



WAIVER AMENDMENT

Public Information Session

JULY 16, 2025

9:00-10:30AM



OVERVIEW



Implementation of
provider rate increase



Revised Individual
Supports Budget



Increase in maximum
cost of Vehicle
Modifications

AGENDA

- Summary of Waiver Amendment
- Rate Study Background
- Rate Study Approach
- Rate Study Process
- Rate Study Recommendations

SUMMARY OF WAIVER AMENDMENT

BURNS & ASSOCIATES, A DIVISION OF HMA

PROVISIONS OF PROPOSED WAIVER AMENDMENT

- Implement rate increases recommended by DDD's 2024 rate study
 - Rate-setting methodology described in Appendix I-2-a
 - Updated financial estimates included in Appendix J
- Updated Individual Supports Budgets (ISBs) to incorporate rate increases
 - Budget increases ensure individuals can receive the same level of support
 - Updated ISBs detailed in Appendix C-4-a
- Increase limit for vehicle modifications from \$36,000 to \$70,000
 - Change based on review of recent vehicle modifications
 - Change incorporated in Appendix C-1/C-3

RATE STUDY BACKGROUND

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BACKGROUND

- Federal Centers for Medicare and Medicaid Services (CMS) expects states to review payment methodologies in Medicaid-funded home and community-based services (HCBS) waiver programs at least every five years
 - Federal statute requires payment rates to be consistent with efficiency, economy, and quality of care and to be sufficient to enlist enough providers
 - Federal guidance expects states to employ a transparent process, to consider public input, and to establish rates that are data-based
- DDD conducted previous studies conducted in 2015-2016 and 2019-2020
 - Burns & Associates assisted with these previous rate studies

OVERVIEW OF BURNS & ASSOCIATES

- Health policy consultants specializing in assisting state Medicaid agencies and related departments (developmental disabilities and behavioral health authorities)
 - Consulted in approximately 30 states since its founding in 2006
 - Acquired by Health Management Associates in September 2020
- Experience in the intellectual and developmental disabilities field
 - Policy development, including service standards and billing rules
 - Provider rate-setting
 - Using assessment instruments to inform individualized budgets
 - Program operations, including performing fiscal analyses and developing implementation approaches

RATE-SETTING APPROACH

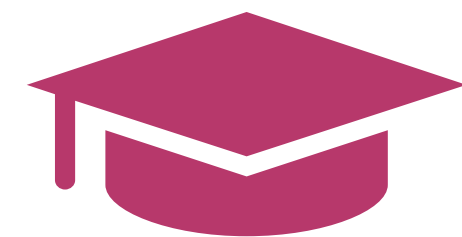
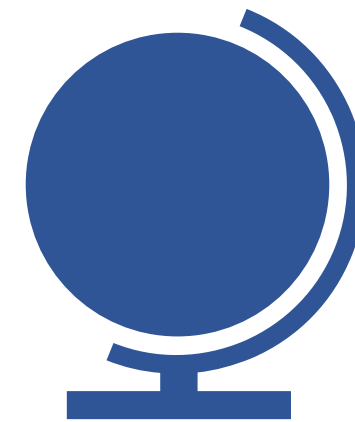
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PURPOSE OF INDEPENDENT RATE MODEL APPROACH

- Rate models should reflect the reasonable costs providers incur to deliver services consistent with the state's requirements and individuals' service/ treatment plans
- Consider data from multiple sources rather than depending on any single source
 - Statutes, regulations, policies, and other documentation
 - Provider and stakeholder input (e.g., provider survey, public comments)
 - Published sources (e.g., BLS wage data, IRS mileage rate)
 - Special studies (e.g., rate benchmarking)
- Rate models developed independent of budgetary considerations

DEVELOPMENT OF INDEPENDENT RATE MODELS

- Specific rate model assumptions are detailed (e.g., staff wages and benefits, staffing levels, transportation, etc.)
 - Assumptions are not mandates (i.e., a provider does not have to pay the wage assumed in the rate)
- A single service may have multiple rates to account for service differences that impact providers' costs



Individual Level of Need
(affecting staffing levels, staff qualifications, etc.)

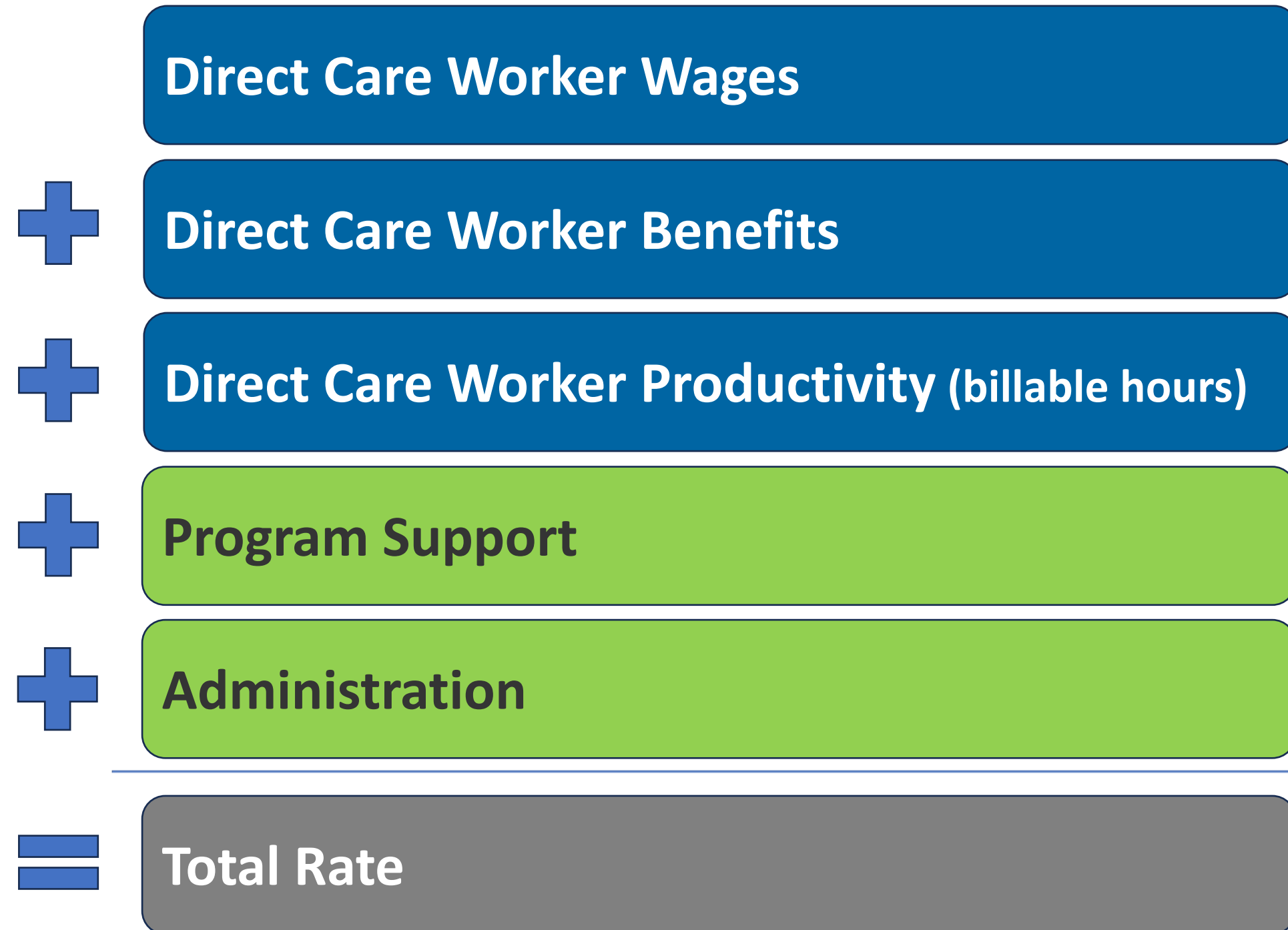
Service Setting
(e.g., Center- or community-based)

Geography
(e.g. urban and rural)

Staff Qualifications and Training
(e.g., RNs and LPNs)

DEVELOPMENT OF INDEPENDENT RATE MODELS (CONT.)

Five factors in all HCBS (non-facility) rate models:



Other factors vary by service, such as:

- Staffing ratios
- Attendance/ occupancy
- Transportation-related costs
- Program facilities and supplies

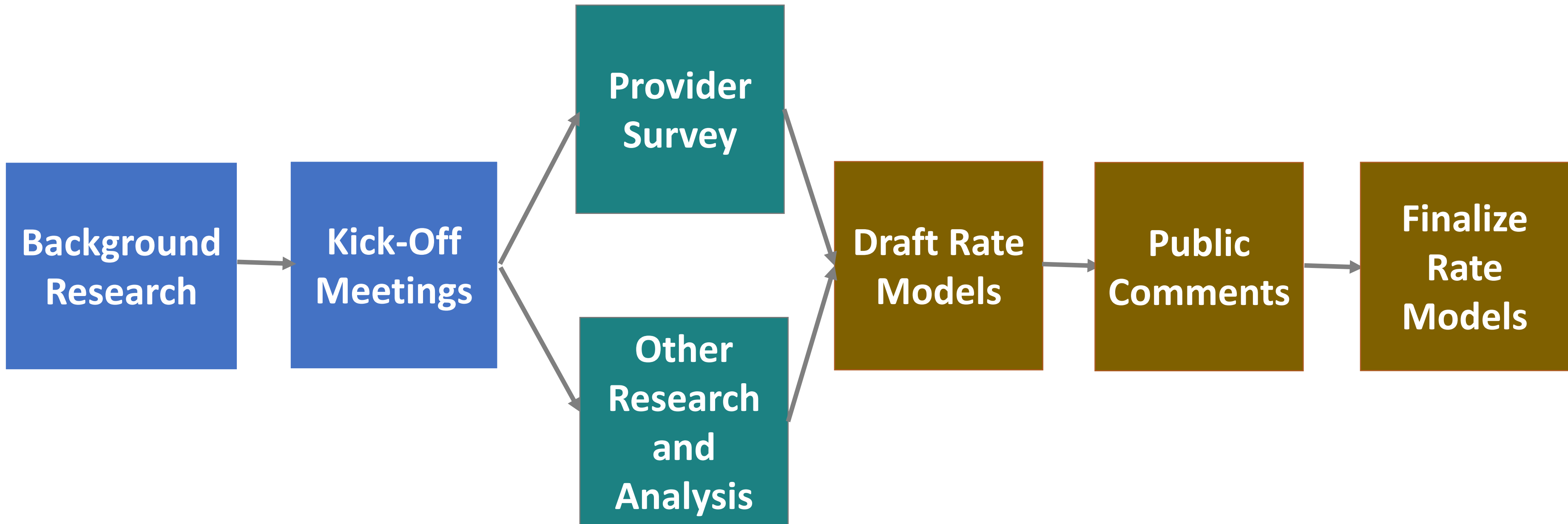
BENEFITS OF INDEPENDENT RATE MODEL APPROACH

- Transparency
 - Models detail the factors, values, and calculations that produce the final rate
- Ability to Advance Policy Goals and Objectives
 - For example, improving direct care staff salaries or benefits, reducing staff-to-client ratios, incentivizing community-based services, etc.
- Efficiency In Maintaining Rates
 - For example, models can be adjusted for inflation, specific cost factors (e.g., IRS mileage rate), or to meet budget targets

RATE STUDY PROCESS

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RATE STUDY PROCESS DIAGRAM



PHASE I: BACKGROUND RESEARCH AND KICK-OFF MEETINGS

- Task 1: Background Research
 - Reviewed program regulations, manuals, and other materials to document the requirements for each service
 - Compiled current rate and payment data
- Task 2: Kick-Off Meetings with DDD and Provider Advisory Group
 - Presentation of independent rate model approach
 - Review project workplan
 - Discuss costs associated with delivering services and issues confronting the system (e.g., what works/what doesn't)

PHASE II: DATA COLLECTION AND ANALYSIS

- Task 3: Provider Survey
 - Designed survey to collect information regarding costs and service delivery issues (e.g., direct care staff productivity, staffing ratios, and mileage)
 - Results inform, but do not dictate, rate model assumptions
 - Provided technical assistance
 - Written instructions, recorded webinar to walk-through the survey, dedicated contact for questions
 - Analyzed survey results
 - Received surveys from 20 of 59 providers that accounted for 34 percent of services delivered in fiscal year 2023
 - Reviewed submitted surveys and performed statistical analysis
 - Presented results to provider advisory group

PHASE II: DATA COLLECTION AND ANALYSIS (CONT.)

- Task 4: Other Research and Analysis
 - Collect independent data for individual cost drivers such as:
 - Hawaii-specific wage data from Bureau of Labor Statistics and wage inflation data from Bureau of Economic Analysis
 - Hawaii-specific health insurance data from the U.S. Department of Health and Human Services' Medical Expenditure Panel Survey (MEPS)
 - Internal Revenue Services' standard mileage rate
 - Review payment rates paid by other state programs for similar services

PHASE III: RATE DEVELOPMENT AND IMPLEMENTATION

- Task 5: Draft Rate Models
 - Reviewed existing rate models
 - Generally retained existing structures
 - Updated cost assumptions with current data
 - Estimated fiscal impact
- Task 6: Public Comments
 - Posted proposed rate models and supporting materials online
 - Recorded and posted webinar to explain the proposals
 - Very few (less than 5) comments submitted

PHASE III: RATE DEVELOPMENT AND IMPLEMENTATION (CONT.)

- Task 7: Finalize and Implement Rate Models
 - Published final materials online
 - Visit website: <https://health.hawaii.gov/ddd/news/>
 - Provide implementation support
 - Estimate fiscal impact
 - Create briefing materials and budget request
 - Update Individual Supports Budgets to accommodate rate increases
 - Assist in development of waiver amendment

RECOMMENDATIONS

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RECOMMENDATION HIGHLIGHTS

- Primarily built on existing rate models by updating cost assumptions
 - Modest participation in the provider survey so few other adjustments were made
- Island-based rates
 - 2016 rate study established higher rates for Big Island
 - Recommend applying these rates to all islands other than Oahu to address lower participant enrollment
- Cost of nursing-related supports are bundled back into payment rates
 - Accounts for supports such as delegation rather than using Training and Consultation
 - Included in rate models for Personal Assistance/ Habilitation, Residential Habilitation, Adult Day Health, Community Learning Service, and Respite

RECOMMENDATION HIGHLIGHTS (CONT.)

- Direct support professional wage assumptions
 - Standardized DSP wage assumptions across services
 - Account for impact of minimum wage increasing to \$16 per hour in January 2026 (rate study does not assume DSPs earn the minimum wage, but providers need to increase DSP wages as the minimum wage increases to remain competitive)
 - Rate models assume an average wage of \$21.33 (plus comprehensive benefits)
- Increasing assumed payment to Adult Foster Home providers by \$10,000 per year
 - Propose to require agencies to pay providers at least 60 percent of total payment
- Proposed rates provide an average increase of 24 percent
 - Funding was included in the Department of Health's budget to implement these rates

TIERED RATES

- For certain services – primarily shared supports – providers are paid higher rates when supporting individuals with more significant needs to account for more intensive staffing
 - Applies to Residential Habilitation, Adult Day Health, and Community Learning Service-Group

- Individuals are assigned to a level and rate tier based on the Supports Intensity Scale assessment and supplemental questions

- Rate study does not recommend changes to current seven-level, three-tier framework

Level	Description	Rate Tier
1	Low support needs	1
2	Moderate support needs	1
3	Moderate behavioral needs	2
4	Medium-to-high support needs	2
5	High support needs	3
6	Extraordinary medical needs	3
7	Extraordinary behavioral needs	3

HOW TO SUBMIT PUBLIC COMMENT

In Writing

By email: doh.dddcrb@doh.hawaii.gov

By mail: DOH DDD CRB

3627 Kilauea Avenue, Rm 411

Honolulu, HI 96816

PUBLIC COMMENT PERIOD

July 18, 2025 - September 2, 2025

Must be received by 11:59 PM on September 2, 2025

QUESTIONS





THANK YOU!

