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Provider Rate Increase Implementation Plan FAQ's **UPDATED 9/27/2021**

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? Would these 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 and benefits – is this rate increase basically the same as what was done in the 2018 rate increase? No, the rate increase is not applied as it was designated in the previous rate increase in 2018. 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 are allowable in total compensation, we understand that the legislature's intent with this funding was to increase 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 rate difference. 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 make their 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 of the benefit (employer plus employee participation).

Are individuals who are contracted to provide services eligible for the increased wages as a result of the 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 paid hourly 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 be completed for each state fiscal year ending June 30 and is due by the September 30 following the end of 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 as a 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 DSP Wage 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 anything back 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 payroll tax, 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 may reduce 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 can be 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 more should be spent in direct service.

We have been distributing the 2018 increase as a bonus. In our implementation plan we are figuring both 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 a copy of the plan they have submitted via BQIS.Help@fssa.in.gov for their records.

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 July 1, 2021, the current posted proposed amendments to CIH/FSW include the DSP 14% rate increase. The amendments 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.

Could you please provide the URL for the reporting form and submission of narrative? The URL for plan submission can be located using this [link](#).

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 and pay 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 should see adjusted claims on Remittance Advices beginning Sept. 22, 2021, with internal control numbers /claim IDs that begin with 52 (mass replacements non-check related).