North Dakota Department of Human Services
November 2015

DD PAYMENT SYSTEM

Why Change?

<table>
<thead>
<tr>
<th>Retrospective System (current)</th>
<th>Prospective System (new)</th>
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<tr>
<td>Does not tie needs of consumers to funding.</td>
<td>Funding follows the consumer.</td>
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<td>An audit is completed and it can take up to 2 years to issue a final rate &amp; collect cost settlement. This has caused financial issues for some providers.</td>
<td>Level of staffing is based on need of consumer.</td>
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<td>Labor intensive for providers &amp; state.</td>
<td>No cost settlement.</td>
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<td>Standard rate statewide.</td>
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2009 - 2010

2009 HB 1556 directed DHS to contract to study the methodology & calculations for the rate setting structure used to reimburse private, licensed DD providers.

Consultant Burns & Associates studied retrospective system and issued recommendations.

2011 - 2012

2011 SB 2043 directed DHS, to work with DD providers, to develop a prospective or related payment system with an independent rate model utilizing the Support Intensity Scale (SIS). That ties client needs to funding.

Steering committee created.

Consultants (JVGA & Rushmore Group) began their work.

Pilot group identified.

Steering committee directed consultant to develop a component driven compensation structure which involved developing a single fully loaded value for a unit of staff time.

SIS assessments of consumers began.

JVGA worked on rate development utilizing provider general ledgers, Department cost reports, and provider budgets.

Steering committee & JVGA developed quality measures.

2013 - 2014

Rates finalized.

Assessments continued.

JVGA issued final report.

Crosswalks developed.

Universal budget impact completed utilizing assessment scores.

JVGA issued revised final report.

DHS entered into a contract to develop documents (policies, procedures, administrative code, and service descriptions) for new system.

2015 - 2016

NDACP requested a delay of the planned 7/1/15 implementation.

Items discussed since delay was requested:

Committee developed multiplier method to replace crosswalk.

Outlier process for consumers with exceptional medical or behavioral needs.

Include a transition period

Audit requirements/cost reports.

Develop community and facility based rates for day services.

Other tasks:

Finalize administrative code, service descriptions and related policies & procedures.

Submit waiver and Medicaid State Plan changes to Centers for Medicare & Medicaid Services (CMS).

Implement billing module within case management system

Implement new system.