

Meeting Agenda

Provider Rate Methodology Workgroup – Substance Use Disorder

June 6, 2019

9:00 a.m. – 12:00 p.m. (Central Time)

Conference Call 1-866-410-8397

Access Code: 243-320-4489

- I. Welcome and Introductions
- II. Review and finalize minutes from December 13, 2018 meeting
- III. Review and finalize models for: Inpatient, PRTF, Detox
- IV. Next steps
- V. Public Comment

MINUTES

Substance Use Disorder Services Financial Workgroup

December 13, 2018
9:00-11:00 am
Teleconference

In Attendance

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

Not Present: Stacia Nissen, Richard Bird, Hillary Schwab

Welcome and Introductions

- Laurie Mikkonen welcomed the group.
-

Review and finalize minutes from November 7th meeting

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

Review changes and models for: Outpatient-group and low-intensity residential and rural rate

- Laurie Mikkonen reviewed the low intensity residential model. The model had not been changed from prior meetings; however, DSS staff had reached out to speak directly with the low intensity providers to review. The workgroup approved the modeled low intensity rates which will include a non-treatment daily rate with treatment services billed separately at outpatient individual and outpatient group rates.
- The workgroup reviewed information regarding rural rates. Current rural rates are 20% higher than non-rural rates. In State Fiscal Year 2018, approximately \$74,000 were billed in rural rates for substance use disorder services. Mental health rural

services had expenditures of approximately \$3.5 million. The workgroup discussed the desire to have consistent policy for all behavioral health services. As a result, rural rates will remain at 20% higher than non-rural rates until mental health services are reviewed. The workgroup agreed that if adjustments are made to the rural rate methodology under mental health, the same methodology will be applied to substance use disorder services.

- The workgroup compared individual and group rates to among Region 8 states: South Dakota, Montana, Wyoming, Colorado, and North Dakota. In reviewing these rates, South Dakota has established the highest individual rate. Group rates, as a percentage of individual rates, varied, with an average of 37%. The workgroup agreed to use a percentage of an individual rate to model the group rate. Cost report information indicated that group costs are 23% of individual costs. The models presented provided a calculation using 26% of the individual rate or 28%. The workgroup approved the 28% option for the group rate modeling as this will support agencies that may have more difficulty drawing larger group sizes.

Review inpatient model methodology

- Laurie Mikkonen walked through calculations from cost report data by provider. Two different models utilizing cost report data were presented to the workgroup. The first model utilizes each provider's cost report data to develop a daily cost whereas the second model utilized as average hourly rate and average direct care wage cost as a percentage of allowable expenses.
- The workgroup reviewed this information and determined that follow up would be conducted directly with inpatient providers to determine what staffing needs are over the course of the week as inpatient requires 30 hours of treatment per week. The discussion included needing to ensure the rate supports evidence-based practices in an inpatient setting. Also discussed was the need to assess a potential "add-on" rate for individuals in need of medication assisted treatment.

Next Steps

- DSS will review the most recent cost report data and conduct follow up with the inpatient providers on staffing needs and salaries. The target date for contacting providers, which may include a survey, is January 17th.
- As part of a federal technical assistance opportunity, DSS will be requesting guidance on reimbursing for medication assisted treatment.
- The next rates to be reviewed include PRTF and detox.
- The target date for the next workgroup meeting is February.

Public Comment

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

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	SB147 Y2 - SUD													
2	Intensive Inpatient Residential Services - cost report data		FY17						FY17					
3	Data used from 2018 Cost Report	BMS	DCI	Compass Point	VOA	Sum	Average		Keystone	Lewis and Clark	*Sisseton	Sum	Average	
4	Intensive Inpatient Residential Services provided	Inpatient	Inpatient	Inpatient	Inpatient				Inpatient/PRTF	Inpatient	Inpatient			
5														
6	Current total bed capacity for Intensive Inpatient residential services(survey)	6.0	5.0	9.0	3.0	23.0	5.8		126.0	16.0		142.0	71.0	
7														
8	Units reported (2018 cost report)	1,923	1,054	1,934	962	5,873	1,468		33,525	4,358		37,883	18,942	
9														
10	Occupancy percentage (Units reported/365 days/bed capacity)	88%	58%	59%	88%	292%	73%		73%	75%		148%	74%	
11														
12	Total Expenditures for Intensive Inpatient Residential Services	\$ 385,133	\$ 242,373	\$ 496,259	\$ 186,482	\$ 1,310,247	\$ 327,562		\$ 10,095,284	\$ 1,344,337		\$ 11,439,621	\$ 5,719,811	
13														
14	Total Direct Care Staff Cost	\$ 225,784	\$ 153,040	\$ 305,682	\$ 104,536	\$ 789,041	\$ 197,260		\$ 4,052,958	\$ 881,243		\$ 4,934,201	\$ 2,467,100	
15														
16	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).	58.6%	63.1%	61.6%	56.1%	239%	59.9%		40.1%	65.6%		106%	52.8%	
17														
18	Total Indirect Cost	\$ 159,349	\$ 89,333	\$ 190,577	\$ 81,946	\$ 521,206	\$ 130,302		\$ 6,042,326	\$ 463,094		\$ 6,505,420	\$ 3,252,710	
19														
20	Total Direct care FTE	6.4	2.9	8.2	2.7	20.3	5.1		78.6	13.2		91.8	45.9	
21	Hourly wage expense for direct care staff	\$ 16.89	\$ 25.33	\$ 17.82	\$ 18.49	\$ 78.54	\$ 19.63		\$ 24.80	\$ 32.03		\$ 56.83	\$ 28.41	
22	Direct care FTE/ bed	1.07	0.58	0.92	0.91	3.47	0.87		0.62	0.83		1.45	0.73	
23														
24	Other Information													
25	Cost per Unit from 2016 cost report	\$ 187.07	\$ 222.41		\$ 138.10		\$ 182.53		\$ 230.16				\$ 230.16	
26	Cost per Unit from 2017 cost report	\$ 193.40	\$ 229.96	\$ 206.06	\$ 158.29		\$ 196.93		\$ 301.13	\$ 331.04			\$ 316.09	
27	Cost per Unit from 2018 cost report	\$ 200.28		\$ 256.60	\$ 193.85		\$ 216.91			\$ 308.48			\$ 308.48	
28	SFY19 Rate	\$ 226.86	\$ 226.86	\$ 226.86	\$ 226.86				\$ 226.86	\$ 303.85	\$ 226.86			Grand Total
29	STARS Title XIX Expenditure SFY 2018	\$ 152,551.19		\$ 6,449.89	\$ 65,366.38	\$ 224,367.46			\$ -	\$ 28,895.33		\$ 28,895.33	\$ 253,262.79	
30	STARS Contract Expenditure SFY 2018	\$ 263,929.02	\$ 205,504.00	\$ 428,273.38	\$ 134,731.69	\$ 1,032,438.09			\$ 1,157,432.07	\$ 1,153,789.11	\$ 31,693.47	\$ 2,342,914.65	\$ 3,375,352.74	
31	STARS Paid Expenditure SFY 2018	\$ 416,480.21	\$ 205,504.00	\$ 434,723.27	\$ 200,098.07	\$ 1,256,805.55			\$ 1,157,432.07	\$ 1,182,684.44	\$ 31,693.47	\$ 2,371,809.98	\$ 3,628,615.53	
32														
33	Cost per unit calculation completed by DSS staff													
34														
35	*Sisseton Wahpeton not required to file cost report													

	A	B	C	D	E	F	G	H	I	J	K
1	SB147 Y2 - SUD										
2	Intensive Inpatient Draft Model Options										
3											
4	Model based on FY18 Cost Report Information										
5	Program	Capacity	Direct Care FTE	Total Paid Direct Care Hours Needed	Direct Care Wage Expense per Hour	Total Direct Care Wage Expense	Total Direct Care Wage Expense as a % of Total Allowable Expenses	Total Expense	Individual Occupancy	Daily Cost - Based on Individual Occupancy	Average of Individual Provider's Cost
6	BMS	6	6.4	13,364	\$ 16.89	\$ 225,784	58.6%	\$ 385,133	88%	\$ 200.28	\$ 220.17
7	DCI 17 Data	5	2.9	6,043	\$ 25.33	\$ 153,040	63.1%	\$ 242,373	58%	\$ 229.96	
8	Compass Point	9	8.2	17,150	\$ 17.82	\$ 305,682	61.6%	\$ 496,259	59%	\$ 256.60	
9	VOA	3	2.7	5,653	\$ 18.49	\$ 104,536	56.1%	\$ 186,482	88%	\$ 193.85	
10		23	20.3	42,210	\$ 19.63	\$ 789,041	59.9%	\$ 1,310,247	73.1%		
11					average		average		average		
12											
13	Model based on FY18 Cost Report Information, Averaging Direct Care Wage Expense per Hour and Total Direct Care Wage Expense as a % of Total Allowable										
14	Program	Capacity	Direct Care FTE	Total Paid Direct Care Hours Needed	Direct Care Wage Expense per Hour	Total Direct Care Wage Expense	Total Direct Care Wage Expense as a % of Total Allowable Expenses	Total Expense	Individual Occupancy	Daily Cost - Based on Individual Occupancy	Average of Individual Provider's Cost
15	BMS	6	6.4	13,364	\$ 19.63	\$ 262,389	59.9%	\$ 438,373	88%	\$ 227.96	\$ 224.92
16	DCI 17 Data	5	2.9	6,043	\$ 19.63	\$ 118,648	59.9%	\$ 198,226	58%	\$ 188.07	
17	Compass Point	9	8.2	17,150	\$ 19.63	\$ 336,724	59.9%	\$ 562,563	59%	\$ 290.88	
18	VOA	3	2.7	5,653	\$ 19.63	\$ 110,991	59.9%	\$ 185,433	88%	\$ 192.76	
19		23	20.3	42,210		\$ 828,752		\$ 1,384,595	73.1%		
20									average		
21											
22	Model based on Lewis and Clark data only, FY18 Cost Report Information										
23	Program	Capacity	Direct Care FTE	Total Paid Direct Care Hours Needed	Direct Care Wage Expense per Hour	Total Direct Care Wage Expense	Total Direct Care Wage Expense as a % of Total Allowable Expenses	Total Expense	Individual Occupancy	Daily Cost - Based on Individual Occupancy	
24	Lewis and Clark	16	13.2	27,516	\$ 32.03	\$ 881,243	65.6%	\$ 1,344,337	75%	\$ 308.48	
25											
26											
27			Option	Modeled Rate Options	Indexed to SFY19 with 2.25%						
28			1	\$ 220.17	\$ 225.12						
29			2	\$ 224.92	\$ 229.98						
30			L&C	\$ 308.48	\$ 315.42						

A	B	C	D	E	F	G	H	I
1	SB147 Y2 - SUD							
2	PRTF Services - cost report data						FY17	
3	Data used from 2018 Cost Report	Our Home	Wellfully	VOA	Sum	Average	Keystone	
4	PRTF Services provided	PRTF	PRTF	PRTF			Inpatient/PRTF	
5								
6	Current total bed capacity for PRTF services	20.0	15.0	12.0	47.0	15.7	25.0	
7								
8	Units reported (2018 cost report)	5,627	3,352	2,281	11,260	3,753	33,525	
9								
10	Occupancy percentage (Units reported/365 days/bed capacity)	77%	61%	52%	190%	63%	367%	
11								
12	Total Expenditures for PRTF Services	\$ 1,661,251	\$ 870,643	\$ 710,814	\$ 3,242,708	\$ 1,080,903	\$ 10,095,284	
13								
14	Total Direct Care Staff Cost	\$ 1,002,643	\$ 470,444	\$ 372,262	\$ 1,845,349	\$ 615,116	\$ 4,052,958	
15								
16	Direct care costs as a percentage of total costs (i.e. PRTF services salary, benefits, and taxes cost for direct care staff divided by PRTF services total costs).	60.4%	54.0%	52.4%	114%	55.6%	40.1%	
17								
18	Total Indirect Cost	\$ 658,608	\$ 400,199	\$ 338,552	\$ 1,397,359	\$ 465,786	\$ 6,042,326	
19								
20	Total Direct care FTE	20.6	12.4	9.8	42.7	14.2	78.6	
21	Hourly wage expense for direct care staff	\$ 23.45	\$ 18.28	\$ 18.30	\$ 60.02	\$ 20.01	\$ 24.80	
22	Direct care FTE/ bed	1.03	0.82	0.82	2.7	0.9	3.14	
23								
24	Other information							
25	Cost per Unit from 2016 cost report		\$ 349.81	\$ 302.16		\$ 325.99	\$ 230.16	
26	Cost per Unit from 2017 cost report	\$ 285.98	\$ 264.08	\$ 290.41		\$ 280.16	\$ 301.13	
27	Cost per Unit from 2018 cost report	\$ 295.23	\$ 259.74	\$ 311.62		\$ 288.86		
28	SFY19 Rate	\$ 307.99	\$ 307.99	\$ 307.99		\$ 307.99	Grand Total	
29	STARS Title XIX Expenditure SFY 2018	\$ 1,482,770.27	\$ 1,039,245.51	\$ 651,481.00	\$ 3,173,496.78		\$ 479,081.38	\$ 3,652,578.16
30	STARS Contract Expenditure SFY 2018		\$ 42,931.31		\$ 42,931.31		\$ 9,058.50	\$ 51,989.81
31	STARS Paid Expenditure SFY 2018	\$ 1,482,770.27	\$ 1,082,176.82	\$ 651,481.00	\$ 3,216,428.09		\$ 488,139.88	\$ 3,704,567.97
32								
33	Cost per unit calculation completed by DSS staff							
34								

	A	B	C	D	E	F	G	H	I	J	K	
1	SB147 Y2 - SUD											
2	PRTF Draft Model Options											
3												
4	Model based on FY18 Cost Report Information											
5	Program	Capacity	Direct Care FTE	Total Paid Direct Care Hours Needed	Direct Care Wage Expense per Hour	Total Direct Care Wage Expense	Total Direct Care Wage Expense as a % of Total Allowable Expenses	Total Expense	Individual Occupancy	Daily Cost - Based on Individual Occupancy	Average of Individual Provider's Cost	
6	Our Home	20	20.6	42,765	\$ 23.45	\$ 1,002,643	60.4%	\$ 1,661,251	77%	\$ 295.23		
7	Wellfully	15	12.4	25,733	\$ 18.28	\$ 470,444	54.0%	\$ 870,643	61%	\$ 259.74	\$ 288.86	
8	VOA	12	9.8	20,346	\$ 18.30	\$ 372,262	52.4%	\$ 710,814	52%	\$ 311.62		
9		47	42.7	88,844	\$ 20.01	\$ 1,845,349	55.6%	\$ 3,242,708	63.5%			
10					average		average		average			
11												
12	Model based on FY18 Cost Report Information, Averaging Direct Care Wage Expense per Hour and Total Direct Care Wage Expense as a % of Total Allowable											
13	Program	Capacity	Direct Care FTE	Total Paid Direct Care Hours Needed	Direct Care Wage Expense per Hour	Total Direct Care Wage Expense	Total Direct Care Wage Expense as a % of Total Allowable Expenses	Total Expense	Individual Occupancy	Daily Cost - Based on Individual Occupancy	Average of Individual Provider's Cost	
14	Our Home	20	20.6	42,765	\$ 20.01	\$ 855,634	55.6%	\$ 1,539,280	77%	\$ 273.55		
15	Wellfully	15	12.4	25,733	\$ 20.01	\$ 514,865	55.6%	\$ 926,238	61%	\$ 276.32	\$ 290.31	
16	VOA	12	9.8	20,346	\$ 20.01	\$ 407,082	55.6%	\$ 732,337	52%	\$ 321.06		
17		47	42.7	88,844		\$ 1,777,581		\$ 3,197,855	63.5%			
18									average			
19	Model based on CPS PRTF SB147 Y1 Modeled Rate with 2016 data at 90% Occupancy											
20								CPS PRTF Modeled Rate	Indexed to SFY20	Medical Addon CPS Claims Data	Final Rate with Medical Addon	
21	Medical Costs Notes								\$ 229.15	\$ 253.79	\$ 23.96	\$ 277.75
22	Original Medical BH Cost per day from original DHS model: \$18.99											
23	Claims Data BH Medical Cost Nov. 2018: \$18.37 Per Day											
24	Claims Data CPS Medical Cost Nov. 2018: \$23.96 Per Day											
25												
26		Option		Modeled Rate Options		Indexed to SFY19 with 2.25%						
27		1		\$ 288.86		\$ 295.36						
28		2		\$ 290.31		\$ 296.84						

SB147 Y2 - SUD

Detox Draft Model Options

Low Intensity Residential Model Full Day - Indexed to 2018	Half of Low Intensity Model	Medical Cost at 5% and 10%	Modeled Rate Options	% Medical of Modeled Rate
\$ 59.43	\$ 29.72	\$ 1.56	\$ 31.28	5%
\$ 59.43	\$ 29.72	\$ 3.30	\$ 33.02	10%

Summary of Low Intensity Residential Models from SB147 Y2 - SUD 12/13/2018 Meeting

Residential Worker Expense/Day Unit	\$	23.38
R&B Portion (20.6% of Total Modeled Rate)	\$	10.77
Admin/Indirect/Other Portion (34.7% of Total Modeled Rate)	\$	18.15
Total Non-Residential Worker Expense/Unit	\$	28.92
Total Modeled Rate (Residential Worker + R&B + Admin/Indirect+ Other)	\$	52.30
Occupancy		90%
Modeled Rate at 90% Occupancy	\$	58.12
2018 CPI-U		2.25%
Inflated Modeled Rate	\$	59.43