

**South Dakota Health Care Solutions Coalition
Alternative Services Delivery Subgroup
Teleconference Meeting RE: Rate Calculation
Meeting Notes 06/13/2018**

Attendees: Shelly Ten Napel, Wade Erickson, Tim Trithart, Jamie Dahlman, Matt Sieler, Brenda Tidball-Zeltinger, Sarah Aker, Bill Snyder

Welcome and Introductions

Brenda welcomed the group and thanked them for their participation.

Discussion – Rates for Pilot FQHCs

The workgroup’s objective is to develop a reimbursement rate for services provided through a proposed 1115 demonstration waiver that seeks to expand primary care services and reduce higher care interventions including hospital and emergency department use. The initial approach included use of the IHS encounter rate. Due to concerns with application of that rate, this group is charged with identifying an alternative approach. Brenda stated that as this group is aware, we’ve been working with cost reports provided by the pilot sites. Greg has calculated an initial rate based on the 2017 Medicare cost reports that DSS has received.

Greg described the figures below which were provided to the group prior to the teleconference. Costs are historical so the methodology would include an inflationary index. Greg noted that the CPI-U has been used on other projects. The methodology used for these figures was to start with Medicare allowable costs and add back the Medicaid allowable costs.

ASD FQHC Pilot Sites

Source: 2017 Medicare Cost Report with Adjustments

Community Health of the Black Hills

Total costs (includes Medicare unallowables)	\$	7,735,275
Total visits		20,664
Rate per visit	\$	374.34

Horizon Health Care

Total costs (includes Medicare unallowables)	\$	25,792,615
Total visits		84,726
Rate per visit	\$	304.42

SD Urban Indian Health

Total costs (includes Medicare unallowables)	\$	2,596,834
Total visits		6,295
Rate per visit	\$	412.52

Average for All	\$	363.76
CPI-U through April 2018	2.50%	\$ 9.09
Total Average Rate w/Inflation	\$	372.85

Shelly suggested the MEI might be a better inflation methodology to use, for consistency since that is the index factor currently authorized for FQHC's. Wade indicated support for either the CPI-U or MEI, and asked how frequently the pilot sites will need to file cost reports going forward. Brenda noted that that's an important question for the group to discuss once we have consensus on the rate. Tim said that the methodology makes sense and he supports the use of an index factor including MEI. Matt said he's still processing the figures but the average makes sense. Wade also agreed with the methodology and there was consensus from the group to use a uniform rate for all waiver participants.

Tim suggested we could evaluate updated cost reports at the end of years 1, 3, and 5. Shelly asked what methodology is contemplated for Phase II and additional sites. Shelly also stated that one could argue that the patients in question could cost more due to collaboration requirements. Brenda noted that this care wouldn't require the same level of additional medical record sharing that's required for the care coordination referrals, and that most of the measures and data sources need for the waiver demonstration are already in place. Sarah reiterated that the record sharing and care coordination required for this project would be the same as it is for care delivered today. However, the participating providers may need to make adjustments to currently utilized reports for the purpose of reporting aggregate patient data to DSS and IHS for the purposes of evaluating the demonstration.

Shelly posed the question to Matt Seiler if this methodology would be supported by Urban Indian Health given the concerns with the original approach to use the OMB rate. Matt will discuss further with his leadership but the concern as stated previously was use of the OMB rate so use of actual costs should be a feasible alternative.

Next Steps

It was agreed that the group should let DSS know by early next week if they expect additional costs that are not contemplated in the proposed methodology, how frequently they recommend re-evaluating cost reports, and the inflation methodology that should be used. The goal will be to incorporate this feedback into the proposed model and the group will meet at the end of the month to finalize our recommendation.

DSS will send the most recent draft of the waiver application to the group.

Next Meeting

Rescheduling June 25 meeting.