

Meeting Agenda

SB 147 – Provider Rate Methodology Workgroup

December 13, 2018

9:00 a.m. – 11:00 a.m. (Central Time)

Conference Call 1-866-410-8397

Access Code: 243-320-4489

- I. Welcome and Introductions
- II. Review and finalize minutes from November 7th meeting
- III. Review changes and models for: Outpatient – Group and Low-Intensity Residential and rural rate
- IV. Review Inpatient model methodology
- V. Next steps
- VI. Public Comment

MINUTES

Substance Use Disorder Services Financial Workgroup

November 7, 2018
1:00-4:00 pm
Drifter's Bar and Grille
Pierre, SD

In Attendance

Tiffany Wolfgang, Stacy Bruels, Steven Gordon, Brenda Tidball-Zeltinger, Amy Iversen-Pollreisz, Laura Schaeffer, Amy Hartman, Gary Tuschen, Michelle Carpenter, Michelle Spies, Susan Sandgren, Terry Dosch, Stacia Nissen, Laurie Mikkonen, Thomas Stanage, Alan Solano, Josh Merkley, Linda Reidt Kilber

Not Present: Greg Evans, Brendan Smith; Richard Bird; Hillary Schwab

Welcome and Introductions

- Tiffany Wolfgang and Laurie Mikkonen welcomed the group.

Review and finalize minutes from October 18th meeting

- The minutes were reviewed. Michelle Spies moved to approve. Terry Dosch seconded the motion. Minutes were approved.

Review and continue discussion on models for: Outpatient: Individual and group, and Low-intensity Residential

- Laurie Mikkonen discussed the current outpatient-individual and outpatient-group compared to other states, national averages, and the National Fee Analyzer. While the group believed South Dakota's current individual rate to be in line with other states and the national average, South Dakota's group rate is low in comparison.
- Laurie Mikkonen provided an overview of changes to the outpatient-individual model including a correction to the original model's calculation, and an adjusted model based on the workgroup's recommendation of staffing ratios of credentialed staff providing services. The adjusted model lowered addiction counselor trainees to 15% of staff providing services from 35% according to the survey results. This

resulted in increasing the remaining staff (certified addiction counselors, licensed addiction counselors, dually credentialed staff, and clinical supervision). As a result of this adjusted model, the modeled and indexed individual rate increased from \$22.36 per 15-minute unit to \$23.41. This adjustment will support implementation of evidence-based practices (EBPs) which utilize higher credentialed staff and increased clinical supervision. The workgroup concurred that this rate will support EBPs, but this rate will be assessed in the future to take into consideration any additional enhancements as it relates to the EBP implemented. With these updates, the workgroup approved the modeled outpatient-individual rate.

- Based on the national survey data, the workgroup discussed adjusting the group rate based on a percentage of the individual rate rather than on the average group size from the survey results. DSS staff will review cost report data to determine if costs demonstrate an average percent of individual costs.
- DSS staff will research methodology related to an enhanced rural rate. The workgroup discussed several factors with impacts to rurality including population density as well as mileage staff need to travel to deliver services. DSS staff will review federal definitions for rural and underserved areas.
- Laurie Mikkonen stated the low intensity residential model is unchanged from the last meeting. An example scenario including the daily treatment and non-treatment components using average survey results is included below the model. DSS staff will reach out to low intensity residential providers to walk through the example scenario. The workgroup also discussed the possibility for a need for a different rate for smaller facilities.

Review inpatient cost report data and discuss model methodology

- Laurie Mikkonen walked through calculations from inpatient provider cost report data. The intention would be for this rate to continue as a daily rate. Initial feedback from the workgroup included assessing the occupancy rate as it related to facilities that provide multiple levels of residential care. The cost of medications was also discussed and how agencies cover the cost of medications as well as the ability for inpatient providers to provide Medication Assisted Treatment.
- Amy Hartman and Josh Merkley provided clarification regarding the different service requirements for Substance Use Disorder (SUD) Psychiatric Residential Treatment Facilities (PRTF) such as needing additional staff (psychiatrists, psychologists, MDs), educational services, and higher medication costs.
- DSS Staff will work with Keystone to break out the inpatient costs from PRTF costs in the cost report information. DSS staff will also layer in 2018 costs for entities who have submitted 2018 cost reports to determine if there were any major shifts in costs. Last, DSS staff will research other methodology for inpatient rates.
- Inpatient providers will review the data and provide feedback on what may be missing or need to be updated in the model.

Next Steps—Inpatient rate review

- The next meeting has not yet been set. The goal is to meet the second week of December. DSS staff will schedule a date and time with the possibility for a conference call rather than in-person due to travel concerns in the winter.
- DSS staff will bring similar cost report information on detox services. DSS staff will reach out to detox providers to include in the review.
- The workgroup discussed the need to differentiate between detox and a public safety hold.

Public Comment

- Laurie Mikkonen asked for any public comment. Being none, the meeting was adjourned.

**Low Intensity Residential Services - Preliminary Model from Survey Results
December 13, 2018**

	All Providers Excluding BMS and VOA		BMS and VOA Only	
1 Average Capacity		39.2		15.1
2 Average Number of 24/7 Residential Workers		2.1		2.5
3 Staffing Ratio (Beds per Residential Worker)		18.7		6.1
4				
5 Average Residential Worker Salary and B&T	\$	35,156.59	\$	32,774.00
6 Residential Worker Direct Care Hours per Year		1,928		1,888
7 Equivalent Wage per hour	\$	18.23	\$	17.36
8				
9 Hours in Year (24 hours/day * 365 days/year)		8,760		8,760
10				
11 Yearly Expense for one 24/7 worker	\$	159,736.39	\$	152,065.81
12 Yearly Expense for bed 24/7	\$	8,533.03	\$	24,996.63
13 Daily Expense for one bed 24/7	\$	23.38	\$	68.48
14				
15 Residential Worker Expense/Day Unit	\$	23.38	\$	68.48
16				
17 Percentage of R&B to Total Cost (from 2017 CRs)		20.60%		21.90%
18 Percentage of Admin/Indirect/Other to Total Cost (from 2017 CRs)		34.70%		21.90%
19				
20 R&B Portion (20.6%/21.9% of Total Modeled Rate)	\$	10.77	\$	26.69
21 Admin/Indirect/Other Portion (34.7%/21.9% of Total Modeled Rate)	\$	18.15	\$	26.69
22 Total Non-Residential Worker Expense/Unit	\$	28.92	\$	53.37
23				
24 Total Modeled Rate (Residential Worker + R&B + Admin/Indirect+ Other)	\$	52.30	\$	121.85
25 Occupancy		90%		90%
26 Modeled Rate at 90% Occupancy	\$	58.12	\$	135.39
27				
28 2018 CPI-U		2.25%		2.25%
29 Indexed Modeled Non treatment daily rate	\$	59.43	\$	138.44
30				
31 SFY19 Rates treatment and non treatment (others/HSA, VOA/BMS)		\$50.77/\$64.05		\$134.62/\$205.51
32				
33 Work Group Assumptions:				
34 Survey results Indicated 88% for non pregnant women and 89% for pregnant women. DCI was an outlier and was excluded from this group. The model uses 90%.				
35 The 2018 CPI-U used in the model as of October 2018 was 2.25%.				
36 Salary in model was based on survey results that reflected current salaries for 2018.				
37 Outpatient treatment hours would be billed separately.				
38				
39				
40 Example Scenario with Outpatient billed at Average Survey Results at new Outpatient Modeled Rate				
41				
42 7 Days of daily residential non treatment rate	\$	416.01	\$	969.08
43				
44 Current (SFY19) Individual Rate (15 minute unit)	\$	23.04	\$	23.04
45 Current (SFY19) Group Rate (15 minute unit)	\$	5.91	\$	5.91
46				
47 From Survey Results				
48 Individual Hours		1.2		1.8
49 Group Hours		5.7		11.0
50				
51 Individual Units (Individual hours x 4)		4.7		7.0
52 Group Units (group hours x 4)		22.6		44.0
53				
54 Weekly Individual Revenue	\$	107.83	\$	161.28
55 Weekly Group Revenue	\$	133.57	\$	260.04
56 Total Weekly OP Revenue	\$	241.39	\$	421.32
57				
58 Total Weekly Residential and OP Revenue	\$	657.40	\$	1,390.40
59 Total Daily Residential and OP Revenue	\$	93.91	\$	198.63

**Outpatient Model - Rural
December 13, 2018**

Current outpatient rural rates are 20% higher than non-rural rate.

Current (SFY19) Individual Rate (15 minute unit)	\$ 23.04
Current (SFY19) Individual Rural Rate	\$ 27.65
Current (SFY19) Group Rate (15 minute unit)	\$ 5.91
Current (SFY19) Group Rural Rate	\$ 7.09

SFY 18 expenditures
Outpatient

Three Rivers	\$ 28,000
Lewis & Clark	<u>\$ 46,000</u>
Total Outpatient	\$ 74,000

Notes:

Behavioral Health Mental Health rural services had SFY18 expenditures of approximately \$3.5 million.

Recommendation to keep at 20% currently and move rural rate analysis and review to be included with the Mental Health rate review during SFY20.

**Comparison of Outpatient Individual and Group rates
Region 8 States
December 13, 2018**

State	Individual Counseling (hr.)	Group Counseling (hr.)	% Group/Individual
SD	\$92.16	\$23.64	26%
MT	\$48.20	\$26.88	56%
WY	\$84.12	\$42.08	50%
CO	\$91.08	\$30.16	33%
ND	\$58.00	\$14.50	25%
Avg	\$74.71	\$27.45	37%
South Dakota Rate Divided by Avg.	123%	86%	

Individual vs Group Comparison:

SFY19 Rates

\$ 23.04	SFY19 rate - Outpatient - Individual
\$ 5.91	SFY19 rate - Outpatient - Group
25.7%	% of Group to Individual
3.90	Breakeven group size

Option #1

\$ 23.41	Proposed 15 min. Outpatient - Individual
\$ 6.09	Proposed 15 min. Outpatient - Group
26.0%	% of Group to Individual
3.85	Breakeven group size
9.00	Avg. Group Size from the survey

Option #2

\$ 23.41	Proposed 15 min. Outpatient - Individual
\$ 6.55	Proposed 15 min. Outpatient - Group
28.0%	% of Group to Individual
3.57	Breakeven group size
9.00	Avg. Group Size from the survey

Notes:

- 1) 2017 Cost Report Data showed 23.1% group share cost as a % of individual cost
- 2) Avg. group size from the survey was 9

Intensive Inpatient Residential Services - cost report data

	BMS	DCI	Compass Point	VOA	Sum	Average	Keystone	Lewis and Clark
1 Data used from 2017 Cost Report								
2 Intensive Inpatient Residential Services provided	Inpatient	Inpatient	Inpatient	Inpatient			Inpatient/PRTF	Inpatient
3								
4 Current total bed capacity for Intensive Inpatient residential services(survey)	19.0	55.0	9.0	14.0	97.0	24.3	126.0	16.0
5								
6 Units reported (2017 cost report)	2,547	1,054	2,382	1,189	7,172	1,793	33,525	2,410
7								
8 Occupancy percentage (Units reported/365 days/bed capacity)	37%	5%	73%	23%	138%	34%	73%	41%
9								
10 Total Expenditures for Intensive Inpatient Residential Services	\$ 492,585	\$ 242,373	\$ 490,831	\$ 188,213	\$ 1,414,002	\$ 353,501	\$ 10,095,284	\$ 797,797
11								
12 Total Direct Care Staff Cost	\$ 282,698	\$ 153,040	\$ 283,621	\$ 99,508	\$ 818,867	\$ 204,717	\$ 4,052,958	\$ 570,328
13								
14 Direct care costs as a percentage of total costs (i.e. intensive inpatient residential services salary, benefits, and taxes cost for direct care staff divided by intensive inpatient residential services total costs).	57.4%	63.1%	57.8%	52.9%	231%	57.8%	40.1%	71.5%
15								
16 Total Indirect Cost	\$ 209,887	\$ 89,333	\$ 207,210	\$ 88,705	\$ 595,135	\$ 148,784	\$ 6,042,326	\$ 227,469
17								
18 Total Direct care FTE	7.9	1.5	6.2	3.0	18.6	4.6	78.6	
19 Hourly Cost for direct care staff	\$ 17.27	\$ 48.69	\$ 22.02	\$ 16.03	\$ 104.02	\$ 26.00	\$ 24.80	
20 Direct care FTE/ bed	0.41	0.03	0.69	0.21	1.34	0.34	0.62	
21								
22								
23 Other Information								
24 Cost per Unit from 2016 cost report	\$ 189.02	\$ 95.96		\$ 138.10		\$ 141.03	\$ 230.16	
25 Cost per Unit from 2017 cost report	\$ 193.40	\$ 229.96	\$ 206.06	\$ 158.29		\$ 196.93	\$ 301.13	\$ 331.04
26 SFY19 Rate	\$ 226.86	\$ 226.86	\$ 226.86	\$ 226.86			\$ 226.86	\$ 303.85
27 STARS Title XIX Expenditure SFY 2018	\$ 152,551		\$ 6,450	\$ 64,047	\$ 70,497		\$ 479,081	\$ 28,895
28 STARS Contract Expenditure SFY 2018	\$ 263,929	\$ 205,504	\$ 420,333	\$ 134,732	\$ 555,065		\$ 708,054	\$ 1,153,789
29 STARS Paid Expenditure SFY 2018	\$ 416,480	\$ 205,504	\$ 426,783	\$ 198,779	\$ 625,562		\$ 1,187,135	\$ 1,182,684

* Does not include Meth

Cost Per Unit Calculated by DSS staff

Not provided on cost report

	A	B	C	D	E	F	G	H	I	J	K
1	Intensive Inpatient Draft Model Options:										
2											
3	Model Based on Cost Report Information.										
4	Program	Capacity	Direct Care FTE	Total Paid Direct Care Hours Needed	Hourly Cost for Direct Care	FY17 Direct Care Wage Cost	Direct Care Wage Cost as a % of Total Allowable Expenses	Total Expense	Individual Occupancy	Daily Cost - Based on Occupancy	Avg.
5	BMS	19	7.9	16,366	\$ 17.27	\$ 282,698	57.4%	\$ 492,585	37%	\$ 193.40	\$ 196.93
6	DCI	55	1.5	3,143	\$ 48.69	\$ 153,040	63.1%	\$ 242,373	5%	\$ 229.96	
7	Compass Point	9	6.2	12,882	\$ 22.02	\$ 283,621	57.8%	\$ 490,831	73%	\$ 206.06	
8	VOA	14	3.0	6,206	\$ 16.03	\$ 99,508	52.9%	\$ 188,213	23%	\$ 158.30	
9		24.3	4.6		\$ 26.00	\$ 818,867	57.8%	\$ 1,414,002	34%		
10					average		average				
11											
12											
13											
14	Model Based on Cost Report Information with average wage and direct care wage as a percent.										
15	Program	Capacity	Direct Care FTE	Total Paid Direct Care Hours Needed	Hourly Cost for Direct Care	FY17 Direct Care Wage Cost	Direct Care Wage Cost as a % of Total Allowable Expenses	Total Expense	Individual Occupancy	Daily Cost - Based on Occupancy	Avg.
16	BMS	19	7.9	16,366	\$ 26.00	\$ 425,516	57.8%	\$ 736,229	37%	\$ 289.06	\$ 225.32
17	DCI	55	1.5	3,143	\$ 26.00	\$ 81,718	57.8%	\$ 141,389	5%	\$ 134.14	
18	Compass Point	9	6.2	12,882	\$ 26.00	\$ 334,932	57.8%	\$ 579,500	73%	\$ 243.28	
19	VOA	14	3.0	6,206	\$ 26.00	\$ 161,356	57.8%	\$ 279,179	23%	\$ 234.80	
20						\$ 1,003,522		\$ 1,736,297			