Division of Long Term Supports and Services
Bureau of Developmental Services

Rate Structure Work Group
February 11, 2022
Goals

Goals for 2/11 Meeting

1. Introduce contracted rate vendors
2. Provide an overview of the cost reporting process
3. Provide an overview of the rate setting process
4. Discuss next steps
5. Address questions from the work group

This rate setting work group is open to the public. Members of the public who are not on the rate setting work group can listen to the group’s discussions but will not be able to ask questions or participate in discussions occurring between work group members.

This structure ensures that the Department can engage a diverse group of stakeholders in substantive dialogue while also providing transparency and general updates to the general public.

If you are a member of the public and have questions about the waiver work group and/or its work, please contact us at BDSRateStructureWorkgroup@dhhs.nh.gov and we will respond as soon as possible.
Agenda for 2/11 Meeting

1. Opening Remarks from BDS
2. Introduction of the Myers and Stauffer and Optumas teams
3. Overview of the cost reporting process
4. Overview of the rate setting process
5. Next Steps
6. Questions?
Rate Setting Process is rooted in the Bureau of Developmental Services (BDS) Corrective Action Plan (CAP) requirement for Direct Billing with a compliance date of 7/1/2023.

The following work has been done towards rate setting starting in 2017:

- Unbundling of the following functions:
  - Designated Area Agency
  - Fiscal Management Services
  - Service Coordination
  - Cost Reporting Exercises
  - Budget Template Updates

Myers and Stauffer will take this work forward in their work on rate setting with input from this workgroup.
Meet the Contracted Rate Setting Teams

- Amy Perry, CPA, Project Director
- Krista Stephani, CPA, Project Manager
- Lesley Beerends, MBA, CPA, Senior Consultant
- Julia Kotchevar, MA, Subject Matter Expert
- Jacquelyn George, MPH, CPH, Subject Matter Expert
Meet the Contracted Rate Setting Teams

- Megan Frenzen, MSc, PhD, Project Lead
- Martin McNamara, PSM, Analytic Lead
- Tomas Abrate, Consultant
- Stephanie Taylor, ASA, MAAA, Actuarial Subject Matter Expert
- Ainsley Ramsey, Project and Actuarial Support
Setting rates for Home and Community Based Services generally involves the following steps:

1. Pre-Design Review
2. Evaluate Rate Design Options
3. Collect Data
4. Analyze Data
5. Rate Development
Pre-Design Review

- Identify the Array of Services to Include in the Cost Report
- Review Service Definitions
  - Ensure the state policy team and the provider community have the same understanding of service definitions and expectations.
- Provider Qualifications
  - Review Waiver/Rules to obtain an understanding of the Direct Service Provider (DSP) qualifications.
- Engage Stakeholders
  - Stakeholder engagement is critical for the success of cost reports and rate development.
Evaluate Rate Design Options

• **Identify Rate Components**
  - Common rate components include Direct Service Provider (DSP) Wages, Employee Benefits, Supervisor Wages, Program Related Expenses and Administrative and General Expenses.
  - Some services may also incorporate a transportation component.
  - Other non-cost items, such as staffing ratios and units/hours of service, productivity levels, DSP training and paid time off should also be identified.
  - Although the specific rate methodology may not be determined, identifying the various components is integral to designing a meaningful cost report.

• **Identify Potential Data Sources**
  - Other sources for data may be used in place of or to confirm cost data.
  - These sources include national publications, such as Bureau of Labor Statistics (BLS), other information available from the State that is specific to the program, surrounding state date, or commercial/market research.
Collect Data

• Design and Issue a Cost Report
  • The cost report will be designed to meet the needs for setting rates.

• Conduct Training
  • Training will be provided on how to complete the cost report.
  • The training will be a live webinar that will be recorded. The recording will be posted for on-demand viewing.
  • Additional trainings may be conducted, if there is a need.
Collect Data - Continued

• Maintain Frequently Asked Questions (FAQ) Documents and Provide Support
  • FAQ documents will be created and updated to reflect questions asked by the provider community. The document will be posted on a publically available site.
  • Providers will be given Myers and Stauffer contact information so questions can be asked as providers are completing the cost report.

• Gather Data from Other Sources
  • While cost reports are being completed, we will gather data from other sources. This data is used for analytical review during the data analysis phase.
Analyze Data

• **Validate Data**
  - Myers and Stauffer will review cost reports for completion and will also confirm reported expenses to supporting accounting records.
  - Myers and Stauffer will also perform analytical procedures on the data submitted in the cost report. The analytical procedures assist in validating the accuracy of the submitted data.

• **Compare Data Across Providers**
  - Myers and Stauffer will compile the data from all submitted cost reports to evaluate information for the industry.
  - During this process, we will review the data and may reach out to providers with specific questions about their data to verify accurate reporting.

• **Compile and Aggregate Data**
  - Once all data is compiled and analyzed, we will compile the information in a meaningful way to assist with rate setting efforts.
Rate Development Process Overview

The following are all part of the rate develop process:

- General Rate Considerations
- Hourly Wages for DSPs
- Employee Related Expenses (ERE)
- Staff Availability
- Program Support
- Administration
- Staffing per Unit/Staffing Ratios
- Rate Structure Example
General Rate Considerations

- **Objective**: Match payment to risk.

- Four determinants of risk:
  - Program design
  - Population
  - Covered benefits
  - Service delivery networks
Hourly Wages of DSPs

• Data Sources:
  • Bureau of Labor Statistics Wage Data
  • Data from Providers

• Trend data, as appropriate.

• Program changes:
  • Minimum Wage Changes
  • Other Changes

• Consideration of recent wage changes.
**Employee Related Expenses (ERE)**

- ERE accounts for the non-wage costs related to employees, such as FICA and medical insurance.
- **Data Sources:**
  - Data from providers
  - Similar models in other states
- **Applied to the rate as a percent of wages.**
Staff Availability

- Accounts for time required to provide the service that is not direct service time (i.e., not billable).

Data Sources:
- Data from providers
- Similar models in other states

<table>
<thead>
<tr>
<th>Total Hours</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Hours</td>
<td>88%</td>
</tr>
<tr>
<td>Overtime Hours</td>
<td>5%</td>
</tr>
<tr>
<td>Holiday Hours</td>
<td>2%</td>
</tr>
<tr>
<td>Vacation Hours</td>
<td>4%</td>
</tr>
<tr>
<td>Sick Hours</td>
<td>1%</td>
</tr>
<tr>
<td>Other*</td>
<td>0%</td>
</tr>
<tr>
<td>Billable Hours</td>
<td>93%</td>
</tr>
<tr>
<td>Availability Factor</td>
<td>1.08</td>
</tr>
</tbody>
</table>
Program Support

- Non-direct support professional service specific component of the rate, such as supervisors or clinical support.

- Data Sources:
  - Data from providers
  - Similar models in other states
  - Service definitions

- Applied to the rate as a percent of wages.
Administration

- General business supports that are necessary for providing services.
- Data Sources:
  - Data from providers
  - Similar models in other states
- Applied to the rate as a percent of rate.
Staffing per Unit/Staffing Ratios

- Matches the number of DSP hours to the service unit.
- Data Sources:
  - Data from providers
  - Similar models in other states
  - Service definitions
- Applied as a **multiplier to other components.**
## Rate Structure Example

<table>
<thead>
<tr>
<th>Rate Build-Up by Level of Support</th>
<th>Low</th>
<th>Moderate</th>
<th>High</th>
<th>Advanced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage</td>
<td>$15.12</td>
<td>$15.12</td>
<td>$15.12</td>
<td>$15.99</td>
</tr>
<tr>
<td>ERE</td>
<td>30.00%</td>
<td>30.00%</td>
<td>30.00%</td>
<td>30.00%</td>
</tr>
<tr>
<td>Availability</td>
<td>1.67</td>
<td>1.67</td>
<td>1.67</td>
<td>1.83</td>
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<tr>
<td>Adjusted Wage</td>
<td>$32.92</td>
<td>$32.92</td>
<td>$32.92</td>
<td>$37.99</td>
</tr>
<tr>
<td>Mileage*</td>
<td>5.80%</td>
<td>5.80%</td>
<td>5.90%</td>
<td>5.10%</td>
</tr>
<tr>
<td>Program Support*</td>
<td>5.20%</td>
<td>5.20%</td>
<td>5.30%</td>
<td>6.50%</td>
</tr>
<tr>
<td>Administration*</td>
<td>8.90%</td>
<td>8.90%</td>
<td>7.80%</td>
<td>6.30%</td>
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<tr>
<td>Total Per Staff Hr</td>
<td>$41.14</td>
<td>$41.14</td>
<td>$40.62</td>
<td>$46.31</td>
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<tr>
<td>Staffing Ratio</td>
<td>0.33</td>
<td>0.4</td>
<td>0.67</td>
<td>1</td>
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<tr>
<td>Hourly</td>
<td>$13.71</td>
<td>$16.46</td>
<td>$27.08</td>
<td>$46.31</td>
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</tbody>
</table>

* Calculated as a percent of Total per Staff Hour/percent of Hourly Rate (for Administration)
Next Steps

In preparation for upcoming meetings, start considering how each service in the waivers is delivered. These considerations should include DSP staff qualifications, staffing to client ratios, supervisory requirements, other costs that are incurred in order to provide the service, nuances in service delivery, etc.

Having the knowledge of how the services are actually delivered provides information that may be relevant to rate setting. Considerations should cover each service included in the following waivers:

- Acquired Brain Disorder (ABD) Waiver
- In Home Supports Waiver for Children with Developmental Disabilities (IHS) Waiver
- Developmental Disabilities (DD) Waiver
  - Evaluate the current service definitions only, not the changes currently under discussion with the Waiver work group
Questions / Comments