

# Delaware Rate Study for HCBS — Home Health & Personal Care Services

DMMA Provider Conclusion Town Hall

October 30, 2024

A business of Marsh McLennan



# Introductions



- Drew Wilson, Director DMMA
- Michele Stant, DMMA Chief of Financial Management



- Amy Korzenowski, MHA, LHSE, Principal
- Holly Brown, Principal
- Lesley Le, Senior Associate

**1** | Project and Rate Development Overview

**2** | Draft Rates and Comparisons

**3** | Next Steps and Action Items

# Agenda

# Project and Rate Development Overview



# HCBS — Home Health & Personal Care Services

## Background

- An initiative from DMMA, as part of the HCBS Spending Plan, to conduct a study of payment rates made to Direct Support Professionals (DSPs)\* in Home Health and Personal Care services, who serve DMMA's Medicaid populations primarily through the managed care program.
  - The rate study focused on six specific services.
- DMMA contracted with Mercer to conduct this review, which included:
  - Reviewing current Medicaid payment levels in managed care.
  - Gathering input from stakeholders.
  - Conducting analysis of publicly available data related to providers' costs for service delivery.

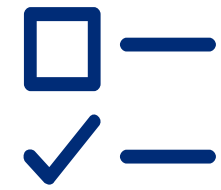
*\*For purposes of the study, DSPs refer to individuals who provide direct care for the six Home Health and Personal Care services identified.*

## Key Project Outcomes:

- Better understand the costs associated with providing services
- Develop rate benchmark ranges for these six services for comparison to current payments

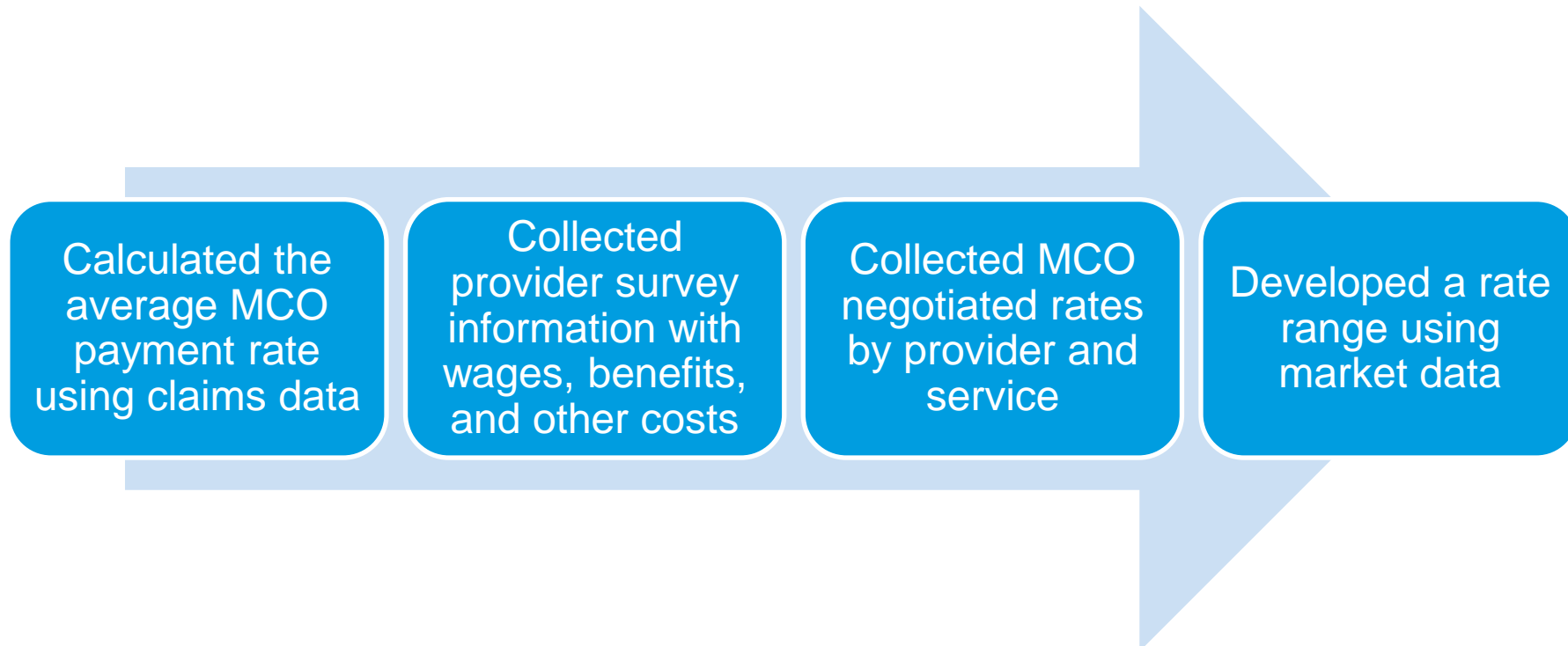


# Project Objectives and Evaluation Approach

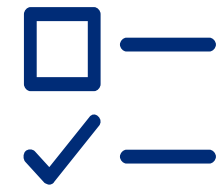


**Objective** — To assess the reasonableness of current reimbursement to DSPs who serve DMMA’s Non-IDD Medicaid populations primarily through the managed care program.

For this assessment, Mercer identified the following benchmarks for each service:



# Highlights of the Provider and MCO Surveys



DMMA and Mercer distributed surveys to providers and MCOs in Spring 2024. The survey data provided additional perspective to service delivery, informing the individual rate assumptions. Below are the key themes.

## Provider Survey

(Received 21 responses)

- Workforce challenges (wages, competitive benefits, less dependable due to unreliable daycare and transportation)
- Growing costs to comply with regulations (onboarding, training, EVV)

## MCO Survey

(Received responses from all MCOs)

- Inconsistent billing of procedure codes across the MCOs
- Negotiated amounts for services vary by MCO, provider, and service type

# Market-Based Rate Development

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## Key Components of Provider Rate Development

### Wage Calculation

A range of average wages for various employee positions.

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### ERE

Costs associated with health insurance, workers' compensation, other employee benefits, and State and federal taxes.

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### Other Service-Related Costs

Indirect costs for providing services such as training, administrative costs, and more.

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### Additional Assumptions

Various service-related adjustments, such as productivity, group sizes, units of service, and more.

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# Draft Rates and Comparisons

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# Wage Calculation

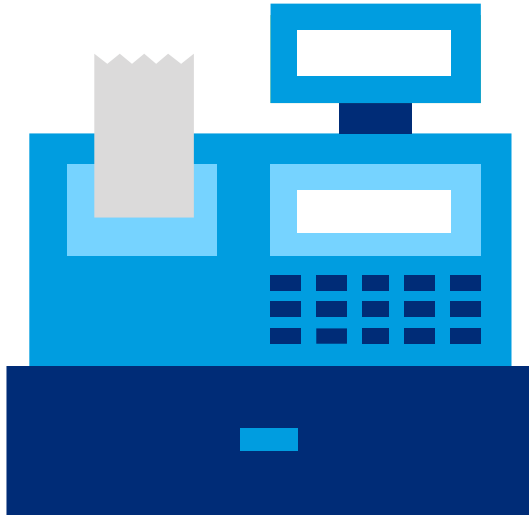
## Draft Rate Considerations

- Wage review:
  - Wages from the provider survey and BLS have been trended to calendar year 2025.
  - Considered the minimum wage of \$15/hour effective January 2025 and assured all services are at or above this minimum wage.
  - Survey data shows the DSP starting wages are relatively comparable with the wage assumptions in the rate benchmarks.

Year	State Minimum Wage
2021	\$9.25
2022	\$10.50
2023	\$11.75
2024	\$13.25
2025	\$15.00

# ERE Estimations

## Assumptions – Agency Services



ERE Cost Components	Initial Assumption
Health Benefits	\$439 per employee per month
Federal Unemployment Tax Act	\$42 per employee per year
State Unemployment Tax Act	\$168 per employee per year
Workers' Compensation Insurance	1.25% of wages
Federal Insurance Contributions Act	7.65% of wages
Long-Term Disability, Short-Term Disability, and Life Insurance	0.4% of wages
Retirement Contributions	2.6% of wages
Paid Time Off	30 days (10 paid holidays, 13 paid vacation, seven paid sick time)

### Sources:

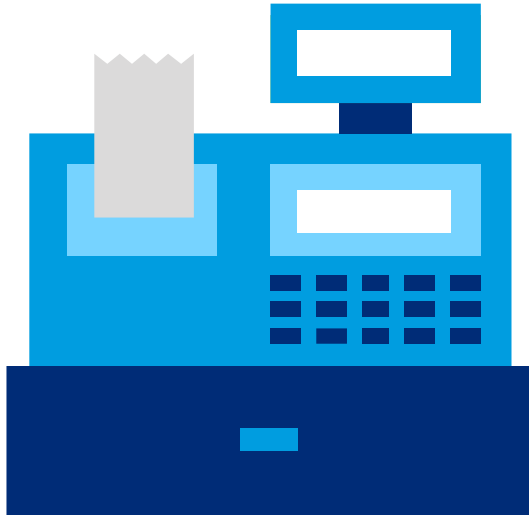
- Sept 2023 BLS ECEC
- 2023 IRS Employer's Tax Guide

### Range In Rate Model at the lower bound per year:

- Part-Time Range: \$6,065–\$8,834
- Full-Time Range: \$12,356–\$15,609

# ERE Estimations

## Assumptions for Self Directed Services



ERE Cost Components	Initial Assumption
Health Benefits	N/A
Federal Unemployment Tax Act	\$42 per employee per year
State Unemployment Tax Act	\$168 per employee per year
Workers' Compensation Insurance	1.25% of wages
Federal Insurance Contributions Act	7.65% of wages
Long-Term Disability, Short-Term Disability, and Life Insurance	N/A
Retirement Contributions	N/A
Paid Time Off	N/A

### Sources:

- Sept 2023 BLS ECEC
- 2023 IRS Employer's Tax Guide

### Range In Rate Model at the lower bound per year:

- \$2,945–\$3,115

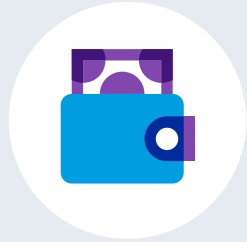
# Provider Survey

## Key Quantitative Data Takeaways

- Average proportion of full-time DSP staff showing approximately 36% across all services
- Survey indicates approximately a 12% wage difference for the average total wages (including bonuses, overtime, shift differentials, etc.) compared to base wages
- Supervisor to staff ratio on average was one supervisor to 15 DSP staff
- Across all services, survey reflecting about 20% of a DSP day is non-billable
- Survey reflects an average cost for staff training/certifications as approximately \$270 and four days of training per year across all staff (new and experienced)
- Average ERE per employee per year: \$6,415

# Rate Build — Key Assumptions

## Attendant Care



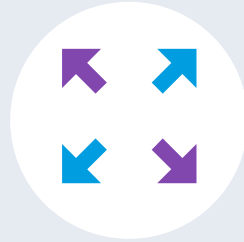
### Wage

- DSP Wage Range: \$15.92–\$18.13
- Supervisor Wage Range: \$22.04–\$31.97



### ERE

- 26%–27% of wages
- Overtime assumed to be 10% of wages



### Other Service-Related Costs

- Indirect Costs:
  - Administration: 10%–15%
  - Program Support: 5%
- Training:
  - New Hires: 75 hours (about 9 days) annually
  - Ongoing Staff: 12 hours (about 1.5 days) annually
  - \$250–\$300 for certification costs



### Additional Assumptions

- Productivity: 6.5 of 8 hours
- Full-Time Portion of Staff: 40%
- Turnover: 42%
- Supervisor to Staff Ratio: 1 to 10
- Group Size: 1 to 1
- Billable Unit: 15 minutes

## Key Considerations

Adjusted productivity and starting base wage to account for additional requirements for documentation and services provided based on service definitions

### Initial Rate Range

Lower Bound	Upper Bound
\$9.45	\$11.72

# Rate Build — Key Assumptions

## Attendant Care — Self-Directed



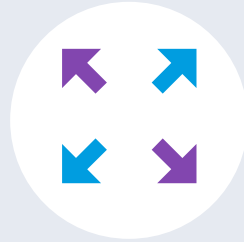
### Wage

- DSP Wage Range: \$15.92–\$18.13



### ERE

- 9% of wages for taxes
- Overtime - None



### Other Service-Related Costs

- Indirect Costs:
  - Administration: None, paid separately based on MCO contracts
  - Program Support: None
- Training:
  - None, paid separately based on MCO contracts



### Additional Assumptions

- Productivity: 7 of 8 hours
- Group Size: 1 to 1
- Billable Unit: 15 minutes

## Key Considerations

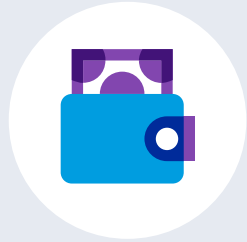
- Reviewed MCO contract language for requirements
- Not including supervisor for self-directed services
- Adjusted ERE and program support for self-directed services

### Initial Rate Range

Lower Bound	Upper Bound
\$4.98	\$5.66

# Rate Build — Key Assumptions

## Home Health Aide



### Wage

- DSP Wage Range: \$15.86–\$19.30
- Supervisor Wage Range: \$32.01– \$36.62



### ERE

- 25%–27% of wages
- Overtime assumed to be 10% of wages



### Other Service-Related Costs

- Indirect Costs:
  - Administration: 10%–15%
  - Program Support: 5%
- Training:
  - New Hires: 75 hours (about 9 days) annually
  - Ongoing Staff: 12 hours (about 1.5 days) annually
  - \$250–\$300 for certification costs



### Additional Assumptions

- Productivity: 6.5 of 8 hours
- Full-Time Portion of Staff: 40%
- Turnover: 42%
- Supervisor to Staff Ratio: 1 to 10
- Group Size: 1 to 1
- Billable Unit: 15 minutes

## Key Considerations

- Base wages account for inclusion of skilled services required in Home Health Aide service definition
- Productivity adjusted to account for additional requirements for documentation

### Initial Rate Range

Lower Bound	Upper Bound
\$9.91	\$12.57



# Rate Build — Key Assumptions

## Chore



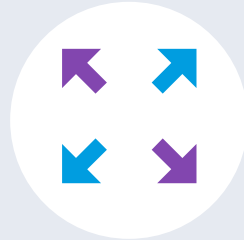
### Wage

- DSP Wage Range: \$15.13–\$18.16
- Supervisor Wage Range: \$22.04–\$31.97



### ERE

- 26%–27% of wages
- Overtime assumed to be 10% of wages



### Other Service-Related Costs

- Indirect Costs:
  - Administration: 10%–15%
  - Program Support: 5%
- Training:
  - New Hires: 75 hours (about 9 days) annually
  - Ongoing Staff: 12 hours (about 1.5 days) annually
  - \$250–\$300 for certification costs



### Additional Assumptions

- Productivity: 7 of 8 hours
- Full-Time Portion of Staff: 40%
- Turnover: 42%
- Supervisor to Staff Ratio: 1 to 10
- Group Size: 1 to 1
- Billable Unit: 15 minutes

## Key Considerations

Productivity adjusted to reflect less stringent requirements for documentation and responsibilities outside of providing services

### Initial Rate Range

Lower Bound	Upper Bound
\$8.41	\$10.90

# Rate Build — Key Assumptions

## Homemaker



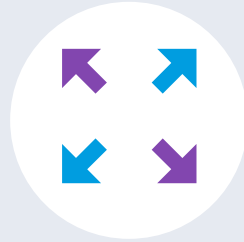
### Wage

- DSP Wage Range: \$15.13–\$18.16
- Supervisor Wage Range: \$22.04–\$31.97



### ERE

- 26%–27% of wages
- Overtime assumed to be 10% of wages



### Other Service-Related Costs

- Indirect Costs:
  - Administration: 10%–15%
  - Program Support: 5%
- Training:
  - New Hires: 75 hours (about 9 days) annually
  - Ongoing Staff: 12 hours (about 1.5 days) annually
  - \$250–\$300 for certification costs



### Additional Assumptions

- Productivity: 7 of 8 hours
- Full-Time Portion of Staff: 40%
- Turnover: 42%
- Supervisor to Staff Ratio: 1 to 10
- Group Size: 1 to 1
- Billable Unit: 15 minutes

## Key Considerations

Productivity adjusted to reflect less stringent requirements for documentation and responsibilities outside of providing services

### Initial Rate Range

Lower Bound	Upper Bound
\$8.41	\$10.90

# Rate Build — Key Assumptions

## Companion



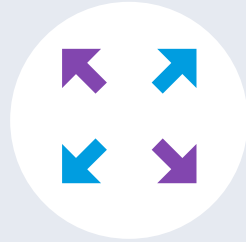
### Wage

- DSP Wage Range: \$15.92–\$18.13
- Supervisor Wage Range: \$22.04–\$31.97



### ERE

- 26%–27% of wages
- Overtime assumed to be 10% of wages



### Other Service-Related Costs

- Indirect Costs:
  - Administration: 10%–15%
  - Program Support: 5%
- Training:
  - New Hires: 75 hours (about 9 days) annually
  - Ongoing Staff: 12 hours (about 1.5 days) annually
  - \$250–\$300 for certification costs



### Additional Assumptions

- Productivity: 7 of 8 hours
- Full-Time Portion of Staff: 40%
- Turnover: 42%
- Supervisor to Staff Ratio: 1 to 10
- Group Size: 1 to 1
- Billable Unit: 15 minutes

## Key Considerations

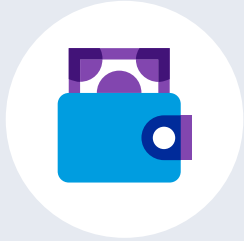
Base wages account for inclusion of some skilled services based on service definitions

### Initial Rate Range

Lower Bound	Upper Bound
\$8.77	\$10.88

# Rate Build — Key Assumptions

## Respite



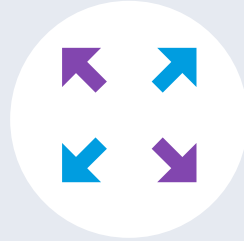
### Wage

- DSP Wage Range: \$15.00–\$18.13
- Supervisor Wage Range: \$22.04–\$31.97



### ERE

- 26%–27% of wages
- Overtime assumed to be 10% of wages



### Other Service-Related Costs

- Indirect Costs:
  - Administration: 10%–15%
  - Program Support: 5%
- Training:
  - New Hires: 75 hours (about 9 days) annually
  - Ongoing Staff: 12 hours (about 1.5 days) annually
  - \$250–\$300 for certification costs



### Additional Assumptions

- Productivity: 7 of 8 hours
- Full-Time Portion of Staff: 40%
- Turnover: 42%
- Supervisor to Staff Ratio: 1 to 10
- Group Size: 1 to 1
- Billable Unit: 15 minutes

## Key Considerations

Base wage adjusted up to \$15 from BLS wage data to reflect January 2025 minimum wage legislation

### Initial Rate Range

Lower Bound	Upper Bound
\$8.36	\$10.88

# Rate Build — Key Assumptions

## Respite — PASA Agency



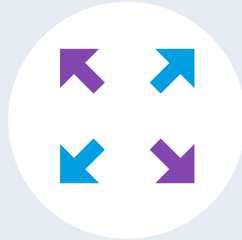
### Wage

- DSP Wage Range: \$15.00–\$18.13
- Supervisor Wage Range: \$22.04–\$31.97



### ERE

- 26%–27% of wages
- Overtime assumed to be 10% of wages



### Other Service-Related Costs

- Indirect Costs:
  - Administration: 10%–15%
  - Program Support: 6%
- Training:
  - New Hires: 75 hours (about 9 days) annually
  - Ongoing Staff: 12 hours (about 1.5 days) annually
  - \$250–\$300 for certification costs



### Additional Assumptions

- Productivity: 7 of 8 hours
- Full-Time Portion of Staff: 40%
- Turnover: 42%
- Supervisor to Staff Ratio: 1 to 10
- Group Size: 1 to 1
- Billable Unit: 15 minutes

## Key Considerations

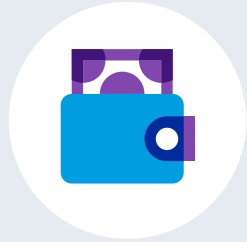
- Base wage adjusted up to \$15 from BLS wage data to reflect January 2025 minimum wage legislation
- Program support increased to reflect increased cost of provider licensure

### Initial Rate Range

Lower Bound	Upper Bound
\$8.45	\$11.02

# Rate Build — Key Assumptions

## Respite — Home Health Agency



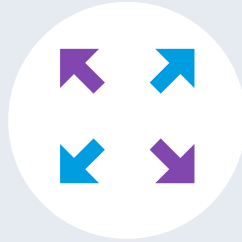
### Wage

- DSP Wage Range: \$15.00–\$18.13
- Supervisor Wage Range: \$44.84–56.24



### ERE

- 25%–26% of wages
- Overtime assumed to be 10% of wages



### Other Service-Related Costs

- Indirect Costs:
  - Administration: 10%–15%
  - Program Support: 7%
- Training:
  - New Hires: 75 hours (about 9 days) annually
  - Ongoing Staff: 12 hours (about 1.5 days) annually
  - \$250–\$300 for certification costs



### Additional Assumptions

- Productivity: 7 of 8 hours
- Full-Time Portion of Staff: 40%
- Turnover: 42%
- Supervisor to Staff Ratio: 1 to 10
- Group Size: 1 to 1
- Billable Unit: 15 minutes

## Key Considerations

- Base wage adjusted up to \$15 from BLS wage data to reflect January 2025 minimum wage legislation
- Program support increased to reflect increased cost of provider licensure

### Initial Rate Range

Lower Bound	Upper Bound
\$9.62	\$12.36

# Rate Build — Key Assumptions

## Respite — Self Directed



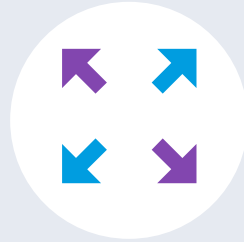
### Wage

- DSP Wage Range: \$15.00–\$18.13



### ERE

- 9% of wages for taxes
- Overtime - None



### Other Service-Related Costs

- Indirect Costs:
  - Administration: None, paid separately based on MCO contracts
  - Program Support: None
- Training:
  - None, paid separately based on MCO contracts



### Additional Assumptions

- Productivity: 7 of 8 hours
- Group Size: 1 to 1
- Billable Unit: 15 minutes

## Key Considerations

- Reviewed MCO contract language for requirements
- Not including supervisor for self-directed services
- Adjusted ERE and program support for self-directed services

### Initial Rate Range

Lower Bound	Upper Bound
\$4.69	\$5.66

# Estimated Expenditure Impact with Benchmark Rate Ranges

Service	Procedure Codes	FY25 Lower Bound	FY25 Upper Bound	Utilization SFY23	Estimated Impact at the LB*	Estimated Impact at the UB*
Attendant	S5125	\$9.45	\$11.72	15.0%	\$5,200,000	\$15,900,000
Home Health Aide	G0156, G0156 U2	\$9.91	\$12.57	2.3%	\$1,700,000	\$3,600,000
Chore	S5120	\$8.41	\$10.90	0.0%	\$1,000	\$4,000
Companion	S5135	\$8.78	\$10.88	0.0%	\$0	\$0
Homemaker	S5130	\$8.41	\$10.90	31.8%	\$2,700,000	\$27,500,000
Respite	T1005; S5150, S5150 U2	\$8.36	\$10.88	0.7%	\$300,000	\$800,000
Respite — PASA Agency	T1005 U1	\$8.45	\$11.02	0.0%	\$0	\$0
Respite — Home Health Agency	T1005 PC	\$9.62	\$12.36	0.0%	\$0	\$0
Attendant Care — Self-Directed	S5130 U2	\$4.98	\$5.66	49.7%	\$7,900,000	\$18,500,000
Respite — Self-Directed	T1005 U2	\$4.69	\$5.66	0.5%	\$(100,000)	\$57,000

\*Estimate is inclusive of both state and federal computable amounts calculated with *historical* utilization data from SFY 2023 encounter claims.

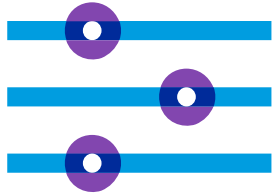
[House Passes Fiscal Year 2025 Operating Budget, One-Time Supplemental Spending Plan - House Democrats \(delaware.gov\)](#)



# Next Steps

3

# Next Steps



## Step 1

Finalize Rate Ranges



## Step 2

Final Report

# Acronyms

<b>ARPA</b>	American Rescue Plan Act
<b>BLS</b>	Bureau of Labor Statistics
<b>CY</b>	Calendar Year
<b>DMMA</b>	Division of Medicaid and Medical Assistance
<b>DSP</b>	Direct Service Professional
<b>ECEC</b>	Employer Costs for Employee Compensation
<b>ERE</b>	Employee-Related Expense
<b>EVV</b>	Electronic Visit Verification
<b>FY</b>	Fiscal Year
<b>HCBS</b>	Home- and Community-Based Services
<b>IDD</b>	Intellectual and Developmental Disabilities
<b>IRS</b>	Internal Revenue Services
<b>MCO</b>	Managed Care Organization
<b>PASA</b>	Personal Assistance Service Agency



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