



State of Minnesota

Department of Human Services

**Final Report: Non-Wage Provider Costs in
Home and Community-Based
Disability Waiver Services**

May 31, 2016

Truven Health Analytics, an IBM Company

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Introduction

Minnesota Statutes 2013, section 256B.4914, subdivisions 10 (b) and (g), state that the Commissioner shall conduct analyses that address differences in the underlying cost of providing home and community-based disability waiver services (HCBS) throughout the state. In a prior study for the Minnesota Department of Human Services (DHS), Truven Health researched and made recommendations for implementing an index to capture their variation in wage-based costs. The aim of this new study is to investigate the non-wage cost components associated with providing DWS. We sought to address the following questions posed by Minnesota DHS:

- What specific non-wage costs are needed to provide HCBS effectively? Are there cost components that have not been identified previously?
- By service framework and by service bucket, what value and/or percentage should be incorporated in the rate methodology frameworks to cover each identified non-wage cost component?
- By service framework and by service bucket, how do these cost components vary by provider? Were statistically significant trends observed, such as characteristics of recipients served, waiver type, and geographic region?

To answer these questions, we (1) collected data from primary data sources, where available, and (2) developed and administered a provider survey in collaboration with the Minnesota DHS and other key stakeholders. These data collection activities were conducted by a panel of Truven Health Medicaid experts, Minnesota DHS personnel, provider focus groups, and stakeholders. We used the data collected to complete the following steps:

1. Validate existing and identify new non-wage cost components
2. Determine the values of each non-wage cost component
3. Identify whether credible variation in non-wage cost components across different service buckets and categories, geographic areas, waiver programs, and other meaningful characteristics could be determined.

In this report, we present the results of our study. First, we discuss our underlying understanding of the issues and preliminary research activities conducted in preparation for our data collection. Next, we discuss the methodologies and results of our primary data collection and our provider survey by non-wage cost category. We then provide our recommendations based on both data collection

activities. We conclude with a discussion of challenges, caveats, and limitations, and suggest further areas of study.

Preliminary Research

Review Current Rate-Setting Methodology Structure

Our initial step was to review the current rate-setting methodology to identify underlying issues, gaps, and areas for improvement in this current methodology. Three resources provided the foundation for understanding the current rates, how they are calculated, and the supporting data for the factors used. The first resource from the Minnesota DHS titled *Disability Waiver Rate System Component Values Effective January 1, 2014*¹ provided a concise summary of each of the current framework factors and how they differed between service buckets. The second resource from the Minnesota DHS website² provided all current disability waiver rate setting frameworks and showed the details for how the framework factors are applied (e.g., order of operations).

The third resource, which provided information for the values in the current methodology, was a report produced by Navigant Consulting, Inc. (Navigant) titled *Summary of Recommendations: Results of 2010 Rate Setting Methodologies Initiative (RSMI) Analyses and Recommendations* (Navigant Report), from January 31, 2012. Much like the study that we were engaged to perform, the Navigant Report was based on both a primary data search and a provider survey. Although the Navigant Report made recommendations for the cost components necessary to provide DWS in Minnesota, the rate-setting methodology was developed and finalized after recommendations were made to the Minnesota DHS. For some factors, a key difference will be that the Navigant report provided most rates as a percentage of total compensation. In contrast, our recommendations take into account the order of operations that are part of the current rate-setting methodology. Where possible, we have made our recommendations in light of this methodology.

The following are cost components of the current rate-setting methodology:

- Hourly wages
- Supervision/span of control
- Vacation, Sick Leave, and Training
- Taxes and Workers' Compensation
- Other Benefits
- Client Program and Support
- Program Plan Support
- Standard General and Administrative (G&A) Support
- Program-Related Support
- Utilization and Absence
- Transportation
- Facility use

¹ Minnesota Department of Human Services. Disability Waiver Rate System Component Values Effective January 1, 2014. https://mn.gov/dhs-stat/images/WRS_ComponentValues.pdf. Accessed March 25, 2016.

² Minnesota Department of Human Services. Disability Waiver Rate Setting Frameworks. Last updated March 14, 2016. <http://mn.gov/dhs/partners-and-providers/continuing-care/reform-initiatives/rate-setting/rate-setting-frameworks.jsp>. Accessed March 25, 2016.

Through our preliminary research, we found that these cost components comprehensively cover the allowable costs associated with providing home and community-based services (HCBS). However, some areas within this component structure provide good opportunities for refinement or clarification in their definition. These are discussed further in the Primary Data Collection section of this report. Hourly wages were researched in a prior study, so we excluded them from our analysis of non-wage cost components. We also excluded unallowable non-wage costs that are not eligible within Medicaid rates, such as charitable contributions and lobbying costs.

The cost components identified above represent the scope of costs extensively studied within this report. Some additional nuances within the frameworks, such as wages or customizations for individuals who are deaf or hard of hearing, were not included in our study.

The cost components were categorized by four primary service buckets (Day, Residential, Unit-Based With Programming, and Unit-Based Without Programming) that were further broken down by service categories that align to framework models (see Table 1).

Table 1. Service Organization by Bucket

Service Bucket	HCBS Services	Framework Model
Day	Adult Day, 15-Minute	AdultDayCare15Min.xls
	Adult Day, Daily	AdultDayCareDaily.xls
	DTH, 15-Minute	DTH15minutes.xls
	DTH, Daily	DTHdaily.xls
	Prevocational Services, Hourly	PrevocHourly.xls
	Prevocational Services, Daily	PrevocDay.xls
	Structured Day, 15-Minute	StructuredDay15Min.xls
	Structured Daily, Daily	StructuredDayDaily.xls
Residential	Customized Living Daily, 24-Hour Customized Living Daily, and Residential Care Services Daily	CustomizedLivingandResidentialCareSerives.xls
	Corporate Foster Care Daily and Corporate Supportive Living Services Daily	FosterCareSupportedLivingCorporate.xls
	Family Foster Care Daily and Family Supportive Living Services Daily	FosterCareSupportedLivingFamily.xls
Unit without programming	Personal Support and Companion Services	PersonalSupport.xls
	Night Supervision	NightSupervision.xls
	Respite Care Services, 15-Minute	Respite15minutes.xls
	Respite Care Services, Daily	RespiteDaily.xls
Unit with programming	Behavioral Support Services	BehaviorSupport.xls
	Housing Access Coordination	HousingAccessCoorindation.xls
	In-Home Family Support	InHomeFamilySupport.xls
	Independent Living Skills Training	ILSTraining.xls
	Supportive Living Services, 15-Minute	SLS15Min.xls
	Supported Employment Services	SupportedEmployment.xls

We believe that this service structure should remain intact, because it appropriately reflects the variety of HCBS offered in Minnesota. Although other strong systems have been identified, we did not find sufficient evidence to substantiate changing the basic rate structure. During a scan of comparable state policies related to payment structures, no findings indicated that new rate structures would result in meaningfully different or more equitable rates. The burden to change to an entirely new rate structure is considerable, so we advise against major modification. Rather, we suggest implementing refined rates within the existing framework to achieve payments that more accurately reflect cost. Through our panel, focus group, and survey responses we received feedback that certain types of expenses were not currently being covered. However, it has been determined that, of the allowable costs, all of these can be included under one of the existing framework definitions. Although some providers have suggested that certain costs are not currently addressed, further clarification of the categories has demonstrated that these costs are in fact included in the current components.

Gather Information From Multiple Sources

To prepare for our data collection activities, we sought input from a variety of sources to enhance our understanding of the current rate-setting structure. Our team obtained feedback from multiple stakeholders, such as the Minnesota DHS and the Advisory Committee, focus groups comprised of providers and other related groups, as well as Truven Health Medicaid experts. Details regarding these activities are provided below:

- **Review of prior Minnesota cost study.** We reviewed the Navigant Report because it forms the basis for many of the current rate-setting inputs. We found that many of the sources of information in that report remain valid. In the current study, we updated references from the Navigant Report, and we offer additional refinement to several cost components.
- **Meetings with the Minnesota DHS.** Throughout our study, we conducted biweekly meetings with the Minnesota DHS, in addition to frequent ad hoc communication, to gather critical feedback on our approach. These meetings provided insight into the knowledge and experience of Minnesota service providers and the constituents who may be affected by any changes to the rate-setting methodology.
- **Advisory Committee meeting.** We presented our rate-setting methodology at the November 19, 2015, Advisory Committee meeting to engage key stakeholders in the Minnesota HCBS community. We used this meeting as an opportunity to elicit feedback from Advisory Committee members.
- **Focus groups.** On November 19–20, 2015, we conducted two focus group meetings with a cross section of Minnesota HCBS providers to seek input about the provider survey development process.
- **Internal Medicaid experts committee.** We contacted a panel of Medicaid experts within Truven Health and solicited information about HCBS rate-setting methodology. The panel identified primary sources, potential risks, and best practices throughout the course of our study.
- **Survey communication plan.** Before releasing the survey, we planned a host of communications to ensure that the survey was marketed comprehensively. This plan included multiple notifications sent to providers, a recorded webinar to walk participants through the survey, and a guidance document to concisely show all survey questions.

The goals of these activities were (1) to provide ample opportunity through multiple channels for all stakeholders to understand the purpose and importance of our study and (2) to encourage participation, elicit feedback, and gain a deeper understanding about stakeholders and the current rate-setting methodology.

Create a Research Timeline

This section outlines the activity timeline for this study. Table 2 presents key project milestones and dates.

Table 2. Key Project Milestones and Dates

Project Milestone	Dates
Minnesota DHS site visit	November 18–20, 2015
Advisory Committee meeting	November 19, 2015
Focus groups	November 19–20, 2015
Survey	February 19, 2016
Release sample survey to focus group participants	December 14, 2015
Survey communication blasts to providers	December 15, 2015 – February 19, 2016
Survey released to participants	January 19, 2016
Survey training webinar	January 20, 2016
Survey submission deadline	February 19, 2016
Primary data collection	November 19, 2015 – February 29, 2016
Final non-wage cost report	May 31, 2016
Advisory Committee meeting	June 21, 2016

Abbreviation: DHS, Department of Human Services

Primary Data Collection

This study used primary data sources where possible for determining non-wage costs in Minnesota. In our research, we studied articles, websites, and publically available data sets. We performed our primary data research in accordance with the following considerations:

- **Data specificity.** Our primary aim in this study was to produce factors that accurately reflect costs to reimburse participating providers for the provision of HCBS. Therefore, we evaluated the denomination, or method of payment, to determine whether it accurately reflects the way that costs are incurred. We evaluated each subcomponent of non-wage costs and determined which denomination best reflects the reimbursement method. We also identified suitable levels of data specificity for each cost component.
- **Variation by bucket or service.** The current cost structure has some cost components that are applied consistently across all services, whereas others vary by service bucket. We studied whether variations were warranted across the buckets of service through the survey.
- **Variation by geography or urban/non-urban designation.** For most cost components, we were not able to identify a primary data source that demonstrated geographic variation. However, we were able to capture variation using health insurance premiums from MNsure.org. One challenge with these results is that the variation in health insurance premiums are defined by nine areas that do not map cleanly with the Metropolitan Statistical Areas (MSAs) used in the wage variation. Instituting a factor to account for the geographic

variation in health insurance would be challenging to implement. It also should be noted that because wages currently vary by MSA and most of the cost components are multiplied by the wages, the current framework pays disproportionately for various costs based on the wage adjustment.

Primary Data Collection Results

Our primary data research yielded several robust sources of information. Consistent with the Navigant Report, our search for benefit-related information (i.e., insurance, retirement, vacation time) within cost components produced more credible sources than our search for information on non-benefit cost categories. We were able to identify a number of credible data sources from the Internal Revenue Service (IRS) and Bureau of Labor Statistics (BLS) and from data gathered from other state methodologies for determining non-wage costs, among other sources.

In some cases, we felt that our primary data sources provided very clear findings that easily translated into relevant results for our study. Other sources provided benchmarks to determine a reasonable range of results to use to validate our survey findings. For example, we identified similar reports from Arizona, Georgia, Maine, Oregon, and Virginia; however, these reports were identifying similar cost components representing different services, primarily behavioral health. Therefore, we have represented these findings as a reasonable benchmark for our survey results.

BLS provided a wealth of information for our study, but BLS findings are reported by industry category or by geographic location, but not both. Therefore, we had to make some assumptions in terms of which category of data provided a more accurate depiction of costs for the Minnesota HCBS. In most cases, we believed that services within the same industry provided a better view at costs than geography. For these categories, we applied a modifying factor to account for geographic changes within the data. We believe the geographic factors provided better results for taxes and workers' compensation, because tax rates are tied to geography rather than to industry.

The results of our primary data research are discussed within the Combined Recommendations by Component section of the report. Appendix B details our primary source findings.

Provider Survey

The provider survey was a critical part of our study because it contributed insights on the specific costs for providing the various HCBS offered in Minnesota from stakeholders who have detailed knowledge about their specific costs. We developed our survey design process to maximize stakeholder engagement and provider participation through a collaborative, inclusive, and transparent process. We also used the stakeholder survey as a potential source for information that was not found in primary data sources. We sought to give providers insight into the purpose and methods of our study and to allow ample opportunity before and during the survey's design to provide objective information regarding their costs.

Survey Design

Our top priorities in designing the survey were to capture all appropriate metrics related to provider expenses of HCBS, maximize provider survey participation, and minimize bias in survey results. We based the survey's initial designs on extensive preliminary research activities outlined earlier in our report, in addition to input from experts with the Minnesota DHS and key figures in the HCBS provider community. We conducted two focus groups with a variety of HCBS providers and trade group representatives to identify any potentially problematic parts of the survey and to address possible deficiencies within the current framework. These conversations proved vital in informing the survey's design.

We developed survey questions that were concise and clear. Where appropriate, we designed the survey to solicit exact dollar amounts for various costs and measures of total costs per category of non-wage expense. We tested the survey with participants from the focus groups prior to full launch to identify and refine any potential problem areas in the survey. During this review period, we made numerous changes to the draft survey in direct response to stakeholder feedback.

After finalizing the survey and developing a comprehensive state-wide list of appropriate providers, we released the survey to all eligible providers on January 19, 2016. The survey was administered via SurveyMonkey®, an online survey tool. The Minnesota DHS contacted all HCBS providers in the state through its central provider portal, MN-ITS, to solicit provider email addresses. Those providers who submitted their email addresses were able to create a unique profile for their organization whereby survey responses could be saved and ultimately submitted.

Survey Outreach and Technical Assistance

Our outreach and support of the survey covered several activities during survey development and continued through the survey response period from January 19 to February 19, 2016. These activities included the following:

- **Advisory Committee meeting.** We discussed our initial survey plan at the November 19, 2015, Advisory Committee meeting, which included an open dialog about ideas to consider in the survey as well as the best ways to communicate with participants to maximize participation. Discussion involved provider outreach strategies and stakeholders' key concerns with the current framework.
- **Focus groups.** On November 19–20, 2015, we conducted two focus group meetings with a varied cross section of Minnesota HCBS providers to inform the provider survey development process. We selected focus group participants to capture the breadth of provider types and services across the state—specifically large and small, geographically diverse providers and representative trade groups. Focus group participants provided input on which metrics should be studied and how best to solicit information on those metrics through the survey. We maintained an open dialog through email with focus group participants throughout the development of our survey in order to provide ample opportunity for feedback. This included

soliciting feedback on a draft survey from all 25 focus group participants.³ These participants reviewed the draft survey and offered critical input. We tracked all feedback and incorporated key insights and recommendations into the survey.

- **Technical assistance.** To ensure that participants were well-informed and supported throughout the survey response, we offered multiple forms of technical assistance.
 - **Survey webinar.** On January 20, 2016, we hosted a webinar that provided an overview of the study and explained how to gain access to, complete, and submit the survey. The webinar was recorded and posted to the <http://MN.gov/dhs> website to be accessed throughout the survey response period.
 - **Guidance document.** We provided a guidance document that accompanied the survey and offered a consolidated overview. This document allowed participants to gather their responses without being logged into the survey.
 - **Mailbox/help desk.** We established a dedicated, email-based helpdesk to answer questions related to the survey. We received and answered over 220 inquiries throughout the survey response period.

We tracked all conversations and emails with stakeholders to ensure that their concerns were reviewed and addressed in our survey development.

Survey Results

At the survey's conclusion, we compiled all response data for review. We applied a variety of statistical calculations (average, median, standard deviation, and variance) to better understand the distribution of responses received in our survey. We used wages as a benchmark for other costs to capture the difference in size for a particular organization. Based on our distribution analysis on each cost component, we removed outliers by applying maximum and minimum caps to determine the range of credible responses.

We also performed analysis on what percentage of the entire Minnesota HCBS provider community submitted responses to the survey. Despite significant outreach efforts to providers, the response rate was not as strong as anticipated. Although 466 unique provider email addresses registered to receive the survey, only 296 responses were received. Of these responses, many were duplicate, incomplete, or abandoned surveys. The final number was 193 responses that could be included in our results.

We compared the tax identification numbers (TINs) for the valid responses with a database of all TINs for providers of HCBS services in calendar year (CY) 2015 and their corresponding revenue. This comparison gave us a better understanding of the representation of our survey responses. The results of this analysis are captured below:

³ Truven Health received 148 comments from focus group participants through the draft survey feedback solicitation. These comments were incorporated into the final survey.

- Out of a possible 1,321 TINs, 193 TINs were captured in our survey, representing 15 percent of the total.
- Out of a possible 2,939 possible provider ID's, 492 were captured in our survey,⁴ representing 17 percent of the total.
- These responses corresponded to \$1.096 billion out of \$3.281 billion of total Minnesota HCBS paid claims during CY 2014-2015, or 33 percent of the total.

The survey response was not high enough to offer statistically valid results for geographic-based recommendations. However, the survey results have been shown by service bucket for those components whose rates currently vary by service bucket. Other factors, which are currently the same across all service buckets have only been represented in aggregate. Providers with less than \$250,000 in CY 2015 revenue were given a more simplified survey, which allowed costs to be reported in aggregate but not by service category. Therefore, these responses only impact the aggregate results for each cost component.

Combined Recommendations by Component

Our recommendations are derived from the analysis of our primary data sources and our provider survey. In determining and comparing data quality, we had three key factors used to assess the data we found: reliability, applicability, and consistency.

- *Reliability* relates most closely to the confidence held in that particular data point. If a particular data source is well established and respected with a rigorous methodology, we assess its reliability highly.
- *Applicability* requires that the data apply specifically to the component at hand, with corresponding services and client populations. Toward that end, we have evaluated demographic and geographic similarity in our state comparison analysis. For example, data sources that relate directly to Minnesota Medicaid HCBS services would be considered most applicable.
- *Consistency* dictates that any source that deviates significantly from all other sources should be given less weight, and that sources should be able to be validated by other available data. Therefore, we view data that cannot be validated easily as less consistent.

The remainder of this section details the findings of our research by cost component. For each component, we provide a definition of the cost component, and then we share the results of our primary data research and provider survey. Because some recommendations have been made as a percentage of wages or another denomination that may not match the current framework calculation, where necessary, we provide a translation of the recommended results in light of its placement within the framework. These translations will be made assuming that all other cost components stay at the current

⁴ Some TINs may have multiple provider IDs.

level. If some of the factors are implemented, it is strongly advised that these translations be taken into considerations in order to properly reflect the denomination of each recommended factor. Also, most of our results and recommendations have been shown with 1 decimal point of precision, which we feel is appropriate. In some cases within the primary research, greater precision was provided in the data, which we have reflected in the report.

Supervision/Span of Control

Definition

This cost component captures the supervision cost of direct care staff, expressed as the ratio of supervisors to direct care staff.

Primary Data Results

This cost component deals with the direct ratio of care providers to their supervisors, so it is closely tied to the exact services provided. For this reason, we feel that the survey data is a better source of information for this component. We were unable to identify sources of information that provided meaningful comparisons for this component. For comparison states, the Program Plan Support factor is assumed to combine the Supervisor Span of Control and the Program Plan support in the costs. This is consistent with the previous Navigant-provided combined rate.

Provider Survey Results

Supervision/span of control is calculated based on the supervisor count divided by the total employee count (not including supervisors) to develop a supervisor to employee ratio. This is distinctly different from the other factors developed because it is not based on direct care wages. Also, for this calculation, part-time employees were assumed to count as 50 percent of a full-time equivalent (FTE), and temporary employees were assumed to count as 25 percent of an FTE.

Because the supervision/span of control factor does not vary by service category, results were only captured across all service categories. The survey findings for this category yielded a 12.8 percent ratio of supervisors to direct care staff.

Recommendation

The current factor for this component is 11 percent, whereas our survey yielded a rate of 12.8 percent. We recommend a rate of 12.8 percent for this component because it is a more recent representation of provider experience than the current factor, although we believe that a factor in the range of 11 percent to 12.8 percent would be reasonable to be used in the frameworks.

Vacation, Sick Leave, and Training

Definition

This component covers wages paid to staff while they are on vacation, on sick leave, or in training.

Primary Data Results

We used the National Health Care and Social Assistance tables from BLS to develop the vacation and sick leave factors. The BLS-provided factor of 10.9 percent applies to wages, after converting it from a total compensation factor. Regional data are available for the West North Central Division (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota). However, these data include all occupation and industry types. Instead, we elected to use industry-specific data for health care and social assistance because they are more representative of actual costs of providing HCBS. This industry rate has been adjusted to account for regional variation captured in BLS.

A training factor of 2.0 percent is the result of our primary research. This factor comes from BLS, and has been adjusted to reflect a percentage of direct billable time, opposed to total time worked.

The total wage-based factor of 12.9 percent combines the BLS paid time off (PTO) rate of 10.9 percent plus a training factor of 2.0 percent.

Provider Survey Results

Vacation, sick leave, and training resulted in an average factor of 10.6 percent of wages, which was comprised of 8.0 percent of PTO and 2.6 percent training time.

Recommendation

Both the primary and survey results provided credible sources of information for the vacation, sick, and training component, based on our stated criteria. We recommend using the survey factor of 10.6 percent of wages since it most closely represents the experience within MN HCBS, and the survey results were strong.

Program Plan Support

Definition

Program Plan Support is defined as the direct service staff needed to provide support of the HCBS service when not engaged in direct contact with clients (indirect time). Examples include, but are not limited to the following:

- Documentation
- Direct staff preparation and service planning
- Collateral contact related to direct service
- Travel time when the client is not present

Primary Data Results

Although our comparison states provide a basis of comparison, they vary significantly and do not accurately represent the HCBS services provided in Minnesota. Because this cost component is closely

tied to the specific services provided in Minnesota, we feel that the survey is a better source of information for this component.

Provider Survey Results and Recommendation

The Program Plan Support component values vary by service component since this is a time-based factor intended to capture how much indirect time is spent performing activities not directly related to the provision of care. In addition, the current rate frameworks and billing structures apply nuanced calculations aimed at capturing some of this inherent variation. Therefore, the survey results for Program Plan Support must be considered in the context of the service frameworks to which they apply.

The current Day services frameworks include a staffing ratio adjustment factor which is intended to account for indirect time, where more indirect time in aggregate is required to serve individuals with a higher ratio of care recipients to direct care staff. Our survey results for Day services indicated 16 percent of direct care staff's total work time is spent not directly interacting with recipients, but performing indirect tasks such as documentation, preparation, service planning, and service coordination. Much of this indirect service cost is already accounted for in the staffing ratios and within the bundled daily billable unit. Since a considerable amount of this time is already accounted for, we cannot recommend implementing a 16.0 percent factor, as this would over account for indirect time in the framework. We recommend a time study to better understand how best to determine and apply an appropriate Program Plan Support factor within the current Day framework.

Residential programming is currently reimbursed as a bundled service which provides a full daily rate. The bundled daily rate incorporates all staffing hours provided in the home, which includes both the direct care staff's time spent directly with the individual and time spent performing indirect tasks. The provider survey result for Residential services indicated 12.8 percent of direct care staff's total work time is spent not directly interacting with recipients, but performing indirect tasks such as documentation, preparation, service planning, and service coordination. Again, we cannot recommend use of this factor, since this time is already built into the current bundled rate.

For the Unit Based With and Without Programming services, Program Plan Support time is not built into the structure of the current frameworks in the same way it is for Day and Residential Services. For this reason, we are able to recommend their use. The Unit Based With Programming survey result was 15.5 percent, and the Unit Based Without Programming result was 7.0 percent. We recommend the use of these factors, as they reflect how much indirect time is necessary for the provision of these services.

Taxes and Workers' Compensation

Definition

Taxes includes state and federal rates including Federal Insurance Contributions Act (FICA), Federal Unemployment Tax Authority (FUTA), and State Unemployment Tax Authority (SUTA). Costs for workers compensation are also included in this component.

Primary Data Results

The Taxes and Workers Compensation factor is composed of legally required federal and state benefits. The combined result for our primary research is 11.06 percent. This includes federal and state taxes and workers compensation costs, as outlined below.

Federal Taxes

Information for federal taxes was readily available from the IRS website and included subcomponents for federal and state taxes. Federal tax information consists of FICA, Medicare tax withholding, and FUTA. The combined federal tax rate result is 7.78 percent.

FICA incorporates a wage-based limit for Social Security tax of \$118,500. However, because this annual income is likely higher than that paid direct care providers, no adjustment was made to the factor. The full 6.2 percent is indicated for use as a factor applied to wages.

For Medicare tax withholding, the standard 1.45 percent is suggested for use as a factor applied to wages. There is no cap for Medicare taxes wages, and although an additional 0.9 percent is withheld wages in excess of \$200,000, this has not been included because the wage threshold reasonably exceeds the anticipated direct care wages.

The FUTA tax of 0.13 percent is based on BLS West North Central rates⁵ and reflects the annual wage base limit of \$7,000. The standard rate is 6.0 percent, but most employers received a credit of 5.4 percent when their Form 940 (FUTA Tax Return) is filed. It has been assumed that the Form 940 has been completed, and a net 0.60 percent applies. Also, an annual wage-base limit of \$7,000 applies to FUTA. Once employee year-to-date wages exceed \$7,000, an employer stops paying FUTA for that employee. This limit equates to \$3.37 per hour and is assumed to be exceeded over the course of the year. To adjust for the wage-base limit, the BLS factor of 0.13 percent is indicated.

It is important to note that both the FUTA and SUTA have limitations and are no longer collected once a maximum employee wage threshold is reached in a given year. We used BLS data as a proxy for applying this maximum-wage threshold. Any alternatives to including a flat dollar amount for this threshold would not fit into the current framework method.

State Taxes

State tax information consists of SUTA and the Workforce Development Fund. The combined primary source state rate result is 1.59 percent.

The state unemployment tax and workforce development fund includes an annual wage base limit of \$31,000 applies to SUTA. Based on the professions providing services, the Non-High Experience rate of 1.49 percent for new employers is suggested. No additional reductions were applied based on the annual wage base limit.

⁵ Average of Q1–Q4 2015 Federal Unemployment Tax Authority (FUTA) percentage of total compensation (0.10 percent) divided by wages percentage of total compensation (70.08 percent). (Bureau of Labor Statistics website. Employer Costs for Employee Compensation: Historical Listing March 2004 – December 2015, Table 18. Health Care and Social Assistance. <http://www.bls.gov/ncs/ect/sp/ececqrtn.txt>. Accessed March 28, 2016.)

The Workforce Development Fund has an annual wage base limit of \$31,000 (about \$14.90 per hour) and applies to the Minnesota Department of Employment and Economic Development (DEED) Workforce Development Fund. The factor of 0.10 percent is indicated with additional reductions applied based on the annual wage base limit.

Workers Compensation

Worker's compensation rates vary based on the provider's experience and will vary between providers. BLS reported a wage-based factor for workers compensation in the West North Central Division of 1.69 percent.

Provider Survey Results

Because the taxes and workers' compensation should not vary by service category, we captured results across all service categories. The average wage-based taxes and workers compensation response was 11.4 percent.

Recommendation

We recommend using primary sources results of 11.06 percent in order to capture costs related to taxes and workers compensation. For this particular survey response, there were a considerable number of responses that were deemed outliers. However, the overall survey response was very close to the result of our primary research, which bolstered our confidence in our recommendation. In addition, the information sources gathered from our primary data were very strong and credible. In the current framework model, Taxes and Workers Compensation are combined with Other Benefits to form Employee Related Expenses, and will need to be combined in their application within the frameworks.

Other Benefits

Definition

Other benefits refers to other employer-provided benefits to include health insurance, short-term disability insurance, dental insurance, retirement, vision, tuition reimbursement, life insurance, and wellness programs. Other benefits may include additional benefits not included in this list.

Primary Data Results

For other benefits, primary data sources indicate a factor of 20.44 percent, which is a combination of insurance, retirement and savings, and supplemental pay (such as bonus compensation) costs gathered from BLS.⁶ These costs were averages taken from 2015 Q1–Q4 total compensation amounts, modified to reflect the percentage of wages within total compensation. This modification more accurately reflects the way that other benefits are captured within the current rate framework.

⁶ Bureau of Labor Statistics website. Employer Costs for Employee Compensation: Historical Listing March 2004 – December 2015, Table 18. Health Care and Social Assistance. <http://www.bls.gov/ncs/ect/sp/ececqrtn.txt>. Accessed March 28, 2016.

These results indicate a significant increase over the current 12.04 percent. These results have been captured in Table 3 below.

Table 3. Survey Results for Other Benefits

Other Benefits	Source	Factor, % of Wages
Insurance	BLS	12.57
Retirement and savings	BLS	4.81
Supplemental pay	BLS	3.06
Combined Result for Other Benefits		20.44

Abbreviation: BLS, Bureau of Labor Statistics

We also collected data showing geographic variation in health insurance costs from <http://MNSure.org>. By taking averages of health insurance premiums at different age groups and metal coverage levels (bronze, silver and gold), we compared the relative average premiums within nine coverage areas. Table 4 shows the relative values of insurance premiums, using Area 1 as the benchmark within each age and coverage level category.

Table 4. Average Relative Insurance Premiums by Age and Coverage Area on MNSure.org, as a Percentage of Area 1 Premiums

Coverage	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Area 7	Area 8	Area 9	
Age, years										
25	Bronze	100	72	85	94	90	83	67	65	81
	Silver	100	76	88	108	90	83	71	69	81
	Gold	100	84	89	101	93	87	74	78	81
40	Bronze	100	72	85	93	90	83	67	65	81
	Silver	100	65	88	96	90	84	71	69	81
	Gold	100	84	88	101	93	86	74	77	81
60	Bronze	100	72	85	93	90	83	67	65	81
	Silver	100	77	88	96	90	84	71	69	81
	Gold	100	84	88	101	93	86	74	77	81
Family of Four										
	Bronze	100	72	85	93	90	83	66	65	81
	Silver	100	74	95	103	97	90	76	74	86
	Gold	100	84	88	101	93	86	74	77	81
Average by area		100	76	88	99	92	85	71	71	81

Although the MNSure.org rates offer a credible source of information on variation across the state, one challenge is that the nine areas defined within MNSure.org rates do not map cleanly to the MSA

structure. For example, some MSAs are represented by as many as four different MNsure.org areas. It becomes challenging to determine an appropriate way to represent the variation in cost, given that MSAs are currently used to apply variation to wage costs in the frameworks. In addition, the Minnesota DHS should consider the administrative burden of applying multiple geographic rate modifications and the cumulative effect they would have for a particular provider.

Of the primary sources available, the most reliable and applicable source indicates a value of 20.44 percent, reflected as a percentage of base wages. This percentage is the BLS national industry-specific amount for Insurance, Retirement and Savings, and the new category of Supplemental Pay costs to health care and social assistance employers. This factor is significantly different from the current factor of 12.04 percent.

Provider Survey Results

Given that other benefits should not vary by service category, results were only captured across all service categories. The survey response indicated a wage-based result of 13.1 percent of wages for other benefits.

Recommendation

Our primary research result of 20.44 percent was significantly higher than the survey result of 13.1 percent for other benefits. Since the 20.44 percent recommendation comes from a credible source of information, BLS, we believe the survey results indicate that many providers are either not providing other benefits to their employees, or these benefits are not given at the same level as the national benchmark population reported through BLS. For these reasons, we recommend the survey result of 13.1 percent of base wages be applied for other benefits. This factor, as a percent of wages, does not need to be adjusted to fit within the current framework methodology to account, which will be discussed below. Also, while we were able to find information indicating geographic variation in health insurance premiums throughout Minnesota, we believe that applying a regional adjustment factor should not be introduced.

Since Taxes and Workers Compensation and Other Benefits are combined in the framework to form Employee Related Expenses, we recommend that they be considered combined in our recommendation in order to properly reflect these factors within the framework. Our Employee Related Expenses recommendation, as a percent of wages, is 24.16 percent, which is a combination of 11.06 percent for Taxes and Workers Compensation plus 13.1 percent for Other Benefits. While Employee Related Expenses is applied after the Program Plan Support factor, it is unnecessary to make any modifications since Program Plan Support accounts for additional support time provided by direct care workers which are covered within the wages these employees are paid.

Client Program and Supports

Definition

Client Program and Supports is defined as the provision of the participant's access to the community or care in their home. State plan or other available waiver services must be accessed first, and those services must be billed separately. Examples of allowable costs vary by service, and may include, but are not limited to the following:

- Supplies and equipment that are not available through Medicaid state plan or other waiver services
- Participation costs for staff
- Reinforcers as defined in the participant's support plan
- Cost to access services

Primary Data Results

Based on the definition of this cost component, there were no directly comparable sources of data. The survey results should be used for a recommendation.

Provider Survey Results

The results by for client programming and supports, by service component, are shown in Table 5.

Table 5. Results for Client Program and Supports

Component	Day	Residential	Unit Based With Programming	Unit Based Without Programming	All Service Categories
Client Program and Supports, % of wages	9.2	5.2	5.8	2.9	7.1

Recommendation

Before making a recommendation for this cost component, we must take into consideration the differences in the framework application of programming plan support and the wage-based results from the survey. Since Employee Related Expenses are applied within the frameworks after wages, we must restate our Client Program and Supports recommendation to reflect this order of operations. To make this conversion, our wage-based results in Table 5 must be divided by (1 + Employee Related Expenses) to be stated as a percent of wages *and* Employee Related Expenses. Since this cost component also varies by service category, we have demonstrated the changes necessary to our wage-based results below in Table 6, using the current Employee Related Expenses factor of 23.6 percent.

Table 6. Recommendations for Client Program and Supports

Component	Day	Residential	Unit Based With Programming	Unit Based Without Programming	All Service Categories
Client Program and Supports, % of wages and Employee Related Expenses	7.4	4.2	4.7	2.3	5.7

If a new Employee Related Expenses factor is used, this calculation will need to be reconsidered by dividing the wage-based recommendation by the updated Employee Related Expenses factor.

Also, the current Residential framework uses a flat annual dollar amount for the Client Program and Supports factor. From our analysis, we believe our recommended value, as a percent of Employee Related Expenses, is in line with the current framework value.

Standard G&A

Definition

This category includes general office and administrative overhead business costs including liability and malpractice insurance, administrative salaries for finance, accounting and auditors. This also includes office supplies, postage and any administrative office space necessary.

Primary Data Results

Our primary research yielded Standard G&A results between 10 percent and 20 percent of total service costs. Much of the variation in this category comes from how other states have defined the category and which costs are included. We have observed that costs within Standard G&A and Program-Related Expenses often are not delineated consistently from state to state. The current rate of 13.25 percent of total costs reasonably falls within the range observed in other states; however, we suggest using the results from the survey to provide a more refined recommendation.

Provider Survey Results

Standard G&A has an average survey result of 23.0 as a percent of wages, across all service buckets. Both Standard G&A and Program Related Expenses currently are represented as a percentage of wages, and the denominator will need to be restated to align with framework calculation. It also appears that some costs were stated for an entire organization (e.g., administrator salaries) and are not allocated based on the percentage of HCBS services that the organization provides, which would suggest that some survey responses for this component may include extraneous costs. HCBS should not bear the full administrative cost of an organization offering services besides HCBS.

Recommendation

Since our primary research was more useful in determining an overall range of possible factors, we recommend using the survey results to form the basis of our recommendation. To restate one complexity, the current Standard G&A factor is represented as a percent of total costs, which is consistent with the range provided through our primary research of 10 – 20 percent. Our survey results however, have been calculated based as a percent of wages. Therefore, the survey result must be translated to fit into the current framework, as 23.0 percent will significantly overstate Standard G&A costs. Since Standard G&A, Program Related Expenses and Utilization and Absence are combined before being applied in the rate frameworks, the translation calculation of this factor is described in the Program-Related Expenses section of this report.

Utilization and Absence

Definition

This factor accounts for costs associated with absences of the care recipient. It approximates providers' fixed costs when a recipient is not able to participate in a planned service. This cost covers both provider vacancy and recipient absences.

Primary Data Results

Utilization and absence factors found in other states range from 2 percent to 6 percent, however, these factors primarily account for absence, not utilization. Our findings suggest that a factor within the range of 2 to 6 percent of wages is reasonable for Utilization and Absence, but believe that the survey results provide better results due to their inclusion of utilization in the results.

Provider Survey Results

The results for Utilization and Absence were captured by service bucket and provided as a percent of wages, are shown in Table 7, below.

Table 9. Survey Results for Utilization and Absence

Component	Day	Residential	Unit Based With Programming	Unit Based Without Programming	All Service Categories
Utilization and Absence, % of wages	3.1	2.2	7.5	3.9	3.9

Recommendation

We recommend that service bucket factors in Table 7 be used for utilization and absence, once they are translated into the current framework which is done in the Program Related Support section.

Program Related Support

Definition

This component captures overhead costs such as technology software and hardware, telecommunications, and billing infrastructure. In some cases, this component is referred to as Program G&A. Also, in the frameworks, Program Related Expenses is a category which includes Program Related Support, Standard G&A and Utilization and Absence.

Primary Data Results

Comparable Program-Related Expenses in other state behavioral health programs have been provided as a flat dollar amount per member per day. When converting this rate to a percentage of total service costs or percentage of wages, there is a wide range of comparison rates. The broad definition of Program-Related Expenses also accounts for the large variance in figures found in other states. For these reasons, we cannot strongly suggest a factor based on these primary data sources.

Provider Survey Results

Our survey captured Program-Related Expenses by service buckets. These results have been provided below in Table 8, as a percent of wages.

Table 8. Survey Results for Program Related Support

Component	Day	Residential	Unit Based With Programming	Unit Based Without Programming	All Service Categories
Program Related Support, % of wages	5.4	4.4	5.8	2.9	5.9

Recommendation

We believe the survey results in Table 8 should be used to form the basis of our recommended. These results are given as a percent of wages, and will need to be translated to fit into the framework models. Since Program Related Support is applied at the same point in the rate frameworks as Standard G&A and Utilization and Absence, they need to be considered concurrently. This section will cover the translation for these 3 cost components, and the survey results will be reported within the respective sections of this report. These 3 components combined will be referred to as Program Related Expenses.

The first step in converting this factor is to aggregate our wage based recommendations to form a total Program Related Expenses factor, by service bucket. This is displayed below in Table 9.

Table 9. Combined results for Program Related Expenses, as a percent of wages

Component	Day	Residential	Unit Based With Programming	Unit Based Without Programming	All Service Categories
Standard G&A, % of wages	23.0	23.0	23.0	23.0	23.0
Utilization and Absence, % of wages	3.1	2.2	7.5	3.9	3.9
Program Related Support, % of wages	5.4	4.4	5.8	2.9	5.9
Combined Program Related Expenses, % of wages	31.5	29.6	36.3	29.8	32.8

Due to the current methodology in the frameworks, the following formula needs to be applied to the wage based Program Related Expenses (shown in Table 9).

$$PRE_{Total\ Cost} = \frac{1}{\{[(1+ERE) \times (1 + CPS) + FAC_{Wage}] / PRE_{Wage}\} + 1}$$

Formula Key

PRE_{Total Cost} = Program Related Expenses as a percent of Total Cost (to match framework calculation)

PRE_{Wage} = Program Related Expenses as a percent of wages (from Table 11)

ERE = Employee Related Expenses

CPS = Client Program and Supports

FAC_{Wage} = Facility Costs divided by direct wages (only applicable for Day Services)

Note: For Residential Foster Care, CPS is a flat annual amount of \$2179. This should be converted to a daily amount by dividing by 365, then applied as a percent of wages, as follows:

$$PRE_{Total\ Cost} = \frac{1}{\{[(1+ERE) \times (CPS_{Daily}/Wages)] / PRE_{Wage}\} + 1}$$

Since our recommended costs vary by bucket, we have calculated recommended Program Related Expenses as a percent of total cost using one model for each service bucket, as follows:

- Day: Adult Day Care Services – Daily Training and Habilitation (DT&H)
- Residential: Supported Living Services
- Unit-based with Programming – Independent Living Skills

- Unit-based without Programming – Personal Support/Adult Companion

By applying our formula above with other inputs from the current factors, by corresponding service framework model, Table 10 includes our combined Program Related Expenses, expressed as a percent of the total cost.

Table 10. Recommendations for Program Related Expenses, as a percent of total cost

Component	Day	Residential	Unit Based With Programming	Unit Based Without Programming	All Service Categories*
Program Related Expenses, % of total cost	17.2	18.8	21.3	18.2	19.6

*This figure was calculated using the same inputs as the Unit-based framework models.

Facility

Definition

This component covers the cost of facility usage in providing Day services.

Primary Data Results

The Minnesota DHS currently uses a rate of \$19.30 per week, per member for facility use, only applied to Day services. The most prevalent comparison for facility use in other states is reflected as an amount per direct hour of care, which suggest a rate of \$0.80 per direct care hour. This rate has a different denomination but fits most closely with the present Minnesota framework for HCBS. Also, many available resources suggest a given square-footage and cost per square-foot, which are not considered within the current Minnesota rate framework.

Provider Survey Results

Facility use currently is only applied within the day services framework. The survey results indicate that facilities cost 5.9% of wages within day services.

Recommendation

We recommend Minnesota implement a Facility factor of \$.80 per direct care hour, or an equivalent daily or weekly rate.

Transportation

Definition

In Residential services, transportation covers the cost of the vehicle. In Day services, DT&H transportation covers the cost of the vehicle, mileage, and time.

Primary Data Results

We reviewed the way that transportation costs are captured across a variety of states to offer insights on the optimal methodology to be applied in Minnesota. Developing a methodology that adequately captures transportation costs is challenging because of the variety of ways in which transportation vehicles are used to provide HCBS and the different types of vehicles required for different services. Although the types of vehicles and their use vary significantly, transportation costs generally fall into three different categories: purchase cost, variable usage cost (based on mileage), and maintenance costs. In some instances, variable usage costs include costs associated with ongoing vehicle maintenance. We believe that a rate-setting methodology should reimburse costs for these categories.

Some other states have captured transportation costs by applying IRS Standard Mileage rates. Two drawbacks to using this approach are that it may (1) incentivize discretionary transportation and (2) incur more costs for the state. In addition, mileage reimbursements ideally should vary by vehicle type. Standard vehicles have greater fuel efficiency and lower maintenance costs than do specialized vehicles.

For Day services, tiered transportation rates are used based upon the following criteria: (1) the use and requirement of a lift, (2) whether the vehicle is shared, and (3) the mileage driven. We suggest the individual tiered rates have an average mileage rate that is equal to or above the Minnesota Management & Budget rate of \$0.54 per mile, where personal vehicles are used and a lift is not required. This will cover the costs associated with vehicle and travel. The Minnesota Management suggested rate is based on the standard IRS rates. To ensure that rates adequately reflect the fluctuating nature of vehicle related transportation costs, it is suggested that an annual review of the updated Minnesota Management & Budget rate is performed and assessed if rate adjustments are warranted. If Minnesota Management & Budget has not released an update rate at the time of review, the IRS Standard mileage rates would be a reasonable substitution for comparison. This combined method with rates above the state mileage rate helps to address concerns about mileage and time required for extended driving distances for services provided in rural or remote areas.

For Residential services, we suggest a flat annual amount for residential and adapted vehicles for the residential population, with additional mileage-based reimbursement to account for number of hours and the distance traveled. Other state Medicaid agencies frequently use mileage reimbursement models, and these most commonly take into consideration the greater demands in vehicles for individuals receiving similar services.

Provider Survey Results

Through the survey, we gleaned some observations that may be useful to MN DHS for consideration in determining how to reimburse providers for their transportation costs. One of our questions inquired about the mileage reimbursement rate providers pay staff for transportation using their own vehicles. While some providers reimbursed at lower mileage rates, the median reimbursement level was \$0.54 per mile. In addition, our survey captured both the cost of new vehicles as well as maintenance costs. Of all costs reported, maintenance cost 80.1 percent, and the remaining 19.9 percent was spent on new

vehicles. Based on individual responses, the cost to purchase a vehicle vary greatly depending on the size, function and type of vehicle.

We also gathered data regarding the types of vehicles used by providers, at the service level. Table 11 below shows the counts of vehicles with and without lifts, for those who responded that they provided vehicles for use. Survey responses were not captured for Residential since they are currently reimbursed as a flat rate, regardless of vehicle type.

Table 11. Survey counts for vehicle type by service category

Component	Day	Unit Based With Programming	Unit Based Without Programming
Vehicles with lifts	45	12	22
Vehicles without lifts	15	23	18
Total vehicles	60	36	40

Recommendation

The current framework does not appear to adequately differentiate for the different types of transportation required and the vehicles used in providing HCBS. From the provider survey, we have learned that the transportation costs vary significantly based on the type of vehicle used and the nature of the transportation. Based upon our research and provider survey, we cannot make specific recommendations to update the current framework values.

Caveats, Limitations, and Additional Considerations

The following caveats, limitations and additional considerations apply to this study and have been addressed below.

Unknown Future Changes in Cost

We provide recommendations for the rate-setting framework that reflects non-wage costs as they currently are, but future changes in HCBS costs may make the current framework inaccurate over time. This study is contemporary and descriptive in scope and not prospective or predictive. We recommend that a similar study be conducted every 3–5 years to maintain a current perspective on costs.

Variation by Other Factors

Our intent was to focus our analysis on all non-wage cost components that we identified. Additionally, we examined these cost components on the basis of service bucket, provider size, and geography, because those are the categories that we identified as the principle drivers of variation among HCBS providers throughout Minnesota, as confirmed by previous research on this topic. It is possible that we overlooked other factors that are have a substantial influence on cost variance. However, throughout our research process and our consultation with stakeholders, we confirmed that the cost drivers we

choses are valid and we believe that we did not miss other potential drivers. This concern was addressed specifically during our focus group sessions and was corroborated by all available cost reports.

Provider Reporting of Costs

Although the survey captured costs from some providers, there is potential for significant improvement in the accurate representation of the nuances in costs across all HCBS providers. In the future, Minnesota may want to consider a reporting mechanism to track accurate costs. This would provide Minnesota with a breakdown of all costs for all providers and would allow the Minnesota DHS to discern how costs vary by service type, provider size, and geography.

Additional Considerations

During the course of our research, we developed some observations that Minnesota DHS may want to take into consideration:

- **Future changes to frameworks.** Where possible, the recommendations in this report were made in light of the order of operations applied in the current rating framework. If the rating methodology were to change, the recommendations in this report likely would not be valid.
- **Capacity.** We recognize that many facilities or providers do not always operate at full capacity, and therefore some costs are not reimbursed. In our survey, several participants commented that capacity issues presented a significant challenge to collecting adequate revenue to cover expenses. This study was designed specifically to ascertain how best to reimburse providers for the costs incurred to provide HCBS. However, some consideration should be given to providers who are not able to operate at capacity, but provide valuable services. Particularly providers in remote locations, this may be true as they play a critical role in providing access to populations in remote areas, but may not be able to provide the volume of services to generate adequate revenue.
- **Inflation.** Although base wages were not addressed in this study, because wages serve as the basis for cost reimbursements, a wage inflation factor should be considered periodically in order to keep reimbursements in line with cost of living adjustments and general inflation.
- **Transportation Costs.** Our research and provider survey offered several useful insights into how to improve the framework structure to accommodate transportation costs. However, we believe a separate study should be pursued in order to better capture the breadth of transportation requirements and their respective costs to provide HCBS.
- **Startup costs for new care recipients.** During our focus group with providers, there was prominent discussion of the additional resources required to onboard new care recipients, which are not currently accounted for in a discreet manner. Furthermore, some organizations with greater administrative resources are more equipped to efficiently handle these responsibilities. This may be an area of further investigation for MN DHS.

- **Provider audit of survey findings.** The survey aims to collect accurate information regarding provider costs; however, by nature, these costs are self-reported and may contain inherent error. We recommend a periodic audit of provider costs to validate that the submitted survey results are in line with actual costs, and that costs are being attributed appropriately to account for HCBS. We recommend this audit be done for cost components within the current framework.
- **Time study for Program Plan Support.** As described above in the Program Plan Support section, there is considerable indirect time applied through the staffing ratio adjustments within the frameworks (particularly for Day and Residential services). It is unknown how these staffing ratio factors were determined, and how the indirect time is attributed within the adjustment factors. We recommend a time study to better understand how to appropriately account for the indirect time within each of the service bucket frameworks.

Appendices

Appendix A – Survey Guidance Document

Appendix B – Primary Data Sources

Appendix A. Survey Guidance Document

Please note that this document originally was distributed to survey participants as a Microsoft® Excel file, with an overview and attending workbook tabs for each of the two categories of provider revenue size.

Overview

This guidance document is intended to assist providers gathering data sought in the Home and Community Based Services (HCBS) Provider Survey. In many ways, this document mimics the survey in a compressed format for convenience. In the guidance document, each topic has been listed along with the details that the survey will capture. The guidance document can be used as a workbook that will assist all participants in collecting and organizing the data before entering responses in the actual survey.

The document has been separated into two sections: organizations with expenses above \$250,000 and organizations with expenses below \$250,000. While working within the attached document, each organization will want to use the tab appropriate to their size.

The guidance document also gives providers more information on the level of detail that the survey will require. The document includes a series of checkboxes that indicate how each service type will be grouped for each question. For example, the first question in the Accounting I section seeks to capture the number of individuals covered by Minnesota Medicaid Waiver programs; based on the checkboxes to the left of the question, the survey will request that information to be separated in the respective service “buckets” (e.g., Day, Residential, All Services). The option that indicates “All Services” aims to capture the total for topics where a provider cannot break out responses by service bucket. Ideally, all answers will be related specifically to HCBS services for Minnesota Medicaid. If a provider agency is unable to provide the level of detail requested, they should provide information related to all HCBS, regardless of payer.

Above \$250,000						
Question #	Question	Day	Residential	Unit Based w/ Programming	Unit Based w/o Programming	All
1	Provider Agency Name					X
2	Provider Agency Tax ID Number. If one does not exist, provide your Provider ID(s) recognized by the Minnesota Medicaid program					X
3	Central Office Location					X
4	In calendar year 2015, what percentage of all your organization's HCBS services were administered under the Minnesota Medicaid program?					X
5	Please indicate whether you are able to break out values for HCBS services paid by only the Minnesota Medicaid Program, or if you are only able to report for HCBS services covered by all payers.					X
6	In calendar year 2015, were your organization's expenses above or below \$250,000?					X
HCBS Services Provided						
7	Please provide all HCBS that your organization provides under Minnesota Medicaid.	X	X	X	X	
8	What specific HCBS Minnesota Medicaid services do you currently provide?	X	X	X	X	X
County Selection						
9	In what Minnesota counties do you administer HCBS services to individuals?	X	X	X	X	X
Accounting I						
10	How many individuals covered by Minnesota Medicaid waiver programs did you provide services to under each of the service types?	X	X	X	X	X
11	In calendar year 2015, what was your organization's revenue provided for all HCBS services from all payers?	X	X	X	X	X
12	How many individuals does your organization currently employ full time, meaning for at least 30 hours each week?	X	X	X	X	X

Above \$250,000						
Question #	Question	Day	Residential	Unit Based w/ Programming	Unit Based w/o Programming	All
13	How many individuals does your organization currently employ part time, meaning 29 hours or less per week, or by contract?	X	X	X	X	X
14	How many individuals does your organization currently employ on a temporary basis, where the length of the employee's time is limited to a specific period of time based on your organization's employment needs?	X	X	X	X	X
15	If the above questions are too specific, how many different individuals does your organization currently employ in total?	X	X	X	X	X
Accounting II						
16	For HCBS services provided in calendar year 2015, how many of each of the following kinds of service units has your organization provided to recipients of HCBS care under Minnesota Medicaid waiver programs?	X	X	X	X	X
17	What were your organization's total expenses associated with the provision of HCBS care to individuals under Minnesota Medicaid waiver programs in calendar year 2015?	X	X	X	X	X
18	What were your organization's total wage expenses for the direct provision of HCBS care to individuals in calendar year 2015?	X	X	X	X	X
Employee Training						
19	What were your organization's expenses associated with the provision of employee training for direct care staff? This includes the cost of training materials and other fees accrued in providing employee training. Please do not include employee time spent in training.	X	X	X	X	X
20	What were your organization's expenses related to the training time of your direct care staff? Please do not include time spent by other employees needed to cover for employees in training. Include only wages for employees in training.	X	X	X	X	X

Above \$250,000						
Question #	Question	Day	Residential	Unit Based w/ Programming	Unit Based w/o Programming	All
21	Of that employee training, what percentage is legally mandated by the state of Minnesota?	X	X	X	X	X
22	Of that employee training, what percentage do you estimate is elected upon by your organization to provide the highest quality care to your patients?	X	X	X	X	X
23	What types of voluntary additional training are being provided to direct care employees? Please do not include any training that is mandated by the state of Minnesota or is listed in the questions above.					X
24	For HCBS services in calendar year 2015, of the wages paid to direct care staff, what dollar amount was for paid time off? Please sum all wages paid by your organization to employees for time taken under your Paid Time Off policy.	X	X	X	X	X
Supporting Client Programs						
25	For HCBS services in calendar year 2015, what were your organization's expenses associated with providing participants access to the community or care in their home.	X	X	X	X	X
26	Please provide holistic examples of services your organization provides related to providing participants access to the community or care in their home.	X	X	X	X	X
Administration Costs						
27	Administration costs This includes liability/malpractice insurance, administrative salaries for finance, accounting, and auditors, all office supplies including postage, as well as any administrative office space.	X	X	X	X	X
28	Service support expenses This includes overhead costs to support HCBS service such as technology software and hardware, telecommunications, billing, and human resources and recruiting.	X	X	X	X	X

Above \$250,000						
Question #	Question	Day	Residential	Unit Based w/ Programming	Unit Based w/o Programming	All
Day: Facility Use						
29	For HCBS Day services in calendar year 2015, what were your organization's expenses associated with Facility Use? This includes only building mortgage or rent, utilities, maintenance and grounds keeping, depreciation (building/equipment and fixtures), interest on mortgage/loans, property tax, and facility insurance.	X				
30	For HCBS Day services in calendar year 2015, what were your organization's expenses associated with the mortgage, rent, interest on mortgage loans, and property taxes for buildings used in HCBS day service delivery?	X				
31	For HCBS Day services in calendar year 2015, what were your organization's expenses associated with facility insurance for buildings used in HCBS day service delivery?	X				
32	For HCBS Day services in calendar year 2015, what were your organization's expenses associated with utilities for buildings used in HCBS day service delivery?	X				
33	For HCBS Day services in calendar year 2015, what were your organization's expenses associated with maintenance and grounds keeping for buildings used in HCBS day service delivery?	X				
Transportation						
34	How many miles do your staff typically travel round trip to the service recipient per service appointment requiring staff travel (recipient is not in the vehicle)?	X		X	X	X
35	How many miles do your staff typically travel as a part of the service (recipient is in the vehicle)?	X		X	X	X

Above \$250,000						
Question #	Question	Day	Residential	Unit Based w/ Programming	Unit Based w/o Programming	All
36	What percentage of your overall transportation mileage typically goes unutilized because of scheduling issues such as cancelled appointments?	X		X	X	X
37	In calendar year 2015, how much did it cost your organization to maintain its current transportation resources, including car insurance, repairs, and other maintenance?	X		X	X	X
38	In calendar year 2015, how much did it cost your organization to acquire new vehicles to replace aging ones?	X		X	X	X
39	Does your organization provide vehicles to employees for use related to the provision of HCBS services?	X		X	X	X
40	If your organization has a calculation for mileage expenses used as a rate to reimburse employees, please provide it; that is, how much money in dollars and cents do you calculate for each mile of transportation costs?	X		X	X	X
Care Maintenance						
41	Please provide your organization's wage expenses associated with time maintaining paperwork and other administrative tasks necessary for an individual receiving HCBS care for a period of 3 months.	X		X	X	X
42	Please provide your organization's startup costs for a new care recipient.	X		X	X	X
43	What are the minimum amount of weekly units for which a care recipient would need care to make their care financially viable to your organization?	X		X	X	X
44	For HCBS services in calendar year 2015, what were your organization's expenses associated with supervisor wages? This does not include the cost of provision of direct care by supervisors, which should instead be reported under the questions related to direct care.	X	X	X	X	X

Above \$250,000						
Question #	Question	Day	Residential	Unit Based w/ Programming	Unit Based w/o Programming	All
45	How many supervisor full-time equivalents (FTEs) do you employ?	X	X	X	X	X
46	What is the average amount of time one of your supervisors spends per day providing direct care to service recipients?	X	X	X	X	X
Utilization and Absence						
47	For Unit-Based Services Only: What were your organization's expenses associated with wages for staff time scheduled to provide HCBS services that are declined due to recipient refusal or cancellation?			X	X	
48	For Unit-Based and Day Services Only: How many of your scheduled HCBS units were not provided because of recipient refusal or cancellation?	X		X	X	
49	For Residential Services only, Please provide your organization's expenses associated with bed vacancy/physical occupancy rate in calendar year 2015. This is the average percentage of beds and otherwise available physical space filled or utilized by individuals.		X			
50	For Residential Services only: What percentage of your authorized HCBS units were unable to be billed because a service recipient was away from the home?		X			
Residential: Remote Staffing						
51	For residential facilities only: Does your agency utilize remote staffing technology for the purpose of providing oversight, monitoring, and supervision of an individual's health and safety (not monitoring staff)?		X			
52	If yes, in calendar year 2015, what were your total expenses for remote staffing?		X			
53	How many service recipients utilized remote staffing?		X			
54	How many average hours per day was remote staffing utilized?		X			

Above \$250,000						
Question #	Question	Day	Residential	Unit Based w/ Programming	Unit Based w/o Programming	All
55	Does your agency employ an outside vendor to provide remote staffing?		X			
56	What is the cost to your agency per hour for the use of remote staffing?		X			
Direct Care Staff Time						
57	What percentage is spent directly with the service recipient (i.e., is "billable")?	X		X	X	X
58	What percentage is spent doing documentation for the service recipient?	X		X	X	X
59	What percentage is spent doing preparation, service planning, and coordinating with others relating to the service recipient?	X		X	X	X
60	What percentage is spent in travel time when the service recipient is not present?	X		X	X	X
61	On average, what percentage of recipients' scheduled services do not occur because the individual is unexpectedly unable or unwilling to attend your program?	X		X	X	
62	How many employees involved in the care of HCBS services are currently enrolled in your organization's employer-sponsored medical benefits? To prevent double-counting, please include only those employees enrolled in health benefits and do not additionally include those of your employees enrolled in dental or vision insurance programs through your organization.					X
63	Health benefits This includes medical, dental, and vision insurance, coverage for medication, all health spending accounts for your employees and their dependents, Employee Assistance Program (EAP), and wellness programs. Please do not include any employee contributions.					X

Above \$250,000						
Question #	Question	Day	Residential	Unit Based w/ Programming	Unit Based w/o Programming	All
64	<p>Employee retirement packages Examples include 401(k)s, Roth IRA matching funds, service fees, or any pension funds. Please do not include bonuses, wages, or employee contributions.</p>					X
65	<p>Bonuses This includes any nonwage compensation given to employees as a bonus related to annual performance reviews, holidays, and special recognition bonuses.</p>					X
66	<p>Miscellaneous employee benefits This includes childcare, short-term disability, food provided to staff, wellness plans, gym facilities, tuition reimbursement, or other similar allowable expenses. Please do not include employee contributions.</p>					X
67	<p>Worker's compensation This includes worker's compensation insurance and actual payouts related to worker's compensation. Please do not include employee contributions.</p>					X
68	<p>Wage taxes This includes all federal, state, and local wage taxes. Please do not include employee contributions.</p>					X

Below \$250,000						
Question #	Question	Day	Residential	Unit Based w/ Programming	Unit Based w/o Programming	All
1	Provider Agency Name					X
2	Provider Agency Tax ID Number. If one does not exist, provide your Provider ID(s) recognized by the Minnesota Medicaid program					X
3	Central Office Location					X
4	In calendar year 2015, what percentage of all your organization's HCBS services were administered under the Minnesota Medicaid program?					X
5	Please indicate whether you are able to break out values for HCBS services paid for by only the Minnesota Medicaid Program, or if you are only able to report for HCBS services covered by all payers.					X
6	In calendar year 2015, were your organization's expenses above or below \$250,000?					X
HCBS Services Provided						
7	Please provide all HCBS that your organization provides under Minnesota Medicaid.	X	X	X	X	
8	What specific HCBS Minnesota Medicaid services do you currently provide?	X	X	X	X	
Accounting						
9	Please provide an estimate for the percentage of services your organization provides under each of the following four service buckets associated with the provision of HCBS care to individuals under the Minnesota Medicaid program in calendar year 2015. Note: values should add to 100.	X	X	X	X	
10	What were your organization's expenses in calendar year 2015?					X
11	How many individuals covered by Minnesota Medicaid waiver programs did you provide HCBS services to in calendar year 2015?					X
12	How many individuals does your organization currently employ full time, meaning for at least 30					X

Below \$250,000						
Question #	Question	Day	Residential	Unit Based w/ Programming	Unit Based w/o Programming	All
	hours each week?					
13	How many individuals does your organization currently employ part-time, meaning 29 hours or less per week, or by contract?					X
14	How many individuals does your organization currently employ on a temporary basis, where the length of the employee's time is limited to a specific period of time based on your organization's employment needs?					X
15	If the above questions are too specific, how many different individuals does your organization currently employ in total?					X
16	In calendar year 2015, what were your organization's expenses associated with wage expenses directly involved with the provision of care to individuals?					X
17	What are the minimum amount of weekly units for which a care recipient would need care to make their care financially viable to your organization? Please provide both the kind of unit (i.e., Day, Half Day, Fifteen Min.) and number of units per week necessary to make a patient's care financially viable.					X
18	For HCBS services in calendar year 2015, what were your organization's administration costs?					X
19	For HCBS services in calendar year 2015, of the wages paid to direct care staff, what dollar amount was for paid time off? Please sum all wages paid by your organization to employees for time taken under your Paid Time Off policy.					X
20	For HCBS services in calendar year 2015, what were your organization's expenses associated with providing participants access to the community or care in their home?					X

Below \$250,000						
Question #	Question	Day	Residential	Unit Based w/ Programming	Unit Based w/o Programming	All
21	For HCBS services in calendar year 2015, what were your organization's expenses associated with transportation? Please do not include residential services for this question.					X
22	For HCBS services in calendar year 2015, what were your organization's expenses associated with the provision of employee training for direct care staff? This includes the cost of training materials and wages for employees' time spent in training.					X
23	Please include all other additional expenses that your organization may be able to capture in the comment box below, listing each item and its corresponding expense. Please include expenses such as employee training, employee benefits, transportation, administrative costs, or other categories applicable to your organization's provision of HCBS in the format found in this example: "Expense 1: \$XX,XXX, Expense 2: XX,XXX".					X
County Selection						
24	In what Minnesota counties do you administer HCBS services to individuals?					X

Appendix B: Primary Data Sources

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B.01 Supervision/Span of Control

MN Framework Definition	
Supervision/Span of Control – Supervision cost of direct care staff, expressed as the ratio of supervisors to direct care staff.	

Sources Table			
Current Rates			
All Service Buckets		11%	
Supervision Span of Control			
Source	Link	Rate	Notes
Truven Primary Source Value		Use survey result	

This cost component deals with the ratio of supervisors to direct care staff, and therefore is closely tied to the specific services provided. For this reason, we feel the survey data is a better source of information for this component. We were unable to identify strong comparable sources of information which provided meaningful comparisons for this component. For comparison states, the Program Plan Support factor is assumed to combine the Supervisor Span of Control and the Program Plan support in the costs. This is consistent with the previous combined rate.

B.02 Vacation/Sick/Training

MN Framework Definition

Vacation/Sick/Training - Wages paid to staff while they are on vacation, on sick leave, or in training.

Sources Table

Current Rates

All Service Buckets 8.71%

Vacation/Sick/Training

Source	Link	Rate	Notes
Paid Leave			
U.S. Bureau of Labor Statistics (BLS) Employer Cost for Employee Compensation March 2004 – December 2015 Table 18. Private industry workers, by industry group Health Care and Social Assistance. Paid Leave.	http://www.bls.gov/nchs/ect/sp/ececqrtn.txt	Paid Leave: 10.88%	Provided as a <i>percent of wages</i> . Table 18. Health Care and Social Assistance (NAICS 62). This Includes Ambulatory Health Care Services (NAICS 621), Hospitals (NAICS 622), Nursing and Residential Care Facilities (NAICS 623), & Social Assistance (NAICS 624). Paid Leave Average of Q1 - Q4 2015 percent of total compensation (7.83%) divided by wages percent of total compensation (70.23%). This has been adjusted by a BLS regional factor of 97.7% to reflect regional variation.
Comparison States			
Georgia Department of Behavioral Health and Developmental Disabilities Residential and Respite Cost Study- Final Rate Models, September 17, 2015 Appendix C: Rate Model Productivity Assumptions	https://dbhdd.georgia.gov/sites/dbhdd.georgia.gov/files/related_files/site_page/Final_RateModels_September%2017%202015.pdf	Paid Leave: 9.63% Training: 1.88%	<i>Total Combined Rate (as percent of total hours): 11.5%</i> The allocated time was provided <i>as hours per week</i> , with the included rates calculated using the following formula: Paid Leave: 3.85 hours Training: 0.75 hours 9.63% = 3.85/40 hours

Vacation/Sick/Training			
Source	Link	Rate	Notes
Maine Office of Aging and Disability Services Section 21 Rate-Setting Initiative Final Rate Models, February 3, 2015 Appendix B: Benefits Assumption Appendix C: Productivity Assumptions	http://www.maine.gov/dhhs/oads/docs/MEOADSRateModelsProposedFinal.pdf	Paid Leave: 9.61% Training: 1.88% - 2.5%	<i>Total Combined Rate : 11.5% - 12.11%</i> <i>Rates are a percent of hours per week.</i> Paid Leave: Total 25 days. Rates are a percent of hours per week, assuming 260 work days per year. Training: 0.75 - 1.50 hours.
Oregon Office of Developmental Disabilities Services Review of Provider Rates for Employment and Day Support Services-Proposed Rate Models, October 29, 2015 Appendix C: Productivity Assumptions	http://www.burnsheathpolicy.com/wp-content/uploads/2015/10/Proposed-Rate-Models.pdf	<u>Proposed</u> Paid Leave: 9.23% Training: 1.88% - 2.5% <u>Current</u> Training: 1.25% - 2.5%	<i>Proposed Total Combined Rate: 11.73%</i> <i>Rates are a percent of hours per week.</i> Proposed Paid Leave: 3.69 hours Proposed Training: 0.75 - 1.00 hours Current Paid Leave: Not provided by hours Current Training: 0.5 - 1.00 hours
Virginia Department of Behavioral Health and Developmental Services <i>My Life, My Community</i> Provider Rate Study - Final Rate Models, April 23, 2015 Appendix B: Benefits Assumption	http://www.dbhds.virginia.gov/library/developmental%20services/dds%20final%20waiver%20rate%20models%202015%20april%2023.pdf	<u>Standard</u> Paid Leave: 9.8% Training: 1.88% <u>Other*</u> Paid Leave: 11.55% Training: 1.25%	<i>Standard Combined Rate: 13.22%</i> <i>Other Combined Rate: 14.32%</i> <i>Rates are a percent of hours per week.</i> Standard Paid Leave: 3.92 hours Standard Training: 0.75 hours Other* Paid Leave: 4.62 hours Other* Training: 0.5 hours The same rates are used for across the state of Virginia, so a single set of statewide rates are provided. * Other includes Nursing (RN, LPN) and Therapeutic Consultation.

Vacation/Sick/Training			
Source	Link	Rate	Notes
Arizona Department of Economic Security Division of Developmental Disabilities Rebase Book, January 24, 2014	https://des.az.gov/sites/default/files/rebasebook_draft.pdf	7.31%	Factor is calculated as a percent of wage.
Truven Primary Source Value		12.88%	

The *wage based factor* of 12.88% combines the BLS PTO rate of 10.88% plus a training factor of 2.0% which is an increase to the current 8.71% factor.

- The BLS PTO factor is based on an industry rate for health care and social assistance. This rate has also been adjusted to account for regional variation captured in BLS. This rate is a wage-based factor.
- Training rates are provided as a factor of total time per week in the comparison states. This ranges from 1.25% to 2.5%. In order to fit within the *wage based rate* to be combined with the BLS factor, this must be increased to reflect being a percent of direct billable time rather than total time worked.
- 2% for training time is suggested. The average percent of hours per week is between 0.5 and 1.5 hours per week, which is between 1.25% and 3.75% of standard (40 hour) work week.

B.03 Program Plan Support

MN Framework Definition

Program Plan Support - Direct service staff necessary to provide support of Adult Day Care services when not engaged in direct contact with clients (indirect time). Examples include, but are not limited to:

- Documentation
- Direct staff preparation and service planning
- Collateral contact related to direct service
- Travel time when the client is not present

Sources Table

Current Rates

Day	5.60%
Residential	3.10%
Unit with Programming	3.10%
Unit without Programming	3.10%

Program Plan Support

Source	Link	Rate	Notes
Comparison States			
Georgia Department of Behavioral Health and Developmental Disabilities Residential and Respite Cost Study- Final Rate Models, September 17, 2015 Appendix C: Rate Model Productivity Assumptions	https://dbhdd.georgia.gov/sites/dbhdd.georgia.gov/files/related_files/site_page/FinalRateModels_September%2017%202015.pdf	3.75% - 19.375%	Rates are a <i>percent of hours per week</i> . Time categories included all items other than direct care and Paid Leave/Training. Where applicable, these include travel time (between members), recordkeeping, employer time, and participation in ISP meetings. Rates vary by service.
Maine Office of Aging and Disability Services Section 21 Rate-Setting Initiative Final Rate Models, February 3, 2015 Appendix C: Productivity Assumptions	http://www.maine.gov/dhhs/oads/docs/MEOADSRateModelsProposedFinal.pdf	0.625% - 21.25%	Rates are a <i>percent of hours per week</i> . Time categories included all items other than direct care Training (Paid Time Off note removed in table). Where applicable, these include travel time (between members), recordkeeping, employer time,

Program Plan Support			
Source	Link	Rate	Notes
			<p>participation in ISP/PCP meetings, and employer and one-on-one supervision of time.</p> <p>Rates vary by service.</p>
<p>Oregon Office of Developmental Disabilities Services</p> <p>Review of Provider Rates for Employment and Day Support Services-Proposed Rate Models, October 29, 2015</p> <p>Appendix C: Productivity Assumptions</p>	<p>http://www.burnshea.lthpolicy.com/wp-content/uploads/2015/10/Proposed-Rate-Models.pdf</p>	5.25% - 37.5%	<p>Rates are a <i>percent of hours per week</i>.</p> <p>Time categories included all items other than direct care and Paid Leave/Training. Where applicable, these include travel time (between members), participation in ISP/PCP meetings, program development/quality improvement, employment market research, time spend on behalf of activities, program preparation/set-up/clean-up, incomplete assessments, incomplete placements, progress notes/medical records, and employer and one-on-one supervision of time.</p> <p>Rates vary by service.</p>
<p>Virginia Department of Behavioral Health and Developmental Services</p> <p><i>My Life, My Community</i> Provider Rate Study - Final Rate Models, April 23, 2015</p> <p>Final Rate Models</p>	<p>http://www.dbhds.virginia.gov/library/developmental%20services/dds%20final%20waiver%20rate%20models%202015%20april%2023.pdf</p>	0.875% - 21.875%	<p>Rates are a <i>percent of hours per week</i>.</p> <p>Time categories included all items other than direct care and Paid Leave/Training. Where applicable, these include travel time (between members), ISP/Plan of Care meetings, program development, program preparation/set-up/clean-up, progress notes/medical records (not in member's presence), and employer and one-on-one supervision of time.</p> <p>Rates vary by service.</p>
Truven Primary Source Value		Use survey result	

While our comparison states provide a basis of comparison, they vary significantly and do not accurately represent the HCBS services provided in MN. Since this cost component is closely tied to the specific services provided in MN, we feel the survey data is a better source of information for this component.

B.04 Taxes & Workers Compensation

MN Framework Definition
Taxes & Workers Compensation – State and Federal rates including FICA, FUTA, SUTA, and Workers Compensation.

Sources Table			
Current Rates			
All Service Buckets		11.56%	
Taxes and Worker's Compensation			
Source	Link	Rate	Notes
Federal			
Internal Revenue Service (IRS) Federal Insurance Contributions Act (FICA) - Social Security tax withholding	https://www.irs.gov/axtopics/tc751.html	6.20%	The wage base limit for Social Security is \$118,500 for 2016.
IRS FICA - Medicare tax withholding	https://www.irs.gov/axtopics/tc751.html	1.45%	
IRS Federal Unemployment Tax Authority (FUTA)	https://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/FUTA-Credit-Reduction	0.60%	The wage base limit for FUTA is \$7,000. Once employee year-to-date wages exceed \$7,000, an employer stops paying FUTA for that employee. Rate reflects the net annual FUTA applied to the wage base. The standard rate is 6.0%, but generally employers received a credit of 5.4% when their Form 940 (Employer's Annual Federal Unemployment (FUTA) Tax Return) is filed.

Taxes and Worker's Compensation

Source	Link	Rate	Notes
<p>U.S. Bureau of Labor Statistics (BLS)</p> <p>Employer Cost for Employee Compensation March 2004 – December 2015</p> <p>Table 12. West North Central Division. Federal Unemployment (FUTA).</p>	<p>http://www.bls.gov/nchs/ect/sp/ececqrtn.txt</p>	0.13%	<p>Average of Q1 - Q4 2015 Federal Unemployment (FUTA) percent of total compensation (0.10%) divided by wages percent of total compensation (70.08%) and paid leave (6.90%).</p> <p>West North Central Division includes IA, KS, MN, MO, NE, ND, and SD.</p>
State			
<p>Minnesota Department of Employment and Economic Development</p> <p>State Unemployment Tax Authority (SUTA)</p>	<p>http://uimn.org/uimn/employers/wages-taxes/tax-rates/faq-tax-rates.jsp</p>	1.49%	<p>This is the 2016 rate for new employers (1.66% in 2015) for Non-High Experience Rating Industry. 8.34% for New Employers in High Experience Rating Industry. Actual employer rate will be experience based.</p> <p>The wage base limit for SUTA is \$31,000. The maximum collected SUTA amount is \$461.90</p>
<p>Minnesota Department of Employment and Economic Development (DEED)</p> <p>Workforce Development Fund</p>	<p>http://uimn.org/uimn/employers/wages-taxes/tax-rates/faq-tax-rates.jsp</p>	0.10%	<p>Used to retrain unemployed Minnesota workers. Operates in the same manners as the above (only first \$31,000 of an employee's income is taxed).</p> <p>The maximum collected DEED amount is \$31.00.</p>
<p>U.S. Bureau of Labor Statistics (BLS)</p> <p>Employer Cost for Employee Compensation March 2004 – December 2015</p> <p>Table 12. West North Central Division. State Unemployment Insurance.</p>	<p>http://www.bls.gov/nchs/ect/sp/ececqrtn.txt</p>	0.78%	<p>Average of Q1 - Q4 2015 State Unemployment Insurance percent of total compensation (0.60%) divided by wages percent of total compensation (70.08%) and paid leave (6.90%).</p> <p>West North Central Division includes IA, KS, MN, MO, NE, ND, and SD.</p>

Taxes and Worker's Compensation																											
Source	Link	Rate	Notes																								
ADP 2016 Fast Wage and Tax Facts Published 4/4/2016	http://www.adp.com/ Fast	<table border="1"> <thead> <tr> <th>State</th> <th>Rate</th> <th>Max</th> </tr> </thead> <tbody> <tr> <td>IA</td> <td>1.00%</td> <td>\$28.3K</td> </tr> <tr> <td>KS</td> <td>2.70%</td> <td>\$14K</td> </tr> <tr> <td>MO</td> <td>3.51%</td> <td>\$13K</td> </tr> <tr> <td>NE</td> <td>1.25%</td> <td>\$9K</td> </tr> <tr> <td>ND</td> <td>1.62%</td> <td>\$37.2K</td> </tr> <tr> <td>SD</td> <td>1.75%*</td> <td>\$15K</td> </tr> </tbody> </table>	State	Rate	Max	IA	1.00%	\$28.3K	KS	2.70%	\$14K	MO	3.51%	\$13K	NE	1.25%	\$9K	ND	1.62%	\$37.2K	SD	1.75%*	\$15K	<p>Average, including MN state employer rate, is 1.92%. Average maximized state employer tax is \$369.69.</p> <p>Max reflects the annual maximum taxable earning.</p> <p>Comparison of 2016 New Employer SUTA for states included in the BLS West North Central Division.</p> <p>West North Central Division includes IA, KS, MN, MO, NE, ND, and SD.</p> <p>*SD includes a 0.55% investment fee.</p>			
State	Rate	Max																									
IA	1.00%	\$28.3K																									
KS	2.70%	\$14K																									
MO	3.51%	\$13K																									
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ND	1.62%	\$37.2K																									
SD	1.75%*	\$15K																									
Worker's Compensation (WC)																											
Minnesota Workers' Compensation Insurers Association Inc. Assigned Risk Rates National Council on Compensation (NCCI) Class code 8835	http://www.mwcia.org/ OnlineServices/M CISearch.aspx	<p>2013 Rate: 4.79%</p> <p>2016 Rate: 4.29%</p>	<p>Rates depend on industry. Year indicates the year the assigned risk rate started.</p> <p>NCCI Class Code 8835: Nursing-Home Health</p> <p>4/1/2013 – 4/1/2014 Rate</p> <p>4/1/2016 – 4/1/2017 Rate</p>																								
Oregon Department of Consumer and Business Services Oregon Workers' Compensation Premium Rate Ranking - Calendar Year 2014 Released February, 2015 Table 1. Workers' compensation premium rate ranking, Pg. 4	http://www.cbs.state. or.us/external/dir/wc _cost/files/report su mmary.pdf http://www.oregon.g ov/DCBS/	<table border="1"> <thead> <tr> <th>State</th> <th>Rate</th> <th>Eff. Date</th> </tr> </thead> <tbody> <tr> <td>MN</td> <td>1.99%</td> <td>1/2014</td> </tr> <tr> <td>IA</td> <td>1.88%</td> <td>1/2014</td> </tr> <tr> <td>KS</td> <td>1.55%</td> <td>1/2014</td> </tr> <tr> <td>MO</td> <td>1.98%</td> <td>1/2014</td> </tr> <tr> <td>NE</td> <td>1.78%</td> <td>2/2013</td> </tr> <tr> <td>ND</td> <td>0.88%</td> <td>7/2013</td> </tr> <tr> <td>SD</td> <td>1.86%</td> <td>7/2013</td> </tr> </tbody> </table>	State	Rate	Eff. Date	MN	1.99%	1/2014	IA	1.88%	1/2014	KS	1.55%	1/2014	MO	1.98%	1/2014	NE	1.78%	2/2013	ND	0.88%	7/2013	SD	1.86%	7/2013	<p>Region average: 1.70%</p> <p>Composite rate is based on an index calculated to provide a comparable hazard mix across states and does not reflect the actual state average.</p> <p>Effective date following rate.</p>
State	Rate	Eff. Date																									
MN	1.99%	1/2014																									
IA	1.88%	1/2014																									
KS	1.55%	1/2014																									
MO	1.98%	1/2014																									
NE	1.78%	2/2013																									
ND	0.88%	7/2013																									
SD	1.86%	7/2013																									

Taxes and Worker's Compensation

Source	Link	Rate	Notes																								
<p>Oregon Department of Consumer and Business Services</p> <p>Oregon Workers' Compensation Premium Rate Ranking - Calendar Year 2014</p> <p>Appendix 4. Workers' compensation premium rate ranking by class, Pg. 33, Class 8835 Home/Public Healthcare</p>	<p>http://www.oregon.gov/DCBS/</p>	<table border="1"> <thead> <tr> <th>State</th> <th>Rate</th> <th>Eff. Date</th> </tr> </thead> <tbody> <tr> <td>MN</td> <td>3.62%</td> <td>1/2014</td> </tr> <tr> <td>IA</td> <td>3.89%</td> <td>1/2014</td> </tr> <tr> <td>KS</td> <td>2.67%</td> <td>1/2014</td> </tr> <tr> <td>MO</td> <td>3.52%</td> <td>1/2014</td> </tr> <tr> <td>NE</td> <td>2.85%</td> <td>2/2013</td> </tr> <tr> <td>ND</td> <td>0.85%</td> <td>7/2013</td> </tr> <tr> <td>SD</td> <td>3.21%</td> <td>7/2013</td> </tr> </tbody> </table>	State	Rate	Eff. Date	MN	3.62%	1/2014	IA	3.89%	1/2014	KS	2.67%	1/2014	MO	3.52%	1/2014	NE	2.85%	2/2013	ND	0.85%	7/2013	SD	3.21%	7/2013	<p>Region average: 2.94%</p> <p>Industry rate for Class Code 8835 Home/Public Healthcare</p> <p>Same dates as composite rates.</p>
State	Rate	Eff. Date																									
MN	3.62%	1/2014																									
IA	3.89%	1/2014																									
KS	2.67%	1/2014																									
MO	3.52%	1/2014																									
NE	2.85%	2/2013																									
ND	0.85%	7/2013																									
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<p>U.S. Bureau of Labor Statistics (BLS)</p> <p>Employer Cost for Employee Compensation March 2004 – December 2015</p> <p>Table 12. Private industry workers, by census region and division</p> <p>West North Central Division. Workers' Compensation.</p>	<p>http://www.bls.gov/nchs/ect/sp/ececqrtn.txt</p>	<p>1.69%</p>	<p>Table 12. West North Central Division (includes IA, KS, MN, MO, NE, ND, and SD).</p> <p>Workers Compensation Average of Q1 - Q4 2015 percent of total compensation (1.30%) divided by wages percent of total compensation (70.08%) and paid leave (6.90%).</p>																								
All Legally Required Benefits Combined																											
<p>U.S. Bureau of Labor Statistics (BLS)</p> <p>Employer Cost for Employee Compensation March 2004 – December 2015</p> <p>Table 12. Private industry workers, by census region and division</p> <p>West North Central Division. Legally Required Benefits.</p>	<p>http://www.bls.gov/nchs/ect/sp/ececqrtn.txt</p>	<p>10.30%</p>	<p>Table 12. West North Central Division (includes IA, KS, MN, MO, NE, ND, and SD).</p> <p>Workers Compensation Average of Q1 - Q4 2015 percent of total compensation (7.93%) divided by wages percent of total compensation (70.08%) and paid leave (6.90%).</p>																								
Comparison States																											

Taxes and Worker's Compensation

Source	Link	Rate	Notes
<p>Georgia Department of Behavioral Health and Developmental Disabilities</p> <p>Residential and Respite Cost Study- Final Rate Models, September 17, 2015</p> <p>Appendix B: Benefits Assumptions</p>	<p>https://dbhdd.georgia.gov/sites/dbhdd.georgia.gov/files/related_files/site_page/FinalRateModels_September%2017%202015.pdf</p>	<p>FICA: 7.65%</p> <p>FUTA: 0.60%</p> <p>SUTA: 1.5%</p> <p>WC: 3.2%</p>	<p><i>Total Combined Rate: 12.95%</i></p> <p>FICA includes social security tax rate (6.2%) and Medicare tax rate (1.45%).</p> <p>FUTA applies to first \$7,000 in wages.</p> <p>SUTA applies to first \$9,500 in wages.</p>
<p>Maine Office of Aging and Disability Services</p> <p>Section 21 Rate-Setting Initiative</p> <p>Final Rate Models, February 3, 2015</p> <p>Appendix B: Benefits Assumptions</p>	<p>http://www.maine.gov/dhhs/oads/docs/MEOADSRateModelsProposedFinal.pdf</p>	<p>FICA: 7.65%</p> <p>FUTA: 0.60%</p> <p>SUTA: 2.20%</p> <p>WC: 3.2%</p>	<p><i>Total Combined Rate: 13.65%</i></p> <p>FUTA applies to first \$7,000 in wages.</p> <p>SUTA applies to first \$12,000 in wages.</p>
<p>Oregon Office of Developmental Disabilities Services</p> <p>Review of Provider Rates for Employment and Day Support Services-Proposed Rate Models, October 29, 2015</p> <p>Appendix B: Benefits Assumption</p>	<p>http://www.burnsheathpolicy.com/wp-content/uploads/2015/10/Proposed-Rate-Models.pdf</p>	<p>FICA: 7.65%</p> <p>FUTA: 0.60%</p> <p>SUTA: 2.90%</p> <p>WC: 2.30%</p>	<p><i>Total Combined Rate: 13.45%</i></p> <p>FUTA applies to first \$7,000 in wages.</p> <p>SUTA applies to first \$8,000 in wages.</p>
<p>Virginia Department of Behavioral Health and Developmental Services</p> <p><i>My Life, My Community</i> Provider Rate Study - Final Rate Models, April 23, 2015</p> <p>Appendix B: Benefits Assumption</p>	<p>http://www.dbhds.virginia.gov/library/developmental%20services/dds%20final%20waiver%20rate%20models%202015%20april%2023.pdf</p>	<p>FICA: 7.65%</p> <p>FUTA: 0.60%</p> <p>SUTA: 1.55%</p> <p>WC: 3.11%</p>	<p><i>Total Combined Rate: 12.91%</i></p> <p>FUTA applies to first \$7,000 in wages.</p> <p>SUTA applies to first \$8,000 in wages.</p> <p>The same rates are used for across the state of Virginia, so a single set of statewide rates are provided.</p>

Taxes and Worker's Compensation			
Source	Link	Rate	Notes
Arizona Department of Economic Security Division of Developmental Disabilities Rebase Book, January 24, 2014	https://des.az.gov/sites/default/files/rebas_ebook_draft.pdf	FICA: 7.65% FUTA and SUTA: 0.31% - 1.05% WC: 2.0%	Total values ranging from \$2,002 to \$6,218. Percentages ranging from 9.96% - 10.70%. Combined FUTA and SUTA has a flat amount of \$196.
Truven Primary Source Value		11.1%	

The Taxes & Workers Compensation factor is comprised of legally required federal and state benefits. This includes Federal and state taxes and workers compensation costs, as outlined below:

- Federal:
 - Social Security tax withholding (Federal Insurance Contributions Act (FICA))
 - A wage based limit exist for Social Security tax as \$118,500. However, since this equates to \$56.97/hour (40 hours a week for 52 weeks), no adjustment was made to the factor.
 - The full 6.2% is suggested for use as a factor applied to wages.
 - Medicare tax withholding
 - There is no cap for Medicare taxes wages, and while an additional 0.9% is withheld wages in excess of \$200,000, this has *not* been included due to the wage threshold reasonably exceeding the anticipated direct care wages.
 - The standard 1.45% is used as a factor applied to wages.
 - Federal Unemployment Tax Authority (FUTA)
 - Rate reflects the net annual FUTA applied to the wage base. The standard rate is 6.0%, but most employers received a credit of 5.4% when their Form 940 (Employer's Annual Federal Unemployment (FUTA) Tax Return) is filed. It has been assumed that the Form 940 has been completed, and a net 0.60% applies.
 - An annual wage base limit of \$7,000 applies to FUTA. Once employee year-to-date wages exceed \$7,000, an employer stops paying FUTA for that employee. This limit equates to \$3.37/hour (40 hours a week for 52 weeks), and is assumed to be exceeded over the course of the year. To adjust for the wage base limit, it is suggested the BLS factor of 0.13% is used. This would be the roughly the

equivalent of \$32,307, or \$15.53 per hour. It is expected that a portion of wages will be above and below this rate.

- The combined primary source Federal tax rate is 7.78%
- State:
 - State Unemployment Tax Authority (SUTA)
 - An annual wage base limit of \$31,000 (\$14.90 per hour) applies to SUTA. Based on the professions providing services, the Non-High Experience rate of 1.49% for new employers is proposed. No additional reductions were applied based on the annual wage base limit.
 - Workforce Development Fund
 - An annual wage base limit of \$31,000 (about \$14.90 per hour) applies to DEED Workforce Development Fund. The factor of 0.10% is indicated with additional reductions were applied based on the annual wage base limit.
 - The primary source State rate is 1.59%
 - BLS region rate was used for comparison purposes, with along with state specific rates and caps. While the combined MN rate of 1.59% is below the average, the annual wage base limit was higher, resulting in a larger possible total collected. As a result we suggest using the combined MN rate.
- Worker's Compensation
 - Worker's compensation rates vary based on the provider's experience and will vary between providers.
 - BLS reported a wage-based factor for workers compensation in the West North Central Division of 1.69 percent.

B.05 Other Benefits

MN Framework Definition

Other Benefits (could include but are not limited to):

- Health insurance
- Dental insurance
- Vision
- Life insurance
- Short-term disability insurance
- Retirement
- Tuition reimbursement
- Wellness program

Sources Table

Current Rates

All Service Buckets 12.04%

Other Benefits

Source	Link	Rate	Notes
Industry			
U.S. Bureau of Labor Statistics (BLS) Employer Cost for Employee Compensation March 2004 – December 2015 Table 18. Private industry workers, by industry group Health Care and Social Assistance. Insurance.	http://www.bls.gov/nchs/ect/sp/ececqrtn.txt	12.27%	Table 18. Health Care and Social Assistance (NAICS 62). This Includes Ambulatory Health Care Services (NAICS 621), Hospitals (NAICS 622), Nursing and Residential Care Facilities (NAICS 623), & Social Assistance (NAICS 624). Insurance Average of Q1 - Q4 2015 percent of total compensation (8.83%) divided by wages percent of total compensation (70.23%). This has been adjusted by a BLS regional factor of 97.7% to reflect regional variation.
U.S. Bureau of Labor Statistics (BLS) Employer Cost for Employee Compensation March 2004 – December 2015	http://www.bls.gov/nchs/ect/sp/ececqrtn.txt	4.69%	Table 18. Health Care and Social Assistance (NAICS 62). This Includes Ambulatory Health Care Services (NAICS 621), Hospitals (NAICS 622), Nursing and Residential Care Facilities (NAICS 623), & Social Assistance (NAICS 624).

Table 18. Private industry workers, by industry group Health Care and Social Assistance. Retirement and Savings.			Retirement and Savings Average of Q1 - Q4 2015 percent of total compensation (3.38%) divided by wages percent of total compensation (70.23%). This has been adjusted by a BLS regional factor of 97.7% to reflect regional variation.
U.S. Bureau of Labor Statistics (BLS) Employer Cost for Employee Compensation March 2004 – December 2015 Table 18. Private industry workers, by industry group Health Care and Social Assistance. Supplemental Pay.	http://www.bls.gov/news/ect/sp/ececqrtn.txt	2.99%	Table 18. Health Care and Social Assistance (NAICS 62). This Includes Ambulatory Health Care Services (NAICS 621), Hospitals (NAICS 622), Nursing and Residential Care Facilities (NAICS 623), & Social Assistance (NAICS 624). Supplemental Pay Average of Q1 - Q4 2015 percent of total compensation (2.15%) divided by wages percent of total compensation (70.23%). This has been adjusted by a BLS regional factor of 97.7% to reflect regional variation.
Comparison States			
Georgia Department of Behavioral Health and Developmental Disabilities Residential and Respite Cost Study- Final Rate Models, September 17, 2015 Appendix B: Benefits Assumptions	https://dbhdd.georgia.gov/sites/dbhdd.georgia.gov/files/related_files/site_page/FinalRateModels_September%2017%202015.pdf	Retirement 5.2% Health Ins. \$375	
Maine Office of Aging and Disability Services Section 21 Rate-Setting Initiative Final Rate Models, February 3, 2015 Appendix B: Benefits Assumptions	http://www.maine.gov/dhhs/oads/docs/MEOADSRateModelsProposedFinal.pdf	With Paid Leave: 29.8% - 51.2% Without Paid Leave: 18.3% - 39.7%	Rates range from \$9 per hour to \$35 per hour.

<p>Oregon Office of Developmental Disabilities Services</p> <p>Review of Provider Rates for Employment and Day Support Services-Proposed Rate Models, October 29, 2015</p> <p>Appendix B: Benefits Assumption</p>	<p>http://www.burnsheathpolicy.com/wp-content/uploads/2015/10/Proposed-Rate-Models.pdf</p>	<p>With Paid Leave: 25.6% - 44.4%</p> <p>Without Paid Leave: 18.2% - 36.9%</p>	<p>Rates range from \$9 per hour to \$40 per hour.</p>
<p>Virginia Department of Behavioral Health and Developmental Services</p> <p>My Life, My Community Provider Rate Study - Final Rate Models, April 23, 2015</p> <p>Appendix B: Benefits Assumption</p>	<p>http://www.dbhds.virginia.gov/library/developmental%20services/dds%20final%20waiver%20rate%20models%202015%20april%2023.pdf</p>	<p>Professional: 17.8% - 42.1%</p> <p>Paraprofessional: 16.8% - 37.5%</p>	<p>Rates are a range of values based on hourly wage.</p>
<p>Arizona Department of Economic Security Division of Developmental Disabilities</p> <p>Rebase Book, January 24, 2014</p>	<p>https://des.az.gov/sites/default/files/rebasebook_draft.pdf</p>	<p>5.92% - 19.74%</p>	<p>Arizona applies a flat amount of \$3,693 which creates a rate range of rates based on hourly wage.</p>
<p>Truven Primary Source Value</p>		<p>19.95%</p>	

Our results suggest using the BLS factors for Insurance, Retirement and Savings, and the new category of Supplemental Pay, which totals 19.95%, reflected as a percent of base wages. This factor is significantly different than the current factor of 12.04%, but this difference reflects the basis for the rate calculation. It appears that the previous recommendations were based on a percent of total compensation rather than a factor that applies to the wages. In effect, this 19.95% will need to be adjusted downward to be reflected as a percent of total compensation.

B.06 Client Program and Supports

MN Framework Definition

Client Program and Supports – Provision of participant’s access to the community or care in their home. State plan or other available waiver services must be accessed first, and those services must be billed separately. Examples of allowable costs include, but are not limited to:

- Participation costs for staff
- Reinforcers as defined in the participant’s support plan
- Transportation provided as part of Adult Day Care Service to provide in-program and transportation for the participant to increase access to the community outside the Adult Day Care location

Sources Table			
Current Rates			
Day		10.00%	
Residential		8.60%	
Unit with Programming		8.60%	
Unit without Programming		8.60%	
Client Program and Supports			
Source	Link	Rate	Notes
Truven Primary Source Value		Use survey result	

Based on the definition of this cost component, there were no directly comparable sources of data. The survey results should be used for a recommendation.

B.07 Standard G&A

MN Framework Definition

Standard G&A - This category includes general office and administrative overhead business costs including liability and malpractice insurance, administrative salaries for finance, accounting and auditors. This also includes office supplies, postage and any administrative office space necessary.

Sources Table

Current Rates

All Service Buckets 13.25%

Standard G&A

Source	Link	Rate	Notes
Comparison States			
Georgia Department of Behavioral Health and Developmental Disabilities Residential and Respite Cost Study-Final Rate Models, September 17, 2015 Final Rate Models	https://dbhdd.georgia.gov/sites/dbhdd.georgia.gov/files/related_files/site_page/FinalRateModels_September%2017%202015.pdf	10%*	Provided as a percent of total service cost (total cost per member). *Additional Residential Staffing includes a lower factor of 5%.
Maine Office of Aging and Disability Services Section 21 Rate-Setting Initiative Final Rate Models, February 3, 2015	http://www.maine.gov/dhhs/oads/docs/MEOADSRateModelsProposedFinal.pdf	10%	Provided as a percent of total service cost (total cost per member).
Oregon Office of Developmental Disabilities Services Review of Provider Rates for Employment and Day Support Services-Proposed Rate Models, October 29, 2015	http://www.burnsheathpolicy.com/wp-content/uploads/2015/10/Proposed-Rate-Models.pdf	Proposed: 20% Current: 22.5%	Provided as a percent of total service cost (total cost per member). The proposed rates separately include program support funding (\$10 per member day) while the current rates do not.

Proposed Rate Models			
Virginia Department of Behavioral Health and Developmental Services <i>My Life, My Community</i> Provider Rate Study - Final Rate Models, April 23, 2015 Final Rate Model	http://www.dbhds.virginia.gov/library/developmental%20services/dds%20final%20waiver%20rate%20models%202015%20april%2023.pdf	11%	Provided as a percent of total service cost (total cost per member).
Arizona Department of Economic Security Division of Developmental Disabilities Rebase Book, January 24, 2014	https://des.az.gov/sites/default/files/rebasebook_draft.pdf	10%	Administrative costs are 10% of the overall benchmark rate for each service.
Truven Primary Source Value		10% – 20% of total service costs	

Our primary research yielded Standard G&A results between 10% and 20% of total service costs. Much of the variation in this category comes from how other states have defined the category and which costs are included. We have observed that often costs within Standard G&A and Program-Related Expenses are not delineated consistently from state to state. The current rate of 13.25% reasonably falls within the range observed in other states, however, we propose using the results from the survey to provide a more refined recommendation.

B.08 Utilization and Absence

MN Framework Definition

Utilization and Absence - This factor accounts cost associated with absences of the care recipient. It approximates providers' fixed costs when a recipient is not able to attend/be present for a planned service. Covers both provider vacancy and recipient absences.

Sources Table			
Current Rates			
All Service Buckets		3.90%	
Utilization and Absence			
Source	Link	Rate	Notes
Comparison States			
Georgia Department of Behavioral Health and Developmental Disabilities Residential and Respite Cost Study-Final Rate Models, September 17, 2015 Final Rate Model	https://dbhdd.georgia.gov/sites/dbhdd.georgia.gov/files/related_files/site_page/FinalRateModels_September%2017%202015.pdf	2.08%	For Residential and Respite Services, 3 hour allowance for day program absences. Rate applies after reduction of 30 weekly hours for members out of the home (without Home Staff).
Oregon Office of Developmental Disabilities Services Review of Provider Rates for Employment and Day Support Services-Proposed Rate Models, October 29, 2015 Proposed Rate Model	http://www.burnsheathpolicy.com/wp-content/uploads/2015/10/Proposed-Rate-Models.pdf	Proposed Rate 16% Current Rate: 1.98%	Where applicable, provided as Member Attendance Rate, which applies to the staffing ratio factor (and as part of the denominator). The rate to the left has been has been provided as a wage based factor. Proposed: 84% or 210 days per year of member attendance (based on attendance rate) out of 250 days per year of program operations. Current: 98% or 248 days per year of member attendance (based on attendance rate) out of 253 days per year of program operations.
Virginia Department of Behavioral Health and Developmental Services	http://www.dbhds.virginia.gov/library/developmental%20services/dds%20final%20waiver%20	5.75%	The Final rates are based on a 344-day year, which allows for 21 absences and caps billing at 344 days.

Utilization and Absence			
Source	Link	Rate	Notes
<i>My Life, My Community</i> Provider Rate Study - Final Rate Models, April 23, 2015 Comparison of Current and Final Rates	rate%20models%202015%20april%2023.pdf		
Arizona Department of Economic Security Division of Developmental Disabilities Rebase Book, January 24, 2014	https://des.az.gov/sites/default/files/rebasebook_draft.pdf	6%	An absence factor of 6% for Habilitation, Nursing Supported group home.
Truven Primary Source Value		6.0%	

Utilization and absence factors found in other states range from 2% to 6%, however, these factors primarily include absence, not utilization. Some of this variation may be explained by the billing caps imposed in some states with higher utilization rates.

B.09 Program Related Support

MN Framework Definition

Program-Related Support - This component captures overhead costs such as technology software and hardware, telecommunications, and billing infrastructure. This component is sometimes referred to as Program G&A.

Sources Table			
Current Rates			
Day		1.80%	
Residential		1.30%	
Unit with Programming		6.10%	
Unit without Programming		6.10%	
Program Related Support			
Source	Link	Rate	Notes
Comparison States			
Georgia Department of Behavioral Health and Developmental Disabilities Residential and Respite Cost Study- Final Rate Models, September 17, 2015 Final Rate Models	https://dbhdd.georgia.gov/sites/dbhdd.georgia.gov/files/related_files/site_page/FinalRateModels_September%2017%202015.pdf	\$14 per member day*	This Program Support rate includes all Program Related support other than administrative costs. This is adjusted by either <ul style="list-style-type: none"> - dividing by the productivity factor and number of hours to achieve an hourly rate, or - multiplying by the number of days to achieve a weekly or annual rate. Since this source uses a flat dollar rate, the equivalent percent of total cost ranges widely due to the adjustments described above. *Flat dollar amount of \$14.00 per day, except for additional residential staffing which is a flat rate of \$7.00 per day.
Maine Office of Aging and Disability Services Section 21 Rate-Setting Initiative	http://www.maine.gov/dhhs/oads/docs/MEOADSRateMod	\$20 per member day*	This Program Support rate includes all Program Related support other than administrative costs. This is adjusted by either

Program Related Support			
Source	Link	Rate	Notes
Final Rate Models, February 3, 2015 Final Rate Models	elsProposedFinal.pdf		<ul style="list-style-type: none"> - dividing by the productivity factor and number of hours to achieve a hourly rate, or - multiplying by the number of days to achieve a weekly or annual rate. <p>Since this source uses a flat dollar rate, the equivalent percent of total cost ranges widely due to the adjustments described above.</p>
Oregon Office of Developmental Disabilities Services Review of Provider Rates for Employment and Day Support Services-Proposed Rate Models, October 29, 2015 Proposed Rate Model	http://www.burnshealthpolicy.com/wp-content/uploads/2015/10/Proposed-Rate-Models.pdf	\$10 per member day	<p>This proposed Program Support Funding rate includes all Program-Related expenses other than administrative costs.</p> <p>This is adjusted by either</p> <ul style="list-style-type: none"> - dividing by the productivity factor and number of hours to achieve an hourly rate, or - multiplying by the number of days to achieve a weekly or annual rate. <p>Since this source uses a flat dollar rate, the equivalent percent of total cost ranges widely due to the adjustments described above.</p> <p>The current rates do not reflect a split rate and is combined in the total administrative cost (22.5%) included in Standard G&A.</p>
Virginia Department of Behavioral Health and Developmental Services <i>My Life, My Community</i> Provider Rate Study - Final Rate Models, April 23, 2015 Final Rate Models	http://www.dbhds.virginia.gov/library/developmental%20services/dds%20final%20waiver%20rate%20models%20	Northern Virginia: \$20 per member day Rest of State: \$18 per member day	<p>This Program Support Funding rate includes all Program-Related expenses other than administrative costs.</p> <p>A flat dollar rate varies by location between Northern Virginia and the rest of the state. This is adjusted by either</p>

Program Related Support			
Source	Link	Rate	Notes
	015% 20april% 2023.pdf		<ul style="list-style-type: none"> - dividing by the productivity factor and number of hours to achieve an hourly rate, or - multiplying by the number of days to achieve a weekly or annual rate. <p>Since this source uses a flat dollar rate, the equivalent percent of total cost ranges widely due to the adjustments described above.</p>
Arizona Department of Economic Security Division of Developmental Disabilities Rebase Book, January 24, 2014	https://des.az.gov/sites/default/files/rebasebook_draft.pdf	Professional Services: 4% All Other Services: 8%	Professional Services include all nursing and therapy services and some specialized habilitation services. Professional services accounts for 4% of the total services.
Truven Primary Source Value		Use survey result	

Comparable Program-Related Expenses in other state behavioral health programs have been provided as a flat dollar amount per member per day. When converting this rate to a percent of total service costs or percent of wages, there is a wide range of comparison rates. The broad definition of Program-Related Expenses also accounts for the large variance in figures found in other states. For these reasons, we cannot strongly recommend a factor based on these primary data sources. As noted above, we believe that the costs should be captured within the same cost component as Standard G&A.

B.10 Facility Use

MN Framework Definition

Facility Use – Costs of facility usage in providing day services.

Sources Table

Current Rates

Day	\$19.30/week
Residential	Not applicable
Unit with Programming	Not applicable
Unit without Programming	Not applicable

Facility Use

Source	Link	Rate	Notes
Comparison States			
Oregon Office of Developmental Disabilities Services Review of Provider Rates for Employment and Day Support Services-Proposed Rate Models, October 29, 2015 Proposed Rate Models	http://www.burnsheathpolicy.com/wp-content/uploads/2015/10/Proposed-Rate-Models.pdf	<u>Proposed</u> \$0.80 per member per billable hour (75 ft ²) or \$843.75 per member annually <u>Current</u> \$1.50 per member per billable hour (161.5 ft ²) or \$1,817.09 per member annually	Where facility rates apply, the proposed rate uses 75 ft ² at \$11.25 per square foot for total annual facility cost per member of \$843.75. With an attendance rate of 210 days per year with 5 hours per day, this equates to a facility cost of \$0.80 per member billable hour. The current rate uses 161.5 ft ² at \$11.25 per square foot for total annual facility cost per member of \$1,817.09. With an attendance rate of 248 days per year with 4.9 hours per day, this equates to a facility cost of \$1.47 per member billable hour (after rounding).
Maine Office of Aging and Disability Services Section 21 Rate-Setting Initiative Final Rate Models, February 3, 2015 Final Rate Models	http://www.maine.gov/dhhs/oads/docs/MEOADSRateModelsProposedFinal.pdf	\$1.41 per member per billable hour (100 ft ²) or \$1,500 per member annually	Where facility rates apply, the proposed rate uses 100 ft ² at \$15 per square foot for total annual facility cost per member of \$1,500. With an attendance rate of 213 days per year with 5 hours per day, this equates to a facility cost of \$1.41 per member billable hour.
Virginia Department of Behavioral Health and Developmental Services	http://www.dbhds.virginia.gov/library/developmental%20services/dds%20fi	Northern Virginia: \$1.33 per member per billable	Where facility rates apply, statewide rates use 75 ft ² .

Facility Use			
Source	Link	Rate	Notes
<p><i>My Life, My Community</i> Provider Rate Study - Final Rate Models, April 23, 2015</p> <p>Final Rate Models</p>	nal%20waiver%20rate%20models%202015%20april%2023.pdf	<p>hour (75 ft²) or \$1,800/member annually</p> <p>Rest of State: \$1.00 per member per billable hour (75 ft²) or \$1,350 per member annually</p>	<p>Northern Virginia uses an annual cost per square foot of \$24.00 for a total annual facility cost per member of \$1,800.</p> <p>The rest of the state uses an annual cost per square foot of \$18.00 for a total annual facility cost per member of \$1,350.</p> <p>A statewide attendance rate of 225 days per year with 6 hours per day is applied. This equates to a facility cost per member billable hour of \$1.33 in Northern Virginia and \$1.00 in the rest of the state.</p>
<p>Arizona Department of Economic Security Division of Developmental Disabilities</p> <p>Rebase Book, January 24, 2014</p>	https://des.az.gov/sites/default/files/rebasebook_draft.pdf	<p>\$15.00 - \$20.07</p>	<p>For Adult programs, urban and rural rate models are used. Ranging from 125 (urban) to 271 (rural) square feet per member at a flat rate ranging from \$15.00 (rural) to \$20.07 (urban).</p>
Truven Primary Source Value		\$0.80 per hour of direct care	

MN DHS currently uses a rate of \$19.30 per week, per member for facility use, only applied to day services. The most prevalent comparison for facility use in other states is reflected as an amount per direct hour of care. Based on this data, we suggest \$0.80 per direct care hour. This rate has a different denomination but fits most closely with the present MN framework for HCBS services. Many available resources recommend a given square-footage and cost per square-foot, which are not considered within the current MN rate framework.

B.11 Transportation

MN Framework Definition

Transportation - In residential, the cost of the vehicle. In Daily DTH, covers the cost of the vehicle, mileage, and time.

Sources Table

Current Rates

Day	Varies – See Appendix B
Residential	Standard Vehicle \$1680, Adapted Vehicle \$3000 (Annually)
Unit with Programming	N/a
Unit without Programming	N/a

Transportation

Source	Link	Rate	Notes
National			
Internal Revenue Service (IRS) 2016 Standard Mileage Rates for Business, Medical and Moving Announced	https://www.irs.gov/uac/Newsroom/2016-Standard-Mileage-Rates-for-Business-Medical-and-Moving-Announced	\$0.54 per mile for business miles driven	2016 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes. The 2016 business mileage rate decreased 3.5 cents per mile from the 2015 rate. IRS rate could be considered minimum for taxpayers since taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.
U.S. Department of Veterans Affairs Health Benefits: Beneficiary Travel (BT): Mileage Rates	http://www.va.gov/healthbenefits/vtp/beneficiary_travel.asp	\$0.415 per mile with a \$3.00 deductible for each one-way trip or \$6.00 for each round-trip	Upon reaching \$18.00 in deductibles or six one-way (three round) trips, whichever occurs first, in a calendar month mileage reimbursement payments for the balance of that month will be free of deductible charges.
Minnesota			
Minnesota Management & Budget	https://www.mn.gov/mmb/images/20151221.pdf	\$0.47 per mile for state-owned vehicles	MN follows the IRS guidelines for when <i>employees</i> travel using their own vehicle (\$0.54 per mile). Use

Transportation			
Source	Link	Rate	Notes
MN Memo: IRS Mileage Rate Effective January 1, 2016		\$0.54 per mile for personal vehicles	of a state vehicle is reimbursed at the lower rate shown.
Minnesota Department of Human Services Special Transportation Procedure Codes, Modifiers and Payment Rates	http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DY_NAMIC_CONVERSION&RevisionSelect=LatestReleased&dDocName=id_016391#	\$11.50 per encounter per trip	Non-emergency transportation; encounter per trip.
Minnesota Department of Human Services Special Transportation Procedure Codes, Modifiers and Payment Rates	http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DY_NAMIC_CONVERSION&RevisionSelect=LatestReleased&dDocName=id_016391#	\$1.30 per mile	Non-emergency transportation; mileage, per mile.
Comparison States			
Colorado Employee Mileage Reimbursement Rate	https://www.colorado.gov/pacific/osc/mileage-reimbursement-rate	\$0.49 - \$0.51 per mile	For <i>employees</i> , Colorado uses 90% of the IRS rate for 2 wheel drive vehicles (\$0.49 per mile). As necessary, 4-wheel drive is authorized at 95% of the IRS rate (\$0.51 per mile) due to road, terrain, or adverse weather conditions. The IRS rate is \$0.54 per mile
Georgia Department of Behavioral Health and Developmental Disabilities Residential and Respite Cost Study-Final Rate Models, September 17, 2015 Final Rate Models	https://dbhdd.georgia.gov/sites/dbhdd.georgia.gov/files/related_files/site_page/Final_Rate_Models_September%2017%202015.pdf	\$0.278 - \$0.575 per mile	Group Homes with capital cost: \$0.278 per mile Group Homes without capital cost: \$0.335 per mile All other: \$0.575 per mile

Transportation			
Source	Link	Rate	Notes
<p>Oregon Office of Developmental Disabilities Services</p> <p>Review of Provider Rates for Employment and Day Support Services-Proposed Rate Models, October 29, 2015</p> <p>Proposed Rate Models</p>	<p>http://www.burnsheathpolicy.com/wp-content/uploads/2015/10/Proposed-Rate-Models.pdf</p>	<p><u>Proposed</u> \$0.575 per mile</p> <p><u>Current</u> \$0.50 per mile</p>	
<p>Maine Office of Aging and Disability Services</p> <p>Section 21 Rate-Setting Initiative</p> <p>Final Rate Models, February 3, 2015</p> <p>Final Rate Models</p>	<p>http://www.maine.gov/dhhs/oads/docs/MEOADSRateModelsProposedFinal.pdf</p>	\$0.32 - \$0.575 per mile	<p>Agency Home Support, Supported Living, Work Support, and Community Support with capital cost: \$0.278 per mile</p> <p>Agency Home Support, Supported Living, Work Support, and Community Support without capital cost: \$0.278 per mile</p> <p>All other: \$0.575 per mile</p>
<p>Virginia Department of Behavioral Health and Developmental Services</p> <p><i>My Life, My Community</i> Provider Rate Study - Final Rate Models, April 23, 2015</p> <p>Final Rate Models</p>	<p>http://www.dbhds.virginia.gov/library/developmental%20services/dds%20final%20waiver%20rate%20models%202015%20april%2023.pdf</p>	\$0.26 - \$0.575 per mile	<p>Residential Supported Living, group home, work crew: \$0.26 per mile</p> <p>Day Supports: \$0.335 per mile</p> <p>Day In-home Residential Support, community access: \$0.575 per mile</p> <p>The assumed number of miles driven and number of members per vehicle vary by service type and are taken into consideration when developing the overall rate. As a result, the total mileage cost varies.</p>
<p>Arizona Department of Economic Security Division of Developmental Disabilities</p> <p>Rebase Book, January 24, 2014</p>	<p>https://des.az.gov/sites/default/files/rebasebook_draft.pdf</p>	\$0.565 - \$0.82 per mile	<p>Mileage reimbursement of \$0.565 per mile except for Day treatment and training: \$0.82 per mile</p>

Transportation			
Source	Link	Rate	Notes
Truven Primary Source Value		Day: Use survey result	

For Day services, tiered transportation rates are used based upon the following criteria: (a) the use and requirement of a lift, (b) whether the vehicle is shared, and (c) the mileage driven. We suggest ensuring that the individual tiered rates for no lift required has an average mileage rate that meets a *minimum*, or base rate, matching the Minnesota Management & Budget rate of \$0.54 per mile for when personal vehicles are used. This will cover the costs associated with vehicle and travel. The Minnesota Management suggested rate is based on the standard IRS rates. To ensure that rates adequately reflect the fluctuating nature of vehicle related transportation costs, it is suggested that an annual review of the updated Minnesota Management & Budget rate is performed and assessed if rate adjustments are warranted. If Minnesota Management & Budget has not released an update rate at the time of review, the IRS Standard mileage rates would be a reasonable substitution for comparison. This combined method with rates *above* the state mileage rate helps to address concerns about mileage and time required for extended driving distances for services provided in rural or remote areas.