

**South Dakota DHS and Guidehouse
DD Rate Setting
Steering Committee Meeting
August 31, 2021**

Attendees

- **Steering Committee Members:** Dan Cross, Steve Watkins
- **State Representatives:** Alana Suiter, Jaze Sollars, Joey Younie, Julie Hand, Sam Hynes, Jean Hunhoff, Steven Kohler, Tom Martinec, Shawnie Rechtenbaugh
- **Guidehouse:** Coy Jones, Jeff Moor, Poorna Suresh, Julie Nguyen

Agenda

1. Welcome and Introductions

a. Meeting Discussion:

Introduced Guidehouse and provided high-level summary of work to date

2. Update on Rate Methodology Workgroup Discussions

Meeting Discussion

a. Reviewed July and August Rate Methodology discussion common themes

1. GH and DHS clarified that the scope of engagement is meant to accurately reflect actual provider costs and how services are delivered.
2. Provider representatives asked questions on the analysis approach and how costs would be captured through the Provider Survey.
3. Providers expressed concern over accuracy of wage reporting and capture of overtime and pay differentials.
4. Providers expressed concern over accuracy of productivity reporting.
5. Provider representatives had multiple questions regarding Provider Survey content and submission troubleshooting.
6. Provider representatives expressed concern that wage analysis did not include all data and that wage projections were inadequate.
7. Guidehouse and DHS want to give providers an opportunity for a good faith effort in reporting both quantitative and qualitative results related to service delivery.

3. Provider Survey Administration and Update

Meeting Discussion

a. Reviewed Provider Survey goals

b. Reviewed Provider Survey content and the types of information requested

c. Reviewed Provider Survey administration and technical support provided to date

d. Questions from Steering Committee member:

1. What are the total number of providers participating in the survey?

- i. 20 providers are participating in the survey

2. How many providers have committed to participating in the Survey Training?

- i. The attendee list from August 11 (survey training date) reveals that all providers were represented. Additionally, eight providers and the association as a whole have asked direct questions about populating the survey, as of August 30, 2021.

**South Dakota DHS and Guidehouse
DD Rate Setting
Steering Committee Meeting
August 31, 2021**

3. Question about whether Guidehouse has had similar discussions in other states and what is Guidehouse hearing in South Dakota that may be similar to what has been expressed in other states, especially around workforce issues and DSP wages.
 - i. Guidehouse members have worked on eight other DD rate setting engagements and cost surveys.
 - ii. The events of the last year have generally amplified the concerns around the wages, and, to a lesser extent, other compensation components like benefits.
 - Unique to South Dakota – transitioning from bundled approach to unbundled FFS model; there are some technical questions received as part of the survey process that Guidehouse doesn't often have to address in other states because other states have FFS systems that have billable vs. non-billable rules so providers already have that education. Guidehouse can do some of this education through the survey process as providers understand the distinctions between billable and non-billable.
4. What percent of provider agencies typically participate from beginning to end in this process?
 - i. Since South Dakota has a smaller number of providers in the system relative to other states in which Guidehouse has worked, there is no concern about the response rate right now. If participation is low, there are other outreach strategies that can be used with provider organizations. Additionally, in South Dakota, all providers provide all services unlike other states in which all providers do not necessarily render all waiver services.
 - ii. Typically, states with 200 to 300 providers have a 33 percent response rate, which tends to be representative of all providers.
- e. Steering Committee member (Sen. Hunhoff) requested for a copy of the Provider Survey.
 1. Guidehouse to share the survey questionnaire with Sen. Hunhoff

4. Rate Modeling Approach

Meeting Discussion

- a. Reviewed rate build-up approach, cost components, and data sources
- b. Discussed adjustments applied to each service

5. Cost Report Wage Analysis and Preliminary Benchmarking

Meeting Discussion

- a. Reviewed discussion from August Rate Methodology Workgroup
 1. Several provider representatives expressed concern that our projected 2022 wage expenses based on FY19 data have not kept pace with current DSP wage costs and may not be reflective.
 2. Although FY19 Cost Report results largely align with cost data gathered from state and national industry benchmarks, some members of the Rate Methodology Workgroup are doubtful that the

**South Dakota DHS and Guidehouse
DD Rate Setting
Steering Committee Meeting
August 31, 2021**

historical data typically used for rate setting will be reflective of anticipated costs.

3. DHS noted the main objective of rate setting is to identify the true costs, and it is an ongoing process.
4. Guidehouse will work with all stakeholders to provide full transparency on assumptions and analysis, as well as acknowledge and document potential parking lot items in the annual report.
- b. Question from State Representative:
 1. Is there a way to look at the industry rate or the going market rate? This information is typically a point of discussions for the committee and state.
 - i. Understand that providers compete not only with nursing homes and other medical services providers but with other industries like food service and manufacturing, Guidehouse is looking at industry wide data and BLS data for wages on such positions.
- c. Question from Provider Representative:
 1. Question about how 2021 wages from the Provider Survey be used in the analysis.
 - i. It's too early to determine how the wages will be used and it is contingent upon the responses that will be received.
- d. Explained "baseline," "real," and "real + bonus" wage
- e. Discussed cost trending used to project wages forward and inflation factor used
- f. Reviewed analysis of cost report wage data and projected direct support professional wages
- g. Explained benchmarking approach used to compare projected wages to industry
- h. Discussed approach for accounting for supplemental pay in wage analysis

6. Employee-Related Expenses (ERE)

Meeting Discussion

- a. Reviewed different approaches for calculating ERE and setting a competitive benefits package

7. Indirect Cost Analyses

Meeting Discussion

- a. Discussed ongoing indirect cost analyses
- b. Questions from Provider Representative:
 1. Clarification on how indirect cost percentages will be applied to the final rate.
 - i. The percentage adjustment will be applied to the service overall, not specific wages.
 - ii. Program support percentages for individual services will be determined based on the appropriate and applicable program support cost components for each service.
 2. Scope of ICAP in the process of accounting for acuity and tiering of rates.

**South Dakota DHS and Guidehouse
DD Rate Setting
Steering Committee Meeting
August 31, 2021**

- i. The key question that will be addressed is how does the ICAP scoring determines the appropriate tier for rates; ICAP will be used as a tool, Guidehouse will not be evaluating ICAP itself.
3. Question about whether survey results be published, or will providers be able to access the data.
 - i. Survey data is typically not released to protect the integrity of the process. Guidehouse will defer to DHS on whether the survey data should be released.
4. Question about whether there are certain requirements by CMS like validation requirements, and whether the state needs to prove to CMS that the rate methodology information is data-based.
 - i. There's no defined standard, but every rate put in the waiver application must have a rate model associated with it.
 - ii. Guidehouse documents all assumptions so that the state can defend them.
 - iii. Guidehouse will validate the Provider Survey by performing quality checks; there are no specific requirements from CMS.

8. Next Steps

Meeting Discussion

- a. Guidehouse to share South Dakota DD Provider Survey with Sen. Hunhoff (*Guidehouse sent on September 2, 2021*)
- b. Guidehouse to analyze Provider Survey responses and review results with Rate Methodology Workgroup
- c. Guidehouse to work with DHS to identify rate inputs and develop initial draft of rate model for review in October