

# South Dakota Department of Social Services

Cost Study PRTF Meeting #3



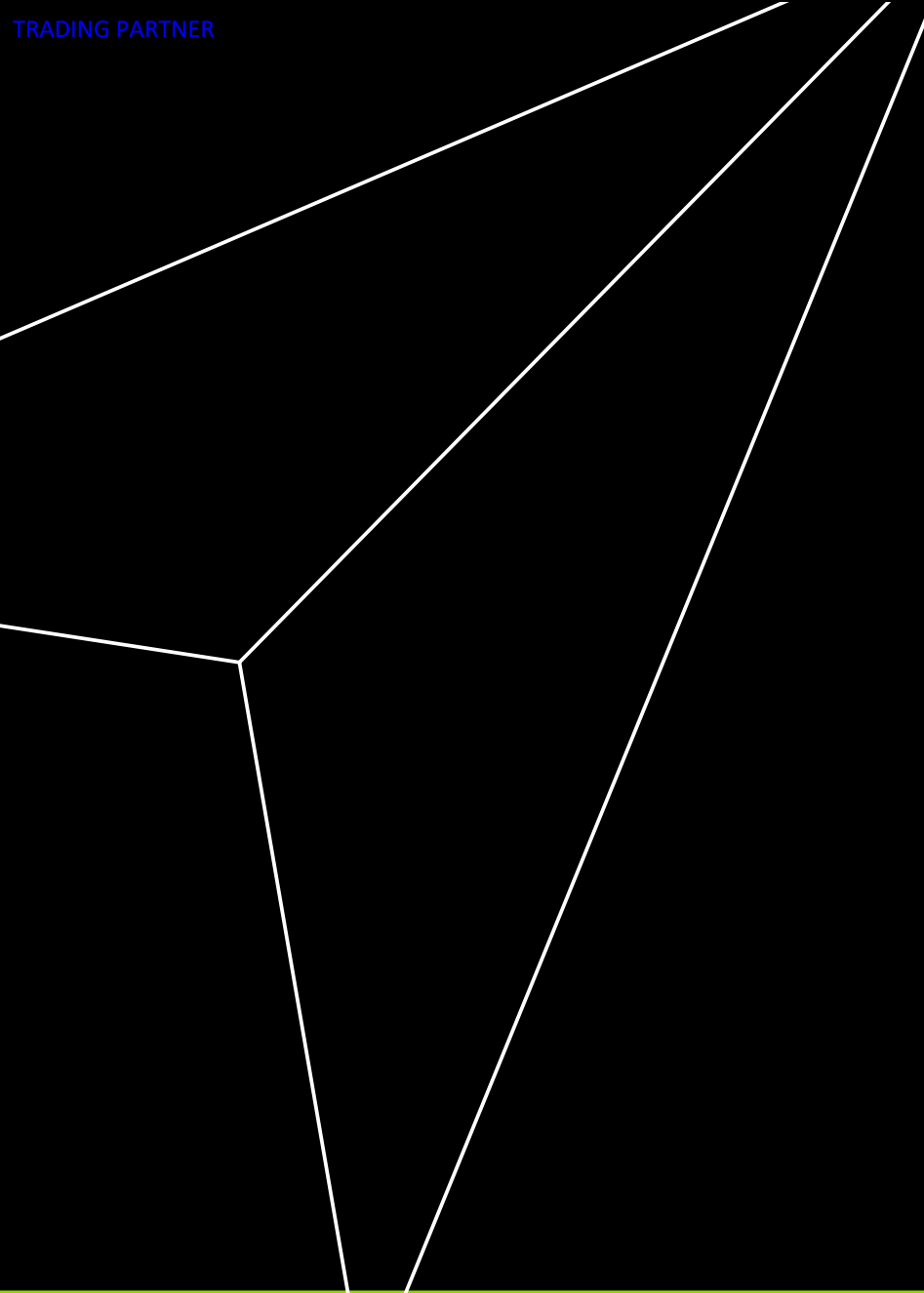


# Agenda

- Welcome and Overview
- Independent Cost Study
- Independent Cost Modeling
- Discussion
- Next Steps

# Overview

- Final provider meeting of the PRTF cost study
- Purpose of this meeting is to share our independent cost build up based on survey results, provider feedback, and discussions with the State.
- Guidehouse has developed cost and acuity-based recommendations for PRTF, SUD, and IRTs in the interest of establishing reasonable cost benchmarks to evaluate rate adequacy today and in the near future.
- Decision to increase, decrease, or maintain current rates lies with DSS and the legislature.



# Independent Cost Study

# Independent Cost Study

- Guidehouse conducted a provider survey collecting various information such as staffing time and wages, Benefits offered, staffing ratios, as well as answers to the qualitative questions.
- We looked at wages collected from the data and compared them to the BLS baseline wages based on similar job types.
- Inflation factors most appropriate to the industry were incorporated.
- We factored in supplemental pay and employee related expenses.
- Both capital and support costs were collected from the provider cost reports as a percentage of total allowable cost.
- All the collected data was incorporated in a cost-based model informed by discussion with the State and providers.

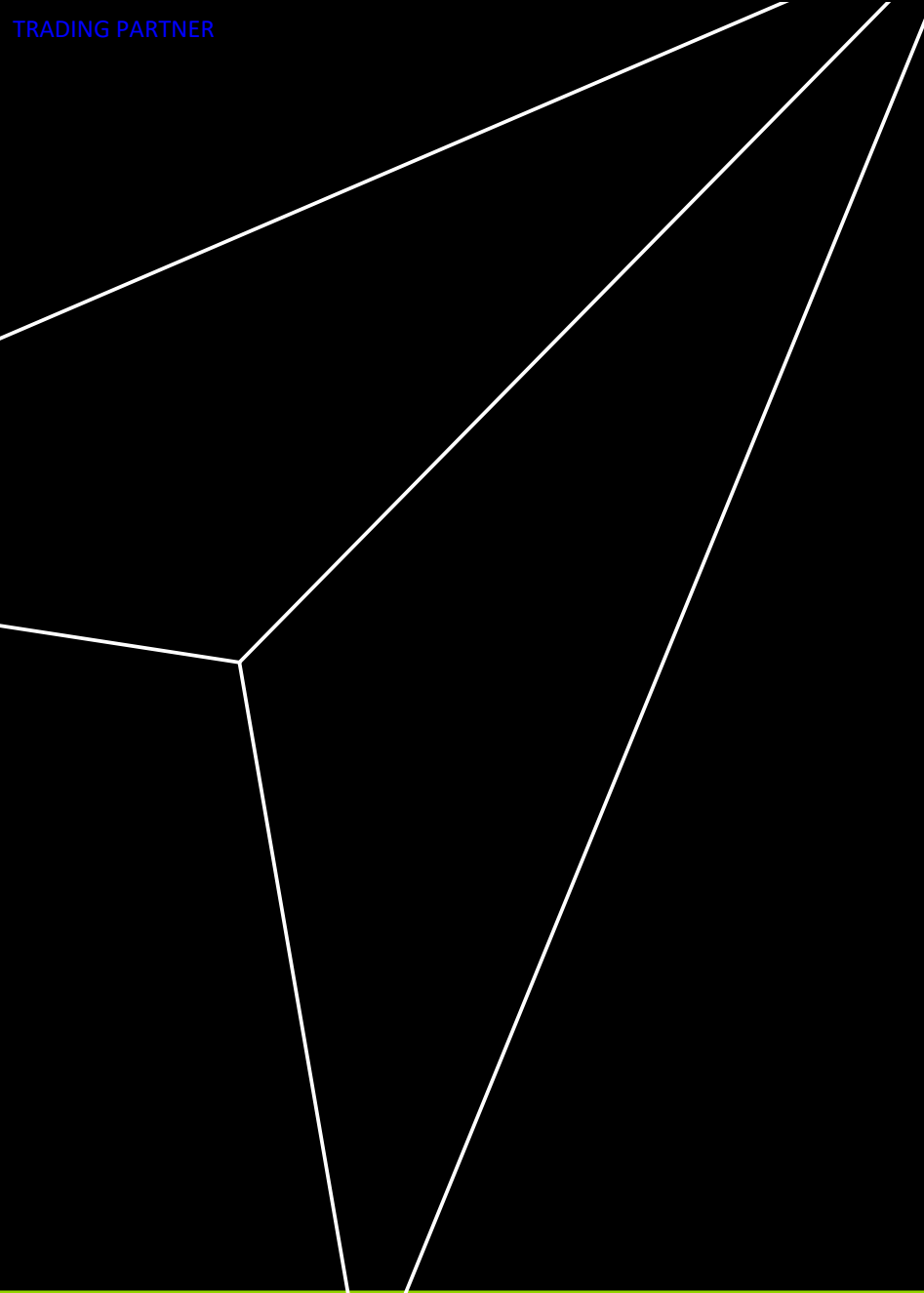
# Assumptions

- Based on acuity levels, IRTs had the highest need for direct care staff to children ratio, followed by PRTFs and SUD.
- Based on discussions with the State, SUD services do not have the same acuity level as the PRTFs or IRTs.
- Staffing ratios were adjusted to account for the different acuity levels between provider types.

# Cost Study Results

	Projected FY25 Rates*	Rate Model Calculation	Difference
PRTF Only	\$408.43	\$388.52	-4.87%
SUD	\$411.37	\$344.17	-16.34%
IRT	\$546.31	\$569.30	4.21%

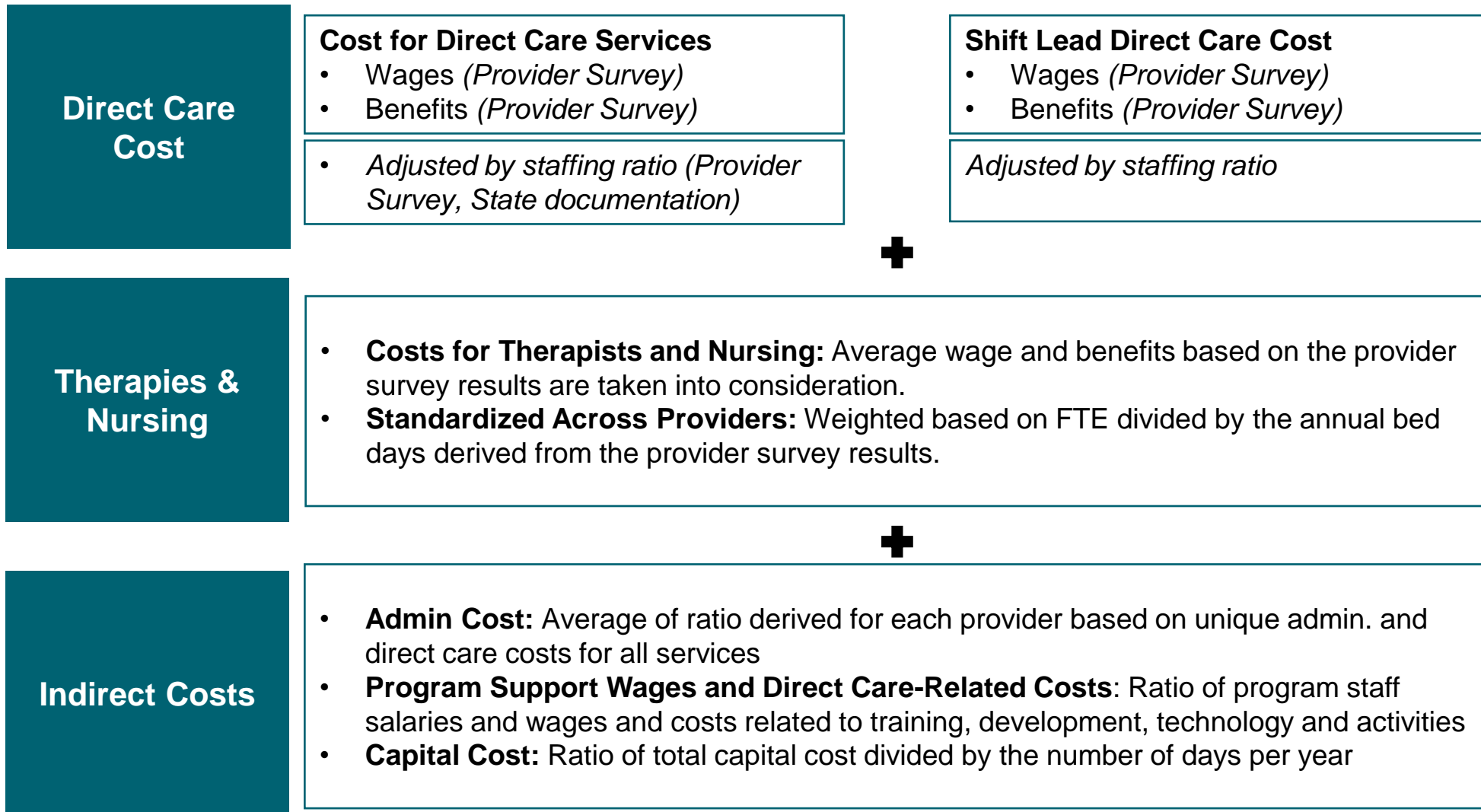
\* Projected rates for PRTF and IRT are based on 4% increase from prior year. SUD rates are based on current rate.



# Independent Cost Model



# Cost Build-Up Overview



Cost build-up comprised of three separate components

# Staffing Ratio

- The model put greater weight on staffing ratio. It was purposely designed to not only take cost of employing a direct care staff, but also to account for lost productivity due to vacation/sick days, staff turnovers, and staffing shortages.
- Survey results show varying staffing ratio for PRTFs, ranging from 1:4 to 1:6 for waking hours and 1:7 to 1:10 sleeping hours.
- For IRTs and special units within PRTF, the staffing ratio from the survey ranged from 1:2 to 1:4 for waking hours.
- Some providers mentioned having one shift supervisor per three direct-care staffs.

# Direct Care Staffing Costs

Example using PRTF Only

Wage Percentile	PRTF Only			
		Waking Hours	Sleeping Hours	
Survey	Direct Service Provider	Behavioral Health Technician Annual Hours	4,160	2,080 <i>16 waking hours, 8 sleeping hours</i>
		Hourly Behavioral Health Technician Wage	\$21.41	\$21.41 <i>Survey</i>
		Behavioral Health Technician ERE	33.9%	33.9% <i>Survey</i>
		Hourly Behavioral Health Technician Compensation	\$28.67	\$28.67
		Staffing Ratio	1:5	1:10 <i>Survey/Acuity based adjustments</i>
		Staffing Factor	0.200	0.100
		<b>Annual Behavioral Health Technician Cost</b>	<b>\$23,851.55</b>	<b>\$5,962.89</b>
Survey	Shift Lead	Shift Lead Annual Hours	4,160	2,080 <i>16 waking hours, 8 sleeping hours</i>
		Hourly Shift Lead Wage	\$28.89	\$28.89 <i>Survey</i>
		Shift Lead ERE	30.6%	30.6% <i>Survey</i>
		Hourly Shift Lead Compensation	\$37.72	\$37.72
		Staffing Ratio	1:5	1:10 <i>Survey/Acuity based adjustments</i>
		Staffing Factor	0.200	0.100
		<b>Annual Shift Lead Cost</b>	<b>\$31,385.46</b>	<b>\$7,846.37</b>

South Dakota Administrative Rule requires at least 1:6 ratio for waking hours and 1:12 ratio for sleeping hours. This model is based on survey results.

# What Providers are saying

## Excerpt from the survey

*“Ratios as reported do not include the other staff in the building that are a part of the team: Program Director, Associate Director, Nurse, Clinical therapists, Clinical Case Managers, etc.”*

*“We recommend creating a Medicaid rate methodology that pays the actual direct care costs per the most current cost report and the professional and contractual services. The grand total of the total direct care expense should be divided by actual census so the true daily cost of care.”*

*“Our professional and administrative staff all the way up to the Executive Director have had to assist with the day to day running of the programs to include cooking in the kitchen, facility maintenance, being part of ratio, stepping in to fill roles for vacancies, transporting youth, performing on call and assisting with behavior de-escalation. “*

*“We employ 5 full time therapists on staff. We contract with other professionals outside the Agency to assist us in fully assessing youth in our care to develop the best treatment plan.”*

# Therapies and Nursing

## Example using PRTF Only

Survey	Therapist	Therapist Wage	\$28.25	Survey
		Therapist ERE	\$0.31	Survey
		Therapist Adjusted Wage	\$36.95	
		Therapist FTE	17.43	Survey (Non-Reporting Providers Excluded)
		Therapist Total Annual Hours	36,254	
		Total Annual Bed days	66,829	Cost Report (Non-Reporting Providers Excluded)
		Average Therapist Cost per Bed Day	\$20.05	
		<b>Annual Therapist Cost per Bed Day</b>	<b>\$7,317.17</b>	
Survey	Registered Nurse (RN)/Nurse	Nursing Wage	\$29.90	Survey
		Nursing ERE	\$0.30	Survey
		Nursing Adjusted Wage	\$38.95	
		Nursing FTE	13.61	Survey (Non-Reporting Providers Excluded)
		Nursing Total Annual Hours	28,309	
		Total Annual Bed days	93,872	Cost Report (Non-Reporting Providers Excluded)
		Average Nursing Cost per Bed Day	\$11.74	
		<b>Annual Nursing Cost per Bed Day</b>	<b>\$4,286.85</b>	
		<b>Total Personnel Cost</b>	<b>\$80,650.29</b>	



# Therapies and Nursing Calculations

## PRTF Example

Therapist Cost Analysis	Data	Source
Wage	\$28.25	BLS
ERE	30.79%	Benefit Analysis
Adjusted Wage	\$36.95	Wage Analysis
FTE	17.43	Survey
Total Annual Hours	36,254.4	FTE x 2080
Total Annual Bed days	66,829	Survey
Average Cost per Bed Day	\$20.05	Total Annual Hours x Adjusted Wage ÷ Total Annual Bed Days
Annual Cost per Bed Day	\$7,317.17	Average Cost Per Bed Day x 365

Nursing Cost Analysis	Data	Source
Wage	\$29.90	BLS
ERE	30.25%	Benefit Analysis
Adjusted Wage	\$38.95	Wage Analysis
FTE	13.61	Survey
Total Annual Hours	28,308.8	FTE x 2080
Total Annual Bed days	93,872	Survey
Average Cost per Bed Day	\$11.74	Total Annual Hours x Adjusted Wage ÷ Total Annual Bed Days
Annual Cost per Bed Day	\$4,286.85	Average Cost Per Bed Day x 365

# Support and Capital

Example using PRTF Only

**Cost Report**

Support	48%
Capital	11%
<b>Total Indirect Adjustment</b>	<b>58.3%</b>
<b>Annual Indirect Costs</b>	<b>\$46,978.87</b>
Total Annual Cost	\$127,629.16
Occupancy Rate	90%
Occupancy Adjustment	1.11
<b>Adjusted Total Annual Cost</b>	<b>\$141,810.18</b>

Breaks out Support and Capital separately

Accounts for all bed hold days.

# Support and Capital

## What is in Support and Capital?

Support	Capital	Program
1010 Administrative	1510 Rent of Space	1020 Professional/Program Staff
1040 Support Staff	1590 Other	1220 Habilitation/Rehabilitation
1210 Administrative/Financial	1710 Building	1231 Other Medical (Dental, Dietary, OT, PT, Optometric, Pharmacy, Speech Pathology and Audiology)
1230 Medical	1720 Equipment	1440 Food
1231 Other Medical (Dental, Dietary, OT, PT, Optometric, Pharmacy, Speech Pathology and Audiology)		1810 Clothing
1237 Physician Nursing Services		
1238 Psychiatric Services		
1300 Travel/Transportation		
1390 Other		
1440 Food		
1490 Other		
1520 Utilities and Telephone		
1810 Clothing		

# Direct Care Staffing Costs

Example using SUD

Wage Percentile	SUD				
			Waking Hours	Sleeping Hours	
Survey	Direct Service Provider	Behavioral Health Technician Annual Hours	4,160	2,080	16 waking hours, 8 sleeping hours
		Hourly Behavioral Health Technician Wage	\$21.41	\$21.41	Survey
		Behavioral Health Technician ERE	33.9%	33.9%	Survey
		Hourly Behavioral Health Technician Compensation	\$28.67	\$28.67	
		Staffing Ratio	1:6	1:10	Survey/Acuity based adjustment
		Staffing Factor	0.167	0.100	
		<b>Annual Behavioral Health Technician Cost</b>	<b>\$19,876.29</b>	<b>\$5,962.89</b>	
Survey	Shift Lead	Shift Lead Annual Hours	4,160	2,080	16 waking hours, 8 sleeping hours
		Hourly Shift Lead Wage	\$28.89	\$28.89	Survey
		Shift Lead ERE	30.6%	30.6%	Survey
		Hourly Shift Lead Compensation	\$37.72	\$37.72	
		Staffing Ratio	1:6	1:10	Survey/Acuity based adjustments
		Staffing Factor	0.167	0.100	
		<b>Annual Shift Lead Cost</b>	<b>\$26,154.55</b>	<b>\$7,846.37</b>	

# Therapies and Nursing

## Example using SUD

Survey	Therapist	Therapist Wage	\$28.25	Survey
		Therapist ERE	\$0.31	Survey
		Therapist Adjusted Wage	\$36.95	
		Therapist FTE	17.43	Survey (Non-Reporting Providers Excluded)
		Therapist Total Annual Hours	36,254	
		Total Annual Bed days	66,829	Cost Report (Non-Reporting Providers Excluded)
		Average Therapist Cost per Bed Day	\$20.05	
		<b>Annual Therapist Cost per Bed Day</b>	<b>\$7,317.17</b>	
Survey	Registered Nurse (RN)/Nurse	Nursing Wage	\$29.90	Survey
		Nursing ERE	\$0.30	Survey
		Nursing Adjusted Wage	\$38.95	
		Nursing FTE	13.61	Survey (Non-Reporting Providers Excluded)
		Nursing Total Annual Hours	28,309	
		Total Annual Bed days	93,872	Cost Report (Non-Reporting Providers Excluded)
		Average Nursing Cost per Bed Day	\$11.74	
		<b>Annual Nursing Cost per Bed Day</b>	<b>\$4,286.85</b>	
		<b>Total Personnel Cost</b>	<b>\$80,650.29</b>	



# Support and Capital

Example using SUD

<b>Cost Report</b>	Support	48%
	Capital	11%
	<b>Total Indirect Adjustment</b>	<b>58.3%</b>
	<b>Annual Indirect Costs</b>	<b>\$46,978.87</b>
	Total Annual Cost	\$127,629.16
	Occupancy Rate	90%
	Occupancy Adjustment	1.11
	<b>Adjusted Total Annual Cost</b>	<b>\$141,810.18</b>

Breaks out Support and Capital separately

Accounts for all bed hold days.

# Direct Care Staffing Costs

Example using IRT

Wage Percentile	IRT				
		Waking Hours	Sleeping Hours		
Survey	Direct Service Provider	Behavioral Health Technician Annual Hours	4,160	2,080	16 waking hours, 8 sleeping hours
		Hourly Behavioral Health Technician Wage	\$21.41	\$21.41	Survey
		Behavioral Health Technician ERE	33.9%	33.9%	Survey
		Hourly Behavioral Health Technician Compensation	\$28.67	\$28.67	
		Staffing Ratio	1:2.5	1:6	Survey / Acuity based adjustments
		Staffing Factor	0.400	0.167	
		Annual Behavioral Health Technician Cost	\$47,703.10	\$9,938.15	
Survey	Shift Lead	Shift Lead Annual Hours	4,160	2,080	16 waking hours, 8 sleeping hours
		Hourly Shift Lead Wage	\$28.89	\$28.89	Survey
		Shift Lead ERE	30.6%	30.6%	Survey
		Hourly Shift Lead Compensation	\$37.72	\$37.72	
		Staffing Ratio	1:6	1:6	Survey / Acuity based adjustments
		Staffing Factor	0.167	0.167	
	Annual Shift Lead Cost	\$26,154.55	\$13,077.28		

# Therapies and Nursing

## Example using IRT

Survey	Therapist	Therapist Wage	\$28.25	Survey
		Therapist ERE	\$0.31	Survey
		Therapist Adjusted Wage	\$36.95	
		Therapist FTE	3.00	Survey (Non-Reporting Providers Excluded)
		Therapist Total Annual Hours	6,240	
		Total Annual Bed days	5,038	Cost Report (Non-Reporting Providers Excluded)
		Average Therapist Cost per Bed Day	\$45.77	
		<b>Annual Therapist Cost per Bed Day</b>	<b>\$16,706.06</b>	
Survey	Registered Nurse (RN)/Nurse	Nursing Wage	\$29.90	Survey
		Nursing ERE	\$0.30	Survey
		Nursing Adjusted Wage	\$38.95	
		Nursing FTE	13.61	Survey (Non-Reporting Providers Excluded)
		Nursing Total Annual Hours	28,309	
		Total Annual Bed days	93,872	Cost Report (Non-Reporting Providers Excluded)
		Average Nursing Cost per Bed Day	\$11.74	
		<b>Annual Nursing Cost per Bed Day</b>	<b>\$4,286.85</b>	

# Support and Capital

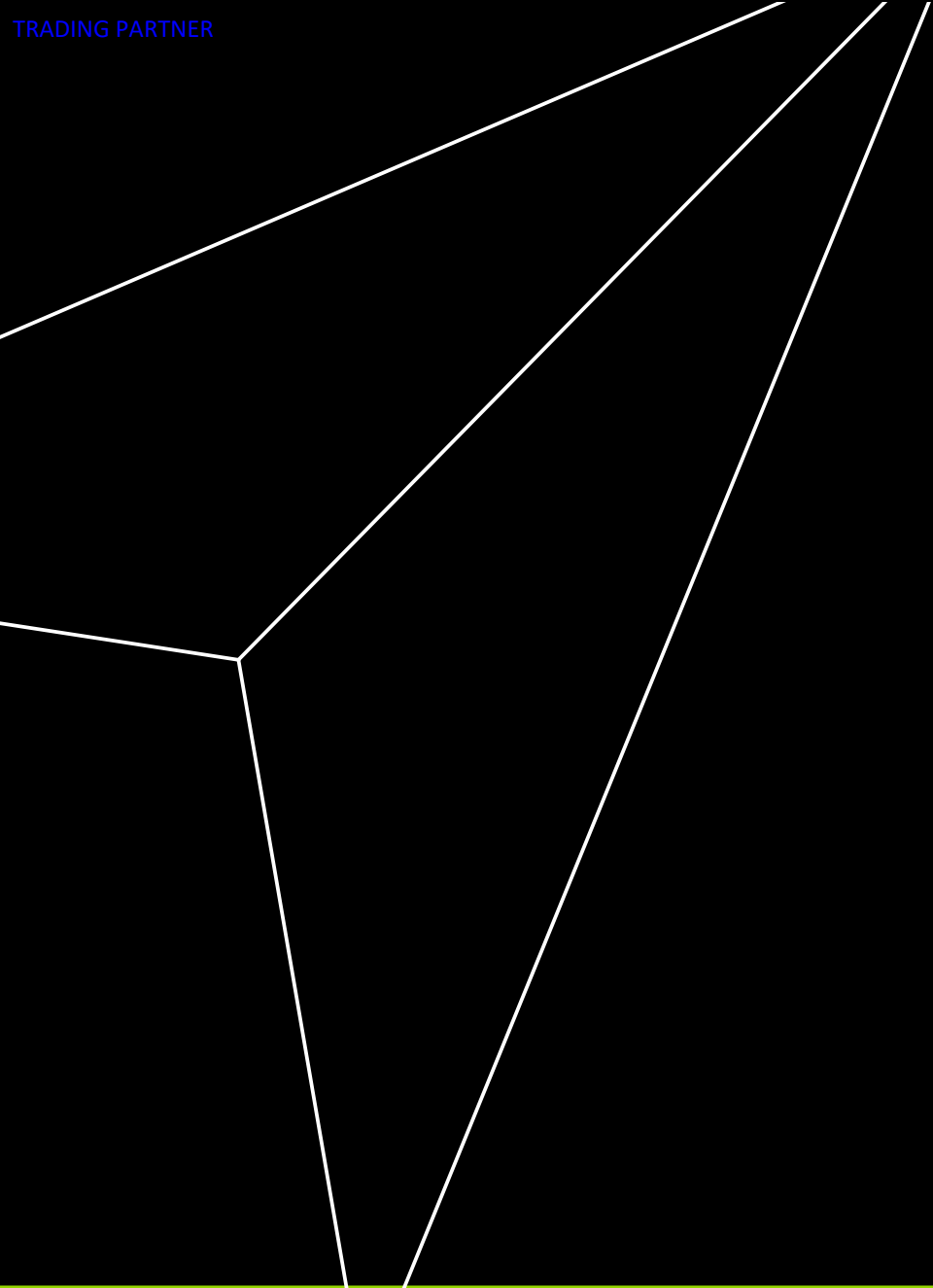
Example using IRT

## Cost Report

Support	50%
Capital	8%
<b>Total Indirect Adjustment</b>	<b>58.7%</b>
<b>Annual Indirect Costs</b>	<b>\$69,149.35</b>
Total Annual Cost	\$187,015.34
Occupancy Rate	90%
Occupancy Adjustment	1.11
<b>Adjusted Total Annual Cost</b>	<b>\$207,794.82</b>

Breaks out Support and Capital separately

Accounts for all bed hold days.

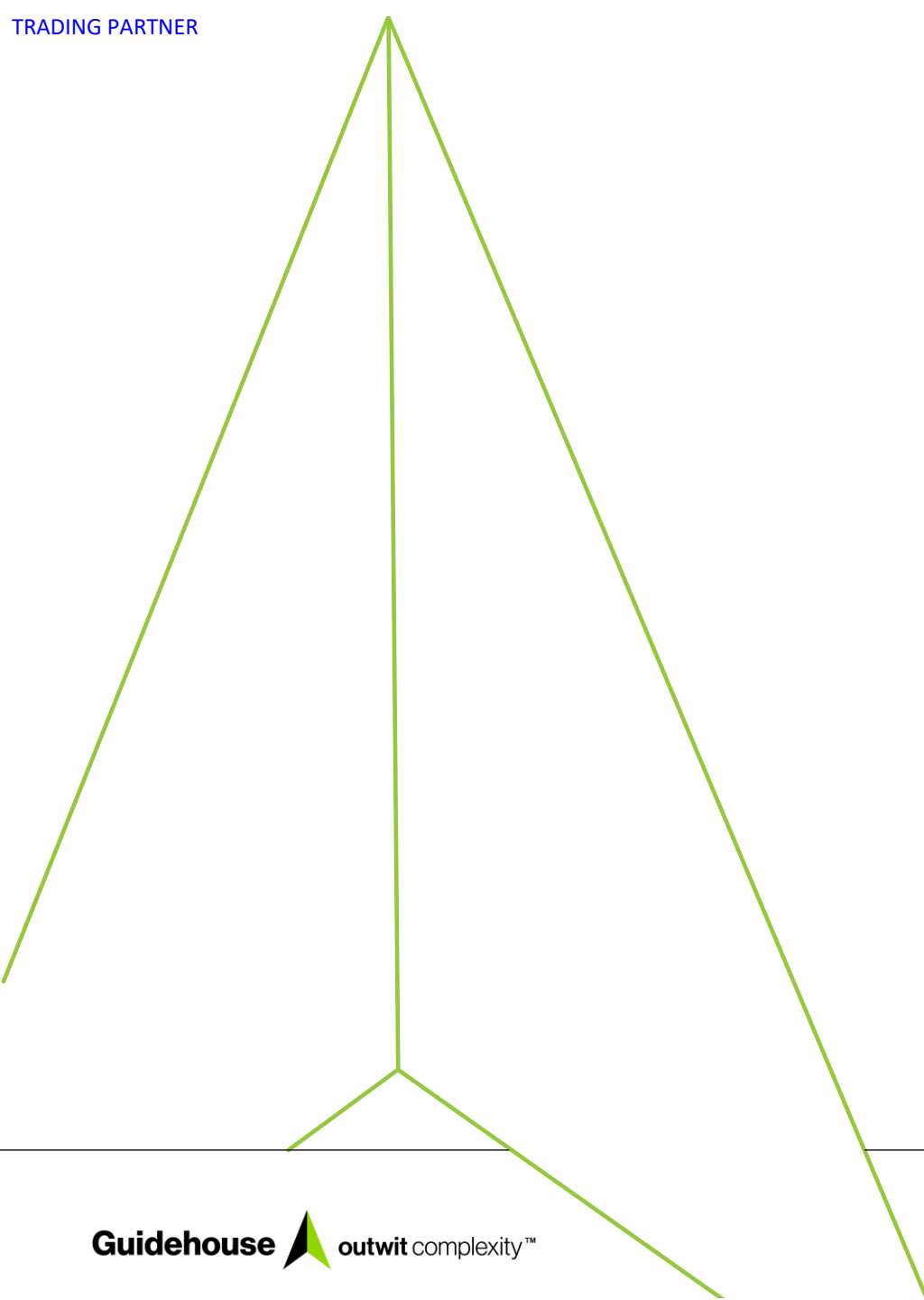


# Discussion



# Next Steps

- A report on these rate recommendations will be provided to the State and distributed to workgroup members.
- The cost study is done independently of the current rates.
- Further conversations may still take place between Guidehouse and the State to determine any final modifications presented today.



# Thank You

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