

State of California—Health and Human Services Agency
Department of Health Care Services

**NURSING FACILITY/ACUTE HOSPITAL
TRANSITION AND DIVERSION (NF/AH) WAIVER
RENEWAL PROPOSAL**

November 21, 2016

an update from June 10, 2016



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1. NURSING FACILITY / ACUTE HOSPITAL (NF/AH) WAIVER RENEWAL:

The Nursing Facility / Acute Hospital (NF/AH) Waiver (Waiver) is intended to allow disabled Medi-Cal members, who would otherwise be institutionalized and reside in a nursing facility or hospital, an opportunity to remain in their own homes and/or community and be independent. It is also an alternative to costlier nursing facility care. Currently it is anticipated that the NF/AH Waiver will serve 3,964 unique Medi-Cal members who vary in acuity and physical and/or mental abilities based on different levels of care (LOC). The NF/AH Waiver will expire December 31, 2016; a renewal was submitted to the Centers for Medicare and Medicaid Services (CMS) at the end of September 2016. The renewed NF/AH Waiver is projected to start early 2017 pending CMS approval.

While the following proposal was included in the prior release of the NF/AH renewal during the public comment period from June 10 – July 29, 2016 and can be located in the Care Management proposed change section, this addendum to the original proposal provides additional detail on the care management and purchased services reimbursement methodologies. Therefore, the Department of Health Care Services' (DHCS) is providing another 30-day public comment period on the specifics within the waiver's financial structure. The State's primary goal when developing reimbursement methodologies listed below was built around how to provide the best quality of care in a timely and accessible manner to current and future Participants while continuing to meet federal requirements.

The State is proposing the additional following change to the NF/AH Waiver financial structure:

- Implementing new reimbursement methodologies for new and existing waiver services.

2. STAKEHOLDER AND PARTICIPANT INPUT AND FEEDBACK:

The State is committed to ongoing stakeholder dialogue throughout the NF/AH Waiver Renewal process with the ultimate goal of identifying the strongest Waiver structure to provide the highest level of quality of care, community integration, independent living, quality of life and availability of providers and services, for Participants. The State is reinitiating a NF/AH Waiver Renewal public comment period to seek additional feedback about proposed changes to the Waiver's current structure. All public comment received during previous stakeholder engagement activities will continue to be considered along with any new public comment received during the second 30-day public comment period.

The State is posting this NF/AH Waiver renewal proposal for a second formal 30-day public comment period (ending December 23, 2016). DHCS will accept public comments until 5 p.m. on December 23, 2016. The State will review all comments received through any format and will consider them for inclusion in the Waiver Renewal.

3. PROPOSED CHANGES:

The State is proposing to implement two new reimbursement methodologies, for the delivery and coverage of (1) care management functions and services, and (2) Environmental Accessibility Adaptations, Personal Emergency Response (PERs) and Medical Equipment Operating Expense. The proposed reimbursement methodology for care management functions and services will be developed based on the median rate for same or similar services provided in other Medi-Cal programs. The proposed reimbursement methodology for Environmental Accessibility Adaptations, PERs and Medical Equipment Operating expenses will be based off of the usual and customary rate.

Appropriate care management is an integral part of a Participant's ability to integrate and remain successfully independent within the community. In areas where Care Management Agencies (CMAs) will be available, the State is proposing to apply the median rate to the NF/AH Waiver's care management, community transition and transitional care management services that would allow contracted CMAs to facilitate and receive fair reimbursement for administering and operationalizing the NF/AH Waiver. Qualified local CMAs would provide enhanced person-centered and all-inclusive care management beyond what Participants receive today. The reimbursement structure will be tiered based on the frequency of Participant face-to-face assessments; intake activities (including environmental assessments); discussing options in services, service settings and providers with Participants and possible outcomes based on them; assisting Participants when choosing appropriate Waiver services and providers; assessing LOC and medical necessity; connecting Participants with qualified Waiver providers; and identifying and addressing access to care or services issues, if any.

The median rate methodology requires that rates negotiated and established with CMAs may not exceed DHCS's current median rate for the same service, or the statewide current median rate, whichever is lower. DHCS may authorize a rate that exceeds the median rate if necessary in order to assure CMAs pay employees no less than the statewide minimum wage or to provide a minimum of 24 hours or three days of paid sick leave annually. DHCS and the CMA must maintain documentation (e.g., cost statements) on the process to determine and the rationale for granting any negotiated rate within the established tier, including consideration of the type of service and any education, experience and/or professional qualities and caseload required to provide the service. The reimbursement for CMAs is to perform care management functions, such as conducting person-centered care management and coordination, reviewing and approving treatment authorizations, providing comprehensive and transitional care management and coordinating timely care for Participants.

In areas where there are no CMAs, the NF/AH Waiver care management structure will remain the same. The reimbursement methodology for individual nurse providers who provide care management will continue to receive the existing published Medi-Cal provider rates found in the current Medi-Cal Fee Schedule located at: http://files.medi-cal.ca.gov/pubsdoco/Manuals_menu.asp.

Safeguards and protections for purchase of typical and common services provided through the NF/AH Waiver is key to ensuring safety, accessibility and equality for NF/AH Participants. The State is proposing to apply the usual and customary rate to the NF/AH Waiver's environmental accessibility adaptations, Personal Emergency Response and medical equipment operating expenses, allowing the CMA to secure a provider and service with the most appropriate rate that is regularly charged to members of the general public who are seeking the service for an individual who is not a Medi-Cal member. A usual and customary rate means the rate which is regularly charged by a vendor for a service that is used by both Medi-Cal members and/or their families and where at least thirty (30) percent of the recipients of the given service are not Medi-Cal members or their families. If more than one rate is charged for a given service, the rate determined to be the usual and customary rate for a Medi-Cal member and/or family shall not exceed whichever rate is regularly charged to members of the general public who are seeking the service for an individual who is not a Medi-Cal member. Any difference between the two rates must be for extra services provided and not imposed as a surcharge to cover the cost of measures necessary for the provider to achieve compliance with the Americans with Disabilities Act.

4. APPENDICES

- A. Timeline of Renewal Activities
- B. Current NF/AH Waiver
- C. NF/AH Waiver Portion of the Statewide Transition Plan
- D. NF/AH Waiver Renewal Application: January 1, 2017 – December 31, 2021