

All Stakeholder Meeting: Comparison Payment Rate Development for Child and Youth Behavioral Health Individual HCBS Services and New Intensive In-Home Service

Arkansas Department of Human Services



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Project Overview and Status

DHS Payment Rate Activities Across the BH Continuum

July-December 2022

2023

Completed:

- Counseling rate update (retroactive to October 1, 2022)
- Regulations and provider manual review and updates (anticipated effective date January 1, 2022)

Continued assessment of the need for additional changes to payment approaches across the BH continuum

Comparison Payment Rate Development – related reports anticipated In December

- All child and youth behavioral health HCBS
 - New intensive in-home service (team-based)
 - PRTF services
- For discussion today

Operational and contract considerations anticipated to be addressed in Q1 2023 with implementation of newly contracted rates following

Purpose of Comparison Payment Rates

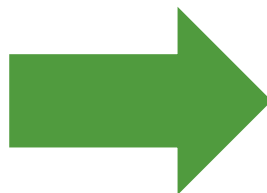
- Provide an examination and understanding of the provider resources involved in delivering BH HCBS services
- Provide transparent payment rate benchmarks for use by all stakeholders
- Allow DHS and other stakeholders to understand the difference between the cost of delivering services and the current payment arrangement

Note: DHS is not currently adopting these rates as a state fee-for-service fee schedule or a state-directed payment under managed care. DHS will consider changes to PASSE capitation rates that may be needed to reflect contracting at the final comparison rates.

Expanding Approaches for Child and Youth Home and Community-Based Services

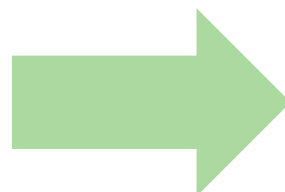
Child and Youth BH HCBS

- Behavioral assistance
- Family support partners
- Peer support
- Supportive life skills development (individual and group)
- Child and youth support
- Crisis stabilization intervention – Intensive In-Home Services only



Intensive In-Home Services (per diem rate)

- Targeted to the following populations:
 - Children at risk of entering residential care
 - Children recently exiting residential care
 - Children in need of support to continue attending school
- To be provided in the home
- CSSP Certification: Intensive
- State will identify specific evidence-based practices



Services billed individually (unit basis varies)

- Lower risk children needing less intensive in-home services
- Can be provided in schools or in the home
- CSSP certification: Base or Intensive depending on service

Stakeholder Engagement in the Comparison Rate Buildup

- **All Stakeholder meeting that included a discussion of the following topics:**
 - Counseling service payment rate updates
 - Development of comparison payment rates for select individual HCBS services, a new intensive in-home service, and PRTF services
 - Use of independent rate model for comparison rate development
- **Provider subject matter expert feedback**
 - Select individual services: Discussion of potential comparison rate assumptions
 - Intensive in-home services: Key informant interviews with two providers currently delivering intensive in-home services to DCFS to collect information on service delivery approach and related staffing, with follow up data collection tool to obtain additional information on provider costs, transportation and number of individuals served
- **PASSE feedback:**
 - Discussion of potential comparison rate assumptions for select individual services and intensive in-home services
 - Discussion of related CSSP certification
 - Discussion of preliminary payment rates
- **DHS monitoring of behavioral health rate email inbox (BHRateDevelopment@dhs.Arkansas.gov)**

Discussion Goals

Today's Goal: Obtain feedback on draft comparison payment rates prior to finalization

Upcoming work:

- Draft and final reports will be released in December
- Address operational and policy considerations related to:
 - Service provider type requirements
 - Service location requirements
 - Geographic distinctions
 - Other considerations as needed

Services Included in Comparison Payment Rate Development

Child and Youth BH HCBS – Billed as Individual Services

- Draft comparison rates are anticipated to vary as follows:

Transportation (staff time and vehicle costs):
<ul style="list-style-type: none"> •Home-based urban •Home-based rural •Multi-client setting

Staff type
<ul style="list-style-type: none"> •QBHP – Non-degreed •QBHP – Bachelor’s Level

- Exceptions:
 - Group Supportive Life Skills Development is assigned a multi-client travel assumption only
 - Peer Support and Family Support Partners are only provided by QBHP – Non-degreed
- Operationalization will likely include use of place of service codes and modifiers, to be developed after comparison rates are finalized

Services Included in the Comparison Rate Development:

Modality	HCPCS	Description	Time per Unit (min)	Current Rate*
Individual Treatment Services	H0038	Peer Support	15	\$16.77
	H2014	Family Support Partners	15	\$16.77
	H2015	Child and Youth Support	60	\$90.08
			45	
			30	
	H2017	Supportive Life Skills Development	15	\$11.15
	H2019	Behavioral Assistance	15	\$22.52
Group Service	H2017	Supportive Life Skills Development	15	\$5.58

Note: Current rate assumes a Bachelor's Level QBHP provider.

Intensive In-Home Services – Purpose

Goal

- Avoid need for admission to psychiatric residential settings (PRTF and sub-acute psychiatric hospital) by treating families.
- Support successful transition from psychiatric residential care to home and communities.
- Support intervention and treatment of behaviors that occur in school setting and avoid school suspensions.
- Build crisis interventions into services to support families and schools and avoid calls to law enforcement and need for hospital emergency services.
- Build foundation to support future value-based payment strategies.

Approach

- Services delivered to children/youth and their families in home and community settings during the times they are most needed and include crisis services.
 - Treatment is child/youth in environment opposed to office-based counseling services.
- Services are provided using a coordinated, intensive and time limited approach to help the client remain in the community and teach families to learn and maintain improvements.
- Services are overseen by a professional and delivered by highly trained paraprofessionals.
- Incentivizes moving from volume-based treatment to whole child treatment and focusing on client outcomes.

Overview of Intensive In-Home Services

- Team approach is used to address serious and chronic emotional or behavioral issues for children/youth who are unable to remain stable in the community without intensive interventions.
- Services are multifaceted: Skills training, interventions, resource coordination.
- Services are delivered in the client's home or in community settings.
- The parent or caregiver must be an active participant in the treatment and individualized services that are developed in full partnership with the family.
- IIH team provides a variety of interventions that are available at the time the family needs and includes “first responder” crisis response, as indicated in the care plan 24 hours per day, 7 days per week, 365 days per year.
- Role of licensed professional
 - Responsible for monitoring and documenting the status of the beneficiary's progress and the effectiveness of the strategies and interventions outlined in the care plan.
 - Consults with identified medical (e.g., primary care and psychiatric) and non-medical providers (child welfare and juvenile justice).
 - Engages community and natural supports and includes their input in the care planning process.
- State will require certification in an acceptable evidence-based practice (e.g., Intercept or Family-Centered Treatment)

Draft comparison rates vary by service location (home-based rural and home-based urban).

Rate Development Approach: Independent Rate Model

Independent Rate Model Framework

Overview



Ground-up approach

- Rates are built from the ground up
- Based on sum of independently determined rate inputs and components
- Inputs are based on expected resources required to provide the service



Commonly applied method for rate determination for community-based services including behavioral health

- Many states employ independent rate model approach
- One acceptable method based on CMS guidance for home and community-based services

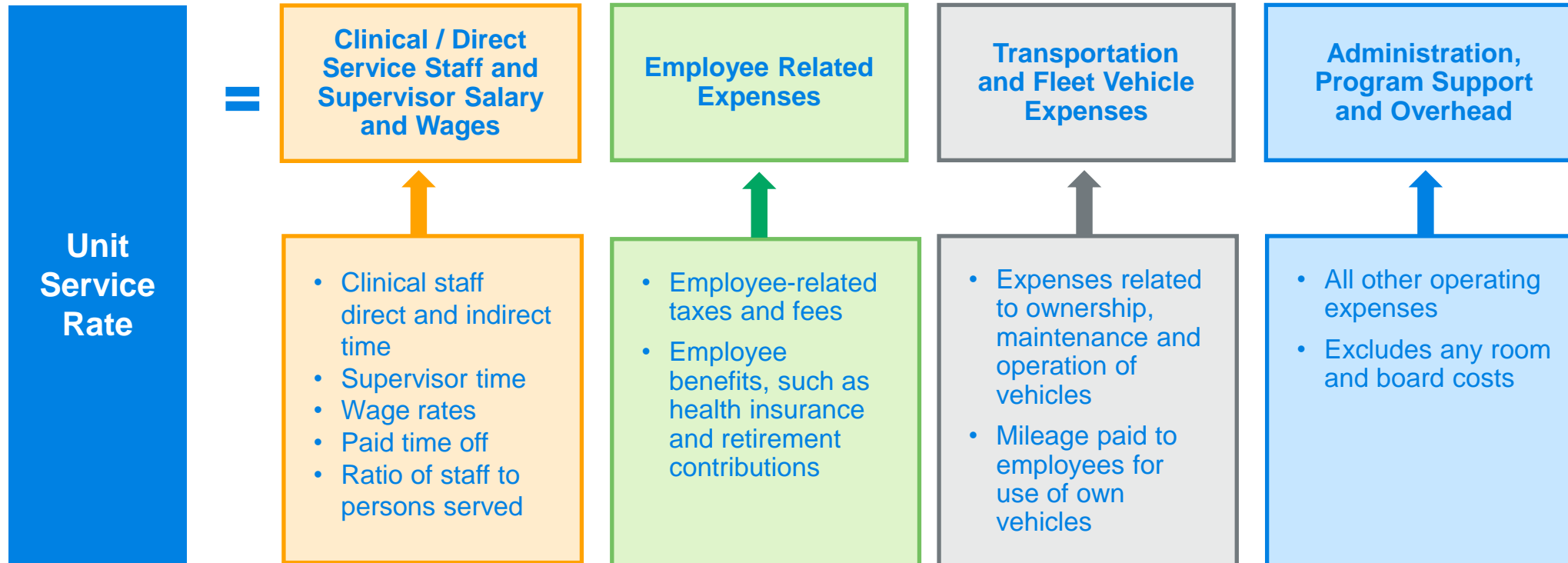


Benefits

- Provides transparency as to the reasonable costs required to provide the service
- Facilitates payment rate updates and modification efforts
- Facilitates comparison of actual costs of providing services
- Developed independently from actual costs incurred

Independent Rate Model Framework

Rate Build Up Components



Independent Rate Model Framework

Major Components and Elements

COMPONENT	ELEMENTS	SUB-ELEMENTS	CLARIFYING NOTES
Clinical / Direct Service Staff and Supervisor Salaries and Wages	Service-related Time	Direct time	<ul style="list-style-type: none"> Corresponding time unit, or staffing requirement assumptions where not defined Adjusted for staffing ratios for some services, i.e., more than one person served concurrently such as in group counseling sessions
		Indirect time	<ul style="list-style-type: none"> Service-necessary planning, note taking and preparation time
		Transportation time	<ul style="list-style-type: none"> Travel time related to providing service
		PTO / training / conference time	<ul style="list-style-type: none"> Paid vacation, holiday, sick, training and conference time Also considers additional training time attributable to employee turnover
		Supervisor time	<ul style="list-style-type: none"> Accounted for using a span of control variable
	Wage rates	Can vary for overtime and weekend shift differentials	<ul style="list-style-type: none"> Wage rates vary depending on types of clinical / direct service employees, which have been assigned to provider groups
	Stipends	Payments for on-call capacity	<ul style="list-style-type: none"> Can be used as needed
Employee Related Expenses	Payroll-related taxes and fees	Federal Insurance Contributions Act (FICA), Federal Unemployment Tax Act (FUTA), State Unemployment Insurance (SUI), Workers Compensation	<ul style="list-style-type: none"> Applicable to all employees, and varies by wage level assumption
	Employee benefits	Health, dental, vision, life and disability Insurance, and retirement benefits	<ul style="list-style-type: none"> Amounts may vary by provider group
Transportation	Vehicle operating expenses	Includes all ownership and maintenance-related expenses	<ul style="list-style-type: none"> Varies by service with costs estimated based on the federal reimbursement rate
Administration, Program Support, Overhead	All other business-related costs	Includes program operating expenses, including management, accounting, legal, information technology, etc.	<ul style="list-style-type: none"> Excludes room and board expenses

Overview of Provider Type and Wage Identification

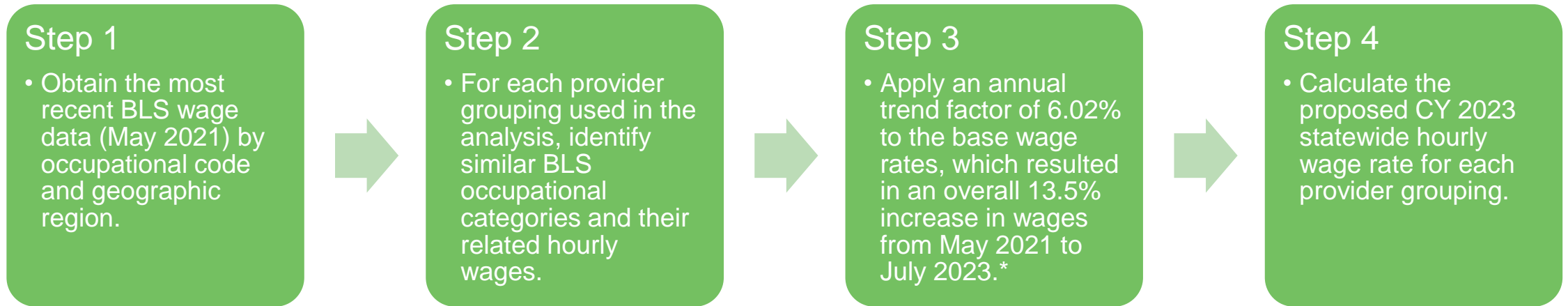
Identification of Provider Groups by Service

Individual Services – Service Types	Provider Groups
Services Provided by Unlicensed Direct Service Providers	
<ul style="list-style-type: none"> • H2014 - Family Support Partners • H0038 - Peer Support 	Peer Support
<ul style="list-style-type: none"> • H2019 - Behavioral assistance • H2017 - Supportive Life Skills Development (Individual) • H2017 HQ - Supportive Life Skills Development (Group) • H2015 - Child and Youth Support 	U6: Non-degreed Qualified Behavioral Health Provider (QBHP)
	UC: QBHP - Bachelor's Level
Clinical Supervision	
<ul style="list-style-type: none"> • All services 	Master's Level Degree Licensed

Intensive In-Home Service - Team Member Role	Provider Groups
<ul style="list-style-type: none"> • Direct Service Provider* • Direct Service Provider Supervisor 	Master's Level Unlicensed and Bachelor's Level QBHP
<ul style="list-style-type: none"> • Clinical Supervisor 	Master's Level Degree Licensed

* Master's Level Unlicensed and Bachelor's Level QBHP

Development of CY 2023 Wage Levels



The specific wage amounts used for each service type are described later in this presentation.

Wage Data Source:

Bureau of Labor Statistics. (March 2022). May 2021 State Occupational Employment and Wage Estimates: Arkansas. Retrieved from: https://www.bls.gov/oes/current/oes_ar.htm

Trend Data Source:

Federal Reserve Economic Data. (July 2022). Average Hourly Earnings of All Employees, Education and Health Services. Retrieved from: <https://fred.stlouisfed.org/series/CES6500000003>

Individual Service – Draft Comparison Rates and Assumptions

Identification of Wages by Provider Group

Individual Services

Provider Grouping ^[1] Bureau of Labor Statistics Positions	50th Percentile Hourly Wage ^[2]	Midpoint	75th Percentile Hourly Wage ^[2]
Peer Support	\$16.63	Direct Service ^[3]: \$18.49	\$20.35
Social and Human Services Assistants	\$16.63	\$18.49	\$20.35
QBHP - non-degreed	\$16.63	Direct Service ^[3]: \$18.49	\$20.35
Social and Human Services Assistants	\$16.63	\$18.49	\$20.35
QBHP - Bachelor's Level	\$20.37	Direct Service ^[3]: \$23.11	\$25.86
Child, Family, and School Social Workers	\$20.30	\$22.78	\$25.26
Mental Health and Substance Abuse Social Workers	\$20.43	\$23.44	\$26.46
Master's Level Degree Licensed	Clinical Sup ^[4]: \$32.06	\$36.06	\$40.05
Healthcare Social Workers	\$32.72	\$33.63	\$34.55
Mental Health and Substance Abuse Social Workers	\$20.43	\$23.44	\$26.46
Substance Abuse, Behavioral Disorder, and Mental Health Counselor	\$21.10	\$27.09	\$33.08
Clinical and Counseling Psychologists	\$34.13	\$39.14	\$44.15
Psychologists, All Other	\$51.95	\$56.98	\$62.00

[1] Provider Grouping wage is the straight average of the BLS position wages listed below.

[2] Wages trended from 5/1/21 to 7/1/23 at an annual rate of 6.02%

[3] Direct Service: Direct Service Provider

[4] Clinical Sup: Clinical Supervisor

Employee Related Expense Buildup Calculation

Individual Services

	A	B	C	D	E	F	G	H	I	J	K	L
Provider Group	Trended Wage	Annual Employee Salary	Medicare	Social Security	FUTA	SUI	Workers Comp	Insurance	Retirement	ERE per Employee	ERE Percentage	Annual Salary and ERE
Notes	Trended from 5/1/2021 to 7/1/2023 at a rate of 6.02%	A * 2,080	B * 1.45%	B * 6.2% up to \$156,000 estimated taxable limit	6% of first \$7,000 earned	B * 3.2% up to first \$10,000 earned	B * .8%	Trending based on CPI factor for July-2024	B * 3.6%	Sum of C through I	J / B	B * (1 + K)
Peer Support	\$18.49	\$38,459	\$558	\$2,384	\$420	\$320	\$308	\$8,620	\$1,385	\$13,994	36.4%	\$52,453
QBHP – Non-degreed	\$18.49	\$38,459	\$558	\$2,384	\$420	\$320	\$308	\$8,620	\$1,385	\$13,994	36.4%	\$52,453
QBHP - Bachelor's	\$23.11	\$48,069	\$697	\$2,980	\$420	\$320	\$385	\$8,620	\$1,730	\$15,152	31.5%	\$63,221
Master's Level Degree Licensed	\$32.06	\$66,685	\$967	\$4,134	\$420	\$320	\$533	\$8,620	\$2,401	\$17,395	26.1%	\$84,080

Appendix A provides a summary of Employee Related Expense sources

Indirect Time Assumptions by Procedure Code

Indirect time includes service-necessary planning, note taking and preparation time

Modality	HCPCS	Description	Direct Time Per Unit (min)	Draft Assumption: Indirect Time Per Unit (min)
Individual Treatment Services	H0038	Peer Support	15	5
	H2014	Family Support Partners	15	5
	H2015	Child and Youth Support	60	15
			45	15
			30	10
	H2017	Supportive Life Skills Development (Individual)	15	5
	H2019	Behavioral Assistance	15	5
Group Services	H2017	Supportive Life Skills Development (Group)	15	5

Transportation Time and Miles Assumptions

- Transportation is assumed to be applicable to all child and youth individual BH HCBS services except group services
- Transportation expenses include mileage reimbursement and travel time
- Mileage reimbursement is set at the 2022 federal reimbursement rate of \$0.625

Draft travel assumptions:

	Home-Based Urban	Home-Based Rural	Multi-Client Setting*
Trips attributable to one visit	One way trip	One way trip	One way trip, with an assumption of three visits per location
Average transportation time per trip (one-way)	30 minutes	30 minutes	30 minutes
Average miles per trip (one-way)	12.5 miles	20 miles	16.25 miles
Average length of visit for services billed in 15 min increments	45 minutes	45 minutes	45 minutes

** Assumed to be specific to locations where multiple PASSE clients are served. Overall travel time and related costs are distributed across an assumption of three visits per location.*

Additional Comparison Rate Assumptions

Assumption	Initial Assumption for Discussion
PTO (holiday, sick time, vacation)	268 hours
Training (required)	40 hours initial 20 hours ongoing
Turnover rate	35%
Supervisor span of control	1:8
Average group size for Supportive Life Skills Development (H2017)	5 individuals
Administrative and program costs as a percentage of total costs	25%

Appendix B provides a definition of Administrative and Program Support Costs

Additional Comparison Rate Assumptions, cont'd

Total Hours	Paid Holidays and PTO per year	On-going training/ conference time hours per year	Total	Training hours/inefficient time for each new hire	Turnover percentage	New hire training hours per year	Hours of replacement for non-productive time	Annual productive time	PTO / training / conference time adjustment factor
A	B	C	D = B + C	E	F	G = E * F	H = D + G	I = A - H	J = A / I - 1
2,080	268	20	288	40	35%	14	302	1,778	17.0%

Draft Comparison Rate Example Buildup

H2019 UC Behavioral Assistance, Reporting Unit: 15 minutes, Home-Based Urban Travel

Ref.	Description	Direct Service Provider: QBHP - Bachelor's	Supervisor: Master's Level Degree Licensed	Total	Notes
A	Average minutes of direct time per unit	15.00			
B	Average minutes of indirect time per unit	5.00			
C	Average minutes of transportation time per unit	10.00			Based on separate travel build
D	Total minutes per unit	30.00			$D = A + B + C$
E	Staffing Ratio	1.00			
F	Supervisor span of control		8.00		8 employees assumed to be managed by 1 supervisor
G	Supervisor time per unit		3.75		$G = D / E / F$
H	PTO/training/conference time adjustment factor	17.0%	17.0%		Based on separate PTO build (includes 17.0% unproductive time adjustment)
I	Adjusted total minutes per unit	35.10	4.39		$I = D / E * (1 + H) \parallel I = G * (1 + H)$
J	Hourly wage	\$ 23.11	\$ 32.06		Based on separate wage build
K	Total wages expense per unit	\$ 13.52	\$ 2.34	\$ 15.86	$K = J * I / 60$
L	Employee related expense (ERE) percentage	31.5%	26.1%		Based on separate ERE build
M	Total ERE expense per unit	\$ 4.26	\$ 0.61	\$ 4.87	$M = K * L$
N	Estimated average MPH			25.00	Based on estimated % of in-home services, and the following MPH: Home-Based Urban 25, Home-Based Rural 40, Multi-Client Setting 32.5
O	Estimated miles driven per unit			4.17	$O = C * N / 60$
P	Federal reimbursement rate			\$ 0.625	
Q	Transportation fleet costs per unit			\$ 2.60	$Q = O * P$
R	Administration / program support / overhead			25.0%	Portion of total rate
S	Administration Expenses			\$ 7.78	$S = R * (K + M + Q) / (1 - R)$
T	Rate Per 15 minutes			\$31.12	$T = K + M + Q + S$
Ref.	Summary of Rate Model Components			Total	Notes
U	Direct Service Provider Salaries & Wages			\$ 7.93	
V	Indirect Service Employee Salaries & Wages			\$ 2.64	
W	Transportation Service Employee Salaries & Wages			\$ 5.29	
X	Employee Related Expenses			\$ 4.87	
Y	Transportation & Fleet Vehicle Expenses			\$ 2.60	
Z	Administration, Program Support & Overhead			\$ 7.78	
AA	Total Rate			\$31.12	

Draft Comparison Rates

Individual Services

Home-based rates only apply to services provided in the client's family home.

HCPCS	Service	Unit Type	Provider Grouping	Multi-Client Setting Travel	Home-Based Urban Travel	Home-Based Rural Travel
H2019	Behavioral assistance	15 min	QBHP - non-degreed	\$19.87	\$27.08	\$29.16
			QBHP - Bachelor's Level	\$23.01	\$31.12	\$33.20
H2014	Family Support Partners	15 min	Peer Support	\$19.87	\$27.08	\$29.16
H2015	Child and Youth Support	60 min	QBHP - non-degreed	\$71.40	\$93.05	\$99.30
			QBHP - Bachelor's Level	\$82.84	\$107.18	\$113.43
		45 min	QBHP - non-degreed	\$59.60	\$81.24	\$87.49
			QBHP - Bachelor's Level	\$69.02	\$93.35	\$99.60
		30 min	QBHP - non-degreed	\$43.86	\$65.50	\$71.75
			QBHP - Bachelor's Level	\$50.59	\$74.92	\$81.17
H0038	Peer Support	15 min	Peer Support	\$19.87	\$27.08	\$29.16
H2017	Supportive Life Skills Development (Individual)	15 min	QBHP - non-degreed	\$19.87	\$27.08	\$29.16
			QBHP - Bachelor's Level	\$23.01	\$31.12	\$33.20
	Supportive Life Skills Development (Group)		QBHP - non-degreed	\$5.18	N/A	N/A
			QBHP - Bachelor's Level	\$5.81	N/A	N/A

Intensive In-Home Services – Draft Comparison Rates and Assumptions

Identification of Wages by Provider Group

Intensive In-Home Service

Provider Grouping ^[1] Bureau of Labor Statistics Positions	50th Percentile Hourly Wage ^[2]	Midpoint	75th Percentile Hourly Wage ^[2]
Master's Level Unlicensed and Bachelor's Level QBHP	\$24.48	Direct Service: \$26.62	Sup^[3]: \$28.76
Child, Family, and School Social Workers	\$20.30	\$22.78	\$25.26
Mental Health and Substance Abuse Social Workers	\$20.43	\$23.44	\$26.46
Healthcare Social Workers	\$32.72	\$33.63	\$34.55
Master's Level Degree Licensed	\$32.06	\$36.06	Clinical Sup^[4]: \$40.05
Healthcare Social Workers	\$32.72	\$33.63	\$34.55
Mental Health and Substance Abuse Social Workers	\$20.43	\$23.44	\$26.46
Substance Abuse, Behavioral Disorder, and Mental Health Counselor	\$21.10	\$27.09	\$33.08
Clinical and Counseling Psychologists	\$34.13	\$39.14	\$44.15
Psychologists, All Other	\$51.95	\$56.98	\$62.00

[1] Provider Grouping wage is the straight average of the BLS position wages listed below.

[2] Wages trended from 5/1/21 to 7/1/23 at an annual rate of 6.02%

[3] Direct Service Provider Supervisor

[4] Clinical Sup: Clinical Supervisor

Employee Related Expense Buildup Calculation

Intensive In-Home Service

	A	B	C	D	E	F	G	H	I	J	K	L
Provider Group	Trended Wage	Annual Employee Salary	Medicare	Social Security	FUTA	SUI	Workers Comp	Insurance	Retirement	ERE per Employee	ERE Percentage	Annual Salary and ERE
Notes	Trended from 5/1/2021 to 7/1/2023 at a rate of 6.02%	A * 2,080	B * 1.45%	B * 6.2% up to \$156,000 estimated taxable limit	6% of first \$7,000 earned	B * 3.2% up to first \$10,000 earned	B * .8%	Trending based on CPI factor for July-2024	B * 3.6%	Sum of C through I	J / B	B * (1 + K)
QBHP Master's Level Unlicensed and Bachelor's Level – Direct Service Provider	\$26.62	\$55,370	\$803	\$3,433	\$420	\$320	\$443	\$8,620	\$1,993	\$16,032	29.0%	\$71,402
QBHP Master's Level Unlicensed and Bachelor's Level – Direct Service Provider Supervisor	\$28.76	\$59,821	\$867	\$3,709	\$420	\$320	\$479	\$8,620	\$2,154	\$16,568	27.7%	\$76,389
Master's Level Degree Licensed – Clinical Supervisor	\$40.05	\$83,304	\$1,208	\$5,165	\$420	\$320	\$666	\$8,620	\$2,999	\$19,398	23.3%	\$102,702

Appendix A provides a summary of Employee Related Expense sources

Staffing Assumptions

Provider Group	Draft Number of FTEs <u>Per Team</u>
Master's Level Unlicensed and Bachelor's Level QBHP – Direct Service Provider	5.00
Master's Level Unlicensed and Bachelor's Level QBHP – Direct Service Provider Supervisor (with additional experience)	1.00
Master's Level Degree Licensed – Clinical Supervisor	0.125
Total monthly FTEs per team	6.125

Staffing parameters informing the above:

- 20 families per team
- Master's Level Licensed – Clinical Supervisor manages clinical review for 8 teams

Other Comparison Rate Assumptions

- Administrative and program costs as a percentage of total costs: 30%
- Transportation time and miles assumptions:
 - Transportation expenses include mileage reimbursement and travel time
 - Mileage reimbursement is set at the 2022 federal reimbursement rate of \$0.625

Draft travel assumptions:

	Home-Based Urban	Home-Based Rural
Average miles per team per month		
<i>Note:</i> This number is based on an average of 3 visits per week, with a one-trip mileage of 12.5 miles for urban areas and 20 for rural areas, and a 30 minute travel time.	6,500	10,400
Average miles per team per day	214	342
Average miles per individual/family served per day	11	17

Appendix B provides a definition of Administrative and Program Support Costs

Draft Comparison Rates

Intensive In-Home Service

Draft Comparison Rate		Clinical and Direct Service Providers			% Administration, Program Support & Overhead
		% Employee Salaries & Wages	% Employee Related Expenses	% Transportation & Fleet Vehicle Expenses	
Urban Travel	\$96.97	49%	14%	7%	30%
Rural Travel	\$102.69	46%	13%	10%	30%

Draft Comparison Rates

Intensive In-Home Service, Reporting Units: Daily, Home-Based Urban Travel

Ref.	Description	Direct Service Provider: Master's Level Unlicensed and Bachelor's Level QBHP	Direct Service Provider Supervisor: Master's Level Unlicensed and Bachelor's Level QBHP	Clinical Supervisor: Master's Level Degree Licensed	Total	Notes
A	Hourly wage	\$ 26.62	\$ 28.76	\$ 40.05		
B	Number of employees	5.00	1.00	0.13		
C	Total wages expense per day	\$ 758.49	\$ 163.89	\$ 29.67	\$ 952.05	$C = A * B * 2,080 / 365$
D	Employee related expense (ERE) percentage	29.0%	27.7%	23.3%		Based on separate ERE build
E	Total ERE expense per day	\$ 219.62	\$ 45.39	\$ 6.91	\$ 271.92	$E = C * D$
F	Estimated miles driven per day				213.70	Based on separate travel build
G	Federal reimbursement rate				\$ 0.625	
H	Transportation fleet costs per day				\$133.56	$H = F * G$
I	Administration / Program Support / Overhead				30.0%	Portion of daily costs
J	Daily Administrative Expenses				581.80	$J = I * (C + E + H) / (1 - I)$
K	Daily Costs				\$ 1,939.33	$K = C + E + H + J$
L	Number of clients per team				20.00	
M	Daily Rate				\$ 96.97	$M = K / L$
Ref.	Summary of Rate Model Components				Total	Notes
N	Direct Service Provider Salaries & Wages				\$ 47.60	
O	Employee Related Expenses				\$ 13.60	
P	Transportation & Fleet Vehicle Expenses				\$ 6.68	
Q	Administration, Program Support & Overhead				\$ 29.09	
R	Total Rate				\$ 96.97	

Draft Comparison Rates

Intensive In-Home Service, Reporting Units: Daily, Home-Based Rural Travel

Ref.	Description	Direct Service Provider: Master's Level Unlicensed and Bachelor's Level QBHP	Direct Service Provider Supervisor: Master's Level Unlicensed and Bachelor's Level QBHP	Clinical Supervisor: Master's Level Degree Licensed	Total	Notes
A	Hourly wage	\$ 26.62	\$ 28.76	\$ 40.05		
B	Number of employees	5.00	1.00	0.13		
C	Total wages expense per day	\$ 758.49	\$ 163.89	\$ 29.67	\$ 952.05	$C = A * B * 2,080 / 365$
D	Employee related expense (ERE) percentage	29.0%	27.7%	23.3%		Based on separate ERE build
E	Total ERE expense per day	\$ 219.62	\$ 45.39	\$ 6.91	\$ 271.92	$E = C * D$
F	Estimated miles driven per day				341.92	Based on separate travel build
G	Federal reimbursement rate				\$ 0.625	
H	Transportation fleet costs per day				\$213.70	$H = F * G$
I	Administration / Program Support / Overhead				30.0%	Portion of daily costs
J	Daily Administrative Expenses				616.14	$J = I * (C + E + H) / (1 - I)$
K	Daily Costs				\$ 2,053.81	$K = C + E + H + J$
L	Number of clients per team				20.00	
M	Daily Rate				\$ 102.69	$M = K / L$
Ref.	Summary of Rate Model Components				Total	Notes
N	Direct Service Provider Salaries & Wages				\$ 47.60	
O	Employee Related Expenses				\$ 13.60	
P	Transportation & Fleet Vehicle Expenses				\$ 10.68	
Q	Administration, Program Support & Overhead				\$ 30.81	
R	Total Rate				\$ 102.69	

Moving Forward

Moving Forward

- Please provide Paula Stone with feedback on today's presentation by December 2nd.
- DHS and Milliman to consider feedback and update draft comparison rates as needed.
- DHS to release draft report in early December for additional feedback.
- Final rate report is anticipated in December.
- DHS to continue to identify operational changes needed to support the use of these comparison payment rates, with the goal of addressing operational and policy considerations related to:
 - Service provider type requirements
 - Service location requirements
 - Geographic distinctions
 - Other considerations as needed



Thank you

Appendix A: Employee Related Expenses Sources

Employee-Related Expense Assumptions Sources

Components	Assumptions for CY 2024	Source
Insurance Benefits	<p>\$10,265</p> <p>(\$3.40) base hourly cost for the health care and social assistance industry group multiplied by 2,080 hours and trended to July -2024</p>	<p>U.S. Bureau of Labor Statistics. (March 2022). Economic News Release, Table 2. Employer Costs for Employee Compensation for civilian workers by occupational and industry group. Retrieved from https://www.bls.gov/news.release/eccec.t02.htm</p> <p>U.S. Bureau of Labor Statistics. (July 2022). Consumer Price Index. CPI-U, June 2022. Retrieved from https://www.bls.gov/cpi/tables/supplemental-files/home.htm</p>
Retirement percent	3.6%	<p>U.S. Bureau of Labor Statistics. (March 2022). Economic News Release, Table 2. Employer Costs for Employee Compensation for civilian workers by occupational and industry group. Page 5. Retrieved from https://www.bls.gov/news.release/eccec.t02.htm</p>
Workers Compensation	0.8%	<p>U.S. Bureau of Labor Statistics. National Compensation Survey, September 2021, Employer Costs for Employee Compensation, Historical Listing. Table 12. Private Industry Workers, by Census Region and Division (West South Central division). Page 437. Retrieved from https://www.bls.gov/web/eccec/eccecqrtn.pdf</p>

Employee-Related Expense Assumptions Sources

Components	Assumptions for CY 2024	Source
Employer Social Security Withholding	6.2% <ul style="list-style-type: none"> Wage Base Limit for 2021: \$142,800 (as projected by SSA under intermediate scenario) \$147K for 2022 \$156K projected for 2023 	Internal Revenue Service. Topic No. 751 Social Security and Medicare Withholding Rates. Retrieved from https://www.irs.gov/taxtopics/tc751 Social Security Administration. 2021 Old-Age, Survivors, and Disability Insurance (OASDI) Trustee Report. Retrieved from https://www.ssa.gov/OACT/TR/2021/V_C_prog.html#1047210 Social Security. Contribution and benefits. (2022). Retrieved from https://www.ssa.gov/oact/cola/cbb.html
Employer Medicare Withholding	1.45%	Internal Revenue Service. Topic No. 751 Social Security and Medicare Withholding Rates. Retrieved from https://www.irs.gov/taxtopics/tc751
FUTA Tax	\$420, 6% of first \$7,000	Internal Revenue Service. Topic No. 759 Form 940 – Employer's Annual Federal Unemployment (FUTA) Tax Return – Filing and Deposit Requirements. Retrieved from https://www.irs.gov/taxtopics/tc759
SUI Tax	3.2% Wage Base Limit: \$10,000	Arkansas Division of Workforce Services. Workforce services: employer UI contributions. Retrieved from https://dws.arkansas.gov/workforce-services/employers/employer-ui-contributions/ Note: The 3.2% is the assigned new employer rate

Appendix B: Definition of Administrative and Program Support Costs

Administration and Program Support Cost Definition

Generally, **administrative-related expenses** include all expenses incurred by the provider entity necessary to support the provision of services but not directly related to providing services to individuals. These expenses exclude transportation, wages and employee-related expenses for clinical care, and may include, but not be limited to:

- ✓ Salaries and wages, and related employee benefits for employees or contractors that are not direct service workers or first- and second- line supervisors of direct service workers
- ✓ Liability and other insurance
- ✓ Licenses and taxes
- ✓ Legal and audit fees
- ✓ Accounting and payroll services
- ✓ Billing and collection services
- ✓ Bank service charges and fees
- ✓ Information technology
- ✓ Telephone and other communication expenses
- ✓ Office and other supplies including postage
- ✓ Accreditation expenses, dues, memberships, and subscriptions
- ✓ Meeting and administrative travel related expenses
- ✓ Training and employee development expenses, including related travel
- ✓ Human resources, including background checks and other recruiting expenses
- ✓ Community education
- ✓ Marketing/advertising
- ✓ Interest expense and financing fees
- ✓ Facility and equipment expense for space not used to directly provide services to individuals, and related utilities
- ✓ Vehicle and other transportation expenses not related to transporting individuals receiving services or transporting employees to provide services to individuals
- ✓ Board of director-related expenses
- ✓ Interpreter services

Program support costs include supplies, materials and equipment necessary to support service delivery.

Limitations

This correspondence is intended to facilitate external stakeholder discussions for the purpose of developing behavioral health comparison rates and is not considered complete without oral comment. The contents of this correspondence are not intended to represent a legal or professional opinion or interpretation on any matters.

Milliman makes no representations or warranties regarding the contents of this correspondence to third parties. Similarly, third parties are instructed that they are to place no reliance upon this information prepared for DHS by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

Milliman has developed certain models to estimate the values included in this correspondence. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP). The models rely on data and information as input to the models. We have relied upon certain publicly available data and information for this purpose and accepted it without audit. To the extent that the data and information provided is not accurate, or is not complete, the values provided in this document may likewise be inaccurate or incomplete. The models, including all input, calculations, and output may not be appropriate for any other purpose.

Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience. We have outlined known limitations and provided sensitivity analyses given the materiality of the uncertainty in this analysis.

This work will be subject to the terms of Milliman's contract with the Arkansas Department of Human Services #4600041898.