

January 23, 2025

Medicaid Payment Policies to Support the Home- and Community-Based Services (HCBS) Workforce

Policy Considerations

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Medicaid and CHIP Payment and Access Commission

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Overview

- Project overview
- HCBS payment findings and principles
- Policy option
- Next steps



Project Overview

- Study objectives
 - Understand HCBS rate setting approaches and their relationship to the HCBS workforce
 - Identify payment principles for establishing HCBS rates that support efficient use of resources and promote an adequate workforce
- Provider payment framework



Project Overview, cont.

- Approach
 - Compendium of Section 1915(c) waiver policies
 - Stakeholder interviews with state officials, provider associations, unions, consumer representatives, and managed care plans
 - Technical expert panel (TEP) with state and Centers for Medicare & Medicaid Services (CMS) officials, plan associations, actuaries, and consumer representatives

HCBS Payment Findings and Principles

HCBS Rates Influence Workforce Participation

- Payment rates are a key tool for promoting the HCBS workforce
- Payment rates vary across HCBS delivery models, programs, and geographic regions, as well as across the LTSS system more broadly
- Rate variations may be due to differences in patient acuity and scope of service provided or administrative complexity
- Rate variations can lead HCBS workers to participate in models or programs that offer the highest wage, which can affect access

Opportunities to Review and Improve Rates

- Rate reviews can help ensure adequate rates that account for a changing policy and financial environment
- Rate studies are a valuable tool for reviewing rates, however they are challenging to complete and implement
- Indexing and rebasing offer a more streamlined approach to updating rates but do not provide the same comprehensive level of review

Limited Wage Data Create Barriers in Building and Maintaining Adequate Rates

- States need timely and accurate base data to build and maintain appropriate rates, especially when it comes to wage data
- There is no single data source that encompasses all Medicaid HCBS worker wages across states and HCBS programs
- Most states use wage data from the Bureau of Labor Statistics (BLS) to develop Medicaid wage assumptions. However, BLS wage data do not include all Medicaid HCBS worker types and include some non-Medicaid workers
- The 2024 Medicaid access rule may improve HCBS wage data transparency and standardization but includes a broad definition of HCBS worker and does not require public reporting of wage data

Policy Principles

- HCBS payment rates should promote an adequate workforce and efficient use of resources
- States should take a holistic approach to setting HCBS payment rates to ensure that variations across populations, programs, and geographies reflect policy priorities and beneficiary needs
- HCBS payment rates should be reviewed for adequacy at a regular interval using the tools available, including rate studies, indexing, and rebasing



Policy Option

Policy Option

The Secretary of the U.S. Department of Health and Human Services (HHS) should:

- Collect, and make public on an annual basis, data across all states on wages paid to HCBS workers providing care under the highest-volume or highest-cost Medicaid HCBS
 - Data should be disaggregated by Medicaid and non-Medicaid payment sources, state, and job class
 - High-cost and high-volume services should be included based on aggregate or per capita costs, adjusting for state to state variation
 - To the extent practicable, these data should leverage existing data collection activities

Policy Option, cont.

- Wage data are an important input to HCBS rate development
 - Stakeholders indicate that payment rates that include appropriate wage components are a key tool for promoting an adequate workforce
- States do not have access to robust wage data
 - BLS wage data include some workers not employed through the Medicaid program and exclude some Medicaid-specific service types and worker classifications
 - CMS wage data reporting requirements do not disaggregate by Medicaid HCBS worker and exclude some services provided to individuals with intellectual and developmental disabilities (I/DD). Additionally, wage data will not be made public

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Next Steps

Next Steps

- Staff would appreciate Commissioner input on the policy option
 - Are there outstanding questions about the policy option that staff can answer?
 - Are there other factors for staff to consider while developing recommendation language and the rationale?
- Staff will return with a refined policy option or draft chapter for the June Report to Congress

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