



Elderly Waiver Rate Evaluation

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2017 Legislative Changes

- The legislature authorized a new rate methodology for the following services:
 - Adult day (EW, AC, ECS)
 - Chore (EW, AC, ECS)
 - Companion (EW, AC)
 - Customized living (EW *and* disability waivers CADI, BI)
 - Foster care (EW)
 - Residential care (EW)
 - Home delivered meals (EW, AC, ECS)
 - Homemaker (EW, AC, ECS)
 - Respite (EW, AC)
 - Individual community living support (EW, AC)

Partial implementation

- The legislation provides specific direction and formulas for how rates should be calculated with the new methodology
- The legislation states that the new methodology will be *partially implemented*. On January 1, 2019, the rates for affected services shall be the sum of:
 - 10% of the rates calculated with the new methodology
 - 90% of the rates calculated using the methodology in effect as of June 30, 2017
- Even with partial implementation, all of the service rates affected by the new rate-setting methods will increase as of 1/1/2019

How are the new rates calculated?

- 1) “Base wages” are calculated for each service rate or component service rate
 - Base wages are determined using various standard occupational classification (SOC) codes from the Bureau of Labor Statistics.
 - 2) Additional cost “Factors” are then added to the base wage
 - Payroll taxes and other benefits factor
 - General and administrative factor
 - Program plan support factor
 - Registered nurse management and supervision factor
 - Social work supervision factor
 - 3) Base wages and cost factor ingredients vary somewhat across the services
- *NOTE: Home delivered meals methodology is unique. It does not use this framework.

Rate Evaluation

- 2017 Legislation directed DHS to conduct an evaluation to include:
 - Evaluation of base wages, to determine if SOC codes for each rate and component rate are an appropriate representation of staff who deliver HCBS services
 - Evaluation of additional cost factors, to determine if factors and calculations appropriately address nonwage provider costs
 - Adult Day demand projections, staffing ratios, and participant acuity
- DHS worked with Navigant Consulting and a stakeholder group on the evaluation
- The methods enacted in 2017 will be implemented on 1/1/2019 as-is, regardless of the evaluation findings

Key Rate Evaluation Activities

- Review of service standards and definitions for all services connected with the new rate methods
- Provider Wage and Cost Survey, including staffing information
- Focus groups on select non-wage provider costs
- Adult day claims data analysis and demand projections
- National scan and review of other states' rate methodologies
- Comparisons with the MN Disability Waiver Rate System, where appropriate

Provider Wage and Cost Survey

- A Provider Wage and Cost Survey was conducted in May/June 2018 to help address many of the research questions in the evaluation.
- The response rates for the survey compare very well to similar surveys conducted in other states, and voluntary survey studies generally.

	Number of Providers	Surveys Received	Response Rate
Providers in Random Sample Group	255	69	27%
Providers beyond the Sample Group	1,512	117	8%
Total	1,767	186	11%

Provider Wage and Cost Survey

- Survey responses included a strong and even representation of rural and urban providers, and providers of different sizes
 - Of the 186 survey responses, 9 surveys were from providers of home delivered meals *only*

	Survey Response By Provider Location and Size				
		Large	Medium	Small	Total
Rural	Outside Sample	16	19	20	55
	In Sample	7	16	10	33
	Total Surveys	23	35	30	88
Urban	Outside Sample	20	19	19	58
	In Sample	13	10	8	31
	Total Surveys	33	29	27	89
Total	Outside Sample	36	38	39	113
	In Sample	20	26	18	64
	Total Provider Surveys	56	64	57	177

Research Objective #1

- **Evaluate base wages to determine if SOC codes for each rate and component rate are an appropriate representation of staff who deliver HCBS services**
 - The evaluation also considered whether the wage values connected with the SOC codes reflected the wages Minnesota HCBS providers pay to direct service workers
- The specific SOC codes assigned to each service were named in statute
- DHS will put forward final recommendations in a January 1, 2019 legislative report

Research Objective #2

- **Evaluation of additional cost factors, to determine if factors and calculations appropriately address non-wage provider costs**
- DHS will put forward final recommendations in a January 1, 2019 legislative report

Legislative Reports

- DHS will prepare and submit a Legislative Report by January 1, 2019
- In the report DHS will convey and respond to the Adult Day Study's findings and recommendations
- The published reports will eventually be posted here:

<https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/aging/>

Thank you!

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