Maine Department of Health and Human Services

Overview of Proposed Rate Models for Home Health Services (Section 40 of MaineCare)

May 11, 2017

Introduction

- Purpose of presentation is to outline proposed rates for Section 40 Home Health services
  - These are proposed rates, not final decisions

- DHHS will continue to engage with providers and other stakeholders as decisions are made
  - Interested parties are being invited to offer comments on these proposals
Background

- Resolve 2016, Chapter 83 required that DHHS contract with a third party to study payment rates for services delivered through Section 40

- Burns & Associates, Inc. contracted to assist with the development of rate models

Process

- Review service definitions and requirements

- Collect data from providers and other sources
  - Survey on costs and service design sent to every provider
    - 6 providers of 23 that billed for Section 40 services participated, accounting for 88 percent of total Section 40 expenditures
  - Research on cost drivers such as Bureau of Labor Statistics wage and benefits data

- Develop detailed rate models and supporting documentation outlining assumptions
Process (cont.)

- Provide opportunity for public comment (see Next Steps)
- Revise rates as appropriate and finalize
- Promulgate revisions to MaineCare benefit manual
- Implementation

Assumptions – Direct Care Worker Wages

- Wage assumptions are tied to Bureau of Labor Statistics (BLS) data for the applicable job classifications
  - Rate models keyed to the median wage in the State of Maine, which reflects the cross-industry market wage
  - In general, wage assumptions are somewhat less than the wages reported by providers participating in the provider survey
- Detailed in Appendix A of Proposed Rate Models packet
Assumptions – Direct Care Worker Benefits

- Used benefit packages built into rate models for other rate studies

- Greater benefits package established for positions typically requiring a four-year college degree
  - College degree staff – therapists, social workers, registered nurses
  - Other staff – therapy assistants, home health aide, licensed practical nurses

Assumptions – Direct Care Worker Benefits (cont.)

- Assumed benefits packages include:
  - 25 paid days off (holiday, sick, and vacation leave) per year (30 days for staff typically requiring a college degree)
  - $425 per month for health insurance for each worker, which is intended to cover the cost of employee-only health insurance
  - $25 per month for other benefits for each worker ($75 for services typically requiring a college degree)
  - Non-discretionary benefits (FICA, unemployment insurance, workers’ compensation)

- Assumptions are translated to benefit rates by wage level
  - Benefit rates are significantly less than reported in provider survey, but numbers are skewed by one provider (for example, reported an average health insurance cost of $4,500 per month per employee)

- Detailed in Appendix B of Proposed Rate Models packet
Assumptions – Direct Care Worker Productivity

- Productivity adjustments intended to account for non-billable responsibilities (e.g., travel, training, recordkeeping, etc.)
  - Cost associated with non-billable time are spread over billable hours

- Rate models generally assume that staff provide four-to-five hours of billable service per day, before accounting for annual training and paid time off
  - Assumptions are in-line with totals reported by providers participating in the provider survey

Assumptions – Operating and Overhead Costs

- Operating costs
  - All rate models include 250 miles per week for travel
  - LPN, home health aide, and therapy assistant rate models include one hour of supervision per week
  - Rate models (other than social work) include $2,000 per worker per year for medical and therapy supplies and equipment

- Overhead costs
  - Rate models include 28 percent overhead rate for administration and program support costs in addition to those noted above
  - Providers completing provider survey reported median overhead rate of 20 percent/ weighted average rate of 32 percent
Results

- Rates for most services would be reduced

<table>
<thead>
<tr>
<th>Service Code and Title</th>
<th>Unit</th>
<th>Current</th>
<th>Proposed</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>G0299 Nursing, RN</td>
<td>15 min.</td>
<td>$28.32</td>
<td>$27.33</td>
<td>-3.5%</td>
</tr>
<tr>
<td>G0300 Nursing, LPN/LVN</td>
<td>15 min.</td>
<td>$19.82</td>
<td>$19.72</td>
<td>-0.5%</td>
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<tr>
<td>G0155 Social Worker</td>
<td>15 min.</td>
<td>$28.32</td>
<td>$24.05</td>
<td>-15.1%</td>
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<tr>
<td>G0156 Home Health Aide</td>
<td>15 min.</td>
<td>$13.28</td>
<td>$13.47</td>
<td>1.4%</td>
</tr>
<tr>
<td>T1502 Medication Administration (RN)</td>
<td>Visit</td>
<td>$84.95</td>
<td>$71.19</td>
<td>-16.2%</td>
</tr>
<tr>
<td>T1502 Medication Administration (LPN)</td>
<td>Visit</td>
<td>$55.66</td>
<td>$55.66</td>
<td>-34.5%</td>
</tr>
<tr>
<td>G0152 Occupational Therapy</td>
<td>15 min.</td>
<td>$33.25</td>
<td>$26.98</td>
<td>-18.9%</td>
</tr>
<tr>
<td>G0152-TF Occupational Therapy Assistant</td>
<td>15 min.</td>
<td>$23.28</td>
<td>$20.49</td>
<td>-12.0%</td>
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<tr>
<td>G0151 Physical Therapy</td>
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<td>$31.29</td>
<td>$30.46</td>
<td>-2.7%</td>
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<tr>
<td>G0151-TF Physical Therapy Assistant</td>
<td>15 min.</td>
<td>$21.91</td>
<td>$21.54</td>
<td>-1.7%</td>
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<tr>
<td>G0153 Speech/Language Therapy</td>
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<td>$32.78</td>
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<td>-19.2%</td>
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<td>15 min.</td>
<td>$22.95</td>
<td>$19.51</td>
<td>-15.0%</td>
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</tbody>
</table>

Next Steps – Public Comment Period

- Proposed rates and supporting documentation are being distributed to providers and other stakeholders

- Written comments will be accepted at Section40@burnshealthpolicy.com until June 16

- Comments will be considered and the proposed rate models will be revised as appropriate
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