

# Intellectual/Developmental Disabilities Waiver (IDDW): New Budget Methodology and Service Authorization Process

Patricia Nisbet, Director, Home and Community-Based Services  
Olmstead Council  
November 2, 2017



# Why New Methodology?

**There is a new methodology for calculating budgets for members on the IDDW.**

- The old methodology was outdated.
  - Last updated prior to 2010.
  - Based on claims data from 2010.
  - The IDDW policy manual has changed two times since 2010, and amounts and types of services have changed.
  - The old methodology was not transparent, easily understandable or explained.

# The New System and Process

## **Transparent and clear.**

- BMS has developed a robust system with clear and detailed forms and notices for members who seek services in excess of their budgets by making changes to its processes, forms and notices.
- There is a new budget letter that will assign a budget range and will notify the member or his/her legal representative how the budget was calculated.
- There is a new form to request an exception in order to exceed the budget.
- 50 additional slots will be added to the IDDW on July 1, 2018.

## Accuracy.

- Third party actuaries studied thousands of claims from 2016 and developed a model that has a very high “R-Squared” predictive metric of .95. This means that the model’s budget predictions, based on the claims data, align with 95% of what people currently enrolled in the IDDW spend.
- An actuary is someone skilled in mathematics, finance and analytical skills who deals with measurement and management of risk and uncertainty. The firm hired by BMS was a third party, meaning they were not involved in the situation or process of calculating budgets and authorizing services. BMS gave them the claims data, and they developed the model independent of any input or guidance from BMS.

# The New System and Process (Cont.)

## **Individualized service authorization levels.**

- The new system is highly individualized.
- The base budgets are calculated based on the person's individual characteristics, age and living setting.
- The person's individual characteristics of functionality (motor skills, personal living skills, externalized and asocial problem behavior) are considered when adding additional income to the base budget.
- A review of the individual's spend for a 12 month period is used to calculate whether a member is eligible for the Stop Gain/Stop Loss Rule.
- The exceptions process will be unique as each person's circumstances are considered when the person's documentation is submitted for review.

## When will the new system and process begin?

- For any person on the IDDW as of March 1, 2018, the new methodology will be used to calculate their individualized budget for anchor dates of July 1, 2018, and later.
- Anyone with an anchor date prior to June 30, 2018, will still be assessed using the old methodology, but after that date they will be assessed using the new methodology.
- 50 new slots will be added to the IDDW program on July 1, 2018.
- All of these new enrollees will receive budgets that are calculated using the new methodology.

# What is New Methodology?

## **The new methodology is based on:**

- The person's age (child, 18 and adult 18 or older)
- The person's living setting
- Individual answers on the Inventory for Client and Agency Planning (ICAP)
  - The ICAP is a planning tool that has been used for years to assess a person's needs annually.

## **There are two categories of age:**

- Youth under the age of 18
- Adult 18 years of age or older

# Living Settings

## **There are seven types of living settings:**

- Youth (below 18) – living at home with family
- Adult – 18 years of age and living at home with family
- Adult – Intensively Supported Setting (ISS), Self-Directed
- Adult – Waiver group home, four people
- Adult – ISS x 3 people
- Adult – ISS x 2 people
- Adult – ISS x 1 person

## What does “living at home” mean?

- Living at home with family typically means living at home with parents, but it can also be defined as a specialized family care home for people in the foster care system. Paid and natural supports are used in these settings which means family, friends, neighbors and anyone who provides a service to the person but is not reimbursed. Normal parenting activities such as transporting the person to school, church, visit relatives or caring for a person who is absent from school or day services due to illness are considered natural supports.
- 75% of the people utilizing the IDDW live at home, therefore, natural supports are the primary means of providing support and supervision of these individuals.

## What does “living in a Intensively Supported Setting (ISS), Self-Directed” mean?

- This means the person has chosen to self-direct part of their services through *Personal Options*.
- The person or their program representative chooses the direct care staff and conducts the training, schedules and supervises staff, handles call-ins and absences as well as signs off on and approves time sheets and transportation invoices.
- The person or their program representative creates a spending plan with assistance from *Personal Options* staff and follows the spending plan when approving time sheets.
- The staff of *Personal Options* (currently Public Partnerships Limited (PPL)) handles all payroll functions and assists the person with self-directing their services.

## What does “living in an ISS” mean?

- ISS settings provide a home for up to four people or those utilizing the IDDW and provide most services 24 hours a day, seven days a week. No person may move into an ISS setting without the prior approval of BMS.
- A new one-person ISS may NOT be set up without the prior approval of BMS. If a person moves without permission to a more expensive setting without prior approval from BMS, services will not be reimbursed.
- These settings are typically apartments or houses that are leased by the individuals utilizing the IDDW. If the IDDW provider owns or leases the setting, then the provider charges the person rent that cannot exceed the amount in the current Medley Management Policy on room and board.

# Definitions of Living Settings (Cont.)

## What does “living in a group home (GH)” mean?

- These are apartments or houses that are owned by the IDWW provider agency and are licensed by the Office of Health Facility Licensure and Certification, and services are provided 24 hours a day, seven days a week. A new one-person GH may NOT be set up without the prior approval of BMS. If a person moves without permission to a more expensive setting without prior approval from BMS, services will not be reimbursed.
- A GH can be for up to four or more people utilizing the IDWW. No new settings of more than four people will be reimbursed for services provided.
- The setting has to be licensed by the Office of Health Facility Licensure and Certification if more than three people are living together at anytime.

# What is the Next Step?

Once the person's age and living setting have been identified, the next step is for KEPRO to assign a base budget to provide for all IDDW services for the person's Individual Program Plan (IPP) year.

<b>Living Arrangement Categories</b>	<b>Low-End</b>	<b>High-End</b>
Youth (Below 18) Living at Home with Family	\$29,643	\$33,081
Adult: Living at Home with Family	\$38,283	\$44,231
Adult: ISS Self Directed	\$82,519	\$94,830
Adult: Waiver Group Home, Four People	\$78,540	\$85,687
Adult: ISS x 3 People	\$104,318	\$110,027
Adult: ISS x 2 People	\$123,279	\$128,562
Adult: ISS x 1 Person	\$176,731	\$182,507

The next step is to review the most current ICAP assessment and determine if the person should receive any additional monies based on the ICAP scores. These are called add-ons. Service Coordinators will have the person's unscored ICAP booklet so that the IDT team may review the questions and answers. It is the responsibility of the people answering the questions to be accurate and honest. The booklet will be kept in the person's clinical file.

There are add-on amounts for four different categories in the ICAP:

- Motor skills
- Personal living
- Externalized problem behavior
- Asocial problem behavior

# Motor Skills Add-On

Depending on the raw scores in the Motor Skills section of the ICAP (D1), the person may be eligible for additional monies to be added to the base budget range.

The below table shows the add-ons for the Motor Skills section:

<b>Motor Skills</b>	<b>Member Level</b>	<b>Add \$</b>
If Raw Score = 39-54	0	\$0
If Raw Score = 33-38	1	\$1,459
If Raw Score = 27-32	2	\$2,918
If Raw Score = 15-26	3	\$4,377
If Raw Score = 1-14	4	\$5,836

# Personal Living Skills Add-On

Depending on the raw scores in the Personal Living Skills section of the ICAP (D3), the person may be eligible for additional monies to be added to the base budget range.

The below table shows the add-ons for the Personal Living Skills section:

<b>Personal Living Skills</b>	<b>Member Level</b>	<b>Add \$</b>
If Raw Score = 37-63	0	\$0
If Raw Score = 30-36	1	\$1,233
If Raw Score = 23-29	2	\$2,466
If Raw Score = 12-22	3	\$3,699
If Raw Score = 0-11	4	\$4,932

# Externalized Problem Behavior Add-On

There is an add-on for externalized problem behavior based on select answers on the person's ICAP.

- If the person has a rating of extremely serious or very serious on questions E2, E3 or E4, then an add-on amount total of \$4,287 will be added to the base budget range.
- If the person has a rating of moderately serious or slightly serious on questions E2, E3 or E4, then an add-on amount total of \$2,968 will be added to the base budget range.
- If the person has a rating of very or extremely serious for one of the questions and a moderately or slightly serious rating on another question, the higher of the two add-on amounts will be added to the base budget range.

# Asocial Problem Behavior Add-On

There is an add-on for asocial problem behavior based on select answers on the person's ICAP.

- If the person has a rating of extremely serious or very serious on questions E6 or E8, then an add-on amount total of \$3,840 will be added to the base budget range.
- If the person has a rating of extremely serious for one of the questions and a very serious rating on the other question, the higher of the two add-on amounts will be added to the base budget range.

# Externalized and Asocial Problem Behavior

<b>Externalized Problem Behavior</b>	<b>Add \$</b>
If one or more of ICAP E2, E3 or E4 severity rating=	
▪ Extremely serious or very serious	\$4,287
▪ Moderately serious or slightly serious	\$2,968
<b>Asocial Problem Behavior</b>	<b>Add \$</b>
If one or more of ICAP E6 or E8 severity rating=	
▪ Extremely serious or very serious	\$3,840

# Youth <18 Living at Home with Family

Example One	Low-End	High-End
Youth (Below 18) Living at Home with Family	\$29,643	\$33,081
Add-ons		
Motor Skills Level = 2 (Raw Score = 28)	\$2,918	
Personal Living Level = 3 (Raw Score = 21)	\$3,699	
ICAP E2 = Not Serious	\$0	
ICAP E3 = Not Serious		
ICAP E4 = Not Serious		
ICAP E6 = Slightly Serious	\$0	
ICAP E8 = Not Serious		

# Youth <18 Living at Home with Family (Cont.)

- Member's budget range of \$29,643 - \$ 33,081 will now be changed to reflect a range on the budget letter of \$36,260 - \$39,698 because the two add-ons total up to \$6,617 (\$2,918 + \$3,699).
  - $\$29,643 + \$6,617 = \$36,260$
  - $\$33,081 + \$6,617 = \$39,698$
- There is one more rule that needs to be applied before KEPRO can send the annual budget letter out to the member.
  - This is known as the Stop-Loss/Stop-Gain rule.

# What is the Stop-Loss/Stop-Gain Rule?

- The Stop-Loss/Stop-Gain Rule was developed to ease the transition from the old budget methodology to the new budget methodology.
- The Stop-Loss Rule is applied when the person's spend is higher than the upper range of the tentative budget so the person doesn't lose very much below their previous spend.
- The Stop-Gain Rule is applied when the person's spend is lower than the upper range of the tentative budget so that person doesn't gain their previous spend.
- The Stop-Loss/Stop-Gain Rule will cease to apply if the person's circumstances change, as measured by a significant change in the ICAP score.

# Stop-Loss Rule

- Under the Stop-Loss Rule, a person who is enrolled in the IDDW program on March 1, 2018, will receive no less than 80% of his/her spend from December 1, 2016, to November 30, 2017, or the upper limit of the tentative budget range. Each person with a spend from December 1, 2016, to November 30, 2017, that is higher than the top range of the tentative budget will receive the higher of:
  - The budget assigned through the new budget system; or
  - 80% of his/her December 1, 2016 to November 30, 2017 spend.

# Stop-Gain Rule

- Under the Stop-Gain Rule, a person who is enrolled in the IDDW program on March 1, 2018, will receive no more than 120% above his or her spend from December 1, 2016, to November 30, 2017, or the upper limit of the tentative budget range. Each person with a spend from his/her December 1, 2016, to November 30, 2017, claims that is lower than the highest range of the proposed tentative budget will receive the lower of:
  - The budget assigned through the new budget system; or
  - 120% of his/her December 1, 2016 to November 30, 2017, spend.

# What is My Spend?

- A person's spend consists of the actual claims that were paid for IDDW services which were provided for any date between December 1, 2016, and November 30, 2017.
- How will KEPRO know what a person's spend was for this time period?
  - BMS will have a copy from claims payer Molina Medicaid Solutions that will be shared with KEPRO to assist in calculating each person's individualized budget. We used the time period of December 1, 2016, to November 30, 2017, in order to get the most accurate amount of paid claims submitted prior to the implementation of the new budget methodology for assessments completed on and after April 1, 2018.
- How will I know what my spend was for this time period?
  - It will be printed on your budget letter as the amount you are projected to spend.

# Stop-Loss/Stop-Gain Calculation

## **Example One: Youth (below 18) Living at Home with Family**

- Determine if the Stop-Loss/Stop-Gain Rule needs to be applied.
- After the add-on amounts, the youth now has a tentative budget range of \$36,260 - \$39,698.
- The actual spend for this youth last year was \$29,057.38.

## Example One: Youth (below 18) Living at Home with Family

- The actual spend for this person (\$29,057) is below the upper range of the tentative budget (\$39,698); therefore, the Stop-Gain Rule is applied to ensure that the person does not receive a budget that is far more than their previous spend.
- If \$29,057 is less than \$39,698, the Stop-Gain Calculation is applied.
- $\$29,057.00 \times 120\% = \$34,868$ .
- Which is the lower of the amounts?
  - \$34,868 is less than \$39,698, so the person's individualized budget's top range will be \$34,868.
  - The new budget range for this person will be \$29,057 to \$34,868.

# Adult Living at Home with Family

<b>Example Two</b>	<b>Low-End</b>	<b>High-End</b>
Adult >18 Living at Home	\$38,283	\$44,231
Add-ons		
Motor Skills Level = 1 (Raw Score = 33)	\$1,459	
Personal Living Skills Level = 3 (Raw Score = 17)	\$3,699	
ICAP E2 = Moderately Serious	\$2,968	
ICAP E3 = Not Serious		
ICAP E4 = Moderately Serious		
ICAP E6 = Slightly Serious	\$0	
ICAP E8 = Slightly Serious		

# Adult Living at Home with Family (Cont.)

- The add-ons for this person totaled \$8,126, so the budget range will now be calculated as \$46,409 to \$52,357.
- This person's spend was \$60,800.
- This person's spend of \$60,800 is more than the upper range of the budget which is \$52,357 so the Stop-Loss rule will apply.
- 80% of \$60,800 is \$48,640.
- \$48,640 is less than \$52,357, so the final budget range is \$46,409 to \$52,357.

# Stop-Loss/Stop-Gain Rule Summary

- If the person's spend is less than the upper limit of the budget range, then the Stop-Gain Rule is applied (120% of the spend).
- Once the rule is applied and 120% of the spend is compared to the upper limit of the budget, then the lower amount becomes the upper limit of the budget.
- If the person's spend is more than the upper limit of the budget range, then the Stop-Loss Rule is applied (80% of the spend).
- Once the rule is applied, then the higher amount becomes the upper limit of the budget.
- More examples from each of the different living settings with the Stop-Loss or Stop-Gain Rule applied are posted on the BMS website: <http://www.dhhr.wv.gov/bms>

# Exceptions Process

- If the person's final budget range using the new budget methodology is still not going to be enough to meet their needs, they may access the Exceptions Process.
- This replaces the previous Second Level Negotiation process.

# Exceptions Process (Cont.)

- When is it appropriate to access the Exceptions Process?
  - The Interdisciplinary Team (IDT) has an obligation to make every attempt to purchase services it deems are necessary within the person's individualized budget.
- After careful consideration, if the person or his/her legal representative believes services in excess of budget are needed, then an additional section of the Individualized Program Plan (IPP) must be completed.
- Any individual requesting services in excess of the budget must complete the initial section of the IPP that requests services *within* budget. Individuals must prioritize requests for direct care services in this section. No services in excess of the budget will be approved until this initial section is complete and the services are approved by BMS.

# Exceptions Process (Cont.)

- The Exceptions Process request will be clinically researched by a panel of a three people employed by BMS and its contractor (currently KEPRO).
- At least one person on the panel will have medical training.
- First, the panel will determine if any technical errors were made in the calculation of the budget range.
- Next, the panel will review the documentation submitted by the service coordinator on behalf of the member to determine if funds in excess of the budget are needed to purchase clinically appropriate services necessary to prevent a risk of institutionalization.

# Exceptions Process (Cont.)

- The person seeking additional services through the Exceptions Process has the burden of showing that services in excess of the individualized budget are necessary to avoid a risk of institutionalization.
- A clear explanation must be made to the panel justifying why the additional services are needed.
- Any documents must be attached/enclosed/provided to the panel and the specific sections highlighted. Just referring to attached documents on the Exceptions Process form is NOT sufficient and will not be considered by the panel.
- Some documents must be attached to the request.

# Exceptions Process (Cont.)

The documents that **MUST** be attached to the Exceptions Process form are:

- The most recent ICAP printout from the CareConnection®
- The most recent structured interview
- All IPPs from the current IPP year

# Exceptions Process (Cont.)

Additional information the panel will consider include:

- Any information provided by the person in his/her application for an exception.
- The feasibility of rearranging services within the person's budget.
- The availability of less expensive services that can be substituted for more expensive services.
- The availability of services covered outside the IDDW program by Medicaid or by private insurance.
- The natural supports (if any) available to the person and limitations on those supports.

# Exceptions Process (Cont.)

- If BMS concludes that the person has demonstrated that funds in excess of the individualized budget are necessary to prevent a risk of institutionalization, BMS will authorize funds in excess of the budget to the extent necessary to keep the person safe and healthy and avoid the risk of institutionalization.
- If BMS determines that the person did not demonstrate funds in excess of the individualized budget are necessary to avoid the risk of institutionalization, BMS will not authorize funds in excess of the budget.
- If BMS determines that an error was made in the budget calculation process, it will take steps necessary to correct the error.

# Exceptions Process (Cont.)

- If BMS determines that there was not an error during the Exceptions Process, or that the requested additional services and funding are not warranted, a Letter of Denial will be sent to the person or their legal representative, which will include an explanation of why the service(s) and funding were denied, how to file for a Medicaid Fair Hearing (MFH) and free legal services available. All decisions during the Exception Process shall be reviewed and/or issued by BMS.
- A person will have the ability to appeal the denial of a request for an exception through a MFH. The hearing officer will apply the same standard applied by BMS's exception panel, i.e., whether the person has met his or her burden of showing that services in excess of the individualized budget are necessary to avoid the risk of institutionalization.

# IDDW Policy

- The IDDW policy will be posted for 30 day public comment beginning on November 15, 2017.

# Contact

Patricia S. Nisbet, Director  
Home and Community-Based Services Unit  
West Virginia Department of Health and Human Resources  
Bureau for Medical Services  
350 Capitol Street, Room 251  
Charleston, WV 25301  
Phone: 304-356-4904  
Fax: 304-558-4398  
Email: [Patricia.S.Nisbet@wv.gov](mailto:Patricia.S.Nisbet@wv.gov)