

Long-Term Services and Supports HCBS Rate Methodology

South Dakota Department of Human Services
Division of Long-Term Services and Supports (LTSS)

8/2/2023

Agenda

- Survey Submission Update
- Scope of Project
- Initial Wage Analysis
 - Inflation
 - Cost Reports
 - Bureau of Labor Statistics Wages
- Peer State Comparison
- Upcoming Advisory Workgroups
- Questions and Answers

Survey Submission Update

Scope of Project

Long-Term Services and Supports (LTSS) Services

Purpose of Rate Study

- Update rates to account for changes in costs and wages for the staff that provides these services
- Understand occupancy patterns and billable time
- Explore recommendations for competitive benefit assumptions
- Understand potential funding source nuances
- Key Deliverables:
 - Rate Models
 - Fiscal Impact
 - Final Report

Scope of Services

Assisted Living

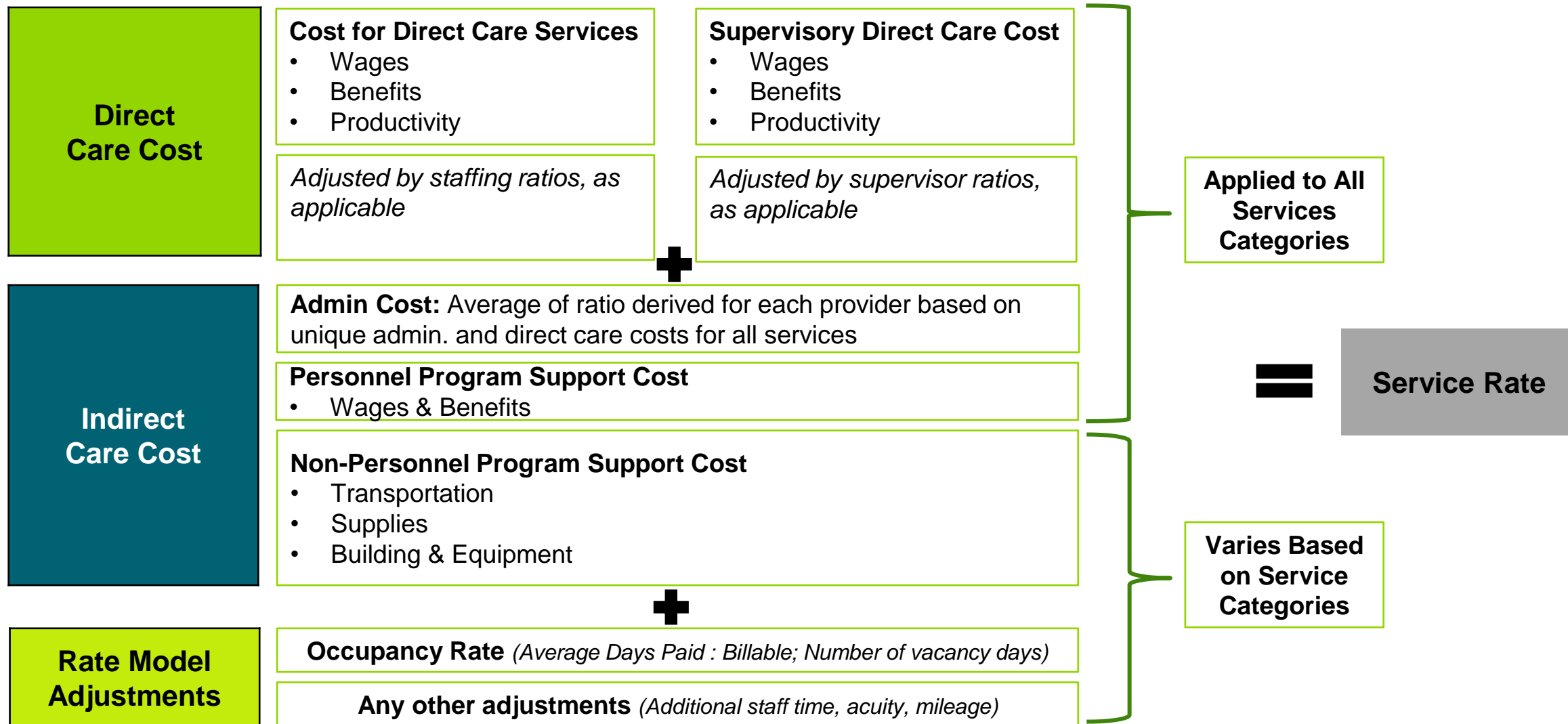
Community Living Homes

Structured Family Caregiving

Adult Day Services

Nutrition/Meals

Independent Rate Model Build Up Approach



Home Delivered Meals

Details surrounding rate model approach for meals

Food Costs

1. Daily food costs can be determined using the USDA food plan moderate-Cost option for males aged 51-70, annualized. Assuming three meals per day, we get the total cost per meal.
2. We plan to use survey data to derive the number of meals provided per month

Wages and Benefits

1. Wages and benefits for the main cooks and the number of cooks needed on average are considered
2. Wages and benefits for other meal prep and delivery staff are also added
3. Wages and benefits for the supervisor are adjusted to account for the time spent supervising

Other Costs

1. Expenditures are added for building and equipment costs
2. Expenditures are added to account for delivery travel costs
3. General administrative and program support overhead expenses are added

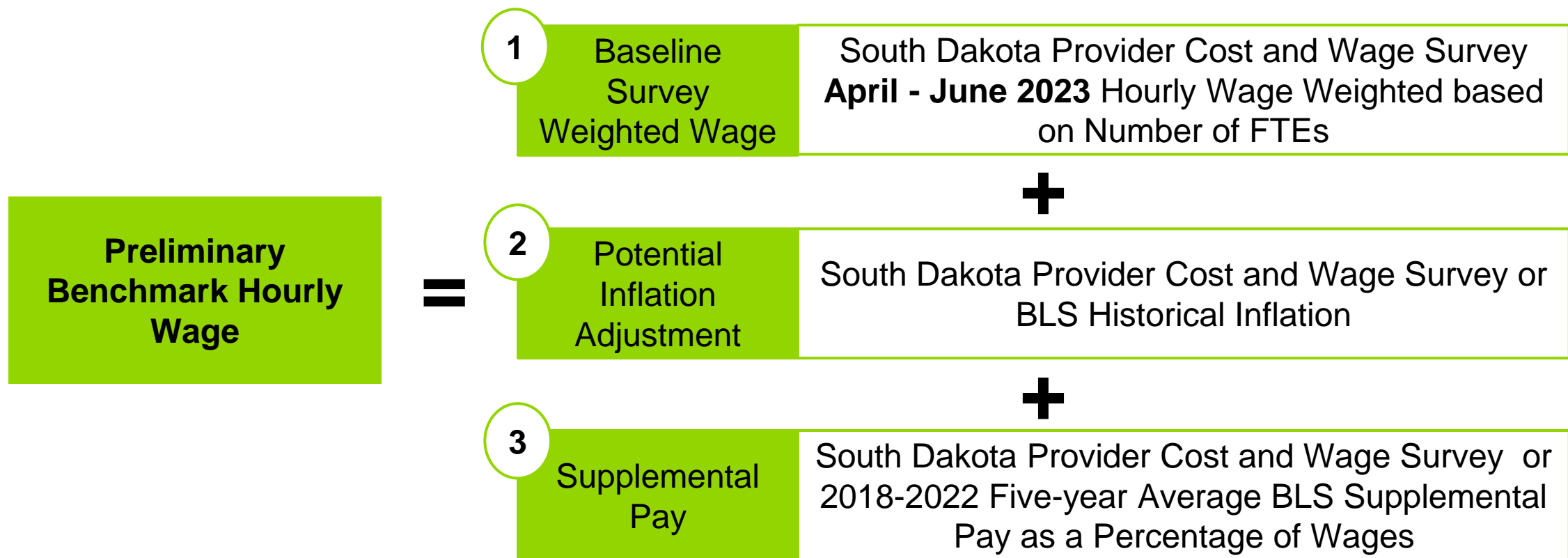
Rates are adjusted to accommodate the appropriate unit of service



Wage Analysis

Wage Adjustment Factors

Benchmark wages are calculated by FTE weighting the survey reported average wages for each job type. This value can then be adjusted by an additional inflation factor and includes supplemental pay.



Cost Trending: BLS Producer Price Index (PPI)

The Bureau of Labor Statistics Producer Price Indices (PPI) for Medicaid populations including residential and developmental disability homes and home health care services is suitable for estimating annual inflationary increases in provider costs.

PPI Industry Category	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Home health care services- Medicaid	113.1	113.9	115.5	116.3	117.5	122.9	125.4	129.0	130.2	134.2	141.8
		0.7%	1.4%	0.6%	1.1%	4.6%	2.0%	2.8%	1.0%	3.0%	5.7%
Nursing care facilities - Medicare and Medicaid patients	190.1	191.7	196.1	200.0	204.8	211.2	217.9	227.6	235.3	243.0	254.5
		0.8%	2.3%	2.0%	2.4%	3.2%	3.2%	4.4%	3.4%	3.3%	4.7%
Residential developmental disability homes	147.7	154.0	159.6	166.1	172.5	177.6	181.6	189.0	196.6	207.4	220.2
		4.3%	3.6%	4.1%	3.8%	3.0%	2.2%	4.0%	4.0%	5.5%	6.2%
Perishable prepared food manufacturing	122.2	125.2	130.9	132.0	132.7	135.0	136.5	136.7	135.1	146.1	150.8
		2.4%	4.6%	0.9%	0.5%	1.8%	1.1%	0.2%	-1.2%	8.1%	3.2%

*2023 is preliminary and partial months

Cost Trending- BLS Current Employment Statistics

The Bureau of Labor Statistics National Current Employment Statistics (CES) data produces earnings of workers within specific industries.

CES Category	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Assisted living facilities for the elderly	\$ 13.85	\$ 14.10	\$ 14.57	\$ 15.14	\$ 15.70	\$ 16.27	\$ 17.12	\$ 18.25	\$ 19.43	\$ 20.93	\$ 21.35
		1.8%	3.3%	3.9%	3.7%	3.6%	5.3%	6.6%	6.5%	7.7%	2.0%
Other residential care facilities	\$ 16.37	\$ 17.12	\$ 17.51	\$ 17.53	\$ 17.87	\$ 18.75	\$ 19.30	\$ 20.64	\$ 21.71	\$ 23.43	\$ 24.24
		4.6%	2.3%	0.1%	2.0%	4.9%	2.9%	6.9%	5.2%	7.9%	3.5%
Services for the elderly and persons with disabilities	\$ 13.89	\$ 13.87	\$ 14.03	\$ 14.52	\$ 14.91	\$ 15.30	\$ 15.82	\$ 16.63	\$ 17.47	\$ 18.81	\$ 19.74
		-0.2%	1.2%	3.5%	2.7%	2.6%	3.4%	5.1%	5.1%	7.7%	4.9%
Continuing care retirement communities and assisted living facilities for the elderly	\$ 15.12	\$ 15.39	\$ 15.79	\$ 16.24	\$ 16.74	\$ 17.33	\$ 17.90	\$ 18.83	\$ 19.97	\$ 21.73	\$ 22.39
		1.8%	2.6%	2.8%	3.1%	3.5%	3.3%	5.2%	6.0%	8.8%	3.0%

*2023 is preliminary and partial months

Cost Trending- BLS Current Employment Statistics

May point in time percentage change

	May		
CES Category	2021	2022	2023*
Assisted living facilities for the elderly	\$18.91	\$20.81	\$21.46
		10.0%	3.1%
Continuing care retirement communities and assisted living facilities for the elderly	\$19.44	\$21.53	\$22.54
		10.8%	4.7%
Services for the elderly and persons with disabilities	\$17.21	\$18.49	\$19.69
		7.4%	6.5%
Other residential care facilities	\$21.44	\$22.94	\$24.19
		7.0%	5.4%



*May 2023 preliminary wage

BLS and Provider Reported Wage Comparison

The table below highlights the comparison of baseline wages reported in Cost Reports and Bureau of Labor Statistics OEWS data

FY2022 Cost Reports (Inflated by CES 3.1%)			May 2022 BLS Baseline Hourly Wages (Inflated by CES 3.1%)			
Job Type (Staff)	FTE Weighted Wage (May 2022)	Inflated Hourly FTE Weighted Wage (May 2023)	Occupation (SOC code)	Hourly Mean Wage (May 2022)	Inflated Hourly Mean Wage (May 2023)	Difference
Registered Nurse (RN)	\$33.43	\$34.46	Registered Nurses (291141)	\$31.01	\$31.97	7.8%
Licensed Practical Nurse (LPN)	\$26.12	\$26.93	Licensed Practical and Licensed Vocational Nurses (292061)	\$22.12	\$22.81	18.1%
Aides	\$17.99	\$18.55	Home Health and Personal Care Aides (311120)	\$15.20	\$15.67	18.4%
Housekeeping	\$13.63	\$14.05	Maid and Housekeeping Cleaners (372012)	\$13.32	\$13.73	2.3%
Administrator / Manager	\$32.50	\$33.51	Administrative Services Managers (113012)	\$44.88	\$46.27	-27.6%

BLS Wage Comparison

Additional staff types that could be relevant to rate study services

Provider Cost and Wage Survey	May 2022 BLS Baseline Hourly Wages (Inflated by CES 3.1%)		
Job Type (Staff)	Occupation (SOC code)	Hourly Mean Wage (May 2022)	Inflated Hourly Mean Wage (May 2023)
Certified Nurse's Assistant (CNA)	Nursing Assistants (311131)	\$15.54	\$16.02
Certified Peer Support Specialist	Healthcare Support Workers, All Other (319099)	\$18.45	\$19.02
Licensed Clinical Social Worker (LCSW)	Healthcare Social Workers (211022)	\$23.54	\$24.27
Occupational Therapist	Occupational Therapists (291122)	\$36.97	\$38.12
Physical Therapist	Physical Therapists (291123)	\$42.31	\$43.62
Cook	Cooks, Institution and Cafeteria (352012)	\$15.50	\$15.98
Certified Medication Assistant (CMA)	Medical Assistants(319092)	\$17.12	\$17.65
Activities Director	First-Line Supervisors of Entertainment and Recreation Workers, Except Gambling Services(391014)	\$19.66	\$20.27

Peer State Comparisons

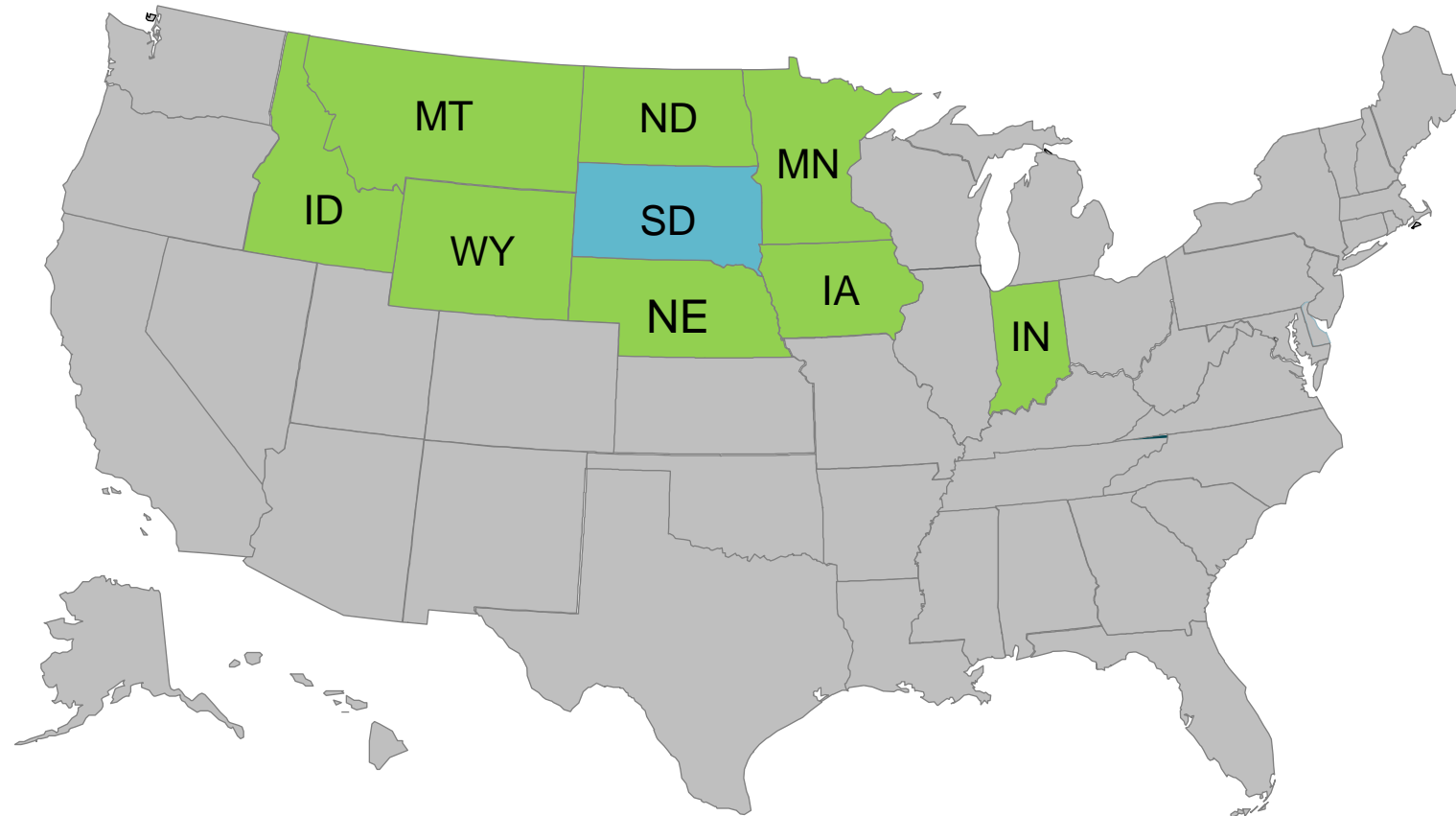
Acuity Adjustment

Assisted Living, Community Living Homes and Structured Family Caregiving

- At least **124** functional assessment tools currently in use across the country for the full LTSS array of populations
- There are roughly **25** states that have adopted the **InterRAI-HC** assessment tool in some capacity. InterRAI is considered the general “gold standard” within this space since it is the dominant tool across states.
- However, there is flexibility around how states are utilizing this tool and it is not always leveraged to adjust reimbursement.
- An assessment tool that captures the activities of daily living, cognition, behavioral challenges, medical issues, living arrangement and informal supports is critical.
- Important to have methodology that is explainable and transparent between tiers of reimbursement
- Currently, Guidehouse is in the process of fact finding and evaluating peer states to understand how and if acuity adjusters are applied.

Peer States

Guidehouse collaborated with the DHS to determine states that have commonalities with South Dakota to analyze services and their corresponding rates.



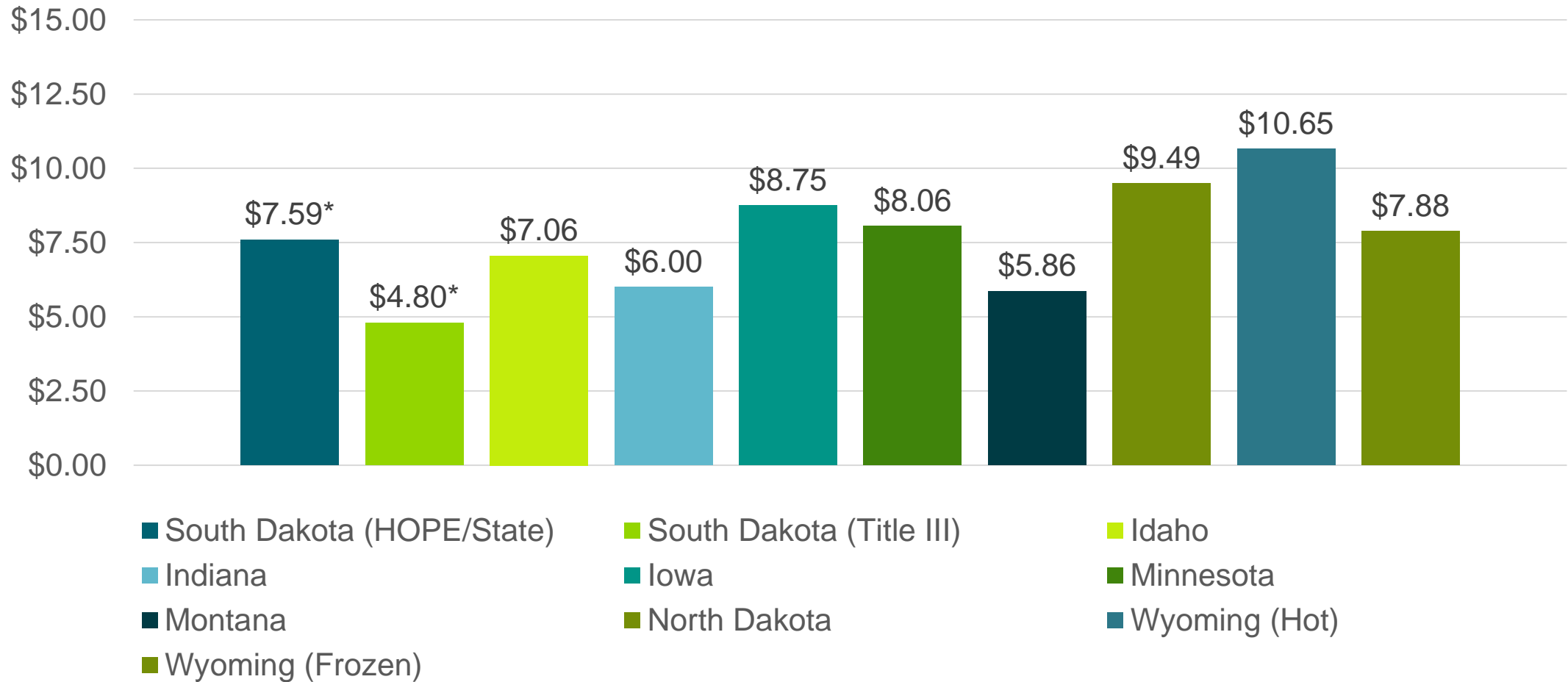
Key Themes

When assessing the service delivery systems in peer states, there are a few preliminary themes of note:

- Peer states largely utilize 1-3 tier(s) of rates for assisted living except for Nebraska (4 tiers) who have a different structure for rural and urban rates.
- Adult Day service tier(s)/level(s) structure across most peer states have a standard adult day service rate except for some states who have separate social and health model rates and specialized rates for more intensive services
- The structure of community living home programs varies greatly from state to state, with some managing the homes directly, others combining community living home services with similar programs in larger facilities, and some not having a fully developed comparable program.
- Current research is still ongoing for Guidehouse to better understand individual state dynamics as it relates to structured family caregivers. Some states indicate that family caregivers need to be specifically certified.
- Primarily peer state meal rates are structured as a single statewide rate per meal, Wyoming however has two separate statewide rates for hot and frozen meals

Meals

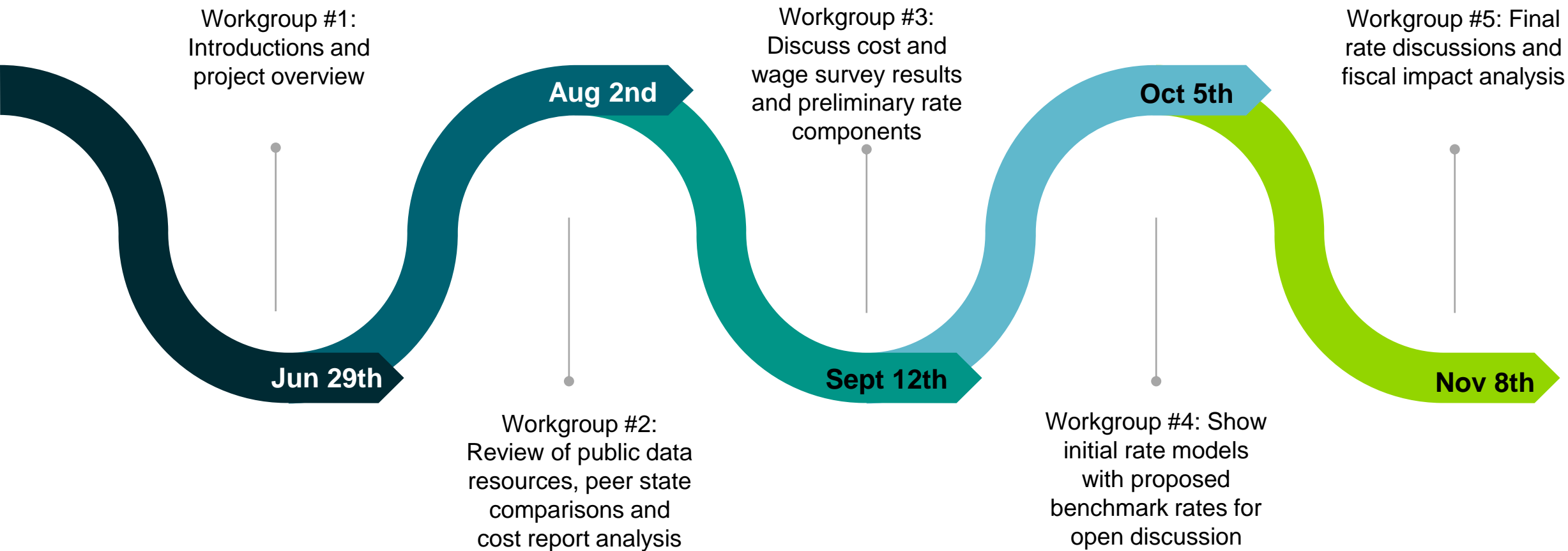
South Dakota is the only state observed to have different rates by provider, all other states had a single rate when comparing to Meal rates for similar populations



* Average rate across providers

Advisory Workgroup Timeline and Next Steps

Advisory Workgroup Timeline



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Thank You

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