

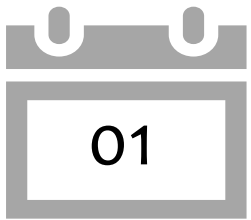
DDD Waiver Rate Study
Overview of Proposed Rate Model
October 9, 2020

BURNS & ASSOCIATES, INC.

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Health Policy Consultants

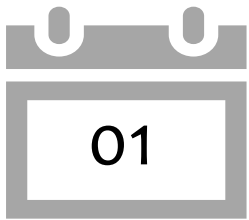
AGENDA

01	OVERVIEW
02	GENERAL RATE MODEL ASSUMPTIONS
03	SERVICE-SPECIFIC UPDATES
04	PUBLIC COMMENTS AND NEXT STEPS



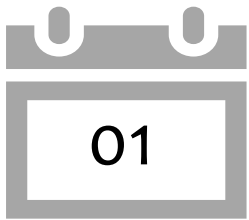
Overview - Purpose

- Rate study is part of DD Waiver reauthorization process
 - Valid rate-setting methodology is a requirement of Medicaid waivers
 - Current rate models were developed by Burns & Associates in 2016
- Present proposed changes to rate models for DD Waiver services
 - Opens the public comment process for providers and other stakeholders to offer feedback on the proposals



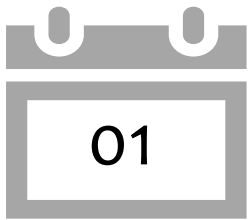
Overview - Summary

- Discussions with DDD and provider survey results suggest that most rate model structures remain valid
 - That is, rate models reflect appropriate rate variations (such as rate tiers), cost factors, and billing units
- Thus, proposed changes to rate models generally limited to ‘refreshing’ data (e.g., current wage data from Bureau of Labor Statistics)
 - Some structural changes proposed (e.g., separate ResHab rates for adult foster homes and other licensed homes)
- Most rates would increase by at least 20 percent
 - *Given the associated cost and the State’s budget condition, the higher rates cannot be implemented at this time*



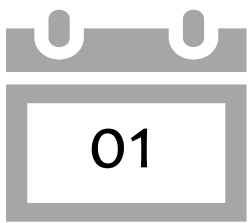
Overview – About Burns & Associates

- Health policy consultants specializing in supporting Medicaid programs and related developmental disabilities and behavioral health authorities
 - Medicaid rate-setting, including home and community-based service, institution, and physician rates
 - Long term care program management and home and community-based services policy
 - Financial analyses
 - Research, strategic planning, evaluation (including external quality reviews) and benchmarking, surveys, and focus groups
 - Medicaid waiver development including design, implementation, budget neutrality demonstration, and negotiation with CMS
- Have been working with DDD since 2016



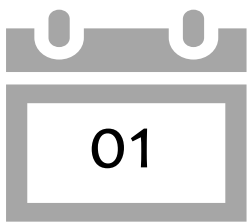
OVERVIEW – SERVICES IN RATE STUDY

- Personal Assistance/ Habilitation
- Residential Habilitation
- Adult Day Health
- Community Learning Services
- Individual Employment Support
- Discovery and Career Planning
- Respite
- Chore
- Skilled Nursing (RN/LPN)
- Private Duty Nursing (RN/LPN)
- Training & Consultation
- Consumer-Directed Services



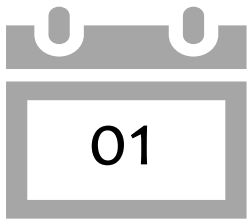
OVERVIEW – INDEPENDENT RATE MODELS, PART 1

- Rate models designed to reflect the reasonable costs that providers incur to delivering services consistent with state requirements and individuals' service plans
- Rather than depending on a single source of data, information is collected from multiple sources
 - DDD policies and decisions
 - Stakeholder input, including provider survey
 - Published sources (BLS, IRS, etc.)
 - Special studies



OVERVIEW – INDEPENDENT RATE MODELS, PART 2

- Specific cost assumptions are detailed (e.g., staff wages and benefits, staffing levels, transportation, etc.)
 - Rate model assumptions are not mandates (e.g., a provider does not have to pay the wage assumed in the rate)
- A single service may have several rates due to various factors
 - Individuals' level of need (e.g., requiring different staffing intensity)
 - Service setting (e.g., facility or community)
 - Staff qualifications and training (e.g., LPN v. RN)
 - Geography (e.g., urban and rural)



OVERVIEW – INDEPENDENT RATE MODELS , PART 3

- Five factors included in all HCBS rates
 - Direct care wages
 - Direct care benefits
 - Direct care productivity
 - Program support
 - Administration
- Other factors vary by service
 - Transportation-related costs
 - Attendance/ occupancy
 - Staffing ratios
 - Program facilities and supplies costs

OVERVIEW – INDEPENDENT RATE MODELS , PART 4

Proposed Rate Models for I/DD Waiver Services prepared for Developmental Disabilities Division

Respite, Hourly, 1:1

		Big Island	Other Islands
Unit of Service		15 Minutes	15 Minutes
Direct Support Staff Wages and Benefits	- Direct Staff Hourly Wage	\$12.96	\$12.96
	- Employee Benefit Rate (as a percent of wages)	38.6%	38.6%
	Hourly Staff Cost Before Productivity Adj. (wages + benefits)	\$17.96	\$17.96
	<i>Productivity Adjustments</i>		
	Total Hours	40.00	40.00
	- Travel Time (Between Participants)	1.12	0.54
	- Recordkeeping and Reporting	0.45	0.45
	- Employer and One-on-One Supervision Time	0.67	0.67
	- Training	0.77	0.77
	- Paid Time Off	3.54	3.54
"Billable" Hours	33.45	34.03	
Productivity Factor	1.20	1.18	
Staff Cost After Productivity Adj. per Billable Hour		\$21.55	\$21.19
Mileage	- Number of Miles Traveled per Week	45	18
	- Amount per Mile	\$0.575	\$0.575
	Weekly Mileage Cost	\$25.88	\$10.35
	Mileage Cost per Billable Hour	\$0.77	\$0.30
Program Support, Administration, and Taxes	- Program Support Funding per Day	\$15.00	\$15.00
	Program Support Cost per Billable Hour	\$2.24	\$2.20
	Cost per Billable Hour (Day) Before Admin. and Support	\$24.56	\$23.69
	- Administration Percent	10.0%	10.0%
	Administrative Cost per Billable Hour	\$2.73	\$2.63
	Cost per Billable Hour Before General Excise Tax	\$27.29	\$26.32
	- General Excise Tax Rate	4.5%	4.5%
General Excise Tax Cost per Billable Hour	\$1.29	\$1.24	
Total Cost per Billable Hour		\$28.58	\$27.56
Rate per Participant per 15 Minutes		\$7.15	\$6.89

- Direct care staff wages and benefits
 - Largest component of rates (60-80 percent) of the total rate when including productivity
 - Data is typically gathered from multiple sources
 - Review of staff qualifications and responsibilities
 - Provider survey
 - Bureau of Labor Statistics data

OVERVIEW – INDEPENDENT RATE MODELS , PART 5

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- Adjusting wages and benefits to account for ‘productivity’
 - Rate models seek to reflect a ‘typical’ week for direct care staff by establishing productivity adjustments for non-billable time
 - Non-billable activities may include training, travel, employer time, documentation, and planning time

OVERVIEW – INDEPENDENT RATE MODELS , PART 6

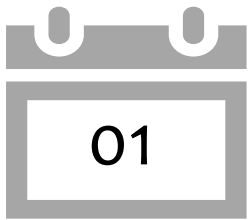
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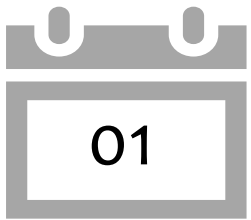
- Administrative costs
 - Organization operations that are not program-specific
 - Examples: executive management, accounting, human resources
- Program support costs
 - Activities that are program specific, but not billable
 - Examples: training, program development, and supervision
- Other costs vary by service
 - Examples: mileage, staffing ratios, program attendance/absence rates, and equipment and supplies

- Advantages of Burns & Associates’ approach to rate model development:
 - Rate models are *transparent*
 - Models contain the factors, values, and calculations that produce the final rate
 - Stakeholders may not agree on the values, but they will know exactly what has been assumed
 - Rate models facilitate advancement of *policy goals*
 - For example, improving direct care staff salaries or benefit levels; reducing staff-to-client ratios; varying rates based on staff qualification
 - Rate models can be *maintained efficiently*
 - Models can be scaled and adjusted for inflation or specific cost factors (e.g., IRS mileage rate) or to meet budget targets



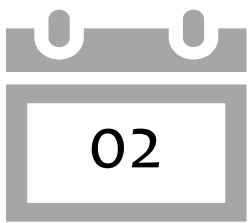
OVERVIEW – PROVIDER SURVEY

- Intended to collect data related to program design and costs
 - Due to COVID-19, respondents were asked to report data for a fiscal year ending on or before March 31, 2020
 - A separate form was included to request costs and other impacts resulting from COVID-19
- Technical assistance provided throughout the survey (online webinar, phone and email support, and desk reviews of surveys)
- Participation rate of 32.7 percent (by provider count) / 44.2 percent (by claim volume)
 - 2016 provider survey participation was 41.7 percent (by provider count) / 59.5 percent (by claim volume)



Major Project Activities

- Project activities to date
 - Review of service definitions and structures
 - Provider survey
 - Research of benchmark data to support rate models
 - Development of proposed rate models
- Next steps
 - Collect feedback on proposed rate models (accepting comments through October 30)
 - Review public comments and make appropriate changes to rate models
 - Develop fiscal impacts



GENERAL ASSUMPTIONS – WAGES

- Wage assumptions use Bureau of Labor Statistics wage data for relevant occupations in Hawaii (based on May 2019 data, the latest available)
 - Service requirements compared to BLS job classification descriptions to ‘construct’ a position reflective of job responsibilities
 - There is often not a single occupation to match service requirements so a composite is used (see example below for PAB)
 - Generally use median wage levels
 - See Appendix A of the proposed rate models

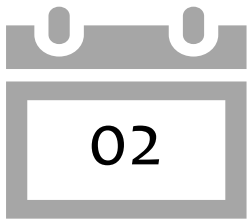
BLS Job Code/ Title	Median Wage	Composition	Rate Model Wage
31-1120 Home Health and Personal Care Aides	\$12.96	60%	\$7.77
31-1133 Psychiatric Aides	\$21.46	25%	\$5.37
39-9032 Recreation Workers	\$14.60	15%	\$2.19
Totals	-	100%	\$15.33

GENERAL ASSUMPTIONS – WAGES

- Assumed wages in proposed rate models generally exceed current wages reported in the provider survey

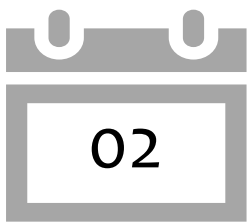
Service	Current Rate Models	Proposed Rate Models	% Change	2020 Survey*
PAB	\$13.60	\$15.33	12.7%	\$14.88
CLS-I	\$13.60	\$15.33	12.7%	\$15.22
ResHab (shift staff)	\$12.33	\$14.23	15.4%	\$13.50
ADH	\$13.60	\$15.33	12.7%	\$14.28
CLS-G	\$13.60	\$15.33	12.7%	\$14.28
Respite	\$10.61	\$12.96	22.1%	\$13.68
Job Development	\$23.28	\$26.86	15.4%	\$16.57
Job Coaching	\$20.99	\$24.31	15.8%	\$15.54

* Reported weighted averages (without outliers) for direct care employees (excluding contractors) without supervisory responsibilities (all islands)



GENERAL ASSUMPTIONS – BENEFITS, PART 1

- Rate models provide for a comprehensive benefit package (see Appendix B of the proposed rate models)
 - FICA: 7.65 percent of wages
 - Unemployment insurance: 2.4 percent of wages for State and 0.6 percent for federal
 - Workers compensation: 2.0 percent of wages
 - Paid time off: 23 days per year
 - Health insurance: \$543 per month (see next slide)
 - Other discretionary benefits: \$50 per month
- Consumer-directed rate models generally include the same assumptions
 - Except they include \$300 per month for other benefits since there is no specific allowance for health insurance

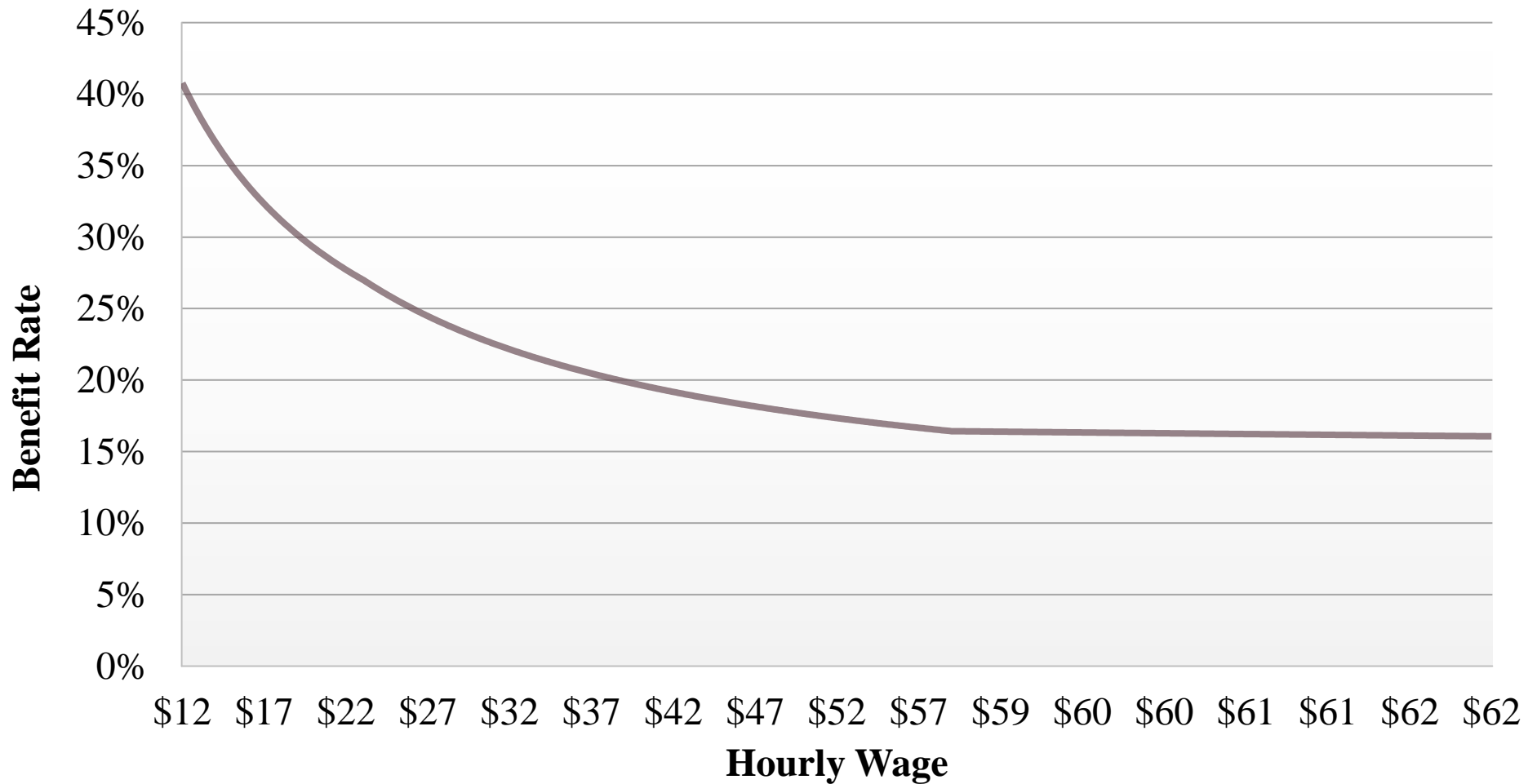


GENERAL ASSUMPTIONS – BENEFITS , PART 2

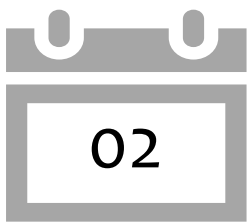
- Health insurance assumptions are based on a mix of employee-only, plus-one, and family plans with an overall take-up rate of 80 percent
 - Current rate model only include employee-only plans with a 100 percent take-up rate
- Overall assumption increase to \$544 per employee per month
 - Current assumption is \$400 per employee per month
 - Provider survey average was \$543 per month for full-time employees

Plan Type	Participation Rate [A]	Cost per Participant [B]	Weighted Benefit Level [A*B]
Employee Only	45%	\$475	\$213.75
Employee + One	15%	\$800	\$120.00
Family	20%	\$1,050	\$210.00
Health Insurance Benefit			\$543.75

- Benefit assumptions are converted to a percentage of wages*

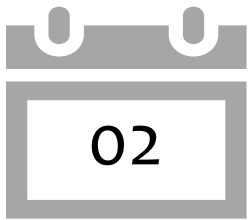


*Excludes paid time off, which is handled as a productivity adjustment



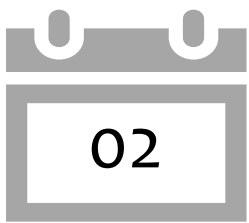
GENERAL ASSUMPTIONS – PRODUCTIVITY

- Productivity adjusts wage and benefit costs to account for time that is billable (see Appendix C of the proposed rate models)
 - Rate models seek to reflect a ‘typical’ week for direct care staff by establishing adjustments for non-billable time
 - Example
 - An employee earning \$15 per hour (wages and benefits) and working 40 hours per week is paid \$600 per week
 - However, if the employer can only bill for 30 hours per week due to travel time, staff meetings, etc., the agency must be able to bill \$20 per service hour to cover the cost of the wages and benefits
 - Thus, a productivity adjustment of 1.33 is required (work hours divided by billable hours)



GENERAL ASSUMPTIONS – PRODUCTIVITY, PART 2

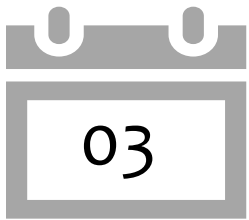
- Rate model assumptions have few changes
 - Provider survey suggests higher productivity (more billable hours) than generally assumed within proposed rate models
- Increased assumed training hours for direct support workers providing PAB, ResHab, ADH, and CLS to 40 hours per year



GENERAL ASSUMPTIONS – ADMIN. AND PROG. SUPP

- Administrative rates remain at 10 percent
 - Provider survey respondents reported an average rate of 12.5 percent
 - However, since the rate models would establish a higher cost basis, the assumed administrative funding is effectively equal to the reported amount
 - That is, 10 percent of a rate that is 120 percent of the current rate provides funding equivalent to 12 percent of the current rate
- Program support costs remain funded at \$15 per day
- General excise tax increased from 4.0 percent to 4.5 percent for Big Island
 - Remains at 4.5 percent for Other Islands

- Stakeholders have recommended that the cost of nursing supports such as delegation activities be built into the rates for the service being provided
 - Training & Consultation by an RN would no longer be used for nurse delegation tasks, except for consumer-directed services
 - Does not change providers' responsibilities under the Nurse Practice Act
- Rate models reflect this recommendation
 - Nursing built into the rate models for PAB, ResHab, ADH, and CLS
 - Funded at a ratio of one nurse for every 50 participants/ DSWs
- ***Since DDD is unable to implement the proposed rates at this time, this policy shift will not occur at this time***
 - T&C by an RN will continue to be permitted for nurse delegation tasks



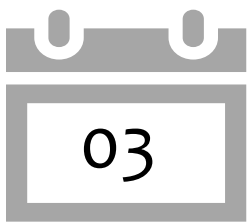
SERVICE-SPECIFIC UPDATES – RESHAB

- Propose to establish separate rate models for adult foster homes and licensed homes

- Adult foster homes
 - Assumed per-participant payment to home provider varies based on rate tier (\$25,000 / \$35,000 / \$45,000)
 - Removed assumption that agency provides supplemental staffing since no agency participating in the provider survey reported doing so
 - If supplemental staffing is needed Additional Residential Support remains available and would have additional flexibility
 - Overall, proposed rates are similar to current rates

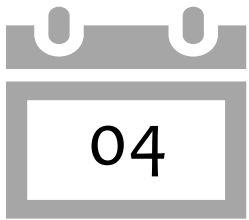
- Propose to establish separate rate models for adult foster homes and licensed homes

- Licensed homes
 - Continue to assume there is a live-in home manager, which was the most frequent staffing model reported by survey respondents
 - Made modest increase in additional supplemental staffing
 - Propose to eliminate rates that vary by home capacity (rates would continue to vary by level of need/ tier)



SERVICE-SPECIFIC UPDATES – COMMUNITY NAVIGATOR

- Propose to establish a new service – Community Navigator
 - Assist in linking individuals to natural supports in the community (e.g., volunteer opportunities, sports teams, clubs, etc.)
 - Service requirements still being developed, but initial design suggests:
 - Greater qualifications for the staff providing the service
 - Limits on the amount of service (may be similar to Job Development limits)
 - Would not ‘count against’ an individual’s supports budget



PUBLIC COMMENTS

- DDD is accepting public comments on the proposed rate models
 - Separate from public comment process for the proposed changes to the waiver as part of the reauthorization that will be released in coming weeks
 - Comments will be accepted through October 30, 2020
 - Submit in writing to dbarber@healthmanagement.com
 - Encouraged to be as detailed as possible, to make specific recommendations for changes, and to provide supportive documentation
- Comments will be reviewed and rate models will be revised as needed
- Draft rate models and other materials are published at <https://www.burnshealthpolicy.com/hawaiiwaiverrates/>

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