



COLORADO
Department of Health Care
Policy & Financing



COLORADO
Department of Public
Health & Environment

March 1, 2017

The Honorable Kent Lambert, Chair
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Senator Lambert:

Enclosed please find the Department of Public Health and Environment and the Department of Health Care Policy and Financing's response to the Joint Budget Committee's Multi-Department Request for Information #7 regarding site surveys.

Multi-Department Legislative Request for Information #7

The Department of Health Care Policy and Financing and the Department of Public Health and Environment are requested to report, on a quarterly basis starting September 1, 2016, on the status of hiring new site surveyors, the number of surveys done, the types of providers surveyed, and the time required for each survey. The Departments are also requested to include the estimated cost estimates of provider compliance with the final settings rule and the types of support and technical assistance the Departments are providing.

This third quarterly report encompasses July 2016 through January 2017.

The report contains information about the status of the hiring and training of site surveyors by the Colorado Department of Public Health and Environment (CDPHE), the number and type of site surveys conducted from July 2016 through January 2017 by CDPHE, and the time required to conduct each site survey. The report also includes the estimated number of site surveys per week that CDPHE anticipates completing going forward.

In this report, the Departments describe the processes they are using to collect information regarding the costs to providers of complying with the final rule, the types of potential cost increases identified so far, and the timeline by which they expect to pursue, if necessary, any budget requests and waiver amendments.

The report also includes information regarding the types of support and technical assistance the Departments have provided thus far and will continue to provide.



If you require further information or have additional questions, please contact the CDPHE Legislative Liaison, Michael Nicoletti, at Michael.Nicoletti@state.co.us or 303-692-3471, and the HCPF Legislative Liaison, Zach Lynkiewicz, at Zach.Lynkiewicz@state.co.us or 720-854-9882.

Sincerely,



Susan E. Birch, MBA, BSN, RN
Executive Director
Department of Health Care Policy & Financing



Larry Wolk, MD, MSPH
Executive Director and Chief Medical Officer
Department of Public Health & Environment

Enclosure(s): Health Care Policy and Financing FY 2016-17 Multi-Department RFI #7

Cc: Representative Millie Hamner, Vice-chair, Joint Budget Committee
Representative Bob Rankin, Joint Budget Committee
Representative Dave Young, Joint Budget Committee
Senator Kevin Lundberg, Joint Budget Committee
Senator Dominick Moreno, Joint Budget Committee
John Ziegler, Staff Director, JBC
Megan Davisson, JBC Analyst
Eric Kurtz, JBC Analyst
Henry Sobanet, Director, Office of State Planning and Budgeting
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John Bartholomew, Finance Office Director, HCPF
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Jed Ziegenhagen, Community Living Office Director, HCPF
Rachel Reiter, External Relations Division Director, HCPF
Rich Hull, Budget Director, CDPHE
Randy Kuykendall, Health Facilities and Emergency Medical Services Division Director, CDPHE
Kara Johnson-Hufford, Health Facilities and Emergency Medical Services Division Branch Chief, CDPHE
Zach Lynkiewicz, Legislative Liaison, HCPF
Michael Nicoletti, Legislative Liaison, CDPHE



RFI Language

Department of Health Care Policy and Financing, Executive Director's Office; and Department of Public Health and Environment, Health Facilities and Emergency Medical Services Division - The Departments are requested on a quarterly bases starting September 1, 2016 to report on the status of hiring new site surveyors, the number of surveys done, the types of providers surveyed, and the time required for each survey. The Departments are also requested to include the estimated cost estimates of provider compliance with the final settings rule and the types of support and technical assistance the Departments are providing.

Overview

In January 2014, the federal Centers for Medicare & Medicaid Services published the Home and Community Based Services Settings Final Rule setting forth new requirements for several Medicaid authorities under which states may provide home and community based services. The regulations enhance the quality of home and community based services and provide additional protections to individuals that receive services under those Medicaid authorities. The regulations went into effect in March 2014, providing states five years, until March 2019, to ensure that all home and community based settings are compliant with the rule. The new regulations ensure that participants receiving home and community based services have access to the benefits of community living, that these services are true alternatives to services provided in an institutional setting, and that they are delivered in the most integrated setting possible.

This quarterly report is an update for work completed this fiscal year (2016-2017), encompassing seven months, July 2016 through January 2017. On December 16, 2016, the Colorado Department of Health Care Policy and Financing submitted the fourth version of its Statewide Transition Plan, along with an updated crosswalk that systemically assesses current state statutes, regulations and waivers and identifies where changes may be necessary, to the Centers for Medicare & Medicaid Services for review and approval. On February 9, 2017, as it was making arrangements to formally notice these materials for public comment, the Department of Health Care Policy and Financing received feedback from the Centers for Medicare & Medicaid Services. The Department is reviewing this feedback along with the public comments it is receiving (due by March 23, 2017). The Statewide Transition Plan includes a plan for verifying provider compliance with the federal Settings Final Rule that, among other things, calls for a randomly selected sample of settings to be visited. A contractor (Telligon) completed an initial batch of 57 site visits during the summer of 2016. The Department of Public Health and Environment is charged with completing the remaining site visits pursuant to the Statewide Transition Plan. The two departments continue with weekly calls to discuss the status of the Statewide Transition Plan and related work.

Status of Hired Staff

The Department of Public Health and Environment hired one full-time supervisor in July 2016 and five full-time site surveyors in September 2016. Following initial onboarding training, onsite visits by the Department of Public Health and Environment started the last week of September 2016. From late September through December 2016, all site visits were completed in small groups to allow for hands on cross training with pre-site visit preparation, on-site visits and report writing. Working closely as a team during this time has resulted in a consistent approach and message. As of early January 2017, staff are able to work independently, particularly at smaller settings.

Number of Surveys Completed

When submitting its initial budget request relating to implementation of the Settings Final Rule (FY 2015-16 S-9, BA-9, "CLAG Recommendations and HCBS Final Rule Review" (FY 2014-15 Supplemental Request & FY 2015-16 Budget Amendment)), the Department of Health Care Policy and Financing planned to focus its site visits on providers whose self-assessments indicated probable noncompliance with the rule. This approach would have involved approximately 200 site visits and yielded a 90% confidence level.

The federal Centers for Medicare & Medicaid Services subsequently released new guidance that precluded the Department's planned approach. The federal guidance required that verification visits be conducted with a statistically representative sample of all providers, be stratified by provider setting type, and yield a 95% confidence level. Based on this guidance, the Department calculated in a later budget request (FY 2016-17 BA-8, "HCBS Waiver Settings Rule Implementation" (FY 2016-17 Budget Amendment)) that 854 site visits would be necessary.

The Department of Health Care Policy and Financing has since revised this figure twice. The first revision involved a new calculation methodology that aimed to meet the federal statistical criteria while only requiring 231 site visits. The second revision, which is reflected in the current version of the Statewide Transition Plan, relies on updated data regarding affected settings and will require approximately 314 site visits. The Department of Public Health and Environment ultimately expects to complete about 361 site visits, taking into account preliminary visits it conducted that are not counted toward the total.

As federal guidance and the available data have evolved, the Department of Health Care Policy and Financing has adapted its plan accordingly. For example, the Provider Transition Plan is a document that the provider must complete in order to assess its compliance with the federal Settings Final Rule and set out a remedial action plan and timeline. The plan must be completed even if the provider is not receiving a site visit. Initially, the Department expected to receive no more than 1,222 Provider Transition Plans. Based on the updated settings data collected, the Department now expects to receive over 3,000 Provider Transition Plans from providers not

having a site visit. These plans will be subject to desk review by the Department of Public Health and Environment. To promote efficiency in the completion and review of these plans, the Department of Health Care Policy and Financing is developing a web-based version of the Provider Transition Plan and an accompanying manual. The increase in desk-review workload is balanced by a reduction in the number of planned site visits, and the Departments believe that the current appropriation is sufficient to achieve compliance.

From July 2016 through January 2017, the Department of Public Health and Environment completed 171 of the 361 site visits that it expects to complete. The table below shows how these visits were allocated across setting types.¹

Types of Providers Surveyed

The following types of settings were surveyed from July 2016 through January 2017:

	July 1, 2016 - January 31, 2017
Residential settings	
Children's Habilitation Residential Program settings	1
Alternative care facilities	27
Supported Living Program and Transitional Living Program facilities for individuals with brain injuries	0
Residential settings for adults with intellectual and developmental disabilities, including group homes, host homes and other homes	105
Nonresidential settings	
Adult day services centers	8
Day habilitation settings for individuals with intellectual and developmental disabilities, including specialized habilitation, supported community connections and prevocational services	20
Day treatment facilities for individuals with brain injuries	0
Supported Employment – Group locations	9
Youth Day service settings	1
Total settings	171

Time Required per Survey

Survey staff request documentation from the provider prior to the on-site review. This includes policies, procedures and the Provider Transition Plan. Each site visit requires one and a half to two days including pre-site visit preparation, the on-site inspection, travel and report writing.

¹ As stated in the preceding quarterly report, Telligen conducted 57 site visits from April through June 2016. The table in that report shows how those visits were allocated across setting types.

The Department of Public Health and Environment has been able to increase the number of site visits per week, due to survey staff cross training, so they are able to work individually or in groups of two. For smaller settings, they complete up to three site visits a week per surveyor. Many agencies require two surveyors, due to the number of individuals in services, to allow for a full review at each facility. For these facilities, the Department completes two visits a week with two survey staff each. Given the five full-time surveyors, this results in eight to ten site visits a week.

Cost Estimates of Provider Compliance with the Final Settings Rule

The Department of Health Care Policy and Financing has sent sample Provider Transition Plans to the Centers for Medicare & Medicaid Services, and may send additional samples in the future, to ensure the plans are compliant with the federal rule. The Department will use this process to ensure that remedial action plans without cost impacts can be sufficient in some cases, and to better understand the potential for any significant cost impacts. The Department is also updating the Provider Transition Plan templates to allow providers to include more detail about the costs they expect to incur.

The Department is also actively engaging with stakeholders to learn about potential cost increases that may be incurred in order to implement the federal Settings Final Rule. Department staff have attended numerous stakeholder meetings to encourage providers and other interested parties to submit information about cost impacts via the public notice-and-comment process for the statewide transition plan and via the Medicaid Provider Rate Review Advisory Committee (MPRRAC) process, which is currently focused on rates for home- and community-based services.

In an effort to aid in informing this possible impact, the Department of Public Health and Environment collects information from providers during site visits regarding anticipated changes to their costs as they work toward compliance with the federal Settings Final Rule. Non-residential providers have stated they may require additional staff to provide greater choice of community services in smaller, more individualized groups in the community. Residential providers anticipate increased costs to add individual bedroom locks and key pad entry devices for the home, for individuals who are able to use this device easier than a key.

On-site surveys are expected to continue through June 2017. Throughout the survey process, the Department of Public Health and Environment will continue to provide the Department of Health Care Policy and Financing with additional input from providers regarding anticipated costs that the Department can use to extrapolate system-wide cost projections. By the spring of 2017, the Department of Health Care Policy and Financing will calculate the potential rate impacts of provider mitigation strategies and, if warranted, begin pursuing any necessary budget requests and waiver amendments.

Support and Technical Assistance the Departments Are Providing

Since the implementation of the federal Settings Final Rule, the Department of Health Care Policy and Financing has been working with stakeholders to ensure that Colorado is fully compliant by March 17, 2019. The Department created and maintains a website for educational materials and other documents, and its staff have attended numerous stakeholder and provider meetings to provide information and answer questions about the rule. The Departments of Health Care Policy and Financing and Public Health and Environment continue to provide information to stakeholders regarding the Settings Final Rule to ensure participants, providers and other stakeholders understand the rule and its implementation. The Departments of Health Care Policy and Financing, Public Health and Environment, and Human Services convene weekly to assist in preparing and taking action steps.

The Department of Public Health and Environment provides direct support and technical assistance to providers who receive a site visit. Not only are surveyors working with a provider regarding a specific facility, Department staff also provide technical assistance for other services delivered by the provider, to assist with the provider's overall plan for compliance with the federal Settings Final Rule. As a part of the visits, surveyors track questions and trends raised during site visits, which will be used for a Frequently Asked Questions document to be completed with the Department of Health Care Policy and Financing and shared system wide.

