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# Georgia Department of Behavioral Health & Developmental Disabilities

## Proposed Service Rates

February 23, 2011

**BURNS & ASSOCIATES, INC.**

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Health Policy Consultants

# Agenda

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- Background
  - Burns & Associates, Inc.
  - Rate-Setting Project Overview and Approach
- Developing the Rates
  - Provider Survey
  - Rate Model Inputs
  - Proposed Rates
- Wrap-Up

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# Georgia Department of Behavioral Health & Developmental Disabilities

## Provider Rate Setting

### Background

# B&A Background

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- Health Policy Consultants specializing in:
  - Medicaid rate-setting, including home and community based service, institution, and physician rates
  - Long term care program management and home and community based services policy
  - Financial analyses
  - Research, strategic planning, evaluation (including external quality reviews) and benchmarking, surveys, and focus groups
  - Medicaid Waiver development including design, implementation, budget neutrality demonstration, and negotiation with CMS

# B&A Experience

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- B&A has assisted States with all aspects of their healthcare and Medicaid programs
- Since its founding, B&A has consulted in 19 States and 1 Canadian province
- Including previous experience, B&A's consultants have worked in 48 States

# DBHDD Rate-Setting Project Overview

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- B&A is assisting DBHDD in the development of provider rates for services offered through the New Options Waiver (NOW) and the Comprehensive Waiver (COMP)
- Rates for ‘major’ services and select others (accounting for 99 percent of expenditures) are being revised:
  - Behavioral Supports Consultation
  - Community Access
  - Community Guide
  - Community Living Support (CLS)
  - Community Residential Alternative (CRA)
  - Natural Support Training
  - Prevocational Services
  - Respite
  - Support Coordination
  - Supported Employment
- Most services have multiple rates depending on group size, extended v. short term duration, staff qualifications, etc.

# DBHDD Rate-Setting Project Overview

## Distribution of Spending by Service

		Spending (millions) <sup>1</sup>	% of Total
Community Residential Alternative		146.0	47.6%
Community Access	Group	53.2	17.3%
	Individual	9.8	3.2%
Community Living Support	Daily	42.1	13.7%
	15 Min.	15.0	4.9%
Support Coordination		16.7	5.4%
Prevocational Services		15.6	5.1%
Supported Employment	Group	2.3	0.7%
	Individual	2.2	0.7%
Other		4.1	1.3%
<b>Total</b>		<b>306.9</b>	

<sup>1</sup>Fiscal year 2010 waiver spending through April 2010

# Rate-Setting Approach

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## B&A utilizes an Independent Cost Model

- Constructed based on the costs providers face in delivering a particular service
- Advantages
  - Transparency - models contain the factors, values, and calculations that produce the final rate
  - Ability to include policy objectives
  - Efficiency in maintaining rates – models can be easily scaled and adjusted



# Rate-Setting Approach

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## Factors in the Independent Cost Model

- Five Primary Factors
  - Wages
  - Employee Related Expenses (ERE)
  - Productivity
  - Program Support
  - Administration
- Other factors may include mileage, program attendance, staffing ratios, rent for program facilities, and supplies

# Rate-Setting Approach

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## Determining 'Productivity'

- Productivity adjustments are determined by deducting time required for non-billable activities (such as travel, training, employer time (e.g., meetings), supervision, and planning time) to establish a productivity adjustment
- Example
  - An employee earning \$10 per hour and working 8 hours per day is paid \$80 per day
  - However, if the employer can only bill for four hours per day because of employee travel time between clients' homes, the employer must be able to bill \$20 per service hour to cover the cost of the wages
  - Thus, a productivity adjustment of 2.00 is required

# Rate-Setting Approach

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## Setting the rates

- Once a model is assembled with relevant factors, the values “plugged into” the factors are based on:
  - A provider cost survey
  - Special studies
  - Published sources (e.g., Bureau of Labor Statistics wage data)
  - DBHDD policy decisions

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Georgia Department of Behavioral Health &  
Developmental Disabilities

Provider Rate Setting

Developing the Rates

# Provider Survey

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## Background

- Two provider surveys were released in August: one for support coordinators and one for all other providers
- The non-support coordination providers were originally given three business weeks to respond; this was extended by one week based on provider feedback and surveys continued to be accepted after the deadline
- Surveys requested detailed data regarding:
  - Administration and program support costs
  - Employee benefits
  - Wages by position
  - Productivity and other factors specific to each service

# Provider Survey

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## Results

- 82 providers, or 29 percent of those that delivered services in 2010, responded
- These providers represented 61 percent of total waiver spending, meaning that larger providers were more likely to respond to the survey than small providers
- For nearly every service for which more than \$1 million was expended, at least 40 percent of the providers that delivered the service in 2010 responded to the survey
  - The exception was CRA, which has a number of small providers operating a single home; 27 percent of providers responded, but they represented 61 percent of CRA spending

# Provider Survey

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## Follow-Up

- B&A met with select providers to discuss survey results on October 22
  - Potential model structures and inputs were discussed, but actual rates were not
- Because providers estimated that administrative and program support costs were, on average, an unrealistic 72 percent of total revenue, B&A agreed to resurvey providers on this issue
  - Few providers took the opportunity to revise their responses and the responses on this issue remained largely unusable

# Rate Model Inputs

## Wages

- Based on service descriptions, B&A determined a mix of BLS job classifications that approximated the requirements of staff providing each service
- Wages were then priced at the BLS median wage for Georgia for each job classification

### Example: Community Living Support Worker

<b>BLS Job Classification</b>	<b>Weight</b>	<b>Med. Wage</b>	<b>Product</b>
21-1015 Rehab. counselors	20%	\$17.81	\$3.562
31-1011 Home health aides	10%	\$9.14	\$0.914
39-9021 Personal/ home care aides	60%	\$9.19	\$5.514
39-9032 Recreation workers	10%	\$11.23	\$1.123
<b>Total</b>			<b>\$11.11</b>

- For the major services, these wages were typically about 20 percent greater than those reported in the provider survey 16



# Rate Model Inputs

## Comparison of B&A Proposed Wages and Provider Survey Results for Select Services

	<b>B&amp;A</b>	<b>Prov. Survey</b>	<b>% Diff</b>		<b>B&amp;A</b>	<b>Prov. Survey</b>	<b>% Diff</b>
Com. Res. Alt. Group Home	\$11.11	\$9.11	22.0%	Community Access - Group	\$12.48	\$10.32	20.9%
Community Living Support	\$11.11	\$8.94	24.3%	Prevocational - Facility	\$12.48	\$10.66	17.0%
Respite - 15 Minutes	\$11.11	\$10.28	8.1%	Prevocational - Crew	\$12.48	\$9.94	25.5%
Respite - Daily	\$11.11	\$11.50	-3.4%	Supported Emp. - Group	\$13.59	\$10.49	29.6%
				Support Coordination	\$17.10	\$17.30	-1.2%

# Rate Model Inputs

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## Employee Related Expenses

- Complicated by disparate benefits packages – specifically, Community Service Boards offer very generous benefits compared to other providers
  - There is some evidence that CSBs afford these benefits by paying lower wages
  - In general, B&A’s proposed ERE package is more aligned with non-CSBs
  
- The proposed benefit package is, overall, equal to or better than those offered by non-CSBs, particularly after accounting for turnover/ waiting periods, utilization, etc.

# Rate Model Inputs

## Employee Related Expenses

	<b>Proposed</b>
Paid Time Off (Holidays, Vacation, Sick)	30 Days
Retirement	2.00%
Health Insurance	\$300.00/ month
Other Benefits	\$10.00/ month
Total ERE Rate	40% for staff with wages less than \$15/ hour  35% for staff with wages more than \$15/ hour

# Rate Model Inputs

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## Productivity

- Proposed rates include 26 hours of annual training for all direct support staff
- Other factors vary by service and include:
  - Travel
  - Missed Appointments
  - Client Assessment
  - Program Development/ Program Preparation
  - Record Keeping
  - Employer Time and One-on-One Supervision

# Rate Model Inputs

- Proposed productivity factors were frequently less than reported by providers (i.e., the proposed rates assume more billable hours per day than was estimated by providers)

Select Services	Billable Hours (Based on 8 Hour Day)		
	Provider Reported	Proposed	Difference
CRA – Group Home	7.33	7.78	0.45
CLS, 15 Minutes	6.42	7.01	0.59
CLS, Daily	6.84	7.51	0.67
CA, Group	5.91	6.00	0.09
CA, Individual	5.70	6.53	0.83
PV, Facility	6.18	6.00	(0.18)
SE, Group	5.78	6.00	0.22
SE, Individual (Coach)	5.38	7.02	1.64
Support Coordination	4.01	5.47	1.46

# Rate Model Inputs

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## Administration and Program Support

- Proposed rates include 15 percent for administration and program support expenses
- Provider survey yielded results that were unusable
  - In cooperation with SPADD, providers were resurveyed, but few responded (18 of 82) and the results still appear too high
  - The table below notes reported average total administration and program support costs weighted by provider revenue

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All 82 Original Survey Respondents	71.7%
Original Average from 18 Agencies Responding to the Resurvey	52.9%
Revised Average from 18 Agencies Responding to the Resurvey	37.0%

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# Rate Model Inputs

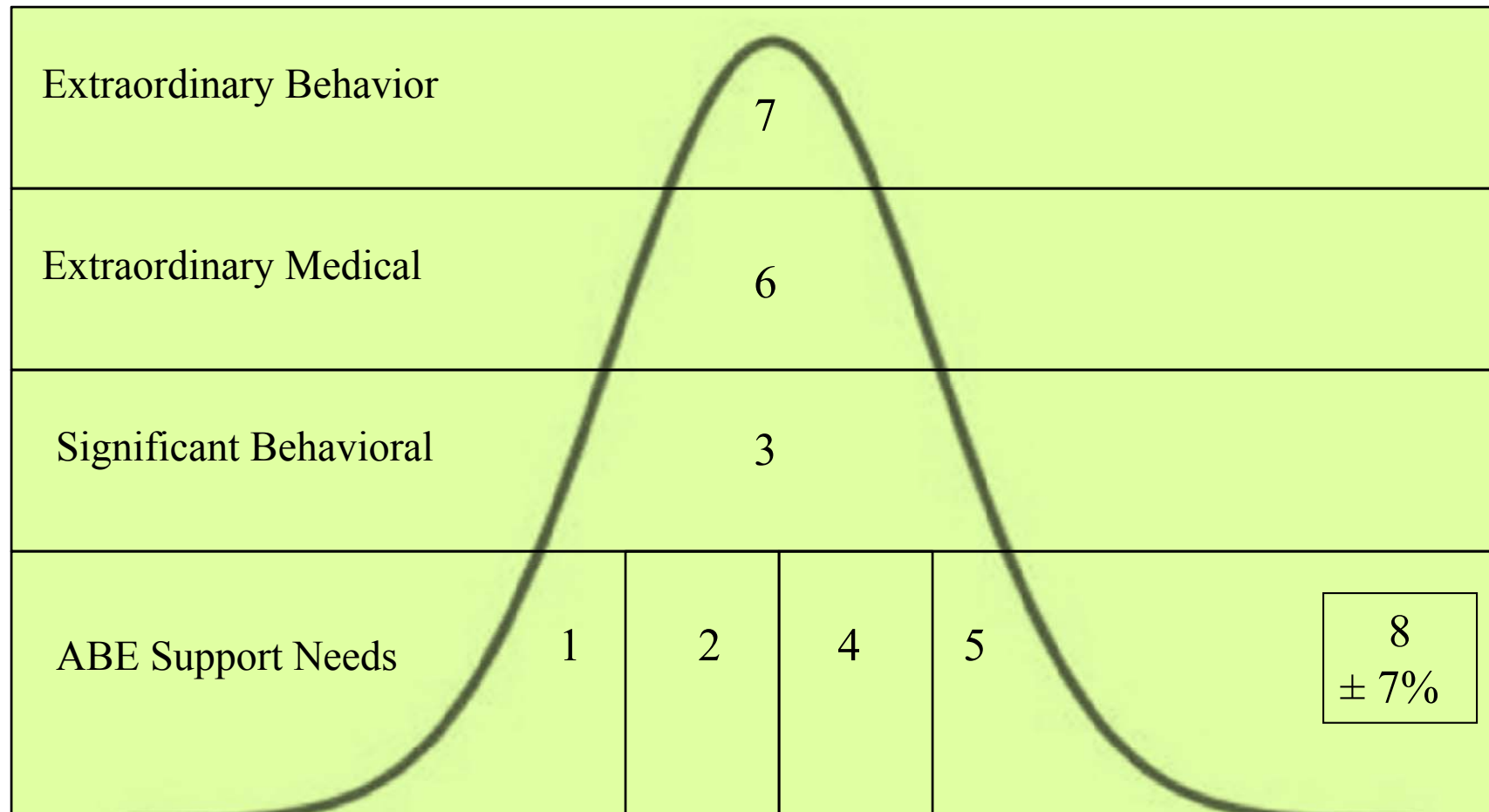
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## Supports Intensity Scale (SIS)

- Measures consumer need across a variety of domains
- DBHDD has SIS scores for all, or nearly all, of its consumers
- SIS scores can be used to differentiate consumers
  - Those with greater needs receive more and more intensive services (e.g., staffing ratios), for which providers receive greater reimbursement
  - Those with lesser needs require fewer and less intensive services

# Rate Model Inputs

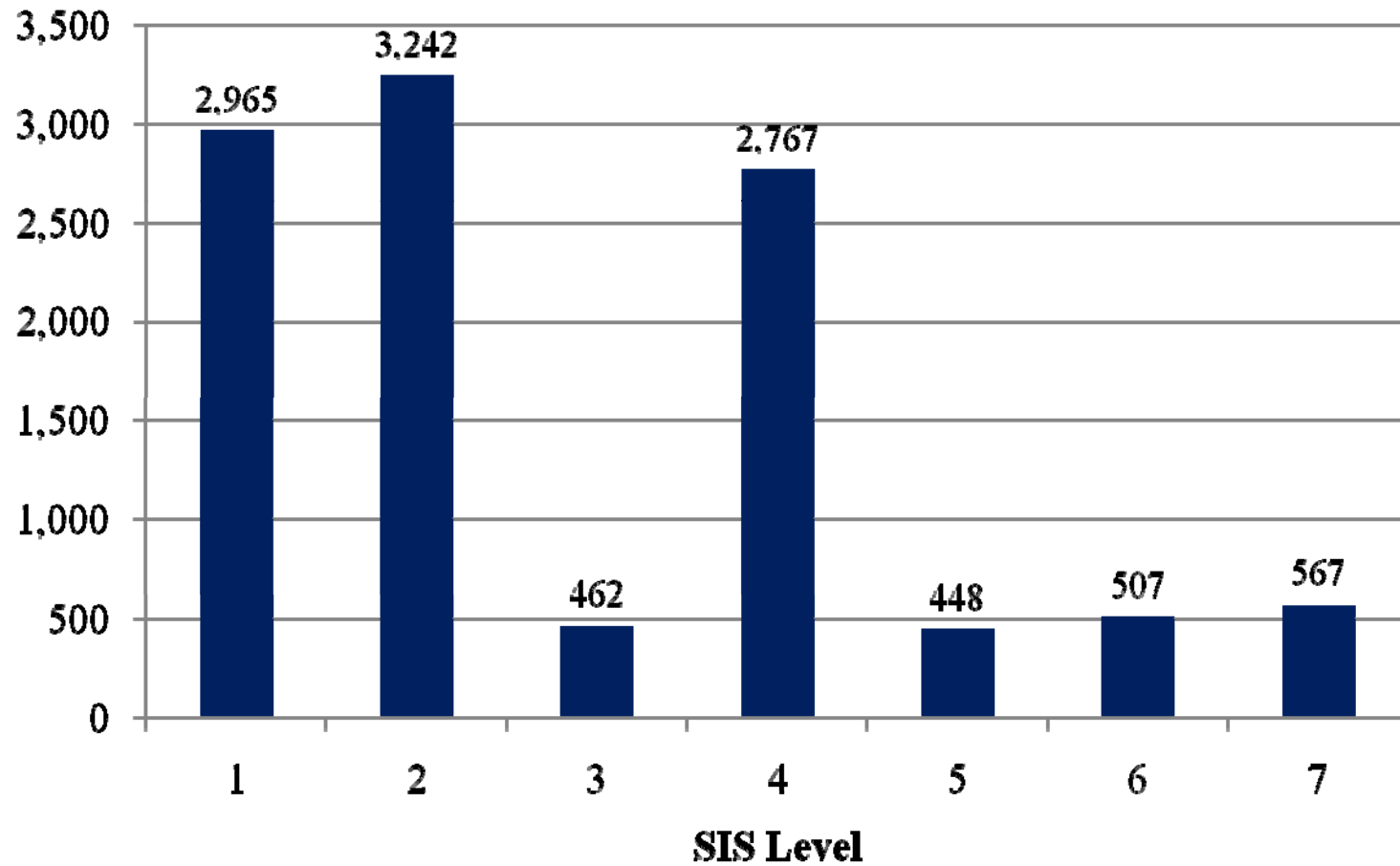
## Normal Distribution of SIS Scores





# Rate Model Inputs

## Distribution of DBHDD Consumers by SIS Level



# Proposed Rates – Community Residential Alternative

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## Policy Changes

- Differentiated rates based on consumer need
  - Currently, there is only one rate for everyone regardless of need
  - The proposed group home rates include four tiers based on SIS levels (and two of these tiers have an add-on component for non-ambulatory clients) and consequent staffing needs
- Differentiated rates for host homes
  - Currently, providers receive the same daily rates for host homes and group homes
    - Providers report paying host homes \$93 per day, which means they retain \$63 per day
    - \$93 exceeds the maximum rates for child welfare foster homes (\$60/ \$80 per day)
  - Host-home specific rates are proposed with two tiers based on consumer's SIS levels

# Proposed Rates – Community Residential Alternative

## Distribution of Units by SIS Level, Waiver Year 2009

SIS Level	Group Home		Host Home	
	Units	% of Total	Units	% of Total
1	76,945	11.0%	41,130	13.8%
2	211,603	30.4%	77,971	26.1%
3	44,634	6.4%	21,479	7.2%
4	253,665	36.4%	97,892	32.8%
5	33,029	4.7%	17,039	5.7%
6	21,909	3.1%	7,472	2.5%
7	55,395	7.9%	35,482	11.9%
<b>Total</b>	<b>697,180</b>		<b>298,465</b>	

## Proposed Rates – Community Residential Alternative

### Group Home Daily Rates (based on max. of 324 billing days)

	<b>Current</b>	<b>Proposed</b>	<b>% Inc. (Dec.)</b>
SIS Level 1	\$155.56	\$116.30	(25.2%)
SIS Level 2	\$155.56	\$137.49	(11.6%)
SIS Levels 3, 4	\$155.56	\$165.25	6.2%
Non-Ambulatory	\$155.56	\$215.32	38.4%
SIS Levels 5, 6, 7	\$155.56	\$189.73	22.0%
Non-Ambulatory	\$155.56	\$239.80	54.2%

- Rates assume four-person group homes (provider survey reported that 76 percent of consumers were in four-or-more-person group homes)
- Based on current SIS distributions, the average rate paid under the proposed schedule would be roughly approximate to the current rate

# Proposed Rates – Community Residential Alternative

## Host Home Daily Rates (based on max. of 324 billing days)

	<b>Current</b>	<b>Proposed</b>	<b>% Inc. (Dec.)</b>
SIS Levels 1, 2	\$155.56	\$96.78	(37.8%)
SIS Levels 3, 4, 5, 6, 7	\$155.56	\$121.56	(21.9%)

- For SIS levels 1 and 2, the rate assumes that \$66.00 will be paid to the host family; for the other levels, \$88.00 is assumed
- Based on current SIS distributions, the average rate under the proposed schedule will decline by 28 percent

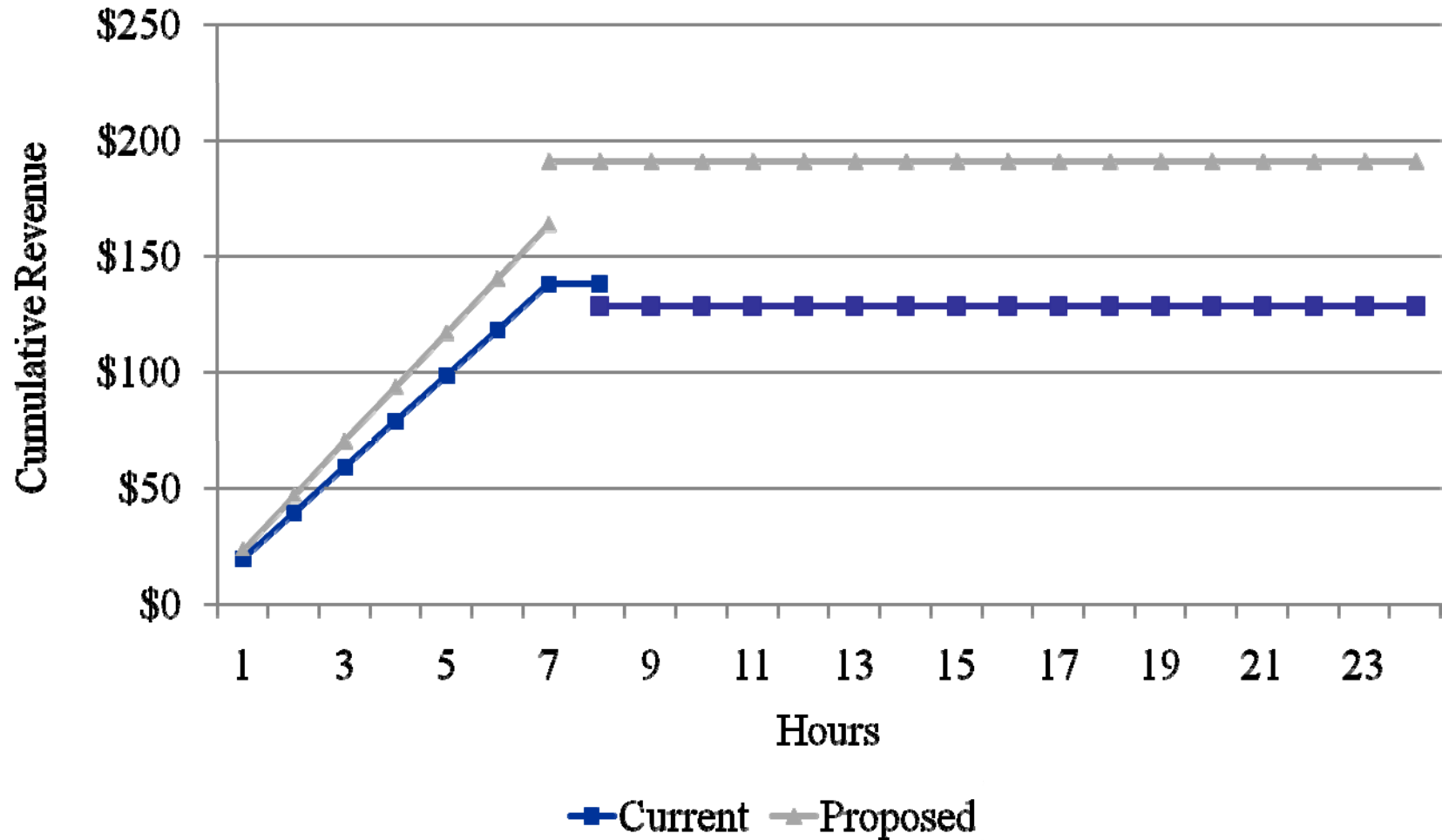
# Proposed Rates – Community Living Support and Respite

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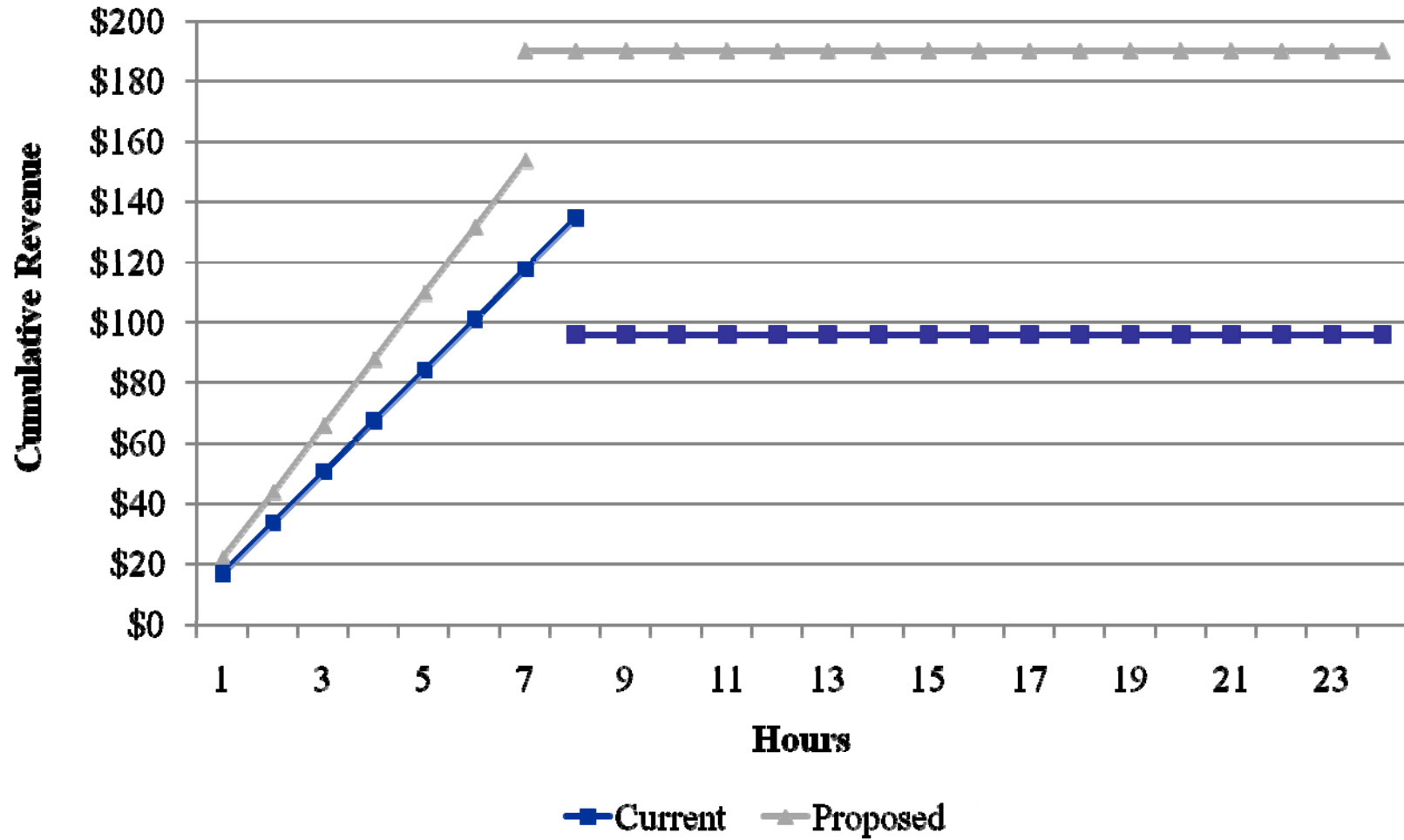
## Policy Changes

- **Group rates**
  - Though not intended as group services, it is thought that providers do, at times, bill for multiple clients being served by a single staff
  - To accommodate this practice, two and three person group rates are proposed (plus a four-person rate for respite facilities)
- **Removing disincentives for extended service**
  - The CLS-Extended and Respite-Overnight rates are less than the maximum amount of 15 minute units that could be billed per day
    - Providers reported that 38 percent of CLS, Daily consumers receive 24-hour CLS; the average visit for others is almost 8 hours
  - The proposed rate establishes extended rates based on an assumed ten hours of service
  - Extended rates for one person exceed the daily per-person group home cost because the group home model assumes four persons

# Proposed Rates – Community Living Support



# Proposed Rates – Respite





# Proposed Rates – Community Living Support and Respite

## Community Living Support

	<b>Current</b>	<b>Proposed</b>	<b>% Inc. (Dec.)</b>
15 Min. (1 Person)	\$4.93	\$5.85	18.7%
15 Min. (2 Persons)	-	\$3.66	-
15 Min. (3 Persons)	-	\$2.93	-
Daily (1 Person)	\$128.52	\$191.10	48.7%
Daily (2 Persons)	-	\$119.45	-
Daily (3 Persons)	-	\$95.57	-

# Proposed Rates – Community Living Support and Respite

## Respite

	<b>Current</b>	<b>Proposed</b>	<b>% Inc. (Dec.)</b>
15 Min. (1 Person)	\$4.21	\$5.49	30.4%
15 Min. (2 Persons)	-	\$3.43	-
15 Min. (3 Persons)	-	\$2.75	-
15 Min. (4 Persons)	-	\$2.40	-
Daily (1 Person)	\$96.00	\$190.10	98.0%
Daily (2 Persons)	-	\$118.80	-
Daily (3 Persons)	-	\$95.07	-
Daily (4 Persons)	-	\$83.18	-

# Proposed Rates – Community Access and Prevocational

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## Policy Changes

- Differentiated rates based on consumer need/ group size
  - Currently, group sizes are not based on consumer need (i.e., a consumer with greater needs is not necessarily assigned to a smaller group)
  - Additionally, there is a single group rate regardless of group size, which incentivizes larger groups
    - Example: at \$3.04 per 15 minutes per consumer, a provider will earn \$121.60 per staff hour for a 10-person group compared to \$24.32 per staff hour for a 2-person group
  - The proposed rates include four tiers for four group sizes based on SIS levels
- Establishment of separate Prevocational rates for facility-based and crew-based models

# Proposed Rates – Community Access and Prevocational

## Distribution of Consumers by Group Size, from Provider Survey Community Access, Group

	<b># of Groups</b>	<b>% of Total</b>	<b># of Consumers<sup>1</sup></b>	<b>% of Total</b>
> 1 and ≤ 3	245	27.8%	490	11.6%
> 3 and ≤ 5	193	21.9%	772	18.3%
> 5 and ≤ 7	287	32.6%	1,722	40.8%
> 7 and ≤ 10	155	17.6%	1,240	29.4%
<b>Total</b>	<b>880</b>		<b>4,224</b>	

<sup>1</sup>Consumer estimate based on midpoint of each group size (e.g. for groups of 1-3, 2 consumers are assumed; 8 were assumed for groups of 7-10)

# Proposed Rates – Community Access and Prevocational

## Distribution of Consumers by Group Size, from Provider Survey Prevocational, Facility

	<b># of Groups</b>	<b>% of Total</b>	<b># of Consumers<sup>1</sup></b>	<b>% of Total</b>
> 1 and ≤ 3	24	6.3%	47	2.2%
> 3 and ≤ 5	90	24.0%	358	16.5%
> 5 and ≤ 7	156	41.7%	933	43.0%
> 7 and ≤ 10	104	27.9%	832	38.3%
<b>Total</b>	<b>373</b>		<b>2,170</b>	

<sup>1</sup>Consumer estimate based on midpoint of each group size (e.g. for groups of 1-3, 2 consumers are assumed; 8 were assumed for groups of 7-10)

# Proposed Rates – Community Access and Prevocational

## Distribution of Units by SIS Level, Waiver Year 2009

SIS Level	Community Access - Group		Prevocational Services	
	Units	% of Total	Units	% of Total
1	2,963,019	16.6%	1,811,361	28.4%
2	5,948,805	33.3%	2,439,862	38.2%
3	738,038	4.1%	249,921	3.9%
4	6,021,633	33.7%	1,420,261	22.3%
5	793,450	4.4%	187,186	2.9%
6	598,004	3.3%	89,671	1.4%
7	793,590	4.4%	183,177	2.9%
<b>Total</b>	<b>17,856,539</b>		<b>6,381,439</b>	

# Proposed Rates – Community Access and Prevocational

## Community Access (per 15 minutes)

<b>Group Size</b>		<b>Current</b>	<b>Proposed</b>	<b>% Inc. (Dec.)</b>
> 1 and ≤ 3	SIS Levels 5, 6, 7	\$3.04	\$3.26	7.2%
> 3 and ≤ 5	SIS Levels 3, 4	\$3.04	\$2.27	(25.3%)
> 5 and ≤ 7	SIS Level 2	\$3.04	\$1.84	(39.5%)
> 7 and ≤ 10	SIS Level 1	\$3.04	\$1.53	(49.7%)
<b>Individual</b>		<b>\$7.26</b>	<b>\$6.97</b>	<b>(4.0%)</b>

- Based on current SIS distributions, the average group rate under the proposed schedule will decline by 30 percent

# Proposed Rates – Community Access and Prevocational

## Prevocational Services (per 15 minutes)

<b>Group Size (Facility-Based)</b>		<b>Current</b>	<b>Proposed</b>	<b>% Inc. (Dec.)</b>
> 1 and ≤ 3	SIS Levels 5, 6, 7	\$3.04	\$3.21	5.6%
> 3 and ≤ 5	SIS Levels 3, 4	\$3.04	\$2.21	(27.3%)
> 5 and ≤ 7	SIS Level 2	\$3.04	\$1.79	(41.1%)
> 7 and ≤ 10	SIS Level 1	\$3.04	\$1.47	(51.6%)
<b>Crew-Based</b>		\$3.04	\$1.55	(49.0%)

- Based on current SIS distributions, the average facility-based group rate under the proposed schedule will decline by 37 percent
- The crew-based rate assumes a six-person group



# Proposed Rates – Supported Employment

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## Policy Changes

- Differentiated rates based on consumer need/ group size
  - Currently, group sizes are not based on consumer need (i.e., a consumer with greater needs is not necessarily assigned to a smaller group)
  - Additionally, there is a single group rate regardless of group size, which incentivizes larger groups
  - The proposed rates include four tiers for four group sizes based on SIS levels
- Establishment of separate rates for job development and job coaching activities
- DBHDD to establish limits on job development

# Proposed Rates – Supported Employment

## Distribution of Consumers by Group Size, from Provider Survey

### Supported Employment, Group<sup>1</sup>

	<b># of Groups</b>	<b>% of Total</b>	<b># of Consumers<sup>2</sup></b>	<b>% of Total</b>
> 1 and ≤ 3	14	12.2%	28	5.1%
> 3 and ≤ 5	52	45.2%	208	37.8%
> 5 and ≤ 7	39	33.9%	234	42.5%
> 7 and ≤ 10	10	8.7%	80	14.5%
<b>Total</b>	<b>115</b>		<b>550</b>	

<sup>1</sup>Does not include groups reported as being billed for job maintenance

<sup>2</sup>Consumer estimate based on midpoint of each group size (e.g. for groups of 1-3, 2 consumers are assumed; 8 were assumed for groups of 7-10)

# Proposed Rates – Supported Employment

## Distribution of Units by SIS Level, Waiver Year 2009

SIS Level	Supported Emp. - Group	
	Units	% of Total
1	1,289,762	67.7%
2	462,348	24.3%
3	35,120	1.8%
4	81,462	4.3%
5	10,042	0.5%
6	674	0.0%
7	27,030	1.4%
<b>Total</b>	<b>1,906,438</b>	

- There is no definitive way to determine what proportion of the units represent services delivered versus job maintenance billing

## Proposed Rates – Supported Employment

(per 15 minutes)

<b>Group Size</b>		<b>Current</b>	<b>Proposed</b>	<b>% Inc. (Dec.)</b>
> 1 and ≤ 3	SIS Levels 5, 6, 7	\$1.80	\$2.99	66.1%
> 3 and ≤ 5	SIS Levels 3, 4	\$1.80	\$1.91	6.1%
> 5 and ≤ 7	SIS Level 2	\$1.80	\$1.45	(19.4%)
> 7 and ≤ 10	SIS Level 1	\$1.80	\$1.10	(38.9%)
<b>Individual</b>		<b>\$7.26</b>	<b>\$7.01</b>	<b>(3.4%)</b>

- Based on current SIS distributions, the average group rate under the proposed schedule will decline by 29 percent

# Proposed Rates – Behavioral Support Consultation and Natural Supports Training

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## Policy Changes

- Differentiated rates based on provider expertise
  - BSC would have a “primary” rate for Board Certified Behavior Analysts and an “assistant” rate for Board Certified Assistant Behavior Analysts
  - NST would have a “licensed” professional rate for psychologists, nurses, therapists, and licensed social workers and another rate for non-licensed staff that may deliver the service

# Proposed Rates – Behavioral Support Consultation and Natural Supports Training

(per 15 minutes)

	<b>Current</b>	<b>Proposed</b>	<b>% Inc. (Dec.)</b>
<b>Behavioral Supports Consultation</b>			
Primary	\$23.56	\$20.76	(11.9%)
Assistant	\$23.56	\$10.69	(54.6%)
<b>Natural Support Training</b>			
Licensed Pro.	\$20.78	\$13.42	(35.4%)
Other	\$20.78	\$7.72	(62.8%)

# Proposed Rates – Other Services

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- **Support Coordination**
  - Analysis yielded an estimated rate of \$137.63 per consumer per month, which is less than the current \$149.88 rate
  - DBHDD has decided to maintain the existing rate while considering mandating a standard of no more than 35 consumers per case manager
  
- **Nursing**
  - RN rate proposed to increase to \$14.49 from \$10.00 per 15 minutes, while LPN would remain unchanged at \$8.75 per 15 minutes
  
- **Community Guide**
  - Propose a rate of \$7.68 per 15 minutes compared to the current \$8.93
  - The service accounted for less than \$10,000 in 2010

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Georgia Department of Behavioral Health &  
Developmental Disabilities

Provider Rate Setting

Wrap-Up



# Wrap-Up

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- Proposed rates recap
  - Group Homes – shifts to four tiers, but average rate (based on current consumer make-up) is about equal to the current rate
  - Host Homes – creates rates, separate from group homes, that are substantially less than the current rate
  - Community Living Support and Respite – both the 15 minute and extended rates increase significantly
  - Community Access, Prevocational, and Supported Employment groups – group size is based on consumer need and four rate tiers are established so that reimbursement better approximates actual staffing costs rather than incentivizing large groups; as a result, average rates are much lower than current rates

# Conclusion

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- The proposed rates make several system improvements
  - Better aligns rates with consumer need (based on SIS data)
    - Tiered reimbursement for group homes and host homes
    - Varying staffing requirements based on consumer need for Community Access, Prevocational, and Supported Employment groups
  - Removes certain historic features that ignore differences in provider costs based on service modalities
    - Creates separate group home and host home rates to reflect the very different cost structures of delivering these services
    - Differentiates rates according to group size so that providers are not incentivized to create large groups
    - Creates “fairer” extended rates for Community Living Support and Respite to ensure providers are adequately compensated while also recognizing economies that occur with extended services
    - Reduces, but does not eliminate, the gap between CLS and Community Access, better reflecting the requirements of both services
- The proposed rates are anticipated to be cost-neutral, overall

# Next Steps

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- Meet with providers
  - Present proposed rates
  - Solicit feedback
  - Revise as necessary
- Accommodate new rates and billing rules
  - Develop billing codes and modifiers
  - Amend policies and procedures manual
  - Design implementation plan
- Adjust Individual Budget Allocations
  - Review current IBA policies
  - Calculate impact of rate changes
  - Develop phase-in strategy as necessary

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