



EXECUTIVE MEMO

To: Executive Directors, DSN Boards
CEOs, Private Providers
Residential Directors
Finance Directors

From: Deputy Director Pat Maley

Re: Residential Outlier Funding Requests

Date: April 5, 2021

Background

On 1/1/21, DDSN assumed liability to pay all at-home provider billings using a fee-for-service (FFS) model. DDSN stopped B & I Band payments to Boards (26% of Band revenue), which generated an estimated net \$10,393,880 statewide annual reduction of revenue (Gap funds). This \$10,393,880 statewide revenue decrease was offset with \$6,363,650 pass-through Day and ICF rates, which left a net statewide revenue deficit of \$4,030,230. This \$4,030,230 hit Boards differently based on the size of their Day Programs and Community ICF portfolio. As a result, 17 Boards lost annual Band B & I revenue greater than \$100,000/year with the following distributions: two over \$800,000; two between \$600,000 - \$800,000; three between \$300,000 - \$600,000; and 10 between \$100,000 - \$300,000.

Given DDSN absorbed two capitated bands normally generating surplus funds (B & I), it was determined to be fair that DDSN would examine providers with underfunded residential waiver beds and recommend increases if appropriate. It should be noted, DDSN has not provided a residential outlier increase in three years due to financial issues.

Residential Outlier Request Directions

The residential outlier and band change directive is 250-11-DD. Outlier or band change request are when a Provider has incurred expenses for a resident substantially greater than the average monthly fixed payment. The minimum provider additional expenses for an outlier is \$127,347, while the difference between a Band G to a Band H is \$18,561.

Documentation requirements are set forth in directive 250-11-DD. As set forth in the directive, the increase cost should be calculate by considering the entire residential setting in which each consumer will be served. As a result, each request must set forth the names and annual residential rates for all members of the setting. Additionally, set forth the cost of the residential setting contained in the provider's FY20 cost report.

Given the significant change in the system, DDSN does not intend at this time to re-evaluate the pending residential outliers. However, if the volume of approved outliers and band changes is greater than expected, DDSN reserves the right to re-evaluate existing residential outliers as a mechanism to balance this process.

Please send your outlier or band change request package to DDSN via the Application Portal, using the Reporting & Billing Center (RBC) module. Upload documentation to the "Outlier/Band Changes" folder. For questions or assistance, contact Debra Leopard via email (dleopard@ddsn.sc.gov) or phone (803-898-9674).

Thank you in advance for your patience and cooperation as we work through many unique issues in changing payment systems and COVID-19.