



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

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May 4, 2021

MEMORANDUM

TO: The Honorable Janet D. Howell
Chair, Senate Finance Committee

The Honorable Luke E. Torian
Chair, House Appropriations Committee

The Honorable Mark D. Sickles
Vice Chair, House Appropriations Committee

FROM: Karen Kimsey
Director, Virginia Department of Medical Assistance Services

SUBJECT: Rate Increases for the Developmental Disability (DD) Waivers

This report is submitted in compliance with the Virginia Acts of the Assembly – 313 DDDD.3, which states:

DDDD.1. Effective January 1, 2021, the Department of Medical Assistance Services (DMAS), in consultation with the Department of Behavioral Health and Developmental Services (DBHDS), shall increase provider payment rates for services delivered through the Community Living, Family and Individual Support, and Building Independence Developmental Disability (DD) waivers. The rate increase shall be provided for the following services: Group Home, Sponsored Residential and Group Day Support.

2. Effective July 1, 2021, the Department of Medical Assistance Services (DMAS), in consultation with the Department of Behavioral Health and Developmental Services, shall increase provider payment rates for services delivered through the Community Living, Family and Individual Support, and Building Independence Developmental Disability (DD) waivers. The rate increase shall be provided for the following services: Independent Living Supports, Supported Living, In-home Support Services, Group Supported Employment, Workplace Assistance, Community Engagement, Community Coaching and Therapeutic Consultation.

3. Included in this Item is an additional \$25,034,884 the first year and \$25,785,930 the second year from the general fund and \$25,034,884 the first year and \$25,785,930 the second year from the nongeneral funds to effect the changes required by the paragraph DDDD.1. above. The DMAS shall prepare a report that 1) identifies the implemented rate and rate increase percentage for each service impacted by this action; and 2) determines whether the estimated cost of each service is consistent with the funding provided in this Act. DMAS shall provide this report to the Director, Department of Planning and Budget and the Chairmen of the House Appropriation and Senate Finance Committees by December 1, 2020.

Should you have any questions or need additional information, please feel free to contact me at (804) 786-8099.

KK/AH

Enclosure

Pc: The Honorable Daniel Carey, M.D., Secretary of Health and Human Resources

Rate Increases for the Developmental Disability (DD) Waivers

A Report to the Virginia General Assembly

January 1, 2021

Report Mandate:

2020 Special Session I Amendments to the 2020 Appropriation Act Item 313 DDDD.3

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About DMAS and Medicaid

DMAS' mission is to improve the health and well-being of Virginians through access to high-quality health care coverage.

DMAS administers Virginia's Medicaid and CHIP programs. Through the Medallion 4.0 and Commonwealth Coordinated Care (CCC) Plus managed care programs, more than 1 million Virginians access primary and specialty health services, inpatient care, behavioral health, and addiction and recovery treatment services. In addition, Medicaid long-term services and supports enable thousands of Virginians to remain in their homes or to access residential and nursing home care.

Medicaid members historically have included children, pregnant women, parents and caretakers, older adults, and individuals with disabilities. In 2019, Virginia expanded the Medicaid eligibility rules to make health care coverage to more than 400,000 newly eligible, low-income adults.

Medicaid and CHIP (known in Virginia as Family Access to Medical Insurance Security, or FAMIS) are jointly funded by Virginia and the federal government under Title XIX and Title XXI of the Social Security Act. Virginia generally receives a dollar-for-dollar federal spending match in the Medicaid program. Medicaid expansion qualifies the Commonwealth for a federal funding match of no less than 90 percent for newly eligible adults, generating cost savings that benefit the overall state budget.

Applicable Services

The Community Living (CL) waiver, the Family and Individual Support (FIS) waiver, and Building Independence (BI) waiver, collectively referred to as the DD waivers, contain a number of support services targeted by the report mandate, as shown in **Table 1: Waiver Categories and Services**.

Table 1: Waiver Categories and Services

Service	Community Living Waiver	Family & Individual Support Waiver	Building Independence Waiver
Community Coaching	X	X	
Community Engagement	X	X	X
Group Residential	X		
Independent Living Supports			X
In-home Support Services	X	X	
Group Day Support	X	X	X
Group Supported Employment	X		
Sponsored Residential	X		
Supported Living Residential	X	X	
Therapeutic Consultation	X	X	
Workplace Assistance	X	X	

DD waivers are offered to both children and adults with various levels of intellectual and/or developmental disabilities. Services and supports may be available and authorized under each waiver depending on program criteria and individualized needs. For further information on the DD waivers, please refer to the DMAS Waivers and Consumer Directed Services web page: <https://www.dmas.virginia.gov/#/longtermwaivers>

Rate Increase and Fiscal Impact Analysis

The funding provided in Item 313 DDDD.3 is sufficient to increase provider reimbursement rates for the DD waivers. **Table 2. Appropriation vs. Estimated Costs** shows DMAS' analysis shows estimated costs at 99.7% of appropriated funding for FY21. For FY22, DMAS also currently projects estimated costs to be 99.7% of appropriated funds. This analysis does not account for the impact of COVID-19 on expenditure utilization trends.

Table 2. Appropriation vs. Estimated Costs

Fiscal Year	Appropriation	Estimated Costs	Difference (\$)	Difference (%)
2021	\$50,069,768	\$49,940,661	\$129,107	0.3%
2022	\$51,571,860	\$51,438,882	\$132,978	0.3%

The rate increases were calculated using 2018 Bureau of Labor Statistics (BLS) wage medians, which were the most recently available, along with utilization and expenditure data. Service and code level increases can be found in Appendix A. The FY2022 fiscal impact in **Table 3: Fiscal Impact Analysis** includes an estimated 3% increase in utilization from year one to year two. This estimated increase was determined prior to COVID-19's impact on utilization trends. The FY2021 estimated rate increase represents a 6.8% increase from \$761M to \$812M in total expenditures. The percentage increase for each individual service varies based on the impact of

Key Note: Appropriation amounts are sufficient to cover increases in specified rates. Rate increases show a projected surplus of less than 0.3% for both FY21 and FY22.

the updates to the BLS wage medians on the rates. Reimbursement rates are calculated separately for Northern Virginia (NOVA)¹ versus rest-of-state (ROS) to account for differences in cost of living and wages.

Table 3: Fiscal Impact Analysis

Service Type	Actual Expenditures	Estimated Expenditures	\$ Increase	% Increase
Services with Rate Increase Effective January 1, 2021				
Group Residential	\$400,018,115	\$429,304,607	\$29,286,492	7.30%
Sponsored Residential	\$134,812,474	\$143,652,327	\$8,839,854	6.60%
Group Day Support	\$89,789,794	\$94,339,075	\$4,549,281	5.10%
Services with Rate Increase Effective July 1, 2021				
Independent Living Supports	\$264,615	\$280,919	\$16,303	6.2%
Supported Living Residential	\$6,195,916	\$6,642,453	\$446,537	7.2%
In-Home Support Supports	\$75,497,719	\$80,482,744	\$4,985,025	6.6%
Group Supported Employment	\$8,139,774	\$8,519,275	\$379,502	4.7%
Workplace Assistance	\$714,805	\$760,647	\$45,842	6.4%
Community Engagement	\$17,172,965	\$18,100,726	\$927,761	5.4%
Community Coaching	\$2,971,311	\$3,168,515	\$197,204	6.6%
Therapeutic Consultation	\$3,284,050	\$3,550,910	\$122,686	6.5%
FY2021 Total Funds	\$738,861,539	\$788,802,200	\$49,940,661	6.8%
FY2022 Total Funds	\$761,027,384	\$812,466,266	\$51,438,882	6.8%

¹ *Northern Virginia (NOVA) localities are Alexandria City, Arlington County, Clarke County, Culpeper County, Fairfax City, Fairfax County, Falls Church City, Fauquier County, Fredericksburg City, Loudoun County, Manassas City, Manassas Park City, Prince William County, Rappahannock County, Spotsylvania County, Stafford County, and Warren County.

Appendix A: Rates and Increases by Service and Procedure Code

Note: Modifiers not included in table when a unique description is available.

Procedure Code	Description	Rest of State (ROS)			Northern Virginia (NOVA)		
		Prior Rate	Updated Rate	Percent Change	Prior Rate	Updated Rate	Percent Change
Services with Rate Increase Effective January 1, 2021							
Group Residential							
H2022	4 or Fewer Person Homes, Tier 1	\$201.76	\$215.27	6.7%	\$237.62	\$255.47	7.5%
H2022	4 or Fewer Person Homes, Tier 2	\$240.00	\$256.55	6.9%	\$283.29	\$305.13	7.7%
H2022	4 or Fewer Person Homes, Tier 3	\$264.26	\$282.74	7.0%	\$312.26	\$336.63	7.8%
H2022	4 or Fewer Person Homes, Tier 4	\$315.36	\$337.89	7.1%	\$373.27	\$402.96	8.0%
H2022	5 Person Homes, Tier 1	\$188.09	\$200.78	6.7%	\$221.80	\$238.54	7.5%
H2022	5 Person Homes, Tier 2	\$210.93	\$225.43	6.9%	\$249.07	\$268.19	7.7%
H2022	5 Person Homes, Tier 3	\$233.76	\$250.08	7.0%	\$276.33	\$297.84	7.8%
H2022	5 Person Homes, Tier 4	\$274.86	\$294.44	7.1%	\$325.40	\$351.21	7.9%
H2022	6 Person Homes, Tier 1	\$182.38	\$194.62	6.7%	\$214.99	\$231.13	7.5%
H2022	6 Person Homes, Tier 2	\$202.36	\$216.19	6.8%	\$238.84	\$257.07	7.6%
H2022	6 Person Homes, Tier 3	\$225.20	\$240.84	6.9%	\$266.10	\$286.72	7.7%
H2022	6 Person Homes, Tier 4	\$267.22	\$286.74	7.3%	\$316.88	\$341.94	7.9%
H2022	7 Person Homes, Tier 1	\$176.67	\$188.45	6.7%	\$208.17	\$223.72	7.5%
H2022	7 Person Homes, Tier 2	\$193.80	\$206.95	6.8%	\$228.61	\$245.95	7.6%
H2022	7 Person Homes, Tier 3	\$216.63	\$231.58	6.9%	\$255.88	\$275.61	7.7%
H2022	7 Person Homes, Tier 4	\$260.59	\$279.03	7.1%	\$308.36	\$332.67	7.9%
H2022	8 Person Homes, Tier 1	\$170.97	\$182.30	6.6%	\$201.35	\$216.30	7.4%
H2022	8 Person Homes, Tier 2	\$185.24	\$197.69	6.7%	\$218.40	\$234.84	7.5%
H2022	8 Person Homes, Tier 3	\$208.07	\$222.34	6.9%	\$245.65	\$264.49	7.7%
H2022	8 Person Homes, Tier 4	\$253.45	\$271.33	7.1%	\$299.84	\$323.41	7.9%
H2022	9 Person Homes, Tier 1 *	\$165.25	\$176.13	6.6%	\$194.54	\$194.54	0.0%
H2022	9 Person Homes, Tier 2 ²	\$176.67	\$176.67	0.0%	\$208.17	\$208.17	0.0%
H2022	9 Person Homes, Tier 3 *	\$199.51	\$213.10	6.8%	\$235.44	\$235.44	0.0%
H2022	9 Person Homes, Tier 4 *	\$246.32	\$263.63	7.0%	\$291.32	\$291.32	0.0%
H2022	10 Person Homes, Tier 1 *	\$159.54	\$169.97	6.5%	\$187.72	\$187.72	0.0%
H2022	10 Person Homes, Tier 2 *	\$168.10	\$179.21	6.6%	\$197.95	\$197.95	0.0%
H2022	10 Person Homes, Tier 3 *	\$190.95	\$203.86	6.8%	\$225.21	\$225.21	0.0%
H2022	10 Person Homes, Tier 4 *	\$239.18	\$255.94	7.0%	\$282.80	\$282.80	0.0%
H2022	11 Person Homes, Tier 1 **	\$153.83	\$153.83	0.0%	\$180.91	\$180.91	0.0%
H2022	11 Person Homes, Tier 2 **	\$159.54	\$159.54	0.0%	\$187.72	\$187.72	0.0%
H2022	11 Person Homes, Tier 3 **	\$182.38	\$182.38	0.0%	\$214.99	\$214.99	0.0%
H2022	11 Person Homes, Tier 4 **	\$232.05	\$232.05	0.0%	\$274.28	\$274.28	0.0%
H2022	12 Person Homes, Tier 1 *	\$148.12	\$157.65	6.4%	\$174.09	\$174.09	0.0%
H2022	12 Person Homes, Tier 2 *	\$150.98	\$160.73	6.5%	\$177.50	\$177.50	0.0%
H2022	12 Person Homes, Tier 3 *	\$173.82	\$185.38	6.7%	\$204.76	\$204.76	0.0%
H2022	12 Person Homes, Tier 4 *	\$224.91	\$240.53	6.9%	\$265.76	\$265.76	0.0%
Sponsored Residential							
T2033	Tier 1	\$131.98	\$139.59	5.8%	\$161.80	\$170.50	5.4%
T2033	Tier 2	\$180.98	\$192.17	6.2%	\$222.80	\$235.47	5.7%
T2033	Tier 3	\$232.60	\$247.58	6.4%	\$287.16	\$304.10	5.9%
T2033	Tier 4	\$301.19	\$321.24	6.7%	\$372.57	\$395.38	6.1%
Group Day Support							
97150	Tier 1	\$8.60	\$8.90	3.5%	\$10.01	\$10.43	4.2%
97150	Tier 2	\$11.25	\$11.75	4.4%	\$13.12	\$13.84	5.5%
97150	Tier 3	\$13.31	\$13.98	5.0%	\$15.55	\$16.42	5.6%

Procedure Code	Description	Rest of State (ROS)			Northern Virginia (NOVA)		
		Prior Rate	Updated Rate	Percent Change	Prior Rate	Updated Rate	Percent Change
97150	Tier 4	\$17.34	\$18.33	5.7%	\$20.29	\$21.56	6.3%
Services with Rate Increase Effective July 1, 2021							
Independent Living Support							
T2032	Tier 1	\$1,168.44	\$1,233.05	5.5%	\$1,366.21	\$1,449.33	6.1%
T2032	Tiers 2-4	\$1,945.28	\$2,058.72	5.8%	\$2,271.36	\$2,419.08	6.5%
T2032-U1	Tier 1 *	\$584.22	\$616.53	5.5%	\$683.11	\$683.11	0.0%
T2032-U1	Tiers 2-4 *	\$972.64	\$1,029.36	5.8%	\$1,135.68	\$1,135.68	0.0%
Supported Living Residential							
H0043	Tier 1	\$136.76	\$145.11	6.1%	\$160.03	\$171.08	6.9%
H0043	Tier 2	\$177.12	\$188.68	6.5%	\$208.22	\$223.48	7.3%
H0043	Tier 3	\$205.98	\$219.83	6.7%	\$242.67	\$260.95	7.5%
H0043	Tier 4 *	\$259.25	\$277.32	7.0%	\$306.26	\$306.26	0.0%
In-Home Support Services							
H2014	Size 1	\$25.61	\$27.22	6.3%	\$29.84	\$31.97	7.1%
H2014	Size 2	\$14.09	\$14.97	6.2%	\$16.41	\$17.59	7.2%
H2014	Size 3	\$10.24	\$10.89	6.3%	\$11.94	\$12.79	7.1%
Group Supported Employment							
H2024	2 or Fewer Members per Staff	\$19.25	\$20.38	5.9%	\$20.99	\$22.28	6.1%
H2024	More Than 2, Up to 4 Members per Staff	\$13.52	\$14.15	4.7%	\$14.70	\$15.42	4.9%
H2024	More Than 4 Members per Staff	\$11.21	\$11.64	3.8%	\$12.18	\$12.67	4.0%
Workplace Assistance							
H2025		\$29.24	\$31.02	6.1%	\$33.53	\$35.81	6.8%
Community Engagement							
T2021	Tier 1	\$14.29	\$14.93	4.5%	\$16.19	\$17.02	5.1%
T2021	Tier 2	\$16.01	\$16.79	4.9%	\$18.21	\$19.21	5.5%
T2021	Tier 3	\$18.38	\$19.34	5.2%	\$21.01	\$22.26	5.9%
T2021	Tier 4	\$22.61	\$23.90	5.7%	\$25.98	\$27.65	6.4%
Community Coaching							
T2013 #		\$29.24	\$31.02	6.1%	\$33.53	\$35.81	6.8%
Therapeutic Consultation							
97139	Therapists, Behavior Analysts, Rehab	\$87.75	\$94.88	8.1%	\$92.85	\$100.40	8.1%
H2017	Psychologist/Psychiatrist *	\$72.75	\$78.51	7.9%	\$83.71	\$83.71	0.0%
97530	Other Professionals	\$63.12	\$68.03	7.8%	\$70.69	\$76.26	7.9%

Source: DMAS analysis of applicable DD waiver rates before and after rate increases.

* Indicates NOVA rates were not increased due to no claims utilization

** NOVA & ROS rates were not increased due to no claims utilization

Procedure code 97532 was replaced with procedure code 97127 effective January 1, 2018. Procedure code 97127 was replaced with procedure code T2013 effective January 1, 2020.