

**State of Nebraska**

**Department of Health and Human Services –  
Division of Developmental Disabilities**

**Developmental Disabilities Home- and  
Community-Based Services Rate  
Development**

**FINAL  
October 4, 2011**

**NAVIGANT**

## State of Nebraska

### Department of Health and Human Services – Division of Developmental Disabilities Developmental Disabilities Home- and Community-Based Services Rate Development

#### Executive Summary

The Nebraska Department of Health and Human Services – Division of Developmental Disabilities (DHHS-DDD) contracted with Navigant Consulting, Inc. to develop a new rate methodology that provides payments to providers for the delivery of developmental disabilities services through its home- and community-based services (HCBS) waivers. DHHS-DDD renewed its HCBS adult waivers in 2010 and implemented interim rates for HCBS waiver services beginning January 1, 2011. These interim rates will be replaced by the rate recommendations provided in this report.

Through the course of this analysis we completed a number of tasks to develop rates for the DHHS-DDD HCBS waiver services. We examined DHHS-DDD's historical payment methodology, met with providers and surveyed stakeholders to gather feedback about the current system, collected current cost and wage data from providers, researched rate methodologies used by other states and developed payment rates, as well as recommendations for DHHS-DDD in transitioning to the new rates and for revising rates over time.

The objectives of the new methodology are:

1. Use a rate build-up approach to develop a transparent rate setting approach using mathematical formulas. The rate build-up approach examines the costs of providing services and provides a basis for payment of provider costs for: staff wages, program support, administration, non-program contracted services and staff benefits.
2. Create rates for new waiver services. In addition to revising the rate methodology for existing waiver services, there were three waiver services introduced as part of the renewal of the adult waivers: Behavioral Risk, Medical Risk and Retirement Services. Previously Behavioral Risk and Medical Risk were operating as pilots projects in the State.
3. Create daily rates for Continuous Services. Traditionally, providers have been compensated for Continuous Services on an hourly rate basis; however, the Nebraska Legislature mandated that DHHS-DDD implement daily rates with respect to Continuous Services.
4. Incorporate the Inventory for Client and Agency Planning (ICAP) Service Score. Individuals who are eligible for Developmental Disabilities Services funded by DHHS-DDD are evaluated through the use of the ICAP. The purpose of the ICAP is to determine the individual's skills and functional abilities. The incorporation of the ICAP scores was accomplished through the development of rates that vary by staffing ratios which also vary by an individual's needs, i.e., if an individual has an

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ICAP score in a range that equates to needing 1 on 1 staffing then the rate for that individual should be for 1 on 1 staffing.

Using cost information and wage rates collected from providers, we built rates from the bottom up. We used cost data inputs to develop a consistent cost structure to apply across all rates. We also examined the specific staffing needs of each service to assign the appropriate staff wage rate assumptions to each service. Based on the service definitions described in DHHS-DDD's waivers, we developed hourly and daily rates; certain rates vary according to a staff-to-client ratio. We incorporated the ICAP Service Score into the rates by cross-walking staffing ratios to ranges of ICAP Service Scores. This crosswalk will allow DHHS-DDD to assign a rate according to the individual's ICAP Service Score. Navigant presented the draft rates to HCBS providers on June 28, 2011. Based on inquiries and questions received during the meeting, Navigant collected additional data and adjusted the rates. This report presents the HCBS rates that DHHS-DDD will implement for the Adult and Children's HCBS Waivers with the adjustments from this meeting.

We also recommend that DHHS-DDD phase-in the new rates over a one-year period to allow providers and the State to prepare for full implementation. The transition to tiered rates based on service levels (i.e., staffing ratios) will have a significant impact on providers that will need to be taken into account before full implementation can be accomplished. We provided DHHS-DDD with a number of recommendations for a smoother implementation for both providers and the agencies.

Finally, we provide two options for revising rates over time if a full rebasing of rates is not required. We recommend applying inflation adjustments to the rates or to the wage rate assumptions used in the model to keep rates current.

Exhibits 1.1 and 1.2 on the following pages provides a summary of recommended rates by service.

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Exhibit 1.1: Rate Recommendations for Medical Risk, Behavioral Risk, Residential, Respite and Retirement Services

Service	Level 1		Level 2		Level 3		Level 4		Level 5		Level 6		Level 7	
	ICAP Score 1-11		ICAP Score 12-22		ICAP Score 23-36		ICAP Score 37-49		ICAP Score 50-57		ICAP Score 58-64		ICAP Score 65+	
	Staff Ratio 1:1		Staff Ratio 1:1.5		Staff Ratio 1:2		Staff Ratio 1:2.5		Staff Ratio 1:3		Staff Ratio 1:3.5		Staff Ratio 1:4	
	Hourly	Daily	Hourly	Daily	Hourly	Daily	Hourly	Daily	Hourly	Daily	Hourly	Daily	Hourly	Daily
Medical Risk		\$508.96												
Behavioral Risk		\$496.80												
Res Hab Extended Family Home Services	\$24.73		\$19.35		\$16.66		\$15.05		\$13.97		\$13.21			
<i>Direct care staff asleep</i>		\$346.10		\$198.47		\$139.73		\$109.31		\$91.06		\$79.00		
Res Hab Group Home Services	\$24.73		\$19.35		\$16.66		\$15.05		\$13.97		\$13.21		\$12.63	
<i>Direct care staff asleep</i>		\$346.10		\$198.47		\$139.73		\$109.31		\$91.06		\$79.00		\$70.49
<i>Direct care staff awake</i>		\$478.01		\$301.69		\$228.60		\$189.58		\$165.58		\$149.42		\$137.85
<i>No overnight staff</i>		\$280.16		\$146.86		\$95.30		\$69.19		\$53.79		\$43.77		\$36.82
Res Hab In-Home Services	\$32.55													
Res Hab Companion Services														
<i>Continuous</i>	\$24.73		\$19.35		\$16.66		\$15.05		\$13.97		\$13.21			
<i>Direct care staff asleep</i>		\$346.10		\$198.47		\$139.73		\$109.31		\$91.06		\$79.00		
<i>Direct care staff awake</i>		\$478.01		\$301.69		\$228.60		\$189.58		\$165.58		\$149.42		
<i>No overnight staff</i>		\$280.16		\$146.86		\$95.30		\$69.19		\$53.79		\$43.77		
<i>Intermittent</i>	\$32.55													
Respite	\$16.22	\$129.78												
Retirement Services														
<i>Continuous</i>		\$144.03		\$75.51		\$49.47		\$36.48		\$28.92		\$24.06		\$20.70
<i>Intermittent</i>	\$19.49	\$72.01	\$14.08	\$37.75	\$11.38	\$24.74	\$9.76	\$18.24	\$8.68	\$14.46	\$7.90	\$12.03	\$7.32	\$10.35

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Exhibit 1.2: Rate Recommendations for Day Habilitation Services

Service	Level 1		Level 2		Level 3		Level 4		Level 5		Level 6		Level 7	
	<i>ICAP Score 1-11</i>		<i>ICAP Score 12-22</i>		<i>ICAP Score 23-36</i>		<i>ICAP Score 37-49</i>		<i>ICAP Score 50-57</i>		<i>ICAP Score 58-64</i>		<i>ICAP Score 65-69</i>	
	<i>Staff Ratio 1:1</i>		<i>Staff Ratio 1:1.5</i>		<i>Staff Ratio 1:2</i>		<i>Staff Ratio 1:2.5</i>		<i>Staff Ratio 1:3</i>		<i>Staff Ratio 1:3.5</i>		<i>Staff Ratio 1:4</i>	
	Hourly	Daily	Hourly	Daily	Hourly	Daily	Hourly	Daily	Hourly	Daily	Hourly	Daily	Hourly	Daily
Day Hab Community Inclusion	\$32.44		\$23.19		\$18.56		\$15.78		\$13.93		\$12.60		\$11.61	
Day Hab Integrated Community Employment	\$39.47													
Day Hab Prevocational Workshop	\$32.44	\$227.11	\$23.19	\$162.30	\$18.56	\$129.90	\$15.78	\$110.45	\$13.93	\$97.49	\$12.60	\$88.23	\$11.61	\$81.29
Day Hab Vocational Planning	\$37.67													
Day Hab Workstation Services	\$32.44	\$227.11	\$23.19	\$162.30	\$18.56	\$129.90	\$15.78	\$110.45	\$13.93	\$97.49	\$12.60	\$88.23	\$11.61	\$81.29

Service	Level 8		Level 9		Level 10		Level 11	
	<i>ICAP Score 70-74</i>		<i>ICAP Score 75-80</i>		<i>ICAP Score 81-89</i>		<i>ICAP Score 90+</i>	
	<i>Staff Ratio 1:5</i>		<i>Staff Ratio 1:6</i>		<i>Staff Ratio 1:7</i>		<i>Staff Ratio 1:8</i>	
	Hourly	Daily	Hourly	Daily	Hourly	Daily	Hourly	Daily
Day Hab Community Inclusion								
Day Hab Integrated Community Employment								
Day Hab Prevocational Workshop	\$10.22	\$71.57	\$9.30	\$65.09	\$8.64	\$60.46	\$8.14	\$56.99
Day Hab Vocational Planning								
Day Hab Workstation Services	\$10.22	\$71.57	\$9.30	\$65.09	\$8.64	\$60.46	\$8.14	\$56.99

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#### Introduction

Developmental Disabilities Services funded through the Nebraska Department of Health and Human Services – Division of Developmental Disabilities (DHHS-DDD) are delivered to approximately 4,500 individuals in Nebraska by approximately 27 different Providers. DHHS-DDD recently renewed its home- and community-based services (HCBS) waivers for adults with developmental disabilities. As part of the renewal, DHHS-DDD added new services and implemented a new way of paying for continuous services. Under the new waivers, DD HCBS waiver services may be either Continuous Services, i.e., services provided for the ongoing support and care of an individual, or Intermittent Services, i.e., services provided as needed by the individual. DHHS-DDD implemented the new waiver on January 1, 2011. DHHS-DDD included interim rates in the waiver application that will be used until the new rate methodology is finalized.

The current rate methodology was implemented in 1992. Since 1992, DHHS-DDD has made annual incremental adjustments to the rates, but there has been no detailed analysis of or comprehensive revision to the rates since that time.

DHHS-DDD contracted with Navigant Consulting (Navigant) to develop a new rate methodology that provides payments to providers for the delivery of developmental disabilities services to individuals with developmental disabilities through HCBS waivers. The objectives of the new methodology are:

1. Use a rate build-up approach to determine a transparent rate setting approach using mathematical formulas. The rate build-up approach examines the costs of providing services and provides a basis for payment of provider costs for: staff wages, program support, administration, non-program contracted services and staff benefits.
2. Create rates for new waiver services. In addition to revising the rate methodology for existing waiver services, there were three waiver services introduced as part of the renewal of the adult waivers: Behavioral Risk, Medical Risk and Retirement Services. Previously Behavioral Risk and Medical Risk were operating as pilots projects in the State.
3. Create daily rates for Continuous Services. Traditionally, providers have been compensated for Continuous Services on an hourly rate basis; however, the Nebraska Legislature has mandated that DHHS-DDD implement daily rates with respect to Continuous Services. The planned implementation of DHHS-DDD's renewed adult waivers on January 1, 2011 required the development of daily rates for Continuous

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Services by the end of calendar year 2010. To meet this deadline, DHHS-DDD implemented interim rates until the rate analysis could be completed.

4. Incorporate the Inventory for Client and Agency Planning (ICAP) Service Score. Individuals who are eligible for Developmental Disabilities Services funded by DHHS-DDD are evaluated through the use of the ICAP. The purpose of the ICAP is to determine the individual's skills and functional abilities. The incorporation of the ICAP scores can be accomplished through the development of rates that vary by staffing ratios which also vary by an individual's needs, i.e., if an individual has an ICAP score in a range that equates to needing 1 on 1 staffing then the rate for that individual should be for 1 on 1 staffing.

Developing payment rates for services covered by the HCBS waivers involves the collection of: provider cost data, provider claims data, participant needs assessment data and relevant regional and national data. The remainder of this report provides information about the historical payment methodology, the process used to develop payment rates for DHHS-DDD funded HCBS waiver services, the recommended plan for DHHS-DDD to transition to the new rates and recommendations for revising rates over time.

### Historical HCBS Rate Methodology

The reimbursement methodology in place prior to this study was established by Deloitte & Touche in 1992. To assist DHHS-DDD to establish funding levels for services provided to individuals with developmental disabilities, in 1991, Deloitte & Touche conducted an analysis of the costs of each consumer service provided by the States' six regional and three private providers. The study also identified reasons for variations in cost by provider, which included staffing intensity, wage and benefit rates, and level of consumer need. DHHS-DDD used this cost analysis as a baseline for establishing funding levels and to negotiate waiver rates with the Health Care Financing Administration (now the Centers for Medicare and Medicaid Services, CMS). DHHS-DDD inflated the costs determined in that study annually to establish the funding levels for each year.

A legislative bill from 1991 mandated that the responsibility for service coordination be shifted from the providers to DHHS-DDD. It also mandated an adequate and consistent rationale for reimbursement of services that would allow funding to follow recipients as their service needs change. Using the analysis of costs described above, Deloitte & Touche conducted a second study to develop a rate build-up model that included incentives for preferred services, accounted for staff training and included a system of add-ons and a methodology for funding new or pilot projects. Rates were based on five categories of costs: direct service costs, direct supervisor costs, indirect administrative costs, non-personnel operating costs and facility related costs.

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Deloitte & Touche made the following assumptions in the development of rates:

- Direct care staff were to be reimbursed the average wage of \$6.19
- Administrative staff were to be reimbursed the average wage of \$7.69 with a 1:7 span of control
- Benefits were reimbursed at 20 percent
- Staff time off were assumed to be 12 days vacation, 12 days holiday, 10 days sick and 5 days continuing education
- There would be a vacancy factor for certain services to allow for days when a consumer was sick or on vacation

When legislatively approved, DHHS-DDD adjusted rates annually using a cost of living adjustment.

### **Navigant's Approach to the DHHS-DDD HCBS Rate Methodology**

Navigant's approach to developing a HCBS rate methodology for Nebraska's DHHS-DDD uses a rate build-up to update rates for existing services and develop rates for new services. Using cost information and wage rates collected from providers, we built rates from the bottom up. We used cost data inputs to develop a consistent cost structure to apply across all rates. We also examined the specific staffing needs of each service to assign the appropriate staff wage rate assumptions to each service.

To understand the cost of providing HCBS services, we examined provider reported cost data and grouped costs into four categories related to staff benefits, administration, non-program contracted services and program support services. By grouping these costs we were able to develop the following cost factors used in our estimation of rates:

- **Benefits Factor** – The benefits factor is a statewide ratio of the total employee taxes, insurance and benefits by FTE to total employee salaries and wages by FTE. Including the FTEs in the factor calculation adjusts for part-time staff who may not receive full benefits. The ratio allows us to estimate an assumed benefit value for each FTE that will be included in DHHS-DDD's reimbursement rate.
- **Administration Percentage** – The administrative percentage is a statewide ratio of administration expenses to program employee salaries, wages and benefits. The ratio allows us to estimate a value for administrative services that will be included in DHHS-DDD's reimbursement rate.

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- Non-Program Contracted Services Percentage – The non-program contracted services percentage is a statewide ratio of all contracted expenses to program employee salaries, wages and benefits. This ratio allows us to estimate a value for non-program contracted services to include in the DHHS-DDD reimbursement rate.
- Program Support Percentage – The program support percentage is a statewide ratio of program support expenses to program employee salaries, wages and benefits. This ratio allows us to estimate a value for program support services to include in the DHHS-DDD reimbursement rate.

We examined the wage rates by staff personnel from each reporting provider to establish a basis for wage rates for the rate build-up. We established statewide base wage rates for each staff type using the median of provider wages as reported in the provider's wage survey, inflated to the midpoint of State Fiscal Year (SFY) 2012 using the Medicare Economic Index (MEI).<sup>1</sup> The median is a measure of central tendency, i.e., half of the provider wage rates are below the median and half are above. Because it is central, the median is less affected by the highs and lows of the provider group in comparison to other calculations (e.g., an average) and, therefore, is a more stable measure on which to base the wage rates.

In the sections that follow, we describe in greater detail the data sources, data cleaning and rate methodology used to develop the rates recommended by Navigant.

## Data Sources

The primary data source for the rate development analysis was provider cost and wage surveys. We supplemented this data with research from other states, Bureau of Labor Statistics wage data, and input from providers.

### *HCBS Provider Cost and Wage Survey*

Navigant worked with DHHS-DDD and the DDD Provider Advisory Group to develop a provider cost and wage survey to collect provider costs and wage data in a uniform format. Navigant modeled the survey and instructions after a survey we developed for use by the State of Wyoming's Division of Developmental Disabilities. Prior to distributing the survey and instructions, we reviewed the survey in detail with the DDD Provider Advisory Group to

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<sup>1</sup> There was insufficient data about two of the new services provided under the waiver, Medical Risk and Behavioral Risk, to develop a median hourly wage based upon the survey data collected from providers. Therefore, we used only one provider's survey information to determine the wage rate for the Behavior Support professional required as part of the Behavioral Risk service and the Direct Support Risk program staff for Behavioral and Medical Risk services. DHHS-DDD reviewed and agreed with using these wage rates as the basis for rate development.

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gather feedback about their ability to complete the survey and understand what was being requested and made appropriate changes based on their feedback.

DHHS-DDD distributed the survey and instructions on November 15, 2010 by email to all providers who provide services to individuals using DHHS-DDD specialized waiver services. Navigant asked providers to submit the completed survey by November 30, 2010. The majority of providers met this deadline. Navigant accepted provider surveys through December 10, 2010, after sending reminder requests to outstanding providers.

Of the 26 providers that could have completed a survey, Navigant received 19 completed provider surveys for this analysis. Upon review of the survey data with DHHS-DDD and the providers, Navigant requested additional information related to FTEs for the benefits factor calculation. DHHS-DDD distributed the additional data request to the providers who initially completed the provider surveys on July 7, 2011, asking providers to respond by July 15, 2011. Of the 19 providers who initially completed the provider survey, 14 provided FTE information. In conjunction with DHHS-DDD and the Provider Advisory Group, we concluded that we had a representative sample of cost and wage data to conduct the rate analysis.

#### *Research About Other States*

There were six states that we interviewed and researched to gather comparable information about their HCBS waivers for individuals with developmental disabilities: Iowa, South Dakota, Wyoming, Tennessee, Florida and Maine. We worked with DHHS-DDD to find states that were near Nebraska as well as states that had implemented programs and methodologies that were similar to Nebraska's objectives for its new rate methodology. Since DHHS-DDD was interested in associating the ICAP Service Score to rates, we closely examined the approach that was used by Wyoming to develop its rate methodology. This was a methodology that Navigant assisted Wyoming to develop and, as a nearby state to Nebraska, that experience was relevant to the development of a methodology for DHHS-DDD. Tennessee and South Dakota also had methodologies that incorporated ICAP scores. A summary of research from these other states is provided as Appendix A.

#### *Bureau of Labor Statistics Wage Data*

Using the most recently available United States Bureau of Labor Statistics wage data, we reviewed the median wage rates for a range of occupations that were similar to the staff occupations at the provider agencies. We examined median wage rates for Nebraska as well as Iowa, Kansas, South Dakota and Wyoming. This examination not only provided a point of comparison between the wage rates reported by DDD providers to the Nebraska medians, but also showed how Nebraska compares to its peers. In general, median wage rates in Nebraska, as reported by the Bureau of Labor Statistics, were higher than wage rates in Iowa, Kansas and South Dakota, and lower than wage rates in Wyoming.

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Table 1: Bureau of Labor Statistics Median Hourly Wage, May 2009

Occupation Code	Median Hourly Wage				
	Nebraska	Iowa	Kansas	South Dakota	Wyoming
Registered Nurse (29-1111)	\$25.35	\$24.15	\$25.52	\$24.34	\$27.14
Home Health Aides (31-1011)	\$10.74	\$10.37	\$9.31	\$11.09	\$11.49
Nursing Aides, Orderlies, and Attendants (31-1012)	\$11.15	\$11.29	\$10.61	\$10.63	\$12.61
Healthcare Support Workers, All Other (31-9099)	\$12.88	\$12.10	\$14.06	\$16.28	\$14.80
Mental Health Counselors (21-1014)	\$19.05	\$15.48	\$17.42	\$17.50	\$19.49
Mental Health and Substance Abuse Social Workers (21-1023)	\$17.42	\$16.56	\$17.67	\$15.82	\$17.61

*Stakeholder Feedback*

In December 2010, Fritz & O’Hare, subcontractor to Navigant, conducted a web-based survey of Nebraska developmental disabilities stakeholders to gather their opinions about the services and rates paid to providers of developmental disabilities services. Among stakeholder respondents were Nebraskans receiving developmental disabilities services, family members of individuals receiving services, advocacy organization representatives and developmental disabilities Service Coordinators. The response rate for the survey was 14 percent. Although this response rate was low, it is not surprising given that some stakeholders may be unaware of or not involved in provider reimbursement and therefore not interested in responding to the survey. The major findings from the survey were as follows:

1. The majority of respondents (72%) agreed or strongly agreed that people receive services from their developmental disabilities provider(s) as described in their Individual Program Plan (IPP).
2. Respondents were nearly evenly divided when asked whether the range of services offered by developmental disabilities providers meets the needs of the individuals served. Those indicating disagreement totaled 46%; those indicating agreement totaled 49%.
3. When asked whether providers of developmental disability services are paid enough to cover the costs associated with doing business, the majority of the respondents

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indicated that they are not. The highest levels of disagreement (i.e., indicating that reimbursement is not adequate) were in the areas of staff wages, staff benefits, and staff training.

Navigant has considered the results of this survey in its recommendations around staff wages, staff benefits and staff training.

In June 2011, Navigant met with DHHS-DDD and HCBS providers to review a preliminary draft of HCBS rates. As a result of the meeting, Navigant made the following adjustments to the rate models:

1. Collected full time equivalent (FTE) information from HCBS providers corresponding to the benefits costs that they previously reported on the provider cost and wage survey
2. Inflated all wage rates reported in the provider cost and wage surveys to the midpoint of State Fiscal Year (SFY) 2012 (i.e., 12/31/11)
3. Did not exclude statistical outliers from overhead factor and wage rate calculations
4. Removed the 80 percent reduction factor applied to Community Inclusion services
5. Limited hourly rates for Community Inclusion services to rates for 1:1 through 1:4 staffing ratios
6. Added staffing ratios of 1:1.5, 1:2.5 and 1:3.5 for applicable services
7. Adjusted the assumed hours of direct service for the Prevocational and Workstation daily rates from 4 hours to 7 hours per day
8. Adjusted the Residential Group Home overnight staffing ratio for the daily rates from 1:4 to 1:3

During this meeting, HCBS providers inquired about the payeeship program and how these costs are incorporated into the rate methodology. Since providers have payeeships in the current methodology, the costs for these services are included in the provider cost and wage surveys; therefore, we did not calculate a separate add-on for payeeships. This report presents the HCBS rates that DHHS-DDD will implement for the Adult and Children's HCBS Waivers with the adjustments from this meeting.

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#### Data Cleaning

As we built our cost and wage survey database for analysis purposes, we went through a series of steps to standardize the data. We describe this process in more detail below.

#### Reported Costs

We determined a number of factors that would be used to develop rates, as follows:

- Benefits Factor: The ratio of total employee taxes, insurance and benefits by FTE to total employee salaries and wages by FTE
- Administration Percentage: The ratio of administration expenses to program employee salaries, wages and benefits
- Non-Program Contracted Services Percentage:- The ratio of all contracted expenses to program employee salaries, wages and benefits
- Program Support Percentage: The ratio of program support expenses to program employee salaries, wages and benefits

We calculated a median cost for each data input used to calculate the rate factors and percentages, and reviewed preliminary calculations of the rate factors with DHHS-DDD, the Provider Advisory Group and other providers. These medians were used for the final calculations of rate factors and percentages shown in Exhibit 2, on the following pages.

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Exhibit 2: Summary of Non-Direct Cost Allocation Calculations

Description	SFY 2010 Cost Survey Source	Calculation	Median Cost Survey Amounts
<b><u>Benefits</u></b>			
Total Employee Salaries and Wages per FTE	Line 17	A	\$ 24,647.36
Total Employee Taxes, Insurance and Benefits per FTE	Line 21	B	\$ 6,855.66
	<b>Benefits Factor</b>	<b>C = B/A</b>	<b>27.81%</b>
<b><u>Administration</u></b>			
Total Non-Payroll Administration Expenses	Line 33	D	\$ 150,666.12
Total Administration-related Transportation and Vehicle Expense	Line 48	E	\$ 13,365.00
Total Administration Employee Salaries and Wages	Line 14	F	\$ 496,654.91
Total Administration Salaries and Wages		<b>G=F</b>	<b>\$ 496,654.91</b>
Total Program Employee Salaries and Wages	Sum of Lines 1 - 10	H	\$ 1,783,412.88
	<b>Administration Percentage</b>	<b>I = [D+E+(G*(1+C))] / [H*(1+C)]</b>	<b>35.04%</b>
<b><u>Non-Program Contract Services</u></b>			
Total Contracted Maintenance Services	Line 24	J	\$ 14,171.00
Total Contracted Administration Services	Line 25	K	\$ 23,396.80
Other Contracted Services	Line 26	L	\$ 36,874.02
Total Non-Program Contract Services		<b>M = J+K+L</b>	<b>\$ 74,441.81</b>
	<b>Non-Program Contract Services Percentage</b>	<b>N = M / (H*(1+C))</b>	<b>3.27%</b>

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Exhibit 2: Summary of Non-direct Cost Allocation Calculations (*continued*)

Description	SFY 2010 Cost Survey Source	Calculation	Median Cost Survey Amounts
<b><u>Program Support</u></b>			
Total Non-Payroll Program Support Expenses	Line 39	O	\$ 66,089.08
Total Non-Payroll Transportation and Vehicle Expenses	Line 57	P	\$ 111,149.90
Total Non-Payroll Facility, Vehicle and Equipment Expenses	Line 63	Q	\$ 225,846.35
Contracted Client Transportation Costs	Line 23	R	\$ 34,945.85
Total Program Support Employee Salaries and Wages	Line 12	S	\$ 87,078.09
Client Salaries and Wages	Line 16	T	\$ 175,596.00
Total Maintenance Employee Salaries and Wages	Line 13	U	\$ 36,726.00
Total Program Support Salaries and Wages		V = S+T+U	\$ 299,400.09
<b>Program Support Percentage</b>		<b>W = [O+P+Q+R+(V*(1+C))]/[H*(1+C)]</b>	<b>36.00%</b>

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*Reported Wages*

We analyzed wage data using the same approach as with the cost information. We inflated the wage rates reported by providers to the midpoint of SFY 2012 (i.e., 12/31/2011) and calculated the median wage rate for each staff type. We used these inflated median wage rates as assumptions in the rate models as described in Table 2.

Because respite workers and retirement direct support staff do not provide habilitation services, DHHS-DDD recommended that the base wage rate for these staff should be lower than the base wage rate for other direct care support staff who provide habilitation. We determined the staff base wage as the average of the direct support staff median wage of \$10.84 and Nebraska’s minimum wage of \$7.25, which results in a base wage rate of \$9.05.

**Table 2: Median Base Wage Rates by Service Type, After Removing Outlier Wages**

Service	Inflated Median Base Wage Rate	
	Direct Support	Supervisor
Medical Risk	\$12.20	\$24.33
Behavioral Risk	\$12.20	\$21.12
Day Habilitation Community Inclusion	\$10.84	\$16.40
Day Habilitation Integrated Community Employment	\$12.18	\$16.40
Day Habilitation Prevocational Workshop	\$10.84	\$16.40
Day Habilitation Vocational Planning	\$12.18	\$16.40
Day Habilitation Workstation Services	\$10.84	\$16.40
All Residential Habilitation	\$10.84	\$16.40
Respite	\$9.05	
Retirement Services	\$9.05	\$16.40

**Revised Rate Methodology**

The revised rates follow a consistent model structure that allows variation in assumptions. Many of the fundamental calculations and rate build-up steps are the same across service types.

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In general, the model uses assumptions about types of employees, staffing ratios, wage rates, benefits and administrative overhead ratios, vacancy rates for both employees and participants and productivity factors.

The following sections describe in detail the assumptions we used to develop proposed rates for each waiver service. These descriptions include an explanation of the assumptions, units of service and the application of factors to develop the proposed rates. The service-specific rates can be found in Exhibits 1.1 and 1.2 of the Executive Summary.

#### *General Assumptions*

- Benefits Factors: Rates include non-direct cost allocation factors for taxes and benefits for each FTE. From the SFY 2010 Cost Survey, we determined that the Benefits Factor is equal to 27.81% of total direct wage expenses.
- Non-Direct Cost Allocation: Rates include non-direct cost allocation factors for non-direct services. From the SFY 2010 Cost Survey, we determined that the current non-direct cost allocation factors as follows:
  - Administration – 35.04%
  - Non-Program Contracted Services – 3.27%
  - Program Support – 36.00%
- FTE Productivity Factors: Rates include an FTE productivity factor of 1.15 (320 hours out of 2,080 hours annually), based on the hours that are unavailable for serving participants for absences due to vacation, sick time, holidays, training, administrative meetings and activities.
- Supervision Span of Control: Assumes a 1:9 ratio of supervisor to direct staff oversight.
- Residential Rates:
  - Hourly and daily rates assume a direct service staff and supervisor oversight.
  - All daily residential rates begin with the assumption of 168 hours in a 7 day week with 35 hours spent outside of the residence. The remainder is 133 hours in the residence during a 7 day week.
  - Hourly rates are based on one hour of service.

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- All residential rates assume resident sick leave and holidays of 15 eight-hour days in a year.
- Payments are not made for room and board, the cost of facility maintenance, upkeep and improvement.
- Staffing ratios during awake hours and asleep hours reflect the presence of staff while the individual is in the residence.
- Rates vary depending upon the required staffing ratio for the individual.
- Day Habilitation Rates:
  - Hourly and daily rates assume a direct service staff and supervisor oversight.
  - Hourly rates are based on one hour of service.
  - The total number of hours assumed for daily rates varies by service; see individual services for assumptions.
  - Rates vary depending upon the required staffing ratio for the individual.
- Staffing Ratios: Staffing ratio requirements will vary by service; Exhibit 3 of this report provides staffing ratio assumptions for each service area. DHHS-DDD requested that we develop staffing ratios for day habilitation from 1:1 through 1:8. Staffing ratios can be associated with an individual’s ICAP Service Score for Day Habilitation services as follows:

Service Level	Staffing Ratio	ICAP Service Score Range
1	1:1	1-11
2	1:1.5	12-22
3	1:2	23-36
4	1:2.5	37-49
5	1:3	50-57
6	1:3.5	58-64
7	1:4	65-69
8	1:5	70-74
9	1:6	75-80
10	1:7	81 – 89
11	1:8	90+

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DHHS-DDD requested that we develop staffing ratios for residential and retirement services from 1:1 through 1:4. Staffing ratios can be associated with an individual’s ICAP score for Residential and Retirement services as follows:

Service Level	Staffing Ratio	ICAP Service Score Range
1	1:1	1-11
2	1:1.5	12-22
3	1:2	23-36
4	1:2.5	37-49
5	1:3	50-57
6	1:3.5	58-64
7	1:4	65+

- Adjustment Factors: For certain services, DHHS-DDD has applied an adjustment factor to increase or decrease rates to differentiate services with varying requirements. That is,
  - We applied a 110 percent adjustment factor to Day Habilitation – Integrated Community Employment because this is a service that DHHS-DDD would like to promote.
  - We applied a 105 percent adjustment factor to Day Habilitation – Vocational Planning because this is a service that DHHS-DDD would like to promote.

*Overview of Rate Calculations*

To calculate hourly and daily rates, we calculated a base direct care cost for workers and supervisors, with incremental add-ons for non-direct costs. We calculated hourly and daily rates using the general assumptions described above with some specific assumptions for specific services. The staffing ratio corresponds to a service level that DHHS-DDD will assign to each waiver client based on the client’s ICAP score. As the staffing ratio increases from 1:1 to 1:1.5, for example, indicating an increased ICAP score and lower level of need, the payment rate per client decreases to account for the staff’s distribution of time and attention to more than one client. In addition, the rate models assume a certain number of direct care hours provided to each client will decrease as the staffing ratios increase because the direct care staff’s time and attention is divided among multiple clients. Given that the higher staffing ratios correspond to higher ICAP scores, there is a lower level of need for these clients.

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The following examples provide a general overview of how we calculated an hourly rate and a daily rate.<sup>2</sup> We provide details about assumptions for specific services in the next section.

Hourly Rates

Most hourly rates that we developed included a direct care worker and supervisor component in the base direct care cost, with the exception of hourly rates for Respite services where there was no supervisor. The examples provided below assume a one-on-one and one-on-one and a half direct care worker to client staffing ratio, respectively.<sup>3</sup> The direct care worker cost per hour estimate decreases with each increase to the direct care staffing ratio, e.g., when the staffing ratio is one staff to one and a half clients the Direct Care Worker Cost Per Hour becomes \$10.62 (1:1.5 staffing ratio) instead of \$15.93 (1:1 staffing ratio).

To develop an hourly rate for a 1:1 staffing ratio, we took the following steps:

**Step 1:** Determined the direct care worker cost per hour using the direct care support staff hourly wage rate and the assumptions described in the *General Assumptions* section

Direct Care Worker Cost Calculation	
\$10.84	Hourly Wage Rate
1	÷ Units Per Hour
1:1	÷ Direct Care Staffing Ratio
1.2781	X Benefits Factor
1.15	X FTE Factor
N/A	X Adjustment Factor
<b>\$15.93</b>	<b>= Direct Care Worker Cost Per Hour</b>

**Step 2:** Determined the direct care supervision cost per hour using the direct care supervisor hourly wage rate

Direct Care Supervision Cost Calculation	
\$16.40	Hourly Wage Rate
1	÷ Units Per Hour
1:9.0	÷ Direct Supervision Span of Control
1.2781	X Benefits Factor
1.15	X FTE Factor
N/A	X Adjustment Factor
<b>\$ 2.68</b>	<b>= Direct Care Supervision Cost Per Hour</b>

<sup>2</sup> The reported data and calculations in these examples reflect the data in the rate models. Differences due to rounding may occur.

<sup>3</sup> Calculations may vary due to rounding.

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**Step 3:** Summed the direct care cost per hour and the direct care supervision cost per hour for the total direct care rate

Direct Care Cost	
\$15.93	Direct Care Worker
\$ 2.68	+ Direct Care Supervision
<b>\$ 18.61</b>	<b>= Total Direct Care Cost</b>

**Step 4:** Determined the administration non-direct care costs by multiplying the total direct care rate by the administration percentage

Administration Non-direct Care Costs	
\$ 18.61	Direct Care Rate
35.04%	* Administration Percentage
<b>\$ 6.52</b>	<b>= Administration Cost per Hour</b>

**Step 5:** Determined the program support non-direct care costs by multiplying the total direct care rate by the program support percentage

Program Support Non-direct Care Costs	
\$ 18.61	Direct Care Rate
36.00%	* Program Support Percentage
<b>\$ 6.70</b>	<b>= Program Support Cost per Hour</b>

**Step 6:** Determined the non-program contracted services cost by multiplying the total direct care rate by the non-program contracted services percentage

Non-program Contracted Services Non-direct Care Costs	
\$ 18.61	Direct Care Rate
3.27%	* Non-program Contracted Services Percentage
<b>\$ 0.61</b>	<b>= Non-program Contracted Services Cost per Hour</b>

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**Step 7:** Determined the final hourly rate by summing the direct care rate, administration, program support and non-program contracted services hourly costs

Reimbursement Rate Per Hour	
\$15.93	Direct Care Workers
\$ 2.68	+ Direct Care Supervision
\$18.61	Direct Care Rate
\$6.52	+ Administration
\$6.70	+ Program Support
\$0.61	+ Non-Program Contracted Services
<b>\$32.44</b>	<b>= Rate per Hour</b>

The calculation steps we took for the hourly rate for a 1:1.5 staffing ratio were as follows:

**Step 1:** Determined the direct care worker cost per hour using the direct care support staff hourly wage rate and the assumptions described in the *General Assumptions* section

Direct Care Worker Cost Calculation	
\$10.84	Hourly Wage Rate
1	÷ Units Per Hour
1:1.5	÷ Direct Care Staffing Ratio
1.2781	X Benefits Factor
1.15	X FTE Factor
N/A	X Adjustment Factor
<b>\$10.62</b>	<b>= Direct Care Worker Cost Per Hour</b>

**Step 2:** Determined the direct care supervision cost per hour using the direct care supervisor hourly wage rate

Direct Care Supervision Cost Calculation	
\$16.40	Hourly Wage Rate
1	÷ Units Per Hour
1:9.0	÷ Direct Supervision Span of Control
1.2781	X Benefits Factor
1.15	X FTE Factor
N/A	X Adjustment Factor
<b>\$ 2.68</b>	<b>= Direct Care Supervision Cost Per Hour</b>

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**Step 3:** Summed the direct care cost per hour and the direct care supervision cost per hour for the total direct care rate

Direct Care Cost	
\$10.62	Direct Care Worker
\$ 2.68	+ Direct Care Supervision
<b>\$ 13.30</b>	<b>= Total Direct Care Cost</b>

**Step 4:** Determined the administration non-direct care costs by multiplying the total direct care rate by the administration percentage

Administration Non-direct Care Costs	
\$ 13.30	Direct Care Rate
35.04%	* Administration Percentage
<b>\$ 4.66</b>	<b>= Administration Cost per Hour</b>

**Step 5:** Determined the program support non-direct care costs by multiplying the total direct care rate by the program support percentage

Program Support Non-direct Care Costs	
\$ 13.30	Direct Care Rate
36.00%	* Program Support Percentage
<b>\$ 4.79</b>	<b>= Program Support Cost per Hour</b>

**Step 6:** Determined the non-program contracted services cost by multiplying the total direct care rate by the non-program contracted services percentage

Non-program Contracted Services Non-direct Care Costs	
\$ 13.30	Direct Care Rate
3.27%	* Non-program Contracted Services Percentage
<b>\$ 0.43</b>	<b>= Non-program Contracted Services Cost per Hour</b>

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**Step 7:** Determined the final hourly rate by summing the direct care rate, administration, program support and non-program contracted services hourly costs

Reimbursement Rate Per Hour	
\$10.62	Direct Care Workers
\$ 2.68	+ Direct Care Supervision
\$13.30	Direct Care Rate
\$4.66	+ Administration
\$4.79	+ Program Support
\$0.43	+ Non-Program Contracted Services
<b>\$23.19</b>	<b>= Rate per Hour</b>

Daily Rates

Most daily rates that we developed included a component for the direct care worker and the supervisor in the base direct care cost, with the exception of Respite services where there was no supervisor. In contrast to the hourly rate calculations, we factored in a minimum number of hours of service provided in a day for the daily rates. As with the hourly rates, there is a staffing ratio component to the daily rates; however, for residential services we also factored in overnight staffing to develop an overall blended staffing ratio. The examples provided below assume a 1:1 and 1:1.5 direct care worker to client staffing ratio, respectively, during awake hours and a 1:3 staff to client ratio during asleep time.<sup>4</sup>

**Step 1:** Estimated the blended (weighted) staffing ratio

Ratio When:	Ratio (1)	Hours per Week	% of Week (2)	Weighted Ratio (1 X 2)
Primetime (Clients are Awake)	1:1.0	77.00	57.89%	
+ Client Is Asleep	1:3.0	56.00	42.11%	
= Overall Weighted Ratio When Client is Well		133.00	100.00%	<b>1:1.39</b>

<b>Overall Ratio Rounded to Nearest Tenth</b>	<b>1:1.4</b>
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<sup>4</sup> Calculations may vary due to rounding.

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**Step 2:** Estimated the total direct care hours per resident per day (assumes 1:1 staffing ratio during awake hours and 1:3 staffing ratio during asleep hours)

133	Total hours per week
7	÷ Days per week
1.4	÷ Overall Ratio
13.67	=Direct Care Hours/Resident/Day/Overall Ratio

**Step 3:** Estimated the additional staff hours needed to cover resident days during the year when a resident is home sick or has a holiday from day services.

Resident Sick Leave/Holidays	Days	Hours/Day	Total Hours	Hrs/Ratio
Resident Sick Leave	5	8	40	40.00
+Resident Holidays	<u>10</u>	8	80	<u>80.00</u>
=Total Resident Sick/Holiday Leave	15			120.00
<b>Additional Direct Care Hours/Resident/Day for Client Sick/Holiday</b>				<b>0.33</b>
				<b>(0.33 = 120/365)</b>

**Step 4:** Summed direct care hours per resident per day

Direct Care Hours/Resident/Day/Overall Ratio	13.67
Additional Direct Care Hours/Resident/Day for Client Sick Days and Holidays	0.33
<b>Total Direct Care Hours/Resident/Day</b>	<b>14.00</b>

**Step 5:** Determined the direct care worker cost per hour starting with the direct care support staff hourly wage rate and the assumptions described in the *General Assumptions* section

Direct Care Cost Calculation	
\$10.84	Hourly Wage Rate
1	÷ Units Per Hour
1:1.4	÷ Direct Care Staffing Ratio
1.2781	X Benefits Factor
1.15	X FTE Factor
<b>\$ 11.50</b>	<b>= Direct Care Cost Per Hour</b>

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**Step 6:** Determined the direct care supervision cost per hour starting with the direct care supervisor hourly wage rate

Direct Care Supervision Cost Calculation	
\$16.40	Hourly Wage Rate
1	÷ Units Per Hour
1.2781	X Benefits Factor
1:9.0	÷ Direct Supervision Span of Control
1.15	X FTE Factor
<b>\$ 2.69</b>	<b>= Total Direct Care Supervision Cost Per Hour</b>

**Step 7:** Summed the direct care cost per hour and the direct care supervision cost per hour for the total direct care rate

Direct Care Cost	
\$11.50	Direct Care Worker
\$ 2.69	+ Direct Care Supervision
<b>\$ 14.19</b>	<b>= Total Direct Care Cost</b>

**Step 8:** Determined the direct care base rate by multiplying the hourly rate by the direct care hours per day

Direct Care Base Rate	
\$14.19	Extended Family Home Hourly Rate (staffing 1:1 Direct Care awake, 1:3 Direct Care asleep)
14.00	X Total Direct Care Hours/Resident/Day
<b>198.55</b>	

**Step 9:** Determined the administration non-direct care costs by multiplying the daily base rate by the administration percentage

Administration Non-direct Care Costs	
\$ 198.55	Direct Care Base Rate
35.04%	* Administration Percentage
<b>\$ 69.58</b>	<b>= Administration Cost per Day</b>

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**Step 10:** Determined the program support non-direct care costs by multiplying the total direct care base rate by the program support percentage

Program Support Non-direct Care Costs	
\$ 198.55	Direct Care Rate
36.00%	* Program Support Percentage
<b>\$ 71.49</b>	<b>= Program Support Cost per Day</b>

**Step 11:** Determined the non-program contracted services cost by multiplying the total direct care rate by the non-program contracted services percentage

Non-program Contracted Services Non-direct Care Costs	
\$ 198.55	Direct Care Rate
3.27%	* Non-program Contracted Services Percentage
<b>\$ 6.48</b>	<b>= Non-program Contracted Services Cost per Day</b>

**Step 12:** Determined the final hourly rate by summing the direct care rate, administration, program support and non-program contracted services daily costs

	Category
\$14.19	Extended Family Home Hourly Rate (staffing 1:1 Direct Care awake, 1:3 Direct Care asleep)
14.00	X Total Direct Care Hours/Resident/Day
198.55	
69.58	+ Administration
71.49	+ Program Support
6.48	+ Non-Program Contracted Services
<b>\$ 346.10</b>	<b>= Rate per Day of Residential Habilitation</b>

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The next example shows the steps we took to develop a daily rate for the 1:1.5 staffing ratio.

**Step 1:** Estimated the blended (weighted) staffing ratio

Ratio When:	Ratio (A)	Hours per Week	% of Week (B)	Weighted Ratio (1/A)*(B)
Primetime (Clients are Awake)	1:1.5	77.00	57.89%	1:0.39
+ Client Is Asleep	1:3.0	56.00	42.11%	1:0.14
= Overall Weighted Ratio When Client is Well		133.00	100.00%	

<b>Overall Ratio Rounded to Nearest Tenth =</b> $1/(1:0.39 + 1:0.14)$	<b>1:1.9</b>
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**Step 2:** Estimated the total direct care hours per resident per day (assumes 1:1.5 staffing ratio during awake hours and 1:3 staffing ratio during asleep hours)

133	Total hours per week
7	÷ Days per week
1.9	÷ Overall Ratio
10.00	=Direct Care Hours/Resident/Day/Overall Ratio

**Step 3:** Estimated the additional staff hours needed to cover resident days during the year when a resident is home sick or has a holiday from day services.

Resident Sick Leave/Holidays	Days	Hours/Day	Total Hours	Hrs/Staffing Ratio
Resident Sick Leave	5	8	40	40.00
+Resident Holidays	10	8	80	53.33
=Total Resident Sick/Holiday Leave	15			93.33
<b>Additional Direct Care Hours/Resident/Day for Client Sick/Holiday</b> (0.26 = 93.33/365)				<b>0.26</b>

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**Step 4:** Summed direct care hours per resident per day

Direct Care Hours/Resident/Day/Overall Ratio	10.00
Additional Direct Care Hours/Resident/Day for Client Sick Days and Holidays	0.26
<b>Total Direct Care Hours/Resident/Day</b>	<b>10.26</b>

**Step 5:** Determined the direct care worker cost per hour starting with the direct care support staff hourly wage rate and the assumptions described in the *General Assumptions* section

Direct Care Cost Calculation		
\$ 10.84		Hourly Wage Rate
1		÷ Units Per Hour
1:1.9		÷ Direct Care Staffing Ratio
1.2781		X Benefits Factor
1.15		X FTE Factor
<b>\$ 8.41</b>		<b>= Direct Care Cost Per Hour</b>

**Step 6:** Determined the direct care supervision cost per hour starting with the direct care supervisor hourly wage rate

Direct Care Supervision Cost Calculation		
\$ 16.40		Hourly Wage Rate
1		÷ Units Per Hour
1.2781		X Benefits Factor
1:9.0		÷ Direct Supervision Span of Control
1.15		X FTE Factor
<b>\$ 2.69</b>		<b>= Total Direct Care Supervision Cost Per Hour</b>

**Step 7:** Summed the direct care cost per hour and the direct care supervision cost per hour for the total direct care rate

Direct Care Cost	
\$8.41	Direct Care Worker
\$ 2.69	+ Direct Care Supervision
<b>\$ 11.10</b>	<b>= Total Direct Care Cost</b>

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**Step 8:** Determined the direct care base rate by multiplying the hourly rate by the direct care hours per day

Direct Care Base Rate	
\$11.10	Extended Family Home Hourly Rate (staffing 1:1 Direct Care awake, 1:3 Direct Care asleep)
10.26	X Total Direct Care Hours/Resident/Day
113.86	

**Step 9:** Determined the administration non-direct care costs by multiplying the daily base rate by the administration percentage

Administration Non-direct Care Costs	
\$ 113.86	Direct Care Base Rate
35.04%	* Administration Percentage
\$ 39.90	= Administration Cost per Day

**Step 10:** Determined the program support non-direct care costs by multiplying the total direct care base rate by the program support percentage

Program Support Non-direct Care Costs	
\$ 113.86	Direct Care Rate
36.00%	* Program Support Percentage
\$ 40.99	= Program Support Cost per Day

**Step 11:** Determined the non-program contracted services cost by multiplying the total direct care rate by the non-program contracted services percentage

Non-program Contracted Services Non-direct Care Costs	
\$ 113.86	Direct Care Rate
3.27%	* Non-program Contracted Services Percentage
\$ 3.72	= Non-program Contracted Services Cost per Day

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**Step 12:** Determined the final hourly rate by summing the direct care rate, administration, program support and non-program contracted services daily costs

	Category
\$11.10	Extended Family Home Hourly Rate (staffing 1:1.5 Direct Care awake, 1:3 Direct Care asleep)
10.26	X Total Direct Care Hours/Resident/Day
113.86	
39.90	+ Administration
40.99	+ Program Support
3.72	+ Non-Program Contracted Services
\$ 198.47	= Rate per Day of Residential Habilitation

*Overview of Services*

There are 13 different services provided under Nebraska’s DDD waivers. In Exhibit 3 we provide a brief overview of each service and the model assumptions used to develop the rates for each of those services. As we describe the wage information in this section, it is important to note that this information is used to develop the rates, it is not by itself the rates.

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Exhibit 3. Summary of Rates and Assumptions for Nebraska’s DDD Waiver Services

Service Category	Service-specific Adjustments				
	Staff Hourly Wages		Staffing Ratios (Direct Support Staff to Client Ratio)	Adjustment Factor	Unit
	Direct Support Staff	Supervisor			
<p><u>Behavioral Risk</u> - Provided to individuals with complex behavioral needs and who require continuing care and treatment, 24 hours a day, seven days a week. Services include:</p> <ul style="list-style-type: none"> <li>• Residential habilitation</li> <li>• Day habilitation</li> <li>• Intensive behavioral supports</li> <li>• Ongoing safety supervision</li> <li>• Ongoing supports</li> </ul> <p>DHHS-DDD requires a supervising mental health practitioner on staff to direct and oversee services. Staffing ratios are flexible and commensurate to meeting the needs of the individual.</p>	\$12.20	\$21.12	1:1	0	Daily unit: 13.33 hours
<p><u>Day Habilitation – Community Inclusion</u> - Formalized training and staff supports that take place in the community during typical working hours. These services take place of:</p> <ul style="list-style-type: none"> <li>• Vocational planning</li> <li>• Prevocational workshop</li> <li>• And workshop services.</li> </ul> <p>Habilitation activities and environments are designed to assist individuals in acquiring, retaining and improving skills, appropriate behavior, greater independence and personal choice necessary to successfully integrate into his or her community.</p>	\$10.84	\$16.40	1:1 through 1:8	0	Hourly unit: 1 hour

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Exhibit 3. Summary of Rates and Assumptions for Nebraska’s DDD Waiver Services

Service Category	Service-specific Adjustments				
	Staff Hourly Wages		Staffing Ratios (Direct Support Staff to Client Ratio)	Adjustment Factor	Unit
	Direct Support Staff	Supervisor			
<p><u>Day Habilitation – Integrated Community Employment</u> - Intermittent formalized training and staff supports for an individual to acquire and maintain a job in the general workforce at or above the State’s minimum wage. This does not include employment in group settings such as workstations, classroom settings or prevocational workshops.</p> <p>Intensive direct habilitation will provide the individual with face-to-face instruction necessary to learn explicit work-related responsibilities, skills and behaviors.</p> <p>Supports may include assisting the individual in accessing an employment network, the Nebraska Work Incentive Network, Ticket to Work services, Work Incentive Planning and Assistance (WIPA) services or other qualified service programs that provide benefit planning.</p> <p>Services are provided in a non-residential setting during the work day and conducted in a variety of work settings.</p>	\$12.18	\$16.40	1:1	1.10	Hourly unit: 1 hour

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Exhibit 3. Summary of Rates and Assumptions for Nebraska’s DDD Waiver Services

Service Category	Service-specific Adjustments				
	Staff Hourly Wages		Staffing Ratios (Direct Support Staff to Client Ratio)	Adjustment Factor	Unit
	Direct Support Staff	Supervisor			
<p><u>Day Habilitation – Prevocational Workshop</u> - Formalized training and staff supports for the acquisition, retention, or improvement in self-help, behavioral and adaptive skills which take place during typical working hours in a non-residential provider-operated facility. Individuals are not currently seeking employment or vocational planning services.</p> <p>Prevocational workshop habilitation services are continuous for four or more hours per day on a regularly scheduled basis for 1 or more days per individual’s place of residence and the site of the habilitation services or between habilitation sites.</p> <p>The cost of transportation is included in the rate.</p>	\$10.84	\$16.40	1:1 through 1:8	0	<p>Hourly unit: 1 hour</p> <p>Daily unit: 7 hours</p>

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Exhibit 3. Summary of Rates and Assumptions for Nebraska’s DDD Waiver Services

Service Category	Service-specific Adjustments				
	Staff Hourly Wages		Staffing Ratios (Direct Support Staff to Client Ratio)	Adjustment Factor	Unit
	Direct Support Staff	Supervisor			
<p><u>Day Habilitation – Vocational Planning</u>- Enables the individual to attain work experience through career planning, job searching and paid and unpaid work experience. The goal of vocational planning is integrated community employment. Services are formalized training and staff supports which take place during typical working hours, in a non-residential setting, separate from the individual’s residence, e.g., within a business or a community setting where individuals without disabilities work or meet together. Discreet habilitation is allowed when focused on job searching or in preparation for leaving the residential setting during typical working hours. Direct training and supports provide the individual with face-to-face instruction necessary to learn work-related responsibilities, work skills and appropriate work behavior.</p> <p>Services may include career planning that is person-centered and team supported to address the individual’s particular needs to prepare for, obtain, maintain or advance employment.</p> <p>Services may also include job searching to assist the individual locate a job and may be provided one-on-one. Job searching may take place in the individual’s residence, in integrated community settings or in a provider staff office. Job searching may not take place in a fixed-site sheltered workshop facility in the areas where other individuals are receiving prevocational workshop habilitation services.</p>	\$12.18	\$16.40	1:1	1.05	Hourly unit: 1 hour

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Exhibit 3. Summary of Rates and Assumptions for Nebraska’s DDD Waiver Services

Service Category	Service-specific Adjustments				
	Staff Hourly Wages		Staffing Ratios (Direct Support Staff to Client Ratio)	Adjustment Factor	Unit
	Direct Support Staff	Supervisor			
<p><u>Day Habilitation – Vocational Planning</u> (Continued)</p> <p>Work experience might include paid part-time employment, workstations or enclaves or unpaid experience such as volunteering, apprenticing, interning or job shadowing. Work experience takes place during typical working hours, in a non-residential setting with the focus on attaining integrated community employment. No more than three individuals may participate in the same paid or unpaid work experience at the same time.</p> <p>Transportation may be provided between the individual’s place of residence and the site of the habilitation services or between habilitation sites. The cost of transportation is included in the rate.</p> <p>Vocational planning services may take place in conjunction with integrated community employment services, workstation habilitation services, community inclusion day habilitation or other day activities.</p>	<p>See information in Day Habilitation – Vocational Planning services above</p>				

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	Direct Support Staff	Supervisor			
<p><u>Day Habilitation – Workstation</u> - Formalized training and staff supports for the acquisition, retention, or improvement in self-help, behavioral and adaptive skills during typical working hours in a non-residential setting.</p> <p>Discreet habilitation in preparation for leaving the residential setting during typical working hours is allowed. Workstation habilitation services are continuous and provide paid work experiences in preparation for competitive employment.</p> <p>Transportation may be provided between the individual’s place of residence and the site of the habilitation services or between habilitation sites. The cost of transportation is included in the rate.</p>	\$10.84	\$16.40	1:1 through 1:8	0	<p>Hourly unit: 1 hour</p> <p>Daily unit: 7 hours</p>

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Service Category	Service-specific Adjustments				
	Staff Hourly Wages		Staffing Ratios (Direct Support Staff to Client Ratio)	Adjustment Factor	Unit
	Direct Support Staff	Supervisor			
<p><u>Medical Risk</u> - Provided to individuals with complex medical needs that require continuing care and treatment but are not assessed to need continuous nursing facility level of care. Complex medical needs may result from the diagnoses of some types of diabetes or seizures or may result from use of g-tubes, g-buttons, j-tubes, tracheotomies, ventilators or a combination of the above. Medical risk services are also available to individuals who have a degenerative or regressive condition diagnosed by the individual’s medical practitioner and that make further growth and development unlikely. Conditions may include cerebral palsy, muscular dystrophy, multiple sclerosis, post-polio syndrome, dementia, Parkinson’s disease, Huntington’s disease, Alzheimer’s or other neurological impairments.</p> <p>Medical risk services are provided 24 hours per day, seven days per week and are considered to be continuous. Services include:</p> <ul style="list-style-type: none"> <li>• Residential habilitation</li> <li>• Day habilitation</li> <li>• Health maintenance activities</li> <li>• Routine complex medical treatments</li> <li>• Ongoing health and safety supervision</li> <li>• Ongoing supports</li> </ul> <p>Providers must have a sufficient number of Registered Nurses on staff or under contract to develop nursing plans, provide complex medical treatments, train unlicensed direct support professionals and oversee delegation of health maintenance activities to the extent permitted under applicable state laws.</p>	\$12.20	\$24.33	1:1	0	Daily unit: 13.33 hours

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Service Category	Service-specific Adjustments				
	Staff Hourly Wages		Staffing Ratios (Direct Support Staff to Client Ratio)	Adjustment Factor	Unit
	Direct Support Staff	Supervisor			
<p><u>Overview of Residential Habilitation</u> - Formalized training and staff supports for the acquisition, retention or improvement in skills related to living in the community. Formalized training and staff supports include adaptive skill development of daily living activities, such as personal grooming and cleanliness, bed making and household chores, eating and the preparation of food, community inclusion, transportation and the social and leisure skill development necessary to enable the individual to live in the most integrated setting appropriate to his/her needs. Residential habilitation also includes personal care and protective oversight as applicable to the individual as well as supervision.</p> <p>Health maintenance activities, such as medication administration and treatments that are routine, stable and predictable may be provided by medication aides and other unlicensed direct support professionals and require nurse or medical practitioner oversight of delegated activities to the extent permitted under applicable State laws. Health maintenance activities, supervision, and assistance with personal needs are provided when identified as a need and documented in the IPP.</p> <p>Payment for residential habilitation does not include payments made, directly or indirectly, to member of the individual’s immediate family, defined as parent (biological, step or adoptive), spouse, or child (biological, step or adopted). Payment will not be made for the routine care and supervision that would be expected to be provided by a family or group home provider, or for activities or supervision which a payment is made by a source other than Medicaid.</p> <p><b>Navigant Consulting, Inc. – 10/4/2011</b></p>	<p><i>See Extended Family Home, Group Home, In-home and Companion Home residential habilitation services below</i></p>				

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Service Category	Service-specific Adjustments				
	Staff Hourly Wages		Staffing Ratios (Direct Support Staff to Client Ratio)	Adjustment Factor	Unit
	Direct Support Staff	Supervisor			
<p><u>Residential Habilitation – Extended Family Home (EFH)</u> - Services provided in a single family home. EFH residential habilitation services are continuous services and are delivered as an employee of the DD provider agency or under a subcontract with a DD provider agency. It must be a residence for no more than two individuals with DD, owned or leased by the subcontractor providing supports.</p> <p>The individual is his/her own payee or representative payee and pays room and board directly to the EFH provider. The agency must not own the residence when the EFH provider is engaged as a subcontractor or employee of the agency.</p> <p>The EFH provider resides in the home with the individual and is on-site and immediately available at all times to the individual receiving services, including during the individual’s sleep time. The EFH provider must be present and awake during the times the individual is present and awake. Eight hours of overnight staffing are not billable. The EFH provider may be sleeping, unless awake overnight supervision or assistance is required as documented in the individual’s program plan.</p>	\$10.84	\$16.40	Client is Awake in Residence: 1:1 to 1:3  Client is Asleep: 1:3	0	Hourly unit: 1 hour  Daily unit: 14 hours

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Service Category	Service-specific Adjustments				
	Staff Hourly Wages		Staffing Ratios (Direct Support Staff to Client Ratio)	Adjustment Factor	Unit
	Direct Support Staff	Supervisor			
<p><u>Residential Habilitation – Group Home</u> - Continuous services that are delivered in provider operated or controlled settings, such as a home with three or less individuals with DD or a licensed Center for persons with Developmental Disabilities (CDD) with four or more individuals with DD.</p> <p>Continuous group home residential habilitation services are provided in a provider operated setting where there are DD provider staff on-site or within proximity to allow immediate on-site availability at all times to the individual receiving services, including during the individual’s sleep time. Staff must be present and awake during the times that individuals are present and awake. Eight hours of overnight staffing are not billable. Staff may be sleeping, unless awake overnight supervision or assistance is required as documented in the individual’s program plan, and must be present to respond immediately to individuals’ needs and emergencies.</p>	\$10.84	\$16.40	<p>Client is Awake in Residence: 1:1 to 1:3</p> <p>Client is Asleep: 1:3</p>	0	<p>Hourly unit: 1 hour</p> <p>Daily unit: 14.00 hours (Staff Asleep Overnight)</p> <p>19.33 hours (Staff Awake Overnight)</p> <p>11.33 hours (No Overnight Staff)</p>
<p><u>Residential Habilitation – In-home</u> - Provided intermittently to a participant living in his/her family home. Community-based DD provider staff are intermittently available to deliver habilitation to the person receiving services in the family home or in the community. Training and supports are designed to provide the individual with face-to-face habilitation.</p>	\$10.84	\$16.40	1:1	0	Hourly unit: 1 hour

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Exhibit 3. Summary of Rates and Assumptions for Nebraska’s DDD Waiver Services

Service Category	Service-specific Adjustments				
	Staff Hourly Wages		Staffing Ratios (Direct Support Staff to Client Ratio)	Adjustment Factor	Unit
	Direct Support Staff	Supervisor			
<p><u>Residential Habilitation – Companion Home</u> - A companion home may be an apartment, a house, a condominium or a townhouse which the individual owns or rents. The provider of a residential habilitation services in a companion home must be able to document that the individual freely chose their residential setting and housemates and that the lease or mortgage is under the control of the individual. The owner or lessee of the property must be unrelated, direct or indirectly, to the provider of services.</p> <p>A companion home is a supported living option in Nebraska. The supported living option is residential habilitation provided to no more than two other individuals in a resident that is under control and direction of the individual(s).</p>	<i>See Continuous and Intermittent Companion Home services below</i>				
<p><u>Residential Habilitation – Companion Home – Continuous</u> - Provided in a setting where the provider staff is on-site and immediately available at all times. Staff must be present and awake during the times that individuals are present and awake. Eight hours of overnight staffing are not billable. Staff may be sleeping, unless awake overnight supervision, health maintenance activities, or assistance with personal needs is required or requested and is documented in the IPP.</p>	\$10.84	\$16.40	<p><i>Client is Awake in Residence: 1:1 to 1:3</i></p> <p><i>Client is Asleep: 1:3</i></p>	0	<p><i>Hourly unit: 1 hour</i></p> <p><i>Daily unit: 14 hours</i></p>

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Service Category	Service-specific Adjustments				
	Staff Hourly Wages		Staffing Ratios (Direct Support Staff to Client Ratio)	Adjustment Factor	Unit
	Direct Support Staff	Supervisor			
<p><u>Residential Habilitation – Companion Home – Intermittent</u> - Face-to-face habilitation services provided intermittently in the home by community-based DD provider staff. Intermittent companion home residential habilitation services are based on the individual’s preferences and assessed needs, and must be documented in the IPP.</p>	\$10.84	\$16.40	1:1	0	Hourly unit: 1 hour
<p><u>Respite</u> - Temporary, intermittent relief to the usual non-paid caregiver(s) from the continuous support and care of the individual to allow the caregiver to pursue personal, social and recreational activities. Components of respite service are supervision, tasks related to the individual’s physical and psychological needs and social/recreational activities.</p> <p>Services are provided on a short-term basis because of the absence or need for relief of those unpaid persons who normally provide care for the individual. Services may be provided in the individual’s living situation or in the community.</p> <p>Respite is available only to those individuals who live with their usual non-paid caregiver(s). Respite cannot be provided by members of the individual’s immediate household. A unit is defined as one hour, or one day if eight or more hours are provided in a calendar day. Respite cannot exceed 30 days per state fiscal year.</p>	\$9.05	N/A	1:1	0.70	Hourly unit: 1 hour  Daily unit: 8 hours

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Service Category	Service-specific Adjustments				
	Staff Hourly Wages		Staffing Ratios (Direct Support Staff to Client Ratio)	Adjustment Factor	Unit
	Direct Support Staff	Supervisor			
<p><u>Retirement</u> - Available to individuals who are usually 62 years or older and who have chosen to end employment or participation in day habilitation services or are no longer able to be employed or participate in day habilitation services due to physical disabilities or stamina. Retirement services are structured services consisting of day activities and residential supports. Retirement services are provided in a home setting or community day activity setting and may be provided as a day service or a residential service. Retirement Services cannot be utilized for an individual receiving any habilitation services.</p> <p>Retirement services may be provided as a continuous or intermittent service. Continuous day service activities are provided for five or more hours per day and delivered in a non-institutional, community setting that may include people without disabilities. Continuous retirement residential supports are provided for five or more hours per day and may be provided in a supported living companion homes or provider operated residences.</p> <p>Transportation into the community to shop, attend recreational and civic events, go to the senior center, adult day care center or other community activities is a component of retirement services and is included in the rate to providers. It shall not replace transportation that is already reimbursable under the Medicaid non-emergency medical transportation program.</p>	\$9.05	\$16.40	<p>Client is Awake in Residence: 1:1 to 1:3</p> <p>Client is Asleep: 1:3</p>	0.70	<p>Hourly Unit: 1 hour</p> <p>Daily Unit: 7.39 hours (Continuous)</p> <p>3.69 hours (Intermittent)</p>

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#### Fiscal Impact Analysis

A fiscal impact analysis can be used to understand the budgetary impact of new rates on services and the overall program. Generally, states implement new methodologies with the intent that the new methods of reimbursement will result in payments that are comparable to payments under the old methodology, all else being equal.

As we attempted to gather information to conduct that assessment here, we found that it is not possible to determine the units of service provided under the old methodology, using the new methodology's definition of services. That is, we could not compare one unit of service in the old system to one unit of service in the new system. This issue results because under the old methodology, there was not a definition of a "unit" of service – the service could be one day, one hour, one "visit" or any other definition that a provider created. In addition, the definitions differed by provider. Thus, it is not possible to precisely convert the historical services into units of service to apply to the new rates. Instead, to determine the fiscal impact of the new rates, we estimated the daily payments for day habilitation and residential habilitation services for each client with an ICAP score in Nebraska's Medicaid Management Information System (MMIS) claims data provided by the Division for a one year period by program.

Using paid claims data for the three Adult Developmental Disabilities Waivers, the Children's Developmental Disabilities Waiver and the State Aid Program from Nebraska's MMIS and a list of waiver recipient ICAP Service Scores, we matched recipients in the claims data to ICAP Service Scores to assign a service level and staffing ratio to each person.<sup>5</sup> With this data match we were able to aggregate the claims data into groupings by required staffing ratio according to ICAP Service Scores. Based on discussions with DHHS-DDD, we estimated the impact of the proposed rates as discussed further below and presented in Appendix B of this report.

For the fiscal impact model, we used the number of clients reported in the MMIS, categorized by program and staffing ratio (using the ICAP scores), to estimate expenditures under the proposed rates. We assumed that for each day of the year, each client in the Adult Comprehensive Waiver and the Children's Waiver would be provided "Day Habilitation – Prevocational Workshop" services (weekdays only) and "Residential Habilitation – Group Home Services (Asleep Overnight)" at the daily rate. Those in the Adult Day Waiver would receive only day services on the weekdays throughout the year and those in the Adult Residential Waiver would receive residential services only, for fiscal impact purposes. For the State Aid program, DHHS-DDD indicated that clients in this program receive day services only, residential services only or both, but this is not identifiable in the claims data. Therefore, we developed distribution factors for the fiscal impact estimate with the assumption that 30 percent

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<sup>5</sup> This was possible for 99.9 percent of the clients in the claims data from Nebraska's MMIS for services provided from June 1, 2009 through May 31, 2010. The remaining 0.1 percent of claims was for 25 individuals who were no longer on the waiver.

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of State Aid clients receive day services only, 30 percent receive residential services only and the remaining 40 percent of clients receive both day and residential services for the one year period. DHHS-DDD indicated that although clients in these programs are authorized to receive services each day throughout the year, the clients generally do not use all services available. For SFY 2011, the average utilization for services was 83.1 percent; therefore, we applied this utilization rate to the estimated expenditures for the year in the fiscal impact model. This model resulted in overall expenditures that were approximately \$33,073,369 more than what DHHS-DDD was spending under the prior methodology. In Table 3, we provide the expenditure estimates for the fiscal impact model.

**Table 3: Fiscal Impact Model Estimate of Potential Expenditures**

	<b>Allocated Services<sup>6</sup></b>	<b>Unallocated Services<sup>7</sup></b>	<b>Total Services</b>
Current Expenditures	\$141,695,828	\$278,500	\$141,974,328
Potential Expenditures	\$174,769,198	\$278,500	\$175,047,698
<b>Fiscal Impact</b>	<b>\$33,073,369</b>	<b>\$0</b>	<b>\$33,073,369</b>

With the introduction of tiered rates according to ICAP Service Score and staffing ratio, we are predicting that overall expenditures could decrease because payment for staffing at 1:2 through 1:8 will be a fraction of the payment at 1:1 staffing.

We also examined four clients to understand the impact of the proposed rates on their ability to continue to purchase the services within their individual budget amounts that they were receiving under the prior rate methodology. This analysis was limited to the four clients for whom we had access to data about their current service utilization, required staffing ratios and annual budget amounts. The analysis was also limited because it did not examine the impact of all of the service rates and it assumes that one unit of service equals one hour of service. We found that three out of four of the clients would be spending less on their current services. For the fourth, we estimated that the client would exceed the monthly individual budget by approximately \$300.

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<sup>6</sup> Allocated services account for the MMIS claims that Navigant could assign to a specific staffing ratio based on the client's ICAP Service Score.

<sup>7</sup> Unallocated services account for the MMIS claims data that Navigant could not assign to a specific staffing ratio because the client was no longer enrolled in a waiver.

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#### Transitional Plan

DHHS-DDD also requested that Navigant provide recommendations for implementation of the new rate methodology, including strategies to mitigate the impact of the change on the providers and especially the individuals currently receiving services. Navigant's proposal outlined three options that DHHS-DDD could consider for rate implementation:

- 1) Provide a one-year rate shadowing where current rates are paid but the new rate resulting from the implementation of the new methodology is shown, thus giving providers and consumers one "adjustment" year to learn to work within the new rate structure.
- 2) Phase in the new rates as a result of the new rate setting methodology. Such a phase-in can be accomplished in a number of ways. For example, to phase in over a three-year period, in the first year, 25 percent of the new rates can be added to 75 percent of the old rate, 50 percent in the second year, and 75 percent in the third year, with 100 percent transition accomplished after three years. To implement this approach, it would be necessary to crosswalk old rates to new rates, and to the extent that units of service change, as is expected to be the case in some instances for this project, it would be necessary to calculate rate equivalents for the old rates for services where the units change.
- 3) New rates become effective immediately for each individual enrolled in the HCBS waiver.

Under the new methodology, DHHS-DDD will assign each client to a service level (i.e., staffing ratio) based on the ICAP score, which the providers will use to bill for payment. The change to tiered rates will have a significant impact on providers' billing practices and operations and, equally importantly, an impact on clients as they determine what services to purchase and in what quantity:

- **Providers** must assure that they can continue to provide services and manage their budgets around the new rates by examining how the new tiered rates will impact them. The current payment methodology compensates providers for a unit of service no matter how the provider staffs that service; providers are not held accountable for ensuring staffing levels according to individual client needs. Based on discussions with providers, required staffing ratios are not always considered when providing services to individuals. The proposed rates are built on staffing ratios – which is a significant departure from the current system and a process that has the potential to create significant shifts in reimbursement from provider to provider. For example, if a provider currently offers Day Habilitation Workstation

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services but they do not staff the Workstation according to the staffing ratios required in each individual's IPP, the provider will need to restructure this service to meet the staffing requirements. This could mean that providers need to hire additional staff or group individuals who receive services according to staffing requirements

- *Clients* may need to adjust the services that they purchase to stay within their individual budget amounts. Any changes that providers make to their billing or operations could impact a client's ability to continue purchasing services from that provider in the same quantity – more or fewer services could be funded. The level of staffing needed for each client should be more transparent with the tiered rates, however, and clients will be able to assure that the services they are provided are appropriately staffed.

Based on discussions with providers, it is clear that there will be some significant disruption in terms of payments for some services as there may be a reallocation of funds across providers and services. Due to the potentially significant impact on some providers and clients, we recommend that DHHS-DDD phase-in the new rates over a one- year period to allow providers to adjust to the new rate environment. This is a common practice for Medicare and other state Medicaid agencies. It lessens the impact on providers and the State's system to allow all parties involved time to prepare for the full implementation of the rate structure. There are several approaches to phasing-in rates; for example, the new rates could be a blend that is 50 percent of the old rate and 50 percent of the new rate. Or, there could be a stop-loss or stop-gain provision calculated on a provider-by-provider basis. For any of these phase-in approaches, we would calculate a single rate that reflects the phase-in and input that rate into the MMIS, so that there is no administrative burden associated with the phase-in. We would encourage a process whereby staffing ratio changes are implemented as quickly as possible. To mitigate the impact of the new rates on individuals receiving services, the phase-in transition should allow DHHS-DDD and providers to identify potential impact on the availability of services under the new rates.

In addition, to prepare providers for the upcoming changes, we recommend that DHHS-DDD provide a crosswalk between the prior rates and the new rates to help them understand what will change when the new rates are in place.

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We recommend that DHHS-DDD take the following steps to implement the transition:

1. Identify a start date for phasing in the new rates
2. Disseminate new rate information to all parties involved in the IPP development and the planned approach for the phase-in
3. Disseminate new rate information and the planned approach for the phase-in to State staff involved in billing and payment of waiver services
4. Publish a public notice that summarizes the transition plan giving providers enough notice to anticipate the change in rates, at least 30 days
5. Review initial transitions to determine individual impacts of the new rates and to identify the need to mitigate any adverse impact to the individual, conduct at least 10 initial reviews
6. Schedule a stakeholder meeting after three months to discuss provider and individual concerns about the transition

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#### Rate Revision Plan

So that the new rate setting methodology will remain relevant, it is important that the DHHS-DDD commit to a planned schedule for periodic review and updating of the data elements that are key inputs to the methodology. Because demographic and economic environments are not static, as changes occur, these will impact accuracy and fairness of the rates generated through the new rate setting methodology.

We have identified two alternatives to implementing rate revisions until the need for a complete rebasing of rates is identified. The chosen approach for rate revisions will depend on budget constraints of DHHS-DDD and the perceived need for updates to rates.

1. Inflate rates annually, as DHHS-DDD budget allows using the Medicare Economic Index (MEI)
2. Update one or more of the following model assumptions on an annual or biannual basis:
  - a. Wage rates using more recent wage data or applying a cost of living adjustment (COLA)
  - b. Benefits factor by applying a benefits cost factor as published by the Bureau of Labor Statistics (BLS) or COLA
  - c. Non-direct cost factors by applying a COLA (To account for increased fuel costs, increase the administration factor 0.5% for every \$1.00 increase in price per gallon and the program support percentage 1% for every \$1.00 increase in price per gallon)

If DHHS-DDD chooses to inflate rates, the inflation factor can be determined using the Consumer Price Index or an inflation factor determined by the State through the Nebraska Department of Economic Development. One inflation factor would be applied to all rates to bring the rates current. This approach does not review any specific components of the rate methodology; however, inflation is a common approach for bringing rates current.

The option to update wage rates could be simple or complex depending on the chosen approach to determining the update. A simple approach would be to inflate the wage rates currently in the model using a cost of living adjustment. This adjustment could be tied to other State decisions for providing such updates, i.e., if the State provides a cost of living adjustment to State employees, then the same adjustment could be applied to the wages in the DDD model. A more complex approach would be to collect wage data from providers and reevaluate the median wage rate for each staff type used in the model. This second approach will require wage data collected from providers and an analysis to determine the resulting median wage.

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This approach keeps current with the specific providers responsible for serving the DDD waiver population, but requires more time and effort by the DHHS-DDD to collect and analyze data.

We have developed high level work steps that DHHS-DDD can follow to implement either option that we propose.

Steps to inflate rates:

1. Identify the appropriate MEI
2. Multiply the inflation factor by the current rate to determine an inflated rate
3. Repeat steps 1 and 2 each year that rates will be inflated, building off of the prior year adjustment by inflating the previously inflated rate

Steps to update model wage rates and other model assumptions, simple approach:

1. Identify a source for the adjustment factor
  - a. Consumer Price Index to determine a cost of living adjustment
  - b. State of Nebraska determined cost of living adjustment
2. Multiply the adjustment factor by the current base wage rates, benefits factor or non-direct cost factors used in the model
3. Input adjusted base wage rates and/or factors into rate model
4. Use rate models to recalculate rates

Steps to update model wage rates, complex approach:

1. Collect from providers current wage rates for staff positions used in rate model
2. Determine the median wage rate for each staff type
3. Input newly determined median wage rates into rate model
4. Use rate models to recalculate rates

Appendix A  
 State of Nebraska – Division of Developmental Disabilities  
 Developmental Disabilities Waiver Ratesetting State Research

IOWA			
General <sup>1</sup>	Covered Services	Ratesetting	Transportation Component
<p><b>Intellectual Disabilities Waiver</b></p> <p><i>Participants:</i> 9,579</p> <p><i>Expenditures:</i> \$244,926,329</p> <p><i>Expenditures Per Participant:</i> \$25,569</p> <p><i>Division Contact :</i> Brian Wines (Intellectual Disabilities Waiver Program Manager)</p>	<ul style="list-style-type: none"> <li>• Adult Day Care</li> <li>• Consumer Directed Attendant – Skilled</li> <li>• Day Habilitation</li> <li>• Home Health Aide</li> <li>• Prevocational Services</li> <li>• Residential Based Supported Community Living</li> <li>• Respite</li> <li>• Supported Employment</li> <li>• Consumer Directed Attendant Care – Unskilled</li> <li>• Financial Management Services</li> <li>• Home and Vehicle Modification</li> <li>• Independent Support Broker</li> <li>• Individual Directed Goods and Services</li> <li>• Interim Medical Monitoring and</li> </ul>	<p>Payment rates for the Iowa Medicaid Intellectual Disabilities Waiver are determined by the Iowa Medicaid Enterprise (IME), through the provider auditing and rate setting unit. Iowa does not use a level of need assessment tool to determine rates (e.g., ICAP or SIS assessment). There are four reimbursements methods for this waiver:</p> <ol style="list-style-type: none"> <li>1. <b>Fee schedules:</b> Upper payment limits are determined by historical costs (originally set in 1992); rates inflated annually using an economic index           <ul style="list-style-type: none"> <li>• Respite: \$12.79 per hour not to exceed \$296.94 per day</li> <li>• Home Health Aide: County contract rate or, in absence, \$28.73 per half-day, \$57.36 per full day</li> <li>• Nursing Care: Fee schedule as determined by Medicare (Lesser of maximum Medicare rate or maximum Medicaid rate less 5% converted to hourly rate).</li> <li>• Personal Emergency Response: Initial one-time fee \$48.29, ongoing monthly fee \$37.56</li> <li>• Adult Day Care: County contract rate, or in absence, \$21.57 per half-day, or \$42.93 per full day</li> <li>• Home and Vehicle Modification: \$5,050 lifetime maximum</li> <li>• Day Habilitation: County contract rate, or in absence, \$12.88 per hour, \$31.35 per half-day, or \$62.68 per day.</li> <li>• Prevocational Services: County contract rate, or in absence, \$47.01 per day.</li> </ul> </li> <li>2. <b>Retrospectively limited prospective rate (Cost Settled):</b> Rates are calculated prospectively for each participating provider based on projected or historical costs of operation subject to maximums. There may be retrospective adjustments placed on provider’s actual costs.           <ul style="list-style-type: none"> <li>• Respite (in home care agency): \$12.79 per hour not to exceed \$296.94</li> <li>• Supported Community Living: \$34.11 per hour, \$76.91 per day</li> <li>• Residential-based Supported Community Living: Maximum daily per diem for ICF/MR less 2.5%</li> <li>• Supported Employment: \$34.11 per hour</li> </ul> </li> <li>3. <b>Cost-based:</b> Rates are based on Medicaid and Medicare rates           <ul style="list-style-type: none"> <li>• Respite: Lesser of maximum Medicare rate or maximum Medicaid rate less 5% converted to hourly rate</li> <li>• Interim Medical Monitoring and Treatment Services: Lesser of maximum Medicare rate or maximum</li> </ul> </li> </ol>	<p>Some services include transportation costs within the service rate.</p> <p>The transportation service rate is based on a fee schedule that is county contracted or, in absence, the rate set by the area agency on aging.</p>

<sup>1</sup> The number of participants and expenditures for each waiver as reported by the Center for Personal Assistance Services (PAS), State by State Medicaid Home and Community-Based Services, 2006 data. [www.pascenter.org](http://www.pascenter.org).

Appendix A  
 State of Nebraska – Division of Developmental Disabilities  
 Developmental Disabilities Waiver Ratesetting State Research

IOWA			
General <sup>1</sup>	Covered Services	Ratesetting	Transportation Component
	Treatment <ul style="list-style-type: none"> <li>• Nursing</li> <li>• Personal Emergency Response System</li> <li>• Self Directed Community Support and Employment</li> <li>• Self Directed Personal Care</li> <li>• Supported Community Living</li> <li>• Transportation</li> </ul>	Medicaid rate less 5% converted to hourly rate  4. <i>Negotiated Rates:</i> Member and provider establish rates and settle rate for hourly and daily rates <ul style="list-style-type: none"> <li>• Self-directed Personal Attendant Care: Determined by member’s individual budget</li> <li>• Individual-directed Goods and Services: Determined by member’s individual budget</li> <li>• Self-directed Community Supports and Employment: Determined by member’s individual budget</li> <li>• Financial Management Service: Negotiated by the IME</li> <li>• Support Broker Service: Negotiated by the IME</li> </ul> <p><u>Individual Budgeting</u></p> <p>Consumer Choices Option is Iowa’s self-directed program. The Division calculates the individual budgets using the average statewide cost and average statewide utilization for each service. For example, respite costs \$16.25 per hour on average and 62 percent of authorized respite services are provided. Therefore, a person authorized for 100 hours of respite would receive <math>\\$16.25 \times 62\% \times 100 \text{ hours} = \\$1,007.50</math> for respite services.</p>	

Appendix A  
 State of Nebraska – Division of Developmental Disabilities  
 Developmental Disabilities Waiver Ratesetting State Research

MAINE			
General <sup>1</sup>	Covered Services	Ratesetting	Transportation Component
<p><b>HCBS/DD Waiver</b></p> <p><i>Participants:</i> 2,635</p> <p><i>Expenditures:</i> \$226,421,058</p> <p><i>Expenditures Per Participant:</i> \$85,928</p> <p><i>Contact Information :</i> DS Medicaid Waiver Services TEL: (207) 287-4230</p>	<ul style="list-style-type: none"> <li>• Community Support</li> <li>• Home Support (1/4 hour)</li> <li>• Per Diem Home Support</li> <li>• Work Support</li> <li>• Communication Aids</li> <li>• Consultation</li> <li>• Counseling</li> <li>• Crisis Assessment</li> <li>• Crisis Intervention</li> <li>• Employment Specialist Services</li> <li>• Home Accessibility Adaptations</li> <li>• Non-traditional Communication Consultation</li> <li>• Non-Medical transportation</li> <li>• Non-traditional Communication Assessment</li> <li>• Occupational Therapy</li> <li>• Physical Therapy</li> <li>• Specialized Medical</li> </ul>	<p>The services under this waiver are reimbursed on a fee-for-service basis. Rates are based on five years of claims data, costs, provider surveys and comparing positions within states and other states. There are three reimbursement methods for this waiver.</p> <ol style="list-style-type: none"> <li>1. <b>Standard unit rate:</b> Based on a unit of measurement for a billing procedure code. Community Support Services (Staff participant ratio of 1:3)           <ul style="list-style-type: none"> <li>• Home Support: \$6.33 per ¼ hour</li> <li>• Employment Specialist Services:\$7.57 per ¼ hour</li> <li>• Work Support: \$7.05 per ¼ hour</li> <li>• Consultation Services: \$6.00 per ¼ hour</li> <li>• Counseling: \$15.00 per ¼ hour</li> <li>• Crisis Intervention: \$6.41 per ¼ hour</li> <li>• Crisis Assessment: \$2,500.00 per encounter</li> <li>• Occupational Therapy: \$10.40 per ¼ hour</li> <li>• Physical Therapy: \$6.00 per ¼ hour</li> <li>• Speech Therapy: \$13.87 per ¼ hour</li> <li>• Non-traditional Communication Consultant: \$10.00 per ¼ hour</li> <li>• Non-Traditional Communication Assessments: \$10.00 per ¼ hour</li> <li>• Communication Aids: \$6.00 per ¼ hour</li> </ul> </li> <li>2. <b>Prior approved price:</b> DHHS may approve an invoice price of an item or equipment being purchased for a member.           <ul style="list-style-type: none"> <li>• Home Accessibility Adaptations: per itemized invoice</li> <li>• Specialized Medical Equipment and Supplies: per itemized invoice</li> </ul> </li> <li>3. <b>Per diem reimbursement:</b> Rate based on standard hourly amount for Direct Support staff hours authorized and provided for Home Support services by an agency. These services are tiered for the number of members served and two levels of support. Home Support:           <ul style="list-style-type: none"> <li>• Family Centered Home Support: for example, one member received \$105.22 per diem, one member received</li> </ul> </li> </ol>	<p>The cost of transportation is incorporated into the rate paid for Community Support, Home Support, Work Support, and Employment Specialist Services.</p> <p>Transportation services under the waiver are provided in accordance with the individual's plan of care. Whenever possible, family, neighbors, friends or community agencies that can provide this service without charge should be used. Transportation service has a rate of \$0.62 per mile.</p> <p>A provider may only be reimbursed for providing transportation services when the cost of transportation is not a component of a rate paid for another service.</p>

Appendix A  
 State of Nebraska – Division of Developmental Disabilities  
 Developmental Disabilities Waiver Ratesetting State Research

MAINE			
General <sup>1</sup>	Covered Services	Ratesetting	Transportation Component
	Equipment and Supplies • Speech Therapy	<p>increased level of support with \$219.15 per diem</p> <ul style="list-style-type: none"> <li>• Shared Living Home Support: for example, one member received \$148.72 per diem, one member received increased level of support with \$206.56 per diem</li> <li>• Agency Home Support is based on a "shift staff" model. In these homes, the participants' rates vary because they are calculated based on a "staff hour" and the number of hours each person needs may be different. Also, there are a high percentage of participants whose support hours are shared.</li> </ul> <p><u>Individual Budgeting</u></p> <p>Maine offers participant direction under three programs: MaineCare (the state's Medicaid plan, which includes a personal care benefit), a 1915(c) CD-PAS waiver for the elderly and adult disabled, and a state program called Home Based Care. Under all three programs the participant may either choose to hire workers and use the services of a fiscal agent or use agency managed workers.</p>	

Appendix A  
 State of Nebraska – Division of Developmental Disabilities  
 Developmental Disabilities Waiver Ratesetting State Research

WYOMING			
General <sup>1</sup>	Covered Services	Ratesetting	Transportation Component
<p><b>Wyoming’s HCBS/DD Waivers (Adult Waiver, Child Waiver and Acquired Brain Injury Waiver)</b></p> <p><i>Participants:</i> 2,035</p> <p><i>Expenditures:</i> \$79,889,705</p> <p><i>Expenditures Per Participant:</i> \$39,258</p>	<ul style="list-style-type: none"> <li>• Case Management</li> <li>• Day habilitation</li> <li>• Personal Care</li> <li>• Pre-vocational services</li> <li>• Residential Habilitation</li> <li>• Respite</li> <li>• Supported Employment</li> <li>• Supported Living</li> <li>• Occupational therapy</li> <li>• Physical therapy</li> <li>• Speech therapy</li> <li>• Dietician services</li> <li>• Environmental modifications</li> <li>• Skilled nursing</li> <li>• Specialized equipment</li> </ul>	<p>The rates for Wyoming’s HCBS/DD Waivers are determined using a cost-based independent rate model approach that incorporates data related to wages, overhead, productivity, staffing ratios and other factors to create a proposed rate for each service and service level. Wages and assumptions for each proposed rate are based on a HCBS Provider Wage Survey, U.S. Department of Labor Bureau of Labor Statistics, HCBS Provider and Case Manager Surveys and Wyoming Department of Employment Wage Data. Rates are rebased every two to four years. The rates for each of the waiver services are provided below.</p> <ul style="list-style-type: none"> <li>• Case Management: \$271.58 per month</li> <li>• Independent Support Broker: \$9.54 per ¼ hour</li> <li>• Companion Services: \$3.89 per ¼ hour for individual setting and \$1.50 per ¼ hour for group setting (1:3 staffing ratio)</li> <li>• Children’s Habilitation Services: \$2.78 per ¼ hour for ages 0 through 12 and \$3.53 per ¼ hour for ages 13 through 17</li> <li>• Cognitive Retraining Services: \$8.10 per ¼ hour</li> <li>• Homemaker Services: \$3.89 per ¼ hour</li> <li>• Personal Care Services: \$3.89 per ¼ hour</li> <li>• Respite Services: \$3.53 per ¼ hour</li> <li>• Supported Employment Services: \$6.85 per ¼ hour for individual setting and \$2.73 per ¼ hour for group setting (1:4 staffing ratio)</li> <li>• Supported Living Services: \$8.35 per ¼ hour for individual setting, \$3.20 per ¼ hour for group setting (1:3 staffing ratio) and \$89.66 per day for group setting (1:3 staffing ratio)</li> <li>• Day Habilitation Services:             <ul style="list-style-type: none"> <li>➢ \$174.57 per day for individual setting</li> <li>➢ \$98.39 per day for group setting (1:2 staffing ratio)</li> <li>➢ \$73.01 per day for group setting (1:3 staffing ratio)</li> <li>➢ \$60.31 per day for group setting (1:4 staffing ratio)</li> <li>➢ \$6.24 per ¼ hour for daily habilitation “intervention”</li> <li>➢ \$3.00 per ¼ hour for 15-minute group setting (1:3 staffing ratio)</li> </ul> </li> </ul>	<p>The cost of transportation related to the provision of the program elements of residential habilitation, supported employment, day habilitation and personal care is a component of the rate paid for the service.</p>

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 State of Nebraska – Division of Developmental Disabilities  
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WYOMING			
General <sup>1</sup>	Covered Services	Ratesetting	Transportation Component
		<ul style="list-style-type: none"> <li>• Dietician Services: \$14.47 per ¼ hour</li> <li>• Skilled Nursing Services: \$18.19 per ¼ hour</li> <li>• Physical Therapy Services: \$21.04 per ¼ hour for individual setting and \$8.06 per ¼ hour for group setting (1:3 staffing ratio)</li> <li>• Occupation Therapy Services: \$17.19 per ¼ hour for individual setting and \$6.59 for group setting (1:3 staffing ratio)</li> <li>• Speech Therapy Services: \$16.95 per ¼ hour for individual setting and \$6.50 per ¼ hour for group setting (1:3 staffing ratio)</li> <li>• Residential Habilitation Services:               <ul style="list-style-type: none"> <li>➤ \$637.04 per day for individual setting high needs (2:1 staffing ratio)</li> <li>➤ \$326.87 per day for individual setting (1:1 staffing ratio)</li> <li>➤ \$189.30 per day for group setting (1:2 staffing ratio)</li> <li>➤ \$143.44 per day for group setting (1:3 staffing ratio)</li> <li>➤ \$120.52 per day for group setting (1:4 staffing ratio)</li> <li>➤ \$131.72 per day for Special Family Habilitation Home</li> <li>➤ \$6.24 per ¼ hour for residential habilitation “intervention”</li> <li>➤ \$29.96 per hour for residential habilitation training</li> </ul> </li> </ul> <p><u>Individual Budgeting</u></p> <p>Wyoming uses the Individual Budget Amounts/ DOORS model for their self-directed program. Wyoming implemented individual budgets in its 1915(c) HCBS waiver programs for the MR/DD population in 1998. Participants receive an individual budget to direct waiver services, case management support, and have the option to hire workers. The state does not contract with a fiscal agent, providers must be enrolled as certified Medicaid providers.</p>	

Appendix A  
 State of Nebraska – Division of Developmental Disabilities  
 Developmental Disabilities Waiver Ratesetting State Research

FLORIDA			
General <sup>1</sup>	Covered Services	Ratesetting	Transportation Component
<p><b>Florida’s DD/HCBS Waiver</b></p> <p><i>Participants:</i> 30,425</p> <p><i>Expenditures:</i> \$730,644,069</p> <p><i>Expenditures Per Participant:</i> \$24,015</p>	<ul style="list-style-type: none"> <li>• Case Management</li> <li>• Personal Care</li> <li>• Habilitation</li> <li>• Residential Habilitation</li> <li>• Supported Employment</li> <li>• Respite</li> <li>• Environmental Accessibility Adaptations</li> <li>• Personal Emergency Response Systems</li> <li>• Companion Services</li> <li>• Behavior Analysis Services</li> <li>• Behavior Assistant Services</li> <li>• Adult Day Training</li> <li>• Dietitian Services</li> <li>• In-Home Support</li> <li>• Services Medication Review</li> <li>• Residential Nursing Services</li> <li>• Special Medical Home Care</li> </ul>	<p>Payment rates for the Florida Medicaid DD/HCBS Waiver are determined by the Florida Agency for Persons with Disabilities (APD).</p> <p>DD Waiver rates were historically negotiated, which led to significant variances among districts. In 2002, the State Legislature mandated the development of a “fair and equitable” rate structure for the waiver. The Florida Agency for Persons with Disabilities (APD) implemented a standardized rate system for waiver providers in July 2003.</p> <p>The new rate structure is a statewide standardized system with cost-based rates. Waiver rates are based on four cost components:</p> <ul style="list-style-type: none"> <li>• Direct care staff wage from national wage studies</li> <li>• Employment-related expenditures, such as the benefits package offered to all employees involved in direct care (discretionary or non-discretionary)</li> <li>• Program-related expenditures, which are part of residential setting operation but not directly tied to direct care staff</li> <li>• General and administrative costs associated with operating the organization’s administration but not directly related to clients or programs</li> </ul> <p>Many of the services are tiered (3 or 4 levels) and paid on a ¼ hour unit basis. Below are the rate ranges for each service.</p> <ul style="list-style-type: none"> <li>• Adult Day Training (4 levels): \$1.18 - \$3.79 per ¼ hour</li> <li>• Behavioral Analysis Services (3 levels): \$11.72 - \$21.57 per ¼ hour</li> <li>• Behavior Assistant Services: \$4.71 per ¼ hour</li> <li>• Companion Services (3 levels): \$1.96 - \$3.53 per ¼ hour</li> <li>• Dietician Services: \$14.61 per ¼ hour</li> <li>• In-Home Support (3 levels): \$1.72 - \$3.76 per ¼ hour; \$86.58 - \$120.26 per day</li> <li>• Medication Review: \$66.78 per unit</li> <li>• Personal Care: \$3.75 per ¼ hour</li> <li>• Residential Habilitation (3 levels): \$1.84 - \$3.34 per ¼ hour</li> <li>• Residential Nursing: \$6.69 per ¼ hour (LPN); \$9.64 per ¼ hour (RN)</li> </ul>	<p>Transportation costs are considered when determining the Direct Care Staff Wages and Program Related Expenditures cost components to payment rates.</p> <p>Transportation costs are part of ratesetting process.</p> <p>Transportation costs within Adult Day Training rate instead of a separate rate.</p>

Appendix A  
 State of Nebraska – Division of Developmental Disabilities  
 Developmental Disabilities Waiver Ratesetting State Research

FLORIDA			
General <sup>1</sup>	Covered Services	Ratesetting	Transportation Component
	<ul style="list-style-type: none"> <li>Support Living Coaching</li> </ul>	<ul style="list-style-type: none"> <li>Respite (3 levels): \$1.68 - \$3.04 per ¼ hour; \$67.07 - \$121.73 per day</li> <li>Support Coordination (monthly): \$130.95; \$65.48 (Limited); \$316.90 (Transitional)</li> <li>Supported Employment Group (8 levels): \$1.16 - \$3.87 per ¼ hour; \$8.35 (Individual Model)</li> </ul> <p><u>Individual Budgeting</u></p> <p>The Consumer-Directed Care Plus (CDC+) program was implemented in 2000 for 1915(c) waiver participants (frail elderly, adults with physical disabilities, adults with brain or spinal cord injuries, and adults and children with developmental disabilities). Benefits are based on value of traditional waiver services that participants would have received, with budget amounts available monthly. Participants may set aside up to \$250 per month in a savings account for approved purchases and must make the purchase as soon as accumulated savings are sufficient. Unspent amounts may revert to the State and savings above \$250 per month may be approved in extraordinary circumstances.</p>	

Appendix A  
 State of Nebraska – Division of Developmental Disabilities  
 Developmental Disabilities Waiver Ratesetting State Research

TENNESSEE			
General <sup>1</sup>	Covered Services	Ratesetting	Transportation Component
<p><b>Tennessee’s HCBS/DD Waiver</b></p> <p><i>Participants: 6,306</i></p> <p><i>Expenditures: \$430,383,539</i></p> <p><i>Expenditures Per Participant: \$68,250</i></p>	<ul style="list-style-type: none"> <li>• Support Coordination</li> <li>• Respite</li> <li>• Residential Habilitation</li> <li>• Environmental Accessibility Adaptations Modifications</li> <li>• Individual Transportation Services</li> <li>• Specialized Medical Equipment and Supplies and Assistive Technology</li> <li>• Personal Emergency Response Systems</li> <li>• Behavior Services</li> <li>• Day Services</li> <li>• Family Model Residential Support</li> <li>• Medical Residential Services</li> <li>• Nutrition Services, Orientation and</li> </ul>	<p>HCBS-DD waiver rates determined by the Tennessee Division of Mental Retardation Services (DMRS).</p> <p>In 2005, DMRS implemented a new payment structure for two HCBS waivers for people with developmental disabilities, which tied payment levels to Inventory of Client and Agency Planning (ICAP) Service Level Need Index scores and other consumer information.</p> <p>Day services (including facility-based and community-based day services and supported employment) are paid for on a per diem basis and are tiered based on ICAP Service Level Need Index scores. ICAP scores are used based on the assumption that the reasonable and necessary costs to provide quality services are proportionate to the individual’s level of independence, medical limitations and severity of behavior problems.</p> <p>Residential habilitation services are also paid for on a per diem basis and are tiered (6 levels) based on ICAP Service Level Need Index scores.</p> <p><u>Individual Budgeting</u></p> <p>TennCare uses a third-party administrator to develop individual budgets and track participant expenses related to the self-directed component of the State’s 1915(c) HCBS waiver.</p> <p>Initial budget amount is determined based on a each person’s assessed needs and may be increased to address newly identified needs or changes in the participant’s life circumstances, provided that the combination of service components does not exceed \$30,000. When the person’s individual budget reaches \$30,000, emergency assistance services may be provided to the person in an amount up to \$6,000 in order to provide an extra measure of protection when the person experiences a crisis or emergency situation that threatens his/her health and well-being.</p> <p>The total budget for all waiver services, including emergency assistance services, shall not exceed \$36,000 per year per participant.</p>	<p>Transportation needed during the time enrollee is receiving Day Services is included in day services reimbursement rate.</p>

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TENNESSEE			
General <sup>1</sup>	Covered Services	Ratesetting	Transportation Component
	Mobility Training <ul style="list-style-type: none"> <li>• Personal Assistance</li> <li>• Supported Living</li> <li>• Vehicle Accessibility Modifications</li> <li>• Behavioral Respite Services</li> <li>• Transitional Case Management</li> </ul>		

Appendix A  
 State of Nebraska – Division of Developmental Disabilities  
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SOUTH DAKOTA			
General <sup>1</sup>	Covered Services	Ratesetting	Transportation Component
<p><b>Family Supports 360 Waiver</b></p> <p><i>Participants:</i> 417</p> <p><i>Expenditures:</i> \$1,289,597</p> <p><i>Expenditures Per Participant:</i> \$3,093</p> <p><i>Contact Info:</i></p> <p>John New,            Family Support 360 Waiver Program Manager            john.new@state.sd.us</p>	<ul style="list-style-type: none"> <li>• Case Management</li> <li>• Personal Care</li> <li>• Respite</li> <li>• Prevocational Services</li> <li>• Residential Habilitation</li> <li>• Service Coordination</li> <li>• Supported Employment</li> <li>• Companion Care</li> <li>• Environmental Accessibility Adaptations</li> <li>• Nutritional Supplements</li> <li>• Specialized Medical Adaptive Equipment and Supplies</li> <li>• Vehicle Modification</li> </ul>	<p>The South Dakota HCBS/DD (Family Support 360) Waiver is participant-directed, and the rates are mostly negotiated between the participant and providers, except for the Support Coordination rate. Negotiated rates must be at minimum wage or higher, and all rates are reported to the Division for approval.</p> <p>Support Coordination is the only service a rate is determined. Support Coordinators meet with participants to help determine their needs and assist them in plan development. The Support Coordination rate was established through a time study using billable units of service and accounting for non-billable hours. The rate is \$14.96 per 15 minute and is inflated annually.</p> <p><u>Individual Budgeting</u></p> <p>Participants can recruit, hire and manage workers, as long as workers are employed through an agency. If a participant chooses not to self direct, an agency will charge rates based on unit costs as determined by annual cost reports submitted to DHS. Each Support Coordinator works with 35 to 40 waiver recipients and is given an overall budget for these recipients. The Support Coordinator determined the individual budgets based on needed services.</p>	<p>Rates are also negotiable by member and provider. These services are paid through general funds from the program.</p>

**Appendix A**  
**State of Nebraska – Division of Developmental Disabilities**  
**Developmental Disabilities Waiver Ratesetting State Research**

SOUTH DAKOTA			
General <sup>1</sup>	Covered Services	Ratesetting	Transportation Component
<p><b>CHOICES Waiver</b></p> <p><i>Participants: 2,251</i></p> <p><i>Expenditures: \$75,208,161</i></p> <p><i>Expenditures Per Participant: \$33,411</i></p> <p><i>Contact Info:</i>            Scott Pelham            CHOICES Waiver Program Manager            Scott.Pelham@state.sd.us</p>	<ul style="list-style-type: none"> <li>• Day Habilitation</li> <li>• Prevocational Services</li> <li>• Residential Habilitation</li> <li>• Service Coordination and Supported Employment.</li> <li>• Medical Equipment and Drugs</li> <li>• Nursing</li> <li>• Other Medically Related Services – Speech, Hearing &amp; Language</li> </ul>	<p>The rates for the South Dakota HCBS/DD (CHOICES) Waiver are established by DHS. The model draws from five sources: cost reports from provider agencies, activity logging data, service records, ICAP scores and economic measures (data by geographic region, specific to each locale, including average wage data obtained from the South Dakota Department of Labor).</p> <p>DHS has payment categories that act as "boundaries" for determining if a waiver recipient's rates need to be adjusted based on changes in supports. In fiscal year 2010, there were 40 payment categories with rates ranging from \$1.24 to \$334.70 per day.</p> <p><u>Individual Budgeting</u></p> <p>The CHOICES Waiver does not currently have a self-directed program.</p>	<p>Cost of transportation is a component of the rates for pre-vocational services, residential habilitation services, supported employment services and day habilitation services.</p>

State of Nebraska, Division of Developmental Disabilities

Appendix B: Fiscal Impact by Service Level

Uses the Client Count from MMIS Claims

State Aid Program Client Distribution Factors <sup>1</sup>	
Day Habilitation Only	30%
Residential Habilitation Only	30%
Day & Residential Habilitation	40%

Utilization Rate <sup>2</sup>
83.1%

Budget Neutrality Factor
0.81

Proposed System		Current System <sup>3</sup>			Proposed System					Budget Impact	Budget Neutrality Analysis		
		Units	Payments	Client Count <sup>4</sup>	Daily Payment Rates <sup>5</sup>		Estimated Annual Payments @ 100% Utilization		Total Estimated Annual Payments Adjusted for Utilization (Day Habilitation Plus Residential Habilitation Payments)		Estimated Payments J=H*	Budget Impact S=R-B	
Service Level	Staffing Ratio	A	B	C	Day Habilitation (Prevocational Workshop)	Residential Habilitation (Group Home Services) - Asleep Overnight	Day Habilitation - 5 days/week	Residential Habilitation - 7 days/week (Asleep)	Day Habilitation + Residential Habilitation (Asleep)	H=F+G*Utilization Rate	I=H-B	J=H* Neutrality Factor	S=R-B
<b>Adult Comprehensive Waiver</b>													
Level 1	1:1	320,624	8,091,570	95	\$ 227.11	\$ 346.10	\$ 5,609,522	\$ 11,968,205	\$ 14,607,091	\$ 6,515,522	\$ 11,831,744	\$ 3,740,174	
Level 2	1:1.5	561,380	14,175,061	178	162.30	198.47	7,511,219	12,859,578	16,928,133	2,753,071	13,711,787	\$ (463,274)	
Level 3	1:2	725,981	18,356,509	268	129.90	139.73	9,051,162	13,631,010	18,848,885	492,376	15,267,597	\$ (3,088,912)	
Level 4	1:2.5	880,972	22,204,066	405	110.45	109.31	11,630,819	16,114,891	23,056,685	852,618	18,675,914	\$ (3,528,152)	
Level 5	1:3	537,423	13,478,282	285	97.49	91.06	7,224,215	9,446,775	13,853,593	375,311	11,221,410	\$ (2,256,872)	
Level 6	1:3.5	459,975	11,685,521	291	88.23	79.00	6,675,836	8,367,937	12,501,376	815,855	10,126,115	\$ (1,559,406)	
Level 7	1:4	279,409	7,203,031	179	81.29	70.49	3,783,288	4,593,035	6,960,724	(242,307)	5,638,187	\$ (1,564,845)	
Level 8	1:5	212,291	5,478,217	171	71.57	70.49	3,182,007	4,387,759	6,290,476	812,259	5,095,285	\$ (382,931)	
Level 9	1:6	190,096	5,071,547	176	65.09	70.49	2,978,493	4,516,056	6,227,970	1,156,423	5,044,656	\$ (26,891)	
Level 10	1:7	137,649	3,751,836	139	60.46	70.49	2,185,039	3,566,658	4,779,660	1,027,824	3,871,525	\$ 119,689	
Level 11	1:8	18,698	530,788	27	56.99	70.49	400,060	692,804	908,170	377,382	735,618	\$ 204,830	
<b>Adult Comprehensive Waiver Subtotal</b>		<b>4,324,498</b>	<b>\$ 110,026,427</b>	<b>2,214</b>			<b>\$ 60,231,661</b>	<b>\$ 90,144,709</b>	<b>\$ 124,962,763</b>	<b>14,936,336</b>	<b>\$ 101,219,838</b>	<b>\$ (8,806,589)</b>	
<b>Adult Day Waiver</b>													
Level 1	1:1	14,933	329,412	12	\$ 227.11	N/A	\$ 708,571	N/A	\$ 588,823	\$ 259,410	\$ 476,946	\$ 147,534	
Level 2	1:1.5	30,930	666,576	36	162.30	N/A	1,519,123	N/A	1,262,391	595,815	1,022,537	\$ 355,961	
Level 3	1:2	45,847	999,943	60	129.90	N/A	2,026,380	N/A	1,683,921	683,978	1,363,976	\$ 364,033	
Level 4	1:2.5	58,659	1,268,798	95	110.45	N/A	2,728,217	N/A	2,267,148	998,350	1,836,390	\$ 567,592	
Level 5	1:3	45,139	998,897	95	97.49	N/A	2,408,072	N/A	2,001,108	1,002,211	1,620,897	\$ 622,001	
Level 6	1:3.5	38,982	891,660	97	88.23	N/A	2,225,279	N/A	1,849,207	957,547	1,497,857	\$ 606,197	
Level 7	1:4	33,704	769,263	80	81.29	N/A	1,690,855	N/A	1,405,101	635,838	1,138,132	\$ 368,869	
Level 8	1:5	26,173	609,118	69	71.57	N/A	1,283,968	N/A	1,066,977	457,860	864,252	\$ 255,134	
Level 9	1:6	24,685	560,174	83	65.09	N/A	1,404,630	N/A	1,167,248	607,073	945,471	\$ 385,296	
Level 10	1:7	18,186	471,519	72	60.46	N/A	1,131,819	N/A	940,541	469,022	761,838	\$ 290,319	
Level 11	1:8	3,963	104,023	16	56.99	N/A	237,073	N/A	197,007	92,984	159,576	\$ 55,553	
<b>Adult Day Waiver Subtotal</b>		<b>341,201</b>	<b>\$ 7,669,383</b>	<b>715</b>			<b>\$ 17,363,985</b>	<b>N/A</b>	<b>\$ 14,429,472</b>	<b>6,760,089</b>	<b>\$ 11,687,872</b>	<b>\$ 4,018,490</b>	

State of Nebraska, Division of Developmental Disabilities

Appendix B: Fiscal Impact by Service Level

Uses the Client Count from MMIS Claims

State Aid Program Client Distribution Factors <sup>1</sup>	
Day Habilitation Only	30%
Residential Habilitation Only	30%
Day & Residential Habilitation	40%

Utilization Rate <sup>2</sup>
83.1%

Budget Neutrality Factor
0.81

Proposed System		Current System <sup>3</sup>			Proposed System					Budget Impact	Budget Neutrality Analysis	
		Units	Payments	Client Count <sup>4</sup>	Daily Payment Rates <sup>5</sup>	Estimated Annual Payments @ 100% Utilization		Total Estimated Annual Payments Adjusted for Utilization (Day Habilitation Plus Residential Habilitation Payments)	Budget Impact		Estimated Payments J=H* Neutrality Factor	Budget Impact S=R-B
Day Habilitation (Prevocational Workshop)	Residential Habilitation (Group Home Services) - Asleep Overnight					Day Habilitation - 5 days/week	Residential Habilitation - 7 days/week (Asleep)			Day Habilitation + Residential Habilitation (Asleep)		
Service Level	Staffing Ratio	A	B	C	D	E	F=C*D*5*52	G=C*E*7*52	H=F+G*Utilization Rate	I=H-B	J=H* Neutrality Factor	S=R-B
<b>Adult Residential Waiver</b>												
Level 1	1:1	-	-	-	N/A	\$ 346.10	N/A	-	-	-	-	-
Level 2	1:1.5	2,875	84,389	2	N/A	198.47	N/A	144,490	120,071	35,682	97,257	12,868
Level 3	1:2	1,092	32,123	2	N/A	139.73	N/A	101,724	84,533	52,409	68,471	36,348
Level 4	1:2.5	4,271	121,118	9	N/A	109.31	N/A	358,109	297,588	176,470	241,047	119,929
Level 5	1:3	4,059	111,441	8	N/A	91.06	N/A	265,173	220,358	108,917	178,490	67,049
Level 6	1:3.5	7,082	202,067	13	N/A	79.00	N/A	373,825	310,649	108,581	251,626	49,558
Level 7	1:4	3,189	90,002	10	N/A	70.49	N/A	256,594	213,230	123,228	172,716	82,715
Level 8	1:5	7,006	200,551	16	N/A	70.49	N/A	410,551	341,168	140,617	276,346	75,795
Level 9	1:6	7,395	213,953	18	N/A	70.49	N/A	461,869	383,813	169,861	310,889	96,936
Level 10	1:7	15,333	427,892	32	N/A	70.49	N/A	821,101	682,335	254,443	552,691	124,799
Level 11	1:8	5,090	141,897	11	N/A	70.49	N/A	282,254	234,553	92,656	189,988	48,091
<b>Adult Residential Waiver Subtotal</b>		57,392	\$ 1,625,433	121			N/A	\$ 3,475,689	\$ 2,888,298	1,262,865	\$ 2,339,521	\$ 714,088
<b>Children's DD Waiver</b>												
Level 1	1:1	66,905	1,757,829	33	\$ 227.11	\$ 346.10	\$ 1,948,571	\$ 4,157,377	\$ 5,074,042	\$ 3,316,213	\$ 4,109,974	\$ 2,352,145
Level 2	1:1.5	87,804	2,303,270	37	162.30	198.47	1,561,321	2,673,058	3,518,769	1,215,499	2,850,203	546,933
Level 3	1:2	132,170	3,358,522	68	129.90	139.73	2,296,563	3,458,615	4,782,553	1,424,031	3,873,868	515,346
Level 4	1:2.5	120,317	3,051,468	56	110.45	109.31	1,608,212	2,228,232	3,188,085	136,617	2,582,349	(469,120)
Level 5	1:3	55,695	1,392,987	29	97.49	91.06	735,096	961,251	1,409,664	16,676	1,141,828	(251,160)
Level 6	1:3.5	51,379	1,338,719	29	88.23	79.00	665,290	833,918	1,245,842	(92,878)	1,009,132	(329,587)
Level 7	1:4	14,307	364,430	13	81.29	70.49	274,764	333,572	505,527	141,097	409,477	45,047
Level 8	1:5	2,422	63,459	4	71.57	70.49	74,433	102,638	147,146	83,686	119,188	55,728
Level 9	1:6	12,792	319,396	7	65.09	70.49	118,463	179,616	247,703	(71,692)	200,640	(118,756)
Level 10	1:7	2,662	70,774	2	60.46	70.49	31,439	51,319	68,772	(2,002)	55,705	(15,068)
Level 11	1:8	-	-	-	56.99	70.49	0	0	0	0	0	-
<b>Children's DD Waiver Subtotal</b>		546,453	\$ 14,020,855	278			\$ 9,314,151	\$ 14,979,595	\$ 20,188,103	6,167,248	\$ 16,352,363	\$ 2,331,508

State of Nebraska, Division of Developmental Disabilities

Appendix B: Fiscal Impact by Service Level

Uses the Client Count from MMIS Claims

State Aid Program Client Distribution Factors <sup>1</sup>	
Day Habilitation Only	30%
Residential Habilitation Only	30%
Day & Residential Habilitation	40%

Utilization Rate <sup>2</sup>
83.1%

Budget Neutrality Factor
0.81

Proposed System		Current System <sup>3</sup>			Proposed System					Budget Impact	Budget Neutrality Analysis	
		Units	Payments	Client Count <sup>4</sup>	Daily Payment Rates <sup>5</sup>		Estimated Annual Payments @ 100% Utilization		Total Estimated Annual Payments Adjusted for Utilization (Day Habilitation Plus Residential Habilitation Payments)		Budget Impact	Estimated Payments J=H* Neutrality Factor
Day Habilitation (Prevocational Workshop)	Residential Habilitation (Group Home Services) - Asleep Overnight				Day Habilitation - 5 days/week	Residential Habilitation - 7 days/week (Asleep)	Day Habilitation + Residential Habilitation (Asleep)	I=H-B				
Service Level	Staffing Ratio	A	B	C	D	E	F=C*D*5*52	G=C*E*7*52	H=F+G*Utilization Rate	I=H-B	J=H* Neutrality Factor	S=R-B
<b>State Aid<sup>6</sup></b>												
Level 1	1:1	21,862	530,798	16	\$ 227.11	\$ 346.10	\$ 661,333	\$ 1,007,849	\$ 1,387,090	\$ 856,292	\$ 1,123,543	\$ 592,745
Level 2	1:1.5	37,229	873,604	38	162.30	198.47	1,122,463	1,372,652	2,073,440	1,199,836	1,679,487	\$ 805,883
Level 3	1:2	33,974	829,307	36	129.90	139.73	851,079	915,516	1,468,040	638,733	1,189,113	\$ 359,805
Level 4	1:2.5	27,225	755,109	33	110.45	109.31	663,387	656,533	1,096,854	341,744	888,451	\$ 133,342
Level 5	1:3	37,921	963,838	30	97.49	91.06	532,311	497,199	855,522	(108,316)	692,973	\$ (270,865)
Level 6	1:3.5	23,529	771,174	31	88.23	79.00	497,820	445,715	784,078	12,904	635,103	\$ (136,071)
Level 7	1:4	24,316	637,427	31	81.29	70.49	458,644	397,721	711,640	74,213	576,428	\$ (60,999)
Level 8	1:5	34,335	907,996	44	71.57	70.49	573,133	564,507	945,379	37,383	765,757	\$ (142,239)
Level 9	1:6	29,892	873,195	58	65.09	70.49	687,084	744,123	1,189,333	316,139	963,360	\$ 90,165
Level 10	1:7	32,047	963,571	66	60.46	70.49	726,250	846,761	1,307,172	343,601	1,058,809	\$ 95,238
Level 11	1:8	8,483	247,711	25	56.99	70.49	259,298	320,743	482,014	234,303	390,431	\$ 142,721
<b>State Aid Subtotal</b>		<b>310,813</b>	<b>\$ 8,353,730</b>	<b>408</b>			<b>\$ 7,032,804</b>	<b>\$ 7,769,316</b>	<b>\$ 12,300,562</b>	<b>3,946,832</b>	<b>\$ 9,963,455</b>	<b>\$ 1,609,725</b>
<b>SUBTOTAL FOR ALL WAIVERS</b>		<b>5,269,544</b>	<b>\$ 133,342,098</b>	<b>3,328</b>					<b>\$ 162,468,636</b>	<b>\$ 29,126,537</b>	<b>\$ 131,599,595</b>	<b>(1,742,503)</b>
<b>SUBTOTAL FOR STATE PROGRAM</b>		<b>310,813</b>	<b>\$ 8,353,730</b>	<b>408</b>					<b>\$ 12,300,562</b>	<b>\$ 3,946,832</b>	<b>\$ 9,963,455</b>	<b>1,609,725</b>
<b>ALL PROGRAM SUBTOTAL</b>		<b>5,580,357</b>	<b>\$ 141,695,828</b>	<b>3,736</b>					<b>\$ 174,769,198</b>	<b>\$ 33,073,369</b>	<b>\$ 141,563,050</b>	<b>(132,778)</b>
<b>UNALLOCATED<sup>7</sup></b>		<b>12,013</b>	<b>\$ 278,500</b>	<b>25</b>								
<b>GRAND TOTAL</b>		<b>5,592,370</b>	<b>\$ 141,974,328</b>	<b>3,761</b>								

<sup>1</sup> Clients in the State Aid program receive day habilitation services only, residential services only or both, therefore, we have assumed these distribution factors for purposes of the fiscal impact model.

<sup>2</sup> Navigant used the average annual utilization rate of DD services for purposes of this fiscal impact model, provided by DHHS-DDD via e-mail on September 15, 2011.

<sup>3</sup> Navigant used Medicaid claims data from MMIS with dates of service from June 2009 through May 2010 for the Adult and Children's Waivers. Navigant was not provided an ICAP score for every client in the claims data, therefore Navigant excluded clients without an ICAP from the analysis. Navigant assigned service levels based on each client's ICAP score. We included the claims for each client with an ICAP score in this impact model; clients may be included in more than one program if claims existed for a client in multiple programs.

<sup>4</sup> Given that clients can change programs throughout the year, clients may be counted in more than one category to account for all payments in the current system for purposes of this fiscal impact model.

<sup>5</sup> Navigant used the daily payment rates for Prevocational Day Habilitation services and Residential Group Home services to estimate reasonable daily payments for each client in the Adult and Children's waivers upon direction from the Division. We used the residential daily rate for the 1:4 staffing ratio for staffing ratios 1:5 through 1:8 for fiscal impact purposes.

<sup>6</sup> DHHS-DDD indicated that clients in the State Aid program may receive day services only, residential services only, or both. For purposes of the fiscal impact, we have allocated the State Aid clients using the distribution factors displayed at the top of the model.

<sup>7</sup> Unallocated services account for the units of service and expenditures found in the MMIS claims data that were not crosswalked to an individual's ICAP score because these individuals were no longer eligible for services but represent the capacity of the overall system.