



# The Hilltop Institute

*analysis to advance the health of vulnerable populations*

## Long-Term Care Payment Advisory Committee

### *Discussion of Rate Methodology for Community-Based Services: Medical Day Care and Assisted Living*

Medical Day Care			
Maryland's Current Rate Structure	Options	Pros	Cons
<ul style="list-style-type: none"> <li>• Same rate for all providers—currently \$71.80 per day</li> <li>• A day must be at least 5 hours of service</li> <li>• Rate is “all-inclusive” and includes medical and social day services</li> <li>• Transportation is included in the per diem rate</li> <li>• The rate adjusts annually for inflation using March Consumer Price Index for All Urban Consumers (CPI-U), medical component for the Washington-Baltimore area; annual increase can be no more than 5%; the rate cannot decrease</li> </ul>	Pay according to a smaller unit of service (e.g., hour or 15 minute unit)	Payment would correspond more closely to actual time period of service	Billing would be more complex Monitoring units of service provided would be more difficult
	Have two rates: half day and full day	Payment would correspond more closely to actual hours of service delivered  A half-day option may be more appropriate for some clients  A half-day option may enable providers to serve more clients	Number of hours for a “half-day” versus a “full day” would need to be defined and monitored
	Pay for some services separately (e.g., transportation, therapy services)	Payment could correspond more directly to actual services delivered	More complex rate methodology; would need to define services and payment structure  Billing would be more complex  More difficult for the state to predict expense

Medical Day Care (cont.)			
Maryland's Current Rate Structure	Options	Pros	Cons
	Pay different rates based on the functional needs of the client (e.g., number of ADL limitations or the intensity or type of care required)	<p>Payment rates would better reflect the actual cost of meeting the client's needs</p> <p>Could encourage providers to care for higher-acuity clients</p>	<p>Level of care determination and service needs must be part of the assessment process</p> <p>Administratively more complex</p> <p>Would need to determine rates for different levels of care (e.g., with a cost study)</p>
	Pay different rates for different geographic regions of the state	Would recognize geographic variations in wages, transportation, etc.	<p>Rates would require periodic updating based on updated information on regional wages and other input costs.</p> <p>Would be administratively difficult to implement</p>
	Pay enhanced rates to agencies that provide health insurance or other benefits to workers	Would encourage agencies to provide benefits	<p>Would create a more complex rate structure and potentially greater cost to the state</p> <p>Would require monitoring by the state</p>

Assisted Living			
Maryland's Current Rate Structure	Options	Pros	Cons
<ul style="list-style-type: none"> <li>Service available under the Older Adults Waiver</li> <li>Per diem rates vary by level of care and by whether or not the client also uses medical day care under the waiver</li> <li>Three levels of acuity are defined for assisted living residents (I, II, and III), but only levels II and III are Medicaid-reimbursable</li> <li>Rates adjust annually by the lesser of 2.5% or the change from March to March in the CPI-U, medical care component, for the Washington-Baltimore area</li> </ul> <p><b>Assisted Living per diem rates:</b></p> <ul style="list-style-type: none"> <li>Level II, no medical day care: \$55.71</li> <li>Level II, with medical day care: \$41.80</li> <li>Level III, no medical day care: \$70.29</li> <li>Level III, with medical day care: \$52.70</li> </ul>	Pay different rates for a larger number of acuity levels	<p>Payment rates would correspond more closely to variation in the cost of services to individual clients</p> <p>Could encourage providers to serve more higher-acuity clients</p>	<p>Administratively more complex</p> <p>Would need to determine rates for different levels of care (e.g., with a cost study)</p>
	Pay different rates for different geographic regions of the state	Would recognize geographic variations in wages and other input costs	<p>Rates would require periodic updating based on regional wage and other information</p> <p>Would be administratively difficult to implement</p>
	Pay different rates for different types of accommodations (e.g., family homes, apartments, room in a facility; single versus shared apartment or room)	<p>Rates can be structured to reflect the actual costs of different kinds of accommodations</p> <p>May encourage new providers to participate in the Medicaid program</p>	<p>Administratively more complex rate structure</p> <p>Periodic cost studies would be required</p>
	Pay enhanced rates to agencies that provide health insurance and other benefits to workers	Would encourage assisted living providers to offer benefits	<p>Would create a more complex rate structure and potentially greater cost to the state</p> <p>Would require monitoring by the state</p>

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