



South Dakota Rate Methodology Workgroup

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

November Meeting #1

November 10, 2021

Agenda

1. Welcome
2. Rate Component and Rate Model Adjustments
3. Current Service Landscape
4. Rate Differentials Based on Support Need
5. Timeline and Next Steps

Welcome

Rate Component and Rate Model Adjustments

Non-Residential Service Model Updates

Nursing assumptions for Day Services were adjusted to reflect RNs, based on feedback provided by the CSPs, since all CSPs are required to have an RN as part of an administrative rule requirement.

Nurse Type	FY2022 Hourly Wage (includes 3.4% PPI)	ERE Percentage
Registered Nurse (RN)	\$31.26	28.99%



Service	Hourly Rate (Including LPN)	Proposed Benchmark Hourly Rate (Including RN)
Day Services-Facility (Basic: 1:8)	\$7.46	\$7.54
Day Services-Facility (Intermediate: 1:5)	\$11.94	\$12.07
Day Services-Facility (Enhanced: 1:3)	\$19.90	\$20.11
Day Services-Community (1:4)	\$13.38	\$13.53
Day Services-Virtual (1:6)	\$8.41	\$8.50

Preliminary Assistive Technology Allowance

Guidehouse recommends providing an annual maximum allowance of \$5k for Assistive Technology, based on allowances offered in other states operating similar 1915(c) waiver programs.

- The table below captures rates offered for Assistive and Adaptive Technology services by other states and DD programs.
- Most states offer between \$1,000-\$9,000 as a maximum annual allowance.

State	Rate	Unit
Alabama	\$5,000 Maximum	Annual
Connecticut	\$5,000 Maximum	5 Years
District of Columbia	\$10,000 Maximum	5 Years
Illinois	\$15,000 Maximum	5 Years
Maine	\$6,000 Maximum	Annual
Missouri	\$3,000-\$9,000 Maximum	Annual

Non-Residential Service Rates

The table below includes benchmark rates for all the non-residential services.

Service	Proposed Benchmark Rate	Proposed Unit
Career Exploration-Facility (1:5)	\$12.59	Hour
Career Exploration-Community (1:4)	\$14.31	Hour
Day Services-Facility (Basic: 1:8)	\$7.54	Hour
Day Services-Facility (Intermediate: 1:5)	\$12.07	Hour
Day Services-Facility (Enhanced: 1:3)	\$20.11	Hour
Day Services-Community (1:4)	\$13.53	Hour
Day Services-Virtual (1:6)	\$8.50	Hour
SEP (Discovery - 1:1)	\$58.37	Hour
SEP (Development - 1:1)	\$58.37	Hour
SEP (Stabilization - 1:1)	\$58.37	Hour
SEP (Long Term Support - 1:1)	\$14.59	15 Mins.
SEP-Small Group (1:4)	\$15.47	Hour
SEP-Enclave (1:8)	\$7.73	Hour
Behavioral Support (1:2)	\$32.81	Hour
Assistive Technology	\$5,000 (Maximum)	Annual

Adjustments in Residential Service Rate Models

The following adjustments were made to residential service rate models based on feedback provided by the Rate Methodology Workgroup and CSPs.

- **Nursing Assumptions:** Included RNs for all residential services.

Nurse Type	FY2022 Hourly Wage (includes 3.4% PPI)	ERE Percentage
Registered Nurse (RN)	\$31.26	28.99%

- **Occupancy Rate:** Assumed 95 percent occupancy rate based on best practices in peer states.
- **Training Hours:** Incorporated an average of 90 hours training hours per year, reflecting need for extended training hours of 150 hours per year for new employees and 30 hours year for existing employees, with a 50 percent turnover rate.
- **Internal Service Coordinator (ISC):** Included ISCs for all residential services.

Updated Transportation Costs for Residential Services

The table below captures updated transportation costs based on feedback received from the Rate Methodology Workgroup and DHS.

- Non-ambulatory costs were increased from \$5,000 to \$15,000 to account for the cost of lifts in South Dakota.
- Vehicle loan rate is set at 5.87 percent which is the average of excellent, good, and fair loan rates specified by five national and local sources in 2020-2021¹.

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	\$2,131.63	\$2,874.65	\$1,400.00	\$3,531.63	\$4,274.65	\$3,717.39
5	\$1,705.30	\$2,299.72	\$1,120.00	\$2,825.30	\$3,419.72	\$2,973.91
6	\$1,421.09	\$1,916.43	\$933.33	\$2,354.42	\$2,849.77	\$2,478.26
7	\$1,218.07	\$1,642.66	\$800.00	\$2,018.07	\$2,442.66	\$2,124.22
8+	\$1,065.81	\$1,437.33	\$700.00	\$1,765.81	\$2,137.33	\$1,858.69

¹Note: 5.19% ValuePenguin, 4.14% BusinessInsider, 5.33% Experian, 10.11%, US News, 4.59% SD Black Hills Federal Credit Union; Sources: <https://www.valuepenguin.com/auto-loans/average-auto-loan-interest-rates/>; <https://www.businessinsider.com/personal-finance/average-auto-loan-interest-rate>; <https://www.experian.com/blogs/ask-experian/auto-loan-rates-by-credit-score/>; <https://cars.usnews.com/cars-trucks/average-auto-loan-interest-rates#Average-Auto-Loan-Rates-for-Good-Credit>; <https://www.bhfcu.com/rates/vehicle-loan-rates>

Updated Benchmark Tiered Rates for Group Homes and Supervised Living

Guidehouse updated benchmark rates for group homes and supervised living settings based on feedback received from the Rate Methodology Workgroup and DHS.

- Upon incorporating all rate adjustments including increased training hours, increased occupancy rate, modified transportation costs, and updated nursing assumptions, benchmark rates increased from rates shared during the October Rate Methodology Workgroup Meeting (10/25).
 - **Standard Group Home (unstaffed 6 hours per weekday)**: rates increased by 4.5 percent on average across all tiers and home sizes.
 - **Full Day Group Home (staffed 24 hours per day)**: rates increased by 3 percent on average across all tiers and home sizes.
 - **Supervised Living**: rates increased by 5 percent on average across all tiers and home sizes.

Note: Final benchmark rates are included in the Appendix section of this deck.

Rate Modeling for Shared Living Residential Services

Shared Living is an arrangement of services provided in a private home in which care is provided to a participant and a shared home may not serve more than two participants.

- Shared Living payments are based on a daily stipend that varies by the shared living site capacity and level of participant support needed.

Site Capacity	Support Need	Daily Stipend	Days Per Year	Annual Per Person
1	1	\$120.00	365	\$43,800
1	2	\$135.00	365	\$49,275
1	3	\$150.00	365	\$54,750
1	4	\$165.00	365	\$60,225
1	5	\$180.00	365	\$65,700
1	6	\$195.00	365	\$71,175
2	1	\$120.00	365	\$43,800
2	2	\$135.00	365	\$49,275
2	3	\$150.00	365	\$54,750
2	4	\$165.00	365	\$60,225
2	5	\$180.00	365	\$65,700
2	6	\$195.00	365	\$71,175

Stipend ranges determined by considering a variety of factors including:

- Research into stipend costs for cognate services in other states (adult family care, host home, etc.)
- Current rate ranges
- Annual cost growth

Rate Assumptions for Shared Living Services

The rate assumptions included below are integral to the Shared Living rate models.

- **DSP Supervisor and Internal Support Coordinator (ISC) Hours**: The model assumes that one DSP Supervisor oversees 12 participants in a standard year with 40-hour weeks (2080 hours). Therefore, DSP Supervisor hours per individual is 173.33 hours annually. The same assumption is made for ISCs as well.
- **Nursing**: The Provider Survey revealed that the average staff to participant ratio for nursing services is 1:28. Therefore, RN nursing hours per individual is 1.43 hours in a standard 40-hour work week or 74.29 hours annually.
- **Program Support**: Assumed 1.4% supply costs derived from FY19 Cost Report, similar to other residential services.
- **Administration Percentage**: Assumed 14.3% derived from FY19 Cost Report, similar to other services.
- **Transportation**: Assumed vehicle cost for 1-4 bed size for all tiers in shared living settings.

Shared Living Residential Rate Model

The table below captures annual benchmark rates for shared living homes.

Cost Center	Rate Component	Shared Living - Residential Service (1 Person)					
		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
	Unit	Per Diem					
Direct Care Costs	Annual Stipend	\$43,800	\$49,275	\$54,750	\$60,225	\$65,700	\$71,175
	2022 DSP Benchmark Hourly Wage ¹ and ERE Percentage	\$18.28; 34.3% ERE					
	Supervisor Hours	173.33					
	2022 DSP Supervisor Hourly Wage ¹ and ERE Percentage	\$24.29; 31% ERE					
Indirect Costs	Administrative Factor	14.3%					
	Supply Cost Factor	1.4% supply percentage					
	Annual Vehicle Cost	\$3,717	\$3,717	\$3,717	\$3,717	\$3,717	\$3,717
Other Adjustments	ISC Hours	173.33					
	2022 ISC Hourly Wage ¹ and ERE Percentage	\$23.19; 31.40% ERE					
	RN Hours	74.29					
	2022 RN Hourly Wage ¹ and ERE RN Percentage	\$31.26, 28.99% ERE					
Annual Benchmark Rate		\$64,091	\$69,643	\$75,194	\$80,746	\$86,298	\$91,849
Per Diem Benchmark Rate		\$175.59	\$190.80	\$206.01	\$221.22	\$236.43	\$251.64

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).



Rate Modeling for Monitored Living and Family Home

Rate models for Monitored Living and Family Home are identical due to similarities in the service definitions.

- Monitored Living and Family Home services are inherently similar since they are residential services offered to participants intermittently by providers typically travelling between homes.
 - The main difference between the two services is the location of service delivery. While a Monitored Living setting is primarily a participant's home or apartment, family home is primarily furnished at a participant's family home. However, the difference in the location of these services does not impact the rate models.
 - Therefore, the rate assumptions and rate models developed for Monitored Living and Family Home are identical.
- The Monitored Living and Family Home model is structured similar to non-residential services and accounts for the productivity of providers that may travel between homes to intermittently provide services to participants.
 - Home size and staffing needs, similar to traditional residential services like group home and supervised living, are not applicable to these two services.

Monitored Living and Family Home Residential Rate Model

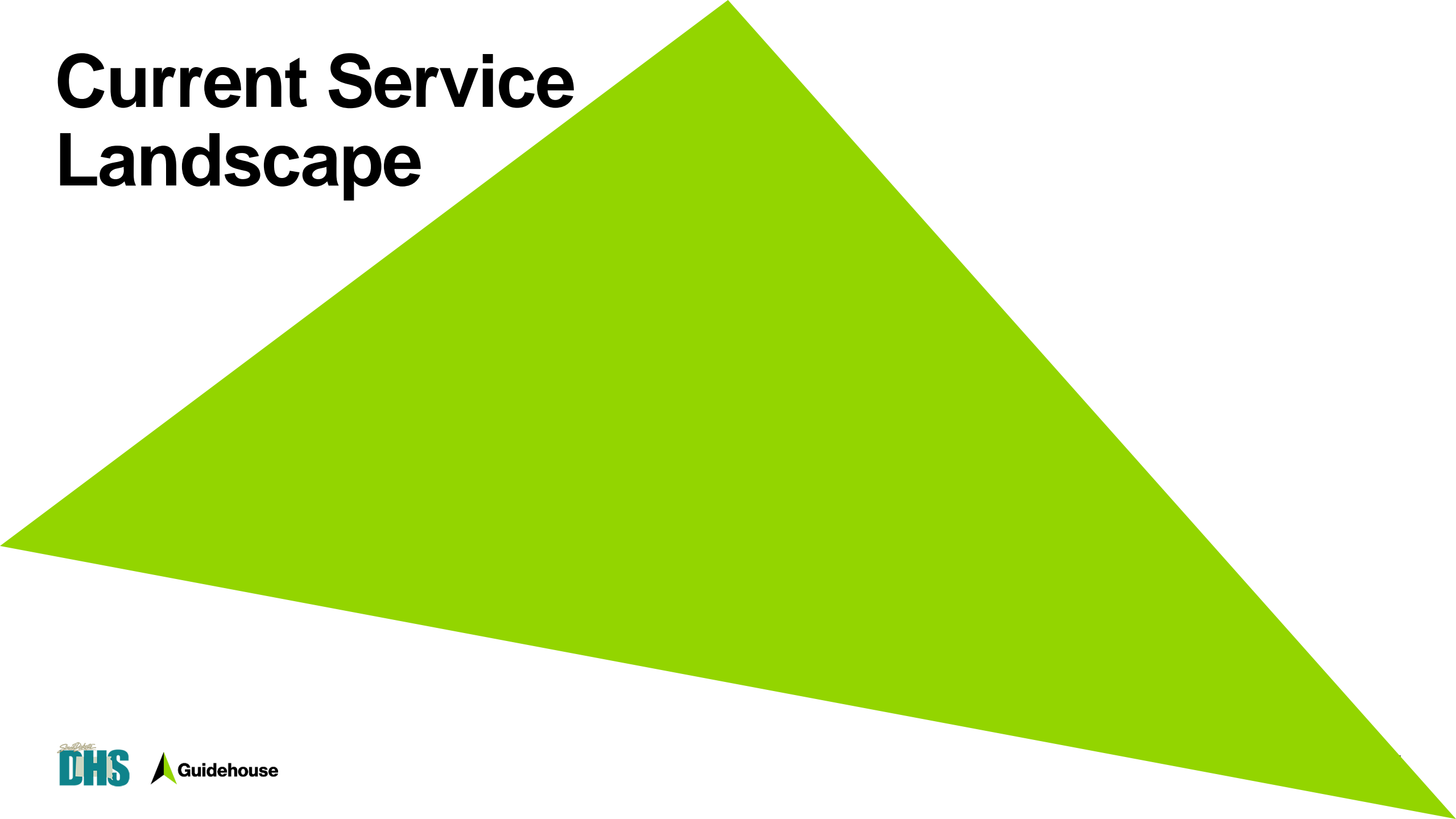
The table below captures rates that are applicable for Monitored Living and Family Home services that support an individual in their home/apartment and family home/apartment respectively, when the provider furnishes services intermittently to the individual.

Cost Center	Rate Component	Tier 1	Tier 2	Tier 3
	Unit		Daily	
Direct Care	Participant Caseload	1:12	1:10	1:8
	2022 DSP Benchmark Hourly Wage ¹ and ERE Percentage	\$18.28; 34% ERE		
	Productivity Assumption ²	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		
	2022 DSP Supervisor Hourly Wage ¹ and ERE Percentage	\$24.29; 31.0% ERE		
Indirect Care	Administrative Overhead	14.3%		
	Program Support Factor	5% (includes supplies, staff travel and transportation, and client transportation)		
Other Adjustments	ISC : Client Ratio	1:16		
	2022 ISC Hourly Wage ¹ and ERE Percentage	\$23.19; 31.40%		
	RN : Participant Ratio	1:28		
	2022 RN Hourly Wage ¹ and ERE RN Percentage	\$31.26; 28.99% ERE		
Benchmark Rate		\$38.08	\$45.68	\$57.12

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).



Current Service Landscape



Current Participants for CHOICES Waiver Services

A total of 2,403 participants are authorized to receive services in FY22.

- A vast majority of participants (92 percent) across all 20 providers receive both residential and non-residential services.
- The remaining eight percent of participants receive only non-residential services, including day services, career exploration, employment, speech and hearing, medical equipment and drugs, and other medical services.

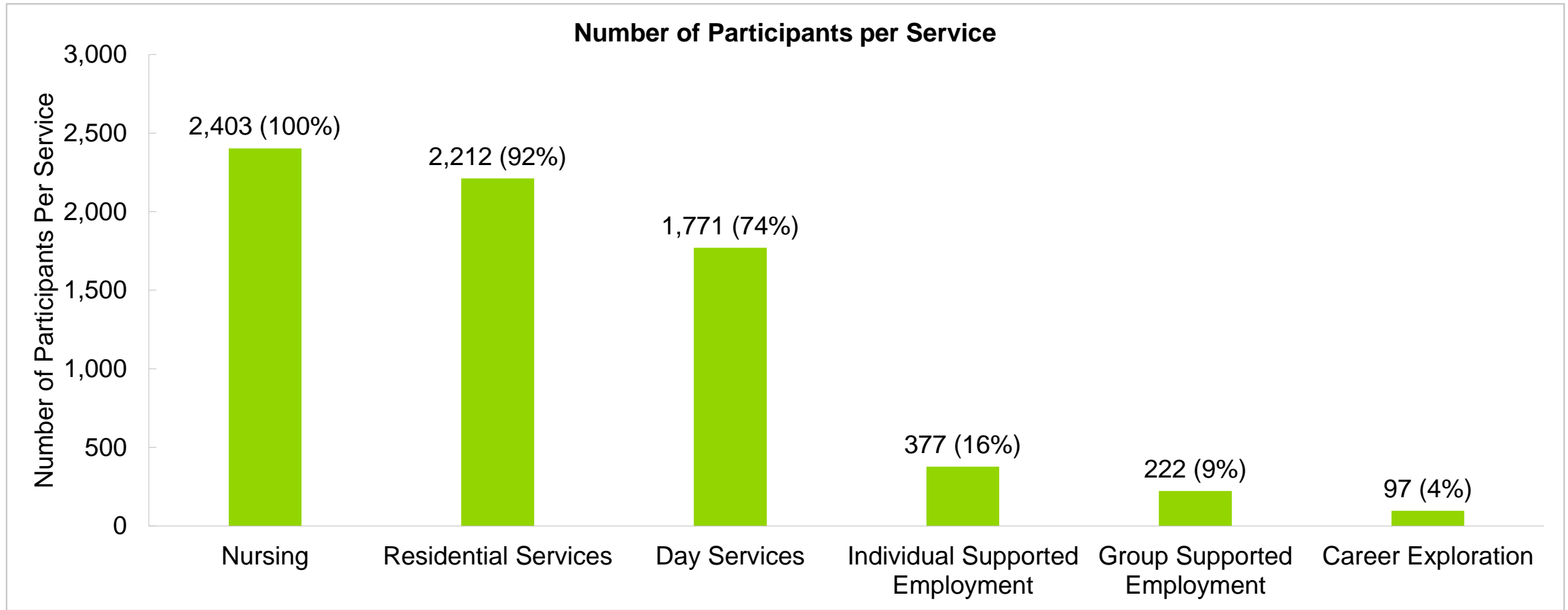
Service Type	Number of Participants (Percentage of Participants)	Number of Provider Organizations (Percentage of Provider Organizations)
Residential and Non-Residential Services	2,212 (92%)	20 (100%)
Non-Residential Services only	191 (8%)	19 (95%)
Total	2,403	20

Source: South Dakota DD Customer Service Authorization Data, FY22



Current Participants for CHOICES Waiver Services (cont.)

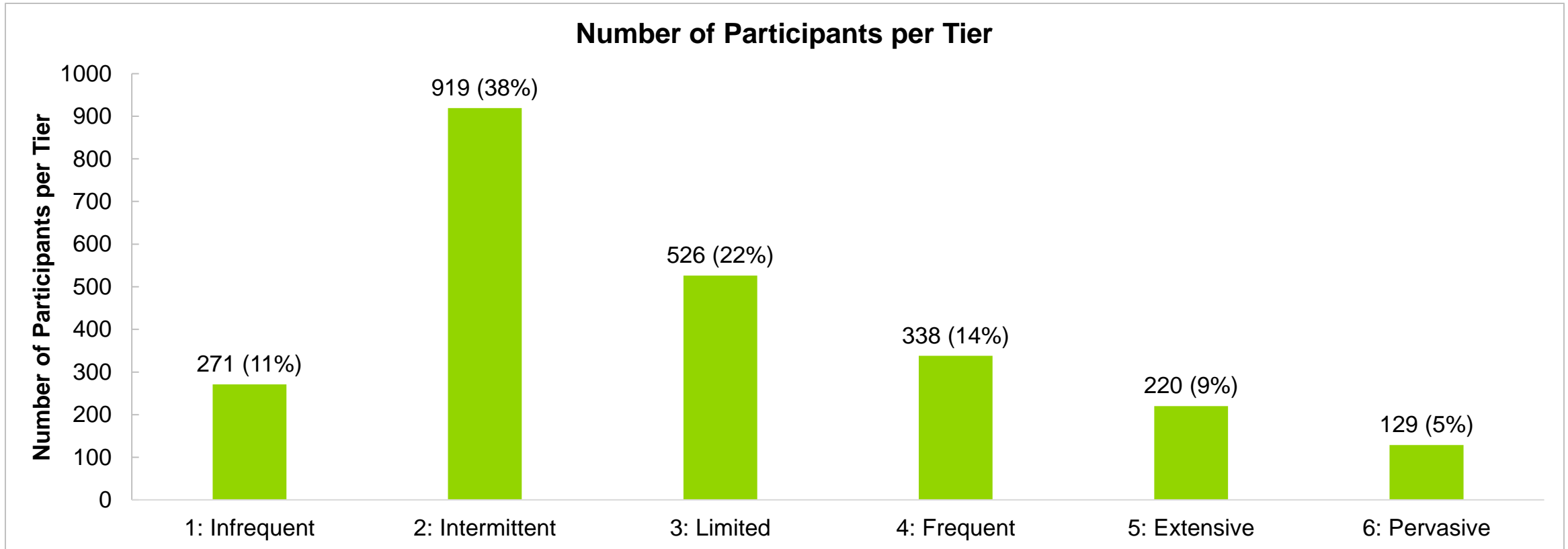
All 2,403 participants receive nursing services, and most of these participants receive residential and day services.



Source: South Dakota DD Customer Service Authorization Data, FY22

Current Participants by Support Tier

A majority of participants (60 percent) fall in the middle of the support scale within Tiers 2 and 3, with the remaining 40 percent of participants require infrequent, frequent, extensive and/or pervasive levels of care.



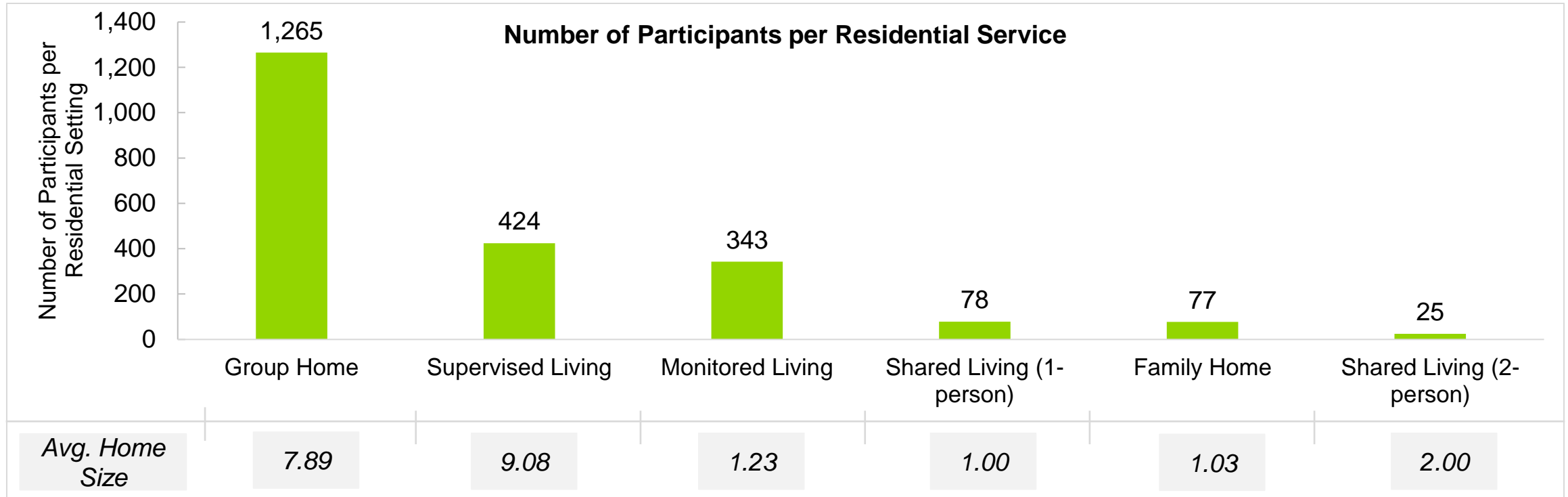
Source: South Dakota DD Customer Service Authorization Data, FY22



Current Participant Distribution for Residential Services

A total of 2,212 of 2,403 participants (92 percent) are authorized to receive Residential Services.

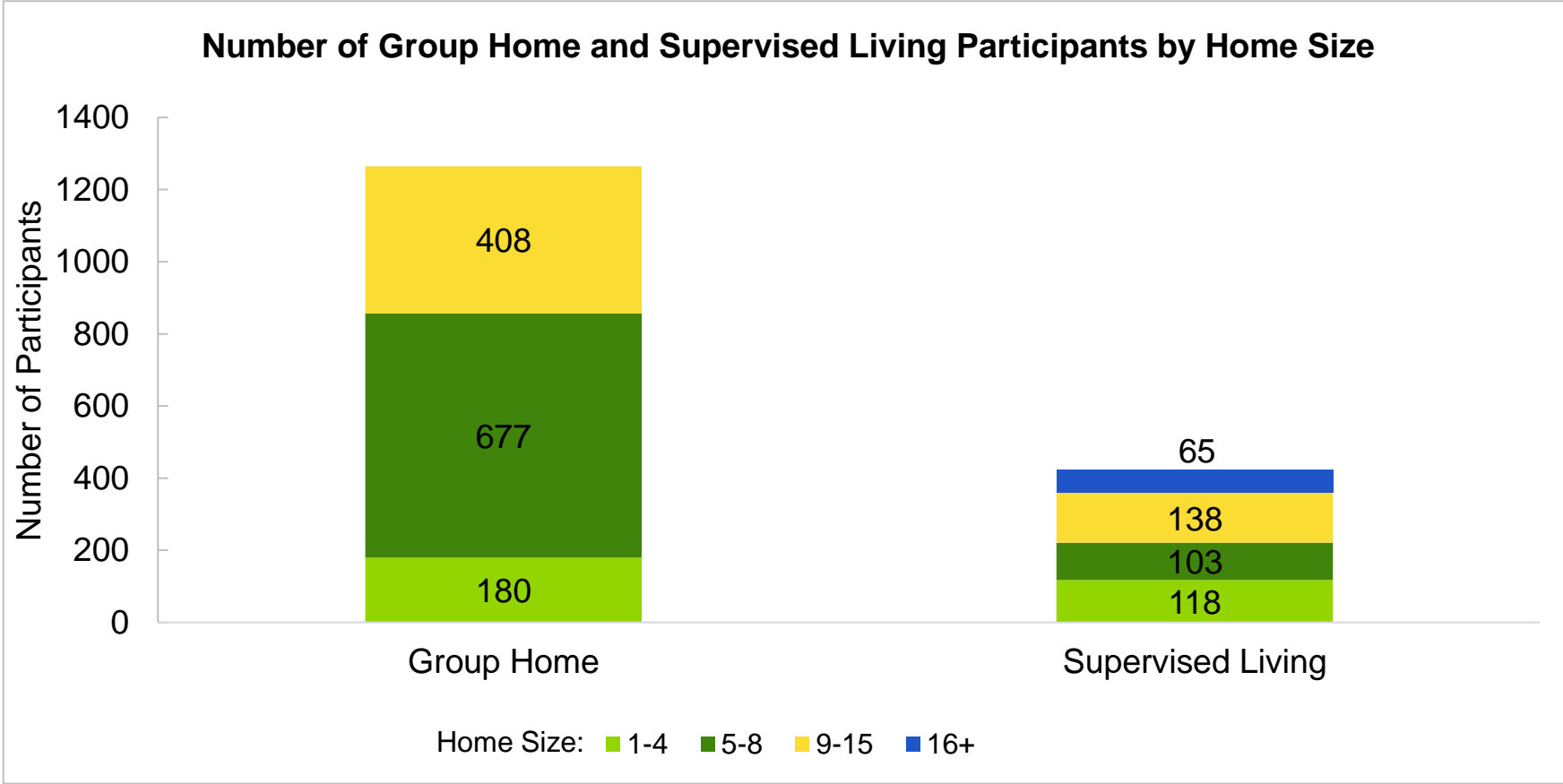
- Over 50 percent of residential participants reside in Group Homes followed by nearly 20 percent each in Supervised Living and Monitored Living settings.
- Family Home and Shared Living participants represent a relatively small number of residential participants.



Source: South Dakota DD Customer Service Authorization Data, FY22

Home Size for Group Home and Supervised Living

Over half of 1,265 Group Home participants reside in 5 to 8 people homes in contrast to Supervised Living in which 424 participants are distributed across all home sizes.



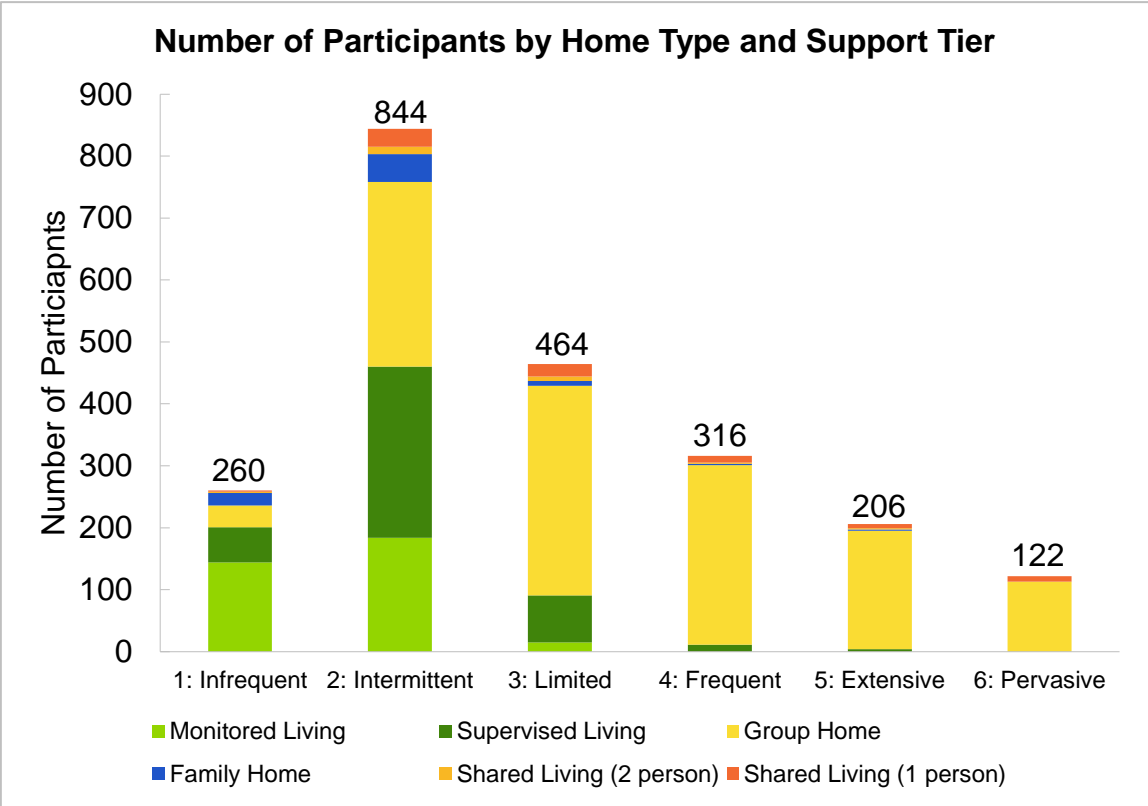
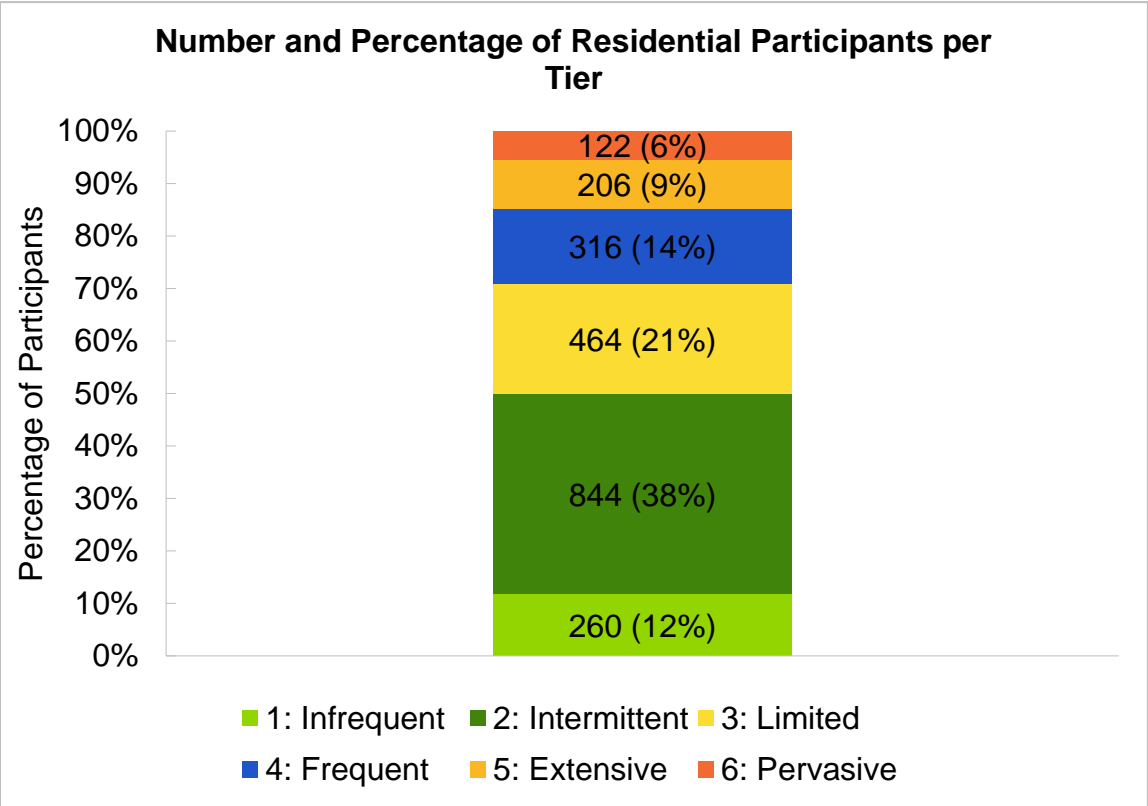
Source: South Dakota DD Customer Service Authorization Data, FY22



Residential Participants by Support Tier and Home Type

Providers serve participants across all Tiers in at least one of the residential settings.

- Group home and shared living (2-person) participants span all tiers indicating wider variation in needs among those participants, while other settings primarily include participants with infrequent to limited support needs.



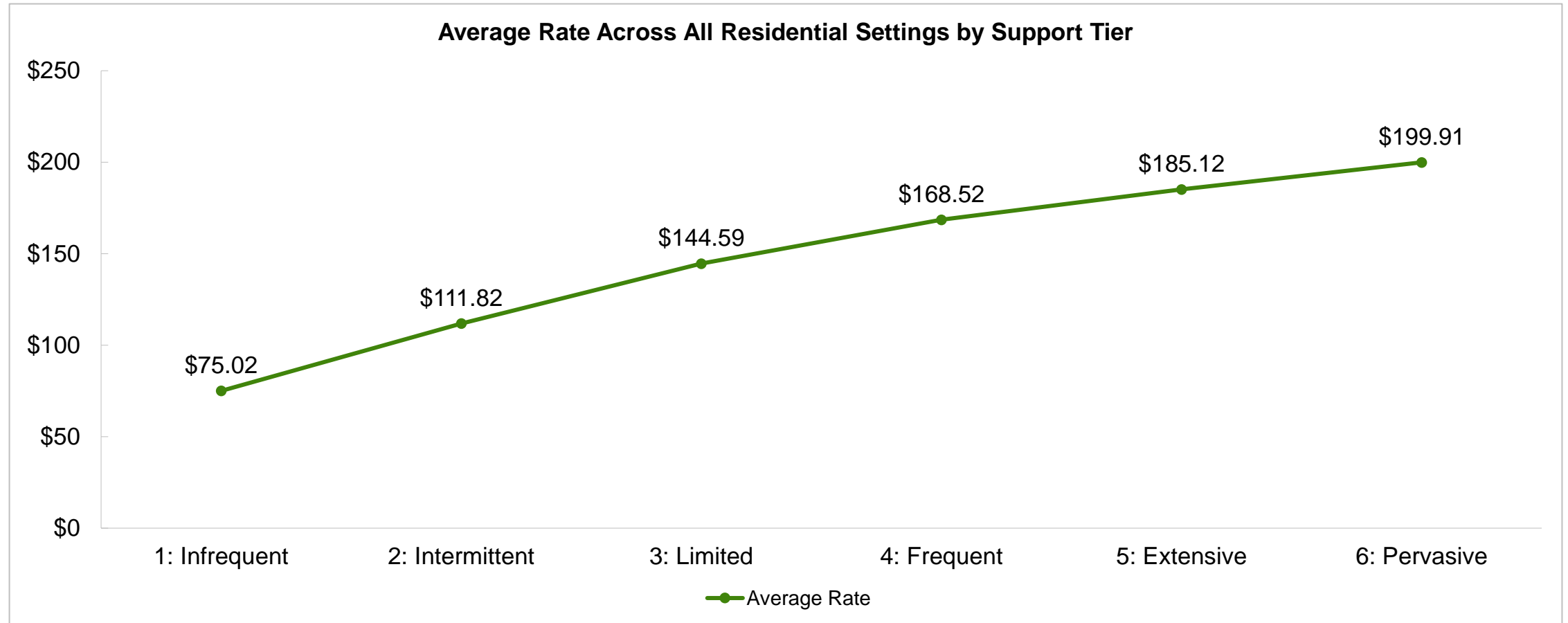
Source: South Dakota DD Customer Service Authorization Data, FY22



Rate Differentials Based on Support Need

Average Current Residential Rate by Support Tier

The average current rate by support tier across all residential settings increases from Tier 1 through Tier 6.

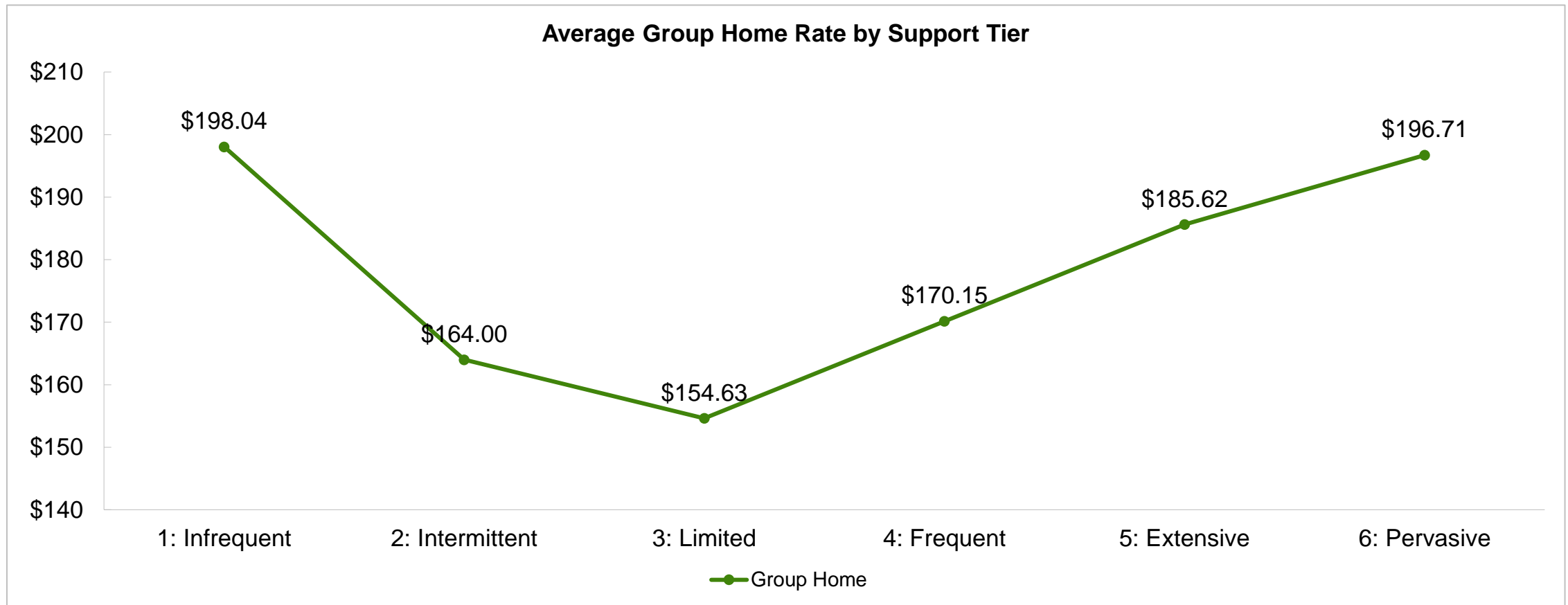


Source: South Dakota DD Customer Service Authorization Data, FY22



Average Current Rate for Group Home by Support Tier

In Group Homes, Tier 1 (Infrequent) average current rates are higher than Tier 6 (Pervasive) average rates, with no clear trend in current rates across other tiers.

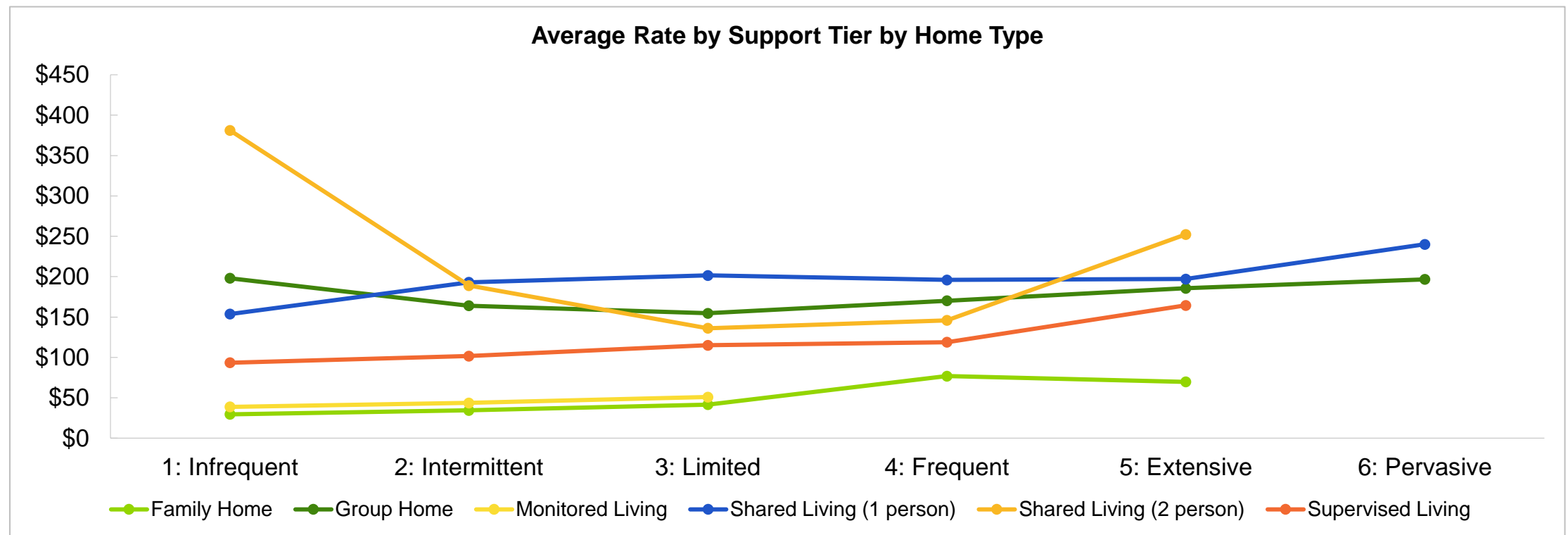


Source: South Dakota DD Customer Service Authorization Data, FY22

Average Current Rate by Support Tier and Home Type

The chart below depicts that there is no distinct relationship between the average rates and the level of support needed.

- For example, in shared living (2 person), the Tier 1 average rate is higher compared to Tiers 2-6 that are associated with higher support. However, this trend is inverted for family homes and monitored living.

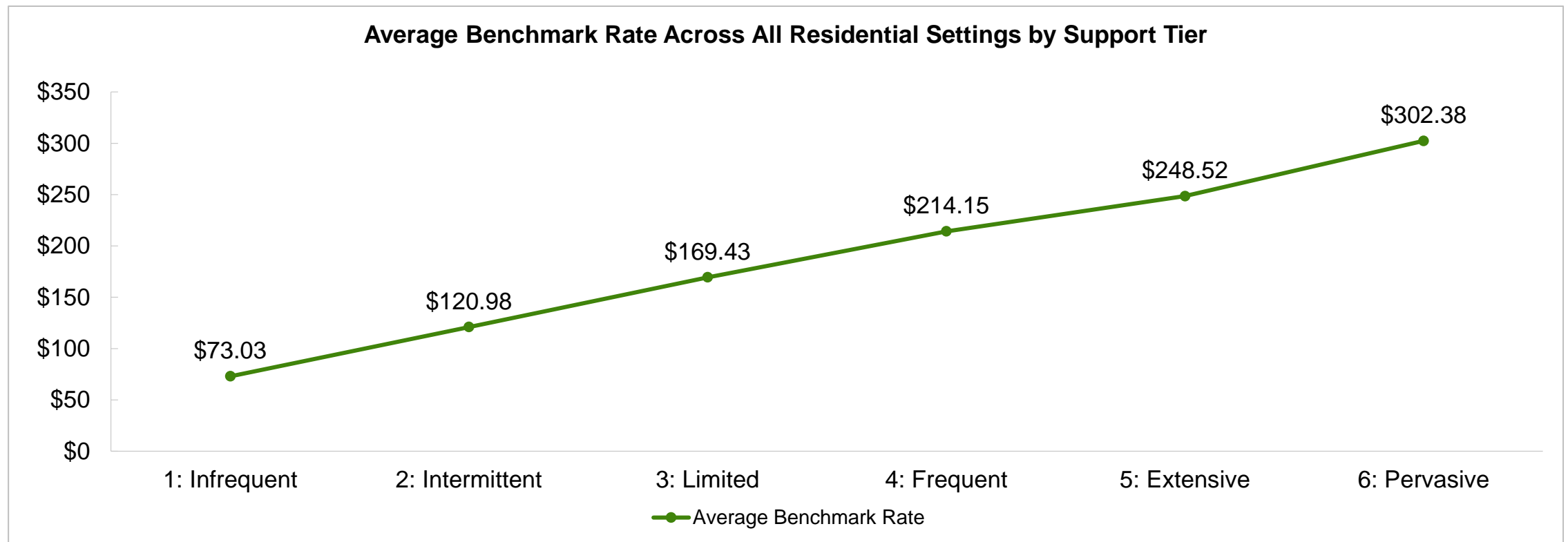


Source: South Dakota DD Customer Service Authorization Data, FY22

Average Benchmark Residential Rate by Support Tier

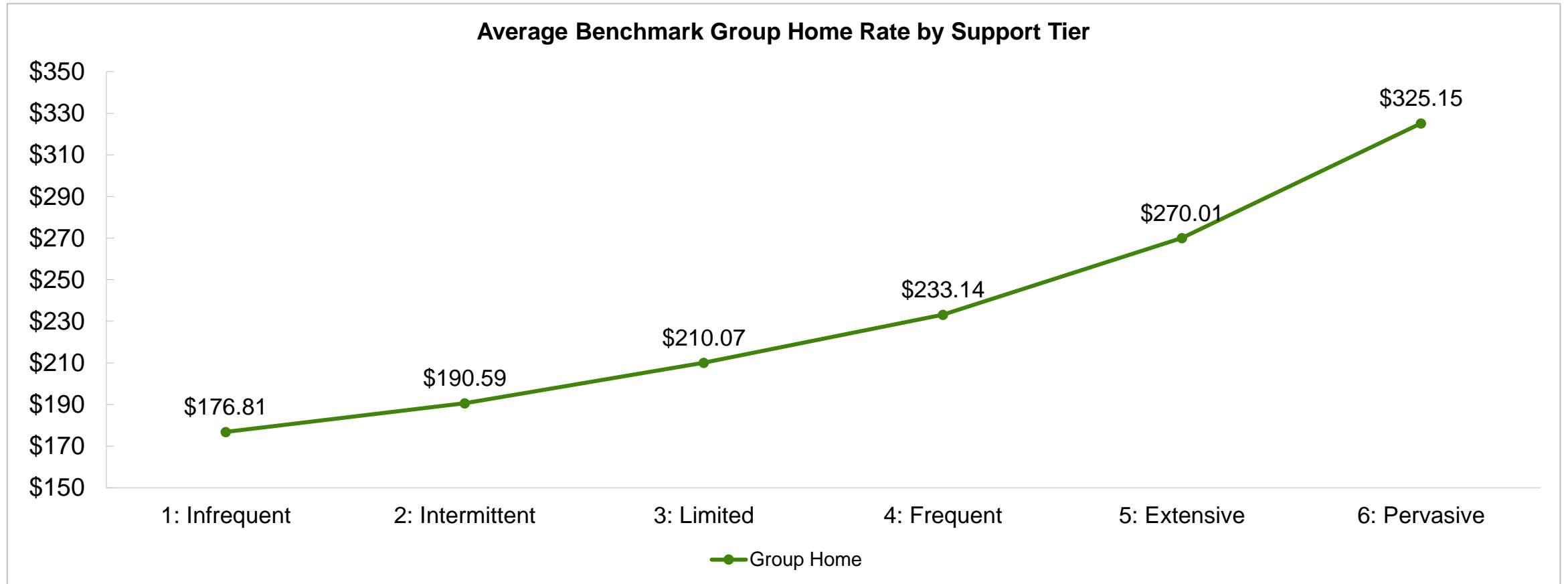
The average benchmark rate by support tier across all residential settings gradually increases from Tier 1 through Tier 6.

- On average, the residential benchmark rates grow by 23 percent over the current average rates per tier.



Average Benchmark Rate for Group Homes

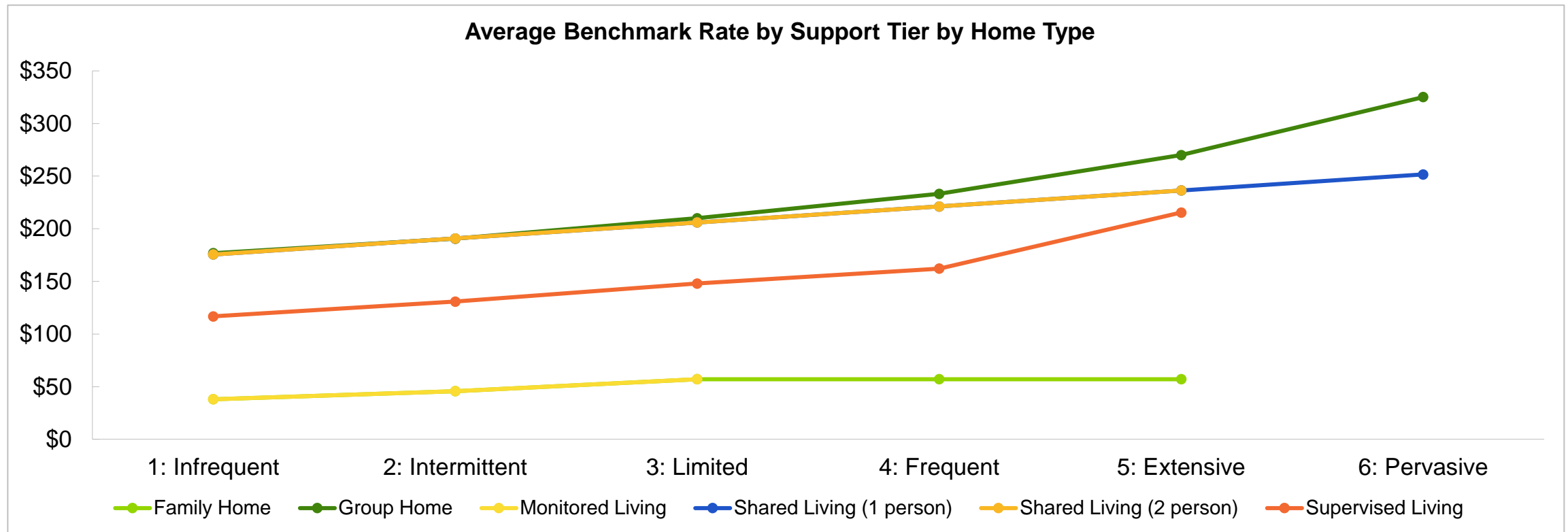
The standard group home average benchmark rates increased by 32 percent on average across all tiers from the current rate.



Average Benchmark Rate by Support Tier and Home Type

The chart below highlights the average benchmark rates gradually increase from Tier 1 through Tier 6.

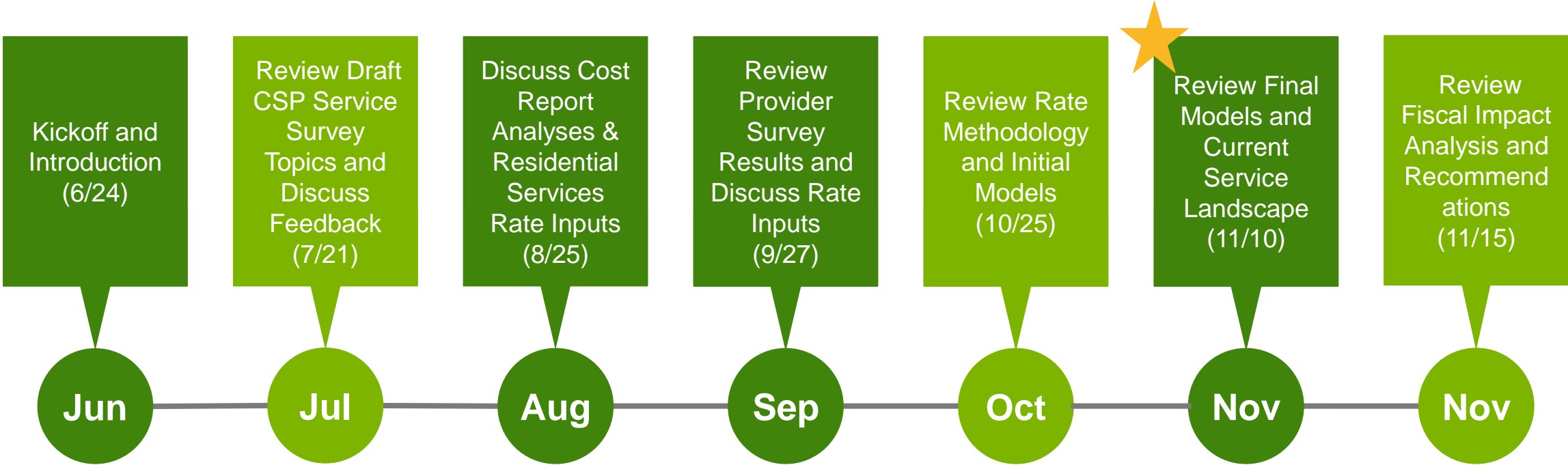
- Group homes and supervised living rates both experience an average increase of 30 percent across tiers, and the remaining rates increase by 5-11 percent on average based on the service.



Timeline & Next Steps

Rate Methodology Workgroup Meeting Schedule

The Rate Methodology Workgroup and Guidehouse meet once a month to discuss topics related to survey development and implementation, service review, as well as rate methodology and modeling requirements and results.



■ Onsite
■ Remote



Next Steps

Rate Methodology Workgroup

- Provide feedback on shared living and family home residential rate assumptions.

Guidehouse

- 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

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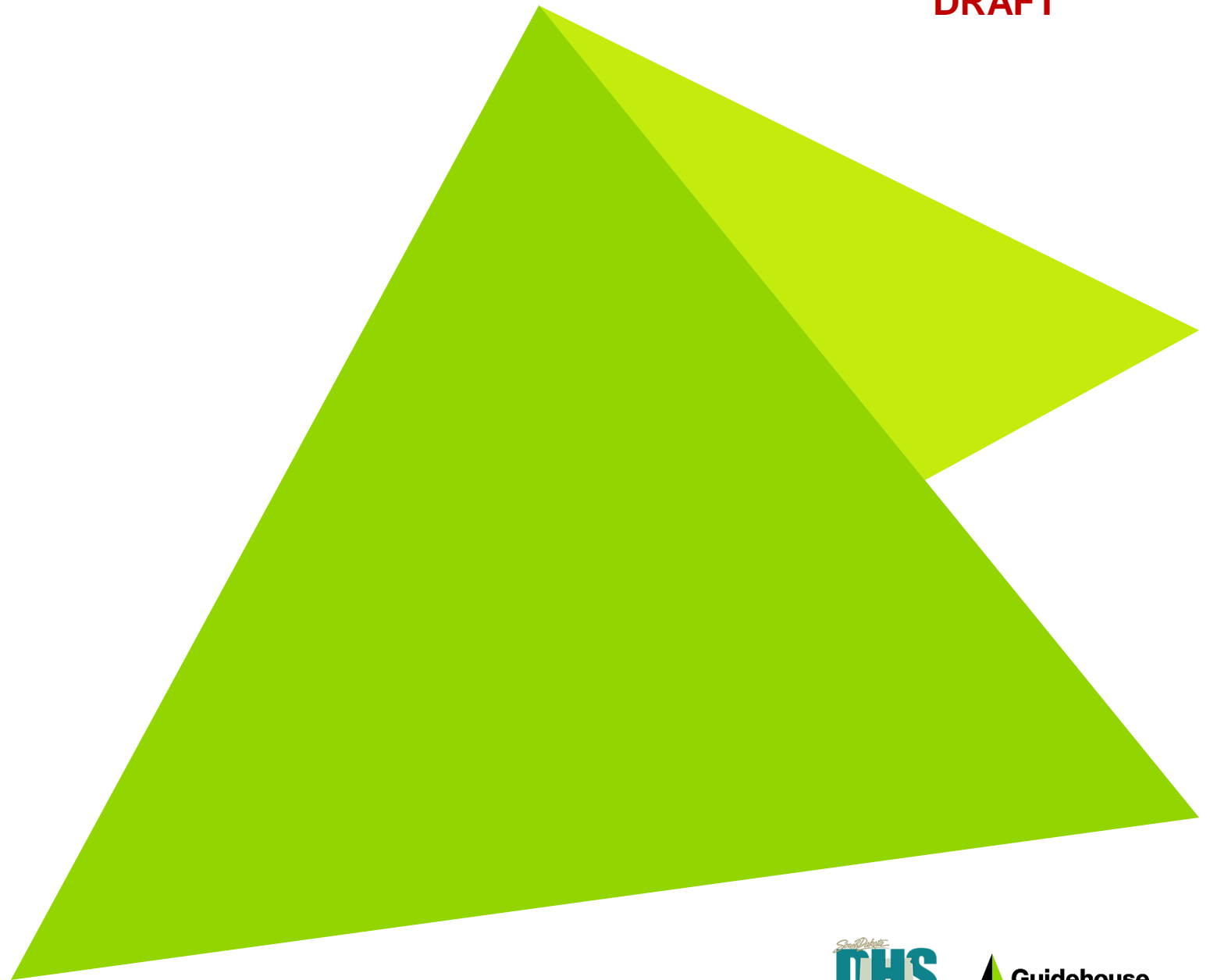
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Appendix

Benchmark Tiered Rates for Standard Group Home

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

Tier	Home Size or Number of Participants							
	1	2	3	4	5	6	7	8+
Tier 1	\$731.57	\$389.32	\$275.23	\$218.19	\$156.41	\$154.58	\$153.27	\$152.29
Tier 2	\$731.57	\$389.32	\$275.23	\$225.32	\$208.94	\$188.04	\$180.24	\$172.61
Tier 3	\$731.57	\$389.32	\$275.23	\$234.82	\$218.45	\$207.53	\$206.22	\$205.24
Tier 4	\$731.57	\$424.25	\$318.48	\$284.73	\$268.35	\$233.25	\$228.62	\$217.66
Tier 5	\$731.57	\$464.17	\$358.41	\$318.00	\$295.29	\$280.16	\$278.85	\$261.24
Tier 6	\$731.57	\$447.54	\$375.04	\$373.99	\$351.29	\$349.46	\$334.84	\$333.86

Benchmark Tiered Rates for Supervised Living

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

Tier	Home Size or Number of Participants							
	1	2	3	4	5	6	7	8+
Tier 1	\$143.94	\$143.94	\$143.94	\$143.94	\$116.24	\$114.41	\$113.11	\$112.13
Tier 2	\$150.20	\$150.20	\$150.20	\$150.20	\$147.45	\$135.64	\$134.34	\$126.70
Tier 3	\$158.54	\$158.54	\$158.54	\$158.54	\$155.80	\$153.97	\$152.67	\$151.69
Tier 4	\$204.39	\$204.39	\$204.39	\$204.39	\$201.65	\$168.58	\$164.35	\$153.39
Tier 5	\$237.66	\$237.66	\$237.66	\$237.66	\$214.96	\$199.82	\$198.51	\$180.90
Tier 6	\$266.88	\$266.88	\$266.88	\$266.88	\$244.17	\$242.34	\$227.73	\$226.75

Benchmark Rates for Shared Living Residential Services

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

Annual Individual Shared Living Payment						
1 Person and 2 Person Shared Living	Support Tier					
Rate Component	1	2	3	4	5	6
Stipend	\$43,800	\$49,275	\$54,750	\$60,225	\$65,700	\$71,175
ISC	\$5,283	\$5,283	\$5,283	\$5,283	\$5,283	\$5,283
Supervisor	\$5,516	\$5,516	\$5,516	\$5,516	\$5,516	\$5,516
Program Support	\$806	\$883	\$960	\$1,036	\$1,113	\$1,190
Base Nursing	\$2,995	\$2,995	\$2,995	\$2,995	\$2,995	\$2,995
Administration	\$1,973	\$1,973	\$1,973	\$1,973	\$1,973	\$1,973
Transportation	\$3,717	\$3,717	\$3,717	\$3,717	\$3,717	\$3,717
TOTAL	\$64,091	\$69,643	\$75,194	\$80,746	\$86,298	\$91,849