

DHSS Rate Study

Stakeholder Meeting #1

Mercer Government
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State of Missouri
Department of Health and Senior Services
August 7, 2024

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Abbreviations and Acronyms

ABA	Applied Behavior Analysis	LBA	Licensed Behavior Analyst
ALF	Assisted Living Facility	LTD	Long-Term Disability Insurance
BLS	Bureau of Labor Statistics	LPN	Licensed Practical Nurse
CDS	Consumer Directed Services	NCI-AD	National Core Indicators for Aging and Disabilities
CEO	Chief Executive Officer	OT	Occupational Therapy
CMS	Centers for Medicare and Medicaid Services	PCA	Personal Care Attendant
DHSS	Department of Health and Senior Services	PDN	Private Duty Nursing
DSS	Department of Social Services	PT	Physical Therapy
DSW	Direct Service Worker	PTO	Paid Time Off
ERE	Employee Related Expense	RBT	Registered Behavior Technician
FICA	Federal Insurance Contributions Act	RCF	Residential Care Facility
FUTA	Federal Unemployment Tax Act	RN	Registered Nurse
HCBS	Home and Community Based Service	SFY	State Fiscal Year
HR	Human Resources	ST	Speech Therapy
IRS	Internal Revenue Service	STD	Short-Term Disability Insurance
LaBA	Licensed Assistant Behavior Analyst	SUTA	State Unemployment Tax Act



Rate Study Background and Goals



Rate Study Background and Goals

DHSS works closely with CMS to administer Medicaid HCBS services through 1915(c) waivers and the State Plan



1915(c) waivers and State Plan services are partially funded through federal dollars. To ensure ongoing federal funding for these programs, CMS requires states to meet various federal regulations and requirements



One of the requirements is specific to payment rates, which CMS expects states to review at least once every five years



In addition, CMS recently issued a new Access Rule that contains various rate-related provisions. More information is needed before the impacts of the Access Rule can be determined

Rate Study Background and Goals



DHSS previously contracted with Mercer to conduct a rate study on select State Plan and 1915(c) waiver services



The rate study was conducted from October 2018 through August 2019, with the final report issued in January 2020:



- <https://health.mo.gov/seniors/hcbs/pdf/rate-study.pdf>



To meet CMS expectations on reviewing rates at least once every five years, DHSS requested that Mercer conduct another rate study with the goal of issuing the report in January 2025

Rate Study Background and Goals

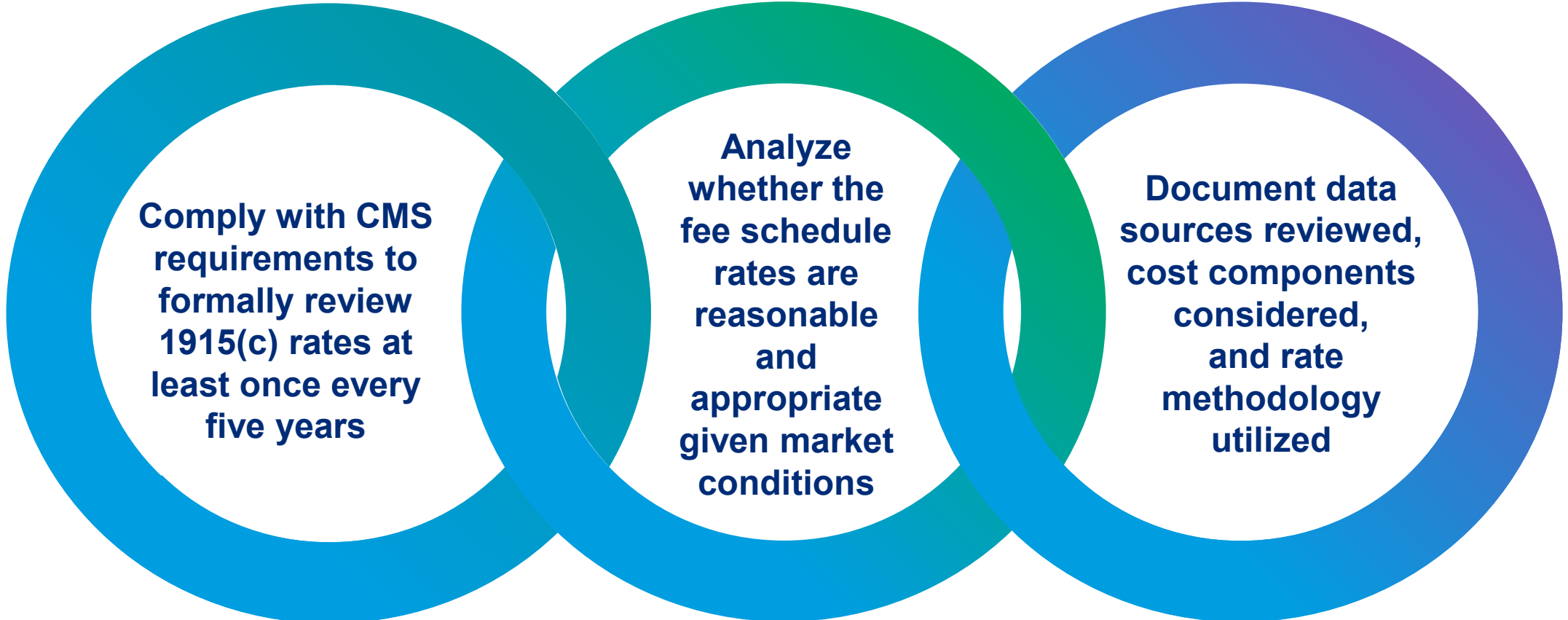
The following table shows the list of services that are included in this rate study

 Service Type	 Services Included in Rate Study*
Basic In-Home Services	In-Home Respite, Homemaker, Chore, Attendant Care, Personal Care**
Advanced In-Home Services	Advanced Respite, Advanced Personal Care**
Nursing	Authorized Nurse Visits** and Private Duty Nursing
Consumer Directed Services	Consumer Directed Personal Care
Other Services	Adult Day Care, Home Delivered Meals, Case Management, Financial Management Services
Professional Services	Therapies [PT, OT, ST], Applied Behavior Analysis, Cognitive Rehabilitation Therapy, Neuropsychological Evaluation

Notes: * This rate study does not include Home Health Services or services authorized by the Division of Developmental Disabilities.
 **These services can also be provided in a Residential Care Facility or an Assisted Living Facility.

Rate Study Background and Goals

Goals for the rate study include:

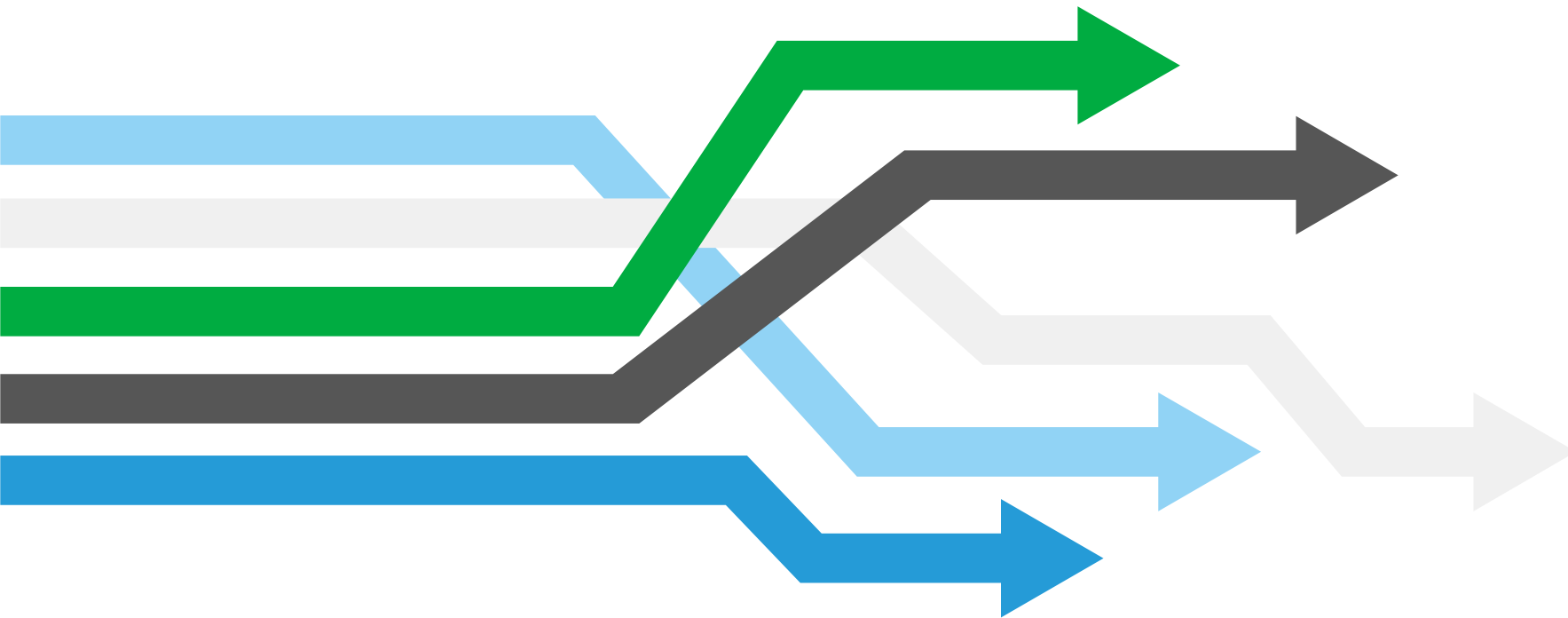


Comply with CMS requirements to formally review 1915(c) rates at least once every five years

Analyze whether the fee schedule rates are reasonable and appropriate given market conditions

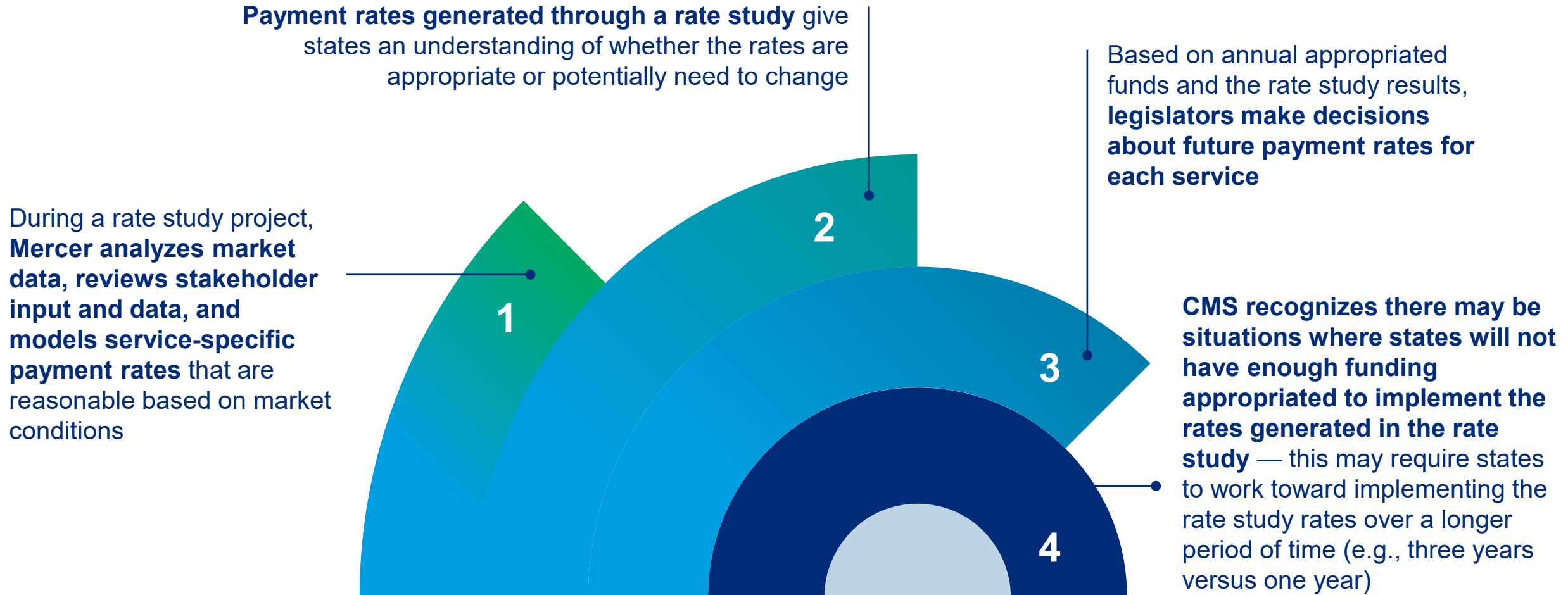
Document data sources reviewed, cost components considered, and rate methodology utilized

Key Rate Study Process Steps



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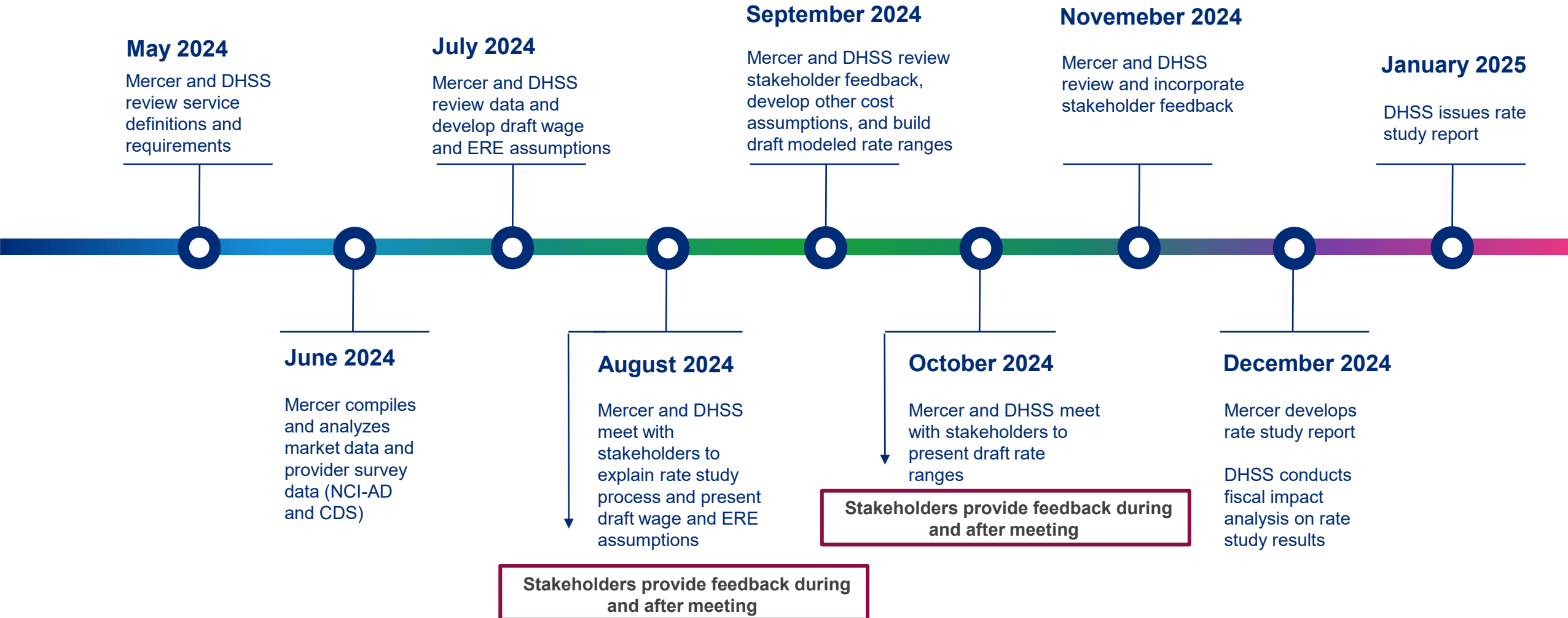
Key Rate Study Process Steps



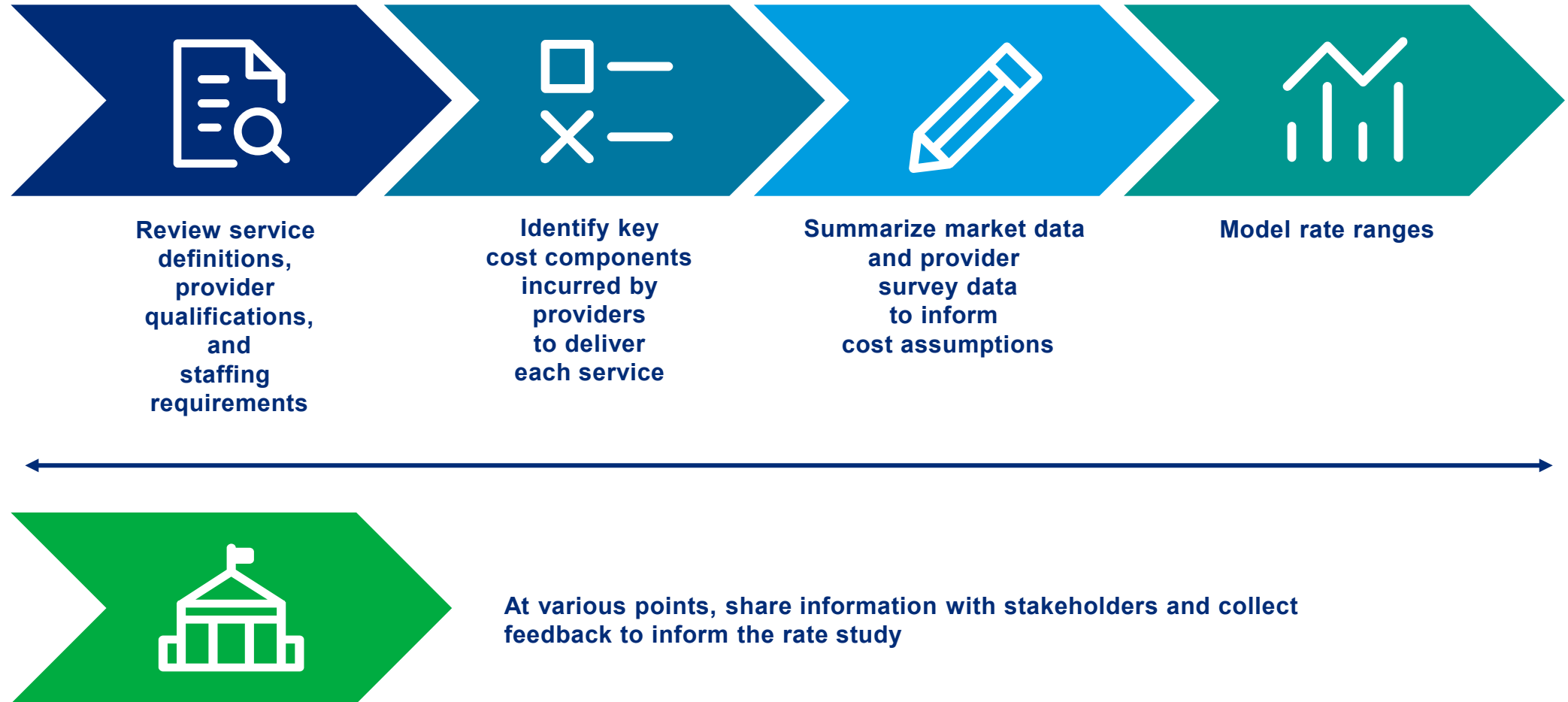
Rate Study Process

Key Rate Study Process Steps

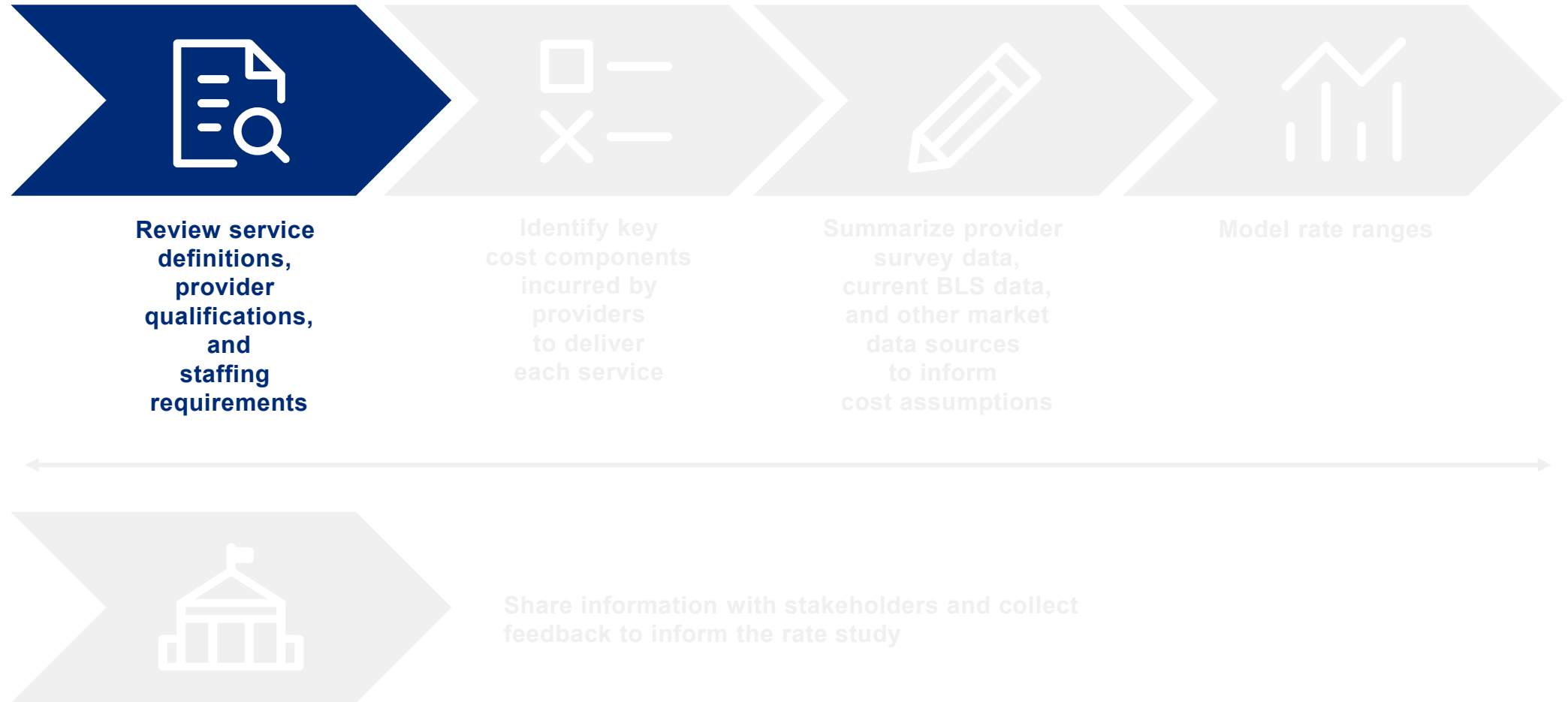
Anticipated Timeline for DHSS Rate Study



Key Rate Study Process Steps



Key Rate Study Process Steps



Key Rate Study Process Steps

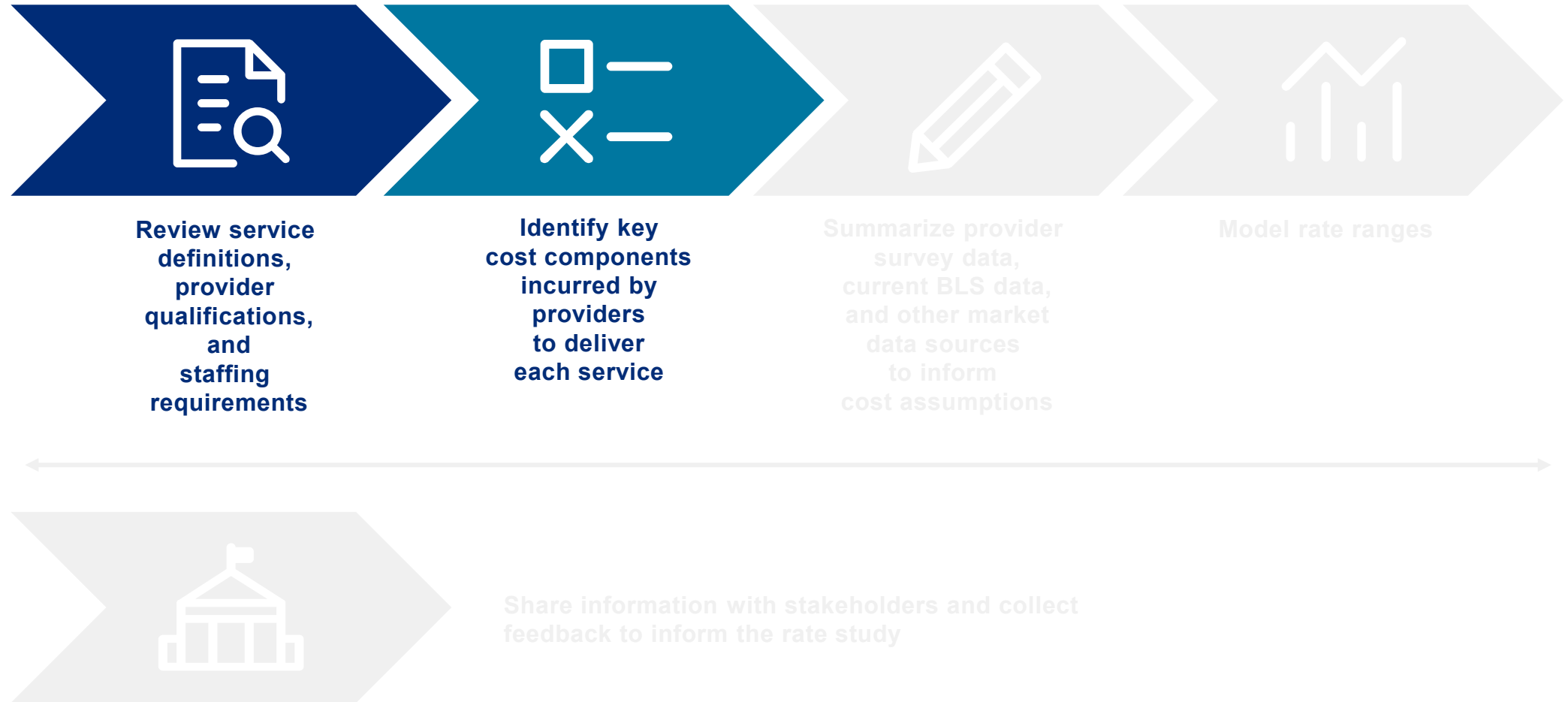
Review Service Requirements

To ensure an understanding of the rate study services and to identify key cost components, Mercer reviewed the following documents and held discussions with DHSS

- 1915(c) Waivers
- Missouri State Plan
- DHSS service manuals
- Missouri regulations
- Other documentation from DHSS



Key Rate Study Process Steps



Key Rate Study Process Steps

Identify Cost Components

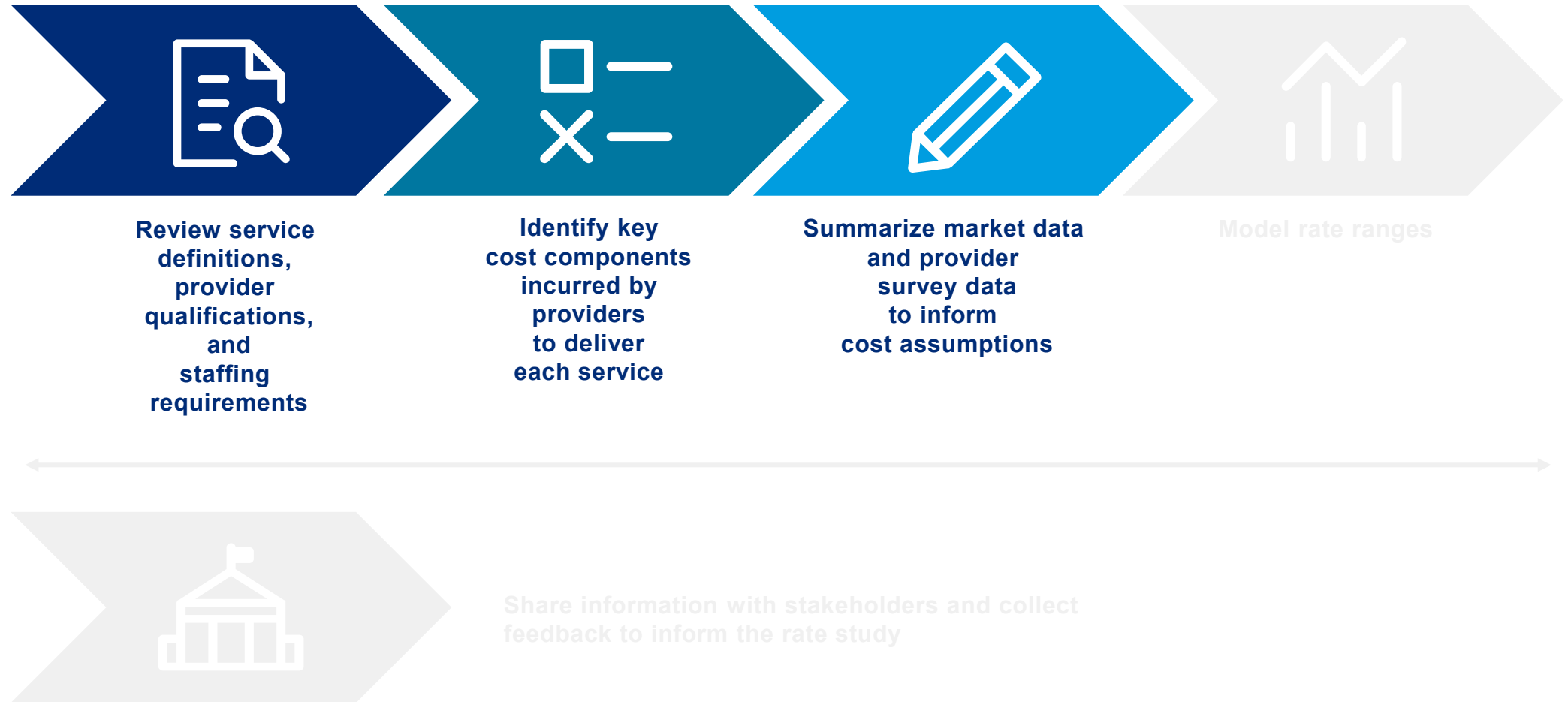
Cost Component	Examples of Costs under each Component*
Compensation for DSWs and Other Program Staff	Wages/salaries paid to DSWs who are delivering services to individuals and paid to other program staff (e.g., supervisor, nurse) integral to service delivery
ERE for DSWs and Other Program Staff	<ul style="list-style-type: none"> • Health insurance • STD/LTD/Life insurance • Retirement benefit • 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 • Non-billable staff time (e.g., notes/documentation, staff meetings)
Other Service-Related Costs	<ul style="list-style-type: none"> • Service-related supplies • Cost for staff training sessions • Mileage costs associated transportation integral to a service • Food costs needed to deliver service to individual (e.g., home delivered meals) • Square footage for program space needed to deliver service to individual (e.g., day program center) • 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) • Building space costs (rent/mortgage, utilities, maintenance) • Information technology • Office equipment and supplies • Professional/liability insurance • Other administrative costs necessary for program operation

Will be discussed in detail during today's call

To be discussed during the second meeting in October

*Note: A given service may not include all the cost components listed above. Each service is reviewed separately to determine the types of costs that providers incur when delivering the service.

Key Rate Study Process Steps



Key Rate Study Process Steps

Review Data Sources

During a rate study, Mercer reviews publicly available market data to inform 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 is collected (where available)

Key Rate Study Process Steps

Review Data Sources



In addition to independent market data, provider survey data is also being analyzed to inform the rate study



Agency and CDS providers of In-Home, Residential, or Non-Residential supports had the option to participate in an annual DHSS survey process during the past two years

- The surveys collected DSW and PCA workforce data to inform the rate study
- The surveys covered various topics including, but not limited to general provider characteristics, DSW/PCA characteristics and workforce metrics, wages and benefits, and other provider costs
- A summary of the Year 2 survey results was recently posted. Please refer to INFO Memo 08-24-01 for details: <https://health.mo.gov/seniors/hcbs/infomemos.php>



Private Duty Nursing providers had the option to participate in a DSS survey during the past two years

- The surveys collected information on various topics including LPN and RN wages and number of LPNs and RNs employed



In June 2024, the Missouri Area Agencies on Aging submitted cost and utilization data for the Home Delivered Meals service

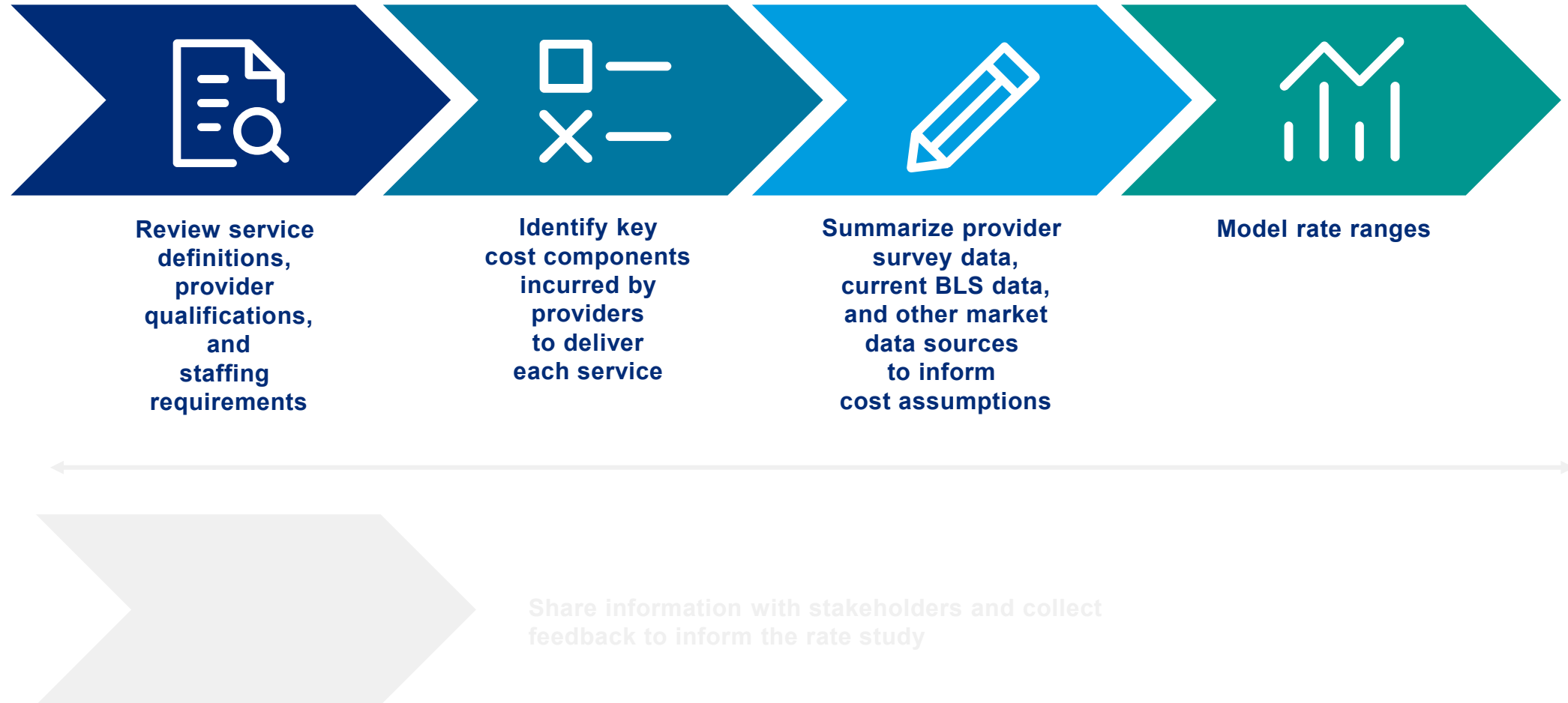
Key Rate Study Process Steps

Review Data Sources

Regarding the agency and CDS surveys for providers of In-Home, Residential, and Non-Residential Supports, DHSS first administered these surveys in late 2022/early 2023. The surveys were administered for a second year in late 2023/early 2024.

Survey Name	Target Audience	# of Questions	Data Reporting Period in Year 2 Survey	Year 2 Survey Response Window	# of Responses	Total # of Providers who Received Survey	Survey Response Rate
NCI-AD State of the Workforce Survey	Agency-model providers who deliver: <ul style="list-style-type: none"> • Personal Care services in the community, in RCFs, or in ALFs • Adult Day services 	68	Jan 1, 2022– Dec 31, 2022	Sep 15, 2023– Oct 31, 2023	243	824	29%
CDS Operational Survey	CDS Personal Care providers	33	Jul 1, 2023– Dec 31, 2023	Jan 2, 2024– Feb 29, 2024	402	940	43%

Key Rate Study Process Steps



Key Rate Study Process Steps

Model Rate Ranges

For each service, 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 will be modeled for the SFY 2026 period (July 2025–June 2026)

Data Review: Wages and ERE



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Data Review

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

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

Data Review

Wages



Mercer also reviewed wages from the NCI-AD and CDS surveys to benchmark against the market data

The same inflationary factor was applied to the survey data to project it to the SFY 2026 rate effective period

Service	SFY 2026 Projected Wage from Surveys	
	Average Hourly Wage	
	NCI-AD Survey	CDS Survey
Basic Personal Care DSW	\$14.95	\$14.60
Advanced Personal Care DSW	\$16.55	N/A
DSW Supervisor	\$22.81	N/A

Data Review



Wages

Basic In-Home Services and Adult Day Care	SFY 2026 Projected Wage Range			
	Hourly Wage		Annual Salary	
	Lower Bound	Upper Bound	Lower Bound	Upper Bound
DSW				
<ul style="list-style-type: none"> In-Home Respite Homemaker Chore Attendant Care Personal Care CDS Personal Care Adult Day Care 	\$17.48	\$19.93	\$36,348	\$41,445
AIDS Waiver Attendant and Personal Care	\$18.41	\$20.21	\$38,300	\$42,038
DSW Supervisor*				
DSW Supervisor	\$26.19	\$30.18	\$54,467	\$62,766
Nursing Oversight*				
RN	\$39.08	\$42.93	\$81,281	\$89,303

*Note: DSW Supervisor and Nursing Oversight positions not included for CDS Personal Care due to the nature of the CDS delivery model.

Data Review

Wages



Advanced In-Home Services	SFY 2026 Projected Wage Range			
	Hourly Wage		Annual Salary	
	Lower Bound	Upper Bound	Lower Bound	Upper Bound
DSW				
<ul style="list-style-type: none"> Advanced Respite Advanced Personal Care 	\$19.35	\$20.50	\$40,252	\$42,630
DSW Supervisor				
DSW Supervisor	\$26.19	\$30.18	\$54,467	\$62,766
Nursing Oversight				
RN	\$39.08	\$42.93	\$81,281	\$89,303

Data Review

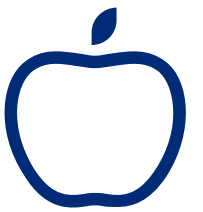
Wages



Nursing	SFY 2026 Projected Wage Range			
	Hourly Wage		Annual Salary	
	Lower Bound	Upper Bound	Lower Bound	Upper Bound
Nurse				
<ul style="list-style-type: none">Private Duty NursingAuthorized Nurse Visits	\$35.11	\$38.16	\$73,031	\$79,365
Supervisor				
RN	\$39.08	\$42.93	\$81,281	\$89,303

Data Review

Wages



Home Delivered Meals	SFY 2026 Projected Wage Range			
	Hourly Wage		Annual Salary	
	Lower Bound	Upper Bound	Lower Bound	Upper Bound
Cook	\$15.43	\$18.15	\$32,100	\$37,758
Meal Packager	\$18.83	\$21.18	\$39,166	\$44,062
Driver	\$18.87	\$27.37	\$39,259	\$56,925
Cook Supervisor	\$19.34	\$23.96	\$40,228	\$49,835
Nutritionist	\$30.81	\$39.08	\$64,084	\$81,288

Data Review

Wages



Case Management and Financial Management Services	SFY 2026 Projected Wage Range			
	Hourly Wage		Annual Salary	
	Lower Bound	Upper Bound	Lower Bound	Upper Bound
Financial Management Services (FMS) Staff	\$22.78	\$27.98	\$47,387	\$58,195
Case Manager (CM)	\$21.97	\$25.22	\$45,690	\$52,468
FMS and CM Supervisor	\$25.59	\$31.78	\$53,218	\$66,093

Data Review

Wages



Professional Services	SFY 2026 Projected Wage Range			
	Hourly Wage		Annual Salary	
	Lower Bound	Upper Bound	Lower Bound	Upper Bound
Therapies				
Speech Therapy	\$42.84	\$52.02	\$89,117	\$108,192
Occupational Therapy	\$46.48	\$53.15	\$96,668	\$110,548
Physical Therapy	\$49.18	\$55.75	\$102,303	\$115,951
Applied Behavior Analysis				
Registered Behavior Technician (RBT)*	\$22.68	\$29.40	\$47,180	\$61,151
Licensed Assistant Behavior Analyst (LaBA)*	\$32.30	\$38.45	\$67,186	\$79,973
Licensed Behavior Analyst (LBA)	\$44.75	\$64.23	\$93,089	\$133,595
Other Services				
Cognitive Rehabilitation Therapy	\$27.58	\$37.50	\$57,368	\$77,991
Neuropsychological Evaluation	\$44.75	\$64.23	\$93,089	\$133,595

Data Review

DSW Overtime



In the NCI-AD survey, many providers did not report any overtime hours

Across all providers, 1% of all DSW hours worked were overtime hours



The CDS survey showed less than 0.1% of PCA hours worked were overtime hours



The low number of overtime hours is likely due to the high prevalence of part-time staff

NCI-AD survey showed roughly 65% of DSWs had a part-time status

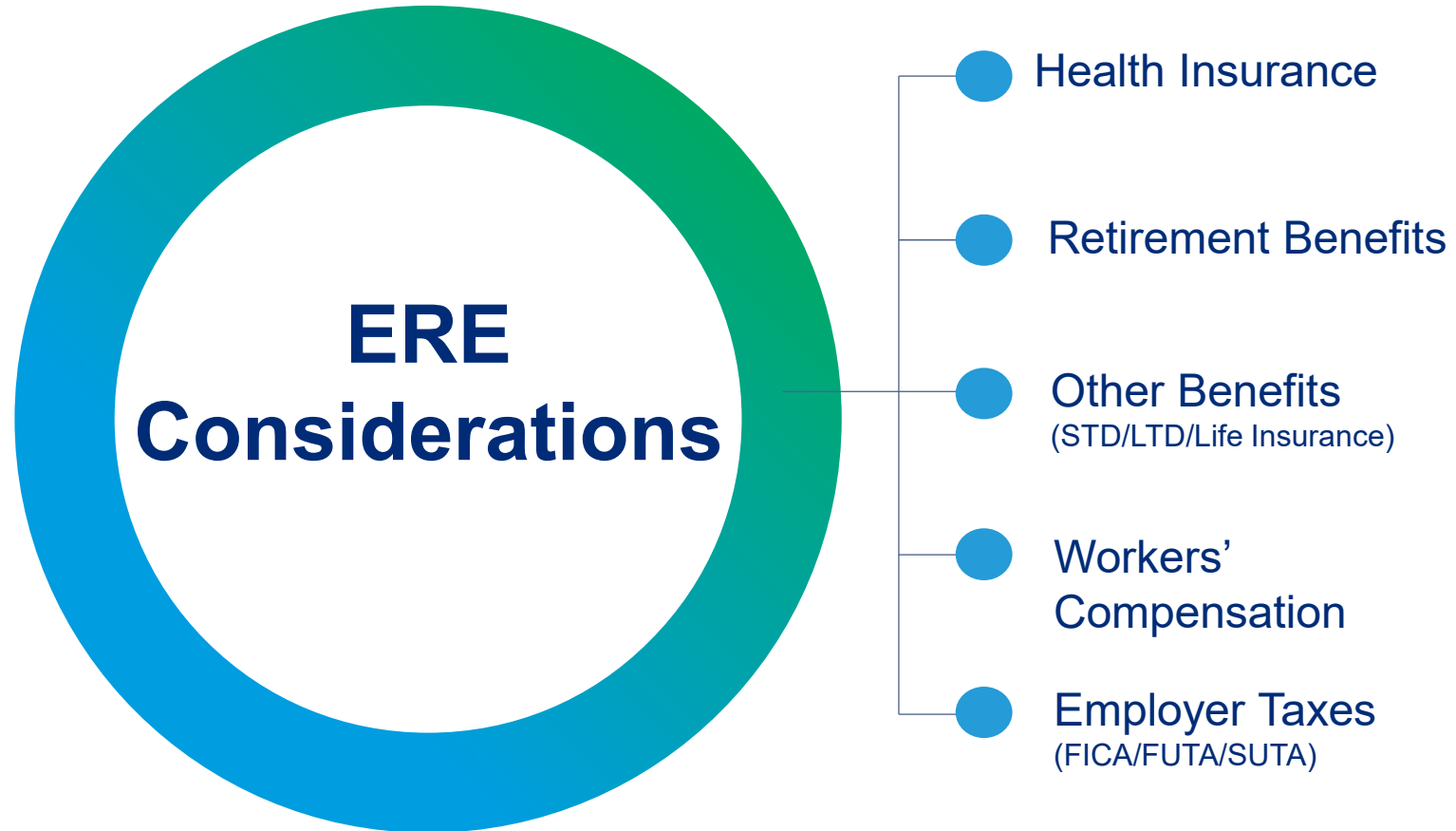
CDS survey showed 94% of PCAs had a part-time status



Therefore, no adjustment was included in the rate study for overtime

Data Review

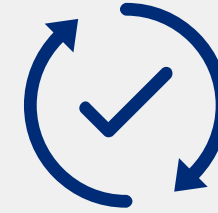
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Data Review

ERE

Data Sources Reviewed



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

NCI-AD and CDS survey data were also reviewed to understand what benefits have historically been offered to DSWs



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

Data Review

ERE

Benefit Assumptions

NCI-AD Agency Survey Data



About 20% of providers offered **health insurance and retirement benefits** to at least some DSWs



17% of providers **offered life insurance** to at least some DSWs and 6% offered **disability benefits** to at least some DSWs

CDS Survey Data

Less than 5% of survey responses showed that PCAs were offered **health insurance or retirement benefits**

Less than 5% of survey responses showed that PCAs were offered **life insurance or disability benefits**

These low percentages were anticipated given the provider is not the employer of record in the CDS model

Data Review

ERE

Benefit Assumptions

Agency Providers

- Even though few agency providers have historically offered health, retirement, life, or disability benefits to DSWs, DHSS believes that offering benefits is an important tool to help agency providers attract and retain DSWs
- The rate study will include costs for the employer's cost related to **offering these benefits to full-time DSWs**
 - Health Insurance: Roughly \$7,000 per year per DSW
 - Retirement Benefit: 3% add-on to wages
 - STD/LTD/Life Insurance: 0.5% add-on to wages

CDS Providers

- Because the provider is not the employer of record, there is not a mechanism that exists for the CDS provider to offer health insurance, retirement, or other benefits to PCAs
- Therefore, no benefit costs are being included in the rate study for CDS

Workers' Compensation and Employer Tax Assumptions

Included for both agency and CDS providers



Workers Compensation

- Assume 1.5% add-on to wages for Case Management and Financial Management Services
- Assume 3% add-on to wages for all other services in rate study



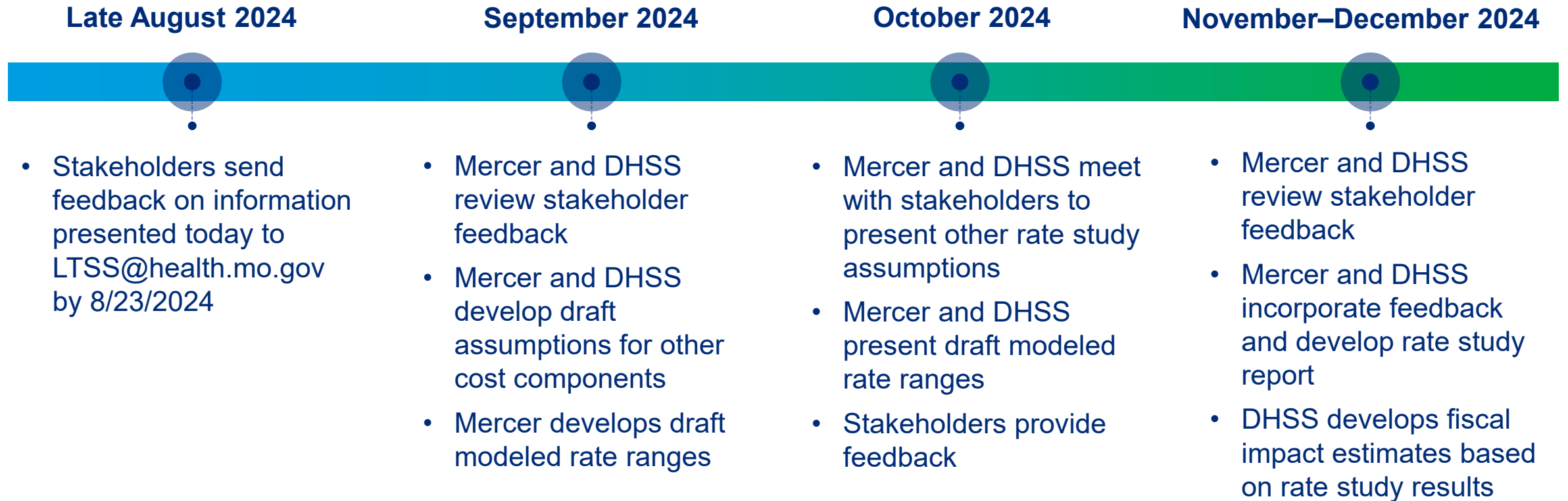
Employer Tax Assumptions

- Assume 7.65% add-on to wages for FICA
- Assume roughly \$280 per year per DSW for FUTA and SUTA

Next Steps



Next Steps



Questions?



Limitations and Caveats

In preparing the assumptions summarized in this presentation, Mercer considered publicly available market information and other 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 July 2024. 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 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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