

PerformCARE®		Policy and Procedure
Name of Policy:	Provider Rate Setting	
Policy Number:	PR-026	
Contracts:	<input checked="" type="checkbox"/> All counties <input type="checkbox"/> Capital Area <input type="checkbox"/> Franklin / Fulton	
Primary Stakeholder:	Provider Relations	
Related Stakeholder(s):	All Departments	
Applies to:	Associates and Providers	
Original Effective Date:	12/01/06	
Last Revision Date:	04/11/19	
Last Review Date:	03/18/20	
Next Review Date:	03/01/21	

Policy: PerformCare together with the County Primary Contractors uses rate setting as a tool to shape network development by incentivizing the growth of needed services and by shaping service delivery through rate decisions. Rate setting is used to enhance quality in current services and to add value to the existing network.

Services that are ambulatory in nature such as outpatient and partial hospitalization are paid from a HealthChoices County-specific fee schedule. All providers of a service on the fee schedule are paid in accordance to the fee schedule. PerformCare meets with County Primary Contractor staff on a monthly basis and reviews the network as well as specific needs in each county. Programs that meet a unique need or are significantly specialized, in the opinion of PerformCare and the Primary Contractor, may be granted an exception and be paid at a unique rate.

Services not included on the County-specific fee schedule (typically inpatient/residential services and program exception services) are paid based on a negotiated rate. PerformCare will address requests for rate increases for HealthChoices non-fee schedule services fairly and consistently.

Providers are generally paid on a fee for service basis. However, alternative payment arrangements and special payment arrangements based on specific Member need will be considered when appropriate.

Purpose: To establish a fair and equitable policy for evaluating provider requests for rate increases for services with negotiated rates and to establish how the fee schedule is developed for ambulatory services.

Definitions: **Ambulatory Services:** Services that are performed on an outpatient basis and do not require overnight stay.

Inpatient Services: Services that require overnight stay such as hospitalization and residential treatment.

Program Exception Services: This is a Pennsylvania Medical Assistance term that refers to programs for children that follow a specific, MA approved service description. Includes OMHSAS approved services that are provided to individuals under 21 years of age.

Supplemental Services: MA eligible mental health and drug and alcohol services purchased in lieu of or in addition to a State Plan Service.

Acronyms: None

- Procedure:**
1. Initial Negotiated Rates for New Contracts or Services
 - 1.1. For negotiated rates, PerformCare will contract with Providers using the established Medical Assistance rate or rates set through the Act 152 Rate Setting process, whenever possible. All initial negotiated rates will be effective for at least 12 months. No rate adjustments will be considered during the first year of the contract between Provider and PerformCare.
 - 1.2. PerformCare will use the MA Fee for Service Rate when setting an initial rate with a Provider when possible. If the Provider is satisfied to accept the MA Fee for Service Rate, PerformCare requests that the Provider submit a copy of the rate letter from the Office of Medical Assistance Programs (OMAP).
 - 1.3. For substance abuse Supplemental Services, PerformCare will use the rate set by the Single County Authority (SCA) in the relevant home county, and these rates will not be negotiated unless there are mitigating circumstances.
 - 1.4. If the Provider asks for reimbursement over the MA Fee for Service rate at the initial contract, PerformCare contracting staff are required to analyze the request and make a recommendation to Management relative to the request. The analysis is based upon consideration of a number of factors such as:
 - 1.4.1. Anticipated utilization and potential cost impact to PerformCare based on the County program's prior utilization. PerformCare evaluates potential utilization based on the type of service, location of facility, and expected cost impact based on prior utilization patterns.
 - 1.4.2. When the initial rate was set with OMAP. The actual increase to be approved would be based on the Provider's request and PerformCare's ability to confirm assertions. PerformCare contracting staff will ask for written narrative description of items that impact the rate as well

as a budget that would provide detail on utilization assumptions and may ask for a current audit.

PerformCare has a budget template available for use by Providers if needed.

- 1.4.3. The range of current rates for the service among contracted Providers and placement of request within that range.
 - 1.4.4. The reason the current fee for service rate is not adequate per the Provider. Again, if the Provider indicates there are specific financial issues being faced such as a significant increase in cost of health benefits for staff or increased cost for psychiatry time, PerformCare may ask for related documentation.
 - 1.4.5. Special mitigating factors. This could include being the sole provider of a specific service, one of few available or meeting special needs or challenges in the network, or special needs of a specific Member to include challenging behaviors or very unique therapy needs.
2. For existing Providers requesting a rate increase for a service with a negotiated rate, PerformCare Clinical Department and Quality Department are consulted relative to the Provider's performance. PerformCare's contracting staff will analyze and rate provider performance based upon review of quality of care concerns and administrative compliance. Existence of quality or compliance issue(s) does not mean a rate increase will not be approved but it may mean that the increase will be contingent on improvement. Any rate increases will be tied to pre-established performance related criteria as available and appropriate. See *PR-026-02 Attachment 2 Quality and Clinical Input Sheet*. Additional tools will be added as developed.
 3. Providers may request a rate increase no more than every two (2) years.
 4. A Provider is NOT eligible to request a rate increase if any of the following has occurred in the past 12 months for the service under consideration:
 - 4.1. The Provider failed to maintain a full license. If a provisional license was issued in the past 12 months, PerformCare will consider the nature and extent of the identified licensure issues in determining eligibility for a rate increase.
 - 4.2. The Provider had a Credentialing Committee Sanction.
 5. While criteria reviewed differs according to level of care, there are common elements that include:
 - 5.1. Most Current Provider Profiling Results
 - 5.2. Most Current Quality Audit Results
 - 5.3. CFST Results/Responsiveness
 - 5.4. Number of Member Complaints

- 5.5. Provider Performance Entries
- 5.6. Quality Of Care Concerns
- 5.7. Credentialing Referrals and disposition
- 6. The PerformCare Management Team will consider all written requests for rate increases, consult with our County partners as appropriate and the Network Development Manager will render a written decision to the Provider within 30 days of a complete request.
- 7. Rate Development (Fee Schedule)
 - 7.1. PerformCare, together with our County partners will evaluate the fee schedule on a regular basis. Rates will be increased as necessary to address specific areas of need or identified areas of improvement including access, service growth, quality and unique needs of each county. These areas will be identified through data analysis. Again, programs that meet a unique need or are significantly specialized in the opinion of PerformCare and the Counties, may be granted an exception and be paid at a unique rate.
 - 7.2. Providers that can justify that a service is significantly different or specialized and, as a result, costs more to operate may be granted an exception and paid at a unique rate rather than the fee schedule rate. In such a case, Provider will be required to submit materials indicated in section 1.4 above.
- 8. PerformCare shall not institute an across the board rate decrease for all Providers or a specific provider type unless: the Primary Contractor has notified OMHSAS 45 days in advance, has met with providers to discuss proposed action, and has provided justification that action will not adversely affect compliance with choice and access.
- 9. Rate increases will not be routinely applied retroactively. The start date of any rate increase will be either date the request was received or a date thereafter.
- 10. This policy and procedure will be posted on the PerformCare website.

Related Policies: None


Related Reports: *QI Provider Performance Reports*

**Source Documents
and References:** None

**Superseded Policies
and/or Procedures:** None

Attachments: *Attachment 1 PerformCare RTF Rate Request Tool*
Attachment 2 Quality and Clinical Input Sheet
Attachment 3 PerformCare Budget Template

Approved by:


Primary Stakeholder

RTF Rate Request Tool

Provider:

Date of Request:

Service Type: **Residential Treatment Facility**

Confirm Clear License for past 12 months (no provisional) _____

Confirm No Credentialing sanctions in last 12 months _____

Proceed if the above items are confirmed, otherwise, provider is not eligible for review

Financial Review:

Current Rate:

Requested Rate:

Current MA FFS Rate:

Date of Last Rate Increase:

What percentage was the Last Increase?

Request includes:

☐ Narrative Explanation supports request (25 pts)

☐ Budget with acceptable occupancy assumptions (80% target) (25 Pts)

☐ Have other payers approved (if known)

☐ What % of revenue is PC for entity (if known)? _____

Financial Review Points Total (50 Pts) _____

Quality Review Points Total (50 Pts) _____

Total Points: _____

Recommendation and Relevant Explanation:

0-70 points = 0%

After 70 points, earn up to 2% increase for each 10 points (max 6% unless other mitigating factors identified)

Comments/Concerns/ Suggestions:

Anticipated Start Date (If Approval is recommended):

Has Primary Contractor Been Notified of Impact?

Has Primary Contractor (or County) Approved (if Applicable)? _____

Staff Recommending: _____

Approval

Director, Operations:

Quality and Clinical Input Sheet

Consider past 12 month

Name of Provider:

LOC:

QI Indicator	Points Available	Provider Score	Network Average	Earned Points
# Restraint Statistics (how many members were served, how many members were restrained? What is average restraint per member)	10			
Complaints Ratio (how many complaints were filed against this provider?)	10			
Critical Incidents Ratio (how many CIR were submitted by provider?)	10			
Most Current Quality Chart Audit Results (Rank) (Score of TRR is one was completed; how many QOCC were submitted by provider?)	15			
Diagnostic Complexity Indicator (needs defined - Sex Offender, MR/DD and significant physical complications -TBI, Neuro involvement)	10			
UM Reviews and Discharge Planning (CCM feedback on how provider does with UM reviews and if there are any issues/difficulty with discharge planning.	10			
Total Unplanned discharges	10			
*Admits to higher LOC DURING RTF STAY	10			
ATQC (Administrative and Treatment Quality Concerns)	15			
Quality Score Do not Score Any Item That Is Not Applicable – Exclude From Total Possible Points	100			

Quality Score Expressed as a % .

**Quality Points Earned
(Based on Scale Below)**

Quality Score Percentage to Quality Points Earned:

0 to 25% = 0

26 to 50% = 12.5 Points

51 to 75% = 25 Points

76 to 80% = 37.5

81% to 100% = 50 Points

Facility Metrics:

Facilities rate increase requests are evaluated based on the following (see attached Tool):

1. Provider must earn a minimum of 70 points of 100 available points to qualify for a rate increase. 50 points are earned based on budget and financial condition and 50 can be earned for performance/ quality indicators.
2. Fiscal Position. Providers stated need and budget information, including productivity standards suggests need for rate increase. There are 50 points available to be earned in the fiscal section.
3. Provider can earn up to 50 points in the quality portion of the review tool
 - 3.1 Quality indicators over the preceding 24 months are reviewed and scored.
 - 3.2 Restraints
 - 3.3 Complaints Ratio
 - 3.4 Critical Incidents Ratio
 - 3.5 Restraint Reduction Assessment
 - 3.6 Quality Chart Audit
 - 3.7 Co-Occurring Competency
 - 3.8 Diagnostic Complexity of Population Served
 - 3.9 Unplanned Discharges
 - 3.10 Admits to higher LOC during RTF stay
 - 3.11 ATQC (Administrative and Treatment Quality Concerns)
 - 3.12 Dollars available for rate increases will be based on availability by HealthChoices program

General Instruction

Complete the Program **Specific Budget Form to capture START UP and ANNUALIZED Budget Assumptions as applicable.** This budget format will lead to a unit rate. Only MA reimbursable costs should be included. For example, there should not be education expenses or cost for physical health services included.

Personnel Roster form will list all staff working in the program and how much of their time is dedicated to the specific program. Positions can be listed by title. Create a second copy for Start Up Roster. Total salaries will carry over to line 1 of the program budget.

Complete Purchased Service and Detail Schedule. Purchased service cost carries over to line 16 in the program budget. Create a second copy for Start Up

Line By Line Instruction - Program Budget Form

Program Staff Salaries	Include salary for all staff directly related to the program. Carry over total from Personnel Roster
Program Staff Benefits	Program Staff Benefits includes mandatory tax payments as well as benefits received by staff such as retirement, health insurance etc.
Program Staff Development	Program Staff training costs.
Rent	include building or office rent if not included in the Administrative fee below
Utilities	include cost of utilities such as water, sewer, electric if not included in the Administrative fee below
Insurance	General liability coverage requirements are \$1M/\$3M. Include all insurance costs here.
Communications (Phone	Communications costs will include such costs as cell phone, postal fees, internet connectivity.
Office Supplies (paper, staples etc)	Office supplies are paper, pens, toner.
Program Supplies	items regularly used for program operations. Include payment to Host Home families here.
Therapeutic Activities Expense	include the cost for therapeutic activities
Transportation	include the cost for staff travel and transportation related to program operations
Building Maintenance	Include costs related to maintaining the office or work place
Equipment Maintenance/Repair	Include the cost to maintain and repair office equipment such as PC's, computers, adding machines etc.
Purchased Service	List all purchased services on the attached Purchased service roster. Include contracted services, not employee costs here. Examples of purchased professional services may be legal fees, psychiatry, auditors etc.
Leases	include cost of leases for equipment that supports the program such as printers, or vehicles
Depreciation Expense	include depreciation expense
Other:	Define other expenses not listed. Anything greater than \$5,000 must be clearly defined on the Purchased Services and detail page.

Building and Land	include the program portion of cost for purchase of building or land
Office Equipment	Include cost of acquisition or replacement of office equipment including PC's, printers, etc.
Client Services Equipment/Furnishings	Include cost of equipment or furnishings for the office or program site. Provide an itemized list for any costs over \$5,000
Administrative Fee	include the program's portion of agency overhead cost not captured elsewhere in the budget

Line By Line Instruction - Personnel Roster

List all staff by position allocated to the Program (both administrative and direct service). Indicate the percentage of the staff position time that is dedicated to the program. Some positions may be dedicated 100% while others, such as supervisors and clerical staff may be shared across programs. If a position is shared, indicate what percentage of the time/salary is allocated to the program. Add lines as required.

The TOTAL dollar amount on this form must crosswalk to Line 1 of the budget form (Staff Salaries)

Line By Line Instruction - Purchased Services and Detail Roster

List all purchased service contracts and explain the purpose of the service/function. The total cost should crosswalk to line 16 of the budget form.

Include additional explanation of "other costs" on the second grid.

Line By Line Instruction - Unit Rate Development

The worksheet assists you to develop a unit rate based on your service delivery assumptions.

Program / Site Specific Budget (complete one set per site or program proposed)		Provider: _____	
		Site/Program _____	
		Period: _____	
	Expenditure Item	START UP BUDGET	Annualized Budget
1	Program Staff Salaries (Cross Walk to Personnel Roster)		
2	Program Staff Benefits		
3	Program Staff Development		
4	A. Subtotal Program Personnel	\$0	\$0
5	Rent		
6	Utilities		
7	Insurance		
8	Communications		
9	Office Supplies		
10	Other Supplies		
11	Therapeutic Activities Expense		
12	Staff Travel/Transportation		
13	Purchased Professional Services		
14	Building Maintenance		
15	Equipment Maintenance/Repair		
16	Purchased Service (crosswalk to Purchased Service Grid)		
17	Leases		
18	Depreciation Expense		
19	Other:		
20	B. Subtotal Operating Expense	\$0	\$0
21	Building and Land		
22	Office Equipment		
23	Client Services Equipment/Furnishings		
24	C. Subtotal Fixed Assets	\$0	\$0
25	Administrative Fee		
26	D. Subtotal Administrative Expenses	\$0	\$0
27	E. Total Expenses (A+B+C+D)	\$0	\$0

Roster of Program Personnel					
	List all staff by position allocated to the Program (both administrative and direct service)	TOTAL HRS/	Total	Allocation to this Program	
		WK	Salary	%	\$
				0%	-
				0%	-
				0%	-
				0%	-
				0%	-
				0%	-
				0%	-
				0%	-
				0%	-
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				0%	-
				0%	-
				0%	-
				0%	-
				0%	-
				0%	-
				0%	-
TOTAL			-		-

Professional Services Contracts			Provider
			Site / Program
			Period:
	List all Purchased Services		Total Purchased Service
	Name	Describe Purpose	COST
TOTAL			-

Explain "Other Costs" included on budget page

	Description	Dollar Amount	Explanation

Rate Setting Methodology

Service: **Inpatient / Residential or per diem**

Annualized

Number of Members to be served _____

Number of Billable Days of Service _____

Occupancy Factor used for Billable Days _____

Gross operating budget: _____

Per Diem (Budget /Days)

If CRR or Non-JCAHO RTF:

Define Treatment portion of Rate: _____

Define Room and Board Portion of Rate: _____

Cross-check:

Treatment Cost + Room and Board Cost + Per Diem

Per Diem X number of billable days + operating Budget

Service: **Per unit (Define)**

a. Number of FTE Therapists that are budgeted that can bill for the service: _____

b. Number of Hours in the Standard Workweek _____

c. Total FTE Hours (a * b) _____

Gross operating budget: _____

Rate Setting Methodology:

1. Maximum Billable Hours per year based on 100% productivity = _____
(52 weeks per year X FTE hours per week - line c above)

2. Number of days per year per therapist that would not be billable =

✓ ____ days vacation

✓ ____ days Company holiday

✓ ____ days sick

✓ ____ days personal

✓ ____ days training total days to subtract _____

3. Total billable hours (Maximum Hours less vacation etc) _____

4. Apply Productivity Assumption (min 80%) _____

(Multiply line 3 above by 80%)

5. Convert hours to applicable unit _____

6. Divide units from line 5 above by operating budget
Unit Cost
