DDS VENDOR RATE STUDY and RATE MODELS

Behavioral & Professional Services

March 22, 12:30pm – 2:00pm
Purpose of the Rate Study

- ABX2-1 required DDS to submit a rate study to the Legislature by March 1, 2019.
  - Presented on March 15, 2019

- The study needed to address community-based services in terms of:
  - Sustainability
  - Quality
  - Transparency
Who Participated

• Sent to more than 5,500 entities

• More then 1,100 responded (20%)
  • Represented 4,600 vendor numbers
  • Accounted for 52% of 2017 POS claims
Burns & Associates (B&A)

- Employs an “independent rate model” approach to develop HCBS rates (not dependent on a single source of information)
- Reviewed CA laws that impact providers’ costs
- Consider reasonable costs providers incur to deliver services
- Constructed the rate models in accordance w/ DDS policies and requirements
Assumptions

- Wages, benefits and productivity of the direct care worker
- The agency’s program operation costs
- The agency’s administrative costs
- Staffing ratios and staffing levels
- Participant attendance/absence factors
- Travel-related expenses
- Facility costs
- Program supplies
Rate Study Also Considered

- Number and type of service codes
- Quality of services
- Client outcomes
- Compliance with HCBS
Notes from B&A

• Recognize that provider costs are related to the rates they are paid

• Independent sources, such as Bureau of Labor Statistics, were used to consider wage data

• To see the detailed report, go to dds.ca.gov and click on ‘rate study’.
HCBS Rate Setting Methodologies

• **Fee schedule**
  • Fixed, pre-determined rate for a single service for a designated unit of time. Do not vary by client or provider.

• **Negotiated market rate**
  • Rate based upon negotiation. Typically involves a range of permissible rates by reviewing prices for other providers of similar services.
HCBS Methodologies Cont.

- **Cost reconciliation**
  - Provider files cost reports created by State, to be reimbursed for true-cost of service.

- **Tiered rate**
  - Payment based on a rate that varies by characteristics of the individual, the provider or a combination of both.

- **Bundled rate**
  - Rate encompasses two or more discrete services with distinct purposes that are not closely related.
DDS Rate Setting Methodologies

- **Set by DDS**
  - Provider cost statements, fee schedules, regulation or statute.
  - ARM, day programs, WAP, infant development, ILS, in-home respite

- **Schedule of Maximum Allowance (SMA)**
  - Rates set by DHCS for medical service providers: nurse, home health aides and therapists
• **Usual and Customary (U&C)**
  • Same rate others pay as long as 30% of the provider’s customers are not regional center clients.

• **Set by DSS**
  • Applies to out-of-home respite

• **Negotiated (includes Median)**
  • Rate can’t exceed the applicable median rate
Direct Care Worker Wages

- Used data from Bureau of Labor Statistics
- Considers rising minimum wage
- Considers impact on workers who already earn the new minimum wage
- Considers impact on supervisors who must earn twice minimum wage in CA
- Used multiple BLS occupations to construct rate model wage assumptions
Direct Care Staff Benefits

- Rate models assume that all employees providing direct care receive the same benefits
  - Social Security – 6.20% of total wages
  - Medicare – 1.45% of total wages
  - Fed Unemployment Ins – 0.60% on first $7,000
  - State Unemployment Ins – 3.40% on first $7,000
  - State Employer Training Tax – 0.10% on first $7,000
Direct Care Benefits Cont.

- Workers Compensation - $4.53 per $100 in wages
- Health Insurance - $360/month
- 25 paid days off (vacation, holidays, sick)
- $100/month other benefits (ie dental, life insurance)
Direct Care Staff Productivity

- This accounts for time the direct care staff are working but not with the client
  - Travel time between individuals
  - Program set-up & clean up – 1.25 hours/week (15 min/day) for each worker
  - Networking and general development activities for Job Developers – 5 hours/week
  - Recordkeeping and Reporting – varies by service
Direct Care Productivity Cont.

• Supervision and other employer time – i.e.: attending staff meetings

• Missed appointments – assumes some portion of a missed session spent doing paperwork, for example

• Collateral contacts – non-billable activities performed on behalf of the client. Applied to Job Coaching and Infant Development services
Program Operation Expenses

Note -of the 1,100 surveys submitted, only 416
included complete data for operating expenses.

Program operations expenses include:

• Supervision
• Quality oversight
• Training curriculum development
• Program specific activities
Administrative Expenses

- Costs affiliated with these functions:
  - General management
  - Finance and accounting
  - Information technology
  - Human resources
  - Professional services

- Calculated at 12% (Note – lower than 16.9% reported, but dollar amount is the same since it’s applied to a higher cost base)
Accounting for Regional Differences

• The study includes a separate rate model for each Regional Center to recognize geographical cost differences for:
  • Direct care wages
  • Travel distances and time
  • Real estate

   Classified as A, B or C – see maps in handouts
Behavioral & Professional Services

Services are generally provided in the community on an individualized basis by professionals such as:

- Behavior Analyst - BCBA (612)
- Associate Behavior Analyst - BCABA (613)
- Behavior Management Assistant (615)
- Behavior Technician (paraprofessional) (616)
- Behavior Management Consultant (620)
- Infant Development (805)
- Adaptive Skills Trainer (605)
Behavior Analyst - 612

- Behavior analysts assess the function of a behavior and design, implement & evaluate instructional & environmental modifications to produce socially significant improvements in the individual’s behavior through skills acquisition & the refuction of the behavior.

- Overview of rate model:
  - Billing unit = hourly
  - Geography-based rate
  - Group services allowed at 1:2 and 1:3
Associate Behavior Analyst - 613

- Same function as the Behavior Analyst, but under direct supervision of a Behavior Analyst or Behavior Management Consultant

- Overview of rate model:
  - Billing unit = hourly
  - Geography-based rate
  - Group services allowed at 1:2 and 1:3
Behavior Management Assistant - 615

• Same function as the Behavior Analyst, but under direct supervision of a Behavior Analyst or Behavior Management Consultant

• Overview of rate model:
  • Billing unit = hourly
  • Geography-based rate
  • Group services allowed at 1:2 and 1:3
Behavior Technician-Paraprofessional - 616

• Implement instructional and environmental modifications to produce socially significant improvements in the individual’s behavior through skill acquisition and reduction of the behavior.

• Work under the direct supervision of a certified Behavior Analyst or Behavior Management Consultant

- Overview of rate model:
  - Billing unit = hourly
  - Geography-based rates
  - Non-English stipend
  - Group services allowed at 1:2 and 1:3
Behavior Management Consultant - 620

- Provide consultation to individuals, families, service providers per regional center guidelines.

- Overview of rate model:
  - Billing unit = hourly
  - Geography-based rates
  - Group services allowed at 1:2 and 1:3
Infant Development - 805

- Programs promote physical, cognitive, language and speech, and psychosocial development.
- Promote self-help and feeding.
- Increase parent/child interaction by training parents to recognize & respond to child’s unique characteristics, temperament and non-verbal communication signaling distress or need for interaction.
- Develop parent/child relationships thru feeding, bathing, comforting, etc.
Infant Development Cont.

• Service would be limited to ‘special instruction’ services provided by early childhood specialists or teachers.

• Other services currently provided under 805 would move to service code corresponding to the professional qualifications.

• Overview of rate model:
  • Billing unit = hourly at applicable qualification rate
  • Geography-based rates
  • Group services allowed at 1:2 and 1:3
Adaptive Skills Trainer - 605

- Propose eliminating this service code and putting staff under the service code corresponding to their qualifications.