



Disability Waiver Rate System Cost Reporting

DWRS Cost Reporting Team

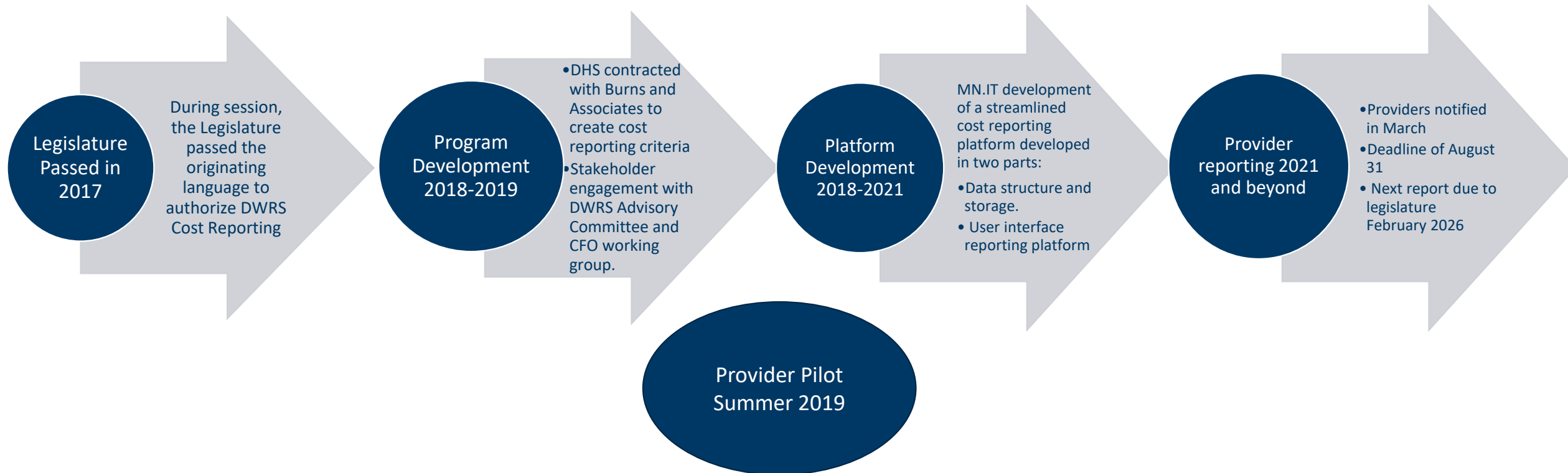
Disability Services Division

Minnesota Department of Human Services

What is cost reporting?

- All agencies that provide at least one service with a payment rate determined under the Disability Waiver Rate System (DWRS) are required to submit documentation of the costs of providing DWRS services at the request of the Department of Human Services. This requirement is commonly known as DWRS cost reporting.
- Cost reporting is the reporting of the actual costs of providing services via the established cost centers such as wages, benefits, facilities, or program administration.
- The purpose of cost reporting is to collect cost data that will help guide DWRS rate formulas.
- The ongoing collection of this data will inform policy makers of the various cost drivers and will allow DWRS to set rates that allow services to be appropriately funded, encourage provider viability, and help ensure service access for HCBS waiver recipients.

Brief history of DWRS cost reporting



What cost reporting is NOT

- An effort to collect only your direct costs and change your rate. This is aggregated reporting for all providers.
 - Roughly 600 providers will report each year.
- No automatic changes to service rates will occur. Any changes to the framework rates would have to be made by the Legislature.
- An audit of your business or home.
 - There is an auditing component to cost reporting, but it is only for how the information that is part of cost reporting was reported.

Cost reporting data and the work of DSD

While the data gathered from DWRS cost reporting will primarily be used to make evidence-based recommendations to the Legislature about the payment rates for disability waiver services, the benefits of gathering this information go far beyond this. Understanding how providers are spending rates can help create and develop policies that:

- Appropriately fund services
- Encourage provider viability and service stability
- Ensure service access for people who receive services under the Home and Community-Based Services (HCBS) disability waivers.

We have already used this data to guide DSP workforce initiatives and legislative requests but are looking for more ways to collaborate. Please reach out if you would like to discuss cost reporting data and its application towards your projects and/or programs!

Background: Why cost reporting?

Direct Care Staffing:

INDIVIDUAL STAFFING

Step 1. Add wage for individual direct staff

Staff Type	Wage
Hour of service	\$ 12.27

Step 2. Add % to cover Supervision

Direct Supervision	Wage	Supervision Perc	Supervision Amount
Hour of Service	\$ 19.15	11%	\$ 2.11

Step 3. Add staffing customization option to meet high level needs provided to an individual

Staffing Customization Options	Add-on \$	Add-on Choice
No Customization	\$ -	\$ -
Deaf or hard of hearing	\$ 2.50	

Step 4. Add % to cover vacation, sick and training for individual direct staff hours

Percentage of direct care to cover staffing benefits	Dollar Amount
Percentage for Direct Care Staffing	8.71% \$ 1.25

Step 5. Calculate hourly individual staffing

Total Individual Staffing Amount	\$ 15.63
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As DWRS moved off banding, the system needed ongoing analysis to support service rates that reflect actual costs.

Cost reporting collects information DHS and stakeholders need to maintain a system that meets the needs of individuals supported by HCBS waivers. Understanding how service rates are spent helps guide DHS and the Legislature on how to set them.

For example, the circled values to the left are assumptions made about the cost of providing services. These assumptions can be verified through cost reporting.

What will be reported?

- Data collection happens at the provider level and collects the actual costs of providing services by categories that correspond with the various rate assumptions, including:
 - Administrative and Direct Care wages, benefits, and payroll taxes
 - Including payment to the license holder and family
 - Service Facilities Costs, including building and maintenance costs
 - This does not include residential homes, which can be funded using housing support (formerly GRH) or Supplemental Security Income (SSI)
 - Transportation Costs, program and non-program related
 - Program Administrative Costs
 - General Administrative Costs
- This reporting includes only DWRS costs, with allowances for reporting wages or costs that span multiple programs.

What to use when reporting?

- Official bookkeeping records should be used when available. Depending on leadership decisions, these may be certified or uncertified records.
- If you do not keep records of costs and wages, use trackable documentation to prove and validate the incurred costs/payments. Things like credit card or bank statements or other accounting software should be used and saved in your records.
 - DHS suggests starting to track payments today in preparation for future reporting.
- To understand billed units and revenues, remittance payment notifications in the MN-ITS system should be available.
 - DHS suggests starting to track billing if you are not currently doing so.

“Be no more complex than necessary”

DHS aims to keep cost reporting as simple as possible, though some reporting must be specific to continue to evaluate the current cost assumptions in DWRS rate calculation.

Employee Benefits									M
Health Insurance	Dental Insurance	Vision Insurance	Life Insurance/ AD&D	Short-term Disability	Long-term Disability	Tuition Reimbursement/ Cont.	Retirement	Other Benefits	

Reporting

- All providers that provide at least one DWRS service are required to report once every five years, beginning in 2021.
- DHS anticipates 20% of providers will report every year, based on random sampling.
 - 2023 sample is 600 providers
- Providers are required to report on a fiscal year completed in the last 18 months.
 - For organizations reporting in 2024, DHS recommends reporting on the 2023 calendar year.
 - If reporting on the 2022 calendar year, you must submit the report by June 30, 2024
- If a provider fails to complete their report by the established deadline, DHS is required to suspend payments until the report is completed.
 - The stop payment deadline is December 1, 2024

Annual reporting schedule

Date	Task
By March 31	Notify providers mandated to report that year*
June 1	90-day Notice of reporting deadline*
August 1	30-day Notice of reporting deadline*
August 31	Reporting Deadline
Sept 1	Send out first notice of non-compliance; for providers who haven't submitted reports by August 31*
Oct 1	Send out second notice of non-compliance; for provider who haven't submitted by September 30 (30 days late)*
Nov 1	Send out third notice of non-compliance; for providers who haven't submitted by 10/31 (60 days late)*
Dec 1	Send out notification of stop payment for non-compliance (90 days late)*

*Authorized agent (AA) received correspondence to email address on file

Is it my year to report?

If it is your year to report, your authorized agent will have received multiple notification emails as well as their user login information. The most recent correspondence would have been received on June 1, 2024. Make sure to check your SPAM folders.

If you are still unsure if it is your year to report, reach out to the Cost Reporting Team with information about your organization, including business name, FEIN, NPI/UMPI, authorized agent name, and authorized agent email address. Email: dhs.costreport@state.mn.us

*Please note that all communication about cost reporting goes through your authorized agent. If you are unclear who your authorized agent is, reach out to your licenser. For family providers, this is typically the license holder.

Email address for specific questions

If you have a specific question about your organization or cannot find the answer on the cost reporting website or in the manual, you can send the cost reporting team an email at dhs.costreport@state.mn.us. Allow up to three business days for a reply.

Please note we are a small team supporting nearly 600 providers with cost reporting each year. As we get closer to deadlines, response times may take longer. If you need hands-on help, please start your cost reporting as early as possible. Sending multiple emails will not get you a response quicker and is likely to slow down all responses.

DWRS cost reporting website

The DWRS Cost Reporting website is a great resource for providers who are reporting and for those planning for future reporting. Some of the major highlights are:

- Annual reporting schedule on the *Background* tab
- Links to live trainings on the *News/Updates* Tab
- Helpful resources on the *Resources* tab
- Links to other relevant DHS works on the *Links* tab

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How do I

People we serve Partners and providers General public Media

Home > Partners and providers > News, initiatives, reports, work groups > Long-term services and supports > Disability waiver rate system > DWRS Cost Reporting

Partners and providers

- Program overviews
- Policies and procedures
- eDocs library of forms and documents
- News, initiatives, reports, work groups
- Training and conferences
- Contact us
- Grants and RFPs
- Licensing
- IT systems and supports

Disability Waiver Rate System cost reporting

Important note related to COVID-19

To ease the burden on provider organizations as they respond to COVID-19, DHS delayed the scheduled launch of the Disability Waiver Rate System cost reporting system until March 2021.

Background News/updates Resources Links

Background

The Minnesota Legislature directed DHS to develop and implement a provider cost review for agencies that provide at least one service covered by DWRS ([Minn. Stat. §256B.4914, subd. 10a](#)).

We will use the data gathered from DWRS cost reporting to make evidence-based recommendations to the Legislature about the payment rates for disability waiver services. We will collect this data on an ongoing basis to inform policy makers of the cost drivers and allow the DWRS to set rates that:

- Appropriately fund services
- Encourage provider viability
- Ensure service access for people who receive services under the home and community-based services

Auditing and data verification

- Beginning with providers who submitted reports in 2022, DHS will randomly select a small number of providers each year to further explain their costs.
 - These are not full audits of your business; they are opportunities for DHS to confirm the accuracy of cost reports.
- DHS is currently in development of a monthly analysis that may launch later this year on finalized submissions. This work is meant to validate submissions and data accuracy in a timelier manner.

Tips for successful audits

- Identify your sources of information for entering costs.
 - For example, payroll software, accounting software, invoices, etc.
- Identify your methods of allocating costs if they cover multiple areas of your business.
 - For example, how much time does a staff member spend on providing care through DWRS services, time spent on other services, administrative tasks, etc.?
- Keep track of records and costs as they are reported – auditors will ask for it!
- When you are audited, gather documentation that informs your costs.

Resource links

- DWRS Cost Reporting Manual Link: [DWRS Cost Reporting Tool Instruction Manual home page \(state.mn.us\)](#)
- DWRS Cost Reporting Website Link: [DWRS Cost Reporting / Minnesota Department of Human Services \(mn.gov\)](#)
- DWRS Cost Reporting Legislative Report: [DHS-8224-ENG \(DSD Legislative Report: Disability Waiver Rate System and Cost Reporting, April 2022\) \(state.mn.us\)](#)

Additional resources

- [DWRS Cost Reporting Overview](#)
- [DWRS Cost Reporting Instruction Manual](#)
- [DWRS Cost Reporting FAQs](#)
- [DWRS Cost Reporting Webinar 2023](#)