



EXECUTIVE MEMO

TO: Executive Directors & CEOs
Case Management Supervisors
Early Intervention Supervisors
Financial Managers

FROM: State Director Mary Poole

SUBJECT: Final Planning Steps for Services Converting to a Fee-for-Service Model on July 1st, 2019

DATE: May 17, 2019

The purpose of this memo is to set forth the final planning steps for Waiver Case Management (WCM), Early Intervention, and state funded community supports (Band A) converting to a fee-for-service payment model on July 1, 2019. The July 1st date was selected in coordination with SC Department of Health and Human Services (SCDHHS) due to a change in WCM rates and SCDHHS assuming responsibility to process invoice payments for BabyNet services. Additionally, DDSN converted the prospectively paid Band A services to fee-for-service to simplify operations and balance cash flows. DDSN is grateful to the provider community's patience and partnership in working this challenging issue over the past year.

I. Waiver Case Management Changes

The most significant change on July 1st will be in WCM. SCDHHS will be lowering its reimbursement rate to DDSN from \$161.76/hour (with travel) & \$156.76/hour (no travel) to new rates of \$100.80/hour (with travel) & \$62.00/hour (no travel). These new rates will be accompanied by new WCM standards.

A. Implementation of New Waiver Case Management Standards

The implementation of WCM was approved by CMS as a new service in all DDSN-operated waivers in 2014. Between 2014 and 2019, DHHS chose not to implement this new WCM Service. WCM will be implemented on July 1, 2019. As the single state Medicaid agency, SCDHHS will be issuing the WCM policy prior to this date. From June 15 to June 30, 2019, DDSN will conduct regional and virtual training, to include specific information on the service and reporting billable services.

The draft DDSN WCM Standards were distributed for stakeholder input and public comment on April 30th. These standards will be reviewed and ultimately approved by the DSN Commission Policy Committee and then the full DSN Commission. Necessary changes will be forwarded to SCDHHS for consideration prior to its June issuance of the final WCM policy manual and approval of DDSN standards. These new WCM standards will increase consumer services by increasing required contacts by case managers, which will also correspondingly increase billing opportunities.

B. Waiver Case Management Fee-for-Service Payment

The transition to WCM will alter the payment structure from the current prospective monthly rate (\$139.63) to retrospective fee-for-service rates [\$100.80/hour (travel); \$62.00/hour (no travel)]. WCM invoices will be processed exactly the same as the current retrospective MTCM and SFCM invoice processing. Invoices will be electronically generated on the evening of the 5th working day of the ensuing month. On the morning of the 6th working day, invoices may be downloaded and printed by providers using R2D2 (the Actuate Reporting System) on the DDSN Portal. Once invoices have been reviewed and attested to via signature of the Executive Director or his/her designee, they should be uploaded electronically through the Reporting and Billing Center (RBC), a secure system on DDSN's portal used for uploading confidential billing documents to the SURB Unit. **Please note due to their expected size, only the provider total page need be certified and uploaded for payment of WCM invoices.** Should a provider prefer, invoices can be mailed to DDSN Finance Division, Attn: SURB, PO Box 4706, Columbia SC 29240.

II. Early Intervention Fee-for-Service Changes

Beginning July 1, 2019, all Early Intervention services will be billed as fee-for-service. QPLs are currently paid retrospectively fee-for-service for both BabyNet (ages 0-3) and DDSN EI (ages 3-6). DSN Boards are currently paid through monthly prospective grant payments for these two services. The July 1st new fee-for-service payment procedures will differ for BabyNet (ages 0-3) and DDSN EI (ages 3-6), which are:

A. SCDHHS BabyNet Fee-for-Service Payment

All BabyNet providers are required to enroll with SCDHHS as Medicaid providers no later than May 15, 2019, and must select "Electronic Funds Transfer" as their payment method. Services for children ages 0 to 3 will be entered as a "Service Log" in BRIDGES. SCDHHS will electronically transfer payment to the provider within 10-14 days. SCDHHS plans to offer training(s) regarding BabyNet billing procedures prior to July 1st.

B. DDSN Early Intervention Fee-for-Service Payment

Services for children ages 3 to 6 services will be entered as a "Case Note" in Therap. Monthly electronic invoices will be generated and processed exactly the same as WCM in Section I-B above.

As a reminder, two new billing codes will be added in addition to the existing T1027 for Family Training. T1016 with TL modifier will be used for Service Coordination, and T1018 with TL modifier will be used for IFSP/FSP Development and Assessment.

III. State Funded Community Supports "Band A" Payment

Invoicing state funded community supports "Band A" services will consist of two monthly invoices. Since the overwhelming majority of Band A services consist of day services, DDSN will provide monthly electronically generated invoices recorded in Day Service Attendance Logs (DSAL). These invoices will be processed exactly the same as WCM in Section I-B above.

All other Band A services, estimated at approximately 10%, will be invoiced manually to DDSN by the provider. Boards will submit a standard monthly "Band A Manual Invoice." If a provider has an electronic report capturing the same information as the manual form, DDSN will accept this documentation in lieu of the

manual invoice. Completed invoices should be uploaded electronically through the Reporting and Billing Center (RBC) to the SURB Unit. Should a provider prefer, invoices can be mailed to DDSN Finance Division, Attn: SURB, PO Box 4706, Columbia SC 29240.

IV. Implementation Features for July 1st Transitioning to Fee for Service Payments

A. 3-Month Financial Safety Net

In order to provide confidence and a safety net for providers with monthly billings less than their current monthly break-even point, DDSN will implement a 60% safety net monthly prospective payment beginning in July and continuing through September. Payments for WCM will be prospectively paid as usual except at 60% of their current rate (\$83.78). Each provider's break-even billing revenue varies based on its unique personnel costs and overhead, but generally requires between 4-5 hours of billable time per case manager when on-duty for a full day. The 60% safety net threshold is a general estimate of a provider's variable personnel costs (cash flow) for case management.

After all billings have been completed for the month of July, CM providers will be able to invoice DDSN for billings in excess of the 60% prospective payment. The new monthly fee-for-service invoice "total page" will be manually reduced the 60% payment by the provider and submitted via the same submission process outlined in section 1-B above. If a provider's billings were less than the 60% prospective payment, they will be able to keep the full 60% payment to assist in the transition. This process will continue for August and September. In October, the full retrospective fee-for-service payment model will become effective.

B. Cash Flow Analysis of Case Management Transition from Prospective Payments to Fee-for-Service

There will be a 40-day gap for CM providers between ending prospective payments for September 2019 services and the first retrospective payment for October 2019 services received on or about 11/10/2019. The 37 Boards providing CM had cumulative cash balances of \$45,544,285 in their most recent audited financial statements on 6/30/2018, and these Boards' current cumulative monthly CM prospective payments were \$1,317,449. This generates a cash to monthly CM prospective payments ratio of 34:1, which is a healthy indicator of adequate cash reserves to finance this 40 day cash flow gap when transitioning to fee-for-service. However, two smaller Boards have an inadequate ratio of cash balance to their monthly CM prospective payment and a third Board will be at-risk. These three boards will need DDSN engagement and potential assistance in this fee-for-service transition.

Case Manager QPLs are not required to file annual audited financial statements with DDSN, so the same cash flow analysis completed for Boards could not be conducted. The large QPL case management providers' billing efficiency is above the statewide average, but all QPL case managers will be canvassed on this topic by June 1st.

C. Medicaid Ineligible Risk

As the system implements the fee-for-service payment model, it will be more important than ever to ensure individuals are receiving Medicaid and remain eligible for Medicaid. DDSN's process going forward will provide payment for all individuals who are approved for MTCM or WCM regardless of their Medicaid status. Despite DDSN paying the Medicaid ineligible billing to assist providers' cash flow, the Medicaid ineligible risk belongs to the provider along with the responsibility to engage their consumers to restore Medicaid eligibility.

Medicaid ineligible billings will be identified on each monthly provider invoice along with procedures to obtain a detail listing of each billing to engage consumers to restore eligibility.

The provider will have four months to engage consumers to restore eligibility and permit DDSN to re-bill. If not, DDSN will credit the provider's next bill. The provider will still have eight months to re-bill. If providers' are successful in timely addressing of these ineligible billings, DDSN can potentially lengthen the four month time frame to lower administrative stress on all parties.

In a separate communication by mid-June, DDSN will establish simple procedures for providers to access a report itemizing their Medicaid ineligible consumers for appropriate follow-up. At that time, DDSN will also supply each provider's current Medicaid ineligible consumers to clear up any backlog in the system before July 1st.

Closing

All Case Management questions, concerns, and requests for technical assistance should be directed to Case Management Director Lori Manos at 803/898-9715 or LManos@ddsn.sc.gov. All Early Intervention questions, concerns, and requests for technical assistance should be directed to Early Intervention Director Joyce Kimrey at 803/898-9145 or JKimrey@ddsn.sc.gov. All questions pertaining to invoicing should be directed to Finance Director Tom Ritter at 803/898-9720 or TRitter@ddsn.sc.gov.

Thank you in advance for your partnership in this system-wide effort.