

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



March 25, 2024

Kristin Sousa
Deputy Secretary and Medicaid Director
Rhode Island Executive Office of Health and Human Services
3 West Rd, Virks Building
Cranston, RI 02920

Dear Director Sousa:

The Centers for Medicare & Medicaid Services (CMS) is approving the state's November 21, 2023, request to utilize a single billing code and payment rate for 1915(c)-like conflict-free case management (CFCM) for all long-term services and supports (LTSS)/home and community-based services beneficiaries (HCBS) under Attachment B of the section 1115(a) demonstration titled, "Rhode Island Comprehensive Demonstration" (Project Number 11-W-00242/1) (the "demonstration").

CMS is approving the payment rate methodology documentation that supports changes to this new CFCM LTSS/HCBS payment rate for each of the services represented in the state's request, including for CFCM; support coordination tiers A, B, C, D, and E; shared support coordination; plan writing (the initial plan); plan writing (the renewal plan); and two types of service advisement. The effective date of these rate changes is January 1, 2024.

It is important to note that CMS acceptance of this payment methodology update only addresses the state's compliance with the applicable Medicaid authorities. CMS approval does not address the state's independent and separate obligations under federal laws including, but not limited to, the Americans with Disabilities Act, Section 504 of the Rehabilitation Act, or the Supreme Court's Olmstead decision. Guidance from the Department of Justice concerning compliance with the Americans with Disabilities Act and the Olmstead decision is available at http://www.ada.gov/olmstead/q&a_olmstead.htm.

CMS reminds the state that the state must have an approved spending plan in order to use the money realized from section 9817 of the American Rescue Plan (ARP). Approval of this action does not constitute approval of the state's spending plan.

If you have any questions concerning CMS' review of the state's payment rate methodology, please contact Daphne Hicks at daphne.hicks@cms.hhs.gov or at (214) 767-6471.

You may also contact your project officer for this demonstration, Kathleen O'Malley. She is available to answer any questions concerning your demonstration. Her contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
Mail Stop: S2-25-26
7500 Security Boulevard
Baltimore, MD 21244-1850
Email: Kathleen.OMalley@cms.hhs.gov
Phone: (410) 786-8987

If you have questions regarding this approval, please contact Wendy Hill Petras, Deputy Director, Division of HCBS Operations and Oversight at (206) 615-3814, or Angela Garner, Director, Division of System Reform Demonstrations, Center for Medicaid and CHIP Services, at (410) 786-1074.

Sincerely,

**Wendy E. Hill
Petras -S**

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Wendy Hill Petras, Deputy Director
Division of HCBS Operations and Oversight

**Angela D.
Garner -S**

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Date: 2024.03.25 15:31:00
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Angela Garner
Director

Enclosure

cc: Joyce Butterworth, State Monitoring Lead, CMS Medicaid & CHIP Operations Group

**Rhode Island Executive Office of Health and Human Services
Comparison of Proposed Rates to Current Published Rates for Select HCBS Services**

Rate Changes

1. Case Management Services

Starting January 1, 2024, the State will allow for billing of a single code for 1915(c)-like case management services included in Attachment B of the State’s 1115 Demonstration Waiver for all LTSS-HCBS participants. The proposed rate is \$170.87 per participant per month for conflict-free case management (CFCM) services.

Currently, the State allows the use of different codes for the delivery of case management and service plan development for LTSS-HCBS participants. These codes vary in the reimbursement rate and unit of service, and vary across populations (elders and adults with disabilities versus individuals with I/DD). Current codes billed for these services will either be sunset or repurposed for activities not related to case management.

Service/Variation	Program/Agency	Code	Current Rate	Current Unit	Proposed Rate	Proposed Unit
Support Coordination (Tier A)	BHDDH – I/DD	T2022 modifier U5	\$111.54	Monthly	\$170.87	Monthly
Support Coordination (Tier B)	BHDDH – I/DD	T2022 modifier U6	\$134.34	Monthly	\$170.87	Monthly
Support Coordination (Tier C)	BHDDH – I/DD	T2022 modifier U7	\$158.01	Monthly	\$170.87	Monthly
Support Coordination (Tier D)	BHDDH – I/DD	T2022 modifier UA	\$226.92	Monthly	\$170.87	Monthly
Support Coordination (Tier E)	BHDDH – I/DD	T2022 modifier TG	\$226.92	Monthly	\$170.87	Monthly
Shared Support Coordination (FI/agency)	BHDDH – I/DD	T2022 modifier L6	\$56.73	Monthly	N/A – CFCM service is centralized within one agency	
Plan Writing (initial plan)	BHDDH – I/DD	T2041 modifier U2	\$639.60	Annual	N/A – plan writing is included in CFCM rate	
Plan Writing (renewal)	BHDDH – I/DD	T2041 modifier U2	\$447.72	Annual	N/A – plan writing is included in CFCM rate	
Case Management	Community, Assisted Living, HAB – EAD	T1016 T1017	\$15.00	15 minutes	\$170.87	Monthly
Service Advisement	Personal Choice – EAD	T2022	\$125.00	Monthly	\$170.87	Monthly
Service Advisement	Personal Choice – EAD	T2022 modifier U2	\$175.00	Monthly	\$170.87	Monthly

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Service Rate Methodology

As part of its corrective action plan to come into compliance with the conflict-of-interest provisions of 42 C.F.R. § 441.301, the State is implementing a single CFCM code for the case management service defined in Attachment B of the State’s 1115 Demonstration Waiver. Entities will apply to become a certified CFCM agency, the State will certify the agency, and then they will begin using the single CFCM code in accordance with the certification standards.

Responsibility for rate determination and oversight of rates for home and community-based services lies with the Executive Office of Health and Human Services (EOHHS) as the Single State Medicaid Agency. EOHHS worked with its partner agencies and Guidehouse, Inc. in late 2022 to develop the single statewide CFCM rate. The rate considered the following:

- Case manager wages from the U.S. Bureau of Labor and Statistics
- A supervisor ratio of 10:1
- A 100 miles a week mileage assumption
- Case manager caseloads of 48 participants
- Administrative and program support costs
- An inflationary factor of 14.27%

As noted in the State’s separate request to amend rates for various I/DD services, in 2022, the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) contracted with the Burns & Associates division of the national consulting firm Health Management Associates to conduct a comprehensive evaluation of payment rates for HCBS providers serving the I/DD population. Part of this study included the development and administration of a comprehensive provider survey related to service design and costs. EOHHS leveraged these provider survey results in the development of the CFCM rate for the portions of provider costs that are similar across all HCBS providers (such as benefit rates, administrative costs, and mileage), as this is the best current benchmark for these Rhode Island-based Medicaid HCBS provider costs.

The table below outlines the methodology for the development of the proposed \$170.87 monthly CFCM rate and associated data sources.

Category	Input	Source	Amount
WAGES	Hourly Case Manager Wage	BLS national average hourly wage for Occupation Code 21-1029 (Social Workers) in Health Care Services field, <i>May 2021</i> (\$24.85), inflated to January 2024 (+14.27%) ¹	\$28.40
	Employee-Related Expenses (ERE)	Burns & Associates I/DD provider rate study (ERE for employees at \$29 hourly rate)	25.94%
	Annual Cost per Case Manager	\$28.40/hour x 1.2594 x 40 hours/week x 52 weeks	\$74,385.05

¹ The inflation factor was derived in May 2022 based on (1) actual inflation from May 2021 to May 2022 of 7.8% plus (2) projected compound annual growth of 3.5% from May 2022 to January 2024 based on ten-year average compound annual growth (2011-2021). Inflation figures were derived Rhode Island personal income data from the U.S. Bureau of Economic Analysis.

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SUPERVISION	Hourly Supervisor Wage	Hourly Case Manager Wage x 1.2, state assumption based on industry average and additional education and experience required for Supervisors; Burns & Associates I/DD provider rates accounted for approximately 20% more for supervision time	\$34.08
	Employee-Related Expenses (ERE)	Burns & Associates I/DD provider rate study (ERE for employees at \$34 hourly rate)	23.44%
	Direct Supervision Time Per Case Manager Per Week	8 hours of supervision per week/10 case managers per supervisor	0.8
	Annual Supervision Cost per Case Manager	$\$34.08 \times 1.2344 \times 0.8 \text{ hours/week} \times 52 \text{ weeks}$	\$1,749.80
DIRECT COSTS	Annual Total Compensation	Annual Cost per Case Manager (\$74,385.05) + Annual Supervision Cost per Case Manager (\$1,749.80)	\$76,134.85
ADMINISTRATIVE AND PROGRAM COSTS	Administrative Overhead	Burns & Associates I/DD provider rate study (average provider costs for administrative and indirect costs)	10.00%
	Program Costs	Burns & Associates I/DD provider rate study (average provider costs for program support costs)	15.00%
	Annual Administrative and Program Costs	$\$76,134.85 \times (0.10 + 0.15)$	\$19,033.71
TRAVEL	Total Weekly Miles	Burns & Associates I/DD provider rate study (Supports Brokerage service, the service included in the study which is most comparable to CFCM)	100
	Mileage Rate	GSA mileage rate, automobile, <i>July 2022</i>	\$0.625
	Annual Mileage Cost per Case Manager	100 miles/week x \$0.625/mile x 52 weeks	\$3,250.00
FINAL RATE	Annual Cost per Case Manager	Annual Total Compensation (\$76,134.85) + Annual Administrative and Program Costs (\$19,033.71) + Annual Mileage Cost per Case Manager (\$3,250.00)	\$98,418.56
	Monthly Cost per Case Manager	Annual Cost per Case Manager (\$98,418.56)/12	\$8,201.55
	Participants Served per Case Manager per Month	Calculation based on service time requirement	48
	Monthly CFCM Rate per Participant	Monthly Cost per Case Manager/48 participants	\$170.87

The source for the non-federal share of payment for case management services is state general revenue.