

Rate Methodology Negotiated Rulemaking Meeting Request for Clarification and Additional Comments

Friday, May 25, 2018

Agenda – Discussion Topics

- Welcome
- Cost Survey
 - Triggers
 - Frequency
 - Process
- General Reimbursement Rate Setting Methodology
 - Components
 - Base Rate Calculation Method
 - Rate Adjustments
- Residential Habilitation Service Rate Structure
 - Special Rates for Certain High & Intense Supported Living Services
 - Staffing Ratios
 - Acuity-Based Rates
 - Time Direct Care Workers Required to Be Present with Participants
- Conclusion – Next Steps

Cost Survey

Access and Quality Triggers

Access and quality triggers in the proposed rule revisions rely on participant complaints, critical incident reports, and program quality assurance data collected by DHW staff.

Comment Received

- One commenter suggested that the Department's proposed access and quality triggers were vague, and the commenter requested that the terminology be narrowly defined.

Department's Response

- Because each participant's situation is unique and the Department does not want to limit its ability to respond to any emerging access or quality issue, the Department will not narrowly define the terminology in the proposed rule revisions.
- However, to ensure transparency with all stakeholders, the Department will add language requiring us to track and publish an annual summary of our access and quality reviews.

Cost Survey

Access and Quality Triggers

Access and quality triggers in the proposed rule revisions rely on participant complaints, critical incident reports, and program quality assurance data collected by DHW staff.

Comment Received

- Commenters generally indicated that participants' family members may have input relevant to identifying access and quality triggers.

Department's Response

- The Department is working to ensure quality and access concerns are identified and addressed in the enhanced person-centered planning process being developed with the assistance of the Community NOW! stakeholder group.

Cost Survey

Access and Quality Triggers

Access and quality triggers in the proposed rule revisions rely on participant complaints, critical incident reports, and program quality assurance data collected by DHW staff.

Comment Received

- Commenters generally indicated that providers' workforce metrics (e.g. turnover, length of service and vacancy rates) may help to identify access and quality issues.
- Commenters suggested the Department collect this information from providers on an annual basis.

Department's Response and Questions

- The Department is open to utilizing workforce metrics as indicators of access and quality issues.
- What levels of turnover and vacancy rates would suggest a potential access or quality issue?
- How would providers demonstrate and verify these workforce metrics?
- Is there another way, other than an annual survey, to collect this information?

Cost Survey

Wage and Employer-Related Expenditure Triggers

Proposed rule revisions included triggers, at the request of providers, related to changes in minimum wage requirements, BLS wage data, and BLS/IRS employer-related expenditure data.

Comment Received

- Commenters recommended a cost survey be triggered when one of the above requirements or wage data increased or decreased by 3% or more annually.

Department's Response and Questions

- Because commenters did not provide data to support their recommendation:
 - The Department invites commenters to submit additional supporting documentation regarding the reasonableness of the trigger;
 - The Department will research historical trends to identify average changes to this data, and will then make a recommendation for these triggers.
- Stakeholders will be given the opportunity to provide comments on the recommendations.
- Do other stakeholders agree or disagree with commenters' 3% recommendation? Why? And if not, what percentage would you recommend?

Cost Survey

Wage and Employer-Related Expenditure Triggers

Proposed rule revisions included triggers, at the request of providers, related to changes in minimum wage requirements, BLS wage data, and BLS/IRS employer-related expenditure data.

Comment Received

- Some commenters also recommended the following triggers:
 - *“When wage adjustments are needed in order to stay competitive with other businesses completing for the same pool of candidates who would typically fill a direct support staff role.”*
 - *“When wage adjustments are needed to compete with minimum or market wage expectations in contiguous geographies (to include Idaho border states).”*

Department’s Questions

- How would providers demonstrate and verify their proposed triggers were met?
- Do other stakeholders agree or disagree with commenters’ recommendation? Why?

Cost Survey

Wage and Employer-Related Expenditure Triggers

Department's Alternative Recommendation

- The Department recommends relying on an identified BLS wage estimate data series for industries competing for the same employees. For example, include a trigger if an identified BLS nonfarm (including manufacturing and service industry workers) wage estimate data series in the State of Idaho increases (or decreases) by [X%] or more over (or under) the same wage estimate at the time the base rate was established.

Department's Questions

- Do stakeholders agree or disagree with Department's alternative recommendation? Why?
- Do you have recommendations for a different wage index that would reflect changes to wages for manufacturing and service industry workers?

Cost Survey

Frequency

Comments Received

- Some commenters recommended that a cost survey be conducted not less than once every five years.

Department's Questions

- Do other stakeholders agree or disagree with commenters' recommendation? Why?

Cost Survey

Process - Participation

Comments Received

- Some commenters recommended 100% of providers be surveyed.
- Other commenters recommended that “*a statistically representative sample*” of providers as determined by the Department’s cost survey consultant be surveyed.

Department’s Response

- The Department intends to continue surveying 100% of providers.
- All providers have an obligation to participate in each cost survey for their particular service type.
- The Department will propose additional language to require good-faith provider response to survey.

Cost Survey

Process - Validation

Comments Received

- Commenters recommended that cost survey provider responses be validated by the cost survey consultant using providers' general ledgers to ensure providers reported costs in the appropriate categories.

Department's Response and Questions

- Do other stakeholders agree or disagree with commenters' recommendation? Why?
- Are providers willing to submit their general ledgers to a cost survey consultant for verification?
- The Department is willing to consider this recommendation, but we must first identify the cost of this additional validation service. The cost of this additional service must be requested from and approved by the Legislature prior to implementation.

General Reimbursement Rate Setting Methodology

Components – Direct Care Worker Wage

Current DHW	Navigant Review	Commenters Recommendations
Single BLS Comparable Occupation Title (median hourly wage inflated)	Single BLS Comparable Occupation Title (median hourly wage inflated) (based on IDAPA interpretation)	Single BLS Comparable Occupation Title - must use category <u>with highest level of skill</u>
	*Noted blend of wages from BLS (median hourly wage inflated) is common approach	Blend of BLS Occupation Titles - weighted based on responsibilities of direct care worker

Department’s Alternative Recommendation and Questions

- The Department requests feedback from stakeholders regarding the option to align residential habilitation direct care worker wages with the ICF/ID weighted average hourly rate (WAHR) instead of utilizing a BLS occupation title(s).
- Would you support aligning residential habilitation direct care worker wages to the ICF/ID WAHR?
- What do stakeholders see as the advantages and/or disadvantages of this option?

General Reimbursement Rate Setting Methodology

Components – Direct Care Worker Wage

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Single BLS Comparable Occupation Title (median hourly wage inflated)	Single BLS Comparable Occupation Title (median hourly wage inflated) (based on IDAPA interpretation)	Single BLS Comparable Occupation Title - must use category <u>with highest level of skill</u>
	*Noted blend of wages from BLS (median hourly wage inflated) is common approach	Blend of BLS Occupation Titles - weighted based on responsibilities of direct care worker

If you DO NOT support using the ICF/ID WAHR, please consider the following:

Department Concerns and Questions

- Education and Supervision Levels should be taken into account when selecting BLS occupation title(s)
- Do providers also recommend using median hourly wage inflated?
- If using a blended rate, how would BLS occupation titles and percentages be determined?
- How would disputes be resolved?

General Reimbursement Rate Setting Methodology

Components – Direct Care Worker Wage

If you DO NOT support using the ICF/ID WAHR, please consider the following:

Comment Received

- Commenters requested that the *“selected BLS hourly wage will allow for retention (80% over 2 years) of direct care staff and will allow providers to compete with other industries who are recruiting the same candidates.”*

Department’s Questions

- How would providers demonstrate and verify the proposed allowances were necessary?
- If demonstrated and verified need, how would commenters propose the Department adjust direct care workers’ wages for these allowances?
- Do other stakeholders agree or disagree with commenters’ recommendation? Why?

General Reimbursement Rate Setting Methodology

Components – Employer-Related Expenditures

Current DHW	Navigant Review	Commenters Recommendations
Percentage calculated by adding percentages of employer costs for employee compensation from BLS and IRS	No change to ERE methodology recommended	Percentage calculated by dividing total employer-related expenditures by total direct care staff wage data collected in the cost survey

Department's Alternative Recommendation and Questions

- The Department is open to considering commenters recommendation, if providers are subject to minimum allocation of reimbursement amounts to direct care workers:
 - The minimum allocation percentage could align with the percentage for wages and ERE identified in the base rate;
 - The minimum allocation could be calculated across an agency's total annual reimbursement (not employee-by-employee)
 - To lessen agencies' administrative burden, compliance with the minimum allocation requirement could be verified during the next cost survey.
- Do stakeholders agree or disagree with Department's alternative recommendation? Why?

General Reimbursement Rate Setting Methodology

Components – Program-Related Expenditures

Current DHW	Navigant Review	Commenters Recommendations
75th percentile of cost survey dollar rate (inflated)	Percent of Direct Care Wages (inflated)	Percentage calculated by dividing total program-related expenditures by total direct care staff wage data collected in the cost survey

Department's Questions/Concerns:

- How would providers ensure efficiency with their proposed recommendation?
- The Department is open to considering calculating PRE as a percentage of wages. However, instead of utilizing the average percentage of the surveyed data, the Department proposes to calculate the PRE percentage for each agency and select the median percentage to calculate the base rate.
- Do stakeholders agree or disagree with Department's alternative recommendation? Why?

General Reimbursement Rate Setting Methodology

Components – General and Administrative Costs

Current DHW	Navigant Review	Commenters Recommendations
75th percentile of cost survey dollar rate (inflated)	Percent of Direct Care Wages (inflated)	Requires Clarification

Comment Received – Requires Clarification:

“The General and Administrative percentage is calculated as follows: first the Direct Service Staff wage plus the Employment-Related Expenditure plus the Program-Related Expenditure is subtotaled (“Subtotal 1” in the formula, below). This figure is then adjusted for the General and Administrative by “grossing up” the total by the General and Administrative percentage such that: “Subtotal 1” divided by (1 – General and Administrative Percentage) = Total Rate.”

- As written the G&A percentage is calculated using the G&A percentage.
- Did commenter intend to recommend: G&A Percentage calculated by dividing total G&A costs by sum of total direct care staff wages, total employer-related expenditures, and total program-related expenditures data collected in the cost survey? If not please clarify recommendation.

General Reimbursement Rate Setting Methodology

Components – General and Administrative Costs

Current DHW	Navigant Review	Commenters Recommendations
75th percentile of cost survey dollar rate (inflated)	Percent of Direct Care Wages (inflated)	Requires Clarification

Department's Alternative Recommendations and Questions

- The Department is open to considering calculating G&A as a percentage of wages, ERE, and PRE. However, instead of utilizing the average percentage of the surveyed data, the Department proposes to calculate the G&A percentage for each agency and select the median percentage to calculate the base rate. The Department also proposes a cap on G&A.
- Do stakeholders agree or disagree with Department's alternative recommendations? Why?
- Do you have a recommendation for the most appropriate method to cap G&A costs?

General Reimbursement Rate Setting Methodology

Base Rate Calculation Method

Commenters' Recommendation

- Base Rate = DCW Wage + (ERE% of DCW Wage) + (PRE% of DCW Wage) + (G&A % of [DCW Wage + ERE + PRE])

Department's Response

- The Department is open to considering calculating the base rate as recommended by commenters, if a cap on G&A is established.

General Reimbursement Rate Setting Methodology

Rate Adjustments

Comment Received

- Commenters recommended the Department adjust rates annually as follows:

“Review and Consideration of Annual Adjustment. The Department will pull the most current BLS wage data for the occupational category or categories selected to represent the direct support staff role and will rebase the rate(s) utilizing the rate methodology. The Department may put forward the updated rate(s) to the State Legislature for consideration.”

56-118, Idaho Code – Reimbursement Rates

- (1) The department shall implement a methodology for reviewing and determining reimbursement rates to private businesses providing developmental disability agency services, mental health services, service coordination and case management services and residential habilitation agency services by rule.
- (2) In addition to any policy or federal statutory requirements, such methodology shall incorporate, at a minimum, the actual cost of providing quality services, including personnel and total operating expenses, directly related to providing such services which shall be provided by the private business entities.
- (3) The results of this review and analysis do not guarantee a change in reimbursement rates, but shall be a fair and equitable process for establishing and reviewing such rates.

Department’s Response

- Commenters’ recommendation for rate adjustments does not comply with 56-118

Residential Habilitation Service Rate Structure

Special Rates for Certain High & Intense Supported Living Services

The Department's proposed rule draft included special rates for certain high & intense supported living services:

- One-to-one staff-to-participant ratio supports for participants who require twenty-four (24) hour per day supports and supervision and who have chosen to live alone or with a participant receiving intense support.
- Two-to-one staff-to-participant ratio supports for participants with severe aggressive behavior.

Department Comment

- The Department anticipates moving forward with the proposed changes.
- However, please note that this rule may be impacted by future policy changes.

Residential Habilitation Service Rate Structure

Staffing Ratios

Comment Received

- Commenters recommended the following:

“Staffing Ratios. For those services that are provided in varying staff ratios (i.e. 1:1, 1:2, etc.), the Department will collect provider staffing ratio information. Reimbursement rates will be adjusted in accordance with the relevant staffing ratios as calculated based on provider staffing ratio information.”

Department’s Response

- The Department is open to considering requirements for staffing ratio surveys in rule.

Residential Habilitation Service Rate Structure

Acuity-Based Rates

Comment Received

- Commenters recommended the following:

“Rate Differentials Based on Acuity. If relevant for the service type, rate differentials based on acuity will also be factored in when determining reimbursement rates.”

Department’s Response

- The Department is open to considering acuity-based rates in future policy changes.
- The Department believes this recommendation could be more appropriately considered in connection with future program enhancement efforts.

Residential Habilitation Service Rate Structure

Time Direct Care Workers Required to Be Present with Participant

Comment Received

- Commenters recommended the following:

“The person who is receiving the service and who is expected to benefit from it must be present 75% or more of the time.”

Department’s Response, Concerns, and Questions

- This recommendation is not acceptable to the Department.
- However, the Department does want to address providers concerns around paid training time for direct care workers. The Department is looking into options to reimburse providers for quality training.

Conclusion

Next Steps

- All stakeholders will have 30 days to comment on the Department's responses and questions in this presentation.
- All comments must be received by Monday, June 25, 2018.
- The Department anticipates scheduling an informal discussion regarding these rules in July 2018.
- The Department anticipates pursuing proposed rulemaking for these rules in October 2018 and presenting these rules to the 2019 Legislature.
- Upon publication of the proposed rule, stakeholders will have an additional 21 days to comment on the proposed changes.