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Provider Rate Increase Implementation Plan FAQ's

Providers of Services on the Community Integration and Habilitation Waiver, the Family Supports Waiver, and/or Group Homes

UPDATED 11/17/2021

Effective July 1, 2021, providers of certain services on the Community Integration and Habilitation Waiver and the Family Supports waiver are eligible to receive a 14% increase in waiver rates if they submit an implementation plan and attest that they will passthrough 95% of the amount of the increase in the reimbursement rate to pay payroll tax liabilities and to increase the wages and benefits paid to direct care staff. Similarly, Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) are eligible for a 10% Medicaid rate add-on effective July 1, 2021, once they file a similar implementation plan and make a similar attestation. Please refer to the DDRS Announcements webpage for guidance on filing implementation plans, instructions for determining compliance with DSP wage passthroughs and a sample worksheet.

Will there be one combined process for determining compliance with the DSP wage passthrough requirements or will providers need to track compliance separately for the waiver and group home programs? DDRS has issued revised guidance that includes the DSP wage verification for group homes with the waiver services into one combined process for DSP wage verification. Providers will not need to prepare separate supporting schedules for each program. The same guidelines previously announced for preparation of the DSP Wage Verification Schedule Worksheet will apply to both waiver and group home services.

Will providers need to file their DSP Wage Verification schedules with the DDRS as previously announced? No, there is no longer a filing requirement as providers will have attested to complying with the guidelines and should have passed through payments to DSPs in accordance with their implementation plans. However, each provider still needs to prepare the DSP Wage Verification Schedule Worksheet for their records and return any funds not spent in accordance with the guidelines. The DSP Wage Verification Schedule is required to be completed for each state fiscal year ending June 30 and shall be made available upon request to FSSA or its designee for a period up to three years after the date of the final payment. Failure to prepare or provide the schedule upon request could result in the repayment of all rate increase funds received.

What will be used as the 'look back' (or baseline) date for the original salaries (related to a timeframe)? As noted in the House Bill, a provider shall use at least 95% of the amount of the increase in the reimbursement rate to pay payroll tax liabilities and to increase the wages and benefits paid to direct care staff in comparison to payroll tax liabilities, wages, and benefits paid to direct care staff as of the provider's most recent fiscal year ended on or before December 31, 2019.

How should we handle people that were salary in base period but are now hourly in Test period? Wouldthese people still be counted now as long as they spent more than 50% of their time on direct service and were hourly during the test period? We would evaluate them on their status during the test period; therefore, if they are now hourly, and they are regularly scheduled to provide direct service more than 50% of their work week, their respective direct service hours and wages would be included in the aggregate calculation.

The rate increase information is saying that 95% must be passed on to DSPs through salary andbenefits – is this rate increase basically the same as what was done in the 2017 rate increase?
No, the rate increase is not applied as it was designated in the previous rate increase in 2017. The 95% outlined in the House Bill indicates a provider shall use 95% of the amount of the increase in the reimbursement rate to pay payroll tax liabilities and to increase the wages and benefits paid to direct care staff in comparison to payroll tax liabilities, wages, and benefits paid to direct care staff. The remaining 5% may be retained by the provider to cover administrative and overhead costs.

Will we be able to do it by either a bonus or an hourly rate increases again? Yes. While bonuses areallowable in total compensation, we understand that the legislature's intent with this funding was toincrease the base wages of the DSPs. If used, it is expected that bonuses would be a part of a pre- written arrangement or agreement with eligible staff.

How is overtime calculated in consideration of the rate increase requirements?
As noted in House Bill 1001, for the purposes of this rate increase implementation, wages are defined as total compensation, including paid time off and training, **less overtime and shift differential** for direct care staff providing services as reported on the provider's payroll records. Overtime and shift differentials are not included in this calculation. Overtime should be calculated consistent with US Department of Labor regulations. When removing overtime and shift differential from total compensation, only the overtime or shift differential premium should be removed. For example, if your organization pays 1.5 times the normal rate for overtime, report overtime compensation for the .5 ratedifference. If the organization pays direct staff $10 per hour but increases it to $15 per hour for overtime, $5 per hour for each overtime hour should be reported.

Aside from Payroll tax, worker's comp and 401k/403b, what other benefits are agencies including in their formulas? The US Internal Revenue Service generally describes fringe benefits as a form of pay (including property, services, cash or cash equivalent) in addition to stated pay for the performance of services. Some forms of additional compensation are

specifically designated as “fringe benefits” in the Internal Revenue Code. For the purposes of this program, if a provider incurs costs on behalf of its employees that is considered a fringe benefit in IRS Publication 15-B, it may be included in the calculation. Costs incurred by employees and deducted from their compensation are not considered employer paid costs and are excluded from the calculation. Mileage reimbursement is not considered a fringe benefit.

As an example, a provider maintains a cafeteria plan and incurs administrative fees of $10,000 to maintain the plan, makes employer contributions to the plan totaling $50,000 while employees maketheir own contributions to the plan of $100,000. The $10,000 in administrative fees and $50,000 of employer contributions would be allowable fringe benefits for the calculation. The $100,000 in employee contributions are not allowable since they are being paid out of the employee’s total compensation which has already been included in the calculation.

In accounting for ‘benefits’ these must be an employer cost for the benefit rather than the entire cost ofthe benefit (employer plus employee participation).

Are individuals who are contracted to provide services eligible for the increased wages as a result ofthe 14% rate increase or is it only allowable to offer wage increases to employees of our agency?
Only employees who are directly employed by a provider are eligible staff for the wage increase specifically associated with the 14% rate increase. Contractors are not considered employees of the provider with associated payroll tax, pensions, and related benefits otherwise available to employees.

Should Employment Specialists in Extended Services who may spend less than 50% of their time on face-to-face services but spend the bulk of their time assisting people maintain their jobs be included in the DSP Wage calculations? Yes, they would be included in the DSP wage calculations if they are paidhourly since this is one of the listed services and these employees provide that service directly.

Is there any reason we can't submit edits to our July claims to speed receipt of the 14% increase? When systems are updated to reflect the updated service rates and prior authorizations, Gainwell will automatically reprocess the claims for these services to remit the 14% increase to providers. Providers may choose to wait to bill claims for these services until after the updates have been appropriately applied.

There's phrasing in a recent FSSA document stating, "DSP Wage Verification Schedule is required to becompleted for each state fiscal year ending June 30 and is due by the September 30 following the endof the state fiscal year." So the wage verification worksheets will be formally submitted to the state
this time around? The wage verification worksheet is not to be formally submitted to the state. The wage verification should be retained for your records for the purpose of audit and as a means for you asa provider to ensure you’re appropriately allocating the rate increase or to determine your potential payback amount otherwise.

If I have something similar already created, can I use it or do I have to use the form provided? The DSPWage Verification Spreadsheet is intended to assist providers in the calculation of the rate increase and is not required to be submitted. It is not mandatory but is intended to supplement providers records upon an audit or review of supporting documentation.

I am not understanding how the 07/01/2021 - 06/30/2022 test period should be predicated as it has not happened yet. Our hours of service each year vary on family's need for respite. It is not the same every year. This form is what you would use at the end of the period to justify you do not owe anythingback to the state. It is recommended to do the calculations quarterly.

Where can we find information for providers whose DSPs are 1099/contractors? Only employees who are directly employed by a provider are eligible staff for the wage increase specifically associated with the 14% rate increase. Contractors are not considered employees of the provider with associated payrolltax, pensions, and related benefits otherwise available to employees.

Can we use 7.65% as our FICA % even though some DSPs may have some pre-tax benefits that mayreduce the FICA %? No. When audited Medicaid will tie out the payroll taxes to the 941.

Would you please give us a link to the excel spreadsheet version site? A copy of the excel version canbe requested though BQIS.Help@fssa.in.gov

If we pay salary individual's an hourly amount for working certain shifts that are difficult to staff, can those additional paid hours be included in the analysis? You would need to consider if the individual is primarily working as a DSP. Only hourly direct support employees are eligible. 50% of their time or moreshould be spent in direct service.

We have been distributing the 2017 increase as a bonus. In our implementation plan we are figuringboth increases working backward in our calculations. Is this the correct way to handle? We will be passing the full 14% increase on to employees through wages. Wages are defined as total compensation, including paid time off and training, less overtime and shift differential for direct care staff providing services to individuals receiving the identified services, as reported on the providers payroll records.

If we have already submitted a plan, but did not receive confirmation will that be coming? When I submitted our plan, it came up with a screen that said "Thanks! Your response was submitted"but I don't remember getting an email confirming it was received. From whom would this email have come? An automatic reply should be received to verify the plan was submitted. Providers may request acopy of the plan they have submitted via BQIS.Help@fssa.in.gov for their records.

Are plans subject to State approval? If we have not received approval from BQIS, should we consider it approved? Upon submission of your plan, BQIS will review within 14 business days. If there are any concerns or missing elements, you will be contacted by BQIS staff.

So, if the fiscal year ends on December 31, 2019, is the base period the 12 preceding months or the 12 months ending June 30, 2019, date mentioned in the presentation? The 14% applicable increase looks at the average hourly compensation, including both wages and benefits, as compared to the average hourly compensation on 12/31/2019 or their fiscal year ended 2019.

Is this a temporary rate increase scheduled to end six months after the pandemic while waiting CMS approval? While the approval of Appendix K makes the DSP rate increase retroactively effective as July1, 2021, the current posted proposed amendments to CIH/FSW include the DSP 14% rate increase. Theamendments are posted for public comment on the DDRS Draft Policies for Public Comment webpage.

Where can the slides from this webinar be found? The recorded webinar can be found on DDRS announcements web page under Bureau of Developmental Disability Services.

This increase pushes our wages to over $18 per hour. With overtime for Res Hab, each hour of overtime costs us $2 per hour. Is there an exemption to the rule requiring 95% if we are higher than the $15 average? This is a voluntary rate increase. If you chose not to give any increase to your staff andpay back the rate increase that is your choice. However, to keep the rate increase, you must pass though 95% to your staff through wage and compensation increases.

What was the date again for reprocessing claims? How will the claims be reconciled to know that all claims were reimbursed? Please refer to IHCP banner BR202133. Claims processed from July 1, 2021, through Aug. 17, 2021, for the services in Table 2 will be mass adjusted, as appropriate. Providers shouldsee adjusted claims on Remittance Advices beginning Sept. 22, 2021, with internal control numbers/claim IDs that begin with 52 (mass replacements non-check related).

Will the 10% Medicaid rate add-on be based on the rate the provider was paid on July 1 or based on the rate they should have been paid? For example, if the provider did not receive their April 1, 2021, rate until after July 1, 2021, will the add-on be based on the higher April 1, 2021, non-rebasing rate? Yes, the 10% rate add-on will be based on the rate in effect on July 1, 2021, per Myers & Stauffer regardless of the date it was determined or paid.

Will the 10% group home Medicaid rate add-on be retroactive back to July 1? Yes, once the provider submits its implementation plan and attestation, Myers & Stauffer will issue a new rate effective July 1, 2021, to include the 10% add-on. Similar to when a new rate is issued several months after the rate effective date, Gainwell will automatically reprocess claims back to the rate effective date of July 1, 2021.

When will the 10% group home Medicaid rate add-on program end? The Medicaid rate add-on will be removed from a provider's rates for the first rate setting period that includes historical costs for an entire period beginning after July 1, 2021. For example, if a provider has a June 30 FYE and files cost reports for the period July 1, 2021, through June 30, 2022, their rate effective October 1, 2022, will not include a 10% Medicaid rate add-on since the increased DSP costs funded by the rate add-on should be reflected in their cost reports resulting in a higher Medicaid rate. In this example, the provider will have the rate add-on in effect for the period from July 1,

2021 through October 1, 2022.

Will we include group homes rates in the report after the rebasing year for group homes after the new rates become the permanent rates? In order to ensure that implementation plans are consistently applied for the entire two-year period, providers would still include their group home services in the DSP Wage Verification Schedule Worksheet even after the add-on has been removed from the rate as discussed above.

If there is a retroactive change to the rate, does that change the add-on? No, for administrative simplification and to ease the burden of the DSP Wage Verification Schedule Worksheet, the add-on will not change once it is set regardless of changes to the base Medicaid rate unless there is a change in licensure. This should also allow providers to budget and passthrough to employees the increased revenue with some degree of certainty.

If there is a change in licensure after the add-on, does the Medicaid rate add-on change? Yes, the Medicaid rate add-on will be adjusted if the change in licensure results in a new rate due to higher staffing. However, many changes in licensure do not result in a rate change since the current Medicaid rate of the facility may be higher than the 50th percentile rate. If the base Medicaid rate does not change due to the change in licensure, then the Medicaid rate add-on will not be changed.

Will this have any effect on the provider assessment? No, since the provider assessment is based on prior year revenue, the provider assessment should not be changed but provider assessment will be expected to increase in the following year due to the higher Medicaid revenue.