Pennsylvania ODP-Administered HCBS Proposed Rate Revisions

IMPACT ANALYSIS

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INTRODUCTION

Intellectual disability and autism (ID/A) providers in Pennsylvania have been struggling for years. Surveys have shown turnover rates and vacant position rates of an unstable system. Stagnant provider rates have supported poverty-level wages and challenges with recruitment and retention of direct support professionals (DSPs). The last adjustment to provider rates was in 2017 (inflated forward to June 2018) and reduced reimbursement for some services. Providers have not been able to serve people with ID/A coming off of Pennsylvania's waiting list, resulting in 12,224 people waiting for services as of November 30, 2021. When the pandemic hit, the Pennsylvania ID/A system was ill-prepared. Providers were experiencing 31% turnover, 18% vacant positions and had an average of 2.9 days cash on hand. Heroic efforts of DSPs and other staff, coupled with Federal and state relief funding, has enabled the ID/A system to stay afloat.

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021. Section 9817 of the Act provides states with a temporary 10% increase to the federal medical assistance percentage (FMAP), or federal match, for home and community-base services (HCBS) waiver claims. The Act requires states to submit an initial spending plan and narrative. Pennsylvania's initial spending plan and narrative was submitted on June 14, 2021 and subsequently received partial approval from CMS, permitting the state to draw down the enhanced FMAP effective 4/1/2021 – 3/31/2022.

The Pennsylvania state legislature agreed with the administration deciding how to spend the funds generated by the 10% FMAP bump. Pennsylvania's initial spending plan included: *Refresh data for Office of Developmental Programs services and adjust rates if necessary.* The Pennsylvania Department of Human Services/Office of Developmental Programs (DHS/ODP) completed a process of refreshing the data and released proposed revised rates on December 30, 2021. DHS/ODP announced that they plan to invest $405M in the revised rates and to make most of the rates effective January 1st, with only the Adult Autism Waiver rates being retroactive to July 1, 2021.

ID/A providers represented by PAR, RCPA, The Arc of Pennsylvania, The Alliance of Community Service Providers and MAX submitted data on the impact of the revised rates. The Center for Disability Information (CDI) used that data and other data to complete this analysis of the impact of the revised rates, to help inform ID/A providers of the impact of the revised rates and ID/A associations representing providers on their comments on the revised rates.

METHODOLOGY

CDI analyzed the proposed rates using standard statistical measures including mean, standard deviation, distribution, and variability. The economic measures used in CDI's analysis include inflation and indexing.

The proposed rates were compared to the most current rates not enhanced by temporary COVID-19 relief funding. These rates were effective in state fiscal year 2017–2018. The rates were reportedly inflated forward to June 30, 2018, and CDI used June 30, 2018 as the baseline date for inflationary analysis. The respondents provide approximately 39% of all ID/A HCBS in the commonwealth and provide services in all 67 counties in Pennsylvania.

CDI estimated the impact of the proposed rates on ID/A providers based on self-reporting by providers of units of service provided July 1, 2020 – June 30, 2021. Provider submissions were de-identified prior to analysis. The analysis was done at several levels:

- System
- Provider Stratification by Revenue
- Service Category
- Procedure Code
- DHS Assumptions

The draft analysis was discussed with collaborating associations representing providers (PAR, RCPA, The Arc of Pennsylvania, The Alliance of Community Service Providers and MAX). The final analysis incorporated feedback from these associations.

SUMMARY FINDINGS

The Center for Disability Information (CDI) analyzed data from providers, the Pennsylvania Department of Human Services/Office of Developmental Programs (DHS/ODP), and other sources (see Citations). The findings found five primary areas of concern.

1. There is significant variability across the service system regarding the distribution of investment across service procedure codes. This uneven distribution across service categories may benefit from further evaluation and understanding of the rationale of DHS/ODP.
2. The rate assumptions do not seem to adequately accommodate provider cost and this may prohibit providers from achieving these levels of wages for DSPs.
3. Some proposed rates fall below and some fall above inflationary indices, creating a difficult business environment for providers.
4. It is daunting to predict what ID/A services look like in a post-pandemic era, but it is clear that the Pennsylvania ID/A system was ill-prepared for a pandemic. The rates do not accommodate all concerns from before the pandemic.
5. CDI found several areas of concern with the DHS/ODP rate assumptions including, but not limited to: wages, health insurance, retirement, overtime, workers compensation, productivity, transportation, and administrative costs.

FINDINGS SYSTEM LEVEL

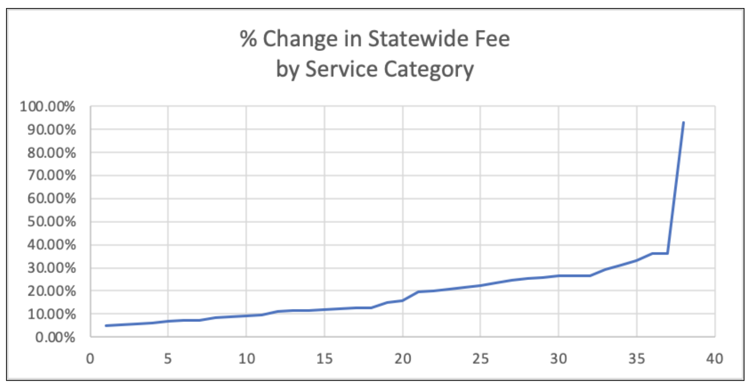
Proposed Rates

The most recent 6 months of pre-pandemic claims data from DHS/ODP (July 1, 2019 – December 31, 2019) was used to estimate the baseline claims amount for impact analysis. If the Pennsylvania ID/A system returns to pre-pandemic service levels, then the proposed rates would result in a 12.01% increase in system funding. This analysis verifies DHS/ODP's statement of a provider revenue impact from the proposed rates of $405MM ($405,366,740.64).

FY20	With Proposed Rates	Percentage Increase
3,374,687,258.98	3,780,053,999.62	12.01%

Investment Variability

The proposed rates were analyzed for variability. Every rate except for Transportation received an increase, ranging from .65% to 93.13% for individual service procedure codes, and 3.45% – 93.13% for service category groupings. There is significant variability across the service system regarding the distribution of investment across service procedure codes. The standard deviation on proposed rates increases is 22.28 and the mean increase is 10.73%.



Wage Assumptions

	Residential	In-Home Services	Day Program	Employment
2019 Wage Rate	$ 13.20	$ 13.20	$ 13.20	$ 13.20
Proposed Funding Increase	**12.70%**	**25.21%**	**24.48%**	**22.24%**
Funded Wage Rate	$ 14.88	$ 16.53	$ 16.43	$ 16.14
Wage Funding - Low	**$ 0.10**	**$ 9.28**	**$ 1.43**	**$ 8.89**
Wage Funding - High	**$ (6.46)**	**$ (5.33)**	**$ (5.43)**	**$ (12.78)**
DHS/ODP Wage Assumption Range	14.78 - 21.34	7.25 -21.86	15.00 - 21.86	7.25 - 28.92
Mean Wage within Range Assumption	$ 18.06	$ 14.56	$ 18.43	$ 18.09
Wage Funding - Mean	**$ (3.18)**	**$ 1.97**	**$ (2.00)**	**$ (1.95)**

Pre-Pandemic Wage: The mean pre-pandemic wage for all DSPs in 2019 was $13.20/hour (Spreat, 2020).

Applying the January 2022 Proposed Funding Increase for Residential Services, In-Home Services, Day Program Services, and Employment Services to this pre-pandemic wage creates the funded wage rate, or the amount providers may be able to pay given the proposed funding increases. As the ID/A provider system has been neglected for years, other costs may prohibit this level of wages for DSPs.

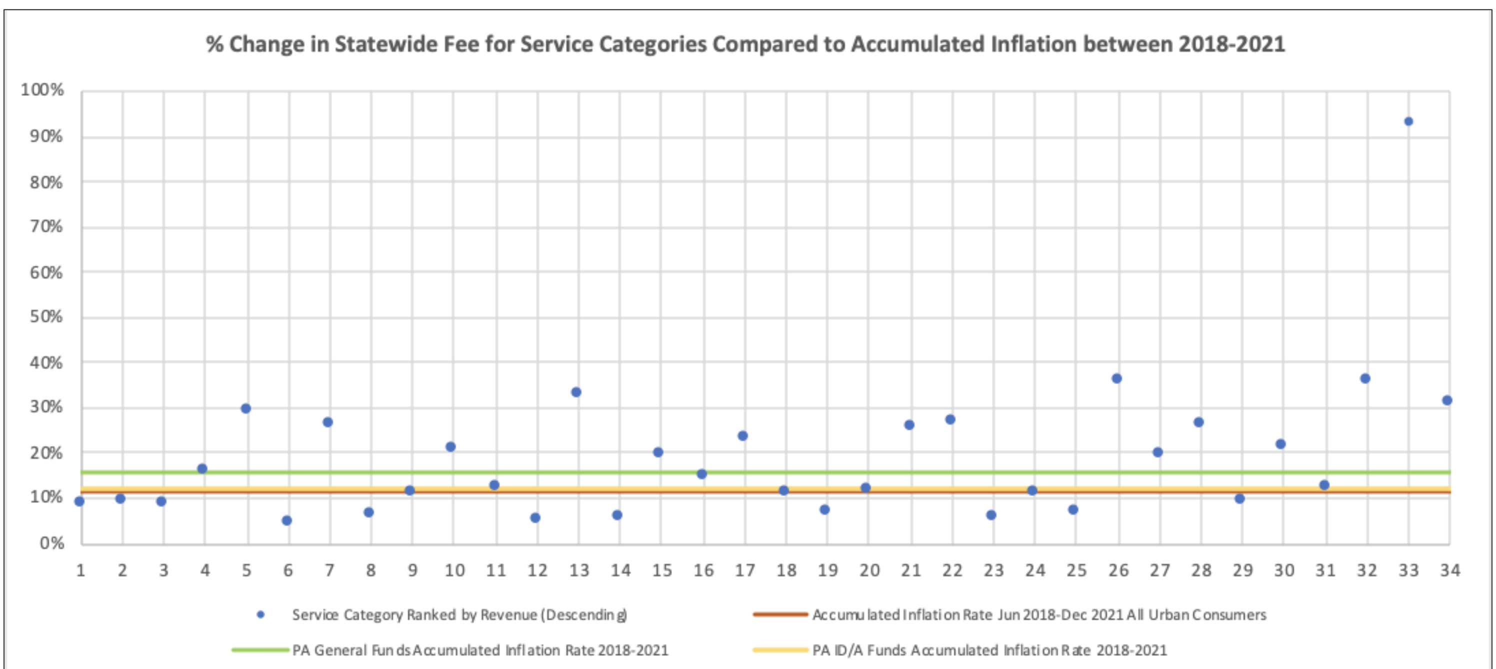
The current DHS/ODP Rate Assumptions for each service are given as a broad range, with differences as small as $6.56 and as great as $21.67 between the high and low end of the ranges. It is therefore unclear where in the wage range ODP chose to base the new rates from. CDI calculated the wage funding deficit/surplus for the low end, high end, and mean wage within each of the service category ranges. The rate assumptions do not seem to adequately accommodate provider cost and this may prohibit providers from achieving these levels of wages for DSPs.

- **LOW END** If ODP used the low end of the DSP wage range, there would be a very small surplus for Residential and Day Program services wage funding and a large surplus for In-Home and Employment Services wage funding.
- **HIGH END** If ODP used the high end of the DSP wage assumption range, there would be large deficits for each service category, with the highest deficit for Employment Services wage funding.
- **MEAN** If ODP used the mean wage within each wage assumption range, there would be deficits for all service categories except for In-Home services. A conclusion that could be drawn is that providers will be unlikely to pay DSPs even the mean wage withing wage range category for all services except In-Home.

NFIB reports record job openings that employers cannot fill, with 50% of employers having such openings. The 48-year average is 22%. Employers are reporting record levels of no applicants. To recruit and retain a full complement of DSPs based on the MIT Living Wage Calculator, PAR estimates the mean salary for DSPs needs to be $31.48 per hour.

Average people per household PA 2015 - 2022	**2.4**
MIT Living Wage Calculator - Pennsylvania	
1 Adult (working) and 1 Child	**$27.57**
1 Adult (working) and 2 Children	**$34.67**
Living Wage PA	**$31.48**

Inflation



All Items in U.S. Cities Average, All Urban Consumers June 2018-Dec 2021	General Funds Budget % Increase 2018-2021	ID/A Funds Budget % Increase 2018-2021
11.56%	15.53%	12.34%

Rank	Revenue	Service	% Change in Statewide Fee
1	$ 436,217,104.14	Residential Hab - NG4	9%
2	$ 252,767,272.85	Residential Hab - NG3	9%
3	$ 203,305,306.75	Residential Hab - NG2	9%
4	$ 198,761,978.47	Community Participation Support	16%
5	$ 163,050,742.17	In-Home and Community Supports	29%
6	$ 94,596,383.74	Residential Hab - NG1	5%
7	$ 53,290,949.50	Companion Services	26%
8	$ 47,078,344.72	Supports Coordination	7%
9	$ 44,513,787.71	Life Sharing	11%
10	$ 39,472,145.93	Nursing	21%
11	$ 29,057,504.42	Residential Hab Ineligible 3 Client	12%
12	$ 22,058,320.42	Residential Hab Ineligible 2 Client	5%
13	$ 18,023,179.54	Supported Employment	33%
14	$ 15,377,522.00	Residential Hab Ineligible 1 Client	6%
15	$ 13,075,852.37	Specialized Skill Development	20%
16	$ 11,130,797.33	Residential Hab Ineligible 4 Client	15%
17	$ 7,428,542.16	Other	24%
18	$7,302,487.51	Small Group Employment	11%
19	$7,179,938.25	Behavioral Supports	7%
20	$5,133,836.32	Unlicensed Residential Habilitation	12%
21	$3,467,590.29	24 Hour Respite - Unlicensed	26%
22	$3,292,739.27	Residential Habilitation Community Home	27%
23	$3,208,223.05	Supplemental Habilitation	6%
24	$1,813,537.18	Residential Hab Ineligible 5 Client	11%
25	$1,681,650.91	24 Hour Respite - Licensed	7%
26	$1,679,231.19	Older Adult Daily Living Centers	36%
27	$1,533,484.53	Supported Living	20%
28	$1,193,702.29	15 Minute Respite - Unlicensed	26%
29	$ 248,822.64	Residential Habilitation Community Home	9%
30	$ 181,838.91	Day Habilitation	21%
31	$ 104,469.61	Therapies	13%
32	$71,601.08	Respite	36%
33	$28,956.24	Housing Transition and Tenancy Sustaining	93%
34	$15,786.00	Temporary Supplemental Services	31%

The Bureau of Labor Statistics (BLS), Consumer Price Index (CPI) for all urban consumers increased 11.56% between June 2018-December 2021. The Pennsylvania State Budget – General Funds increased 15.53% between 2018-2021 and the ID/A-specific funds in the Pennsylvania State Budget increased 12.34% between 2018-2021. In the graph above, each of the ODP service categories' percent change in statewide fee is plotted against these three inflation values (CPI, PA State Budget, PA ID/A Budget) and ranked by the total revenue for FY20/21 in descending order. For example, the first service category plotted is Residential Habilitation – Needs Group 4, which had total revenue of $436,217,104.14 and a 9% increase in the proposed rates. Since this increase is lower than the CPI inflation rate, the PA General Funds inflation rate, and the ID/A-Specific Funds inflation rate, it is plotted under these three inflation measures and therefore does not keep up with these inflation indices.

This analysis shows that four of the largest service categories, Residential Habilitation – Needs Group 4, 3, 2, and 1, all fall under these inflation indices, while the smallest service categories, Temporary Supplemental Services, Housing Transition and Tenancy Sustaining Supports, and Respite, all fall far above any of the three inflationary indices. Comparing these percent increases to inflation reveals that the percent increases in the statewide fees are inconsistent with the highest utilized services.

NEW NORMAL

Post Pandemic Factors - The New Normal

It is reasonable to anticipate that the COVID-19 pandemic will not endure indefinitely, but rather, evolve into something that remains present but which is less societally invasive. Some have postulated that it will be similar to influenza. There will still be illnesses and deaths, but hopefully, at a lower rate than currently being observed. At issue is what ID/A services look like in a post-pandemic era, and absent a crystal ball, this is a daunting task. Some likely outcomes follow.

Staffing Vacancies

Pre-pandemic research in Pennsylvania (Spreat, 2019) reported that approximately 1 out of every 5 DSP positions (19.4%) were vacant. The demand for DSPs far exceeded the supply of individuals who were willing to work that job at the prevailing average wage of $13.20 in 2019. During the pandemic, a variety of governmental pandemic relief funding combined to enable most providers to increase hourly pay rates for DSPs, with many receiving raises approaching $1/hour (Davis, Spreat, & Gruber, 2021). Unfortunately, it appears that there is a likelihood of substantial pandemic-related inflation and the impact of increased wages will be effectively mitigated by this inflation. There is no reason to anticipate improvement beyond the pre-pandemic vacancy rate of about 20%. If wages fail to keep up with inflation, one might reasonably anticipate increased vacancy rates. Alternatives to highly staff-centric services may garner more attention. Technology-enabled supports, family supports and other natural supports are likely to see higher utilization.

Staff Hiring

In addition to the supply and demand issues referenced above, it must be recognized that the pandemic has led many individuals (including DSPs) to consider leaving the workforce entirely. In November 2021, 3% of the American workforce quit their jobs (Toppe, 2021). It appears that the supply of all workers, including DSPs, is declining. While this situation may correct itself in a post pandemic era, there is no guarantee. Many of those leaving the workforce are older and may not return at all. The nature of the work life of DSPs may need to change in order to recruit and retain a full complement of proficient DSPs and front line supervisors. In addition to a sustainable wage, issues that will need to be considered include: work life balance, focusing on people with ID/A more and on compliance less, elimination of requirements of work that do not add value to the lives of people with ID/A, and giving DSPs and front line supervisors a stronger voice in partnership with people with ID/A and their families. Recruitment will continue to be challenging, likely resulting in ongoing staff vacancies, service consolidation, and lack of access to services.

COVID-19 Continues

Most scientists seem to be predicting that COVID-19 will diminish in societal impact, but not entirely disappear. When ill in any manner, it is likely that providers will encourage staff and consumers to remain at home (Steig, 2021), thus further increasing overtime costs. The continuation of COVID-19 would lead to increased cost of doing business for ID/A providers, likely including: higher health insurance expenses, ongoing PPE expenses, and increased staffing expenses to support COVID-positive individuals with ID/A who will have to remain under quarantine conditions and staff overtime to cover shifts for other staff who contract the virus.

Inflation Drives Costs

Recent data suggest an annualized inflation rate of around 6%, with particular highlights noted in energy and food (Trading Economics, 2021). If the Federal Reserve attempts to control inflation by increasing interest rates, providers will face yet another series of challenges with both increasing costs and their credit lines. With ID/A provider operating with about a 3 day cash operating margin (PAR 2020), increased borrowing costs could be devastating. Budgets will become increasingly tight.

Individuals & Families

COVID-19 deaths have slightly reduced the number of individuals with ID/A who are receiving services (Davis, Spreat, Cox, Holder, Burke, & Martin, 2021), but it must be recognized that these individuals are followed by individuals on waiting lists. The demand for supports and services will not decrease. Families are struggling with ensuring that their loved ones with ID/A are safe while needing to fulfill their work obligations. Many families' lives have been disrupted.

Day Programs

Most day programs were closed during much of the pandemic, thereby freeing day program DSPs to work in residential areas. Many have been reopening, with the occasional breaks due to COVID-19 infection. One might also note that the recession of 2007-2009 (Fogg, Harrington, & McMahon, 2010) appeared to affect the employment interest of people with disabilities more than it affected the general public. Some news articles (Chomorro-Premuzic, 2021) suggested a reluctance on the part of individuals to return to daily activities during an earlier phase of the pandemic. The impact of the pandemic on employment and day services is unclear.

Protections & Testing

With the continuing presence of COVID-19, providers will need to anticipate the increased expense of personal protective equipment. This should be considered broadly to include enhanced air filtration systems in every home, not just masks and gloves. In addition, current guidelines suggest that staff who elect to not receive COVID-19 vaccination must be tested frequently, usually at the cost of the employer.

Litigation

While the court system has been minimally operational over the past year or so, one must anticipate an influx of litigation in a post-pandemic era. Litigation may detract resources from services and supports for individuals with ID/A, and one of those supports will be the DSPs.

Health Care Costs

It is anticipated that most health care costs will continue to be paid by the government. These increased costs would be likely to include semi-annual to annual booster vaccinations, anti-viral medications, testing, and where necessary, hospitalization. Some costs might be saved by shifting to some forms of tele-healthcare.

Rate Assumptions

Health Insurance Assumptions

Assumption	Proposed Fee Schedule	Current Rates	Dollar Change	% Change
Health Insurance	$ 571.29	$ 617.00	$ (45.71)	-7.41%

1. The proposed fee schedule assumption for health insurance is $45.71 less than the current rate assumptions. This would indicate a decrease in health insurance costs of 7.4% between 2018 and 2022.
2. The PA Health Insurance exchange rates show an actual 6% increase in health insurance rates.
3. If the current rate assumption for health insurance is correct (which is subject to question), then the proposed fee schedule assumption for health insurance is significantly low – at least $82.73 short ($671.00 * 1.06).

Healthcare.gov PA Rate Changes	
2018	7.6%
2019	-2.3%
2020	3.8%
2021	-3.3%
2022	0.2%
Total	**6.0%**

Retirement Expense Assumptions

Assumption	Proposed Fee Schedule	Current Rates	Dollar Change	% Change
Retirement	2.30%	2.40%	-0.10%	-4.17%

1. The assumption for employer retirement costs decreased by 4% from the current rate assumptions to the proposed fee schedule assumptions.
2. Per Vanguard's How America Saves 2021 report, the average value of employer retirement match in 2020 was 4.5%. Based upon the proposed fee schedule assumption of 2.3%, the underlying assumption is short by 95%.

Overtime Assumptions

1. As part of the fee schedule assumptions, there are amounts included to reflect the cost for DSPs who work more than 40 hours in a week. The assumptions are below for the current rates and the proposed fee schedule.
2. A note is made that overtime costs are not included in the assumptions for positions making over $35,568 as they are deemed management and therefore, they are not eligible.
3. The proposed fee schedule assumptions include a 5% increase in staff wages for staff below an annual salary of $35,568 or $17.10/hr.
4. The current rate assumptions include a 1.2% increase in staff wages for staff below an annual salary of $47,476 or $22.85/hr.
5. The increased reliance on management staff working direct care is unlikely to be sustainable. Front line supervisors were reported to work about 20 hours/week as DSPs during the pandemic (Spreat, Davis, & Gruber, 2021). This practice artificially depresses the real overtime rate.
6. During the pandemic, it was reported (Spreat, Davis, & Gruber, 2021) that about 15.6% of all DSP hours were paid through overtime. While it would be expected that overtime hours would decrease as the state moves out of the pandemic, it seems reasonable to assume that overtime will not decrease 68%, and therefore it is rational to conclude that the overtime assumption of 5% is not sufficient.

Workers Compensation Assumptions

1. For community-based services the worker's compensation percentage went from 5% under the current rate assumptions to 5.5% under the proposed fee schedule assumptions, a difference of .5%.
2. For facility-based services the worker's compensation percentage went from 1% under the current rate assumptions to 1.2% under the proposed fee schedule assumptions, a difference of .2%.
3. Further information is needed to determine why the percentage change would be different whether the employee is in the community versus in a facility.

Productivity Assumptions

Breakdown of billable hours per day per service:

Billable Hours Per Day Productivity Pecentage				
Service	**Proposed Fee Schedule**	**Current Fee Schedule**	**Change**	**% Change**
Companion/Homemaker	100.0%	100.0%	-	0.0%
Companion/Homemaker - AWC	93.8%	100.0%	.063	6.3%
In Home and Community Supports	86.7%	93.3%	.067	7.2%
In Home and Community Supports - AWC	93.8%	100.0%	.063	6.3%
Community Participation	85.7%	85.7%	-	0.0%
Nursing	86.7%	86.7%	-	0.0%
Behavior	66.7%	66.7%	-	0.0%
Housing Transition	53.3%	73.3%	.200	27.3%
Supports Coordination	67.5%	67.5%	-	0.0%
Small Group Employment	86.7%	86.7%	-	0.0%
Supported Employment AWC	93.8%	100.0%	.063	6.3%
Supported Employment	66.7%	73.3%	.067	9.1%

The assumptions listing is not specific in one key component to calculate productivity, the underlying total number of hours in a day. Therefore, an assumption was made of 7.5 total hours in a day, except for Community Participation services at 7 hours per day and Supports Coordination at 8 hours per day as those two services were called out specifically.

1. For Agency With Choice services, the current rate assumptions listed 8 hour days and they list 8 billable hours, so 100% productivity. For the proposed rates they list 7.5 billable hours, but not how long the underlying day is. Therefore, it was assumed to be 7.5 hours billable out of 8 total hours since that matched the day length in the current rate assumptions.
2. Most of the services billable hours assumptions remained consistent from the current rate assumptions.
3. The main issue that can be seen within the assumptions is that for the same service definition, In-Home and Community Supports for example, the productivity assumptions are different when in a participant directed model compared to the traditional program model. More information is needed to understand why that discrepancy is in place.

Transportation Cost Assumption

For Community Participation services the amount included in the assumptions are:

Assumption	Proposed Fee Schedule	Current Rates	Dollar Change	% Change
Transportation per 3 Clients	$ 7,500	$ 5,000	$ 2,500	50.0%

1. While the increase in this assumption is significant, more information is needed to determine how the $7,500 in costs compares to providers' actual costs.

For In-Home and Community Services the transportation assumptions are:

In Home and Community Transportation	
Miles Driven	10,000
Current Rate Assumption Costs	$ 7,240
Proposed Fee Schedule Costs	$ 6,700
Change	$ (540)
Change %	-7.5%

1. The assumption is made up of two components, a mileage reimbursement portion based upon providers reimbursing staff for using their personal vehicles and a portion based upon costs incurred by provider owned vehicles.
2. The ratio between reimbursing staff and provider owned vehicles went from 60% staff reimbursement to 75% reimbursement under the proposed fee schedule assumptions.

3. The result of the change in reimbursement percentages and the reimbursement rates was a decrease in the assumed costs for an estimated 10,000 miles driven by $540 or 7.5%.
4. The most recent IRS published rate is $.585/mile. The Proposed Fee schedule assumptions used $.56/mile for reimbursement costs, short at least $.025 per mile.

Administrative Cost Assumptions

1. Both the proposed and current rate assumptions use a 10% factor for administrative costs. However, there is not an associated breakdown of what is included within that 10% amount.
2. Further information is needed to determine where providers' administrative costs are covered by the 10% factor to determine if this allocation is sufficient.

FINDINGS SURVEY

Provider Respondents

CDI received 84 submissions of provider data. This included $1,345,502,813 of services in SFY21. Providers claims totaled $3,433,745,798.33 in SFY21 for adjudication completed as of November 2021. The data included in this report represents 39% of all ID/A HCBS in Pennsylvania.

Provider Data by Size Breakdown Table

Provider Size	Number of Providers	Average Increase in Revenues	Average Increase %	Current Revenues	Total Increase In Revenues
<$1MM	11	$ 71,799	10.6%	$ 7,424,164	$ 789,792
$1-$5MM	15	$ 251,355	9.5%	$ 39,879,806	$ 3,770,327
$5-$10MM	15	$ 734,627	9.8%	$ 112,130,610	$ 11,019,402
$10-15MM	17	$ 1,538,181	12.6%	$ 207,038,227	$ 26,149,071
$15-20MM	8	$ 1,821,043	10.6%	$ 136,842,720	$ 14,568,340
$20MM	7	$ 3,209,740	12.2%	$ 184,266,378	$ 22,468,178
$30MM	3	$ 3,645,255	9.9%	$ 110,740,772	$ 10,935,766
$40MM	2	$ 4,507,834	9.7%	$ 92,938,964	$ 9,015,667
$50MM	2	$ 4,951,711	9.8%	$ 100,767,021	$ 9,903,421
$75MM	2	$ 6,936,876	9.8%	$ 141,034,190	$ 13,873,751
$100MM	2	$ 10,963,363	10.3%	$ 212,439,959	$ 21,926,726
Total/Average	**84**	**$ 3,511,980**	**10.7%**	**$ 1,345,502,813**	**$ 144,420,440**

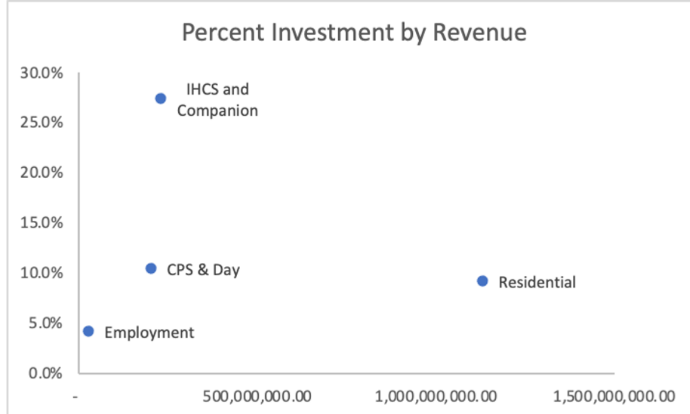
As shown above the average increase across the various providers is a 10.73% increase in revenues and an average increase of roughly $3.5MM in revenues.

Therefore, the proposed fee schedule changes appear to affect both large and small providers in an equal manner (SD 1.07). However, the unique service mix of providers does cause fluctuations in their respective increase of revenue due to the high variability in the changes of the proposed fee schedule amounts [SD 22.28 for increase (decrease) in rates].

Provider Data by Service Category Table

Service Category	Units	Current Revenue	% Breakdown of Current Revenues	Total Increase in Revenues	% Breakdown of Increase in Revenues	Revenue Increase %
Day Programs	9,774,809	$ 55,159,186	4.1%	$ 6,523,295	4.5%	11.8%
Employment	1,047,793	$ 12,252,721	0.9%	$ 328,123	0.2%	2.7%
In Home and Community	10,976,801	$ 70,252,708	5.2%	$ 20,260,059	14.0%	28.8%
Nursing/Therapy/Behavior	103,322	$ 2,159,697	0.2%	$ 103,850	0.1%	4.8%
Other	61,440	$ 4,715,866	0.4%	$ 1,001,380	0.7%	21.2%
Residential Eligible	2,982,901	$ 1,105,208,401	82.1%	$ 107,629,209	74.5%	9.7%
Residential Ineligible	1,985,673	$ 75,665,494	5.6%	$ 6,987,276	4.8%	9.2%
Respite	90,452	$ 1,823,242	0.1%	$ 385,579	0.3%	21.1%
Supports Coordination	741,667	$ 17,518,175	1.3%	$ 1,164,417	0.8%	6.6%
Transportation	32,085	$ 746,929	0.1%	$ 37,207	0.0%	5.0%
Total	**27,796,943**	**$ 1,345,502,418**	**100.0%**	**$ 144,420,396**	**100.0%**	**10.7%**

Based upon the breakdown of services of the provider submissions, Residential Eligible revenues make up 82% of the providers FY21 revenues. The second largest amount is Residential Ineligible, followed by In-Home and Community Programs and Day programs.



The investment distribution resultant from the fee revisions varied by service category. For example, In-Home and Community programs account for 5.22% of current revenues and received 14.03% of the revenue increases. Residential Eligible accounts for 82.14% of current revenues and received 74.52% of revenue increases. This uneven distribution across service categories may benefit from further evaluation and understanding of the rationale of DHS/ODP.

Services Provider Data Community Participation - Facility and Community Breakdown Table

Service Location	Units	Current Revenues	Increase in Revenues	Revenue Increase %	% of Units
Community	3,435,436	$ 28,682,872	$ 5,023,703	17.5%	35.2%
Facility	6,325,426	$ 26,389,047	$ 1,476,906	5.6%	64.8%
Total	**9,760,862**	**$ 55,071,920**	**$ 6,500,609**	**11.8%**	**100.0%**

Provider Data Community Participation Services – Procedure Code Breakdown Table

Procedure Code	Units	Current Revenues	Increase in Revenues	Revenue Increase %	% of Units
CPS Community 1:1	2,067,241	$ 20,342,878	$ 4,135,241	20.3%	21.2%
CPS Community 1:1 Enhanced	11,041	$ 151,041	$ 24,180	16.0%	0.1%
CPS Community 1:2 to 1:3	1,171,570	$ 6,306,123	$ 588,498	9.3%	12.0%
CPS Community 2:1	31,657	$ 599,584	$ 115,231	19.2%	0.3%
CPS Community 2:1 Enhanced	3,405	$ 77,566	$ 13,041	16.8%	0.0%
CPS Community 2:3	150,522	$ 1,205,681	$ 147,512	12.2%	1.5%
CPS Facility 2:1 Enhanced	6,869	$ 125,428	$ 27,064	21.6%	0.1%
CPS Facility 1:1	399,820	$ 3,806,286	$ 863,611	22.7%	4.1%
CPS Facility 1:1 Enhanced	2,914	$ 38,611	$ 6,964	18.0%	0.0%
CPS Facility 1:11 to 1:15	1,105,071	$ 2,508,511	$ 121,558	4.8%	11.3%
CPS Facility 1:2 to 1:3	1,392,043	$ 7,322,146	$ 97,443	1.3%	14.3%
CPS Facility 1:4 to 1:6	2,704,723	$ 10,845,939	$ 324,567	3.0%	27.7%
CPS Facility 1:7 to 1:10	713,986	$ 1,742,126	$ 35,699	2.0%	7.3%
Total	**9,760,862**	**$ 55,071,920**	**$ 6,500,609**	**11.8%**	**100.0%**

During FY21, providers served individuals both in their facilities and out in the community. The breakdown of units served is 35.20% in the community vs. 64.80% in facilities.

- Increases in the rates for community-based procedure codes resulted in an increase of 17.51% of revenues compared to a 5.60% increase in facility-based revenues.
- The high variability within the proposed fee schedule changes can be seen within the CPS rates.
- The 1:1 service codes are increasing by 20% and 23% for community and facility codes respectively.
- For the same staffing ratio, 1:3, the increase in revenues is 9% for community and 1% for facility.

Provider Data Employment Services – Procedure Code Breakdown Table

Small Group Employment	Units		Current Revenues		Increase in Revenues	Revenue Increase %	% of Volumes
W7237	59,629	$	131,780	$	5,367	4.1%	11.2%
W7239	113,110	$	384,574	$	15,835	4.1%	21.2%
W7241	286,102	$	1,888,273	$	102,997	5.5%	53.5%
W7245	75,765	$	912,968	$	83,342	9.1%	14.2%
Total	**534,606**	**$**	**3,317,596**	**$**	**207,540**	**6.3%**	**100.0%**

Supported Employment	Units		Current Revenues		Increase in Revenues	Revenue Increase %	% of Volumes
H2023	79,288	$	1,407,362	$	12,686	0.9%	15.5%
H2023AWC	1,190	$	8,282	$	1,868	22.6%	0.2%
H2023U4	425	$	2,695	$	608	22.6%	0.1%
H2023UD	4	$	15,240	$	755	5.0%	0.0%
H2025	3,244	$	33,900	$	876	2.6%	0.6%
W7071	27	$	352	$	151	42.8%	0.0%
W7077	9	$	117	$	50	42.8%	0.0%
W7200	2,060	$	22,557	$	15,841	70.2%	0.4%
W7206	260	$	2,847	$	1,999	70.2%	0.1%
W7207	6	$	66	$	46	70.2%	0.0%
W7235	11,775	$	209,006	$	1,884	0.9%	2.3%
W7235UD	3	$	11,430	$	566	5.0%	0.0%
W9794	402,108	$	7,137,417	$	64,337	0.9%	78.4%
W9794AWC	4,480	$	31,181	$	7,034	22.6%	0.9%
W9794U4	8,308	$	52,673	$	11,880	22.6%	1.6%
Total	**513,187**	**$**	**8,935,125**	**$**	**120,583**	**1.3%**	**100.0%**

Small Group Employment showed a low variability within the increases in revenue seen, with 3 out of the 4 codes around a 5% increase. The second largest utilized code showed an increase of 9%, resulting in a total increase of 6.26% in revenues.

Supported Employment showed a very high variability within the changes in revenues because of the proposed fee schedule. The two largest utilized codes saw a .90% increase in revenues whereas some of the lowest utilized codes saw increases as high as 70.23%. The result was that the two codes where 93.81% of volumes were served showed a .90% increase in revenues.

Provider Data Residential Services – Home Size/NG Level/Procedure Code Breakdown Tables

Group Home Size	Units	Current Revenues	Increase in Revenue	Revenue Increase %	% of Volumes
1 Person	340,035	$ 167,459,073	$ 15,471,174	9.2%	8.4%
2 Person	863,514	$ 298,244,734	$ 27,775,158	9.3%	21.3%
3 Person	1,812,917	$ 455,793,474	$ 44,827,046	9.8%	44.7%
4 Person	847,750	$ 162,348,504	$ 15,827,181	9.7%	20.9%
5+ Person	189,532	$ 35,229,045	$ 3,439,616	9.8%	4.7%
Total	**4,053,748**	**$1,119,074,830**	**$ 107,340,175**	**9.6%**	**100.0%**

NG Level/Area	Units	Current Revenues	Increase in Revenue	Revenue Increase %	% of Volumes
Area 1	878,232	$ 36,488,316	$ 4,125,029	11.3%	21.7%
Area 2	1,101,662	$ 38,992,019	$ 2,844,794	7.3%	27.2%
Needs Group 1	249,613	$ 90,269,032	$ 6,114,291	6.8%	6.2%
Needs Group 2	537,206	$ 215,341,482	$ 22,528,935	10.5%	13.3%
Needs Group 3	578,970	$ 272,484,110	$ 27,686,177	10.2%	14.3%
Needs Group 4	708,065	$ 465,499,871	$ 44,040,949	9.5%	17.5%
Total	**4,053,748**	**$1,119,074,830**	**$ 107,340,175**	**9.6%**	**100.0%**

Procedure Code	Units	Current Revenues	Increase in Revenue	Revenue Increase %	% of Volumes
Residential Ineligible	1,979,894	$ 75,480,335	$ 6,969,823	9.2%	48.8%
Residential With Day	150,068	$ 57,222,167	$ 4,103,188	7.2%	3.7%
Residential Without Day	1,923,786	$ 986,372,328	$ 96,267,163	9.8%	47.5%
Total	**4,053,748**	**$1,119,074,830**	**$ 107,340,175**	**9.6%**	**100.0%**

There was no significant difference in the increases in revenues based upon group home size in the providers' data that were submitted.

There are differences in the increases within the ineligible rates, with homes located in Area 1 receiving an increase of 11.31% compared to an increase of 7.30% for homes located in Area 2.

There are differences within the Needs Group Levels of clients, with NG1 clients showing an increase of 6.77%, NG2 clients showing an increase of 10.46%, NG3 clients showing an increase of 10.16% and NG4 clients showing an increase of 9.46%. NG4 clients make up the largest portion of provider submitted data at 17.17% of volumes served.

There are differences between Residential With Day revenues compared to Residential Without Day revenues, with the increases showing as 7.17% and 9.76% respectively.

Provider Data In-Home and Community Services – Procedure Code Breakdown Table

Service Category	Units	Current Revenues	Increase in Revenue	Revenue Increase %	% of Volumes
Companion Services	3,078,635	$15,833,704	$ 4,511,604	28.5%	28.1%
In-Home and Community	7,825,354	$50,503,217	$ 15,030,644	29.8%	71.4%
Specialized Skill Development	50,126	$ 568,367	$ 131,909	23.2%	0.5%
Total	**10,954,115**	**$66,905,288**	**$ 19,674,157**	**29.4%**	**100.0%**

Service - Procedure Code	Units	Current Revenues	Increase in Revenue	Revenue Increase %	% of Volumes
Companion Services					
W1725	1,292	$ 4,742	$ 969	20.4%	0.0%
W1726	3,077,343	$15,828,962	$ 4,510,635	28.5%	100.0%
Total	**3,078,635**	**$15,833,704**	**$ 4,511,604**	**28.5%**	**100.0%**
In-Home and Community Supports					
W7058	45,922	$ 145,573	$ 42,248	29.0%	0.6%
W7059	77,135	$ 348,650	$ 95,647	27.4%	1.0%
W7060	7,487,037	$47,924,874	$ 14,319,776	29.9%	95.7%
W7061	147,048	$ 1,261,863	$ 333,999	26.5%	1.9%
W7068	48,011	$ 573,581	$ 175,958	30.7%	0.6%
W7069	20,201	$ 248,675	$ 63,015	25.3%	0.3%
Total	**7,825,354**	**$50,503,217**	**$ 15,030,644**	**29.8%**	**100.0%**
Specialized Skill Development					
W7201	35,096	$ 315,864	$ 89,144	28.2%	70.0%
W7215	6,755	$ 103,824	$ 15,131	14.6%	13.5%
W7216	1,111	$ 17,076	$ 2,489	14.6%	2.2%
W96151	7,164	$ 131,603	$ 25,146	19.1%	14.3%
Total	**50,126**	**$ 568,367**	**$ 131,909**	**23.2%**	**100.0%**

There were no material differences within the three main In-Home and Community services in terms in the respective increases in revenues. The average increase came in at 29.41% and it was consistent with both Companion and In-Home and Community Support services.

Provider Data Life Sharing – Procedure Code Breakdown Table

Service / NG Level	Units	Current Revenues	Increase in Revenue	Revenue Increase %	% of Volumes
Life Sharing - over 30 hours per week on average					
Needs Group 1	52,149	$ 6,711,719	$1,244,514	18.5%	18.2%
Needs Group 2	84,387	$12,971,761	$2,411,987	18.6%	29.5%
Needs Group 3	43,280	$10,076,684	$ 644,547	6.4%	15.1%
Needs Group 4	37,014	$10,730,760	$1,052,439	9.8%	12.9%
Life Sharing - under 30 hours per week on average	69,526	$ 9,119,586	$ 357,098	3.9%	24.3%
Total	**286,356**	**$49,610,509**	**$5,710,584**	**11.5%**	**100.0%**

There was high amount of variability between Needs Group Levels within the Life Sharing program. NG1 and NG2 revenues increased by 18.50% compared to increases of 6.40% and 9.81% for NG3 and NG4, respectively.

Provider Data Participant Directed Services (Agency with Choice) – Service Category Breakdown

Service	Units	Current Revenues	Increase in Revenues	Revenue Increase %	% of Volumes
15 Minute Respite (In- Home and Unlicensed)	73,461	$ 294,246	$ 74,073	25.2%	1.0%
24 Hour Respite (In- Home and Unlicensed)	2,143	$ 754,107	$ 186,533	24.7%	0.0%
Companion Services	1,967,391	$ 8,802,966	$ 2,978,901	33.8%	28.1%
In-Home and Community Supports	4,926,987	$ 27,373,061	$ 8,747,634	32.0%	70.3%
AWC FMS Administrative Fee	16,938	$ 3,916,235	$ 915,838	23.4%	0.2%
Chore	50	$ 689	$ 148	21.4%	0.0%
Homemaker	318	$ 4,041	$ 860	21.3%	0.0%
Supports Broker Services	7,985	$ 42,377	$ 13,610	32.1%	0.1%
Supported Employment - Job Coaching	12,788	$ 83,854	$ 18,914	22.6%	0.2%
Supported Employment - Job Finding	1,615	$ 10,977	$ 2,476	22.6%	0.0%
Total	**7,009,676**	**$ 41,282,552**	**$ 12,938,987**	**31.3%**	**100.0%**

The breakdown of services shows that 98% of services within Agency with Choice were provided within In-Home and Community Supports and Companion Services. Both of those services are showing similar percentage increase in revenues.

Agency with Choice
Revenue and Wage Rate Range Analysis

Service	W code	Current Revenue Rate per hour	Current Max Wage per hour	Gross Margin	Gross Margin %	Proposed Revenue Rate Per Hour	Proposed Max Wage Per Hour	Gross Margin	Gross Margin %	Change in Gross Margin
In Home and Community Supports	7060:U4	$20.44	$17.14	$3.30	16.1%	$27.16	$21.86	$5.30	19.5%	$2.00
In Home and Community Supports with Benefit	7060	$22.96	$19.14	$3.82	16.6%	$30.20	$24.27	$5.93	19.6%	$2.11
In Home and Community Supports Enh with Benefit	7061:U4	$27.72	$28.20	-$0.48	-1.7%	$35.60	$33.23	$2.37	6.7%	$2.85
In Home and Community Supports Enh	7061	$30.20	$30.30	-$0.10	-0.3%	$38.64	$35.64	$3.00	7.8%	$3.10
Companion	1726:U4	$15.68	$10.32	$5.36	34.2%	$21.20	$18.56	$2.64	12.5%	-$2.72
Companion with Benefit	1726	$18.16	$12.42	$5.74	31.6%	$24.28	$20.97	$3.31	13.6%	-$2.43
In and out of Home Respite - 15	9862:U4	$14.08	$11.72	$2.36	16.8%	$17.64	$18.56	-$0.92	-5.2%	-$3.28
In and out of Home Respite - 15 with Benefit	9862	$16.56	$13.82	$2.74	16.5%	$20.72	$20.97	-$0.25	-1.2%	-$2.99
Supports Broker	7096:U4	$19.20	$19.49	-$0.29	-1.5%	$25.56	$31.04	-$5.48	-21.4%	-$5.19
Supports Broker with Benefit	7096	$21.68	$21.59	$0.09	0.4%	$28.60	$33.45	-$4.85	-17.0%	-$4.94
Homemaker	7283:U4	$11.29	$11.28	$0.01	0.1%	$13.67	$17.40	-$3.73	-27.3%	-$3.74
Homemaker with Benefit	7283	$13.78	$13.38	$0.40	2.9%	$16.73	$19.81	-$3.08	-18.4%	-$3.48

Comparing the maximum wage rate amounts from the AWC wage ranges to the hourly reimbursement rates, 4-15 min unit rates, shows that 6 procedure codes have wage rates more than the reimbursement rates. The services were this occurs are: In and Out of Home respite – 15 minutes (with Benefit), Supports Broker (with Benefit), and Homemaker (with benefit). This is problematic in that providers would be required to pay an employee an amount greater than their reimbursement levels and also be responsible for the tax and benefit costs associated with staffing these services.

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