

Overview of recent rate and funding increases for Section 21 providers

- Sizable rate increases for Section 21 providers were included the FY22-23 Biennial Budget (\$26.5 million all funds annually in the baseline)
- On top of these rate increases, partial funding for implementation of 125% of minimum wage and a 2.3% COLA starting July 1, 2022 was included in the biennial budget
- In addition to these rate increases, the Governor intends to request in the FY22 Supplemental Budget to increase the COLA to 4.9%, to accelerate the COLA from July 1, 2022 to January 1, 2022, and to fully fund the 125% min wage requirement
- In total over FY22-23, these new rate increases total \$115 million
- These AAAA rate increases will be applied to rates in place as of 12/31/21, many of which the Department has been updating on the bases of new rate studies and data, at a cadence of every six months, starting in July 2020.
- CMS has already approved all the rates in place as of 12/31/21, including the 7/1 rate adjustments for Agency Home Supports that are the new baseline for the COLA and AAAA rate adjustments. CMS would likely question the use of a rate model that relies on 2007 cost data, especially since its author does not stand by its current use for Agency Home Supports.

Rate Increases to Sample High Utilization HCBS Services Since 2020

Section	Code	Service Description	unit	utilization*	Rate in effect as of 6/30/20	Rate increases					Aggregate % increase from start rate				
						7/1/2020	1/1/2021	7/1/2021	1/1/2022 w/ Supp	1/1/2023 w/ Supp**	7/1/2020	1/1/2021	7/1/2021	1/1/2022 w/ Supp	1/1/2023 w/ Supp**
18	T2017	Home Support 1/4 Hour	15 min	207,797	\$6.33	\$9.49			\$10.45	\$10.97	49.9%			65.1%	73.2%
20	T2017	Home Support 1/4 Hour	15 min	54,754	\$6.39	\$9.49			\$10.45	\$10.97	48.5%			63.5%	71.6%
21/29	T2017	Home Support 1/4 Hour	15 min	2,483,171	\$7.75		\$9.49		\$10.45	\$10.97		22.5%		34.8%	41.5%
21/29	H2023	Work Supports	15 min	477,744	\$8.46		\$12.00		\$12.59	\$13.21		41.8%		48.8%	56.2%
21	T2016	Agency Home Supports	hour***	591,610	\$27.72			\$29.28	\$32.13	\$33.72			5.6%	15.9%	21.6%
Example of AAAA Rates Absent Supplemental Department Request:									Rates with NO Supp						
21	T2016	Agency Home Supports	hour***	591,610	\$27.72			\$29.28	\$29.95	\$29.95			5.6%	8.0%	8.0%

*All utilization is from CY2019 except T2017, which is CY2020.

**Assumes a second year of 4.94% inflation

*** While the rate is per hour, the utilization reflects number of days; the daily rate is based on the specific # of hours approved for each member.

Section 21 rate increases in FY22-23

(in millions)

		FY22		FY23		Subtotal	
		Total	GF	Total	GF	Total	GF
FY22-23 Biennial (chapter 29)	General rate increase	\$26.59	\$8.00			\$53.18	\$15.98
FY22-23 Biennial (chapter 398)	General rate increase	-	-	\$26.59	\$7.98		
FY22-23 Biennial (chapter 398)	2.3% COLA initiative	-	-	\$11.84	\$3.45	\$15.57	\$4.62
FY22-23 Biennial (chapter 398)	Part AAAA 125% min wage	\$3.73	\$1.17	-	-		
FY22 Supplemental (forthcoming)	Accelerate COLA and increase to 4.9%	\$9.52	\$2.42	\$17.55	\$5.91	\$46.39	\$14.00
FY22 Supplemental (forthcoming)	Fully fund Part AAAA	\$3.95	\$0.78	\$15.37	\$4.90		
Total		\$43.79	\$12.37	\$71.35	\$22.24	\$115.14	\$34.60

* The FY22 Supplemental Budget has not yet been finalized and fiscals may change slightly