Abstract

SD DDD must modernize the rate methodology for the CHOICES waiver to ensure service access and quality and comply with regulatory standards for home and community-based services.

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About Alvarez & Marsal and the Author

Founded in 1983, Alvarez & Marsal (A&M) is a global, independent professional services firm comprised of over 3,700 personnel. A&M’s services and solutions emphasize achieving operational excellence through sound financial and strategic leadership. We are known for our distinctive hands-on approach and relentless focus on execution and results. A&M has set the standard for working with organizations to solve complex problems, boost operating performance, and maximize value. Our approach to improving the operational and financial performance of privately-held, publicly-traded companies, and public-sector organizations, has been refined for over 35 years, allowing our clients to rely on us for integrity, quality, and results.

In 2003, A&M launched a group specifically devoted to serving the unique needs of the public sector. Alvarez & Marsal Public Sector Services, LLC (A&M PSS) provides strategic financial management and operational performance improvement services to federal, state, and local governments. A&M has developed and refined a progressive, pragmatic, and forward-looking approach to address the unique issues that face the public sector. A&M PSS has a robust record working for the public sector, helping dozens of states improve services while lessening their financial burdens, and using our experience in high-pressure, time-sensitive situations to drive transformation across government.

This report was prepared by Wanda Seiler, a Senior Director with A&M PSS. Since joining A&M in 2016, Wanda has supported efforts to redesign and improve human and social services programs and services in Colorado, Maryland, Minnesota, Nebraska, New York, Oregon, Pennsylvania, Rhode Island and Virginia. She has also served as an expert witness in Olmstead litigation and other disability and Medicaid services lawsuits in four states. In the past decade, she has worked with more than a dozen states to stabilize and transform home and community-based services. Most recently, she led a crisis management team established by Executive Order of Oregon Governor Kate Brown, to address issues within the State’s child welfare system. Prior to A&M PSS, Wanda spent over 20 years working for the State of South Dakota. She served as a policy analyst for the State Medicaid agency and as the Assistant Director of the Division of Mental Health. For eight years, she was the Director of the Division of Developmental Disabilities. During her tenure, the Division was able to correct a significant structural deficit, eliminate waiting lists for all waiver services, implement participant directed services, redesign waiver reimbursement methodologies, and facilitate state-wide implementation of Essential Lifestyle Planning. Ms. Seiler has an Executive Master of Public Administration degree from the University of South Dakota.
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Executive Summary

Enacted in 2017, Senate Bill 147 (SB 147) requires the Department of Human Services (DHS) to “perform a rate modeling analysis which shall include a review of current cost report data, specific service delivery and staffing requirements, training and fidelity standards associated with related service models, current market factors, and current and impending state and federal policies that may impact the cost of service delivery.”

1 DHS’ Division of Developmental Disabilities (DDD, aka “The Division”) contracts with South Dakota Community Service Providers (CSP) for the provision of its 1915(c) “CHOICES” waiver services to people with intellectual and developmental disabilities (I/DD). The Division engaged Alvarez & Marsal (A&M) to create a Workplan to conduct this review.

A&M, with its sub-contractor Optumas, completed a review of the data sources typically used to perform a rate modeling analysis, including provider cost reports and the process for calculating rates, authorizing services, and paying claims. These processes are operationalized in Service Based Rates Version 3 (SBRv.3), a statistical regression model that was developed in 2003 and 2004 and implemented in 2005. In the past decade, DDD has attempted on two separate occasions to revise this methodology. Both attempts failed to garner consensus support from system stakeholders and were abandoned prior to implementation.

In order to plot a course for a successful rate modeling analysis, DDD worked with A&M to conduct planning using a transparent approach that engaged system stakeholders, with an emphasis on CSP representation throughout workplan development. A workgroup (Rate Modeling Analysis Workgroup) comprised of CSP representatives selected by the South Dakota Association of Community Service Providers (SDACSP), and representatives from the Department of Social Services (DSS), Bureau of Finance Management (BFM), Legislative Research Council (LRC), DHS and DSS met three times from June through September 2019 to review A&M’s findings and recommendations. These findings and recommendations are presented in this report that accompanies a detailed Rate Modeling Analysis Workplan that lays out the tasks and timelines to conduct a rate modeling analysis with results to be implemented in July 2021.

A&M found that the data sources available to conduct a rate modeling analysis have varying degrees of “readiness” for a rate modeling analysis. Cost reports are gathered annually by DDD and provide the necessary foundational information for meeting Federal requirements requiring an analysis of existing service system costs. Providers, however, will need to more clearly delineate their non-allowable expenses, which must be excluded from the rate development process. DDD also has reliable individual needs assessment data that is reasonably comprehensive and has proven its competency in assessing the differences in individual needs. DDD, however, has limited information on staffing ratios. The

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1 SD Legislature (2017) Senate Bill 147.
workplan proposes adopting a survey process used in other states to understand existing staffing ratios and project costs of increased staffing to meet regulatory requirements.

Through Rate Modeling Analysis Workgroup discussions an understanding emerged that SBR limits DDD’s ability to achieve the expectations of SB147. SBR can determine what share of the overall system costs should be allocated to each person based on his or her acuity but does not calculate the cost of ensuring access and quality of services. To do so requires a rate methodology that calculates rates, authorizes services and pays claims differently than SBR. This foundational change will compel DDD to amend the approved 1915(c) waiver which enables CMS to conduct a broader analysis regarding compliance with all regulations, including recently promulgated rules that may increase administrative obligations and staffing ratios. These changes are anticipated to require additional appropriations.

At the third and final Rate Modeling Analysis Workgroup meeting, DDD was unable to achieve consensus to move forward with the Workplan. While provider members were generally in support of the Workplan as a long-term approach to calculating rates, authorizing services, and paying claims, they felt that the plan fell short in providing them immediate financial relief to counter several years of flat or negative budget growth. DDD plans to continue to work with CSP to reach consensus regarding next steps forward in achieving the Legislative mandate of SB147.
Background

South Dakota was the first state in the nation to use statistical models to reimburse home and community-based services for people with developmental disabilities. Introduced in the 1990’s, Service Based Rates (SBR) used inputs such as geographically specific economic factors, direct support staff time studies, provider cost data, and participant assessment data (Inventory for Client and Agency Planning) to determine an individualized rate for services. For each participant, a model predicted the number of units of each service the person should receive and compared that prediction to the number of units received in the previous fiscal year. Authorized units were “banded” - participants received an amount that fell between what was predicted by the model and what they had received in the previous fiscal year. There was a unique model and banding percentage for each service.

The initial implementation of SBR was fraught with controversy. Providers questioned the accuracy of a model that resulted in an overall decrease to funding. Calculated by an algorithm, the service specific models were difficult for families to understand. The South Dakota Legislature acknowledged these stakeholder concerns and made SBR the subject of a 2000 Summer Study. Legislators participating in the study urged DDD to ensure the integrity of the data sources which fed the model and simplify the model.

The Division completed several initiatives to improve the quality of data used to build a reimbursement model. They worked with service providers to clarify and refine cost reporting protocols. The Division also worked with service providers and the author of the Inventory for Client and Agency Planning (ICAP) to create a supplemental guide for completing the assessment that remains in use today in South Dakota and other states. The Division also created a software program to automate the process for submitting time study data. Referred to as activity logging, provider staff were required to report time spent with each participant in the provision of one-to-one services. Time spent with multiple participants was allocated across individuals in the group.

With the refinement of these critical data sources, in 2003, DDD began the arduous process of reviewing and updating SBR. Implemented in 2005, SBRv.3 (SBRv.2 was eliminated when it failed to recognize the needs of children with complex needs) used geographic economic factors, individual characteristics and needs, and services. The model included a special program code that recognized the costs of serving youth with complex needs. To address concerns about large congregate settings, the model also included a factor which increased individual rates as home size decreased.

The development of SBRv.3 was overseen by a Financial Workgroup that included provider and family representatives. When it became clear that a “true” implementation of SBRv.3 would result in changes to each provider’s total revenue - some providers would gain, and others would lose – the Financial Workgroup advocated that no provider would experience an overall revenue loss. DDD requested and was appropriated funding necessary to implement SBRv.3 without an overall loss of funding to any provider. To achieve this goal, each provider was assigned a gain/loss factor which gave them a

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2 The process for rate modeling analysis is described in detail in a document, “SBRv.3”.

percentage of the “true” SBR rate. In the first and subsequent years following SBR’s implementation, DDD requested and was appropriated funding to mitigate the gain/loss factor so that no agency receives less than 95% or no more than 131% of the true SBR rate.

In the past decade, DDD has considered a rate modeling analysis on two occasions— in 2008 and in 2013. Both initiatives ended in the conclusion that SBR was a more palatable option to changes that may increase administrative burden and create significant fluctuations in any one provider’s overall revenue.

DDD is now compelled by multiple forces to update their reimbursement methodology. The Federal agency responsible for the oversight of Medicaid services, the Center for Medicaid Services (CMS) has promulgated regulations and issued technical guidance\(^3\) that establish expectations for ensuring participant’s choice of providers. A legal review of the SBR methodology and operational protocols indicate that DDD must do more to ensure fundamental requirements of Medicaid services. Federal rules promulgated in 2014 with implementation extended in to 2022 require the provision of HCBS in home and community-based settings. These rules bring into question the appropriateness of services provided in large congregate settings and place restrictions on the provision of services in sheltered workshops. Additionally, litigation in other states has created legal precedent that compels changes to the South Dakota Intellectual and Developmental Disability (I/DD) service system and reimbursement methodology. Non-compliance with Federal requirements and legal precedent put DDD at risk of loss of Federal funding.

In 2017, the South Dakota Legislature passed SB147, an act to establish a process for periodic review of provider rates. This legislation requires DHS to establish a process and schedule the review of provider rates at least every five years. The legislation provides authority to “perform a rate modeling analysis which shall include a review of current cost report data, specific service delivery and staffing requirements, training and fidelity standards associated with related service models, current market factors, and current and impending state and federal policies that may impact the cost of service delivery.”\(^4\) To develop a plan for meeting this statutory requirement DDD engaged A&M. Alvarez & Marsal with Optumas, an actuarial firm, completed a review of the underlying data sources necessary to conduct a rate modeling analysis. They also worked with DDD to convene the Rate Modeling Analysis Workgroup comprised of representatives from CSP, LRC, BFM, DSS, DHS and DDD. This group reviewed A&M’s findings and recommendations and oversaw the development of a detailed Workplan to meet the requirements of SB147. At the group’s last meeting on September 30, 2019, provider representatives were unwilling to accept this plan.

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Provider members of the Rate Modeling Analysis Workgroup acknowledged that the process and tasks contained within the workplan were comprehensive, systematic, and provide a “long-term” means to achieve the expectations established by SB147. They indicated that the plan, however, does not provide the immediate financial relief necessary for the provision of quality services to South Dakotan’s with I/DD, a group which includes some of the states most vulnerable citizens and people with extremely complex medical and behavioral needs. Provider Rate Modeling Analysis Workgroup members emphasized:

- The SBR methodology assessed provider costs and used that spending to establish a budget and the share of that budget to be allocated for each person receiving services. The methodology does not determine the cost to provide quality services. Rather, it capitates rates based on spending and for decades, providers have spent within those established means. The SBR methodology does not calculate the cost or produce rates that ensure the provision of high-quality services.

- In the past decade, CMS has clarified existing policy and issued regulations that impose a Federal mandate on the state that has been passed down to providers. Requirements to serve people in smaller and integrated residential and day program compel serving people in smaller groups at increased costs. Changing staffing ratios of 1:7 – 1:15 to 1:2 – 1:6 bears a significant financial impact that has not been accounted for in achieving compliance with HCBS Settings Rule. Promulgated in 2014, the rule must be fully implemented by March 14, 2022.

- With the exception of the 2019 appropriations, funding for I/DD services has been reduced or remained flat over an extended period of time without fully compensating the increasing costs of health care and cost of living indices. The CSP system relies on a diminishing labor pool and is forced to compete with fast food chains for employees. For many, the rewards of supporting people with disabilities is outweighed by better schedules, less stress and regular pay raises. With multiple years of flat or negative budget growth, providers who rely primarily on Medicaid rates must gain significant ground to pay competitive wages. A competitive wage is essential to recruiting and retaining employees including those who perform the most intimate tasks related to activities of daily living; who must remain composed and risk injury during behavioral interventions; and who are responsible for the provision of delegated life-sustaining medical tasks.

- The proposed plan balances the need for a different approach to SBR that recognizes the true cost of providing a quality service with a hybrid approach that seeks to minimize the increased administrative burden necessary to ensure compliance with Federal requirements. With a proposed implementation of new rates and payment methodology in July of 2021, the plan does not provide CSPs with the immediate relief critical to the health and welfare of people receiving I/DD HCBS waiver services in South Dakota.
Rate Modeling Analysis Workplan

In the Summer of 2019, DDD retained Alvarez & Marsal (A&M) to conduct a planning initiative to establish tasks and timelines to conduct a rate modeling analysis of SBR. Wanda Seiler, who as Director of DDD from 2000 – 2008 led the revisions to SBR in 2005, led the A&M team. To produce a rate modeling analysis plan, A&M partnered with Optumas, an actuarial firm, that has done similar work with I/DD agencies in other states.

The rate modeling analysis is a complex process that will take 12 – 24 months (See Appendix A: Rate Modeling Analysis Calendar). The primary deliverable of A&M’s scope of work is the Rate Modeling Analysis Workplan. The Workplan was formulated based upon input from the DSS, the State’s Medicaid authority (SMA), DHS, DDD, LRC, BFM and representatives from CSP. See Appendix B for a list of Rate Modeling Analysis Workgroup Members and Appendix C for a list of meetings.

Data Sources
A&M’s scope of work included a review of SBR’s existing data sources. Each of these sources was assessed for validity and reliability. DDD worked with the Rate Modeling Analysis Workgroup to seek consensus regarding data sources to be used in the next rate modeling analysis. See Appendix D for a description and assessment of each data source.

Economic Features
Provider representatives on the Rate Modeling Analysis Workgroup provided mixed feedback on the use of geographic predictors in a rate model. SBR currently uses county per capita income to generate a provider specific rate. Some providers felt that an economic factor that recognizes the differences in wages between city and rural areas was important. Others felt that increased costs of doing business in rural areas balanced the higher wage in more populated cities. The workplan includes provisions to assess geographical differences for potential inclusion within a new rate model.

SBR uses a special program code to provide funding for the intense supervision needs of primarily child serving programs. Providers indicate that recognition of these needs and risks may be necessary in future reimbursement models.

Individual Needs Assessment
DDD currently uses the Inventory for Client and Agency Planning (ICAP) to assess individual needs and produce an acuity based SBR rate. DDD and providers expressed concerns that the ICAP will become an obsolete tool. It is no longer supported by the tool’s publisher. Houghton-Mifflin has denied requests to update language and ICAP questions. Compuscore, the software used to score the results has minor “bugs” and is no longer supported by the publisher.
The ICAP, however, has strong psychometric properties that demonstrate inter-rater reliability and validity. A&M conducted a correlation analysis between the ICAP’s externalized maladaptive behavior sub-scores and identified a high correlation with participants who required exception funding for high risk behaviors. A&M also created provider ICAP profiles reflecting the intensity of ICAP measured need. These profiles reflected the high medical needs supported by specialized CSP.

Providers, however, remain skeptical that the ICAP goes far enough in recognizing extreme behavioral and medical risk. They also note that changes to the supplemental guidelines have impacted the consistency of scoring. DDD is currently exploring supplemental questions to tease out nuances related to behavioral risk. This initiative is addressed in the Workplan and if adopted may lend predictive value to the proposed July 2021 rates.

While there are other standardized need assessments available, each has unique strengths and weaknesses. The Supports Intensity Scale is now used in a majority of states but has received mixed reviews for use in rate setting. The InterRai is used by many state aged and disability waivers but adoption of an I/DD version has been slow. A&M recommends that DDD use the ICAP for the upcoming Rate Modeling Analysis but consider other tools for implementation after the analysis is complete.

**Cost Reports**

DHS gathers provider cost reports annually using a standard template that categorizes costs by expense type across multiple costs centers. Cost report information was used to determine provider rates in the 2005 rate modeling analysis that produced SBRv.3. A&M conducted a review of DDD’s cost report guidelines, and the data aggregated across the provider system, and found that costs are not distinguished by waiver service, but rather categorized, generally, as either residential or day services. Also, cost reports must clearly distinguish expenses that are non-allowable and thus must be excluded from the rate calculation process.

A&M recommends that CSP receive clear direction regarding costs that are non-allowable and how they are accounted for within provider costs reports. The Workplan includes tasks to provide technical assistance to CSP regarding non-allowable costs. The Workplan proposes that FY19 costs reports (due for submission to DDD by January of 2020) be used as the underlying cost basis for the rate modeling analysis.

**Staffing Ratios**

The data source used to predict SBR’s staffing ratios was activity logging (also referred to as time studies) completed by provider staff that document 1:1 staffing provided by select services and group staffing provided in congregated settings. Activity logging presents several concerns – it is time consuming, does not effectively differentiate acuity between individuals in groups, and is prone to documentation and encoding errors. Software used to conduct activity logging last done in 2003 is now obsolete.
A&M recommends staffing surveys as an alternative approach to understanding staffing ratios in residential and day congregate settings. This approach has been used to establish residential rates in other states and was assessed by the Rate Modeling Analysis Workgroup to be a viable alternative to activity logging. The Workplan proposes to adapt the residential survey for use in day settings. The survey should be conducted for three to four randomly selected weeks between November 1, 2019 and March 31, 2020.

**Service System Changes and Enhancements**

In preparing the Workplan, A&M also considered service system changes that were necessary to ensure compliance with Federal and State regulations. In 2014, CMS promulgated new regulations specifying criteria for settings in which home and community-based services may be delivered. These new rules compel significant changes to the way in which HCBS are delivered across the nation.

Since the implementation of SBRv.3 in 2005, CMS has issued expansive technical assistance clarifying their interpretation of and expectations for HCBS services. In the Technical Guide for 1915(c) waivers, CMS explicitly limits the provision of “bundled services”. While SBRv.3 does not bundle services, the payment methodology combines an individual’s services rates into a bundled payment. To test the legality of this approach, DDD referred review of the methodology to a legal expert. This expert has provided recommendations to ensure that changes to the rate methodology are compliant with Federal regulations. Key to this compliance is ensuring that people have freedom of choice of providers.

SBRv.3 is anchored in historical provider costs. The methodology aggregates those costs to predict what portion of aggregated costs should be allocated to each individual. An individual daily rate is then paid for each person based upon acuity. The legislation created by SB147 mandates that a rate modeling analysis evaluates rates from the perspective of ensuring access (i.e., there are sufficient qualified and willing providers to provide a service) and quality. For decades, providers have “lived within the means” afforded them through the allocation determined by SBR. SBR essentially limits spending to historical costs. Rather than the external market setting standards for costs like employee wages, these costs are largely influenced by what SBR pays, driving down costs like wages, and making it difficult for CSP to compete in the labor market. The Workplan seeks to change the methodology for establishing rates that allows DDD to estimate changes to key components of service costs and staff ratios to project rates that ensure access and quality.

**HCBS Settings Rule**

The HCBS Settings Rules require that residential services be provided in home like settings that promote community integration. Day services must also promote community integration. Sheltered workshops are settings in which CMS specifically limits the provision of HCBS. States may not claim Federal financial participation (FFP) for services provided in settings that do not meet the HCBS Settings Rule criteria.

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Several state I/DD agencies are defending lawsuits which allege that the state has not done enough to ensure the provision of HCBS in home and community-based settings.

Although CMS criteria does not specify a home size that meets the settings rule, home size may influence the extent to which a setting may be considered “home-like.” To comply with the HCBS settings rule, many states have embarked on initiatives to reduce home size. Average home size for I/DD residential services is gathered annually and reported by the University of Colorado. South Dakota currently ranks 45th out of 51 (including the District of Columbia) for having average home sizes that are larger than all but six states. Among states in its region, South Dakota has the largest average home size.

South Dakota administrative rules prohibit the development of new residential settings with a home size greater than eight. SBR residential rates are based on home size, which increase as home size decreases. These approaches have not ensured that providers can keep pace with other states in the region and more must be done to downsize residential settings. Evidence based practice demonstrates that people with I/DD experience improved outcomes in smaller settings. Few adults would choose to live with six or seven other unrelated adults. The collective needs of people living a group home make it very difficult to retain a home-like setting beyond home sizes of four. The Workplan proposes to compute the cost of making the transition to smaller settings.

Similarly, the HCBS Settings Rule also requires the provision of day services in community-based settings. SBR day rates are anchored to historical provider costs. These costs were incurred through the provision of services in congregate and segregated settings where staffing ratio may run as high as 1:12 to 1:15. Limited day service resources hinder innovation and the ability to provide integrated services in community-based settings. Other states have made service changes which enable people to define what a meaningful day is for each person and afford them time with staff at a 1:1 – 1:3 ratio. These efforts seek to increase opportunities to enhance achievement of community integration.

**Organized Health Care Delivery Systems (OHCDS)**

As confirmed by a legal review of the SBR methodology, the bundled rates paid by SBR’s reimbursement methodology is compliant when CSPs are designated as an OHCDS, and participants are assured freedom of choice of willing and qualified providers. This bundled approach offers an ease of administration in allowing providers to bill a daily rate for all services provided to a participant. For most areas of South Dakota, there is only one qualified provider. In creating administrative ease, funding is focused on the provision of services rather than paperwork.

There are situations, however, in which the participant has access to multiple providers. The reimbursement methodology must ensure there is a mechanism for the provider to either chose to bill directly or receive the entire waiver payment for that service through a designated OHCDS. DDD must ensure the OHCDS protocols within their approved waiver are fully developed and implemented.
In enhancing participants’ choice of providers, DDD and CSP will likely experience increased administrative costs. Currently, most people receive their day and residential services from the same provider. The transition from the day to residential setting is much easier to coordinate and thus, efficient within a provider organization than between multiple organizations. Choice of providers is foundational to the provision of HCBS services and mandated by Federal regulations. From both a regulatory and participant choice perspective, enhancing choice merits the increased costs of administration.

**Rates that Ensure Access and Quality**

During the course of Rate Modeling Analysis Workgroup meetings, there was an emerging understanding of SBR’s limitations in establishing rates that support the costs of ensuring access to and quality of services. Anchored to historical costs, simply “refreshing” the predictors in SBR cannot achieve the intent and expectations of SB147. Rather, the Workplan proposes to project the costs of quality and access through a rate build up that assesses (FY19) CSP costs and then modifies those costs based upon reasonable assumptions. The foundation of the rate build-up in provider costs is required by Federal regulations. This process could begin immediately but does not provide the immediate financial relief that CSPs feel is critical to current operations. There isn’t adequate time to assess provider costs and staffing ratios, conduct the rate build-up and project the fiscal impact for presentation to the 2020 Legislature. The Workplan proposes to perform these tasks beginning in November 2019 and to present the fiscal impact to the 2021 Legislature for implementation in July of 2021.
# Appendix A: Rate Modeling Analysis Calendar

<table>
<thead>
<tr>
<th>DDD Rate Analysis Calendar 11/16/19</th>
<th>SFY20 July 1, 2019</th>
<th>SFY21 July 1, 2020</th>
<th>SFY22 July 1, 2021</th>
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<tr>
<td></td>
<td><strong>2019</strong></td>
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<td><strong>DHS Budget Submission</strong></td>
<td>AUG-SEP ’19</td>
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<td><strong>Legislative Session</strong></td>
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<td>JAN-MAR ’20</td>
<td>JES-MAR ’21</td>
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<tr>
<td><strong>Gather Data</strong></td>
<td></td>
<td>Behavior Risk Screens</td>
<td>Residential &amp; Day Staffing Ratios</td>
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<tr>
<td><strong>Rate Setting Contractor</strong></td>
<td>Request Contractor Funding</td>
<td>Rate Analysis FY19 Cost Reports (JUL’18 – JUN’19 submitted by JAN’20) FY19 ICAP from JAN’19 – DEC’19</td>
<td></td>
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<tr>
<td><strong>Provider Rates</strong></td>
<td>Request Funding</td>
<td>Fiscal Impact</td>
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<td><strong>Waiver Amendment</strong></td>
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<td>Draft Waiver Amendment</td>
<td>Public Comment Finalize</td>
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<tr>
<td><strong>Change Management</strong></td>
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<td>System Impact Analysis and Planning</td>
<td>System Updates</td>
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Implementation
Appendix B: Rate Modeling Analysis Workgroup Members

Provider Representatives:
- Randy Meendering, Executive Director, Center for Independence – Huron, SD
- Pam Hanna, Executive Director, LifeQuest – Mitchell, SD
- Steve Watkins, CEO, LifeScape – Sioux Falls, SD
- Bob Bohm, Executive Director, DakotAbilities – Sioux Falls, SD
- Brad Saathoff, Executive Director, Black Hills Works – Rapid City, SD
- Melony Bertram, Executive Director, Community Connections – Winner, SD
- Dan Cross, Executive Director, CSPofSD (provider association)

DDD:
- Darryl Millner, Division Director
- Julie Hand, Assistant Division Director
- Jaze Sollars, Waiver Administrator
- Bianca Villapudua, Program Specialist, Office of Waiver Management
- Barb Hemmelman, Employment & Community Life Engagement Manager
- Samantha Hynes, Community Capacity Manager, Office of Community Living
- Julie Johnson, Transitions Manager, Office of Community Living
- Liliana Borcea, Financial Program Manager

DHS:
- Shawnie Rechtenbaugh, DHS Department Secretary
- Denice Houlette, DHS Director of Budget and Finance
- Alana Suiter, DHS Provider Reimbursement & Grant Manager
- Greg Evans, Audit Manager, DHS Office of Budget & Finance

LRC:
- Tamara Darnall, LRC Chief Fiscal and Program Analyst
- Amanda Doherty-Karber, LRC Senior Fiscal & Program Analyst
- Sakura Rohleder, LRC Fiscal & Program Analyst

BFM/DSS:
- Lara Williams, BFM Budget Analyst
- William Snyder, DSS Director of Medical Services
- Sarah Aker, DSS Deputy Director of Medical Services
# Appendix C: Meetings Summary

<table>
<thead>
<tr>
<th>Date</th>
<th>Meetings Summary</th>
</tr>
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<tbody>
<tr>
<td>6/14/19</td>
<td>DHS Executive Leadership: Discussed project overview, challenges and opportunities of a DDD rate modeling analysis, executive expectations and goals, and the potential fiscal impact</td>
</tr>
<tr>
<td>6/17/19</td>
<td>DDD Kick Off Meeting: Discussed project overview/plan, challenges and opportunities of a DDD rate modeling analysis, regulatory requirements, CMS expectations, and DDD expectations and goals</td>
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<tr>
<td>6/28/19</td>
<td>Rate Modeling Analysis Workgroup Meeting 1: Presented project background information and discussed strengths and weaknesses of the current reimbursement methodology, rate modeling analysis data sources, approaches, and timelines, and next steps</td>
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<tr>
<td>7/1/19</td>
<td>DDD Meeting: Debriefed Rate Modeling Analysis Workgroup Meeting 1, narrowed potential approaches for rate modeling analysis to align with available data, division and stakeholder needs</td>
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<tr>
<td>8/16/19</td>
<td>DDD Meeting: Met with Darryl to review provider feedback and concerns and revised Meeting 2 material to address those concerns</td>
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<tr>
<td>8/19/19</td>
<td>Rate Modeling Analysis Workgroup Meeting 2: Reviewed A&amp;M findings and recommendations related to Rate Modeling Analysis Data Sources</td>
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<tr>
<td>9/27/19</td>
<td>DDD Meeting: Reviewed findings and recommendations from legal review of SBR completed by Caroline Brown, Esq.</td>
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<tr>
<td>9/30/19</td>
<td>Rate Modeling Analysis Workgroup Meeting 3: Reviewed final Workplan and facilitated consensus discussions regarding next steps</td>
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## Appendix D: Review of SBRs Parameter Estimates and Data Sources

<table>
<thead>
<tr>
<th>Type</th>
<th>Parameter Estimate</th>
<th>Data Source Information</th>
<th>Workplan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Measures</td>
<td>County Per Capita Income</td>
<td>Has not been updated since 2001</td>
<td>Providers indicate diminished interest in geographical differences; prefer measures which compare DSP salaries with BLS wages</td>
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<tr>
<td></td>
<td>Special Program Code</td>
<td>BHSSC and SEBH programs serving primarily children/young adults under age 25</td>
<td>Special consideration may be needed for this relatively small group of participants with intense supervision needs</td>
</tr>
</tbody>
</table>
| ICAP Measures         | Service Score; Swallows soft foods; MD/nursing; No meds/# of Rx drugs; Mobility limits & assistance | Providers expressed concern with the impact of DDD changes to interpretive guidelines  
Generally, ICAP remains a valid and reliable measure, but is weak on medical needs and the ability to credit supports needed to provide quality services  
Stakeholders emphasize a need for improved data related to behavior and medical needs | Use ICAP for 2020 rate modeling analysis – consider addition of supplemental questions  
Assess the predictive value of externalized maladaptive and maladaptive behaviors sub-score  
Implement a standardized assessment tool for medical and/or behavioral risk  
Plan for transition to a new assessment to be used in 2025 rate modeling analysis |
|                       | Age and Age squared | Although age had high predictive value, the administration of a rate structure with relied upon age created operational challenges | Age should not be used in future rate models |
| Residential services  | Family, foster care or monitored apartment | Stakeholders would like an alternative to Activity Logging to understand staffing ratios  
Addition of shared living included start-up costs in the rate build up | Surveys will be used to assess staffing ratio in congregate residential and day settings |
| **Congregate living type and home size** | Data based on activity logging  
Confirm average home size of congregate settings | Replace with provider surveys of congregate settings  
Rate to include projected costs of down-sizing homes |
|-----------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| **Daytime Hours**                       | **Pre-vocational hours**  
Data based on activity logging  
Service includes sheltered workshops | Phase out sheltered workshops; develop services that comply with HCBS settings rule  
Transition to fee for service |
| **Supported employment hours**          | **Data based on activity logging**                                                              | **Transition to fee for service**                                                              |
| **Medical Services**                    | **Speech, hearing language, Medical Equipment & Drugs**  
**Other Medical Services**  
Based on cost report for each service [total cost / number of participants] | **Include in bundled rate for residential services** |

**DRAFT**