



MINUTES
Rate Structure Work Group Meeting
Friday January 13, 2023 / 10:00AM - 12:00PM
Held via: Zoom Webinar

Attendance: Laurie Vachon, BDS Facilitator; Jen Doig, BDS Facilitator; Christy Roy, DHHS Facilitator; Abby Conger, BDS; Drew Smith, A&M; Krista Stephani, MSLC; Lesley Beerends, MSLC; Jacquelyn George, MSLC; Kim Shottes, ED Plus Company; Martin McNamara, Optumas; Will Walker, Family Member; Ellen McCahon, ED CSNI; Matthew Cordaro, ED One Sky Services; Shelley Kelleher, CFO Lakes Region Community Services; Sudip Adhikari, Gateways; Kara Nickulas, CMCC; Alecia Ortiz, A&M; Stacey Rosenzweig, A&M; Susan Silsby, Easter Seals

Please reference the corresponding slide presentation for the detailed agenda, including topics and themes covered in the meeting and corresponding takeaways and applicable action items.

Topic	Key Takeaways & Action Items
Counts of Cost Reports	<ul style="list-style-type: none"> • Counts are based on as reported cost reports • Counts do not represent all cost reports that will be used to calculate rates. <ul style="list-style-type: none"> ○ We are comfortable with the numbers we received. It is hard for us to tell how many providers provide services because there is no direct billing. ○ This is not the case in every state. Some states don't have cost reports submitted for services at all. • Final counts will be known once the data validation process is complete. <ul style="list-style-type: none"> ○ Have a couple questions out to providers, so the counts may change a little bit.
Review General Rate Setting Calculation	<ul style="list-style-type: none"> • Myers and Stauffer reviewed the wage portion and supporting components of the rate methodology, including data sources for where information is obtained. <p><u>Wage Portion of Rate</u></p> <ul style="list-style-type: none"> • The wage portion of the rate is considered the base. Depending on the service, there may be a different base used, to account for differences in staff performing the service. <ul style="list-style-type: none"> ○ The Rate Work Group will refer to the base rate as a DSP wage, though wages for other types of providers (like social workers, case managers, etc.) may actually be used for the base rate.

	<ul style="list-style-type: none"> ○ Bureau of Labor Statistics (BLS) data is compared to the information reported on the cost reports. ○ The Rate Work Group will further discuss BLS data in the February Rate Work Group. ● An inflation factor is applied to wages. ● Employer Related Expenses are calculated as a percentage of the base wage. ● Information from the cost report is used to calculate an availability factor. This factor considers paid time off (PTO), training, turnover, and paperwork. <ul style="list-style-type: none"> ○ The availability factor is calculated as a percent of time the provider spends on tasks when the provider is not directly working with the individual. ● Considering the base wage, inflation, the ERE and availability factor together, this will give us an adjusted DSP wage. ● BLS data will be reviewed for New Hampshire specific regional differences. <p><u>Supporting Component of Rate</u></p> <ul style="list-style-type: none"> ● The Rate Work Group will discuss items that can be included in the supporting components portion of the rate. Information from the cost reports will be used to inform information that may be included. <ul style="list-style-type: none"> ○ Examples of items service components like transportation or medication administration may be included in certain service rates, when they apply to the service. ● Program support considerations will be included in this portion of the rate. The program support is directly attributable to the service, and is a percentage of the adjusted DSP wage. ● Administrative components are included as a supporting component of a rate, and can be attributed to a specific service. The administrative component is an estimate of what it costs to run a business and will be included is a percentage of the total hourly rate. <ul style="list-style-type: none"> ○ Adding these components together will give us a total calculated amount per billable DSP hour. ○ From here, the Rate Work Group will discuss additional considerations like staffing ratios, billing units, and various levels of support for each billing code.
<p>Discuss How the Cost Report is Used to Develop Rates</p>	<p><u>DSP Wage Sources</u></p> <ul style="list-style-type: none"> ● The data sources for the DSP wages are taken from the direct staffing tab of the cost report, and BLS data. <ul style="list-style-type: none"> ○ Rates are based on an hourly wage rate for the service, and each service is reviewed independently. ○ BLS data may be taken to develop a composite wage, based on different BLS service definitions.

- Education and experience requirements will need to be evaluated, as will input from the DSP Work Group regarding feedback on credentialing requirements.
- Inflation factors are applied to the hourly rate, as deemed necessary.
- Varying staffing ratios may be used to adjust the DSP wage for rate calculations.

ERE Component Data Sources

- ERE is calculated as a percentage of wages from the cost reports and includes total payroll taxes and employee benefits, as well as total wages for all employees.
- The information provided on the benefits-PTO tab of the cost report will also be evaluated to see if the variable benefits provided to various staff may have a significant impact to the calculated ERE percentage.
- Generally, a median is used and the selected ERE percentage is applied to the inflated DSP wage for the service.
- We are aware that there are a variety of nuances when it comes to PDMS benefits, and that we will need to discuss this in more detail with the Rate Work Group, moving forward.

DSP Availability Factor Component

- Information comes from the Benefits-PTO, Training-Turnover, and Specific service tabs of the cost report.
- Data is used to determine the time DSPs spend on the job that is not billable. These non-billable activities are often associated with training, administrative duties, PTO, and employee turnover.
 - Non-billable time should be factored into the rate because this time reflects duties that are relevant to the service, but time for which providers cannot bill.
 - The calculated availability factor is applied to the inflated DSP wage plus all applicable ERE for the service.

Program Related Expense (PRE) Component

- Data for PRE comes from the expenses and service specific tabs of the cost report.
- The PRE component is calculated as a percentage of the DSP wage for each cost report.
 - Calculations may be located in the slide deck presentation.
- Costs are reviewed to verify program expenses are properly captured so that any adjustments may be made to account for items like medication management or transportation.
- The median calculated PRE percentage is used for all agencies providing the service.
- The PRE percentage is applied to the adjusted DSP wage for the service.

	<p><u>Other Potential Components</u></p> <ul style="list-style-type: none"> • Data sources for other potential components may come from different tabs of the cost report, including but not limited to: Benefits-PTO, Transportation-Med Mgmt. and Service specific tabs. <ul style="list-style-type: none"> ○ For some services, we may also want to consider components like mileage, nurse trainers for medication management, and additional training. ○ Additional components are added so long as they are not already accounted for elsewhere within the rate. ○ The calculation for any of the potential other components may vary. <p><u>Administrative and General (A&G) Expense Component</u></p> <ul style="list-style-type: none"> • Data sources for the A&G component come from the “Expenses” tab in the cost report. • A&G is calculated as a percent of the total allowable costs from the cost report. • Usually, a median A&G percent is used to calculate the A&G portion of the rate. • The A&G percent is applied as a percentage of all components of the rate, for the service. <ul style="list-style-type: none"> ○ Calculations may be located in the slide deck presentation. <p><u>Converting the Hourly Rate to a Billable Rate</u></p> <ul style="list-style-type: none"> • Once the total hourly rate for billable DSP services is drafted, that amount may be converted into the billable rate. • Billable rates may be calculate to cover a daily rate, hourly rate, 15-minute unit rate, or other billable increment. <ul style="list-style-type: none"> ○ Hourly rates are adjusted to reflect the desired unit of service. ○ Daily rates do not necessarily cover 24 hours a day. Daily rates are calculated on the level of effort of support per day, up to a maximum number of hours. ○ The level of effort for a daily rate can be adjusted to reflect different levels of support individuals require.
<p>Questions on Rate Setting Process</p>	<ul style="list-style-type: none"> • Question: For Enhanced Family Care (EFC) services, will the home care provider’s stipend be used as the basis of the rate formula? <ul style="list-style-type: none"> ○ Myers and Stauffer Response: We are still figuring out how the EFC service rate will be developed, but using stipends may be how we calculate a base rate. The EFC rate may be slightly different from other rates in terms of the wages used. When we look at this service, we will review the components to determine if using stipends makes sense and is appropriate. • Question: Can you better explain how mileage will be considered? Geographic considerations will likely be important, as will modified vehicles. <ul style="list-style-type: none"> ○ Myers and Stauffer Response: Typically, mileage or vehicle expenses are attributed to program related expenses. If the

Rate Work Group believes transportation costs are important to specifically highlight as a component of a service rate, we can use information from the cost reports to determine what percentage of the base wage can be attributed to transportation. Or we can also make a determination on how many miles, on average, is appropriate for a specific service, and build in transportation using that method. We anticipate talking about transportation as part of all services. The cost report information did include gathering information related to modified/ specialty vehicles. This will help us determine how or if we need to consider modified vehicles differently.

- Rate Work Group Member Comment: It is important to understand that mileage was historically “capitated” and that a lot of providers just accepted a “capitated” payment.
- Question: What is the method of calculating EFC Home Care Providers or Family Members’ time spent providing residential participant-directed managed services (PDMS) services?
 - Myers and Stauffer Response: The cost report included columns for each of these areas, and we will need to figure out how to apply the data we collected.
- Question: How does the rate structure look for traditional and PDMS services, and do they need to be different?
 - Myers and Stauffer Response: This is still a discussion that needs to be had with the Rate Work Group.
- Question: Can you speak generally to variations of transportation costs depending on the “slate” of cases? There could be a small Area Agency (AA) that is in a rural setting that disproportionately has large transportation costs compared to another AA.
 - Myers and Stauffer Response: This issue is one that we will need to examine for every service. We will need to look at the data reported on the costs reports to determine if differences, based on geography, exist.
- Question: How will you take into account a DSP who is working in an intensive service treatment (IST) program, and therefore is required to have a higher level of education and experience over a DSP providing “traditional” services?
 - Myers and Stauffer Response: For each service, we will need to talk about different levels. Each level may have a different DSP wage, as the base. Depending on the needs of the individual, we would use that different base of the level of service is needed. And we will need to talk about this for every service. Because BLS does not have a specific DSP occupational code, we may need to consider developing a composite wage which could potentially reflect differences in required education or occupational codes..
- Question: All of this information is great as it will provide an average, but the market for competition for people extends beyond our system, so will you look at wages in general for people

our system is competing against? And will you look at this regionally so that we remain competitive?

- Myers and Stauffer Response: This is something we have talked about and we are aware of the issues presented by competing marketing factors. We will continue to talk about this moving forward, including how we have determined rate recommendations. We will ask for feedback on the reasonableness of draft rates, for specific services.
- Question: Will we be considering rate differential for people who need to work nights or weekends?
 - Myers and Stauffer Response: This will be something we look at and talk about when we get into service rates. We can use cost report data to determine differences in overnight or weekend service costs.
- Question: Some agencies have holiday rates. We'll need to discuss this.
 - Myers and Stauffer Response: We may determine that a daily rate will help average out additional expenses within a rate. Additionally, one of the components of BLS information are rate differentials, so we can review this too to determine if application of shift differentials is needed.
- Question: Is there a way to see which provider vendors and AAs submitted cost reports? Information needs to be made available to everyone, including individuals and families.
 - Myers and Stauffer Response: We will need to take the specific request back to further discuss the request with the Department. And we do have a family representative now on the Rate Work Group and there are plans to discuss the DSP recommendations with the DSP Work Group chairs.
- Question: How is Personal Care and Habilitation (PC&H) being considered as part of this process? Will families bill for PC&H, and if so, will they need to become DSPs?
 - Department Response: This is a really good question and one that will be determined within discussions about the rate buildup.
- Question: Will you be reaching out to families?
 - Department Response: We have reached out to the two co-chairs of the DSP Work Group so Myers and Stauffer can learn more about the feedback and recommendations made by the individuals who participated in those session.
- Question: How will PDMS DSPs be contacted to participate in DSP outreach meetings?
 - Myers and Stauffer Response: This is something we will need to further discuss with the Department. However, as we move forward with service discussions, we will want to see if there will need to be differences in how the traditional and PDMS rates are developed. Some differences we may see are benefits expenses and general overhead. It's also important to

remember that for all service rates, just because a rate includes a certain dollar amount does not mean the wage is limited to that dollar amount. We encourage families, individuals and providers to join these meetings as they are public, and you should feel free to share what is being discussed in these meetings.

- Question: How will DSPs be paid and their benefits accounted for?
 - Myers and Stauffer Response: The rate for PDMS services will include a base wage and other components as we discussed earlier. However, the rate does not dictate what you can pay. The rate is what the Department is paying for a specific service and you can determine how to pay your staff from that rate.
- Question: What if the rate is less than what I'm paying now for staff?
 - Myers and Stauffer Response: We would hope to never recommend a rate that is not reasonable. We want the rates to be reasonable, based on the service being provided. As we talk about draft rates and the adequacy of the rates, we would want feedback as to if there are concerns with draft rates so that additional conversations can occur.
- Question: Will traditional and PDMS rates be the same?
 - Myers and Stauffer Response: We do not have the answer to this yet. This will be further discussed as we work on draft rates.
- Question: How did you select PDMS participants that were included in the cost reports to ensure a representative sample?
 - Myers and Stauffer Response: Families and individuals did not participate in the cost report surveys. Providers of PDMS services and AAs provided cost survey data. The cost reports were based on financial ledgers from providers of PDMS and AAs. We can take information on what was budgeted to PDMS family-directed services to see how close draft rates are.
- Question: Do we have a list of allowable expenses?
 - Myers and Stauffer Response: Non-allowable expenses can be located in the bottom section of the cost report on the expense tab.
- Question: With direct billing, we have not previously had to pay for a billing partner. Now we may. How will this be added in?
 - Myers and Stauffer Response: This is one of the items where we will look at AA and provider expenses to see how they correlate to see if there is an adequate G&A percentage. Right now, the G&A that we have seen from the AAs and the provider vendors, as reported on the cost reports, looks fairly similar.
- Question: When looking at supported employment, will you factor in costs for Project Search? This is a specific program only available in certain areas of New Hampshire and it was not on the cost report.

	<ul style="list-style-type: none"> ○ Myers and Stauffer Response: Thank you for the question, as we move forward with discussions on specific service rates, we will want to specifically discuss Project Search when reviewing and discussing rates for supported employment. ● Question: For families on PDMS, will there be additional complexity to manage this billing? <ul style="list-style-type: none"> ○ Department Response: Generally, no. However, there may be some more complexity in the future that families should be aware of. For instance, you may have to break out services in a more defined way than what you currently do now. ● Question: Is there a service to help people with billing? <ul style="list-style-type: none"> ○ Department Response: The FMS services that we are having the AAs do fills this needed. ● Question: When looking a residential rates for people who do not need 24/7 support, you will need to consider that they will likely need more hours of support per day on weekends than during the week. This may also be the case when individuals receive 6 hours of CPS. How will you factor this in? <ul style="list-style-type: none"> ○ Myers and Stauffer Response: Yes, we will need to consider this, and we did ask for information about weekend/overnight/and overtime hours on the cost report. ● Question: How are on-call services factored into rates? Specifically as on-call hours related to RNs and Clinical Managers. <ul style="list-style-type: none"> ○ Myers and Stauffer Response: If the services are on the cost report, it is likely the expenses related to on-call hours were included in the data we collected. We may want to talk about this to see if we want to or need to separate out on-call hours as a separate component of the rate model. ● Question: If the DAADS rate was inclusive of the billing component, will that be carved out or included in the rates for the billing providers? <ul style="list-style-type: none"> ○ Myers and Stauffer response: The DAADS rate does not include billing components related to PDMS services. The FMS rate will include billing components, but only for PDMS services. For all other services, we will incorporate a billing component. ● Question: Will there be different rates in day programs for individuals needing 1:1 and group supports? <ul style="list-style-type: none"> ○ Myers and Stauffer Response: Possibly. If you have a service done a lot with a group, but that service also could be done 1:1, we'd calculate an hourly expense, and then determine ratios. Group size information was collected on the cost report. ● What will the process/timing look like once the updated case management responsibility list is done so providers can update anticipated costs for the additional responsibilities? <ul style="list-style-type: none"> ○ Myers and Stauffer Response: When we are looking at a service coordinator and their wages, we already have the data that would be needed for specific components. There may be some changes to the availability factor. From our viewpoint, it's
--	---

	<p>important to understand the number of hours and units for case management. As hours and units relate to the responsibility list, we will need to talk through an adequate number of hours per month so the hours may be factored in to the rates. Conversations are ongoing, and will continue to be ongoing. The cost report did ask for specific information on certain activities related to case management, and this will be helpful to inform decisions.</p> <ul style="list-style-type: none"> • When will use of the SIS be brought back to the table for discussion? <ul style="list-style-type: none"> ○ Myers and Stauffer response: This will be part of the ongoing rate process. As it comes up that a service may needed varying levels, we will discuss the SIS and how SIS information may be used to determine levels. • How will the person-centered plan map to the SIS? <ul style="list-style-type: none"> ○ Department Response: This is a better topic to address with members of the Waiver Work Group, but generally speaking, the SIS will identify support areas that the person can benefit day-to-day from. ○ Work Group Member Comments: The SIS and how it is used for person-centered plans is a topic of concern being voiced by stakeholders and there is concern that not all sections of the SIS will be accounted for when determining a budget.
<p>Next Steps</p>	<ul style="list-style-type: none"> • Myers and Stauffer is in the process of validating cost reports. Once the validation is completed, initial rate calculations will be completed for each service. • Optumas will review the draft rates for actuarial soundness and determine how or if to apply SIS-A information. <ul style="list-style-type: none"> ○ SIS-A information will only apply to certain rates, as previously discussed. • Initial rates for sharing with the Rate Work Group are estimated to be ready in March 2023. • The February BDS System Rate Work Group discussion is tentatively planned around discussing the DSP wage component.