Social and Human Service Programs Review

Final Report

September 1, 2023

This report contains the final recommendations of the Office of the Health Insurance Commissioner pursuant to R.I.G.L § 42-14.5-3(t)(2)(x)

STATE OF RHODE ISLAND
Office of The Health Insurance Commissioner
Department of Business Regulation

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September 1, 2023

The Honorable K. Joseph Shekarchi
Speaker of the House of Representatives
Rhode Island State House, Room 323
82 Smith Street
Providence, RI 02903

The Honorable Dominick J. Ruggerio
President of the Senate
Rhode Island State House, Room 318
82 Smith Street
Providence, RI 02903

The Honorable Daniel J. McKee
Governor
Rhode Island State House, Room 228
82 Smith Street
Providence, RI 02903

To the Honorable Speaker of the House, the Honorable President of the Senate, and the Honorable Governor:

The Rhode Island Office of the Health Insurance Commissioner (OHIC) was tasked with conducting a comprehensive review of all social and human service programs having a contract with or licensed by the state, inclusive of the State of Rhode Island Executive Office of Health and Human Services (EOHHS) and the state agencies under its purview. This comprehensive and unprecedented review was required by amendments to OHIC's enabling statute, Rhode Island General Laws (R.I.G.L.) § 42-14.5-3(t). Pursuant to the terms defined in R.I.G.L. § 42-14.5-2.1, social and human service programs include services in the following subject areas and disciplines: social, mental health, developmental disability, child welfare, juvenile justice, prevention services, habilitative, rehabilitative, substance use disorder treatment, residential care, adult/adolescent day services, vocational, employment and training, and aging.

Under this scope of work OHIC was tasked with reporting two key deliverables to the General Assembly and the Governor:

1. A comprehensive review of social and human service programs documented in the form of nine legislatively mandated reports covering various finance and programmatic subjects, including an inventory of existing reimbursement rates, eligibility requirements, structure of state government, accountability standards, and reimbursement rate comparisons to other states and other payers.[1] As a whole, this series of reports may be used as one set of resources to provide education and insight into current Rhode Island social and human service programs' provider reimbursement and programmatic structure.
2. Development of a biennial assessment and review process that results in recommended adjustments to social and human service program reimbursement rates for consideration by EOHHS and its constituent agencies.[2]

[1] See R.I.G.L. § 42-14.5-3(t)(2)(i)-(ix).
[2] See R.I.G.L. § 42-14.5-3(t)(2)(x).

OHIC has completed these deliverables. The report that follows communicates OHIC's recommendations concerning social and human service program reimbursement rates and offers some lessons learned from this inaugural assessment and review process for application to future reviews.

OHIC recommends significant adjustments to social and human service program reimbursement rates, particularly in the areas of behavioral health, children's services, and home and community-based services (HCBS). OHIC estimates the recommended rate adjustments will generate an approximate fiscal impact of $45.0 million in additional Medicaid fee-for-service expenditures if fully implemented in the next fiscal year. This estimate of fiscal impact does not include downstream impacts on out-of-scope Medicaid Managed Care reimbursement rates, which will likely increase the total impact materially.

This investment in Rhode Island's health care delivery system and workforce would come on the heels of significant investments through Medicaid that have been authorized or effectuated over the last two fiscal years, including:

- $47.3 million for rate increases for providers who serve Rhode Islanders with intellectual and developmental disabilities.
- $143.7 million for an increase in payments to Rhode Island's hospitals.
- $29.7 million for rate increases for pediatricians, early intervention, and home-based therapeutic services for children.

OHIC's recommendations have been submitted to EOHHS for consideration in accordance with the amendments to R.I.G.L § 42-14.5-3(t). As decisionmakers in the executive and legislative branches review OHIC's analysis, findings, and recommendations I would like to offer the following guidance. The recommendations represent OHIC's findings based on the rate review framework established by law and interpreted by OHIC. The recommendations were developed and are offered in isolation of fiscal considerations, public health priorities that may inform the allocation of resources, or program specific considerations that link reimbursement to measurable outcomes. OHIC's recommendations represent a destination for reimbursement rates, but do not furnish a road map for getting there. Still, the proposition of investing in our health care system through the mechanism of Medicaid reimbursement rates is an attractive one because state investments in Medicaid will leverage new federal dollars for Rhode Island's economy and help to support its health and human services workforce.

The recommendations that follow represent the product of one rate review cycle. OHIC is committed to translating the lessons learned from this completed cycle to improvements for future cycles. Providers have expressed that having a process for rate reviews is equally, if not more important, than the product of one cycle. Rhode Island has a process for the future that prioritizes data analysis as well as provider input.

In compliance with R.I.G.L § 42-14.5-3(t)(2)(x), OHIC will host a public forum on Friday, September 22nd from 10am – 12pm at the Department of Administration in Conference Room 2A. The purpose of this meeting is to provide the general public, providers, recipients, and other interested parties an opportunity to provide comment and to ask questions.

In conclusion, I express my gratitude to the people and organizations who have waited patiently for the deliverables required under this new scope of work and to those who helped in its production.

I am grateful to the leadership and members of the General Assembly for their flexibility and understanding as OHIC navigated the timing of a competitive procurement for analytic capacity to support this review relative to the reporting deadlines set forth in the statute. Further, I am grateful to the members of the Social and Human Service Programs Review Advisory Council who have dedicated their time and expertise to this process. Members of the Advisory Council, and particularly my co-chairs, have

offered advice and facilitated connections to the constituencies impacted by this review. Their engagement with us has been invaluable.

Lastly, I would like to express my gratitude to my colleagues in state government, particularly within EOHHS central management, the Medicaid Program, and the other health and human service agencies for their collegiality and support throughout this process. OHIC was granted unfettered access to data and agency personnel to complete this review. Each agency has understood the importance of reaching conclusions from an objective set of evidence and to that end, OHIC appreciates the partnership and professionalism that is has received throughout this process.

Sincerely,

Cory B. King
Acting Health Insurance Commissioner

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Executive Summary

The Rhode Island Office of the Health Insurance Commissioner (OHIC) was tasked with conducting a comprehensive review of all social and human service programs having a contract with or licensed by the state, inclusive of the Rhode Island Executive Office of Health and Human Services (EOHHS) and the state agencies under its purview. This comprehensive and unprecedented review was required by amendments to OHIC's enabling statute, Rhode Island General Laws (R.I.G.L) § 42-14.5-3(t), that went into effect on July 1, 2022. Social and human service programs include publicly funded services in the following subject areas and disciplines: social, mental health, developmental disability, child welfare, juvenile justice, prevention services, habilitative, rehabilitative, substance use disorder treatment, residential care, adult/adolescent day services, vocational, employment and training, and aging.

OHIC convened a Social and Human Service Programs Review Advisory Council to advise the office on the review, provide data and insights, and serve as points of contact between the office and the broader networks and associations of providers and interested parties that council members represent.[1] All meetings were open to the public. In addition to the Advisory Council, OHIC convened an Interagency Working Group comprised of state health and human service agencies to provide programmatic insights and data necessary to produce nine legislatively mandated assessments that cover various reimbursement rate and programmatic aspects of social and human service programs. As a whole, the assessments may be used as one set of resources to provide education and insight into current Rhode Island social and human service programs' provider reimbursement and programmatic structure.

The statute required OHIC to produce a final report with recommendations concerning adjustments to reimbursement rates for social and human service programs and to specify the provision of a biennial process to evaluate programs and reimbursement rates on an ongoing basis by September 1, 2023. This final report fulfills this mandate. In addition to documenting the data and methods utilized by OHIC to conduct this review, the report offers some lessons learned for application to future reviews and outlines some preliminary recommendations concerning suggested changes to the statutory framework going forward.

The statute provides a broad definition of social and human service programs. With public input, OHIC interpreted and operationalized this definition into a discrete set of services across Medicaid and the state health and human services agencies. The terms defined in statute draw contours around the scope of this work which are essential to consider as readers engage with the content that follows. In addition to the limitation of scope to the services described above, the recommendations that follow were based on an analysis of, and apply to, the state-established reimbursement rates on the Medicaid Program fee schedule ("Medicaid FFS"). The recommendations are not directed to the privately negotiated reimbursement rates paid by Medicaid Managed Care Organizations (MCOs).[2] To the extent that MCO reimbursement rates are functionally related to the state-established Medicaid Program fee schedule, whether by convention or by existing state directed payment provisions within the MCO contracts, the recommendations will generate downstream effects on MCO reimbursement rates and related fiscal impact. It was beyond the scope of this work to model these downstream effects. The report that follows presents reimbursement rate recommendations and estimated total investment, or fiscal impacts, based on Medicaid FFS reimbursement rates and claims billed by providers to the Medicaid Program.

The statute did not stipulate a specific rate review approach or methodology. OHIC utilized data and information garnered from the legislatively mandated assessments, as well the application of analytic methods to reconstruct reimbursement rates anew based on current economic data. These methods and their strengths and limitations are described in the report.

[1] Advisory Council meeting materials and minutes can be accessed here.

[2] The MCOs are Neighborhood Health Plan of Rhode Island, UnitedHealthcare, and Tufts Health Plan.

Recommendations

OHIC recommends significant adjustments to the Medicaid Program fee schedule reimbursement rates for behavioral health services (including substance use treatment), home and community-based services (HCBS), and children's services. Section 5 of this report describes the rate recommendations in great detail and presents composite recommended rate adjustments and rate adjustment ranges for each major service category. Appendix 1 provides recommended reimbursement rate adjustments for each specific service code. These recommendations are based on analysis of economic data and program access.

OHIC has deferred a review of reimbursement rates for intellectual and development disability (I/DD) services in this rate review cycle because those services were recently reviewed pursuant to the state's Consent Decree Action Plan with the United States Department of Justice and appropriations to effectuate new reimbursement rates for those I/DD services were authorized in the state fiscal year (SFY) 2024 budget. Furthermore, OHIC is not making rate recommendations concerning providers paid pursuant to contracts with the Division of Children, Youth, and Families (DCYF). These contracts are the product of competitive procurements. As such, the reimbursement rates are not the product of rate setting. DCYF is also presently engaged in reprocuring its portfolio of services. Given the structure of reimbursement for these services and the ongoing procurement process, OHIC is unable to evaluate these rates at this time.

OHIC estimates the recommended rate adjustments will generate an approximate total provider investment, or all funds fiscal impact, of $45.0 million in additional Medicaid FFS expenditures if fully implemented in the next fiscal year.[3] This estimate of fiscal impact does not include downstream impacts on out-of-scope Medicaid Managed Care reimbursement rates, which will likely increase the total impact materially. For context, the OHIC recommendations pertaining to behavioral health services are projected to increase Medicaid FFS expenditures by 29.1%, all else equal. In-scope baseline period Medicaid FFS behavioral health expenditures totaled $34 million.[4] In comparison, MCO behavioral health expenditures totaled over $140 million in SFY 2022. A significant volume of expenditures for HCBS and children's services are also paid through the MCOs. Readers should take note that the state will not have to bear the full cost of implementation. Due to federal matching rates for Medicaid, the federal government would cover more than half of the total cost of implementation.[5]

Looking Ahead

The recommendations have been communicated to EOHHS for review and consideration. Pursuant to R.I.G.L § 42-14.5-3(t)(2)(x), OHIC has scheduled a forum to take place on Friday, September 22nd from 10am – 12pm at the Department of Administration in Conference Room 2A. The purpose of this forum is to provide the general public, providers, recipients, and other interested parties an opportunity to provide comment and to ask questions. The public forum agenda can be viewed here.

In the coming months the recommendations communicated in this report will be evaluated by decisionmakers in government and assessed within the broader provider community. The recommendations were developed and are offered in isolation of fiscal considerations, public health priorities that may inform the allocation of resources, or program specific considerations that link reimbursement to measurable outcomes. These considerations were beyond the scope of OHIC's review.

[3] Based on April 2022 through March 2023 FFS expenditures, paid through July 2023. Fiscal impact estimates are inherently subject to change as more recent data becomes available. Differences between our projections for fiscal impacts and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience. As EOHHS considers the recommendations, additional analyses of fiscal impact may be conducted that draw from more recent claims data or estimates of caseload in the future. This is likely to change OHIC's current estimates.

[4] The baseline experience period for our analysis was April 2022 through March 2023. This period was chosen because of its recency and that is corresponds with the expiration of temporary workforce payment enhancements that were supported by the American Rescue Plan Act (ARPA). Elsewhere in this report OHIC cites SFY 2022 Medicaid FFS program expenditures. Total Medicaid FFS behavioral health expenditures for SFY 2022 were $45 million.

[5] The state and federal shares would be calculated using the prevailing Federal Medical Assistance Percentage (FMAP).

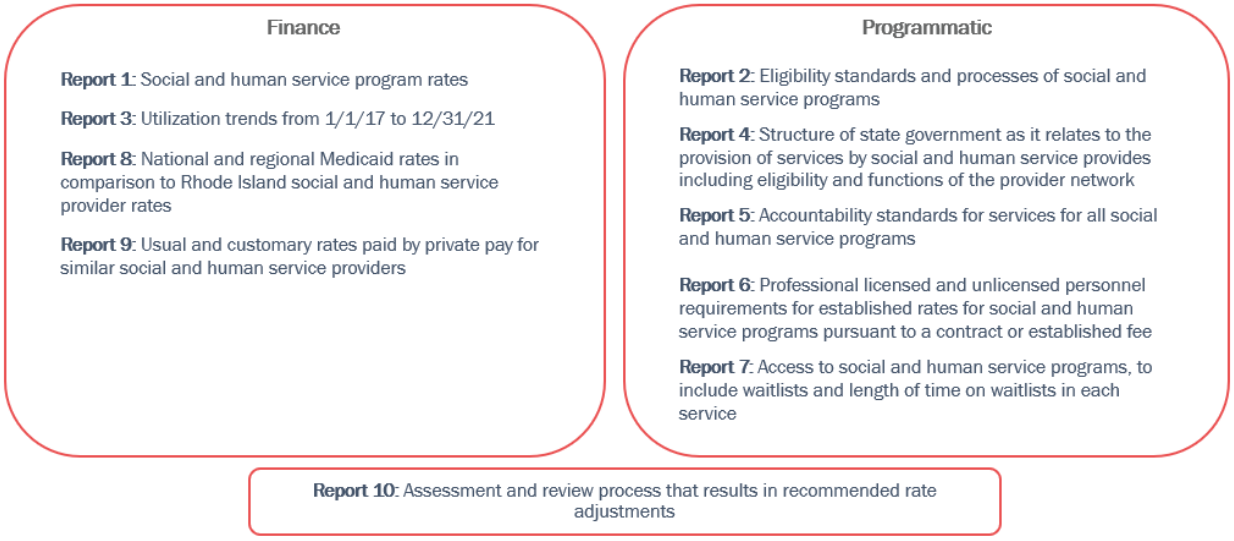
State investments in our health care system through the mechanism of Medicaid reimbursement rates will leverage new federal dollars for Rhode Island's economy and help to support its health and human services workforce. Due to federal Medicaid matching funds, for every additional dollar of state investment in Medicaid, the federal government contributes more than a dollar of new money to Rhode Island's economy.

Introduction

The Rhode Island Office of the Health Insurance Commissioner (OHIC) was tasked with conducting a comprehensive review of all social and human service programs having a contract with or licensed by the state, inclusive of the Rhode Island Executive Office of Health and Human Services (EOHHS) and the state agencies under its purview. This comprehensive and unprecedented review was required by amendments to OHIC's enabling statute, Rhode Island General Laws (R.I.G.L) § 42-14.5-3(t), that went into effect on July 1, 2022. Social and human service programs include publicly funded services in the following subject areas and disciplines: social, mental health, developmental disability, child welfare, juvenile justice, prevention services, habilitative, rehabilitative, substance use disorder treatment, residential care, adult/adolescent day services, vocational, employment and training, and aging.

The statute requires nine assessments (or "reports") covering various reimbursement rate and programmatic elements of social and human service programs, with a tenth assessment being a culmination of the prior nine assessments. The first nine assessments furnish data for use by the health insurance commissioner to inform the tenth assessment, which contains recommended rate adjustments for in-scope services and the provision of a biennial process to evaluate programs and reimbursement rates on an ongoing basis. In addition to the prior nine assessments the health insurance commissioner requested OHIC's contracted vendor to conduct additional analyses of reimbursement rates for in-scope services. This includes computing new reimbursement rates for a defined subset of services based on an independent rate model. This final report constitutes the tenth assessment. The report documents the methods used to review in-scope reimbursement rates and communicates the health insurance commissioner's findings, reasonings, and recommendations concerning adjustments to reimbursement rates. The report also presents lessons learned from this inaugural rate review cycle and articulates potential refinements to the process that will ensure that future rate reviews are appropriately scoped and resourced. Figure 1 presents the nine legislatively mandated assessments classified into finance and programmatic workstreams.

FIGURE 1: LEGISLATIVELY MANDATED ASSESSMENTS



In the context of this scope of work, R.I.G.L. § 42-14.5-2.1(3) defines rate review as "the process of reviewing and reporting of specific trending factors that influence the cost of service that informs rate setting." Rate setting means "the process of establishing rates for social and human service programs that are based on a thorough rate review process."[6] As defined by the amendments to OHIC's enabling statute, rate review and rate setting are related, but distinct activities. This distinction is important because the

[6] R.I.G.L. § 42-14.5-2.1(4).

amendments to OHIC's enabling statute do not confer rate setting authority to OHIC. Rate setting authority for in-scope programs and services resides within the executive branch agencies that are principally responsible for social and human service programs by law, such as EOHHS and the Medicaid Program. OHIC's rate review produces data and recommendations that can be considered by the relevant rate setting authorities within the executive branch. Moreover, not all social and human service program rates are developed through a rate setting process. This is an important fact to observe when attempting to reconcile all social and human service reimbursement in Rhode Island to the framework established by statute and interpreted and implemented by OHIC for this inaugural rate review cycle.

While OHIC does not set social and human service provider rates, OHIC was mindful of the critical importance that an objective rate review plays in the broader process of rate setting by government agencies. In general, the government assumes responsibility for the provision of health and human services to individuals and families on a broad scale and expends significant resources to meet this public need. Administratively set reimbursement rates, such as Medicaid fee-for-service rates, significantly impact the health and human services delivery system and influence the allocation of resources in the economy more broadly.

A principal concern of rate review is to assess whether existing reimbursement rates are aligned with the economic environment experienced by providers. This assessment should focus on the reasonable and necessary costs of an efficient provider. Misalignment of reimbursement rates and relevant economic variables associated with the costs of service provision, such as wages, risks potentially impacting provider operating margins, service capacity, or the accessibility of services to program recipients. This risk is particularly acute for providers whose payer mix is largely or entirely governmental. OHIC has developed and implemented a rate review process that relies on the collection and analysis of publicly available data on labor and overhead costs, supplemented by primary data garnered directly from local providers. Structured interviews with providers have elicited information on service delivery practices and other unique factors that describe how providers translate factors of production into the provision of social and human services for Rhode Islanders. In sum, rate review should be understood as a data-driven process to ensure dialog between the market forces that shape provider operating costs and the reimbursement rates established by government for publicly funded services. Rate review furnishes the evidence basis for rates to be adjusted by the relevant rate setting authorities.

The rate recommendations communicated herein represent the outcome of one rate review cycle. This cycle occurred on an expedited timeline to meet statutory deadlines driven by the state budget process. During this time OHIC was able to define a distinct set of services within the scope of the subject areas described by the statute, review various programmatic elements, and build a rate review process from scratch. All within a period of 7 months.[7] The experience of building this process has borne lessons that should translate into process improvements for future rate reviews. The experience has also clarified where there exist limitations of the rate review framework to certain domains of social and human services.

The report is organized around the following sections. **Section 1** describes OHIC's approach to establishing the universe of services subject to the rate review by taking the language from statute and operationalizing it in the form of specific programs and service codes. **Section 2** presents several descriptive statistics on expenditures and utilization of in-scope services derived from other reports and describes the role of Managed Care Organizations in the financing of in-scope Medicaid services in Rhode Island. **Section 3** provides an overview of the rate review framework developed by OHIC and the three specific approaches utilized to inform recommended rate adjustments. **Section 4** assess the strengths and limitations of each of the three specific rate review approaches. **Section 5** presents the rate recommendations. **Section 6**

[7] The amendments to OHIC's enabling statute were effective on July 1, 2022, with the delivery of final recommendations concerning reimbursement rates by September 1, 2023, a period of fourteen months. The statute directed OHIC to "prepare a request for proposal for a qualified and competent firm or firms to undertake the … analysis, reports, and studies." OHIC was able to complete a competitive procurement in seven months, which is two months quicker than the nine-month period suggested by the Division of Purchases in guidance to state agencies. The Purchase Order was issued on January 26 and OHIC held a project kick-off meeting with the selected vendor on January 30th. The timing necessary to run a competitive procurement meant that OHIC had only seven months to complete the legislatively mandated assessments of social and human service programs and deliver final recommendations by September 1st.

offers reflections on the rate review process, identifies some lessons learned, and articulates suggested refinements to the statutory framework going forward.

1. Establishing the universe of services

R.I.G.L. § 42-14.5-2.1 defines a "social and human service program" as "a social, mental health, developmental disability, child welfare, juvenile justice, prevention services, habilitative, rehabilitative, substance use disorder treatment, residential care, adult or adolescent day services, vocational, employment and training, or aging service program or accommodations purchased by the state." Furthermore, a "social and human service provider" is defined as "a provider of social and human service programs pursuant to a contract with the state or any subdivision or agency to include, but not be limited to, the department of children, youth and families (DCYF), the department of behavioral healthcare, developmental disabilities and hospitals (BHDDH), the department of human services (DHS), the department of health (DOH), and Medicaid."

Prior to commencing the scope of work, OHIC met with stakeholders to understand their perspectives which helped the office develop a more refined sense of the universe of programs and services subject to the comprehensive programmatic and finance review. OHIC drew on this expert feedback to ensure the review encompassed all of the disciplines and subject areas specified in the statute across several state agencies. OHIC leadership determined that decisions on scope and prioritization of rate reviews should occur through public processes where interested parties could weigh in. To that end, on August 2, 2022, OHIC distributed a draft bulletin for review by state agencies, service providers, and the public at large that set forth OHIC's interpretation of the scope and terms of the social and human service programs review required by R.I.G.L. § 42-14.5-3(t). Interested parties were given thirty days to review and provide comments. OHIC, like other agencies, utilizes bulletins to disseminate interpretations of law and communicate with interested parties in a formal manner. The office received feedback on the draft bulletin, made revisions, and issued Bulletin 2022-3 Social and Human Services Programs Review Scope on September 7, 2022. Bulletin 2022-3 interpreted and further clarified the scope of OHIC's new responsibilities, clarified the scope of the definition of "social and human service programs", the scope of the definition of "state", and addressed out of scope rates.

Out of scope rates include Medicaid hospital reimbursement rates and Medicaid nursing facility reimbursement rates which have legislatively mandated payment methodologies and annual rate inflators.[8] For in-scope services and associated rates, the privately negotiated reimbursement rates paid by Medicaid Managed Care Organizations (MCOs) are out of scope for purposes of the rate review and rate recommendations, but MCO expenditures, member service utilization, and reimbursement rates were included in the analyses across several of the legislatively mandated assessments. Medicaid finance in Rhode Island cannot be properly understood without accounting for the significant role played by the MCOs. The role of MCOs in Medicaid social and human service program delivery and finance is described in greater detail in Section 2.

Throughout this process OHIC met with its Social and Human Service Programs Review Advisory Council ("Advisory Council"). The Advisory Council is a non-statutory public body that was organized at OHIC's discretion to advise the office on the review, provide data and insights, and serve as points of contact between the office and the broader networks and associations of providers and interested parties that council members represent.[9] All meetings were open to the public. In addition to the Advisory Council, OHIC convened an Interagency Working Group comprised of state health and human service agencies to provide programmatic insights and data necessary to produce the legislatively mandated assessments.

On March 31st, 2023, OHIC submitted the first legislatively mandated assessment to the General Assembly and the Governor, "an assessment and detailed reporting on all social and human service program rates, including rates currently being paid and the date of the last increase."[10] This first report provided an inventory of reimbursement rates for in-scope services and the date the rate was last changed (the effective date). The purpose of the report was to establish the services in the scope of the rate review at the specific

[8] R.I.G.L. § 40-8-13.4 and R.I.G.L § 40-8-19

[9] Advisory Council meeting materials and minutes can be accessed here.

[10] Milliman Client Report. Social and human service programs review: Reimbursement Rates. State of Rhode Island Office of the Health Insurance Commissioner. March 29, 2023. An updated version was published on August 30, 2023.

service code level. The report's public release also granted interested parties an opportunity to review the specific procedure codes and programs included in the report and submit feedback to OHIC on any codes or programs that appeared to be missing. Interested parties were also invited to provided contextual information or other data that would supplement OHIC's understanding of the history of a given reimbursement rate, since data on historical rate changes prior to the last update (the effective date) is not systematically collected and service coding changes restrict this history.

In addition to an inventory of current reimbursement rates and their effective dates, the report furnished a typology of major service categories that simplifies the organization of the diverse disciplines and service areas that are within scope of the review. The typology comprises four categories around which the recommendations that follow will be organized.[11]

- **Behavioral health services**: mental health and substance use services, including outpatient, residential, and mobile services.
- **Home and community-based services**: health and human services designed to enable people with physical disabilities to stay in their homes.
- **Children's services**: home-based and therapeutic, early intervention, and residential services for children.
- **Intellectual and developmental disabilities services**: services for individuals with intellectual or developmental disabilities.

To facilitate analysis, presentation, and discussion, the universe of in-scope services can be divided into two categories based on the mode of provider reimbursement. Most in-scope services are paid directly by the Rhode Island Medicaid Program as payments for claims billed to Medicaid. These services are reimbursed according to the Medicaid Program fee schedule and these claims are captured in the state's Medicaid Management Information System (MMIS). Such services follow the typology outlined above. The balance of in-scope services is reimbursed directly by state agencies, in many cases through invoicing from the providers and are paid according to contracted rates. There is more complexity to these arrangements that warrants dedicated discussion below. These non-MMIS services are largely grouped into three agencies: the Department of Children, Youth, and Families (DCYF), the Department of Human Services (DHS), and the Department of Health (DOH).

[11] Milliman Client Report. Social and human service programs review: Reimbursement Rates. State of Rhode Island Office of the Health Insurance Commissioner. August 30, 2023. Appendix 3. Mapping of Provider Code to Service Category.

2. Descriptive statistics on in-scope services

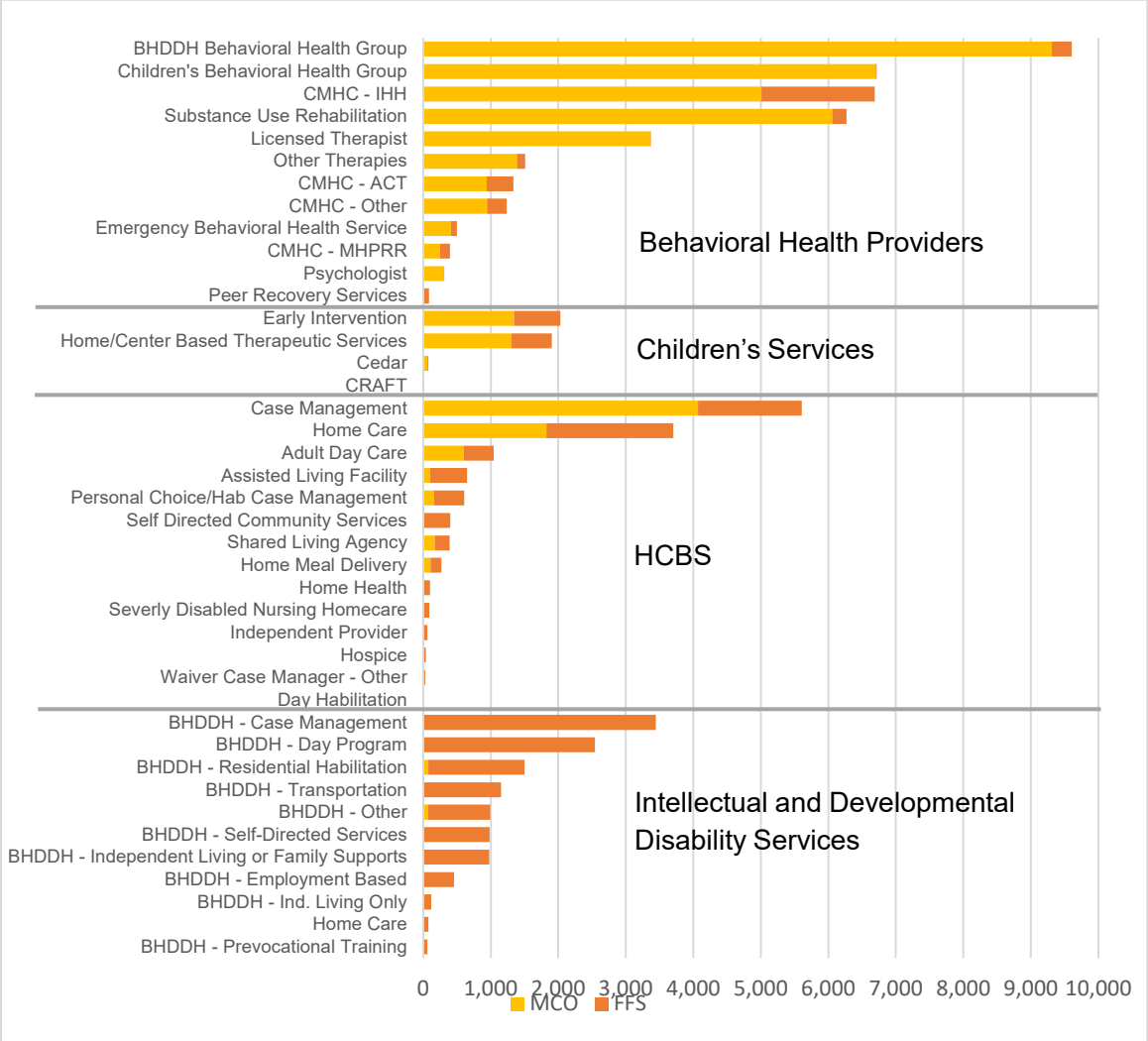
The universe of in-scope social and human services comprises $467.8 million of Medicaid fee-for-service expenditures and $127.0 million of non-Medicaid expenditures in SFY 2022. In scope services also account for $231.1 million of Medicaid MCO expenditures in SFY 2022.

Rhode Island, like many states, funds covered services for Medicaid recipients through private health insurance companies, or Managed Care Organizations (MCOs). The state contracts with three MCOs: Neighborhood Health Plan of Rhode Island, UnitedHealthcare, and Tufts Health Plan. Approximately 90% of Rhode Island Medicaid beneficiaries with full benefits are enrolled in an MCO.[12] However, the distribution of beneficiaries and expenditures between the MCOs and Medicaid FFS varies by major service category due to variation in services that are covered by MCOs and funded through MCO capitation rates vs. those that are retained out of plan and financed by Medicaid through MMIS. For some major service categories, such as HCBS and I/DD services, the Medicaid FFS Program, not MCOs, is the predominant payer in terms of the volume of expenditures. In other instances, such as behavioral health services, the state's contracted MCOs are the predominate payers. In this analysis, the rate review approaches described below were applied to the Medicaid Program's fee-for-service rates. The fee schedules maintained by the MCOs were out of scope.

The third legislatively mandated assessment, "an assessment and detailed reporting on utilization trends from the period of January 1, 2017, through December 31, 2021, for social and human service programs" presents information on utilization and expenditures through Medicaid fee-for-service and the MCOs.[13] Figure 2 is derived from the utilization trends report and shows the distribution of average monthly utilizers between the Medicaid FFS Program and the MCOs by major service category. Figure 3 presents the Medicaid annual expenditures within each major service category for the Medicaid FFS Program and MCOs, by SFY. The presentation of these metrics should help contextualize the relative role of the Medicaid Program and the MCOs in the financing of in-scope social and human service programs. Readers are encouraged to refer to the utilization trends report and supporting Data Book for more information.[14]

[12] Medicaid Expenditure Report. SFY 2020. Rhode Island Executive Office of Health and Human Services, pp. 22 – 23.
[13] Milliman Client Report. Social and human service programs review: Utilization trends. State of Rhode Island Office of the Health Insurance Commissioner. May 27, 2023. An updated version was published on August 30, 2023.
[14] Ibid. The Data Book is posted on the OHIC website under Final Reports, Report 3 – Final: Data Book.

FIGURE 2: SFY 2022 AVERAGE UNIQUE MONTHLY UTILIZERS BY SERVICE CATEGORY



Note: See Social and human service programs review: Utilization trends, p.6 for data caveats and limitations.

FIGURE 3: ANNUAL EXPENDITURE METRICS BY FISCAL YEAR

Service Category	SFY 2017 ($Millions)	SFY 2018 ($Millions)	SFY 2019 ($Millions)	SFY 2020 ($Millions)	SFY 2021 ($Millions)	SFY 2022 ($Millions)
Behavioral Health Providers						
FFS	$ 22.3	$ 24.0	$ 29.6	$ 33.7	$ 34.8	$ 45.5
MCO	130.2	143.7	138.1	130.8	140.0	145.4
Total	**$ 152.5**	**$ 167.6**	**$ 167.7**	**$ 164.4**	**$ 174.8**	**$ 190.9**
Children's Services						
FFS	$ 21.3	$ 20.5	$ 19.0	$ 16.0	$ 19.4	$ 15.9
MCO	21.9	25.6	29.7	27.9	27.1	28.3
Total	**$ 43.2**	**$ 46.1**	**$ 48.7**	**$ 43.9**	**$ 46.5**	**$ 44.2**
HCBS						
FFS	$ 50.0	$ 47.5	$ 60.8	$ 75.7	$ 83.3	$ 124.8
MCO	48.8	42.7	46.9	51.1	53.7	56.6
Total	**$ 98.8**	**$ 90.2**	**$ 107.7**	**$ 126.8**	**$ 137.0**	**$ 181.4**
Intellectual and Developmental Disability Services						
FFS	$ 211.6	$ 225.0	$ 238.6	$ 240.1	$ 233.0	$ 281.6
MCO	0.8	1.1	0.9	0.7	0.8	0.8
Total	**$ 212.4**	**$ 226.1**	**$ 239.5**	**$ 240.8**	**$ 233.8**	**$ 282.4**

Note: See Social and human service programs review: Utilization trends, p. 8 for data caveats and limitations.

3. Rate review framework

The amendments to OHIC's enabling statute did not stipulate a specific rate review approach or methodology. Production of the nine legislatively mandated assessments generated quantitative and qualitative data that OHIC drew upon during the rate review. As a whole, these reports offer a comprehensive view into the full scope of social and human service programs and providers, the role of state agencies in the provision of these programs and services, and the current methods and levels of reimbursement for services through these programs. Several of the finance reports furnished inputs for the rate review, including the inventory of current rates with associated effective dates and rate benchmarks garnered from other state Medicaid programs, Medicare, Rhode Island Medicaid MCOs, and commercial payers.

To support a more specific provider cost-based assessment of current rates OHIC directed its contracted vendor to produce new rates from the ground up for a selected set of services across the domains of behavioral health, HCBS, and children's services. OHIC deferred consideration of I/DD services in the cost-based assessment and recommendations for this rate review cycle because I/DD services received rate adjustments in the SFY 2024 budget following a court-ordered rate review performed by BHDDH. The specific approaches utilized by OHIC to develop recommended rate adjustments are described in the section that follows. The factors OHIC considered when deciding which services would receive ground up rate assessments and how other services that did not receive this form of review were assessed are also described in the next section.

3.1 Rate review approaches

The three approaches utilized by OHIC to produce data to inform rate recommendations are independent rate models (IRMs), rate benchmarks, and adjustment of current rates for inflation from their effective date to the present. Each approach presents strengths and limitations that are described below.

3.1.1 Independent rate models

The independent rate model (IRM) approach serves to capture and document the average expected costs a reasonably efficient provider would incur while delivering a service.

The IRM approach can be distinguished from other provider payment methodologies in that it estimates what the costs for each service could be given the resources (wages/salaries and other expenses) reasonably expected to be necessary, on average, while delivering the service. This approach relies on multiple independent data sources as well as input from subject matter experts to develop rate model assumptions to construct the comparison rates, which are the outputs of the IRM. By contrast, many cost-based methods rely primarily on the actual reported historical costs incurred while delivering services, which can be affected by operating or service delivery decisions made by providers. These operating or service delivery decisions may be inconsistent with program service delivery standards or influenced by potential program funding limitations that do not necessarily consider the average resource requirements associated with providing these services.

The IRM methodology determines the costs related to the individual components shown below and sums the component amounts to derive a comparison rate for each service. Figure 4 provides an overview of the key components and elements of the IRM approach.

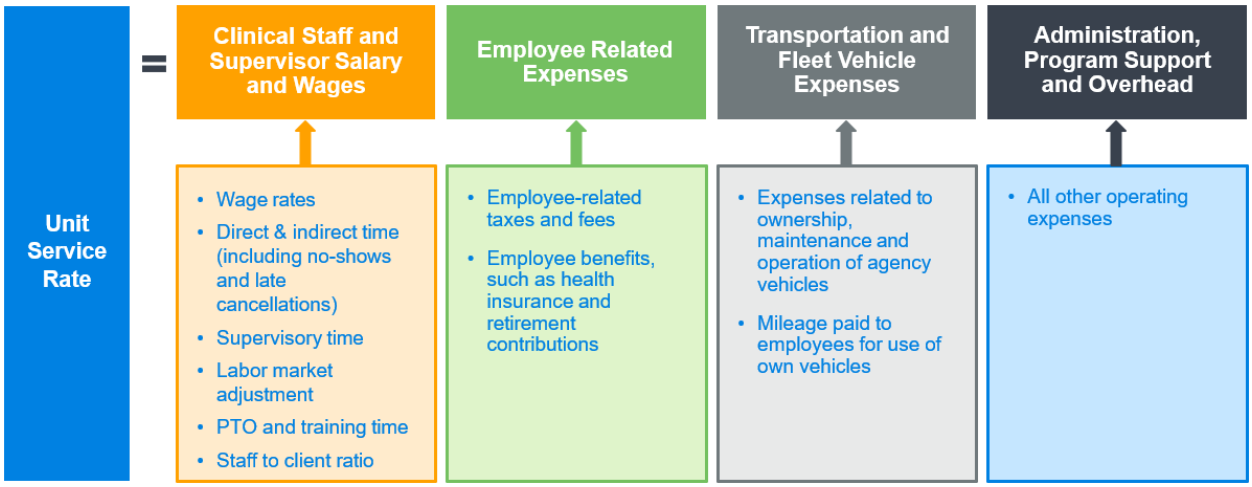
FIGURE 4: INDEPENDENT RATE MODEL COMPONENTS

COMPONENT	ELEMENTS	SUB-ELEMENTS	CLARIFYING NOTES
Clinical Staff and Supervisor Salaries and Wages	Service-related Time	Direct time	Corresponding time unit, or staffing requirement assumptions where not defined Adjusted for staffing ratios for some services (i.e., more than one person served concurrently, e.g., in group counseling sessions or for residential services)
		Indirect time	Service-necessary planning, note taking and preparation time
		Transportation time	Travel time related to providing service
		PTO/training/ conference time	Paid vacation, holiday, sick, training and conference time Also considers additional training time attributable to employee turnover
		Supervisor time	Accounted for using a span of control variable
	Wage Rates	Can vary for overtime and weekend shift differentials	Wage rates vary depending on types of direct service employees, which have been assigned to provider groups
Employee Related Expenses	Payroll-related Taxes and Fees	Federal Insurance Contributions Act (FICA), Federal Unemployment Tax Act (FUTA), State Unemployment Insurance (SUI), Workers' Compensation	Applicable to all employees, and varies by wage level assumption
	Employee Benefits	Health, dental, vision, life and disability insurance, and retirement benefits	Amounts may vary by provider group
Transportation – Fleet Vehicle Expense	Vehicle Operating Expenses	Includes all ownership and maintenance-related expenses	Varies by service When applicable, services assume employee owned vehicle at federal rate
Administration, Program Support, Overhead	All other business-related costs	Includes program operating expenses, including management, accounting, legal, information technology, etc.	Applied as a percentage of the total rate

The IRM approach constructs a comparison rate for each service as the sum of the costs associated with each of the components shown above. The cost and other assumptions associated with each component are adjusted to reflect the expected use of resources separately for each service.

Figure 5 provides the key high-level components included in the IRM approach.

FIGURE 5: HIGH-LEVEL INDEPENDENT RATE MODEL COMPONENTS



Given the constraints of time and funding OHIC was able to develop comparison rates using the IRM approach for only a subset of in-scope services. OHIC sought to assess services that represented a material volume of provider revenue between the Medicaid FFS Program and the MCOs.[15] Additionally, the approach to prioritization and service selection was informed by a range of quantitative and qualitative considerations. These considerations are described below.

Quantitative Considerations

- **Utilization.** We considered the utilization of services. In general, we prioritized services with higher utilization for review.
- **Date of Last Rate Update.** We evaluated the date at which service rates were last changed. In some cases, if a service has not had a rate change for a significant period of time, the service was prioritized accordingly.
- **Enrollment.** Where available, we identified the number of members receiving services as a proxy for social and human service program impact. Where enrollment is higher, the service was prioritized for programmatic evaluation.
- **Data Availability.** Some services have greater variation in rates and rate structures which adds complexity to the analysis. We considered the availability of data and complexity of the rate structure when prioritizing services.

Qualitative Considerations

- **Stakeholder Feedback.** We conducted multiple interviews, stakeholder meetings, and documentation review to gather an understanding of the priorities of the constituencies represented in this review.
- **Breadth of Services.** We worked to evaluate a diverse set of services to ensure spread across the primary domains (Children's Services, Behavioral Health, Home and Community Based Services (HCBS), I/DD).

Taking these considerations into account OHIC elected to assess the following services using the IRM approach. See Figure 6.

[15] The services that were assessed using the IRM approach accounted for 41.9% of behavioral health expenditures, 21.5% of children's service expenditures, and 65.8% of HCBS expenditures in SFY 2022, aggregated across the Medicaid FFS Program and the MCOs.

FIGURE 6: PROCEDURE CODES FOR COMPARISON RATE DEVELOPMENT

PROCEDURE CODE	DESCRIPTION
Behavioral Health Procedure Codes	
90791	Psychiatric diagnostic interview examination including history, mental status, or disposition
90792	Psychiatric diagnostic interview examination including history, mental status, or disposition
90832	Psychotherapy, 30 minutes with patient and/or family member
90834	Psychotherapy, 45 minutes with patient and/or family member
90837	Psychotherapy, office/outpatient facility, 60 minutes face to face with the patient
90846	Family psychotherapy (without patient present)
90847	Family psychotherapy (with patient present)
90853	Group psychotherapy (other than of a multiple family group)
99211	Office or other outpatient visit for the evaluation and management of an established patient - 5 min
99212	Office or other outpatient visit for the evaluation and management of an established patient - 10 min
99213	Office or other outpatient visit for the evaluation and management of an established patient - 15 min
99214	Office or other outpatient visit for the evaluation and management of an established patient - 25 min
99215	Office or other outpatient visit for the evaluation and management of an established patient - 40 min
H0037	Integrated Health Home
H0040	Assertive Community Treatment
Early Intervention Procedure Codes	
H2000	Comprehensive multidisciplinary evaluation
T1016	Case management, each 15 minutes
T1024	Team evaluation & management per encounter
T1027	Family training and counseling for child development, per 15 minutes
Home Care Procedure Codes	
S5125	Personal care services; per 15 minutes
S5130	Homemaker service, not otherwise specified (nos); per 15 minutes
T1000	Private duty / independent nursing service(s) - licensed, up to 15 minutes
T1001	Nursing Assessment / Evaluation
Substance Use Disorder Procedure Codes	
H0020	Alcohol and/or drug services; methadone administration and/or service (1 unit per week)
H0037 (OTP)	Integrated Health Home: OTP

The final report *Social and human service programs review: Independent rate model development* provides additional information on the implementation of the IRM approach for the selected services, including model assumptions, data sources, and final model inputs.[16] Technical appendices are posted on the OHIC website.

3.1.2 Rate benchmarks

The reimbursement rates paid by state Medicaid programs, Medicare, and private commercial payers furnish benchmarks for comparison to current Rhode Island Medicaid fee-for-service rates. As part of the

[16] Milliman Client Report. Social and human service programs review: Independent rate model development. State of Rhode Island Office of the Health Insurance Commissioner. August 30, 2023.

legislatively mandated assessments, specifically the eighth assessment on Medicaid rate benchmarks[17] and ninth assessment on Medicare and private payer benchmarks[18], OHIC researched and published comparison rates paid by other New England state Medicaid programs, Medicare, Rhode Island Medicaid MCOs, and private commercial payers composited across the states of Connecticut, Massachusetts, and Rhode Island.

Rate benchmarks may provide a reasonability check on current reimbursement rates when rates are normalized for provider billing and service delivery requirements. They are also useful for understanding payment variation across payer types such as Medicaid, Medicare, and commercial payers. However, OHIC believes that care should be exercised when using rate benchmarks for rate review. Static rate benchmarks do not cleanly align with the statutory definition of rate review as the "reporting of specific trending factors that influence the cost of service." Rate benchmarks suffer from a host of limitations that are described below.

3.1.3 Adjustment of current rates for inflation

Inflation is defined as the increase in the general level of prices of goods and services in the economy. A third approach utilized by OHIC for rate review was to adjust current reimbursement rates for inflation. This approach is consistent with the definition of rate review as the "process of reviewing and reporting of specific trending factors that influence the cost of service that informs rate setting." Reimbursement rates were adjusted for inflation from their effective date to the present. For example, the effective date of the reimbursement rate for HCPCS code T2021 (Day habilitation, waiver, per 15 minutes, program indicator code MHB010) is 7/1/2009, this means the reimbursement rate for this billable service has not changed since 7/1/2009, a period of 14 years.[19] OHIC's approach was to multiply the current rate by a factor to adjust the reimbursement rate for inflation in the general economy that has occurred since 7/1/2009. For this inaugural rate review cycle inflation adjustment offered a practical approach to rate assessment where the scarcity of time and funding required that OHIC prioritize a select set of services for assessment using the IRM methodology described above.[20]

The rationale for inflation adjustment is simple. The purchasing power of the dollar is influenced by price changes in the economy. As the general level of prices of goods and services rises the real value of the dollar declines and consumers and businesses experience a loss of purchasing power. The selection of a reasonable measure of inflation commanded importance in this analysis and OHIC sought a suitable index that possessed the following features:

- The index is widely accepted by economists as a valid measure of inflation trends over time and is familiar to consumers and businesses.
- Index data do not exhibit significant swings, or volatility, from year to year, and is suitable for economic analysis.

[17] Milliman Client Report. Social and human service programs review: Medicaid rate comparison. State of Rhode Island Office of the Health Insurance Commissioner. August 31, 2023. A previous version of this report was published on May 26, 2023. The August 31, 2023, version expands the number of services benchmarked from the May 26, 2023, version.

[18] Milliman Client Report. Social and human service programs review: Private payer, Medicare, and Medicaid MCO rate benchmarks. State of Rhode Island Office of the Health Insurance Commissioner. May 26, 2023. An updated version was published on August 30, 2023.

[19] The effective date refers to the effective date excluding temporary American Rescue Plan Act (ARPA) workforce enhancement rates.

[20] OHIC manually aligned the inflation indexing start date for codes that had consistent rates but various effective dates. Certain services have the same service code but have different effective dates, which is likely attributable to a new program implementation. In these cases, we utilized the earliest effective date for the group (as the rates for the newer codes were aligned with the rate that was set on this date). Aligning the indexing date results in inflation-indexed rates to be consistent for services that currently are reimbursed at the same rate. This alignment was performed for the following codes: 90846 (Family Psychotherapy, 97110 (Hippotherapy), 97530 (Therapeutic Activities), S5102 (Adult Day Care), T1000 (Private Duty Nurse), T1016 (Case Management), T1017 (Targeted Case Management), T1023 (Patient Screening), T1028 (Home Assessment), T2022 (Monthly Case Management). In cases where the rates are currently aligned but historical periods were not, we manually aligned the rate at index date to keep the current rate alignment. This adjustment was necessary for Adult Day Care (S5102) @Home Cost share program (MDE030 and MDE040) and Targeted Case Management (T1023) Cedar services (MCE010). One case where we did not create alignment was for the Social Services for the Blind program indicator (OOR010), targeted case management code (T1017). The current rate for this service is $14.00 instead of $15.00 as targeted case management is for other programs. We used the effective date of 2/1/2009 for the OOR010 targeted case management and the effective date of 5/1/2006 for all other programs targeted case management. It's possible the OOR010 targeted case management services rate would reasonably be aligned with the remaining targeted case management services rate.

- Index data is available for a long period of time and accessible to the public.

Two common measures of inflation are the Consumer Price Index (CPI), which is maintained by the United States Bureau of Labor Statistics, and the Personal Consumption Expenditures Price Index (PCE), which is maintained by the United States Bureau of Economic Analysis. The two indices measure the same phenomenon, but there are methodological differences between them. These differences include the scope of goods and services captured by the indices, the weights applied to various goods and services in the computation of the indices, and other technical differences. One difference between the two indices involves the treatment of health care goods and services. The CPI captures out-of-pocket spending on health care by urban consumers, but it does not account for health care paid for by third parties on behalf of consumers, such employers or government.[21] PCE accounts for the value of employer-sponsored health insurance and health care services funded by government programs, such as Medicare and Medicaid. The Federal Reserve Bank, which is responsible for national monetary policy, tracks both indices, but its preferred measure of inflation is based on the PCE.

OHIC reviewed several candidate inflation indices. Food and energy commodities tend to exhibit more pronounced price fluctuations over time. Due to the volatility of food and energy prices, versions of the CPI and PCE are computed that exclude these commodities. OHIC examined both forms of the CPI and PCE that exclude food and energy commodities. Measures of inflation that result from indices that exclude food and energy commodities are referred to as measures of "core inflation" and hold importance in economic analysis. In addition to the CPI and PCE, OHIC considered more geographically defined versions of the CPI, such as the CPI for the Northeast and the CPI for New England.

Beyond measures of general inflation, OHIC also reviewed time series that measured nominal earnings and wage growth for the U.S. and Rhode Island. This included average hourly earnings of all employees, education and health services and wages and salaries for all civilian workers in health care and social assistance for the U.S. Given that labor accounts for the majority of social and human service delivery costs, using an adjustment factor based on nominal wage growth may seem appropriate. Empirically, inflation and nominal wage growth are correlated, and general prices and nominal wages exhibit positive secular trends over time.[22] This means that a rate adjustment factor based on either measure, over a period of years, will only produce a positive adjustment factor—in the present instance, it will only increase the reimbursement rate. It will not decrease the reimbursement rate. Therefore, the decision to base the reimbursement rate adjustment factor on a particular measure of inflation or nominal wage growth does not impact the direction of the adjustment, only the relative magnitude of the adjustment, which would be due to potential differential rates of change in the respective indices within specific periods of time.

The decision to base this reimbursement rate analysis on inflation, as opposed to nominal wage growth or some other quantity, boiled down to a matter of preference. Inflation is a general economic phenomenon that individuals and businesses understand. Moreover, inflation adjustment is ubiquitous in many contracts, including labor contracts, pensions, and even some forms of government issued securities.[23] OHIC elected to use the PCE excluding food and energy as the reimbursement rate adjustment factor.[24] The PCE excluding food and energy possesses the features of an inflation measure that OHIC determined were desirable for this analysis. The limitations of the inflation adjustment approach are described in the next section.

[21] Johnson, Noah (2017). A comparison of PCE and CPI: Methodological Differences in U.S. inflation calculation and their Implications. Office of Survey Methods Research. U.S. Bureau of Labor Statistics. https://www.bls.gov/osmr/research-papers/2017/st170010.htm

[22] Sánchez, Juan M. "The Relationship between Wage Growth and Inflation." Federal Reserve Bank of St. Louis, 9 Nov. 2015, https://www.stlouisfed.org/on-the-economy/2015/november/relationship-between-wage-growth-inflation. Accessed 1 Aug. 2023.

[23] See Treasury Inflation Protected Securities (TIPS). https://www.treasurydirect.gov/marketable-securities/tips/

[24] The exceptions to this approach include home care, home health, and hospice services which utilize the CPI-U Medical Care for New England and home meal delivery which utilizes the CPI-U Food at Home for New England. These indices were chosen to align with existing statutory inflationary indices for these programs in Rhode Island law.

4. Discussion of strengths and limitations of each approach

The preceding section described three rate review approaches utilized by OHIC to produce data to inform the reimbursement rate recommendations. In this section the three approaches are compared and the strengths and limitations of each are discussed in greater depth.

4.1 Independent rate model

The independent rate model (IRM) is a methodology that seeks to reconstruct rates from the ground up based on the reasonable and necessary costs of an efficient provider. The approach of reconstructing rates using the IRM offers many strengths and some limitations.

IRMs possess the advantage of transparency into the development of reimbursement rates. Developing IRMs opens dialog with providers to review modelling assumptions and incorporate primary data from providers to supplement and test the reasonability of publicly available data on wages and other provider input costs. This testing of assumptions and conferring with providers on their own data and evidence of operating costs can be very constructive. In addition, the transparency of IRMs can also furnish a framework for restructuring rates themselves, as opposed to merely reconstructing the level of reimbursement.

Another benefit of this approach is that rates are developed independently from actual costs incurred, which facilitates an understanding of the resulting IRM comparison rates under different assumptions. Rather than relying on actual costs incurred from a prior time period to determine what the rates should be, the IRM approach builds rates from the "ground up" and considers what the costs would be to provide the service based on a set of independently derived assumptions. To the extent actual costs incurred by service providers are affected by external factors not representative of the market or service delivery requirements, the IRM approach provides a means to communicate what costs may reasonably be incurred so decision makers can more equitably allocate resources based on this information.

Finally, the IRM approach creates a mechanism to use a consistent wage base across industries. For example, OHIC used the same wage base for registered nurses in each service modeled, whether a behavioral health or home care service.

The limitation of the IRM approach is that it is resource intensive. A resource intensive approach that supports data-driven decision making is not a limitation itself. However, when married with fiscal constraints and strict statutory deadlines the scope of application across a large set of services is necessarily constrained and requires prioritization decisions to select services for independent rate modelling.

4.2 Rate benchmarks

Rate benchmarks offer informative data points but possess many limitations for rate review. Whether the payer is a commercial payer, Medicare, or Medicaid, figures into these limitations in different ways. Rate benchmarks for a given service may not exist across all payer types due to the variability of covered services across payers. This is noted in the findings from the report, *Social and human service programs review: Private payer, Medicare, and Medicaid MCO rate benchmarks*."[25] OHIC found that commercial and Medicare rate benchmarks were not suitable for HCBS and I/DD service categories because these services are not typically covered by commercial payers or Medicare. Additionally, many of these services are not covered through Rhode Island's Medicaid MCOs.[26] Unlike HCBS and I/DD services, which are predominately funded through Medicaid FFS, behavioral health services, and to a lesser extent children's services, are funded through Medicaid MCOs, commercial payers, and Medicare (for behavioral health).

[25] Milliman Client Report. Social and human service programs review: Private payer, Medicare, and Medicaid MCO rate benchmarks. State of Rhode Island Office of the Health Insurance Commissioner. May 26, 2023. An updated version was published on August 30, 2023.

[26] HCBS is funded by Neighborhood Health Plan of Rhode Island through its Medicare-Medicaid plan for dual eligibles. NHPRI's reimbursement rate data is redacted from the reports because it is the only MCO in the Medicare-Medicaid program.

Reference to Medicaid reimbursement in other states as inputs for rate review presents a host of challenges. States may establish unique provider billing or service delivery requirements associated with their fee schedules.[27] Therefore, inferences concerning inter-state differences in provider reimbursement should not be drawn from a simple side by side comparison of fee schedules. Investigation into rate structure and provider billing manuals is often necessary to ensure comparability, but sifting through the idiosyncrasies of state Medicaid programs is resource intensive. In the report, *Social and human service programs review: Medicaid rate comparison*, OHIC's vendor examined Medicaid reimbursement rates for home care, early intervention, and behavioral health services (including substance use services) across the New England states. The report found:

> The provider rate comparison research conducted for this analysis revealed many variations in service delivery requirements, billing units, codes used, required provider credentials, and reimbursement structures across the comparator states which limited the available comparisons. When feasible, we applied adjustments to the Rhode Island and comparator state fee schedules to enable this comparative analysis.
>
> Even after rates are adjusted for variation, we observe significant differences when comparing rates across states. These differences may be due to a number of factors including underlying cost and wage variances across geographies, regulatory complexity and requirements, differences in provider supply and availability, varying demand for services, and the timing and structure of rate setting processes in other state Medicaid programs.[28]

For this social and human service programs review, OHIC was tasked with reviewing reimbursement rates for a diverse set of services. Some programs and services are unique to Rhode Island. OHIC finds that reliance on other state's Medicaid rates as a guide for appropriate reimbursement in Rhode Island is hampered by the limitations described above.

Medicare reimbursement rates offer a more usable benchmark because the rates are the product of one administrative process with national application. As a national payer, Medicare follows transparent processes for setting reimbursement rates that attempt to account for provider costs and geographic variation in those costs, though Medicare payments are ultimately subject to fiscal appropriations. Commercial payers and Medicaid programs frequently reference Medicare reimbursement in assessing and updating their own fee schedules.[29] In the present scope of work pertaining to social and human service programs, Medicare benchmarks were most relevant for behavioral health services.

Commercial reimbursement benchmarks pose some unique considerations and limitations for this rate review due to the scope of services under evaluation. Generally, commercial reimbursement rates are often higher than the reimbursement rates paid by government payers. Commercial reimbursement rates are the product of contract negotiations between private payers and providers. One school of thought attributes the cause of the higher level of reimbursement from commercial payers compared to government payers to a speculative phenomenon referred to as "cost-shifting." Others have attributed the cause to market dynamics. For some out-of-scope service categories, like hospital facility services, commercial reimbursement rates tend to reflect the dynamics of market power, as opposed to the necessary and reasonable costs of an efficient provider or the quality of care delivered by the provider.[30] A recent report by the Congressional Budget Office concluded:

> Greater market power among providers consistently leads to prices for commercial insurers that are higher than Medicare FFS's prices and that vary more widely, both among and within areas.

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[27] For examples refer to slides 8 – 11 from the March 23, 2023 Advisory Council presentation here. Also see Social and human service programs review: Medicaid rate comparison.

[28] Milliman Client Report. Social and human service programs review: Medicaid rate comparison. Rhode Island Office of the Health Insurance Commissioner. August 31, 2023., p. 2.

[29] Private payers and Medicaid programs frequently measure their reimbursement rates as a percentage of the Medicare reimbursement rate and changes to Medicare rates tend to have downstream impacts on commercial rates.

[30] Congressional Budget Office, The Prices That Commercial Health Insurers and Medicare Pay for Hospitals' and Physicians' Services, January 20, 2022, https://www.cbo.gov/publication/57422

> Hospitals and physicians' groups may have market power because they have a dominant share of the market in an area or because an insurer sees them as essential to its network of providers.[31]

The findings from the CBO report pertaining to commercial reimbursement rates may not be relevant to the benchmarks produced for this rate review. This is due to the fact that most of the services under review by OHIC reflect a largely governmental payer mix. To the extent that commercial rate benchmarks are relevant, they would be most relevant for behavioral health. In this instance the market dynamics could be inverted, with large payers exerting greater market power in the determination of reimbursement rates than behavioral health providers. OHIC was unable to assess this empirically, but the report *Social and human service programs review: Private payer, Medicare, and Medicaid MCO rate benchmarks* found that commercial allowed amounts (reimbursement inclusive of the insurer paid amount and consumer cost sharing) "at the 25th to 75th percentile vary from approximately 100% to 225% of the Medicaid rate."[32]

4.3 Adjustment of current rates for inflation

There are two notable limitations to the application of a factor to adjust current reimbursement rates for inflation since the date the rate was last changed (the effective date). The first limitation of this approach is the use of the effective date of the reimbursement rate as the starting point. The second limitation is the potential to overinflate the rate compared to changes in the necessary and reasonable costs of producing the service, what we will call the risk of overcorrection.

Concerning the first limitation, the Medicaid fee schedule is complex, with the same procedure codes appearing in multiple instances with associated rates that vary by Medicaid program indicator codes. Additionally, the state does not systematically track the history of reimbursement rate changes and coding changes can result in new effective dates without associated reimbursement rate changes. Therefore, each reimbursement rate has a pre-history of unobservable rate changes prior to the effective date that could contextualize the current rate. For example, if the effective date of the rate for a given CPT code is 7/1/2012, the rate change that occurred on 7/1/2012 could have been a rate decrease or the product of a coding change. Alternatively, the rate change could have been a rate increase after years of no increase. Therefore, we are forced to take the current reimbursement rate as given and we cannot discern whether the rate was adequate, inadequate, or over-adequate to begin with. IRMs overcome this difficulty by reconstructing the rate from scratch.

The second limitation is the risk of overcorrection. Overcorrection would occur if the adjustment for inflation produces an inflation-adjusted reimbursement rate that exceeds the reimbursement rate that reflects the reasonable and necessary costs of an efficient provider based on current economic experience. In the context of the present rate review OHIC takes the position that the second limitation is minimized for the reason that the major service categories—behavioral health providers, HCBS, and children's services—exhibit differences in the average age of effective dates. Many HCBS services receive annual inflation updates pursuant to statute and many in-scope children's services received rate increases in SFY 2023.

Future rate reviews will move away from inflation adjustment and will endeavor to rely on IRMs as resources allow. OHIC does not take a position on whether legislative action should be taken to establish prospective rate inflators in state law for any of the services subject to this rate review.

[31] Ibid.

[32] Milliman Client Report. Social and human service programs review: Private payer, Medicare, and Medicaid MCO rate benchmarks. State of Rhode Island Office of the Health Insurance Commissioner. May 26, 2023. An updated version was published on August 30, 2023, p. 6.

5. Rate recommendations

The section that follows presents OHIC's findings and recommendations for services reimbursed by the Medicaid Program organized by major service category. Separately, OHIC's findings pertaining to other, non-Medicaid (or non-MMIS) reimbursed services, follows thereafter.

5.1 Behavioral health services

Behavioral health refers to mental health and substance use services, including outpatient, residential, and mobile services.

5.1.1 Findings

OHIC's review of behavioral health reimbursement rates considered the date the rate was last changed, the results from benchmarking reports, the results from the report, *Social and human service programs review: Access to programs*[33] ("access report"), the comparison rates generated by the IRMs, and the inflation adjustment analysis.

OHIC's review of reimbursement rates for behavioral health services found that a significant percentage of SFY 2022 Medicaid FFS expenditures were associated with reimbursement rates that had not been changed for several years. The report *Social and human service programs review: Reimbursement rates* found that most Medicaid FFS reimbursement rates for behavioral health services have not been updated since SFY 2016 or prior.[34] Figure 7 shows the distribution of SFY 2022 Medicaid FFS expenditures by the effective date of the reimbursement rates associated with those expenditures. For example, Figure 7 shows that 64% of expenditures in the Community Mental Health Center (CMHC) category was associated with codes with reimbursement rates that have not changed since SFY 2016 or prior. Many reimbursement rates have not been updated since the early 2000s; in some instances, reimbursement rates have not been updated since the 1990s. When examining this data, there are some important caveats:

1. The Medicaid Program fee schedule is complex. The same CPT code or HCPCS code ("service code") may appear multiple times depending on the associated program indicator code. In some instances, there are different reimbursement rates for the same service code. The use of modifiers adds complexity to the rate structure but does not necessarily deviate from industry practices of using modifiers to operationalize reimbursement rate differentials by provider type or professional credential, among other reasonable differentiators.
2. OHIC evaluated the volume of Medicaid FFS expenditures billed by behavioral health providers for each program indicator code and service code combination to identify the universe of in-scope Medicaid FFS reimbursement rates. OHIC also sought to avoid instances where a rate recommendation may influence provider reimbursement outside of the social and human service programs included in this review, without further adjustments to the billing process. Some limited behavioral health professional provider billing was observed within program indicator MMA001 (General Medicaid), particularly within the CPT code sequence 99211 – 99215, which are defined as office or other visit for the evaluation and management of an established patient. The reimbursement rates associated with these evaluation and management codes have not been updated since 1993 and are likely maintained for non-behavioral health providers. OHIC's analysis and recommendations concerning these codes focused on the Medicaid FFS program indicator codes that specifically tie to behavioral health providers, such as the Adult Mental Health program indicator code (MMH1015). The reimbursement rates associated with the identified evaluation and management codes defined within the MMA001 program may deserve additional analysis by EOHHS.

[33] Milliman Client Report. Social and human service programs review: Access to programs. Rhode Island Office of the Health Insurance Commissioner. August 31,2023.

[34] Readers can examine Appendix 1 of the report *Social and human service programs review: Reimbursement rates*, specifically the field labeled Effective Date (excl. ARPA), to review the dates that specific behavioral health reimbursement rates were last changed. OHIC was unable to identify whether the changes were due to rate increases, rate decreases, or coding changes.

3. The Medicaid Program fee schedule is not necessarily representative of the fee schedules maintained by the Medicaid MCOs. The examination of MCO fee schedules was out of scope, though MCO reimbursement rates are referenced in the report *Social and human service programs review: Private payer, Medicare, and Medicaid MCO rate benchmarks*. OHIC does not have insight into when the MCOs last updated the reimbursement rates paid to behavioral health providers.

More so than any other in-scope major service category, the Medicaid FFS reimbursement rates for behavioral health services have been in use for the longest period of time without change.

FIGURE 7: SFY 2022 MEDICAID FFS EXPENDITURES BY DATE OF RATE CHANGE

MAJOR CATEGORY	SERVICE CATEGORY	TOTAL DOLLARS ($Millions)	SFY 2016 AND PRIOR	SFY 2017 TO 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024
BH Providers	BHDDH BH Group	$ 0.5	100%	0%	0%	0%	0%	0%
BH Providers	Children's BH Group	$ 0.0	98%	2%	0%	0%	0%	0%
BH Providers	CMHC Services	$ 42.9	64%	25%	0%	0%	11%	0%
BH Providers	Emergency BH Service	$ 0.7	0%	100%	0%	0%	0%	0%
BH Providers	Licensed Therapist	$ 0.0	100%	0%	0%	0%	0%	0%
BH Providers	Other Therapies	$ 0.4	58%	0%	0%	0%	42%	0%
BH Providers	Peer Recovery Services	$ 0.1	0%	100%	0%	0%	0%	0%
BH Providers	Psychologist	$ 0.0	52%	48%	0%	0%	0%	0%
BH Providers	Substance Use Rehab	$ 1.0	34%	66%	0%	0%	0%	0%

Note: The figure shows Medicaid FFS expenditures only. MCO expenditures are not included. **S**ee the Reimbursement rates report for data caveats and limitations.

Given the temporal distance from the date that most behavioral health reimbursement rates were changed to the present time, the analysis of inflation trends in the general economy and adjustment of current rates for inflation will have the greatest impact on the behavioral health reimbursement rates.

OHIC examined findings from the benchmarking reports that compared Medicaid FFS reimbursement rates to other state Medicaid Program reimbursement rates, Rhode Island Medicaid MCO reimbursement rates, Medicare reimbursement rates, and commercial reimbursement rates.

The report *Social and human service programs review: Medicaid rate comparison* presents benchmarks for 27 service code/modifier combinations and found an average of 1.8 benchmarks per code. In OHIC's view, this average number of relatable benchmarks is small.

The report *Social and human service programs review: Private payer, Medicare, and Medicaid MCO rate benchmarks* found:

- For comparable services, Medicare reimburses at approximately 130% to 300% of the Medicaid FFS rate. On average, Medicare reimburses approximately 215% of the Medicaid FFS rate.
- Medicaid MCO reimbursement is approximately 100% to 125% of the Medicaid FFS rate for behavioral health services, except Psychologist. On average, Medicaid MCOs pay approximately 106% of the Medicaid FFS rate for benchmarked services.
- Given the relative consistency between Medicaid FFS and MCO reimbursement levels, it is possible that a portion of Medicaid MCO services are established as a function of Medicaid FFS reimbursement.

This last finding is important. To the extent that Medicaid MCO reimbursement rates are established as a function of the Medicaid fee schedule, changes in the Medicaid fee schedule are likely to generate changes in the reimbursement rates paid by MCOs to their contracted providers. There are factors that modulate this relationship, such as whether MCOs currently pay above the Medicaid FFS rate, or whether the MCOs

utilize different coding and reimbursement structures, such as the use of code modifiers to differentiate rates similar to the Medicaid fee schedule. Conducting a reconciliation analysis of the Medicaid fee schedule and MCO reimbursement practices was beyond the present scope of work. States can direct that MCOs reimburse according to a minimum fee schedule through a State Directed Payment.[35] It is fair to conclude that the recommendations outlined below, if adopted, will produce downstream impact on MCO reimbursement rates.

OHIC reviewed the comparison rates generated by the IRM for the behavioral health services identified in Figure 6 (above) and the results of the inflation analysis. Rate benchmarks were also considered. Based on the assessment of the strengths and limitations of the three rate review approaches described above, OHIC finds that the IRM comparison rates should be granted priority for establishing recommended reimbursement rates, followed by the inflation analysis. Rate benchmarks, particularly Medicaid rate benchmarks, do not exhibit clear trends for the mental health services evaluated and Rhode Island's substance use rate are consistently lower than comparison states across the codes evaluated. Unfortunately, static rate benchmarks do not convey information about "specific trending factors that influence the cost of service" which diminishes their utility for rate review.

Finally, OHIC reviewed the findings from the report *Social and human service programs review: Access to programs*. The report offered consistent findings that access to behavioral health services was "highly limited." Stakeholder interviews revealed that the drivers of present access challenges include provider capacity/network barriers and reimbursement barriers.

5.1.2 Recommendations

In consideration of the comparison rates generated by the IRM for the behavioral health services identified in Figure 6, the inflation adjustment analysis, and the access report, OHIC issues the following recommendations concerning behavioral health reimbursement rates.

1. OHIC recommends adoption of the IRM comparison rates. The IRM comparison rates produce a range of rate adjustments from -33% to 71.1%, depending on code and modifier.
2. In the absence of an IRM comparison rate, OHIC recommends adoption of the current rate adjusted for inflation using the methodology described in Section 3. The inflation adjusted rates produce a range of rate adjustments from 6.0% to 76.2%, depending on code, modifier, and effective date.
3. OHIC recommends that EOHHS assess whether the valuation of evaluation and management services, particularly 99211 – 99215 are appropriately aligned across program indicators within the Medicaid fee schedule.
4. OHIC recommends that EOHHS evaluate the Medicaid FFS rate structure to ensure that all medically necessary and clinically appropriate telemedicine services delivered by in-network behavioral health providers are reimbursed at rates not lower than services delivered by the same provider through in-person methods.[36]

Appendix 1 provides the recommendations at the program indicator code, service code, modifier level. To facilitate ease of use, Appendix 1 is posted on the OHIC website in Excel format. Summary statistics on the recommendations are provided below. Figure 8 presents summary information on the recommended reimbursement rates based on the IRMs. In Figure 8, groups of related CPT codes are composited for simplicity and interested parties are encouraged to examine Appendix 1 for the specific rate recommendations at the code/modifier level.

[35] Current Rhode Island Medicaid Managed Care contracts contain several State Directed Payment provisions relative to in-scope services. These provisions include home delivered meals, early intervention, children's therapeutic and respite, shared living, assisted living, home care, home care shift differentials, and home care behavioral health certification.

[36] R.I.G.L § 27-81-4(b)(2).

FIGURE 8: RECOMMENDED BEHAVIORAL HEALTH COMPARISON RATE RELATIVE TO FFS RATE

PROCEDURE CODE GROUPING	INCLUDED PROCEDURE CODES	COMPOSITE COMPARISON RATE	COMPOSITE CURRENT FFS RATE	PERCENT DIFFERENCE
Behavioral Health Service Codes				
Psychiatric Evaluation	90791; 90792	$ 166.66	$ 153.07	8.9%
Psychotherapy	90832; 90834; 90837; 90846; 90847	74.38	63.88	16.4%
Group Psychotherapy	90853	35.05	32.68	7.3%
Psychiatric Office Visit	99211 – 99215	40.88	39.19	4.3%
Integrated Health Home	H0037	18.95	13.82	37.1%
Assertive Community Treatment	H0040	51.39	41.65	23.4%
Substance Use Disorder Services				
Methadone Bundle	H0020	$ 137.97	$ 84.98	62.4%
Integrated Health Home (OTP)	H0037 (OTP)	13.07	7.64	71.1%

Accounting for all the reimbursement rate recommendations pertaining to behavioral health the total estimated Medicaid FFS program fiscal impact based on April 2022 through March 2023 FFS expenditures is presented in Figure 9 below. Services are grouped into subcategories and interested parties are encouraged to examine Appendix 1 for the specific rate recommendations at the program indicator code, service code, modifier level. Furthermore, the fiscal impacts presented in Figure 9 do not reflect potential fiscal impact from changes in MCO reimbursement.

FIGURE 9: RECOMMENDED BEHAVIORAL HEALTH RATES FISCAL IMPACT SUMMARY

April 2022 through March 2023 Fee-For-Service Expenditures				
Service Category Detail	**Baseline Expenditures**	**% Change**	**Expenditure Estimates using Proposed Rates**	**Difference**
Behavioral Health Providers				
BHDDH Behavioral Health Group	$ 267,755	16.0%	$ 310,520	$ 42,764
Children's Behavioral Health Group	15,855	35.5%	21,482	5,627
CMHC – ACT	5,730,499	23.4%	7,070,596	1,340,097
CMHC – IHH	8,622,118	37.1%	11,822,658	3,200,540
CMHC – MHPRR	6,042,010	25.9%	7,609,007	1,566,997
CMHC – Other	11,071,525	26.9%	14,054,515	2,982,990
Emergency Behavioral Health Service	734,360	17.2%	860,937	126,577
Licensed Therapist	1,616	35.2%	2,185	569
Other Therapies	460,437	15.9%	533,657	73,220
Peer Recovery Services	191,847	20.0%	230,268	38,421
Psychologist	18,082	24.0%	22,423	4,341
Substance Use Rehabilitation	858,082	60.5%	1,377,611	519,529
Composite	**$ 34,014,186**	**29.1%**	**$ 43,915,858**	**$ 9,901,672**

Notes:
1. Fiscal Impacts are based on FFS expenditures incurred between April 1, 2022 and March 31, 2023, paid through July 31, 2023.
2. Rate recommendation expenditures are FFS expenditures increased by the dollar weighted difference between the current effective rate and the proposed rate.
3. Differences between our projections for fiscal impacts and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.
4. No adjustments are made for completion or utilization.

5.2 Home and community-based services (HCBS)

Home and community-based services (HCBS) refers to health and human services designed to enable individuals with physical disabilities to stay in their home. Medicaid is the predominant payer for HCBS due to differences in covered populations and covered services across payer types. As the predominant payer the reimbursement rates established by the Medicaid Program have a significant impact on the HCBS workforce. HCBS services are fundamental to the state's provision of long-term services and supports (LTSS) and vital to keeping individuals in their homes as opposed to institutional settings such as nursing homes.

5.2.1 Findings

OHIC's review of the HCBS reimbursement rates considered the date the rate was last changed, the results from benchmarking reports, the results from the access report, the comparison rates generated by the IRMs, and the inflation adjustment analysis.

Unlike OHIC's review of reimbursement rates for behavioral health services, which found that a significant percentage of SFY 2022 Medicaid Program expenditures were associated with reimbursement rates that had not been changed for several years, most reimbursement rates for HCBS have been updated in recent years. This is an artifact of existing state policy. Reimbursement rates for home health, hospice, home care[37], and home delivered meals[38] are increased on an annual basis per Rhode Island statute. Home care, home health, and hospice rates are increased by the New England Consumer Price Index (CPI-U) for Medical Care and home delivered meal rates are increased based on the CPI-U for New England: Food at Home.[39]

Despite the existence of a statutory inflation update for home care, OHIC's review of reimbursement rates revealed that current reimbursement rates are not in line with the wage/salary expectations that are included in the IRM. This analysis demonstrates the importance of evaluating reimbursement rates anew using a ground up methodology.

Available benchmarks for HCBS services were limited to other state Medicaid programs. Specifically, OHIC focused on Attendant care services; per 15 minutes (S5125), Homemaker service; per 15 minutes (S5130), Nursing Assessment/Evaluation (T1001), and Private duty / independent nursing service(s) (T1000 and T1000 TE). After normalization of other state's reimbursement rates, no clear inferences concerning Rhode Island's relative position in the distribution of regional reimbursement rates could be drawn. Wide variances in reimbursement rates were observed. In the case of S5125, comparable service rates for Massachusetts and New Hampshire were not available. For T1000, the Rhode Island rate is "40.4% lower than the rate for Connecticut, 6.0% lower than the rate for Maine, 0.2% higher than the rate for Massachusetts, and 1.9% lower than the rate for New Hampshire. However, the rate is 24.8% higher than the rate for Vermont."[40] The observed degree of variation in rates across the New England states calls into question the utility of these HCBS benchmarks for rate review.

Based on the assessment of the strengths and limitations of the three rate review approaches described above, OHIC finds that the IRM comparison rates should be granted priority for establishing recommended reimbursement rates, followed by the inflation analysis.

OHIC reviewed the findings from the report *Social and human service programs review: Access to programs*. The report offered consistent findings that access to HCBS was "highly limited." Stakeholder

[37] Medical Assistance- Long-term Care Services and Finance Reform, R.I.G.L. § 40-8.9-9 (2021). http://webserver.rilin.state.ri.us/statutes/title40/40-8.9/40-8.9-9.htm

[38] House Bill 7123, Substitute A as amended. Making appropriations for the support of the state for the fiscal year ending June 30, 2023, (2022). https://webserver.rilegislature.gov/BillText22/HouseText22/H7123Aaa.pdf

[39] Milliman Client Report. Social and human service programs review: Reimbursement rates. State of Rhode Island Office of the Health Insurance Commissioner. August 30, 2023., p. 9.

[40] Milliman Client Report. Social and human service programs review: Medicaid rate comparison. State of Rhode Island Office of the Health Insurance Commissioner., pp. 9-10.

interviews revealed that the drivers of present access challenges include provider capacity/network barriers, reimbursement barriers, and geographic barriers.

5.2.2 Recommendations

In consideration of the comparison rates generated by the IRM for the HCBS services identified in Figure 6, the inflation adjustment analysis, and the access report, OHIC issues the following recommendations concerning HCBS reimbursement rates.

1. OHIC recommends adoption of the IRM comparison rates for S5125, S5130, T1000, and T1001. The IRM comparison rates produce a range of rate adjustments from 41.9% to 74.5%, depending on code and modifier.
2. In the absence of an IRM comparison rate, OHIC recommends adoption of the current rate adjusted for inflation using the methodology described in Section 3, except where a given service has a predefined inflator identified in statute. In these instances, the recommendation defaults to an inflation adjusted rate based on the inflator identified in statute. The inflation adjusted rates produce a range of rate adjustments from 2.5% to 84.0%, depending on code, modifier, and effective date.
3. OHIC recommends that EOHHS assess whether the Personal Care Enhancements for S5125, S5125 U1, and S5130 should continue if the recommended rates are adopted.[41] Currently, the Personal Care Enhancements equate up to $1.72 per unit for S5125/S5125 U1 and up to $0.89 per unit for S5130. The specification of the IRM accounts for these Personal Care Enhancements in the recommended rate.

Appendix 1 provides these recommendations at the program indicator code, service code, modifier level. To facilitate ease of use, Appendix 1 is posted on the OHIC website in Excel format. Summary statistics on the recommendations are provided below. Figure 10 presents summary information on the recommended reimbursement rates based on the IRMs.

FIGURE 10: RECOMMENDED HCBS COMPARISON RATE RELATIVE TO FFS RATE

PROCEDURE CODE GROUPING	INCLUDED PROCEDURE CODES	COMPOSITE COMPARISON RATE	COMPOSITE CURRENT FFS RATE	PERCENT DIFFERENCE
Home Care Services				
Personal Care and Homemaker Services	S5125; S5130	$ 10.76	$ 6.80	58.1%
Home Care Nursing Evaluation	T1001	185.33	106.21	74.5%
Private Duty Nursing	T1000	18.88	13.30	41.9%

Accounting for all the reimbursement rate recommendations pertaining to HCBS the total estimated Medicaid FFS program fiscal impact based on April 2022 through March 2023 FFS expenditures is presented in Figure 11 below. Services are grouped into subcategories and interested parties are encouraged to examine Appendix 1 for the specific rate recommendations at the program indicator code, service code, modifier level. Furthermore, the fiscal impacts presented in Figure 11 do not reflect potential fiscal impact from changes in MCO reimbursement.

[41] The Personal Care Enhancements for S5125 and S5125 U1 are as follows: Client/Worker Satisfaction ($0.50), Staff Education and Training ($0.33), National Accreditation ($0.33), State Accreditation ($0.17), and Behavioral Healthcare Training ($0.39). S5130 is eligible for Client/Worker Satisfaction ($0.50) and Behavioral Healthcare Training ($0.39).

FIGURE 11: RECOMMENDED HCBS RATES FISCAL IMPACT SUMMARY

April 2022 through March 2023 Fee-For-Service Expenditures				
Service Category Detail	**Baseline Expenditures**	**% Change**	**Expenditure Estimates using Proposed Rates**	**Difference**
HCBS				
Adult Day Care	$ 5,630,775	19.8%	$ 6,745,319	$ 1,114,544
Assisted Living Facility	17,667,564	10.8%	19,581,550	1,913,986
Case Management	2,192,569	56.5%	3,430,277	1,237,708
Day Habilitation	402,399	39.1%	559,729	157,329
Home Care	58,312,943	39.7%	81,457,711	23,144,768
Home Health	604,820	2.5%	619,946	15,125
Home Meal Delivery	427,311	3.8%	443,460	16,149
Hospice	1,142,982	2.5%	1,171,540	28,558
Independent Provider	1,315,856	8.0%	1,421,256	105,399
Personal Choice/Hab Case Management	759,425	17.6%	893,000	133,575
Self-Directed Community Services	702,875	15.2%	809,937	107,062
Severely Disabled Nursing Homecare	5,345,491	42.0%	7,590,791	2,245,299
Shared Living Agency	6,551,660	19.6%	7,838,431	1,286,771
Waiver Case Manager - Other	11,910	39.0%	16,556	4,646
Composite	**$ 101,068,581**	**31.2%**	**$ 132,579,501**	**$ 31,510,920**

Notes:
1. Fiscal Impacts are based on FFS expenditures incurred between April 1, 2022 and March 31, 2023, paid through July 31, 2023.
2. This exhibit is inclusive of the fiscal impact from the Home Care modifier and enhancement rate recommendations.
3. Rate recommendation expenditures are FFS expenditures increased by the dollar weighted difference between the current effective rate and the proposed rate.
4. Differences between our projections for fiscal impacts and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.
5. No adjustments are made for completion or utilization.

5.3 Children's services

Children's services refer to home-based and therapeutic services, early intervention, and residential services for children. Children's services also include the Children's Residential and Family Treatment Program (CRAFT) at Bradley Hospital and the home visiting programs: Healthy Families America, Parents as Teachers, Nurse Family Partnership, and First Connections.

5.3.1 Findings

OHIC's review of the reimbursement rates for children's services considered the date the rate was last changed, the results from benchmarking reports, the results from the access report, the comparison rates generated by the IRMs, the inflation adjustment analysis, and rate models for the home visiting programs that were previously developed by DOH.

OHIC evaluated benchmark rates from other state Medicaid programs for early intervention. OHIC's analysis of Medicaid benchmarks revealed a paucity of relatable benchmarks for early intervention services across the New England states. OHIC evaluated case management, per 15 minutes (T1016), Evaluation and treatment by an integrated specialty team to provide coordinated care to multiple or severely handicapped children, per encounter (T1024), and Family training and counseling for child development, per 15 minutes (T1027). Similar to the discussion of the behavioral health and HCBS service categories, Medicaid rate benchmarks suffer from limitations that reduce their utility for rate review.

Early intervention services were selected for review using the IRM methodology. The SFY 2023 budget increased early intervention rates by 45%, effective on July 1, 2022. The 45% rate increase for early intervention came after years of no rate increases. The IRM evaluation produced comparison rates for T1016, T1024, and T1027 that are well above the recently updated reimbursement rates for early intervention. This finding demonstrates the importance of performing a data-driven evaluation of reimbursement rates based on current economic fundamentals.

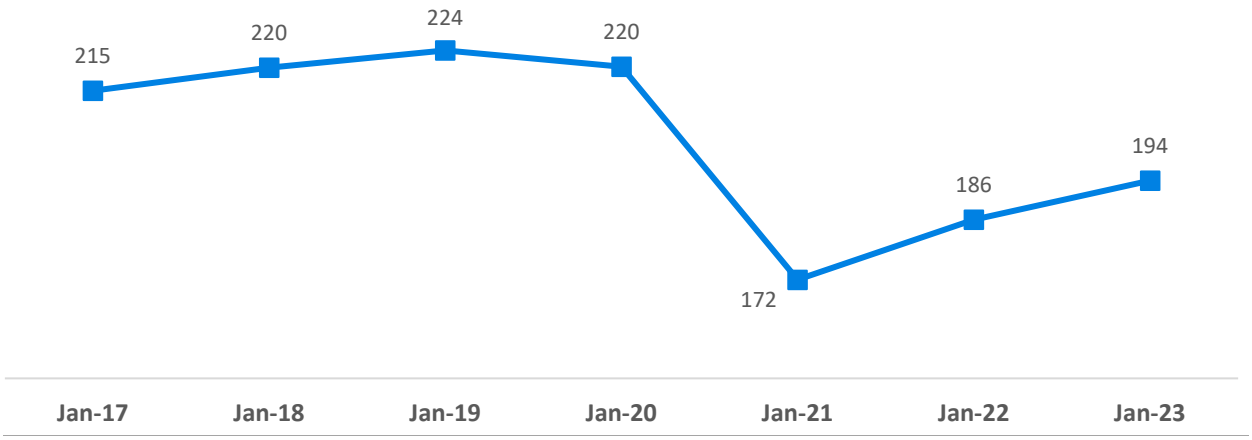
Based on the assessment of the strengths and limitations of the three rate review approaches described above, OHIC finds that the IRM comparison rates should be granted priority for establishing recommended reimbursement rates, followed by the inflation analysis.

OHIC reviewed the findings from the report *Social and human service programs review: Access to programs*. The report found that access to early intervention services was "somewhat limited." Stakeholder interviews revealed that the drivers of present access challenges include provider capacity/network barriers, reimbursement barriers, and equity barriers. Unlike some services evaluated in the access report, the state possesses data on early intervention eligibility, enrollment, and referral timelines. According to stakeholder interviews:

> Provider capacity is a primary driver of access challenges to EI services. Stakeholders frequently noted workforce capacity challenges within EI, specifically citing increases in demand for speech and language therapy, occupational therapy, and physical therapy services. Even with the opening of independent occupational and physical therapy facilities, stakeholders noted that there are still significant waits in accessing these services.[42]

The report found that between 2019 and 2022, "EI staffing declined, as shown in Figure [12], including a 22% drop during COVID in 2020. As of January 2023, staffing levels have increased to 88% of 2019 levels."[43]

FIGURE 12: EI STAFFING BY # OF FTES – STATEWIDE 2017-2023



Note: See Social and human service programs review: Access to programs.

The access report also found that "Medicaid enrollees have longer wait times to enroll in EI services, waiting on average 10 days longer for services compared to commercially insured children."[44] Furthermore, the report found:

[42] Milliman Client Report. Social and human service programs review: Access to programs. Rhode Island Office of the Health Insurance Commissioner. August 31,2023., p. 65.
[43] Ibid. p. 66.
[44] Ibid.

Between August 2022 and March 2023, the average time to enrollment was 83 days for Medicaid enrollees and 73 days for privately insured children. Time to enrollment has decreased since August 2022 but remains longer than the program target of 45 days - 20% longer than program target for commercially insured children and 38% longer than program target for Medicaid enrollees.[45]

Finally, OHIC reviewed rate models developed by DOH for four home visiting programs: Healthy Families America, Parents as Teachers, Nurse Family Partnership, and First Connections. OHIC found the DOH rate models to be reasonable. The DOH rate models produce recommended rates that are higher than historical reimbursement rates for these programs, but lower than the current temporary enhanced rates reflected in the baseline experience period.

5.3.2 Recommendations

In consideration of the comparison rates generated by the IRM for the children's services identified in Figure 6, the inflation adjustment analysis, and the access report, OHIC issues the following recommendations concerning children's services reimbursement rates.

1. OHIC recommends adoption of the IRM comparison rates for H2000, T1016, T1024, and T1027. The IRM comparison rates produce a range of rate adjustments from -3.1% to 38.7%, depending on code and modifier.
2. In the absence of an IRM comparison rate, OHIC recommends adoption of the current rate adjusted for inflation using the methodology described in Section 3. The inflation adjusted rates produce a range of rate adjustments from 3.0% to 25.6%, depending on code, modifier, and effective date. OHIC recommends a 30.4% increase to reimbursement for the CRAFT program.
3. OHIC finds the rate models for home visiting programs supplied by DOH to be reasonable and recommends adoption of the reimbursement rates generated by those models trended for inflation to 7/1/2024.

Appendix 1 provides these recommendations at the program indicator code, service code, modifier level. To facilitate ease of use, Appendix 1 is posted on the OHIC website in Excel format. Summary statistics on the recommendations are provided below. Figure 13 presents summary information on the recommended reimbursement rates based on the IRMs.

FIGURE 13: RECOMMENDED EARLY INTERVENTION COMPARISON RATE RELATIVE TO FFS RATE

PROCEDURE CODE GROUPING	INCLUDED PROCEDURE CODES	COMPOSITE COMPARISON RATE	COMPOSITE CURRENT FFS RATE	PERCENT DIFFERENCE
Early Intervention Service Codes				
Early Intervention Assessment	H2000	$ 1,031.06	$ 1,064.36	(3.1%)
Early Intervention Service Coordination	T1016	41.14	36.29	13.3%
Early Intervention Family Training, Education, and Support	T1024; T1027	49.71	42.28	17.6%

The DOH rate model results were trended forward for inflation to 7/1/2024. Figure 14 presents the current rate (which OHIC understands to be a temporary enhanced rate), the DOH rate model output, and the OHIC recommended rate by program.

[45] Ibid.

FIGURE 14: RECOMMENDED HOME VISTING COMPARISON RATE RELATIVE TO FFS RATE

Healthy Families America								
Description	Procedure Code	Mod 1	Mod 2	Mod 3	Mod 4	Current Rate	DOH Rate Model (effective 1/1/23)	OHIC 7/1/24 Rate Recommendation
Pre-Natal Intake	H1000	HD				$ 46.88	$ 46.88	$ 49.13
Post-Natal Intake	99501	HD				$ 46.88	$ 46.88	$ 49.13
Pre-Natal Follow-up	99600	HD				$ 46.88	$ 46.88	$ 49.13
Post-Natal Follow-up	99600	HD	U4			$ 46.88	$ 46.88	$ 49.13
Parents as Teachers								
Description	Procedure Code	Mod 1	Mod 2	Mod 3	Mod 4	Current Rate	DOH Rate Model (effective 1/1/23)	OHIC 7/1/24 Rate Recommendation
Pre-Natal Follow-up	99600	U3				$ 46.88	$ 46.88	$ 49.13
Post-Natal Follow-up	99600	U3	U4			$ 46.88	$ 46.88	$ 49.13
Nurse Family Partnership								
Description	Procedure Code	Mod 1	Mod 2	Mod 3	Mod 4	Current Rate	DOH Rate Model (effective 1/1/23)	OHIC 7/1/24 Rate Recommendation
Pre-Natal Follow-up	99600					$ 64.53	$ 64.53	$ 67.63
Post-Natal Follow-up	99600	U4				$ 64.53	$ 64.53	$ 67.63
First Connections								
Description	Procedure Code	Mod 1	Mod 2	Mod 3	Mod 4	Current Rate	DOH Rate Model (effective 1/1/23)	OHIC 7/1/24 Rate Recommendation
Pre-Natal Intake	H1000					$ 396.92	$ 396.92	$ 415.97
Pre-Natal Follow-up Paraprofessional	99502					$ 59.95	$ 40.80	$ 42.76
Pre-Natal Follow-up LICSW	99502	AJ				$ 67.85	$ 46.18	$ 48.40
Pre-Natal Follow-up Nurse	99502	TD				$ 85.86	$ 58.43	$ 61.23
Post-Natal Intake	99501					$ 396.92	$ 396.92	$ 415.97
Post-Natal Follow-up Paraprofessional	99502	HA				$ 59.95	$ 40.80	$ 42.76
Post-Natal Follow-up LICSW	99502	AJ	HA			$ 67.85	$ 46.18	$ 48.40
Post-Natal Follow-up Nurse	99502	TD	HA			$ 85.86	$ 58.43	$ 61.23

Notes:
1. First Connections H1000 & 99501 may be discontinued effective 7/1/2024 at DOH's discretion.
2. First Connections 99502 code rate recommendations will apply to both billing provider codes 059 and 010.
3. Recommended rates use the DOH rate model values with an inflation adjustment based on the PCE less food and energy index from 1/1/23 to 7/1/24 (4.8%).

Accounting for all the reimbursement rate recommendations pertaining to children's services the total estimated Medicaid FFS program fiscal impact based on April 2022 through March 2023 FFS expenditures is presented in Figure 15 below. Services are grouped into subcategories and interested parties are encouraged to examine Appendix 1 for the specific rate recommendations at the program indicator code, service code, modifier level. Furthermore, the fiscal impacts presented in Figure 15 do not reflect potential fiscal impact from changes in MCO reimbursement.

FIGURE 15: RECOMMENDED CHILDREN'S SERVICES RATES FISCAL IMPACT SUMMARY

April 2022 through March 2023 Fee-For-Service Expenditures				
Service Category Detail	**Baseline Expenditures**	**% Change**	**Expenditure Estimates using Proposed Rates**	**Difference**
Children's Services				
Cedar	$ 53,100	7.4%	$ 57,033	$ 3,933
CRAFT	3,431,973	30.4%	4,476,768	1,044,796
Early Intervention	3,469,514	13.3%	3,929,974	460,460
Home/Center-Based Therapeutic Services	12,145,658	7.4%	13,044,341	898,683
Home Visits	963,707	(15.5%)	814,386	(149,322)
Composite	**$ 20,063,952**	**11.3%**	**$ 22,322,502**	**$ 2,258,550**

Notes:
1. Fiscal Impacts are based on FFS expenditures incurred between April 1, 2022 and March 31, 2023, paid through July 31, 2023.
2. This exhibit is inclusive of the fiscal impact from the Home Visit rates.
3. Rate recommendation expenditures are FFS expenditures increased by the dollar weighted difference between the current effective rate and the proposed rate.
4. Differences between our projections for fiscal impacts and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.
5. No adjustments are made for completion or utilization.

5.4 Intellectual and developmental disabilities services

Intellectual and developmental disabilities (I/DD) services refer to home-based, residential, employment, and transportation services for individuals with intellectual and developmental disabilities.

5.4.1 Findings

I/DD services are in-scope of the rate review, but OHIC deferred a review of I/DD services in this rate review cycle. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) undertook a Rate and Payment Methodology Review Project with the goal "to evaluate, recommend, and implement new rates and payment methodologies that will support improved long-term outcomes for adults with I/DD receiving services from BHDDH." The project was undertaken to address the state's obligations under the Consent Decree Action Plan with the United States Department of Justice. BHDDH contracted with Health Management Associates and issued its *Rate and Payment Options Study* on January 30, 2023.[46] The SFY 2024 budget appropriated $47.3 million in all funds to reflect the new rate model of I/DD services.[47] I/DD services will be included in future rate reviews.

The recommendations to increase home care reimbursement rates based on the results of the IRM described in the section on HCBS produce fiscal impact for home care services delivered to individuals with intellectual and development disabilities. OHIC understands these home care services were not within the scope of the Rate and Payment Methodology Review Project.

5.4.2 Recommendations

OHIC is not making rate recommendations for the I/DD services subject to the Consent Decree in this rate review cycle. The home care recommendations produce estimated fiscal impact for home care services delivered to individuals with I/DD. The fiscal impact based on April 2022 through March 2023 FFS expenditures is presented in Figure 16.

[46] See Health Management Associates. Rate and Payment Options Study. Final Report on Rate Study Recommendations. Presented to Rhode Island Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. January 30, 2023. The report can be accessed on the BHDDH website here.
[47] See HFC FY 2024 Running Summary.pdf, p. 17.

FIGURE 16: RECOMMENDED I/DD (HOME CARE) SERVICE RATES FISCAL IMPACT SUMMARY

April 2022 through March 2023 Fee-For-Service Expenditures				
Service Category Detail	**Baseline Expenditures**	**% Change**	**Expenditure Estimates using Proposed Rates**	**Difference**
Intellectual and Developmental Disability Services				
Home Care	2,633,016	32.1%	3,477,569	844,553
Composite	**$ 2,633,016**	**32.1%**	**$ 3,477,569**	**$ 844,553**

Notes:
1. Fiscal Impacts are based on FFS expenditures incurred between April 1, 2022 and March 31, 2023, paid through July 31, 2023.
2. Rate recommendation expenditures are FFS expenditures increased by the dollar weighted difference between the current effective rate and the proposed rate.
3. Differences between our projections for fiscal impacts and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.
4. No adjustments are made for completion or utilization.

5.5 Other non-Medicaid social and human service programs

Other non-Medicaid social and human service programs comprise a diverse array of initiatives across several state health and human service agencies. These services are reimbursed outside of the MMIS and include child welfare and behavioral health services at the Department of Children, Youth, and Families (DCYF), the Child Care Assistance Program and certain Vocational Rehabilitation services at the Department of Human Services (DHS), the Tobacco Quit Line at the Department of Health (DOH), and Care Breaks at the Office of Healthy Aging (OHA). See *Social and human service programs review: Reimbursement rates*, Appendix 2 for additional information on current reimbursement rates for these programs. While some of these services may qualify for federal Medicaid matching funds, they are not reimbursed through MMIS based on the Medicaid fee schedule.[48]

5.5.1 Findings

The amendments to OHIC's enabling statute identified a broad universe of disciplines and subject matter areas under the definition of "social and human service programs." OHIC has taken this broad definition and operationalized it into a defined set of social and human service programs across several state agencies. As part of this process, OHIC has learned about the unique nature of some of these programs, particularly how the programs are funded, how the reimbursement rates are established, and how providers who participate in these programs are reimbursed.

The statute defines rate review and rate setting as related, but distinct, activities. Medicaid services, for which there is a state established fee schedule and rate setting function within a state agency, are congruent with this framework. Other services, such as the portfolio of children's services overseen by DCYF, do not align with this framework because the state does not perform rate setting for these services. DCYF contracts with a host of providers through a public procurement process. Resulting reimbursement rates, mostly structured as per diem rates, do not originate from an agency-led rate setting process. Instead, the reimbursement rates originate as a product of the cost proposals that are submitted by the providers in response to a Request for Proposals (RFP).

DCYF contractors join the program via a public procurement process. The Rhode Island contract procurement process is managed by the Division of Purchases of the Department of Administration (DOA). Once the need for providers is identified, DCYF coordinates with DOA on the creation of a Request for

[48] Services identified in the prior section may contain certain services that are funded outside Medicaid at times, such as Early Intervention services for non-Medicaid enrolled children. For simplicity, all services administered by the state MMIS are described as Medicaid services. Similarly, certain services described in this section may be partially funded by Medicaid (e.g., certain DCYF residential care services).

Proposal (RFP) and model contract for the providers. Most current contracts are extensions from the 2016 RFP.[49] In the report, *Social and human service programs review: Accountability standards* OHIC found:

> In 2016, DCYF began utilizing a request for proposals (RFP) strategy known as "active contract management" that was developed by the Harvard Kennedy School. The goal of active contract management is to use data and participant input to create a solution-oriented approach to government contracting. This new process resulted in a large number of contracts being procured at a single point in time and producing a common cycle for renewal for all of these providers. In the RFP process, DCYF issues a solicitation for services that are needed and providers respond with proposals on how they will provide the service, meet contractual requirements, and their rate for providing that service. This process allows for inherent variations in cost-based reporting since each provider may have different levels of expenses or different economies of scale. While this process does potentially allow for rates to support provider's individualized costs, it may create inefficiencies compared to using a standard fee schedule and does not necessarily encourage efficiencies or improved processes. In contrast, many states release an RFP for services with a rate per service already established, which providers must accept as a condition of contracting.[50]

DCYF is presently reprocuring its service portfolio. In this context, due to the fact that provider reimbursement is not the product of rate setting, but a competitive procurement that follows procurement protocols specified in Rhode Island law and Department of Administration regulations, the present rate review framework is unable to accommodate an assessment of the reimbursement rates for these services at this time. The general assembly could consider legislation to create and resource a rate setting function at DCYF. This would provide a foundation for future changes to DCYF contracting and reimbursement processes.

In addition to the range of DCFY services described above, OHIC identified four additional in-scope programs. The following is a brief description of how these in-scope non-Medicaid service rates are determined:

DHS Vocational Rehabilitation. The Department of Human Services Vocational Rehabilitation (VR) program is situated within DHS's Office of Rehabilitation Services (ORS). VR service rates are provided by ORS-approved vendors and are established based on several variables, including duration and intensity of the service, existing rate structure for similar services, the specialized nature of the service, and the geographical need. The Assistant Administrator of Vendor Affairs must consider the number of providers already offering the service and the number of customers in need. Additional means utilized to set and monitor ORS fees, which are reviewed on an annual basis, include consultation with neighboring states, Medicare fees, and Department of Labor and Training fees for comparable training programs. Rhode Island also adjusts the rate for services that have a paid community-based employment placement component in accordance with any increases to the state minimum wage. The Assistant Administrator of Vendor Affairs will also meet with vendors to ensure vendor perspective is considered.[51]

DHS Child Care Assistance Program. DHS is federally mandated to conduct a valid and reliable child care market rate survey (MRS) every three years to ensure reimbursement rates are at a level that is sufficient to ensure equal access to child care services for children eligible for the DHS Child Care Assistance Program (CCAP) as those who are not eligible. Federal guidance establishes the 75th percentile of market rates as the benchmark for equal access. The purpose of the MRS is to assist DHS in determining the appropriate maximum reimbursement rates for child care services provided to families participating in

[49] "DCYF IV-B Child and Family Service Plan" cfsp_finalreport2015-2019-FINAL.pdf

[50] Milliman Client Report. Social and human service programs review: Accountability standards. Rhode Island Office of the Health Insurance Commissioner. August 31, 2023., pp. 18-19.

[51] "Social and Human Services Review Agency Data Request DHS Feb 2023". Email received from DHS on 3/6/2023 in response to an OHIC data request.

the DHS Child Care Assistance Program (CCAP). The last survey was in 2021 and considered key child care features such as provider type, location, and various quality ratings and accreditations.[52][53]

DOH Tobacco Quit Line. The Rhode Island Nicotine Helpline is operated by National Jewish Health with rates that were negotiated under multi-year contract.

OHA CareBreaks. CareBreaks is the respite program run by the Office of Healthy Aging (OHA). Rates for nursing facilities, assisted living facilities, home care, and emergency respite are based on rates set by OHA. Rates vary by service and may be a function of the facility/center/provider billed rate, up to a maximum. The provider payment is shared between OHA and the client or client's family. Medicaid rates are reviewed when setting the CareBreaks fee schedule but not necessarily consistent (for example, home care rates recently were changed to be consistent with the Medicaid home care rate, without enhancements). There is no formal rate setting analysis. Note, other OHA programs such as @Home Cost Share are paid through the MMIS and consistent with the Medicaid fee schedule.[54]

5.5.2 Recommendations

OHIC is not making rate recommendations for the other non-Medicaid social and human service programs described above in this rate review cycle. These services were inventoried by OHIC and information on them can be found throughout the programmatic and finance reports.

[52] "2021 Child Care Market Rate Survey Report" 2021 RI MRS Report_FINAL.pdf.
[53] The tiered reimbursement rates for child care were increased by approximately 13% on average with rates increasing at approximately 8.9% and 10.8% for infant/toddler and pre-school care, respectively, and by approximately 20% for children of school age. See Social and human service programs review: Reimbursement rates, p. 8.
[54] "Carebreaks OHA Non-Fee Schedule Data Request_edited.xlsx". Email received from OHA on 8/10/2023 in response to an OHIC data request and discussions with OHA on 7/19/2023.

6. Rate recommendation process

Over the last seven months OHIC has built a process for reviewing publicly funded social and human service provider reimbursement rates from scratch. From this experience OHIC has garnered insights into the resources and time necessary to perform provider reimbursement rate reviews for such a complex and diverse set of services. Some key lessons learned for application to future rate reviews are listed below.

Lessons learned for future rate reviews:

- Stakeholder engagement is essential to developing a recommended reimbursement rate that accounts for the reasonable and necessary costs of the provider. The IRM approach relies on primary data collection from providers and an iterative feedback process for testing rate model assumptions and sharing intermediate modelling results.
- Social and human service programs comprise a complex and diverse set of services and some services possess unique rate structures. The resources and time necessary to conduct a rate review bear a positive relationship to the number and diversity of services under review. Rate models are built specific to the service under review. This means that a 12-month work plan is necessary to build in sufficient time for stakeholder engagement and rate modelling.
- Some in-scope services are not reimbursed pursuant to a state-established fee schedule, such as the Medicaid fee schedule. A notable example of this is the portfolio of child welfare and children's behavioral health services funded by DCYF. These services are contracted through the state's procurement process. As such, provider rates are the product of cost proposals that are submitted by the provider in response to an RFP, with some negotiation between the procurement team and the bidder. Once contracts are effective, the established reimbursement rates are fixed. In some instances, such as out-of-state placements, provider rates are set by the provider and the services are contracted through a single source procurement. DCYF is presently reprocuring its portfolio of services. Once the procurement is complete, EOHHS, DCYF, and OHIC will confer on how to move forward.
- Accountability standards, which refer to "measures including service processes, client and population outcomes, practice standard compliance and fiscal integrity of social and human service providers on the individual contractual level and service type…" are important components of program oversight which state agencies may use to ensure accountability for public funds and drive value for program recipients. OHIC has produced the legislatively mandated report "an assessment and detailed reporting on accountability standards for services for social and human service programs" in two phases.[55] OHIC is not close enough to the day-to-day program oversight that occurs within the health and human services agencies to recommend program-specific accountability standards. The accountability standards report provides information to policymakers and stakeholders.

The next set of recommendations will be due by September 1, 2025. Planning for the next rate review cycle is underway. OHIC has a multi-year contract with a vendor to support future reviews. With the vendor already on board, this will allow for a full 12-month period of rate review and provider engagement, as opposed to the seven months that marked the first cycle. Appendix 2 presents a draft of OHIC's 12-month work plan for the next rate review cycle. In-scope Medicaid reimbursed services that were not assessed through the IRM approach will be prioritized during the next cycle. Such services include home health, and hospice. Self-directed services, such as the Personal Choice Program, while not fitting the reimbursement rate framework with the use of individual budgets, may be worthy of examination.[56]

Some services may benefit from a review and reconfiguration of rate structure. Examples include Mental Health Psychiatric Rehabilitative Residences (MHPRR), any service suffering from geographic-based access issues, and home care (due to rate enhancements, shift differentials, and client acuity). In this

[55] Milliman Client Report. Social and human service programs review: Accountability standards. Rhode Island Office of the Health Insurance Commissioner. August 31, 2023.

[56] Personal Choice Program, see https://eohhs.ri.gov/consumer/healthcare/long-term-services-and-supports/personal-choice-program

abbreviated first cycle OHIC was unable to assess whether existing services would benefit from a different rate structure and limited the recommendations to reimbursement rates.

The abbreviated timeline also compressed the stakeholder engagement process. The next rate review cycle builds in time for broader and deeper stakeholder engagement. As OHIC looks forward to the next rate review, the present offers an opportunity to clarify and reconfigure the existing process. OHIC offers some recommendations for changes to the existing process below.

Recommendations for future reviews:

- The existing review process requires the production of nine reports that cover various finance and programmatic aspects of social and human service programs due in January and April biennially. The reports produced during the first cycle have established a comprehensive view into social and human service programs. Such a collection of facts on these programs has never been assembled into one place. With this base of knowledge established, in the future, it would be reasonable to streamline the reports or retire some of them altogether. The programmatic reports on eligibility and structure of state government cover features of policy and institutions that are unlikely to change significantly over two years. As such it may be advisable to retire them. The reports on accountability standards, professional licensed and unlicensed personnel requirements, and access to programs could be more streamlined and focused on specific service categories. Several of the finance reports incorporate quantitative information that is necessary to conduct a rate review and assess fiscal impact. But these topics may not warrant specific focus in the form of public-facing reports. Moreover, this rate review process revealed the resource demands attendant to the computation of benchmarks, particularly Medicaid benchmarks, and the utility of these benchmarks for rate review pales in comparison to independent rate modelling. Every dollar of appropriations for rate review that is committed to the production of the biennial reports is one less dollar that can be allocated toward rate modelling and stakeholder engagement. OHIC recommends that the current schedule of legislatively mandated reports be reassessed.
- OHIC recommends that DHS Vocational Rehabilitation and the DHS Child Care Assistance Program be removed from the scope of the social and human service programs review.
- OHIC anticipates advancing additional recommendations for future rate reviews in the coming months. The office is exploring a proposal to effect statutory changes to the social and human service programs review under R.I.G.L. § 42-14.5-3(t). For example, it may make sense to conduct a review on a more limited scope of services annually, as opposed to reviewing all in-scope services biennially, as current law requires. This would enable OHIC to perform more efficient, targeted, and thorough rate reviews in the future.
- Some stakeholders have suggested that an annual cost of living adjustment be defined for in-scope reimbursement rates. OHIC does not take a position on this, as it is a matter of policy beyond the scope of this rate review.

The amendments to OHIC's enabling statute created a process for reviewing social and human service provider reimbursement rates. OHIC is committed to ensuring data-driven, objective rate reviews into the future that will position the state to adhere to increasingly sophisticated federal regulations[57] and equitably allocate state resources.

[57] CMS released a proposed rule on Ensuring Access to Medicaid Services (CMS 2442-P) requiring strengthened oversight, rate transparency, and public reporting for HCBS. https://www.cms.gov/newsroom/fact-sheets/ensuring-access-medicaid-services-cms-2442-p-notice-proposed-rulemaking

Appendix 1:
Rate Recommendations Exhibit

State of Rhode Island
Office of the Health Insurance Commissioner
OHIC Rate Recommendations

Major Service Category	Program Indicator Code	Procedure Code	Mod 1	Mod 2	Mod 3	Mod 4	Notes	Current Rate	Rate Recommendation	Rate Change	Methodology
Behavioral Health Providers	MBH015	90791						$ 150.00	197.01	31.3%	Inflation Indexed
Behavioral Health Providers	MMH015	90791	AJ					131.75	128.82	(2.2%)	IRM
Behavioral Health Providers	MMH015	90791	HF					108.50	118.00	8.8%	IRM
Behavioral Health Providers	MMH015	90791	HO					131.75	128.82	(2.2%)	IRM
Behavioral Health Providers	MMH015	90791	TD					124.00	141.39	14.0%	IRM
Behavioral Health Providers	MMH015	90791	UA					116.25	121.01	4.1%	IRM
Behavioral Health Providers	MMH015	90792						294.35	370.89	26.0%	IRM
Behavioral Health Providers	MMH015	90792	TD	TF				250.20	227.57	(9.0%)	IRM
Behavioral Health Providers	MBH015	90832						47.50	62.39	31.3%	Inflation Indexed
Behavioral Health Providers	MMH015	90832	AJ					52.50	53.68	2.2%	IRM
Behavioral Health Providers	MMH015	90832	HF					45.50	49.17	8.1%	IRM
Behavioral Health Providers	MMH015	90832	HO					52.50	53.68	2.2%	IRM
Behavioral Health Providers	MMH015	90832	UA					49.00	50.42	2.9%	IRM
Behavioral Health Providers	MMH015	90833						42.00	52.89	25.9%	Inflation Indexed
Behavioral Health Providers	MMH015	90833	TD	TF				37.50	47.22	25.9%	Inflation Indexed
Behavioral Health Providers	MBH015	90834						71.25	93.58	31.3%	Inflation Indexed
Behavioral Health Providers	MMH015	90834	AJ					72.00	80.51	11.8%	IRM
Behavioral Health Providers	MMH015	90834	HF					62.40	73.75	18.2%	IRM
Behavioral Health Providers	MMH015	90834	HO					72.00	80.51	11.8%	IRM
Behavioral Health Providers	MMH015	90834	UA					67.20	75.63	12.5%	IRM
Behavioral Health Providers	MBH015	90837						95.00	124.78	31.3%	Inflation Indexed
Behavioral Health Providers	MMH015	90837	AJ					75.00	107.35	43.1%	IRM
Behavioral Health Providers	MMH015	90837	HF					65.00	98.33	51.3%	IRM
Behavioral Health Providers	MMH015	90837	HO					75.00	107.35	43.1%	IRM
Behavioral Health Providers	MMH015	90837	UA					70.00	100.84	44.1%	IRM
Behavioral Health Providers	MMH015	90846						90.00	128.82	43.1%	Inflation Indexed
Behavioral Health Providers	MMH015	90846	AJ					67.50	89.46	32.5%	IRM
Behavioral Health Providers	MMH015	90847						96.00	120.90	25.9%	Inflation Indexed
Behavioral Health Providers	MMH015	90847	HO					72.00	89.46	24.3%	IRM
Behavioral Health Providers	MMH015	90847	UA					67.20	84.03	25.0%	IRM
Behavioral Health Providers	MMH015	90853						48.00	60.45	25.9%	Inflation Indexed
Behavioral Health Providers	MMH015	90853	AJ					36.00	37.34	3.7%	IRM
Behavioral Health Providers	MMH015	90853	HF					31.20	34.13	9.4%	IRM
Behavioral Health Providers	MMH015	90853	HO					36.00	37.34	3.7%	IRM
Behavioral Health Providers	MMH015	90853	UA					33.60	34.99	4.1%	IRM
Behavioral Health Providers	MMH015	99211						8.05	10.14	26.0%	Inflation Indexed
Behavioral Health Providers	MMH015	99211	TD					7.50	9.82	30.9%	IRM
Behavioral Health Providers	MMH015	99212						56.00	51.51	(8.0%)	IRM
Behavioral Health Providers	MMH015	99213						78.00	77.27	(0.9%)	IRM
Behavioral Health Providers	MMH015	99213	TD	TF				66.30	44.42	(33.0%)	IRM
Behavioral Health Providers	MMH015	99214						118.00	128.78	9.1%	IRM
Behavioral Health Providers	MMH015	99214	TD	TF				100.30	74.04	(26.2%)	IRM
Behavioral Health Providers	MMH015	99215						148.00	206.05	39.2%	IRM
Behavioral Health Providers	MMH015	99215	TD	TF				125.80	118.46	(5.8%)	IRM
Behavioral Health Providers	MBH015	H0004	AJ					16.25	23.26	43.1%	Inflation Indexed
Behavioral Health Providers	MBH015	H0004	HO					16.25	23.26	43.1%	Inflation Indexed
Behavioral Health Providers	MBH015	H0004	HO	HR				18.75	26.84	43.1%	Inflation Indexed
Behavioral Health Providers	MBH015	H0004	HO	HS				18.75	26.84	43.1%	Inflation Indexed
Behavioral Health Providers	MBH015	H0004	HQ	AJ				5.00	7.16	43.2%	Inflation Indexed
Behavioral Health Providers	MBH015	H0004	HQ	HO				5.00	7.16	43.2%	Inflation Indexed
Behavioral Health Providers	MBH015	H0031	AJ					100.00	143.13	43.1%	Inflation Indexed
Behavioral Health Providers	MBH015	H0031	HO					100.00	143.13	43.1%	Inflation Indexed
Behavioral Health Providers	MBH015	H2010						30.00	42.94	43.1%	Inflation Indexed
Behavioral Health Providers	MMA001	90785						2.89	3.80	31.5%	Inflation Indexed
Behavioral Health Providers	MBH015	90791	HP					125.00	164.18	31.3%	Inflation Indexed
Behavioral Health Providers	MMA001	90832						37.98	49.88	31.3%	Inflation Indexed
Behavioral Health Providers	MBH015	90832	HP					40.00	52.54	31.4%	Inflation Indexed
Behavioral Health Providers	MBH015	90834	HP					60.00	78.81	31.4%	Inflation Indexed
Behavioral Health Providers	MBH015	90837	HP					80.00	105.07	31.3%	Inflation Indexed
Behavioral Health Providers	MBH015	90846	HP					90.00	128.82	43.1%	Inflation Indexed
Behavioral Health Providers	MBH015	90847	HP					90.00	128.82	43.1%	Inflation Indexed
Behavioral Health Providers	MMA001	96132						76.57	91.28	19.2%	Inflation Indexed
Behavioral Health Providers	MMA001	96133						58.41	69.63	19.2%	Inflation Indexed
Behavioral Health Providers	MMA001	96136						27.45	32.72	19.2%	Inflation Indexed
Behavioral Health Providers	MMA001	96137						25.39	30.27	19.2%	Inflation Indexed
Behavioral Health Providers	MBH010	H0031	HO	H9				70.00	100.19	43.1%	Inflation Indexed
Behavioral Health Providers	MBH010	H0031	HP	H9				80.00	114.50	43.1%	Inflation Indexed
Behavioral Health Providers	MBA010	H0040						41.65	51.39	23.4%	IRM
Behavioral Health Providers	MBI010	H0037						13.82	18.95	37.1%	IRM
Behavioral Health Providers	MMH015	H0019						85.00	107.04	25.9%	Inflation Indexed
Behavioral Health Providers	MMH015	H0019	U1					85.00	107.04	25.9%	Inflation Indexed
Behavioral Health Providers	MMH015	H0019	U3					125.00	157.42	25.9%	Inflation Indexed
Behavioral Health Providers	MMH015	H0019	U4					125.00	157.42	25.9%	Inflation Indexed
Behavioral Health Providers	MMH015	H0019	U5					175.00	220.38	25.9%	Inflation Indexed
Behavioral Health Providers	MMH015	H0019	U6					525.00	569.99	8.6%	Inflation Indexed
Behavioral Health Providers	MBH090	H0004						24.50	34.26	39.8%	Inflation Indexed
Behavioral Health Providers	MDC080	H0019	U5					532.38	564.27	6.0%	Inflation Indexed
Behavioral Health Providers	MDC080	H0019	U6					571.14	605.36	6.0%	Inflation Indexed
Behavioral Health Providers	MDC080	H0019	U7					580.26	615.02	6.0%	Inflation Indexed
Behavioral Health Providers	MDC080	H0019	U8					661.50	701.13	6.0%	Inflation Indexed
Behavioral Health Providers	MMH015	H0036	HN					21.25	26.76	25.9%	Inflation Indexed
Behavioral Health Providers	MMA001	H2001						223.50	327.57	46.6%	Inflation Indexed
Behavioral Health Providers	MMA001	H2011						22.50	31.92	41.9%	Inflation Indexed
Behavioral Health Providers	MMH015	H2011	U1					37.50	47.22	25.9%	Inflation Indexed
Behavioral Health Providers	MBH090	H2014						22.00	30.76	39.8%	Inflation Indexed
Behavioral Health Providers	MDC080	H2022						33.24	48.72	46.6%	Inflation Indexed
Behavioral Health Providers	MMH015	H2023						21.25	26.76	25.9%	Inflation Indexed
Behavioral Health Providers	MBH090	T1023						300.00	419.45	39.8%	Inflation Indexed
Behavioral Health Providers	MMH010	X0341						125.00	185.03	48.0%	Inflation Indexed
Behavioral Health Providers	MAS010	X0341	HH	TG				394.00	548.13	39.1%	Inflation Indexed
Behavioral Health Providers	MBL010	S9485						598.50	701.66	17.2%	Inflation Indexed
Behavioral Health Providers	MHP010	92507						29.00	42.50	46.6%	Inflation Indexed
Behavioral Health Providers	MHP010	92508						19.00	27.85	46.6%	Inflation Indexed
Behavioral Health Providers	MHP010	92523						85.00	109.95	29.4%	Inflation Indexed
Behavioral Health Providers	MHP010	97110						14.50	22.61	55.9%	Inflation Indexed

State of Rhode Island
Office of the Health Insurance Commissioner
OHIC Rate Recommendations

Major Service Category	Program Indicator Code	Procedure Code	Mod 1	Mod 2	Mod 3	Mod 4	Notes	Current Rate	Rate Recommendation	Rate Change	Methodology
Behavioral Health Providers	MHP010	97110	GO					14.50	22.61	55.9%	Inflation Indexed
Behavioral Health Providers	MHP010	97150	GO					19.00	27.85	46.6%	Inflation Indexed
Behavioral Health Providers	MHP010	97165						85.00	105.04	23.6%	Inflation Indexed
Behavioral Health Providers	MHP010	97168						85.00	105.04	23.6%	Inflation Indexed
Behavioral Health Providers	MMA001	97530						15.89	26.72	68.2%	Inflation Indexed
Behavioral Health Providers	MMA001	97530	GO					15.89	26.72	68.2%	Inflation Indexed
Behavioral Health Providers	MHP010	H0046						36.00	38.67	7.4%	Inflation Indexed
Behavioral Health Providers	MHP010	H0046	HO					55.00	59.07	7.4%	Inflation Indexed
Behavioral Health Providers	MHP010	H2014						27.50	29.54	7.4%	Inflation Indexed
Behavioral Health Providers	MHP010	H2014	HO					27.50	29.54	7.4%	Inflation Indexed
Behavioral Health Providers	MHP015	H2031						50.00	62.97	25.9%	Inflation Indexed
Behavioral Health Providers	MHP010	S9446						20.00	21.48	7.4%	Inflation Indexed
Behavioral Health Providers	MHP010	T1016						16.00	17.18	7.4%	Inflation Indexed
Behavioral Health Providers	MHP010	T1024						31.00	33.30	7.4%	Inflation Indexed
Behavioral Health Providers	MBP010	H0038	U2					13.50	16.23	20.2%	Inflation Indexed
Behavioral Health Providers	MBP010	H0038	U2	HQ				4.00	4.71	17.8%	Inflation Indexed
Behavioral Health Providers	MBP011	H0038	U3					13.50	16.23	20.2%	Inflation Indexed
Behavioral Health Providers	MBP011	H0038	U3	HQ				4.00	4.71	17.8%	Inflation Indexed
Behavioral Health Providers	MMA001	90791						110.00	144.48	31.3%	Inflation Indexed
Behavioral Health Providers	MMA001	90834					See footnote 1	80.00	105.07	31.3%	Inflation Indexed
Behavioral Health Providers	MMA001	90837						80.00	105.07	31.3%	Inflation Indexed
Behavioral Health Providers	MMA001	90847						80.00	105.48	31.9%	Inflation Indexed
Behavioral Health Providers	MMA001	96138						22.29	26.57	19.2%	Inflation Indexed
Behavioral Health Providers	MMA001	96139						22.29	26.57	19.2%	Inflation Indexed
Behavioral Health Providers	MSA010	H0001						97.00	142.17	46.6%	Inflation Indexed
Behavioral Health Providers	MSA010	H0001	UD					97.00	142.17	46.6%	Inflation Indexed
Behavioral Health Providers	MSA010	H0004						17.94	26.56	48.0%	Inflation Indexed
Behavioral Health Providers	MSA010	H0004	UD					17.94	26.56	48.0%	Inflation Indexed
Behavioral Health Providers	MSA010	H0005						32.30	47.34	46.6%	Inflation Indexed
Behavioral Health Providers	MSA010	H0005	UD					32.30	47.34	46.6%	Inflation Indexed
Behavioral Health Providers	MSA010	H0015	HF					91.50	115.23	25.9%	Inflation Indexed
Behavioral Health Providers	MSA010	H0020						12.14	19.71	62.4%	IRM
Behavioral Health Providers	MBO020	H0037						7.64	13.07	71.1%	IRM
Behavioral Health Providers	MSA010	H2036						91.50	134.11	46.6%	Inflation Indexed
Children's services	MCE010	H2000						220.00	226.60	3.0%	Inflation Indexed
Children's services	MCE010	H2021						20.00	20.60	3.0%	Inflation Indexed
Children's services	MCE010	T1023						330.00	354.44	7.4%	Inflation Indexed
Children's services	MMA001	0154						496.60	647.78	30.4%	Inflation Indexed
Children's services	MMC010	0154						496.60	647.78	30.4%	Inflation Indexed
Children's services	MEI015	92522						217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI010	92523						434.42	466.59	7.4%	Inflation Indexed
Children's services	MEI015	92523						434.42	466.59	7.4%	Inflation Indexed
Children's services	MEI010	92523	52					217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI015	92523	52					217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI010	97161						217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI015	97161						217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI010	97162						217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI015	97162						217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI015	97163						217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI010	97165						217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI015	97165						217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI010	97166						217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI015	97166						217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI010	97167						217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI015	97167						217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI015	97168						217.21	233.29	7.4%	Inflation Indexed
Children's services	MEI010	H0046						68.79	73.88	7.4%	Inflation Indexed
Children's services	MEI015	H0046						68.79	73.88	7.4%	Inflation Indexed
Children's services	MEI010	H2000						1,064.36	1,031.06	(3.1%)	IRM
Children's services	MEI015	H2000						1,064.36	1,031.06	(3.1%)	IRM
Children's services	MEI010	S9446						21.72	23.33	7.4%	Inflation Indexed
Children's services	MEI015	S9446						21.72	23.33	7.4%	Inflation Indexed
Children's services	MEI015	S9446	GO					21.72	23.33	7.4%	Inflation Indexed
Children's services	MEI010	S9446	TF					21.72	23.33	7.4%	Inflation Indexed
Children's services	MEI015	S9446	TF					21.72	23.33	7.4%	Inflation Indexed
Children's services	MEI010	S9446	TG					27.83	29.89	7.4%	Inflation Indexed
Children's services	MEI015	S9446	TG					27.83	29.89	7.4%	Inflation Indexed
Children's services	MEI010	T1013						25.59	27.48	7.4%	Inflation Indexed
Children's services	MEI015	T1013						25.59	27.48	7.4%	Inflation Indexed
Children's services	MEI010	T1013	TL					25.59	27.48	7.4%	Inflation Indexed
Children's services	MEI015	T1013	TL					25.59	27.48	7.4%	Inflation Indexed
Children's services	MEI010	T1016						25.35	28.73	13.3%	IRM
Children's services	MEI015	T1016						25.35	28.73	13.3%	IRM
Children's services	MEI010	T1016	TF					50.69	57.46	13.4%	IRM
Children's services	MEI015	T1016	TF					50.69	57.46	13.4%	IRM
Children's services	MEI010	T1016	TG					76.04	86.19	13.3%	IRM
Children's services	MEI015	T1016	TG					76.04	86.19	13.3%	IRM
Children's services	MEI010	T1023						228.11	245.00	7.4%	Inflation Indexed
Children's services	MEI015	T1023						228.11	245.00	7.4%	Inflation Indexed
Children's services	MEI010	T1023	TL					50.69	54.44	7.4%	Inflation Indexed
Children's services	MEI015	T1023	TL					50.69	54.44	7.4%	Inflation Indexed
Children's services	MEI010	T1024						43.44	50.50	16.3%	IRM
Children's services	MEI015	T1024						43.44	50.50	16.3%	IRM
Children's services	MEI010	T1024	AE					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1024	AE					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1024	AJ					43.44	50.50	16.3%	IRM
Children's services	MEI010	T1024	GN					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1024	GN					43.44	50.50	16.3%	IRM
Children's services	MEI010	T1024	GO					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1024	GO					43.44	50.50	16.3%	IRM
Children's services	MEI010	T1024	GP					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1024	GP					43.44	50.50	16.3%	IRM
Children's services	MEI010	T1024	HN					29.70	41.20	38.7%	IRM
Children's services	MEI015	T1024	HN					29.70	41.20	38.7%	IRM
Children's services	MEI010	T1024	TD					43.44	50.50	16.3%	IRM

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Children's services	MEI015	T1024	TD					43.44	50.50	16.3%	IRM
Children's services	MEI010	T1024	TG					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1024	TG					43.44	50.50	16.3%	IRM
Children's services	MEI010	T1024	TG	HO				43.44	50.50	16.3%	IRM
Children's services	MEI010	T1024	TL	HO				43.44	50.50	16.3%	IRM
Children's services	MEI015	T1024	TL	HO				43.44	50.50	16.3%	IRM
Children's services	MEI010	T1027						43.44	50.50	16.3%	IRM
Children's services	MEI015	T1027						43.44	50.50	16.3%	IRM
Children's services	MEI010	T1027	AE					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1027	AE					43.44	50.50	16.3%	IRM
Children's services	MEI010	T1027	AJ					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1027	AJ					43.44	50.50	16.3%	IRM
Children's services	MEI010	T1027	GN					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1027	GN					43.44	50.50	16.3%	IRM
Children's services	MEI010	T1027	GO					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1027	GO					43.44	50.50	16.3%	IRM
Children's services	MEI010	T1027	GP					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1027	GP					43.44	50.50	16.3%	IRM
Children's services	MEI010	T1027	HN					29.70	41.20	38.7%	IRM
Children's services	MEI015	T1027	HN					29.70	41.20	38.7%	IRM
Children's services	MEI010	T1027	TD					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1027	TD					43.44	50.50	16.3%	IRM
Children's services	MEI010	T1027	TG					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1027	TG					43.44	50.50	16.3%	IRM
Children's services	MEI015	T1027	TG	HO				43.44	50.50	16.3%	IRM
Children's services	MEI010	T2004						14.49	15.56	7.4%	Inflation Indexed
Children's services	MEI010	V2799						43.44	46.66	7.4%	Inflation Indexed
Children's services	MEI015	V2799						43.44	46.66	7.4%	Inflation Indexed
Children's services	MMA001	90791						110.00	144.48	31.3%	Inflation Indexed
Children's services	MMA001	90834					See footnote 1	80.00	105.07	31.3%	Inflation Indexed
Children's services	MMA001	90837						80.00	105.07	31.3%	Inflation Indexed
Children's services	MMA001	90847						80.00	105.48	31.9%	Inflation Indexed
Children's services	MMA001	90853						14.40	26.90	86.8%	Inflation Indexed
Children's services	MCE030	97150						8.00	8.59	7.4%	Inflation Indexed
Children's services	MCE030	97150	HA					16.00	17.18	7.4%	Inflation Indexed
Children's services	MCE025	H0046						36.00	38.67	7.4%	Inflation Indexed
Children's services	MCE025	H0046	HN					15.68	19.75	26.0%	Inflation Indexed
Children's services	MCE025	H0046	HO					55.00	59.07	7.4%	Inflation Indexed
Children's services	MCE025	H0046	HO	U1				27.50	29.54	7.4%	Inflation Indexed
Children's services	MCE025	H0046	HO	XP				55.00	59.07	7.4%	Inflation Indexed
Children's services	MCE025	H0046	HP					65.00	69.81	7.4%	Inflation Indexed
Children's services	MCE025	H0046	HP	U1				32.50	34.91	7.4%	Inflation Indexed
Children's services	MCE025	H0046	U1					18.00	19.33	7.4%	Inflation Indexed
Children's services	MCE030	H2000						330.00	354.44	7.4%	Inflation Indexed
Children's services	MCE025	H2014						27.50	29.54	7.4%	Inflation Indexed
Children's services	MCE025	H2014	HO					27.50	29.54	7.4%	Inflation Indexed
Children's services	MCE025	H2014	HP					32.50	34.91	7.4%	Inflation Indexed
Children's services	MCE025	H2016						4.95	5.32	7.5%	Inflation Indexed
Children's services	MCE030	H2021						40.00	42.96	7.4%	Inflation Indexed
Children's services	MCE025	S9446						20.00	21.48	7.4%	Inflation Indexed
Children's services	MRP019	T1005						9.00	9.67	7.4%	Inflation Indexed
Children's services	MRP020	T1005						9.00	9.67	7.4%	Inflation Indexed
Children's services	MRP021	T1005						9.00	9.67	7.4%	Inflation Indexed
Children's services	MRP019	T1005	UN					2.30	2.47	7.4%	Inflation Indexed
Children's services	MRP019	T1005	UP					2.30	2.47	7.4%	Inflation Indexed
Children's services	MCE025	T1013						25.00	26.85	7.4%	Inflation Indexed
Children's services	MCE025	T1013	U1					25.00	26.85	7.4%	Inflation Indexed
Children's services	MCE025	T1016						16.00	17.18	7.4%	Inflation Indexed
Children's services	MCE025	T1016	U1					13.50	14.50	7.4%	Inflation Indexed
Children's services	MCE025	T1019						11.25	12.08	7.4%	Inflation Indexed
Children's services	MCE025	T1019	TF					11.25	12.08	7.4%	Inflation Indexed
Children's services	MCE025	T1019	TG					11.25	12.08	7.4%	Inflation Indexed
Children's services	MCE025	T1023	U1					330.00	354.44	7.4%	Inflation Indexed
Children's services	MCE025	T1024						31.00	33.30	7.4%	Inflation Indexed
Children's services	MCE025	T1024	U1					15.50	16.65	7.4%	Inflation Indexed
Children's services	MCE025	T1024	XP					31.00	33.30	7.4%	Inflation Indexed
Children's services	MCE025	T1027						27.50	29.54	7.4%	Inflation Indexed
Children's services	MRP019	T2024						220.00	236.29	7.4%	Inflation Indexed
Children's services	MRP020	T2024						220.00	236.29	7.4%	Inflation Indexed
Children's services	MRP021	T2024						220.00	236.29	7.4%	Inflation Indexed
Children's services	MMA001	H1000	HD					46.88	49.13	4.8%	RIDOH Rate Model + Inflation
Children's services	MMA001	99501	HD					46.88	49.13	4.8%	RIDOH Rate Model + Inflation
Children's services	MMA001	99600	HD					46.88	49.13	4.8%	RIDOH Rate Model + Inflation
Children's services	MMA001	99600	HD	U4				46.88	49.13	4.8%	RIDOH Rate Model + Inflation
Children's services	MMA001	99600	U3					46.88	49.13	4.8%	RIDOH Rate Model + Inflation
Children's services	MMA001	99600	U3	U4				46.88	49.13	4.8%	RIDOH Rate Model + Inflation
Children's services	MMA001	99600						64.53	67.63	4.8%	RIDOH Rate Model + Inflation
Children's services	MMA001	99600	U4					64.53	67.63	4.8%	RIDOH Rate Model + Inflation
Children's services	MMA001	H1000						396.92	415.97	4.8%	RIDOH Rate Model + Inflation
Children's services	MMA001	99502						59.95	42.76	(28.7%)	RIDOH Rate Model + Inflation
Children's services	MMA001	99502	AJ					67.85	48.40	(28.7%)	RIDOH Rate Model + Inflation
Children's services	MMA001	99502	TD					85.86	61.23	(28.7%)	RIDOH Rate Model + Inflation
Children's services	MMA001	99501						396.92	415.97	4.8%	RIDOH Rate Model + Inflation
Children's services	MMA001	99502	HA					59.95	42.76	(28.7%)	RIDOH Rate Model + Inflation
Children's services	MMA001	99502	AJ	HA				67.85	48.40	(28.7%)	RIDOH Rate Model + Inflation
Children's services	MMA001	99502	TD	HA				85.86	61.23	(28.7%)	RIDOH Rate Model + Inflation
HCBS	MAD010	S5102						29.00	34.73	19.8%	Inflation Indexed
HCBS	MCS010	S5102						29.00	34.73	19.8%	Inflation Indexed
HCBS	MDE010	S5102						29.00	34.73	19.8%	Inflation Indexed
HCBS	MDE030	S5102						78.00	93.41	19.8%	Inflation Indexed
HCBS	MDE040	S5102						78.00	93.41	19.8%	Inflation Indexed
HCBS	MDE050	S5102						52.98	72.64	37.1%	Inflation Indexed
HCBS	MMA001	S5102						29.00	34.73	19.8%	Inflation Indexed
HCBS	MPS020	S5102						29.00	34.73	19.8%	Inflation Indexed
HCBS	MSL010	S5102						29.00	34.73	19.8%	Inflation Indexed

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HCBS	MAD010	S5102	U1					39.00	46.71	19.8%	Inflation Indexed
HCBS	MCS010	S5102	U1					39.00	46.71	19.8%	Inflation Indexed
HCBS	MDE010	S5102	U1					39.00	46.71	19.8%	Inflation Indexed
HCBS	MMA001	S5102	U1					39.00	46.71	19.8%	Inflation Indexed
HCBS	MPS020	S5102	U1					39.00	46.71	19.8%	Inflation Indexed
HCBS	MSD020	S5102	U1					39.00	46.71	19.8%	Inflation Indexed
HCBS	MSL010	S5102	U1					39.00	46.71	19.8%	Inflation Indexed
HCBS	MAD010	S5102	U1	U2				78.00	93.41	19.8%	Inflation Indexed
HCBS	MCS010	S5102	U1	U2				78.00	93.41	19.8%	Inflation Indexed
HCBS	MDE010	S5102	U1	U2				78.00	93.41	19.8%	Inflation Indexed
HCBS	MHB010	S5102	U1	U2				78.00	93.41	19.8%	Inflation Indexed
HCBS	MMA001	S5102	U1	U2				78.00	93.41	19.8%	Inflation Indexed
HCBS	MPS020	S5102	U1	U2				78.00	93.41	19.8%	Inflation Indexed
HCBS	MSD020	S5102	U1	U2				78.00	93.41	19.8%	Inflation Indexed
HCBS	MSL010	S5102	U1	U2				78.00	93.41	19.8%	Inflation Indexed
HCBS	MAD010	S5102	U2					58.00	69.46	19.8%	Inflation Indexed
HCBS	MCS010	S5102	U2					58.00	69.46	19.8%	Inflation Indexed
HCBS	MDE010	S5102	U2					58.00	69.46	19.8%	Inflation Indexed
HCBS	MMA001	S5102	U2					58.00	69.46	19.8%	Inflation Indexed
HCBS	MPS020	S5102	U2					58.00	69.46	19.8%	Inflation Indexed
HCBS	MSD020	S5102	U2					58.00	69.46	19.8%	Inflation Indexed
HCBS	MSL010	S5102	U2					58.00	69.46	19.8%	Inflation Indexed
HCBS	MCS010	T1016						15.00	21.98	46.5%	Inflation Indexed
HCBS	MMA001	T1016						15.00	21.98	46.5%	Inflation Indexed
HCBS	MDE050	T2031						78.00	86.45	10.8%	Inflation Indexed
HCBS	MWA070	T2031						78.00	86.45	10.8%	Inflation Indexed
HCBS	MDE050	T1016						15.00	21.98	46.5%	Inflation Indexed
HCBS	MWA070	T1016						15.00	21.98	46.5%	Inflation Indexed
HCBS	MCS010	T1017						15.00	21.98	46.5%	Inflation Indexed
HCBS	MDE010	T1017						15.00	21.98	46.5%	Inflation Indexed
HCBS	MDE060	T1017						15.00	21.98	46.5%	Inflation Indexed
HCBS	OOR010	T1017						14.00	19.59	39.9%	Inflation Indexed
HCBS	MLP010	T1029						775.00	1,135.87	46.6%	Inflation Indexed
HCBS	MDC110	X0150						16.00	28.96	81.0%	Inflation Indexed
HCBS	MHV010	X0377						15.00	26.96	79.7%	Inflation Indexed
HCBS	MMA001	X0620						14.00	25.75	83.9%	Inflation Indexed
HCBS	MHB010	T2021						5.32	7.40	39.1%	Inflation Indexed
HCBS	MCC010	S5125						6.79	10.40	53.2%	IRM
HCBS	MCS010	S5125						6.79	10.40	53.2%	IRM
HCBS	MDE010	S5125						6.79	10.40	53.2%	IRM
HCBS	MDE030	S5125						6.79	10.40	53.2%	IRM
HCBS	MDE040	S5125						6.79	10.40	53.2%	IRM
HCBS	MPS020	S5125						6.79	10.40	53.2%	IRM
HCBS	MCS010	S5125	U1					6.56	10.40	58.5%	IRM
HCBS	MDE010	S5125	U1					6.56	10.40	58.5%	IRM
HCBS	MDE030	S5125	U1					6.56	10.40	58.5%	IRM
HCBS	MDE040	S5125	U1					6.56	10.40	58.5%	IRM
HCBS	MHB010	S5125	U1					6.56	10.40	58.5%	IRM
HCBS	MPS020	S5125	U1					6.56	10.40	58.5%	IRM
HCBS	MCS010	S5130						6.35	10.07	58.6%	IRM
HCBS	MDE010	S5130						6.35	10.07	58.6%	IRM
HCBS	MPS020	S5130						6.35	10.07	58.6%	IRM
HCBS	MCS010	S5130	TE					14.35	16.99	18.4%	IRM
HCBS	MCC010	T1000						14.68	21.75	48.2%	IRM
HCBS	MCC010	T1000	TV					14.68	21.75	48.2%	IRM
HCBS	MCC010	T1000	UH					14.68	21.75	48.2%	IRM
HCBS	MCC010	T1000	UJ					14.68	21.75	48.2%	IRM
HCBS	MCC010	T1001						106.21	185.33	74.5%	IRM
HCBS	MCS010	T1001						106.21	185.33	74.5%	IRM
HCBS	MDE010	T1001						106.21	185.33	74.5%	IRM
HCBS	MHB010	T1001						106.21	185.33	74.5%	IRM
HCBS	MPS020	T1001						106.21	185.33	74.5%	IRM
HCBS	MMA001	G0156						7.71	7.90	2.5%	Inflation Indexed
HCBS	MMA001	X0043						117.16	120.09	2.5%	Inflation Indexed
HCBS	MCS010	S5170						12.96	13.45	3.8%	Inflation Indexed
HCBS	MDE010	S5170						12.96	13.45	3.8%	Inflation Indexed
HCBS	MSD020	S5170						12.96	13.45	3.8%	Inflation Indexed
HCBS	MCS010	S5170	U1					12.96	13.45	3.8%	Inflation Indexed
HCBS	MDE010	S5170	U1					12.96	13.45	3.8%	Inflation Indexed
HCBS	MCS010	S5170	U2					7.02	7.28	3.7%	Inflation Indexed
HCBS	MDE010	S5170	U2					7.02	7.28	3.7%	Inflation Indexed
HCBS	MSD020	S5170	U2					7.02	7.28	3.7%	Inflation Indexed
HCBS	MCS010	S5170	U3					7.02	7.28	3.7%	Inflation Indexed
HCBS	MDE010	S5170	U3					7.02	7.28	3.7%	Inflation Indexed
HCBS	MHB010	S5170	U3					7.02	7.28	3.7%	Inflation Indexed
HCBS	MSD020	S5170	U3					7.02	7.28	3.7%	Inflation Indexed
HCBS	MCS010	S5170	U4					15.17	15.74	3.8%	Inflation Indexed
HCBS	MDE010	S5170	U4					15.17	15.74	3.8%	Inflation Indexed
HCBS	MHB010	S5170	U4					15.17	15.74	3.8%	Inflation Indexed
HCBS	MSD020	S5170	U4					15.17	15.74	3.8%	Inflation Indexed
HCBS	MCS010	S5170	U5					13.14	13.63	3.7%	Inflation Indexed
HCBS	MDE010	S5170	U5					13.14	13.63	3.7%	Inflation Indexed
HCBS	MHB010	S5170	U5					13.14	13.63	3.7%	Inflation Indexed
HCBS	MSD020	S5170	U5					13.14	13.63	3.7%	Inflation Indexed
HCBS	MMA001	G0155						16.03	16.43	2.5%	Inflation Indexed
HCBS	MMA001	G0299						16.03	16.43	2.5%	Inflation Indexed
HCBS	MMA001	T2042						258.97	265.44	2.5%	Inflation Indexed
HCBS	MMA001	T2044						530.82	544.09	2.5%	Inflation Indexed
HCBS	MMA001	T2045						1,137.87	1,166.32	2.5%	Inflation Indexed
HCBS	MIP010	T1019						4.24	4.55	7.3%	Inflation Indexed
HCBS	MIP010	T2025						170.00	200.21	17.8%	Inflation Indexed
HCBS	MHB010	T1016						15.00	21.98	46.5%	Inflation Indexed
HCBS	MHB010	T1028						60.00	83.47	39.1%	Inflation Indexed
HCBS	MIP010	T2022						125.00	147.21	17.8%	Inflation Indexed
HCBS	MSD020	T2022						125.00	147.21	17.8%	Inflation Indexed

State of Rhode Island
Office of the Health Insurance Commissioner
OHIC Rate Recommendations

Major Service Category	Program Indicator Code	Procedure Code	Mod 1	Mod 2	Mod 3	Mod 4	Notes	Current Rate	Rate Recommendation	Rate Change	Methodology
HCBS	MSD020	T2022	U2					175.00	201.65	15.2%	Inflation Indexed
HCBS	MSD020	T2025						125.00	144.04	15.2%	Inflation Indexed
HCBS	MCC010	T1000	TE					11.88	15.92	34.0%	IRM
HCBS	MCC010	T1000	TU					14.68	21.75	48.2%	IRM
HCBS	MCC010	T1000	TU	TE				11.88	15.92	34.0%	IRM
HCBS	MCC010	T1000	TV	TE				11.88	15.92	34.0%	IRM
HCBS	MCC010	T1000	UH	TE				11.88	15.92	34.0%	IRM
HCBS	MCC010	T1000	UJ	TE				11.88	15.92	34.0%	IRM
HCBS	MSL010	S5136						35.53	39.96	12.5%	Inflation Indexed
HCBS	MSL010	S5136	TG					44.98	50.58	12.4%	Inflation Indexed
HCBS	MSL010	S5136	TG	U1				52.92	59.51	12.5%	Inflation Indexed
HCBS	MSL010	S5136	TG	U1	UN			39.70	44.65	12.5%	Inflation Indexed
HCBS	MSL010	S5136	TG	UN				33.74	37.94	12.4%	Inflation Indexed
HCBS	MSL010	S5136	U1					41.80	47.01	12.5%	Inflation Indexed
HCBS	MSL010	S5136	U1	UN				31.35	35.26	12.5%	Inflation Indexed
HCBS	MSL010	T1028						300.00	412.18	37.4%	Inflation Indexed
HCBS	MSL010	T2025						26.03	35.76	37.4%	Inflation Indexed
HCBS	MSL010	T2025	U1					26.99	34.44	27.6%	Inflation Indexed
HCBS	MHB020	T1016						15.00	21.98	46.5%	Inflation Indexed
HCBS	MCS010	T1028						60.00	83.47	39.1%	Inflation Indexed
HCBS	MDE010	T1028						60.00	83.47	39.1%	Inflation Indexed
HCBS	MHB020	T1028						60.00	83.47	39.1%	Inflation Indexed
HCBS	MMA001	T1028						60.00	83.47	39.1%	Inflation Indexed
Intellectual and Developmental Disability Services	MBD030	S5125						6.79	10.40	53.2%	IRM
Intellectual and Developmental Disability Services	MBD030	S5125	U1					6.56	10.40	58.5%	IRM
Intellectual and Developmental Disability Services	MBD030	S5130						6.35	10.07	58.6%	IRM
Intellectual and Developmental Disability Services	MBD030	S5130	TE					14.68	16.99	15.7%	IRM

Notes:
1. Procedure code 90834 appears in the Gainwell FFS fee schedule with no program indicator code identified with a rate of $48.92 and also with program indicator code MMA001 with a rate of $80.00. For this analysis, we have used code 90834 with a current rate of $80.00. Note, telehealth codes with modifier 95 or GT should have rates equal to those without. In this case, 90834 95 and 90834 GT both have current rates of $48.92 with no program indicator. There are no 90834 telehealth codes with a program indicator of MMA001 in the Gainwell FFS fee schedule.

Appendix 2:
Rate Review Process Work Plan

Example Timeline for Development of Provider Reimbursement Rates

The following is an example timeline for Medicaid and other publicly-funded services provider reimbursement rate development. Actual timing and tasks are variable and will depend on a wide variety of factors including the number of services under analysis, the extent to which the State intends to modify existing rate structures (e.g., development of tiered reimbursement rates when previously tiering did not exist), availability of pre-existing data regarding provider costs, stakeholder engagement, provider responsiveness during primary data collection activities, prior reimbursement rate development activities, and federal and state legislative and regulatory timelines. Timeline does not include provision for legislative approval, implementation, or other activities post-rate development.

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
1. Project Initiation and Project Management												
Develop project plan and refine (includes stakeholder engagement strategy)												
Biweekly meetings with State												
2. Identify scope of services and service requirements												
Identify current approaches to billing and paying for services												
Identify current services and map to current rate structure												
Identify service requirements relevant for reimbursement rate development												
3. Conduct stakeholder engagement												
Identify and invite potential Advisory Group and Rate Workgroup members												
Conduct all stakeholder webinar introducing scope, timeline and approach to reimbursement rate development		★										
Conduct Provider Rate Workgroup meetings (monthly)												
Conduct Advisory Group meetings (quarterly)												
Conduct all stakeholder webinar reviewing draft rates (see Task 5)												
4. Develop and conduct provider survey												
Develop survey approach and draft survey and instructions												
Review survey and instructions with Rate Workgroup(s)												
Release survey					★							
Conduct survey training and respond to inquiries during survey release												
Compile survey results and conduct follow up as needed with survey respondents												
5. Develop draft comparison reimbursement rates												
Review other states' service delivery, rate structure, and reimbursement rates												
Develop alternative reimbursement rate structure (if needed)												
Develop initial rate assumptions and refine with provider survey results												
Obtain feedback from Advisory Group and Rate Workgroup(s) on rate assumptions and draft rates												
Develop draft comparison rates and budget impact analysis and review with State									★			
Refine draft comparison rates and budget impact and develop draft report												
Release draft report for all stakeholder review											★	
Conduct all stakeholder webinar reviewing draft rates (also in Task 3)												
Finalize rate report with State and stakeholder feedback												★

Note: Stars indicate major rate development milestones.