

PHASE-IN PLAN FOR ISL STANDARDIZED RATES

FEBRUARY 5, 2020

Background

In 2019, the Centers for Medicaid and Medicare Services (CMS) approved a Corrective Action Plan (CAP) requiring the Division of Development Disabilities (Division) to standardize the Individualized Supported Living (ISL) rates across all individuals and providers. The Division contracted with Mercer Government Human Services Consulting (Mercer) to conduct a rate study and develop standardized rates for ISL services. As part of the CAP, the Division committed to implementing the standardized ISL rates by State Fiscal Year (SFY) 2024 (July 1, 2023 – June 30, 2024). Between now and then, the Division plans to gradually phase in the ISL standardized rates. This document outlines the ISL standardized rates and provides information on how the rate phase-in will work.

ISL Standardized Rates

Upon reviewing the results of the Mercer rate study, the Division determined that the ISL standardized rates would be based on the lower bound modeled rates (see table below). Note that funding provided in the SFY 2020 (July 1, 2019 – June 30, 2020) budget allowed the Division to raise the lowest ISL rates to 77.7% of the standardized rate. Given the level of additional funding needed to pay the standardized rates, the Division plans to request significant funding in each of the next few budget years. To the extent the requests are not funded through the Governor's budget in a given year, this will directly impact the Division's ability to standardize the rates within the timeframes outlined below.

RATE ALLOCATION SCORE (RAS)	ISL STANDARDIZED RATES (PER HOUR)
1	\$29.80
2	\$29.80
3	\$30.00
4	\$30.00
5	\$30.00
6	\$32.28
7	\$35.43

Phase-In Plan

In order to pay all providers the ISL standardized rates and achieve compliance with the CMS CAP, the Division plans to move forward with the following phase-in plan. Actual phase-in rates are contingent on approved Division budgets.

- **Phase 1 (SFY 2021 [July 1, 2020 – June 30, 2021]):** if rates are below 85.5% of the standardized rates, move them up to 85.5% of the standardized rates. If rates are above the standardized rates, no change.

- **Phase 2 (SFY 2022 [July 1, 2021 – June 30, 2022]):** if rates are below 90.5% of the standardized rates, move them up to 90.5% of the standardized rates. If rates are above the standardized rates, no change.
- **Phase 3 (SFY 2023 [July 1, 2022 – June 30, 2023]):** if rates are below 95.5% of the standardized rates, move them up to 95.5% of the standardized rates. If rates are above the standardized rates, move them half way down to the standardized rates.
- **Phase 4 (SFY 2024 [July 1, 2023 – June 30, 2024]):** if rates are below 100% of the standardized rates, move them up to the standardized rates. If rates are above the standardized rates, move them down to the standardized rates.

Phase-In Scenario Examples

Below are two example scenarios showing how ISL rates will be impacted by the Division’s phase-in plan. These examples are for illustrative purposes only and are specific to an individual with a RAS of 2.

Example 1: Provider’s SFY 2020 Rate for RAS Level 2 Individual is \$23.50

SFY	PHASE-IN RATE
SFY 2021	\$25.48 = 85.5% * \$29.80 (Standardized Rate for RAS 2)
SFY 2022	\$26.97 = 90.5% * \$29.80 (Standardized Rate for RAS 2)
SFY 2023	\$28.46 = 95.5% * \$29.80 (Standardized Rate for RAS 2)
SFY 2024	\$29.80 = 100.0% * \$29.80 (Standardized Rate for RAS 2)

Example 2: Provider’s SFY 2020 Rate for RAS Level 2 Individual is \$30.00

SFY	PHASE-IN RATE
SFY 2021	\$30.00
SFY 2022	\$30.00
SFY 2023	\$29.90 = (\$30.00 + \$29.80 (Standardized Rate for RAS 2)) / 2
SFY 2024	\$29.80 (Standardized Rate for RAS 2)