further analysis and discussions with APD and stakeholders.

- **Geographical adjustment**: The current geographical adjustment for ADT services is applicable to all iBudget services. As such, only changing the geographical adjustment for ADT and not the other iBudget services would introduce inconsistencies across the iBudget service array. The Agency has supported regional adjustments that promote improved access to services for other programs in areas with limited provider enrollment, however, any changes in this area would need to be considered more broadly across the iBudget program.
- **Unit type:** As ADT services are often provided for several hours at a time, it is possible to structure payment based on a full or partial day of services. This would require, however, a detailed review of utilization assumptions, an understanding of potential impacts on the current 56 hours per week cap of all Life Skills Development services, and consideration for establishing a minimum "floor" of hours.

The interconnected nature of the array of home and community-based services (HCBS) means that altering the payment rate for one specific service can inadvertently create inconsistencies in payment rate approaches and incentives across the larger HCBS system. Furthermore, adjusting a payment rate could necessitate identifying related direct care staff[4] wage assumptions, which may or may not align with the payment rate development methods used for other services. Any changes to the ADT payment methodology should be considered in the broader context of the iBudget service array, and alignment with Florida's service delivery goals, as well as the need for the state to comply with new federal reporting requirements that focus on direct care worker compensation for habilitation, homemaker, home health aide, and personal care services.[5] Therefore, the Agency may wish to evaluate any ADT payment rate methodology changes within the framework of a comprehensive review of iBudget payment rates.

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[4] The *iBudget Handbook with ADT Redesign* refers to direct service staff and direct service providers interchangeably. Page 1-5 of the *iBudget Handbook with ADT Redesign* includes a definition of direct service providers as, "A person age 18 years or older who has direct face-to-face contact with a recipient or has access to a recipient's living areas or to a recipient's funds or personal property, as defined in section 393.063, F.S."

[5] Ensuring Access to Medicaid Services, CMS-2442-F, 89 FR 40542. Department of Health and Human Services, Centers for Medicare & Medicaid Services. Retrieved from https://www.federalregister.gov/d/2024-08363

Introduction

The Florida Agency for Health Care Administration (the Agency) engaged Milliman, Inc. (Milliman) to identify approaches to varying payment rate methodologies for Life Skills Development Level 3 – Adult Day Training, referred throughout this report as ADT. Florida's Agency for Persons with Disabilities (APD) operates programs and services that support people with intellectual and developmental disabilities (I/DD), including ADT which is authorized under the Developmental Disabilities Individual Budgeting (iBudget) Waiver services program. The Agency coordinates with APD on compliance with Medicaid requirements and program technical materials, including the 1915(c) iBudget waiver application.[6]

The iBudget waiver program provides supports to keep people living at home and in similar community settings as well as to promote the principle of self-determination, or the freedom to make decisions about their lives and services.[7] The iBudget waiver includes residential services (in-home assistance), day services, and other support services such as respite, and case management. ADT services are designed to:

"…support the participation of recipients in valued routines of the community that are age and culturally appropriate…[and] may include recreational and other activities to enhance social development and development of skills in performing activities of daily living and community living."[8]

Florida's iBudget program had an estimated $1.5 billion dollars in annual expenditures in calendar year (CY) 2023, consisting of both state and federal funds. Approximately $100 million or 7 percent of the CY 2023 iBudget expenditures were spent on ADT services delivered by over 250 Medicaid I/DD providers. In CY 2023, the iBudget waiver covered services to over 35,000 Floridians, and approximately 34 percent of the recipients participated in ADT.[9]

Table 2 below provides the current ADT payment rates published on APD's website, which include rate adjustments for staffing ratios and geographical locations, all billed in one hour units.

TABLE 2: FLORIDA ADULT DAY TRAINING FEE SCHEDULE, EFFECTIVE. JULY 1, 2024[10]

				AGENCY RATES		
PROCEDURE CODE	MODIFIER	DESCRIPTION	STAFFING RATIO	GEOGRAPHICAL[1]	NON-GEOGRAPHICAL[2]	MONROE COUNTY
S5102	UC	Life Skills Development – Level 3 (ADT) – Facility Based – Hour	1:1	$21.99	$21.87	$22.49
S5102	UC	Life Skills Development – Level 3 (ADT) – Facility Based – Hour	1:3	$16.11	$15.92	$16.65
S5102	UC	Life Skills Development – Level 3 (ADT) – Facility Based – Hour	1:5	$8.69	$8.58	$9.01
S5102	UC	Life Skills Development – Level 3 (ADT) – Facility Based – Hour	1:6-10	$6.83	$6.70	$6.83

Note:
1. Geographical - Palm Beach, Broward, and Miami-Dade Counties
2. Non-Geographical – all other counties

Beginning in 2027, states will be required to report on total payments for habilitative (includes ADT), homemaker, home health aide, and personal care services, and the percentage of those payments spent on compensation for direct care workers.

[6] Agency for Persons with Disabilities (APD) Statement of Agency Organization and Operation. Retrieved October 29, 2024 from https://apd.myflorida.com/docs/Statement%20of%20Agency%20Organization%20&%20Operation%20v4-2-2019.pdf

[7] Florida Agency for Health Care Administration (April 2024) Application for 1915(c) HCBS Waiver: FL. 0867.R03.00. Retrieved October 29, 2024 from https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/Downloads/FL0867.zip

[8] Agency for Persons with Disabilities (APD) iBudget Handbook with ADT Redesign. Retrieved October 29, 2024 from https://apd.myflorida.com/ibudget/docs/iBudget%20Handbook%20with%20ADT%20Redesign%20Final.pdf

[9] Claims Data Analysis, Calendar Year 2023 iBudget Waiver. Milliman. Completed December 2, 2024.

[10] Agency for Persons with Disabilities (APD) iBudget Waiver Rate Changes. Retrieved October 29, 2024 from https://apd.myflorida.com/providers/rates-billing/docs/iBudget%20Waiver%20Rates%20Changes%20Effective%2020240701%20FINAL%20v5.pdf

The remainder of this report describes the identification of alternative reimbursement rate methodology areas of focus, feedback from ADT providers, and potential next steps for implementing changes to the ADT payment methodology.

Identification of Adult Day Training Services Payment Rate Adjustment Options

To complete this work, Milliman conducted independent research to identify how other state Medicaid programs pay for similar services and captured provider feedback on those payment approaches, as well as any additional potential adjustments that providers raised.

OTHER STATE APPROACHES TO VARYING PAYMENTS FOR ADULT DAY TRAINING SERVICES

Milliman conducted a review of 12 other states to capture their ADT payment rate methodologies and related adjustments.[11] States were selected based on their geographical proximity to Florida, comparable Medicaid populations, and discussions with the Agency. We reviewed publicly available information, including 1915(c) waiver amendments, administrative code and coverage policies, and fee schedules (Appendix A provides a list of sources used). We used the results of this review to discuss potential rate methodology adjustments with the Agency and to guide the focus of the provider feedback survey.

Overall, we found that the approaches for ADT rate adjustments vary across states, with three common adjustments: staffing ratios, acuity, and setting. It is important to note, however, that the data sources and methods for applying adjustments to the rates varied across states. For example, Ohio has an acuity-adjusted payment rate for adult day services that is further adjusted by the type of setting (community or non-community based), and a third factor based on region-specific service delivery costs. Additionally, Alabama has different staffing ratios, allows for settings adjustments (facility, community, or a hub with community experience), and uses the recipient's needs to assign an acuity tier.

Figure 1 below provides a summary of ADT payment rate adjustment approaches identified through our research.

FIGURE 1: SUMMARY OF OTHER STATES' ADULT DAY TRAINING SERVICES PAYMENT RATE ADJUSTMENT APPROACHES

ADT REIMBURSEMENT METHODOLOGY APPROACH	OTHER STATE APPROACHES AND EXAMPLES
Service Setting Payment rate adjustments based on where a recipient receives services, with adjustments typically varying by two setting types: ▪ Facility-based services, e.g., "on-site" services delivered at adult day center ▪ Community-based services, e.g., "off-site" services delivered in the community	States using this approach include Alabama, Georgia, Massachusetts, Ohio, Oregon, and Texas; for example: ▪ Ohio and Oregon distinguish between integrated community settings and non-integrated community (facility) settings for purposes of varying payment rates ▪ Georgia's Community Access service is delivered in two subservices: • Community Access – Individual; services are delivered exclusively in the community • Community Access – Group; services are delivered both in the community and at day centers
Staffing Ratios Payment rate adjustments based on staffing ratios (i.e., direct care staff-to-recipient ratios) to account for how many staff are supporting one or more recipients.	State approaches include: ▪ Distinct staffing ratios per service (e.g., 1:1, 1:2, 1:3, 1: 4…1:10, etc.) • States using this approach include Alabama, California, Georgia, Louisiana, Minnesota; for example: • California uses 9 payment rates to reflect staffing ratios 1:2 through 1:10 ▪ Single payment for a range of staffing ratios (e.g., 1:1-4, 1:1-8, etc.) • Massachusetts specified a single payment rate for 1:1-4 services ▪ Hybrid approach; mix of service-specific and ranges (e.g., 1:1 with a 1:6-1:10 rate) • States using this approach include North Carolina and Texas

[11] Alabama, California, Georgia, Louisiana, Massachusetts, Minnesota, New York, North Carolina, Ohio, Oregon, Texas, and Washington

ADT REIMBURSEMENT METHODOLOGY APPROACH	OTHER STATE APPROACHES AND EXAMPLES
Geography Geographical adjustments account for local or regional differences in costs.	States using this approach include California, Ohio, Minnesota, New York; for example: ▪ Minnesota uses a region-based factor ▪ Ohio has 88 counties and assigns each county to one of eight "cost of doing business" categories, which is used to adjust the service rates.
Billing Units Billing units are the time increment that is reported by a provider for payment from Medicaid.	State approaches include: ▪ Daily/per diem • States using this approach include California, Minnesota, New York, and Ohio; for example: • New York uses day and half-day units, which are set at provider-specific rates; one half-day unit is 50% of the day unit price • Ohio uses a day unit for between 5-7 hours of service, otherwise providers bill 15 minute units ▪ Hourly • States using this approach include California, Florida, Oregon, and Texas ▪ 15 Minutes • States using this approach include Alabama, Georgia, Louisiana, Massachusetts, Minnesota, and Ohio *Note: Some states use managed care to pay for HCBS and include ADT and other services in monthly capitation rates, we excluded these states from this section of the analysis.*
Complexity (Acuity) Complexity (acuity) adjustments account for recipients with higher levels of need or care. Complexity (acuity) may be based on assessments or on an exceptional level of need.	States using this approach include Alabama, Georgia, Massachusetts, Ohio, Oregon, Texas, and Washington.; for example: ▪ Oregon uses seven acuity categories that are grouped into four categories that are each linked to a staffing ratio assumption ▪ Washington uses acuity tiers for determining maximum adult day service hours *Note: Some states use acuity tiers to assign staffing ratios.*
Behavioral and Medical Adjustments Behavioral and medical adjustments support individuals with higher medical or behavioral needs.	States using this approach include North Carolina, Ohio, and Texas; for example: ▪ Texas uses criteria to enhance staffing for individuals for whom the assigned acuity category does not meet the support needs due to mobility, medical, or behavioral issues. Texas uses five acuity categories based on the ICAP assessment ▪ North Carolina uses enhanced individualized services for recipients who meet requirements related to exceptional medical, behavioral, or support needs *Note: Day support services offered through North Carolina's Innovations waiver are paid via managed care.*
Other Approaches Adjustments that are unique to a state or do not fit within the definition of the above adjustment categories.	State approaches include: ▪ Direct Care Workforce Adjustments • Texas offers rate enhancements for voluntary direct care staff wages that exceed the minimum wage ▪ Rates informed by cost reports • Minnesota uses rate frameworks that establish service rates that are individualized and based upon service requirements as well as recipient needs • New York uses cost reports to rebase provider-specific rates for Group Day Habilitation waiver services at an interval no longer than every five years

Provider Feedback on Adult Day Training Services Payment Rate Adjustment Options

We collected provider feedback on potential rate methodology adjustments through a survey distributed to ADT providers who had emails on file with APD.[12] This survey, developed in conjunction with the Agency, collected the following information:

- Provider contact and location information

[12] Not all ADT providers had an email address on file with the APD, for those without an email address we searched for email addresses through a website or other publicly available source and checked against a provider's name.

- Feedback on current ADT payment rate approaches related to staffing ratios, geography, and unit structure. Providers were asked to indicate if the current approaches support their ability to provide services by selecting one of the following responses: “Does support”, “No opinion (neutral)”, and “Does not support”
- Feedback on other ADT payment rate adjustments that providers would like to see implemented (acuity, medical needs, behavior needs, service setting, or other). Providers were asked to indicate “High Priority”, “Not a priority”, and “Low priority”) for each specific adjustment.
- Other feedback related to Florida’s and other states’ ADT payment methodologies captured through open text related to each of the above feedback questions.

The Agency distributed the survey via email to 187 ADT providers on November 18, 2024 with a due date of November 26, 2024. A total of 58 surveys were received, representing a 31 percent response rate.[13]

Overall, survey responses indicated the following:

- All three current rate adjustments (staffing ratios, geographical, and units) could be changed to better support service delivery
- Desire to modify the current approach to varying payment rates by geographic location
- Preference for the current hourly basis for payment as compared to a more granular 15 minute unit basis, with interest in the use of daily or monthly billing units
- Support for varying payment rates further based on acuity, medical/behavioral needs, and setting
- Interest in other payment rate approaches including retention incentives (e.g., signing bonus, retention bonus, or professional development opportunities), outcome-based payment adjustments (e.g., increased community participation), and general support for an alternative transportation reimbursement approach

Figure 2 below provides a more detailed overview of the survey results.

FIGURE 2: PROVIDER SURVEY RESULTS

SURVEY	DESCRIPTION
Current payment rate feedback	Provider feedback included: ▪ Staffing (i.e., provider-to-consumer) ratios of 1:6-10 typically cannot be provided safely in the community ▪ General support for staffing ratios variances that reflect variances in support needs across beneficiaries ▪ Region assignments should be updated to account for variation in economic factors impacting service delivery costs, such as cost-of-living adjustments, and incentives to support workforce recruitment and retention (e.g., payment rate add-ons) ▪ Support for daily/monthly billing units with specific comments on administrative burden associated with hourly units (e.g., time tracking, scheduling, and billing requirements) ▪ Minimal support for a more granular fifteen-minute unit
Additional payment rate adjustments	Providers indicated support for the following additional payment rate adjustments, ranked by the how many providers indicated “high priority” for the specific adjustment. Providers could indicate that more than one adjustment was “high priority”, and 14 providers reported that all adjustments are a “high priority”. ▪ Acuity -- 35 of 39 providers, or 90 percent of the providers that responded to this question indicated this is a ‘high priority” adjustment. • Providers generally indicated support for tiered rates based on acuity and suggested linking acuity tiers to utilized service days. ▪ Behavior needs -- 24 of 29 providers, or 83 percent of the providers that responded to this question indicated this is a ‘high priority” adjustment. • Some providers described specific challenges with delivering services to people with behavioral needs, referencing line-of-sight and enhanced staffing requirements associated with such behaviors. ▪ Service setting -- 23 of 30 providers, or 77 percent of the providers that responded to this question indicated this is a ‘high priority” adjustment

[13] Some providers started the survey, but exited the survey and did not complete any questions; those responses are not reflected in the 58 surveys. In addition, some providers may have submitted multiple surveys, and those duplicates are not reflected in the 58 surveys.

SURVEY	DESCRIPTION
	• Some providers indicated support for community integration activities with general comments related to variation in transportation costs between setting types (e.g., day center vs. community setting). ▪ Medical needs -- 23 of 31 providers, or 74 percent of the providers that responded to this question indicated this is a 'high priority" adjustment • Some providers noted support for specialized staff training, medical equipment costs, or changes in recipient medical conditions not captured by prior medical assessments. ▪ Other – Providers noted recommendations for other payment rate approaches, including retention incentives (e.g., signing bonus, retention bonus, or professional development opportunities), outcome-based payment adjustments (e.g., increased community participation), and general support for an alternative transportation reimbursement approach

Discussion of ADT Alternative Reimbursement Rate Methodology Areas of Focus

We discussed the range of options identified through provider feedback and other state approaches with the Agency who identified the five alternative reimbursement rate methodology areas of focus for further consideration: service setting, staffing ratio, behavioral support, geographical, and billing units. It is important to consider that as more rate adjustments are applied to a service rate, the billing process will become more complex for providers to manage. All options will require further review and discussion of potential downstream impacts.

Milliman is not advocating for, recommending, or endorsing any specific payment rate methodology adjustments. All final decisions regarding the design, modeling methodologies, parameters, and assumptions, and other aspects of the current ADT rate methodology approach are the responsibility of the Agency.

Figure 3 provides a summary of all approaches evaluated and considerations for their inclusion or exclusion as an alternative reimbursement rate methodology area of focus.

FIGURE 3: RATIONALE FOR IDENTIFICATION OF ALTERNATIVE REIMBURSEMENT RATE METHODOLOGY AREAS OF FOCUS

AREA OF FOCUS	DESCRIPTION	EXISTING APPROACH	SELECTED AS AN AREA OF FOCUS	CONSIDERATIONS
Service setting	Payment rate varies based on where a recipient receives an ADT service (in the community as compared to in the ADT facility or center).	N/A	Yes	▪ Provider feedback indicates interest in service setting adjustments (i.e., community-based vs center-based rates) ▪ Aligns with the Agency's goal to promote access to community-integrated services ▪ Common approach implemented in other states to expand access to community settings
Staffing ratios	Payment rate varies based on the number of staff needed to support recipients.	1:1, 1:3, 1:5, or 1:6 to 1:10	Yes	▪ Provider feedback supports lower staffing ratios in a community and higher staffing ratios in a facility ▪ Requires an in-depth service review to determine appropriate staffing ratios and supporting rate adjustments ▪ Providers stated that the current staffing ratios are too high for community-integrated services
Geographical	Payment rate variation that accounts for local or regional differences in costs	Geographic: Palm Beach, Broward, Miami-Dade; Monroe County; Non-Geographic: all other counties	Yes	▪ Provider feedback indicates that geographical adjustments strongly support improved service delivery ▪ Aligns with the Agency's goal of maintaining access to services in rural and hard to serve areas. ▪ Further analysis and discussion are required as all iBudget services have the same geographic adjustment; changing just ADT would introduce inconsistencies in the geographic variation approaches.
Billing units	Time increment that is reported by a provider for payment from Medicaid (e.g., 15-minute, hourly, daily, or monthly)	Hourly	Yes	▪ Provider feedback indicates that the hourly billing unit better supports service delivery as compared to a 15 minute billing unit; as ADT services are often provided for several hours at a time. ▪ It is possible to structure payment based on a full / partial day of services; however, this would require a detailed review of utilization assumptions, an understanding of potential impacts on the current 56 hours per week cap of all Life Skills Development services, and consideration for establishing a minimum "floor" of hours.

AREA OF FOCUS	DESCRIPTION	EXISTING APPROACH	SELECTED AS AN AREA OF FOCUS	CONSIDERATIONS
				▪ Monthly units, while largely supported by providers, are not commonly used by other states for ADT services and would require extensive engagement by the Agency, APD, and providers prior to being implemented. Implementation of monthly units would require extensive policy changes and monitoring of costs.
Complexity (Acuity)	Payment rate variation for recipients with higher levels of need or care.	N/A	No	▪ Provider feedback indicates some interest in acuity adjustments; specific feedback is related to staffing ratios. ▪ Behavioral support adjustments could support recipients with complex needs that are a result of dual behavioral diagnoses. ▪ Implementing this adjustment would require identification of data source(s) needed to support this adjustment (e.g., assessment data, claims data, diagnoses, etc.).
Behavioral support	Payment rate enhancement for special behavioral needs	N/A	Yes	▪ Provider feedback indicates interest in behavioral adjustments, especially if behavioral support adjustments include lower staffing ratios or higher reimbursement for increased staff training. ▪ Providers stated that highly complex behaviors limit the ability to deliver services. ▪ This is a common approach implemented in other states to address costs associated with behavioral needs not captured by other payment rate adjustments. ▪ Implementing this adjustment would require identification of data source(s) needed to support this adjustment (e.g., assessment data, behavioral support plans, claims data, diagnoses, etc.).
Medical support	Payment rate enhancement for special medical needs	N/A	No	▪ Provider feedback indicates some interest in medical adjustments ▪ Specific feedback is related to specialized staff training, medical equipment costs, or a person's medical stability.

The interconnected nature across the array of home and community-based services (HCBS) means that altering the payment rate for one specific service can inadvertently create inconsistencies in payment rate approaches and incentives across the larger HCBS system. Furthermore, adjusting a payment rate could necessitate identifying related direct care staff wage assumptions, which may or may not align with the payment rate development methods used for other services. Any changes to the ADT payment methodology should be considered in the broader context of the iBudget service array, and alignment with Florida's service delivery goals, as well as the need for the state to comply with new federal reporting requirements that focus on direct care worker compensation for habilitation, homemaker, home health aide, and personal care services.

IMPLEMENTATION CONSIDERATIONS

If the Agency decides to implement any of these rate approaches, they should consult with APD and stakeholders and will need to consider various implementation considerations, including:

- Review of service utilization caps, such as the limit of 56 hours per week of all Life Skills Development (combined for all services).
- Development of corresponding policy or regulatory changes (e.g., developing criteria for qualifying for a behavior rate adjustment). Recipients and service coordinators will need guidance to understand changes to service planning and service delivery.
- Communications to providers, including posting materials to the Agency's website, conveying the updated rates, policy changes (if applicable), and any other relevant technical assistance. Operational changes will occur, including updates to software systems (e.g., additional claims codes or processing logic). Providers will need guidance to understand changes to service planning and service delivery.
- Monitor service utilization and payment amounts to understand the impact of the new rate methodology adjustment(s). Reports that show the how many recipients and how many days of ADT will give insight into if there are new patterns after the rate methodology changes.

- Potential operational changes such as additional claims processing logic.
- Obtain legislative approval for any ADT rate methodology changes that require additional funding. Obtain any necessary federal and state approvals for changes to reimbursement structures or payment rate levels (e.g., updates to existing 1915(c) waivers and state rules).

Caveats and Limitations

The information contained in this analysis has been prepared for the State of Florida Medicaid Agency for Health Care Administration (Agency).

It is important that readers of this analysis be aware of its limitations:

- *Review of ADT payment rates and summary payments were based off CY2023 claims information. We did not audit these values but did review them for reasonableness.*
- *Survey outreach was conducted using a combination of email addresses provided by the Agency and email addresses researched by Milliman staff.*
- *Provider feedback assumes some level of knowledge of ADT services, but survey responses were anonymous and exact respondents were not limited to the distribution list.*

This analysis is intended to facilitate discussions with the Agency regarding ADT services payment methodology variations and is not considered complete without oral comment. This analysis should not be used for any other purpose. The contents of this analysis are not intended to represent a legal or professional opinion or interpretation on any matters.

We understand this report will be shared with the Florida State Legislature. To the extent that information contained in this report is provided to any approved third parties, the report should be distributed in its entirety. Any user of the data must possess a certain level of expertise to not misinterpret the information presented.

In preparing this analysis, we relied on historical information provided by the Agency, environmental scan research for context, the current Florida iBudget fee schedule, and provider survey results. We did not audit any of this information, but we did assess the information for reasonableness. If the information used is inadequate or incomplete, this discussion may be likewise inadequate or incomplete.

Milliman makes no representations or warranties regarding the contents of this analysis to third parties. Similarly, third parties are instructed that they are to place no reliance upon this information prepared for the Agency by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

The results of this report are technical in nature and are dependent upon specific assumptions and methods. No party should rely on these results without a thorough understanding of those assumptions and methods. Such an understanding may require consultation with qualified professionals.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. Jill Bruckert is an Actuary at Milliman and is a member of the American Academy of Actuaries, and Jill meets the Qualifications Standards of the Academy to render the actuarial communication contained herein. To the best of her knowledge and belief, this communication is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

Appendix A: References for Other State Research

Alabama

Alabama Department of Mental Health – Division of Developmental Disabilities (July 2024) ID Waiver Procedure Codes, Rates, and Limitations. Retrieved November 7, 2024 from https://mh.alabama.gov/wp-content/uploads/2024/04/Current-and-Pending-CWP-Rates-Updated-4-29-24updated-and-final.pdf

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California

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