

Rate Methodology Project



Background

Due to state budget constraints and the lack of sound, reliable rate-setting methodologies, Louisiana's HCBS reimbursement rates have not kept pace with inflation and rising regulatory and program expectations. In fact, the rates were cut regularly until 2020, when the legislature restored them to the 2008 reimbursement levels.

In November 2023, a group of organizations representing the disability community in Louisiana (The Arc of Louisiana, Supported Living Network, Community Provider Association of Louisiana, the DD Council, and People First of Louisiana) asked Louisiana Medicaid to contract with an external partner to develop reimbursement rate methodologies for Louisiana's Medicaid home and community-based services (HCBS) for individuals with disabilities. Medicaid received approval and initiated the process, which involved contracting with Milliman to study HCBS rates and with Meyers and Stauffer to study ICF provider rates.

Purpose

The goal of the project is to develop sound payment and rate-setting methodologies by analyzing the reasonable and necessary costs incurred by providers who serve participants in Louisiana's ICFs and HCBS programs. We wanted to build a sound rate methodology that starts with a target wage for DSPs as the base and then builds from there to include all other expenses providers incur, such as nursing, transportation, clinical services, and administrative costs.

A sound rate methodology would account for the full, actual cost of providing high-quality, person-centered services to individuals with disabilities throughout their lifespans. This is a critical step in ensuring that Louisianans with disabilities continue to have access to the supports they need to lead fulfilling lives in our communities.



Current Situation

Last year Milliman and Meyers and Stauffer met with LDH, the associations, advocacy groups, providers, and families, gathering information on disability services, how they are provided and the cost to delivering those services. Several meetings were held to collect the key information for the rate study. After several months of meetings and analysis, the rate study was completed.

LDH received the reports from both Milliman and Meyers and Stauffer months ago. Providers, advocates, and families have been waiting for the study results and were promised we would receive them well before the start of the 2026 Legislative session. A few meetings have been scheduled and then cancelled to discuss the study results since they were completed.

How Can YOU Help?

The next step after developing sound rate methodologies is to ensure that Louisiana's reimbursement rates align with those methodologies and to review them regularly to verify their adequacy. Please ask LDH to meet with and work with stakeholders on the rate study findings. We must begin to fix this broken system so that people with disabilities can receive the very best care.

We have been told unofficially that the amount needed to address the results from the rate methodology would be near \$53.6 million in State General Funds.