

**Developmental Disabilities Program (DDP)  
Legislative Finance Committee (LFC) – Bulldog Report  
Presented by Jeff Sturm for the LFC June 2006 meeting**

Starting July 1, 2005, DDP launched Phase II of the Provider Rate Project pilot involving all adult providers in Region II. (North Central Montana - serving about 320 individuals) Based on legislative comments in HB2, the prior pilot findings, and updated provider information, the rates were adjusted to accommodate budget neutrality, tested and validated. The following charts reflect the results of this work.

**DDP Rates Review for Adult Providers**

**Provider Rate Components:**

The published rates are developed from 4 components:
1. Direct Care Staff Salaries
2. Employee Related Expenses (ERE) / Benefits
3. Program Related Expenses (PRE)
4. General and Administrative (G&A) Costs

Based upon provider input with a goal of budget neutrality, the following benchmarks and final DDP Adult Provider Rates were established.

**Rates benchmarks** (Hourly rates):

Cost Center	Group Home (Regular Geo/ 1-6 sites)	Supported Employment	Day Programs (No Geo)	Supported Living (More than 4 individuals/ No Geo)
Direct Care Wage	\$8.56	\$16.00	\$8.56	\$8.26
ERE/ Benefits	40.13%	40.13%	40.13%	40.13%
PRE	25.0%	27.7%	27.7%	25.0%
G&A	7.00%	7.00%	7.00%	12.00%
<b>BASE RATE PER HOUR</b>	<b>\$17.19</b>	<b>\$33.34</b>	<b>\$17.84</b>	<b>\$18.17</b>

## Final DDP Rates

### DDP Rate Schedule (2006)

Service / Number of Sites / Geographic Factor	Unit Type	Unit Cost April 2006 Version
Res. Hab. Group Home (small / no geographic factor)	Hour	\$ 17.19
Res. Hab. Group Home (medium / no geographic factor)	Hour	\$ 16.57
Res. Hab. Group Home (large / no geographic factor)	Hour	\$ 16.15
Res. Hab. Group Home (small / 3% geographic factor)	Hour	\$ 17.71
Res. Hab. Group Home (medium / 3% geographic factor)	Hour	\$ 17.07
Res. Hab. Group Home (large / 3% geographic factor)	Hour	\$ 16.64
Res. Hab. Group Home (small / 6% geographic factor)	Hour	\$ 18.23
Res. Hab. Group Home (medium / 6% geographic factor)	Hour	\$ 17.56
Res. Hab. Group Home (large / 6% geographic factor)	Hour	\$ 17.13
Res. Hab. Supported Living (hourly staff) no geographic factor	Hour	\$ 18.17
Res. Hab. Supported Living (hourly staff) 3% geographic factor	Hour	\$ 18.72
Res. Hab. Supported Living (hourly staff) 6% geographic factor	Hour	\$ 19.26
Res. Hab. Supported Living (Small agency of 4 or less people) no geo factor	Hour	\$ 26.00
Res. Hab. Supported Living (Small agency of 4 or less people) 3% geo factor	Hour	\$ 26.78
Res. Hab. Supported Living (Small agency of 4 or less people) 6% geo factor	Hour	\$ 27.55
Res. Hab. Supported Living - Base (capacity up to 30 hours per month)	Month	\$ 553.28
Res. Hab. Supported Living - Flex (between 30 to 45 hours per month)	Month	\$ 829.91
Res. Hab. Supported Living for rural remote program-related supports (site location in excess of 1.5 hour / RT)	Hour	\$ 19.84
Residential Habilitation Individual Training Materials	Item	up to \$1,000 per year
Personal Care	Hour	\$ 12.96
Homemaker	Hour	\$ 12.96
Respite Care Direct Staff support	Hour	\$ 12.96
Respite Care Individual Support Materials	Item	up to \$1,000 per year
Individual Supported Employment (individual full time) – BASE	Month	\$ 350.07
Individual Supported Employment (individual full time) – TIER #1	Month	\$ 700.14

<b>DDP Adult Provider Rate Schedule (2006) - continued</b>		
<b>Service / Number of Sites / Geographic Factor<sup>1</sup></b>	<b>Unit Type</b>	<b>Unit Cost April 2006 Version</b>
Work or Day Activity Program - 6% geographic factor	Hour	\$ 18.91
Work or Day Activity Program - SMALL no geographic factor	Hour	\$ 18.97
Work or Day Activity Program - SMALL 3% geographic factor	Hour	\$ 19.54
Work or Day Activity Program - SMALL 6% geographic factor	Hour	\$ 20.11
Combination Day Rate (25% supported employment / 75% day)	Day	\$ 30.39
Combination Day Rate (50% supported employment / 50% day)	Day	\$ 31.37
Combination Day Rate (75% supported employment / 25% day)	Day	\$ 32.36
<b>Waiver Services</b>	<b>Unit Type</b>	<b>Unit Cost April 2006 Version</b>
Private Duty Nursing (State Plan – Medicaid rate)	Hour	\$ 22.44
Adaptive Equipment	Item	\$ -
Environmental Modifications	Item	\$ -
Psychological Services (State Plan – Medicaid rate)	Hour	\$ 51.60
Physical Therapy (State Plan – Medicaid rate)	Hour	\$ 51.21
Occupational Therapy (State Plan – Medicaid rate)	Hour	\$ 54.36
Respiratory Therapy (State Plan – Medicaid rate)	Hour	\$ 25.00
Dietician Services (State Plan – Medicaid rate)	Hour	\$ 51.42
Meal Services (State Plan – Medicaid rate)	Meal	\$ 5.00

<sup>1</sup> Some rates are adjusted due to economies of scale (number of sites) and geographic factors within the state.

**Projected Revenue** for Region 2

(This information is not available for remainder of the Regions because the rates have only been implemented in Region 2)

<b>Contract Provider Name</b>	<b>FY05 NET EXPENDITURES</b>	<b>FY06 PROJECTED NET EXPENDITURES (July-April, May &amp; June projected)</b>	<b>Difference</b>
AWARE	\$0.00	\$41,505.82	\$41,505.82
BIG SANDY ACTIVITIES	\$856,668.00	\$975,609.00	\$118,941.00
BLACKFEET OPP	\$301,310.00	\$348,659.17	\$30,787.00
CHOTEAU ACTIVITIES	\$398,715.13	\$455,724.30	\$26,506.87
EASTER SEALS GOODWILL	\$1,535,559.00	\$1,451,630.41	-\$83,928.59
HAVRE DAY ACTIVITY CENTER	\$1,888,103.00	\$2,058,216.72	\$170,113.72
NEW HORIZONS UNLIMITED	\$404,297.94	\$689,393.91	\$237,026.06
QUALITY LIFE CONCEPTS	\$3,677,175.80	\$4,588,295.83	\$466,587.20
<b>Grand Total</b>	<b>\$9,061,828.87</b>	<b>\$10,609,035.16</b>	<b>\$1,007,539.08</b>

## Responses To Questions Presented by Senator Cooney At the March LFC Meeting

As Requested by the Bulldog Committee

Questions from Senator Cooney are in bold with DDP responses in italics:

- 1. In the analysis of direct care wages, were the State's own DD direct care workers (such as MDC) included in the review?**

*The compensation studies used to determine salary levels were the Hayes Compensation, Health and Hospital Compensation, and Mercer Compensation studies, and Bureau of Labor Statistics data. These studies examined jobs in Montana in which 85% or more of the duties were similar to those performed by Developmental Disabilities Habilitation Aides. Examples of the positions used include nursing home aides, hospital orderlies, juvenile rehabilitation and child welfare aides, vocational trainers, and certified nursing assistants. To the extent that positions at MDC were in the samples of those studies, their costs were considered. However, MDC costs were not used as a discreet benchmark for determining the provider salaries. With regard to employee related expenses, the MDC experience for workers compensation and other paid time off factors served as a basis for determining benefits.*

- 2. I have heard concerns from providers about the adequacy of the published rates to cover the costs of doing business. What have you done to ensure that the rates reflect all of the provider's costs at the adequate level?**

*Because the Department needed to be budget neutral, the initial phases of the Rates Project are designed to redistribute the current dollars in our system to the individuals and providers in our services in a fair and equitable manner. The Developmental Disabilities Program is currently gathering updated and more current provider cost information to 'rebase' the rates so they better reflect actual costs and increases the providers experience. The numbers in DDP's rebasing effort will be included in our EPP request to the Department for the 2007 Legislature. We expect finalization of our rebasing package late this summer.*

- 3. If a provider loses money based on consumer attendance or staff vacancy, won't this affect the providers' ability to recruit and retain enough qualified staff?**

*It is important that we preserve the ability of individuals in services to spend some time away from their community settings while also not penalizing providers by allowing consumers to go and then not compensating providers for the time they are not allowed to bill. The likelihood of consumer vacancies was taken into account when building the rates for group homes and day programs. The rate for group homes (congregate living) includes a 15-day vacancy per person per year built into the rate to compensate providers for times when individuals may leave to visit family or go on vacation. The rates for day services/programs include an enrollment rate that will compensate providers when individuals are enrolled in the program but don't or can't attend and an enhanced rate for times the individuals attend the program.*

*Providers also must be able to allow their staff to have time off without the agency being penalized, so a 40-day vacancy per staff per year was built into the rates. This includes: 10 days vacation, 10 days sick leave, 10 holidays, 5 training days, and 5 overtime days.*

**Why can't the reimbursement to providers be a flat rate for the services rather than an hourly rate?**

*The rate has to be based on science that can be explained to Centers for Medicare and Medicaid Services (CMS) who requires that our rates be transparent – i.e., anyone can look at them and see how they were derived. Even when developing a flat rate for a service, it requires using the number of hours of service required by an “average” person in services – it would still be based on an hourly rate. A flat rate would not give the consumer the flexibility to use the quantity of services needed that an hourly rate would give. Using a flat rate would require that the consumers not use more than the average amount of service or the provider would have to bear the risk of losing money. The hourly rate allows more flexibility for the provider to pay costs.*

**4. Will the results of rates re-basing be a legislative request separate from a general rate increase?**

*The rates re-basing effort will not be separate from a request for a general rate increase.*

**5. Is it true that the needs assessment process developed to determine what it would cost to serve each consumer's needs exceeded the DDP's current level of funding? If so, what is the division doing to address that?**

*No, that is not true. DDP is required to maintain budget neutrality and the purpose of the Rates Project is to determine published rates that will maintain that neutrality. With the addition of the I-149 monies, the total MONA (needs assessment/ resource allocation tool) amounts are slightly less than the appropriation. If the MONAs were higher, the rates would be adjusted.*

**Will this needs assessment data be used to justify requests for the 2007 Legislature?**

*The data gathered from the assessments during the Rates Project will not be used for the 2007 Legislature but will possibly be used in the future to assess waiting list issues.*

*The current funding requests are based on provider costs and the additional expenses that they have experienced since their last rate increase. In the past, DDP has not had specific data on provider costs for rate increases but, in future sessions, we hope to more adequately address covering provider costs using the financial data that we have started gathering during the Rates Project.*