

**Testimony**  
**Department of Human Services**  
**Long-Term Care Interim Committee**  
**Representative Gary Kreidt, Chairman**  
**September 28, 2010**

Chairman Kreidt and members of the Long-Term Care Committee, I am JoAnne Hoesel, Cabinet Lead for Program & Policy with the Department of Human Services. Today I am providing testimony regarding the outcome and recommendations from the study of methodology and calculations for the rate setting for developmental disabilities pursuant to 2009 House Bill No. 1556. General fund and federal funds were appropriated for the study totaling \$200,000. The contract award was made to Burns & Associates, Inc. (B & A) and their subcontractor, Human Services Research Institute (HSRI).

Today you will hear the culmination of the past year's work and you have been provided a copy of Deliverable eight, Final Report submitted by Burns & Associates. Gretchen Engquist, CEO of Burns & Associates, is present today to discuss the final report and answer questions committee members have regarding the study and next steps. The final report summarizes the areas reviewed and includes a structured analysis of options with cost estimates and conclusions. A copy of the appendices has been given to Legislative Council and is available electronically. The appendices contain the details on the evaluation of the current system, copies of assessment tools, and public comments.

Based on the Department of Human Services (DHS) earlier testimony to this committee and comments from providers, it is no surprise that Burns & Associates identifies, "the most significant problem with the current cost-based reimbursement system is the administrative burden it places on the

financial parties-the providers and the State.” Their estimate, “is that \$2.6 million per year is spent just to operate the reimbursement system”....”and since this includes providers’ costs, it is really all State and Federal cost.” (Page 37 final report)

Burns & Associates identified four options for consideration.

<u>Group</u>	<u>Assessment Tool</u>	<u>Reimbursement method</u>
A. Adult-	Revised Process Assessment Review (PAR)	– current reimbursement system
B. Adult-	Support Intensity Scale (SIS)	– Prospective
C. Child-	SIS	– Prospective
D. Child	- Oregon Medical/CALOCUS	– current reimbursement

As requested and agreed to at the last committee meeting, DHS will discuss its perspective on the report. DHS agrees with the recommendation to move to a prospective rate for services using an independent rate setting model and a resource allocation model for the entire Development Disability client base – approximately 4400.

Two assessment tools are discussed in the report. This assessment is the vehicle which ties client service needs to the amount of funding allocated. Regardless of which tool is chosen, DHS feels strongly a dedicated team of assessors that receive training and ongoing consistency reviews is needed.

Burns & Associates recommends using the SIS assessment tool but acknowledges the currently used PAR could be modified and would be a feasible tool to use. DHS only supports the use of the modified PAR if providers and regions fully agree as the current tool has less than positive reputation. DHS feels this reputation has more to do with the process than

the tool, but nonetheless, comes with negatives. We agree with Burns & Associates when they question undertaking this level of system change based on a tool with a negative reputation.

DHS feels the procurement of a consultant to guide the rate setting and assessment implementation process is vital to the success of this system change.

DHS recommends starting with a pilot with certain providers, consumers or regions and use the lessons learned in the pilot prior to the statewide rollout.

Lastly, DHS sees this as an opportunity to consider alignment with nursing home audit and rebasing and leveling out the work load of provider audit unit.

I would like to introduce Ms. Gretchen Engquist from Burns & Associates.

We would be happy to answer any questions.