



# State of New Mexico Department of Health Developmental Disabilities Supports Division

Home and Community Based Services

Preliminary Rate Study Findings

Community Forum

May 15, 2019

**MAY 2019 DRAFT: PRELIMINARY DATA FOR  
POLICY DEVELOPMENT PURPOSES ONLY**

# Agenda

- Welcome and Introductions
- Overview of Data
- Data Analysis and Findings Discussion
- Rate Methodology Discussion
- Next Steps
- Outstanding Questions / Additional Feedback



# Introductions

## PCG Team



**Sarah Salisbury**

Senior Consultant



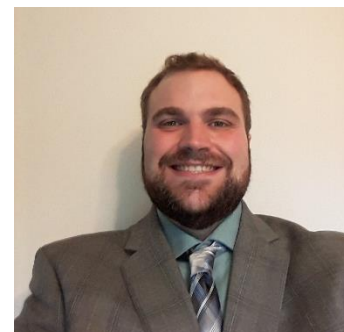
**Barb Ramsey**

HCBS Rate Advisor



**Cathy Anderson**

HCBS Final Rule Advisor



**Jonathan Mattingly**

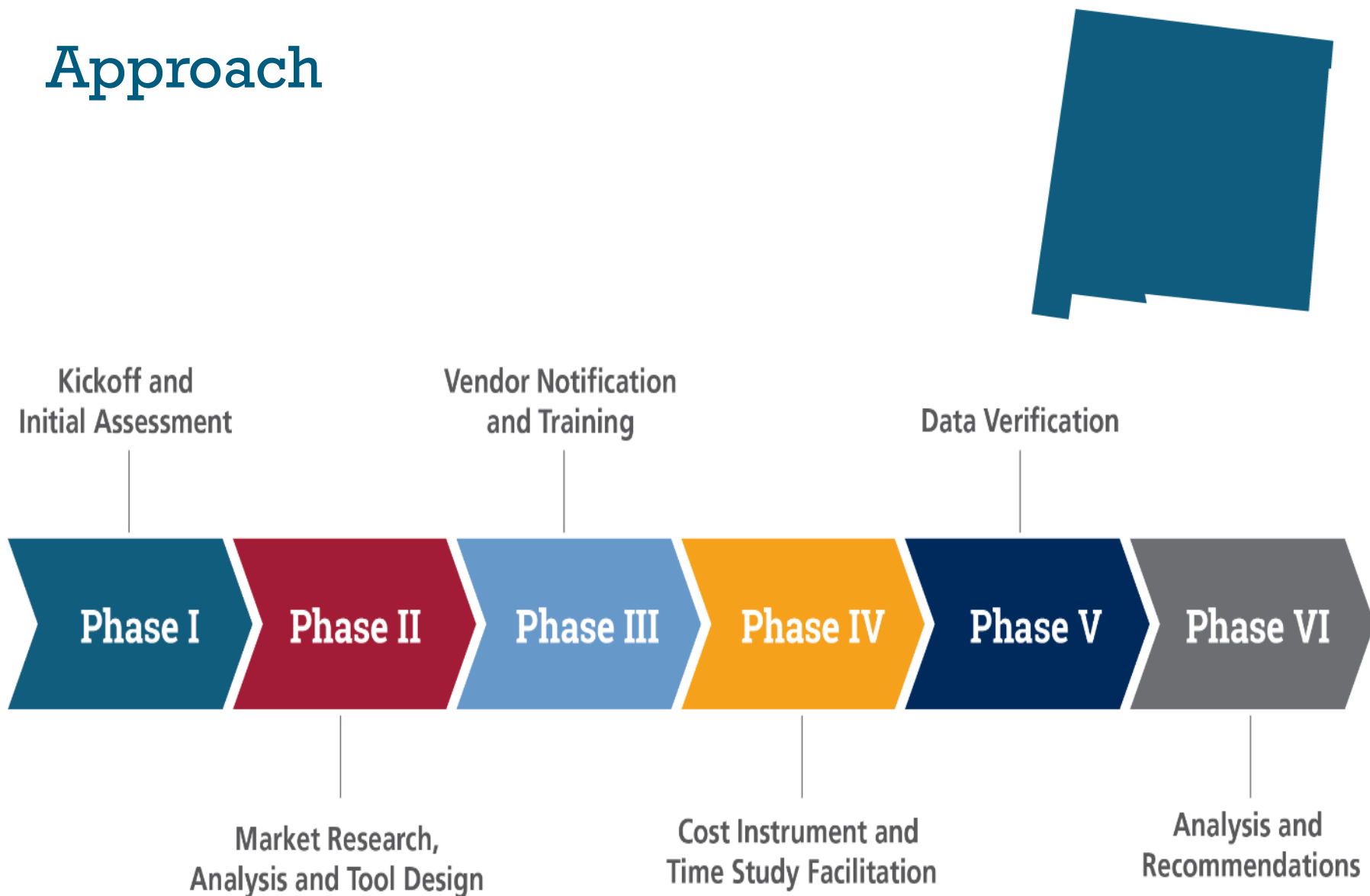
Analyst



**Jaymi Cohen**

Analyst

# Approach



# Project Timeline

Phase Number and Description	Original Start Date	Original End Date	Current Start Date	Current End Date
Phase I: Kickoff and Initial Assessment	7/2/18	9/14/18	<b>7/2/18</b>	<b>9/14/18</b>
Phase II: Market Research, Analysis and Tool Design	9/1/18	10/12/18	<b>9/1/18</b>	<b>10/12/18</b>
Phase III: Vendor Notification and Training	10/15/18	11/9/18	<b>10/15/18</b>	<b>11/9/18</b>
Phase IV: Cost Instrument and Time Study Facilitation	11/12/18	1/18/19	<b>11/12/18</b>	<b>3/15/19</b>
Phase V: Data Verification and Analysis	1/22/19	3/15/19	<b>3/15/19</b>	<b>4/12/19</b>
Phase VI: Analysis and Recommendations	3/18/19	6/28/19	<b>4/15/19</b>	<b>6/28/19</b>

# Overview of Data

# Overview of Tool Submissions

## Submission Summary

Tool	2018-19	
	Number Received	Number Used
Cost Reports Received	53	50
Personnel Rosters Received	57	56
Time Studies Received	1,985	1,652

80 Providers Submitted At Least 1 Tool

Reasons some providers did not submit:

- Not enough time
- Too burdensome
- Uncertainty of the data to provide
- Privacy concerns



# Overview of Quality Assurance Tool

**NM HCBS Rate Development  
Quality Assurance Review Checklist**

<b>Provider Name</b>			
<b>Program Name</b>			
<b>Reviewer 1</b>		<b>Reviewer 1 Date</b>	

#	Quality Assurance (QA) Requirements	QA 1 Complete? (YES/NO/NA)	QA 2 Complete? (YES/NO/NA)
<b>Cost Report QA</b>			
1	Are all fields filled out in the "Provider and Contact Information" Section?		
2	Is there data in both the "Provider Total" and "HCBS Program Total" Columns		
3	Is the data in the "HCBS Program Total" column less than or equal to the "Provider Total" Column?		
4	Are all fields or notes/comments reasonable?		
5	Are all fields filled out in the "Attestation" Section?		
6	Is there data in the backsheet?		
7	Is there reasonable backup documentation to support the rates?		
<b>Personnel Roster QA</b>			
8	Does the roster appear reasonable?		
<b>Time Study QA</b>			
9	Are all fields filled out on the cover page?		
10	Is there data in at least one of the sheets from (Enter Dates)?		
11	Is there data in the backsheet?		
12	Do all of the time study submissions appear reasonable?		
<b>Reviewer Comments and/or Additional Findings</b>			

# Findings and Discussion: Time Study Limitations

Many time study participants:

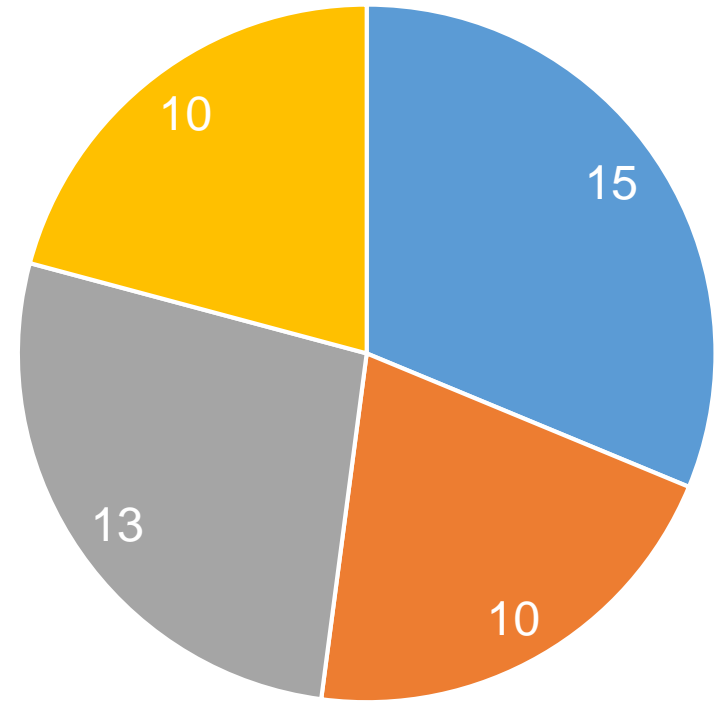
- Did not fill out provider name
- Did not indicate county
- Indicated a billable and unbillable activity for the same time interval
- Filled out multiple tools if they provided different services

# Cost Report and Personnel Roster Submissions

# Overview of Tool Submissions

## 48 Providers Submitted Both Cost Report and Personnel Roster

Total HCBS Revenue	Submissions
\$0 - \$500,000	15
\$500,000 - \$1 million	10
\$1 million - \$5 million	13
\$5 million and up	10



- \$0-500,000
- \$500,000 - 1 million
- \$1 million - 5 million
- \$5 million and up

**HCBS Total Revenue Ranges**

- 2 Providers Submitted Cost Report Only
- 7 Providers Submitted Personnel Roster Only

# Time Study Submissions

# Overview of Tool Submissions

## Time Study Tool #1 Services:

- Case Management and Consultant

## Time Study Tool #2 Services:

- Nursing, Therapies, Behavioral Support Consultation, Nutritional Counseling, Preliminary Risk Screening for Inappropriate Sexual Behavior, and Socialization and Sexuality Education, Bundled Nutrition, Bundled Nursing

## Time Study Tool #3 Services:

- Group Services (Customized Community Supports, Community Integrated Employment, and Respite)

## Time Study Tool #4 Services:

- Community Integrated Employment- Individual, Customized Community Supports- Individual, Community Inclusion Aide, Crisis Support

## Time Study Tool #5 Services:

- Family Living, In-Home Supports, Intensive Medical, Supported Living, Respite

# Overview of Tool Submissions

## Time Study Submissions

Time Study	2018-19	
	Number Received	Number Used
Tool 1	119	117
Tool 2	184	130
Tool 3	224	170
Tool 4	288	254
Tool 5	1,170	981
<b>Total</b>	<b>1,985</b>	<b>1,652</b>

# Geographic Representation of Participants

- Cost report county indicates central office location
- 30/33 counties represented in time study



# Findings and Discussion

# Market Salary Research

## Findings and Discussion: Validate Market Salary Research

- Bureau of Labor Statistics market salary research will serve as the base of the rates for waiver services.
- The identified southwest region average includes New Mexico, Texas, Colorado, and Arizona. This region compilation was also used for the early intervention FIT rate study.

*Note: the market salary research can be found on a supplemental document*

# Cost Report Findings

## Findings and Discussion: Revenue/ Expenses by Tax Status

Provider IRS Tax Status	<i>n</i>	Total HCBS Revenue	Total HCBS Expenses	Surplus (Deficit) \$	Surplus (Deficit) %
<b>For-Profit</b>	<b>35</b>	<b>\$81,880,318.35</b>	<b>\$81,549,865.99</b>	<b>\$330,452.36</b>	<b>0%</b>
> \$1,000,000	13	\$72,881,981.35	\$72,706,535.69	\$175,445.66	0%
< \$1,000,000	22	\$8,998,337.00	\$8,843,330.30	\$155,006.70	2%
<b>Government</b>	<b>2</b>	<b>\$1,222,803.97</b>	<b>\$1,222,803.98</b>	<b>(\$0.01)</b>	<b>0%</b>
<b>Nonprofit</b>	<b>13</b>	<b>\$60,925,145.72</b>	<b>\$65,816,221.21</b>	<b>(\$4,891,075.49)</b>	<b>(7)%</b>
> \$1,000,000	11	\$59,889,800.72	\$63,934,441.18	(\$4,044,640.46)	(6)%
< \$1,000,000	2	\$1,035,345.00	\$1,881,780.03	(\$846,435.03)	(45)%

*\*Note: this slide has been updated since the May onsite meetings*

# Findings and Discussion: Cost Tool

- Personnel account for 81% of total costs

Line Item	HCBS Provider Total	% of HCBS Expenditures
Translation/Interpretation/Accommodation Services	\$ 208,513.76	0%
Training	\$ 208,840.70	0%
Travel	\$ 377,846.20	0%
Equipment	\$ 748,984.35	1%
Mileage	\$ 917,046.28	1%
Liability Insurance	\$ 1,206,205.77	1%
Transportation	\$ 1,302,161.32	1%
Supplies	\$ 1,408,186.15	1%
Depreciation	\$ 1,696,351.99	1%
Gross Receipts Tax	\$ 3,961,174.84	3%
Indirect (from Parent Organization)	\$ 4,084,259.11	3%
Occupancy/Facility	\$ 4,250,935.40	3%
Other Operating Expenses	\$ 6,666,912.12	4%
Total Fringe Benefits	\$ 12,601,750.68	8%
Administrative Salaries	\$ 15,631,199.86	11%
HCBS Subcontractor	\$ 31,737,122.15	21%
Direct Service Salaries	\$ 61,581,399.80	41%

# Findings and Discussion: Cost Tool

- Reported fringe rate is 16.32%
- Administrative and Program Supports Percentage is 28.1%

Fringe	
Total Salaries	\$77,212,600.00
Total Tax and Fringe	\$12,601,751.00
<b>Fringe Rate</b>	<b>16.32%</b>

Administrative and Program Support	
Administrative and Program Support Costs	\$41,751,571.57
Total Expenditures	\$148,588,890.48
<b>Administrative and Program Support Percentage</b>	<b>28.1%</b>

# Time Study Findings



## Findings and Discussion: Time Studies

- Percent billable: 80%; 64% adjusted
- Time spent on travel: 3%; 7% adjusted

Tool Summary		Subcontractor %			Travel %
Tool #	# Time Study Participants	% Employee	% Subcontractors	% Unknown	% Total Time Traveling
1	117	44%	54%	2%	11%
2	130	56%	35%	9%	12%
3	170	92%	1%	7%	4%
4	254	88%	10%	2%	4%
5	981	60%	36%	4%	2%

*\*Direct Support Staff – Residential and Homemaker reported significantly high billable percentages. The adjusted billable and travel percentages show the aggregate with these two disciplines removed.*

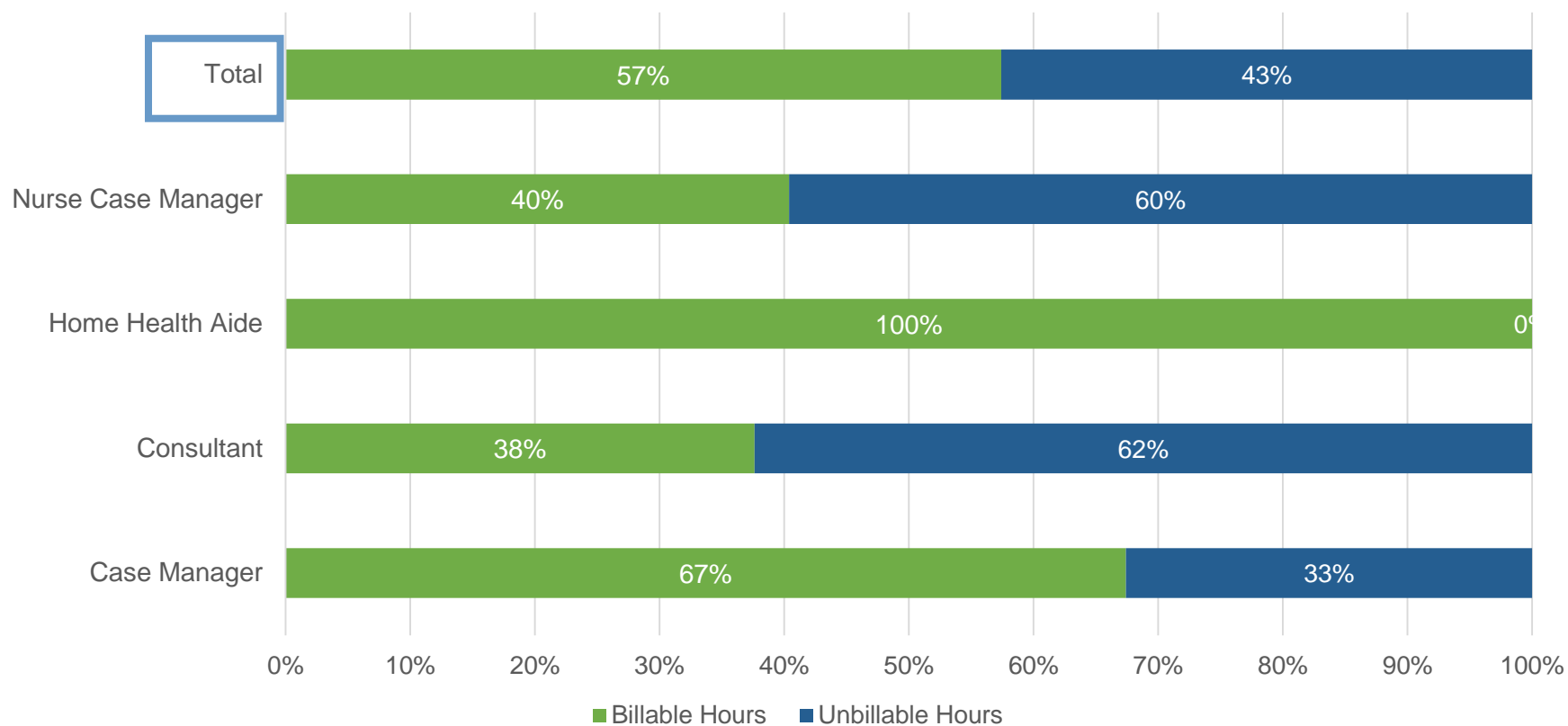
# Findings and Discussion: Time Studies

## Travel by Discipline

Tool #	Discipline	% Total Time Traveling
1	Case Manager	12%
1	Consultant	12%
2	Behavioral Support Consultant	18%
2	Occupational Therapist	14%
2	Occupational Therapy Assistant	21%
2	Physical Therapist	20%
2	Speech Therapist/Speech-Language Pathologist	18%
4	Job Coach	14%

# Findings and Discussion: Time Study Participation and Billable Percentage by Discipline

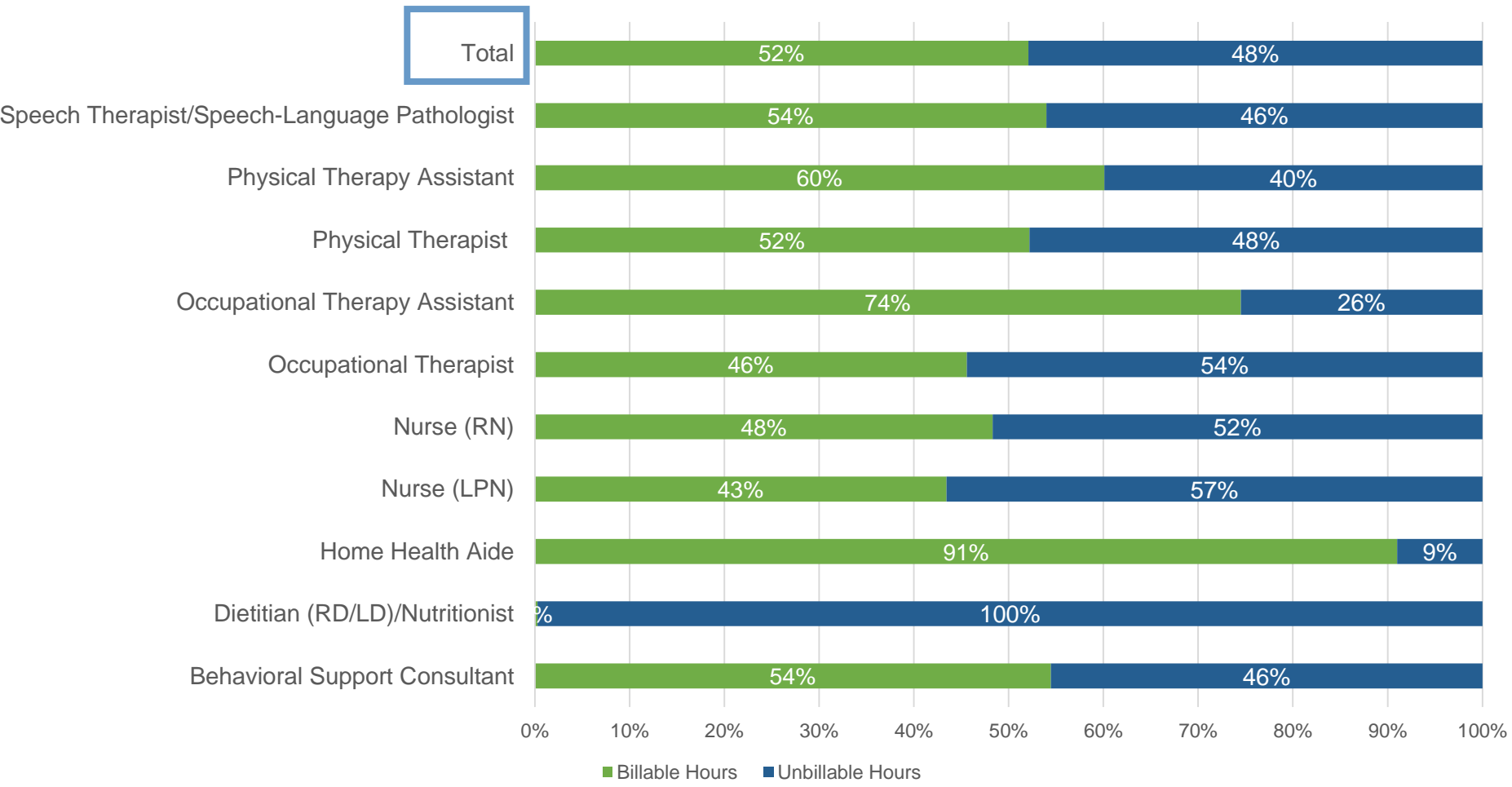
Tool # 1 Billable Percentage



# Findings and Discussion: Time Study Participation and Billable Percentage by Discipline

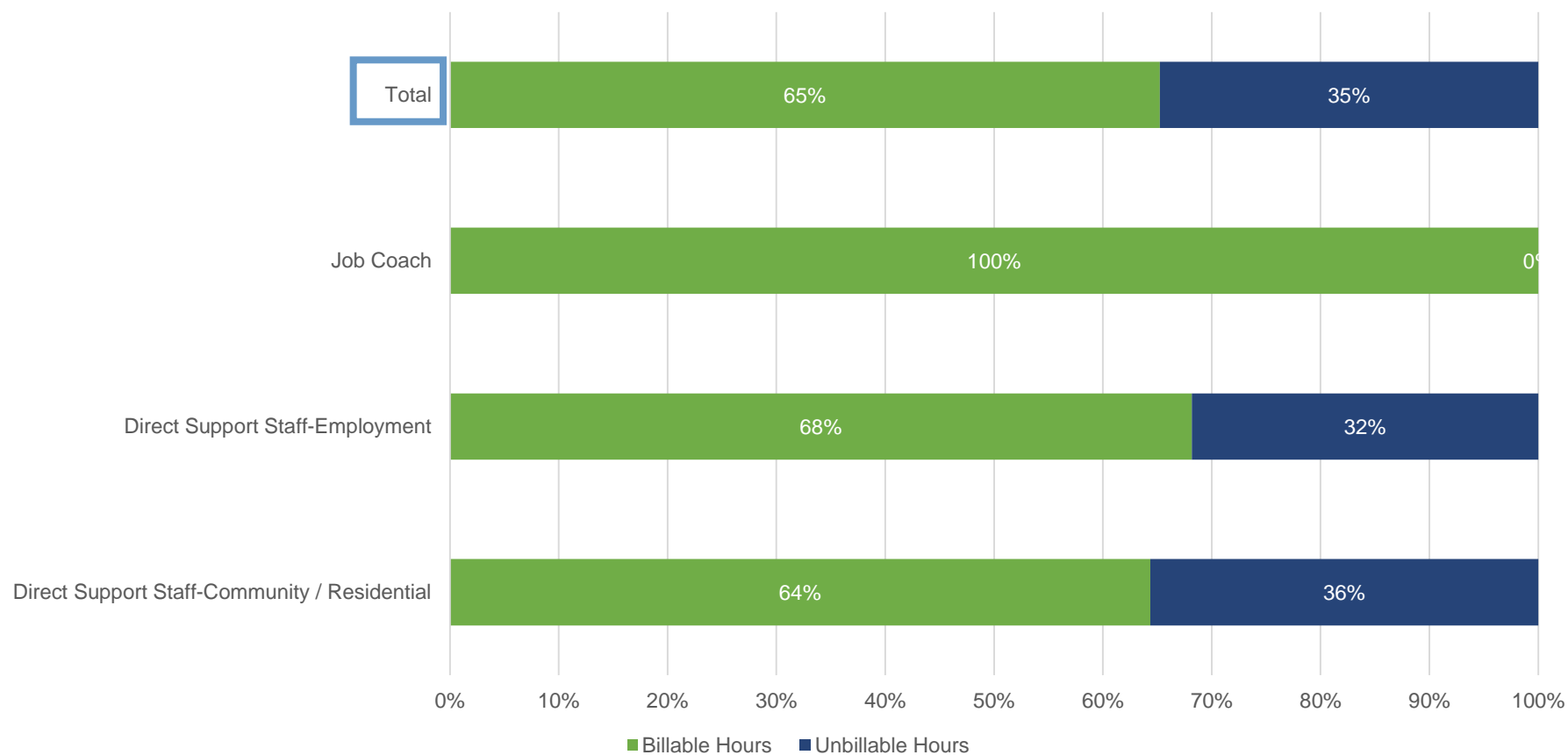
Tool #2 Billable Percentage

Total



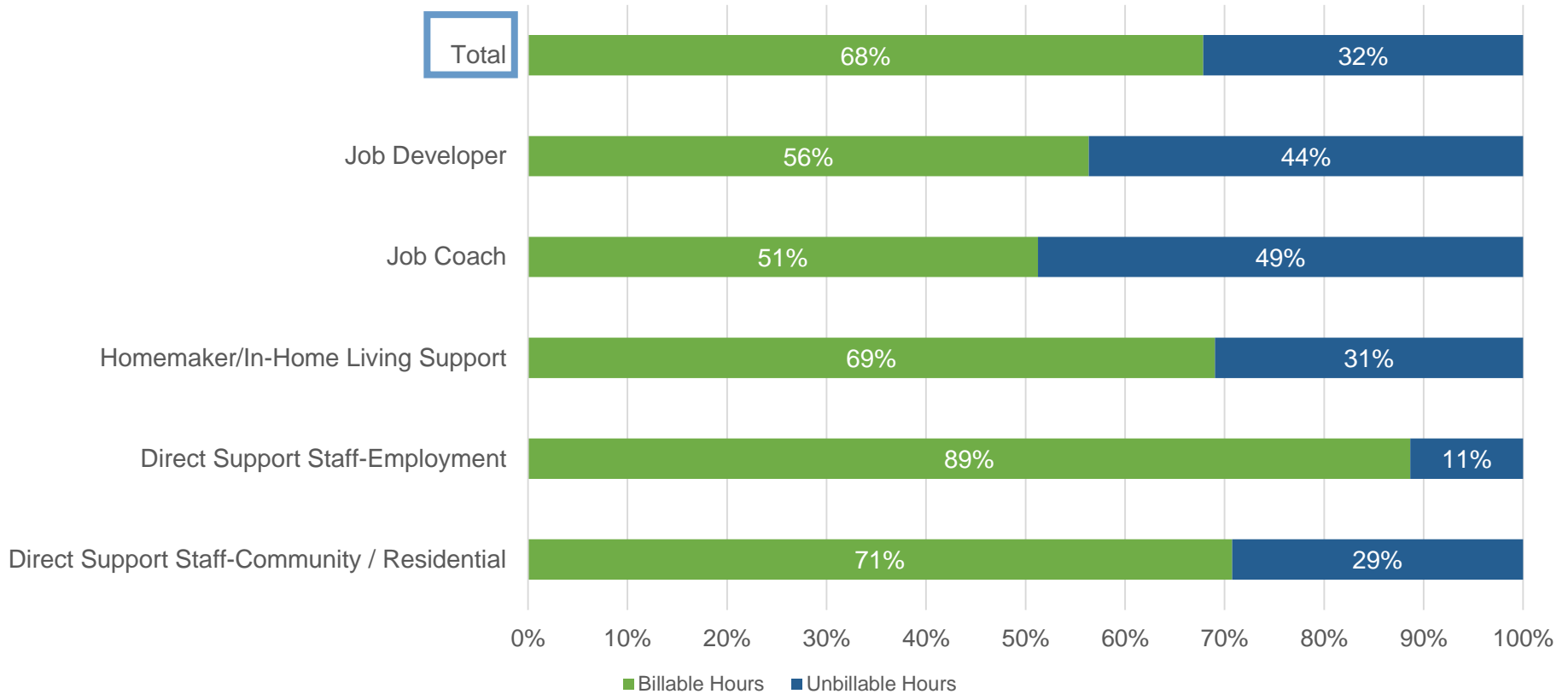
# Findings and Discussion: Time Study Participation and Billable Percentage by Discipline

Tool #3 Billable Percentage



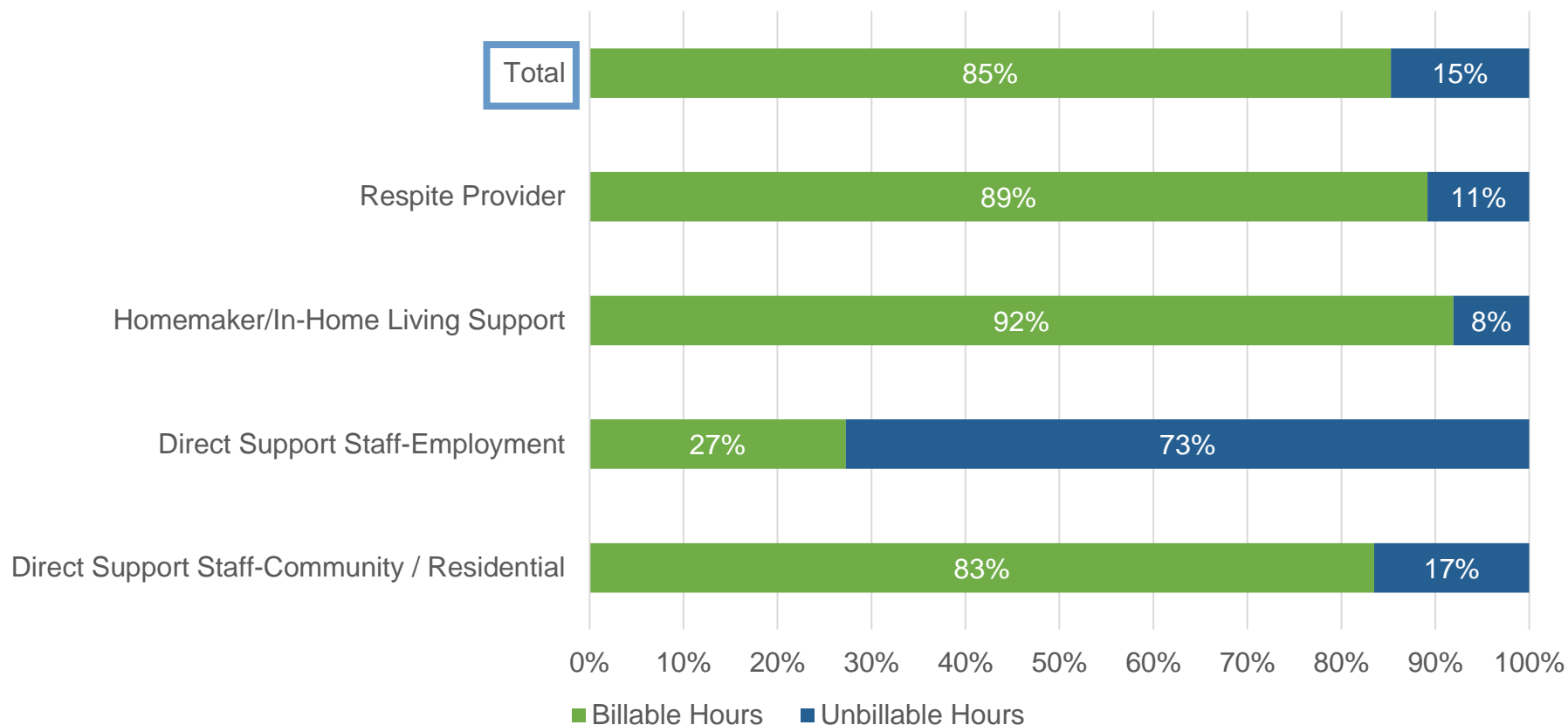
# Findings and Discussion: Time Study Participation and Billable Percentage by Discipline

Tool #4 Billable Percentage



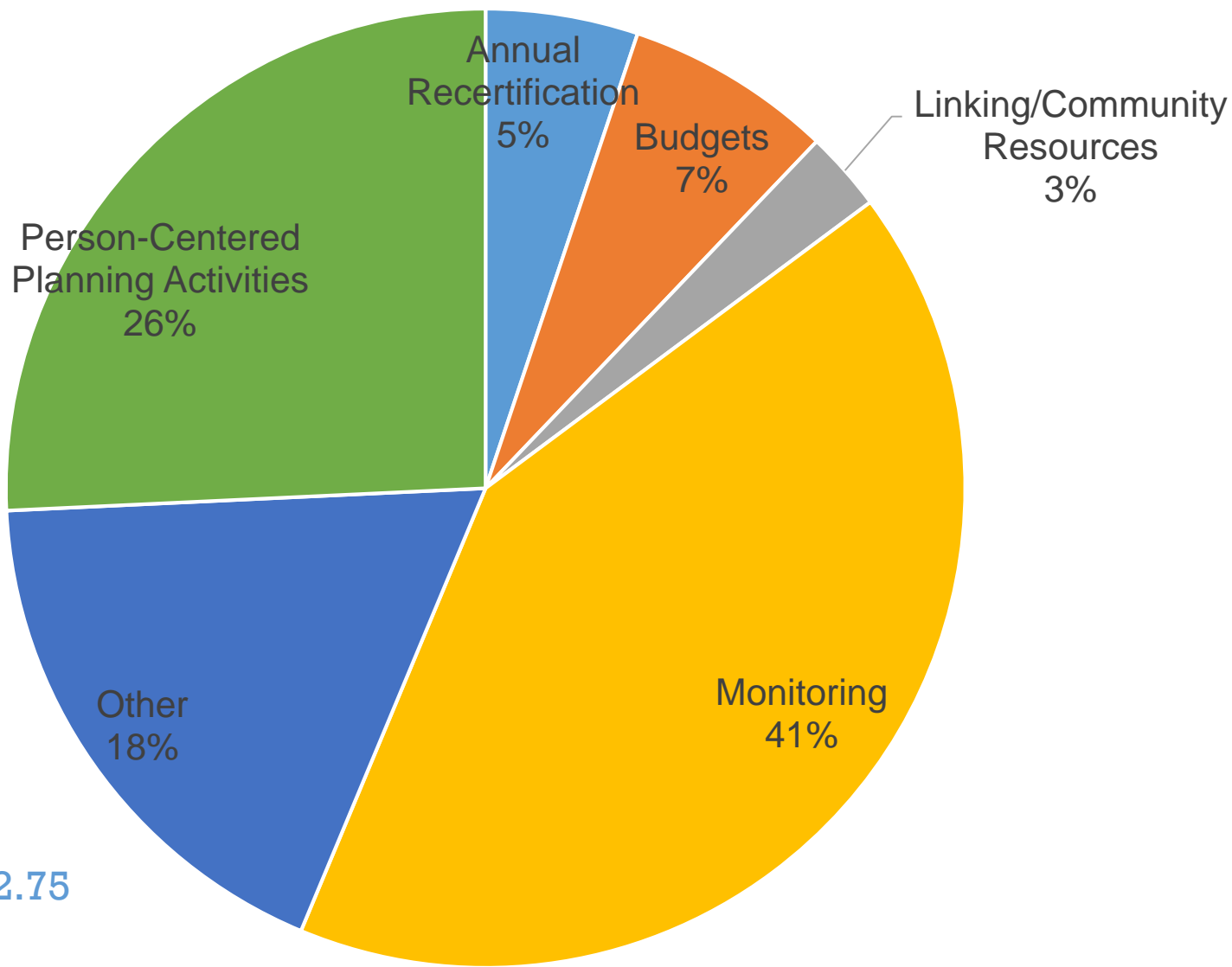
# Findings and Discussion: Time Study Participation and Billable Percentage by Discipline

Tool #5 Billable Percentage



# Findings and Discussion: Time Study Sub-Activity

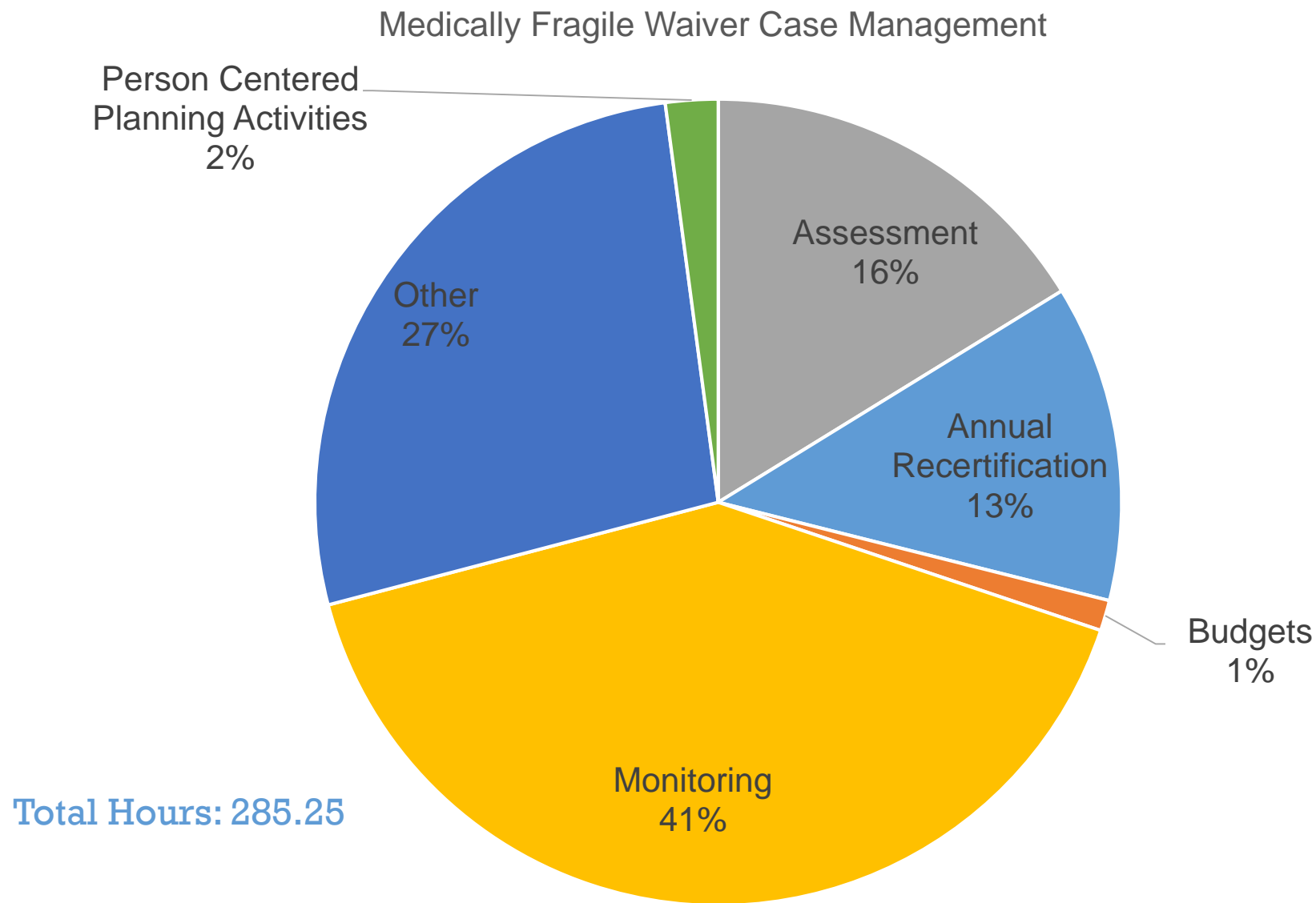
Developmental Disabilities Waiver Case Management



Total Hours: 3202.75

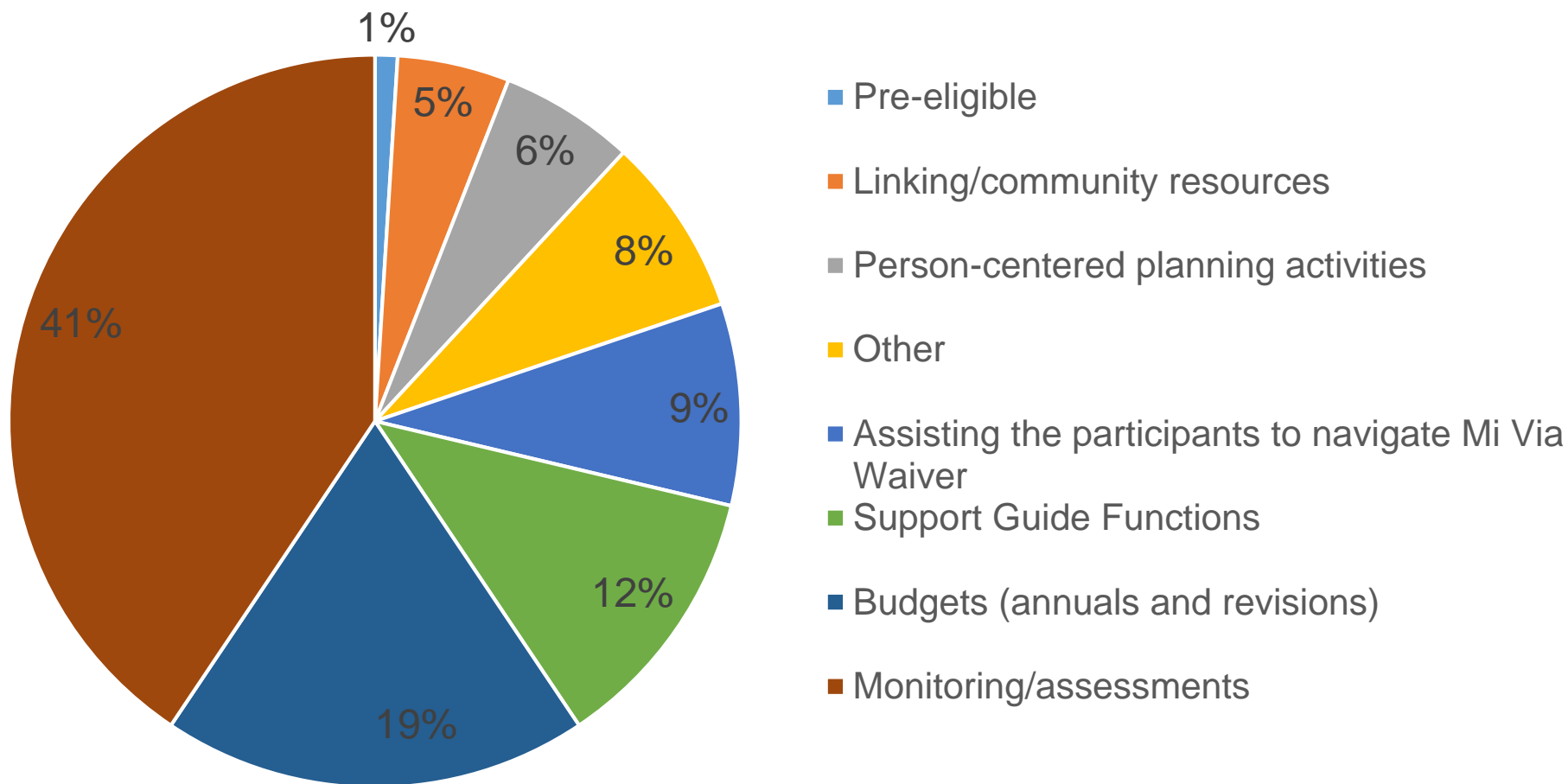


## Findings and Discussion: Time Study Sub-Activity



# Findings and Discussion: Time Study Sub-Activity

## Consultant Services



Total Hours: 739

# Findings and Discussion: Unbillable Activity

Tool Summary		Unbillable Activity									
Tool #	% Unbillable Activity	Report Writing/ Progress Notes	Missed Appointment - Individual Receiving Services	Missed Appointment - Staff	Delayed Appointment	Training	Supervision Related Activities	Preparation Activities	Travel	Case Conference/ Clinical Consultation	Other Admin Activities
1	48%	31%	0%	0%	0%	11%	5%	9%	22%	0%	25%
2	52%	20%	1%	0%	0%	6%	3%	12%	24%	8%	32%
3	38%	20%	4%	10%	0%	11%	5%	10%	11%	0%	29%
4	35%	17%	9%	9%	0%	13%	9%	12%	12%	0%	21%
5	15%	36%	0%	0%	0%	8%	10%	4%	15%	0%	18%
<b>Total</b>	<b>20%</b>	<b>25%</b>	<b>3%</b>	<b>4%</b>	<b>0%</b>	<b>10%</b>	<b>6%</b>	<b>10%</b>	<b>17%</b>	<b>2%</b>	<b>25%</b>

# Rate Methodology Discussion

# Revisit Data Collection Matrix

Draft Standard Rate Components			
Standard Components	Primary Source	Secondary Source	Other Source
Salary/Hour	Market Research	Personnel Roster	Survey/Focus Group
Benefits/Hour	Cost Report	Personnel Roster	Survey/Focus Group
Contractor Cost/Hour	Personnel Roster	Cost Report	Survey/Focus Group
Portion for Employee Costs	Cost Report	Personnel Roster	Survey/Focus Group
Portion for Contractor Costs	Cost Report	Personnel Roster	Survey/Focus Group
Personnel Costs	Calculated		
Admin & Support Costs	Cost Report		
Total Costs/Hour	Calculated		
Reported Mileage to Remove	Cost Report		
Total Costs/Hour Less Reported Mileage	Calculated		
Total Costs/Hour with Billable Factor	Time Study or Other Determined Means	Survey/Focus Group	
Mileage	Time Study or Other Determined Means	Survey/Focus Group	
Other Components	Primary Source	Secondary Source	Other Source
Caseload/ Staff Ratios	Survey/Service Definitions	Focus Group	
Average Time For Activity	Time Study or Other Determined Means	Survey/Focus Group	
Group Services/# of Clients Served	Time Study or Other Determined Means	Survey/Focus Group	

# Rate Calculations – HCBS Services

## Rates Included:

- Developmental Disabilities Waiver Services except for 9 services
- Medically Fragile Waiver Services except for 2 services
- Mi Via Services: In-Home Living and Consultant services

## Design and Parameters:

- Designed to capture all expenses involved in service delivery.
- For employees providing HCBS Waiver services: includes average hourly expense, weighted market salary data (via personnel rosters), and tax and fringe benefits.
- Average subcontractor rates were added proportionally to employee salary and benefits sum.
- Other administrative expenses are added, including nonbillable time and expenses such as mileage

# Rate Development Methodology

## Bottom-Up

Calculate rates using service personnel as the base and adding rate components for other associated expenses. Units are not required for this option.

Category	Output
<b>Market Salaries for Rates</b>	<ul style="list-style-type: none"> <li>SW BLS Average (NM, TX, CO, AZ)</li> <li>Based on discipline mapping by service</li> </ul>
<b>Fringe Percentage</b>	<ul style="list-style-type: none"> <li>Cost Report Results (16.32%)</li> </ul>
<b>Staff v. Subcontractor Proportion</b>	<ul style="list-style-type: none"> <li>Roster Results (based on discipline and mapping)</li> </ul>
<b>Admin Percentage</b>	<ul style="list-style-type: none"> <li>Cost Report Results (28.1%)</li> </ul>
<b>Billable Percentage</b>	<ul style="list-style-type: none"> <li>Time Study Results based on Discipline</li> </ul>
<b>Mileage</b>	<ul style="list-style-type: none"> <li>Cost Report Results</li> <li>Normalized</li> <li>Dependent on service and travel assumptions</li> </ul>
<b>Other Considerations</b>	<ul style="list-style-type: none"> <li>Adjustments for caseload size</li> <li>Ratios/ Event based/ monthly rate assumptions based on waiver and standards</li> </ul>

# Rate Development Methodology

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Step	Line Item	Rate Calculation Modifier	Rate Calculation Details	Component Cost
1	Salary/Hour	N/A	Weighted average hourly salary for employees based on BLS market salaries.	\$25
2	Fringe Benefits/Hour	20%	Apply fringe rate based on cost report. • $\$25 * 0.20 = \$6.90$	\$5
-	Employee Salary Plus Benefits	N/A	Add salary to fringe from steps 1 and 2. • $\$25 + \$5 = \$30$	\$30
3	Contractor Cost/Hour	N/A	Weighted average hourly rate for contractors based on BLS market salaries.	\$50
4	Portion for Employee Costs	75%	Calculate portion of personnel costs attributed to employees based on steps 1-3 and cost report. • $\$30.00 * 0.75 = \$22.50$	\$22.50
5	Portion for Contractor Costs	25%	Calculate portion of personnel costs attributed to contractors based on personnel and cost report. • $\$50.00 * 0.25 = \$12.50$	\$12.50
6	Personnel Costs	N/A	Add steps 4 and 5 for hourly personnel costs. • $\$22.50 + \$12.50 = \$35.00$	\$35.00
7	Administrative Costs (Less Mileage)	22.50%	Calculate non-personnel factor based on cost report. • $(\$35.00 / (1 - 0.225)) - \$35.00 = \$10.16$	\$10.16
8	Total Costs/Hour with Billable Factor	60%	Divide the hourly rate by the billable factor. • $\$35.00 + \$10.16 = \$45.16$ • $\$45.16 / 0.6 = \$75.27$	\$75.27
9	Mileage (if applicable)	Mileage Calculations	Multiply trip time (in hours) by mph and distill to hourly rate. • $[(1.2 * 35) * \$0.40] / 8 = \$2.10$	\$2.10
10	Calculated Total with Mileage	N/A	Add Costs/Hour with Billable Factor to your per hour mileage rate. • $\$75.27 + \$2.10 = \$77.37$	\$77.37
11	15 Minute Conversion	N/A	For those services billed in 15-minute increments, divide by 4. • $\$77.37 / 4 = \$19.34$	\$19.34
12	Group Services	N/A	For group services, divide rate (hourly or 15 min) by the expected number of group participants. • $\$19.34 / 4 = \$4.84$	\$4.84



# Rate Development Methodology

## Additional Steps

1. Inflation will be addressed once an agreed upon inflationary index is discussed. An example would be the Western Area Consumer Price Index – All Urban Consumers.
2. Incentive rate methodology will be determined.
3. Acuity is largely addressed through tiered rates among several services. All applicable services will be examined to determine if reimbursement for service(s) should be sub-divided based on acuity.

# Next Steps

## Next Steps

- Develop rate recommendations
- Present recommendations on June 19<sup>th</sup>, 2019

# Contact Us

## Helpline

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## Dedicated Email Address

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