

Rule and Waiver Implementation Team Meeting

July 20, 2022

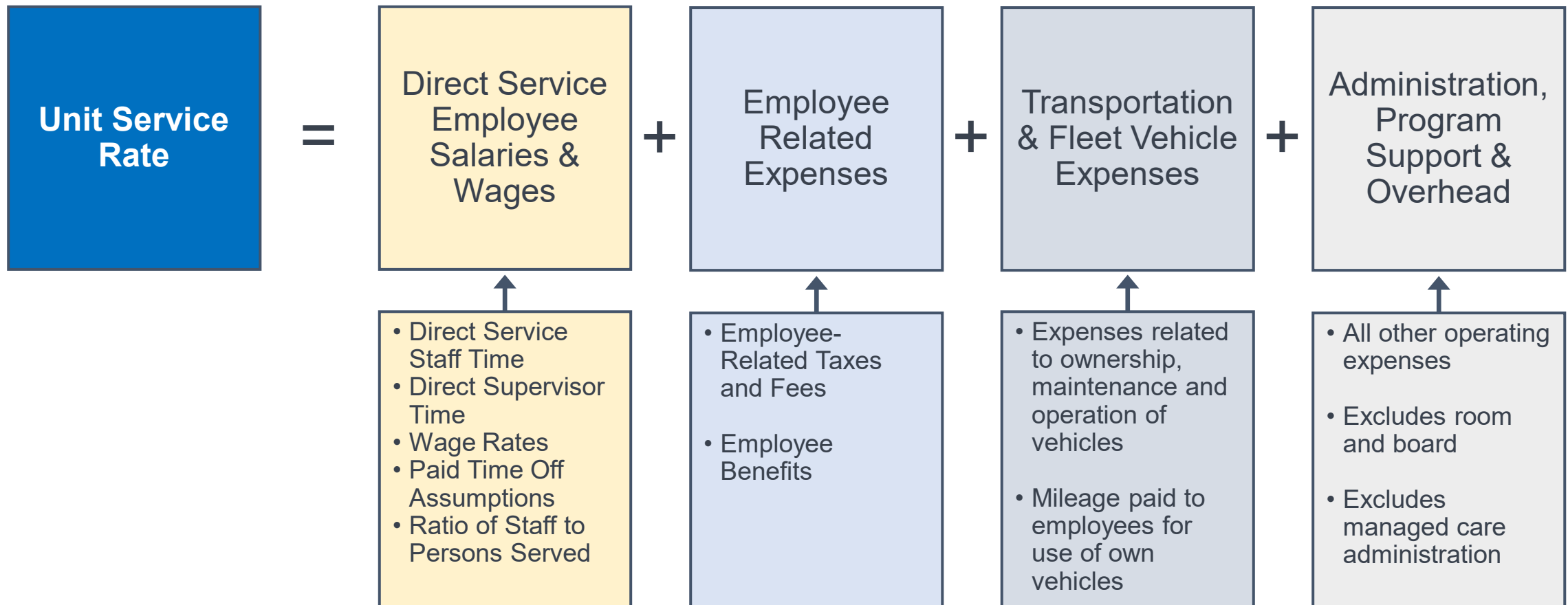
Agenda

- Preliminary Rate Model Assumptions
- Future Rate Model Considerations
- Next Steps

Preliminary Rate Model Considerations

Rate Model Components

Independent Rate Model Framework Components



This presentation is intended to facilitate discussion related to the development of Adult Day non-work and work Medicaid rates and is not complete without oral comment

Detailed Rate Model Components

Component	Elements	Sub-elements	Clarifying Notes
Direct Service Employee Salaries and Wages	Service-related Time	Direct Time	<ul style="list-style-type: none"> Corresponding time unit, or staffing requirement assumptions where not defined Adjusted for staffing ratios for some services (i.e., more than one person served concurrently, e.g., in group counseling sessions or for residential services).
		Indirect Time	<ul style="list-style-type: none"> Service-necessary planning, note taking and preparation time
		Transportation Time	<ul style="list-style-type: none"> Travel time related to providing service
		PTO/Training/Conference Time	<ul style="list-style-type: none"> Paid vacation, holiday, sick, training and conference time. Also considers additional training time attributable to employee turnover
		Supervisor Time	<ul style="list-style-type: none"> Accounted for using a span of control variable
	Wage Rates	Can Vary for Overtime and Weekend Shift Differentials	<ul style="list-style-type: none"> Wage rates based on BLS data, and vary by position. BLS wages are blended for certain services.
	Stipends	Payments for on-call capacity	<ul style="list-style-type: none"> Used for selected services
Employee Related Expenses	Payroll-related Taxes and Fees	FICA, FUTA, SUI, Workers Compensation	<ul style="list-style-type: none"> Applicable to all employees, and varies by wage level assumption
	Employee Benefits	Health, Dental, Vision, Life and Disability Insurance, and Retirement Benefits	<ul style="list-style-type: none"> Varies depending on position
Transportation – Fleet Vehicle Expense	Vehicle Operating Expenses	Includes all Ownership and Maintenance-Related Expenses	<ul style="list-style-type: none"> Varies by service. Some assume employee owned vehicle at federal rate. Other services assume fleet vehicle expenses or vans
Administration, Program Support, Overhead	All other business related costs	Includes program operating expenses, including management, accounting, legal, IT, etc.	<ul style="list-style-type: none"> Excludes expenses related to managed care administration

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Future Provider Survey

Provider Survey Background

- Inform rate model assumptions
- Capture provider submitted information about the current state of providing services
- Understand similarities and differences with resources assumed within the current rate model
- Provider survey approach
 - Two tier provider survey based upon Medicaid expenditures
 - Streamlined survey focused on wages for smaller providers
 - Detailed survey for larger providers

Potential Provider Survey Components

- Wages
- Employee related expenses – costs and take-up
 - Workers' compensation
 - Insurance benefits
 - Retirement
- Paid Time Off (PTO)
 - Paid holidays and PTO/sick days
 - Training (ongoing and new-hire)
 - Other (snow/calamity, personal emergency)
- Administrative costs
- Program support and facility costs

Paid Time Off (PTO) Assumptions

Time Adjustments	Current Model (Hours/Year)	Updated Model (Hours/Year)
Staff Training	32	40/52
Turnover Adjustment	0	15/20
Snow/Calamity	24	0
Delayed Starts	10	0
Holidays & Vacation	181	144
Sick	84	40
Special Emergency/Personal	26	0
Total	357	239/256

Discussion Points:

Increased staff
training

Decreased
assumptions for
holiday & vacation
time

Removal of
considerations for
snow/calamity,
delayed starts, sick
days, and special
emergency

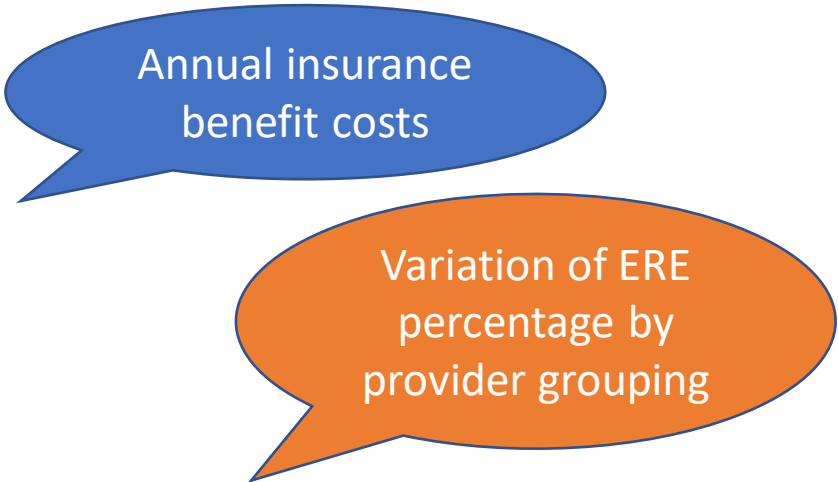
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Employee Related Expenses (ERE) Assumptions

Discussion Points:

- **FICA Taxes:** 7.65% of annual wages, up to a maximum of \$156,000 of income
- **FUTA Taxes:** \$420.00 annually per employee
- **SUI Taxes:** \$256.50 annually per employee
- **Workers Compensation:** 1.1% of annual wages
- **Insurance Benefits:** \$7,383 annually with 100% participation
- **Retirement:** 3.6% of annual wages

- **Current Model ERE:** 37.4% of wages
- **Preliminary Model ERE (*assuming 50th percentile wages*):**



Employee:	Medical/Prescriber Staff	Registered Nurse	Licensed Practical Nurse	Therapists	Master's Level or Specialized Credential Professionals	Bachelor's Level Professionals	Direct Care Staff 1	Direct Care Staff 2	Direct Care Staff 3	Direct Care Staff 4	Direct Care Staff 5
ERE Percent of Wages:	27.4%	22.3%	27.9%	21.0%	25.1%	27.0%	36.2%	34.7%	33.3%	32.2%	31.1%

Components Included in Preliminary Rate Models

Current ADS Rate Model – with a CODB Adjustment	Preliminary Standard ADS Rate Model Components – Without CODB Adjustment
Wages – DSP, Supervisor, Floater	Wages – DSP, Supervisor, Floater
Benefits	Benefits
Administrative costs	Administrative costs (Community & Facility)
Building costs	Building costs (Facility)
Capital costs	Capital costs (Facility)
Indirect service time	Indirect service time
Training	Training
Vacation/PTO	Vacation/PTO
Absentee rate	
Snow/calamity/delayed starts time	
Personal time/special emergency	
	Turnover

Preliminary DRAFT ADS Facility-Based Rate Framework

1:4 Group Size with Floater

Ref.	Description	DODD Worker	DODD Supervisor	DODD Floater	Total	Notes
A	Average minutes of direct time per unit	15.00		1.88		6 hours and 33 minutes of direct time per 8 hours
B	Average minutes of indirect time per unit	3.30		0.41		1 hour and 27 indirect minutes per 8 hours
C	Average minutes of transportation time per unit	-				No travel time for this code
D	Total minutes per unit	18.30		2.29		D = A + B + C
E	Staffing Ratio	4.00		4.00		
F	Supervisor span of control		9.00			9 employees assumed to be managed by 1 supervisor
G	Supervisor time per unit		0.57			G = D / E / F
H	PTO/training/conference time adjustment factor	13.0%	14.0%	13.0%		Based on separate PTO build
I	Adjusted Total minutes per unit	5.17	0.65	0.65		
J	Hourly wage	\$16.27	\$20.66	\$16.27		Based on separate wage build
K	Total wages expense per unit	\$1.40	\$0.22	\$0.18	\$1.80	K = J * I / 60
L	Employee related expense (ERE) percentage	36.2%	31.1%	36.2%		Based on separate ERE build
M	Total ERE expense per unit	\$0.51	\$0.07	\$0.06	\$0.64	M = K * L
N	Estimated average MPH				-	Urban MPH Rural/Urban MPH Rural MPH
O	Estimated miles driven per unit				-	O = C * N / 60
P	Federal reimbursement rate				\$0.00	
Q	Transportation fleet costs per unit				\$0.00	Q = O * P
R	On-Call Expenses				-	No on-call expenses
S	Administration / program support / overhead				23%	Portion of total rate
T	Administration Expenses				0.74	T = (K + M + Q + R) / (1 - S) * S
U	15 Minutes Rate				\$3.18	U = K + M + Q + R + T

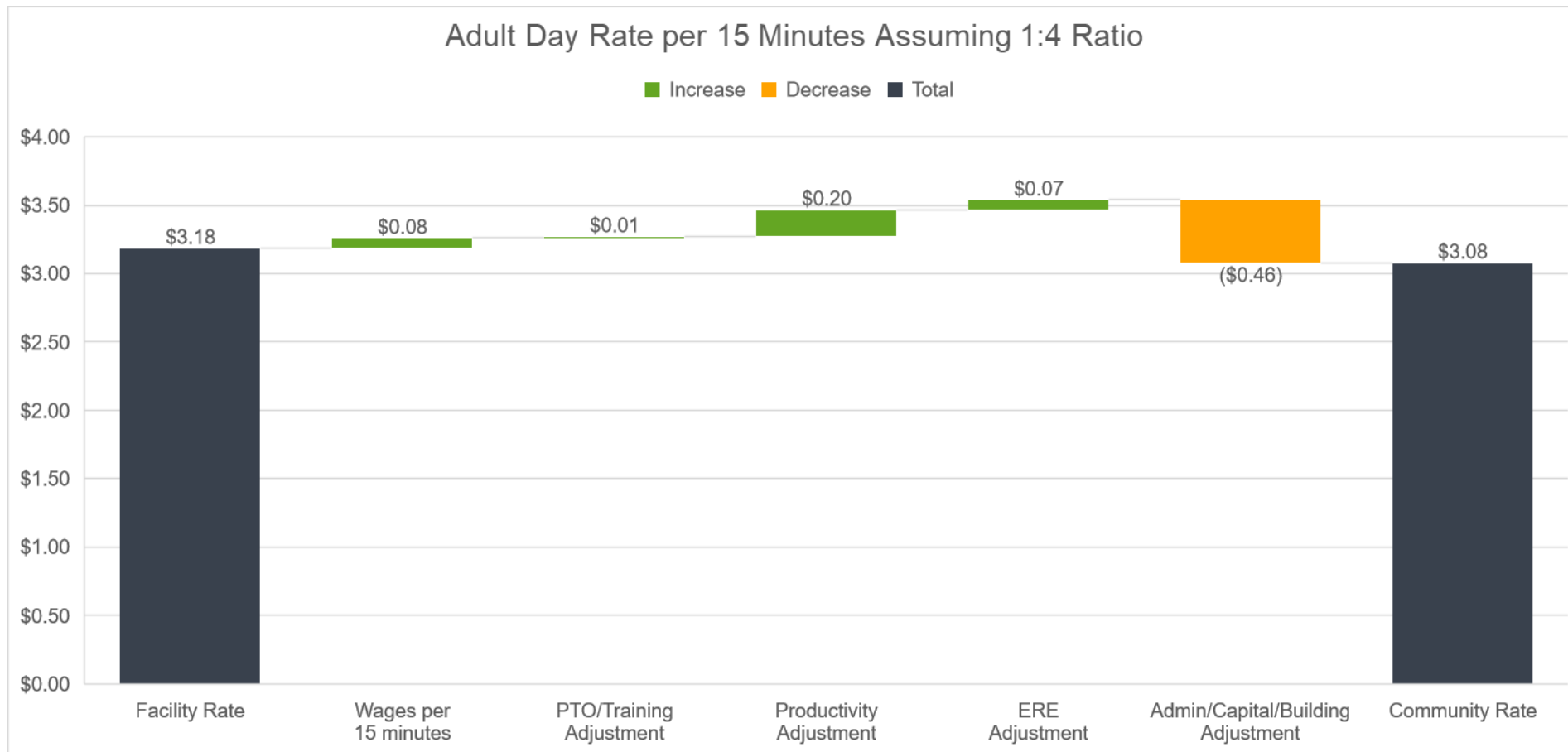
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Preliminary DRAFT ADS Community-Based Rate Framework *1:4 Group Size with Floater*

Ref.	Description	DODD Worker	DODD Supervisor	DODD Floater	Total	Notes
A	Average minutes of direct time per unit	15.00		1.88		6 hours and 0 minute of direct time per 8 hours
B	Average minutes of indirect time per unit	5.00		0.63		2 hours and 0 indirect minute per 8 hours
C	Average minutes of transportation time per unit	-				No travel time for this code
D	Total minutes per unit	20.00		2.50		D = A + B + C
E	Staffing Ratio	4.00		4.00		
F	Supervisor span of control		9.00			9 employees assumed to be managed by 1 supervisor
G	Supervisor time per unit		0.63			G = D / E / F
H	PTO/training/conference time adjustment factor	13.0%	14.0%	13.0%		Based on separate PTO build
I	Adjusted Total minutes per unit	5.65	0.71	0.71		
J	Hourly wage	\$17.37	\$20.66	\$17.37		Based on separate wage build
K	Total wages expense per unit	\$1.64	\$0.25	\$0.20	\$2.09	K = J * I / 60
L	Employee related expense (ERE) percentage	34.7%	31.1%	34.7%		Based on separate ERE build
M	Total ERE expense per unit	\$0.57	\$0.08	\$0.07	\$0.71	M = K * L
N	Estimated average MPH				-	Urban MPH Rural/Urban MPH Rural MPH
O	Estimated miles driven per unit				-	O = C * N / 60
P	Federal reimbursement rate				\$0.00	
Q	Transportation fleet costs per unit				\$0.00	Q = O * P
R	On-Call Expenses				-	No on-call expenses
S	Administration / program support / overhead				9%	Portion of total rate
T	Administration Expenses				0.28	T = (K + M + Q + R) / (1 - S) * S
U	15 Minutes Rate				\$3.08	U = K + M + Q + R + T

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Facility/Community Preliminary Rate Waterfall



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Future Rate Model Considerations and Next Steps

Key Rate Model Differences – Facility versus Community

Rate Component	Current Model	Updated Model Facility	Updated Model Community
Floater	Include	Include	TBD
Administrative Costs	10%	10%	10%
Building/Facility Costs	20.4%	20.4%	0%
Indirect Time	1.75 Hours/Day	1.44 Hours/Day	2 Hours/Day
Staff Group	N/A	TBD	TBD

Discussion Points:

Inclusion of floater
for community rate

Indirect &
administrative time

Provider grouping
differences

Next Steps

- Milliman to complete additional analysis and rate modeling based upon today's feedback
- DODD to decide on additional rate model framework decisions for review during the August Rule and Waiver Implementation Team meeting, such as:
 - Staffing ratio assumptions
 - Facility and community-based services assumptions
 - Accounting for behavioral and medical needs

Thank you for your continued
support of this work!