

Report to the Social Services Appropriations Subcommittee

Response to the intent language passed in
S.B. 2 by the 2017 Legislature

Prepared by the Division of Medicaid and Health Financing

December 1, 2018



EXECUTIVE SUMMARY

This report is submitted in response to the following intent language passed in S.B. 2 by the 2017 Legislature (lines 855-865) which states:

The Legislature intends that the Department of Health shall: 1) Direct funds to increase the salaries of direct care workers; 2) Increase only those rates which include a direct care service component; 3) Monitor providers to ensure that all funds appropriated are applied to direct care worker wages and that none of the funding goes to administrative functions for provider profits; In conjunction with Intermediate Care Facilities - Intellectually Disabled providers, report to the Office of the Legislative Fiscal Analyst no later than September 1, 2019 regarding the implementation and status of increasing salaries for direct care workers.

Implementation and status of increasing salaries for direct care workers

The Medicaid per diem payment rate was increased on July 1, 2017 by the appropriated amount (\$570,000 General Fund / \$1,898,700 Total Funds) specified for the direct care workers. The total was allocated, according to the reimbursement methodology, among the facilities. The division created a report template for each facility to use in documenting its wage adjustments. Each facility provided the requested documentation showing the increase in the pay and benefits to its direct care workers projected into the new fiscal year.

Explanation of how ICF/ID providers are reimbursed

The division calculates a per diem reimbursement rate for each facility. For each Medicaid resident at the facility, the facility submits a claim for the payment period. The facility is paid the per diem amount for each of the days in the claim submission for which the resident was Medicaid eligible.

Introduction

During the 2017 Legislative General Session, the Legislature appropriated \$570,000 in General Funds (\$1,898,700 Total Funds) to help ICF/ID providers with staffing concerns beginning with State Fiscal Year 2018. The facilities were finding it difficult to hire and retain quality workers to provide direct care to the residents of the facilities. The bill, SB 2, provides additional funds to increase the wages of direct care workers with the intended result of hiring and retaining the quality workers.

Terminology

ICF/ID - Intermediate care facility for people with an intellectual disability

FCP – Facility Cost Profile

FRV – Fair Rental Value

Implementation and Status of increasing salaries for direct care workers

The Division of Medicaid and Health Financing received an appropriation to increase the per diem for ICFs/ID with the intent that the increase go to direct care workers' wages. The division calculated the per diem amount for each facility. The division then calculated the additional per diem that would be received by each facility for the direct care workers. The division determined which employee positions would be included in the category. The list of a direct care workers is as follows and is based on the Facility Cost Profile (FCP) categories:

- Director of Nursing (070-012 and 070-013)
- Nursing Staff (070-040 and 070-041)
- Recreational Activity Personnel (080-012 and 080-040)
- Active Treatment Providers (090-012 and 090-040)
- Dietary Staff (040-012 and 040-040)

The division created a spreadsheet similar to the FCP, so the facility administrators would be familiar with the format. The division requested each facility to complete the form and return it with a signed copy stating that the provided information was true, accurate and complete.

In the spreadsheet, each facility was provided the increased amount in the per diem rate associated with the direct care wages appropriation. The facility added all of the wage information for its direct care personnel. In some cases, this included new positions added based upon the appropriated monies. The spreadsheet calculated the amount over or under the total wage increase that the listed personnel would affect.

Each facility submitted the requested spreadsheet and signed certification. As noted below, the results show that each facility increased the wages of the direct care personnel by at least the increased amount from the appropriation.

Facility Name	Projected Wage Increase Expenditures	Reimbursement Increase	Over / (Under)
Bungalow Care Center	\$75,462	\$75,241	\$221
East Side Center	\$49,046	\$49,060	(\$14)
Hidden Hollow Care Center	\$108,828	\$108,611	\$217
Hillcrest Care Center	\$184,971	\$179,329	\$5,643
Lindon Care And Training Cntr	\$190,762	\$190,617	\$146
Medallion - Lehi	\$71,834	\$49,361	\$22,473
Medallion - Payson	\$56,660	\$50,437	\$6,223
Medallion - Provo	\$168,906	\$140,728	\$28,178
Medallion - Springville	\$54,175	\$47,756	\$6,419
Mesa Vista	\$178,799	\$172,792	\$6,006
North Side Center	\$35,472	\$35,569	(\$97)
Provo Care Center	\$90,783	\$90,350	\$433
Syracuse Supported Living	\$13,597	\$13,596	\$1
Tophams Tiny Tots	\$131,125	\$130,324	\$802
West Jordan Care Center	\$259,284	\$255,714	\$3,570
West Side Center	\$50,245	\$50,003	\$242
Wide Horizons	\$259,240	\$259,215	\$25
Grand Total	\$1,979,187	\$1,898,700	\$80,487

Explanation of how ICF/ID providers are reimbursed

The ICF/ID facilities receive a per diem amount for the covered claims submitted. The per diem amount is calculated each year and is based on two components as follows:

1. the property component computed by the Fair Rental Value (FRV) methodology, and
2. the flat rate component covering all other costs.

The FRV information is obtained from the facility cost profiles that are submitted each year from each facility. The FRV methodology estimates the value of the capital assets of the facility instead of direct reimbursement for depreciation, amortization, interest, rent, or lease expenses. The methodology establishes the facility's bed value based on the age of the facility and total square footage.

Once the per diem amount is calculated, it is posted to the website and entered into the claims system for use when a claim is received from a facility.

The current, SFY18 rates are as follows:

Facility Name	SFY 2018
Bungalow Care Center	\$186.23
East Side Center	\$186.03
Hidden Hollow Care Center	\$181.73
Hillcrest Care Center	\$182.98
Lindon Care And Training Cntr	\$181.66
Medallion - Provo	\$181.60
Medallion - Lehi	\$190.00
Medallion - Springville	\$181.25
Medallion - Payson	\$186.28
Mesa Vista	\$185.53
North Side Center	\$184.23
Provo Care Center	\$186.49
Syracuse Supported Living	\$189.91
Tophams Tiny Tots	\$193.62
West Jordan Care Center	\$196.61
West Side Center	\$186.44
Wide Horizons	\$185.01

The costs are coded to Appropriation LIG under Activity QX08.