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 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
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