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State of Idaho Department of Health and Welfare

Supported Living Services – Residential
Habilitation (Res Hab) Cost Survey – **DRAFT**

October 25, 2016



DEDICATED TO GOVERNMENT HEALTH PROGRAMS



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1. Overview

In December 2015, the Idaho Department of Health and Welfare (DHW) asked Myers and Stauffer LC (MSLC) to perform a provider cost survey of the Supported Living Services – Residential Habilitation (Res Hab) Program. The goal of this cost survey is to capture provider costs under the cost categories identified in Idaho rule and for the DHW to use this survey to calculate rates for the Supported Living – Res Hab Program. MSLC was only contracted to perform the cost survey and not to develop the corresponding rates. Any references to rates presented in this report were developed by the DHW and not by MSLC.

The approach we took to this project was a collaborative approach with the DHW. MSLC was responsible for all details related to calculating cost from the surveys. However, when other outside data sources were used, such as wage rates from the Bureau of Labor Statistics website, the DHW was responsible for selecting data sources and notifying MSLC which amounts to include in our report.

A. Key Deliverables

Following is a high-level summary of the deliverables associated with this project:

- *Cost survey template tool to collect provider costs.*
- *Cost survey results summarizing each provider's cost for the following categories (these will be defined at length in Section 3 of this report):*
 - *Direct care staff hourly wages*
 - *Employee Related Expenses (ERE) benefits and employer related wage expenses*
 - *Program Related Expenses (PRE)*
 - *General and Administrative (G&A)*
- *Written report that identifies the processes, methodology, regulatory support, and written findings*



2. Cost Survey Results

A. Current Rate Structure

Res Hab rates are currently paid by the DHW under six different service levels. The following table presents a summary of the service levels, unit description, and the rates currently being paid effective February 1, 2016.

The current rates effective February 1, 2016, were published in Medicaid Information Release MA16-01, which states that the rates are temporary and are a result of data obtained in the DHW's 2009 rate report adjusted for inflation. MA16-01 can be found in Appendix A of this report.

The DHW utilized the results of this cost survey to develop a draft new rate structure that was included in their letter dated October 17, 2017. The DHW has stated that if implemented, the estimated implementation date for the new rates would be March 1, 2017. A copy of this letter is included in Appendix K. As a result of the provider meeting held on October 24, 2016, the draft rates are still in review by DHW in order to take into consideration the public comment period.

Table 2.1: Rates by Service Level

Service Level Formal Title	Common Title	Unit	Temporary Rates Effective 2/1/16	Draft Rates Calculated by DHW Appendix K
Individual supported living	Individual	15 mins	\$5.69	\$4.92
Group supported living	Group	15 mins	\$2.28	\$1.97
Daily supported living services intense support	Intense	Daily	\$455.02	\$472.32
Daily supported living intense support - school based, school days	Intense School Based	Daily	\$360.21	\$373.92
Daily supported living services high support	High	Daily	\$273.13	\$236.16
Daily supported living high support - school based, school days	High School Based	Daily	\$216.23	\$186.96

B. Summary of Survey Components

IDAPA 16.03.10.037.04.a through c identifies three cost categories that must be surveyed for use in rate setting as follows. These will be defined and described at length in Section 3 of this report.

- a. Wage rates
- b. Employer related expenditures (ERE)
- c. Indirect general, administrative, and program related costs (G&A + PRE)



The following Table 2.3 provides the high-level summary of the final data sources the DHW selected for their use in calculating the draft rates. The data sources and details behind each figure are discussed at length in Section 3 of this report.

The data in the table below does not take the costs and extrapolate them into rates to match the service levels listed in Table 2.1 above. This table merely presents the base results of the cost survey or other published source.

Table 2.3 Summary of DHW Calculated Draft Rates

Rate Component	Source within this Report	Methodology Used	Total of Rate Components
Direct Care Wage	Table 3.1	Bureau of Labor Statistics Plus Inflation	\$10.19
ERE	Table 3.4	BLS.gov & IRS.gov	\$3.73
PRE Separated	Table 3.9	Cost survey 75 th percentile	\$3.72
G&A Separated	Table 3.9	Cost survey 75 th percentile	\$2.04
Total Hourly			\$19.68
Total 15 Minute Unit			\$4.92



3. Cost Survey Components

The categories that were used to summarize the cost survey results were derived from IDAPA 16.03.10.037.04. A copy of this section of the rule can be found in Appendix B. Following is a summary of the cost categories, their definitions, and an explanation of the methodology used to compile the cost and to develop a cost per unit for the final survey results.

A. Wages

Idaho cost survey rules provide for the potential use of two different sources (cost survey or Bureau of Labor Statistics BLS.gov) for the direct care wages in the calculation of the supported living rates. IDAPA 16.03.10.037.04.a states:

Wage rates will be used in the reimbursement methodology when the expenditure is incurred by the provider type executing the program. Wages will be identified in the Bureau of Labor Statistics website at www.bls.gov when there is a comparable occupation title for the direct care staff. When there is no comparable occupation title for the direct care staff, then a weighted average hourly rate methodology will be used. (4-4-13)

Following is a summary of the two potential sources along with the one selected by the DHW to use in their future rate setting. Details behind the calculations are described in the following sections.

Table 3.1 Wage Source Options

Wage Source Options	Occupation Title	Hourly Wage	Selected by DHW
www.bls.gov	Personal Care Aide	\$9.73 (before inflation)	X
Cost Survey Weighted Average	Direct Care Workers	\$9.60	

1. Bureau of Labor Statistics (BLS) Data Source

The first part of this rule states that wages will be identified in the BLS website when there is a comparable occupation. The website was reviewed and the data for Idaho was identified at the following web link. Printed support and details from the website can be found at Appendix H:

http://www.bls.gov/oes/current/oes_id.htm

The DHW reviewed this website and they determined the most comparable occupation title was Personal Care Aide. Following is a summary of the hourly wage for this category from the website for the “May 2015 State Occupational Employment and Wage Estimates Idaho.”

a) Inflation Factor

To calculate the inflation for the BLS hourly wage, the DHW used Global Insights Inflation-EMPLOYMENT COST INDEXES (WAGES & SALARIES)-West - May 2015. The wage was inflated from May 2015 through the end of February 2017.



- 2015, May-Dec: 1.67%
- 2016, Jan-Dec: 2.60%
- 2017, Jan-Feb: 0.45%

Table 3.2: Summary of Wages for Personal Care Aide Selected by DHW

Occupation Code	Occupation Title	Source within Report	Mean Hourly Wage	Department Determined Inflation Factor	Inflated Hourly Wage
39-9021	Personal Care Aide	Appendix H	\$9.73	4.72%	\$10.19

2. Weighted Average Data Source

The second part of this IDAPA rule states that if a comparable occupation title is not available on the BLS website, then a weighted average rate methodology will be used. Because we were already surveying providers, we opted to survey providers for their direct care wage expense to ensure that all options were covered. Using this method resulted in a statewide weighted average rate of \$9.60 per hour (presented in Table 3.1). The detail behind this calculation is several hundred pages long and contains protected employee wage information; therefore, it is not included in this report.

a) Weighted Average Wage Approach

To calculate the weighted average direct care wages, we included a schedule in the cost survey to collect the necessary data. Following is a high-level summary of the approach used to collect this data:

- *We only requested hourly wages for employees who provide direct hands-on-care to the clients. Administrative and other oversight staff were excluded from this schedule. Administrative and other oversight wages will be included with G&A or PRE costs.*
- *For the rest of the survey, we requested cost information for each provider's most currently ended fiscal year (usually 12/31/15). However, for the hourly direct care wage rates, to ensure the most current wage data was obtained, we requested hourly wages for pay periods beginning October 1, 2015, and ending as of the date the provider compiled the survey.*
- *The survey requested the following information details:*
 - *Employee Name*
 - *Job Title*
 - *Regular Wage per Hour*
 - *Regular Hours Worked*
 - *Overtime Wage per Hour*
 - *Overtime Hours Worked*



Once all of the surveys were received, wage information, excluding employee names, for each employee in the state who provides direct care to clients was consolidated into one combined document. The weighted average hourly wage rate of \$9.60 was calculated as follows:

- Multiplied each employee's regular hourly pay rate by their regular hours worked
- + Each employee's overtime hourly pay rate times their overtime hours worked
- = Sum of the products above
- / The sum of total regular hours + overtime hours worked
- = Statewide weighted average hourly rate (including overtime)

b) Bonuses Related to Direct Caregiver Wages

Bonuses for the direct caregivers are included in the DHW proposed rate as part of the ERE component using data from the IDAPA-required sources rather than from the cost survey data. However, the provider workgroup requested that bonus information for these employees be collected and separately identified on the cost survey in case hourly wage data from the survey was used in the rate calculations.

Upon receipt of the surveys, we noted two issues. 1) The provider response rate was very low as can be seen in the following table and 2) the survey was missing a critical component to include the bonuses as part of the hourly wage rate. The survey collected the total direct care hours worked for employees for the periods of October 1, 2015, to their most currently ended payroll period. However, it did not collect the total hours worked for the fiscal year that matches the total bonus reporting period. Therefore, we do not believe the data is at the level needed to include bonuses in the average hourly rate. Following is a summary of the provider response rate:

Table 3.3: Direct Care Bonus Survey Response Rate

Description	Count
Providers that reported bonus information	19
Providers who did not report bonus information	26
Total	45

In conclusion, as described in Section B below, we believe that by including the BLS published bonus percentage that bonus expenses are captured in the draft rates developed by the DHW.

B. Employee Related Expenses (ERE)

IDAPA requires the use of the bls.gov and irs.gov websites as the source for the ERE portion of the rate. In the stakeholder meetings, the providers were concerned that their ERE expenses may be exceeding nationally published sources. Therefore, the cost survey included extra sections to capture their costs in order to compare them to national trends.

Following is a summary of the two potential sources to use for rates along with the source the DHW selected for their rate calculations. Details behind the calculations are described in the following sections.



Table 3.4 ERE Amounts for Comparison

Source Options	Hourly Amount	Selected by DHW for Draft Rates	Source within Report
BLS.gov & IRS.gov	\$3.73	X – required by IDAPA	Table 3.5
Cost Survey	\$2.23		Table 3.6

1. IRS and BLS Published Rates

The IDAPA rules are very specific and state that the ERE portion of the rate will come from published sources rather than from a cost survey. IDAPA 16.03.10.037.04.b states:

For employer related expenditures: (4-4-13)

i. The Bureau of Labor Statistic's report for employer costs per hour worked for employee compensation and costs as a percent of total compensation for Mountain West Divisions will be used to determine the incurred employer related costs by each provider type. The website for access to this report is at www.bls.gov. (4-4-13)

ii. The Internal Revenue Service employer cost for social security benefit and Medicare benefit will be used to determine the incurred employer related costs by provider type. The website for access to this information is at www.irs.gov. (4-4-13)

The above referenced websites were reviewed to determine the ERE portion of the rate. The following table identifies the source of the data from the websites and the resulting ERE add-on when multiplying the published percentages by the average hourly wage rate identified in Section A.

Table 3.5: ERE Calculation

Overall Wage and Benefit % of Compensation from BLS.gov	Source	% of Total Compensation
Wages and Salaries	Note 1	72.80%
Benefits	Note 1	27.20%

Social Security and Medicaid Benefits Paid by Employer	Source	% of Wage Paid
Hourly Wage	Table 3.2	
Social Security Benefit Employer Paid	Note 2	6.20%
Medicare Benefit Employer Paid	Note 2	1.45%
Total Section 1		7.65%

Other ERE Expenses (Note 1 for Source)	% of Total Compensation (b)	% of Wage Paid (d) = ((b) / (a))
Paid Leave	6.20%	8.52%



OT & Premium	0.70%	0.96%
Shift Differential	0.10%	0.14%
Nonproduction Bonus	1.60%	2.20%
Life Insurance	0.10%	0.14%
Health Insurance	6.90%	9.48%
Short-Term Disability Insurance	0.10%	0.14%
Other ERE Expenses (Note 1 for Source)	% of Total Compensation (b)	% of Wage Paid (d) = ((b) / (a))
Long-Term Disability Insurance	0.10%	0.14%
Defined Benefit Retirement	1.10%	1.51%
Defined Contribution Retirement	2.20%	3.02%
Social Security <i>(exclude - used IRS.gov above)</i>	4.80%	NA
Medicare <i>(exclude - used IRS.gov above)</i>	1.20%	NA
Federal Unemployment	0.10%	0.14%
State Unemployment	0.60%	0.82%
Workers' Compensation	1.30%	1.79%
Total Section 2	27.10%	29.00%
Grand Total All Benefits (Sections 1 & 2)		36.65%
Inflated BLS Wage (Table 3.2)		\$10.19
Calculated ERE for Inflated BLS Wage		\$3.73

2. Cost Survey Results

Although IDAPA requires the DHW to use published sources, the provider workgroup opted to survey ERE cost for informational purposes. Following is a summary of the ERE cost per wage hour results from the survey. To calculate this figure, for each provider, we calculated their ERE expense percentage of total wages. That percent was then multiplied by each provider's weighted average direct care wage per hour. The calculated ERE cost from the survey was determined by taking the cost for the provider ranked at the 75th percentile as can be seen in the table below.

Table 3.6 ERE Cost Array

Random Assigned Provider #	Facility Specific Combined Regular and OT Hourly Wage	Direct ERE % of Direct Care Wages	ERE Cost per Direct Caregiver Hourly Rate
103	\$8.83	15.44%	\$1.36
104	\$9.17	19.12%	\$1.75
105	\$9.94	31.64%	\$3.15
106	\$10.80	28.96%	\$3.13
111	\$8.79	14.93%	\$1.31
113	\$9.72	31.89%	\$3.10
115	\$9.44	15.06%	\$1.42
119	\$9.56	9.08%	\$0.87



Random Assigned Provider #	Facility Specific Combined Regular and OT Hourly Wage	Direct ERE % of Direct Care Wages	ERE Cost per Direct Caregiver Hourly Rate
120	\$9.29	27.23%	\$2.53
123	\$9.31	14.71%	\$1.37
125	\$9.66	17.82%	\$1.72
127	\$8.97	20.46%	\$1.84
128	\$9.77	32.89%	\$3.21
130	\$8.13	23.96%	\$1.95
132	\$9.24	16.48%	\$1.52
133	\$9.12	32.92%	\$3.00
140	\$10.77	11.54%	\$1.24
142	\$12.71	10.79%	\$1.37
150	\$9.23	13.79%	\$1.27
151	\$9.88	0.00%	\$0.00
153	\$8.86	13.05%	\$1.16
155	\$8.48	20.63%	\$1.75
156	\$10.05	12.39%	\$1.24
157	\$9.66	22.56%	\$2.18
158	\$12.51	40.36%	\$5.05
159	\$9.78	15.38%	\$1.50
160	\$10.77	14.16%	\$1.53
161	\$10.58	19.00%	\$2.01
163	\$9.71	30.95%	\$3.01
168	\$9.89	14.82%	\$1.47
170	\$8.56	22.47%	\$1.92
171	\$10.62	14.85%	\$1.58
172	\$9.79	14.86%	\$1.45
180	\$10.23	11.66%	\$1.19
182	\$10.83	24.90%	\$2.70
185	\$9.72	12.74%	\$1.24
187	\$10.17	23.30%	\$2.37
188	\$10.16	9.57%	\$0.97
190	\$8.70	13.16%	\$1.14
194	\$8.96	23.08%	\$2.07
75th Percentile (PERCENTILE.INC formula) - Hourly			\$2.23
75th Percentile - 15 Minute Unit			\$0.56

3. Affordable Care Act (ACA) Impact on Insurance Cost

During our provider workgroup sessions, the providers asserted that many of them will have significant increases in their health insurance expense beginning in 2016 due to



federal implementation of the ACA. Because this potential increase falls after the 2015 fiscal year being surveyed, the providers requested that we include a section in the survey to query providers about their insurance costs before and after implementation of the ACA so that the increased cost could potentially be annualized and included in the cost survey.

Therefore, we included a section in the cost survey to allow providers to report this data. The results were not very comprehensive as many providers did not complete this section and others stated that it was less expensive for them to pay the penalty for not implementing the ACA requirements. Because penalty costs are specifically not an allowable Medicaid or Medicare program cost per PRM Part 1, §2105.10, those penalties would not be allowed in this cost survey.

Due to the limited response, we do not believe the data was useful for the cost survey. It is our opinion that because IDAPA 16.03.10.037.04.b requires that the state use the BLS and IRS published sources for benefits, that identifying an average cost for the ACA data, with the limited reporting, would not be complete or accurate. In addition, because the ACA requirements are federal, the BLS and IRS published sources should factor in this cost to the percentages they publish; which should ultimately include the ACA cost in the rate the DHW calculates.

Following is a summary of the provider responses to the ACA section of the cost survey.

Table 3.7: ACA Provider Survey Responses

Description	Count
Providers reported sufficient data to perform analytics on expected future ACA cost increase.	11
Providers with incomplete reporting and/or no prior health insurance expense.	8
Providers implemented ACA requirements and cost survey already reflects a full year of expense.	12
Providers who provide health insurance but are not subject to ACA.	1
Providers either taking the ACA penalty or do not meet ACA requirements.	23
Total	55*

*This count does not agree to Table 4.2. The ACA Responses were to address projected expenses related to providing healthcare. Since the expense did not relate to Schedule 3, Schedule of Expenses, based on historical data, there were more surveys considered. Please refer to Section 4.E, Table 4.2, Provider Survey Response for more information.



C. Program Related Expenses (PRE) and General and Administrative (G&A) Expenses

This section of the Idaho rules is the most specific about requiring a cost survey. IDAPA 16.03.10.037.04.c states:

Cost surveys to collect indirect general, administrative, and program related costs will be used when these expenditures are incurred by the provider type executing the program. The costs will be ranked by costs per provider, and the Medicaid cost used in the reimbursement rate methodology will be established at the seventy-fifth percentile in order to efficiently set a rate. (4-4-13)

IDAPA 16.03.10.037.04 lists the cost categories related to a cost survey as follows:

- a. Wages
- b. Employee related expenses
- c. General, administrative, and program related costs

Based on the regulation, the number of cost categories is open for interpretation. It may be interpreted that there could be three, not four cost categories. During the cost survey process, MSLC presented to the department, calculations showing the 75th percentile for a combined PRE and G&A cost category as well as separate calculations for each of these components. The costs that make up these categories contain all of the other expenses related to client care that were not already reported in direct care wages and employee related expenses. These costs include items such as lease expense, administrators, bookkeepers, program directors, supplies, etc. To see the specific accounts that we requested, please refer to the cost survey template at Appendix E.

The most common PRE expenses reported on the survey and included with the cost calculation include:

- *QIDP Wages*
- *Insurance Expense*
- *Program/Medical Supplies*
- *Training*
- *Occupancy Expense (includes costs for rent, utilities, maintenance, etc.)*
- *Phone/Pager*

The most common G&A expenses reported on the survey and included with the cost calculation include:

- *Administrator Wages*
- *Office Supplies*
- *Office/Clerical Wages*



- Accounting
- Bank and Finance Charges
- Auto and Travel

1. Normalized Units

Because providers vary significantly in size and in cost, in order to calculate a uniform unit cost, there must first be a method to normalize all of the varying levels of provider costs into a standardized unit of measure. The provider workgroup members represented that these providers serve 100% Medicaid populations; therefore, the DHW selected a methodology utilizing paid Medicaid units. The DHW provided us a report from their Medicaid Management Information System (MMIS) that showed total paid units by service level that matched each provider’s fiscal period reported on the survey. The state took this report and broke it down by service level before sending it to us; therefore, MSLC had no responsibility for the data query or the resulting separation of units between rate categories. The theory with this method is that we take each provider’s cost divided by normalized units, to determine a cost per unit.

The challenge with this method is that of the six service levels (refer to Table 2.1), each are paid using different unit bases. Therefore, we took each service level unit total from the MMIS and converted it into a standard measure of a 15-minute unit as follows:

Table 3.8: Current Service Levels Unit Total Converted to 15-Minute Unit

Service Level	Unit Measurement in MMIS	Formula to Convert Units to 15 Minute Normalized Units
Individual	15 minutes	NA
Group	15 minutes	NA
High	24 hours	Unit * 24 * 4
High School Based	19 hours	Unit * 19 * 4
Intense	24 hours	Unit * 24 * 4
Intense School Based	19 hours	Unit * 19 * 4

This resulted in all MMIS units being converted to a standard measure of 15-minute units. The next step was to calculate each provider’s per unit cost. To do this we took each provider’s total PRE and G&A cost divided by total normalized units for each provider to calculate the per unit cost. The IDAPA rule cited above, then requires that each provider’s cost be ranked and the resulting cost be established at the 75th percentile. The table below includes the per unit cost of all providers along with the calculation of the 75th percentile.

Table 3.9 PRE + G&A 75th Percentile

M&S Random Provider #	Combined PRE and G&A Cost Per Unit (15 minutes)	PRE Cost Per Unit (15 minutes)	G&A Cost Per Unit (15 Minutes)
103	\$0.94	\$0.77	\$0.18



M&S Random Provider #	Combined PRE and G&A Cost Per Unit (15 minutes)	PRE Cost Per Unit (15 minutes)	G&A Cost Per Unit (15 Minutes)
104	\$0.66	\$0.50	\$0.16
105	\$0.73	\$0.55	\$0.18
106	\$0.62	\$0.17	\$0.44
111	\$1.32	\$1.11	\$0.21
113	\$0.88	\$0.51	\$0.37
115	\$1.89	\$1.77	\$0.12
119	\$0.84	\$0.71	\$0.13
120	\$0.61	\$0.29	\$0.32
123	\$0.81	\$0.66	\$0.15
125	\$1.70	\$1.01	\$0.68
127	\$0.86	\$0.19	\$0.67
128	\$0.85	\$0.44	\$0.41
130	\$1.52	\$1.01	\$0.51
132	\$0.67	\$0.38	\$0.29
133	\$1.24	\$0.81	\$0.43
140	\$0.47	\$0.47	\$0.00
142	\$1.02	\$0.92	\$0.10
150	\$2.11	\$1.96	\$0.16
151	\$1.19	\$0.75	\$0.44
153	\$0.62	\$0.48	\$0.14
155	\$0.95	\$0.61	\$0.34
156	\$1.40	\$0.57	\$0.83
157	\$1.92	\$1.18	\$0.74
158	\$0.67	\$0.47	\$0.20
159	\$0.87	\$0.10	\$0.77
160	\$0.78	\$0.26	\$0.52
161	\$0.87	\$0.48	\$0.40
163	\$0.92	\$0.53	\$0.39
168	\$1.17	\$0.61	\$0.56
170	\$1.14	\$0.60	\$0.54
171	\$1.40	\$0.69	\$0.71
172	\$2.05	\$0.94	\$1.12
180	\$1.11	\$0.96	\$0.16
182	\$1.25	\$0.86	\$0.39
185	\$1.60	\$1.34	\$0.25
187	\$0.99	\$0.56	\$0.43
188	\$0.89	\$0.65	\$0.23
190	\$1.36	\$1.03	\$0.33



M&S Random Provider #	Combined PRE and G&A Cost Per Unit (15 minutes)	PRE Cost Per Unit (15 minutes)	G&A Cost Per Unit (15 Minutes)
194	\$0.81	\$0.32	\$0.49
75th Percentile (15 min)	\$1.33	\$0.93	\$0.51
75th Percentile (Hourly)	\$5.32	\$3.72	\$2.04



4. Survey Process, Timeline, and Response Rate

A. Stakeholder Involvement and Communication

The state recognized that success of a cost survey for such a vulnerable group of clients depends heavily on close collaboration between the governing agency and the impacted providers. Involvement and input of stakeholders from the project onset is important to ensure that the calculation, data input, and methodologies are transparent and the participating entities have a vested interest and stake in the success of the program. In addition, an open and transparent process helps providers understand the cost survey and rate development, which will enable them to plan appropriately for the impact the cost survey and subsequent rate setting will have on their organizations.

The DHW invited the Idaho Association of Community Providers (IACP) (the provider association) to participate in a series of in-person meetings to develop the cost survey to ensure the survey captured appropriate costs for this provider group. In addition, on-line webinars were held for all providers to train them in completing the survey and to provide Q&A sessions. Providers were encouraged to ask questions during the meetings or type their questions directly onto the webinar page. Webinars were recorded for future viewing and reference. Access to the recordings, presentations, survey templates, FAQs, and other documents can be found at the following website:

<http://www.mslc.com/Idaho/Downloads.aspx>

In addition, the state has maintained a blog with meeting minutes and other documentation at the following website for Supported Living Services:

<https://dhwblog.com/tag/supported-living-services/>

B. Workgroup for Cost Survey Development

A smaller workgroup was established to design a cost survey with representatives from the following groups:

- *IACP (provider association)*
- *Several providers*
- *DHW*
- *MSLC*

The workgroup met over several months to develop a cost survey to collect the necessary data. Goals of the workgroup were to develop a tool that would 1) be easily understandable by both small and large providers and 2) would be simple, yet effective, to capture the needed data. Once a final product was agreed upon by the group, a letter was sent to all providers announcing



the cost survey and notifying providers where the survey could be obtained. The notice letter and the blank cost survey can be found in Appendixes F and E, respectively.

C. Project Timeline

Table 4.1 outlines the significant events related to the development and implementation of this cost survey:

Table 4.1: Res Hab Cost Survey Timeline

Event Date	Event
January 13, 2016	Meeting with the Res Hab Provider Association – Announcement that a cost survey would be performed. A draft version of the cost survey was presented at this meeting.
January 19, 2016	Meeting between the Division of Medicaid, Idaho Association of Community Providers (IACP), Representatives of the Provider Community, and MSLC – Discussed revised cost survey based on January 13 meeting feedback.
February 2, 2016	Meeting between the Division of Medicaid, IACP, Representatives of the Provider Community, and MSLC – Discussed revised cost survey based on January 19 meeting feedback.
February 9, 2016	A draft of the revised cost survey based on feedback from the February 2 meeting was sent to the IACP and provider group. Survey was emailed to the group for comments via emails with no meeting.
February 17, 2016	A draft of the revised cost survey based on emailed feedback from the provider group regarding the February 9 version was sent to the IACP and provider group. This version was approved and used as the cost survey to be sent to the providers. See Appendix E for a copy of the survey.
February 26, 2016	Division of Medicaid issued Medicaid Information Release MA16-05, Residential Habilitation Agency Cost Survey. See Appendix I for a copy of the Information Release.
February 29, 2016	Letters were sent to each licensed provider with instructions on how to access the survey and announcing various webinar training and Q&A dates. A copy of this letter is filed in Appendix F.
March 14, 2016	MSLC presented a webinar on how to complete the survey. A recorded version of this webinar can be found at: http://www.mslc.com/Idaho/Downloads.aspx ; select “Supported Living Services”; select “2016-03-14 Link to Webinar Recording.” A copy of the presentation and questions asked during the webinar are filed in Appendix G.
March 21, 2016	MSLC presented a webinar for a question and answer follow-up session. A recorded version of this webinar can be found at: http://www.mslc.com/Idaho/Downloads.aspx ; select “Supported Living Services”; select “2016-03-21 Link to Recorded Q and A Webinar.” A copy of the FAQs is also filed at Appendix G.
April 22, 2016	Cost Survey Follow-Up letters were sent to providers with outstanding surveys. A copy of this letter is filed at Appendix J.
April 30, 2016	Completed cost surveys due to MSLC.



Event Date	Event
May – June 2016	MSLC review of submitted surveys and compiling results into draft reports.
June 9, 2016	Meeting between the Division of Medicaid, IACP, Representatives of the Provider Community, and MSLC – Discussed the status of the survey reviews, impact of new HCBS rule on providers, and potential wage increases to compete with retail store wages.
June – October 2016	Compiling data into useable formats and drafting written report.
August 26, 2016 September 6, 2016 September 22, 2016	Meetings between the Division of Medicaid, IACP Representatives of the Provider Community, and MSLC – Discussions based on preliminary results of the survey components to arrive at the draft rates (subject to review during public comment period) issued in the DHW letter dated October 17, 2016 (Appendix K).

D. Provider Privacy

Members of the provider association and the DHW requested that we protect the privacy of the provider data. Both groups requested that our cost survey findings protect provider names so that provider cost could in no way be matched to individual provider names by either the DHW or the public. To protect provider privacy, MSLC took the following precautions:

- *Provider surveys were submitted directly to MSLC and MSLC only provided summary reports to DHW which can be requested by using the Public Records Request process.*
- *MSLC used a random number generator to assign a made-up provider number to each provider. This was necessary to allow us to track provider data throughout the report.*
- *The state provided the MMIS units to us. In addition, the state performed the necessary calculations within the MMIS to separate the units between the six service levels. Because the state could (with significant effort) back into our total normalized units (discussed in Section 3.C of report), the DHW has not been shown any reports with the total “normalized unit” figures by randomly-issued provider number.*
- *Any calculations issued to the state have been in PDF format with all provider identifying information removed from view.*

E. Survey Response Rates

IDAPA 16.03.10.037.04 regarding cost surveys requires the Department to survey 100% of the providers. This IDAPA rule also states that if a provider refuses to participate, they may be disenrolled as a Medicaid provider.

The DHW generated the list of providers subject to the survey. Based on this list, surveys were mailed to 108 provider locations. Some of these locations were part of chain operations. If the provider was a chain operation, they had an option to either submit a single survey that reflected



costs of all locations or submit a survey for each of the locations. Following is a summary of the providers' response to the cost survey.

Table 4.2: Provider Survey Responses

Description	Count
Completed surveys received	45
Surveys received but did not have historical information to complete Schedule 3 (Schedule of Expenses)	10
Surveys sent to providers beginning the certification process when survey was mailed. No surveys were collected since there was no data to report	2
Surveys sent to providers that voluntarily closed during survey period. No surveys were collected since they were not continuing in the program	3
Surveys sent to licensed providers, but do not currently, or never had participants. No cost data was submitted	2
Surveys sent without a response	1
Total	63

F. Surveys Used in the Calculation of the Cost Categories

The providers that participated in the cost survey were all at various stages of providing services. Responses ranged from new providers who did not have historical cost detail to long-term established entities. The following sections identify why providers were omitted from each cost category. References to "provider numbers" below refer to the MSLC assigned provider number to retain provider privacy.

1. Weighted Average Hourly Direct Care Worker Wage (Table 3.1)

All 55 providers were included with the exception of the following:

- *Provider #173. Their survey was incomplete and the wage schedule was handwritten, difficult to read, and many of the job titles appeared to be for non-direct care wage employees.*

2. ERE (Table 3.6)

IDAPA requires the use of published employee benefit sources. However, for informational purposes, we calculated the ERE cost using provider surveys. Following is a summary of the providers excluded from the cost calculation.

- *Provider 101. The provider operates several businesses. Discussions with the provider indicated they were unable to separate costs between their Res Hab services and other businesses.*
- *Provider 121. When we calculated the cost per Idaho Medicaid paid unit, the unit costs appeared to be an outlier when compared to other providers within the state. We expanded our review to compare Idaho Medicaid payments to the provider's reported cost and this showed a cost coverage of 16.85%. Review of the provider's support for the cost survey did indicate expenses reported on the survey were only for the Res Hab operations. It appears that they may provide services to non-Idaho Medicaid clients. We do not have access to other payer source units. If a method*



other than normalized units is decided upon after the public comment period, this provider may be reconsidered.

- *Provider 154. The survey was incomplete and 100% of expenses were reported as G&A.*
- *Provider 173. The survey was incomplete and no PRE or G&A expense was reported.*
- *Provider 176. When we calculated the cost per Idaho Medicaid paid unit, the unit costs appeared to be an outlier when compared to other providers in the state. When we compared the Idaho Medicaid payments to the provider's reported cost, it showed a cost coverage of 8.95%. The provider stated that DDA (non-Res Hab) expenses were excluded from the survey but once we compared costs to Idaho Medicaid units, it appeared that they may provide services to non-Idaho Medicaid clients. We do not have access to other payer source units. If a method other than normalized units is decided upon after the public comment period, this provider may be reconsidered.*

3. PRE and G&A (Table 3.9)

As discussed in Section 3, these costs were calculated using a combination of the provider cost surveys and service units. Following is a summary of the providers excluded from the calculations:

- *Provider 101. The provider operates several businesses. Discussions with the provider indicated they were unable to separate costs between their Res Hab services and other businesses.*
- *Provider 121. When we calculated the cost per Idaho Medicaid paid unit, the unit costs appeared to be an outlier when compared to other providers within the state. We expanded our review to compare Idaho Medicaid payments to the provider's reported cost and this showed a cost coverage of 16.85%. Review of the provider's support for the cost survey did indicate expenses reported on the survey were only for the Res Hab operations. It appears that they may provide services to non-Idaho Medicaid clients. We do not have access to other payer source units. If a method other than normalized units is decided upon after the public comment period, this provider may be reconsidered.*
- *Provider 154. The survey was incomplete and 100% of expenses were reported as G&A.*
- *Provider 173. The survey was incomplete and no PRE or G&A expense was reported.*
- *Provider 176. When we calculated the cost per Idaho Medicaid paid unit, the unit costs appeared to be an outlier when compared to other providers in the state. When we compared the Idaho Medicaid payments to the provider's reported cost, it showed a cost coverage of 8.95%. The provider stated that DDA (non-Res Hab) expenses were excluded from the survey but once we compared costs to Idaho Medicaid units, it appeared that they may provide services to non-Idaho Medicaid clients. We do not*



have access to other payer source units. If a method other than normalized units is decided upon after the public comment period, this provider may be reconsidered.

G. Disclaimers

MSLC performed the cost survey in order to provide the DHW with a tool to calculate rates for the Supported Living Services – Res Hab providers. The reliability of the cost survey may be impacted by several factors.

- *The DHW was responsible for selecting the comparable occupation titles from the BLS.gov website for use in calculating the direct care wage rate.*
- *The DHW was responsible for identifying providers who should receive a survey.*
- *The DHW was responsible for establishing the workgroup utilized in the survey development process and subsequent discussions on preliminary results.*
- *MSLC was not responsible for calculating the rates or for determining any rate components that did not come directly from the cost survey. Any work or references to the establishment of rates within this report, or in the listing of rates, was provided by the DHW and not by MSLC. MSLC was only responsible for compiling cost survey data.*
- *The calculated cost is based on provider submitted data. MSLC did not audit the data. The survey was set up to provide guidance to help the providers to properly classify expenses in each cost category in accordance with state and federal rules and regulations. Adjustments and reclassifications were made for accounts that had account descriptions that clearly identified the account as reported on an incorrect line.*
- *MSLC scanned surveys for obvious line classification changes based on account descriptions. If there were obvious classification variances, MSLC reclassified the cost to another cost center.*
- *MSLC performed limited comparisons of total survey costs to the provider's accounting records. Only if something looked materially unusual did they inquire with the provider.*
- *If there were account names with obviously unallowable account titles in accordance with the PRM (such as penalties), these obvious non-allowable expenses reported were removed.*
- *There may be inconsistency in how providers reported costs on the survey. This inconsistency may derive from the provider's size, allocation to services other than Supported Living – Res Hab, sophistication of accounting records, and/or interpretation of the requirements of the survey.*
- *The DHW was responsible for querying their MMIS system for all MMIS units used in the normalized cost calculations within this report. The DHW was responsible for separating the units between the six service levels identified in Table 2.1 and MSLC has no responsibility for these determinations.*



5. Appendix

In addition to the items listed in this appendix, other documents may be found at the following:

<http://www.mslc.com/Idaho/Downloads.aspx>

<https://dhwblog.com/tag/supported-living-services/>

- A. Medicaid Information Release MA16-01
- B. IDAPA 16.03.10.037
- C. Bureau of Labor Statistics Support for ERE
- D. IRS.gov Support for ERE
- E. Blank Cost Survey Template
- F. Cost Survey Cover Letter
- G. FAQs as a Result of the Cost Survey Template Training Webinars
- H. Personal Care Aide Hourly Wage – BLS Website
- I. Medicaid Information Release MA 16-05
- J. 4/22/16 Follow Up Survey Letter
- K. 10/17/16 Supported Living Cost Survey



A. Medicaid Information Release MA16-01



C.L. 'BUTCH' OTTER – Governor
RICHARD M. ARMSTRONG – Director

IDAHO DEPARTMENT OF
HEALTH & WELFARE

LISA HETTINGER - Administrator
DIVISION OF MEDICAID
Post Office Box 83720
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January 19, 2016

MEDICAID INFORMATION RELEASE MA16-01

To: Developmental Disability (DD) Supported Living Providers; Targeted Service Coordinators

From: Lisa Hettinger, Administrator

Subject: Supported Living Rates

Information in this release supersedes information found in Information Release MA15-10.

The supported living reimbursement rates identified in the previous Information Release MA15-10, which were to be implemented on February 1, 2016, for Residential Habilitation Agencies serving participants on the DD waiver, have been adjusted to reflect temporary rates.

The Department will implement these temporary rates to address access concerns expressed by participants, advocacy groups and supported living providers in response to the reinstated rates communicated in MA15-10. The temporary rates reflect data obtained from the Department's 2009 rate report and account for inflation.

These temporary rates will be the reimbursement rates until a cost survey can be completed. A cost survey will provide the Department with the necessary information to develop new rates. If the temporary rates are over 5% higher or lower than the new rates established as a result of the cost survey process, the Department will reconcile the difference with providers back to February 1, 2016.

Providers who deliver supported living services need to be aware of the following:

For plans and addendums already approved:

- Adjustments to the rate for hourly, high, and intense supported living will not require addendums or modifications.
- The payment system will be adjusted to reimburse the temporary rates for hourly, high, and intense supported living claims for dates of service beginning February 1, 2016, forward.



Date: January 19, 2016

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For plans and addendums currently in the review process:

- The Bureau of Developmental Disability Services (BDDS) care managers will adjust the plan costing sheet or addendum to reflect the temporary rates for hourly, high, and intense supported living for dates of service February 1, 2016, forward. This adjustment will not require addendums or modifications.
 - For participants accessing hourly supported living, BDDS care managers will continue to review plans to assure they are within the adjusted daily cap, meet criteria for assessed needs, and provide for health and safety. Effective February 1, 2016, the adjusted daily cap is \$264.30 per day for hourly supported living in combination with developmental therapy, community supported employment, and adult day health.

For plans and addendums not yet submitted:

- Plans or addendums not yet submitted must request hourly, high and intense supported living services using the temporary rates for dates of service February 1, 2016, forward.
- Participants receiving hourly supported living with an eligibility determination notice dated February 1, 2016, or later will receive calculated budgets that do not reflect the temporary supported living rates. Therefore, participants requesting hourly supported living services may submit a plan for the upcoming plan year that exceeds the assigned budget. Those plans must be within the adjusted daily cap and meet criteria for assessed needs and provide for health and safety.
- Participants requesting high supported living services with eligibility determination notices dated prior to February 1, 2016, will include calculated budgets that do not reflect the temporary supported living rate. Person centered planning teams will be able to develop plans for the upcoming plan year that exceed the assigned budget using the temporary rate. For these plans an exception review will not be required.
 - Calculated budgets on eligibility determination notices dated February 1, 2016, and forward will reflect the temporary rates.



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For dates of service on and after February 1, 2016, please use the following supported living rates:

Service	Procedure Code	Description	Rate
Hourly Individual Supported Living	H2015	1 unit = 15 minutes	\$5.69
Hourly Group Supported Living	H2015 HQ	1 unit = 15 minutes	\$2.28
Daily Supported Living Services High Support	H2022	1 unit = 1 day	\$273.13
Daily Supported Living High Support School Based, School Days	H2016	1 unit = 1 day	\$216.23
Daily Supported Living Services Intense Support	H2016	1 unit = 1 day	\$455.02
Daily Supported Living Intense Support School Based, School Days	H2016	1 unit = 1 day	\$360.21

If you have questions related to plan authorization or operational processes, please contact a Regional Care Manager with the Bureau of Developmental Disability Services, Division of Medicaid. Regional Care Manager contact information can be found on the next page.

If you have questions about the reimbursement rates, please contact the Principal Financial Specialist, Office of Reimbursement, Bureau of Financial Operations, Division of Medicaid at (208) 364-1817.

If you have questions about claims processing, contact Molina Medicaid Solutions at 1 (866) 686-4272.

Thank you for participating in the Idaho Medicaid Program.

LH/tm



Date: January 19, 2016

Page 4

Regional Care Manager Contacts:

Jill Smith	Region 1 Coeur d' Alene	(208) 665-8827	SmithJR@dhw.idaho.gov
Matthew McCarley	Region 2 Lewiston	(208) 799-4452	mccarlem@dhw.idaho.gov
Stacey Clark	Region 3 Nampa/Caldwell	(208) 455-7151	clarks1@dhw.idaho.gov
Tim Woods	Region 3 Nampa/Caldwell	(208) 455-7158	woodst@dhw.idaho.gov
Cindy McLouth	Region 4 Boise	(208) 334-0991	mclouthc@dhw.idaho.gov
Cheryl Willard	Region 4 Boise	(208) 334-0985	willarde@dhw.idaho.gov
Cori Glauner	Region 5 Twin Falls	(208) 732-1351	glaunerc@dhw.idaho.gov
Michelle Mittelstedt	Region 6 Pocatello	(208) 239-6260	MittelsM@dhw.idaho.gov
Jared Fletcher	Region 7 Idaho Falls	(208) 528-5758	FletchJ2@dhw.idaho.gov
Greg Christensen	Region 7 Idaho Falls	(208) 528-5773	christeG@dhw.idaho.gov



B. IDAPA 16.03.10.037

<i>IDAHO ADMINISTRATIVE CODE Department of Health and Welfare</i>	<i>IDAPA 16.03.10 Medicaid Enhanced Plan Benefits</i>
lowest of:	(3-19-07)
a. The provider's actual charge for service; or	(3-19-07)
b. The maximum allowable charge for the service as established by the Department on its pricing file, if the service or item does not have a specific price on file, the provider must submit documentation to the Department and reimbursement will be based on the documentation; or	(3-19-07)
c. The Medicaid upper limitation of payment on those services, minus the Medicare payment, where a participant is eligible for both Medicare and Medicaid. The Department will not reimburse providers an amount in excess of the amount allowed by Medicaid, minus the Medicare payment.	(3-19-07)
037. GENERAL REIMBURSEMENT: PARTICIPANT SERVICES.	
The Department will evaluate provider reimbursement rates that comply with 42 U.S.C. 1396a(a)(30)(A). This evaluation will assure payments are consistent with efficiency, economy, and quality of care and safeguards against unnecessary utilization of care and services. Reimbursements will be sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area. (4-4-13)	
01. Review Reimbursement Rates. The Department will review provider reimbursement rates and conduct cost surveys when an access or quality indicator reflects a potential access or quality issue described in Subsections 037.02 and 037.03 of this rule. (4-4-13)	
02. Access. The Department will review annual statewide and regional access reports by service type comparing the previous twelve (12) months to the base-line year of State Fiscal Year 2012. The following measures will be used to determine when there is potential for access issues. (4-4-13)	
a. Compare the change in total number of provider locations for service type to the change in eligible participants; or (4-4-13)	
b. When participant complaints and critical incidence logs reveal outcomes that identify access issues for a service type. (4-4-13)	
03. Quality. The Department will review quality reports required by each program used to monitor for patterns indicating an emerging quality issue. (4-4-13)	
04. Cost Survey. The Department will survey one hundred percent (100%) of providers. Providers that refuse or fail to respond to the periodic state surveys may be disenrolled as a Medicaid provider. The Department will derive reimbursement rates using direct care staff costs, employment related expenditures, program related costs, and indirect general and administrative costs in the reimbursement methodology, when these costs are incurred by a provider. The Department will conduct cost surveys customized for each of the services defined in Section 038 of these rules. (4-4-13)	
a. Wage rates will be used in the reimbursement methodology when the expenditure is incurred by the provider type executing the program. Wages will be identified in the Bureau of Labor Statistics website at www.bls.gov when there is a comparable occupation title for the direct care staff. When there is no comparable occupation title for the direct care staff, then a weighted average hourly rate methodology will be used. (4-4-13)	
b. For employer related expenditures: (4-4-13)	
i. The Bureau of Labor Statistics's report for employer costs per hour worked for employee compensation and costs as a percent of total compensation for Mountain West Divisions will be used to determine the incurred employer related costs by each provider type. The website for access to this report is at www.bls.gov . (4-4-13)	
ii. The Internal Revenue Service employer cost for social security benefit and Medicare benefit will be used to determine the incurred employer related costs by provider type. The website for access to this information	
Section 037	Page 28



is at www.irs.gov. (4-4-13)

c. Cost surveys to collect indirect general, administrative, and program related costs will be used when these expenditures are incurred by the provider type executing the program. The costs will be ranked by costs per provider, and the Medicaid cost used in the reimbursement rate methodology will be established at the seventy-fifth percentile in order to efficiently set a rate. (4-4-13)

038. GENERAL REIMBURSEMENT: TYPES OF PARTICIPANT SERVICES.
The following types of services are reimbursed as provided in Section 037 of these rules. (4-4-13)

01. **Personal Care Services.** The fees for personal Care Services (PCS) described in Section 300 of these rules. (4-4-13)

02. **Aged and Disabled Waiver Services.** The fees for personal care services (PCS) described in Section 320 of these rules. (4-4-13)

03. **Children's Waiver Services.** The fees for children's waiver services described in Section 680 of these rules. (4-4-13)

04. **Adults with Developmental Disabilities Waiver Services.** The fees for adults with developmental disabilities waiver services described in Section 700 of these rules. (4-4-13)

05. **Service Coordination.** The fees for service coordination described in Section 720 of these rules. (4-4-13)

06. **Therapy Services.** The fees for physical therapy, occupational therapy, and speech-language pathology services described in Section 215 of these rules include the use of therapeutic equipment to provide the modality or therapy. No additional charge may be made to either the Medicaid program or the client for the use of such equipment. (4-4-13)

039. ACCOUNTING TREATMENT.
Generally accepted accounting principles, concepts, and definitions will be used except as otherwise specified. Where alternative treatments are available under GAAP, the acceptable treatment will be the one that most clearly attains program objectives. (3-19-07)

01. **Final Payment.** A final settlement will be made based on the reasonable cost of services as determined by audit, limited in accordance with other sections of this chapter. (3-4-11)

02. **Overpayments.** As a matter of policy, recovery of overpayments will be attempted as quickly as possible consistent with the financial integrity of the provider. (3-19-07)

03. **Other Actions.** Generally, overpayment will result in two (2) circumstances: (3-19-07)

a. If the cost report is not filed, the sum of the following will be due: (3-19-07)

i. All payments included in the period covered by the missing report(s). (3-19-07)

ii. All subsequent payments. (3-19-07)

b. Excessive reimbursement or non-covered services may precipitate immediate audit and settlement for the period(s) in question. Where such a determination is made, it may be necessary that the interim reimbursement rate (IRR) will be reduced. This reduction will be designated to effect at least one (1) of the following: (3-19-07)

i. Discontinuance of overpayments (on an interim basis). (3-19-07)

ii. Recovery of overpayments. (3-19-07)



C. Bureau of Labor Statistics Support for ERE



BLS
BUREAU OF LABOR STATISTICS
U.S. DEPARTMENT OF LABOR

NEWS RELEASE



For release 10:00 a.m. (EST) Thursday, March 10, 2016

USDL-16-0463

Technical information: (202) 691- 6199 • ncsinfo@bls.gov • www.bls.gov/ect
 Media contact: (202) 691- 5902 • pressoffice@bls.gov

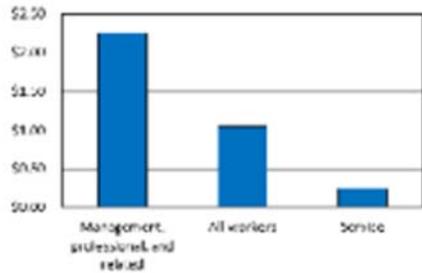
EMPLOYER COSTS FOR EMPLOYEE COMPENSATION – DECEMBER 2015

Employer costs for employee compensation for civilian workers averaged \$33.58 per hour worked in December 2015, the U.S. Bureau of Labor Statistics reported today. Wages and salaries averaged \$23.06 per hour worked and accounted for 68.7 percent of these costs, while benefits averaged \$10.52 and accounted for the remaining 31.3 percent. Total employer compensation costs for private industry workers averaged \$31.70 per hour worked in December 2015.

Employer Costs for Employee Compensation (ECEC), a product of the National Compensation Survey, measures employer costs for wages and salaries, and employee benefits for nonfarm private and state and local government workers.

Chart 1. Employer costs per hour worked for supplemental pay: selected major occupational groups, private industry, December 2015

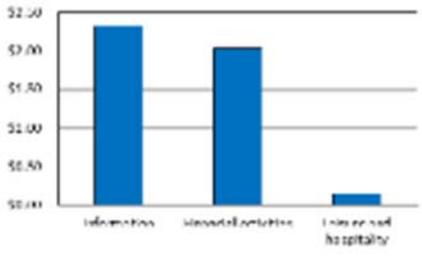
Cost per hour worked



Occupational Group	Cost per hour worked
Management, professional, and related	\$2.00
All workers	\$1.06
Service	\$0.25

Chart 2. Employer costs per hour worked for supplemental pay: selected major industry groups, private industry, December 2015

Cost per hour worked



Industry Group	Cost per hour worked
Information	\$2.18
Manufacturing	\$1.25
Insurance and hospitality	\$0.25

Benefit costs in private industry

Private industry employer costs for paid leave averaged \$2.18 per hour worked or 6.9 percent of total compensation, supplemental pay averaged \$1.06 or 3.3 percent, insurance benefits averaged \$2.54 or 8.0 percent, retirement and savings averaged \$1.25 or 4.0 percent, and legally required benefits averaged \$2.53 per hour worked or 8.0 percent. (See table A and table 5.)

Supplemental pay benefit costs in private industry

Supplemental pay costs for private industry workers in December 2015 averaged \$1.06 per hour worked or 3.3 percent of total compensation. Supplemental pay includes employer costs for employee overtime and premium pay, shift differentials, and nonproduction bonuses.



Table 7. Employer costs per hour worked for employee compensation and costs as a percent of total compensation: Private industry workers, by census region and division, December 2015 — Continued

Compensation component	Census region and division ¹					
	West		West divisions			
	Cost	Percent	Mountain		Pacific	
			Cost	Percent	Cost	Percent
Total compensation	\$32.99	100.0	\$29.13	100.0	\$34.85	100.0
Wages and salaries	23.36	70.8	21.22	72.8	24.39	70.0
Total benefits	9.63	29.2	7.91	27.2	10.45	30.0
Paid leave	2.19	6.6	1.81	6.2	2.37	6.8
Vacation	1.12	3.4	0.95	3.3	1.20	3.5
Holiday	0.69	2.1	0.54	1.9	0.76	2.2
Sick	0.28	0.8	0.22	0.7	0.31	0.9
Personal	0.10	0.3	0.10	0.3	0.10	0.3
Supplemental pay	0.85	2.6	0.69	2.4	0.93	2.7
Overtime and premium ²	0.22	0.7	0.20	0.7	0.22	0.6
Shift differentials	0.03	0.1	0.03	0.1	0.03	0.1
Nonproduction bonuses	0.60	1.8	0.46	1.6	0.67	1.9
Insurance	2.49	7.5	2.11	7.2	2.67	7.7
Life	0.04	0.1	0.04	0.1	0.04	0.1
Health	2.38	7.2	2.00	6.9	2.57	7.4
Short-term disability	0.03	0.1	0.04	0.1	0.03	0.1
Long-term disability	0.04	0.1	0.04	0.1	0.04	0.1
Retirement and savings	1.33	4.0	0.96	3.3	1.51	4.3
Defined benefit	0.65	2.0	0.31	1.1	0.82	2.3
Defined contribution	0.68	2.1	0.65	2.2	0.70	2.0
Legally required benefits	2.77	8.4	2.34	8.0	2.97	8.5
Social Security and Medicare	1.91	5.8	1.75	6.0	1.99	5.7
Social Security ³	1.53	4.6	1.41	4.8	1.59	4.6
Medicare	0.38	1.2	0.34	1.2	0.40	1.2
Federal unemployment insurance	0.05	0.2	0.03	0.1	0.07	0.2
State unemployment insurance	0.22	0.7	0.17	0.6	0.25	0.7
Workers' compensation	0.58	1.8	0.39	1.3	0.67	1.9

¹ The census divisions are defined as follows: New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont; Middle Atlantic: New Jersey, New York, and Pennsylvania; South Atlantic: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia; East South Central: Alabama, Kentucky, Mississippi, and Tennessee; West South Central: Arkansas, Louisiana, Oklahoma, and Texas; East North Central: Illinois, Indiana, Michigan, Ohio, and Wisconsin; West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota; Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming; and Pacific: Alaska, California, Hawaii, Oregon, and Washington.

² Includes premium pay (such as overtime, weekends, and holidays) for work in addition to the regular work schedule.

³ Social Security refers to the Old-Age, Survivors, and Disability Insurance (OASDI) program.

Note: The sum of individual items may not equal totals due to rounding.



D. IRS.gov Support for ERE

What's New

Social security and Medicare tax for 2016. The social security tax rate is 6.2% each for the employee and employer, unchanged from 2015. The social security wage base limit is \$118,500, unchanged from 2015.

The Medicare tax rate is 1.45% each for the employee and employer, unchanged from 2015. There is no wage base limit for Medicare tax.

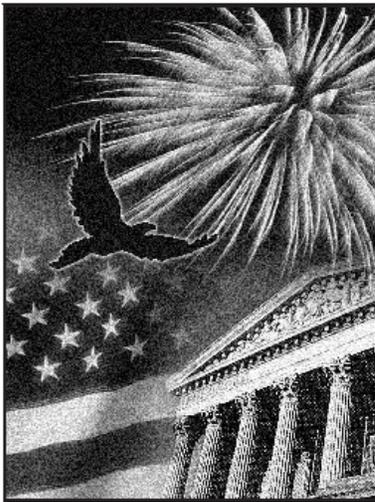


Department of the Treasury
Internal Revenue Service

Publication 15
Cat. No. 10000W

(Circular E), Employer's Tax Guide

For use in **2016**



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Dec 23, 2015

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Future Developments

For the latest information about developments related to Pub. 15, such as legislation enacted after it was published, go to www.irs.gov/pub15.

What's New

Social security and Medicare tax for 2016. The social security tax rate is 6.2% each for the employee and employer, unchanged from 2015. The social security wage base limit is \$118,500, unchanged from 2015.



E. Blank Cost Survey Template

A copy of the survey template can be found at the following:

- <http://www.mslc.com/Idaho/Downloads.aspx>
- Click on the “Supported Living Services” folder
- Select “Supported Living Services Cost Survey Final” document



F. Cost Survey Cover Letter



C.L. "BUTCH" OTTER – Governor
RICHARD M. ARMSTRONG – Director

IDAHO DEPARTMENT OF
HEALTH & WELFARE

LISA HETTINGER - Administrator
DIVISION OF MEDICAID
Post Office Box 83720
Boise, Idaho 83720-0009
PHONE: (208) 334-5747
FAX: (208) 364-1811

February 29, 2016

Administrator

Subject: Supported Living Services – Residential Habilitation Cost Survey

Dear Administrator:

The Department is writing to notify you that it has contracted with the accounting firm of Myers and Stauffer LC to perform a cost survey to identify the operating expenses related to your provision of Supported Living Services in the Residential Habilitation program.

This cost survey is being conducted in accordance with IDAPA 16.03.10.037.01 and IDAPA 16.03.10.037.04. As stated in IDAPA 16.03.10.037.04, refusal or failure to participate in the cost survey process may result in your disenrollment from the Medicaid program.

This cost survey and instructions will be available for download on February 29, 2016, at <http://www.mslc.com/Idaho>. To find the required file, navigate to the "Downloads" folder and click on the "Supported Living Services" folder.

You must have access to internet services and Microsoft Excel to complete this cost survey. If you do not have access, please contact Krista Stephani at (800) 336-7721, and a paper version of the cost survey will be mailed to you.

Please be aware of these important dates during the cost survey process:

- **February 29, 2016** Survey available for download.
- **March 14, 2016** Webinar at 11:00 am Mountain Time – How to complete the survey. *(See webinar instructions below.)*
- **March 21, 2016** Webinar at 11:00 am Mountain Time – Question and answer follow-up session. *(See webinar instructions below.)*
- **April 30, 2016** Survey due to Myers and Stauffer LC. *(Filing instructions can be found on the survey downloaded from the Myers and Stauffer LC website.)*



Supported Living Services – Residential Habilitation Cost Survey

February 29, 2016

Webinar Meeting Instructions:

- **March 14, 2016** Webinar will begin at 11:00 am Mountain Time
 1. Go to: <https://webinar.mslc.com/?meeting=4558455>
 2. Call: 1-888-506-9354
 3. Enter Attendee Code: 3567443

- **March 21, 2016** Webinar will begin at 11:00 am Mountain Time
 1. Go to: <https://webinar.mslc.com/?meeting=8633859>
 2. Call: 1-888-506-9354
 3. Enter Attendee Code: 3567443

If you have any questions regarding completion of the survey, please contact Krista Stephani of Myers and Stauffer LC at (800) 336-7721 or kristas@mslc.com. If you have other questions, please contact Cale Coyle at (208) 364-1817 or coylec@dhw.idaho.gov.

Sincerely,

Sheila Pugatch
Chief, Bureau of Financial Operations



G. FAQs as a Result of the Cost Survey Template Training Webinars Supported Living Services – Res Hab Cost Survey

Updated 3/21/16

Frequently Asked Questions

Please note: This document will continually be updated to address questions related to the completion of the Supported Living Services – Res Hab Cost Survey. Please check back frequently.

March 14, 2016

Q1: How do you report contract labor?

A: Report on Schedule 3, Section II, Part C, PRE Wages. Report within lines 19-22 and provide a description that these are Contracted Wages. Be specific with the line description, such as “Contracted Wages – Direct Care Staffing”.

Q2: When you print the document the margins aren't set correctly, therefore you end up with extra pages with little information.

A: Although the document is password protected for editing the details of the document, it is not protected for print settings. Therefore, you can adjust the print settings to any setting you prefer.

Q3: I understand that Quality Assurance employee wages (required by rule) should be placed in PRE. NOT IN G&A. Correct?

A: That is correct. Wages related to Quality Assurance should be reported on Schedule 3, Section II, Part C, PRE Wages. Report within lines 19-22 and provide a description that these are Quality Assurance Wages.

Q4: Where would we put Billing wages that are directly related to supported living?

A: **We interpret “billing wages” to mean the wages for the administrative staff who prepare the billings for submission to Medicaid.** Billing wages should be reported on Schedule 3, Section III, General and Administrative, Part F.2, Lines 63 – 71. Be specific in the line description. If the wages relate solely to Supported Living – Res Hab services, please note so we can properly compute the G & A percentage.

Q5: Does the state take into account that RES/HAB agencies need to make profit, or do they just look at expenses only?



A: The cost survey only asks providers to identify the expenses related to providing Supported Living – Res Hab services. The expenses in this survey will be used to compute a reimbursement rate for providing this service according to Idaho state rules.

Q6: The PRE section is for any expenses required by rule correct?

UPDATED 3/24/16 A: That is correct **when the expenditure directly relates to the delivery of residential habilitation services as described in the administrative rules in IDAPA 16.03.10.** Only the expenses required by rule for providing Supported Living – Res Hab Services should be reported in this section. I.e., if a provider also has assisted living services, the PRE expenses related to the assisted living operations would **not** be reported in the PRE section.

Q7: Is the cost of building, utilities etc. on here?

A: Yes these should be reported in multiple sections of the survey.

Program Related Expenses section: Those expenses would be reported on Schedule 3, Section II, Part E, line 37. If needed, expenses may also be identified on lines 42 – 47. Remember that only the expenses related to the Supported Living – Res Hab services should be reported here.

If you share that building, utilities, etc., with another program (identified on Schedule 1, Question 2), please provide support showing how you calculated the expense related to Supported Living – Res Hab services.

General and Administrative section: Building expenses related to the general & administrative offices, if applicable, should be reported in Section III, Part H, Line 91. If needed, expenses may also be identified on lines 99-104.

March 21, 2016

The following are the questions asked during the Question and Answer webinar held on March 21, 2015. The time noted in parenthesis correlates to the recording time during the webinar.

Q8: (03:35) We are not comfortable Schedule 3, we are not comfortable disclosing other program expenses on Schedule 3, as they are irrelevant to the survey. As a follow-up, if the expenses can be separated for Supported Living Services, can only those amounts related to G & A be reported?

A: This is utilized as a tool to allocate General and Administrative expenses (G & A) to the Supported Living Program. This will be utilized to calculate part of the rate.

If you have a methodology to allocate the expenses to your Supported Living Res Hab services, then you only have to disclose those amounts on the survey. You will have to submit supporting documentation on how you prepared this allocation and how the amounts are calculated.



Please be advised that Myers and Stauffer may contact you to clarify this calculation. Please still identify the expenses as G & A.

We do not need the detail of the other expenses, we are solely using direct expenses for each operation in order to calculate an allocation of the G & A wages.

Q9: (06:37) What is Data Summary referring to? Service Authorization wages? Schedulers?

A: I believe that this relates to Schedule 3, Section II, Program Related Expenses (PRE). The descriptions included here are general in nature, and from our understanding, common within the industry. If these titles do not relate to your operations, you may specify other wage descriptions on lines 19-22 in this section.

Q10: (08:08) Schedule 3, Line 61, there is an annual expense, but no box to enter the data.

A: How this schedule works is it takes the Supported Living Expenses direct expense, as calculated in Sections I and II of Schedule 3 and calculates that as a % of the other Direct Program Expenses for other services, such as Assisted Living, DDA, etc. This percentage is calculated in Section III, part F.1. The expenses identified in F.2, G and H are summarized and the multiplied by the Supported Living Expense percentage calculated in F.1. This will be used to calculate the G & A expenses related to the Supported Living Services – Res Hab program.

Q11: (10:06) The Affordable Care Act is going to become progressively more expensive to remain compliant with over the next 2-3 years. How do we account for these increasing costs in the Cost Survey?

A: We realize that that expenses are just starting to be realized. We have no way of knowing what the expenses will be in the future. The Department realizes this and has asked us to take a look at what the actual expenses are as of today. This would have to be an issue to be addressed in the future by the Department. For the purposes of this cost survey, we are looking at current costs, but are not projecting for the future.

Q12: (11:43) Is this the same logic we are using for overtime changes? There were changes for overnight workers effective January 1.

A: Yes. Hourly wages for direct caregivers are to be disclosed on Schedule 4. The time frame of this information is from October 1, 2015 through your most recently completed payroll period. If the rule was effective January 1, we should see that change reflected in the payroll information on this schedule.

Q13: (13:39) What if a fine is incurred for not implementing ACA where would that be shown?



A: General Medicaid and Medicare cost reporting principles to not allow for reimbursement of fines and penalties. These expenses should not be reported.

Q14: (14:19) The increases are not just because of the law but because of the employees choice to take part in the program as they receive the consequences of NOT taking health insurance. I anticipate 3 times as many people taking party in the health insurance in 2017.

A: Again, we have no way to predict future expenses. For this study, we are looking at the most recent data. This would be an issue to be addressed with the Department at a future date.

In addition, the Employee Related Expense (ERE) portion of the rate will be calculated based on information obtained from the Bureau of Labor Statistics' report for the Mountain West Division and from the Internal Revenue Service. This is in rule in IDAPA 16.03.10.037.04.b.

Q15: (16:04) Because the Administrator is in rule, should the reporting of this expense be included in PRE or G&A. The survey lists the expense as G&A.

A: **NOTE: RESPONSE IS DIFFERENT THAN AS STATED IN THE WEBINAR.** During the webinar I, Krista Stephani, incorrectly answered the question. I stated that it was understood that the Administrator would serve all operations and should be allocated. I then stated the expense specifically related to the Supported Living Res Hab services can be identified, you can report with Section II, PRE expenses. This last statement is incorrect.

Based on further research, all Administrator wages should be reported with G & A expenses on Schedule 3, Section III, Part F.2, Line 61.

Q17: (17:37) So if I am understanding correctly because we don't know how the ACA is going to affect companies another rate study will be needed in the near future to take into account for that?

A: That would be at the discretion of the Department. The ERE expenses are being calculated based on rule from the Bureau of Labor Statistics and Internal Revenue Service.

Q18: (20:01) Bonuses are lumped into reported salaries. Should we go and separate those out for Schedule 5?

A: The bonuses paid to the direct care giver wages should be separately identified on Schedule 5 so we can incorporate the bonuses paid with the weighted average hourly wage calculation. Because there are differences in the reporting periods for Schedule 3 and Schedule 4, the bonuses paid to the direct care givers may not be reflected on Schedule 4.

If your bonus information is already disclosed and incorporated on Schedule 4, there is no need to separately identify again on Schedule 5.



Q19: (20:08) I would believe that many companies have done research into potential costs for implementation would there be a way that we could do a survey on the ACA?

A: I believe this specific question was not addressed in the webinar, but does relate to prior questions. The decision to perform a separate survey would be a decision by the Department. For the purposes of this survey, ERE expenses are being calculated based on rule from the Bureau of Labor Statistics and Internal Revenue Service.

Q20: (22:35) What are the annual dates to put on this form?

A: Please refer to the title page. The annual dates for this survey should encompass the last completed fiscal year. We are under the impression that for most providers, the fiscal year is the calendar year, so in that example, the annual period would be January 1, 2015 through December 31, 2015.

Please be aware that the information on Schedule 4 is asking for a different time period. The hourly wages on this schedule should be from October 1, 2015 through the most recently completed payroll period.

Q21: (24:22) Does that include up to 4/1(for reporting payroll data on Schedule 4)?

A: Schedule 4 should reflect payroll information up through the last completed payroll period through the date this survey was completed.

If you complete the survey after 4/1 and that payroll period is complete, then yes, please include this information on Schedule 4.

Q22: (26:15) Schedule 4 Regular hours worked refers to weekly average?

A: I do not believe that this questions was verbally addressed during the webinar. The information disclosed on Schedule 4 should be actual hours worked at the hourly rate noted.

Q23: (26:15) On the payroll journal, do we send just one pay period?

A: All payroll information used to prepare Schedule 4 should be submitted to us. A .pdf copy is acceptable.

End of Questions from Q & A Webinar

Q24: I want to make sure that I allocate my General and Administrative Expenses according to your recommendation. Do the Program Related Expenses combined with Employee Related Expenses constitute the “direct expenses”?



A: We consider the direct expenses for each program to be the direct care staff wages (in the case of Supported Living Services - Res Hab; if another program, it would be the staff rendering the services) plus the ERE related to those wages plus the related PRE for that service.



H. Personal Care Aide Hourly Wage – BLS Website

http://www.bls.gov/oes/current/oes_id.htm

The screenshot shows the BLS website interface. The main heading is "Occupational Employment Statistics" for "May 2015 State Occupational Employment and Wage Estimates" for "Idaho". A sidebar on the left lists navigation options like "BROWSE OES", "OES HOME", "OES OVERVIEW", "OES NEWS RELEASES", "OES DATA", "OES CHARTS", "OES MAPS", "OES PUBLICATIONS", "OES DATABASES", and "OES FAQs". The main content area explains that the estimates are calculated from data collected from employers in all industry sectors in metropolitan and nonmetropolitan areas in Idaho. It also mentions that additional information, including hourly and annual 10th, 25th, 75th, and 90th percentile wages and the employment percent relative standard error, is available in a downloadable XLS file. A link is provided for "Links to OES estimates for other areas and States". At the bottom of the main content, it lists "Major Occupational Groups in Idaho" with a note that clicking a link will scroll the page to the occupational group.

To sort this table by a different column, click on the column header

Display records Filter Table by Text:

Occupation code	Occupation title (click on the occupation title to view its profile)	Level	Employment	Employment RSE	Employment per 1,000 jobs	Location quotient	Median hourly wage	Mean hourly wage	Annual mean wage	Mean wage RSE
39-9021	Personal Care Aides	detail	8,560	7.6%	13.316	1.34	\$9.44	\$9.73	\$20,230	1.4%

Showing 1 to 1 of 1 entries (filtered from 667 total entries)



I. MA 16-05 Information Release

	IDAHO DEPARTMENT OF HEALTH & WELFARE
<small>C.L. "BUTCH" OTTER – Governor RICHARD M. ARMSTRONG – Director</small>	<small>LISA HETTINGER - Administrator DIVISION OF MEDICAID Post Office Box 83720 Boise, Idaho 83720-0009 PHONE: (208) 334-5747 FAX: (208) 364-1811</small>
<p>February 26, 2016</p>	
<p><u>MEDICAID INFORMATION RELEASE MA16-05</u></p>	
<p>To: Developmental Disability (DD) Residential Habilitation Agencies</p>	
<p>From: Lisa Hettinger, Administrator </p>	
<p>Subject: Residential Habilitation Agency Cost Survey</p>	
<p>The Department has contracted with the accounting firm Myers and Stauffer LC to perform a cost survey to identify the operating expenses related to Residential Habilitation Agencies.</p>	
<p>This cost survey is being conducted in accordance with IDAPA 16.03.10.037.01 and IDAPA 16.03.10.037.04. As stated in IDAPA 16.03.10.037.04, refusal or failure to participate in the cost survey process may result in your disenrollment from the Medicaid program.</p>	
<p>This cost survey and instructions will be available to Residential Habilitation Agencies for download on/after February 29, 2016, at http://www.mslc.com/Idaho. To find the required file, agencies should navigate to the "Downloads" folder and click on the "Supported Living Services" folder.</p>	
<p>Residential Habilitation Agencies must have access to internet services and Microsoft Excel to file the survey. If agencies do not have access, please contact Krista Stephani at (800) 336-7721 and a paper version of the cost survey can be mailed.</p>	
<p>If you have any questions regarding completion of the cost survey, please contact Krista Stephani of Myers and Stauffer LC at (800) 336-7721 or kristas@mslc.com. If you have other questions, please contact Cale Coyle at (208) 364-1817 or coylec@dhw.idaho.gov.</p>	
<p>Thank you for participating in the Idaho Medicaid Program.</p>	
<p>LH/cc</p>	



J. 4/22/16 Follow Up Letter Requesting Outstanding Surveys



C.L. "BUTCH" OTTER - Governor
RICHARD M. ARMSTRONG - Director

IDAHO DEPARTMENT OF
HEALTH & WELFARE

LISA HETTINGER - Administrator
DIVISION OF MEDICAID
Post Office Box 83720
Boise, Idaho 83720-0009
PHONE: (208) 334-5747
FAX: (208) 364-1811

April 22, 2016

Administrator

Subject: Supported Living Services – Residential Habilitation Cost Survey Follow-Up

Dear Administrator:

The Department is writing to notify you that as of April 22, 2016, Myers and Stauffer has not received your cost survey to identify the operating expenses related to your provision of Supported Living Services in the Residential Habilitation program. The cost survey is due to Myers and Stauffer no later than April 30, 2016.

As stated in IDAPA 16.03.10.037.04, refusal or failure to participate in the cost survey process may result in your disenrollment from the Medicaid program.

This cost survey is being conducted in accordance with IDAPA 16.03.10.037.01 and IDAPA 16.03.10.037.04. The cost survey template, template instructions, a recorded webinar on template instructions, and a recorded webinar on frequently asked questions are available for download at <http://www.mslc.com/Idaho>. To find the required files, navigate to the "Downloads" folder and click on the "Supported Living Services" sub-folder.

You must have access to internet services and Microsoft Excel to complete this cost survey. If you do not have access, please contact Krista Stephani of Myers and Stauffer at (800) 336-7721 or kristas@mslc.com, and a paper version of the cost survey will be mailed to you.

If you have any questions regarding completion of the survey or would like to request a due-date extension, please contact Krista Stephani at (800) 336-7721 or kristas@mslc.com.

Sincerely,



Sheila Pugatch
Chief, Bureau of Financial Operations

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K. 10/17/16 Supported Living Cost Survey



C.L. "BUTCH" OTTER – Governor
RICHARD M. ARMSTRONG – Director

IDAHO DEPARTMENT OF
HEALTH & WELFARE

MATT WIMMER - Administrator
DIVISION OF MEDICAID
Post Office Box 83720
Boise, Idaho 83720-0009

October 17, 2016

To: Idaho Medicaid Supported Living Providers

Re: Supported Living Cost Survey

Dear Supported Living Providers,

As you know, Idaho Medicaid and its contractor, Myers and Stauffer, have recently completed a cost survey of supported living providers. The purpose of this letter is let you know how Medicaid intends to move forward with rate updates informed by that survey.

Medicaid leadership and the Idaho Association of Community Providers (IACP) Provider Subgroup have met several times to discuss the preliminary results of the cost survey. While we have diligently worked towards a unified solution, Medicaid leadership and the IACP Provider Subgroup have not come to an agreement for all aspects of the rate calculation. We plan on convening meetings in the near future in connection with these changes to answer questions and discuss potential improvements for our supported living program.

Cost Survey

The cost survey revealed the rates set forth below. Myers and Stauffer will be releasing their full report shortly with specific details on cost survey results.

Cost Survey Findings	
Average hourly rate paid to direct care staff (includes overtime)	\$ 9.60
Average hourly employee related expenses cost	\$ 2.23
Hourly program related and general and administrative expenses, 75 th percentile	\$ 5.32
Total Hourly Rate	\$ 17.15

This data is the starting point for rate development, but, as discussed below, the Department adjusted some of the components in accordance with rule to calculate a higher wage and rate.

Direct Care Staff Wages

IDAPA 16.03.10.037 directs the Department to use wages “identified in the Bureau of Labor Statistics [BLS] website at www.bls.gov when there is a comparable occupation title for the direct care staff.” These occupational employment and wage estimates are calculated with data collected from employers in all industry sectors in metropolitan and nonmetropolitan areas in Idaho. When there is no comparable occupation title, then we are directed to use a weighted average hourly rate methodology, which in this cost survey would result in a wage basis of \$9.60 per hour.



October 17, 2016

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Medicaid concluded the most comparable BLS occupation title is Personal Care Aide¹ (BLS Occupation Code 39-9021). As stated at the BLS website:

Personal care aides help clients with self-care and everyday tasks. They also provide social supports and assistance that enable clients to participate in their communities...Most personal care aides work in clients' homes, small group homes, or larger care communities.

This description, and other information on the BLS website, fits with the description of residential habilitation in IDAPA 16.03.10.703.01:

Residential habilitation services consist of an integrated array of individually tailored services and supports furnished to eligible participants. These services and supports are designed to assist the participants to reside successfully in their own homes, with their families, or in certified family homes.

The most recent Idaho BLS data, from May 2015, shows the average hourly wage at \$9.73 per hour. To account for wage changes that have occurred since that date, we have inflated the wage using employment cost index inflation data for Western states, resulting in a direct care staff wage basis of \$10.19 per hour.

Employee Related Expenses

IDAPA 16.03.10.037 directs the Department to use BLS and IRS reports for calculation of the employee related expenses. This amount results in an employee related expense component of \$3.73 per hour, which is \$1.50 per hour more than the average survey results.

Program Related and General and Administrative Expenses

IDAPA 16.03.10.037 directs the Department to calculate program related and general and administrative expenses based on the 75th percentile of provider costs. These have been calculated separately rather than as a combination, which results in an overall increase of \$0.44 hourly for these components of the rate.

Basis for Rates

Our primary objective with establishing rates is to ensure that they are adequate to support quality services that meet the needs of Medicaid participants. The method of calculation to establish these rates is governed by IDAPA, Idaho Code, and federal Medicaid law, which requires payments to providers to be consistent with efficiency, economy, and quality of care. Based upon these requirements, the calculation of rates are as follows:

Basis for Rates	
Direct Care Component, BLS 39-9021 Personal Care Aide inflated forward to 3/1/17	\$ 10.19
Employee related expenses based on BLS and IRS method prescribed in 16.03.10.037 and inflated forward to 3/1/17	\$ 3.73
Hourly program related expenses, 75 th percentile	\$ 3.72
Hourly general and administrative expenses, 75 th percentile	\$ 2.04
Total Hourly Rate	\$ 19.68

This basis is \$2.53 higher on an hourly basis than the cost survey results, which amounts to about a 15% increase over the raw cost survey. This basis results in the following fee schedule:

¹ <http://www.bls.gov/oooh/personal-care-and-service/personal-care-aides.htm>



October 17, 2016

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Rates by Code					
H2015 Individual	H2015/HQ Group	H2016 Intense	H2016 Intense, School-Based	H2022 High	H2016 High, School-Based
\$4.92	\$1.97	\$472.32	\$373.92	\$236.16	\$186.96

Reprocessing

In Medicaid information release MA16-01 we stated that the Department would reprocess claims back to February 1, 2016 if the change in rates was more than 5% higher or lower than the new rates established as a result of the cost survey process. The Department is still analyzing this decision.

Next Steps

The Department will schedule a series of meetings in the next few weeks where providers will have the opportunity to give feedback and discuss potential impacts of this change. The first meeting is tentatively scheduled for Monday October 24th from 1:00 PM to 3:00 PM at the Medicaid offices at 3232 Elder Street in Boise. We will also be providing a conference call option for providers who cannot attend in person.

We will also be posting proposed changes to our Adult Developmental Disability Services 1915(c) waiver to our website for provider and public comment. After a 30 day comment period, we will respond and make adjustments to our draft waiver changes. Our target date for implementing rate changes is March 1, 2017.

We would like to thank the IACP Provider Subgroup for their input on rate development. While the IACP Provider Subgroup has expressed concerns around some of the decisions made for developing these rates, we appreciate their willingness to meet with us and openly discuss these issues and their concerns. We plan on continuing to meet and discuss Medicaid approaches to reimbursement and cost surveys with the IACP as well as other providers.

Thank you for your patience and willingness to work collaboratively with Medicaid staff as we develop and implement these changes. If you have questions please call 1 (844) 786-7997 or you may contact us by email at reshabrates@dhw.idaho.gov.

Sincerely,

Matt Wimmer
Administrator
Division of Medicaid