

Meeting Agenda

SB 147 – Provider Rate Methodology Workgroup

November 7, 2018

1:00 p.m. – 4:00 p.m. (Central Time)

Conference Call 1-866-410-8397

Access Code: 243-320-4489

- I. Welcome and Introductions
- II. Review and finalize minutes from October 18<sup>th</sup> meeting
- III. Review changes and models for: Outpatient – Individual, Outpatient - Group and  
Low-Intensity Residential
- IV. Review Inpatient cost report data and discuss model methodology
- V. Next steps – Detox model
- VI. Public Comment

# MINUTES

## Substance Use Disorder Services Financial Workgroup

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October 18, 2018  
9:00-10:15 am  
Conference Call

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### In Attendance

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Tiffany Wolfgang, Stacy Bruels, Greg Evans, Steven Gordon, Brenda Tidball-Zeltinger, Amy Iversen-Pollreisz, Laura Schaeffer, Amy Hartman, Gary Tuschen, Michelle Carpenter, Michelle Spies, Susan Sandgren, Terry Dosch, Stacia Nissen

Not Present: Laurie Mikkonen, Brendan Smith

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### Welcome and Introductions

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- Tiffany Wolfgang welcomed the group.
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### Review and finalize minutes from September 12th meeting

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- The minutes were reviewed. Michelle Carpenter moved to approve. Terry Dosch seconded the motion. Minutes were approved.
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### Review and continue discussion on models for: Outpatient: Individual and group, and Low-intensity Residential

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- DSS staff explained updates made to the model and additional research conducted. DSS staff looked at the Bureau of Labor Statistics, national averages for related provider types, and other payers. The average reimbursement for similar providers, nationally, was 17-20 dollars per hour. The salary used in the modeled rate aligns with the national averages. Additional follow up and research will be conducted as it relates to the mix of staff credentialed and ensuring the rate supports a higher mix of certified or licensed addiction counselors with the understanding that trainees will always be part of the mix of credentialed counselors. Clinical supervision time allotment will be reviewed to account for increased requirements as evidence-based practices are implemented. If work group members have feedback as it relates to the mix of credentialed staff, members should provide that feedback to Tiffany

Wolfgang or Steven Gordon. Other adjustments included adding Consumer Price Index for All Urban Consumers (CPI-U) to the modeled rate as well as adjusting the billable time to 50% as per the meeting in September to account for no-shows and cancellations. 50% billable time aligns with other payers and states, which average between 50-56% billable time. Michelle Spies suggested that we also survey the billable time component in the future to validate that the no show/cancellation adjustment aligns with actual experience. and the group agreed to analyze billable hours in more detail at a later date.

- Before the next meeting, DSS staff will review research on how other states and payers model group rates to determine if changes should be made to the current group model. This may include an adjustment to the rate based on other data such as increased prep time for group services. In addition, review and recommendation of a rural adjustment factor will be brought forward to the next meeting with the goal of finalizing the outpatient treatment models (both individual and group).
- In the low intensity rate, DSS staff reviewed cost reports and validated salary information. Updates to the model included moving the occupancy adjustment so it is adjusting the total rate and not just the residential portion. The room and board, administration, and indirect costs portion were separated and increased from \$17.25 to \$28.92. The calculated rate was inflated one year by the CPI-U. The modeled rate includes residential worker expenses, room and board, and other administrative, indirect expenses. DSS staff reviewed the survey for average occupancy and determined average occupancy was 89%, so the model remains at 90%. CPI-U was applied. Clarification was provided that this portion of the low intensity modeled rate would be reimbursable each day an individual is in residence while the low intensity treatment rates would follow the outpatient individual and group rates, reimbursable on the days when treatment occurred. To compare the current low-intensity rates to the modeled rates, work will need to be completed on the outpatient individual and group rates. The group discussed the variation in current rates among providers including the pregnant women's programs. The proposed model will allow for billing the treatment component based on the individual's needs; however, the intent is that the non-treatment component of the rate would be uniform. Terry Dosch indicated that he was pleased to see the adjustments for market comparability and the prospective component of the cost modeling.

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### Next Steps—Inpatient rate review

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- Additional inpatient providers have been invited to participate in the next meeting, scheduled for November 7, as inpatient rates begin review.
- A model from a similar setting may be able to be utilized as a basis for the inpatient setting, adjusting for staffing ratios and configurations required of inpatient services. At future meetings, the work group will begin discussion of what data should be collected in the future for all service types on an annual or ongoing basis including no-show/cancellation impact to evaluate actual experience to the models

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## Public Comment

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- Brenda Tidball-Zeltinger asked for any public comment. Being none, the meeting was adjourned.

DRAFT

	A	B	C	D	E
2	<b>Comparison of Outpatient Individual and Group rates</b>				
3	<b>November 7, 2018</b>				
4	State	Individual Counseling (hr)		Group Counseling (hr)	% Group/Individual
5	<b>SD</b>	<b>\$92.16</b>		<b>\$23.64</b>	<b>26%</b>
6	AZ	\$81.00		\$33.34	41%
7	AR	\$109.20		\$21.20	19%
8	WA	\$88.60		\$33.40	38%
9	MN	\$88.50		\$34.00	38%
10	MT	\$48.20		\$26.88	56%
11	WY	\$84.12		\$42.08	50%
12	NE	\$107.18		\$87.01	81%
13	CO	\$91.08		\$30.16	33%
14	NY	\$84.76		\$36.92	44%
15	NJ	\$90.26		\$45.82	51%
16	GA	\$120.00		\$26.40	22%
17	<b>Avg</b>	<b>\$90.42</b>		<b>\$36.74</b>	<b>41%</b>
18					
19	Remove highest & lowest	\$91.69		\$33.26	36%
20					
21	<b>National*</b>	<b>\$111.07</b>		<b>\$42.21</b>	<b>38%</b>
22	* Use of 50% percentile, regionally adjusted for SD 1.1107. 2018 National Fee Analyzer				

	B	C	D	E	F	G	H
1	<b>Outpatient Model - Individual</b>						
2	<b>November 7, 2018</b>						
3	<b>Model Calculation</b>	<b>Survey results</b>		<b>15% Trainee Scenario</b>			
4	Salary (Average of Survey Results)	\$ 39,358.57	\$18.92/hour	\$ 41,167.45	\$19.79/hour		
5	B&T (Average of Survey Results)	\$ 8,502.37		\$ 8,914.61			
6	Total Personnel	\$ 47,860.94		\$ 50,082.06			
7							
8	Personnel Cost Percentage (Average of Outpatient)	52.60%		52.60%			
9							
10	Total Personnel	\$ 47,860.94		\$ 50,082.06			
11	Non Personnel Cost	\$ 43,129.44		\$ 45,123.80			
12	Cost of 1 FTE	\$ 90,990.38		\$ 95,205.86			
13							
14	Hours Billable for Service (50%)	1040		1040			
15							
16	<b>Individual Model Calculation Results</b>						
17	Modeled Individual Rate (hour unit)	\$ 87.49		\$ 91.54			
18	Modeled Individual Rate (15 min unit)	\$ 21.87		\$ 22.89			
19							
20	2018 CPI-U	2.25%		2.25%			
21	Indexed Modeled Individual Rate (15 min unit)	\$ 22.36		\$ 23.41			
22							
23	Current (SFY19) Individual Rate (15 min unit)	\$ 23.04		\$ 23.04			
24							
25							
26	<b>Work Group Assumptions:</b>						
27	Salary in model was based on survey results that reflected current annual salaries as of May 2018.						
28	Survey results indicated 1104 or 53.1% of counselor hours were billable for services. The model uses 1040 or 50%.						
29	The 2018 CPI-U used in the model as of October 2018 was 2.25%.						
30	15% trainee scenario sets # of trainees at 15% of total FTE.						
31	Position	Totals by position per survey	Total FTE per survey	%FTE	Change in FTEs to get to 15% Trainee	FTE with 15% Trainee	% after Trainee split
32	Addiction Counselor Trainee	\$ 1,866,615.60	55.9	35%	(31.8)	24.1	15%
33	Certified Addiction Counselor	\$ 1,334,883.52	33.1	21%	10.0	43.1	27%
34	Licensed Addiction Counselor	\$ 1,691,368.48	39.8	25%	12.1	51.8	32%
35	Dually Credentialed Addiction Counselor	\$ 1,039,717.20	24.9	16%	7.6	32.5	20%
36	Clinical Supervisor	\$ 390,762.40	7.0	4%	2.1	9.1	6%
37		\$ 6,323,347.20	160.7	100%	0.0	160.6	100%
38	Average wage per hour		\$ 18.92				
39	Average salary		\$ 39,358.57				
40							
41		Average salaries per survey	FTE with 15% Trainee	Total salaries	% of salaries		
42	Addiction Counselor Trainee	\$ 33,398.02	24.1	\$ 804,892.40	12%		
43	Certified Addiction Counselor	\$ 40,328.81	43.1	\$ 1,738,171.60	26%		
44	Licensed Addiction Counselor	\$ 42,550.15	51.8	\$ 2,204,097.79	33%		
45	Dually Credentialed Addiction Counselor	\$ 41,688.74	32.5	\$ 1,354,884.08	20%		
46	Clinical Supervisor	\$ 55,983.15	9.1	\$ 509,446.68	8%		
47		\$ 213,948.88	160.6	\$ 6,611,492.55	100%		
48	Average wage per hour		\$ 19.79				
49	Average salary		\$ 41,167.45				
50							
51							
52							
53	Correction from last workgroup meeting						

	B	C	D
1	<b>Outpatient Model - Group and Rural</b>		
2	<b>November 7, 2018</b>		
3			
4	<b>Group</b>		
5	Current (SFY19) Individual Rate (15 minute unit)		\$ 23.04
6	Current (SFY19) Group Rate (15 minute unit)		\$ 5.91
7	Current (SFY19) Group Rate as a % of Individual rate		26%
8			
9	Average group size from survey results		9
10			
11	Indexed Modeled Individual Rate (15 minute unit) - 15% Trainee Scenario		\$ 23.41
12	Current % of group rate/individual rate		26%
13	Group - calculated at 26% of individual rate		\$ 6.09
14			
15	<b>Rural</b>		
16	Current outpatient rural rates are 20% higher than non-rural rate		
17			
18	Current (SFY19) Individual Rate (15 minute unit)		\$ 23.04
19	Current (SFY19) Individual Rural Rate		\$ 27.65
20			
21	Current (SFY19) Group Rate (15 minute unit)		\$ 5.91
22	Current (SFY19) Group Rural Rate		\$ 7.09
23			
24			
25			

	A	B	C
1	<b>Low Intensity Residential Services - Preliminary Model from Survey Results</b>		
2	<b>November 7, 2018</b>	All Providers Excluding BMS and VOA	BMS and VOA Only
3			
4	Average Capacity	39.2	15.1
5	Average Number of 24/7 Residential Workers	2.1	2.5
6	Staffing Ratio (Beds per Residential Worker)	18.7	6.1
7			
8	Average Residential Worker Salary and B&T	\$ 35,156.59	\$ 32,774.00
9	Residential Worker Direct Care Hours per Year	1,928	1,888
10	Equivalent Wage per hour	\$ 18.23	\$ 17.36
11			
12	Hours in Year (24 hours/day * 365 days/year)	8,760	8,760
13			
14	Yearly Expense for one 24/7 worker	\$ 159,736.39	\$ 152,065.81
15	Yearly Expense for bed 24/7	\$ 8,533.03	\$ 24,996.63
16	Daily Expense for one bed 24/7	\$ 23.38	\$ 68.48
17			
18	Residential Worker Expense/Day Unit	\$ 23.38	\$ 68.48
19			
20	Percentage of R&B to Total Cost (from 2017 CRs)	20.6%	21.9%
21	Percentage of Admin/Indirect/Other to Total Cost (from 2017 CRs)	34.7%	21.9%
22			
23	R&B Portion (20.6%/21.9% of Total Modeled Rate)	\$ 10.77	\$ 26.69
24	Admin/Indirect/Other Portion (34.7%/21.9% of Total Modeled Rate)	\$ 18.15	\$ 26.69
25	Total Non-Residential Worker Expense/Unit	\$ 28.92	\$ 53.37
26			
27	Total Modeled Rate (Residential Worker + R&B + Admin/Indirect+ Other)	\$ 52.30	\$ 121.85
28	Occupancy	90%	90%
29	Modeled Rate at 90% Occupancy	\$ 58.12	\$ 135.39
30			
31	2018 CPI-U	2.25%	2.25%
32	Indexed Modeled Non treatment daily rate	\$ 59.43	\$ 138.44
33			
34	SFY19 Rates treatment and non treatment (others/HSA, VOA/BMS)	\$50.77/\$64.05	\$134.62/\$205.51
35			
36	<b>Work Group Assumptions:</b>		
37	Survey results Indicated 88% for non pregnant women and 89% for pregnant women. DCI was an outlier and was excluded from this group. The model uses 90%.		
38	The 2018 CPI-U used in the model as of October 2018 was 2.25%.		
39	Salary in model was based on survey results that reflected current salaries for 2018.		
40	Outpatient treatment hours would be billed separately.		
41			
42			
43	<b>Example Scenario with Outpatient billed at Average Survey Results at new Outpatient Modeled Rate</b>		
44			
45	7 Days of daily residential non treatment rate	\$ 416.01	\$ 969.08
46			
47	Current (SFY19) Individual Rate (15 minute unit)	\$ 23.04	\$ 23.04
48	Current (SFY19) Group Rate (15 minute unit)	\$ 5.91	\$ 5.91
49			
50	<b>From Survey Results</b>		
51	Individual Hours	1.2	1.8
52	Group Hours	5.7	11.0
53			
54	Individual Units (Individual hours x 4)	4.7	7.0
55	Group Units (group hours x 4)	22.6	44.0
56			
57	Weekly Individual Revenue	\$ 107.83	\$ 161.28
58	Weekly Group Revenue	\$ 133.57	\$ 260.04
59	Total Weekly OP Revenue	\$ 241.39	\$ 421.32
60			
61	Total Weekly Residential and OP Revenue	\$ 657.40	\$ 1,390.40
62	Total Daily Residential and OP Revenue	\$ 93.91	\$ 198.63



	B	C	D	E	F	G	H	I	J	K	L
1	<b>Intensive Inpatient Residential Services - cost report data</b>										
2	<b>November 7, 2018</b>	BMS	Keystone	DCI	Lewis and Clark	Compass Point	Our Home	VOA	Wellfully	Sum	Average
3	Intensive Inpatient Residential Services provided	Inpatient	Inpatient/PRTF	Inpatient	Inpatient	Inpatient	Inpatient/PRTF	Inpatient/PRTF	PRTF		
4											
5	Current total bed capacity for Intensive Inpatient residential services	19.0	126.0	55.0	16.0	9.0	20.0	26.0	15.0	267.0	38.1
6											
7	Units reported (2017 cost report)	2,547	33,525	1,054	2,410	2,382	5,665	4,053	3,339	52,428	7,490
8											
9	Occupancy percentage (Units reported/365 days/bed capacity)	37%	73%	5%	41%	73%	78%	43%	61%	373%	53%
10											
11	Total Expenditures for Intensive Inpatient Residential Services	\$ 492,585	\$ 10,095,284	\$ 242,373	\$ 797,797	\$ 490,831	\$ 1,620,084	\$ 1,019,946	\$ 881,763	\$ 15,148,078	\$ 2,164,011
12											
13	Total Direct Care Staff Cost	\$ 282,698	\$ 4,052,958	\$ 153,040	\$ 570,328	\$ 283,621	\$ 947,411	\$ 547,911	\$ 187,078	\$ 6,742,347	\$ 963,192
14											
15	Direct care costs as a percentage of total costs (i.e. intensive inpatient residential services salary, benefits, and taxes cost for direct care staff divided by intensive inpatient residential services total costs). (See tab "#4" for an example calculation from your Cost Report)	57.4%	40.1%	63.1%	71.5%	57.8%	58.5%	53.7%	21.2%	366%	52.3%
16											
17	Total Indirect Cost	\$ 209,887	\$ 6,042,326	\$ 89,334	\$ 227,469	\$ 207,210	\$ 672,673	\$ 472,035	\$ 694,685	\$ 8,405,731	\$ 1,200,819
18											
19	Total Direct care FTE	7.9	78.6	1.5		6.2	18.1	15.5	3.9	123.8	20.6
20	Hourly wage for direct care staff	\$ 17.27	\$ 24.80	\$ 48.69	Not able to calc	\$ 22.02	\$ 25.12	\$ 17.01	\$ 23.28	160.9	\$ 26.82
21	Direct care FTE/ bed	0.41	0.62	0.03	Not able to calc	0.69	0.91	0.60	0.26	3.1	0.5
22											
23											
24	<b>Other Information</b>										
25	Cost per Unit from 2017 cost report	\$ 193.40	\$ 301.13	\$ 229.96	\$ 331.04	\$ 211.32	\$ 285.98	\$290.41 and \$158.29	\$ 264.08		\$ 270.58
26	SFY19 Rate - if both, shown Inpatient/PRTF	\$ 226.86	\$226.86/\$307.99	\$ 226.86	\$ 303.85	\$ 226.86	\$226.86/\$307.99	\$226.86/\$307.99	\$ 307.99		
27											
28	Admin allocation completed by DSS										
29	Not provided on cost report										
30											
31	Sisseton Wahpeton not required to file cost report										

A	B	C	D	E	F	G	H	I	J	K
1	<b>Calculation used for Survey Question #4</b>	Cost Report Line	BMS	Keystone	DCI	Lewis and Clark	N.Hills	Our Home	VOA	Wellfully
2	<b>November 7, 2018</b>									
3	Intensive Inpatient 1020 Professional/Program Staff Personnel Expense	9	\$ 242,087	\$ 3,025,555	\$ 114,442.00	\$ 452,786.00	\$ 253,150.00	\$ 775,873.00	\$ 454,246.00	\$ 148,989.00
4	Intensive Inpatient Total Personnel Expense	13	\$ 254,485	\$ 4,567,373	\$ 141,421.00	\$ 452,786.00	\$ 263,833.00	\$ 908,732.00	\$ 511,299.00	\$ 434,757.00
5	Percentage		95%	66%	81%	100%	96%	85%	89%	34%
6	Intensive Inpatient Benefits and Taxes	23	\$ 42,691	\$ 1,550,966	\$ 47,697	\$ 117,542	\$ 31,757	\$ 200,912	\$ 105,429	\$ 111,146
7	Portion Attributed to 1020		\$ 40,611	\$ 1,027,403	\$ 38,598	\$ 117,542	\$ 30,471	\$ 171,538	\$ 93,665	\$ 38,089
8	Intensive Inpatient 1020 Professional/Program Staff Personnel with Benefits and Taxes		\$ 282,698	\$ 4,052,958	\$ 153,040	\$ 570,328	\$ 283,621	\$ 947,411	\$ 547,911	\$ 187,078
9	Total Intensive Inpatient Expense	57	\$ 492,585	\$ 10,095,284	\$ 242,373	\$ 797,797	\$ 490,831	\$ 1,620,084	\$ 1,019,946	\$ 881,763
10										
11	<b>#4 Intensive Inpatient Direct Care Expense to Total Intensive Inpatient Expense</b>		<b>57.4%</b>	<b>40.1%</b>	<b>63.1%</b>	<b>71.5%</b>	<b>57.8%</b>	<b>58.5%</b>	<b>53.7%</b>	<b>21.2%</b>
12										
13	<b>Example calculation used for Survey Question #4</b>	BMS								
14										
15	1 Intensive Inpatient 1020 Professional/Program Staff Personnel	\$ 242,087	Cost Report Schedule A line 9							
16	2 Intensive Inpatient Total Personnel Expense	\$ 254,485	Cost Report Schedule A line 13							
17	3 Percentage of Professional personnel to total personnel	95%	Schedule A line 9 / Schedule A line 13							
18	4 Intensive Inpatient Benefits and Taxes	\$ 42,691	Cost Report Schedule A line 23							
19	5 Portion Attributed to 1020	\$ 40,611	Percentage of Professional personnel to total personnel * Schedule A line 23							
20	6 Intensive Inpatient 1020 Professional/Program Staff Personnel with Benefits and Taxes	\$ 282,698	Schedule A line 9 + Portion Attributed to 1020							
21	7 Total Intensive Inpatient Expense	\$ 492,585	Cost Report Schedule A line 57							
22	<b>#4 Intensive Inpatient Direct Care Expense to Total Intensive Inpatient Expense</b>	<b>57.4%</b>	<b>Intensive Inpatient 1020 Professional Personnel / Total Intensive Inpatient Expense</b>							
23	8									
24										
25	<b>Example</b>									
26	1 <b>Provider: BMS</b>									
27	2 <b>Reporting Period: 07/01/2016 to 06/30/2017</b>									
28	3									
29	4 <b>SCHEDULE A - EXPENSES</b>					<b>ATTACHMENT 1 - STAFF 1020</b>				
30	5	Residential Intensive Inpatient								
31	6 Account Number and Title					<b>Position Title</b>				<b>Residential Intensive Inpatient # of Hrs.</b>
32	7 1000 PERSONNEL SERVICES:									
33	8 1010 Administrative	2,076				<b>Professional Program Staff 1020:</b>				
34	9 1020 Professional/Program Staff	242,087				Counselor/Therapist/Group Leader				4,800
35	10 1040 Support Staff	6,817				Child Care Worker/Residential Worker				9,887
36	11 1050 Client Wages					Clinical Director/Medical Director				920
37	12 1060 Temporary Staff	3,505				Nurse/PA/CNP				649
38	13 TOTAL PERSONNEL SERVICES	254,485				Clinical Supervisors/Coordinators/Residential Supervisor				110
39	14 1100 PERSONNEL BENEFITS AND TAXES:									
40	15 1110 Retirement Plans	3,371						Total hours		16,366
41	16 1120 Insurance Benefits	18,636						Divide by 2080		2,080
42	17 1130 Other Benefits							Total Direct care FTE		7.9
43	18 1140 FICA Taxes	18,748								
44	19 1150 Unemployment Insurance									
45	20 1160 Worker's Comp. Insurance	2,963								
46	21 1170 Prof. Liability Insurance	3,001								
47	22 1190 Other	-4,028								
48	23 TOTAL PERSONNEL BENEFITS AND TAXES	42,691								
49	24 1200 PROF FEES & CONTRACT SVCS:									
50	25 1210 Administrative/Financial	1,226								
51	26 1220 Habilitation/Rehabilitation									
52	27 1230 Medical=									
53	28 1231 Other Medical (Dental, Dietary, OT, PT, Optometric, Pharmacy, Speech Pathology and Audiology)									
54	29 1237 Physician/Nursing Services	6,000								
55	30 1238 Psychiatric Services									
56	31 1290 Other	525								
57	32 TOTAL PROF FEES & CONTRACT SVCS	7,751								
58	33 1300 TRAVEL/TRANSPORTATION:									
59	34 1390 Other	4,045								
60	35 TOTAL TRAVEL/TRANSPORTATION	4,045								
61	36 1400 SUPPLIES:									
62	37 1440 Food	17,713								
63	38 1490 Other	6,022								
64	39 TOTAL SUPPLIES	23,735								
65	40 1500 OCCUPANCY:									
66	41 1510 Rent of Space									
67	42 1520 Utilities & Telephone	12,086								
68	43 1590 Other	20,873								
69	44 TOTAL OCCUPANCY:	32,959								
70	45 1600 EQUIPMENT:	2,454								
71	46 1700 DEPRECIATION:									
72	47 1710 Building	33,289								
73	48 1720 Equipment	3,185								
74	49 TOTAL DEPRECIATION	36,474								
75	50 1800 MISCELLANEOUS:									
76	51 1810 Clothing									
77	52 1860 Bad Debt									
78	53 1890 Other	297								
79	54 TOTAL MISCELLANEOUS	297								
80	55 Expenditure Subtotal	404,891								
81	56 Admin. and Support Allocation	87,694								
82	57 TOTAL EXPENDITURES	492,585								