



Minnesota Department of **Human Services**

DATE: February 15, 2013

TO: House Health and Human Services Finance Committee; Rep. Thomas Huntley, Chair
House Health and Human Services Policy Committee; Rep. Tina Liebling, Chair
Senate Finance Committee, Health and Human Services Division; Sen. Tony Lourey, Chair
Senate Health, Human Services and Housing Committee; Sen. Kathy Sheran, Chair

FROM: Loren Colman
Assistant Commissioner, Continuing Care Administration

SUBJECT: Disability Waiver Payment Methodology

Pursuant to Minnesota Statutes 2012, section 256B.4913, subdivision 2, paragraphs (a) and (c), attached are recommendations for the creation of the Disability Waiver Rate Payment Methodology.

Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraphs (a) and (c):
Subd. 2. Framework values.

(a) The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

(c) The commissioner shall provide recommendations for the final frameworks and values, and the basis for the recommendations, to the legislative committees with jurisdiction over health and human services finance by February 15, 2013.

Included are:

- An overview summary;
- Payment methodology framework component values; and
- Proposed legislative language, including specific payment methodology frameworks, the process for calculation, and specific values to populate the frameworks.

Since 2009, the Department has been engaged with various stakeholder groups and advisory committees to develop the rate setting frameworks. An intensive stakeholder process was established in 2012 after the passage of initial rate setting legislation. These materials are the result of meetings with multiple, intensive stakeholder workgroups that have completed in-depth review of individual features of the rate setting framework.

In many areas, there have been agreements, however, in some areas there remain differences. The Department will continue to consult and work with stakeholders to reach agreement and adjust the payment methodology accordingly.



Minnesota Department of **Human Services**

Overview: Disability Waivers Rate System (DWRS)

Background

In 2007, the Centers for Medicare & Medicaid informed Minnesota that the state's disability waivers were out of compliance with federal requirements for uniform rate determination methods and standards. In response, the Department of Human Services' Disability Services Division established what is now called the Disability Waivers Rate System Initiative. Implementation of DWRS on January 1, 2014 will restore compliance with federal requirements and allow renewal of Minnesota's disability waivers. Failure to comply with federal requirements would jeopardize approximately \$815 million in federal financial participation and impact services to 37,000 people who rely on disability waiver services.

The objective of DWRS is to create statewide rate-setting methodologies for disability waiver services that:

- Are transparent, fair, and consistent across the state, yet capture the individualized nature of services;
- Promote quality and participant choice;
- Meet federal requirements for the administration of waiver programs; and
- Establish rates based on a uniform process of structuring component values for services.

Research and Stakeholder Engagement Process

During the 2012 Legislative Session, after negotiations with stakeholders, legislation was passed for the Disability Waiver Rate Setting project. This legislation directed DHS to work with stakeholder groups to research a variety of topics related to determining the values and final details for implementation of disability waiver rate methodologies.

During 2012:

- The initiative's Advisory Committee and 10 stakeholder workgroups and webinars provided over 3,900 hours of stakeholder input into the DWRS initiative;
- Through a variety of workgroups, the initiative's Advisory Committee assisted in analysis of all assumptions and values used in rate setting frameworks (the methodologies for determining waiver service rates); and
- Counties and other lead-agencies working with providers populated our research approach with data that helps us understand how current services will be priced in the new rate frameworks. The Department has employed tools to simulate the effects of different component values on future fiscal impact to providers, lead agencies and the State given what we know about current demographics and purchasing behaviors.

Department Recommendations

Component values for all frameworks have been shared with stakeholders. Stakeholders on the initiative's Advisory Committee and workgroups agreed on most component values including:

- Span of control element to account for supervision costs in all frameworks;
- Absence/utilization factor will be included in all frameworks;
- Elimination of behavioral, medical, and mental health customizations; and
- Implementation of an exception process.

In a few instances where data did not provide clear direction, the Department is recommending **interim** component values; these areas have been shared with stakeholders, including:

- Day service rates that include transportation to/from these services;
- Values for transportation;
- Day program facility use factor;
- Pricing staff reductions due to monitoring technology; and
- No geographic differences factor.

There are some areas where there is both disagreement between stakeholders as well as between stakeholders and the Department. These components include:

- The ending of a separate allocation process of historic Group Residential Housing funds for residential service providers;
- Agreement of a daily rate option for day services, however there is disagreement on smaller units (15 minutes vs. hourly);
- Family foster care wage differential from corporate foster care wage;
- Application of general and administrative costs to absence/utilization factor, the Department recommendation takes all four of these areas together to create a total amount. (Stakeholders have recommended a different formula which when taken would add additional dollars to these areas); and
- Budget neutrality factor across the four service areas.

Future Steps

Upon implementation of rate setting statutory authority, major work will occur in advance of implementation to detail business processes, most notably:

- Defining and developing protocols for the use of and entry of rates into DWRS by counties and providers;
- Defining and developing protocols for the process that lead agencies and providers will use to seek approval for a rate exception;
- Defining and developing the process that rate stabilization will occur for the three year period (calendar years 2014-2016) that was agreed upon in the last legislative session (this is referred to as “banding”); and
- Communication to and training of lead agencies and providers.

Project Web Site

http://www.dhs.state.mn.us/main/dhs16_144651

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

256B.4913 PAYMENT METHODOLOGY DEVELOPMENT.

Subdivision 1. ~~Research period and rates.~~

~~(a) For the purposes of this section, "research rate" means a proposed payment rate for the provision of home and community based waived services to meet federal requirements and assess the implications of changing resources on the provision of services and "research period" means the time period during which the research rate is being assessed by the commissioner.~~

~~(b) The commissioner shall determine and publish initial frameworks and values to generate research rates for individuals receiving home and community based services.~~

~~(c) The initial values issued by the commissioner shall ensure projected spending for home and community based services for each service area is equivalent to projected spending under current law in the most recent expenditure forecast.~~

~~(d) The initial values issued shall be based on the most updated information and cost data available on supervision, employee related costs, client programming and supports, programming planning supports, transportation, administrative overhead, and utilization costs. These service areas are:~~

~~(1) residential services, defined as corporate foster care, family foster care, residential care, supported living services, customized living, and 24 hour customized living;~~

~~(2) day program services, defined as adult day care, day training and habilitation, prevocational services, structured day services, and transportation;~~

~~(3) unit based services with programming, defined as in-home family support, independent living services, supported living services, supported employment, behavior programming, and housing access coordination; and~~

~~(4) unit based services without programming, defined as respite, personal support, and night supervision.~~

~~(e) The commissioner shall make available the underlying assessment information, without any identifying information, and the statistical modeling used to generate the initial research rate and calculate budget neutrality.~~

Subd. 2. ~~Framework values.~~

~~(a) The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.~~

~~(b) The commissioner shall provide underlying data and information used to formulate the final frameworks and values to the existing stakeholder workgroup by January 15, 2013.~~

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

~~(c) The commissioner shall provide recommendations for the final frameworks and values, and the basis for the recommendations, to the legislative committees with jurisdiction over health and human services finance by February 15, 2013.~~

~~(d) The commissioner shall review the following topics during the research period and propose, as necessary, recommendations to address the following research questions:~~

~~(1) underlying differences in the cost to provide services throughout the state;~~

~~(2) a data-driven process for determining labor costs and customizations for staffing classifications included in each rate framework based on the services performed;~~

~~(3) the allocation of resources previously established under section **256B.501**, subdivision 4b;~~

~~(4) further definition and development of unit-based services;~~

~~(5) the impact of splitting the allocation of resources for unit-based services for those with programming aspects and those without;~~

~~(6) linking assessment criteria to future assessment processes for determination of customizations;~~

~~(7) recognition of cost differences in the use of monitoring technology where it is appropriate to substitute for supervision;~~

~~(8) implications for day services of reimbursement based on a unit rate and a daily rate;~~

~~(9) a definition of shared and individual staffing for unit-based services;~~

~~(10) the underlying costs of providing transportation associated with day services; and~~

~~(11) an exception process for individuals with exceptional needs that cannot be met under the initial research rate, and an alternative payment structure for those individuals.~~

~~(e) The commissioner shall develop a comprehensive plan based on information gathered during the research period that uses statistically reliable and valid assessment data to refine payment methodologies.~~

~~(f) The commissioner shall make recommendations and provide underlying data and information used to formulate these research recommendations to the existing stakeholder workgroup by January 15, 2013.~~

Subd. 3. Data collection.

~~(a) The commissioner shall conduct any necessary research and gather additional data for the further development and refinement of payment methodology components. These include but are not limited to:~~

~~(1) levels of service utilization and patterns of use;~~

~~(2) staffing patterns for each service;~~

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

~~(3) profiles of individual service needs; and~~

~~(4) cost factors involved in providing transportation services.~~

~~(b) The commissioner shall provide this information to the existing stakeholder workgroup by January 15, 2013.~~

Subd. 1. Rate stabilization adjustment.

~~Beginning January 1, 2014, the commissioner shall adjust individual rates determined by the new payment methodology so that the new unit rate varies no more than one percent per year from the rate effective on December 31 November 1 of the prior calendar year. This adjustment is made annually and is effective for three calendar years from the date of implementation. This subdivision expires January 1, 2017.~~

The commissioner of human services shall adjust individual reimbursement rates by no more than 1.0 percent per year effective January 1, 2014. Rates will be adjusted using the new payment methodology so that the new unit rate varies no more than 1.0 percent per year from the rate effective December 1 of the prior calendar year. ~~from the rate effective November 1 of the prior calendar year.~~ This adjustment is made annually for three calendar years from the date of implementation. This subdivision expires January 1, 2017.

(b) Rate stabilization adjustment applies to services that are authorized in a recipient's service plan prior to January 1, 2014.

(c) Exemptions will be made only when there is a significant change in the recipient's assessed needs which results in a service authorization change. Exemption adjustments will be limited to the difference in the authorized framework rate specific to change in assessed need. Exemptions will be managed within lead agencies' budgets per existing allocation procedures which govern county waiver budget allocation.

Subd.2 5. Stakeholder consultation.

The commissioner shall continue consultation on regular intervals, with the existing stakeholder group established as part of the rate-setting methodology process and others, to gather input, concerns, and data, ~~and exchange ideas for~~ to assist in the legislative proposals for the full implementation of the new rate payment system and to make pertinent information available to the public through the department's Web site.

Subd.3 6. Implementation.

(a) On January 1, 2014 the commissioner shall implement changes to payment rates for individuals receiving home and community-based waived services after the enactment of legislation that establishes specific payment methodology frameworks, processes for rate calculations, and specific values to populate the ~~payment methodology frameworks~~ disability waiver rates system.

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

(b) Rates shall be determined using component values as provided under this section. Lead agencies, in consultation with provider agencies, shall enter person-specific information into a rate management system developed by the Commissioner. The rate management system will calculate rates that lead agencies will use as the basis for authorizing services on behalf of disability waiver recipients (subject to requirements of subd. 4).

(c) On January 1, 2014, all new service authorizations must use the disability waiver rates system. Beginning January 1, 2014 all renewing individual service plans must use the disability waiver rates system as reassessment and reauthorization occurs. By December 31, 2014, data for all recipients must be entered into the disability waiver rates system.

(d) Beginning January 1, 2014, through implementation, the commissioner shall make adjustments to lead agency waiver budgets per the federally approved home and community based services waiver plans for people with disabilities as authorized under 256B.49 and 256B.902.

Subd 4. **Application.** The payment methodologies in this section apply to home and community-based services waivers under sections 256B.092 and 256B.49. This section does not change existing waiver policies and procedures.

Subd. 5. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them, unless the context clearly indicates otherwise.

(b) "Commissioner" means the commissioner of human services.

(c) "Payment or rate" means reimbursement to an eligible provider for services provided to a qualified individual based on an approved service authorization.

(d) "Disability Waiver Rates System" means a statewide system which establishes rates that are based on uniform processes and captures the individualized nature of waiver services and recipient needs.

(e) "Recipient" means a person receiving home and community- based services funded under any of the disability waivers.

(f) "Component value" means underlying factors that are part of the cost of providing services that are into built into the waiver rates methodology to calculate service rates.

(g) "Customized living tool" means a methodology for setting service rates which delineates and documents the amount of each component service included in a recipient's customized living service plan.

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

(h) “Rates management system” means a web-based software application that uses a framework and component values, as determined by the commissioner, to establish service rates.

Subd. 6. Applicable services. Applicable services are those authorized under the state's home and community-based services waivers under sections 256B.092 and 256B.49 including, as defined in the federally approved home and community-based services plan:

- (1) 24 hour customized living;
- (2) adult day care;
- (3) adult day care bath;
- (4) behavioral programming;
- (5) companion services;
- (6) customized living;
- (7) day training and habilitation;
- (8) housing access coordination;
- (9) independent living skills;
- (10) in-home family support;
- (11) night supervision;
- (12) personal support;
- (13) prevocational services;
- (14) residential care services;
- (15) residential support services;
- (16) respite services;
- (17) structured day services;
- (18) supported employment services;
- (19) supported living services;
- (20) transportation services; and
- (21) other services as approved by the federal government in the state home and community-based services plan.

Subd. 7. Uniform payment methodology. The commissioner shall determine a uniform payment methodology to meet the individualized service plan for individuals with disabilities as funded under the waiver plan for home and community-based services under sections 256B.092 and 256B.49. The commissioner shall use the component values, with consideration of recipient needs, to determine the service payment rate under this section.

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

The payment methodology for customized living, 24 hour customized living and residential care services will be the customized living tool. Revisions to the customized living tool will be made to reflect services and activities unique to disability- related recipient needs.

Subd. 8. Payments for residential services. (a) Payments for residential support services, as defined in 256B.092, subd.11 and 256B.49 subd. 22 must be calculated as follows:

(1) determine the number of units of service to meet an individual's needs.

(2) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in paragraph (b). This is defined as the direct care rate.

(3) for an individual requiring customization for deaf and hard of hearing language accessibility under subdivision 15, add the customization rate provided in subdivision 15 to the result of step (2). This is defined as the customized direct care rate.

(4) multiply the number of direct staff hours by the appropriate staff wage (in paragraph b); or the customized direct care rate.

(5) multiply the number of direct staff hours by the product of the supervision span of control ratio (in paragraph d clause 1) and the supervision wage (in paragraph b, clause 1, sub-clause ii).

(6) combine (4), and (5) and multiply the result by one plus the vacation, sick, training ratio (paragraph d, clause 2). This is defined as the direct staffing cost;

(7) for employee-related expenses multiply the direct staffing cost by one plus the employee related cost ratio (paragraph d, clause 3):

(8) for client programming and supports the commissioner shall add \$2,179 per year adjusted to an hourly rate

(9) for transportation, if provided, add \$1,680 (or \$3,000 if customized for adapted transport), per year adjusted to an hourly rate.

(10) The total rate shall be calculated using the following steps:

- i. subtotal clauses (7) through (9).
- ii. sum the standard general and administrative rate, the program related expense ratio, the absence and utilization ratio.
- iii. divide the result of clause 11 by one minus the result of step 12. This is the total payment amount.

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

(b) The base wage index is established to determine staffing costs associated with providing services to individuals receiving home and community-based services.

(1) for the purpose of developing and calculating the proposed base wage the Commissioner shall use Minnesota-specific wages taken from job descriptions and standard occupational classification (SOC) codes from the Bureau of Labor Statistics, as defined in the most recent edition of the Occupational Outlook Handbook. The base wage index shall be calculated as follows:

(i) residential direct care basic, 50 percent of the median wage for personal and home health aide (SOC code 39-9021); 30 percent of the median wage for nursing aide (SOC code 31-1012); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(ii) residential direct care intensive, 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(iii) residential direct care asleep, the wage will be \$7.66 per hour (except in a family foster care setting the wage will be \$2.80 per hour).

(iv) for supervisory staff, the wage will be \$17.43 per hour

(d) Component values for residential support services excluding family foster care are:

1. supervisory span of control ratio: 11 %;
2. employee vacation, sick and training allowance ratio: 8.71 %
3. employee related cost ratio: 23.6 %
4. other factors:
 - (i) general administrative support ratio: 13.25 %
 - (ii) program related expense ratio: 1.3 %
 - (iii) absence and utilization factor ratio: 3.9 %

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

(e) component values for family foster care the component values are:

1. supervisory span of control ratio: 11 %;
2. employee vacation, sick and training allowance ratio: 8.71 %
3. employee related cost ratio: 23.6 %
4. other factors:
 - (i) general administrative support ratio: 3.3 %
 - (ii) program related expenses ratio: 1.3 %

(f) The commissioner shall revise the wage rates in the manner provided in subdivision 12.

Subd. 9. Payments for day programs. (a) Payments for services with day programs including adult day care, day treatment and habilitation, prevocational services, and structured day services must be calculated as follows:

(1) determine the number of units of service to meet an individual's needs.

(2) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in paragraph (b).

(3) for an individual requiring customization for deaf and hard of hearing language accessibility under subdivision 15, add the customization rate provided in subdivision 15 to the result of step (2). This is defined as the customized direct care rate.

(4) multiply the number of direct staff hours by the appropriate staff wage (in paragraph b) or the customized direct care rate; and

(5) multiply the number direct staff hours by the product of the supervision span of control ratio (paragraph c, clause 1) and the supervision wage (paragraph b, clause 1 sub-clause ii).

(6) combine (4),and (5) and multiply the result by one plus the vacation, sick and training ratio (paragraph d clause 2). This is defined as the direct staffing rate;

(7) for program plan support, multiply the result of clause 6 with the one plus the program plan support ration (paragraph c clause 4);

(8) for employee-related expenses multiply the result of clause 7 by one plus the employee related cost ratio(paragraph c clause 3):

(9) for client programming and supports multiply the result of clause 8 by one plus the client programing and supports ratio (paragraph c, clause 5)

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

(10) for program facility costs, add \$8.30 per week with consideration of staffing ratios to meet individual needs.

(11) this is the sub- total rate.

(12) sum the standard general and administrative rate, the program related expense ratio, the absence and utilization ratio.

(13) divide the result of clause 11 by one minus the result of clause 12. This is the total payment amount.

(14) adult day bath is reimbursed at \$7.01 per 15 minute unit

(15) For transportation provided as part of day training and habilitation, add a base of \$2.52 plus:

(i) \$2.50 for a trip between 0 to 10 miles without a lift or \$7.05 with a lift

(ii) \$7.75 for a trip between 11 and 20 miles without a lift or \$22.16 with a lift

(iii) \$17.75 for a trip between 21 and 50 miles without a lift and \$50.76 with a lift

(iv) \$25.50 for a trip of 51 miles or more without a lift and \$72.93 with a lift

(v) divide by 6 for a shared trip

(b) The base wage index is established to determine staffing costs associated with providing services to individuals receiving home and community-based services.

(1) for the purpose of developing and calculating the proposed base wage, the Commissioner shall use Minnesota specific wages taken from job descriptions and standard occupational classification (SOC) codes from the Bureau of Labor Statistics, as defined in the most recent edition of the Occupational Outlook Handbook. The base wage index shall be calculated as follows:

(i) direct care, 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services workers (SOC code 21-1093);

(ii) for supervisory staff, the wage will be \$17.43 per hour

(c) Component values for day services for all services are:

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

1. supervisory span of control ratio: 11 %;
2. employee vacation, sick and training allowance ratio: 8.71 %
3. employee related cost ratio: 23.6 %
4. program plan support ratio: 5.6 %
5. client programming and support ratio: 10 %
6. other factors:
 - (i) general administrative support ratio: 13.25 %
 - (ii) program related expenses ratio: 1.8 %
 - (iii) Absence and Utilization factor ratio: 3.9 %

(d) The commissioner shall revise the wage rates in the manner provided in subdivision 12.

Subd. 10. Payments for unit-based with program services. (a) Payments for unit-based with program services including behavior programming, housing access coordination, in home family support, independent living skills training, hourly supported living services, and supported employment provided to an individual outside of any day or residential service plan must be calculated as follows unless the services are authorized separately under subdivisions 5:

(1) determine the number of units of service to meet an individual's needs.

(2) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in paragraph (b).

(3) for an individual requiring customization for deaf and hard of hearing language accessibility under subdivision 15, add the customization rate provided in subdivision 15 to the result of step (2). This is defined as the customized direct care rate.

(4) multiply the number of direct staff hours by the appropriate staff wage (in paragraph b) or the customized direct care rate; and

(5) multiply the number of direct staff hours by the product of the supervision span of control ratio (paragraph c, clause 1) and the supervision wage in (paragraph b, clause 1, sub-clause ix).

(6) combine (4), and (5) and multiply the result by one plus the vacation, sick and training ratio (paragraph c, clause 2). This is defined as the direct staffing rate;

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

(7) for program plan support, multiply the result of clause 6 with the one plus the program plan support ratio in clause (paragraph c, clause 4);

(8) for employee-related expenses multiply the result of clause 7 by one plus the employee related cost ratio in clause (paragraph c, clause 3)

(9) for client programming and supports multiply the result of clause 8 by one plus the client programming and supports ratio (paragraph c, clause 5)

(10) this is the sub- total rate.

(11) sum the standard general and administrative rate, the program related expense ratio, and the absence and utilization ratio.

(12) divide the result of clause 10 by one minus the result of clause 11. This is the total payment amount.

(b) The base wage index is established to determine staffing costs associated with providing services to individuals receiving home and community-based services.

(1) for the purpose of developing and calculating the proposed base wage, the Commissioner shall use Minnesota specific wages taken from job descriptions and standard occupational classification (SOC) codes from the Bureau of Labor Statistics, as defined in the most recent edition of the Occupational Outlook Handbook. The base wage index shall be calculated as follows:

(i) behavior program analyst; 100 percent of the median wage for mental health counselors (SOC code 21-1014);

(ii) behavior program professional; 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(iii) behavior program specialist; 100 percent of the median wage for psychiatric technicians (SOC code 29-2053);

(iv) hourly supportive living services; 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

(v) housing access coordinator; 50 percent of the median wage for community and social services specialist (SOC code 21-1099); and 50 percent of the median wage for social and human services aide (SOC code 21-1093);

(vi) in-home family support; 20 percent of the median wage for nursing aide (SOC code 31-1012); 30 percent of community social service specialist (SOC code 21-1099); 40 percent of the median wage for social and human services aide (SOC code 21-1093); and 10 percent of the median wage for psychiatric technician (SOC code 29-2053);

(vii) independent living skills; 40 percent of community social service specialist (SOC code 21-1099); 50 percent of the median wage for social and human services aide (SOC code 21-1093); and 10 percent of the median wage for psychiatric technician (SOC code 29-2053);
(viii) supported employment; 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(ix) supervisor; the wage shall be \$17.43 per hour, with the exception of the supervision of behavior analysts and behavior specialists which shall be \$30.75.

(c) Component values for unit-based services with programming are:

1. supervisory span of control ratio: 11 %;
2. employee vacation, sick and training ratio: 8.71 %
3. employee related cost ratio: 23.6 %
4. program plan supports ratio: 3.1 %
5. client programming and supports ratio: 8.6 %
6. other factors:
 - (i) general administrative support ratio: 13.25 %
 - (ii) program related expenses ratio: 6.1 %
 - (iii) absence and Utilization factor ratio: 3.9 %

(d) The commissioner shall revise the wage rates in the manner provided in subdivision 12.

Subd. 11. Payments for unit-based without program services . (a) Payments for unit-based services without program services including night supervision, personal support, respite, and companion care provided to an individual outside of any day or residential service plan must be calculated as follows unless the services are authorized separately under subdivisions 6 and 7:

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

(1) for all services except respite, determine the number of units of service to meet an individual's needs.

(2) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in paragraph (b).

(3) for an individual requiring customization for deaf and hard of hearing language accessibility under subdivision 15, add the customization rate provided in subdivision 15 to the result of step (2). This is defined as the customized direct care rate.

(4) multiply the number program services direct staff hours by the appropriate staff wage (paragraph b) or the customized direct care rate; and

(5) multiply the number of direct staff hours by the product of the supervision span of control ratio (paragraph c, clause 1) and the supervision wage in (paragraph b, clause 1, sub-clause v).

(6) combine (4),and (5) and multiply the result by one plus the vacation, sick and training ratio(paragraph c, clause 2). This is defined as the direct staffing rate;

(7) for program plan support, multiply the result of clause 6 with the one plus the program plan support ratio(paragraph c, clause 4);

(8) for employee-related expenses, multiply the result of clause 7 by one plus the employee related cost ratio in clause 14:

(9) for client programming and supports, multiply the result of clause 8 by one plus the client programing and supports ratio (paragraph c, clause 5):

(10) this is the sub-total rate.

(11) sum the standard general and administrative rate, the program related expense ratio, the absence and utilization ratio.

(12) divide the result of clause 10 by one minus the result of clause 11. This is defined as the total payment amount.

(13) for respite, determine the number of daily units of service to meet individual needs.

(14) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in paragraph (b).

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

(15) for an individual requiring deaf and hard of hearing customization under subdivision 15, add the customization rate provided in subdivision 15 to the result of clause (2). This is defined as the customized direct care rate.

(16) multiply the number of direct staff hours by the appropriate staff wage (in paragraph b); and

(17) multiply the number of direct staff hours by the product of the supervision span of control ratio (paragraph c clause 1) and the supervision wage in (paragraph b, clause 1, sub-clause v)

(18) combine (16),and (17) and multiply the result by one plus the staff the vacation, absence and training ratio (in paragraph c, clause 2). This is defined as the direct staffing rate;

(19) for employee-related expenses multiply the result of step (18) by one plus the employee related cost ratio in clause(paragraph c, clause 3):

(20) this is the sub-total rate.

(21) sum the standard general and administrative rate, the program related expense ratio, and the absence and utilization ratio.

(22) divide the result of clause 20 by one minus the result of clause 21. This is defined as the total payment amount.

(b). **Base wage index.** (a) The base wage index is established to determine staffing costs associated with providing services to individuals receiving home and community-based services

(1) for the purpose of developing and calculating the proposed base wage, the Commissioner shall use Minnesota specific wages taken from job descriptions and standard occupational classification (SOC) codes from the Bureau of Labor Statistics, as defined in the most recent edition of the Occupational Outlook Handbook. The base wage index shall be calculated as follows:

(i) **for adult companion staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing aides, orderlies, and attendants (SOC code 31-1012);**

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

(ii) for night supervision staff, 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(iii) for respite staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing aides, orderlies, and attendants (SOC code 31-1012);

(iv) for personal support staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing aides, orderlies, and attendants (SOC code 31-1012);

(v) for supervisory staff, \$17.43 per hour

(c) Component values for unit-based services without programming except respite are:

1. supervisory span of control ratio: 11 %;
2. employee vacation, sick and training allowance ratio: 8.71 %
3. employee related cost ratio: 23.6 %
4. program plan support ratio: 3.1 %
5. client programming and support ratio: 8.6 %
6. other factors:
 - (i) general administrative support ratio: 13.25 %
 - (ii) program related expenses ratio: 6.1 %
 - (iii) absence and Utilization factor ratio: 3.9 %

(d) Component values for unit-based services without programming for respite are:

1. supervisory span of control ratio: 11 %;
2. employee vacation, sick and training allowance ratio: 8.71 %
3. employee related costs ratio: 23.6 %
4. other factors:
 - (i) general administrative support ratio: 13.25 %
 - (ii) program related expenses ratio: 6.1 %
 - (iii) absence and Utilization factor ratio: 3.9 %

(e) The commissioner shall revise the wage rates in the manner provided in subdivision 12.

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

Subd. 12. Updating or changing payment values. (a) The commissioner shall develop and implement uniform procedures to refine terms and update and/or adjust values used to calculate payment rates in this section.

(b) The Commissioner shall work with stakeholders to assess efficacy of values and payment rates. The Commissioner shall report back to the legislature with proposed changes for component values and recommendations for revisions on the following schedule:

(i) For calendar year 2014, the Commissioner shall use values, terms and procedures provided in this section.

(ii) The Commissioner shall work with stakeholders to continue refining a sub-set of component values, which will be referred to as interim values, and report recommendations to the legislature by February 15, 2014. Interim component values are: transportation rates for day training and habilitation, transportation for adult day, structured day and prevocational services, geographic difference factor, day program facility rate, services where monitoring technology replaces staff time, shared services for independent living skills training and supported employment and billing for indirect services.

(iii) the Commissioner shall report and make recommendations to the legislature bi-annually: February 15, 2015, February 15, 2017, and February 15, 2019, February 15, 2012;

(d) After 2021, reports will be provided on a 4 year cycle: 2025, 2029, etc.

(e) The Commissioner shall provide a public notice via list serve in October of each year beginning October 1, 2014. The notice shall contain information detailing legislatively approved changes in: calculation values including derived wage rates and related employee and administrative factors; service utilization; county and tribal allocation changes and, information on adjustments to be made to calculation values and the timing of those adjustments. Information in this notice will be effective January 1 of the following year.

Subd. 13. Payment implementation. Upon implementation of the payment methodologies under this section, those payment rates supersede rates established in county contracts for recipients receiving waiver services under sections 256B.092 and 256B.49.

Subd. 14 Transportation The commissioner shall require that the purchase of transportation services be cost effective and be limited to market rates where the transportation mode is generally available and accessible.

Pursuant to Minnesota Statutes, 2012, Section 256B.4913, subd.2, paragraph (a): The commissioner shall propose legislation with the specific payment methodology frameworks, process for calculation, and specific values to populate the frameworks by February 15, 2013.

Subd 15. Customization of rates for individuals. For persons determined to have higher needs based on being deaf/hard-of-hearing, the direct care costs must be increased by an adjustment factor prior to calculating the rate under subdivisions 8,9, 10 and 11. The customization rate with respect to deaf/hard-of-hearing persons shall be \$2.50 per hour for waiver recipients who meet the respective criteria as determined by the commissioner.

Subd. 16 Exceptions. (a) In a format prescribed by the commissioner, lead agencies must identify individuals with exceptional needs that cannot be met under the disability waiver rate system. The commissioner shall use that information to evaluate and, if necessary, approve an alternative payment rate for those individuals

(b) Lead agencies will submit exceptions requests to the state. Requests will include information specifying: the extraordinary needs of the individual that are not accounted for in payment methodology, the effort and costs required to meet those needs, and recommendations from the lead agency regarding the request. Requests will be reviewed and determinations made by the state. Approved exceptions will be managed within the lead agencies' budgets.

Subd 17. Budget neutrality adjustment. (a) The commissioner shall calculate the total spending for all home and community-based waiver services under the payments as defined in subdivisions 8, 9, 10 and 11, and total forecasted spending under current law for the fiscal year beginning July 1, 2013. If total forecasted spending under subdivisions 8, 9, 10 and 11 is projected to be higher than under current law, the commissioner shall adjust the rate by the percentage needed to adjust spending in each category to the same level as projected under current law. (b) The commissioner shall make any legislatively authorized changes to provider rates that are beyond subdivision 12 in this subdivision.

2013 Disability Waivers Rate System Framework Component Values

Titles across this row are the Excel Spreadsheet Framework Tab Titles:												
➔	Direct Staff Tab			Employee-Related Expenses Tab	Client Prog. & Support Tab	Program Plan Support Tab				Program-Related Expenses Tab		
Service	Hourly Wage	Supervision* / Span of Control	Vac/Sick/Training	Taxes & Worker's Comp	Other Benefits	Client Program and Supports	Program Plan Support	Standard G&A Support	Program Related Support	Utilization and Absence	Transportation	Facility Use

RESIDENTIAL

Residential Direct Care Basic (Residential Supports and Services in community residential settings)	\$12.01 Direct Care \$7.66 Asleep	11.00%	8.71%	11.56%	12.04%	\$2179 (Annual amount)	N/A	13.25%	1.30%	3.90%	Standard Vehicle \$1680 Adapted \$3000^ (Annual amount)	N/A
Residential Direct Care Intensive (Residential Supports and Services in community residential settings)	\$12.48 Direct Care \$7.66 Asleep	11.00%	8.71%	11.56%	12.04%	\$2179 (Annual amount)	N/A	13.25%	1.30%	3.90%	Standard Vehicle \$1680 Adapted \$3000^ (Annual amount)	N/A
Residential Direct Care Basic (Residential Supports and Services in family settings)	\$12.01 Direct Care \$2.80 Asleep	11.00%	8.71%	11.56%	12.04%	\$2179 (Annual amount)	N/A	3.30%	1.30%	N/A	Standard Vehicle \$1680 Adapted \$3000^ (Annual amount)	N/A
Residential Direct Care Intensive (Residential Supports and Services in family settings)	\$12.48 Direct Care \$2.80 Asleep	11.00%	8.71%	11.56%	12.04%	\$2179 (Annual amount)	N/A	3.30%	1.30%	N/A	Standard Vehicle \$1680 Adapted \$3000^ (Annual amount)	N/A

UNIT WITH PROGRAM

Behavior Program Specialist	\$14.36	11.00%	8.71%	11.56%	12.04%	8.60%	3.10%	13.25%	6.10%	3.90%	N/A	N/A
Behavior Program Analyst	\$18.94	11.00%	8.71%	11.56%	12.04%	8.60%	3.10%	13.25%	6.10%	3.90%	N/A	N/A
Behavior Program Professional	\$30.75	11.00%	8.71%	11.56%	12.04%	8.60%	3.10%	13.25%	6.10%	3.90%	N/A	N/A
Housing Access Coordinator	\$16.13	11.00%	8.71%	11.56%	12.04%	8.60%	3.10%	13.25%	6.10%	3.90%	N/A	N/A
In-Home Family Support	\$14.95	11.00%	8.71%	11.56%	12.04%	8.60%	3.10%	13.25%	6.10%	3.90%	N/A	N/A
Independent Living Skills	\$15.67	11.00%	8.71%	11.56%	12.04%	8.60%	3.10%	13.25%	6.10%	3.90%	N/A	N/A
Supported Employment	\$13.33	11.00%	8.71%	11.56%	12.04%	8.60%	3.10%	13.25%	6.10%	3.90%	N/A	N/A
Supported Living Service - individual	\$13.33	11.00%	8.71%	11.56%	12.04%	8.60%	3.10%	13.25%	6.10%	3.90%	N/A	N/A

UNIT WITHOUT PROGRAM

Night Supervision	\$12.48	11.00%	8.71%	11.56%	12.04%	8.60%	3.10%	13.25%	6.10%	3.90%	N/A	N/A
Personal Support	\$11.86	11.00%	8.71%	11.56%	12.04%	8.60%	3.10%	13.25%	6.10%	3.90%	N/A	N/A
Respite**	\$11.86	11.00%	8.71%	11.56%	12.04%	N/A	N/A	13.25%	6.10%	3.90%	N/A	N/A
Adult Companion	\$11.86	11.00%	8.71%	11.56%	12.04%	8.60%	3.10%	13.25%	6.10%	3.90%	N/A	N/A

DAY

Adult Day Care***	\$13.33	11.00%	8.71%	11.56%	12.04%	10%	5.60%	13.25%	1.80%	3.90%	****	8.30 per person /per week
Day Training and Habilitation	\$13.33	11.00%	8.71%	11.56%	12.04%	10%	5.60%	13.25%	1.80%	3.90%	****	8.30 per person /per week
Pre-Vocational Services	\$13.33	11.00%	8.71%	11.56%	12.04%	10%	5.60%	13.25%	1.80%	3.90%	****	8.30 per person /per week
Structured Day Program	\$13.33	11.00%	8.71%	11.56%	12.04%	10%	5.60%	13.25%	1.80%	3.90%	****	8.30 per person /per week

NOTES:
 Market Rate Services: The price for these services is determined by the current appropriate market rate. These services included: Assistive Technology, Environmental Accessibility Modifications, Supplies and Equipment, Caregiver Training and Education, Consumer Training and Education, Family Counseling and Training, PERS (Rate file limit applies), Transitional Services including furniture and household supplies, 24 Hour Emergency Assistance, Crisis Respite. Some of these services have rate limits, such as Environmental Accessibility Modifications, Supplies and Equipment and PERS. Reference Bulletin #11-69-03 for the link to the rate limits (Page 4, Item 6): http://www.dhs.state.mn.us/main/groups/disabilities/documents/pub/dhs16_151043.pdf

Pre-Determined Rate Services: Services that will utilize an "up to" Pre-Determined Rate Limit: Chore Service, Homemaker Service, Home Delivered Meals, Case Management, Case Management, Aid, Home Care Services, Transportation Extra Attendant, CDCS Background Check. Reference Bulletin #11-69-03 for the link to the rate limits (Page 4, Item 6): http://www.dhs.state.mn.us/main/groups/disabilities/documents/pub/dhs16_151043.pdf

Customized Living, 24 Hour Customized Living, and Residential Care Services will be priced using the Customized Living Tool.

Customization for deaf/hard of hearing requiring signing = \$2.50^

*Supervision wage is \$17.43, except for Behavior Analyst and Specialist which is \$30.75.^

**Overnight respite in a facility gains an additional \$20/night for room and board.

***Adult Day Bath is priced at \$7.01 per 15 minute unit. Adult Day meal is priced at \$6.07 and snacks at \$2.00.

****DT&H framework also includes transportation priced as follows: base of \$2.52, for >0-10 miles add \$2.50 without a lift or \$7.05 with a lift, for 11-20 miles add \$7.75 without a lift or \$22.16 with a lift, for 21-50 miles add \$17.75 without a lift or \$50.76 with a lift, for >51 miles add \$25.50 without a lift or \$72.93 with a lift. Divide by 6 for shared trip.^

^Revised values from the 1-15-13 release