

## **BHDDH Methodology for Setting Rates Effective July 1, 2011**

1. BHDDH utilized multiple sources to develop its new rates effective July 1, 2011:
  - a provider survey was administered in December 2010 to obtain information on costs such as staff wages, fringe benefits, program costs, administrative costs, and the amount of time spent to deliver services. BHDDH surveyed all private agencies and achieved a 95% response rate.
  - The information used from this survey was reviewed with a Rates Workgroup that met over the course of 16 meetings. The Work Group was comprised of BHDDH staff and providers.
  - External sources were researched for staff wages and fringe benefits. Data from the Bureau of Labor Statistics on staff hourly wages was compared against survey results. Data from the Medical Expenditure Panel Survey was compared to survey results on health insurance take up rates and premiums paid by employers.
  - Provider agencies are required to submit a BHDDH-specific cost report. Results from the cost reports for FY 2009 were compared against survey results.
2. BHDDH established a "benchmark" rate which was the rate that we would like to pay if there was a stronger economic climate. Even in this case, BHDDH selected the median wages from the Bureau of Labor Statistics to develop the benchmark rates.
3. Due to limited funding, BHDDH then developed a "Proposed Rate" for each service. In most cases, this rate is about 14% below the Benchmark rate. This was done by assuming wages at the Bureau of Labor Statistics 25th percentile instead of the 50th percentile.
4. Even when our Proposed Rates were modeled against the FY 12 budget, we found it unaffordable. Therefore, we developed what we are calling the "Adopted Rate" for each service. In most cases, this is about 17-19% below the Benchmark rate. This was done by reducing the assumption in the model for fringe benefits. For some services, we also lowered the assumptions for other agency costs such as program expenses and transportation.
5. We did not reduce our assumptions for the level of staffing hours required to serve individuals in either the Proposed Rates or the Adopted Rates. In other words, we are forcing the providers to stretch their dollars without compromising the level of services to individuals.
6. In every model for Benchmark, Proposed and Adopted rates, we assumed 10% Administrative costs. This is below the average reported by providers on the survey (12.7%) and below the average on the latest cost reports (10.5%).
7. We purposefully did not just do an across-the-board cut against every Benchmark rate. We limited the reduction for Shared Living Arrangements since this is the most cost-effective method to provide 24 hour supports to individuals that need it. We also ensured that the payment to host families remained the same as last year in order to encourage this service.

**Hourly Wage, Fringe Benefits and Administrative Expense Assumptions Throughout All Rate Models**

<b>Hourly Wage</b>	<b>Benchmark</b>	<b>BHDDH Proposed</b>	<b>BHDDH Adopted</b>	<b>Reduction Adopted from Benchmark</b>	<b>BHDDH Adopted Annualized</b>	<b>Benchmark Source</b>	<b>Adopted Source</b>
Direct Care Stuff	\$13.97	\$12.03	\$12.03	-14%	\$25,022	BLS RI 50th percentile	BLS 25th percentile
Direct Care Respite Overnight	\$10.48	\$9.02	\$9.02	-14%	\$18,767	75% of Direct Care Staff Wage	75% of Direct Care Staff Wage
Direct Care Supervisor	\$20.96	\$18.05	\$18.05	-14%	\$37,534	150% of Direct Care Staff Wage	150% of Direct Care Staff Wage
Support Coordinator	\$24.45	\$21.05	\$21.05	-14%	\$43,789	175% of Direct Care Staff Wage	175% of Direct Care Staff Wage
Job Developer	\$24.45	\$21.05	\$21.05	-14%	\$43,789	175% of Direct Care Staff Wage	175% of Direct Care Staff Wage
Nurse	\$35.30	\$29.73	\$29.73	-16%	\$61,838	BLS RI 50th percentile	BLS 25th percentile

For both the Benchmark and Adopted rates where BLS is used as the source, the data comes from the BLS May 2009 survey.

The values from this survey have been inflated 5.68% which is the compounded rate of inflation from May 2009 to December 2011 (midpoint of rate year).

<b>Fringe Benefits *</b>	<b>Benchmark</b>	<b>BHDDH Proposed</b>	<b>BHDDH Adopted</b>	<b>Reduction Adopted from Benchmark</b>	<b>BHDDH Adopted</b>	<b>Benchmark Source</b>	<b>Adopted Source</b>
Direct Care Stuff	35%	35%	30%	-5%	\$7,507	Calculations from the cost reports submitted by the agencies for their fiscal year ending in 2009, but surveys conducted in December 2010 showed higher percentages.	Benchmark = Adopted. Both utilize the information from the cost report as well as the provider survey and factor in the inflationary costs of health insurance from 2009 to 2011.
Direct Care Supervisor	30%	30%	25%	-5%	\$9,383		
Support Coordinator	30%	30%	25%	-5%	\$10,947		
Job Developer	30%	30%	25%	-5%	\$10,947		
Nurse	30%	30%	25%	-5%	\$15,460		

<b>Admin Percentage</b>	<b>Benchmark</b>	<b>Adopted</b>	<b>Adopted</b>
Used in every rate model	10%	10%	10%

\* Includes the cost of health insurance premiums, dental insurance, vacation time, sick leave, personal days, life insurance, disability insurance, unemployment insurance.

**Summary of Fee Schedule Comparing Benchmark Rates, BHDDH Proposed Rates and BHDDH Adopted Rates**

Service Category	BHDDH Service Title	Level	Billing Unit	Benchmark Rate	BHDDH Proposed Rate	BHDDH Adopted Rate (as of May 31)	Proposed Below Benchmark	Adopted Below Benchmark
Case Management	Support Coordination	1	per month	\$129.00	\$111.33	\$105.07	-14%	-19%
	Support Coordination	2	per month	\$155.00	\$133.96	\$126.49	-14%	-18%
	Support Coordination	3	per month	\$182.01	\$157.47	\$148.73	-13%	-18%
	Support Coordination	4	per month	\$182.01	\$157.47	\$148.73	-13%	-18%
	Support Coordination	5	per month	\$182.01	\$157.47	\$148.73	-13%	-18%
	Support Coordination	6	per month	\$261.53	\$226.19	\$213.62	-14%	-18%
	Support Coordination	7	per month	\$261.53	\$226.19	\$213.62	-14%	-18%
	Support Facilitation	1	per month	\$49.18	\$42.38	\$39.99	-14%	-19%
	Support Facilitation	2	per month	\$49.18	\$42.38	\$39.99	-14%	-19%
	Support Facilitation	3	per month	\$98.36	\$84.77	\$79.97	-14%	-19%
	Support Facilitation	4	per month	\$98.36	\$84.77	\$79.97	-14%	-19%
	Support Facilitation	5	per month	\$152.45	\$131.41	\$123.99	-14%	-19%
	Support Facilitation	6	per month	\$200.76	\$173.15	\$163.40	-14%	-19%
	Support Facilitation	7	per month	\$200.76	\$173.15	\$163.40	-14%	-19%
Residential Habilitation	Residential Group Home	1	per diem	\$146.81	\$127.38	\$122.40	-13%	-17%
	Residential Group Home	2	per diem	\$168.47	\$146.04	\$140.37	-13%	-17%
	Residential Group Home	3	per diem	\$201.24	\$174.26	\$167.54	-13%	-17%
	Residential Group Home	4	per diem	\$227.84	\$197.15	\$189.59	-13%	-17%
	Residential Group Home	5	per diem	\$281.12	\$242.97	\$233.70	-14%	-17%
	Residential Group Home	6	per diem	\$354.70	\$310.41	\$298.59	-12%	-16%
	Residential Group Home	7	per diem	\$358.98	\$309.92	\$298.19	-14%	-17%
	Community Residential Supports	1	per diem	\$146.81	\$127.38	\$122.40	-13%	-17%
	Community Residential Supports	2	per diem	\$168.47	\$146.04	\$140.37	-13%	-17%
	Community Residential Supports	3	per diem	\$201.24	\$174.26	\$167.54	-13%	-17%
	Community Residential Supports	4	per diem	\$227.84	\$197.15	\$189.59	-13%	-17%
	Community Residential Supports	5	per diem	\$281.12	\$242.97	\$233.70	-14%	-17%
	Community Residential Supports	6	per diem	\$354.70	\$310.41	\$298.59	-12%	-16%
	Community Residential Supports	7	per diem	\$358.98	\$309.92	\$298.19	-14%	-17%
	Shared Living Arrangements Tier 1	1	per diem	\$76.44	\$73.41	\$71.97	-4%	-6%
	Shared Living Arrangements Tier 2	2	per diem	\$90.32	\$86.51	\$83.99	-4%	-7%
	Shared Living Arrangements Tier 3	3	per diem	\$125.06	\$114.57	\$111.73	-8%	-11%
	Shared Living Arrangements Tier 4	4	per diem	\$144.01	\$133.02	\$129.39	-8%	-10%
Independent Living or Family Supports	Community-Based Supports (standard)	All (1:1 rate shown)	15 minutes	\$6.60	\$5.72	\$5.52	-13%	-16%
	Community-Based Supports by Prof. Staff	All (1:1 rate shown)	15 minutes	\$14.95	\$12.64	\$12.17	-15%	-19%
	Natural Supports Training (standard)	All (1:1 rate shown)	per hour	\$8.69	\$7.53	\$7.25	-13%	-17%
	Natural Supports Training by Prof. Staff	All (1:1 rate shown)	per hour	\$14.44	\$12.21	\$11.75	-15%	-19%
	Respite Care	All	15 minutes	\$6.06	\$5.26	\$5.08	-13%	-16%
	Respite Care (overnight)	All	15 minutes	\$4.40	\$3.79	\$3.65	-14%	-17%

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Service Category	BHDDH Service Title	Level	Billing Unit	Benchmark Rate	BHDDH Proposed Rate	BHDDH Adopted Rate (as of May 31)	Proposed Below Benchmark	Adopted Below Benchmark
Transportation	Day Activity Transportation	1 through 5	per trip	\$9.93	\$9.21	\$8.18	-7%	-18%
	Day Activity Transportation	6 or 7	per trip	\$15.11	\$13.67	\$13.34	-10%	-12%
Prevocational	Job Development or Assessment	All (1:1 rate shown)	per hour	\$66.68	\$58.68	\$56.77	-12%	-15%
	Prevocational Training	All (1:1 rate shown)	per hour	\$35.89	\$31.22	\$29.05	-13%	-19%
Supported Employment	Supported Employment	All (1:1 rate shown)	15 minutes	\$7.31	\$6.39	\$6.18	-13%	-15%
Day Program	Day Program Services (center based)	1	15 minutes	\$1.23	\$1.11	\$1.08	-10%	-12%
	Day Program Services (center based)	2	15 minutes	\$1.43	\$1.28	\$1.25	-10%	-13%
	Day Program Services (center based)	3	15 minutes	\$2.05	\$1.82	\$1.77	-11%	-14%
	Day Program Services (center based)	4	15 minutes	\$3.16	\$2.78	\$2.69	-12%	-15%
	Day Program Services (center based)	5	15 minutes	\$4.53	\$3.97	\$3.84	-12%	-15%
	Day Program Services (center based)	6	15 minutes	\$8.65	\$7.52	\$7.26	-13%	-16%
	Day Program Services (center based)	7	15 minutes	\$8.65	\$7.52	\$7.26	-13%	-16%
	Day Program Services (community-based)	1	15 minutes	\$1.23	\$1.11	\$1.08	-10%	-12%
	Day Program Services (community-based)	2	15 minutes	\$1.43	\$1.28	\$1.25	-10%	-13%
	Day Program Services (community-based)	3	15 minutes	\$2.05	\$1.82	\$1.77	-11%	-14%
	Day Program Services (community-based)	4	15 minutes	\$3.16	\$2.78	\$2.69	-12%	-15%
	Day Program Services (community-based)	5	15 minutes	\$4.53	\$3.97	\$3.84	-12%	-15%
	Day Program Services (community-based)	6	15 minutes	\$8.65	\$7.52	\$7.26	-13%	-16%
	Day Program Services (community-based)	7	15 minutes	\$8.65	\$7.52	\$7.26	-13%	-16%
	Day Program Services (home-based)	1	per diem	\$21.98	\$19.05	\$18.30	-13%	-17%
	Day Program Services (home-based)	2	per diem	\$27.08	\$23.40	\$22.58	-14%	-17%
	Day Program Services (home-based)	3	per diem	\$42.68	\$36.90	\$35.55	-14%	-17%
	Day Program Services (home-based)	4	per diem	\$70.58	\$61.05	\$58.80	-14%	-17%
	Day Program Services (home-based)	5	per diem	\$105.08	\$90.83	\$87.60	-14%	-17%
	Day Program Services (home-based)	6	per diem	\$208.50	\$180.30	\$173.78	-14%	-17%
	Day Program Services (home-based)	7	per diem	\$208.50	\$180.30	\$173.78	-14%	-17%
Home Health Provider Services	Attendant Care	All	15 minutes	default to Medicaid rate				
	Homemaker Services	All	15 minutes	default to Medicaid rate				
Self-Directed Services	Supports Brokerage, Self Directed Program	All	15 minutes	varies	varies	varies		
	Self-Directed Goods or Services	All	varies	varies	varies	varies		
Other	PERS, install and testing	All	per service	varies, but prior auth from BHDDH req'd				
	PERS, service	All	per service	varies, but prior auth from BHDDH req'd				
	PERS, purchase only	All	per service	varies, but prior auth from BHDDH req'd				
	Home Modifications	All	per service	varies, but prior auth from BHDDH req'd				
	Assistive Technology	All	per service	varies, but prior auth from BHDDH req'd				