

Meeting Minutes
Provider Rate Methodology Workgroup #3
Substance Use Disorder and Mental Health

October 25th, 2023

3:00 PM – 5:00 PM (Central Time)

1. Survey Response

Rich Kim with Guidehouse overviewed the provider survey responses – noting that Guidehouse received 21 cost and wage survey submissions from South Dakota Mental Health (MH) and Substance Use Disorder providers (SUD).

2. Rate Methodology Overview

Guidehouse presented the components of direct care costs, indirect costs, and considerations for other adjustments such as staff mileage for providing services.

3. Wage Analysis

Rich Kim handed off the presentation to Chris Korasick with Guidehouse.

Guidehouse discussed the survey review and validation methodology.

Guidehouse presented how the wage adjustment factors are derived.

Guidehouse presented the survey wage results for different job types which include survey staff type list, FTEs, number of providers, BLS job type, BLS hourly mean wage (inflated by 3.0%), average FTE weighted hourly wage, and BLS and survey hourly wage percentage difference. The job types presented include:

- I. Therapist and Counselor
- II. Technician and Assistant
- III. Nursing
- IV. Other Staff Type
- V. All Job Types by Top FTEs
- VI. Supervisor

Terry Dosch asked for clarification on the use of BLS data in benchmarking and stated concern with its use – noting it may be better to cross-reference the data in other ways in future rate studies, particularly for psychiatrists.

Terry: “Prospectively we look to compare this using the study we did last year with DSS.”

Claire Payne and Coy Jones with Guidehouse addressed Terry's concerns and provided further clarification on the reasoning behind the data used in the analysis.

Terry Dosch posed the question about the format of the survey wage results and noted only 1 FTE trainee addictions counselor reported among the surveys.

Claire Payne with Guidehouse confirmed that only 1 FTE was reported for trainee addictions counselor.

Tiffany Wolfgang noted DSS provided additional information to Guidehouse to incorporate in the final wage analysis.

Chris handed the presentation off to Claire Payne with Guidehouse.

Rebecca noted in the chat, "The licensure levels didn't seem to match SD licensure levels. For us, this is linked directly to pay rates. Not sure if others had that issue."

Claire Payne with Guidehouse addressed Rebecca's comment.

Michelle Spies asked in the chat, "Which cost report was used for Indirect Costs?"

Chris Korasick with Guidehouse informed Michelle that 2022 cost reports were used for indirect costs.

4. Supplemental Pay: Cost and Wage Survey

Guidehouse presented how supplemental pay is calculated for the analysis.

Michelle Spies noted that some bonuses were utilized using FMAP dollars, since FMAP dollars are one-time money.

Claire informed Michelle that we calculate supplemental pay in varying ways to account for this.

5. Supplemental Pay: Bureau of Labor Statistics

Guidehouse presented how BLS employer costs for employee compensation data is utilized in the analysis.

6. Supplemental Pay – BLS Quarterly Trends

Guidehouse presented the quarterly trends in BLS data.

7. Supplemental Pay in Wage Assumptions

Guidehouse proposed utilizing BLS supplemental pay for wage assumptions and discussed the reasons behind the proposal.

8. Cost Trending: BLS Producer Price Index (PPI)

Guidehouse discussed why the BLS PPI for psychiatric and substance abuse hospital is suitable for estimating annual inflationary increases in provider costs.

9. Cost Trending: BLS Current Employment Statistics

Guidehouse discussed there were large annual growth increases, from 2021 to 2022, which appear to slow from 2022 to 2023.

10. Wage Assumptions – Inflation

Guidehouse proposed using 3.0% as an inflationary metric for the wages received in the survey.

11. Adjusted Hourly Wage Example

Guidehouse presented wage, supplemental pay adjustment, and inflation adjustment for the top reported FTEs within each job category.

Lindsey McCarthy asked about the source of the wages.

Claire Payne with Guidehouse clarified the wages are the April through June 2023 average from the survey results.

Rebecca questioned the supervisor wages.

Claire Payne with Guidehouse explained the nuances to benchmarking supervisor wages.

Claire Payne handed the presentation back to Rich Kim with Guidehouse.

12. Setting a Competitive Benefits Package

Guidehouse presented how they evaluate competitive benefits packages. This includes evaluating what is being offered in the industry and looking at what needs to be built into the rate model.

13. Legally Required Benefits

Guidehouse presented South Dakota-specific legally required benefits.

14. Retirement Benefits – Survey Results

Guidehouse presented the average reported retirement plan contribution reported in the provider cost and wage survey. This information includes the retirement take-up rate, retirement plan average contribution, ERE \$ amount, and percent of annual wage.

15. Paid Time off Components of ERE – Survey Results

Guidehouse presented the part-time adjustment factor, average paid time off per year, ERE \$ amount, and percent of annual wage.

16. Insurance Components of ERE – Survey Results

Guidehouse presented the average take-up rate, monthly premium, annual cost, and percent of annual wage for health, dental, vision, and other benefits.

17. Benefits Benchmarking Analysis

Guidehouse presented the comparison of benefits reported in the cost and wage survey to the South Dakota medical expenditure panel survey to the South Dakota Medical Expenditure Panel Survey (MEPS). The comparison includes South Dakota Provider Survey Data, 2022 MEPS Data (10-24 employees), 2022 MEPS Data (50+ employees), and 2022 MEPS Data Total per benefit metric.

Terry Dosch acknowledged the inflation impact on health insurance coverage.

Amy Iversen noted employer contribution for family contribution is low and staff sometimes leave to an agency that can help offset that cost.

Lisa German agreed with Amy – her agency has experienced job offer rejections due to the absence of family coverage.

Michelle Spies experienced less than double-digit increases in her agency's health insurance.

Claire Payne with Guidehouse addressed all concerns.

Rebecca noted in the chat, "I'm not sure the nuances of insurance was included in our rate study responses. There's just so much variability by plans and coverage for single, and plus one and family."

Claire Payne with Guidehouse noted how this is level-set in the analysis.

18. Employee- Related Expenses (ERE)

Guidehouse presented how hourly wage, annual wages FY2022, legally required benefits, paid time off benefits, retirement plan, health insurance, dental insurance, vision insurance, and other benefits are built into total ERE per staff and hourly wage with ERE.

19. Indirect Cost Components

Guidehouse presented the indirect cost components. These include admin and program support costs associated with operating a provider organization.

Guidehouse presented the additional public benchmarks that had been researched to compare to the administrative and program support values found within the cost and wage survey. The additional public benchmarks data from Health Affairs, JAMA Network, New England Journal of Medicine, and RBRVS Methodology.

Terry Dosch commented that it is important to acknowledge the revenue stream when talking about their system.

20. Indirect Costs – South Dakota Cost Reports

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

Lindsey McCarthy questioned in the chat, “How many providers were actually removed from these numbers?”

Claire Payne with Guidehouse noted that the Guidehouse team would follow up with the exact number.

Terry Dosch commented on the outliers.

Jason Simmons stated that DSS will not share individual provider information without the providers’ information.

21. Transportation

Guidehouse presented across 21 surveys, 13 providers filled out transportation-related information. The slide is more so illustrative of what is represented in the survey data, and Guidehouse will do more work with it.

Rebecca noted her organization did not fill out the transportation section because they did not want to make up information. In the past, they had conducted a time study for accuracy.

22. Supervisor Staffing Ratios and Hours – Mental Health

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

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Michelle Spies asked if they could submit corrected survey information.

Claire Payne with Guidehouse requested this information be emailed to Guidehouse.

24. Billable vs Non-Billable Time – Mental Health

Guidehouse presented the 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.

Lindsey McCarthy mentioned that the billable time looks high.

Claire Payne with Guidehouse explained the nuances of billable time and discussed the possibilities behind this.

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

Guidehouse presented the 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.

26. Next Steps and Timeline

Guidehouse presented the next steps for the survey and provider meetings.

The next meeting will be November 15th, 2023.

Terry Dosch asked if the next workgroup could be extended to 3 hours.

Tiffany Wolfgang stated this possibility will be discussed internally.

27. Adjournment @ 5:07 PM (Central Time)

Meeting Contact: Rich Kim, Managing Consultant, Guidehouse
Email: sdratestudy@guidehouse.com