



STATE OF NEW HAMPSHIRE

DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION OF LONG TERM SUPPORTS AND SERVICES

BUREAU OF ELDERLY AND ADULT SERVICES

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June 28, 2024

The Honorable Mark Pearson, Chair, Health and Human Services Oversight Committee
The Honorable Wayne MacDonald, Chair, House Health, Human Services and Elderly Affairs Committee
The Honorable Regina Birdsell, Chair, Senate Health and Human Services Committee
The Honorable Kenneth Weyler, Chair, House Finance Committee
The Honorable James Gray, Chair, Senate Finance Committee
SENT: Via Email

Re: CFI Rate Study Report for System of Care for Health Aging

Dear Legislative Committee Chairs:

In accordance with the requirements of [Chapter 79:568, Laws of 2023](#), the Department of Health and Human Services (Department) hereby submits the required report relative to the review of current rates and proposed rates for the Choices for Independence (CFI) program to the House Health, Human Services and Elderly Affairs Committee, the Senate Health and Human Services Committee, the House Finance Committee, the Senate Finance Committee, and the Joint Legislative Committee on Health and Human Services.

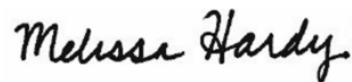
151-E:27 II The department shall review and propose rates for the Choices for Independence program in accordance with section 1902(a)(30)(A) of the Social Security Act and requirements for Medicaid home and community-based waiver programs under section 1915(c). The department shall provide a report to the house health, human services and elderly affairs committee and senate health and human services committee, the house finance committee, the senate finance committee and the joint legislative committee on health and human services established in RSA 126-A: 13 on or before July 1, 2024. The focus of the rate study is to promote efficiency, economy, quality of care and access to services within New Hampshire's Choices for Independence program. The rate study shall establish reimbursement methodologies utilizing the U.S. Centers for Medicare and Medicaid Services Market Basket Index as an inflation benchmark for rate-setting purposes. The department shall seek input from Choices For Independence beneficiaries, providers, and other stakeholders in regard to access to Choices for Independence services in future rate setting processes. Information regarding access to services shall be publicly documented and shall be considered in the subsequent rate-setting process.

House Bill 2 of the 2023 Legislative session appropriated \$1,687,600 of general funds to support a System of Care for Healthy Aging for the biennium ending June 30, 2025. This investment provides resources to create and expand capacity, take steps to expedite and improve access to Home and Community Based Services (HCBS), provide initial infrastructure funding for staffing, oversight, and information technology, and to use data to inform system and service delivery, including future investments. The System of Care for Healthy Aging aims to establish and implement a comprehensive and coordinated System of Care that promotes healthy aging and enables older adults and adults with disabilities to have a meaningful

choice in care options, including the ability to receive the care they need in their homes and communities. The initial [Annual Report on the System of Care for Healthy Aging](#) was submitted to the Governor, the Joint Legislative Oversight Committee on Health and Human Services, and the New Hampshire State Commission on Aging on November 1, 2023.

To support the work to develop the System of Care for Healthy Aging, the Department has formed a multidisciplinary team to lead the work to implement the System of Care. The submission of the Rate Study Report for the Choices for Independence (CFI) Waiver program and the implementation plan for proposed rates completes an important milestone in the development of the System of Care for Healthy Aging.

Respectfully submitted,



Melissa A. Hardy
Director

Enclosure

cc: Christopher T. Sununu, Governor
Lori A. Weaver, Commissioner, NH Department of Health and Human Services
Christine Santaniello, Associate Commissioner, NH Department of Health and Human Services
Susan Ruka, Chair, New Hampshire State Commission on Aging

Rate Study for the Choices for Independence (CFI) Home and Community Based Services 1915(c) Waiver

The Department's Rate Setting Unit is a dedicated team of financial analysts that reviewed current rates and rate methodology by engaging in the following activities:

1. Reviewed the current methodology approved in the Medicaid 1915(c) Home and Community Based Services (HCBS) CFI Waiver and verified current rates follow the methodology;
2. Reviewed rates in comparison to other New England states and to federal programs; and
3. Reviewed the rates in comparison to benchmark data, available both publicly and through provider survey. Some of the benchmark data utilized to inform cost-based rates includes wage data from the Bureau of Labor Statistics for the direct support cost component and published costs for home delivered meal service.

Current Waiver Approved Rate Methodology

As part of the 1915(c) HCBS CFI Waiver, the Department includes in [Appendix I](#), a rate methodology. The Department's Rate Setting Unit reviewed this methodology to determine if the approved methodology is being followed. To conduct this review, the Department's Rate Setting Unit used the data for all of the CFI rates as of June 30, 2021 included in the CFI Waiver as the baseline for future rate changes. The baseline rates were set as of January 1, 2021, which included a 3.1% rate increase as approved by the Legislature.

To identify all applicable procedure codes for the 1915(c) HCBS CFI Waiver services, the Department's Rate Setting Unit used data from the Medicaid Management Information System (MMIS) including all procedure codes containing the applicable Healthcare Common Procedure Coding System (HCPCS) modifier of HC (Adult/Geriatric Program). The HC modifier is utilized for all CFI services. The list of codes contained 64 specific code modifier combinations.

A total of 31 rates were excluded from this review:

- Non-reimbursable in MMIS (15);
- Manually priced (16) including:
 - Home Modification (1);
 - Specialized Medical Equipment (1);
 - Special Rate Requests (7); and
 - Participate Directed and Managed Services (PDMS) (7).

The remaining thirty-three (33) codes that are covered under a fee schedule-based rate were first compared to the baseline as defined in the Waiver methodology. As written in the approved methodology, when a legislative appropriation exists to sufficiently support the rate, the Centers for Medicare & Medicaid Services (CMS) market basket inflation is not applied to the rate in addition to the legislative appropriation.

For SFY22/23, HB 1 included a rate increase for CFI as part of the appropriation which was applied to rates for the SFY22/23 biennium. This resulted in a 5% appropriation added to the majority of service rates, excluding the following that received a higher increase:

- Adult Medical Day care (38%);
- Homemaker (6%);
- Case Management (16%); and
- Personal Care (15%).

Personal Emergency Response Systems (PERS), Electronic Prescription (Rx) and Consolidated Services did not receive a rate increase.

For the SFY24/25 biennium, a 3% increase was applied to service-based rates through a \$24,000,000 Medicaid service rate increase, with additional increases applied in specific services, which were applied in October 2023 and January 2024, as detailed in the September 28, 2023 [letter](#) submitted to the Fiscal Committee of the General Court.

The rate increases for SFY24 applied to the majority of rates and resulted in an increase at or greater than the market basket methodology rate level. The rates which did not receive additional appropriation included In-Home Day Care, Supported Employment, Non-Medical Transport, Consolidated Services, and Financial Management.

The CFI Waiver fee schedule-based services which are not subject to a market basket increase in accordance with the approved methodology include PERS, Electronic Rx Device Monthly Service, Electronic Rx Device Installation, Electronic Rx/PERS Device, Sealed Rx Drug Packets, and Electronic Rx/Cell Based PERS. These services are market-based services which could be paid over reasonable costs if inflation is added to rates without a market review.

Rates Compared with Local States and Federal (VA) Programs

The Department's Rate Setting Unit collected data on reimbursement rates for the equivalent services. These include the rates for the equivalent service in the NH State Plan, the other NH 1915(c) Waivers; Developmental Disability (DD), Acquired Brain Disorder (ABD), and Children's In-Home Support (IHS), Federal rates through Medicare and the VA program, and the equivalent service in other New England states.

Each CFI Waiver service has a unique identifying HCPCS code and HCPCS modifier to describe the service. Many of the codes for the services in the CFI Waiver are codes established for State Medicaid Agencies or Non-Medicare codes. While Medicare does reimburse for some Home Health services, the reimbursement methodology is a Prospective Payment System (PPS). This means that the Home Health PPS system reimburses a standard 30-day payment rate adjusted for case mix, wage differences, and patient acuity. Additionally, the methodology reimburses a per-visit payment rate for non-qualifying services as directed in the [CMS Medicare Program; Calendar Year \(CY\) 2024 Home Health \(HH\) Prospective Payment System Rate Update; HH Quality Reporting Program Requirements; HH Value-Based Purchasing Expanded Model Requirements; Home Intravenous Immune Globulin Items and Services; Hospice Informal Dispute Resolution and Special Focus Program Requirements; Certain Requirements for Durable Medical Equipment Prosthetics and Orthotics Supplies; and Provider and Supplier Enrollment Requirements.](#)

Of the per-visit services, the Home Health Aide, Medical Social Services, and Skilled Nursing Services may have CFI Waiver equivalent services to Medicare services.

Data for equivalent services as reimbursed by the US Department of Veterans Affairs is published in a [fee schedule](#) posted by HCPCS code. Reviewing the data from the CFI services to the equivalent VA service identified areas where the HCPCS code utilized in the CFI Waiver varied from the same service for the VA benefit. In some instances, alignment between the services is not available as the utilization and productivity assumptions for the VA services are unknown.

The Department's Rate Setting Unit collected and reviewed rate data for equivalent Medicaid 1915(c) HCBS Waiver services in Connecticut, Massachusetts, Maine, Rhode Island, and Vermont. Similar to the challenges of data between the VA benefit and the CFI Waiver, there were inconsistencies in how Waiver services are recorded and defined by other states.

The findings in reviewing the data between the NH CFI Waiver codes modifier combinations and the data available from other states have variances including the following:

- CMS provides flexibility for each state to define the services within the 1915(c) Waiver. Some services covered in NH may not be covered in other local states.
- The codes and modifiers for services vary between states. Assisted Living and Residential Care are areas where the code for NH is different from other local states.
- Modifiers applied to HCPCS codes indicate variances as well. For example, some states have state defined modifiers to identify various rates for Adult Day Care depending on the length of time the person is at the center. The number of levels within rates also vary.
- The length of time for some of the HCPCS codes standard varies between 1915(c) HCBS CFI Waiver services and state plan services. For example, Case Management services utilizes a HCPCS code that is identified as a 15-minute code yet is reimbursed on a per diem or monthly basis.

The Department’s Rate Setting Unit recommends reviewing and updating the HCPCS codes and services in the NH 1915(c) HCBS CFI Waiver to align with the HCPCS code that is the most relevant to the service provided.

Rates Compared with Benchmark Data

The Department’s Rate Setting Unit collected data from providers, stakeholders, NH State Plan, and other NH 1915(c) HCBS Waiver rates, and other benchmark data such as the Bureau of Labor Statistics wage data. The Department’s Rate Setting Unit sought provider data to verify assumptions in the base rate calculation are reflective of the NH wage and cost data. Some of the examples of this data included direct support salaries, billable hours, and percentage of wage on benefits.

To collect provider data, the Department’s Rate Setting Unit sent a voluntary survey requesting the data utilized in the baseline methodology such as Direct Support wages, benefit expense, supervisor wage, hours and benefit expense, mileage, and costs for services such as food costs for Home Delivered meals.

The responses to the voluntary survey from the providers were low for many of the services. Some of the data the Department’s Rate Setting Unit received back was incomplete. The survey was sent out to 214 providers with 26 responses received.

CFI Service Rates Development

HCPCS Code	Description	Current NH Rates	Proposed Rates	Benchmark Informing the Proposed Rate	Total Fiscal Impact	General Funds Impact
Adult Daycare S5102 - Per Diem	Day Care Serv Adult Per Diem	\$85.00	\$85.00	Current rate	\$0.00	\$0.00
Home Health Aide G0156 - Per 15 min	Home Health Aide 8+ Units	\$4.20	\$8.38	Local States	\$197,189.00	\$100,937.00
Home Health Aide T1021 - Per Visit	HH Aide or CM aide per visit ¹	\$42.75	\$42.75	Current rate	\$0.00	\$0.00

¹ The Department also contracts for these services, therefore, the contractual impact is considered in fiscal impact values listed.

CFI Service Rates Development (continued)

HCPCS Code	Description	Current NH Rates	Proposed Rates	Benchmark Informing the Proposed Rate	Total Fiscal Impact	General Funds Impact
Homemaker S5130	Homemaker	\$7.68	\$7.80	NH Benchmark	\$30,246.00	\$15,123.00
Personal Care T1019 per 15 mins	PCS, per 15 mins, any age	\$8.00	\$8.00	Current rate	\$0.00	\$0.00
Respite T1005- 15 Minutes	Respite Care Services	\$8.00	\$8.00	Current rate	\$0.00	\$0.00
Financial Management T2040 per Month	Financial Management per month, std rate	\$96.55	\$99.10	Local States	\$4,164.00	\$2,082.00
Adult Family Care Level 1	Kinship Care - Level 1 Per Diem	\$73.45	\$83.70	NH Benchmark	\$84,199.00	\$42,099.50
Adult Family Care Level 2	Kinship Care - Level 2 Per Diem	\$100.37	\$100.42	NH Benchmark	\$1,060.00	\$530.00
Home Delivered Meals S5170 - Per Meal	Home Delivered Meal ²	\$8.68	\$12.52	Meals on Wheels Cost	\$6,815,724.00	\$6,359,364.50
In-Home Daycare G1056 - Per 15 mins	In-Home Day Care	\$4.20	\$4.20	Current rate	\$0.00	\$0.00
Non-Medical Transportation - T2002	Non-Medical Transportation: Per Trip	\$9.57	\$9.57	Current rate	\$0.00	\$0.00
PERS - S5185 HC U1	Electronic Rx Device Monthly Service	\$42.92	\$42.92	Current rate	\$0.00	\$0.00
PERS - S5185 HC U2	Electronic Rx Device Installation	\$64.38	\$64.38	Current rate	\$0.00	\$0.00

² The Department also contracts for these services, therefore, the contractual impact is considered in fiscal impact values listed.

CFI Service Rates Development (continued)

HCPCS Code	Description	Current NH Rates	Proposed Rates	Benchmark Informing the Proposed Rate	Total Fiscal Impact	General Funds Impact
PERS - S5185 HC U3	Electronic Rx / PERS Device	\$80.47	\$80.47	Current rate	\$0.00	\$0.00
PERS - S5185 HC U4	Sealed Rx Drug Packets	\$37.55	\$37.55	Current rate	\$0.00	\$0.00
PERS - S5185 HC U5	Electronic RX/Cell Based PERS	\$86.72	\$86.72	Current rate	\$0.00	\$0.00
PERS - S5161 HC U1	Cell Based PERS	\$43.80	\$43.80	Current rate	\$0.00	\$0.00
PERS - S5161 HC	Emerg Response System	\$37.55	\$37.55	Current rate	\$0.00	\$0.00
Residential Care-T2033 HC U1	Residential Care	\$73.45	\$73.45	Current rate	\$0.00	\$0.00
Residential Care-T2033 HC U3	Residential Dementia L2	\$113.01	\$139.30	NH Benchmark	\$443,995.00	\$221,997.50
Residential Care-T2033 HC U4	Residential Dementia L1	\$100.37	\$100.37	Current rate	\$0.00	\$0.00
Skilled Nursing T1030 per Diem	Nursing Care ³	\$129.00	\$152.10	NH Benchmark	\$1,469,786.00	\$736,075.50
Transitional Case Management T1017	Case Management Per Day	\$52.73	\$52.73	Current rate	\$0.00	\$0.00
Supported Employment H2023 per 15 mins	Supported Employment, 15 min, std rate	\$5.28	\$10.57	NH Benchmark	\$2,159,368.00	\$1,079,684.00

³ The Department also contracts for these services; therefore, the contractual impact is considered in fiscal impact values listed.

CFI Service Rates Development (continued)

HCPCS Code	Description	Current NH Rates	Proposed Rates	Benchmark Informing the Proposed Rate	Total Fiscal Impact	General Funds Impact
Supported Housing - H0043	Supported Housing Level 2	\$62.72	\$62.72	Current rate	\$0.00	\$0.00
Case Management T1016- Per Month	Case management	\$301.49	\$301.49	Current rate	\$0.00	\$0.00
				Totals	\$11,205,731.00	\$8,557,893.00

Proposed CFI Rate Methodology

The Department proposes the following for the CFI rate methodology to include in Appendix I of the HCBS 1915(c) Choices for Independence (CFI) Waiver:

The Department of Health and Human Services through its Divisions of Medicaid Services, Long Term Supports and Services, and Finance and Procurement are responsible for baseline rate determination and oversight. Rates for Home Health Aide, Homemaker, Personal Care, Respite, Financial Management, Adult Family Care, Skilled Nursing, Supported Employment, Residential Care Facility Services, Supported Housing, Non-Medical Transport, Home Delivered Meals, Adult Day Services, Specialized Medical Equipment Services, and Personal Emergency Response Systems are published in a fee schedule. The Department reviews the economy and efficiency of the fee schedule rates no less than every five years.

The review consists of collecting cost data from providers and stakeholders as well as incorporating applicable data from resources including, but not limited to: The Bureau of Labor and Statistics, publicly available rates for comparable services both nationally and locally, publicly available cost data, records, and legislative requirements. The Department applies due diligence and prudence to this review, incorporating other data points, variables, and key assumptions, as appropriate and applicable, to ensure rates are based on the best information available. The collected data informs the allowable cost limit/baseline rate for each covered service. Each review is publicly posted for providers and stakeholders to receive additional insight and opportunity to comment on the allowable cost limit/baseline rate.

For each subsequent biennium between rate reviews, the target rate for all services, excluding but not limited to Medication Reminder Services (Specialized Medical Equipment), Personal Emergency Response Systems, and Home Delivered Meals, shall be increased by applying the CMS Home Health Agency market basket utilizing a midpoint-to-midpoint calculation. Where Actual Regulation data is unavailable, the market basket forecast is applied to determine the inflated baseline rate.

The target rates and forecasted utilization assumptions are used as part of the Department’s biennial budget request to forecast the appropriation needed to carry out the services. The CFI services are compared to all services offered through the Department to determine the total amount required to achieve rate parity for all services.

The Department will apply appropriated funding across services for CFI to bring the active rates to the targeted rate given the appropriation is sufficient for all services. For services where the target rate is above or equal to the active rate, no change will be made to the active rate. Rate changes for services across programs (State Plan and other 1915(c) HCBS Waivers) will be dependent on funding for all equal services offered through the Department. Appropriations higher than the target rate for specific services may be applied to other CFI services below the target rate to bring these rates to the target rate.

Rates may be manually determined for specialized levels of service beyond what is covered in the fee schedule rate for Adult Family Care, Respite Care, Personal Care, Residential Care, Supported Employment, Non-Medical Transportation, and Community Transition Services.

Manually determined rates must be requested using the applicable specialized rate form. These rates are dependent on the individual needs of the participant, and determination of the rate is made on a participant-by-participant basis.

Other manually priced services may include Home Modification and Specialized Medical Equipment, which are priced with quotes received for the service, and Participant Directed and Managed Services, which are priced with service authorization requests.

NOTE: All rate increases are subject to funding appropriated by the Legislature. In accordance with *NH Revised Statutes Annotated 9:19 Exceeding Appropriations*, The Department cannot bind the State for expenses that exceed amounts approved by the Legislature. The Department always seeks to ensure all access to care requirements are complied with to ensure services are delivered to NH residents.

Fiscal Impact Analysis

Program and Service	Sum of 12-Month Units	Current Rate per Unit	Proposed Rate	Fiscal Impact
Adult Family Care/Kinship Level 1	8,215			
CFI	8,215	\$ 73.45	\$ 83.70	\$ 84,199
Adult Family Care/Kinship Level 2	21,191			
CFI	21,191	\$ 100.37	\$ 100.42	\$ 1,060
Financial Management	1,633			
CFI	1,633	\$ 96.55	\$ 99.10	\$ 4,164
Home Delivered Meals	1,774,928			
CFI	237,687	\$ 8.68	\$ 12.52	\$ 912,719
Contract-Nutrition	1,537,241	\$ 8.68	\$ 12.52	\$ 5,903,005

Fiscal Impact Analysis (continued)

Program and Service	Sum of 12-Month Units	Current Rate per Unit	Proposed Rate	Fiscal Impact
Home Health Aide	2,138,924			
CFI	313,951	\$ 8.29	\$ 8.38	\$ 28,256
State Plan	1,824,973	\$ 8.29	\$ 8.38	\$ 164,248
Contract-Home Health Aide				\$ 4,685
Homemaker	252,049			
CFI	252,049	\$ 7.68	\$ 7.80	\$ 30,246
Residential Care	163,493			
CFI	163,493	\$ 73.45	\$ 73.45	\$ -
Residential Care-Dementia L1	7,272			
CFI	7,272	\$ 100.37	\$ 100.37	\$ -
Residential Care-Dementia L2	16,888			
CFI	16,888	\$ 113.01	\$ 139.30	\$ 443,995
Residential Care-Manual Price	1,136			
CFI	1,136			
Skilled Nursing	63,525			
CFI	38,041	\$ 129.00	\$ 152.10	\$ 878,749
State Plan	25,484	\$129.00	\$152.10	\$588,672
Contract- RN Care				\$ 2,365

Fiscal Impact Analysis (continued)

Program and Service	Sum of 12-Month Units	Current Rate per Unit	Proposed Rate	Fiscal Impact
Supported Employment	777,897			
BDS	672,700	\$ 7.36	\$ 10.57	\$ 2,159,368
BH	105,196			
Transitional Case Management	69			
CFI	69			
Grand Total	3,689,978			\$ 11,205,731

Implementation Overview

Goals	Activities	Completion Date
Communication Strategy: There will be a multichannel approach to outreach and awareness for providers.	Regular updates to the System of Care website, direct outreach and communication to the provider network and association, distribution channels via email, announcements at stakeholder meetings, provider notices.	Ongoing
Finalize the Department’s Agency Request for the SFY26/27 Biennium Budget.	Analyze utilization for CFI Services and calculate the Prioritized Need Request based on CFI proposed rates.	September 2024
Stakeholder Input: A Stakeholder Focus Group will be developed, and the department will coordinate a series of meetings for input and feedback.	Stakeholders will be convened between September 1, 2024 and December 31, 2024.	Target December 31, 2024

Implementation Overview (continued)

Goals	Activities	Completion Date
CFI Waiver amendment Public Comment: The opportunity for Public Comment will be scheduled.	The Department will propose draft amendments to the CFI Waiver rate methodology and will hold public comment sessions.	Target on or before December 31, 2024
Waiver/Rule/Policy Considerations.	Any updates required to the CFI Waiver, rules or policy guidance will be updated and communicated in advance of implementation.	Target December 31, 2024
New HEIGHTS/IT Considerations.	IT enhancements needed to support rule or policy will be developed and implemented. Rate changes and associated authorizations will be updated within the MMIS and New HEIGHTS in advance of implementation.	Target December 31, 2024

In meeting the goals as outlined to create a System of Care for Healthy Aging, the Department fully recognizes its responsibility and the opportunity this provides to address a broad-based set of challenges. The Department is prepared to undertake this significant and critical work to realize improved outcomes for the state's system and programs for aging adults and adults with disabilities, focused on rebalancing New Hampshire's systems to improve workforce, and expand home and community-based options, reducing the cost of providing institutional services and increasing capacity.