



welcome to brighter

Prescribed Pediatric Extended Care Rate Study

Stakeholder Meeting

Mercer Government
Ready for next. Together.

State of Missouri
Department of Health and Senior Services
February 18, 2025

A business of Marsh McLennan



Agenda

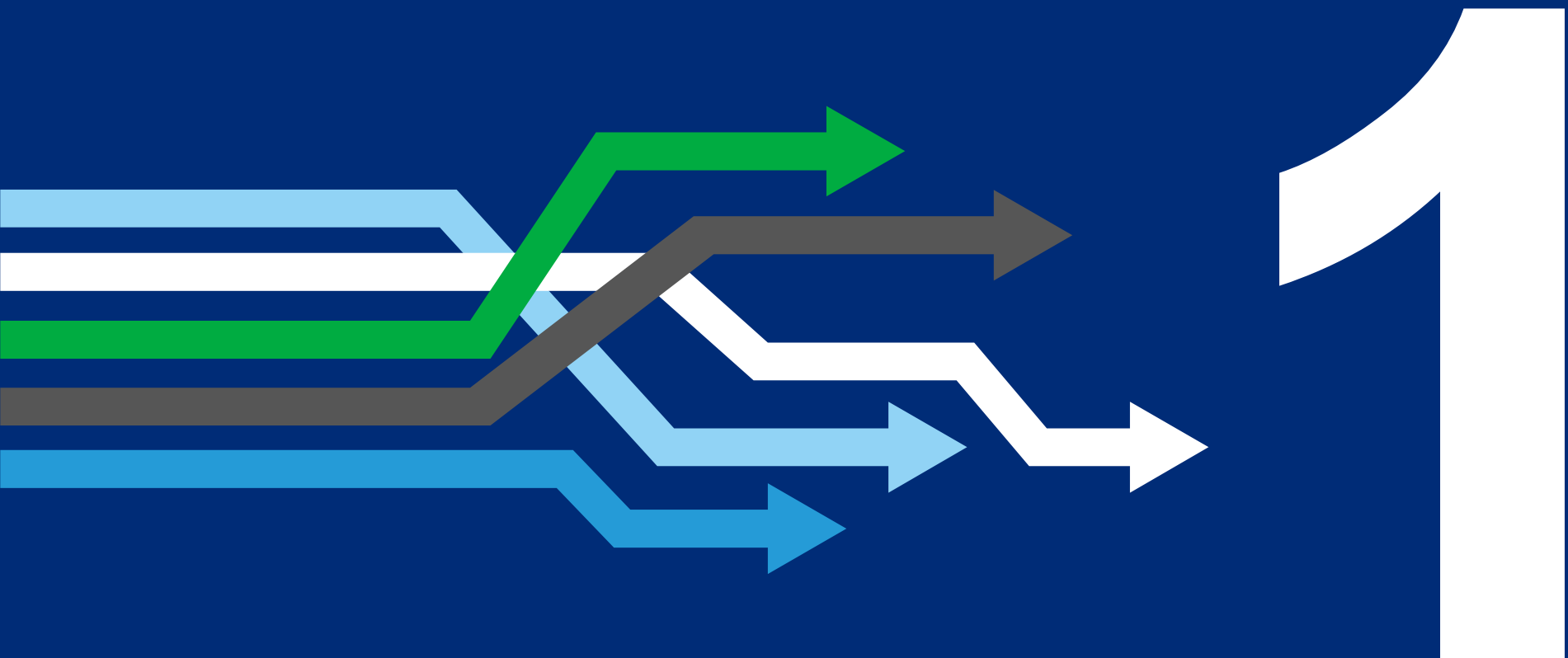
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Abbreviations and Acronyms

BLS	Bureau of Labor Statistics	IT	Information Technology
CEO	Chief Executive Officer	LTD	Long-Term Disability Insurance
CMS	Centers for Medicare and Medicaid Services	LPN	Licensed Practical Nurse
CMT	Certified Medical Technician	MHD	MO HealthNet Division
CNA	Certified Nursing Assistant	OT	Occupational Therapy
CSR	Code of State Regulations	PDN	Private Duty Nursing
DHSS	Department of Health and Senior Services	PPEC	Prescribed Pediatric Extended Care
DSS	Department of Social Services	PT	Physical Therapy
DoN	Director of Nursing	PTO	Paid Time Off
ERE	Employee Related Expense	RN	Registered Nurse
FICA	Federal Insurance Contributions Act	RSMo	Revised Statutes of Missouri
FUTA	Federal Unemployment Tax Act	SFY	State Fiscal Year
HCBS	Home and Community Based Service	ST	Speech Therapy
HR	Human Resources	STD	Short-Term Disability Insurance
IRS	Internal Revenue Service	SUTA	State Unemployment Tax Act



Background



Background

Missouri amended the state statute effective August 28, 2024 by adding six new sections (192.2550–192.2560) related to PPEC.

- On February 3, 2025, Missouri issued three PPEC proposed rules for public comment (19 CSR 30-110.010–110.030):
 - These proposed rules describe the PPEC licensure process and define the minimum requirements for the provision of care in PPEC facilities.
 - PPEC providers must be licensed by August 28, 2025 to continue providing services after that date.
- DHSS held a stakeholder meeting on January 30, 2025 to provide more information about the new PPEC service.
 - The webinar information is available here: <https://health.mo.gov/seniors/ppec.php>
- Stakeholders have until March 5, 2025 to submit comments on the proposed rules.

Background

MHD is in the process of filing an amendment with CMS to add the PPEC service to the Medicaid State Plan. To ensure ongoing federal funding for State Plan services, CMS requires states to meet various requirements.

Within the State Plan, MHD needs to explain its reimbursement methodology for providers who deliver PPEC services. In addition, specific rate analyses need to be conducted to develop the payment rates.

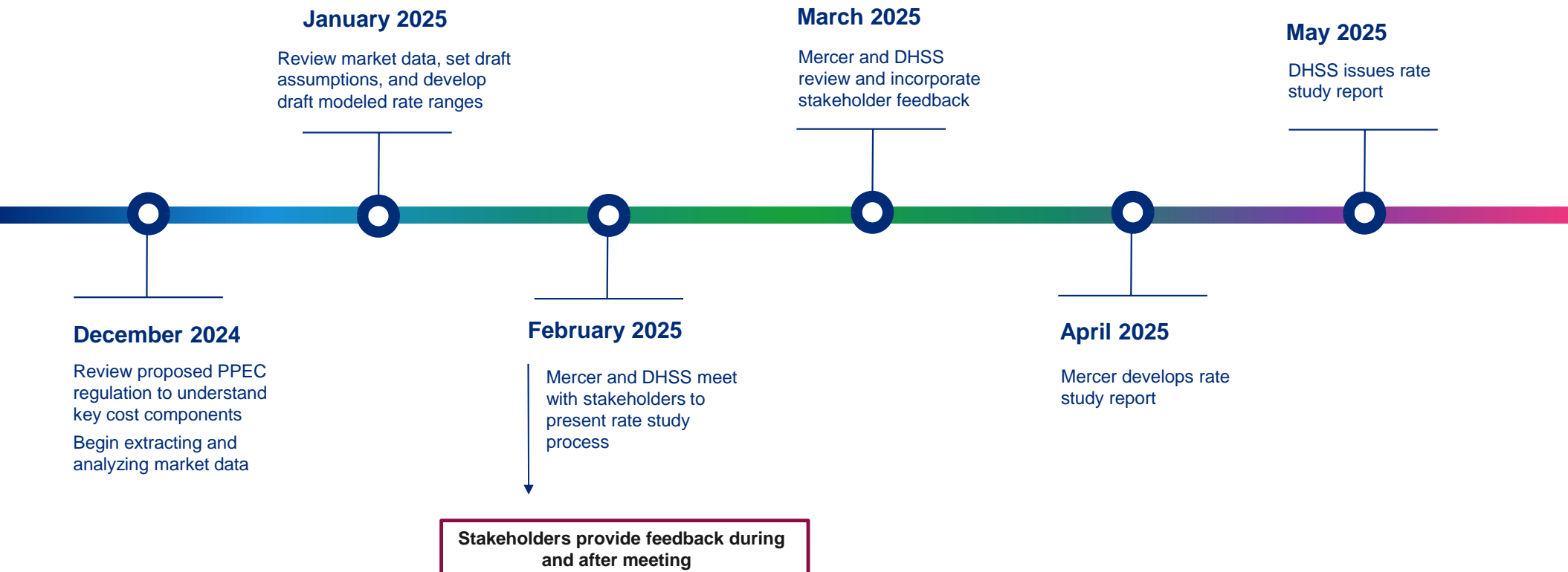
DHSS and MHD engaged Mercer to perform a rate study to inform the establishment of the PPEC fee-for-service rates.

Background

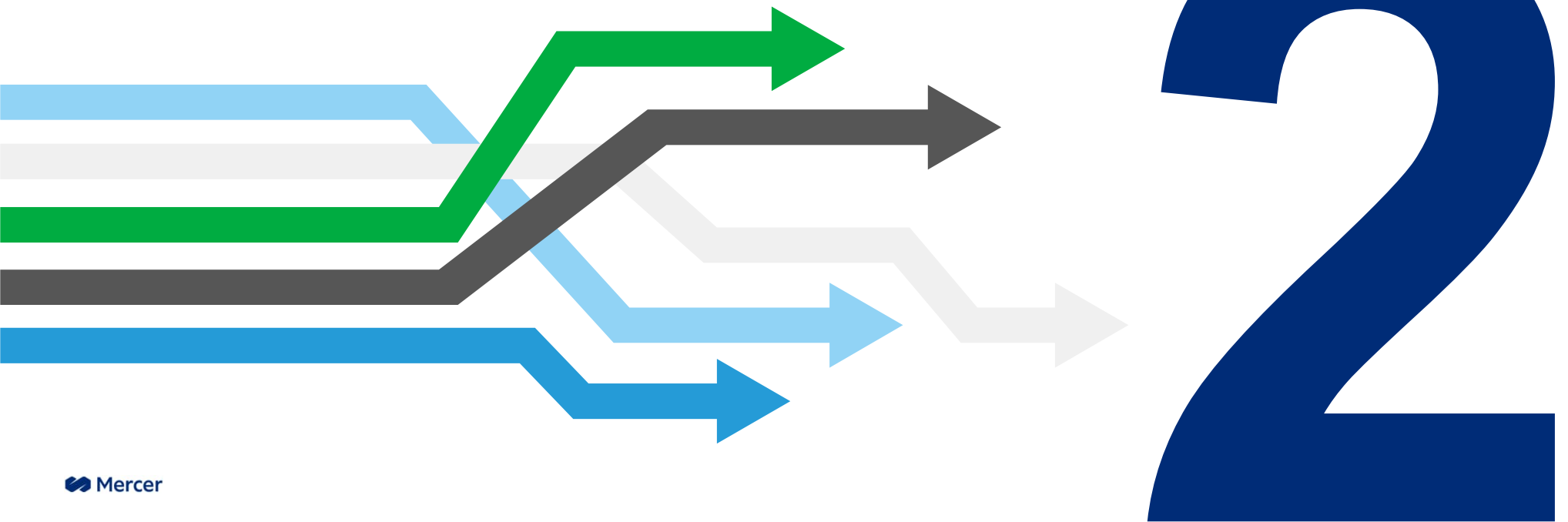
- **DHSS recently contracted with Mercer to conduct a rate study on various State Plan and 1915(c) waiver services:**
 - This rate study was conducted from May through December 2024, with the final report issued on February 14, 2025.
- **DHSS requested that Mercer follow a similar rate study process for purposes of the new PPEC service.**
 - During a rate study, market data and stakeholder feedback are analyzed to model payment rates that are reasonable based on market conditions.

Background

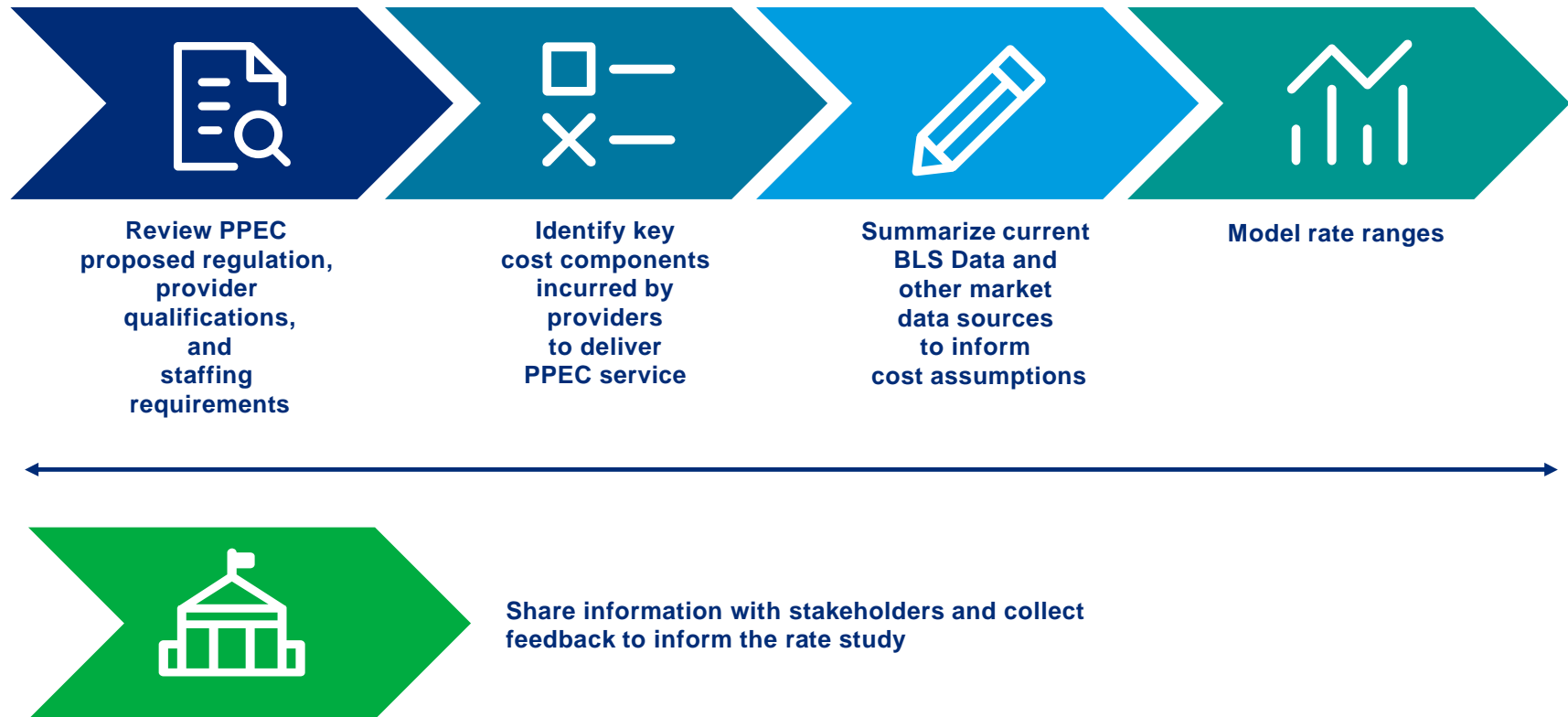
PPEC Rate Study Timelines



Rate Study Process Steps



Rate Study Process Steps



Rate Study Process Steps



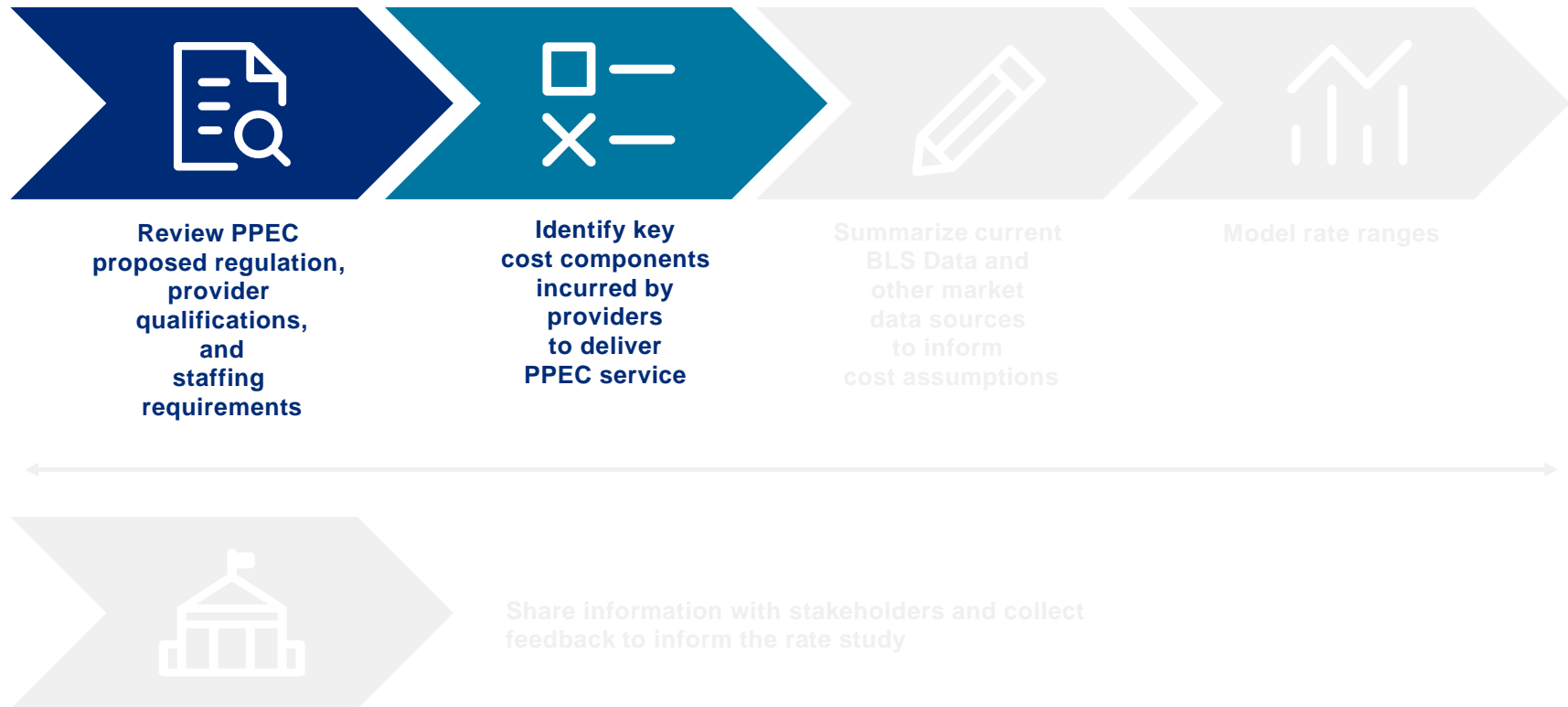
Rate Study Process Steps

Review Service Requirements

To ensure an understanding of the PPEC service and to identify key cost components, Mercer reviewed the following documents and held discussions with DHSS:

- **RSMO 192.2550–192.2560**
- **PPEC proposed rule 19 CSR 30-110.010–110.030**
- **Information provided to DHSS by industry stakeholders**

Rate Study Process Steps

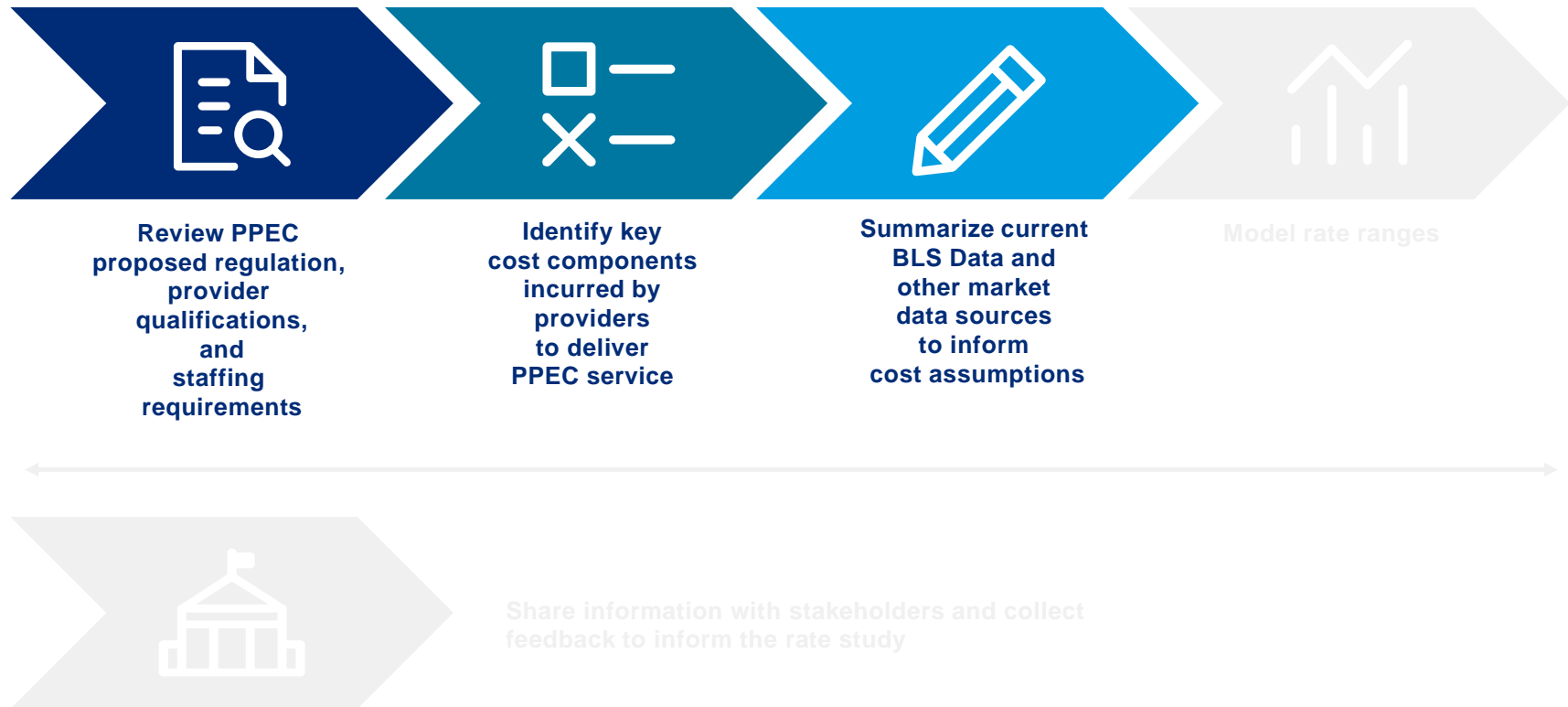


Rate Study Process Steps

The following types of costs were considered:

Cost Component	Examples of Costs under each Component
Compensation for PPEC Staff	<ul style="list-style-type: none"> • Wages/salaries paid to employees delivering PPEC services to individuals and to other program staff (e.g., DoN) integral to service delivery
ERE for PPEC Staff	<ul style="list-style-type: none"> • Health insurance • STD/LTD/Life insurance • Retirement benefits • Worker's compensation insurance • Employer taxes (FICA, FUTA, and SUTA)
Productivity	<ul style="list-style-type: none"> • PTO (holidays, vacation, sick time) • Staff training time
Other Service-Related Costs	<ul style="list-style-type: none"> • Square footage for program space needed to deliver service to individual • Service-related supplies and equipment maintenance • Cost for staff training sessions and training materials • Other service-related costs necessary for service delivery
Administration/Overhead	<ul style="list-style-type: none"> • Wages/salaries and ERE for administrative staff (e.g., CEO, HR, Finance, Clerical) • Administrative building space costs (rent/mortgage, utilities, maintenance) • IT • Office equipment and supplies • Professional/liability insurance • Other administrative costs necessary for program operation

Rate Study Process Steps



Rate Study Process Steps

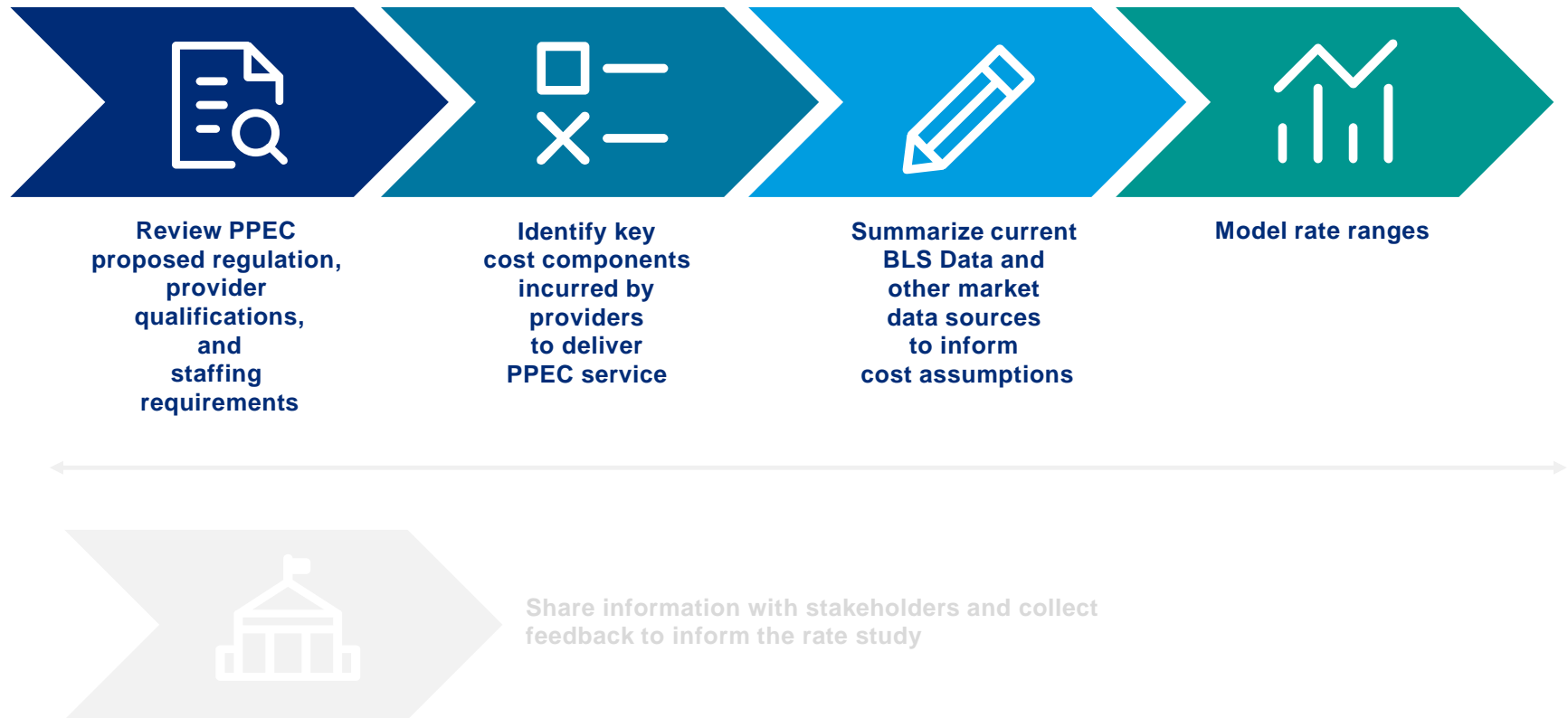
Review Data Sources

Mercer reviewed publicly available market data to inform the pricing of certain cost components:

- CMS expects that rate studies include independent market data sources, such as the BLS data.
- Market data provides information on the actual costs that employers are incurring related to their labor pools:
 - Data is available for specific types of industries and for private sector employers
 - Data is also available on how costs are changing over time
- Missouri-specific market data was collected (where available).



Rate Study Process Steps



Rate Study Process Steps

Model Rate Ranges

A rate study compiles various cost component assumptions and generates modeled rate ranges

- Consists of a lower bound modeled rate and an upper bound modeled rate
- Provides a range of reasonable rates based on market conditions

The rate ranges are established by varying wage assumptions at the lower bound and upper bound

Rate ranges are developed for a specific rate effective period

For this study, rate ranges were modeled for the SFY 2026 period (July 2025–June 2026)

Key Cost Components



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Key Cost Components

Wages

To develop draft wage assumptions, Mercer reviewed the job categories available in the most recent Missouri-specific BLS wage data publication (released March 2024):

- Positions were compared to the service definitions, provider qualifications, and staffing requirements for each service.
- In general, Mercer extracted the 50th and 75th percentile BLS wage data to develop the lower and upper bound of the modeled wage range.
- For the LPN and RN job positions, Mercer considered both BLS wage data and wage data from the DSS PDN survey.

An inflationary factor was applied to the wage data to project it to the SFY 2026 rate effective period.

Key Cost Components

Wages

Job Positions	SFY 2026 Projected Wage Range			
	Hourly Wage		Annual Salary	
	Lower Bound	Upper Bound	Lower Bound	Upper Bound
Facility Staffing				
Center Director	\$24.18	\$30.25	\$50,297	\$62,929
CNA/CMT	\$19.35	\$20.50	\$40,252	\$42,630
LPN	\$32.47	\$34.97	\$67,531	\$72,738
RN	\$39.08	\$42.93	\$81,281	\$89,303
DoN	\$51.01	\$55.81	\$106,098	\$116,091
ST	\$42.84	\$52.02	\$89,117	\$108,192
OT	\$46.48	\$53.15	\$96,668	\$110,548
PT	\$49.18	\$55.75	\$102,303	\$115,951

Key Cost Components

Staffing Considerations from 19 CSR-110.030



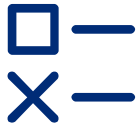
Facilities assumed to be open and staffed 10 hours per day — per 19 CSR 30-110.030, the DoN must be on-site during all facility open hours, and the facility must maintain at least minimum staffing ratios as outlined in Section (7).



The Center Director and DoN positions cannot be held by the same individual — two separate positions assumed.



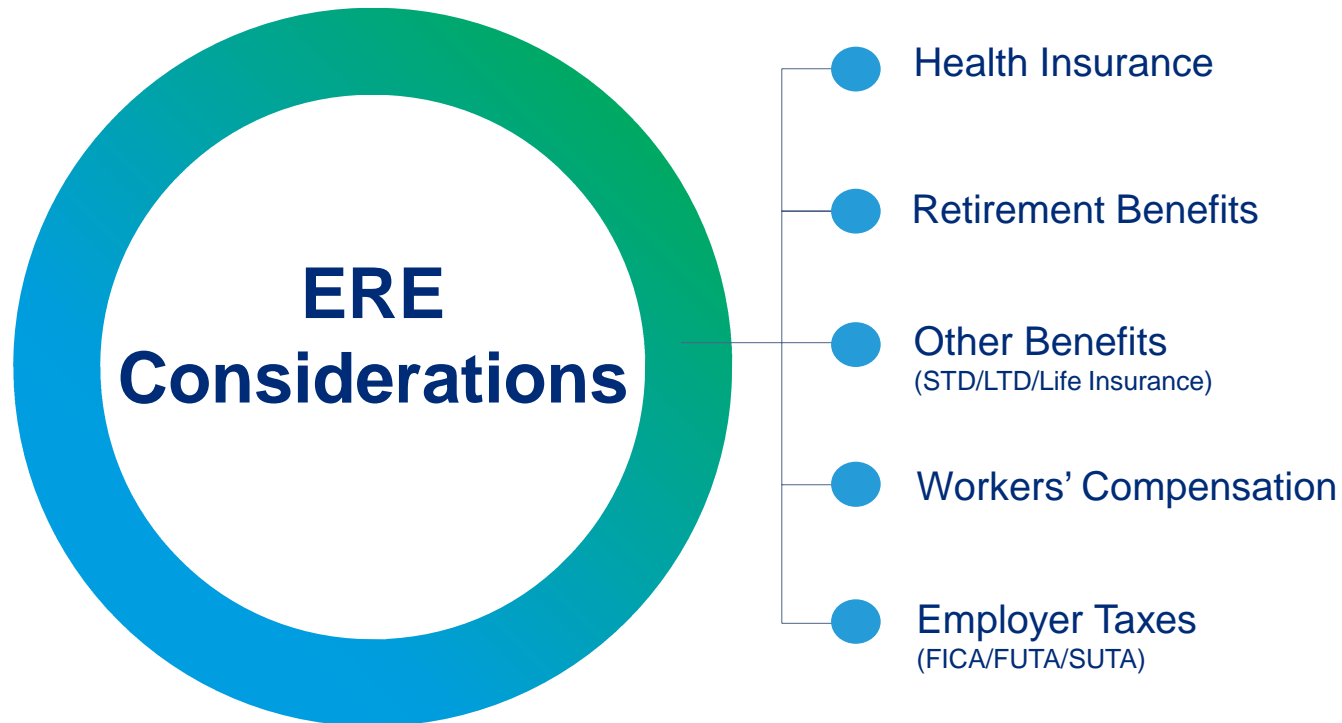
PPEC rate study assumes one hour of therapy per child per day. This could be PT, OT, and/or ST.



The Center Director is assumed to have shared administrative duties (i.e., support facility operations for both PPEC and non-PPEC operations).

Key Cost Components

ERE



Key Cost Components

ERE

Data Sources Reviewed



To inform health insurance, retirement, and other benefit assumptions, Mercer reviewed BLS market data for Missouri private sector employers in comparable industries.



To inform workers' compensation and employer tax assumptions, Mercer reviewed information from the IRS, Missouri Department of Labor, and Missouri Department of Insurance.

Key Cost Components

ERE

To incorporate the ERE assumptions into the rate study, Mercer assumed the PPEC staff were 100% FT.



Health Insurance is roughly \$7,000 per employee per year.



Workers' Compensation include a 3% add-on to wages.



STD/LTD/Life Insurance adds 0.5% onto wages.



Employer Tax Assumptions include a 7.65% add-on to wages for FICA and roughly \$280 per year per employee for FUTA and SUTA.



Retirement Benefits include a 3% add-on to wages.

Key Cost Components

Productivity — PTO & Training Hours

PTO assumptions reflect consideration for holidays, vacation, and sick time.

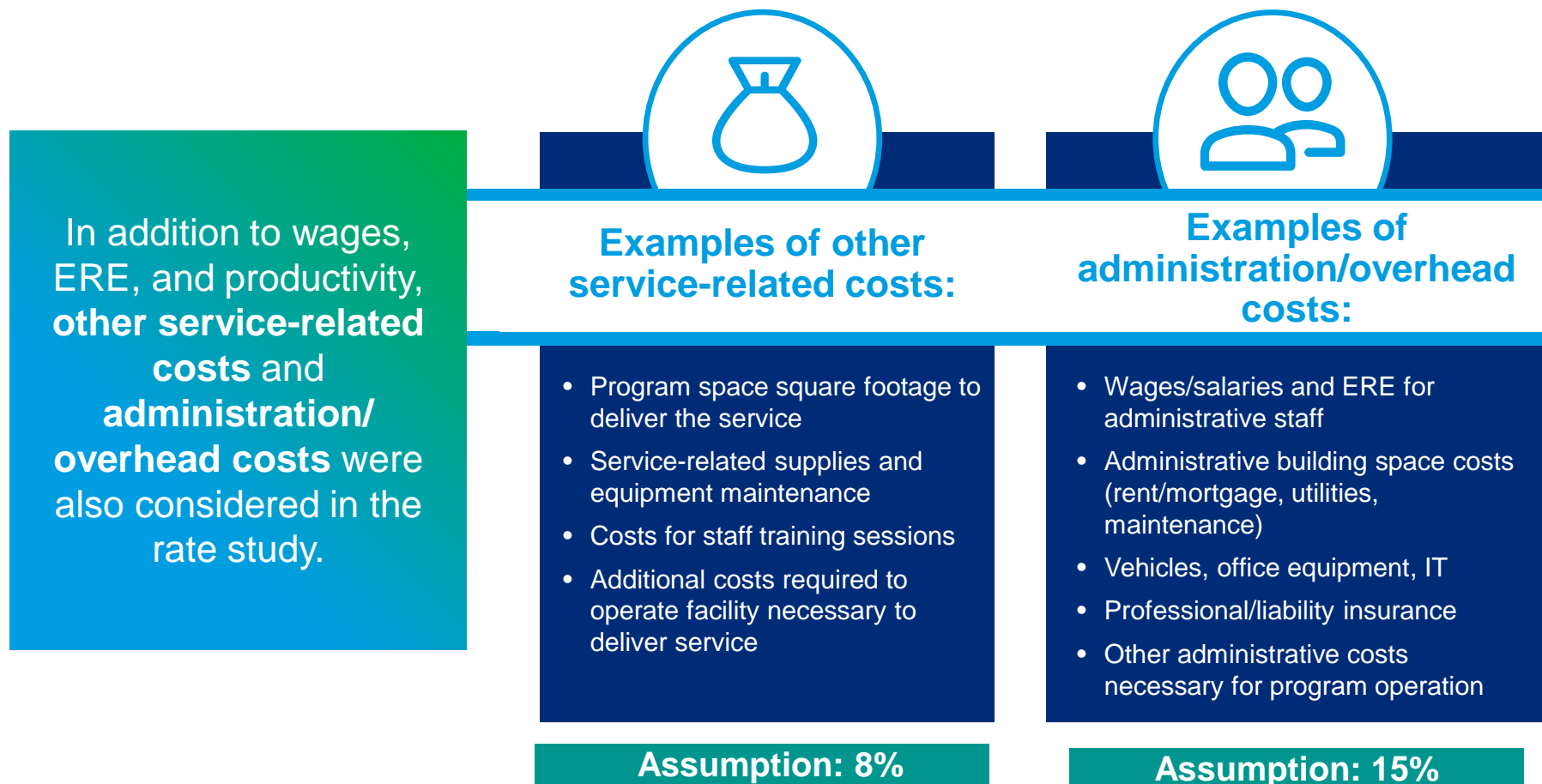
27 days per employee per year

Training time assumptions are based on 19 CSR 30-110.030(8).

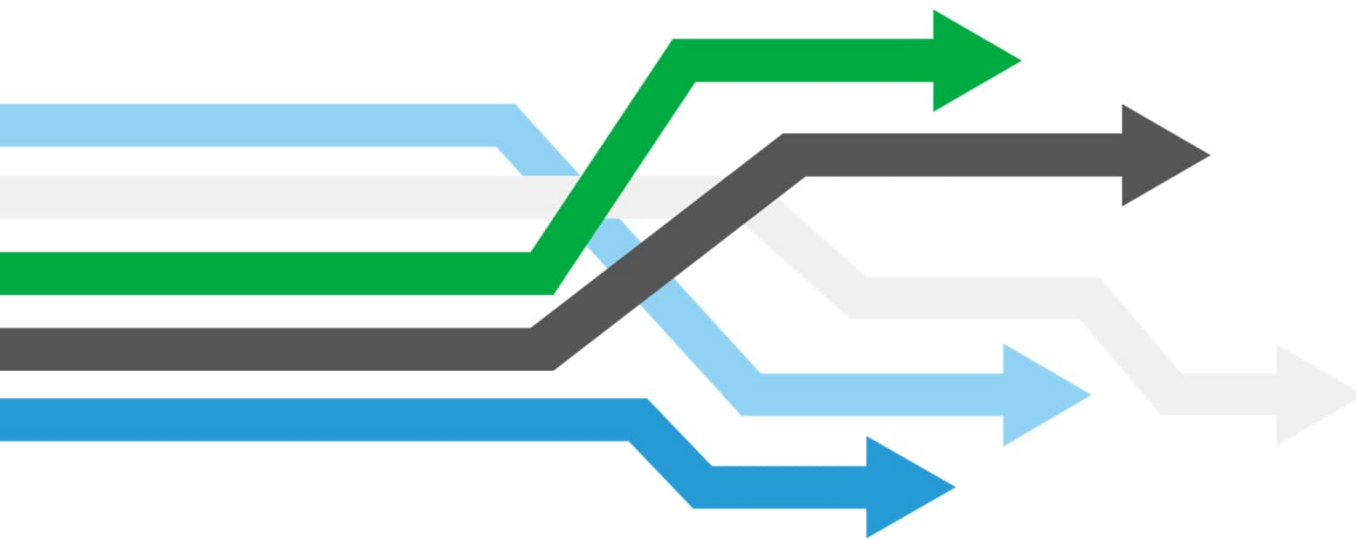
**31 hours per year for new employees,
24 hours per year thereafter**

Key Cost Components

Other Service-Related Costs and Administration/Overhead



Draft Modeled Rate Ranges



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Draft Modeled Rate Ranges

Service Information			SFY 2026 Draft Modeled Rate Range	
Service	Procedure Code/Modifier	Unit Definition*	Lower Bound	Upper Bound
PPEC	T1025	Full Day (more than 4 hours)	\$403.06	\$443.27
	T1025 52	Half Day (4 hours or less)	\$201.53	\$221.64

*Note: PPEC is a medical service; therefore, a provider can only bill for the service on days when a child is present at the facility.

Next Steps



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Next Steps

By March 2025

- Stakeholders send feedback on the information presented today to LTSS@health.mo.gov by March 7, 2025.
- Mercer and DHSS review and consider stakeholder feedback.

April 2025

- Mercer develops PPEC rate study report.

May 2025

- DHSS issues PPEC rate study report.

Questions?

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Limitations and Caveats

In preparing the assumptions summarized in this presentation, Mercer considered publicly available market information and information provided by DHSS. Mercer reviewed the data and information for consistency and reasonableness but did not audit them. If the data or information are incomplete or inaccurate, the values may need to be revised accordingly. Assumptions were developed based upon information available as of January 2025. Should additional information become available, the assumptions and presentation may need to be updated accordingly.

All projection estimates are based upon the information available at a point in time and are subject to unforeseen and random events. Therefore, any projection must be interpreted as having a likely range of variability from the estimates. Any estimate or projection may not be used or relied upon by any other party or for any other purpose than for which it was issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use.

Assumptions developed by Mercer are projections of future contingent events. Actual costs may differ from these projections. Mercer has developed these assumptions on behalf of DHSS for purposes of the SFY 2026 PPEC rate study. Use of this information for any purpose beyond that stated may not be appropriate. This document should only be reviewed in its entirety.



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