



# South Dakota Department of Social Services Rate Study Advisory Workgroup #3

Mental Health and Substance Use Disorder Services

October 25, 2023

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October 25, 2023

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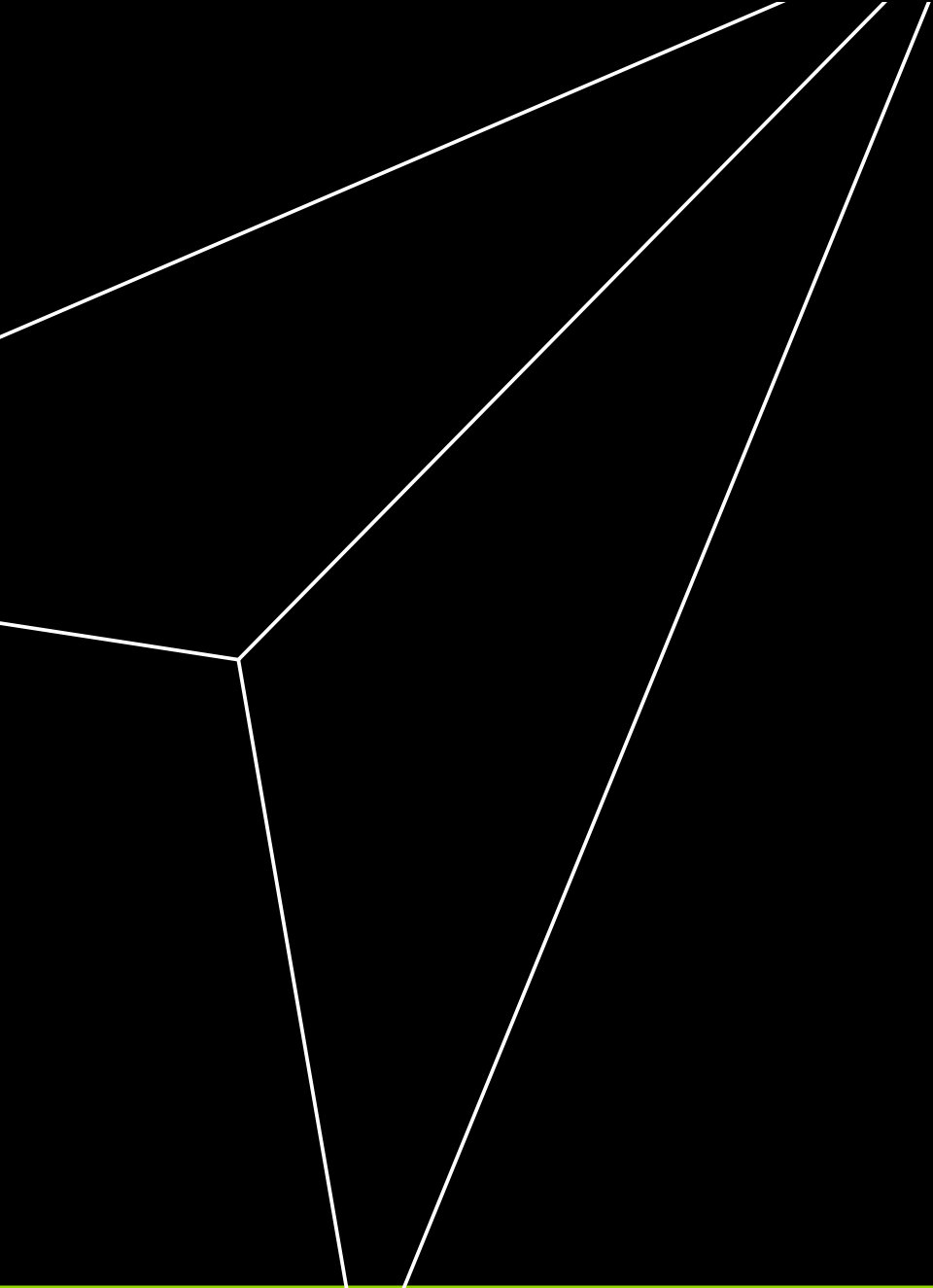
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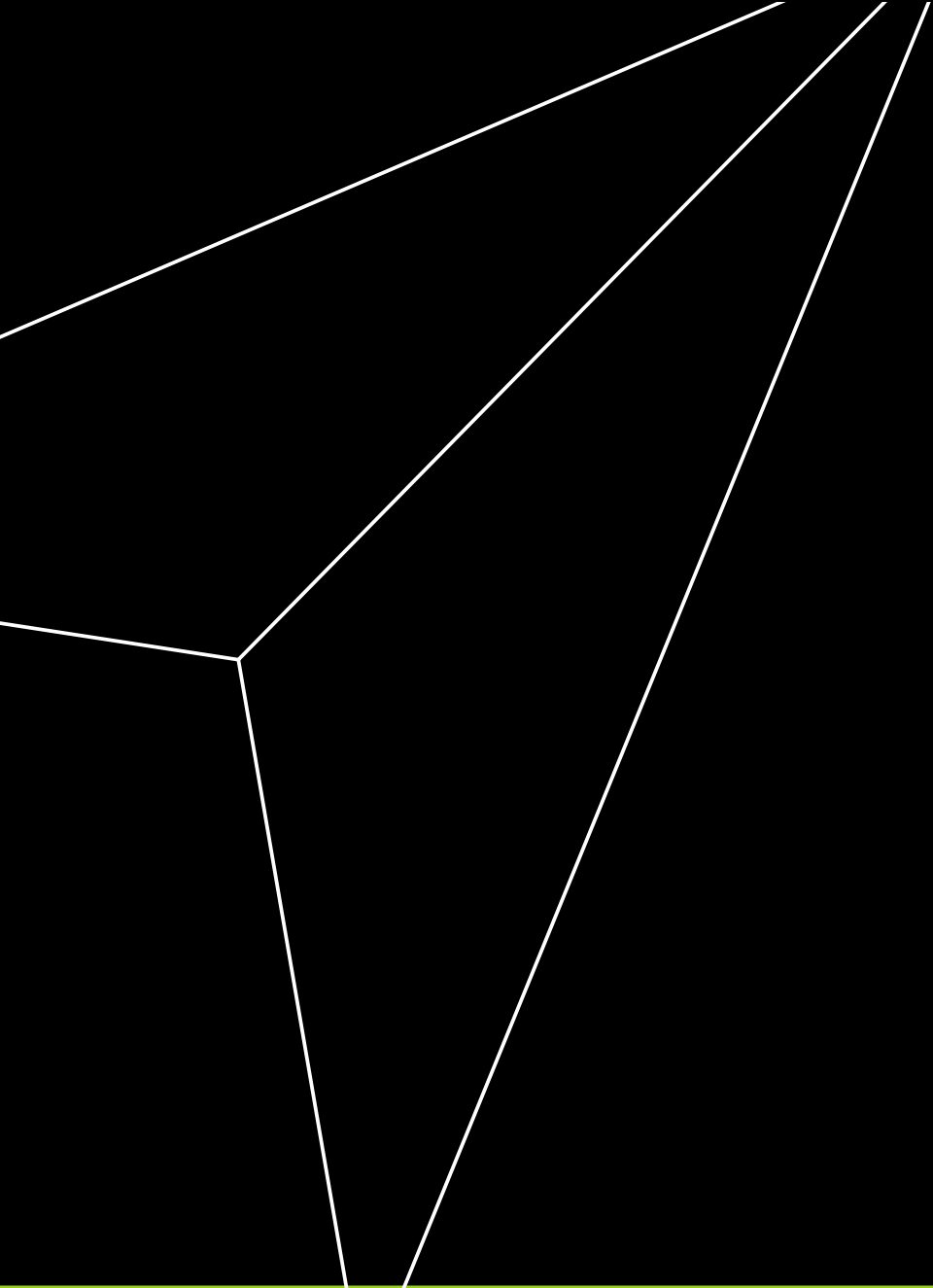
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# Welcome and Introductions

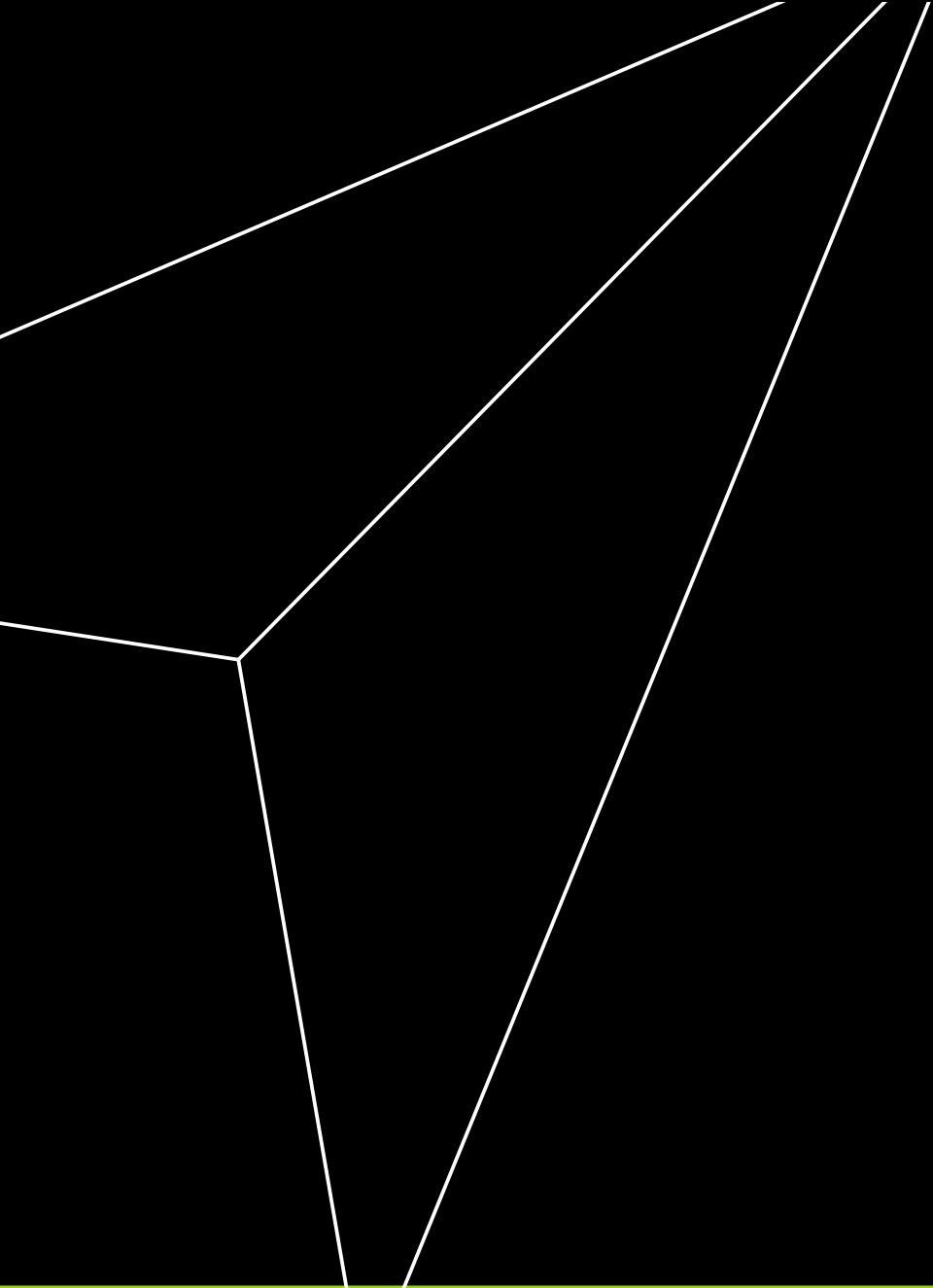


# Survey Response

# Provider Survey Responses

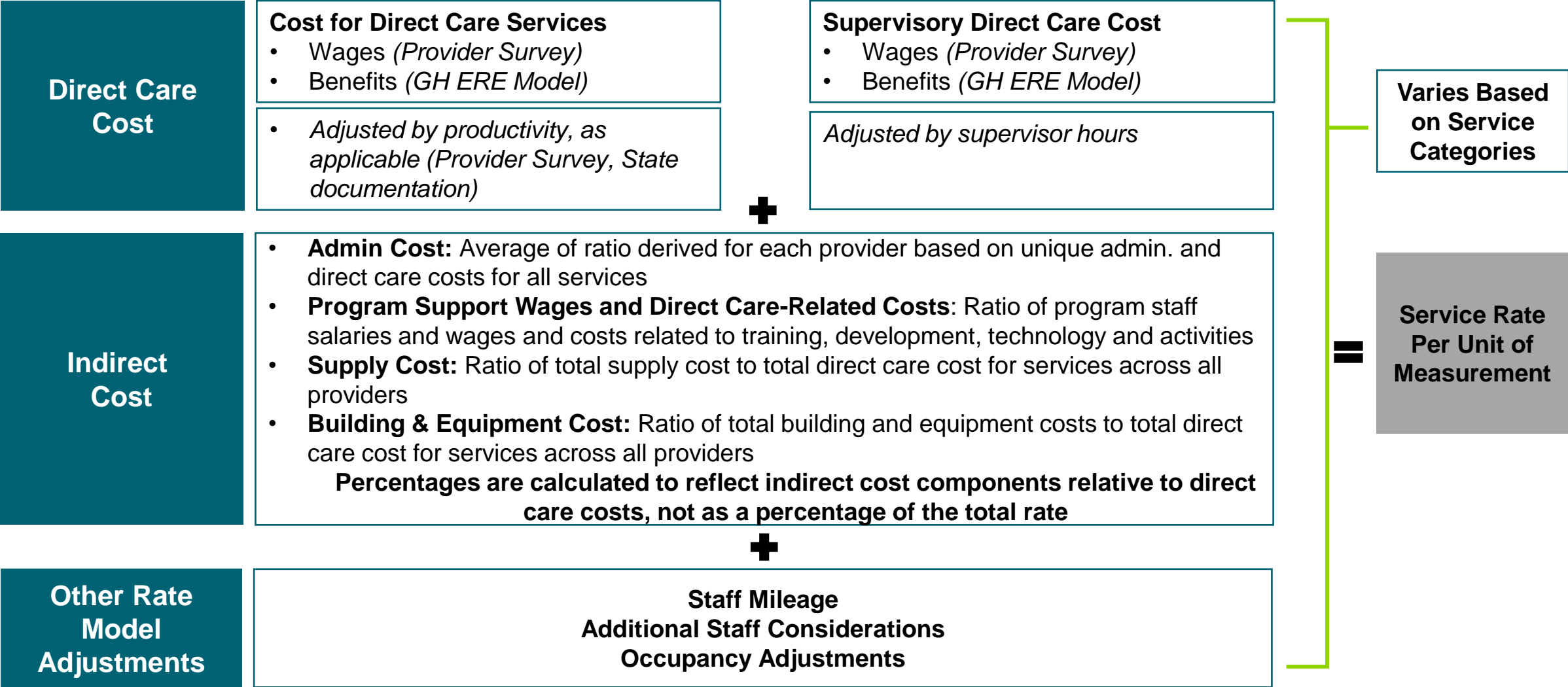
**Guidehouse has received 21 cost and wage survey submissions from South Dakota Mental health and Substance Use Disorder providers.**

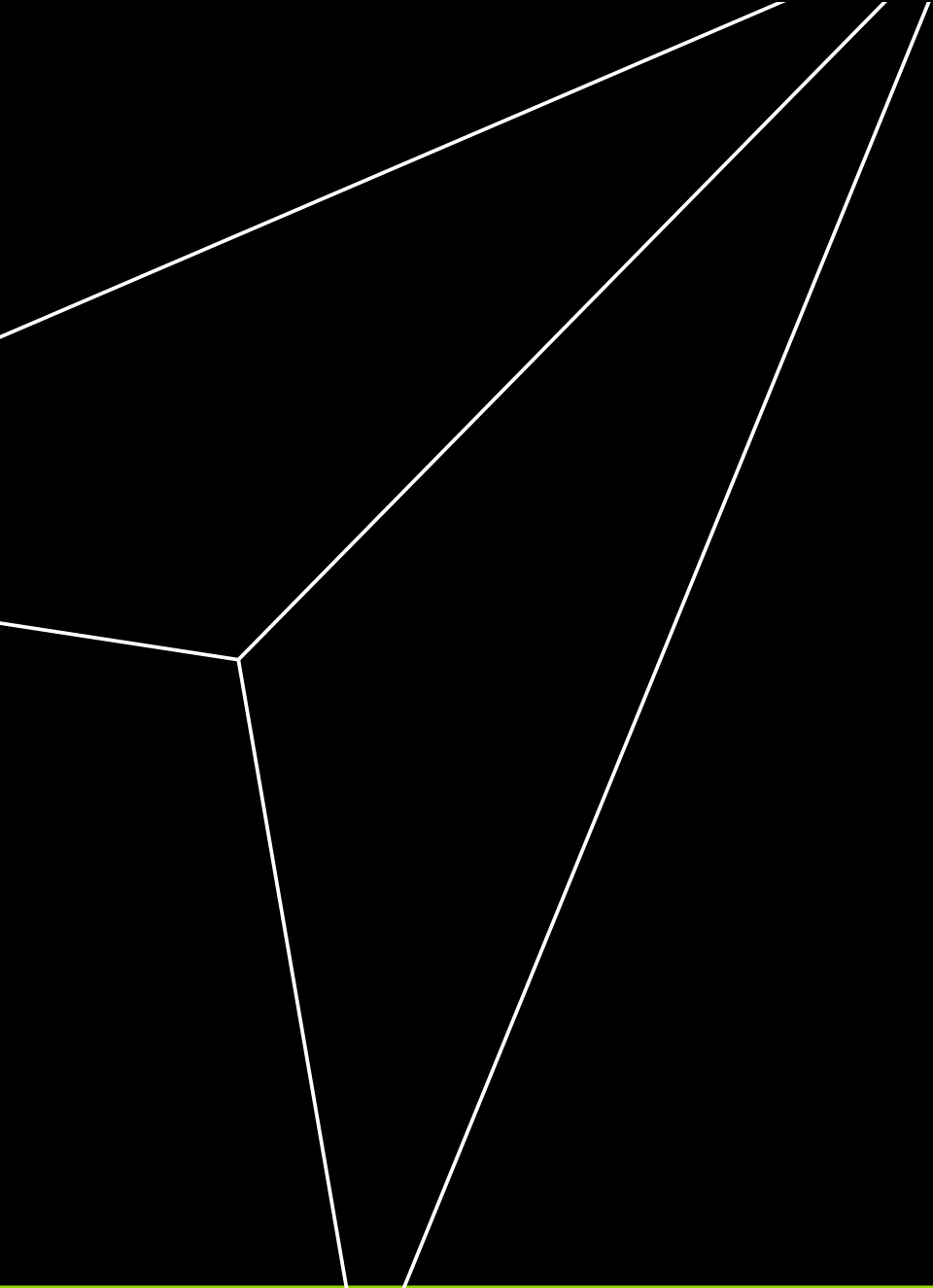
- Submissions represent **84** percent of all providers eligible to complete the survey
- These survey respondents represents approximately **93 percent** of SFY23 Medicaid claims within the scope of this survey.



# Rate Methodology Overview

# Rate Build Up Overview





# Wage Analysis



# Wage Analysis

The tables on the following slides summarize wage analysis conducted to date. A few caveats are in order before interpreting the numbers.

**All figures are PRELIMINARY. Additional data analysis and discussion with stakeholders could change these wage values.**

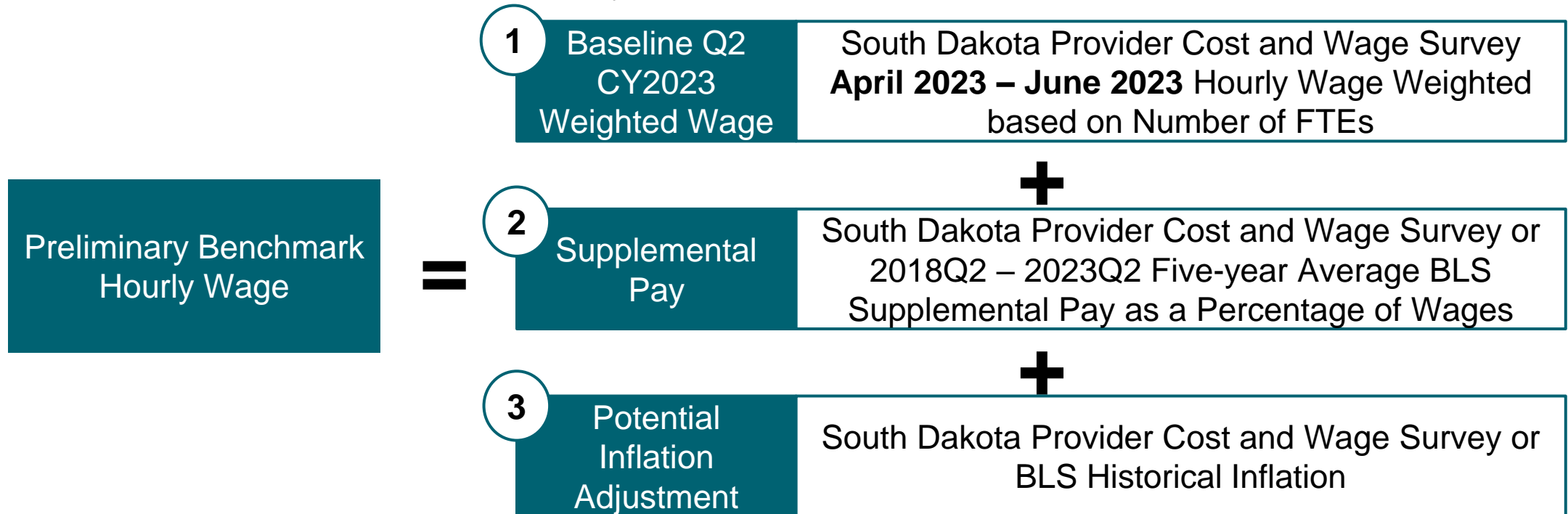
- Survey wage figures are FTE-weighted to represent providers of different sizes proportionately in the data.
- Wages illustrated here represent “regular” or “baseline” wages and do not reflect the impact of overtime, shift differentials, and other types of supplemental pay on overall wage compensation.

# Survey Review and Validation

1. Confirmed that major identifying information was included within the data, such as provider name or IDs
2. Ensured that no tabs had been deleted and followed up with providers who had missing tabs to ensure that all data had been collected
3. Standardized job types for all providers that selected “Other” and manually entered their job type.
4. Reviewed for outlier data points.
5. Reviewed for answers that appeared to answer the question differently than intended

# Wage Adjustment Factors

The benchmark wages used to identify the cost of delivering services will be calculated by FTE weighting using the survey reported average wages for each job type. This value can then be adjusted by an additional inflation factor and include supplemental pay.



# Survey Wage Results – Therapist & Counselor

The table below highlights the comparison of baseline wages reported in Wage Survey, and Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) data.

Survey Staff Type List	FTEs	Number of Providers	BLS Job Type	BLS Hourly mean wage (Inflated by 3.0%)	Average FTE Weighted Hourly Wage	BLS and Survey Hourly Wage (% Difference)
Therapist/Social Worker	134.97	12	Substance abuse, behavioral disorder, and mental health counselors(211018)	\$23.85	\$26.55	11.3%
Counselor	101.77	15	Substance abuse, behavioral disorder, and mental health counselors(211018)	\$23.85	\$21.44	-10.1%
Licensed Addiction Counselor	46.43	15	Substance abuse, behavioral disorder, and mental health counselors(211018)	\$23.85	\$25.52	7.0%
Licensed Clinical Social Worker (LCSW)	28.28	7	Substance abuse, behavioral disorder, and mental health counselors(211018)	\$23.85	\$28.53	19.6%
Psychiatrist	15.85	3	Psychiatrists(291223)	\$106.49	\$70.45	-33.8%
Psychologist	4.91	3	Psychologists, All Other(193039)	\$49.13	\$53.70	9.3%
Trainee Addictions Counselor	3.14	1	Substance abuse, behavioral disorder, and mental health counselors(211018)	\$23.85	\$17.58	-26.3%
Licensed Professional Counselor	2.50	1	Substance abuse, behavioral disorder, and mental health counselors(211018)	\$23.85	\$25.82	8.2%
Licensed Marriage and Family Therapist (LMFT)	1.50	2	Marriage and Family Therapists(211013)	\$23.57	\$28.02	18.9%

# Survey Wage Results – Technician & Assistant

The table below highlights the comparison of baseline wages reported in Wage Survey, and Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) data.

Survey Staff Type List	FTEs	Number of Providers	BLS Job Type	BLS Hourly mean wage (Inflated by 3.0%)	Average FTE Weighted Hourly Wage	BLS and Survey Hourly Wage (% Difference)
Behavioral Specialist/Technician	103.02	5	Psychiatric Technicians(292053)	\$16.53	\$21.07	27.4%
Inpatient Tech	44.15	4	Psychiatric Technicians(292053)	\$16.53	\$18.19	10.0%
Detox Technician	34.00	2	Psychiatric Technicians(292053)	\$16.53	\$19.97	20.8%
Certified Medication Assistant/Medication Aide	19.16	5	Medical Assistants(319092)	\$17.63	\$17.21	-2.4%
Certified Peer Support Specialist	10.91	4	Healthcare Support Workers, All Other(319099)	\$19.00	\$19.76	4.0%

# Survey Wage Results – Nursing

The table below highlights the comparison of baseline wages reported in Wage Survey, and Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) data.

Survey Staff Type List	FTEs	Number of Providers	BLS Job Type	BLS Hourly mean wage (Inflated by 3.0%)	Average FTE Weighted Hourly Wage	BLS and Survey Hourly Wage (% Difference)
Registered Nurse (RN)/Nurse	100.23	12	Registered Nurses(291141)	\$31.94	\$36.06	12.9%
Licensed Practical Nurse (LPN)	20.19	6	Licensed Practical and Licensed Vocational Nurses(292061)	\$22.78	\$23.86	4.7%
Certified Nurse Practitioners (CNP)	15.50	12	Nurse Practitioners(291171)	\$57.25	\$68.96	20.5%
Certified Nurse Assistant	4.17	3	Nursing Assistants(311131)	\$16.01	\$17.07	6.7%
Family Nurse Practitioner	4.01	1	Nurse Practitioners(291171)	\$57.25	\$56.42	-1.4%

# Survey Wage Results – Other Staff Type

The table below highlights the comparison of baseline wages reported in Wage Survey, and Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) data.

Survey Staff Type List	FTEs	Number of Providers	BLS Job Type	BLS Hourly mean wage (Inflated by 3.0%)	Average FTE Weighted Hourly Wage	BLS and Survey Hourly Wage (% Difference)
Case Manager	161.69	15	Mental Health and Substance Abuse Social Workers(211023)	\$22.23	\$21.22	-4.5%
Clinical Specialist	29.88	5	Healthcare Support Workers, All Other(319099)	\$19.00	\$21.13	11.2%
Residential Worker	29.00	3	Residential Advisors(399041)	\$15.57	\$14.47	-7.1%
Admissions Manager	14.32	4	Healthcare Support Workers, All Other(319099)	\$19.00	\$19.13	0.7%
Physician Assistant (PA)	5.03	4	Physician Assistants(291071)	\$58.94	\$66.17	12.3%
Paramedic	4.04	3	Paramedics(292043)	\$22.71	\$19.96	-12.1%

# Survey Wage Results – All Job Types by Top FTEs

The table below highlights the comparison of baseline wages reported in Wage Survey, and Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) data.

Survey Staff Type List	FTEs	Number of Providers	BLS Job Type	BLS Hourly mean wage (Inflated by 3.0%)	Average FTE Weighted Hourly Wage	BLS and Survey Hourly Wage (% Difference)
Case Manager	161.69	15	Mental Health and Substance Abuse Social Workers(211023)	\$22.23	\$21.22	-4.5%
Therapist/Social Worker	134.97	12	Substance abuse, behavioral disorder, and mental health counselors(211018)	\$23.85	\$26.55	11.3%
Behavioral Specialist/Technician	103.02	5	Psychiatric Technicians(292053)	\$16.53	\$21.07	27.4%
Counselor	101.77	15	Substance abuse, behavioral disorder, and mental health counselors(211018)	\$23.85	\$21.44	-10.1%
Registered Nurse (RN)/Nurse	100.23	12	Registered Nurses(291141)	\$31.94	\$36.06	12.9%
Inpatient Tech	44.15	4	Psychiatric Technicians(292053)	\$16.53	\$18.19	10.0%
Licensed Addiction Counselor	46.43	15	Substance abuse, behavioral disorder, and mental health counselors(211018)	\$23.85	\$25.52	7.0%
Detox Technician	34.00	2	Psychiatric Technicians(292053)	\$16.53	\$19.97	20.8%
Clinical Specialist	29.88	5	Healthcare Support Workers, All Other(319099)	\$19.00	\$21.13	11.2%
Residential Worker	29.00	3	Residential Advisors(399041)	\$15.57	\$14.47	-7.1%
Licensed Clinical Social Worker (LCSW)	28.28	7	Substance abuse, behavioral disorder, and mental health counselors(211018)	\$23.85	\$28.53	19.6%



# Survey Wage Results – Supervisor

The table below highlights the comparison of baseline wages reported in Wage Survey, and Bureau of Labor Statistics Occupational Employment and Wage Statistics (OEWS) data.

Survey Staff Type List	FTEs	Number of Providers	BLS Job Type	BLS Hourly mean wage (Inflated by 3.0%)	Average FTE Weighted Hourly Wage	BLS and Survey Hourly Wage (% Difference)
Clinical Supervisor	27.19	13	Substance abuse, behavioral disorder, and mental health counselors(211018)	\$23.85	\$34.23	43.5%
Clinical Director	15.12	12	Medical and Health Services Managers(119111)	\$58.85	\$41.02	-30.3%
Program Manager/Director	14.01	8	Substance abuse, behavioral disorder, and mental health counselors(211018)	\$23.85	\$33.83	41.8%
Other Supervisor	12.90	6	Medical and Health Services Managers(119111)	\$58.85	\$24.28	-58.8%
Nurse Supervisor/Director	6.60	4	Medical and Health Services Managers(119111)	\$58.85	\$45.25	-23.1%
Associate Director	3.00	3	Medical and Health Services Managers(119111)	\$58.85	\$64.60	9.8%
Group Leader	1.74	2	Substance abuse, behavioral disorder, and mental health counselors(211018)	\$23.85	\$22.19	-7.0%

# Supplemental Pay: Cost and Wage Survey

Providers reported Total Supplemental Pay in the Provider Cost and Wage Survey that is inclusive of costs such as shift differentials, holiday pay, and non-production bonuses.

- Supplemental pay as a percentage of wages was derived from the total supplemental pay and total regular wages reported by providers.
- The table below includes supplemental pay calculated as a percentage of total wages as reported in the survey.
  - The survey responses indicated that not all providers reported supplemental pay. Overall, **86 percent** of providers that submitted surveys reported supplemental pay for one or more job types. Of these providers Guidehouse removed providers due to a 25 percent outlier threshold, which resulted in **76 percent** remaining.
  - Additionally, the supplemental pay reported in the survey varied widely from provider to provider.

Supplemental Pay as a Percentage of Total Regular and Supplemental Pay
Ratio of Total Supplemental Pay to Total Regular Wages and Supplemental Pay across all Divisions and services <i>(Outliers of above 25 percent excluded)</i>
3.09%

# Supplemental Pay: Bureau of Labor Statistics

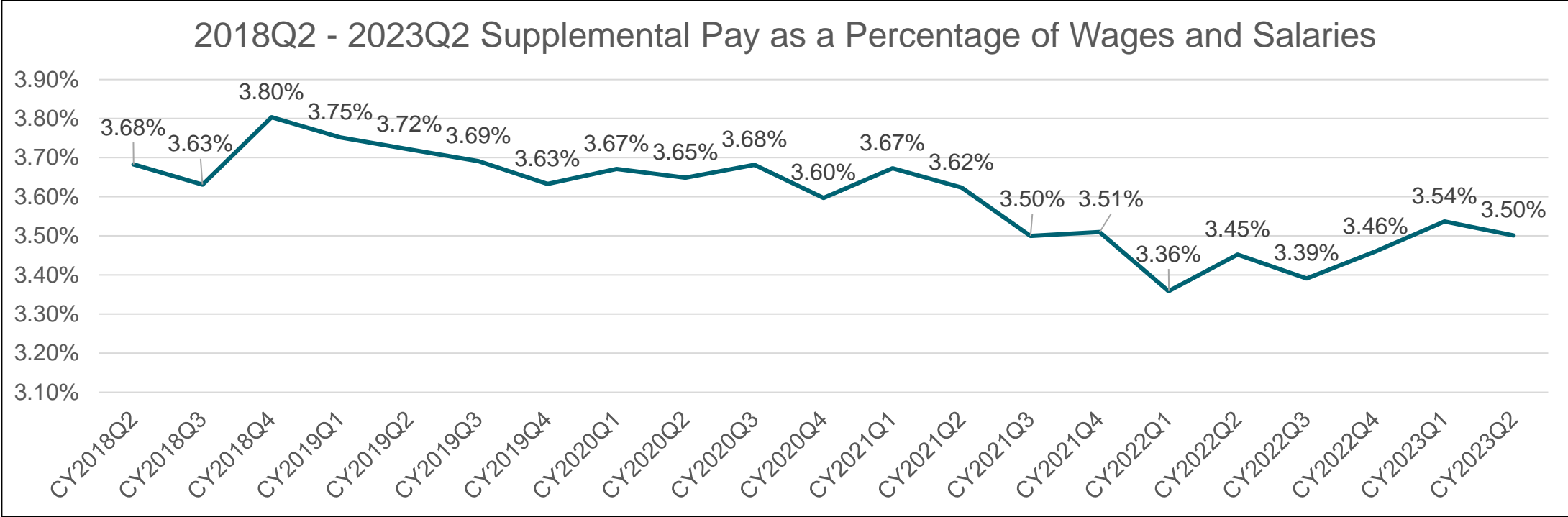
The BLS Employer Costs for Employee Compensation (ECEC) data series for the Health care and social assistance industry analyzes total compensation by breaking down costs into hourly wage costs as well as expense categories related to mandatory taxes and benefits, insurance, retirement, paid time off, supplemental pay, and other benefits.

- The ECEC BLS data captures national hourly wages and supplemental pay for occupations comparable to South Dakota on a quarterly basis.
- BLS supplemental pay includes overtime and premium, shift differentials, and nonproduction bonuses.
- In Q2 2023, supplemental pay for this labor class amounted to \$0.62 for every hour of worker pay, or 3.50 percent of the national average hourly wage of \$17.71.
- This information will serve as a benchmark to the survey results.

# Supplemental Pay- BLS Quarterly Trends

As depicted in the graph, BLS supplemental pay trends have remained relatively steady over the last five years, inclusive of the effects of the COVID-19 Public Health Emergency (PHE).

The average supplemental pay over the most recent five-year period from 2018Q2-2023Q2 is **3.60 percent**.



Source: The Bureau for Labor Statistics (BLS), Employer Costs for Employee Compensation for Health care and social assistance Industry Available online: <https://www.bls.gov/data>

# Supplemental Pay in Wage Assumptions

Guidehouse proposes using the BLS supplemental pay for wage assumptions for the following reasons:

- Guidehouse recommends the BLS 2018Q2 – 2023Q2 average supplemental pay of **3.60 percent**. This time period would account for the most recent supplemental pay rates as well as the impacts of the COVID-19 PHE on the rates.
- The BLS supplemental pay percentage is slightly higher but aligns closely with the 3.16 percent provided in the Provider Cost and Wage Survey.
- The BLS data includes all supplemental cost components integral to overall compensation, and the data provides consistent and periodic trends that can be used to project a future state.

# Cost Trending: BLS Producer Price Index (PPI)

The Bureau of Labor Statistics Producer Price Indices (PPI) for psychiatric and substance abuse hospital is suitable for estimating annual inflationary increases in provider costs

- Producer Price Index (PPI) is a Federal index of inflation across multiple industries in health care for behavioral health providers. The BLS has collected data on changes in behavioral health providers' costs on a monthly basis and measured it with a unique inflation index since 2014.
- From 2021 to 2022 the PPI data produces an annual growth rate of 1.41%, while the growth rate from 2022 to September of 2023 increased to 4.27%.

Producer Price Index (PPI)		
PPI Industry Type	2021 - 2022	2022 – Sep. 2023
Psychiatric and substance abuse hospitals	1.41%	4.27%

# Cost Trending: BLS Current Employment Statistics

The Bureau of Labor Statistics National Current Employment Statistics (CES) data produces earnings of workers within specific industries.

The table below includes annual growth trends calculated based on average hourly wages reported as part of the CES data over the past decade.

2023 trends reveal an average wage growth rate for outpatient mental health/substance abuse centers and general health care was 1.3% and 3.0% respectively.

	Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Outpatient Mental Health and Substance Abuse Centers</b>	Average hourly earnings of all employees	\$20.29	\$20.33	\$20.96	\$21.89	\$22.53	\$23.55	\$24.82	\$25.88	\$26.95	\$29.02	\$29.41
	Percentage Change		0.2%	3.1%	4.5%	2.9%	4.5%	5.4%	4.3%	4.2%	7.7%	1.3%

	Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Healthcare</b>	Average hourly earnings of all employees	\$26.58	\$26.90	\$27.53	\$28.07	\$28.74	\$29.51	\$30.21	\$31.07	\$32.86	\$35.01	\$36.05
	Percentage Change		1.2%	2.3%	2.0%	2.4%	2.7%	2.4%	2.8%	5.8%	6.6%	3.0%

# Wage Assumptions - Inflation

**Guidehouse proposes using 3.0% as an inflationary metric for the wages received in the survey:**

- The inflation assumption of **3.0%** follows the Bureau of Labor Statistics National Current Employment Statistics (CES) wage trends year over year for comparable occupations.
- This percentage also follows industry trends as we look into future time periods of wage growth for mental health and substance abuse services.
- The inflation percentage will be used across all staff type wages received in the survey.



# Adjusted Hourly Wage Example

Baseline wages are adjusted to account for supplemental pay and inflation at the time the rates would be implemented. Provided in the table are examples of the wage build-up approach using job types with the highest reported FTE's within each job category.

Job Type	Category	Wage	Supplemental Pay Adjustment: 3.60%	Inflation Adjustment: 3.00%
Therapist/Social Worker	Therapist/Counselor	\$26.55	\$27.51	\$28.34
Counselor	Therapist/Counselor	\$21.44	\$22.21	\$22.87
Licensed Addiction Counselor	Therapist/Counselor	\$25.52	\$26.44	\$27.23
Psychiatrist	Therapist/Counselor	\$70.45	\$72.99	\$75.18
Behavioral Specialist/Technician	Tech/Assistant	\$21.07	\$21.82	\$22.48
Inpatient Tech	Tech/Assistant	\$18.19	\$18.85	\$19.41
Detox Technician	Tech/Assistant	\$19.97	\$20.68	\$21.30
Certified Medication Assistant/Medication Aide	Tech/Assistant	\$17.21	\$17.83	\$18.37

# Adjusted Hourly Wage Example

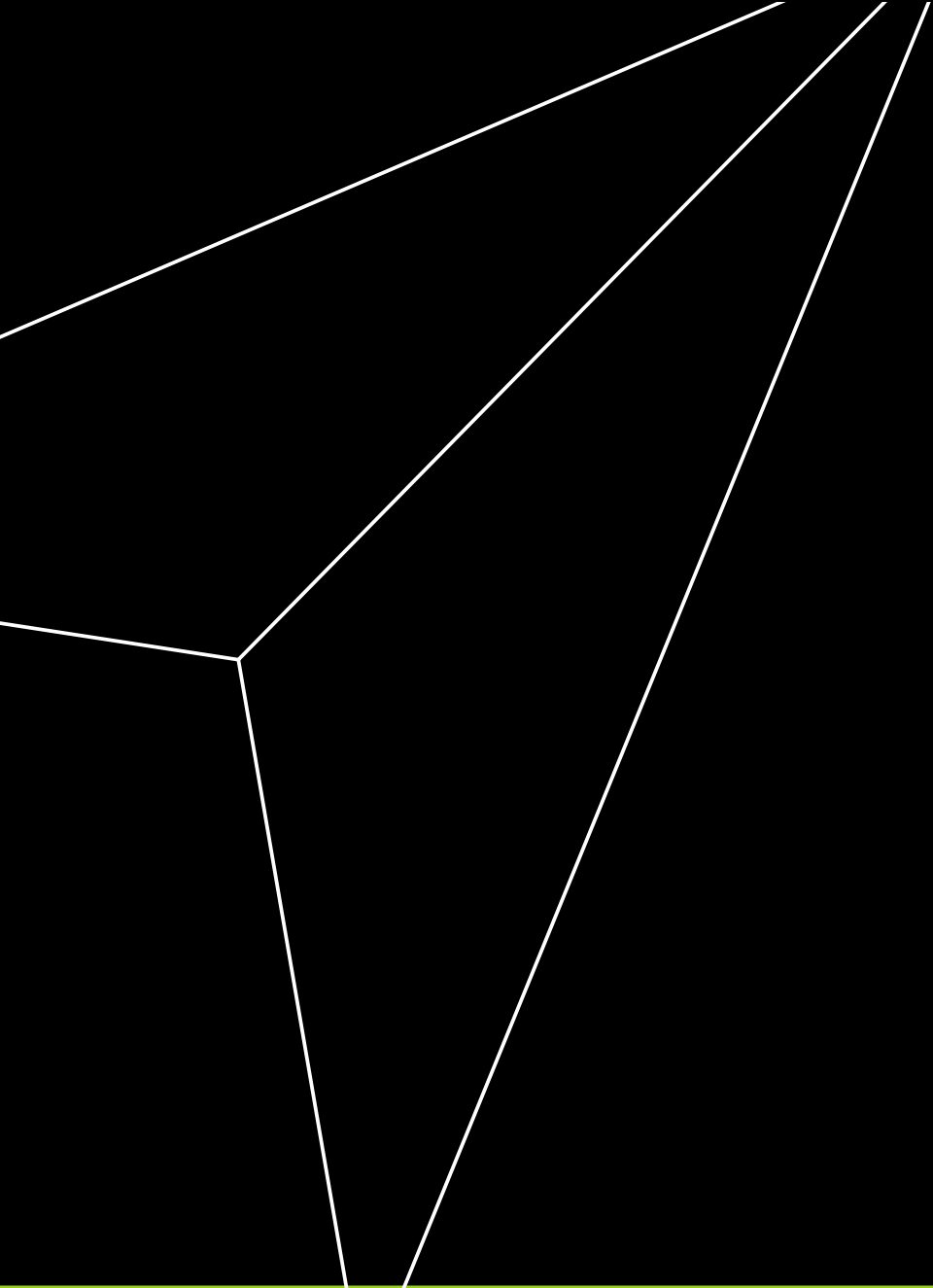
Baseline wages are adjusted to account for supplemental pay and inflation at the time the rates would be implemented. Provided in the table are examples of the wage build-up approach using job types with the highest reported FTE's within each job category.

Job Type	Category	Wage	Supplemental Pay Adjustment: 3.60%	Inflation Adjustment: 3.00%
Registered Nurse (RN)/Nurse	Nursing	\$36.06	\$37.36	\$38.48
Licensed Practical Nurse (LPN)	Nursing	\$23.86	\$24.72	\$25.46
Certified Nurse Practitioners (CNP)	Nursing	\$68.96	\$71.44	\$73.58
Certified Nurse Assistant	Nursing	\$17.07	\$17.69	\$18.22
Case Manager	Other Staff	\$21.22	\$21.98	\$22.64
Clinical Specialist	Other Staff	\$21.13	\$21.89	\$22.54
Residential Worker	Other Staff	\$14.47	\$14.99	\$15.44
Admissions Manager	Other Staff	\$19.13	\$19.82	\$20.41

# Adjusted Hourly Wage Example - Supervisor

Baseline wages are adjusted to account for supplemental pay and inflation at the time the rates would be implemented. Provided in the table are examples of the wage build-up approach using job types with the highest reported FTE's within each job category.

<b>Job Type</b>	<b>Wage</b>	<b>Supplemental Pay Adjustment: 3.60%</b>	<b>Inflation Adjustment: 3.00%</b>
Clinical Supervisor	\$34.23	\$35.46	\$36.52
Clinical Director	\$41.02	\$42.50	\$43.78
Program Manager/Director	\$33.83	\$35.05	\$36.10
Other Supervisor	\$24.28	\$25.15	\$25.90



# Employee Related Expenses (ERE)

# Setting a Competitive Benefits Package

**Our assumptions for employee-related expenses (ERE) look at what a provider should be able to offer as a competitive benefits package.**

ERE, or fringe benefits, are costs to the provider beyond wages and salaries, such as unemployment taxes, health insurance, and paid time off (PTO). These fall into three distinct categories of benefits:

**Legally Required Benefits** including federal and state unemployment taxes, federal insurance contributions to Social Security and Medicare, and workers' compensation.

**Paid Time Off** including holidays, sick days, vacation days, and personal days.

**Other Components of ERE** including health, dental, and vision insurance and retirement.

Not all providers who responded to the provider cost & wage survey have historically offered a “full” or competitive benefits package. However, our preliminary data includes information as to what benefits providers are currently offering.

**Goal: Understand which benefits providers are offering and contributing to for their staff.**

# Setting a Competitive Benefits Package (cont.)

An alternative approach to developing a benefits package involves benchmarking benefits costs and using market data instead of relying exclusively on historical costs.

## **Key advantages of the benefits package developed through this approach are:**

- Baseline benefits are representative of current provider benefits.
- Benefit components are aligned with South Dakota's market information, as data is obtained from sources like the IRS, labor statistics from South Dakota state agencies, etc.
- Increased transparency, as discrete components comprise the package.
- Benefit estimates are practitioner-specific, since the proportion of benefits varies by wage level.

The resulting fringe assumptions for future benefits packages look at what a provider should be able to offer as a competitive benefits package.

**The following slides walk through the components used to design a competitive benefits package, and the slides contain hypothetical information for illustrative purposes based on the baseline average FTE weighted counselor wage of \$21.44.**

# Legally Required Benefits

- **Unemployment Taxes:** Employers in South Dakota pay a federal unemployment tax (FUTA)<sup>1</sup> of 6.00% of the first \$7,000 in wages and reemployment assistance (RA) of a range of 1.00% to 1.20% of the first \$15,000 in 2023 wages<sup>2</sup>. Generally, if you paid wages subject to state unemployment tax, you may receive a credit of up to 5.4% of FUTA taxable wages<sup>1</sup>.
- **Federal Insurance Contributions:** Employers pay a combined 7.65% rate of the first \$160,200 in wages for Social Security and Medicare contributions (Federal Insurance Contributions Act, or FICA)<sup>3</sup>.
- **Workers' Compensation:** Employers in South Dakota pay an average effective tax of 1.60% toward workers' compensation insurance. (Source: Provider Cost & Wage Survey)

1. <https://www.irs.gov/taxtopics/tc759>  
 2. <https://dlr.sd.gov/ra/businesses/faq.aspx#base>  
 3. <https://www.irs.gov/taxtopics/tc751>

Legally Required Benefits	
Federal Unemployment Tax (FUTA)	0.60% after credit
Reemployment Assistance Tax (RA)	1.10%
Federal Insurance Contributions (FICA)	7.65%
Workers' Compensation	1.60%
<b>Legally Required Benefits</b>	<b>9.71%</b>

# Retirement Benefits – Survey Results

Retirement plan contribution is the **average** reported in provider cost and wage survey

Retirement	
Retirement Take Up Rate	67.44%
Retirement Plan Average Contribution	3.77%
ERE \$ Amount	\$980
Percent of Annual Wage	2.20%

- 90 percent of provider responded “Yes” for full time employees when asked:  
“Does your organization contribute to a 401k, 403b or other retirement plan for your direct service staff?”
- Of the 90 percent that responded that they provide this benefit, 67.44 percent of employees participate in this benefit.



# Paid Time Off Components of ERE – Survey Results

Paid Time Off	
Part Time Adjustment Factor	86.37%
Paid Time Off	35.4 days/yr.
ERE \$ Amount	\$5,246
Percent of Annual Wage	11.77%

- Paid time off includes:
  - Holidays
  - Sick days
  - Vacation days
  - Personal days
- Providers reported a wide range of paid time off values.
- 90 percent of providers responded to the question regarding direct service staff being eligible to receive paid time off (vacation).
- The paid time off of 35.4 days represents the **average** reported total days for all paid time off from the provider cost and wage survey.

# Insurance Components of ERE – Survey Results

Category	Take Up Rate	Monthly Premium	Annual Cost	Percent of Annual Wage
Health	62.06%	\$674	\$4,338	9.73%
Dental	67.03%	\$52	\$364	0.82%
Vision	57.38%	\$9	\$54	0.12%
Other Benefits	91.45%	\$18	\$173	0.39%

- Health, Dental, Vision and Other Benefits are all derived from provider cost and wage survey responses.
- These values are **averages** from provider responses.
- Our benefit assumptions are not designed to meet participation criteria for this program or replace the additional funding received through participation.

# Benefits Benchmarking Analysis

The table below captures the comparison of benefits reported in the Cost and Wage Survey to the South Dakota Medical Expenditure Panel Survey (MEPS)

Metric	SD Provider Survey Data	2022 MEPS Data (10-24 employees)	2022 MEPS Data (50 + employees)	2022 MEPS Data Total
Employer Contribution to Health Insurance (Single Coverage)	\$8,256.00	\$6,425.00	\$6,012.00	\$5,964.00
Employer Contribution to Health Insurance (Family Coverage)	\$7,872.00	\$14,516.00	\$17,711.00	\$17,257.00
Weighted Employer Contribution to Health Insurance	\$8,092.91	\$8,052.50	\$10,766.45	\$10,060.87
Inflation		5.4%	5.4%	5.4%
Inflated Employer Contribution to Health Insurance	\$8,092.91	\$8,487.34	\$11,347.84	\$10,604.16
Percent of full-time employees	86.37%	66.94%	77.82%	86.30%
Health Insurance Take-Up Rate	62.06%	52.10%	55.90%	53.00%
<b>Monthly</b>	\$674.41	\$707.28	\$945.65	\$883.68
Adjusted Annual	\$4,337.84	\$2,960.03	\$4,936.75	\$4,850.24

# Employee-Related Expenses (ERE) Calculations

Calculating ERE requires analysis of the various benefits available to employees in the state based on cost survey, provider survey, and market data.

Inputs include the average cost of benefits described on the previous slides, adjusted using take-up rate and part-time adjustment factor as appropriate:

### Example calculation for health, dental, and vision insurance ERE components:

$$\frac{\text{Average Cost of Insurance} \times \text{Insurance Take-Up Rate} \times \text{Part-Time Adjustment Factor}}{\text{Annual Wage}}$$

### Example calculation for the retirement ERE component:<sup>1</sup>

$$\frac{\text{Annual Wage} \times \text{Benefit Cost: Percent of Wages} \times \text{Benefit Take-Up Rate} \times \text{Part-Time Adjustment Factor}}{\text{Annual Wage}}$$

1. Legally required benefits are calculated similarly, but the benefit take-up rate is excluded since these benefits must be offered to employees per state and federal statutes.

# Employee-Related Expenses (ERE)

ERE is calculated as a percentage of wages, and the three components of ERE (Legally Required Benefits, Paid Time Off Benefits, Retirement Plans, Health, Dental and Vision Insurance, and Other Benefits) are added together to determine total ERE.

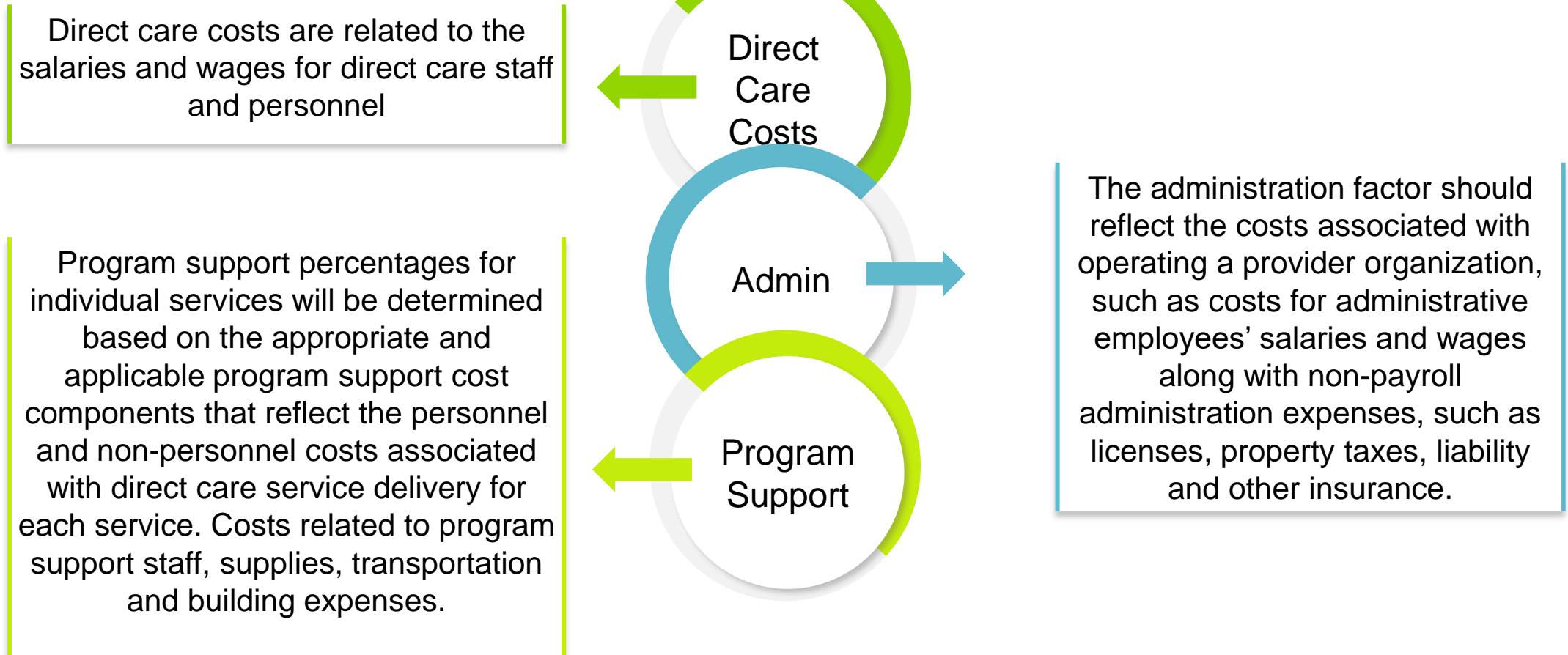
	Inpatient Tech	Counselor	Registered Nurse (RN)/Nurse	Psychiatrist
Hourly Wage	\$18.19	\$21.44	\$36.06	\$70.45
Annual Wages – FY2022	\$37,836	\$44,588	\$75,013	\$146,539
Legally Required Benefits	\$3,707 (9.80%)	\$4,331 (9.71%)	\$7,146 (9.53%)	\$13,762 (9.39%)
Paid Time Off Benefits	\$4,448 (11.76%)	\$5,242 (11.76%)	\$8,819 (11.76%)	\$17,229 (11.76%)
Retirement Plan	\$831 (2.20%)	\$979 (2.20%)	\$1,647 (2.20%)	\$3,217 (2.20%)
Health Insurance	\$4,850 (12.82%)	\$4,850 (10.88%)	\$4,850 (6.47%)	\$4,850 (3.31%)
Dental Insurance	\$363 (0.96%)	\$363 (0.82%)	\$363 (0.48%)	\$363 (0.25%)
Vision Insurance	\$54 (0.14%)	\$54 (0.12%)	\$54 (0.07%)	\$54 (0.04%)
Other Benefits	\$173 (0.46%)	\$173 (0.39%)	\$173 (0.23%)	\$173 (0.12%)
<b>Total ERE per Staff</b>	<b>\$14,426 (38.13%)</b>	<b>\$15,993 (35.87%)</b>	<b>\$23,052 (30.73%)</b>	<b>\$39,648 (27.06%)</b>
<b>Hourly Wage with ERE</b>	<b>\$25.13</b>	<b>\$29.13</b>	<b>\$47.15</b>	<b>\$89.51</b>



# Additional Rate Component Considerations

# Indirect Cost Components

Administrative and program support costs are additional indirect costs associated with operating a provider organization.



# Indirect Cost Components

- Guidehouse has researched additional public benchmarks to compare to the administrative and program support values found within the survey. The definition of administrative costs has variability in public research.
- We used relative value units from April 2023, using the Practice Expense + Malpractice expense divided by the Physician work for the behavioral health CPT codes. The average was determined across these set of codes to determine the direct to indirect cost.
- Additionally, CMS has begun to release proposed guidance for specific services outlining administrative cost thresholds.

<b>Indirect Costs</b>	<b>Administrative Only</b>	<b>Indirect Costs</b>	<b>Indirect Costs</b>
<b>Health Affairs</b>	<b>JAMA Network</b>	<b>New England Journal of Medicine</b>	<b>RBRVS Methodology</b>
<b>25-35%</b>	<b>15-25%</b>	<b>31%</b>	<b>37.2%</b>



# Indirect Costs- South Dakota Cost Reports

Guidehouse evaluated the individual costs within the South Dakota cost reports to determine the administrative and program support percentages to include as overhead costs in rate model development

- Providers that did not report indirect or direct costs were removed
- Providers that reported an admin or program support percentages over 45% were removed
- Each cost category is developed as a ratio of the specific indirect cost category to direct cost

<b>Administrative Cost</b>	<b>Program Support Cost</b>	<b>Supplies Cost</b>	<b>Building &amp; Equipment Cost</b>
<b>6.6%</b>	<b>15.9%</b>	<b>6.5%</b>	<b>10.6%</b>
<b>Total Indirect Costs</b>			
<b>39.6%</b>			

# Transportation

Within the provider cost and wage survey a total of 13 providers across both mental health and substance use disorder services filled out information regarding transportation for services outside the office or in the community.

Transportation Across Mental Health and Substance Use Disorder Services		
Mental Health Providers	Substance Use Disorder Providers	All Providers
10	5	13

## Transportation Questions:

- To deliver services is your staff going out of the office or into the community to provide services?
- For any services are you driving patients as part of your service?

# Supervisor Staffing Ratios and Hours – Mental Health

Guidehouse analyzed survey responses to understand how many hours and staff or practitioners on average are typically supervised by one supervisor for each service.

Service	Supervisor Staffing Ratio	Supervisor Hours	Provider Response
Child or Youth and Family Services (CYF)	10	14	7
CNP/PA Med Management	4	2	6
Collateral	11	17	6
Evaluation, Intake, Screening, Testing	10	16	8
Family Therapy (w/o patient present)	8	16	7
Family Therapy (with patient present)	10	17	6
Functional Family Therapy (FFT) Referral and Engagement	2	2	5
Group Therapy (other than a multi-family group)	9	8	6
Individual Therapy	9	13	9
Intensive Family Services (IFS)	2	3	6
Juvenile Justice Reinvestment Initiative (JJRI) - Aggression Replacement Training (ART)	12	2	4
Juvenile Justice Reinvestment Initiative (JJRI) - Evidence Based Practices (EBP)	12	5	5
Juvenile Justice Reinvestment Initiative (JJRI) - Functional Family Therapy (FFT)	2	2	5
Juvenile Justice Reinvestment Initiative (JJRI) Assessments	7	3	6
Psychiatric Services	6	6	4
Serious Mental Illness (SMI) – Comprehensive Assistance with Recovery and Empowerment Services (CARE)	9	12	8
Serious Mental Illness (SMI) - Forensic Assertive Community Treatment (FACT)	10	5	5
Serious Mental Illness (SMI) – Individualized and Mobile Program of Assertive Community Treatment (IMPACT)	10	14	6

# Supervisor Staffing Ratios and Hours – Substance Use Disorder

Guidehouse analyzed survey responses to understand how many hours and staff or practitioners on average are typically supervised by one supervisor for each service.

Service	Supervisor Staffing Ratio	Supervisor Hours	Provider Response
Adolescent Substance Use Disorder (SUD) Evidence Based Practices (EBP)	4	2	6
Assessments	5	6	13
Cognitive Behavioral Interventions for Substance Abuse (CBISA)	4	3	8
Collateral Contacts/Referral	4	2	10
Crisis Intervention	5	4	9
Detoxification	6	7	6
Early Intervention Services	3	3	8
Intensive Meth Treatment (IMT)	5	4	7
Interpreter Services	6	3	5
Local Individual Counseling	5	5	13
Local/Group Counseling	5	5	10
Local/HB Family Counseling	6	6	7
Moral Reconciliation Therapy (MRT)	3	2	9
Nursing/Health Services	8	3	4
Recovery Support Services	5	4	7

# Billable vs. Non-Billable Time – Mental Health

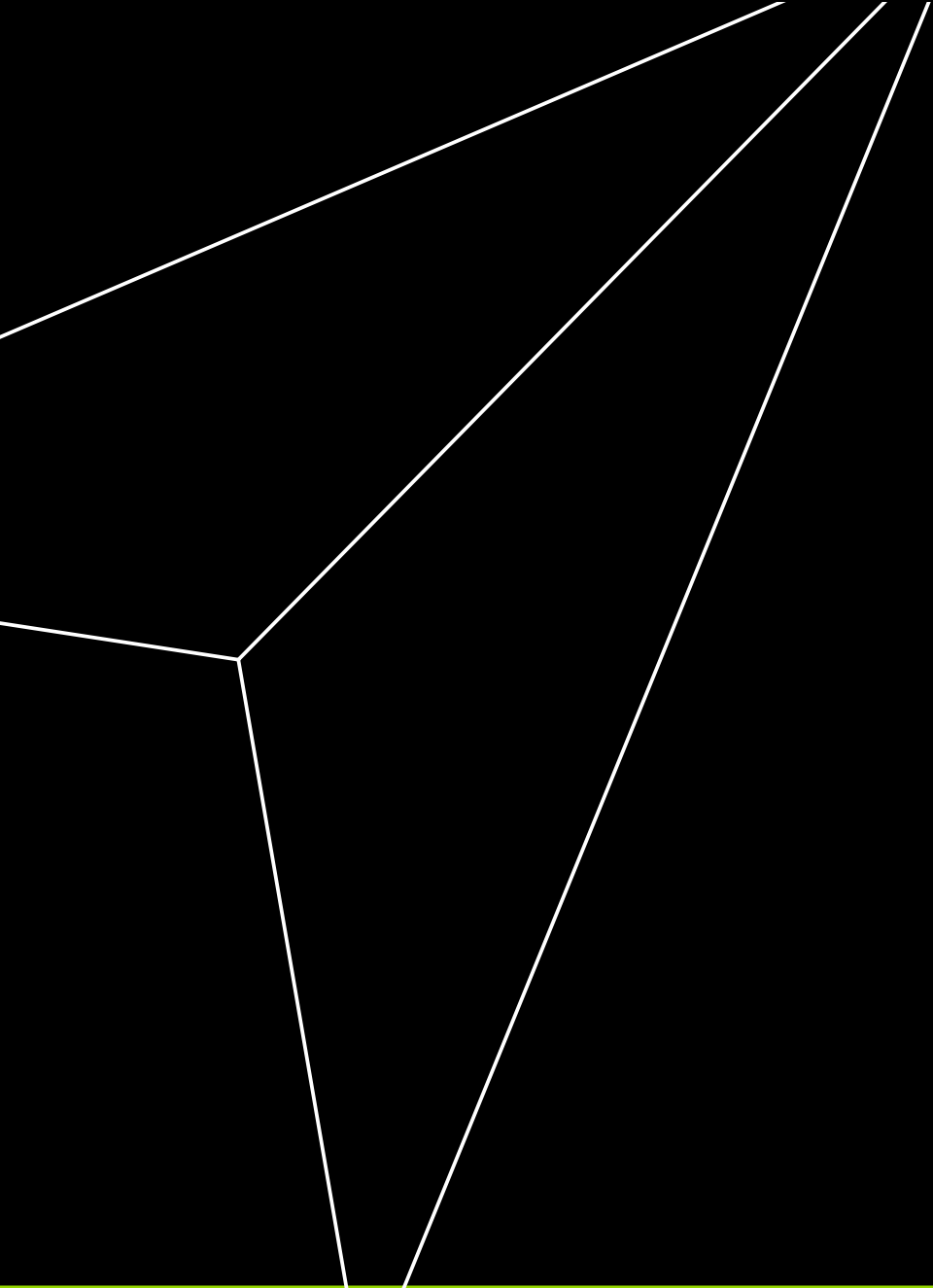
Guidehouse analyzed averages from survey responses to understand variability in direct client facing time in comparison to other non-billable tasks such as recordkeeping, meetings, training etc.

Service	Direct Service Billable Time	Provider Response
Child or Youth and Family Services (CYF)	51.30%	9
CNP/PA Med Management	69.40%	10
Collateral	57.90%	7
Evaluation, Intake, Screening, Testing	57.10%	10
Family Therapy (w/o patient present)	49.80%	8
Family Therapy (with patient present)	52.20%	9
Functional Family Therapy (FFT) Referral and Engagement	25.00%	1
Group Therapy (other than a multi-family group)	49.00%	7
Individual Therapy	57.60%	10
Intensive Family Services (IFS)	63.00%	5
Juvenile Justice Reinvestment Initiative (JJRI) - Aggression Replacement Training (ART)	52.00%	1
Juvenile Justice Reinvestment Initiative (JJRI) - Evidence Based Practices (EBP)	60.70%	3
Juvenile Justice Reinvestment Initiative (JJRI) - Functional Family Therapy (FFT)	25.00%	1
Juvenile Justice Reinvestment Initiative (JJRI) Assessments	58.80%	4
Psychiatric Services	80.40%	7
Serious Mental Illness (SMI) - Comprehensive Assistance with Recovery and Empowerment Services (CARE)	53.30%	9
Serious Mental Illness (SMI) - Forensic Assertive Community Treatment (FACT)	41.00%	2
Serious Mental Illness (SMI) - Individualized and Mobile Program of Assertive Community Treatment (IMPACT)	35.80%	4

# Billable vs. Non-Billable Time – Substance Use Disorder

Guidehouse analyzed averages from survey responses to understand variability in direct client facing time in comparison to other non-billable tasks such as recordkeeping, meetings, training etc.

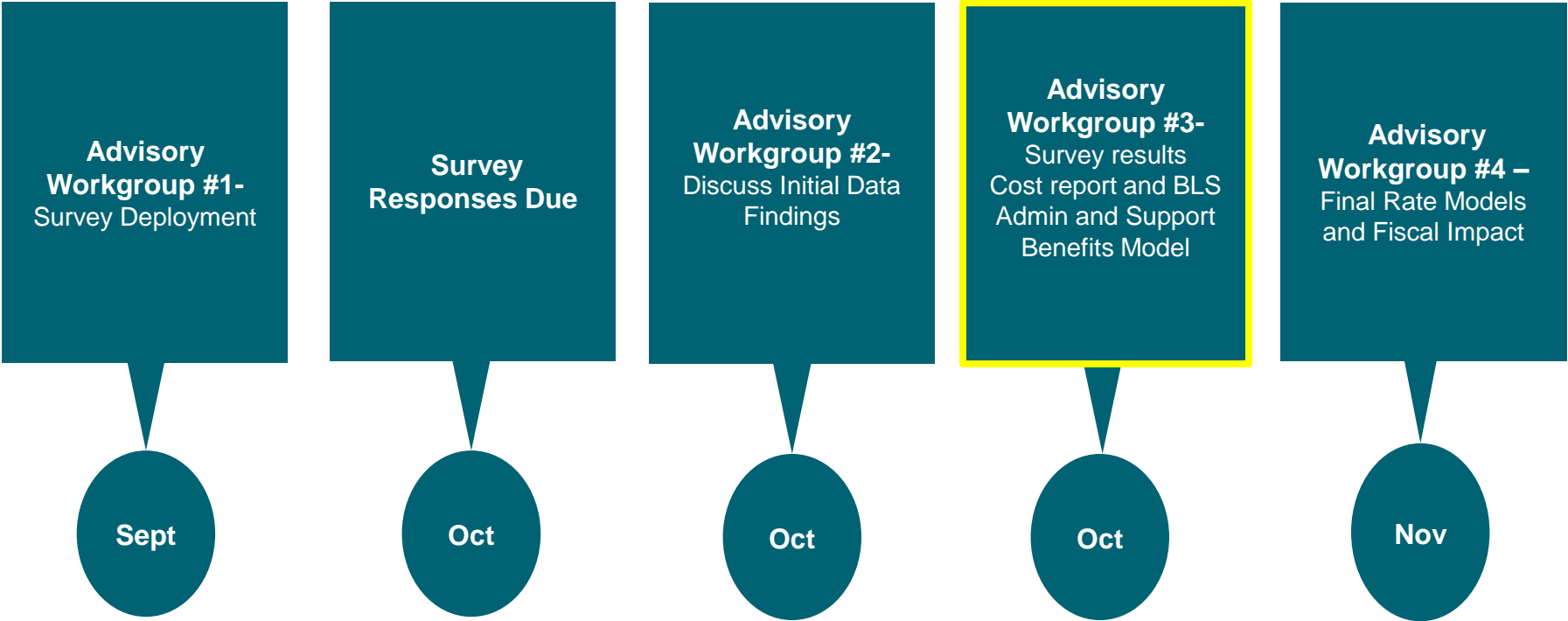
Service	Direct Service Billable Time	Provider Response
Adolescent Substance Use Disorder (SUD) Evidence Based Practices (EBP)	79.00%	4
Assessments	64.10%	15
Cognitive Behavioral Interventions for Substance Abuse (CBISA)	57.30%	9
Collateral Contacts/Referral	65.60%	12
Crisis Intervention	77.80%	12
Detoxification	82.50%	4
Early Intervention Services	77.10%	10
Intensive Meth Treatment (IMT)	65.60%	5
Interpreter Services	100.00%	3
Local Individual Counseling	62.30%	14
Local/Group Counseling	58.50%	12
Local/HB Family Counseling	78.20%	6
Moral Reconciliation Therapy (MRT)	65.00%	10
Nursing/Health Services	86.70%	3
Recovery Support Services	84.40%	5



# Next Steps and Timeline

# Proposed Rate Workgroup Meeting Plan

*The Rate Workgroup and Guidehouse will meet to discuss topics related to survey development and implementation, service review, as well as rate methodology and modeling requirements and results.*





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# Thank You

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