

Figure 3: Overview of Rate Build-Up Approach for Non-Residential Services

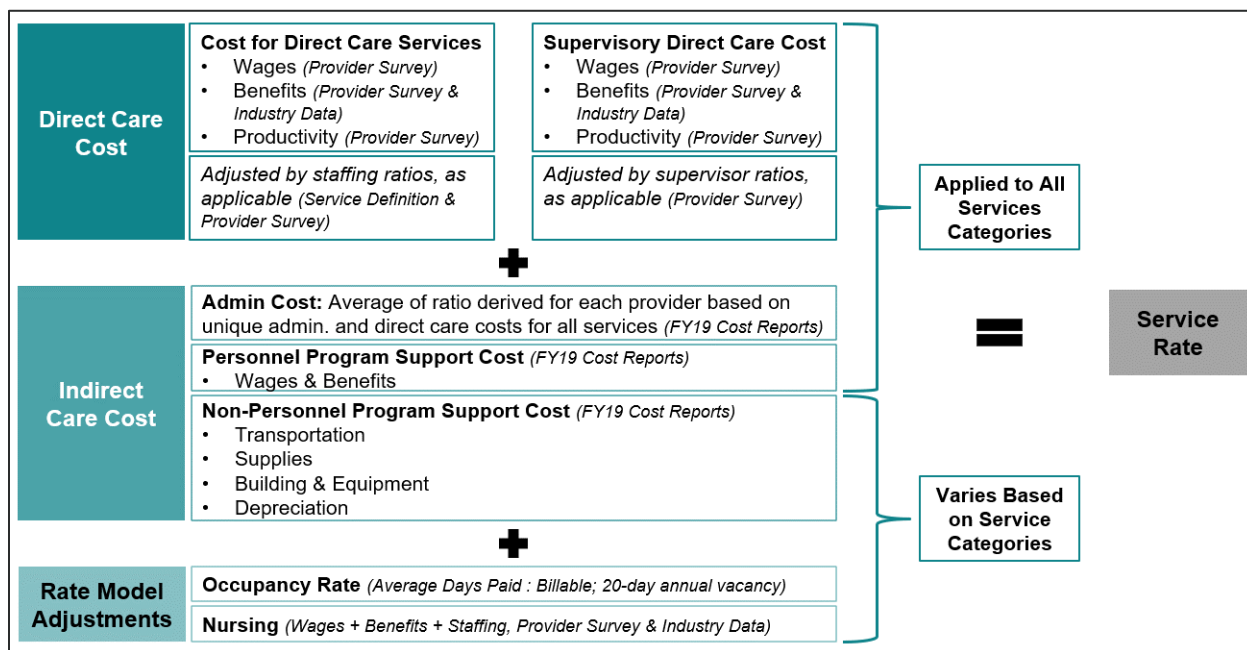
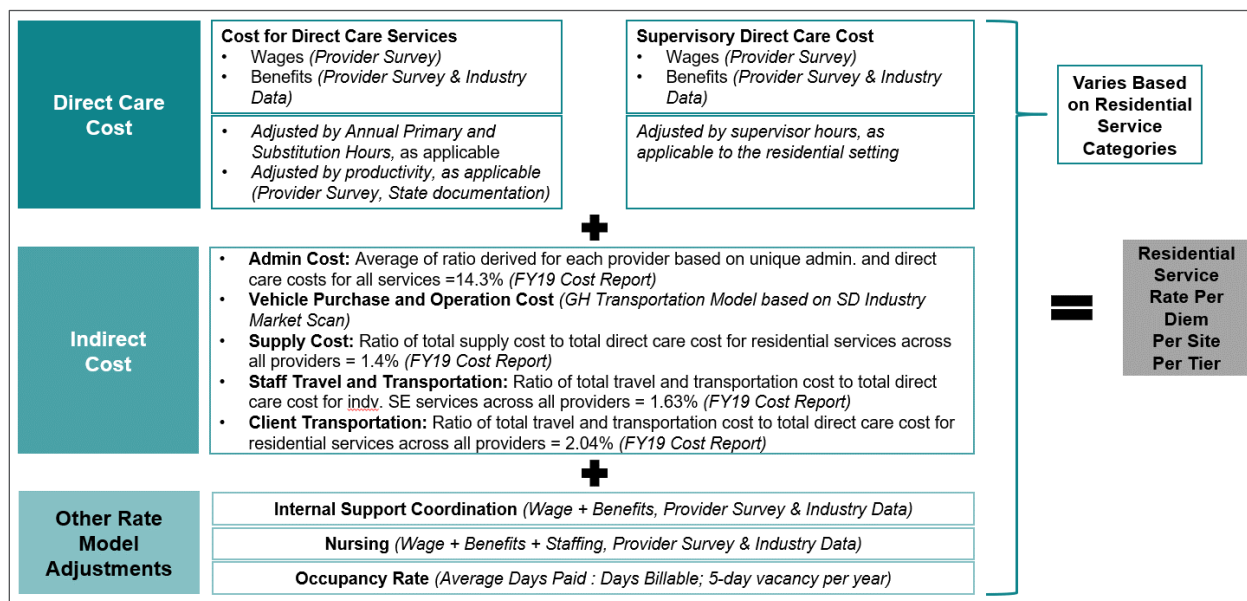


Figure 4: Overview of Rate Build-Up Approach for Residential Services



CSP Rate Components

Input	Input Description	Description
Wages	a Primary Hours	Direct Supprt Professional (DSP)only hours needed annually. Calcuated off of staff to client ratios,using national norm data, needed to meet support needs based on putting people into one of six possible instesti levels. Intensity rated using a comprehensive national asseesment tool.
	b Substitue Hours	DSP hours needed to cover vacations, sick days, holidays to keep same staff to client ratios.
	c Annual Hours	a+b
	d Hourly DSP Wage	Deteremined from CSP actaul wages paid from cost reports. Includes factor for suplmental pay (OT, Premium pay based on national avgs data.
	e ERE (% of Wages)	Includes leagally required benefits, paid time off, health, dental and vision insurance, retirement. From CSP cost reports and benchmarked against national data percentages for resonability.
	f Hourly Compensation	Calcuated from a-e data
	g Annual Compensation	Calcuated from a-e data
Supervision	h Annual Supervisor Hours	Survey data
	i Hourly Supervisor Wage	From Cost Reports and BLS data incusive of national supplemenatl pay data.
	j Supervisory ERE	Cost Report data amd South Dakota MEPS data.
	k Hourly Supervisor Compensation	l + j
	l Annual Supervisor Cost	calcuated from h-k data
Support Staff Wages	m Annual Service Coordinator Hours	Survey data plus annula cost report data
	n Hourly Service Coordinator Wage	From Cost Reports and BLS data inclusive of suplmental pay data.
	o Service Coordinator ERE	Cost Report data and South Dakota Medical Expenditures Panel Survey data.
	p Hourly Service Coordinator Compensation	n + o
	q Annual Service Coordinator Cost	Calculated from m-p data
	r Annual RN Nursing Hours	Survey data plus annual cost report data.
	s Hourly RN Wage	From Cost Reports and BLS data inclusive of suplmental pay data.
	t RN ERE	Cost Report data and South Dakota Medical Expenditures Panel Survey data.
	u Hourly RN Compensation	s + t
	v Annual RN Cost	Calculated from s-v data
	w Total Annual Personnel Cost	Calcuated from a-v data.
Admin and Program	x Administrative Overhead Percent	From Cost Report data and benchamred against national data.
	y Administrative Overhead Annual Cost	Calculated from w and x data.
	z Total Annual Vehicle Cost	Calcuted from Kelly Blue Book and Black Hills Federal Credit Union data.
	aa Supply Percentage	From Cost Reports
	ab Annual Supply Costs	From Cost Reports
	ac Total Annual Cost	aa and ab data
Occupancy	ad Occupancy Rate	From Claims data based on actual results.
	ae Occupancy Adjustment	1 / ad
	af Adjusted Total Annual Cost	ae * ac
Rate	ag SFY2026 Proposed Benchmark Rate - Daily Rate	Result of calcuation of a - af data.

Cost Reports were also used for comparison and reference to derive insights into the impacts of the COVID-19 PHE. Table 4 below captures the FY2019 cost report components that were used in rate modeling.

Table 4: FY2019 Cost Report Components Used in Rate Modeling

Rate Component	FY2019 Cost Report Item	Description
Administrative Cost Factor	1010 Administrative Personnel Expenses	Personnel who manage/direct DDD specific programs and services, make policy decisions, provide training and do not spend more than 10 percent of their time providing direct service.
	1210 Administrative / Financial Professional Fees	Represents the cost of financial, accounting or data processing professionals, including software support agreements for DDD programs and service.
	Other Administrative Components: <ul style="list-style-type: none"> • 1100 Benefits and Taxes • 1300 Travel and Transportation • 1400 Supplies: Food • 1500 Occupancy: Utilities and Telephone • 1600 & 1700: Equipment and Building 	Includes expenditures for the overall direction of the organization, general record keeping, business management, budgeting, general board activities, and related purposes for DDD programs and services.
Program Support Cost Factor	1040 Support Staff	Personnel who do not provide direct service to individuals served but support the daily operations of the agency.
	Other Program Support Components: <ul style="list-style-type: none"> • 1100 Benefits and Taxes • 1300 Travel/Transportation • 1400 Supplies: Food • 1500 Occupancy: Rent, Utilities, and Telephone • 1600 Equipment • 1700 Depreciation: Equipment and Building 	Includes expenditures for non-administrative activities and services conducted to support programs and waiver services.

4.3 FY2019 Claims Data

The FY2019 Claims Data includes historical revenue or total reimbursement amounts claimed by individual CSP organizations in FY2019. CSP claims were used to identify the relative proportion of total expenditures represented by each provider. The proportion of CSP representation in the claims data was used to generate a weighted average of hourly staff wages from the provider survey results. This approach took account of the significant differences in CSP wages paid to DSPs and other service staff, the disproportionate scale of some CSP operations to others within the system, and the overall effects on systemwide wage costs.



1915(c) CHOICES Waiver Rate Study Report

4.4 FY2022 Consumer Service Authorization (CSA) Data

To estimate the fiscal impact of the benchmarked CHOICES service rates, DHS used FY2022 Consumer Service Authorization (CSA) data to project the changes in cost under the benchmark rate model. The FY2022 CSA data includes the services and rates authorized for all individuals served by the CHOICES waiver across all providers in the developmental disability system, and the analysis was conducted to model the anticipated change and shift in utilization affected by the new rate structure.

4.5 Additional Data Sources

As part of the Department's holistic approach to the rate development process, DHS analyzed additional national and statewide data sources to inform the rate models, compare and contrast results, and ensure that the rate models are reflective of objective market indicators and experience in the industry more broadly. DHS assessed these data sources and used its experience from actual service delivery and stakeholder feedback throughout the rate model design process. Table 5 outlines the additional data sources utilized in the rate study including the purpose of each source and the data points analyzed.

Table 5: Overview of Additional Data Sources for Rate Study

Data Source	Data Point(s)	Description
Bureau of Labor Statistics (BLS) Producer Price Index (PPI)	January 2020-2021 Producer Price Index Growth Rate for Medicaid Residential Developmental Disability Homes	The BLS Producer Price Index (PPI) for Medicaid Residential Developmental Disability Homes was used for cost trending. The BLS PPI is suitable for estimating annual inflationary increases in provider costs. PPI is a Federal index of inflation across multiple industries including health care for developmentally disabled Medicaid populations and services (Series ID: PCU62321062321011). To align potential growth in wages reported by CSPs in July 2021 with potential costs in July 2022 and account for 2020-2021 inflationary effects, Guidehouse utilized the 3.4 percent change reflected in PPI from January 2020-2021 to inflate hourly wages.
BLS Employer Costs for Employee Compensation (ECEC)	2020-2021 Supplemental Pay	The BLS Employer Costs for Employee Compensation (ECEC) data series for the Nursing and Residential Care 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. DHS utilized the 2020-2021 average supplemental pay of 3.8 percent for the nursing and residential care industry. BLS supplemental pay includes overtime and premium, shift differentials, and nonproduction bonuses.



1915(c) CHOICES Waiver Rate Study Report

Data Source	Data Point(s)	Description
2020-2021 Bureau of Labor Statistics Wage Data	CEU6562321008 Series for Average Hourly Earnings	The BLS wage rates for a range of occupations that were similar to the direct service professionals and other staff at waiver provider agencies (25th, 50th, 75th and 90th percentiles) were used as benchmarks to ensure alignment of Provider Survey wage data to industry.
Peer State Fee Schedules	State fee schedules of comparable waivers	The fee schedules of other states operating similar 1915(c) waiver programs (Alabama, Connecticut, District of Columbia, Illinois, Maine, and Missouri) were examined to determine the typical maximum annual allowance for the Assistive Technology service.
FY2019 and FY2020 South Dakota Provider Cost Reports	Employee-related expenses and average hourly wages	Employee-Related Expenses were calculated using the FY2019 Cost Reports and used as a comparison point to determine the objectivity of the 2021 Provider Survey-derived costs. Average hourly wages were determined using the FY2019 and FY2020 Cost Reports and were compared with the FY2021 Provider Survey and market wages.
2020 Medical Expenditure Panel Survey (MEPS)	Average employer portion of health insurance premiums (inflated to the midpoint of SFY 2023 using CMS Market Basket Data) and percent of full-time employees enrolled in health insurance at establishments that offer health insurance	MEPS data was used to determine the alignment of provider survey data with market data. The average employer portion of health insurance premiums and the percent of full-time employees enrolled in a health insurance plan at establishments that offer health insurance, or the health insurance the take-up rate, were determined from the MEPS data and compared with 2021 Provider Survey data, which was found to be consistent with MEPS data and reflective of the South Dakota market.
Kelley Blue Book	Average new vehicle price of a minivan in June 2021	The average new vehicle price of a minivan in June 2021 as reported by Kelley Blue Book was used to determine the average vehicle loan amount used in the Transportation Cost for Residential Services.
Edmunds	Average vehicle loan term for a new car in March 2020	The average vehicle loan term for a new car as reported by Edmunds was used to determine the average vehicle loan term used in the Transportation Cost for Residential Services.
ValuePenguin, Business Insider, Experian, US News, and the SD Black Hills Federal Credit Union	Average vehicle loan rate for Excellent, Good, and Fair credit scores	The average vehicle loan rates from each of the listed sources was used to determine the average vehicle loan interest rate used in the Transportation Cost for Residential Services.