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Post Office Box 83720
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October 17, 2016

To: Idaho Medicaid Supported Living Providers

Re: Supported Living Cost Survey

Dear Supported Living Providers,

As you know, Idaho Medicaid and its contractor, Myers and Stauffer, have recently completed a cost survey of supported living providers. The purpose of this letter is let you know how Medicaid intends to move forward with rate updates informed by that survey.

Medicaid leadership and the Idaho Association of Community Providers (IACP) Provider Subgroup have met several times to discuss the preliminary results of the cost survey. While we have diligently worked towards a unified solution, Medicaid leadership and the IACP Provider Subgroup have not come to an agreement for all aspects of the rate calculation. We plan on convening meetings in the near future in connection with these changes to answer questions and discuss potential improvements for our supported living program.

Cost Survey

The cost survey revealed the rates set forth below. Myers and Stauffer will be releasing their full report shortly with specific details on cost survey results.

Cost Survey Findings	
Average hourly rate paid to direct care staff (includes overtime)	\$ 9.60
Average hourly employee related expenses cost	\$ 2.23
Hourly program related and general and administrative expenses, 75 th percentile	\$ 5.32
<i>Total Hourly Rate</i>	<i>\$ 17.15</i>

This data is the starting point for rate development, but, as discussed below, the Department adjusted some of the components in accordance with rule to calculate a higher wage and rate.

Direct Care Staff Wages

IDAPA 16.03.10.037 directs the Department to use wages “identified in the Bureau of Labor Statistics [BLS] website at www.bls.gov when there is a comparable occupation title for the direct care staff.”

These occupational employment and wage estimates are calculated with data collected from employers in all industry sectors in metropolitan and nonmetropolitan areas in Idaho. When there is no comparable occupation title, then we are directed to use a weighted average hourly rate methodology, which in this cost survey would result in a wage basis of \$9.60 per hour.

Medicaid concluded the most comparable BLS occupation title is Personal Care Aide¹ (BLS Occupation Code 39-9021). As stated at the BLS website:

Personal care aides help clients with self-care and everyday tasks. They also provide social supports and assistance that enable clients to participate in their communities...Most personal care aides work in clients' homes, small group homes, or larger care communities.

This description, and other information on the BLS website, fits with the description of residential habilitation in IDAPA 16.03.10.703.01:

Residential habilitation services consist of an integrated array of individually tailored services and supports furnished to eligible participants. These services and supports are designed to assist the participants to reside successfully in their own homes, with their families, or in certified family homes.

The most recent Idaho BLS data, from May 2015, shows the average hourly wage at \$9.73 per hour. To account for wage changes that have occurred since that date, we have inflated the wage using employment cost index inflation data for Western states, resulting in a direct care staff wage basis of \$10.19 per hour.

Employee Related Expenses

IDAPA 16.03.10.037 directs the Department to use BLS and IRS reports for calculation of the employee related expenses. This amount results in an employee related expense component of \$3.73 per hour, which is \$1.50 per hour more than the average survey results.

Program Related and General and Administrative Expenses

IDAPA 16.03.10.037 directs the Department to calculate program related and general and administrative expenses based on the 75th percentile of provider costs. These have been calculated separately rather than as a combination, which results in an overall increase of \$0.44 hourly for these components of the rate.

Basis for Rates

Our primary objective with establishing rates is to ensure that they are adequate to support quality services that meet the needs of Medicaid participants. The method of calculation to establish these rates is governed by IDAPA, Idaho Code, and federal Medicaid law, which requires payments to providers to be consistent with efficiency, economy, and quality of care. Based upon these requirements, the calculation of rates are as follows:

Basis for Rates	
Direct Care Component, BLS 39-9021 Personal Care Aide inflated forward to 3/1/17	\$ 10.19
Employee related expenses based on BLS and IRS method prescribed in 16.03.10.037 and inflated forward to 3/1/17	\$ 3.73
Hourly program related expenses, 75 th percentile	\$ 3.72
Hourly general and administrative expenses, 75 th percentile	\$ 2.04
<i>Total Hourly Rate</i>	<i>\$ 19.68</i>

This basis is \$2.53 higher on an hourly basis than the cost survey results, which amounts to about a 15% increase over the raw cost survey. This basis results in the following fee schedule:

¹ <http://www.bls.gov/ooh/personal-care-and-service/personal-care-aides.htm>

Rates by Code					
H2015 Individual	H2015/HQ Group	H2016 Intense	H2016 Intense, School-Based	H2022 High	H2016 High, School-Based
\$4.92	\$1.97	\$472.32	\$373.92	\$236.16	\$186.96

Reprocessing

In Medicaid information release MA16-01 we stated that the Department would reprocess claims back to February 1, 2016 if the change in rates was more than 5% higher or lower than the new rates established as a result of the cost survey process. The Department is still analyzing this decision.

Next Steps

The Department will schedule a series of meetings in the next few weeks where providers will have the opportunity to give feedback and discuss potential impacts of this change. The first meeting is tentatively scheduled for Monday October 24th from 1:00 PM to 3:00 PM at the Medicaid offices at 3232 Elder Street in Boise. We will also be providing a conference call option for providers who cannot attend in person.

We will also be posting proposed changes to our Adult Developmental Disability Services 1915(c) waiver to our website for provider and public comment. After a 30 day comment period, we will respond and make adjustments to our draft waiver changes. Our target date for implementing rate changes is March 1, 2017.

We would like to thank the IACP Provider Subgroup for their input on rate development. While the IACP Provider Subgroup has expressed concerns around some of the decisions made for developing these rates, we appreciate their willingness to meet with us and openly discuss these issues and their concerns. We plan on continuing to meet and discuss Medicaid approaches to reimbursement and cost surveys with the IACP as well as other providers.

Thank you for your patience and willingness to work collaboratively with Medicaid staff as we develop and implement these changes. If you have questions please call 1 (844) 786-7997 or you may contact us by email at reshabrates@dhw.idaho.gov.

Sincerely,



Matt Wimmer
Administrator
Division of Medicaid