Dannel P. Malloy
Governor

State of Connecticut
Department of Developmental Services

Terrence W. Macy, Ph.D.
Commissioner

Joseph W. Drexler, Esq.
Deputy Commissioner

Operations Center Memo – 2015-03

To: Private Providers

From: Peter Mason
Operations Director

Cc: Commissioner Terrence Macy, Deputy Commissioner Joseph Drexler, Regional Directors, Assistant Regional Directors of Private Services, Individual and Family Support Directors, Self Determination Directors, Resource Administrators, Director of Waiver Services, Case Manager Supervisors, Operation Center Staff, CCPA, CT Non Profits, ARC/CT

Date: November 12, 2014

Re: Transition to Residential Rate to begin on January 1, 2015
Revised Residential LON based rates for CLA and CRS settings
FY2015 Revenue Retention guidelines

Transition to Residential Rate to begin on January 1, 2015:

The transition to residential LON based rates will begin on January 1, 2015. All providers will move to the rates over a 7 ½ year period. The initial transition will equal 3% of the total amount the agency is over/under the residential LON based rates. On July 1, 2015 and annually thereafter providers will move 1/7 of the total amount the agency is over/under the residential LON based rates. The transition should be completed by July 1, 2022.

On December 1, 2014 DDS will be providing training for all residential providers of CLA/CRS homes to review the transition process, the residential rates and the transition plans. More information is to follow.

Revised Residential LON based rates for CLA and CRS settings:

Since February 2012, the Residential Rate Transition committee has been meeting to develop a methodology to transition to residential rates. The goal of the rate transition has always been to match current authorizations with the proposed LON based rates. Initial LON based rates were developed using the rate methodology proposed by DDS. Those rates have been in effect since July 1, 2012. At its last meeting, the committee reviewed a revised set of LON based rates for CLA and CRS settings. The revised rates are attached. Adjustments were made for the following reasons:

- Reduced to balance current appropriations**:** As you know, provider authorizations were reduced in accordance with the FY2013 Deficit Mitigation Bill. At that time, DDS discussed at a variety of venues with the provider community its decision to delay making any changes to the initial LON rates and the need to realign the rates in the future to match the revised appropriation. As we are about to begin the residential rate transition, the LON rates have been reduced by approximately $10.0 million to match the current authorizations.

- Revisions to the LON rates for those individuals transported by the CLA/CRS to their day programs:
  - Individuals transported by the CLA/CRS home to and from their day programs will be reimbursed based on transportation ranges.
  - Only providers that transport individuals to and from their day programs will receive a transportation allocation. DDS will end the current practice of adding $1,500.00 per person to all CLA/CRS authorizations.
  - The Residential Rate committee recommended for consistency purposes to use the transportation ranges authorizing day programs to transport individuals to and from home be used for both residential and day providers.
  - An analysis of the residential transportation survey concluded that the implementation of the new transportation ranges for CLA/CRS providers would require an additional $5.0 million.
  - The LON rates were reduced by the additional $5.0 million dollars required for transportation. While this is another reduction to the LON rates, the $5.0 million dollars will be offset for those CLA/CRS providers that transport individuals to and from their day programs.

- Revised LON rates based on a review of 3 bed home rates: The Residential Rate committee requested that DDS review the rates for 3 bed homes because it was felt that the rates were more beneficial for larger settings. After a review, DDS tweaked the rates with the effect of increasing the overall annual amount for the 3 and 4 bed homes while decreasing the annualized amount for all the other home sizes.

FY2015 Revenue Retention guidelines

After consultation with the Office of Policy and Management, DDS has developed the following Revenue Retention guidelines for the FY2015 contract year:

Within available resources:

- Provider with a surplus of $100,000 or less would retain 50% of the total unexpended funds.
- Provider with a surplus of more than $100,000 would retain 50% of the first $100,000 of surplus and 25% of the amount over $100,000.

We hope that this revenue retention structure will address the concerns expressed by the private provider community regarding the need for revenue retention for both for profit and nonprofit organizations.