NATIONAL TRENDS IN 1915(c) FEE-FOR-SERVICE RATES

Division of Long Term Services and Supports
Disabled and Elderly Health Programs Group
Center for Medicaid and CHIP Services
Training Objectives

• Review federal guidance on rate documentation, including a definition of the HCBS Taxonomy Category and taxonomy categories with the highest cost and highest volume across 1915(c) waivers.

• Discuss rate trends for each high-cost and high-volume taxonomy category, including the most common rate basis, growth trend basis, and service unit, as well as the median rate for that taxonomy.

• Analyze national trends pertaining to more broadly applicable topics in the 1915(c) rate setting landscape and provide information states can use to improve documentation of both services and their rate methodology.
Federal Guidance for 1915(c) Rate Documentation
Federal Guidance for Documenting Rate Methodology

• States are required to establish rates for Medicaid services, including HCBS, based on §1902(a)(30)(A) of the Social Security Act.
  
  “Payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that services under the plan are available to beneficiaries at least to the extent that those services are available to the general population.”

• 42 CFR §447.201 outlines the State Medicaid Agency’s role in describing rates for Medicaid services.
  
  “The plan must describe the policy and the methods to be used in setting payment rates for each type of service included in the State's Medicaid program.”
Federal Guidance for Documenting Rate Methodology (Continued)

• **42 CFR §447.304** outlines federal guidance to states regarding updates to their 1915(c) waiver applications. States are required to amend the waiver following substantive changes.
  – “Substantive changes include, but are not limited to… changes in rate methodology…”

• Additionally, substantive changes pertaining to rate setting methodologies require states to submit these changes for public notice.
  – “The agency must provide public notice of any significant proposed change in its methods and standards for setting payment rates…”
CMS specifically outlines how states should document rate development in the 1915(c) Technical Guide, requiring states to include the following information:

- The rate setting method for each waiver service;
- The rate setting methodology for self-directed services, if applicable;
- The entity (or entities) responsible for rate determination, as well as oversight methods of this process;
- The year rates were set and also last reviewed;
- The state’s rate review methods and processes;
- How the Medicaid agency solicits public comment on rate determination methods; and
- How payment rates are made available to waiver participants.
1915(c) Rate Information Data Set
Purpose of the Data Set

• CMS developed a data set to identify pertinent trends among 1915(c) rate methodologies nationwide, including promising practices and areas of improvement for documenting rate methodologies.
  – The data set includes information from Appendix C and I of the 1915(c) waiver application, as well as publicly available rate information from State Medicaid Agency websites.

• Additionally, CMS’ goal was to identify any broad trends among similar services across states when documenting rates for waiver services.
Scope of the Data Set

• CMS collected rate information from all 265 waiver applications approved as of January 31, 2019.

• CMS collected data on the following elements from each waiver application or associated documentation:
  – Service Specification (Appendix C-1 / C-3);
  – Rate Methodology Details (Appendix I-2-a); and
  – Approved Final Rates (Publicly Available Rate Information).

• CMS selected these elements because each are used to evaluate rate sufficiency when reviewing a waiver program and/or comparing services, rates, or rate methods among states.
What is Included in the Data?

<table>
<thead>
<tr>
<th>1915(c) Waiver Application Data Set</th>
</tr>
</thead>
<tbody>
<tr>
<td>States Included in Analysis</td>
</tr>
<tr>
<td>Approved Waivers</td>
</tr>
<tr>
<td>Services (Appendix C-1)</td>
</tr>
<tr>
<td>Total Services Including Component Services (Appendix J-2-d)</td>
</tr>
</tbody>
</table>

Data points include, but are not limited to, the following:

**Waiver Application:**
- Taxonomy categories
- Rate category
- Year of last rate methodology update
- Growth trend percentage / basis

**Publicly Available Rate Information**
- Tier basis (if applicable)
- Staffing ratio (if applicable)
- Rate
- Unit
Publicly Available Rate Information: Limitations and Analysis

• To develop this data set, CMS examined states’ publicly available rate information found on each State Medicaid Agency website.
  – CMS located approved rates and units for nearly 75 percent of the 6,803 services listed in Appendix J of all 1915(c) waiver services.

• Using available rate data, CMS calculated a median rate for each of the most commonly reported units for prevalent HCBS Taxonomy Categories in the data set.
  – The reported median rates in this training are not an endorsement or recommended rate from CMS and are only intended to serve as a reference when examining trends reported for the specific taxonomy category.
The HCBS Taxonomy is a classification system that groups HCBS into 17 categories.

- Taxonomies also include subcategories, but subcategories are not a part of this training.

States may indicate the taxonomy category in Appendix C-1 / C-3 of the 1915(c) waiver application.

Taxonomy categories allow for the comparison of services across HCBS waiver programs, which is the basis of all further analyses in this training.

Taxonomy categories play an important role in any structured review of rates by a state.
<table>
<thead>
<tr>
<th>#</th>
<th>HCBS Taxonomy Category Description</th>
<th>#</th>
<th>HCBS Taxonomy Category Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Case Management</td>
<td>10</td>
<td>Other Mental Health and Behavioral Services</td>
</tr>
<tr>
<td>02</td>
<td>Round-the-Clock Services</td>
<td>11</td>
<td>Other Health and Therapeutic Services</td>
</tr>
<tr>
<td>03</td>
<td>Supported Employment</td>
<td>12</td>
<td>Services Supporting Self-Direction</td>
</tr>
<tr>
<td>04</td>
<td>Day Services</td>
<td>13</td>
<td>Participant Training</td>
</tr>
<tr>
<td>05</td>
<td>Nursing</td>
<td>14</td>
<td>Equipment, Technology, and Modifications</td>
</tr>
<tr>
<td>06</td>
<td>Home-Delivered Meals</td>
<td>15</td>
<td>Non-Medical Transportation</td>
</tr>
<tr>
<td>07</td>
<td>Rent and Food Expenses for Live-in Caregiver</td>
<td>16</td>
<td>Community Transition Services</td>
</tr>
<tr>
<td>08</td>
<td>Home-Based Services</td>
<td>17</td>
<td>Other Services</td>
</tr>
<tr>
<td>09</td>
<td>Caregiver Support</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Data Analysis

• CMS performed two separate analyses to better understand the current rate landscape in 1915(c) waivers:
  – Examined trends from specific taxonomies which commonly have the highest estimated costs and/or number of users.
    • Taxonomies that fit this description are referred to as **high cost, high volume taxonomy categories**.
  – Identified broad nationwide trends across all waiver services, applications, and states.
High Cost, High Volume Taxonomy Category Rate Trends
High Cost, High Volume Taxonomy Categories

• In August 2017, CMS provided guidance regarding trends in rate methodologies for high-cost and high-volume taxonomy categories.
  – CMS reviewed common rate setting methodologies for each taxonomy, as well as notable approaches and other rate setting considerations.

• Fiscal integrity and rate sufficiency issues are magnified for services in these taxonomies because they:
  – Impact the greatest number of waiver participants.
  – Consist of the largest proportion of state and federal expenditures.
The 2017 guidance identified the below taxonomies as high cost and/or high volume based on a sample of 88 waiver applications.

- These closely align with the trends seen in the data set of 265 waiver applications included in this analysis.

- Services Supporting Self-Direction and Non-Medical Transportation are not as prevalent across the expanded data set, so they were not included in this analysis.
01 – Case Management
Case Management Services

• Per the 2014 CMS guidance on taxonomy categories, case management services are defined as:
  – “The development of a comprehensive, written individualized support plan. In addition, case management often includes assisting people in gaining access to necessary services, assessment of a person's needs, ongoing monitoring of service provision and/or a person's health and welfare, assistance in accessing supports to transition from an institutional setting (but not the transition services themselves), and development of a 24-hour individual back-up plan with formal and informal supports.”

• Common service titles include Case Management, Support Coordination, and Care Coordination.

• Case management services are included as a waiver service in 52 percent of waiver applications and provided by 79 percent of states with 1915(c) waivers.
  – States often include case management as an administrative function within the waiver application and do not include it as a waiver service.
  – Additionally, some states choose to implement targeted case management to address specific populations within the state.
### Case Management Services (Continued)

<table>
<thead>
<tr>
<th>From Appendix I-2-a</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Most Common Rate Category:</td>
<td>Fee Schedule (n=169 services)</td>
</tr>
<tr>
<td>Most Common Growth Trend Basis:</td>
<td>Legislative Action (n=65 services)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>From Publicly Available Rate Information</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Most Common Unit:</td>
<td>Month (n=123 services)</td>
</tr>
<tr>
<td>Median Rate:</td>
<td>$276.40* (n=123 services)</td>
</tr>
</tbody>
</table>

*This rate is per month.

- Most states do not describe the frequency of rate updates for case management services, but those that do typically update their rates annually or biannually.

- It is uncommon for states to have tiered case management rates that vary due to different characteristics of an individual receiving services, state geography, provider type, or a combination of the three.
02 – Round-the-Clock Services
Round-the-Clock Services

• Per the 2014 CMS guidance on taxonomy categories, round-the-clock services are defined as:
  – “Services by a provider that has round-the-clock responsibility for the health and welfare of residents, except during the time other services (e.g., day services) are furnished.”

• Common service titles for round-the-clock services include Residential Habilitation, Assisted Living, and Supported Living.

• Round-the-clock services are included as a waiver service in 46 percent of waiver applications and provided by 96 percent of states with 1915(c) waivers.
### Round-the-Clock Services (Continued)

**From Appendix I-2-a**

<table>
<thead>
<tr>
<th>Most Common Rate Category:</th>
<th>Fee Schedule (n=269 services)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most Common Growth Trend Basis:</td>
<td>Legislative Action (n=138 services)</td>
</tr>
</tbody>
</table>

**From Publicly Available Rate Information**

<table>
<thead>
<tr>
<th>Most Common Unit:</th>
<th>Day (n=1269 services)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Rate:</td>
<td>$154.67* (n=1269 services)</td>
</tr>
</tbody>
</table>

*This rate is per day.

- Ten states report using staffing ratios to adjust rates for these services, most commonly ranging from 1:2 to 1:4, but two states report a staffing ratio of up to 1:10.
- Nine states also adjust rates for this service based on geographic location.
  - States often base geographic differences on the location of the provider within the state, which could be identified by county, city, or a more general regional description.
04 – Day Services
Day Services

- Per the 2014 CMS guidance on taxonomy categories, day services are defined as:
  - “Services other than supported employment typically provided outside the person's home during the working day (i.e., Monday through Friday between 8 a.m. and 5 p.m.). These services provide a range of supports and are often, but not always, provided on a regularly scheduled basis at a site specifically established to provide day services.”

- Common service titles for day services include Adult Day Care, Prevocational Services, and Day Habilitation.

- Day services are included as a waiver service in 72 percent of waiver applications and provided by 100 percent of states with 1915(c) waivers.
Day Services (Continued)

<table>
<thead>
<tr>
<th>From Appendix I-2-a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most Common Rate Category:</td>
</tr>
<tr>
<td>Fee Schedule (n=440 services)</td>
</tr>
<tr>
<td>Most Common Growth Trend Basis:</td>
</tr>
<tr>
<td>Legislative Action (n=269 services)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>From Publicly Available Rate Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most Common Unit (N= 484 services):</td>
</tr>
<tr>
<td>15 Minutes (n= 484 services)</td>
</tr>
<tr>
<td>Median Rate:</td>
</tr>
<tr>
<td>$5.59* (n= 484 services)</td>
</tr>
</tbody>
</table>

*This rate is per 15 minutes.

- Eighteen states use tiers to adjust their rates for day services.
  - States’ adjustments for day services differ slightly from the tiers applied to other service categories, commonly modifying rates based on the amount of time served during the day (e.g., half day, full day, etc.).

- Ten states use staffing ratios to adjust rates for day services, with staffing ratios varying between 1:1 and 1:16.
  - These states’ staffing ratios are often higher than those reported for round-the-clock services, with 13 services using a staffing ratio of 1:10 – 1:16.
08 – Home-Based Services
Home-Based Services

- Per the 2014 CMS guidance on taxonomy categories, home-based services are defined as:
  - “Services that support a person in his or her home or apartment, when the provider does not have round-the-clock responsibility for the person's health and welfare. These services can be provided in other community settings, but are primarily furnished in a person’s home or apartment.”

- Common service titles for home-based services include Homemaker, Personal Care, and Home Health Aide.

- Home-based services are included as a waiver service in 74 percent of waiver applications and provided by 98 percent of states with 1915(c) waivers.
From Appendix I-2-a

<table>
<thead>
<tr>
<th>Most Common Rate Category:</th>
<th>Fee Schedule (n=478 services)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most Common Growth Trend Basis:</td>
<td>Legislative Action (n=245 services)</td>
</tr>
</tbody>
</table>

From Publicly Available Rate Information

<table>
<thead>
<tr>
<th>Most Common Unit:</th>
<th>15 Minutes (n=650 services)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Rate:</td>
<td>$4.61* (n=650 services)</td>
</tr>
</tbody>
</table>

*This rate is per 15 minutes.

- Fourteen states reported having updated the rate methodology for their home-based services in the past five years. Of these, six use a rate methodology established in 2014.
  - Three states use a rate methodology for home-based services established more than 20 years ago.
- Five states indicate in Appendix I-3-c that they use supplemental payments for home-based services.
14 – Equipment, Technology, and Modifications
Equipment, Technology, and Modifications

• Per the 2014 CMS guidance on taxonomy categories, equipment, technology, and modifications are defined as:
  – “Material goods to help a person improve or maintain function.”
  – These goods include items or modifications such as personal emergency response systems, chairlifts, ramps, vehicle modifications, or other technology used to improve functionality.

• Common service titles for equipment, technology, and modifications include Home / Vehicle Modifications, Specialized Medical Equipment and Supplies, Assistive Technology, and Personal Emergency Response Systems.

• Equipment, technology, and modifications are included as a waiver service in 84 percent of waiver applications and provided by 100 percent of states with 1915(c) waivers.
## Equipment, Technology, and Modifications (Continued)

### From Appendix I-2-a

<table>
<thead>
<tr>
<th>Most Common Rate Category:</th>
<th>Negotiated Market Price (n=439 services)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most Common Growth Trend Basis:</td>
<td>Legislative Action (n=194 services)</td>
</tr>
</tbody>
</table>

### From Publicly Available Rate Information

<table>
<thead>
<tr>
<th>Most Common Unit:</th>
<th>Annual* (n=49 services)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Rate:</td>
<td>$2,000** (n=49 services)</td>
</tr>
</tbody>
</table>

*The most common unit is “monthly” but this pertains to the monthly maintenance costs and is therefore excluded as it does not apply to the modification itself.
**This rate is per year.

- States use a variety of service units for Equipment, Technology, and Modifications, many associated with the item being delivered (e.g., item, installation, etc.).
  - In addition, 22 states also include a monthly rate for these services for equipment maintenance.
- States who identify a rate for these services often note the maximum allowable rate, and clearly indicate this in their publicly available rate information.
National Trends in Rate and Service Information
National Trends in Rate and Service Information

- CMS identified four broad trends applicable to rate information and service offerings across the entire 1915(c) waiver landscape:
  - HCBS Taxonomy Categories
    - States assign HCBS Taxonomy Categories for about half of their services in Appendix C of the waiver application.
  - Rate Methodology Details
    - States submit varying amounts of rate information and occasionally do not include the rate category for each waiver service.
    - The year of last rate methodology update is often not included in the waiver application, which may call into question rates that are otherwise based on current data and methodologies.
  - Approved Final Rates
    - Most states have publicly available rate information accessible via their State Medicaid Agency website, but there are a number of states where waiver service rates were not readily accessible on the state website.
HCBS Taxonomy Categories
Taxonomy Category Analysis

- CMS’ primary goal for this analysis was to determine how often states are using taxonomy categories in their waiver application.

- When defining rate methodologies, states often refer to studies of similar services in other states as the basis or validation of their own rates.
  - The most effective way to compare services is through grouping them by taxonomy categories, as specific service titles might include different provider types, qualifications, or components of each service.
  - Therefore, grouping by “similar” services, or taxonomy categories, allows states to make these general comparisons among services in a more aggregate manner.
States assign HCBS Taxonomy Categories for about half of their services in Appendix C of the waiver application.
Nearly half of all services in 1915(c) waivers include a taxonomy category.

- Forty-eight percent of all services listed in Appendix C of the waiver application included a taxonomy category assigned by the state.
  - States most commonly reported taxonomy categories for services assigned to Equipment, Technology, and Supplies, Home-Based Services, and Day Services.

**Top 5 Taxonomy Categories Assigned by the State**

<table>
<thead>
<tr>
<th>Taxonomy Category</th>
<th>Service Count</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 - Equipment, Technology, and Modifications</td>
<td>313</td>
<td>8%</td>
</tr>
<tr>
<td>08 - Home-Based Services</td>
<td>230</td>
<td>6%</td>
</tr>
<tr>
<td>04 - Day Services</td>
<td>209</td>
<td>5%</td>
</tr>
<tr>
<td>11 - Other Health and Therapeutic Services</td>
<td>181</td>
<td>4%</td>
</tr>
<tr>
<td>09 - Caregiver Support</td>
<td>166</td>
<td>4%</td>
</tr>
</tbody>
</table>
Reassigned Taxonomy Categories

- States sometimes assign services to a broad, more general taxonomy category when the service definition could be applied more accurately to a more specific taxonomy.
- Of the 2,008 services with a taxonomy assigned by the state, 1,876 were appropriately assigned.
- Of the 132 services that could be assigned to a different taxonomy category, most commonly they were reassigned to Home-Based Services, Day Services, and Caregiver Support.

<table>
<thead>
<tr>
<th>Original HCBS Taxonomy Category (Assigned by States)</th>
<th>Number of Services Reassigned</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 – Other Services</td>
<td>78</td>
</tr>
<tr>
<td>13 – Services Supporting Self-Direction</td>
<td>16</td>
</tr>
<tr>
<td>08 – Home-Based Services</td>
<td>13</td>
</tr>
<tr>
<td>Other Taxonomy Not Listed Above</td>
<td>25</td>
</tr>
</tbody>
</table>
States should continue to use taxonomy categories, or begin to implement them

- States are already using taxonomy categories in their waiver application, but there is still room for improvement among many states and waiver programs.

- CMS encourages states to use taxonomy categories when developing their waiver programs and also to use as much information as possible when categorizing services into taxonomy assignments.
  - CMS released guidance in February 2014 defining HCBS Taxonomy Categories. This document also identified subcategories, common service titles, and definitions applicable to each taxonomy category.
  - States should attempt to classify their services under the taxonomy subcategory that most closely matches each service's definition.
Rate Methodology Details
CMS’ primary goal for this analysis was to assess the rate methodology information states often include in Appendix I-2-a and to identify areas where states may benefit from providing additional detail.

Upon review, CMS identified two areas where states can provide more information to improve their Appendix I-2-a rate methodology descriptions:

- The basis of the state’s rate methodology;
- The year that the state last updated their rate methodology for each service.
Finding #1

States submit varying amounts of rate information and occasionally do not include the rate category for each waiver service.
Services most often use Fee Schedule or Negotiated Market Price as their rate category.

- A rate category can be defined as the broad rate methodology the state uses to pay for waiver services (e.g., fee schedule, negotiated market prices, etc.).
- States most commonly implement rates using a fee schedule or negotiated market price as the rate category for waiver services.
  - Services using fee schedule and negotiated market rates account for over 70 percent of total services in the 1915(c) waiver landscape.
- Capitated rates and tiered rates are also prevalent in 1915(c) rate methodologies, accounting for nearly 20 percent of services.

**Number of Appendix J Services by Rate Methodology**

![Bar chart showing the distribution of Appendix J services by rate methodology. The chart indicates that Fee Schedule is the most prevalent, accounting for 56% of services, followed by Negotiated Market Price at 15%, Capitated Rate at 11%, Tiered Rates at 7%, Not available at 6%.]
Many services do not have an associated rate category in the waiver application.

- There are 28 states, or 60 percent of states in the data set, that have at least one waiver service with missing rate methodology data.
  - Three states account for 73 percent of the 389 services with a missing rate category.
- There are 51 waivers that include at least one service that did not include enough information to identify the rate category or did not clearly designate the rate category. The figure below outlines the top five taxonomy categories with missing rate category information.

**Top 5 Taxonomy Categories Missing a Rate Category by Number of Services in Appendix J**

<table>
<thead>
<tr>
<th>Rate Category (Appendix I-2-a)</th>
<th>Taxonomy Category</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Available</td>
<td>14 - Equipment, Technology, and Modifications</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>08 - Home-Based Services</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>04 - Day Services</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>12 - Services Supporting Self-Directon</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>09 - Caregiver Support</td>
<td>1%</td>
</tr>
</tbody>
</table>
States should ensure that there is a well-defined rate category for each waiver service.

- States often provide a rate category for each service in the waiver application but should continue to focus on developing a descriptive rate methodology including a clear categorization for each service.
  - CMS provided additional guidance in the January 2019 update of the 1915(c) Technical Guide. States should continue to work to specially address each of these new requirements for each waiver service.
  - In instances where states use a rate methodology affecting more than one service in the waiver, the state specifies which services are applicable to each rate category.

- A clear rate methodology, including the documentation of how each service is paid, is beneficial for states and CMS to assess both the financial accountability and cost neutrality of the waiver program.
Finding #2

The year of last rate methodology update is often not included in the waiver application, which may call into question rates that are otherwise based on current data and methodologies.
States often do not provide the year of last rate methodology update for at least one waiver service.

- Per the 1915(c) Technical Guide, states are required to provide the year rates were set and the year in which rates were last reviewed in Appendix I-2-a of the waiver application.

- CMS determined that states often do not clearly describe this information for each service, and sometimes use methodologies from many years prior.
  - Some states still use methodologies dating back to the 1990s.

- There are 45 states in the data set with at least one service that does not identify the year that the state last updated the rate methodology.
States that provide the year of last rate methodology update are most often using data from the previous five years.

- The most common years that states last updated their rate methodologies are 2014, 2016, and 2018.
  - This is consistent with more recent renewals, as states commonly review their rate methodology after five years at time of renewal.

Top 5 Years of Last Rate Methodology Update by Number of Waivers
Taxonomies missing this information include both fee-for-service and negotiated market rates.

- Some services, such as those with a negotiated market price rate (e.g., Equipment, Technology, and Modifications, etc.), might not require frequent rate methodology updates as they are consistently paid at the rate the market determines.
- CMS determined that states also do not provide this information for services commonly paid using fee schedule arrangements (other than negotiated market pricing).

**Top 5 Taxonomies Missing the Year of Last Rate Methodology Update**

<table>
<thead>
<tr>
<th>Taxonomy Category</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 - Equipment, Technology, and Modifications</td>
<td>11%</td>
</tr>
<tr>
<td>09 - Caregiver Support</td>
<td>10%</td>
</tr>
<tr>
<td>08 - Home-Based Services</td>
<td>9%</td>
</tr>
<tr>
<td>04 - Day Services</td>
<td>7%</td>
</tr>
<tr>
<td>11 - Other Health and Therapeutic Services</td>
<td>7%</td>
</tr>
</tbody>
</table>
The year of last rate methodology update can serve as an informal check for rate sufficiency.

• Per Appendix I-2-a of the 1915(c) Technical Guide, payments for waiver services must be consistent with the provisions of §1902(a)(30)(A) of the Social Security Act and the related federal regulations at 42 CFR §447.200-205.
  – These regulations require states to demonstrate that payment rates remain consistent with efficiency, economy, quality of care, and are sufficient to enlist enough providers.
  – In January 2019, CMS updated the 1915(c) Technical Guide to ensure states review their rate setting methodology every five years (at a minimum) to confirm that rates remain adequate to maintain a provider base and the quality of services.

• Providing the year or date of the last rate methodology update can serve as an informal check to verify that states are monitoring rates and their associated methodologies for rate sufficiency.
Approved Final Rates
Final Rate Analysis

• CMS’ primary goal for this analysis was to examine states’ publicly available fee schedules to determine how often states publicize this information for services in 1915(c) waiver applications.

• CMS searched for these rates on State Medicaid Agency websites, and if this information was not readily accessible or easily cross-walked to waiver services, they were noted as “Not Available.”
  
  – This research effort did not include any communication with states, and a rate noted as “Not Available” does not mean that a state does not have a rate for a specific service, but only that it was not identifiable on the State Medicaid Agency website.

  – Additionally, a rate noted as “Not Available” does not mean that it is not posted elsewhere (e.g., state regulation, administrative code, etc.), but just that it was not available on the State Medicaid Agency website.
Most states have publicly available rate information accessible via their State Medicaid Agency website, but there are a number of states where waiver service rates were not readily accessible on the state website.
Most states make their rate information public via their State Medicaid Agency website.

- The 1915(c) waiver application does not require states to publicize their rates, but states often make this information available publicly on their State Medicaid Agency websites.
  - Publicly available rates benefit states by increasing transparency to providers, individuals, and other stakeholders.
- Seventy percent of all waivers have publicly available rates for every service in Appendix J of the waiver application.

**Top 5 Taxonomies with Publicly Available Rate Information**

<table>
<thead>
<tr>
<th>Taxonomy Category</th>
<th>Percent of Total</th>
<th>Appendix J Service Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>09 - Caregiver Support</td>
<td>9%</td>
<td>615</td>
</tr>
<tr>
<td>04 - Day Services</td>
<td>9%</td>
<td>607</td>
</tr>
<tr>
<td>08 - Home-Based Services</td>
<td>9%</td>
<td>604</td>
</tr>
<tr>
<td>14 - Equipment, Technology, and</td>
<td>9%</td>
<td>589</td>
</tr>
<tr>
<td>Modifications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 - Other Health and Therapeutic</td>
<td>7%</td>
<td>466</td>
</tr>
<tr>
<td>Services</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A small number of services do not have a fee schedule rate that is readily accessible to the public.

- CMS found that 79 waiver applications across 28 states did not have rate information available on their State Medicaid Agency websites for at least one service.

- This corresponds to about 26 percent of all waiver services listed in Appendix J.

- This missing data indicates that states may not be realizing the benefits of clearly publicizing all rate information.
  
  - Public rate information can lead to increased transparency from the state to both providers and individuals, and can also benefit other waiver programs through comparing rates for similar services.
  
  - States can improve the public comment process for rate methodology updates as they increase the amount of easily accessible public rate information.
Improving Rate Information in the Waiver Application

• CMS has provided a series of trainings pertaining to rate development and documentation. These trainings include topics such as:
  – Documentation of Rate Setting Methodology
  – Ensuring Rate Sufficiency
  – Rate Methodology in a Fee for Service HCBS Structure
  – Pay-for-Performance Rate Methodologies in a HCBS FFS Environment
  – All rate trainings can be found at: https://www.medicaid.gov/medicaid/hcbs/training/index.html#ratesfiscal

• CMS has also developed a checklist outlining information that is commonly requested during waiver rate reviews and questions that states can answer to ensure a strong Appendix I-2-a submission.
  – The checklist is available at: https://www.medicaid.gov/medicaid/hcbs/downloads/training/appendices-i-j.pdf
Summary

• States use taxonomy categories for about half of all services in Appendix C, but should continue to work towards assigning a taxonomy category to each service.
  – Taxonomy categories play an important role in any structured review of rates by a state.
  – Assigning taxonomy categories allows for states and CMS to perform more accurate comparisons among states and waiver programs.

• Although states are often including information specific to rates, such as the rate basis, year of last rate methodology update, or approved final rate, there are always areas for improvement.
  – CMS encourages states to continue to work towards a more robust, fully documented rate methodology in Appendix I-2-a of the waiver application and transparency in easily accessible rate information on the State Medicaid Agency website.

• Rate information for over 75 percent of waiver services are readily accessible via State Medicaid Agency websites, but states can still improve on providing access to this information for all services.
References and Additional Resources

- Social Security Act §1915(c) is located here: https://www.ssa.gov/OP_Home/ssact/title19/1915.htm
- Copies of the HCBS Training Series –Webinars presented during webinars are located in below link: https://www.medicaid.gov/medicaid/hcbs/training/index.html
- CMS offers Technical Assistance for rates and fiscal integrity topics. Refer to the website below for more information. https://www.medicaid.gov/medicaid/hcbs/technical-assistance/index.html#Fiscal
  - Note that Rate TA requests require State Medicaid Director approval upon submission.
Questions and Answers
For Further Information

For questions contact:

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