



South Dakota Steering Committee

1915(c) Home and Community-Based Services (HCBS) CHOICES Waiver

October Meeting

October 25, 2021

Agenda

1. Welcome
2. Update on Rate Methodology Workgroup Discussions
3. Proposed CHOICES Waiver Services
4. Non-Residential Service Rate Models
5. Reimbursement in Residential Settings
6. Residential Service Rate Models
7. Timeline and Next Steps
8. Appendix

Welcome and Introductions

Update on Rate Methodology Workgroup Discussions

Provider Survey General Statistics

- Guidehouse and DHS released the South Dakota DD Provider Survey on August 4th and requested provider organizations to complete the survey by September 8th, 2021.
- All 20 provider organizations serving DDD CHOICES Waiver participants responded through individual survey responses within the September 8th due date.
- After receipt of the survey responses, Guidehouse compiled responses and analyzed the data to review findings with the Rate Methodology Workgroup and the Steering Committee.

General Survey Results	
Survey Responses	
Total Number of SD DDD Providers Organizations	20
Total Number of Provider Survey Responses Received (Response Rate)	20 (100%)
Additional Organizational Information	
Total number of current unduplicated active CHOICES Medicaid waiver participants at the time of the survey	2,459
Total number of sites that provide services to CHOICES Medicaid waiver participants at the time of the survey	277

Wages Reported for Key Job Types in Provider Survey

- Direct Service Professionals, Employment Specialists/Job Coaches, and Internal Service Coordinators were reported as the primary service providers for most services and organizations.
- Average, median, and weighted hourly wages were calculated based on average hourly wages reported by individual provider organizations in the South Dakota DD Provider Survey.
- Average weighted hourly wages based on the FY19 claims revenue yield wages that are – on average – 2.5 percent higher than average or median hourly wages.

Job Type	July 2021 Wage – South Dakota DD Provider Survey			
	Number of Provider Organizations (Percentage of Provider Organizations)	Average Hourly Wage	Median Hourly Wage	Average Hourly Wage Weighted based on FY19 Claims Revenue
Direct Service Professional – Day Time (“DSP”)	20 (100%)	\$16.49	\$16.64	\$17.05
Employment Specialist/Job Coach (“Job Coach”)	16 (80%)	\$18.20	\$18.46	\$18.63
Internal Service Coordinators (“ISC”)	15 (75%)	\$21.65	\$20.63	\$21.63

Wage Recommendations for DSP, Job Coach, and ISCs

Guidehouse recommends using the weighted base wages reported by providers in the survey as a benchmark wage, adjusting these wages to account for additional supplemental pay and anticipated inflation.

Job Type	South Dakota DD Provider Survey July 2021 Wage	Projected July 2022 Baseline Hourly Wage	Projected July 2022 Hourly Wage
	Baseline Wage (July 2021 Weighted Hourly Wage)	2022 Baseline Hourly Wage (Baseline + 3.4% Inflation Factor)	Benchmark Hourly Wage (2022 Baseline Hourly Wage + 3.8% Supplemental Pay)
Direct Service Professional – Daytime	\$17.05	\$17.63	\$18.28 per hour
Employment Specialist/Job Coach	\$18.63	\$19.26	\$19.97 per hour
Internal Service Coordinators (ISC)	\$21.63	\$22.37	\$23.19 per hour

Note: Additional wage details are captured on slides 41-47 in the Appendix.



ERE Across Different Wage Bands

Different job types with similar compensation have been grouped into “wage bands” as a way to estimate fringe percentages across salary ranges, which provides better estimates of compensation expenses than one-size-fits-all approach.

	Band 1: Direct Support Professional	Band 2: Job Coach	Band 3: Internal Service Coordinator	Band 4: Direct Support Supervisor	Band 5: Registered Nurse	Band 6: Board Cert. Behavior Analyst
Annual Wages	\$38,017	\$41,540	\$48,230	\$50,520	\$65,016	\$88,416
Legally Required Benefits	\$4,088 (10.75%)	\$4,446 (10.70%)	\$5,126 (10.63%)	\$5,359 (10.61%)	\$6,833 (10.51%)	\$9,212 (10.42%)
Paid Time Off Benefits	\$3,730 (9.81%)	\$4,076 (9.81%)	\$4,732 (9.81%)	\$4,957 (9.81%)	\$6,379 (9.81%)	\$8,675 (9.81%)
Other Benefits	\$5,107 (13.75%)	\$5,297 (12.46%)	\$5,307 (11.00%)	\$5,352 (10.59%)	\$5,635 (8.67%)	\$6,093 (6.89%)
Total ERE	\$13,046 (34.31%)	\$13,698 (32.97%)	\$15,165 (31.44%)	\$15,668 (31.01%)	\$18,847 (28.99%)	\$23,981 (27.12%)

Note: Additional ERE details are captured on slide 48 in the Appendix.



Rate Methodology Workgroup: September Updates

Meeting Summary

1. Reviewed provider survey summary responses.
2. Discussed survey wage data and recommendations for key job types including DSPs, job coaches, and internal support coordinators.
3. Reviewed multi-year BLS wage and earnings benchmarks.
4. Walked through potential ERE benefits package and comparable benchmarks.
5. Reviewed methods for determining non-residential rate model components and adjustments.

Common Discussion Themes

- Provider representatives expressed concern regarding the adequacy of supplemental pay for DSPs.
- Provider representatives asked multiple questions about BLS wage benchmarks and cost report results.
- Provider representatives offered feedback on methods for computing productivity and staffing assumptions. They also emphasized the importance of accounting for high behavioral and medical needs.
- Guidehouse worked with DHS to build models that account for varying staffing and behavioral needs, and to incorporate provider feedback when applicable.

Rate Methodology Workgroup: October Updates

Meeting Summary

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Common Discussion Themes

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Proposed CHOICES Waiver Services

Rate Structure for Non-Residential Services

Guidehouse worked with DHS and identified five non-residential services that include 21 service components for the CHOICES waiver.

#	1915(c) CHOICES Waiver Service	Waiver Service Component	Proposed Unit
1	Day Service	Facility-Based Day Service (Basic, 1:8)	Hour
		Facility-Based Day Service (Intermediate, 1:5)	Hour
		Facility-Based Day Service (Enhanced, 1:3)	Hour
		Community-Based Day Service (1:4)	Hour
		Virtual Day Service (1:6) - NEW	Hour
2	Behavior Support	Behavior Support (1:2) - NEW	Hour
3	Career Exploration	Facility-Based Career Exploration (1:5)	Hour
		Community-Based Career Exploration (1:4)	Hour

Rate Structure for Non-Residential Services (cont.)

Guidehouse worked with DHS and identified five non-residential services that include 21 service components for the CHOICES waiver.

#	1915(c) CHOICES Waiver Service	Waiver Service Component	Proposed Unit
4	Supported Employment Service	Individual Supported Employment – Discovery (1:1)	Hour
		Individual Supported Employment – Job Development (1:1)	Hour
		Individual Supported Employment – Stabilization & Career (1:1)	Hour
		Individual Supported Employment – Long-term Support & Job (1:1)	15 Minutes
		Group Supported Employment (1:4)	Hour
		Enclave Supported Employment (1:8) - NEW	Hour
5	Assistive Technology	Assistive Technology - NEW	Maximum Allowance

Rate Structure for Residential Services

We developed residential rate models for six residential settings, namely group homes, apartment settings, supervised living, monitored living, family home, and shared living.

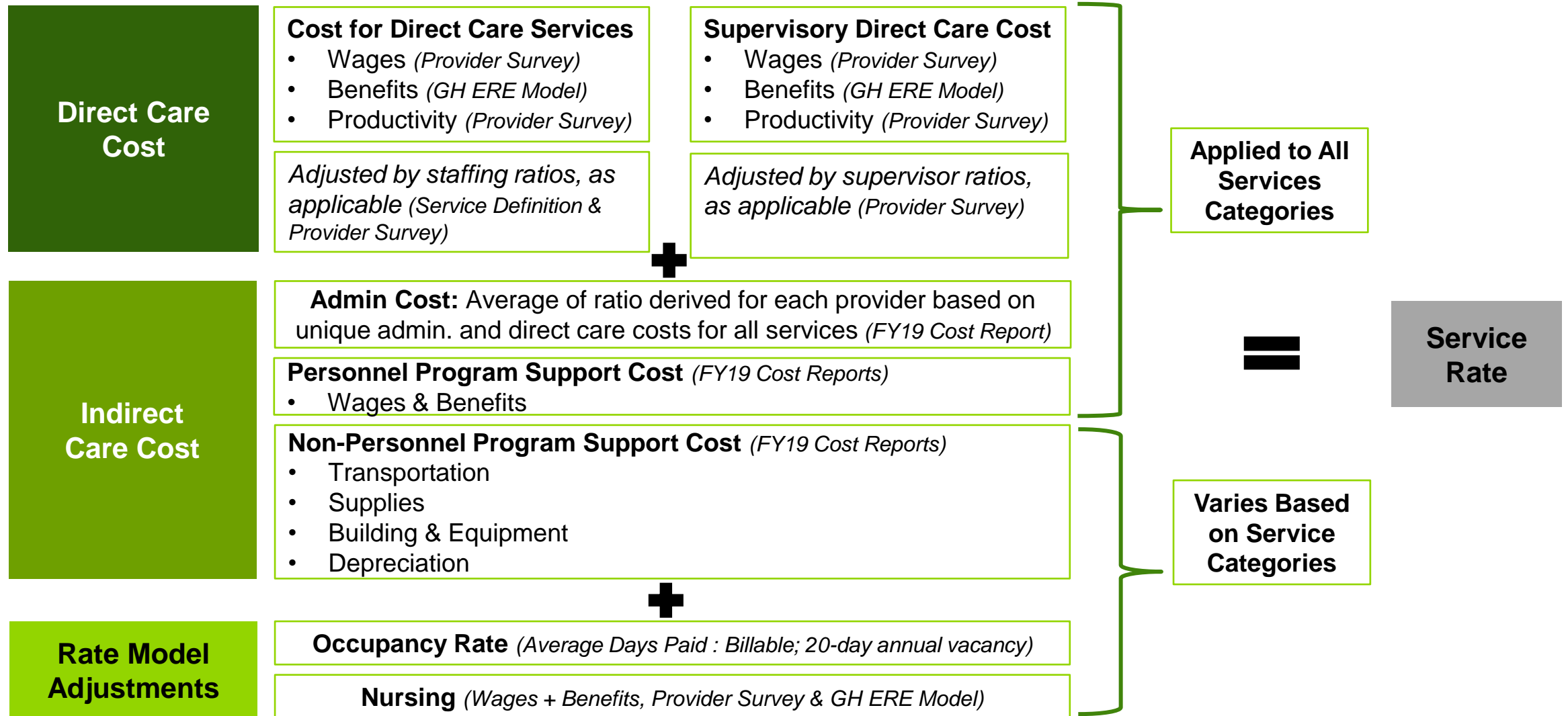
#	1915(c) CHOICES Waiver Service	Waiver Service Component	Proposed Unit
6	Residential Service	24/7 Residential - Group Home	Daily
		24/7 Residential - Apartment Setting	Daily
		Supervised Living	Daily
		Monitored Living	Daily
		Family Home	Daily
		Shared Living	Daily

New CHOICES Waiver Service Specifications

- **Virtual Day Service** allows CSPs in one location to render day habilitation services remotely to participants in a different location. The service assists with the acquisition, retention, or improvement in self-help, socialization and adaptive skills. It may also assist to mitigate the risks individuals may experience from social isolation which include loneliness, skill atrophy, and personal hygiene deterioration.
- **Behavior Support Service** allows a behavioral specialist or technician to provide enhanced support services in day program settings.
- **Supported Employment Enclave** is applicable to employment specialists/job coaches who provide supported employment work crew type services in a large group setting. This service is similar to the group supported employment service, but in a larger participant group (1:8). The service may take place at a work site of a competitive employer where groups of participants with disabilities work and are supervised.
- **Assistive Technology** is equipment or a product system such as devices, controls, or appliances, whether acquired commercially, modified, or customized, that is used to increase, maintain, or improve functional capabilities of participants, thereby decreasing their need for assistance from others as a result of limitations due to disability.

Non-Residential Service Rate Models

Overview of Rate Build-Up Approach



Day Service Rate Models and Rates

The table below provides a walk-through of key rate components for facility, community and virtual day services.

Cost Center	Rate Component	Facility-Based (Basic)	Facility-Based (Intermediate)	Facility-Based (Enhanced)	Community-Based	Virtual Day Service
	Unit	Hour				
	Staff : Participant Ratio	1:8	1:5	1:3	1:4	1:6
Direct Care	2022 DSP Benchmark Hourly Wage ¹ and ERE Percentage	\$18.28; 34% ERE				
	Productivity Rate ²	73%				
	Supervisor : Staff Ratio	1:9				
	2022 DSP Supervisor Hourly Wage ¹ and ERE Percentage	\$24.29; 31% ERE				
Indirect Care	Administrative Overhead	14.30%				
	Program Support Factor	29.1%	29.1%	29.1%	14.3%	6.9%
Other Adjustments	Nurse : Participant Ratio	1:28				
	2022 LPN Hourly Wage ¹ and ERE LPN Percentage	\$22.71; 31.4% ERE				
	Occupancy or Vacancy Rate	92% or 8% (260 billable, 240 paid)				
Benchmark Rate		\$7.46	\$11.94	\$19.90	\$13.38	\$8.41

Note: (1) Includes weighted hourly wage from Provider Survey inflated by 3.4% PPI for all staff and supervisors, and 3.8% supplemental pay for DSPs; (2) Productivity assumption includes all providers and lower limit is set at 60%.



Behavior Support Rate Model and Rate

The table below provides a walk-through of key components that comprise the behavior support service rate.

Cost Center	Rate Component	Behavior Support
	Unit	Hour
Direct Care	Staff : Participant Ratio	1:2
	2022 Behavioral Specialist Benchmark Hourly Wage ¹ and ERE Percentage	\$23.41; 31% ERE
	Productivity Rate ²	73%
Indirect Care	Administrative Overhead	14.30%
	Program Support Factor	29.10%
Other Adjustments	Occupancy or Vacancy Rate	92% or 8% (260 billable, 240 paid)
Benchmark Rate		\$32.81

Note: (1) Includes weighted hourly wage from Provider Survey inflated by 3.4% PPI; (2) Productivity assumption includes all providers and lower limit is set at 60%.



Career Exploration Rate Models and Rates

The table below provides a walk-through of key rate components for facility and community career exploration services.

Cost Center	Rate Component	Facility-Based Career Exploration	Community-Based Career Exploration
	Unit	Hour	
Direct Care	Staff : Participant Ratio	1:5	1:4
	2022 Employment Specialist/Job Coach Hourly Wage ¹ and ERE Percentage	\$19.97; 33% ERE	
	Productivity Rate ²	68%	
	Supervisor : Staff Ratio	1:5	
	2022 DSP Supervisor Hourly Wage ¹ and ERE Percentage	\$24.29; 31% ERE	
Indirect Care	Administrative Overhead	14.30%	
	Program Support Factor	24.30%	11.80%
Benchmark Rate		\$12.59	\$14.31

Note: (1) Includes weighted hourly wage from Provider Survey inflated by 3.4% PPI for all staff and supervisors, and 3.8% supplemental pay for Employment Specialist/Job Coach; (2) Productivity assumption includes all providers and lower limit is set at 60%.



Supported Employment (SEP) Rate Models and Rates

The table below provides a walk-through of key rate components for individual, group, and enclave supported employment services.

Cost Center	Rate Component	Supported Employment					
		Discovery	Job Development	Stabilization and Career Advancement	Long-term Support and Job Coaching	Group	Enclave
	Unit	Hour	Hour	Hour	15 Minutes	Hour	Hour
Direct Care	Staff : Participant Ratio	1:1	1:1	1:1	1:1	1:4	1:8
	2022 Employment Specialist/Job Coach Hourly Wage¹ and ERE Percentage	\$19.97; 33% ERE					
	Productivity Rate²	69%	69%	69%	69%	68%	68%
	Supervisor : Staff Ratio	1:4	1:4	1:4	1:4	1:5	1:5
	2022 DSP Supervisor Hourly Wage¹ and ERE Percentage	\$24.29; 31% ERE					
Indirect Care	Administrative Overhead	14.30%					
	Program Support Factor	11.70%	11.70%	11.70%	11.70%	21.90%	21.90%
Benchmark Rate		\$58.37	\$58.37	\$58.37	\$14.59	\$15.47	\$7.73

Note: (1) Includes weighted hourly wage from Provider Survey inflated by 3.4% PPI for all staff and supervisors, and 3.8% supplemental pay for Employment Specialist/Job Coach; (2) Productivity assumption includes all providers and lower limit is set at 60%.

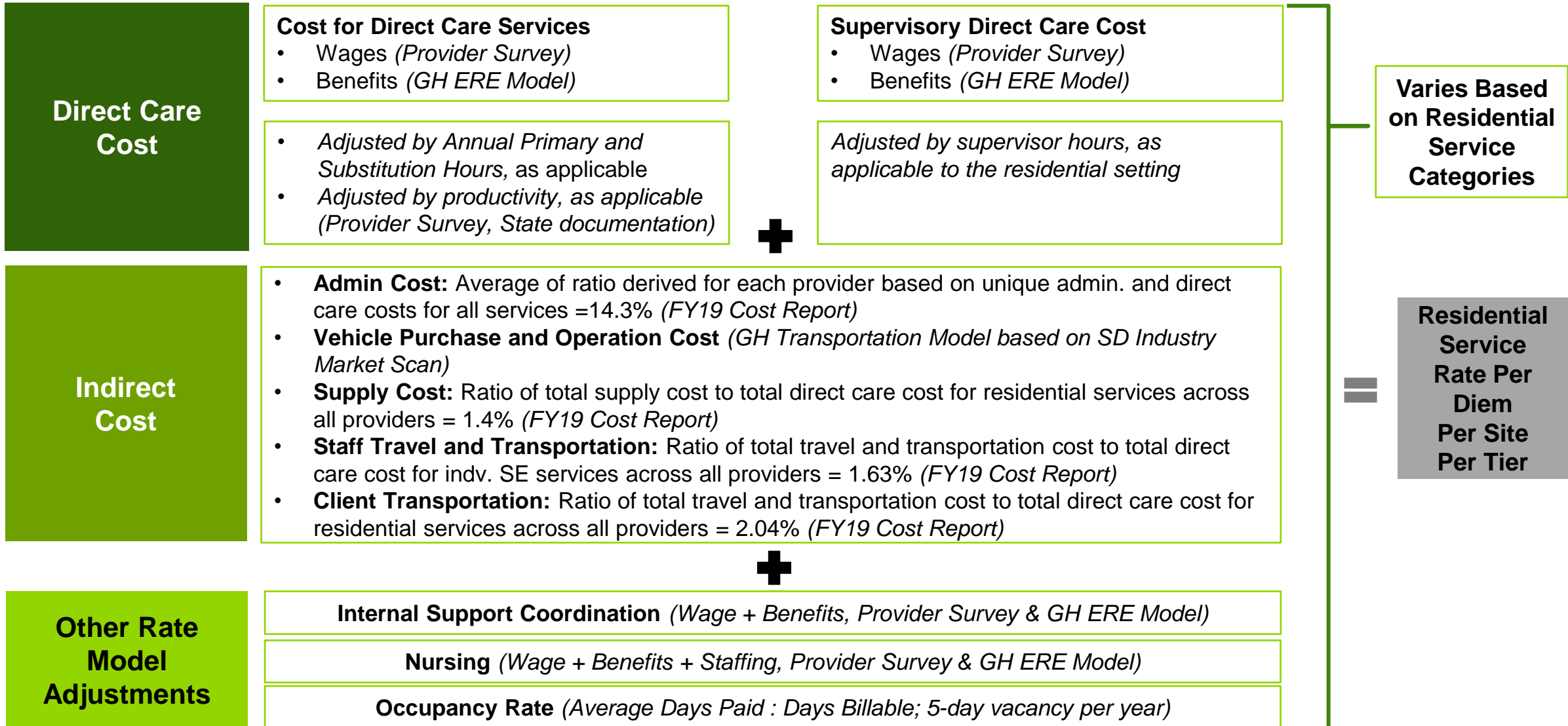
Reimbursement in Residential Settings

Assessment Tiering Framework for Residential Services

Guidehouse identified six tiers (Tiers 1-6) based on the level of support or intensity of participant needs that align with ICAP.

Tiers	ICAP Score	Short Description	Detailed Description
6	1-24	Pervasive	Individuals require pervasive or highly intense levels of support and supervision. For example, an individual may need special life support measures or personal care similar to that required by a premature infant or, because of problem behavior, may need intense and vigilant supervision. This level of support is provided in all circumstances and requires highly intense care or supervision at all times.
5	25-39	Extensive	Individuals require extensive or continuous support and supervision. For example, an individual may attain beginning self-care skills but may still require almost total personal care (e.g., for eating, dressing, or bathing) or, because of serious problem behavior, may need continuous supervision from someone within the same room or nearby.
4	40-54	Frequent	Individuals require frequent or close support and supervision. For example, an individual's personal care skills range from beginning to intermediate levels, but he/she still requires assistance with most daily activities and the supervision of at least one adult who is always present within hearing distance for support of adaptive skills and/or management of problem behavior.
3	55-69	Limited	Individuals require limited but consistent support and supervision. For example, an individual may be independent in some personal care skills, but may require help, support, or supervision with many daily activities and direct and consistent supervision for much of each day in home, school, work, and community settings.
2	70-84	Intermittent	Individuals require intermittent or periodic support and supervision. For example, an individual may be able to manage most daily activities independently, but may sometimes need periodic (often less than daily) advice, support, assistance, or supervision.
1	85-100	Infrequent or No Support	Individuals require infrequent or no support. For example, an individual may possess the ability (or potential ability limited by age) to live and work independently with occasional advice or assistance from others.

Overview of Residential Rate Model Components



Staffing Ratio Assumptions based on Resource Tiers

Staffing assumptions are modeled on a maximum of 8 person homes and aligned with the resource tiers.

- Guidehouse established maximum and minimum staffing ratios captured in the table below across the six tiers, modeled to align with the range of staffing needs associated with each tier.
 - For example, in Tier 1 wherein infrequent or no support may be required, the number of participants overseen by a staff may be larger than in Tier 6 that may require relatively more staff for a single participant.
- The maximum and minimum staffing ratios are used as upper and lower limits respectively to create appropriate staffing patterns for an individual resource tier over the course of a 24-hour day in a residential setting.

Short Description	Infrequent or No Support	Intermittent	Limited	Frequent	Extensive	Pervasive
Tier	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
Maximum Staffing	1:4	1:3.5	1:3	1:2.5	1:2	1:1.5
Minimum Staffing	1:8	1:7	1:6	1:5	1:4	1:3

Assessing and Varying Staffing Needs by Home Size

The base staffing across all tiers allows for at least one DSP staff member present in a home during all staffed hours.

- The example below demonstrates staffing calculations for group homes at a Tier 4 resource level. Similar computations are made for the other five tiers as well.

Benchmark – Staffing Ratios								
Tier 4	Home Size							
	1	2	3	4	5	6	7	8+
Prime Time	1:1	1:1.6	1:2	1:2	1:2	1:2.4	1:2.5	1:2.5
Non-Prime Time	1:1	1:1.8	1:2.6	1:3	1:3	1:4	1:4	1:5
Night	1:1	1:2	1:3	1:4	1:5	1:5	1:5	1:5
Day Program	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Benchmark – Actual Staff Needed								
Tier 4	Home Size							
	1	2	3	4	5	6	7	8+
Prime Time	1.00	1.25	1.50	2.00	2.50	2.50	2.80	3.20
Non-Prime Time	1.00	1.10	1.15	1.33	1.67	1.50	1.75	1.60
Night	1.00	1.00	1.00	1.00	1.00	1.20	1.40	1.60
Day Program	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

$$\text{Actual Staff Needed} = \frac{\text{Home Size}}{\text{Staffing Ratio}}$$

Staff Coverage in the Standard Group Home Setting

The estimated DSP hours needed per year are calculated based on a model of hours needed over the course of the week at various times of the day with different intensities of staff need.

- The model assumes that 6 hours per weekday will be unstaffed in group homes while residents attend other services during the day, as depicted in the table below.

Residential Standard Group Home Staffing Hours							
Time Type	DSP Hours				Staffed Hours		Total Daily Hours
	Prime Time	Non-Prime Time	Night	Day Program	Staffed Hours	Unstaffed Hours	
Sun	8	8	8	0	24	0	24
Mon	5	5	8	0	18	6	24
Tue	5	5	8	0	18	6	24
Wed	5	5	8	0	18	6	24
Thu	5	5	8	0	18	6	24
Fri	5	5	8	0	18	6	24
Sat	8	8	8	0	24	0	24
Total Weekly Hours	41	41	56	0	138	30	168
Annual DSP Total	2,138	2,138	2,920	0	7,196	1,564	8,760

Staff Coverage in a Supervised Living Setting

The Supervised Living setting is similar to a group home in its staffing needs, except that this setting is designed for individuals with lower support needs and is not staffed during nighttime hours.

- The model assumes no night staffing, and that 7 hours per weekday will be unstaffed while residents work or attend other services during the day, as depicted in the table below.

Supervised Living Staffing Hours							
Time Type	DSP Hours				Staffed Hours		Total Daily Hours
	Prime Time	Non-Prime Time	Night	Day Program	Staffed Hours	Unstaffed Hours	
Sun	8	8	0	0	16	8	24
Mon	4	5	0	0	9	15	24
Tue	4	5	0	0	9	15	24
Wed	4	5	0	0	9	15	24
Thu	4	5	0	0	9	15	24
Fri	4	5	0	0	9	15	24
Sat	8	8	0	0	16	8	24
Total Weekly Hours	36	46	0	0	77	91	168
Annual DSP Total	1,877	2,138	0	0	4,015	4,745	8,760

Components of Supervision and Support Hours

In addition to DSP hours, time spent by DSP supervisors, internal support coordinators, and nurses are also incorporated in the residential rate.

- Guidehouse arrived at the following assumptions for the three components:
 - **Supervisor Hours**: The model assumes that one supervisor oversees two group homes (bed size of 8 each) in a standard year with 40-hour weeks (2080 hours). Therefore, direct care supervisor hours per individual is **130 hours annually**.
 - **Internal Support Coordinator (ISC) Hours**: Similar to supervisor assumptions, we assume that one ISC oversees two group homes in a standard year with 40-hour work weeks. Therefore, ISC hours per individual is **130 hours annually**.
 - **Nursing Hours**: The Provider Survey revealed that the average staff to participant ratio for nursing services is 1:28. Therefore, nursing hours per individual is 1.43 hours in a standard 40-hour work week or **74.29 hours annually**.
- The assumptions outlined above for supervisor, ISC and nurse hours are applied consistently in all residential rate models, across all tiers and settings.

Total Transportation Cost: Vehicle Purchase and Operation

Costs for both Vehicle Purchase and Vehicle Operation are combined to determine the Residential Services Transportation Cost.

- The table below includes annual transportation costs that are incorporated in the rate model.
 - Total vehicle costs vary based on the size of a residential site, and the upper limit on the vehicle cost is equivalent to the cost for a 4-bed site.
 - Total annual costs are blended by assuming that 75 percent of vehicles used are ambulatory while the remaining 25 percent is non-ambulatory.

Bed Size	Ambulatory Vehicle Purchase (Annual)	Non-Ambulatory Vehicle Purchase (Annual)	Vehicle Operation (Annual)	Ambulatory Transportation Cost (Annual)	Non-Ambulatory Transportation Cost (Annual)	Annual Blended Transportation Cost (75% Ambulatory + 25% Non-Ambulatory)
1-4	\$2,395.79	\$2,674.16	\$1,400.00	\$3,795.79	\$4,074.16	\$3,865.38
5	\$1,916.63	\$2,139.33	\$1,120.00	\$3,036.63	\$3,259.33	\$3,092.31
6	\$1,597.19	\$1,782.77	\$933.33	\$2,530.53	\$2,716.11	\$2,576.92
7	\$1,369.02	\$1,528.09	\$800.00	\$2,169.02	\$2,328.09	\$2,208.79
8+	\$1,197.90	\$1,337.08	\$700.00	\$1,897.90	\$2,037.08	\$1,932.69

Residential Service Rate Models

Standard Group Home Rate Model – Tier 4

The table below captures an example residential rate model for group homes that serve participants with Tier 4 resource needs.

Cost Center	Rate Component	Group Home - Residential Service (Tier 4)							
		1	2	3	4	5	6	7	8+
Unit		Per Diem							
Direct Care Costs	Annual DSP Primary Hours	7,196	3,972	2,862	2,512	2,366	2,009	1,974	1,867
	Annual DSP Substitute Hours	1,157	631	451	389	361	307	298	280
	2022 DSP Benchmark Hourly Wage ¹ and ERE Percentage	\$18.28; 34.3% ERE							
	Supervisor Hours	130							
	2022 DSP Supervisor Hourly Wage ¹ and ERE Percentage	\$24.29; 31% ERE							
Indirect Costs	Administrative Factor	14.3%							
	Supply Cost Factor	1.4%							
	Annual Vehicle Cost	\$3,865.38	\$3,865.38	\$3,865.38	\$3,865.38	\$3,092.31	\$2,576.92	\$2,208.79	\$1,932.69
Other Adjustments	ISC Hours	130							
	2022 ISC Hourly Wage ¹ and ERE Percentage	\$23.19; 31.4% ERE							
	LPN Hours	74.29							
	2022 LPN Hourly Wage ¹ and ERE LPN Percentage	\$22.71; 31.4%							
	Occupancy Rate	99% = 360 ÷ 365							
Benchmark Rate		\$702.99	\$407.11	\$305.27	\$272.79	\$256.93	\$223.05	\$218.54	\$207.95

Note: (1) Includes weighted hourly wage from Provider Survey inflated by 3.4% PPI for all staff and supervisors, and 3.8% supplemental pay for DSPs



Standard Benchmark Tiered Rates for Group Homes

The table below captures benchmark rates for all tiers and home sizes in residential group homes.

- In this model, the lowest rate would be \$144.96 per day in an 8+ person home for a participant with a Tier 1 support need. The highest rate, \$702.99, would provide minimum 1:1 staffing for an individual in a 1-person home.

Standard Group Home								
Tier	Home Size or Number of Participants							
	1	2	3	4	5	6	7	8+
Tier 1	\$702.99	\$373.44	\$263.59	\$208.67	\$149.05	\$147.23	\$145.93	\$144.96
Tier 2	\$702.99	\$373.44	\$263.59	\$215.54	\$199.67	\$179.48	\$171.92	\$164.54
Tier 3	\$702.99	\$373.44	\$263.59	\$224.70	\$208.83	\$198.26	\$196.96	\$195.98
Tier 4	\$702.99	\$407.11	\$305.27	\$272.79	\$256.93	\$223.05	\$218.54	\$207.95
Tier 5	\$702.99	\$445.58	\$343.75	\$304.85	\$282.89	\$268.25	\$266.95	\$249.94
Tier 6	\$702.99	\$429.55	\$359.78	\$358.81	\$336.85	\$335.03	\$320.91	\$319.93

Benchmark Tiered Rates for Supervised Living

The table below captures supervised living benchmark rates for all tiers and home sizes.

- Aside from differences in staffing assumptions between group homes and supervised living settings, supervised living has also been scaled so that all small home settings are treated as 4-bed homes for the purposes of vehicle costs and staffing ratios.

Tier	Home Size or Number of Participants							
	1	2	3	4	5	6	7	8+
Tier 1	\$137.11	\$137.11	\$137.11	\$137.11	\$110.34	\$108.52	\$107.22	\$106.25
Tier 2	\$143.15	\$143.15	\$143.15	\$143.15	\$140.42	\$128.98	\$127.68	\$120.30
Tier 3	\$151.19	\$151.19	\$151.19	\$151.19	\$148.46	\$146.64	\$145.35	\$144.37
Tier 4	\$195.37	\$195.37	\$195.37	\$195.37	\$192.65	\$160.72	\$156.61	\$146.01
Tier 5	\$227.44	\$227.44	\$227.44	\$227.44	\$205.47	\$190.83	\$189.53	\$172.52
Tier 6	\$255.59	\$255.59	\$255.59	\$255.59	\$233.62	\$231.80	\$217.68	\$216.71

Monitored Living Residential Rate Model

The Monitored Living rates are applicable for services that support a person in their home, apartment or community setting, when the provider furnishes services intermittently to the individual.

- The table below captures monitored living rate components and rates for Tiers 1, 2 and 3.

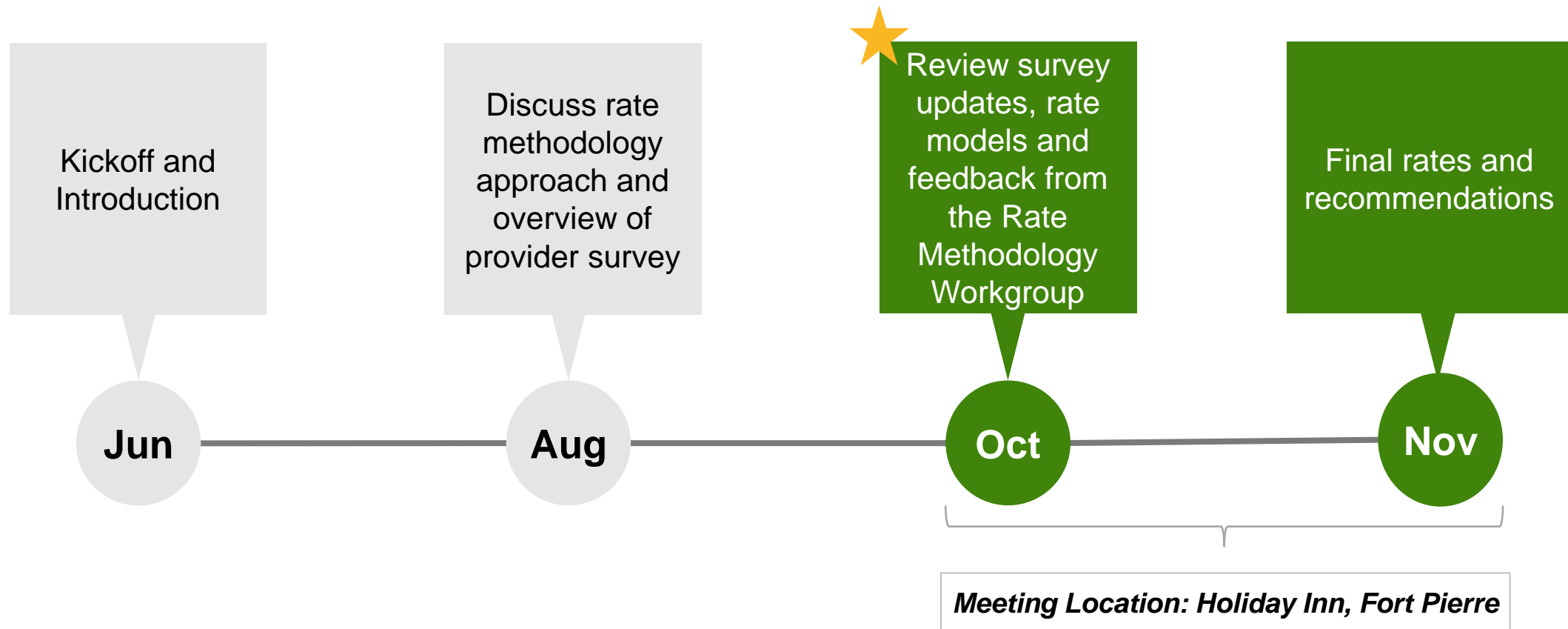
Cost Center	Rate Component	Tier 1	Tier 2	Tier 3
	Unit		Daily	
Direct Care	Monitored Living Participant Caseload	1:12	1:10	1:8
	2022 DSP Benchmark Hourly Wage¹ and ERE Percentage	\$18.28; 34% ERE		
	Productivity Assumption²	67.5% (12.5% of total shift or 1 hr. per shift spent on documentation; 20% of total shift on travel)		
	Supervisor : Staff Ratio	1:4		
Indirect Care	2022 DSP Supervisor Hourly Wage¹ and ERE Percentage	\$24.29; 31% ERE		
	Administrative Overhead	14.30%		
Other Adjustments	Program Support Factor	5% (includes supplies, staff travel and transportation, and client transportation)		
	Nurse : Participant Ratio	1:28		
	2022 LPN Hourly Wage¹ and ERE LPN Percentage	\$22.71; 31.4% ERE		
Benchmark Rate		\$35.36	\$42.40	\$53.04

Note: (1) Includes weighted hourly wage from Provider Survey inflated by 3.4% PPI for all staff and supervisors, and 3.8% supplemental pay for DSPs; (2) Productivity assumption is based on CSP workgroup service matrix documentation (2020).

Timeline and Next Steps

Steering Committee Meeting Schedule

The Steering Committee and Guidehouse meet once every 1-2 months to discuss topics related to survey implementation, rate methodology and modeling, as well as results and reporting.



Next Steps

Steering Committee

- Provide input on rate modeling assumptions and approaches.

Guidehouse

- Develop rate models for family home and shared living residential settings.
- Address feedback on rate models and finalize rate models and recommendations.
- Estimate fiscal impact based on proposed rates.
- Draft and review recommendations with the Rate Methodology Workgroup and the Steering Committee.

Questions and Answers

Contact

Jeff Moor

Contract Manager

Jeff.Moor@guidehouse.com

Coy Jones

Project Manager

Coy.Jones@guidehouse.com

Poorna Suresh

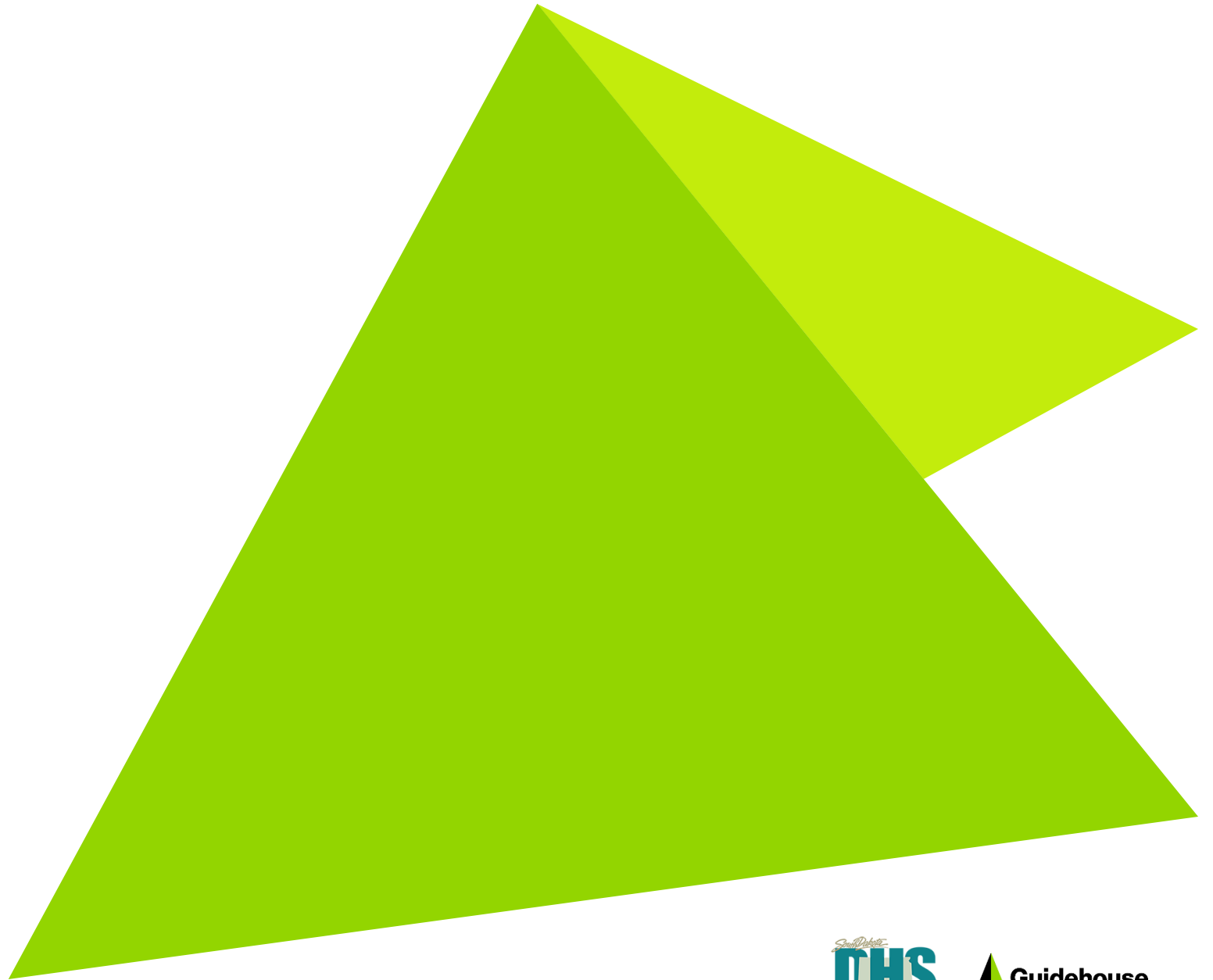
Collaboration Lead

Poorna.Suresh@guidehouse.com

Julie Nguyen

Project Analyst

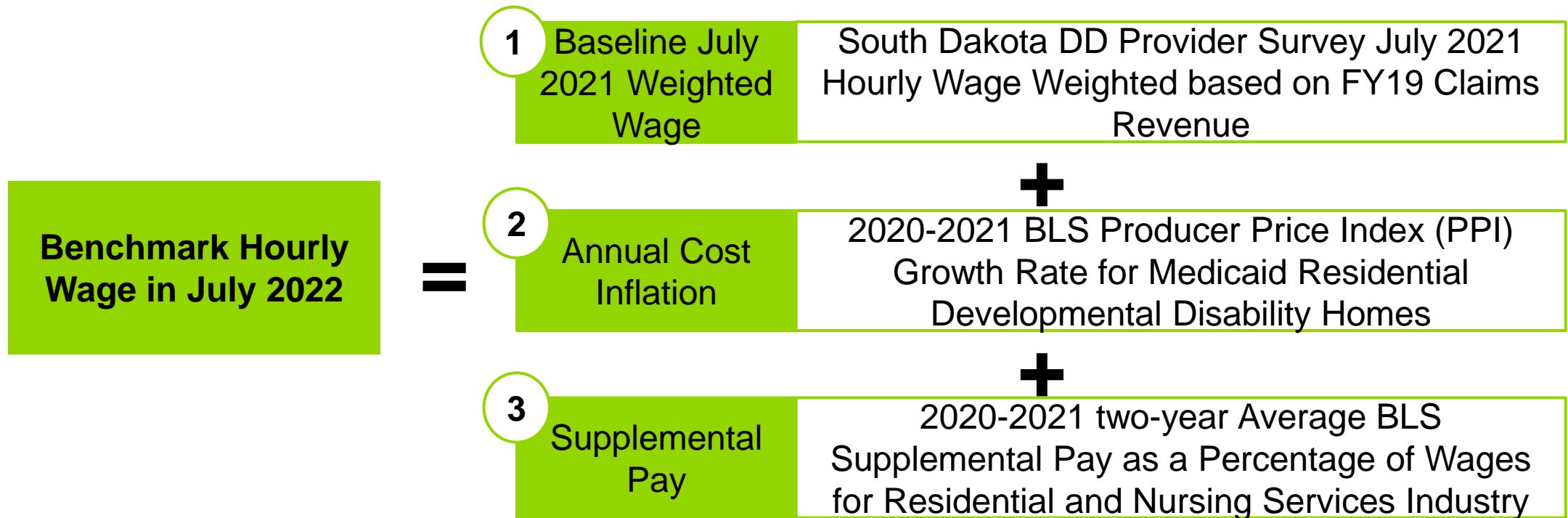
jnguyen@guidehouse.com



Appendix

Wage Adjustment Factors for DSPs, Job Coaches and ISCs

Benchmark rates for July 2022 are computed by inflating the July 2021 weighted average hourly wages to reflect growth in annual costs as well as supplemental pay as a function of wage and labor costs.*



*Note: If rate recommendations are approved, the rates will likely come into effect in July 2022.

Cost Trending: Producer Price Index (PPI)

The Bureau for Labor Statistics Producer Price Index (PPI) for Medicaid Residential Developmental Disability Homes is suitable for estimating annual inflationary increases in provider costs and is utilized for trending wages consistently across all job types.

- The BLS updates the index monthly, providing a point-in-time indicator of cost growth for current and future rate setting periods. The cost index is specific to Medicaid providers, DD populations, and residential services, making it responsive to unique and evolving costs in DD programs.
- To align potential growth in costs in FY2022 and to account for economic and labor conditions from the recent fiscal year that may reflect the future cost of service delivery, Guidehouse utilized the 2020-2021 PPI growth of **3.4 percent** to trend benchmarks across all job types and historical costs.

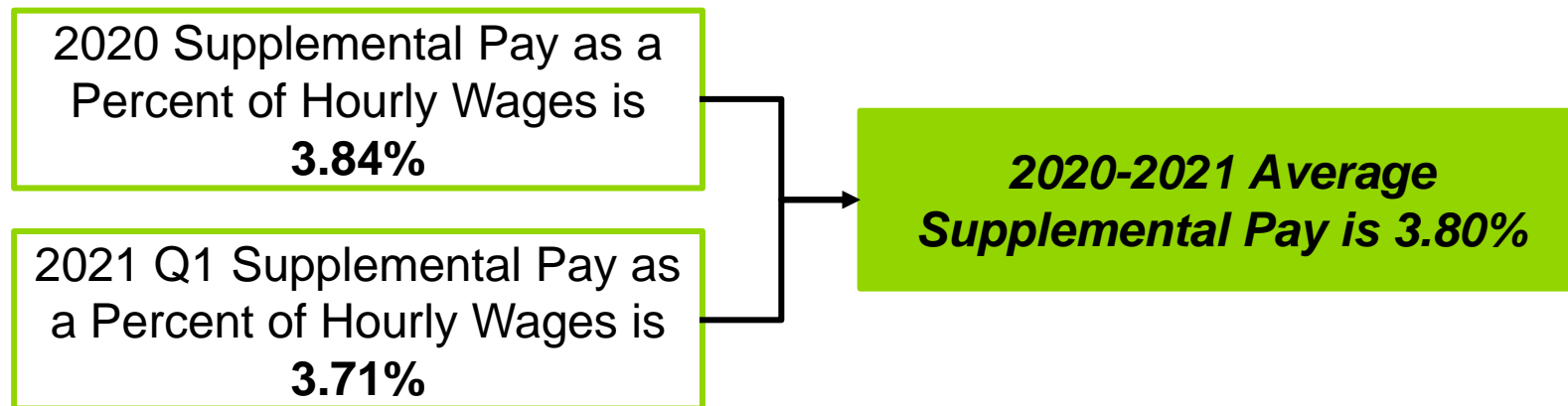


Source: The Bureau for Labor Statistics (BLS), PPI Industry for Residential Developmental Disability Homes – Medicaid patients (2020-2021) Available online: <https://beta.bls.gov/dataViewer/view/timeseries/PCU62321062321011>

Supplemental Pay: Bureau for Labor Statistics (BLS)

The BLS Employer Costs for Employee Compensation (ECEC) data series for the Nursing and Residential Care industry analyzes total compensation by breaking down costs into hourly wage costs as well as expense categories related to mandatory taxes and benefits, insurance, retirement, paid time off, supplemental pay, and other benefits.

- Guidehouse utilized the 2020-2021 average supplemental pay of **3.8 percent** for the nursing and residential care industry.
- BLS supplemental pay includes overtime and premium, shift differentials, and nonproduction bonuses.



Source: The Bureau for Labor Statistics (BLS), Employer Costs for Employee Compensation for Nursing and Residential Care Industry Available online: <https://www.bls.gov/data>

BLS Benchmarking Comparisons for Other Key Job Types

The table below shows July 2021 Provider Survey wages and projected July 2022 wages for other job types. These wages are compared to similar job classifications in the BLS data, projected to 2021.

South Dakota DD Provider Survey Data				BLS Benchmark (2021 Projection)		
Job Type	Number of Organizations (Percentage of Organizations)	July 2021 Survey Data (Weighted)	July 2022 Projection	Classification	50 PCT	75 PCT
Registered Nurse (RN)	16 (80%)	\$30.23	\$31.26	29-1141 Registered Nurses	\$29.82	\$34.80
Licensed Practical Nurse (LPN)	13 (65%)	\$21.96	\$22.71	29-2061 Licensed Practical and Licensed Vocational Nurses	\$19.36	\$22.72
Behavioral Technician	9 (45%)	\$22.64	\$23.41	21-1018 Substance Abuse, Behavioral Disorder, and Mental Health Counselors	\$20.81	\$24.92
Direct Support Supervisor	15 (75%)	\$23.49	\$24.29	31-0000 Healthcare Support Occupations (50%) + 31-9099 Other Healthcare Support Workers (50%)	\$18.35	\$21.15

Source: The Bureau for Labor Statistics (BLS), 2020 Occupation Wages Available online: <https://www.bls.gov/data>



BLS Benchmarking Comparisons for Other Supervisors

The table below shows July 2021 Provider Survey wages and projected July 2022 wages for supervisor job types. These wages are compared to similar job classifications in the BLS data, projected to 2021.

South Dakota DD Provider Survey Data				BLS Benchmark (2021 Projection)		
Job Type	Number of Organizations (Percentage of Organizations)	July 2021 Survey Data (Weighted)	July 2022 Projection	Classification	50 PCT	75 PCT
Residential Director	17 (85%)	\$32.83	\$33.95	43-1011 First-Line Supervisors of Office and Administration	\$25.06	\$30.63
Client Benefits Manager	6 (30%)	\$20.77	\$21.48	21-0000 Community and Social Service Occupations	\$20.55	\$24.89
Shift and Unit Supervisor	3 (15%)	\$27.04	\$27.96	43-1011 First-Line Supervisors of Office and Administrative Support Workers	\$25.06	\$30.63

BLS Benchmarking Comparisons for Other Job Types

The table below shows July 2021 Provider Survey wages and projected July 2022 wages for other job types. These wages are compared to similar job classifications in the BLS data, projected to 2021.

South Dakota DD Provider Survey Data				BLS Benchmark (2021 Projection)		
Job Type	Number of Organizations (Percentage of Organizations)	July 2021 Survey Data (Weighted)	July 2022 Projection	Classification	50 PCT	75 PCT
Occupational Therapist	3 (15%)	\$35.03	\$36.22	29-1122 - Occupational Therapists	\$36.72	\$42.84
Psychologist	3 (15%)	\$59.34	\$61.36	19-3039 Psychologists, All Other	\$48.38	\$56.68
Board Certified Behavior Analyst	2 (10%)	\$41.11	\$42.51	19-3039 Psychologists, All Other	\$48.38	\$56.68
Physical Therapist Assistant	2 (10%)	\$21.75	\$22.49	31-2021 - Physical Therapist Assistants	\$21.07	\$24.34
Speech Therapist	2 (10%)	\$45.64	\$47.20	29-1127 Speech-Language Pathologists	\$28.23	\$33.08
Driver (Note: Driver's primary responsibility should be driving.)	2 (10%)	\$15.36	\$15.88	53-3052 Bus Drivers, Transit and Intercity	\$15.51	\$17.73
Physical Therapist	1 (5%)	\$31.24	\$32.30	29-1123 - Physical Therapists	\$39.26	\$45.60
Social Worker	1 (5%)	\$35.13	\$36.32	21-1022 Healthcare Social Workers	\$21.34	\$26.11
Transportation Aide	1 (5%)	\$15.61	\$16.14	53-3052 Bus Drivers, Transit and Intercity	\$15.51	\$17.73

BLS Benchmarking Comparisons for Other Job Types

The table below shows July 2021 Provider Survey wages and projected July 2022 wages for other job types. These wages are compared to similar job classifications in the BLS data, projected to 2021.

South Dakota DD Provider Survey Data				BLS Benchmark (2021 Projection)		
Job Type	Number of Organizations (Percentage of Organizations)	July 2021 Survey Data (Weighted)	July 2022 Projection	Classification	50 PCT	75 PCT
Medical Assistant	14 (70%)	\$18.47	\$19.09	31-9092 Medical Assistants	\$15.58	\$17.86
Life Skills/Personal Support Coach	6 (30%)	\$19.00	\$19.64	19-0000 Life, Physical, and Social Science Occupations (50%) + 39-0000 Personal Care and Service Occupations (50%)	\$19.63	\$25.34
Dietician	4 (20%)	\$24.61	\$25.45	29-1031 Dietitians and Nutritionists	\$27.46	\$31.18

Source: The Bureau for Labor Statistics (BLS), 2020 Occupation Wages Available online: <https://www.bls.gov/data>



Employee-Related Expenses Components and Approaches

- Employee-related expenses (ERE), or fringe benefits, are costs to the provider, such as retirement benefits, unemployment taxes, insurance, paid time off (PTO), and other legally required benefits.
- Guidehouse utilized the Provider Survey information and other market data captured in the table below to develop a potential benchmark package.

Benefits Component	Percent of Organizations Offering Benefit (Provider Survey)	Benefit Source	Benefit Value
Federal Unemployment Taxes	20 (100%)	IRS	0.60% of first \$7,000 in wages
State Unemployment Taxes	20 (100%)	SD Dept. of Labor and Regulation	1.20% of first \$15,000 in wages
Federal Insurance Contributions	20 (100%)	IRS	7.65% of first \$142,800 in wages
Worker's Compensation	20 (100%)	2021 Provider Surveys	2.52% of wages
Paid Time Off	20 (100%)	2021 Provider Surveys	35 days
Health	20 (100%)	2021 Provider Surveys	\$705 per month
Retirement	19 (95%)	2021 Provider Surveys	4.20% of wages
Dental	19 (95%)	2021 Provider Surveys	\$284 per year
Vision	16 (80%)	2021 Provider Surveys	\$14 per year
Other (including life insurance, disability insurance, and other)	13 (65%)	2021 Provider Surveys	\$182 per year

Administration Factor Assumptions for Rate Modeling

The administration factor should reflect the costs associated with operating a provider organization, such as costs for administrative employees' salaries and wages along with non-payroll administration expenses, such as licenses, property taxes, liability and other insurance.

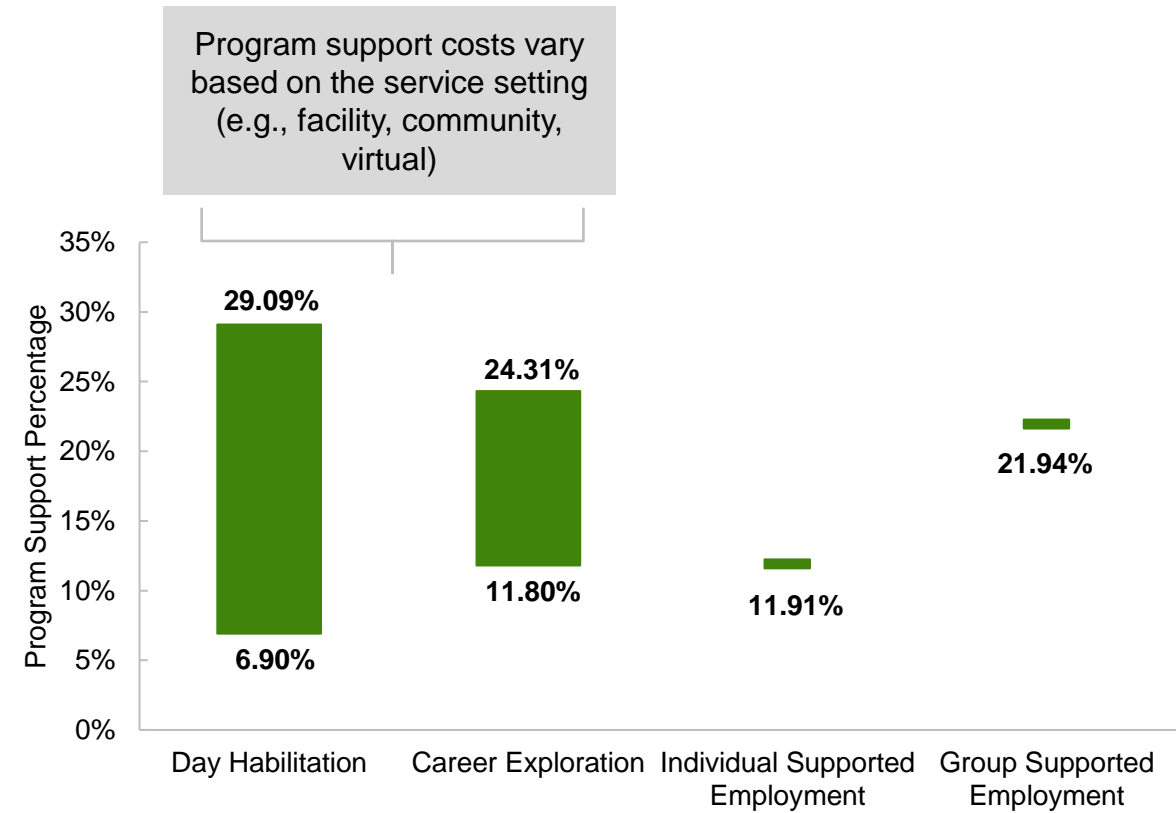
- An average admin factor was derived from individual administrative expense percentages that were based on unique provider administrative and direct care costs in FY19 Cost Reports. This method results in an average admin factor of 14.3 percent across all providers and services.
- Administrative costs as a percent of direct care costs in the FY19 Cost Reports, i.e., **14.3 percent** will be utilized in the rate modeling process for all waiver services.

Administrative Expenses Percentage for FY2019
Average of ratio derived for <u>each</u> provider based on unique admin. costs and DCC for all services (<i>Outlier of above 40 percent is excluded</i>)
14.30%

Program Support Assumptions for Rate Modeling

Guidehouse computed program support cost factors for individual waiver services and providers using personnel and non-personnel costs reported in the FY19 CSP Cost Reports.

- Program support factors used in rate modeling for individual services include wages, employee related expenses, supplies, travel and transportation, building and equipment, and/or depreciation cost components based on costs associated with direct service delivery.
- Travel and transportation components are established based on varying needs for services. For example, transportation assumptions for day services included the following:
 - *Facility*: Program support transportation factor calculated for total program support transportation and direct care costs across all provider organizations (3.9%)
 - *Community*: 75th percentile of program support transportation factors computed for individual provider organization (5.7%)



Components of DSP Staff Hours

Primary and substitute staff hours are two key components of DSP staff hours.*

- **Annual DSP Primary Hours**: The total number of service delivery hours based on actual staff needed.

$$\text{Annual DSP Primary Hours} = \text{Prime Time Hrs.} + \text{Non-Prime Time Hrs.} + \text{Night Time Hrs.} + \text{Day Program Hrs.}$$

- **Annual DSP Substitute Hours**: The hours needed to cover hours due to staff training, paid time off, and resident absences from day programs.
 - *Training Hours*: Assume a staff turnover rate of 50% and required annual training hours per staff member as 24 hours.
 - *PTO-Related Substitution*: Assume 35 days of paid time off, consistent with the 35-day average paid time off reported by providers in the Provider Survey.
 - *Day Program Absence*: Assumes 7 unstaffed hours per non-weekend day (average of 21 non-weekend days per month) to substitute staff to cover days when residents remain home and do not attend day programs.

$$\text{Annual DSP Substitute Hours} = \text{Substitute Training Hours} + \text{Substitute PTO Hours} + \text{Day Program Absence Hours}$$

Primary DSP Staffing Hours Adjusted for Resource Needs

Primary staffing hours are calculated as a function of actual staff needed and DSP hours per home size.

- The example below demonstrates primary staffing hour calculations for group homes at a tier 4 level of care. Similar computations are made for the other five tiers as well.

Example: Resource-Adjusted Staff Hours Calculation – Tier 4 ★

Tier	Home Size	Actual Staff Needed				Primary Staff Hours
		Prime Time	Non-Prime Time	Night	Day Program	Staffed Hours
Tier 4	1	1.00	1.00	1.00	0	7,196
Tier 4	2	1.25	1.10	1.00	0	3,972
Tier 4	3	1.50	1.15	1.00	0	2,862
Tier 4	4	2.00	1.33	1.00	0	2,512
Tier 4	5	2.50	1.67	1.00	0	2,366
Tier 4	6	2.50	1.50	1.20	0	2,009
Tier 4	7	2.80	1.75	1.40	0	1,974
Tier 4	8+	3.20	1.60	1.60	0	1,867

Minimum Staff Hours Calculation → Annual DSP Total Hours ÷ Home Size

Home Size	Prime Time	Non-Prime Time	Night	Day Program	All DSP Hours
1	2,138	2,138	2,920	0	7,196
2	1,069	1,069	1,460	0	3,598
3	713	713	973	0	2,399
4	534	534	730	0	1,799
5	428	428	584	0	1,439
6	356	356	487	0	1,199
7	305	305	417	0	1,028
8+	267	267	365	0	899

$$\begin{aligned}
 &\text{Annual Primary Staffing Hours} \\
 &= \\
 &\text{Actual Staff Needed} \\
 &\times \\
 &\text{Annual DSP Total Hours [7456]} \\
 &\div \\
 &\text{Home Size [1-8+]}
 \end{aligned}$$

Substitution Staffing Hours Adjusted for Resource Needs

Annual substitute staff hours are added to the primary staffing hours to compute the total annual DSP cost.

- The example below demonstrates substitute staffing hour calculations for group homes at a tier 4 level of care. Guidehouse made similar calculations for the other five tiers as well.

Example: Resource-Adjusted Staff Hours Calculation – Tier 4							
Tier	Home Size	Staffed Hours	FTE = Staffed Hours ÷ 2080	Substitute Training Hours	Substitute PTO Hours	Day Program Absence Hours	Total Substitution Staff Hours
Tier 4	1	7,196	3.46	41.5	969	147	1,157
Tier 4	2	3,972	1.91	22.9	535	74	631
Tier 4	3	2,862	1.38	16.5	385	49	451
Tier 4	4	2,512	1.21	14.5	338	37	389
Tier 4	5	2,366	1.14	13.6	318	29	361
Tier 4	6	2,009	0.97	11.6	270	25	307
Tier 4	7	1,974	0.95	11.4	266	21	298
Tier 4	8+	1,867	0.90	10.8	251	18	280

Annual Substitution Staff Hours
 =
FTEs
 ×
Training Substitution
 [50% turnover*24 hours] +
PTO Substitution [35 days*8 hours] + **Day Program Absence Hours**
 [7 hours*21 days]