



# Legislative Report

## Supplemental Service Rates

### Housing and Support Services Division

December 2018

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Minnesota Statutes, Chapter 3.197, requires the disclosure of the cost to prepare this report. The estimated cost of preparing this report is \$3,000.

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## I. Legislation

This report is in response to legislation, Laws of 2017, Chapter 6, Article 2, **Sec. 38.; housing support services plan to review supplemental service rates.**

(a) Since 1993, group residential housing supplementary service rates have been established in statute without a standard rate setting methodology, nor information about or an analysis of the actual cost the provider will sustain to provide the services. There are approximately 200 providers that receive more than 65 different monthly supplemental rates ranging from \$44 to \$5,000. Further, there are wide discrepancies between the services that are provided for the supplemental rate payment.

(b) The commissioner of human services shall develop: (1) a plan to review all supplemental rates over a sufficient time period, to be determined by the commissioner; (2) a process to modify the rate if it is either inadequate or excessive; and (3) a process to review supplemental rates prospectively, so the legislature has the foundation necessary in which to make a decision as to whether to approve the request for a supplemental rate. The information must be provided in a report to the senate and house of representatives committees with jurisdiction over group residential housing issues, along with proposed legislation to effectuate the plan and processes and a fiscal estimate by December 1, 2018.

## II. Introduction

Housing Support (formerly known as Group Residential Housing, or GRH) is a state-funded program that pays for room-and-board costs across the state for adults with low-income who have a disability or are 65 or older. In some cases, for those recipients who cannot access service payments from other sources such as community-based waiver programs, Housing Support can pay for services in addition to room and board in settings other than adult foster care. As specified in M.S. 256I.03, subd. 8, these “supplemental services” must include, but are not limited to: oversight and up to 24-hour supervision, medication reminders, assistance with transportation, meeting and appointment arrangements, and medical and social services arrangements.

Since the implementation of Housing Support in 1993, there has been a moratorium on new beds receiving Housing Support service funding. There are several legislative exceptions to this moratorium. If a Housing Support setting has a service rate and either closes or reduces the number of beds receiving services, those beds may be “banked” by the county in which the setting is located. These banked beds may be held for future development or given to another county.

Today, Housing Support service rates vary among providers statewide. Many providers receive a standard rate, but many others have legislative authority to receive a higher rate. However, previous studies have shown no correlation between the amount of the rate, services provided, and the level of individual need.

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### Previous Group Residential Housing Studies:

A. Key Findings and Recommendations from **2014 and 2016 studies** showed:

- Housing Support supplemental service rates vary among providers statewide. Many providers receive a standard rate, but many others have legislative authority to receive a higher rate. However, **this study shows there is no correlation between the amount of the rate, services provided, and the level of individual need.**

- The Housing Support supplemental service rate should pay for a menu of core services, with an enhanced rate available for settings that offer additional or more intense services based on the needs of their target population.
- Program changes should recognize differences in setting types (e.g., licensed congregate facility vs. private-market apartment in the community), and should be phased in gradually and through pilot projects where possible.

### **Additional Legislation:**

In 2017, the Minnesota State Legislature established a set of housing-related services for qualifying Medicaid enrollees, called the Housing Stabilization Services. For recipients receiving Housing Support, if they are eligible for this new Stabilization services, their Housing Support rate will be cut in half. Due to the impact of this new service, it will be challenging to determine a supplemental service rate until these new services are implemented. For additional information, see Laws of 2017, section 256B.051, subd. 5 (c).

### III. Report recommendations

Based on the previous studies, it is doubtful that a third study of supplemental service rates would provide a better way to standardize the rate without additional and contract resources to do a more comprehensive analysis. This would require funding from the legislature. Additionally, if a rate study were to occur, it should wait until the implementation of the Housing Stabilization Services. If the legislature does approve and fund a third study, the Housing Support supplemental services rate study should build on the information and best practices informed from these previous rate studies.

#### Plan to Review Supplemental Service Rate:

In order to review the Supplemental Service Rate it is estimated to require the hiring of one full time staff and a contracted consultant. These positions would review relevant data to determine an appropriate rate structure for the Supplemental Service rate. Legislation may be required to ensure survey and data collection compliance on behalf of providers.

Duties involved with these positions would include:

**A. Policy Staff at Department of Human Services ~\$100,000 annually (3 year contract):**

- Solicit and manage a contract with consultant through an RFP process.
- Coordinate with DHS data analyst and consultant to use MAXIS and MMIS data to identify provider rates compared to client characteristics across House Support setting.
- Work with consultant and providers of Housing Support supplemental services to implement provider time studies, collect baseline cost data, train providers and test assessment tools.
- Coordinate with consultant and other subject matter experts across the Department of Human Services to compare services provided with potentially billable MA services.
- Coordinate writing the Supplemental Service Rate report to incorporate recommendations.

**B. Contracted Consultant at ~\$175,000 annually (2 year contract):**

- Develop, implement and collect provider baseline cost data (salary data, ratio of staff to clients, budget, etc.) using a variety of methods from more than 2,000 Housing Support Supplemental Service Rate vendor IDs across the state.
- Analyze baseline cost data and MAXIS/MMIS data to identify potentially billable services, identify provider and client characteristics, and make recommendations to restructure payment rates.
- Test assessment and client change tools with providers and Housing Support recipients.
- Contribute content to report outlining process, findings, and recommendations.
- Review evidence-based practices related to standardized rate setting at the national level.
- Review of existing setting types in relation to level of care for recipients to determine how rates should be set.
- Work with providers and stakeholders in development of the rate structure.
- Design a implementation plan to transition people onto a new rate structure

## **Process to Modify Rate:**

The rate structure established by the consultant would be based on a review of collected data and comparative information among providers, as well as a review of rate standardization across the nation. The consultant will look at the proposal based specific differences in setting types (e.g., licensed congregate facility vs. private-market apartment in the community), and design an implementation plan that will be phased in gradually. The legislature will have the opportunity to review and modify a proposed rate structure prior to its finalization.

## **Process to Review Supplemental Service Rate Prospectively:**

The moratorium on the Supplemental Service rate could be lifted based on the establishment of a new legislatively approved rate structure. Once the new rate structure is approved and implemented the legislature would no longer need to authorize rate exceptions because a rate methodology would be standardized. Providers would receive the rate as determined by the rate structure. If modifications were required for prospective rate setting, legislature would need to authorize modifications.

## **Timeline:**

The timeline is based on the legislature approving funding for this study.

Year 1:

- Hiring of DHS staff and issue RFP for contractor
- Execute contract
- Contractor and DHS staff begin data collection and national review

Year 2: Test rate methodology and tools with providers

Year 3:

- Final report and recommendations ready for the legislature
- Implementation of rate based legislative approval



## IV. Implementation language

### **Subdivision 1.**

#### **Authorization of rate setting for housing support supplemental service rates.**

The commissioner shall design a reform of Minnesota's housing support supplemental services rates to ensure rates are consistent across services and provider settings.

### **Subd. 2.**

#### **Goals.**

The reform proposal in subdivision 3, shall support the following goals:

(1) Review all supplemental rates over a sufficient time period, to be determined by the commissioner.

(2) Modify the rate if it is either inadequate or excessive

(3) Review supplemental rates prospectively, so the legislature has the foundation necessary in which to make a decision as to whether to approve the request for a supplemental rate.

### **Subd. 3.**

#### **Reform proposal.**

(a) A reform proposal shall include systemic and practice review to develop a consistent supplemental service rate. Elements of the reform proposal shall include, but are not limited to:

(b) The commissioner shall develop a proposal consistent with the criteria outlined in paragraph (a) and seek all federal authority necessary to implement the proposal. The commissioner shall seek any federal waivers, state plan amendments, requests for new funding, realignment of existing funding, and other authority necessary to implement elements of the reform proposal outlined in this section.

(c) Implementation is contingent upon legislative approval of the proposal under this subdivision.

### **Subd. 4.**

#### **Legislative update.**

No later than February 1, 2021 the commissioner shall present an update on the progress of the proposal to members of the legislative committees in the house of representatives and senate with jurisdiction over health and human services policy and finance on the progress of the proposal and shall make recommendations on any legislative changes and state appropriations necessary to implement the proposal.

### **Subd. 5.**

#### **Stakeholder input.**

In developing the proposal, the commissioner shall consult with consumers, providers, counties, tribes, health plans, and other stakeholders.

