

# DHSS Rate Study — Questions and Feedback Submitted after August 7, 2024 Stakeholder Meeting

**Question: Can the Department describe their goal in setting wages and rates with the new rate study?**

- a. To achieve at least the lower bound rate?
- b. To achieve a rate within the lower and upper bound rates?
- c. To achieve somewhere near the mid-point between the lower and upper bound rates?
- d. Another goal?

*Response: The prior rate study conducted in 2019 included three points in the modeled rate range (points were based on 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> percentile wage points from the BLS data). Given workforce issues and challenges faced by providers in attracting and retaining staff, this approach was modified for the current rate study to look at two-point modeled rate ranges based on the 50<sup>th</sup> and 75<sup>th</sup> percentile wage points from the BLS data. Once the SFY 2026 modeled rate ranges are developed and finalized, DHSS plans to conduct fiscal impact analyses to understand the range of funding needed to move the current rates to the lower bound and upper bound of the SFY 2026 modeled rate range. After that information is collected, both the modeled rate ranges and fiscal impact analyses will be shared with the Governor's Office, Division of Budget and Planning, and the legislature for consideration in the SFY 2026 budget.*

**Question: From the DHSS Rate Study PPT 8/7/24.** Slide 16. Can you please provide more detail as to how supervisor and other program staff costs will be incorporated into the wage component of the rate? If 100% of the documented wage is expected to be paid to the DSW, how is the supervisor and other program staff costs captured and paid for (reimbursed)?

*Response: Wage assumptions for the supervisor and other program staff job positions were included in the August 2024 slide deck (refer to slide 26–slide 31). Staffing ratio assumptions are used to incorporate the supervisor and other program staff costs into the modeled rate ranges. For example, a ratio of 1 supervisor to 10 DSWs means that one tenth of the cost of a supervisor FTE is included in the rate study for each DSW. These ratios will be discussed further during the October 16, 2024 stakeholder meeting.*

**Question: From the DHSS Rate Study PPT 8/7/24.** Slide 25 shows a projected hourly wage for agency at \$14.95 and CDS at \$14.60. Slide 26 shows a projected hourly wage range of \$17.48-\$19.93.

- a. Can you please describe the difference between the table on slide 25 and table on slide 26?
- b. Which rate will the department be using?

*Response: Mercer and DHSS reviewed the average DSW and PCA wages from the Year 2 NCI-AD State of the Workforce and CDS Operational surveys. These average wages and the survey time periods are displayed below:*

- Year 2 NCI-AD Survey: average CY 2022 Basic In-Home DSW wage of \$13.03 per hour
- Year 2 CDS Survey: average July 2023–December 2023 PCA wage of \$13.37 per hour

*Mercer applied a 4% annual inflationary factor based on BLS data to these wages to project them to the SFY 2026 rate study period. This inflationary factor addresses anticipated wage growth over time as employees receive pay increases. After applying this annual factor, the wages on slide 25 of the August 7, 2024 presentation were generated (pasted below for reference):*

- *NCI-AD Basic In-Home DSW average wage projected to SFY 2026 = \$14.95 per hour*
- *CDS PCA average wage projected to SFY 2026 = \$14.60 per hour*

*Given workforce challenges, DHSS believes that DSW and PCA wages must be competitive with adjacent industries to attract and retain staff and fill vacancies. To inform this, Mercer analyzed May 2023 Missouri BLS wages for job positions that reportedly compete with the DSW labor pool. Examples included fast food workers, childcare workers, retail, and packers/delivery drivers. The same inflationary factor was applied to this data to project a SFY 2026 wage range of \$17.01 to \$19.78 per hour.*

*DHSS also considered that some providers utilize CNAs to deliver Basic Personal Care (while this is not a requirement in the service definition, DHSS understands that it is necessary at times). To understand this dynamic, Missouri BLS data for a CNA was also reviewed, which showed SFY 2026 wages of \$19.35 to \$20.50 per hour.*

*Blending the BLS data for competitor employers sourcing from a similar labor pool as DSWs and the BLS data for the CNA, Mercer arrived at the SFY 2026 draft wage range of \$17.48 to \$19.93 per hour for Basic In-Home DSWs and PCAs. This is the wage range shown on slide 26 of the August 2024 presentation, which is what Mercer is using to model rate ranges for the Basic Personal Care service (agency and CDS).*

**Question: As an employer, our average wage goes up each month as performance evaluations are completed for staff and raises are administered. The reported agency median wage as of 12/22 and CDS median wage as of 12/23 are not reflective of what we are paying today in 7/24.** We are unable to understand how wages from 2022 and 2023 skip over our current experience and project what will be paid in 2025.

- Can you please provide detailed information on how the wages from 1/22-12/22 (Agency) and 7/23 (CDS) are projected forward to reflect the current market in 7/24?**
- Can you please provide detailed information on how the wages from 1/22-12/22 (Agency) and 7/23 (CDS) are projected forward to 7/25?**
- How does the rate study account for this lag in recording wages?

*Response: As mentioned above, Mercer applied a 4% annual inflationary factor to the historical survey data to project it to the SFY 2026 rate study period. This inflationary factor is based on BLS data and accounts for the lag between the historical data and the future rate study period by addressing anticipated wage growth over time as employees receive pay increases.*

**Question: Slide 30. Financial Management Services staff.** Can you please provide the billing code for this service?

*Response: The Financial Management Services staff mentioned on slide 30 relate to the standalone Financial Management Service available through the Independent Living Waiver. The procedure code to bill this service is T2040 U6.*

Point of Feedback: Slides 36 and 37. **The benefits and workers compensation and tax assumptions are appropriate, thank you for capturing.**

*Response: DHSS and Mercer appreciate this feedback.*

**Question: Slide 37.** When add-on is described for FMS services, how many providers are billing on that service line? What is the billing code for Financial Management Services?

*Response: The Financial Management Service mentioned on slide 37 relate to the standalone Financial Management Service available through the Independent Living Waiver. The procedure code to bill this service is T2040 U6. During CY 2023, 133 providers billed that service/procedure code.*

Point of Feedback: Annual face to face supervisory visits once a year for CDS clients is a new **requirement we believe needs to be recognized as an additional cost component of the rate study for the next part of the rate study discussion.**

*Response: DHSS and Mercer appreciate this feedback. Face to face supervisory visits for CDS clients were considered as part of the rate study and will be discussed further during the October 16, 2024 stakeholder meeting.*

**Point of Feedback: I caution Mercer and the state from using the same assumptions for PDN as for In-Home and CDS services/providers.**

1. **Overtime. It was stated on the call that no adjustment was included in the rate study for overtime.** PDN agencies, mostly due to the nursing shortage, are experiencing a higher rate of **overtime these days to cover needed shifts.** I encourage you to research and reconsider adding **an overtime adjustment for PDN nursing wages.**
2. **PDN operations costs - I understand this will be addressed in the 2<sup>nd</sup> stakeholder meeting, but I am curious about what survey/research has been done gathering information from PDN providers related to operations costs.** Again, the PDN program significantly differs from the In-Home and CDS programs and needs an independent review of non-wage cost components.

Here are a few that I have heard from providers on:

- **Simulation Lab (Trach/vent trainings – and others – equipment as well as simulation software)**
- **Clinical training/onboarding requires additionally skilled/qualified trainers (training PCAs is not generally completed by licensed individuals, for example)**
- Higher pay rates (obvious one)
- **OT (obviously higher – but also almost required in some situations for safe transfer of care to primary care givers)**
- **Potentially higher PPE costs**

*Response: DHSS and Mercer appreciate this feedback. In response to this feedback, DHSS issued a survey on August 28, 2024 to providers of PDN and/or Authorized Nurse Visit services to collect additional information. Survey responses were due September 18, 2024. Based on the survey responses, an 8% overtime adjustment has been included in the rate study for PDN services. Other rate study assumptions for PDN and Authorized Nurse Visit services were also informed by the survey and are described further in the October 16, 2024 stakeholder presentation.*