



welcome to brighter

# 2022 HCBS Rate Study

## Stakeholder Meeting

Mercer Government  
Ready for next. Together.

State of Missouri  
Department of Mental Health  
Division of Developmental Disabilities  
August 19, 2022

A business of Marsh McLennan



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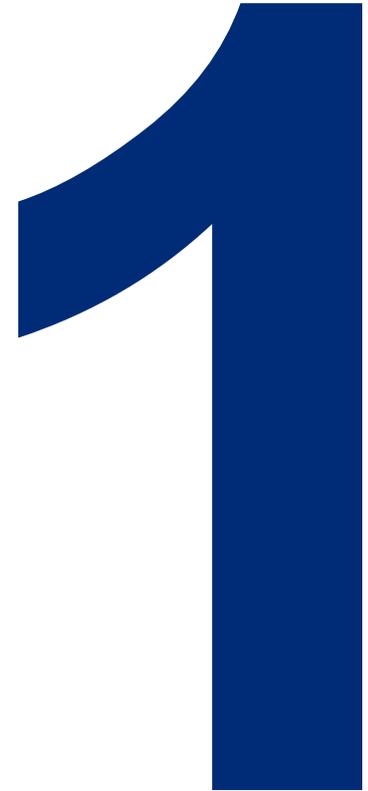
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# Rate Study Background and Goals



# Rate Study Background and Goals

**Missouri DDD works closely with CMS to administer various federal programs including DDD TCM and four 1915(c) Waivers**

Comprehensive  
Waiver

Community Support  
Waiver

Partnership for Hope  
Waiver

Missouri Children with  
DD Waiver

**The DDD TCM and HCBS waiver services are partially funded through federal dollars**

- To ensure ongoing federal funding for these program, CMS requires states to meet various federal regulations and requirements
- Regarding provider payment rates for 1915(c) services, CMS expects states to review rates at least once every five years

# Rate Study Background and Goals



To meet CMS requirements, DDD embarked on their initial rate study in 2016

- DDD contracted with Mercer to perform the 2016 study on residential group home and ISL services
- DDD subsequently contracted with Mercer to conduct rate studies on other services
  - 1915(c) in-home supports and non-residential services during 2017 and 2018
  - TCM in 2019
  - 1915(c) shared living services during 2020 and 2021

Results from these studies helped DDD address a CMS corrective action plan and obtain over \$500 million in additional 1915(c) rate funding during the SFY 2023 budget year

# Rate Study Background and Goals

DDD recently requested that Mercer refresh the rate studies to inform their SFY 2024 budget request process

## DDD's key goals for the 2022 rate study include:

Comply with CMS requirements to formally review 1915(c) rates at least once every five years

Determine whether the fee schedule rates being paid to providers are reasonable and appropriate given market conditions

- Compile and analyze the most current BLS market data to inform key cost components
- Conduct targeted analyses on other assumptions that providers requested be looked at more closely

Document data sources reviewed, cost components considered, and rate methodology utilized

# Rate Study Background and Goals

Service Type	Services included in 2022 Study
Residential	GH, ISL, Shared Living, ITRH
In-Home Supports	Home Delivered Meals, Personal Assistant, Respite
Non-Residential	Community Networking, Community Specialist, Day Habilitation, Individualized Skill Development, Employment Services, Family Peer Support, Support Broker
Professional	ABA, Crisis Intervention, PAMs, Therapies
Waiver Transportation	Zone and per mile
Case Management	TCM and Service Coordination
Services with Annual Dollar Limits	Assistive Technology, Community Transition, Dental, Environmental Accessibility Adaptations, Health Assessment and Coordination, Individual Directed Goods and Services, Specialized Medical Equipment

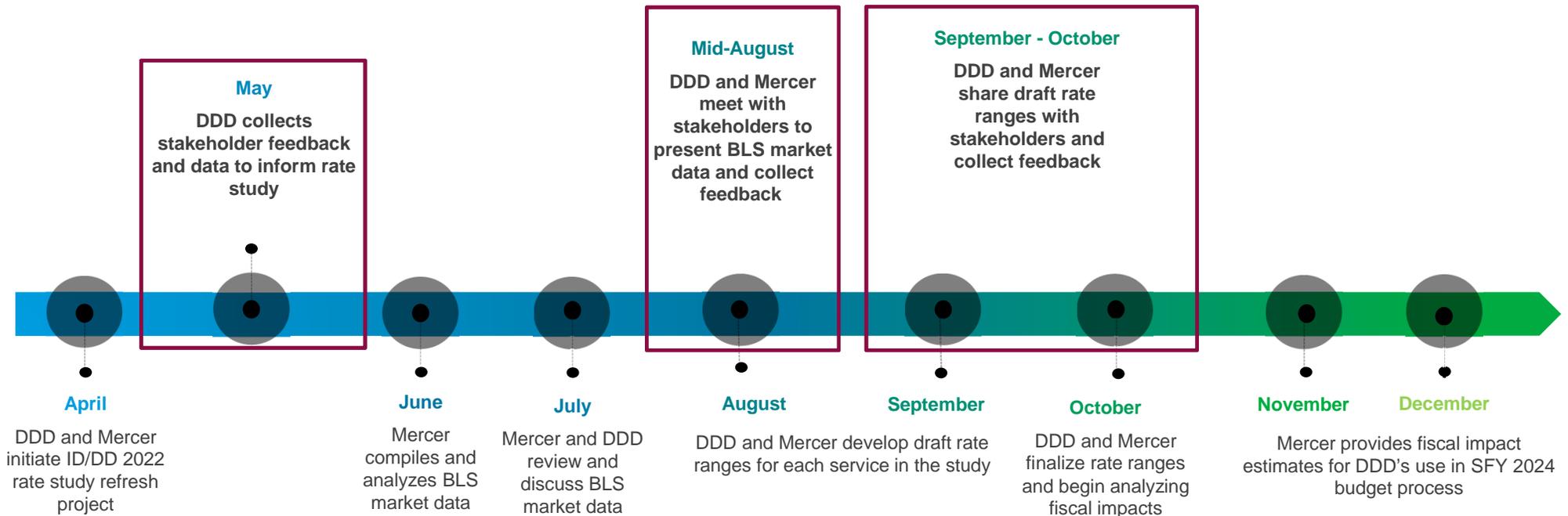
# Key Process Steps

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# Key Process Steps

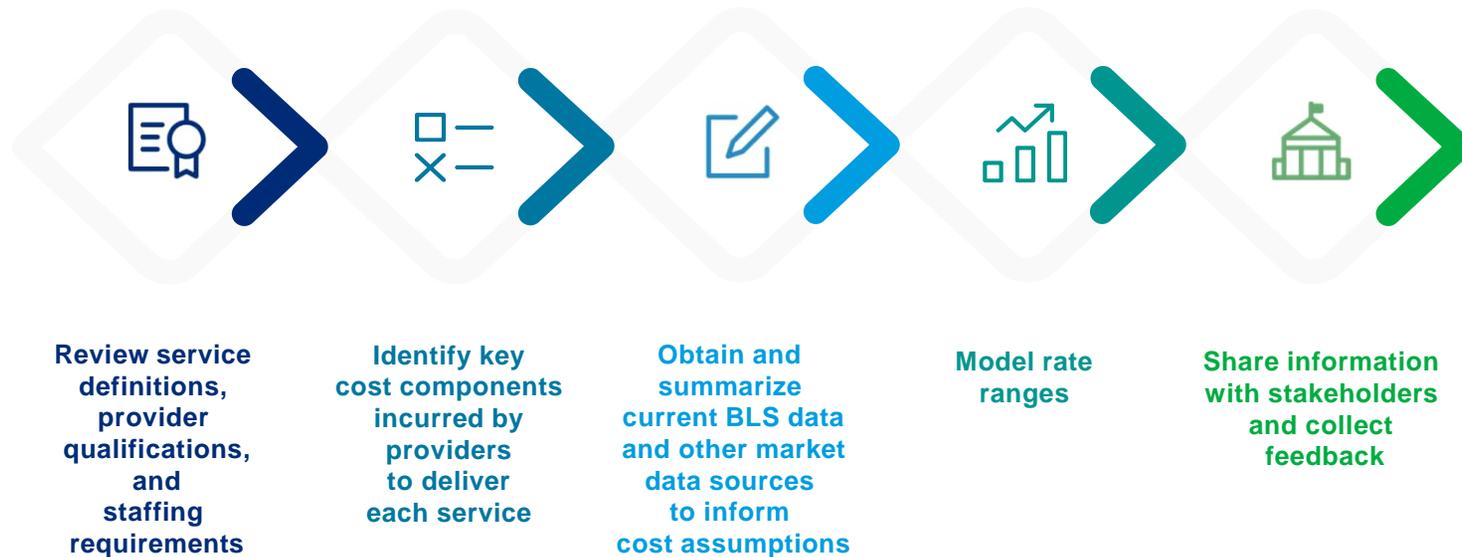
## 2022 Timeline

Mercer and DDD are meeting weekly to work on the key steps outlined below:

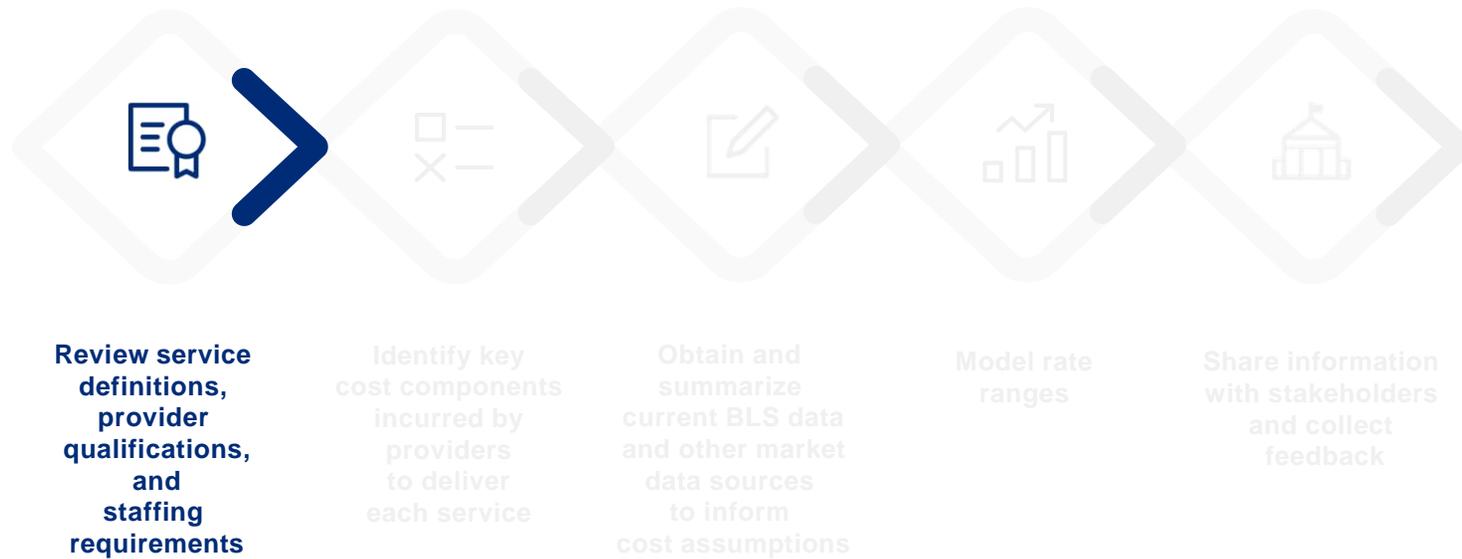


# Key Process Steps

Mercer and DDD are conducting the following key steps to develop the modeled rate ranges:



# Key Process Steps



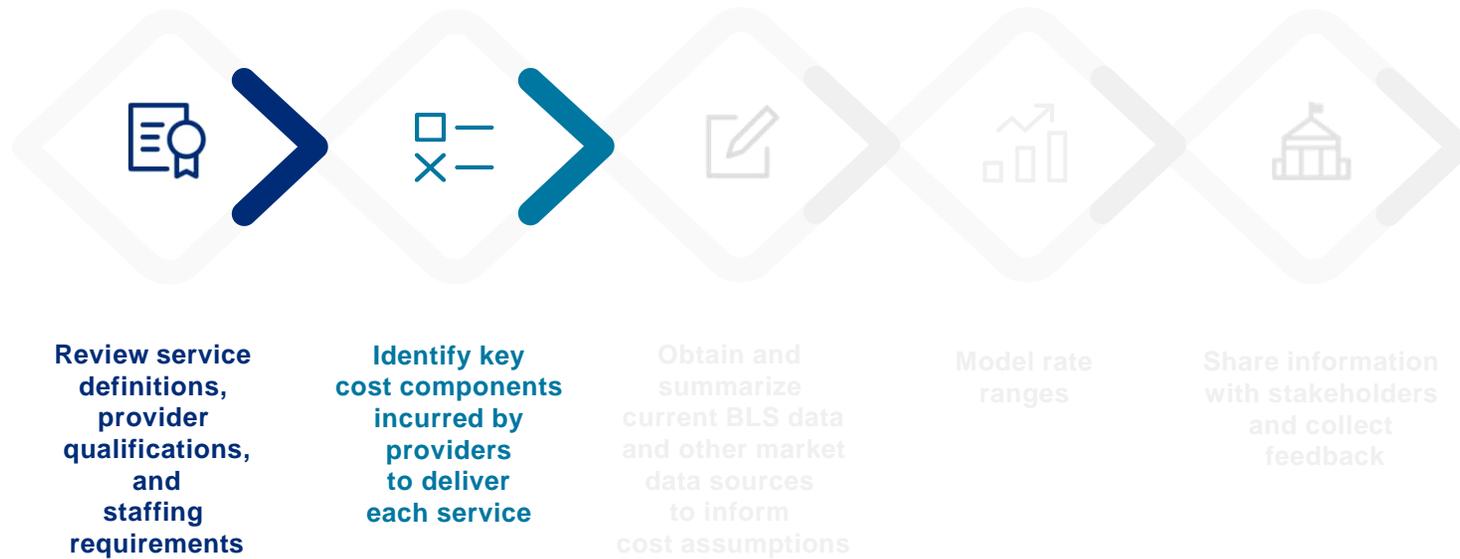
# Key Process Steps

## Review Service Requirements

**To ensure an understanding of the rate study services and to identify key cost components associated with service delivery, Mercer reviewed the following documents and held discussions with DDD**

- DDD 1915(c) waiver service definitions
- TCM State Plan service definition and provider contract
- DDD service manuals
- Missouri regulations
- Other documentation from DMH DDD

# Key Process Steps



# Key Process Steps

## Identify Cost Components

Cost Component	Examples of Costs under each Component
Staff Wages (Direct Care and Other Program Staff)	Wages/salaries paid to direct care staff who are delivering services to individuals and paid to other program staff (e.g., supervisor, nurse) integral to service delivery
ERE for Direct Care and Other Program Staff	<ul style="list-style-type: none"> <li>• Health insurance</li> <li>• STD/LTD/Life insurance</li> <li>• Retirement benefit</li> <li>• Worker's compensation insurance</li> <li>• Employer taxes (FICA, FUTA, and SUTA)</li> </ul>
Productivity	<ul style="list-style-type: none"> <li>• PTO (Holidays, vacation, sick time)</li> <li>• Staff training time</li> <li>• Non-billable staff time (e.g., notes/documentation, staff meetings)</li> <li>• Client absentee factor</li> </ul>
Other Service-Related Costs	<ul style="list-style-type: none"> <li>• Service-related supplies</li> <li>• Cost for staff training sessions</li> <li>• Costs associated with transportation integral to a service</li> <li>• Other service-related costs necessary for service delivery</li> </ul>
Administration/Overhead	<ul style="list-style-type: none"> <li>• Wages/salaries and ERE for administrative staff</li> <li>• Building space costs (rent/mortgage, utilities, maintenance)</li> <li>• Information technology</li> <li>• Office equipment and supplies</li> <li>• Professional/liability insurance</li> <li>• Other administrative costs necessary for program operation</li> </ul>

Will be discussed in detail during today's call

To be discussed during the meeting in September/October 2022

# Key Process Steps

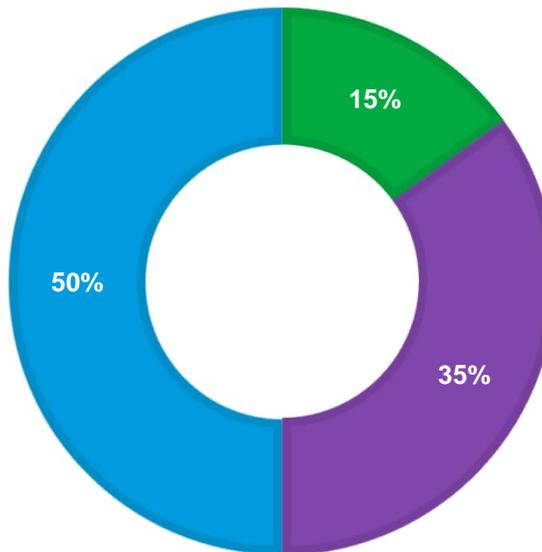
## Identify Cost Components

### KEY COST COMPONENTS

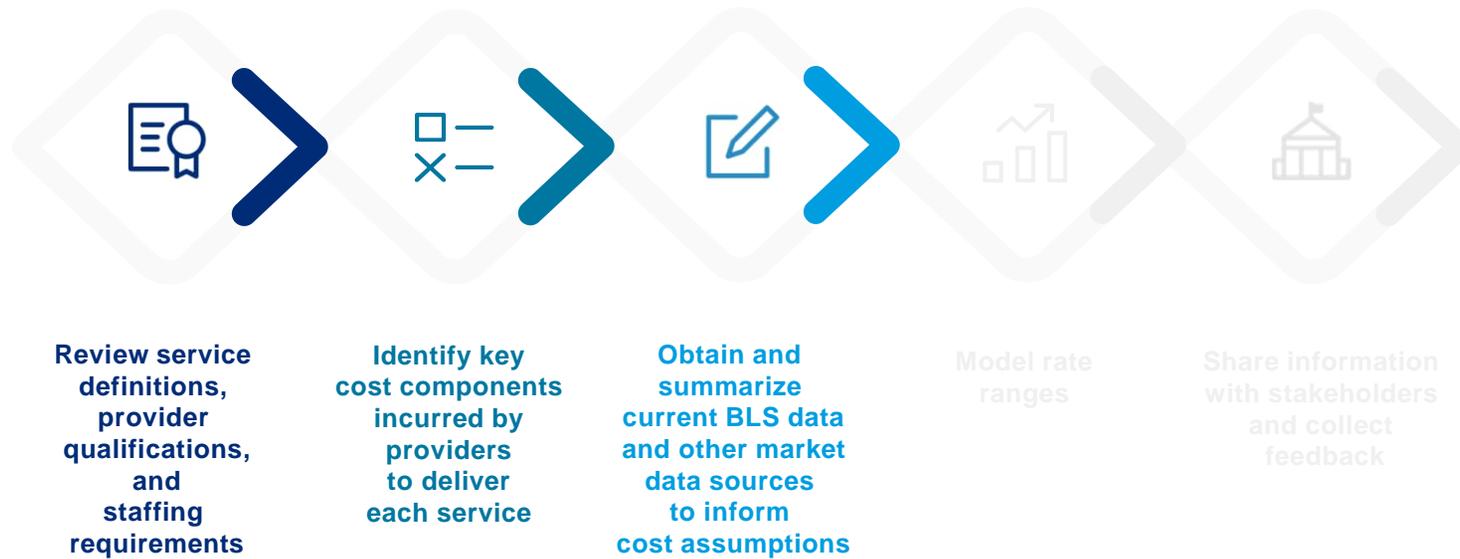
■ Staff Wages ■ ERE ■ Other

Wages and ERE typically comprise about 65-70% of the modeled rate for a given service

This percentage varies by service



# Key Process Steps



# Key Process Steps

## Market Data Review

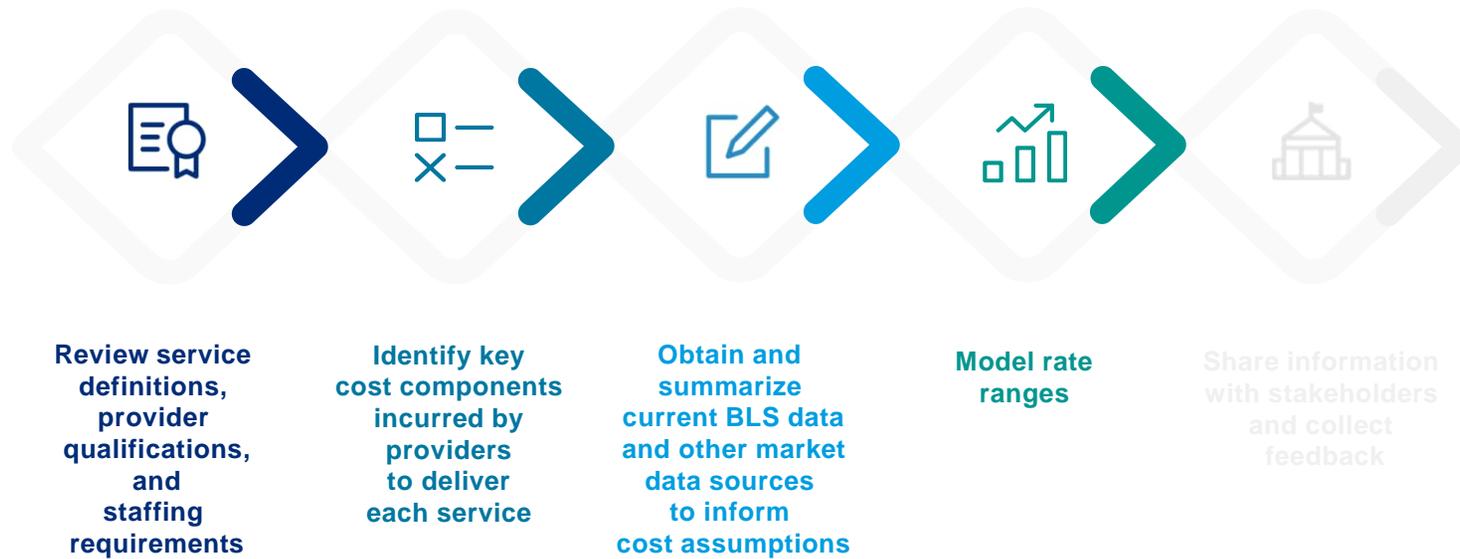
**Mercer collected publically available market data to inform pricing of cost components:**

- Market data provides an independent perspective of employer costs
- Missouri-specific market data was collected (where available)
- Missouri-specific DDD provider wage data and feedback was also reviewed

## **Market data sources included:**

- Salary/wage data from the BLS
- Missouri HCBS provider wage data from the NCI Staff Stability Survey and MARF wage survey
- ERE data from BLS, KFF, IRS, Missouri Department of Labor, Missouri Department of Insurance, and Missouri Office of Administration (specific to TCM)

# Key Process Steps



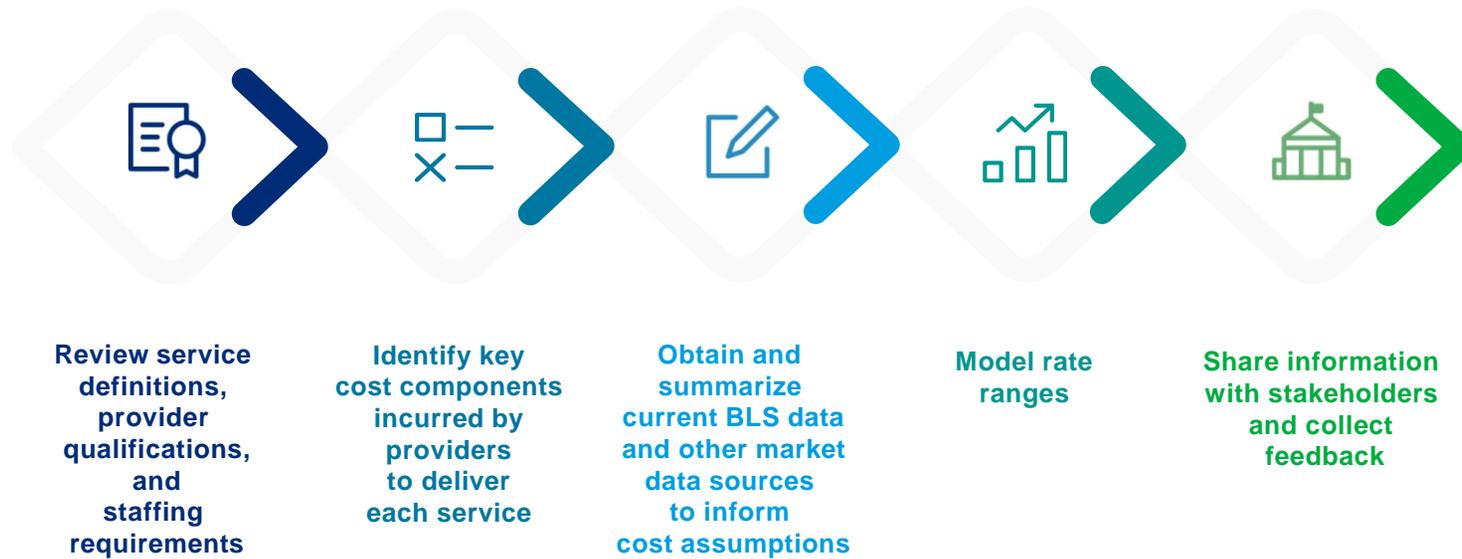
# Key Process Steps

## Model Rate Ranges

### For Each Service:

- Mercer and DDD review the market data and set assumptions for each cost component
- Mercer inputs assumptions into service-specific rate models
- Rate models compile all assumptions and generate modeled rate ranges
- Modeled rate ranges include a lower bound and an upper bound driven by variable wage assumptions
  - Lower bound generally based on 50th percentile of BLS wage data
  - Upper bound generally based on 75th percentile of BLS wage data
- Rate ranges are being developed specific to the SFY 2024 rate effective period (July 2023–June 2024)

# Key Process Steps



# Key Process Steps

## Collect Stakeholder Feedback



### Today's Meeting

- Sharing wage and ERE data and assumptions
- These costs generally comprise about 2/3 of the overall rate for a given service
- Request your feedback on these draft values by September 2, 2022
  - Send to [ddmail@dmh.mo.gov](mailto:ddmail@dmh.mo.gov)



### September/October Meeting

- Plan to share assumptions for remaining cost components:
  - Productivity
  - Other service-related costs
  - Administration/overhead
- Plan to share draft rate ranges
- Will request feedback on those assumptions at that time
- Goal is to finalize rate ranges in October

# Market Data Review: Wages and ERE



# Market Data Review

## Wages

**Mercer reviewed the job categories available in the most recent Missouri-specific BLS wage data publication (released March 2022):**

- Positions were compared to the service definitions, provider qualifications, licensing requirements and staffing requirements for each service
- Wage levels were compared to past provider feedback on competitive wages needed to attract and retain staff

**DDD and Mercer used this information to develop modeled wages ranges for DSPs, supervisors, nursing oversight, and other program staff positions**

# Market Data Review

## Wages

The following Missouri-specific BLS wage data was analyzed:

- 50th percentile wage: represented the lower bound of the range
- 75th percentile wage: generally represented the upper bound of the range
  - Exception for nursing positions, where upper bound wages were based on the 90th percentile

An inflationary factor was applied to the BLS wage data to project it to the SFY 2024 rate effective period

Wage assumptions were reviewed to confirm compliance with the \$12.00 hourly minimum wage effective January 1, 2023 and potential future minimum wage changes based on CPI

Market wages were also benchmarked against provider feedback for reasonability

# Market Data Review

## Residential, Day Habilitation, and In-Home Supports



Residential, Day Habilitation and In-Home Supports	FY 2024 Projected Wage Range			
	Hourly Wage		Annual Salary	
	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile
	<b>DSP</b>			
<ul style="list-style-type: none"> <li>• Residential MAAS 1 - 3 (SIS 1-5)</li> <li>• Day Habilitation</li> <li>• Personal Assistant</li> <li>• In-Home Respite</li> <li>• Out-of-Home Respite</li> <li>• Temporary Residential</li> </ul>	\$14.97	\$18.56	\$31,130	\$38,602
<ul style="list-style-type: none"> <li>• Residential MAAS 4 (SIS 6)</li> <li>• Day Habilitation - Medical Exception</li> </ul>	\$17.52	\$20.20	\$36,445	\$42,013
<ul style="list-style-type: none"> <li>• Residential MAAS 5 (SIS 7)</li> <li>• Day Habilitation - Behavioral Exception</li> <li>• ITRH</li> </ul>	\$20.86	\$24.50	\$43,389	\$50,957
	<b>Other Program Staff</b>			
Degreed Professional/DSP Supervisor	\$31.25	\$38.96	\$65,005	\$81,030

# Market Data Review

## Residential, Day Habilitation, and In-Home Supports



Residential, Day Habilitation and In-Home Supports	FY 2024 Projected Wage Range			
	Hourly Wage		Annual Salary	
	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile*	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile*
	Additional Other Program Staff for Select Services			
House Manager (Residential and ITRH)	\$22.12	\$25.99	\$46,000	\$54,064
LaBA (ITRH)	\$30.77	\$38.93	\$64,002	\$80,975
LBA (ITRH)	\$35.54	\$45.22	\$73,915	\$94,056
RN Oversight (Residential, Personal Assistant Medical, Day Habilitation Medical)	\$34.61	\$52.93	\$71,981	\$110,087

\*For nursing job positions, the 90th percentile wage was used

# Market Data Review

## Non-Residential Services



Non-Residential Services	FY 2024 Projected Wage Range			
	Hourly Wage		Annual Salary	
	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile
	<b>DSP</b>			
<ul style="list-style-type: none"> <li>• Individualized Skill Development</li> <li>• Community Networking</li> <li>• Support Broker</li> <li>• Prevocational</li> </ul>	\$18.79	\$23.02	\$39,091	\$47,880
Family Peer Support	\$19.66	\$24.72	\$40,887	\$51,423
Community Specialist	\$23.97	\$30.31	\$49,857	\$63,040
	<b>Other Program Staff</b>			
DSP Supervisor	\$31.25	\$38.96	\$65,005	\$81,030

# Market Data Review

## Employment Services



Employment Services	FY 2024 Projected Wage Range			
	Hourly Wage		Annual Salary	
	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile
	<b>Employment Specialist</b>			
<ul style="list-style-type: none"> <li>• Career Planning</li> <li>• Job Development</li> <li>• Supported Employment</li> </ul>	\$25.58	\$31.17	\$53,203	\$64,829
Benefits Planning	\$26.55	\$33.39	\$55,225	\$69,442
	<b>Other Program Staff</b>			
Employment Specialist Supervisor	\$31.25	\$38.96	\$65,005	\$81,030

# Market Data Review

## Nursing and Therapy Services



Nursing and Therapies	FY 2024 Projected Wage Range			
	Hourly Wage		Annual Salary	
	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile*	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile*
LPN	\$26.00	\$31.61	\$54,088	\$65,742
Dietician	\$27.38	\$34.62	\$56,941	\$72,005
RN	\$34.61	\$52.93	\$71,981	\$110,087
Speech Therapy	\$42.86	\$53.43	\$89,148	\$111,126
Occupation Therapy	\$43.84	\$54.44	\$91,179	\$113,230
Physical Therapy	\$44.18	\$55.25	\$91,904	\$114,922

\*For nursing job positions, the 90th percentile wage was used

# Market Data Review

## ABA and Crisis Services



ABA and Crisis Services	FY 2024 Projected Wage Range			
	Hourly Wage		Annual Salary	
	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile
<b>ABA Staff</b>				
RBT	\$20.86	\$24.50	\$43,389	\$50,957
LaBA	\$30.77	\$38.93	\$64,002	\$80,975
LBA	\$35.54	\$45.22	\$73,915	\$94,056
<b>Crisis Staff</b>				
Crisis Intervention, Technician	\$20.86	\$24.50	\$43,389	\$50,957
Crisis Intervention, Professional	\$35.54	\$45.22	\$73,915	\$94,056

# Market Data Review

## Waiver Transportation Service



Waiver Transportation	FY 2024 Projected Wage Range			
	Hourly Wage		Annual Salary	
	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile
	<b>Driver</b>			
Driver	\$20.31	\$23.77	\$42,241	\$49,446
	<b>Other Program Staff</b>			
Dispatcher	\$24.21	\$33.40	\$50,365	\$69,466

# Market Data Review

## Home Delivered Meals



Home Delivered Meals	FY 2024 Projected Wage Range			
	Hourly Wage		Annual Salary	
	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile
	<b>Food Preparation Staff</b>			
Food Preparation Worker	\$14.16	\$15.81	\$29,462	\$32,883
	<b>Other Program Staff</b>			
Supervisor of Food Prep Staff	\$17.63	\$21.76	\$36,679	\$45,263
Driver	\$20.31	\$23.77	\$42,241	\$49,446
Nutritionist/Dietician Oversight	\$27.38	\$34.62	\$56,941	\$72,005

# Market Data Review

## TCM and SC Services



TCM and SC	FY 2024 Projected Wage Range			
	Hourly Wage		Annual Salary	
	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile	50 <sup>th</sup> Percentile	75 <sup>th</sup> Percentile
	<b>DSP</b>			
Case Manager	\$24.91	\$31.32	\$51,806	\$65,145
	<b>Other Program Staff</b>			
Support Staff for Case Manager	\$16.27	\$19.69	\$33,850	\$40,959
Supervisor	\$29.66	\$37.38	\$61,697	\$77,751
Quality Advisor	\$34.12	\$42.98	\$70,965	\$89,389

# Market Data Review

## Wages

### Other Wage Consideration

#### DSP OVERTIME

- Provider costs related to DSP overtime hours are not reflected on the prior slides
  - These costs will be considered via a separate rate assumption that will be discussed in the September/October 2022 meeting
- To help inform the overtime assumptions, DDD plans to collect historical overtime data from providers
  - Watch for a specific request from DDD in the coming weeks
  - Provider overtime data will be compared against other data sources for reasonability

# Market Data Review

## ERE

### ERE Includes:

- Health insurance
- Retirement benefits
- Other benefits (e.g., short-term disability/long-term disability, life insurance)
- Worker's compensation
- Employer taxes (FICA/FUTA/SUTA)

Health insurance, retirement, and other benefits priced based on market data for Missouri private sector employers in comparable industries

Exception for TCM services, where some ERE assumptions were based on public sector benefit levels due to TCM county providers

Employer taxes and worker's compensation priced based on information from the IRS, Missouri Department of Labor, and Missouri Department of Insurance

# Market Data Review

## ERE

### 1915(c) Waiver Services

The ERE cost components typically result in an ERE load that ranges from 20% to 35% of wages

- 30% - 35% ERE load for services with wages between \$15 - \$20
- 20% - 30% ERE load for services with wages above \$20

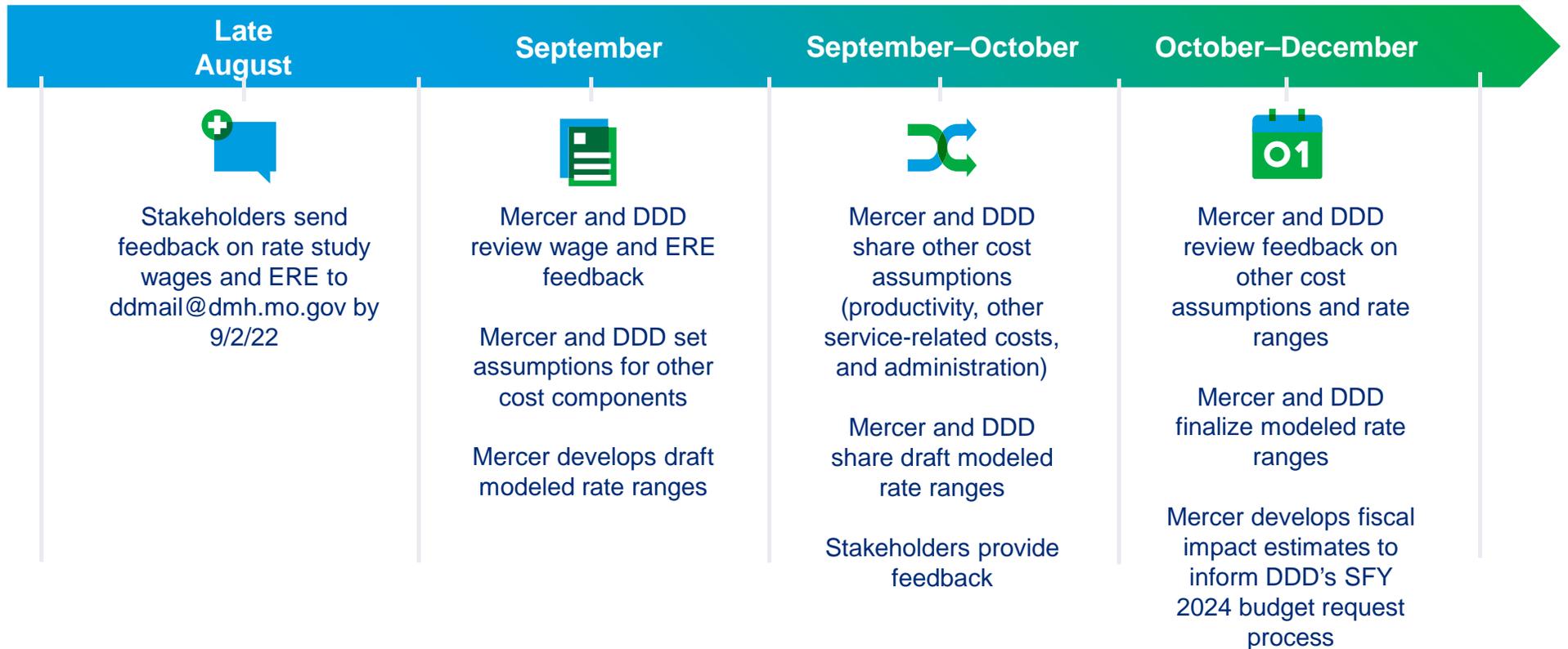
### TCM Services

For TCM services, the ERE components typically result in an ERE load that is roughly 45% to 50% of wages.

# Next Steps



# Next Steps



**Questions?**

**5**

# Abbreviations and Acronyms

ABA	Applied Behavior Analysis	KFF	Kaiser Family Foundation
BLS	Bureau of Labor Statistics	LaBA	Licensed Assistant Behavior Analyst
CMS	Centers for Medicare and Medicaid Services	LBA	Licensed Behavior Analyst
CPI	Consumer Price Index	LPN	Licensed Practical Nurse
DD	Developmental Disabilities	LTD	Long Term Disability
DDD	Division of Developmental Disabilities	MARF	Missouri Association of Rehabilitation Facilities
DMH	Department of Mental Health	NCI	National Core Indicator
DSP	Direct Support Professional	PAMS	Professional Assessment and Monitoring Service
ERE	Employee Related Expense	PfH	Partnership for Hope
FICA	Federal Insurance Contributions Act	PTO	Paid Time Off
FMS	Fiscal Management Services	RBT	Registered Behavior Technician
FUTA	Federal Unemployment Tax Act	RN	Registered Nurse
GH	Group Home	SFY	State Fiscal Year
HCBS	Home and Community Based Service	STD	Short Term Disability
IRS	Internal Revenue Service	SUTA	State Unemployment Tax Act
ISL	Individualized Supported Living	TCM	Targeted Case Management
ITRH	Intensive Therapeutic Residential Habilitation		

# Limitations and Caveats

In preparing the projected wage and ERE assumptions summarized in this presentation, Mercer considered publicly available market information, provider survey data, and other information provided by DDD. Mercer reviewed the data and information for consistency and reasonableness, but did not audit them. If the data or information are incomplete or inaccurate, the values may need to be revised accordingly. Assumptions were developed based upon information available as of August 2022. Should additional information become available, the assumptions and presentation may need to be updated accordingly.

All projection estimates are based upon the information available at a point in time, and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimates. Any estimate or projection may not be used or relied upon by any other party or for any other purpose than for which it was issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use.

Wage range and ERE assumptions developed by Mercer are projections of future contingent events. Actual provider costs may differ from these projections. Mercer has developed these ranges on behalf of DDD for purposes of the SFY 2024 HCBS and TCM rate study. Use of this information for any purpose beyond that stated may not be appropriate. This document should only be reviewed in its entirety.



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