REPORT TO THE THIRTY-SECOND HAWAII STATE LEGISLATURE 2024

Submitted In Response To Senate Concurrent Resolution 132, Senate Resolution 152, and House Resolution 207 (2023) Requesting The Department Of Human Services' Med-QUEST Division To Take Steps Necessary To Ensure That Adequate Provider Rates Are Established For Applied Behavior Analysis Services.

Med-QUEST Division
The Department of Human Services
December 2023

Senate Concurrent Resolution 132, Senate Resolution 152, and House Resolution 207 (2023): REQUESTING THE DEPARTMENT OF HUMAN SERVICES' MED-QUEST DIVISION TO TAKE STEPS NECESSARY TO ENSURE THAT ADEQUATE PROVIDER RATES ARE ESTABLISHED FOR APPLIED BEHAVIOR ANALYSIS SERVICES.

These resolutions requested the Department of Human Services (DHS) to:

1. Take steps necessary to ensure adequate provider rates are established for Applied Behavior Analysis (ABA) services;
2. Assess current reimbursement rates for applied behavior analysis services; and
3. Submit a report of its findings and recommendations on appropriate reimbursement rate increases, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2024.

In response to these Legislative requests and findings presented by community partners, the Med-QUEST Division (MQD) commissioned a study of rates paid for ABA services. MQD contracted Milliman, an actuarial firm, for a wide range of services and to do the study. The study commenced in September 2023, and MQD issued the final report on December 21, 2023 (see attached).

The study uses a payment model based on an Independent Rate Model methodology, which means building the component parts of the rates from the ground up. The study included the following ABA services: Behavior Identification Assessment, Behavior Identification Supporting Assessment, Direct Treatment by Protocol, Group Treatment by Protocol, Direct Treatment with Protocol Modification, Family Training, Multiple-Family Training, Group Treatment with Protocol Modification, and Direct Treatment of Severe Maladaptive Behavior. The attached report contains complete descriptions of the various services.

Key components of this rate study included outreach and engagement with ABA provider agencies, providers, and their associations, collecting provider agency cost and wage survey data, and getting feedback on draft rate calculations. The provider surveys showed significant wage pressure given the current labor market. The rate study methodology used wage and salary data for direct care staff and supervisors, employee-related expenses, transportation and administration, program support, overhead, and Bureau of Labor and Industry Wage Indices to pay for employee benefits such as health insurance.

The rate study provides three scenarios (Scenario 1, Scenario 2, and Scenario 3) based on different wage assumptions. Scenario 1 is based on the 50th percentile Bureau of Labor Statistics (BLS) wage blend for direct care staff to calculate the lowest rates; Scenario 2 is based on the median direct care staff wage from the ABA provider survey results assumptions. Scenario 3 is based on the 75th percentile BLS wage blend to calculate the highest rates.

Modeled comparison rates under all rate scenarios exceed the 2022 baseline MQD rates. The tables below provide the three rate scenario options for ABA services. All three scenarios project significant rate increases, with the low Scenario 1 increase starting at 25.7% and the high Scenario 3 increase topping out at 41.6%.

ABA Rate Scenarios

Estimated Managed Care Payment Impact from Modeled Rates								
2022 Claims Data			Scenario 1		Scenario 2		Scenario 3	
	Sum of Paid	Sum of Paid Units	Composite Rate Change %	Estimated Fiscal Impact	Composite Rate Change %	Estimated Fiscal Impact	Composite Rate Change %	Estimated Fiscal Impact
Total	$19.1M	1.197M	+33.9%	+$6.5M	+40.7%	+$7.8M	+49.2%	+$9.4M

The estimated spend and the general/federal fund estimates show that for ABA, an increase in spending of $6.5M ($2.69M A funds), $7.8M ($3.23M A funds), and $9.4M ($3.90M A funds) for Scenario 1, Scenario 2, and Scenario 3, respectively.

It is important to note that several implementation steps must be considered before implementing any of the modeled comparison rates developed in the rate study. This includes securing the new funding that the State Legislature would need to appropriate. No rate changes will be included until additional state funds are allocated for this purpose by the Legislature.