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HEALTH MANAGEMENT ASSOCIATES

Report to the Oregon Legislature on Funding Options for Community Developmental Disabilities Programs and Brokerages

PREPARED FOR

THE OFFICE OF DEVELOPMENTAL DISABILITIES SERVICES

OREGON DEPARTMENT OF HUMAN SERVICES

Research and Consulting in the Fields of Health and Human Services Policy, Health Economics and Finance, Program Evaluation, Data Analysis, and Health System Restructuring

BACKGROUND AND PURPOSE

Case managers play a vital role in the system of supports for Oregonians with intellectual and developmental disabilities (I/DD). The federal Centers for Medicare and Medicaid Services (CMS) defines case management as, "services that assist participants in gaining access to needed waiver and other state plan services, as well as medical, social, educational and other services, regardless of the funding source for the services to which access is gained."[1]

Oregon's case management definition builds on the federal definition:[2]

> (3) Case management services are delivered using person-centered practices to assist individuals in accessing needed medical, employment, social, educational, and other services. Case management services include, but are not limited to:
>
> (a) Assessment and periodic reassessment of individual needs and preferences;
>
> (b) Development and periodic revision of the Individual Support Plan;
>
> (c) Referral and related activities;
>
> (d) Monitoring; and
>
> (e) Follow-up activities.
>
> (4) Services provided under these rules [Oregon Administrative Rules, Chapter 411, Division 415] are intended to identify, strengthen, expand, and where required, supplement private, public, formal, and informal support available to individuals with intellectual or developmental disabilities. The case management services described in these rules encourage the exercising of self-determination in the design and direction of the individual receiving services.

As these definitions make clear, case managers help assess individuals' needs, goals, and preferences; develop plans to meet individuals' needs and achieve their goals; and provide oversight and follow-up.

The last decade has brought considerable change to Oregon's system of supports for individuals with I/DD and many of these changes have impacted the responsibilities of case managers. With these changes, concerns have been expressed regarding the approach to funding the organizations that provide case management. For example:

- The 2019-21 Legislatively Adopted Budget Detailed Analysis acknowledged the caseload forecast used to determine funding levels for CMEs "continues to be an area of concern and volatility."[3]

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[1] Centers for Medicare & Medicaid Services. (January 2019). Application for a 1915(c) Home and Community-Based Waiver: Instructions, Technical Guide and Review Criteria (Version 3.6). Retrieved from https://wms-mmdl.cms.gov/WMS/help/35/Instructions_TechnicalGuide_V3.6.pdf.

[2] Oregon Department of Human Services, Office of Developmental Disabilities Services. (Eff. December 15, 2022). Oregon Administrative Rules, Chapter 411, Division 415 (section 411-415-0010). Retrieved from https://www.oregon.gov/dhs/SENIORS-DISABILITIES/DD/ODDSRules/411-415.pdf.

[3] State of Oregon Legislative Fiscal Office. (October 2019). 2019-2021 Legislatively Adopted Budget: Detailed Analysis. Retrieved from https://www.oregonlegislature.gov/lfo/Documents/2019-21%20Legislatively%20Adopted%20Budget%20Detailed%20Analysis.pdf.

- A 2020 report issued by Health Management Associates as part of its study of case management for individuals with I/DD in Oregon found that the rate methodology "may not accurately reflect the funding required to support the provision of the service".[4]

In response to these concerns, the Legislature appropriated funding to the Office of Developmental Disabilities Services (ODDS) to contract for a study to identify, and make recommendations for, an improved funding structure for community developmental disabilities programs (CDDPs) that provide case management to many individuals with I/DD.[5] At the request of the support services brokerages that comprise the second major group of case management entities (CMEs) as well as advocates, ODDS included brokerages in the study.

This report provides an update on this study, including a review of the current workload model used to establish funding levels for CMEs, concerns related to the model, and preliminary considerations for potential changes to the funding model.

Overview of Case Management for Individuals with I/DD in Oregon

A study of the funding structure for CMEs first requires an understanding of the history of case management in Oregon and the current approach to paying for services.

History and Structure

Oregon's case management system for people with I/DD began in the 1970s when families in local communities throughout the state identified the need to develop and coordinate supports for their family members with I/DD. In response, the legislature required every county to be served by a CDDP to provide this support. In addition to case management, statute requires CDDPs to conduct eligibility determinations for developmental disabilities services and to perform abuse investigations.[6] ODDS also requires CDDPs to perform foster home licensing functions.

Counties have several options for the management and operation of CDDPs:

- Establish and operate the CDDP directly with county staff,
- Sub-contract with a public or private entity for CDDP functions, or
- Decline to manage or sub-contract for a CDDP and have ODDS contract directly with a private entity to serve as the CDDP.

Counties may also partner to provide CDDP services across multiple jurisdictions.

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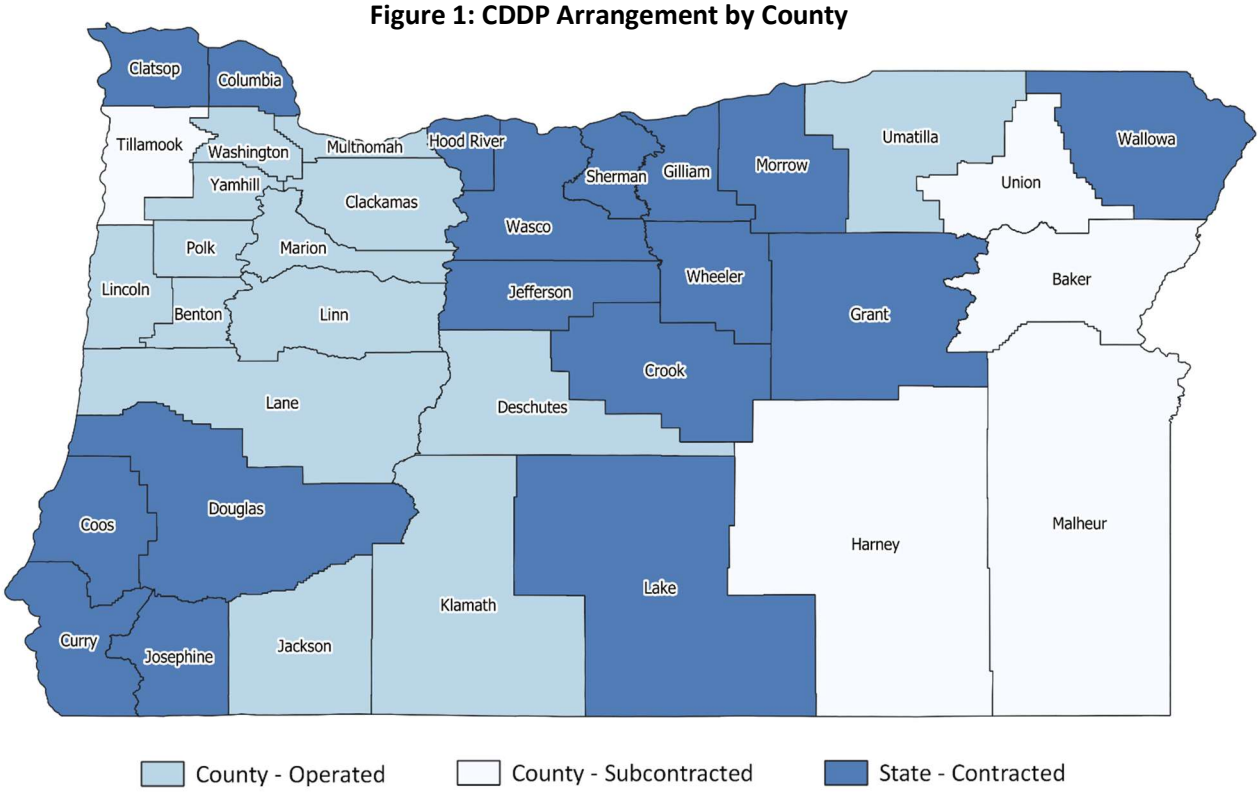
[4] Health Management Associates and National Association of State Directors of Developmental Disabilities Services (Lewis, S. and Sowers, M.). (October 2020). Oregon's Case Management System for People with Intellectual/Developmental Disabilities. Retrieved from https://www.oregon.gov/dhs/SENIORS-DISABILITIES/DD/Documents/odds-blueprint-project-recommendations-en.pdf.

[5] Oregon Legislative Assembly. (2021). SB 5529 A: Budget Report and Measure Summary. Retrieved from https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureAnalysisDocument/62993.

[6] Oregon Revised Statute (ORS) 430.662.

Of the state's 36 counties, 14 operate their own CDDP and 5 subcontract with a private entity. ODDS holds contracts with 6 private entities operating CDDPs in 17 counties. Figure 1 illustrates the current organization of CDDPs.

Figure 1: CDDP Arrangement by County



Because the most populous counties tend to operate their own CDDPs, the majority of individuals receive services from a county-run CDDP. Of the 25,401 individuals receiving case management through a CDDP as of December 2021, 86 percent were served by a county-run CDDP, 11 percent were supported by a state-contracted CDDP, and 3 percent received services from a county subcontrated CDDP.

Today, Oregon's case management system for individuals with I/DD includes Support Services Brokerages in addition to CDDPs. Brokerages were established in 2001 as part of the state's response to the settlement agreement in the *Staley v. Kitzhaber* lawsuit. The lawsuit was initiated by families of adult children with I/DD alleging that the state failed to offer services in the most integrated possible setting and failed to deliver services with reasonable promptness.

As part of the settlement agreement, Oregon developed a new Medicaid Section 1915(c) waiver. This supports waiver offered a more limited array of services than the existing comprehensive waiver, but provided a basic level of support. The supports waiver established limited budgets for adults living independently or in their family home and offered an option for individuals to self-direct their services. Brokerages were created as part of the supports waiver to act as a personal agent to help individuals manage their budget, including exercising employment authority (assisting individuals who self-directed services to hire and manage their direct care workers) and accessing non-waiver services. Individuals whose

budget exceeded a defined threshold were required to receive case management from a CDDP rather than a brokerage.

In 2013, Oregon transitioned most home and community-based services to a Medicaid Section 1915(k) state plan option, referred to in Oregon as the K-plan. The adoption of the K-plan eliminated the distinction between the comprehensive and supports waivers, which was the historical basis for determining responsibility for case management (with CDDPs providing case management for individuals enrolled in the comprehensive waiver and brokerages providing case management for those in the supports waiver). However, case management continues to generally follow the historic model: adults who receive services in the home may choose to receive case management from any brokerage operating in their county or from their CDDP (with this option now available to all adults receiving in-home services regardless of the amount of support received) while everyone else must receive case management through their CDDP.[7]

Fourteen brokerages currently operate in the state, serving a total of 7,518 individuals as of December 2022. Each brokerage offers services in a defined catchment area. Some brokerages serve a single county while others serve several counties. Every county has at least one brokerage providing case management services. However, unlike CDDPs that must serve anyone in their catchment area who chooses to receive case management from them, brokerages establish their own caseload limit. As a result, an individual may receive case management from a CDDP while waiting for a given brokerage to have an open slot.

Figure 2 lists the brokerages serving the Portland area and Figure 3 lists the brokerages operating in other counties.

Figure 2: Brokerages Serving the Portland Area

County	Community Pathways, Inc.	Inclusion, Inc.	Independence Northwest	Self Determination Resources, Inc.	UCP Connections	UCP Mentors
Clackamas	■	■	■		■	■
Multnomah	■	■	■		■	■
Washington	■		■	■		

[7] ODDS staff provide case management to about 700 children who receive children's intensive in-home services (CIIS) or who reside in group homes. This case management is not part of this study.

Figure 3: Brokerages Serving Counties Outside of the Portland Area

	Connections Case Management	Creative Supports	Full Access Brokerage	Full Access – High Desert	Eastern Oregon Support Services	Integrated Services Network	Resource Connections: Mid-Valley	Resource Connections: South Valley
Baker					■			
Benton						■		■
Clatsop						■		
Columbia						■		
Coos	■							
Crook				■				
Curry	■							
Deschutes				■				
Douglas	■							
Gilliam					■			
Grant					■			
Harney					■			
Hood River					■			
Jackson		■						
Jefferson				■				
Josephine		■						
Klamath	■							
Lake			■	■				
Lane								■
Lincoln						■		
Linn								■
Malheur					■			
Marion						■	■	
Morrow					■			
Polk						■	■	
Sherman					■			
Tillamook						■		
Umatilla					■			
Union					■			
Wallowa					■			
Wasco					■			
Wheeler					■			
Yamhill						■	■	

While each case management entity provides a unique, local perspective they all adhere to the same Oregon regulations governing case management services.

CURRENT CME FUNDING STRUCTURE

Biennial funding requests for CDDPs and brokerages are established through a workload model, like other Oregon Department of Humans Services (ODHS) programs. The funding levels yielded by the workload model may be reduced as part of the state's budgeting process and are currently not fully funded. Once finalized, the total funding level is used to establish CME payment amounts for the biennium.

Workload Model

Broadly, three elements comprise the workload model:

- Enrollment forecasts
- Staffing assumptions
- Cost assumptions

Enrollment Forecasts

The Office of Forecasting, Research and Analysis (OFRA) develops the caseload forecasts incorporated in the workload model. The caseload forecast includes specific projections for the number of individuals in various living arrangements (for example, in a group home, foster care, family home, etc.) and then allocates these projections across each county of the state – and between CDDPs and brokerages – based on existing distributions. The workload model also includes forecasts for a variety of other tasks and functions for which CDDPs are responsible, such as eligibility determinations, foster home licensure and certifications, and adult abuse investigations. When developing these forecasts, OFRA considers policy changes, partner and advocate input, and historical data. The data in the forecast is six months old at the time it is presented to the budget office. As noted in the 2019-21 Legislatively Adopted Budget Detailed Analysis, forecasting has become more challenging in recent years. In particular, the analysis notes that "Under K Plan changes, access to services for children is virtually unrestricted while lifting caps on support services make programs more attractive to adult clients."[8]

Staffing Assumptions

The workload model determines case manager staffing levels by estimating the amount of time available to provide services and the time required to support an individual based on age and living arrangement.

The time available to provide services starts with a full work year (2,080 hours) and then subtracts time to account for paid leave, staff and supervisory meetings, authorized breaks, administrative tasks, and training. The workload model currently assumes case managers are available to provide 1,330 hours of service per year.

[8] State of Oregon Legislative Fiscal Office. (October 2019). 2019-2021 Legislatively Adopted Budget: Detailed Analysis. Retrieved from https://www.oregonlegislature.gov/lfo/Documents/2019-21%20Legislatively%20Adopted%20Budget%20Detailed%20Analysis.pdf.

The workload model also includes assumptions about the amount of time required to support individuals based on their living arrangement. These assumptions are based on random moment surveys (RMS) that ask case managers what activity they are performing (for example, working on assessments, plan development, monitoring, etc.) and compiles this data based on individuals' living arrangements. Based on current staffing levels, the workload model then translates the RMS data to estimates of the average amount of time that a case manager spends on a case. These estimates are used to determine the number of case managers that should be funded. For example, the workload model reports that a case manager will spend about 42.2 hours per year supporting an adult in foster care. Based on 1,330 available service hours, the workload model assumes one case manager for every 31.5 adult foster care cases.

The random moment surveys indicate that the amount of time case managers spend per case varies based on the age and living arrangement of the individual served. As a result, the number of case managers funded varies based on these characteristics, as shown in Figure 4.

Figure 4: Number of Cases per Funded Case Manager in the 2021-23 Workload Model

Living Arrangement	Cases per Case Manager	Living Arrangement	Cases per Case Manager
Adult, In-Home	27	Child, In-Home	20
Adult Foster Care	31	Child Foster Care	15
Adult, 24-Hour Residential	38	Child, 24-Hour Residential	53
Adult, Supported Living	48	Child, Family Support	12
Adult, Case Mgt. Only	41	Child, Case Mgt. Only	229

In addition to case managers, the workload model funds a variety of other positions related to the case management function, as detailed in Figure 5.

Figure 5: Other Positions Funded in the Workload Model to Support the Case Management Function

Position	Staffing Methodology in the 2021-23 Workload Model
Oregon Needs Assessment (ONA) Assessors	One position for every 187 cases assessed Model assumes 75 percent of cases will be assessed during the biennium
Designated Referral Contact (DRC)	One position for every 16 cases that receive support Model assumes 1.9 percent of cases will require transfer support Model includes a minimum of 0.50 of a position
Clerical Support	One position for every 7 case managers (including ONA assessors and DRC)
eXPRS Agent	One position for every 250 cases If the calculation produces less than one-half of a position, the model rounds up to 0.50; if the result is between 0.50 and 1.00, the model rounds up to 1.00
Personal Support Worker (PSW) Enrollment Staff	One position for every 10 in-home case managers
Supervisor	One position for every 12 staff Administrator/ Director is not included in the calculation for supervisors
Administrator/ Director	One position per case management entity For CDDPs, there are three assumed salary levels based on the forecasted caseload for the CME; all brokerages are funded at the lowest level

The workload model is also used to establish funding levels for CDDPs' other responsibilities related to the I/DD system. Figure 6 details the other positions funded in the workload model.

Figure 6: Positions Funded in the Workload Model for CDDP Functions Other Than Case Management

Position	Staffing Methodology in the 2021-23 Workload Model
Eligibility Worker	One position for every 58 cases Model assumes the number of eligibility determinations will be equal to 16.8 percent of the total forecasted caseload (including those determined ineligible) as well as a nominal number of appeals and hearings
Licensing/ Certification Worker	One position for every 49 adult foster homes and for every 26 child foster homes Model assumes the number of homes will increase 10 percent during the biennium
Abuse Investigator	One position for every 26 cases (with different weightings for opened cases and closed screenings) Caseload estimates based on historic levels and 10 percent growth rate Model includes a minimum of 0.50 of a position
Clerical Support	One position for every seven eligibility workers, licensing/certification workers, and abuse investigators
Supervisor	One position for every 12 staff Administrator/ Director is not included in the calculation for supervisors

Cost Assumptions

As with other services for individuals with I/DD, salary costs are the primary driver of CME expenses. Each position included in the workload model is crosswalked to a specific state government position. The assumed annual salary for each position is keyed to the salary structure maintained by the Department of Administrative Services, which includes 'steps' based on the number of years of experience in a role. The workload model funds positions at Step 5. Figure 7 lists the positions and salary assumptions included in the 2021-23 workload model.

Figure 7: Salary Assumptions in 2021-23 Workload Model

Workload Model Position	State Class Title	Annual Salary
Case Managers	Human Services Case Manager	$51,720
Oregon Needs Assessment (ONA) Assessors	Human Services Case Manager	$51,720
Designated Referral Contact (DRC)	Human Services Case Manager	$51,720
Clerical Support	Office Specialist 2	$39,516
eXPRS Agent	Program Analyst 2	$68,712
Personal Support Worker (PSW) Enrollment Staff	Administrative Specialist 1	$43,032
Supervisor	Principal Executive Manger C	$74,964
Administrator/ Director	Principal Executive Manger D-F (based on CDDP size, brokerages are all funded at the lowest rate)	$86,640 - $105,192
Eligibility Worker	Human Services Specialist 3	$47,184
Licensing/Certification Worker	Compliance Specialist 2	$62,496
Abuse Investigator	Adult Protective Service Specialist	$62,496

In addition to wage expenses, the workload model includes the following costs:

- *Other payroll expenses (OPE).* This factor accounts for the cost of payroll taxes and benefit costs for state employees and is calculated as a percentage of wages. Because some benefit costs are fixed, there is an inverse relationship between salary and the OPE rate. That is, the OPE rate declines as the assumed salary increases. For CDDPs, the OPE rate varies from 43 percent of wages for the highest-salaried position to 73 percent of wages for the lowest-salaried position. For CDDP case managers, the OPE rate is 62 percent. The OPE rates for brokerages are one to two percentage points less than those of CDDPs.
- *Indirect costs.* The workload model adds 17.15 percent of total payroll expenses (wages plus OPE) for indirect costs, which is the same indirect rate applied to state positions.
- *Standard services and supplies.* The workload model includes $7,382 for existing staff and $12,942 for new staff for services and supplies.

Due to differences in the assumed level of support provided to each population group as shown above in Figure 4 as well as the minimum staffing guarantees for certain positions (for example, the workload model funds one full administrator/ director position regardless of the size of the CME), the per-case amounts received by CMEs vary significantly. After excluding eligibility, licensing/ certification, and abuse investigation expenses, the annual per-case funding produced by the 2021-23 workload model for CDDPs ranged from less than $4,400 to more than $13,200. For brokerages, annual per-case funding ranges from about $4,800 to $5,800.

Funding the Workload Model and Paying for Caseload Services

The budget amounts calculated by the workload model may not be fully funded by the legislature in order to meet overall spending targets. For example, the 2019-21 budget funded the workload model at 82 percent for CDDPs and 79 percent for brokerages. Then, before the CME budgets are finalized, the current workload model includes an 'equity adjustment', which reduces the amounts produced by the model by five percent. This adjustment is based on the assumption that the costs for non-state entities should be less than the state costs incorporated in the model (for example, the state employee salary schedule and OPE rates).

Once the Legislature approves the overall budget for case management for the biennium, aggregate funding levels for CDDPs and brokerages are established. From these totals, ODDS establishes a separate monthly billing allotment for each individual CDDP and brokerage based on estimated caseloads.

CDDPs and brokerages bill for services based on a daily encounter rate. Separate rates are established for CDDPs and brokerages by dividing the biennial funding for each CME type by the estimated number of encounters they will provide based on historic billing and estimated caseload growth. CMEs are permitted to bill one encounter per individual per day that an allowable service is provided to that individual. Since the rate is based on a daily encounter, only one encounter may be billed per individual per day and the payment is the same regardless of the amount of support provided during the day. In general, a CME's total billing in a month cannot exceed their monthly allotment regardless of the number of qualifying encounters that they provide. However, if a CME does not bill their entire allotment in a month, that amount rolls-over to subsequent months and can be billed if there are sufficient qualifying encounters. A CME cannot exceed its total allotment for the biennium.

Further, the appropriated funding and resulting CME allotments reflect the caseload assumptions available at the time the budget is enacted. CME's allotments are fixed regardless of whether actual caseloads exceed the forecast. Brokerages are permitted to cap their caseloads, but CDDPs must serve everyone in their catchment area.

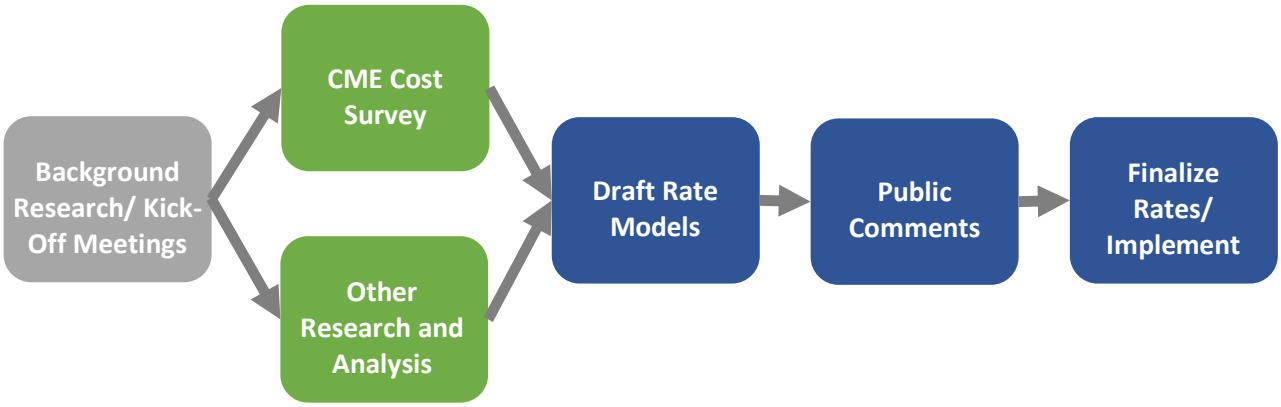
Recognizing that CMEs may have qualifying encounters that exceed their biennial budgets, Oregon takes advantage of a federal rule that permits local governments to provide matching funds for federal Medicaid dollars. This allows county-operated CDDPs to use their own non-federal funds to generate additional Medicaid funds to pay encounters that exceed their allotment. Only county-operated CDDPs may provide local match.

Study of Case Management Billing Structures and Rates

ODDS contracted with the Burns & Associates division of Health Management Associates to review the CME workload model, assess the cost of providing case management services, and consider alternative funding approaches. Burns and Associates' consulting practice includes a particular emphasis on supporting state I/DD authorities and, over the past decade, Burns & Associates has completed more than a dozen studies of state payment rates for services delivered to individuals with I/DD. Burns & Associates has been working with ODDS since 2015 to establish transparent rate models for most I/DD services available to individuals with I/DD in Oregon. This work has unfolded in stages due to funding constraints and the development of the Oregon Needs Assessment that is the basis for acuity-based rates for a number of services, but all rates developed by Burns & Associates were fully implemented as of July 1, 2022.

Burns & Associates is following the same approach to the review of rates for case management services as has been employed in previous ODDS rate studies. This process is depicted in Figure 8 and summarized below.

Figure 8: Rate Study Process



Phase 1: Background Research and Kick-Off Meetings

Burns & Associates' rate-setting process always begins with a review and documentation of current service requirements, billing policies, and payment rates. Although this study generally does not address ongoing policy discussions being discussed as part of other initiatives, such as the structure of case management in Oregon (for example, which populations are permitted to choose a brokerage), CME operations, or service requirements, issues impacting service costs – such as case managers' caseloads – must be considered.

Burns & Associates therefore first reviewed materials governing the operation of the program as well as previous reports and findings, including program regulations, the 2022 report issued by the Blueprint Workgroup to make recommendations related to case management practices, and the workload model spreadsheets and associated materials.

To supplement insights gained from the review of program materials, Burns & Associates met with ODDS and CMEs to hear their perspectives related to the current reimbursement framework.

Phase 2: Data Collection

In the second phase of its rate studies, Burns & Associates collects data and input to inform cost assumptions. This phase includes both primary and secondary data collection.

A CME cost survey was developed to collect data directly from CMEs regarding their programs' operations and costs such as:

- Wage and benefit costs for case managers and other CME staff
- Non-staff expenses, such as costs associated with facilities, vehicles, office equipment and supplies, insurance, professional services, etc.
- Case manager caseloads
- The average number of qualifying encounters provided by a case manager and the average number of encounters provided to an individual
- Operational issues such as whether CMEs have dedicated staff in the designated referral coordinator and ONA assessor roles (or if these functions are performed by staff with other responsibilities), whether case managers have dedicated office space, and the number of miles driven by case managers

Since significant effort is already invested in the random moment surveys used to inform the workload model, care was taken to minimize the duplication of reporting in the cost survey. A draft of the survey was presented to CMEs and revised based on their feedback. At the request of CMEs, deployment of the survey was delayed to minimize conflicts with their budget cycles. The final survey was emailed to CMEs on May 6, 2022. To assist with completion of the survey, guidance was embedded into the survey instrument itself, instructions were written to provide background and definitions, a webinar walking through the survey form-by-form was recorded and posted online, and a dedicated contact for questions was assigned.

To further accommodate CMEs' operations, CMEs were given nearly three months to complete the survey. After the deadline, ODDS conducted significant outreach to CMEs that had not submitted a survey. Ultimately, nearly every CME submitted at least a partially completed survey.

As with other rate studies, information collected through the CME cost survey will be supplemented with data from independent sources. By using data that is not limited to CMEs' current expenses – which are largely dictated by the rates they are paid – the rate study aims to reflect reasonable, market-based costs. For these independent sources, Burns & Associates endeavored to gather information that was current, credible, and directly applicable to the rate study. Data sources include:

- Wage data from the Bureau of Labor Statistics and wage growth data from the Bureau of Economic Analysis

- Data regarding the cost of health insurance from the federal Department of Health and Human Services' Medical Expenditure Panel Survey
- The Internal Revenue Service's mileage rate, which is used to estimate the non-staff cost of travel

Recommendations related to funding structures and rates will detail how information from the cost survey and other independent sources were used to inform cost assumptions.

Burns & Associates additionally reviewed other states' approaches to paying for case management services. This review found that most states with private case management providers pay for services based on a standard monthly payment rate. A smaller number of states pay providers based on a 15-minute billing rate. Final recommendations for payment rates for CMEs will include a comparison to other states' payment rates.

Phase 3: Payment Structure Development

The final phase of Burns & Associates' rate study approach is the development of a payment structure that adequately and fairly pays for the provision of case management consistent with service requirements and Medicaid rules. This phase remains ongoing. As this work continues, policy decisions that impact costs will need to be addressed. This may result in changes to current policies and established processes, including consideration of the workload model and its continued role as the basis for future billable rates.

Once draft recommendations for payment structures and rates have been developed, they will be shared publicly for comment. As with previous rate studies, the input process will be extensive as ODDS, Burns & Associates, and CMEs consider options. After all feedback has been collected and considered, Burns & Associates will finalize its recommendations.

Preliminary Observations

Although initial recommendations have not yet been formulated, Burns & Associates has made several preliminary observations for further consideration and discussion.

More Clearly Distinguish Between CDDPs' Administrative and Case Management Functions

As noted earlier, CDDPs have responsibility for a number of administrative functions (eligibility determinations, foster home licensure/ certification, and abuse investigations) as well as case management. All of these responsibilities are incorporated in a single workload model. As reimbursement options are considered, it may be worthwhile to clearly distinguish between these functions for a number of reasons:

- *Facilitate different funding approaches.* As discussed in the next point, Oregon may consider different approaches to funding case management while retaining a workload model approach for administrative functions.
- *Clear documentation of functions for the purpose of maximizing federal matching funds.* There are different federal Medicaid matching rates for administrative functions and services (and federal funds are not available at all for some functions, such as abuse investigations). Distinct models could facilitate easier accounting of these differences.

- *Greater comparability between CDDPs and brokerages.* Since only CDDPs have the administrative responsibilities, a separate, disaggregated model for case management functions would facilitate clearer comparisons between case management costs for CDDPs and brokerages.

Consider Alternatives to Capped Budgets and Billing Based on Daily Encounters for Case Management

As described above, CMEs receive a fixed budget for the biennium for case management costs. These budgets are converted to a daily encounter rate. Once a CME hits its budget cap, it receives no additional funding regardless of whether caseloads or encounters exceed forecasted levels. For all other services for individuals with I/DD in Oregon, providers are paid for all services they provide.

The rate study will therefore consider alternatives such as adoption of a framework to allow billing for case management services on an uncapped, fee-for-service basis, rather than allotments based on estimated caseloads. Shifting to billing based on actual clients served will address issues created when caseloads for individual CMEs are either above or below forecasted caseloads. In general, reported caseloads exceed the levels assumed in the workload model. Since the current workload model is not fully funded, CMEs are faced with meeting case management requirements for more clients with less staff than suggested by the workload model.

As with other ODDS services, a fee-for-service approach would rely on a transparent model based on assumptions specific to the provision of case management services. Cost assumptions would be based on market-based costs rather than the state's salary schedule and OPE rates.

Review Caseload Standards and Other Service Expectations

A reimbursement framework requires assumptions related to the level of support provided by a case manager; monthly case rates are based on the case manager's caseload while 15-minute rates reflect the amount of billable activity that a case manager can provide. This study will therefore consider these issues.

If the payment model reflects a case manager's caseload, the study will need to determine whether caseloads should vary based on age and living arrangement. Current random moment survey data suggests differences in the amount of time needed to support clients of different ages in different settings. Such differences may be warranted (for example, CMEs supporting individuals who live at home and self-direct services provide assistance with hiring, scheduling, and training personal support workers, may spend more time with these individuals), which could suggest that rates should vary based on the characteristics of the individual served. Alternatively, Oregon may consider greater standardization in service delivery requirements and the development of a standard rate that aggregates costs across all individuals served.

Evaluate Differences in Costs Across CMEs

When developing recommendations, the study will consider the extent to which payment rates should vary for different types of CMEs based on a number of issues:

- *Public versus private CMEs.* Cost structures can vary between public and private organizations. In particular, public agencies often have higher health insurance and retirement system costs. Thus, separate rates for county-run CDDPs compared to other CDDPs and brokerages may be appropriate.

- *Brokerages versus CDDPs.* Separate from the issue of public versus private agencies, the current workload model generally produces higher per-case payments for brokerages because they serve only adults living independently or at home and the random moment survey suggests this population requires more support than other populations.
- *Individual characteristics.* Oregon may want to consider accounting for other characteristics of individuals receiving services. For example, providing support to an individual who does not speak English may require a higher rate to account for the cost of employing a bilingual case manager.
- *Agency size.* As described above, the workload model currently provides a minimum level of staffing for some positions. For example, one full administrator/ director position is funded regardless of the size of the organization. Thus, smaller organizations receive a higher per-case rate because these fixed expenses are being spread over a smaller number of individuals. Rates for other services for individuals with I/DD in Oregon do not include such minimum funding levels.

Conclusion and Next Steps

Case management is critical to ensuring individuals with I/DD have access to the supports needed to live full lives in the community. Since its inception, Oregon's case management system has experienced several transformations intended to strengthen the service and improve outcomes for children and adults with I/DD. The success of case management now and in the future depends on the state's ability to adequately fund CMEs. Considerable work has been done to evaluate the existing case management reimbursement framework, but the potentially significant changes needed to establish a fair and sustainable payment model that complies with federal requirements will require extensive input from the CMEs.

Burns & Associates will continue to work with ODDS as it engages with the legislature, CMEs, individuals receiving services and their families, and advocates to develop a model that supports the important work of case managers across the state. Given ODDS' extensive process for gathering input on rate models, it is expected that final recommendations will be published and shared with the legislature after the 2023 legislative session. With support of the legislature, ODDS may be able to take interim steps to bring CME funding more in line with requirements during the 2023 - 2025 biennium.