

DDS VENDOR RATE STUDY and RATE MODELS

*Day, Employment & Transportation
Services*

March 22, 2:30pm – 4:00pm

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 than 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

DDS Methodologies Cont.

- 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

Tiered DSP Levels

- Propose 3 levels with DSP certification:
 - Level 1 – 100 hrs training, commitment to code of ethics, demonstrates competency in 4 specified areas, letter of support from recipient/guardian/family member.
 - Level 2 – Level 1 requirements plus another 100 hrs of training and demonstrates competency in additional 4 areas.
 - Level 3 (Specialist) – Level 2 requirements plus 40 hrs of specialized instruction and demonstrates competency in specialty area (health, inclusion, employment, positive behavior support, aging)

Tiered DSP Cont.

- Higher rates for these DSP levels would include additional funding for higher wages and greater training requirements
- *Note – the projected cost is not part of the estimated fiscal impact.*

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

Community-Based Day Programs

- ❖ Services are generally provided in the community in a group setting.
- ❖ Assistance with developing and maintaining self-help and self-care skills
- ❖ Develop ability to interact with others, make one's needs known, respond to instructions and manage one's behaviors
- ❖ Develop employment and community integration skills.
- ❖ Develop social and recreational skills

Community-Based Day Prgs Cont.

- Study assumes the following service codes would be combined into one code:
 - ❖ Socialization & Training (028)
 - ❖ Community Integration Training (055)
 - ❖ Community Activities Support Services (063)
 - ❖ Activity Center (505)
 - ❖ Adult Development Center (510)
 - ❖ Behavior Management Program (515)
 - ❖ Social Recreation Program (525)

Community-Based Day Prgs Cont.

- Day programs would have a specific focus
 - Medical programs staffed by certified nursing assistants
 - Behavior programs staffed by registered behavior technicians
 - Non-medical, non-behavioral

Community-Based Day Prg Cont.

- Overview of rate model:
 - Billing unit = hourly
 - Service location (center or community or both)
 - Service type (medical, behavioral, neither, both)
 - Staffing ratio (1:2-1:10 center and 1:2 or 1:3 community)
 - Geography-based rate
 - Non-English stipend

Supported Employment- Individual - 952

- ❑ Provides supports to assist individuals on a 1:1 basis to obtain and maintain paid work in a community setting.
- ❑ Employment services currently provided under service code 055 or 063 would move to service code 952
- ❑ Would require statutory change to allow for-profits to provide SE-I
- ❑ Assumes separate rate model for Job Coaching & Job Development. Limits Job Development to 40 hours per participant per year.

SE-I Cont.

- Overview of rate model:
 - Billing unit = hourly
 - Geography-based rates
 - Non-English stipend
 - Service type (Job coaching or job development)
- *Note – no billing for travel time since that's built into staff productivity.*

Supported Employment – Group - 950

- Provides support to a group of individuals in paid work in a community setting.
- Assumes that SE-G services currently provided under service 055 or 063 would move to 950
- Overview of rate model:
 - Billing unit = hourly
 - Geography-based rates
 - Non-English stipend
 - Group services allowed at 1:2 to 1:8

Work Activity Program - 954

- Service includes paid work, work adjustment training (money management, developing good work safety practices, good work habits, etc).
- Services are provided in a sheltered workshop.
- Overview of rate model:
 - Billing unit = hourly
 - Geography-based rates
 - Non-English stipend
 - Group services allowed at 1:4 to 1:35

Transportation – 875 & 880

- Service provides regularly scheduled transportation for individuals to/from their day activity.
- Assumes 875 and 880 would be consolidated under one service code
- Overview of rate model:
 - Billing unit = one-way trip
 - Geography-based rates
 - Ambulation (enhanced rate for wheelchair users)

Supplemental Program Staffing - 110

- Time-limited supplemental staffing in day programs for individuals needing additional staffing within the program.
- Overview of rate model:
 - Billing unit = hourly
 - Geography-based rates

Note: program and administrative expenses are funded at one-half the standard rate