

Report: HR 200 of the 2023 Regular Session

Tools to Inform Reimbursement Rates for Intermediate Care Facilities

*Bureau of Health Services Financing
Office for Citizens with Developmental Disabilities*

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Executive Summary

The Louisiana Department of Health (LDH or the Department) submits the enclosed report regarding the collaborative effort to study and evaluate alternative tools to inform reimbursement rates for intermediate care facilities. This report is submitted to the House Committee on Health and Welfare and the David R. Poynter Legislative Research Library in response to House Resolution (HR) 200 of the 2023 Regular Legislative Session, by Representative Christopher Turner, which the Speaker of the House enrolled and signed on June 4, 2023.

Specifically, HR200 requests that LDH form a work group to study alternative instruments that could be used to inform reimbursement rates for residents of Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID). The workgroup needed to consider the possibility of using a standard assessment tool for all programs that serve individuals with disabilities, including home and community-based services based on the level of need.

The current tool used to establish rates for ICF/IID residents is the Inventory for Client and Agency Planning (ICAP). ICF/IID providers across the state have expressed concern that the ICAP tool has limitations, as it does not accurately capture the needs of the current population of ICF/IID residents.

LDH assembled a work group that included representatives from the ICF/IID community to meet each month and study the concerns outlined in HR 200. Stakeholders from specific facilities participated along with the representation from the Community Provider Association, which represents various ICF/IID facilities across the state.

The work group considered several alternative tools and determined that three potential assessment alternative tools would work best in Louisiana: 1) a state-specific tool, 2) the InterRAI assessment suite, and 3) the supports intensity scale. There are also alternative blended methods for rate determination that can be considered.

Section 1 – Background

Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) are facilities that are licensed to provide residential services to four or more individuals with intellectual disabilities who require 24-hour care. The Louisiana Department of Health’s (LDH or the Department) Health Standards Section (HSS) licenses ICF/IDD. According to the most recent Medicaid Annual Report for the 2021-2022 Fiscal Year, 4,334 individuals reside in ICF/IIDs in Louisiana.

ICF/IIDs services are designed for those individuals diagnosed as having an intellectual developmental disability, which are considered amendable to active treatment in a 24-hour managed care environment where the individual will achieve maximum growth. The Developmental Disability Law (Louisiana Revised Statutes 28:451.1-28:455.2) defines a developmental disability as being either:

- 1 A severe chronic disability of a person that:
 - a. Is attributable to an intellectual or physical impairment or combination of intellectual and physical impairments;
 - b. Is manifested before the person reaches age 22;
 - c. Is likely to continue indefinitely;
 - d. Results in substantial functional limitations in three or more of the following areas of major life activity:
 - i. Self-care;
 - ii. Receptive and expressive language;
 - iii. Learning;
 - iv. Mobility;
 - v. Self-direction;
 - vi. Capacity for independent living; and
 - vii. Economic self-sufficiency.
 - e. Is not attributed solely to mental illness; and
 - f. Reflects the person’s need for a combination and sequence of special, interdisciplinary or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated, or
- 2 A substantial developmental delay or specific congenital or acquired condition in a person from birth through age nine which, without services and support, has a high probability of resulting in those criteria listed above later in life that may be considered to be a developmental disability.

Individuals are admitted to an ICF/IID after an interdisciplinary professional team, the individual with an intellectual disability, and their family have determined that admission is the best available plan and the person cannot be safely supported in a more inclusive community setting.

Each ICF/IID resident is evaluated with the Inventory for Client and Agency Planning (ICAP) assessment instrument upon admission and while residing in the ICF/IID per LDH regulations. The ICAP is a standardized instrument for assessing adaptive and maladaptive behavior and includes an overall service score. This ICAP service score combines adaptive and maladaptive behavior scores to indicate the overall level of care, supervision, or training required to support the resident. This score informs the daily reimbursement rate that Medicaid pays to the ICF/IID to provide care for the individual.

ICF/IID providers across the state have expressed concern that the ICAP tool, which has been used in Louisiana since 2005, is outdated and does not accurately capture the needs of the current population of ICF/IID residents. The ICAP only assesses adaptive and maladaptive behaviors when determining an individual's score. Additional individual characteristics such as specialized behavioral health needs, medical issues, diseases, physical disabilities, equipment needs and mobility issues are not factored into the score and thus not factored into the individual's per diem reimbursement rate. These kinds of details are key in determining an individual's true level of need and should be considered in the rate methodology.

The limitations of the ICAP assessment instrument is an increasing concern as the ICF/IID population ages and the non-behavioral needs have become a larger priority for many of these individuals. Such needs are not covered in the per diem determined by the ICAP.

Section 2 – Review of Current Assessment Tool in Louisiana

The current tool used to establish rates for ICF/IID residents is the Inventory for Client and Agency Planning (ICAP). The ICAP is a normed, standardized tool authored by Bruininks, Hill, Weatherman, and Woodcock (1986). The tool measures adaptive and maladaptive behavior and gathers a compact set of information about an individual's demographic characteristics, diagnoses, support services needed and received, and social/leisure activities. Maladaptive behaviors are rated in terms of their frequency of occurrence and severity. Measures of adaptive and maladaptive behavior are combined in a service score; however, the weighting of scores does not fully encompass all areas (i.e., some behaviors are not weighted as highly as others). A service score is derived to reflect the level of care, supervision, or training needed by individuals at home, or in educational and human service programs. The ICAP lacks comprehensive domains in the following areas: medical, nutritional/physical support, vision/hearing support, communication, behavioral/mental health, caregiver/natural support, Instrumental Activities of Daily Living (IADLs), vocational/educational support, community/social supports, memory/cognition, and early intervention supports and services. As previously mentioned, the service score, along with the size of the facility, is the basis for determining the per diem reimbursement for each resident.

The cost to providers for using the ICAP is minimal. Program staff such as teachers, social workers, or support coordinators can administer the tool in 20 to 40 minutes.

Concerns with continued use of the ICAP:

- There are no planned updates to the IT infrastructure for this assessment, and it is becoming obsolete on many computers.
- The pictures and material used in the assessment are extremely outdated (i.e. picture of a rotary landline phone) and there are no plans to update the assessment to our knowledge.
- A person's score is based on comparisons to a group of individuals with intellectual/developmental disabilities (I/IDD) from more than 30 years ago, which may not be representative of people today.
- Providers state that the tool does not accurately reflect a person's need for support.
- The ICAP was developed about 30 years ago and is not "person-centered," as it focuses on one's deficits; the language and focus of treatment has a definite institutional bent. In addition, due to dramatic changes in societal norms, expectations, and opportunities for persons with disabilities,

there is concern that the ICAP normative data from 30 years ago is no longer truly representative of the current population of I/IDD.

Section 3 – Determining Rates (Louisiana vs. Other States)

A major factor of the rate-setting process in Louisiana is cost determination. The objective of the cost determination process is to define direct and indirect costs that are allowable and, therefore, may be considered for use in the overall rate-setting process. In Louisiana, ICF/IIDs are required to file annual cost reports to account for all reasonable and allowable costs including any supplemental schedules. Resident per diem rates are calculated based on information reported on the cost report. ICF/IIDs will receive a rate for each resident that will be the sum of: 1. direct care per diem rate; 2. care related per diem rate; 3. administrative and operating per diem rate; 4. capital rate; 5. provider fee; and 6. dental pass-through/add-on per diem rate.

To determine rates, the acuity factor is an adjustment factor that will modify the direct care portion of the ICAP rate based on the ICAP level for each resident. A *resident*-specific per diem is calculated based on the ICAP support level. Louisiana’s ICAP assessment tool classifies individuals into four separate support levels. These levels inform the tiered rates for each *facility* during rate setting.

While comparing Louisiana’s method of assessment to other states, researchers found that:

1. Three other states use the tool:
 - West Virginia: uses the ICAP in a similar manner to Louisiana
 - Illinois: uses ICAP “smoothing,” where acuity is determined on a continuous spectrum
 - Texas: ICAP assessment tool classifies individuals into five varying Levels of Need (LON). These LONs inform the direct care rate for each facility based on a bi-annual review.
2. Ten states (including North Carolina, Tennessee, and Florida) have created state-specific acuity assessment tools and varying ways to determine the rate based on the system used.
3. Thirty states (including Mississippi, Oklahoma, Georgia, and Kentucky) base rates by facility or audited cost report with no acuity factor considered.

Section 4 – Potential Instruments to Inform Reimbursement Rates

From a programmatic perspective, the workgroup has discovered three potential assessment alternative tools for consideration.

1. **Expanded Louisiana Plus (LAPlus):** Louisiana experts in the field of ICF/IID internally developed this assessment, which is currently being tested for reliability and validity using home and community-based waiver services. Once these tests are completed, this assessment tool will help develop a person-centered plan for ICF/IID waiver participants and place waiver participants in an appropriate tier for services.
 - a. Pros:
 - i. Using this tool for the entire ICF/IID population would allow the person-centered plan to be used across different service settings.
 - ii. This assessment tool focuses on the identification of support needs based on a person’s identified goals for their life.

- iii. The cost of administration and changes are minimal since the state developed and owns the tool.
 - iv. The tool can be updated and altered as needed based on feedback from I/IDD, their families, ICF/IID providers, state experts, and other interested organizations.
 - b. Cons:
 - i. The tool is still in the testing phase.
 - ii. It would need to be determined if there are areas of the assessment that require modification due to the residential placement setting.
 - iii. The state would need to acquire the IT resources and platform for sustainability and support for users
 - c. Timeline: Anticipated two-year timeline for completion of testing
 - d. Anticipated Costs: Since this is an internally developed document, there would be no cost to the provider for the use of this instrument. However, there would be costs associated with programming and testing the tool in the ICF/IID population as well as for the continuation of needed resources for maintenance of the data system and user support. Testing and validation may require resources to administer both the ICAP and LPlus for comparative purposes and to develop “levels” associated with the LPlus. Currently, the local governing entity (LGE) administers the initial ICAP for ICF certification. The LGE is the regional office, routinely referred to as the human services authority or district responsible for single point of entry, implementation, and oversight of the Office for Citizens with Developmental Disabilities’ (OCDD) Residential Options Waiver. Each service region has one LGE. The LPlus is a longer and more in-depth tool, so there may be staff and cost resource issues for each LGE depending upon anticipated admissions annually.
- 2. **InterRAI:** InterRAI, an international group of researchers, developed the InterRAI assessment suite. There are a variety of different modules or versions for addressing various populations, including adults with developmental disabilities (InterRAI ID), children with mental health concerns and co-occurring developmental disabilities (InterRAI ChYMH-DD), and medically fragile children (InterRAI HC Peds). All instruments are standardized and have a common core set of items that are shared among all of the versions.
 - a. Pros: This assessment tool has national and state level data to allow comparison across other states.
 - b. Cons: This would require extensive training for those conducting the assessment and further vetting of how to use this assessment to inform rates. Modifications to address any Louisiana-specific issues/needs would not be possible.
 - c. Timeline: Due to contractual obligations, it would take approximately two years to get assessment into place and an additional two to three years to modify state plan amendment and rate processes for ICF/IID facilities.
 - d. Anticipated Costs: There are costs related to the development of applications/software for states, utilization of the materials per assessment, and training of assessors.
- 3. **Supports Intensity Scale (SIS):** The American Association of Individuals with Developmental Disabilities (AAIDD) developed this tool. There are required trainings for individuals conducting the assessment. There is also a cost for the use of each assessment. Louisiana used this assessment tool for resource allocation for people using home and community-based waiver services, and it was determined that the tool did not adequately identify a person’s need for support. Several people were consequently “outliers,” meaning they needed more services than what the assessment yielded. As a result, OCDD developed the LPlus tool, which was used in conjunction with the SIS to be able to do a more thorough review of support needs.
 - a. Pros: Louisiana has some experience with this tool.

- b. Cons: The tool does not consider all support needs for people in home and community-based waivers, and there would likely be similar concerns to the ICAP. Modifications to address any Louisiana-specific issues/needs would not be possible.
- c. Timeline: It would take approximately two years to get the assessment in place and two to three years to modify state plan amendment and rate processes for ICF/IID facilities.
- d. Anticipated Costs: There are costs related to the development of applications/software, usage of the materials per assessment, and training of assessors. AAIDD requires continued contractual agreements with increasing costs over some years. This agreement was difficult to maintain when the SIS was used in the home and community-based waivers program, especially during times of fiscal challenges.

Alternate Blended Proposal:

1. Establish a home rate based on the needs of the individuals supported in the home. In addition to a review of the individuals in the home, this rate would be for the entire home and there would be a “profile” of people supported in this home. There would need to be a requirement that at least 75% (or some set percentage) of people living in the home meet this profile.
 - a. An ICF/IID home would first need to have a base rate using an audit/cost report for homes that support people without complex needs.
 - b. There could then be three additional home levels that were based on the needs of the residents and had additional requirements beyond the base rate. A portion of the LPlus tool could be utilized to assess the needs of residents.
 - i. Home for people with mobility/positioning support needs: use base rate plus costs associated with durable medical equipment (including wheelchairs), costs for higher direct support staff ration for positioning, and costs for consultations with allied health professionals
 - ii. Home for people with significant medical/nursing needs requiring a nurse present in the home 16 to 24 hours per day: use base rate plus costs associated with nursing and mobility/positioning support needs
 - iii. Home for people with significant behavioral health needs: use base rate plus costs associated with more training and additional staff as well as consultation with behavioral health clinicians
2. A decision would be needed regarding whether four separate rates for the size of the facility are needed (current: four to eight beds; nine to 15 beds; 16 to 32 beds; 33 or more beds) or if this could be reduced to two or three bed rate equivalencies for rates.

Section 5 – Conclusion/Next Steps

The work group agrees that the ICAP assessment tool is outdated and does not accurately capture all of the necessary components to determine the appropriate level of care for individuals being served in ICF/IIDs. This issue, in concert with the complexity of the rate-setting methodology, points toward the need for a larger review of the overall assessment and rate determination process.

Updating the rate methodology starts with identifying an assessment tool, which could be one of the options listed above upon additional research. For a decision to be made, we would need to engage with a wider stakeholder audience, as there will be additional costs to each facility depending on the option.

Updating the tool and rate would take meeting with the necessary consultants, provider representatives, auditors/accountants, and other stakeholders to develop a new rate-setting methodology based on the actual costs necessary to care for this population and to identify and test a new assessment tool that more accurately captures the needs of the individual ICF/IID residents.

The Department would see an additional cost associated with this change, as we will engage the vendor to conduct the necessary research to guide decisions and conduct training as needed.

The workgroup determined that reviewing and updating the rate would take three to five years, depending on which method was selected.

There will also be rule and SPA updates needed when a new tool is selected.

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