

Example Rate Methodology

Proposed Total Rate	\$	71.66
Room & Board	\$	23.34
Services	\$	<u>48.32</u>

tier 1	\$	48.32
tier 2	\$	58.82 .5 hr per day for extra care
tier 3	\$	69.32 1 hr per day for extra care

Ceilings or limitations are applied to allowable costs based on a comparison of costs among all facilities.

The rates are calculated using the following steps:

1. Calculate the ceiling
2. Determine total days as reported on provider cost reports.
3. Calculate half of the total days from step 1.
4. Calculate cost/day as reported on provider cost reports.
5. Sort cost/day from smallest to largest.
6. Create a cumulative total of days as reported.
7. Find the point in the running total where the median day amount from step 2 does not exceed.
8. Subtract the room & board per day amount from amount calculated in step 7 to get Tier 1 rate.
9. Calculate average hourly wages and salary cost using provider cost reports (\$21/hr)
10. Calculate Tier 2 rate by adding .5 hr/day using the average hourly wage from the cost reports
11. Calculate Tier 3 rate by adding 1 hr per day using the average hourly rate calculated in step 9