

# DDS VENDOR RATE STUDY and RATE MODELS

*Personal Supports and Trainings*

March 22, 10:00 - 11:30am

# 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](http://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 hours 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 hours of training and demonstrates competency in additional 4 areas.
  - Level 3 (Specialist) – Level 2 requirements plus 40 hours 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

# Personal Supports & Training

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

- Personal assistance (062)
- Community integration 1:1 (055)
- Independent living (520, 635)
- Respite (862)
- SLS single site (896)

# Personal Assistance - 062

- This service assists individuals with personal care and activities of daily living
- Overview of rate model:
  - Billing unit = hourly
  - Non-English stipend
  - Group services allowed at 1:2 and 1:3
  - Service duration of more or less than 6 hours

# Independent Living Services

- This service teaches individuals to live independently and/or provides the supports necessary for the individual to maintain a self-sustaining, independent-living situation in the community
- Assumes ILS codes 520 and 635, Community Integration Services 1:1 code 055, and Community Activities Code 063 are combined into one service code.



- Overview of rate model:
  - Billing unit = hourly
  - Non-English stipend
  - Group services allowed at 1:2 and 1:3
  - Service duration of more or less than 6 hours

# Supported Living Services - 896

- Supports individuals to live in their own home by assisting with:
  - Common daily living activities
  - Routine household activities
  - Locating and scheduling medical services
  - Selecting and moving into a home (apartment)
  - Locating and choosing housemates
  - Accessing transportation
  - Managing personal finance affairs
  - Building and maintaining interpersonal relationships
  - Participating in community life

- Overview of rate model:
  - Billing unit = hourly
  - Geography-based rates
  - Non-English stipend
  - Group services allowed at 1:2 and 1:3
  - Service duration of more or less than 6 hours
- Note – rate model includes administrative costs so service code 894 would be eliminated

# In-Home Respite - 862

- Provides intermittent support to individuals to support or relieve primary caregivers for the benefit of the individual.
- Overview of rate model:
  - Billing unit = hourly
  - Geography-based rates
  - Non-English stipend
  - Group services allowed at 1:2 and 1:3
  - Service duration of more or less than 6 hours

# Homemaker & Homemaker Services – 858 & 860

- Provides assistance with routine household activities at an individual's home. Limited to 3 hours of service per week.
- Supports currently billed under these codes that are used to provide personal assistance or companion services would move to another service code.
- Overview of rate model:
  - Billing unit = hourly
  - Geography-based rates
  - Group services allowed at 1:2 and 1:3

# Program Support Other - 111

- Provides time-limited supplemental staffing for programs other than day or residential programs.
- Program operations funding and administrative expenses are funded at one-half of the standard rate.
- Overview of rate model:
  - Billing unit = hourly
  - Geography-based rates