

MILLIMAN CLIENT REPORT

Substance Use Disorder Prevention Services Comparison Rate Report

Hawai'i State Department of Health,
Alcohol and Drug Abuse Division

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I. Executive Summary

Milliman, Inc. (Milliman) has been retained by the Hawai'i State Department of Health (DOH) to provide actuarial and consulting services related to its Alcohol and Drug Abuse Division (ADAD) program. ADAD is the payor of last resort for substance use disorder (SUD) treatment services and SUD prevention services in Hawai'i (paying secondary to all payors including Medicaid).

ADAD has requested us to perform a rate study to evaluate the reimbursement rates for some of their covered administrative prevention services. The purpose of this report is to provide independent rates, referred to in this report as "comparison rates," which use a set of assumptions to produce rates to cover reasonable and necessary costs related to the delivery of SUD prevention services. The term "comparison rates" is used in this report for the following reasons:

- ADAD intends to use these rates in their upcoming request for proposal (RFP). Providers will be requested to provide feedback on the rates, which may result in changes to the rates in the future.
- ADAD reserves the right to modify their provider rate schedule following the RFP based on provider proposals, which may include feedback on these rates.

This report provides a summary of the comparison rates, including provider engagement and the rate methodology and assumptions. We used an independent rate model (IRM) methodology for all services, which calculates rates based on the sum of independently determined rate inputs to produce rates to cover reasonable and necessary costs for the covered services defined by ADAD.

A. PURPOSE AND INTENDED USE

The primary purpose of this comparison rate study is to develop and publish SUD comparison rates that are consistent with the efficiency, economy, and access to prevention services and resources expected for this program. The comparison rates are specific to services DOH intends to include in the upcoming ADAD-led RFP (HTH 440-26-PB). While the RFP is targeted towards providers interested in rendering SUD prevention services between October 1, 2025 through September 30, 2029, the comparison rates were developed to reflect the first fiscal year following the RFP (between October 1, 2026 through September 30, 2027). New contracts are anticipated to begin on October 1, 2026. Wage levels effective for SFY 2027 were used for rate development. It may be inappropriate to consider the comparison rates outlined in this report for future periods. *The development of the comparison rates does not equate to immediate fee schedule increases; the following section describes the intended use of the comparison rates in more detail.*

Intended use of comparison rates

The analysis and results of the comparison rate study are intended to:

- Provide an examination and understanding of the provider resources involved in delivering select SUD prevention services.
- Provide transparent payment rate benchmarks for use by all providers.
- Support DOH's ability to:
 - Evaluate variation in provider payments by comparing actual payment rates to comparison benchmark rates.
 - Improve transparency in analysis and communication between DOH, their contracted providers, and other providers.
 - Make informed decisions when proposing changes to covered benefits.
- Improve transparency and understanding of providers' cost to deliver SUD services to inform future policy approaches and decisions for the program made by DOH and ADAD.

To the extent an individual provider's delivery model is materially different than what is assumed in this rate report, comparison rates may not provide sufficient funding for said provider's delivery model.

B. INCLUDED SERVICES

We worked with ADAD to identify the services included within the rate study. Figure 1 provides a list of the services included in this report, comprising critical services anticipated to be reimbursed by ADAD. The selected services reflect approximately 90% of the total ADAD prevention expenditures for SFY 2023 and at least 60% of each provider's ADAD prevention reimbursement. Some ADAD prevention services included in the RFP have been excluded from this report due to budget and time constraints. The following services are excluded from this report:

- Passage of Policy
- Introduction of Policy

FIGURE 1: INCLUDED SERVICES

Policy Services
Problem Statement
Issue Brief
Draft of Policy Language
Media Plan
Capacity
Training (Attended and Facilitated)
Meetings (Attended and Facilitated)
Community Fairs
Social Media
Speaking Engagements/Presentations
Education Programs for Adult Groups (18 years and over)
Ongoing Classroom and/or Small Group Sessions
Evaluation
Annual Evaluator Agreement
Progress Evaluation Report
Final Evaluation Report
Sustainability
Sustainability Plan
Reports
Monthly Management Information System Data Entry
Quarterly Report
Year-End Report
Tobacco Compliance
Tobacco Compliance Inspections

During provider meetings and through feedback with ADAD we identified an additional level of Community Fair service delivery which encompasses a more comprehensive delivery of Community Fair organization, hosting, and management services. This more robust level of service is not contemplated by the existing Community Fair rate. The existing rate is primarily focused on hosting an individual booth or exhibit at a Community Fair rather than organizing the event itself. We have not developed a more comprehensive Community Fair hosting rate in this analysis. We recommend further discussion in future rate setting efforts to develop the more comprehensive Community Fair rate.

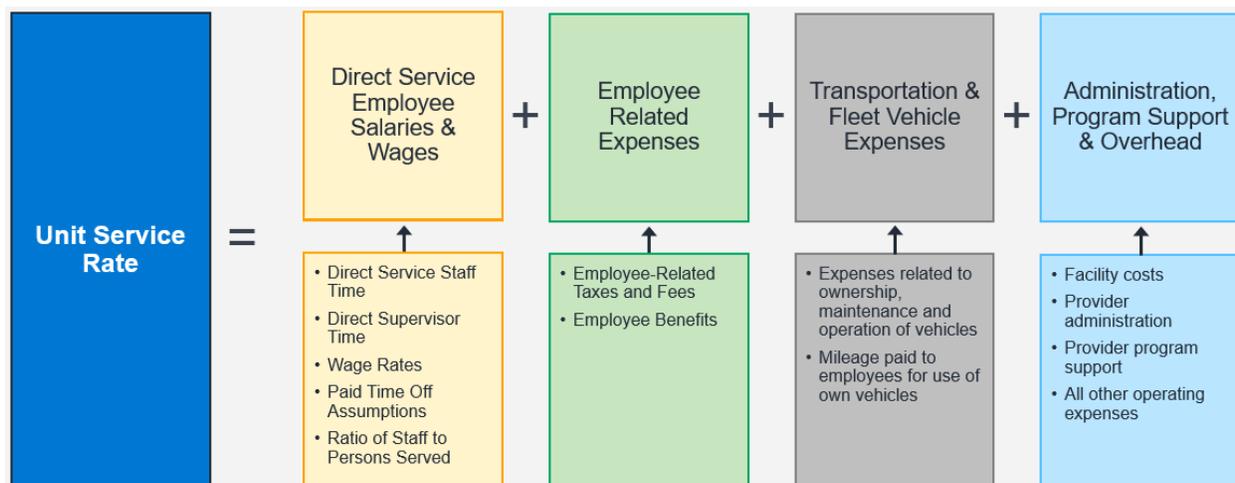
C. COMPARISON RATE DEVELOPMENT APPROACH

The comparison rates were developed using an independent rate model (IRM) approach that serves to capture and document the average expected costs a reasonably efficient Hawai'i provider would incur while delivering the service.

This approach provides transparency to rates that are consistent with regard to efficiency, economy, and access to prevention services and resources. Another benefit of this approach is that rates are developed independently from actual costs incurred, which facilitates an understanding of the resulting comparison rates under different assumptions. Rather than relying on actual costs incurred from a prior time period to determine what the rates should be, the IRM approach builds rates from the "ground up" and considers what the costs may be to provide the service based on a set of assumptions. To the extent actual costs incurred by service providers are affected by external factors (such as legislatively mandated funding levels that are not consistent with factors that drive the market), the IRM approach provides a means to communicate what costs may reasonably be incurred and the issues faced by providers so decision makers can more equitably allocate resources based on this information.

To develop comparison rates for each of the services included in Figure 1, we used different types of rate models for different type of services, which are described in more detail in *Section III.C Rate Model Types*. Each of these rate models can be adjusted by applying different assumptions specific to how each of the services is expected to be provided. Although the rate models may vary across services, they all include similar types of assumptions, cost components, and elements. Figure 2 provides the key high-level components included in the IRM approach.

FIGURE 2: HIGH-LEVEL INDEPENDENT RATE MODEL COMPONENTS



The first two components shown in Figure 2 above – Staff and Supervisor Salary and Wages, and Employee Related Expenses (EREs) – comprise the largest portion of the expected costs built into the rate models. The models have been designed to account for differences in the salary and wages and EREs attributable to the different types of service staff and supervisors authorized to provide the services. *Section III.B Rate Model Components* provides a detailed description of each of these components.

Model assumptions that drive the staff and supervisor salary and wages and ERE components shown above were determined at the provider group level (e.g., supervisor span of control). We worked with ADAD to establish provider groups that comprised workers with similar characteristics, such as educational degrees, professional credentials, and expected wage rates.

For many of the services covered by ADAD, there are multiple provider groups available to perform each respective service. Rather than establish rate models that account for each provider group, ADAD preferred to have a single rate for each service to help support parity among providers and limit administrative complexity for providers. We leveraged the provider survey and feedback from ADAD to determine which provider group was the primary deliverer of each prevention service.

This report provides a more in-depth description of the IRM approach, methodology, and assumptions used to develop the comparison rates, including the following appendices:

- Appendix A provides the comparison rates by service.
- Appendix B provides inputs used for each Model 1 service.
- Appendix C provides a detailed independent rate model for one of the Model 1 services, Training (Facilitated).
- Appendix D provides the build-up of the contractor portion of the Media Plan rate.
- Appendix E provides the build-up of the consultant portion of the evaluator reporting, problem statement, and draft of policy language service rates.

- Appendix F provides the detailed independent rate models for Tobacco Compliance Inspections (Oahu and Neighbor Island).
- Appendices G through I provide summaries of wage levels, PTO, training and non-productive time assumptions, and assumptions related to ERE.

II. Notable work contributing to the comparison rates

The development of the comparison rates reflects intensive work with ADAD and providers over several months to better understand the costs associated with ADAD program service delivery, with provider engagement performed using a variety of virtual meetings. Provider engagement is highlighted in the following items:

- We participated in bi-weekly meetings with ADAD representatives to discuss state service definitions, provider feedback received from the focus groups, and the detailed staffing and time assumptions assumed for each service documented in the comparison rates.
- Engagement of providers via a survey
- Engagement of providers through the following focus group meetings:
 - Policy services;
 - Capacity services;
 - Evaluation, sustainability, and reporting services; and,
 - Tobacco compliance services.

All forms of feedback were discussed with ADAD and assessed for reasonability prior to their consideration in the comparison rate development process. While much of the feedback was reasonable and was considered in the rate development process, some data points were determined to not be reasonable and therefore were not considered. For example, the survey input for tobacco compliance was incomplete due to the inconsistent timing of inspections partly due to varying abilities in coordinating with volunteers. Assumptions underlying the tobacco compliance services were therefore mostly gathered from discussions with the provider focus group and ADAD. We ultimately relied on ADAD for the final determination of the assumptions that were used to develop the comparison rates.

ADAD Provider Rate Setting Survey: Providers were asked to respond to a provider survey released on October 4, 2024, which included requesting feedback on staffing, wages, ERE, paid time off, and productivity. Providers were asked to complete the survey for services delivered in partnership with ADAD. The survey administration included a recorded training session and ad-hoc technical support. Extensions were requested and granted to collect adequate provider input. Six providers responded to the provider survey. Although the survey responses did not produce results that could be used as the sole data source driving payment rate assumptions, several data points from the survey responses were used to inform key comparison rate assumptions. For example, feedback on wages supported an understanding of how existing wages compare to the Bureau of Labor Statistics (BLS) wages and informed discussions with ADAD regarding the BLS wage percentile selection for the comparison rates.

Provider Focus Group Meetings: We held provider focus group meetings with ADAD in October-November 2024 to discuss and review service delivery and staffing assumptions for key service groupings. Figure 3 provides the individuals who participated in the four focus group meetings.

FIGURE 3: FOCUS GROUP MEMBERS

POLICY SERVICES

Hawai'i Public Health Institute

Parents and Children Together (PACT) Hawai'i

CAPACITY SERVICES

Boys and Girls Club of Hawai'i

Big Island Substance Abuse Council

The Salvation Army Family Intervention Services (FIS)

Hawai'i Public Health Institute

Coalition for a Drug-Free Hawai'i

Alu Like, Inc.

Child and Family Service

The Alcoholic Rehabilitation Services of Hawai'i, Inc. dba Hina Mauka

Maui Youth and Family Services

Family Education Centers of Hawaii

Parents and Children Together (PACT) Hawai'i

Maui Family Support Services

Aloha House

Boys and Girls Club of the Big Island

EVALUATION, SUSTAINABILITY, AND REPORTING SERVICES

Boys and Girls Club of Hawai'i

Big Island Substance Abuse Council

The Salvation Army Family Intervention Services (FIS)

Hawai'i Public Health Institute

Coalition for a Drug-Free Hawai'i

Alu Like, Inc.

Child and Family Service

The Alcoholic Rehabilitation Services of Hawai'i, Inc. dba Hina Mauka

Maui Youth and Family Services

Family Education Centers of Hawai'i

Parents and Children Together (PACT) Hawai'i

Maui Family Support Services

Aloha House

Boys and Girls Club of the Big Island

TOBACCO COMPLIANCE SERVICES

University of Hawai'i - Office of Public Health Studies (Tobacco Projects)

Provider Questions and Feedback: We presented the methodology and initial assumptions for each service during the focus groups. We compiled provider feedback and discussed further with ADAD to decide on the most appropriate approach for each service. The following assumptions were adjusted based on ADAD's decisions from this feedback:

- Developed individual Tobacco Compliance Inspection rates for O'ahu and neighbor island due to travel costs based on discussion and cost reports from ADAD.
- Incorporated a four-to-one supervisor ratio and inner-city travel for Training (Facilitated) based on feedback from ADAD and provider group sessions.
- Increased indirect time to eight hours for Problem Statement based on feedback from provider group sessions.
- Adjusted provider group to master's level for Community Fairs, Issue Brief, and Training (Facilitated and Attended) based on provider group sessions.
- Social media rates were developed under the assumption that the content has already been created and billable time applies to posting only.
- Increased indirect time for trainings to consider surveys, documentation, and continuing education (CE) redemption.

III. Methodology

We used an independent rate model (IRM) approach to calculate the average costs that a reasonably efficient Hawai'i provider may incur while delivering these services. A defining feature of the IRM approach is that rates are built from the ground up, by determining the costs related to the individual components shown below and summing the component amounts to derive a comparison rate for each service.

The IRM approach can be distinguished from other provider payment methodologies in that it estimates what the costs for each service could be given the resources (salaries and other expenses) reasonably expected to be required, on average, while delivering the service. This approach relies on multiple independent data sources to develop rate model assumptions to construct the comparison rates. By contrast, many cost-based methods rely primarily on the actual reported historical costs incurred while delivering services, which can be affected by operating or service delivery decisions made by providers. These operating or service delivery decisions may be inconsistent with program service delivery standards or may be caused by program funding limitations that do not necessarily consider the average resource requirements associated with providing these services. Figure 4 provides an overview of the key components and elements of the IRM approach.

FIGURE 4: INDEPENDENT RATE MODEL COMPONENTS

COMPONENT	ELEMENTS	SUB-ELEMENTS	CLARIFYING NOTES
Staff and Supervisor Salary and Wages	Service-related time	Direct time	Corresponding time unit or staffing requirement assumptions where not defined. Adjusted for staffing ratios for some services (i.e., differing levels of oversight for Tobacco Compliance services).
		Indirect time	Service-necessary planning, note taking and preparation time
		Transportation time	Travel time related to providing service
		PTO/training/conference time	Paid vacation, holiday, sick, training and conference time. Also considers additional training time attributable to employee turnover
		Supervisor time	Accounted for by using a span of control variable
	Wage rates	Can vary for overtime and weekend shift differentials	Wage rates vary depending on types of direct service employees, which have been assigned to provider groups
Employee Related Expenses	Payroll-related taxes and fees	Federal Insurance Contributions Act (FICA), Federal Unemployment Tax Act (FUTA), State Unemployment Insurance (SUI), Workers Compensation	Applicable to all employees, and varies by wage level assumption
	Employee benefits	Health, dental, vision, life and disability insurance, and retirement benefits	Amounts may vary by provider group
Transportation	Vehicle operating expenses	Includes all ownership and maintenance-related expenses	Varies by service with costs estimated based on the federal reimbursement rate.
Administration, Program Support, Overhead	All other business-related costs	Includes program operating expenses, including management, accounting, legal, information technology, etc.	Excludes room and board expenses.

Generally, the IRM approach constructs a comparison rate for each service as the sum of the costs associated with each of the components shown in Figure 4. The cost and other assumptions associated with each component are adjusted to reflect the expected use of resources separately for each service.

In *Sections III.A. Provider Groups* and *B. Rate Model Components* we provide more detail regarding each of these components along with their elements and sub-elements.

A. PROVIDER GROUPS

As described above, for many of the SUD prevention services covered by ADAD, there are a range of provider types that are authorized to perform the service. The IRM approach's use of provider groups that comprise workers with similar characteristics balances the need for the rates to reflect appropriate variation in labor costs by type of staff (and supervisors). Expected education levels can range from staff with high school degrees to professionals with master's-level training. Positions can also vary depending on experience and earned professional credentials and certifications. We leveraged the provider survey and feedback from ADAD to identify the provider group to use for each service.

Model assumptions that drive the staff salaries and wages, PTO assumptions, and ERE components (described in *Section III.B. Rate Model Components*) were determined at the provider group level. For each of the provider groups, where appropriate, the resulting comparison rate varies depending on the input assumptions (e.g., provider group wage rates). Figure 5 lists the provider groups included in the independent rate models to align with the standards listed in the ADAD RFP. Each rate model incorporates service-specific wage rate, PTO, and ERE assumptions that correspond to the specific provider group(s) for each respective service.

FIGURE 5: PROVIDER GROUPS

Provider Grouping
Less than Bachelors
Paraprofessional Bachelors
Masters

B. RATE MODEL COMPONENTS

This subsection provides a description of the key rate components listed in Figure 4, which are:

- Staff and supervisor salary and wages
- Employee related expenses
- Transportation
- Administration, program support, overhead

1. Staff and supervisor salary and wages

The staff salary and wages components are typically the largest components of the comparison rates, comprising the labor-related cost or the product of the time and expected wage rates for the staff who perform each of the services. This component includes costs associated with the staff expected to perform the services and their immediate supervisors.

Staff and supervisor time assumptions

In the IRM approach, staff time is categorized as direct time, indirect time, transportation time, and supervisor time. Adjustments for PTO, holidays, and in some cases overtime, are also incorporated. Figure 6 provides a description of each of these sub-elements and related adjustments.

FIGURE 6: SUMMARY OF SUB-ELEMENTS RELATED TO STAFF AND SUPERVISOR TIME

TIME SUB-ELEMENT	DEFINITION	ASSUMPTIONS
Staff Direct Time	<ul style="list-style-type: none"> • Amount of time incurred by staff that can be billed for services provided to individuals. • For example, a service billed as an hourly unit assumes that the staff direct time is approximately 60 minutes, an assumption that is consistent with service billing guidelines. Examples of the most common unit types, which vary by service, are a set number of minutes per service unit (e.g., 15-minute, hourly, per encounter, per day, or per month). 	<ul style="list-style-type: none"> • For service units that are not defined by a time unit (e.g., per encounter or per diem) direct time assumptions were developed for each service based on discussions with ADAD.
Staff Indirect Time	<ul style="list-style-type: none"> • Time that must be spent by non-supervisory staff to provide the service, but is not spent “person facing”, and does not result in a billable unit of service. • Incorporates time incurred for necessary activities such as planning, summarizing notes, updating records, and other non-billable but appropriate time not otherwise included in staff direct time. 	<ul style="list-style-type: none"> • Indirect time assumptions vary depending on the service. These assumptions do not apply to tobacco compliance services as staffing is expressed as the number of FTEs per team. • Appendix B provides a listing of indirect time by service, which is based on focus group feedback and discussions with ADAD. • The “PTO Adjustment Factor” row within this figure provides information on a separate non-productive time factor.
Turnover	<ul style="list-style-type: none"> • The turnover rate is the assumed percentage of employed staff that leave an organization during the same time period. 	<ul style="list-style-type: none"> • A 20% turnover rate was used based on average turnover

TIME SUB-ELEMENT	DEFINITION	ASSUMPTIONS
		reported in the provider survey results.
Staff Transportation Time	<ul style="list-style-type: none"> A provision for transportation time is included for services where it is expected that staff will be required to travel to provide the service. 	<ul style="list-style-type: none"> Transportation time assumptions are illustrated in Appendix B and are based on estimates of average time and distance driven per trip and discussions with ADAD.
PTO Adjustment Factor	<ul style="list-style-type: none"> Accounts for additional time that must be covered over the course of a year by other staff, thereby representing additional staff time per unit. <ul style="list-style-type: none"> Annual time related paid vacation, holiday, and sick time. Annual training and/or conference time expected to be incurred by staff and supervisors. Increased for an estimate that considers the amount of one-time training/onboarding and the frequency of this type of training time that can be attributable to employee turnover. 	<ul style="list-style-type: none"> Varies by provider group Appendix H provides the PTO and training assumptions by provider group and is based on feedback from the provider survey results and focus groups
Supervisor Time	<ul style="list-style-type: none"> For the services included in this analysis, staff providing services to individuals require supervision. Supervisors are typically more experienced or higher credentialed provider types responsible for the direct oversight and supervision of those employees that are directly providing the services to individuals. Supervision of staff does not typically result in a separate billable unit of service. Supervisor responsibilities may vary, but primarily are on-site providing direct supervising, hiring, training and discipline of the staff, whose primary responsibilities are providing services. Supervisor responsibilities may also include program planning and evaluation, advocacy, working with families, and working with community members. Supervisor time is determined through application of a “span of control” assumption, which is a measure of how many staff a supervisor can supervise. 	<ul style="list-style-type: none"> Based on ADAD feedback and input from the focus groups, most SUD prevention services assume a supervisor span of control assumption of 1:2, meaning that on average, every hour of staff time will require 30 minutes of a supervisor’s time. For trainings, meetings, and community fairs the SUD prevention services use a supervisor span of control of 1:4 based on discussions with ADAD and the focus groups.

Transportation time

Transportation time is assumed to be applicable to some services listed in Figure 1. Appendix B illustrates the travel time assumed for each service. Provider feedback on average miles and transportation time per trip were considered in the development of assumptions for travel. Figure 7 provides a description of the transportation time assumptions.

FIGURE 7: SUMMARY OF SUB-ELEMENTS RELATED TO TRANSPORTATION TIME

CATEGORY	DESCRIPTION	VALUE (EXAMPLE FROM MEETINGS (ATTENDED))
One-way Transportation Time	Average time assumed for a one-way trip based on discussions with providers and ADAD.	30 minutes

CATEGORY	DESCRIPTION	VALUE (EXAMPLE FROM MEETINGS (ATTENDED))
Trips per Day	Average number of one-way trips per day. This assumes a provider makes a visit in a day.	2 trips per day
Units per Day	Average number of billed units per day based on discussions with providers and ADAD.	1 units per day
Transportation Time per Unit	Calculated transportation time using the above assumptions and the following formula: <ul style="list-style-type: none"> One-way transportation time Times trips per visit Divided by units per visit 	30 minutes * 2 trips / 1 units = 60 transportation minutes per unit

Notes:

- The values illustrated above represent the transportation time calculation for Meetings (Attended). Transportation time varies by service based on different assumptions for trips per day.

Appendix B lists the transportation time assumptions by service with travel required.

Wage rate assumptions for staff and supervisors

The staff hourly wage for each provider group utilizes May 2023 wage data from the BLS for Hawai'i. BLS wage data was used because they are publicly available, updated on an annual basis, collected in a consistent and statistically credible manner, and provide the most detailed wage information which allows for wage assumptions to vary by region, by wage percentile, and by provider grouping. The provider types were aligned from the BLS data to the provider groups based on position responsibilities and feedback from the ADAD and providers.

The selection of the BLS wage percentile and annual trend factor was informed by the emerging workforce-specific wage trend, provider feedback, and ADAD's intent to maintain a strong workforce in Medicaid to carry out SUD program goals in today's inflationary and workforce shortage environment.

Wage levels effective for SFY 2027 for purposes of comparison rate calculation were developed using the following steps:

- Obtain the BLS wage data (May 2023) by occupational code and geographic region.
- Apply an annual trend factor of 3.5% to the base wage rates for SFY 2027 wage projection, which resulted in an overall 14.4% increase in wages from May 2023 to the rate period midpoint April 1, 2027. This trend is specific to the comparison rates and related time periods and is developed from Federal Reserve Economic Data for nationwide health employees as the average wage increase from August 2022 to August 2024.
- Calculate the proposed SFY 2027 statewide hourly wage rate for each provider grouping using trended wages at 50th for most staff providing SUD prevention services and the 75th percentile for supervisors.

2. Employee related expenses

This component captures the ERE expected to be incurred for staff and supervisors for each service. ERE percentages are calculated based on the expected level of ERE as a percentage of staff and supervisor salaries and wages. ERE expenses are calculated as the product of the calculated staff and supervisor salary and wage (described above) and an ERE percentage, which varies by provider group.

Employee related expenses include:

- Employer entity's portion of payroll taxes, employee medical and other insurance benefits
- Employer portion of retirement expenses incurred on behalf of staff and supervisors

A significant portion of the ERE is driven by the cost of health insurance and retirement benefits the employer provides to its employees. To better align health insurance cost assumption with provider experience, we adjusted the trended SFY 2027 employer paid health insurance cost per employee, which was calculated based on the most

recent BLS insurance cost per hour worked data. Additionally, according to the Hawai'i Prepaid Health Care Law¹ and discussions with providers, Hawai'i employers are expected to insure close to all employees eligible for health insurance coverage. The national average take-up rate (employees who select to use the insurance coverage offered to them) is approximately 65% based on BLS wage statistics². We increased the health insurance cost to reflect a 95% take-up rate for health insurance coverage as opposed to the 65% national average at the direction of ADAD.

Figure 8 provides a summary of the employee-related assumptions and their related sources. Insurance and retirement costs were sourced from BLS data for the health care and social assistance³ civilian worker classification.

FIGURE 8: EMPLOYEE RELATED EXPENSE ASSUMPTIONS

COMPONENTS	ASSUMPTIONS FOR SFY2027	SOURCE
Employee Social Security Withholding	6.2% (no change from 2024) Wage Base Limit: \$168,600 (assuming no change in the limit from 2025 to 2027)	IRS Publication 15 2024 Employer's Tax Guide (page 2)
Employer Medicare Withholding	1.45% (no change from 2024)	IRS Publication 15 2024 Employer's Tax Guide (page 2)
FUTA Tax	\$420, 6% of first \$7,000 (no change from 2024)	IRS Publication 15 2024 Employer's Tax Guide (page 45)
SUI Tax	5.8% Wage Base Limit: \$59,100	Hawai'i State Employment Security Department. Tax Rate Schedule and Weekly Benefit Amount
Workers Compensation	1.31% calculated as percentage of the sum of Wage and Salaries and Paid Leave components per June 2024 national data.	U.S. Bureau of Labor Statistics. (June 2024). Economic News Release, Table 1. Employer Costs for Employee Compensation by Ownership for Civilian Workers (page 4)
Insurance Benefits	\$8,922 per year (\$3.57 base hourly cost for the health care and social assistance industry group multiplied by 2,080 hours, trended from June 1, 2024 to April 1, 2027)	U.S. Bureau of Labor Statistics. (June 2024). Economic News Release, Table 2. Employer Costs for Employee Compensation by Ownership for Civilian Workers (page 5)
Retirement Percent	4.97% calculated as a percentage of the sum of Wage and Salaries and Paid Leave components per "Health care and social assistance" for civilian workers industry group.	U.S. Bureau of Labor Statistics. (June 2024). Economic News Release, Table 2. Employer Costs for Employee Compensation by Ownership for Civilian Workers (page 5)

Notes:

1. The sources in the table above were examined as of November 2024. To the extent the sources are materially restated or updated, the assumptions in this table may be inappropriate.

2. The detailed calculations related to the ERE percentage are shown by provider group in Appendix I.

³<https://labor.hawaii.gov/dcd/files/2013/01/PHC-highlights.pdf>

² <https://www.bls.gov/news.release/pdf/ebs2.pdf>

³ U.S. Bureau of Labor Statistics. (June 2024). Economic News Release, Table 2. Employer Costs for Employee Compensation for civilian workers by occupational and industry group. Retrieved from <https://www.bls.gov/news.release/eccec.htm>

3. Transportation expense

The transportation expense component of the IRM approach is intended to capture the provider entities' out-of-pocket transportation costs. Transportation expenses are based on the assumed average number of miles required to provide a service on a per unit basis. The expenses are calculated by applying the estimated number of miles by the 2025 federal mileage reimbursement allowance of \$0.70 per mile. This excludes the wages paid to staff and supervisors for their transportation time – this wage expense is included in the staff salaries and wages component described previously. The IRM approach also assumes that the federal mileage reimbursement would be sufficient to cover the cost of a provider owned vehicle if the provider opts to rely on the use of a provider vehicle instead of paying mileage reimbursement.

Transportation expense per unit for each applicable service was calculated by multiplying the average transportation miles required per unit and the federal mileage reimbursement rate of \$0.70. The average transportation miles required per unit was calculated by multiplying the average transportation minutes per unit and the average transportation speed measured by miles per hour (MPH) assumption and then dividing by 60 (e.g., 6 transportation minutes per unit * 30 MPH / 60 = 3 miles per unit). Transportation expenses are spread across all billable units of a claim in the same way that the transportation time is incorporated into the rate models. Appendix B provides the average transportation minutes per unit.

For tobacco compliance inspections, we developed multiple transportation assumptions to account for the varying nature of travel in and around the Hawaiian Islands. In discussion with SUD prevention service providers, we identified two primary transportation scenarios specific to tobacco compliance inspections. These scenarios are described below.

O'ahu Transportation – This scenario encompasses the majority of transportation needs for SUD prevention services and is composed of more traditional driving and mileage-based transportation assumptions detailed above whereby a provider may drive to or from a service location in the course of delivering the service.

Neighbor Island Transportation – This scenario is less common and includes travel between locations which require air-travel to complete the necessary trip. Certain services necessitate this level of transportation to effectively deliver services to multiple island locations. In these cases, we worked with providers and ADAD to develop cost-based assumption regarding flight expenses, frequency, and transportation time as inputs into the IRM models. A portion of the Neighbor Island travel expenses were calculated as the product of estimated average flight costs per person times the number of average people traveling for tobacco compliance inspections. Average flight costs per person are assumed to be \$290 and an average of 4 people (2 staff and 2 volunteers) are assumed to travel each day of Neighbor Island inspections. Neighbor island transportation for tobacco compliance inspections also includes airport parking at \$29 per day per field staff and car rental at \$240 per day per field staff as illustrated in Appendix F. We relied on provider feedback in the tobacco compliance focus group for the determination of the additional transportation costs associated with neighbor island tobacco compliance inspections.

4. Administration / program support / overhead

An adjustment to account for the cost of administration, program support, and overhead of the provider is built into each of the rate models. The assumption of 20% of the total expenses was used for all services at the direction of ADAD. The 20% assumption was based on industry research and our experience in other states. This component is intended to account for the following types of costs:

Administrative-related expenses - Generally, administrative-related expenses would include all expenses incurred by the provider entity necessary to support the provision of services but not directly related to providing services to individuals. These expenses exclude transportation, wages, and employee-related expenses to render services, and may include, but not be limited to:

- Salaries and wages, and related employee benefits for employees or contractors that are not direct service workers or supervisors of direct service workers
- Liability and other insurance
- Licenses and taxes

- Legal and audit fees
- Accounting and payroll services
- Billing and collection services
- Bank service charges and fees
- Information technology
- Telephone and other communication expenses
- Office and other supplies including postage
- Accreditation expenses, dues, memberships, and subscriptions
- Meeting and administrative travel related expenses
- Training and employee development expenses, including related travel
- Human resources, including background checks and other recruiting expenses
- Community education
- Marketing/advertising
- Interest expense and financing fees
- Facility and equipment expense and related utilities
- Vehicle and other transportation expenses not related to transporting individuals receiving services or transporting employees to provide services to individuals
- Board of director-related expenses
- Translation services

Program support costs - include supplies, materials, and equipment necessary to support service delivery.

C. RATE MODEL TYPES

The comparison rates were developed using two main model types which reflect the rate model components described above and are intended to capture the average expenses that the provider is expected to experience performing each service over a period of time.

Figure 9 provides an overview of the different model types and the rate model types chosen for each service included in the comparison rates.

FIGURE 9: RATE MODEL TYPES

MODEL	OVERALL DESCRIPTION	ADDITIONAL CONSIDERATIONS	SERVICES INCLUDED IN COMPARISON RATES
Type 1 Per Unit Rate Model	<ul style="list-style-type: none"> • Used when the service time assumptions related to providing the service can be reasonably determined on a per unit basis. • Assumes that all team members incur time when a unit of service is provided, with supervision as necessary. • The final rate per unit reflects the adjusted total minutes multiplied by the hourly labor-related cost components, and then adding all other applicable rate components. • One staff person is expected to provide the service with the presence of a staff supervisor. • May vary based on how many staff people are expected to provide the services. 	<ul style="list-style-type: none"> • Non-payroll transportation expenses may be included. • Appendix B details the specific assumptions associated with the development of each service utilizing Type 1 models. <p><i>Note:</i> The administration/program support/overhead component is included in the final rate per unit by taking the total cost of all prior components divided by one minus the administration/program support/overhead percentage amount</p>	<ul style="list-style-type: none"> • Policy, capacity, evaluation, sustainability, reports

MODEL	OVERALL DESCRIPTION	ADDITIONAL CONSIDERATIONS	SERVICES INCLUDED IN COMPARISON RATES
Type 2 Case Load Rate Model	<ul style="list-style-type: none"> Used when the expected costs of services are more reasonably determined on a daily basis, with resulting accumulated daily expenses converted to a service unit value based on assumptions related to the average number of individuals served and/or units provided during the day. Reflects a team approach to services. While not all team members are expected to contribute to the performance of every unit of service, the staffing resources assumed for this model are expected to represent the average per unit resources over the course of a day. <p><i>Note: This model only includes expenses for inspections and does not include costs associated with planning, data auditing or editing, nor for any other program management associated with tobacco compliance work.</i></p>	<ul style="list-style-type: none"> Does not separately distinguish direct time from indirect or transportation time. Does not separately apply a PTO adjustment, assuming that the average daily staff time and expected number of units, which are based on caseload assumptions, already take into account the PTO-reduced capacity of the staff. Adjusted daily service time components <ul style="list-style-type: none"> Time per day for each staff Caseload assumptions <ul style="list-style-type: none"> Average of 20 inspections per day based on ADAD feedback Transportation expenses <ul style="list-style-type: none"> Oahu transportation consistent with type 1 models Neighbor island travel includes airfare, airport parking and car rental Food expenses per day <ul style="list-style-type: none"> Oahu: volunteer provisions of \$25 per volunteer Neighbor Island: staff food expense of \$20 per staff, volunteer provisions of \$60 per volunteer. 	<ul style="list-style-type: none"> Tobacco compliance
Agency Plus Consultant Model	<ul style="list-style-type: none"> Used when the expected costs related to providing services can be reasonably determined on a consultant hourly rate and estimated hours worked per service basis. Assumes that a consultant is expected to provide services. For media plans, evaluator progress reporting, evaluator annual reporting, sustainability reporting services, the consultant rate is calculated by multiplying the master's level hourly rate by 2.46. For problem statement services, the consultant rate is calculated by multiplying the master's level hourly rate by 3.00. We relied on market research and direction from ADAD for the determination of the consultant multiplier. The final rate reflects adding the hourly labor-related cost components with the total estimated hours worked. 	<ul style="list-style-type: none"> Does not separately distinguish direct time from indirect time for contracted portion of the service. Does not include transportation time or cost. The final rate is a combination of contractor costs and agency staff costs necessary to support the work. 	<ul style="list-style-type: none"> Media plans, evaluator progress reporting, evaluator annual reporting, sustainability reporting, problem statement.

IV. Limitations and data reliance

The information contained in this report, including the appendices, has been prepared for DOH. It is our understanding that the information contained in this report may be shared with SUD prevention providers contracting with ADAD. Any distribution of the information should be in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the information presented.

Milliman makes no representations or warranties regarding the contents of this report to third parties. Likewise, third parties are instructed that they are to place no reliance upon this report prepared for DOH by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

The contents of this are not intended to represent a legal opinion or interpretation on any matters. Milliman makes no representations or warranties report regarding the contents of this report to third parties. Similarly, third parties are instructed that they are to place no reliance upon this information prepared for DOH by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

The assumptions used for the comparison rates were developed in conjunction between DOH, Milliman, and providers. Additionally, Milliman has developed certain models to estimate the values included in this report. The intent of the models was to develop comparison rates using an independent rate model approach. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purposes and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP). The information in this report has relied extensively on data provided by DOH and providers, CMS and BLS publicly available data sources, and other publicly available data sources. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Comparison rates are developed using an independent rate model, which calculates rates based on the sum of independently determined rate inputs and components. Inputs are based on expected resources required to provide the service. It is certain that actual individual provider cost experience will not conform exactly to the assumptions used to develop these comparison rates. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The responsible actuaries for this report, Jeremy Cunningham and Jason Howard are members of the American Academy of Actuaries and meet the qualification standards for performing the analysis for this presentation.

Appendix A

Hawaii Department of Health, Alcohol and Drug Abuse Division SUD Prevention Rate Study Appendix A - Comparison Rate Summary				
Service	Service Definition	Unit of Service	ADAD Current Cost	Comparison Rate
Training (Attended)	Education or instruction of knowledge, skills, and competencies with the goal of building a person's capacity and performance. This includes the development of, delivery, and participation in training for paid staff. Training is considered a structured event that is intended to develop proficiency as it relates to prevention, ATOD, and/or the program/policy.	Per Training	\$ 200.00	\$ 289.37
Training (Facilitated)	Education or instruction of knowledge, skills, and competencies with the goal of building a person's capacity and performance. This includes the development of, delivery, and participation in training for paid staff. Training is considered a structured event that is intended to develop proficiency as it relates to prevention, ATOD, and/or the program/policy.	Per Training	500.00	1,078.71
Meetings (Attended)	Meetings with representatives from other agencies/ organizations to collaborate and/or increase support for the program/policy.	Per Meeting	200.00	289.37
Meetings (Facilitated)	Meetings with representatives from other agencies/ organizations to collaborate and/or increase support for the program/policy.	Per Meeting	500.00	552.48
Community Fairs	Having a booth or exhibit at a fair or event that displays or disseminates information and that has a focus on an ATOD prevention message & information on the program/policy.	Per Occurrence	1,000.00	1,394.45
Social Media	Sharing prevention and/or program/policy related information via social media. Examples: Instagram, Facebook, Twitter, Snapchat, Tik Tok, etc. Per unduplicated post per social media platform.	Per Occurrence	200.00	81.52
Speaking Engagements or Presentations	Activities intended to impart information about specific issues to general or targeted audiences. Examples: Speeches, one-time presentations, assemblies, news conferences.	Per Occurrence	700.00	474.17
Education Programs for Adult Groups (18 years old and over) - Universal	Structured substance abuse prevention lessons, seminars, attending community fairs, or workshops directed to adult groups. Examples: Curriculum for college-aged groups.	Per Session-Universal	1,000.00	841.49
Education Programs for Adult Groups (18 years old and over) - Selective	Structured substance abuse prevention lessons, seminars, or workshops directed to adult groups. Examples: Curriculum for college-aged groups.	Per Session-Selective	1,100.00	875.34
Education Programs for Adult Groups (18 years old and over) - Indicated	Structured substance abuse prevention lessons, seminars, or workshops directed to adult groups. Examples: Curriculum for college-aged groups.	Per Session-Indicated	1,200.00	909.20
Ongoing Classroom and/or Small Group Sessions - Universal	Lessons, seminars or workshops that are presented as a recognized curriculum or course of study in a classroom setting. Examples: Life Skills Training, Project ALERT, etc.	Per Session-Universal	1,000.00	841.49
Ongoing Classroom and/or Small Group Sessions - Selective	Lessons, seminars or workshops that are presented as a recognized curriculum or course of study in a classroom setting. Examples: Life Skills Training, Project ALERT, etc.	Per Session-Selective	1,100.00	875.34
Ongoing Classroom and/or Small Group Sessions - Indicated	Lessons, seminars or workshops that are presented as a recognized curriculum or course of study in a classroom setting. Examples: Life Skills Training, Project ALERT, etc.	Per Session-Indicated	1,200.00	909.20
Problem Statement	Completion of Problem Statement, which is also known as a Policy Action Statement.	Per Statement	8,000.00	2,929.71
	<i>Provider agency portion of rate</i>			1,712.01
	<i>Portion of rate performed by consultants</i>			1,217.70
Issue Brief	Document that states the details of the policy.	Per Issue Brief	1,000.00	1,467.43
Draft of Policy Language	Document that states the importance and impact of the policy.	Per Policy Language	15,000.00	15,290.62
	<i>Provider agency portion of rate</i>			2,934.87
	<i>Portion of rate performed by consultants</i>			12,355.75
Media Plan	Media Plan to mobilize support of the policy to the general public.	Per Media Plan	2,000.00	9,698.86
	<i>Provider agency portion of rate</i>			1,358.73
	<i>Portion of rate performed by consultants</i>			8,340.13
Annual Evaluator Agreement	Submission of signed Agreement.	Per Agreement	6,000.00	872.54
Progress Evaluation Report	Submission of Report.	Per Report	9,000.00	10,212.24
	<i>Provider agency portion of rate</i>			1,357.29
	<i>Portion of rate performed by consultants</i>			8,854.95
Final Evaluation Report	Submission of Report.	Per Report	9,000.00	9,959.76
	<i>Provider agency portion of rate</i>			692.95
	<i>Portion of rate performed by consultants</i>			9,266.81
Sustainability Plan	Submission of Plan and subsequent Plans.	Per Plan	5,000.00	4,262.47
Monthly Management Information System Data Entry	Completion of monthly data entries.	Per Month	1,000.00	581.70
Quarterly Report	Submission of Reports.	Per Quarter	2,500.00	1,551.19
Year-End Report	Submission of Report.	Per Year	3,000.00	2,326.78
Tobacco Compliance Inspections - Oahu	These compliance inspections will survey selected outlets that sell tobacco/alcohol products to determine their compliance with the Federal law prohibiting the sale of tobacco/alcohol products to persons under 21 years of age. Volunteers between 15 and 20 years of age serve as "inspectors" by attempting to purchase those products, and they receive gift card "incentives" for their volunteer service.	Per Inspection	NA	40.41
Tobacco Compliance Inspections - Neighbor Island	These compliance inspections will survey selected outlets that sell tobacco/alcohol products to determine their compliance with the Federal law prohibiting the sale of tobacco/alcohol products to persons under 21 years of age. Volunteers between 15 and 20 years of age serve as "inspectors" by attempting to purchase those products, and they receive gift card "incentives" for their volunteer service.	Per Inspection	NA	144.82

Appendix B

Hawaii Department of Health, Alcohol and Drug Abuse Division									
SUD Prevention Rate Study									
Appendix B - Summary of Inputs for Model 1									
Full Code	Service Description	Benefits Tier	Avg Minutes of Direct Time Per Unit	Avg Minutes of Indirect Time Per Unit	Avg Minutes of Transportation Time Per Unit	Primary Staff	Supervisory Staff	Supervisor Span of Control	Administration / Program Support / Overhead
Training (Attended)	Education or instruction of knowledge, skills, and competencies with the goal of building a person's capacity and performance. This includes the development of, delivery, and participation in training for paid staff. Training is considered a structured event that is intended to develop proficiency as it relates to prevention, ATOD, and/or the program/policy.	Base	60.00	30.00	60.00	Masters (\$41.79)	Masters (\$50.74)	4.00	20.0%
Training (Facilitated)	Education or instruction of knowledge, skills, and competencies with the goal of building a person's capacity and performance. This includes the development of, delivery, and participation in training for paid staff. Training is considered a structured event that is intended to develop proficiency as it relates to prevention, ATOD, and/or the program/policy.	Base	60.00	480.00	60.00	Masters (\$41.79)	Masters (\$50.74)	4.00	20.0%
Meetings (Attended)	Meetings with representatives from other agencies/ organizations to collaborate and/or increase support for the program/policy.	Base	60.00	30.00	60.00	Masters (\$41.79)	Masters (\$50.74)	4.00	20.0%
Meetings (Facilitated)	Meetings with representatives from other agencies/ organizations to collaborate and/or increase support for the program/policy.	Base	60.00	180.00	60.00	Masters (\$41.79)	Masters (\$50.74)	4.00	20.0%
Community Fairs	Having a booth or exhibit at a fair or event that displays or disseminates information and that has a focus on an ATOD prevention message & information on the program/policy.	Base	180.00	540.00	60.00	Masters (\$41.79)	Masters (\$50.74)	4.00	20.0%
Social Media	Sharing prevention and/or program/policy related information via social media. Examples: Instagram, Facebook, Twitter, Snapchat, Tik Tok, etc. Per unduplicated post per social media platform.	Base	15.00	45.00	-	Bachelors (\$24.21)	Bachelors (\$30.58)	2.00	20.0%
Speaking Engagements or Presentations	Activities intended to impart information about specific issues to general or targeted audiences. Examples: Speeches, one-time presentations, assemblies, news conferences.	Base	60.00	120.00	60.00	Masters (\$41.79)	Bachelors (\$30.58)	2.00	20.0%
Education Programs for Adult Groups (18 years old and over) - Universal	Structured substance abuse prevention lessons, seminars, attending community fairs, or workshops directed to adult groups. Examples: Curriculum for college-aged groups.	Base	60.00	480.00	60.00	Bachelors (\$24.21)	Bachelors (\$30.58)	2.00	20.0%
Education Programs for Adult Groups (18 years old and over) - Selective	Structured substance abuse prevention lessons, seminars, or workshops directed to adult groups. Examples: Curriculum for college-aged groups.	Base	60.00	495.00	67.50	Bachelors (\$24.21)	Bachelors (\$30.58)	2.00	20.0%
Education Programs for Adult Groups (18 years old and over) - Indicated	Structured substance abuse prevention lessons, seminars, or workshops directed to adult groups. Examples: Curriculum for college-aged groups.	Base	60.00	510.00	75.00	Bachelors (\$24.21)	Bachelors (\$30.58)	2.00	20.0%
Ongoing Classroom and/or Small Group Sessions - Universal	Lessons, seminars or workshops that are presented as a recognized curriculum or course of study in a classroom setting. Examples: Life Skills Training, Project ALERT, etc.	Base	60.00	480.00	60.00	Bachelors (\$24.21)	Bachelors (\$30.58)	2.00	20.0%
Ongoing Classroom and/or Small Group Sessions - Selective	Lessons, seminars or workshops that are presented as a recognized curriculum or course of study in a classroom setting. Examples: Life Skills Training, Project ALERT, etc.	Base	60.00	495.00	67.50	Bachelors (\$24.21)	Bachelors (\$30.58)	2.00	20.0%
Ongoing Classroom and/or Small Group Sessions - Indicated	Lessons, seminars or workshops that are presented as a recognized curriculum or course of study in a classroom setting. Examples: Life Skills Training, Project ALERT, etc.	Base	60.00	510.00	75.00	Bachelors (\$24.21)	Bachelors (\$30.58)	2.00	20.0%
Problem Statement	Completion of Problem Statement, which is also known as a Policy Action Statement.	Base	300.00	960.00	-	Bachelors (\$24.21)	Bachelors (\$30.58)	2.00	20.0%
Issue Brief	Document that states the details of the policy.	Base	120.00	960.00	-	Bachelors (\$24.21)	Bachelors (\$30.58)	2.00	20.0%
Draft of Policy Language	Document that states the importance and impact of the policy.	Base	240.00	1,920.00	-	Bachelors (\$24.21)	Bachelors (\$30.58)	2.00	20.0%
Media Plan	Media Plan to mobilize support of the policy to the general public.	Base	-	1,000.00	-	Bachelors (\$24.21)	Bachelors (\$30.58)	2.00	20.0%
Annual Evaluator Agreement	Submission of signed Agreement.	Base	15.00	390.00	-	Masters (\$41.79)	Masters (\$50.74)	2.00	20.0%
Progress Evaluation Report	Submission of Report.	Base	30.00	600.00	-	Masters (\$41.79)	Masters (\$50.74)	2.00	20.0%
Final Evaluation Report	Submission of Report.	Base	30.00	480.00	-	Bachelors (\$24.21)	Bachelors (\$30.58)	2.00	20.0%
Sustainability Plan	Submission of Plan and subsequent Plans.	Base	30.00	2,400.00	-	Masters (\$41.79)	Masters (\$50.74)	4.00	20.0%
Monthly Management Information System Data	Completion of monthly data entries.	Base	240.00	30.00	-	Masters (\$41.79)	Masters (\$50.74)	2.00	20.0%
Quarterly Report	Submission of Reports.	Base	30.00	690.00	-	Masters (\$41.79)	Masters (\$50.74)	2.00	20.0%
Year-End Report	Submission of Report.	Base	30.00	1,050.00	-	Masters (\$41.79)	Masters (\$50.74)	2.00	20.0%

Appendix C

Hawaii Department of Health, Alcohol and Drug Abuse Division

SUD Prevention Rate Study

Appendix C - Model 1 Example

Service Information

Service Code: Training (Facilitated)
 Service Description: Education or instruction of knowledge, skills, and competencies with the goal of building a person's capacity and performance. This includes the development of, delivery, and participation in training for paid staff. Training is considered a structured event that is intended to develop proficiency as it relates to prevention, ATOD, and/or the program/policy.
 Reporting Units: Per Training

Ref.	Description	Masters	Masters	Total	Notes
A	Average minutes of direct time per unit	60.00			0 hour and 48 minutes of direct time per 8 hours
B	Average minutes of indirect time per unit	480.00			6 hours and 24 indirect minutes per 8 hours
C	Average minutes of transportation time per unit	60.00			48 transportation minutes per 8 hours 2 trips spread over 1 unit per day
D	Total minutes per unit	600.00			D = A + B + C
F	Supervisor span of control		4.00		4 employees assumed to be managed by 1 supervisor
G	Supervisor time per unit		150.00		G = D / F
H	PTO/training/conference time adjustment factor	16.6%	16.6%		Based on separate PTO build
I	Adjusted Total minutes per unit	699.55	174.89		I = D * (1 + H) I = G * (1 + H)
J	Hourly wage	\$ 41.79	\$ 50.74		Based on separate wage build
K	Total wages expense per unit	\$ 487.27	\$ 147.89	\$ 635.16	K = J * I / 60
L	Employee related expense (ERE) percentage	33.4%	29.9%		Based on separate ERE build
M	Total ERE expense per unit	\$ 162.54	\$ 44.27	\$ 206.81	M = K * L
N	Estimated average MPH			30.00	Urban 25 MPH Rural/Urban 40 MPH Rural 50 MPH
O	Estimated miles driven per unit			30.00	O = C * N / 60
P	Federal reimbursement rate			\$ 0.70	
Q	Transportation fleet costs per unit			21.00	Q = O * P
S	Administration / program support / overhead			20.0%	Portion of total rate
T	Administration Expenses			215.74	T = S * (K + M + Q) / (1 - S)
U	Per Training Rate			\$1,078.71	U = K + M + Q + T

Appendix D

Hawaii Department of Health, Alcohol and Drug Abuse Division

SUD Prevention Rate Study

Appendix D - Media Plan

Service Information

Service: Content Creation
 Service Description: Creation of content prior to and during the release of a media plan (e.g. Drafting and distributing press materials for news releases; Writing articles, newsletters, opinion pieces, and other editorial content; design; video production; recording audio)
 Reporting Units: Per Media Plan

Ref.	Description	Total	Notes
A	Consultant Hourly Rate	\$ 102.96	Based on existing vendor contracts, market research, and direction from ADAD
B	Estimated Hours Worked	48.00	
C	Rate per Content Creation	\$ 4,942.30	$C = A * B$

Service Information

Service: Content Planning
 Service Description: Completion of planning activities prior to the release of a media plan (e.g. Research of targeted audience; goal setting; topic ideation; search engine optimization; performance benchmarks; content platform strategy)
 Reporting Units: Per Media Plan

Ref.	Description	Total	Notes
D	Consultant Hourly Rate	\$ 102.96	Based on existing vendor contracts, market research, and direction from ADAD
E	Estimated Hours Worked	21.00	
F	Rate per Content Planning	\$ 2,162.26	$F = D * E$

Service Information

Service: Results Tracking
 Service Description: Preparing weekly summaries of activities conducted to track progress. Generating monthly reports analyzing social media performance to assess engagement and reach. Comparing current results with benchmarks from past communication efforts to evaluate the effectiveness of strategies. Compiling a comprehensive final report summarizing outcomes and providing insights for future initiatives.
 Reporting Units: Per Media Plan

Ref.	Description	Total	Notes
G	Consultant Hourly Rate	\$ 102.96	Based on existing vendor contracts, market research, and direction from ADAD
H	Estimated Hours Worked	12.00	
I	Rate per Results Tracking	\$ 1,235.57	$I = G * H$
J	Total Rate per Media Plan	\$ 8,340.13	

Appendix E

Hawaii Department of Health, Alcohol and Drug Abuse Division
SUD Prevention Rate Study
Appendix E - Consultant Portion of Rates

Service Information

Service: Progress Evaluation Report
 Service Description: Evaluator to prepare and submit preliminary process evaluation report based on data collected data within the timeframe specified in the contract.
 Reporting Units: Per Report

Ref.	Description	Total	Notes
A	Consultant Hourly Rate	\$ 102.96	Based on existing vendor contracts, market research, and direction from ADAD
B	Estimated Hours Worked	86.00	
C	Rate per Progress Evaluation Report	\$ 8,854.95	C = A * B

Service Information

Service: Final Evaluation Report
 Service Description: Evaluator to prepare, revise after consultation, and submit final evaluation report based on collected data within the timeframe specified in the contract.
 Reporting Units: Per Report

Ref.	Description	Total	Notes
D	Consultant Hourly Rate	\$ 102.96	Based on existing vendor contracts, market research, and direction from ADAD
E	Estimated Hours Worked	90.00	
F	Rate per Final Evaluation Report	\$ 9,266.81	F = D * E

Service Information

Service: Problem Statement
 Service Description: Completion of Problem Statement, which is also known as a Policy Action Statement.
 Reporting Units: Per Plan

Ref.	Description	Total	Notes
H	Consultant Hourly Rate	\$ 152.21	Based on existing vendor contracts, market research, and direction from ADAD
I	Estimated Hours Worked	8.00	
J	Rate per Problem Statement	\$ 1,217.70	J = H * I

Service Information

Service: Draft of Policy Language
 Service Description: Document that states the importance and impact of the policy.
 Reporting Units: Per Policy Language

Ref.	Description	Total	Notes
K	Consultant Hourly Rate	\$ 102.96	Based on existing vendor contracts, market research, and direction from ADAD
L	Legal Consultant Estimated Hours Worked	70.00	
N	Research Consultant Estimated Hours Worked	50.00	
O	Rate per Draft of Policy Language	\$ 12,355.75	O = K * N

Appendix F

Hawaii Department of Health, Alcohol and Drug Abuse Division

SUD Prevention Rate Study

Appendix F - Tobacco Compliance Inspections

Service Information

Service Code: TCI - Oahu

Service Description: These compliance inspections will survey selected outlets that sell tobacco/alcohol products to determine their compliance with the Federal law prohibiting the sale of tobacco/alcohol products to persons under 21 years of age. Volunteers between 15 and 20 years of age serve as "inspectors" by attempting to purchase those products, and they receive gift card "incentives" for their volunteer service.

Reporting Units: Per Inspection

Ref.	Description	Field Staff	Volunteer	Project Coordinator	Total	Notes
A	Hourly wage	\$ 30.58	\$ 0.00	\$ 41.79		Based on separate wage build
B	Number of employees	3.00	3.00	1.00		2 staff for Neighbor Island, 1 volunteer per field staff
C	Hours worked per Enforcement Operation	8.00	8.00	1.50		13 hours for Neighbor Island
D	Total wages expense per Enforcement Operation	\$ 733.94	\$ 0.00	\$ 62.69	\$ 796.63	D = A * B * C
E	Employee related expense (ERE) percentage	40.48%	0.00%	33.36%		Based on separate ERE build
F	Total ERE expense per Enforcement Operation	\$ 297.10	\$ 0.00	\$ 20.91	\$ 318.01	F = D * E
H	Estimated miles driven per Enforcement Operation	300.00				Assumes 100 miles driven round-trip per field staff
I	Federal mileage reimbursement rate	\$ 0.70				
J	Airfare round trip rate	\$ 0.00	\$ 0.00			
K	Airport parking rate per Enforcement Operation	\$ 0.00				
L	Car rental rate	\$ 0.00				
M	Travel costs per Enforcement Operation	\$ 630.00	\$ 0.00	\$ 0.00	\$ 630	M = (H * I + J + K + L) * B
N	Food per Diem				\$ 75.00	Staff per Diem + Volunteer Provisions (\$20 per staff, \$60 per volunteer)
O	Incentives				\$ 120.00	\$40 per volunteer
P	Subtotal before administration / program support / overhead				193964.17%	P = D + F + M + N
Q	Administration / Program Support / Overhead				\$ 0.20	Portion of monthly costs
R	Enforcement Operation Administrative Expenses				\$ 484.91	R = (P * Q) / (1 - Q)
S	Enforcement Operation Day Costs				2,424.55	S = P + R
T	Average Inspections per team per EO Day				20.00	
U	Number of teams				3.00	
V	Per Inspection Rate				\$ 40.41	V = S / T / U

Hawaii Department of Health, Alcohol and Drug Abuse Division

SUD Prevention Rate Study

Appendix F - Tobacco Compliance Inspections

Service Information

Service Code: TCI - Neighbor Island

Service Description: These compliance inspections will survey selected outlets that sell tobacco/alcohol products to determine their compliance with the Federal law prohibiting the sale of tobacco/alcohol products to persons under 21 years of age. Volunteers between 15 and 20 years of age serve as "inspectors" by attempting to purchase those products, and they receive gift card "incentives" for their volunteer service.

Reporting Units: Per Inspection

Ref.	Description	Field Staff	Volunteer	Project Coordinator	Total	Notes
A	Hourly wage	\$ 30.58	\$ 0.00	\$ 41.79		Based on separate wage build
B	Number of employees	2.00	2.00	1.00		2 staff for Neighbor Island, 1 volunteer per field staff
C	Hours worked per Enforcement Operation	13.00	13.00	2.50		13 hours for Neighbor Island
D	Total wages expense per Enforcement Operation	\$ 795.11	\$ 0.00	\$ 104.48	\$ 899.59	D = A * B * C
E	Employee related expense (ERE) percentage	40.48%	0.00%	33.36%		Based on separate ERE build
F	Total ERE expense per Enforcement Operation	\$ 321.85	\$ 0.00	\$ 34.85	\$ 356.71	F = D * E
H	Estimated miles driven per Enforcement Operation	200.00				Assumes 100 miles driven round-trip per field staff
I	Federal mileage reimbursement rate	\$ 0.70				
J	Airfare round trip rate	\$ 580.00	\$ 580.00			
K	Airport parking rate per Enforcement Operation	\$ 29.00				
L	Car rental rate	\$ 240.00				
M	Travel costs per Enforcement Operation	\$ 1,978.00	\$ 1,160.00	\$ 0.00	\$ 3,138	M = (H * I + J + K + L) * B
N	Food per Diem				\$ 160.00	Staff per Diem + Volunteer Provisions (\$20 per staff, \$60 per volunteer)
O	Food per Diem				\$ 80.00	\$40 per volunteer
P	Subtotal before administration / program support / overhead				463429.58%	P = D + F + M + N
Q	Administration / Program Support / Overhead				\$ 0.20	Portion of monthly costs
R	Enforcement Operation Administrative Expenses				\$ 1,158.57	R = (P * Q) / (1 - Q)
S	Enforcement Operation Day Costs				5,792.87	S = P + R
T	Average Inspections per team per EO Day				20.00	
U	Number of teams				2.00	
V	Per Inspection Rate				\$ 144.82	V = S / T / U

Appendix G

Hawaii Department of Health, Alcohol and Drug Abuse Division
 SUD Prevention Rate Study
 Projected SFY 2027 Hourly Wages by Provider Grouping
 Appendix G - Bureau of Labor Statistics (BLS) Provider Grouping Crosswalk

Provider Grouping	Most Applicable BLS Job Title	50th Percentile	75th Percentile	Weight
Less than Bachelors	Community Health Workers	\$ 18.82	\$ 25.71	33.3%
Less than Bachelors	Healthcare Support Occupations	19.85	23.53	33.3%
Less than Bachelors	Social and Human Service Assistants	18.91	22.08	33.3%
Less than Bachelors	Weighted Average	\$ 19.19	\$ 23.77	
Bachelors	Healthcare Support Occupations	\$ 19.85	\$ 23.53	50.0%
Bachelors	Substance Abuse, Behavioral Disorder, and Mental Health Counselors	22.47	29.92	50.0%
Bachelors	Weighted Average	\$ 21.16	\$ 26.73	
Masters	Healthcare Social Workers	\$ 36.77	\$ 43.18	33.3%
Masters	Mental Health and Substance Abuse Social Workers	26.71	34.59	33.3%
Masters	Social Workers, All Other	46.09	55.25	33.3%
Masters	Weighted Average	\$ 36.52	\$ 44.34	

Note: These amounts reflect untrended May 2023 BLS hourly wages.

Hawaii Department of Health, Alcohol and Drug Abuse Division SUD Prevention Rate Study Projected SFY 2027 Hourly Wages by Provider Grouping Appendix G - Trended Weighted Average Subtotals						
	Untrended		C	D	Trended	
	A	B			$E = A * (1 + C)^D$	$F = B * (1 + C)^D$
Provider Grouping	50th Percentile	75th Percentile	Wage Trend	Trend Length	50th Percentile	75th Percentile
Less than Bachelors	\$ 19.19	\$ 23.77	3.50%	3.92	\$ 21.96	\$ 27.20
Bachelors	21.16	26.73	3.50%	3.92	24.21	30.58
Masters	36.52	44.34	3.50%	3.92	41.79	50.74

Note: The BLS base data is trended from May 1, 2023 to April 1, 2027.

Appendix H

Hawaii Department of Health, Alcohol and Drug Abuse Division											
SUD Prevention Rate Study											
Appendix H - PTO, Training Time, and Non-Productive Time Factor by Provider Group											
	A	B	C	D	E	F	G	H	I	J	K
Provider Group	Annual productive time	Paid Holidays and PTO per year	On-going training/conference time hours per year	Total	Training hours/inefficient time for each new hire	Turnover percentage	New hire training hours per year	Hours of replacement for non-productive time	Annual hours paid on	PTO/training/conference time adjustment factor	Replacement worker PTO hours
	I - H			B + C			E * F	D + G		I / (I - H) - 1	H * J
Less than Bachelors	1,816	224	24	248	80	20%	16	264	2,080	14.5%	38.38
Bachelors	1,816	224	24	248	80	20%	16	264	2,080	14.5%	38.38
Masters	1,784	264	24	288	40	20%	8	296	2,080	16.6%	49.11

Appendix I

Hawaii Department of Health, Alcohol and Drug Abuse Division SUD Prevention Rate Study Appendix I - Employee Related Expenses - 50th Percentile												
A	B	C	D	E	F	G	H	I	J	K	L	
Provider Group	Trended Wage	Annual Employee Salary	FICA	FUTA	SUI	Workers Comp	Insurance	Retirement	Medicare	ERE per Employee	ERE Percentage	Annual Salary and ERE
Notes		A * 2080	A * 2080 * 6.20% up to \$168,600 taxable limit	6.00% up to \$7,000 taxable limit	5.80% up to \$59,100 taxable limit	B * 1.31%		B * 4.97%	B * 1.45%	SUM (C through I)	J / B	B * (1 + K)
Less than Bachelors	\$ 21.96	\$ 45,682	\$ 2,832	\$ 420	\$ 2,650	\$ 598	\$ 13,040	\$ 2,270	\$ 662	\$ 22,473	49.2%	\$ 68,155
Bachelors	24.21	50,363	3,123	420	2,921	660	13,040	2,503	730	23,397	46.5%	73,760
Masters	41.79	86,930	5,390	420	3,428	1,139	13,040	4,320	1,260	28,997	33.4%	115,927

DRAFT AND CONFIDENTIAL Hawaii Department of Health, Alcohol and Drug Abuse Division SUD Prevention Rate Study Appendix I - Employee Related Expenses - 75th Percentile												
A	B	C	D	E	F	G	H	I	J	K	L	
Provider Group	Trended Wage	Annual Employee Salary	FICA	FUTA	SUI	Workers Comp	Insurance	Retirement	Medicare	ERE per Employee	ERE Percentage	Annual Salary and ERE
Notes		A * 2080	A * 2080 * 6.20% up to \$168,600 taxable limit	6.00% up to \$7,000 taxable limit	5.80% up to \$59,100 taxable limit	B * 1.31%		B * 4.97%	B * 1.45%	SUM (C through I)	J / B	B * (1 + K)
Less than Bachelors	\$ 27.20	\$ 56,583	\$ 3,508	\$ 420	\$ 3,282	\$ 741	\$ 13,040	\$ 2,812	\$ 820	\$ 24,624	43.5%	\$ 81,207
Bachelors	30.58	63,609	3,944	420	3,428	833	13,040	3,161	922	25,748	40.5%	89,357
Masters	50.74	105,534	6,543	420	3,428	1,382	13,040	5,245	1,530	31,589	29.9%	137,123