

Division of Long Term Supports and Services Bureau of Developmental Services

**Rate Structure Work Group
January 13, 2023**



Goals

Goals for 1/13 Meeting

1. Counts of Cost Reports Received for Each Service
2. Review General Rate Setting Calculation
3. Discuss How the Cost Report is Used to Develop Rates
4. Next Steps

This Rate Setting Work Group is open to the public. Members of the public may ask questions through the Q&A feature.

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 Rate Setting Work Group and/or its work, please contact us at BDSRateStructureWorkgroup@dhhs.nh.gov and we will respond as soon as possible.



Cost Report Counts



Cost Report Counts

Service	# of Cost Reports Received
Day Hab / Community Participation Services	22
Residential Habilitation - Staffed Residence	22
Residential Habilitation - Enhanced Family Care (EFC)	20
Residential Habilitation - EFC Whole Life Model	13
Other Residential Supports - PDMS or Own Family Home	14
In Home Residential Habilitation	9
Respite Service	9
Service Coordination/Case Management	12
Supported Employment	11
Community Support Services	13
Crisis Response Services	14
Specialty Services	13

- Counts are based on as reported cost reports.
- Counts do not represent all cost reports that will be used to calculate rates.
- Final counts will be known once the data validation process is complete.



General Rate Setting Overview



General Rate Setting Formula

	Rate Formula	Data Source	Calculation
Wage Portion of Rate	Direct Support Professional (DSP) Wage	Bureau of Labor Statistics; Validated with cost report Direct Staffing tab	
	x Employer Related Expense	Based on cost report Expenses tab	% of Wage
	x DSP Availability Factor	Based on information included on the cost report - Benefits-PTO and Training-Turnover tabs; Includes training time, leave time, administrative paperwork time	Calculated as a % of time DSP spends on tasks when the DSP is not directly working with the individual(s).
	= Adjusted DSP Wage	Total calculated DSP wages and benefits	
Supporting Component of Rate	Mileage (if applicable)	Based on information included on the cost report - Transportation-Med Mgmt tab or other Data available, such as mileage allowances in service definitions	% of the DSP Hour
	Program Support	Based on the cost report - Program Staffing and Expenses tabs	% of the DSP Hour
	Administration	Based on the cost report - Admin Staffing and Expenses tabs	% of the Total Hourly Rate
	= Total Calculated Amount per Billable DSP Hour	From this calculation, information from the cost report service specific tabs will be used to determine the following, as applicable: staffing ratios, billing units, and various levels of support for each billing code	



How Cost Reports are Used to Develop Rates



Direct Support Professional (DSP) Wage Component

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Data Sources for DSP Wages:

- “Direct Staffing” tab of the cost report
- Bureau of Labor Statistics (BLS) data

How Data is Used in Rate:

- Rates are based on an hourly wage rate for the service
- Each service is looked at independently
- Education and experience requirements for the service are evaluated
- Inflation factors are applied to the hourly rate, as deemed necessary
- Basis for the service rate build-up
- Varying staffing ratios may be used to adjust the DSP wage to calculation various levels of service.



Direct Support Professional Wage Component

What about the work from the DSP Focus Group?

- We need to establish a base DSP wage for the rate calculations. This will be the starting point for the DSP wage evaluation.
- The DSP Focus Group provided excellent recommendations on how the DSP position should evolve over time
- DSP Focus Group recommendations will be evaluated as BDS provides feedback on the Focus Group's recommendation



Employer Related Expense (ERE) Component

Data Sources for ERE Component:

- “Expenses” tab of the cost report
- “Benefits - PTO” tab of the cost report

How Data is Used in Rate:

- The ERE % of Wages is calculated for each cost report:
 - Total Payroll Taxes and Employee Benefits / Total Wages for All Employees
- The information provided on the “Benefits – PTO” tab is also evaluated to see if the variable benefits provided to various level of staff has a significant impact to the calculated ERE %.
- Generally, a median ERE % of wages is used to calculate the ERE portion of the rate.
- The selected ERE % is applied to the inflated DSP wage for the service



DSP Availability Factor Component

Data Sources for DSP Availability Factor:

- “Benefits - PTO” tab of the cost report
- “Training - Turnover” tab of the cost report
- Service Specific tabs of the cost report

How Data is Used in Rate:

- DSPs incur time on the job that is not billable:
 - Training, administrative duties, paid time off, employee turnover
- This time should be factored into the rate calculation because that time reflects duties that are relevant to the service, but providers cannot bill for the time.
- The calculated availability factor is applied to the inflated DSP wage + applicable ERE for the service



Program Related Expense (PRE) Component

Data Sources for PRE Component:

- “Expenses” tab of the cost report
- Service specific tabs of the cost report

How Data is Used in Rate:

- The PRE component is calculated as a % of the DSP Wages for each cost report:
 - $\text{Total Program Related Expense} / \text{Total DSP wages and contracted expense for the service}$
- Costs are evaluated to verify program expenses are properly captured and adjustments may be added (Medication Management, Transportation, etc.)
- Generally, the median calculated PRE % for all agencies providing the service is used to calculate the PRE portion of the rate.
- The selected PRE % is applied to the adjusted DSP wage for the service
 - Adjusted DSP wage includes the inflated DSP wage, ERE, and availability factor



Other Potential Components

Data Sources for Other Potential Components:

- “Benefits - PTO” tab of the cost report
- “Training – Turnover” tab of the cost report
- “Transportation – Med Mgmt” tab of the cost report
- Service specific tabs of the cost report

What are Other Potential Components?

- Depending on the service, other potential components may include:
 - Mileage, nurse trainers for medication management, additional required training, etc.
- Additional components may be added if the cost is not already accounted for in another rate component of the rate
- The calculation for the potential other components may vary



Administrative & General Expense (A&G) Component

Data Source for PRE Component:

- “Expenses” tab of the cost report

How Data is Used in Rate:

- The A&G component is calculated as a % of total allowable costs from the cost report:
 - Total A&G expense / Total allowable expense
- Generally, a median A&G % of total allowable cost is used to calculate the A&G portion of the rate.
- The selected A&G % is applied as a percentage of all components of the rate for the service
 - $$\frac{((\text{Inflated Hourly Wage} + (\text{Inflated Hourly Wage} * \text{ERE Median \%})) * \text{Availability Factor}) + (\text{Adjusted Hourly Wage} * \text{PRE Median \%}) + (\text{Potential Other Rate Component})}{(1 - \text{A\&G Median \%})}$$
 - This calculation results in the total calculated amount per billable DSP hour for a service



Converting the Hourly Rate to a Billable Rate

Once the total hourly rate for billable DSP services is calculated, that amount may be converted into the billable rate.

How Data is Used to Calculate a Billable Rate:

- Billable rates may be calculated to cover a daily rate, hourly rate, 15-minute rate, or other billable increment.
- The hourly rate is 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.
 - For example, a daily rate for supported employment services may be based on 6 hours of DSP support
- The level of effort for a “Daily Rate” can be adjusted to also reflect varying level of support an individual may need.
 - For example, Level 1 may reflect 4 hours of support per day and Level 5 may reflect 24 hours of support.



Questions?



Next Steps



Next Steps

- Myers and Stauffer is completing validating the cost reports.
- Once validation is complete, initial rate calculations will be completed for each service. This involves working with Optumas for reviewing rates for actuarial soundness and applying SIS-A information to applicable rates.
- Initial rates for sharing with the Rate Work Group are estimated to be ready in March 2023.
- February BDS Systems Rate Work Group discussion is tentatively planned around discussing the DSP wage component.

