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September 7, 2022

Hon. Terry Rice, Co-Chair Hon. Jeff Wardlaw, Co-Chair Arkansas Legislative Council 1 Capitol Mall, Fifth Floor Little Rock, Arkansas 72201

Dear Senator Rice and Representative Wardlaw:

As directed by Section 15 of Act 213 of 2022, I am reporting to Arkansas Legislative Council the status of our efforts to increase the reimbursement rates for assisted living facilities under the Living Choices Assisted Living Waiver. Last month I provided the final draft report for the Living Choices Assisted Living Waiver rate study prepared by Myers and Stauffer. They have now submitted their final report, which incorporates all comments submitted by stakeholders following review of the draft report.

DHS is now moving forward with a waiver amendment application to CMS to implement the proposed new rate. The draft waiver amendment and rule proposal is complete and is now being reviewed by the Governor for approval. Assuming the Governor approves the proposed rule, DHS will publish it for public comment and submit the waiver amendment to CMS for approval. We anticipate that the proposed rule will come before Arkansas Legislative Council for review in December.

I am attaching to this report the final report submitted by Myers and Stauffer. Legislators are welcome to reach out with any questions, comments, or concerns. Members may contact Mark White, DHS Deputy Director and Chief of Staff, Legal, & Legislative Affairs, at 501-320-6009 or mark.white@dhs.arkansas.gov.

Sincerely,

Cindy Gillespie

Secretary of Human Services





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# **Executive Summary**

On behalf of the Arkansas Department of Human Services (DHS, Department, or State), Myers and Stauffer LC (Myers and Stauffer) has prepared this analysis of the Living Choices Assisted Living Waiver program rates. This effort was divided into three parts. The first step involved the development of a cost survey tool. We developed this report in conjunction with the Department and a stakeholder workgroup. This allowed us to develop a survey that was thorough but recognized the reporting limitations of some waiver service providers.

The second part of our project focused on collecting and reviewing survey data. The cost survey tool was distributed to all 87 Level II Assisted Living Facilities (ALF Level II) in the state. Of those 87 licensed facilities, 53 are enrolled in the Arkansas Medicaid program as service providers for the Living Choices Medicaid Waiver. Myers and Stauffer conducted two online training webinars for facilities to explain the survey tool and to answer questions. A recording of each webinar was made available for facilities that were unable to join the live webinars. We also provided a dedicated email address and toll-free telephone number for facilities to use to ask questions and receive technical assistance with completing the survey.

Facilities were asked to report costs and other data for their fiscal year ending in 2021. A total of 24 facilities completed the cost survey. Those facilities represent 27.6 percent of all licensed ALF Level II. All but one of the facilities that submitted data participate in the Living Choices Medicaid Waiver. These 23 facilities make up 43.4 percent of the waiver providers. Table 1 summarizes this information.

Table 1. Survey Participation

#### **Survey Participation**

High Medicaid Utilization Facilities	> 50%	9
Medium Medicaid Utilization Facilities	≥ 30%, ≤ 50%	10
Low Medicaid Utilization Facilities	< 30%	4
Non-Waiver Providers	No Medicaid	1
Total		24

In addition to direct care staffing costs, the cost survey also captured other assisted living facility costs divided into three areas in order to collect the total cost of providing waiver services:

**Indirect Care.** Covers the cost of indirect staffing such as registered nurse (RN) supervisors, dietary supervisor, meal preparation staff and activities staff, as well as non-labor indirect care costs.



- Administrative and General (A&G). Cost includes the allowable share of administrative expenses such as the salaries for the facility administrator and office staff, as well as any supplies they require.
- **Rent, Utilities, and Food (RUF).** Cost of the building, maintenance, utilities, and raw food.

### **Cost Analysis**

The cost surveys received included a total of \$41.4 million of costs covering expenses for providing 335,520 resident days of care. RUF represented the largest share of the costs at \$45.16 per resident day, or approximately 36.67 percent of total costs. Direct care was the second largest per diem expense at \$34.18 or 27.76 percent of the total. Indirect care averaged \$14.99 per resident day, or 12.18 percent of total costs, and A&G averaged \$28.81 per resident day, or 23.39 percent of total costs.

Table 2. Cost Analysis by Cost Center

Cost Analysis by Cost Center

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Statistic	Direct Care	Indirect Care Total	Total Admin & General	Rent, Utilities, and Food Total	Total Costs
Total Costs	\$11,466,788	\$5,029,775	\$9,664,659	\$15,150,424	\$41,311,646
Total Days	335,520	335,520	335,520	335,520	335,520
Per Diem Costs	\$34.18	\$14.99	\$28.81	\$45.16	\$123.13
% of Total Costs	27.76%	12.18%	23.39%	36.67%	100.00%

## **Hourly Wage and Staffing Analysis**

A focus of the analysis was to determine hourly wage rates for the direct care staff positions. These positions include licensed practical nurses (LPNs), certified nurse aides (CNAs), personal care assistants (PCAs), and universal workers (UWs). Facilities were asked to report wages and hours for these positions in 2021, and for one-month snapshots from April 2022 and April 2017. This additional data from the snapshots provided some historical context to the labor rates. Table 3 provides a summary of the median hourly wages for each period by direct care staff position.

Table 3. Median Hourly Wages

Median Hourly Wages (includes overtime and bonuses, excludes benefits)

Year	LPN	CNA	PCA	Universal Worker		
2017	\$17.47	\$10.29	\$8.96	\$9.79		
2021	\$21.89	\$12.54	\$11.95	\$11.40		
2022	\$22.92	\$13.24	\$12.17	\$12.40		

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Staffing ratios were also analyzed for each of the direct care staff positions. CNA staff provided the majority of direct care hours with a median of 1.20 hours per resident day in 2021. The median staffing for PCAs was next at 0.48 hours per resident day. LPNs contributed a median of 0.38 hours per resident day, and UWs added a median of 0.22 hours per day during that same timeframe.

Year	LPN	CNA	PCA	Universal Worker
2017	0.40	1.07	0.37	1.11
2021	0.38	1.20	0.48	0.22
2022	0.23	0.80	0.53	0.20

Table 4. Daily Staffing Ratios

#### Rate Calculation

The general premise of the rate study was to use the hourly wage data and daily staffing ratios to calculate a base cost for direct care. Adjustments could then be applied to this calculation to account for employee benefits costs and inflation. This analysis would thus produce a total cost of the direct care labor. Table 5 presents this direct care staffing cost analysis. Note that contracted labor was also included in the calculation. Data for contracted positions was also gathered through the cost survey. This cost represents a smaller share of the total direct care staffing costs.

The direct care staffing costs are the primary driver of the waiver costs, and therefore, the primary component of our rate calculation. Beyond three to five years the analysis and assumptions are likely to become less relevant and we recommend that they be updated using the methodology we have established through this study, with updates to introduce new cost data gathered from future cost surveys.

Our review and analysis of the 2021 data included efforts to identify and correct reporting errors. Despite our efforts to contact facilities and investigate data anomalies, the 2021 datasets still included some data pieces that we classified as outliers because they exceeded the mean for that data group by a much greater margin than other data elements. To avoid the impact of these outliers, it was decided that the median would be the best measure of facility staffing and pay rate norms. Both the staffing ratio and the hourly pay rate for each of the four direct care facility staff positions and their contracted staffing equivalent were determined from the median for the 2021 data. Analysis of minimum staffing requirements applied to different facility sizes allowed us to conclude that these staffing ratios would exceed the minimum staffing requirements for any facility circumstance.

In addition to the staffing ratios and hourly wage rates, other statistics were necessary to complete the direct care staffing calculation. The median staff benefits percentage from the 2021 cost survey data, 18.99 percent, was used as the benefits percentage. Applying this factor to the direct care wages



subtotal (not including contracted staff wages) accounts for the expected cost of providing employee benefits. An inflation factor, calculated from the IHS Global Insight, Centers for Medicare & Medicaid Services (CMS) Nursing Home without Capital Market Basket Index was used to trend the direct care wages per diem. This index is a standard source used to calculate inflation factors for long-term care services. The indices for the mid-point of our data period, June 2021, and for the mid-point of the rate period, June 2024 (based on the premise that the end date of the rate period would be December 2025), were utilized to calculate an inflation factor of 12.94 percent. Applying this factor to the direct care wages and benefits subtotal accounts for expected increase in these costs.

To ensure access to Medicaid waiver individuals and encourage continued and new participation in the waiver program a five percent access add-on has been provided to each of the individual rate components to calculate the final rate.

Two options were considered for calculating the allowances for the other rate components. One methodology involved linking these costs to the total direct care staffing cost by determining ratios to relate each of these component costs to the direct care staffing cost. This option was later rejected over concerns that creating a precedent for linking these costs to direct care staffing might cause them to be overstated by market factors that have a more significant impact on direct labor costs than these other expenses. To address this concern, a second option was employed to calculate the allowances using 2021 cost data. We reviewed the cost survey data elements and determined what costs should be considered allowable waiver expenses, and then calculated per diem costs for each of the three remaining rate components: indirect care, A&G, and RUF. In reviewing the data, we determined that to address the existence of outliers the median for each of these areas was a valid measure of facility norms, and that statistic was used for each of the rate components. The median per diem cost for each rate component was increased by five percent to apply the access add-on. Inflation was also applied to these calculations using the same factor that was applied to the 2021 data for direct care staffing. These calculations resulted in the following per diem allowances for the three non-direct cost components: indirect care, \$16.75; A&G, \$24.15; and RUF, \$2.45.

Some additional detail should be noted about what costs are included in indirect care and RUF. For indirect care, 100 percent of all costs that were classified into this cost center on the cost survey were included. This includes a per diem total of \$9.68 for food preparation salaries and related benefits, which is 56.78 percent of the indirect care total. For RUF, an allocation of total facility costs was calculated using building area square footage data to allow for the portion of building costs associated with administrative functions and resident activities. This resulted in an allocation of 6.12 percent of eligible building costs which came to a weighted average of \$2.58.

#### Recommendations

Table 5 summarizes the calculations for each of the four rate components and totals those components together to get the total proposed waiver services rate. Myers and Stauffer recommends that this rate



be implemented no later than January 1, 2023 to provide a long-term replacement for the rate implemented with the Appendix K amendment. We also recommend that future rate updates utilize the methodology that we have established through this study, with updates to introduce new cost data gathered from future cost surveys.

Table 5. Rate Calculation

Position   Hrly Day   Hrly Rt   Tot/Day     2021 Median   2021 Median     LPN	21 Median Data, Plus 5% Access Add-on, Inflation to 06/30/24 rect Care Staffing				
LPN	-		Hrs/Dav	Hrly Rt	Tot/Day
LPN  CNA  CNA  1.20  \$12.54  \$15.00  PCA  0.48  \$11.95  \$5.7  Universal Worker  0.22  \$11.40  \$2.44  Contract LPN  0.04  \$33.38  \$1.22  Contract CNA  0.05  \$31.64  \$4.88  Contract PCA  0.06  \$23.80  \$1.3  Contract Universal Worker  0.00  \$27.92  \$0.00  Direct Care Wages Subtotal  Direct Care Benefits Cost  18.99%  \$5.99  Direct Care Benefits Subtotal  Inflation (from/thru)  Jun-21  Jun-24  12.94%  \$53.4  direct Care  Median Cost  Add-on %  Inflation %  Allowable Indirect Staffing and Non-Labor Related Expenses  Allowable A&G Costs  \$20.37  \$5%  Inflation %  Allowable A&G Costs  Median Cost  Add-on %  Inflation %  Inflation %  \$24.12  \$24.12  \$39.00  \$45.			<u> </u>		,
PCA	LPN	•			\$8.35
PCA	CNA		1.20	\$12.54	\$15.0
Contract LPN	PCA		0.48		\$5.7
Contract CNA	Universal Worker		0.22	\$11.40	\$2.4
Contract PCA Contract Universal Worker Direct Care Wages Subtotal Direct Care Benefits Cost Direct Care Wages and Benefits Subtotal Inflation (from/thru) Direct Care Staffing Subtotal Access Add-on %  Allowable Indirect Staffing and Non-Labor Related Expenses The Indirect Care rate component includes \$9.68 for meal planning/prep wages.  Median Cost Add-on %  Median Cost Add-on %  Inflation %  Inflation %  Inflation %  Inflation %  Allowable A&G Costs  Median Cost Add-on %  Inflation %  Inflatio	Contract LPN		0.04	\$33.38	\$1.2
Contract Universal Worker  Direct Care Wages Subtotal  Direct Care Benefits Cost  Direct Care Wages and Benefits Subtotal  Inflation (from/thru)  Direct Care Staffing Subtotal  Access Add-on %  Allowable Indirect Care rate component includes \$9.68 for meal planning/prep wages.  Inflation Wedian Cost  Allowable A&G Costs  Median Cost  Add-on %  Inflation %  Staffing Subtotal  Allowable A&G Costs  Median Cost  Add-on %  Inflation %  Staffing and Non-Labor Related Expenses  \$14.13  \$5%  12.94%  \$16.79  \$16.7	Contract CNA		0.15	\$31.64	\$4.8
Direct Care Wages Subtotal  Direct Care Benefits Cost  Direct Care Wages and Benefits Subtotal  Inflation (from/thru)  Direct Care Staffing Subtotal  Access Add-on %  Allowable Indirect Staffing and Non-Labor Related Expenses  Allowable A&G Costs  Allowable A&G Costs  Add-on %  Median Cost  Add-on %  Inflation %  Station (Staffing Subtotal)  Add-on %  Median Cost  Add-on %  Inflation %  Staffing and Non-Labor Related Expenses  Add-on %  Inflation %  Staffing Subtotal  Add-on %  Inflation %  Staffing and Non-Labor Related Expenses  Add-on %  Inflation %  Staffing Subtotal  Add-on %  Inflation %  Staffing Subtotal  Staffing Subtotal  Add-on %  Inflation %  Staffing Subtotal  Staffing Subtot	Contract PCA		0.06	\$23.80	\$1.3
Direct Care Benefits Cost  Direct Care Wages and Benefits Subtotal  Inflation (from/thru)  Direct Care Staffing Subtotal  Access Add-on %  Access Add-on %  Allowable Indirect Staffing and Non-Labor Related Expenses  The Indirect Care rate component includes \$9.68 for meal planning/prep wages.  Sent and Utilities  Median Cost  Add-on %  Inflation %  \$18.99%  \$45.0  \$45.0  \$45.0  \$45.0  \$45.0  \$45.0  \$45.0  \$45.0  \$45.0  \$45.0  \$45.0  \$50.8	Contract Universal Worker		0.00	\$27.92	\$0.0
Direct Care Wages and Benefits Subtotal Inflation (from/thru) Direct Care Staffing Subtotal Access Add-on %  Direct Care Staffing Subtotal Access Add-on %  Direct Care Add-on %  Median Cost Add-on %  Inflation %  Allowable Indirect Staffing and Non-Labor Related Expenses Allowable Indirect Care rate component includes \$9.68 for meal planning/prep wages.  Imministrative & General Allowable A&G Costs  Median Cost Add-on %  Inflation %  \$24.19  Add-on %  Inflation %  \$24.19  Add-on %  Inflation %  Add-on %  Inflation %  Add-on %  Add-on %  Inflation %  Inflation %  Inflation %  Inflation %  Inflation %  Inflation %	Direct Care Wages Subtotal		2.52	\$15.48	\$39.0
Inflation (from/thru)  Direct Care Staffing Subtotal  Access Add-on %  Direct Care Staffing Subtotal  Access Add-on %  Direct Care  Median Cost  Add-on %  Inflation %  Allowable Indirect Staffing and Non-Labor Related Expenses  The Indirect Care rate component includes \$9.68 for meal planning/prep wages.  Imministrative & General  Allowable A&G Costs  Median Cost  Add-on %  Inflation %  \$24.15  Add-on %  Inflation %  \$24.15	Direct Care Benefits Cost			18.99%	\$5.9
Direct Care Staffing Subtotal Access Add-on %  Direct Care Access Add-on %  Direct Care Add-on %  Median Cost Add-on %  Inflation %  Allowable Indirect Staffing and Non-Labor Related Expenses Allowable Indirect Care rate component includes \$9.68 for meal planning/prep wages.  Median Cost Add-on %  Inflation %  Allowable A&G Costs  Add-on %  Inflation %  \$2.4.19  Part and Utilities  Median Cost Add-on %  Inflation %  Add-on %  Inflation %	Direct Care Wages and Benefits Subtotal				\$45.0
Access Add-on % 5% \$53.4  direct Care Median Cost Add-on % Inflation % Allowable Indirect Staffing and Non-Labor Related Expenses \$14.13 5% 12.94% \$16.75  The Indirect Care rate component includes \$9.68 for meal planning/prep wages.  diministrative & General Median Cost Add-on % Inflation % Allowable A&G Costs \$20.37 5% 12.94% \$24.15  ent and Utilities Median Cost Add-on % Inflation %	Inflation (from/thru)	Jun-21	Jun-24	12.94%	\$5.8
direct Care  Allowable Indirect Staffing and Non-Labor Related Expenses \$14.13 5% 12.94% \$16.75  The Indirect Care rate component includes \$9.68 for meal planning/prep wages.  Iministrative & General  Allowable A&G Costs \$20.37 5% 12.94% \$24.15  Ent and Utilities Median Cost Add-on % Inflation %	Direct Care Staffing Subtotal		2.52	\$20.16	\$50.8
Allowable Indirect Staffing and Non-Labor Related Expenses \$14.13 5% 12.94% \$16.79  The Indirect Care rate component includes \$9.68 for meal planning/prep wages.  Iministrative & General Median Cost Add-on % Inflation %  Allowable A&G Costs \$20.37 5% 12.94% \$24.19  Intland Utilities Median Cost Add-on % Inflation %	Access Add-on %	5%			\$53.4
The Indirect Care rate component includes \$9.68 for meal planning/prep wages.  Iministrative & General Median Cost Add-on % Inflation % Allowable A&G Costs \$20.37 5% 12.94% \$24.19  Intland Utilities Median Cost Add-on % Inflation %	direct Care	Median Cost	Add-on %	Inflation %	
Alministrative & General Median Cost Add-on % Inflation % Allowable A&G Costs \$20.37 5% 12.94% \$24.1  ent and Utilities Median Cost Add-on % Inflation %	Allowable Indirect Staffing and Non-Labor Related Expenses	\$14.13	5%	12.94%	\$16.7
Allowable A&G Costs \$20.37 5% 12.94% \$24.19 ent and Utilities Median Cost Add-on % Inflation %	The Indirect Care rate component includes \$9.68 for meal planning	ng/prep wages.			
ent and Utilities Median Cost Add-on % Inflation %	lministrative & General	Median Cost	Add-on %	Inflation %	
	Allowable A&G Costs	\$20.37	5%	12.94%	\$24.1
Allowable Rent and Utilities Costs \$2.07 5% 12.94% \$2.4	ent and Utilities	Median Cost	Add-on %	Inflation %	
	Allowable Rent and Utilities Costs	\$2.07	5%	12.94%	\$2.4
	Total Rate (DC+Indirect+Allowable A&G+Allowable RUF)				\$96.7



# **Background and Goals**

Myers and Stauffer was retained to conduct this rate study in March 2022. We have a longstanding relationship with the Department and have provided auditing and consulting services for long-term care and other Medicaid programs to the State for many years. In addition, Myers and Stauffer has completed many home and community-based services (HCBS) rate studies for other states. This experience and the experience working with Arkansas programs made the firm a logical choice to evaluate the Living Choices Waiver rates.

There were several factors that led the Department to determine that a rate study was necessary. Waiver rates have been adjusted several times over the last five years, and although other studies and analyses were conducted as part of that process, the conclusions derived from those review efforts provided some mixed guidance and did not give the Department a long-term rate methodology plan.

Changing market factors were also a significant concern DHS sought to address. The state of Arkansas has been working through stepped increases to the minimum wage since January 1, 2019 when the minimum wage was increased from \$8.50 to \$9.25 per hour. Additional increases were implemented in 2020 to raise the hourly wage to \$10.00, and in 2021 to raise it to \$11.00. Because much of the staffing at assisted living facilities is paid at or near the minimum wage level, these increases have a direct and immediate effect on the cost of providing waiver services. Further complicating market circumstances are the effects of the COVID-19 pandemic. Not only did the pandemic stretch facility resources to provide adequate infection control and other safety precautions, it also created new workforce pressures. Many direct care staff chose to pursue other employment options leading to staff shortages and increased pressure on wages.

Stakeholder concerns were another reason the Department determined a rate study would be beneficial. Many facilities had indicated that the rate changes that had occurred over the last five years have put them in extreme financial jeopardy. Stakeholders have also cited concerns about the transparency and engagement surrounding previous rate studies and rate policy decisions.

# **Current Rates – Appendix K Amendment**

This background section would be incomplete without some discussion of the current rate and how it was developed. DHS is currently paying a temporarily higher rate to assisted living facilities. On March 1, 2022, DHS requested, and CMS approved, to pay a rate of \$81.59 per person per day, with an additional five percent differential for rural facilities, which total \$85.67 per person per day. This interim rate is implemented through a mechanism known as an Appendix K amendment to the Living Choices Medicaid Waiver. This rate of \$81.59 was calculated based on the wage rates currently paid to direct care staff by the Arkansas Health Center, staffing ratios identified in the 2019 rate study conducted by Milliman, and the percentage of administrative and overhead costs identified in the 2019 rate study. The intent of this



temporary rate was to address market circumstances related to the COVID-19 pandemic that had evolved since the last waiver renewal. This temporary rate will extend through the duration of the federal public health emergency (PHE). At present, the PHE has been extended through October 13, 2022. The U.S. Department of Health and Human Services has also indicated that they will give states at least a 60-day notice before the PHE ends.

## **Previous Rates and Review Requirements**

Prior to the implementation of the current rates effective March 1, 2022, Arkansas paid Living Choices Waiver providers a rate of \$67.25. This rate was implemented on July 1, 2020 as part of an effort to restructure the waiver rates from a four-tier system to a single rate. The July 1, 2020 rate update was the result of analysis conducted by the State's actuary, Milliman, in 2019. Although the actuary's recommendation included an additional rate decrease to \$62.89 that was to take effect January 1, 2021, DHS used the Appendix K mechanism to suspend that decrease and maintain the rate at \$67.25 in response to the evolving pandemic concerns. At that time, DHS also enlisted Milliman to again review the waiver rate. That effort produced a rate review report dated July 2021 concluding that the \$67.25 rate was above the 75<sup>th</sup> percentile of reported per diem costs in both calendar year (CY) 2019 and CY 2020, and that 15 of the 18 providers responding to a cost survey reported per diem costs below that rate.

Part of the impetus for the multiple rate reviews that have occurred since 2019 was a pre-pandemic executive order to review rates on a regular cycle. Governor Hutchinson issued Executive Order 19-02 in March 2019 with the following requirements:

- 1. DHS shall establish a systematic approach to reviewing Medicaid rates to providers on a regular cycle.
- 2. The procedures for review shall:
  - a. Prioritize programmatically based on impact.
  - b. Consider the availability and access to care in each geographic area of the state.
  - Confirm that rates are sustainable while attracting a sufficient number of providers to deliver quality services.
  - d. Reward efficiency and quality.
- 3. [DHS], in advance of any review shall report the rates to be reviewed in the quarterly reports to the General Assembly, pursuant to Act 802 of 2017, and work with each type of provider impacted in the design of the review.
- [DHS] shall complete the initial reviews of all providers by July 1, 2021 and begin actuarial studies within 60 days of completing a review if necessary.



An additional impetus for this rate review was the direction of the Arkansas State Legislature, through Section 15 of Act 213 of 2022, that DHS study and explore methods to increase the reimbursement rates for ALFs under the Living Choices Assisted Living Waiver.

## **Goals of the Rate Study**

While the primary objective of this rate study is to determine an appropriate reimbursement rate for ALFs, there are many other goals that are intended to address the multiple issues we have identified in this background section. We want to address the concerns that previous rate studies have produced. We also want to address market factors that have created unforeseen financial pressures for ALFs. We intend to address stakeholder concerns about the adequacy of the rates and the transparency of the rate development process. Finally, we want to fulfill the Department's ongoing obligation to meet the requirements of Executive Order 19-02.



# Stakeholder Engagement

#### **Overview**

Stakeholder engagement was identified as a critical element of this study. An initial stakeholder meeting was held on March 31, 2022. This meeting included a review of the project work plan and timeline. Myers and Stauffer shared some general information about plans to gather data through a provider survey and research of other states' programs, as well as an overview of the proposed rate buildup methodology that would be driven by hourly labor rates and staffing ratios for direct care staff positions.

Additional stakeholder meetings were held nearly every week throughout April and May, with one meeting in June before resuming weekly meetings in July. The meeting for April 14, 2022 was held in person in Little Rock at the DHS offices. All other meetings were conducted virtually. Two facility site visits were conducted in April, with a visit to Four Seasons Assisted Living in Benton on April 13, and a visit to the Manor Senior Living Community on April 14.

The input we received from the stakeholder workgroup was critical to the success of this rate study. The guidance the workgroup provided in the development of the cost survey data ensured the tool was thorough, yet reasonable to complete. The efforts the workgroup made to encourage facilities to complete the survey undoubtedly increased the level of participation. Discussions with the workgroup also provided valuable insight into ALF operations and how providers are impacted by the market and the waiver program. The site visits the workgroup members helped arrange also provided valuable observations. We are thankful for the time and effort contributed by the stakeholder workgroup. Appendix A: Stakeholder Workgroup includes a list of stakeholder workgroup members.

## **Stakeholder Meeting Summaries**

The listing below shows the dates for each of the stakeholder meetings and the topics discussed during those meetings.

#### Thursday, March 31, 2022

- **Work Plan/Timeline.** Discussed goal of producing an objectively supported rate study to satisfy all program needs, complete by July 15. Project will follow a four-phase approach including research and planning, tool development, data collection/analysis, and report development. Data will be a mix of provider data collected through surveys and market data from many sources to be used in a rate buildup approach.
- **Stakeholder Concerns.** Previous findings, how room and board was defined, transparency, overhead ratio, and use of means over medians.



- **Stakeholders Requests.** Use per patient day data, include clear definitions (i.e., room and board), include observations from visits to facilities, analysis of the percentage of nursing facility rates as a methodology to set rates, and development of a methodology that can be used long-term.
- Other Topics. Providers state there is a disparity between costs and rates. Rates need to be adequate enough to attract investors and providers. Rate freeze from 2015 to 2022 and other factors have forced providers to reduce services. Sixty to 70 percent of costs are labor. There are 53 providers, but some have very few beds and the study should focus on the facilities that provide the majority of services. Consider a two-tier rate to address disparity of cost between urban and rural providers and other groupings. The Appendix K amendment probably has it backwards with a higher rate for rural facilities. Labor rates from state facility were used for previous study and this was supported by the providers.

#### Friday, April 8, 2022

- **Tiered Reimbursement.** Discussion of tiered reimbursement rates including how they might be useful in ensuring access for higher acuity individuals. Prescriptions were the primary determinant for classifying residents in the previous four-tier system.
- **Program Questions.** A list of program questions was shared with the stakeholders to assist in the development of the cost survey tool. Responses were shared/discussed.
- Survey Tool. Review of initial draft cost survey tool and additional information to add to the survey, how to encourage providers to participate, and the timeframe to allow for survey completion (initially slated for May 7 through May 27).

#### Thursday, April 14, 2022

- **Cost Survey Tool.** Timeline for finalizing the tool, distributing it, and providing training on how to complete it was also discussed with a goal of distributing it May 2. The tool will include validation checks to help ensure preparers complete the report accurately.
- **Client Share of Cost.** Discussion of how other states handle the client contribution towards the cost of care.

### Thursday, April 21, 2022

- Other State Research. Discussed lack of other assisted living waivers, most states seem to include assisted living as a possible setting where HCBS might be provided, but few have waiver programs specifically for assisted living.
- **Cost Survey Tool Updates.** On track for distributing it May 2, survey should be structured to capture all expenses so the report will tie back to the facility's trial balance and tax returns. A percentage of building costs should be recognized for administration and common space. Data



should be gathered to assess the concept of scheduling compression where higher cost staff such as LPNs are now utilized less, and more care is pushed to lower cost staff like CNAs.

#### Tuesday, April 26, 2022

- **Cost Survey Tool.** Walked through the report and asked stakeholders to provide feedback by April 29.
- Other State Research. No additional information was presented or discussed.

#### Friday, May 6, 2022

- **Cost Survey Tool.** Concerns about sharing financial information on Schedule 1 led to the decision to make that optional. Discussed allowable versus non-allowable costs, especially how to treat food prep with providers, citing an excerpt from the state regulations: "Preparation and serving of meals and laundry are in a congregate setting." Discussion of human resources cost that might be buried in legal fees. Decided that Schedule 4 instructions should be modified to capture data for all pay periods ending in April, rather than fully included in April, and survey will be distributed to all ALF Level II.
- **Training Plan.** Two webinar training sessions will be provided on May 12; one will be 10:00-11:30 and the other will be 2:00-3:30. A recording of the training will be made so it can be shared. Providers commented that the survey will be difficult to complete.
- Other State Research. Continuing research, room and board information is mostly general. Plan to use Schedule J cost estimates to determine (calculate) per diem rates for other states even if they do not pay per diem rates. Stakeholder suggestion is to look at Oklahoma waiver that uses tiered rates.

#### Thursday, May 12, 2022

**Provider Training.** Discussed first training session and feedback on things to adjust for the second session.

#### **Thursday, May 19, 2022**

**Question and Answer Session.** Session was held with providers and was attended by 12 providers or trade association representatives. Talked through a series of questions that were submitted in advance or through the webinar chat. Nine questions were received covering topics from days of care to shared overhead costs.

#### Friday, June 3, 2022

Cost Survey Status Update. A total of 22 reports have been received as of June 3, and seven facilities had also been granted extensions. Four facilities had indicated they would not submit a survey, and 54 facilities (out of the 87 licensed facilities) had yet to respond.



**Timeline Adjustments.** Due to the extensions already granted, the due date for all surveys was extended to June 10, 2022.

#### Friday, July 1, 2022

- Cost Survey Data Analysis. Shared initial cost breakdown of 28 percent direct care, 12 percent indirect care, 23 percent A&G, and 37 percent RUF. One workgroup member noted that their facility had already increased wages after the survey. Some discussion incurred about how inflation could be used to account for expected cost increases. Some wages seem off to the workgroup, including the dietary manager wages that seem low and the maximum wage for a CNA that seems high. Suggestion was made to consult other sources for wage data. The staffing ratios reported were driven by CNAs and contracted staffing utilization was low, but stakeholders felt it was accurate.
- Other Information. The stakeholders brought up the supplemental security income (SSI) payment which, by their account, works out to \$25.12/day or \$740 to the facilities out of \$841 per month that residents can protect. Stakeholders suggested calculating a per building average for administrative and activities space.

#### Friday, July 8, 2022

- Other State Research. Discussion of what is included in other states' ALF rates; discussion of nursing facility-based rates; and pay-for-performance incentives not commonly used for waiver rates. A comment was made that more funds needed to care for difficult patients. There was some discussion of tiered rates and the limitations of the rate study timeframe that prevent that analysis.
- **Cost Analysis.** Census and private pay rate analysis reviewed. A staffing analysis was presented by a workgroup member to show necessary staffing ratios for different facility sizes to just meet minimum staffing requirements. Stakeholders emphasized the need to use a high staffing number not just the minimum.
- **Supplemental Payments.** Discussed other state research, and what analysis to include in the report.
- Updated Timeline. Pushing timeline back a couple of weeks to allow more time for review. Final report date will be August 12. Meetings may be held July 15 to discuss possible rate parameters and report content, on July 22 to follow up if needed, and on July 29 to walk through the draft report. Comments will be due to Myers and Stauffer by August 8.

#### Friday, July 15, 2022

**Cost Analysis.** Revisited costs to include/exclude. After discussions with others at Myers and Stauffer, several cost lines were changed to include (rather than exclude). Myers and Stauffer presented a breakdown of costs between rural/urban and bed size, and further analysis of the



wage data led to the conclusion that the median would be the best wage statistic to use since there are some significant outliers in the data that might distort the average. The same is true for staffing ratios. Direct care staffing subtotal calculates to \$48.34 with the current data. Adding allowances for indirect, A&G, and RUF produced a rate of \$92.84 using the medians from 2021. Using the median wages from 2022 with the 2021 staffing ratios increased the rate calculation to \$94.86. There was discussion about the difference between urban and rural, and about fixed rates or annual adjustments to which the Department indicated annual adjustments would require annual cost reporting.



# **Cost Survey**

Collecting provider data through a cost survey was a core component of our project work plan. This needed to be completed while also adhering to a short timeline and a desire to minimize the providers' administrative burden. Therefore, it was critical to develop a survey tool that met several objectives: 1) it must be easily understandable by both small and large providers; 2) it should be simple, yet effective in capturing the needed data; and 3) it must capture the required data input to achieve the end goal. To meet this last objective, we started by looking at the end goal result and working backwards to plan for what data was needed. We relied heavily on input from the stakeholder workgroup to address the first two objectives.

## **Tool Development**

To speed the process, we started with an existing Microsoft Excel workbook tool that had been used for a similar waiver rate study. We modified the tool to make it applicable to the Living Choices Waiver program and ALF Level II facility operations and shared a first draft of the report with the stakeholder workgroup on April 8, 2022. We took the insight and recommendations shared by the workgroup and made revisions to the tool. Their guidance also helped us determine that the best reporting period to cover would be each facility's fiscal year reporting period ending in 2021. The workgroup felt this would provide the most current and most complete data, and that most facilities would report on the CY. Some workgroup members also shared examples of supporting documentation they thought they might utilize to prepare the report. This helped us adjust the report to accommodate the data that providers would most likely have access to. We shared an updated version of the report with the stakeholder workgroup during the meeting on April 14, 2022.

This back-and-forth process of revising the cost survey continued for a few weeks and resulted in the addition of several items. Most notably, we added a schedule to capture current and historical direct care wage information. This schedule asked for direct care hours and salary information from April 2022 and April 2017. This was brought about by discussions of the fact that even though the 2021 data period would provide the most complete full year of data available, it might fail to capture wage increases that have resulted from market pressures. The workgroup thought the 2017 data would be valuable in providing some historical context about how labor rates have changed, but more importantly, provide some information about how staffing ratios have changed. The workgroup discussed how staffing plans have changed over the last few years to utilize LPNs less and CNAs more. This point was also noted during our site visits conducted in April.

After several weeks of reviewing and revising the survey tool, we settled on a survey with six schedules, each on individual worksheets or tabs within the Microsoft Excel workbook, as well as a title worksheet and an instructions worksheet. The schedules include a general information tab, a sources/supporting documentation tab, and expenses tab, a direct care wage tab, a census tab, and an attestation tab. A



final draft version of the report was shared with the workgroup on April 26 and they were given until April 29 to submit comments and other final feedback. Myers and Stauffer reviewed the comments received from the stakeholders and made some final revisions to the survey tool. The final cost survey tool was presented to the workgroup one final time on May 6 with minor updates to the instructions to clarify what was being requested of the providers. The final cost survey tool is included as Appendix B: Cost Survey.

## **Distribution and Training**

The survey was distributed to all 87 ALF Level II providers on May 10, 2022 via email. In that message Myers and Stauffer announced two training sessions that would be provided on May 12 to explain the tool and provide guidance to the providers on how to complete it. Facilities were given until May 27, 2022 to complete the survey.

The two training sessions were presented via webinar on May 12, 2022 with approximately 20 participants attending each session. Myers and Stauffer stepped through each of the worksheets included in the survey tool and explained what information was needed, what checks had been built into the tool, and what review would be completed to ensure the accuracy of the data. The training session was also recorded and made available via a web link so facilities that were unable to participate in the live webinars could still view the training at a later date.

Myers and Stauffer also shared contact information including a project-specific email address and a tollfree telephone number that facilities could use to request technical assistance. A follow-up questionand-answer webinar was presented on May 19, 2022 to address questions that had been submitted to Myers and Stauffer and give facilities an additional opportunity to ask direct questions during the live session. This session had about 15 participants and nine questions were addressed. A list of questions and answers provided through technical assistance is included in Appendix B.1: Q&A and Technical Assistance Related to the Cost Survey.

Myers and Stauffer set up a tracking process to monitor provider submissions and notifications related to the survey. Several reminders were sent to facilities to encourage them to complete the survey. Additionally, emails and phone calls were made to individual facilities that had not submitted the report or indicated that they would not participate. Through this process, several facilities asked for extensions to give them another week or more to finish the survey. As a result, providers were given an additional two weeks (until June 10, 2022) to complete the survey.

## **Participation**

A total of 24 facilities completed the survey. This represented 27.6 percent of 87 ALF Level II providers that received the survey. Of the 24 facilities that completed the survey, 23 are waiver participants (43.4 percent of waiver participants). Facilities were encouraged to complete the survey regardless of their



status as a Living Choices Waiver provider, and one facility that does not participate in the waiver completed the survey. *Table 6* summarizes survey participation including dividing the survey participants by Medicaid utilization (the percentage of total days of care each facility provided that were covered by the Living Choices Waiver program).

Table 6. Survey Participation

#### **Survey Participation**

High Medicaid Utilization Facilities	> 50%	0
rigit Medicald Ottilzation Facilities		9
Medium Medicaid Utilization Facilities	≥ 30%, ≤ 50%	10
Low Medicaid Utilization Facilities	< 30%	4
Non-Waiver Providers	No Medicaid	1
Total		24



# Other State Research

To help assess the Arkansas Assisted Living Waiver rate paid, Myers and Stauffer researched approved waiver applications for all 50 states, as well as other sources of information. The following sources were used in preparing the Summary of Assisted Living Waiver Programs for States Comparable to Arkansas which can be found in Appendix C: Other State Research. The stakeholder workgroup, with the State's approval, also requested that we review which states may provide an SSI state supplementary payment to assist in covering room and board cost above the SSI amount as room and board is not a covered waiver service and must be paid by the individual resident. The only readily-available, compiled information was based on reporting in 2011, and performing state specific research on SSI supplemental payments was included in the initial scope of this project. This information was summarized and provided to the State and stakeholder group; however, since this information is significantly old, we have not included our findings within this report.

- Approved waiver applications located at https://www.medicaid.gov/medicaid/section-1115demo/demonstration-and-waiver-list/index.html.
- 2019 Assisted Living State Regulatory Review published by the National Center for Assisted Living (NCAL).
- https://www.dementiacarecentral.com/medicaid/assisted-livingwaivers#:~:text=An%20assisted%20living%20waiver%20is,to%20moving%20into%20nursing%20 homes.
- https://www.payingforseniorcare.com/medicaid-waivers/assisted-living.
- State websites.

The application for a §1915(c) Home and Community-Based Waiver Instructions, Technical Guide and Review Criteria document contains core waiver service definitions that states may adapt when completing Appendix C-3 of the waiver application. States may modify or supplement the core definition in order to more precisely reflect the nature and scope of each service included in their waiver. In addition, states are not required to use these core definitions as they are suggested rather than mandatory definitions and are provided solely to assist states in waiver design.

During our review of all 50 states' approved waiver applications, we first looked to those states who included assisted living services as a core service and not just a place of service. Second, we reviewed the state's definition of assisted living services—specifically the individual services that are required to be provided to individuals such as personal care attendant services, medication administration, and therapeutic social and recreational activities—to determine if the service was comparable to Arkansas. If the service was found to be comparable, but the waiver program was part of the state's managed care program, we identified the state as non-comparable. We did find that several states covered services,



such as personal care attendant and chore services, for individuals residing in an ALF; however, the rates for these services are not comparable and were excluded. A total of 16 states were identified to be comparable and included in the final analysis.

The following information was compiled and included in *Appendix C: Other State Research* which was presented to the DHS and stakeholder workgroup for discussion:

- State waiver number.
- Program title.
- **B**rief description of the waiver.
- Target group population.
- Summary of services provided under the assisted living core service.
- Assisted living payment rate(s) for the 2021 2022 period.
- Additional comments/notes.

This data was reviewed in hopes that it would provide best practices or benchmarks that might be applied to the Arkansas assisted living waiver program. However, the small number of programs that include separate reimbursement for ALFs, the variability between state programs, and the lack of detail provided about some programs made it difficult to draw such conclusions. Our observations did lead us to the conclusion that comparing Arkansas' reimbursement rate to other states to determine if the rate paid by Arkansas is sufficient or insufficient is not practical or appropriate. However, the data gathered does provide some insight that can be used to assist in rate methodology development and general comparisons. We have provided a summary of observations:

- Eight states had some type of tiered rate structure including separate rates for urban versus rural location.
- Basing the assisted living rate as a percentage of the state's average nursing facility rate was a methodology used by three states: Alaska, Illinois, and Montana. These rates tended to be higher.
- Per day rates ranged from \$53.00 to \$176.00.
- States included in their waiver application that room and board had been excluded from the rate, but we did not find any state that described what cost they specifically identified as room and board. Language included in the applications typically mirrored the definition of room and board provided in the waiver instructions.
- Based on review of the NCAL report, the square footage requirements for single/double occupancy rooms in Arkansas are on the higher end. There were other states with the same requirements, but for the majority of the states the square footage requirements were lower.



Some states do have minimum staffing requirements; however, in-depth research was not completed to gather this specific information. This could be one factor driving differences in rates.



# **Data Analysis**

## **Cost Survey Data Review**

As previously stated, 24 facilities completed and submitted the cost survey. Upon receipt of the cost survey, Myers and Stauffer performed data verification and analyses to evaluate the accuracy of the cost survey data. The first step involved performing basic quality review such as re-footing, checking formulas, and reviewing for incomplete filings. All 24 cost surveys were considered complete and extracted into a database. The initial analysis included the following procedures:

- Trace expenses in total to provider accounting records if provided.
- Perform basic analytical procedures such as calculating total direct care wages/direct care hours to see if the hourly wages are comparable to other providers.
- Establish statewide cost element averages and review for outliers.
- Look for any obvious anomalies in the data and inquire of the provider.

Outliers were identified in both staffing ratios and per diem costs; however, after discussion with the providers, the causes were identified and the significant outliers were resolved. It was determined that all 24 cost surveys received would be included in the analyses and resulting rate determination.

# **Total Cost Analysis**

Expense categories were divided into four general areas or cost centers on the survey. These cost centers include direct care, indirect care, A&G, and RUF. Direct care included the wages and benefits related to direct, hands-on care provided by LPNs, CNAs, PCAs, and UWs. Indirect care included other program-related costs, such as nursing supervision provided by RNs, activities costs, transportation costs, and meal preparation costs. A&G costs included the salaries and benefits costs for administrators and other office staff, administrative expenses, laundry costs, and housekeeping costs. RUF included lease, mortgage, and depreciation costs, as well as maintenance costs and food.

The cost surveys received included a total of \$41.4 million of costs covering expenses for providing 335,520 resident days of care (169,942 Medicaid days). RUF represented the largest share of the costs at \$45.16 per resident day, or approximately 36.67 percent of total costs. Direct care was the second largest per diem expense at \$34.18, or 27.76 percent of the total. Indirect care averaged \$14.99 per resident day, or 12.18 percent of total costs, and A&G averaged \$28.81 per resident day, or 23.39 percent of total costs.



Table 7. Total Cost Analysis

	Total Cost Analysis										
Statistic	Direct Care	Indirect Care Total	Total Admin & General	Rent, Utilities, and Food Total	Total Costs						
Total Costs	\$11,466,788	\$5,029,775	\$9,664,659	\$15,150,424	\$41,311,646						
Total Days	335,520	335,520	335,520	335,520	335,520						
Per Diem Costs	\$34.18	\$14.99	\$28.81	\$45.16	\$123.13						
% of Total Costs	27.76%	12.18%	23.39%	36.67%	100.00%						

Next, cost was analyzed to review the cost differences between urban and rural facilities, and also by bed size ranges. A facility was identified as urban if they were located in a county that was within the boundaries of a metropolitan statistical area as delineated by the Office of Management and Budget. Counties within the boundaries of a micropolitan statistical area were identified as rural. Bed size ranges were based on the staffing requirements for facilities based on census. The following tables provide a summary of total cost, total days, and per diem cost by cost center.

The average per diem cost of urban facilities was greater in all cost centers and in total except for RUF in which the average per diem cost was greater for the rural facilities. Overall the average per diem cost of the urban facilities was approximately 107.33 percent greater than the average per diem cost of the rural facilities.

Table 8. Average Per Diem Cost – Urban versus Rural

Statistic	Direct Care		In	direct Care Total	Total Admin & General		Rent, Utilities, and Food Total		Total Costs	
<u>Urban</u>		11								
Cost	\$	6,170,870	\$	2,672,503	\$	5,211,443	\$	7,602,868	\$	21,657,684
Days		169,966		169,966		169,966		169,966		169,966
Per Diem	\$	36.31	\$	15.72	\$	30.66	\$	44.73	\$	127.42
Rural		13								
Cost	\$	5,295,918	\$	2,357,272	\$	4,453,216	\$	7,547,556	\$	19,653,962
Days		165,554		165,554		165,554		165,554		165,554
Per Diem	\$	31.99	\$	14.24	\$	26.90	\$	45.59	\$	118.72



The total average per diem cost varies across the different bed size categories with a range of \$100.67 -\$211.29. This variability is driven by the small sample sizes within each of the bed size categories with two groups having only one facility. One outlier can cause a significant impact when calculating averages; however, there were comments from the stakeholders that the staffing requirements and how they were established could have an impact on direct care staffing ratios and direct care cost, so this information was included for informational purposes.

Table 9. Average Per Diem Cost – Bed Size

Statistic	[	Direct Care	In	direct Care Total	Tot	al Admin & General	Rent, ilities, and ood Total	T	otal Costs
20 -30 beds		1							
Cost	\$	420,781	\$	190,291	\$	230,516	\$ 277,382	\$	1,118,970
Days		5,296		5,296		5,296	5,296		5,296
Per Diem	\$	79.45	\$	35.93	\$	43.53	\$ 52.38	\$	211.29
31-45 beds		1							
Cost	\$	261,851	\$	146,395	\$	248,534	\$ 319,222	\$	976,002
Days		9,695		9,695		9,695	9,695		9,695
Per Diem	\$	27.01	\$	15.10	\$	25.64	\$ 32.93	\$	100.67
46 - 50 beds		4							
Cost	\$	1,659,066	\$	441,408	\$	1,395,818	\$ 2,564,818	\$	6,061,110
Days		49,965		49,965		49,965	49,965		49,965
Per Diem	\$	33.20	\$	8.83	\$	27.94	\$ 51.33	\$	121.31
51 - 60 beds		4							
Cost	\$	1,391,245	\$	608,294	\$	1,096,950	\$ 2,088,575	\$	5,185,064
Days		47,634		47,634		47,634	47,634		47,634
Per Diem	\$	29.21	\$	12.77	\$	23.03	\$ 43.85	\$	108.85
61 - 75 beds		6							
Cost	\$	4,143,566	\$	1,854,072	\$	3,709,793	\$ 5,572,425	\$	15,279,856
Days		112,943		112,943		112,943	112,943		112,943
Per Diem	\$	36.69	\$	16.42	\$	32.85	\$ 49.34	\$	135.29
<u>76 - 90 beds</u>		8							
Cost	\$	3,590,279	\$	1,789,315	\$	2,983,048	\$ 4,328,002	\$	12,690,644
Days		109,987		109,987		109,987	109,987		109,987
Per Diem	\$	32.64	\$	16.27	\$	27.12	\$ 39.35	\$	115.38



## **Cost Assignment by Cost Report Line Item**

Except in limited circumstances, a state may not claim federal financial participation for the costs of the room and board expenses for waiver participants. Room and board expenses must be met from participant resources or through other sources. Per the waiver application instructions, the term "room" means shelter-type expenses, including all property-related costs, such as rental or purchase of real estate and furnishings, maintenance, utilities, and related administrative services. The term "board" means three meals a day or any other full nutritional regimen. No additional guidance has been provided by CMS to clarify how to treat what we would consider "gray" areas, such as meal preparation, laundry services/supplies and allowance for dining room area. To ensure transparency to all parties, including CMS, we have prepared the following legend and tables to demonstrate how every line on the cost report was treated for the purposes of our recommended rate methodology and resulting rate.

- 1 = 100 percent of the cost is included in the rate calculation referred to as allowable cost.
- 2 = A portion of the cost is included in the rate calculation. Cost is allocated between allowable and unallowable based on wages. This allocation methodology is used to allocate payroll taxes and benefits between allowable salaries versus unallowable salaries.
- 3 = A portion of the cost is included in the rate calculation. Cost is allocated based on square footage statistics. The allowable square footage ratio was calculated as administrative space plus activities space divided by total building area.
- 0 = 100 percent of the cost is not included in the rate calculation.
- $\blacksquare$  N/A = No cost was reported on the "Other" additional lines provided.

For cost reported on the "Other" lines of the cost report, we reviewed the description that was included with the expense and manually grouped costs by allowability. For example, you will see there are multiple lines with the description "Other A&G Annual Expense." We used four of those lines and assigned a 1, 2, 3, and 0 respectively. Costs grouped and assigned a 1 were uniforms, travel for training, computer software and license fees, data processing, management fees, and home office allocations. Based on the nature of expenses reported, we did not identify any that would be allocated by either wages or square footage. Costs that were grouped and assigned a zero were laundry supplies, bad debt, and public relations/advertising.



#### Table 10. Costs by Allowability

DIRECT CARE STAFFING						
LPN Annual Expense	1					
CNA Annual Expense	1					
PCA Annual Expense	1					
Universal Worker Annual Expense	1					
Contracted Staff LPN Annual Expense	1					
Contracted Staff CNA Annual Expense	1					
Contracted Staff PCA Annual Expense	1					
Contracted Staff Universal Worker Annual Exp	1					
Vacation / Sick / Holiday / Personal Leave Pay	1					
Payroll Taxes	1					
Workers' Compensation	1					
Health Insurance	1					
Retirement / 401K	1					
Employee Benefits	1					
Blank	1					

RENT, FOOD, AND UTILITIES					
Building Lease	3				
Mortage and Interest Expense	3				
Fixed Deprectaion	3				
Major Moveable Equipment Depreciation	3				
Utilities	3				
Property Insurance	3				
Property Taxes	3				
Grounds Maintenance	0				
Repairs and Maintenance	3				
Food	0				

INDIRECT CARE	
RN Annual Wages	1
Staff Training Annual Wages	1
Transportation Annual Wages	1
Certified Dietary Manager Services Annual Wages	1
Meal Planning and Food Prep Staff Annual Wages	1
Activities Staff Annual Wages	1
Universal Worker Annual Wages	1
Other Indirect Wages	1
Vacation / Sick / Holiday / Personal Leave Pay	2
Payroll Taxes	2
Workers' Compensation	2
Health Insurance	2
Retirement / 401K	2
Employee Benefits	2
Blank	2
Transportation Vehicle Expense	1
Non-Capitalized Equipment	1
Activity Supplies/Expense	1
Alarm, Fire Suppression Service, & Life Safety	1
Employee Background Checks	1
Non-Labor Training Costs	1
Medical Supplies	1
Blank	1
Blank	1
Rlank	1



ADMII	NISTR
Administrator Wages Annual Expense	1
Second Administrator Annual Expense	1
Office and Clerical Wages Annual Expense	1
Human Resources Wages Annual Expense	1
Receptionist Wages Annual Expense	1
Housekeeping Wages Annual Expense	3
Laundry Wages Annual Expense	0
Floor Tech Wages Annual Expense	3
Universal Worker Annual Expense	1
A&G Other: Wages Annual Expense	3
Other A & G Wages Annual Expense	1
Other A & G Wages Annual Expense	N/A
Other A & G Wages Annual Expense	N/A
Vacation / Sick / Holiday / Personal Leave Pay	2
Payroll Taxes	2
Workers' Compensation	2
Health Insurance	2
Retirement / 401K	2
Employee Benefits	2
Blank	2
Accounts Collection Annual Expense	0
Accounting Annual Expense	1

ATIVE AND GENERAL							
Auto, Travel and Mileage Annual Expense	1						
Bank and Finance Charges Annual Expense	1						
Dues, Licenses & Subscriptions Annual Expense	1						
Employee Recruitment Annual Expense	1						
Equipment Expense Annual Expense	1						
Home Office Costs Annual Expense	1						
Housekeeoping Annual Expense	3						
Interest, Working Capital Annual Expense	1						
Kitchen and Cleaning Supplies Annual Expense	0						
Liability Insurance Annual Expense	1						
Legal and Other Annual Expense	0						
Office Supplies Annual Expense	1						
Postage Annual Expense	1						
Telephone and Communications Annual Expense	1						
Training Annual Expense	1						
Other A&G Annual Expense	1						
Other A&G Annual Expense	2						
Other A&G Annual Expense	3						
Other A&G Annual Expense	N/A						
Other A&G Annual Expense	N/A						
Other A&G Annual Expense	N/A						
Other A&G Annual Expense	N/A						

# **Analysis of Allowable and Unallowable Waiver Cost by Cost Center**

The cost analyses provided in Table 11 demonstrate how total costs were allocated between allowable waiver expenses and unallowable waiver expenses where allowable refers to "included" in the rate methodology/calculation and unallowable refers to "not included" in the rate calculation/rate methodology as these are considered room and board or a non-reimbursable expense, such as bad debt. After assignment of costs, approximately 73.89 percent of A&G cost have been identified as allowable costs, and 5.71 percent of RUF cost have been identified as allowable costs. Including meal preparation costs results in 100 percent of the indirect care costs being classified as allowable.



Table 11. Allowable versus Unallowable Waiver Expenses

	Direct Care Totals									
Statistic	Direct Care Non- Allowed	Direct Care Allowed	Direct Care Allocated	Dir	ect Care					
Total Costs	\$0	\$11,466,788	\$0	\$11	,466,788					
Total Days	335,520	335,520	335,520		335,520					
Per Diem Costs	\$0.00	\$34.18	\$0.00		\$34.18					
% of Total Costs	0.00%	27.76%	0.00%		27.76%					
% of Cost To Direct Care Costs										
Average Per Diem Cost				\$	36.37					
Median Per Diem Cost				\$	33.37					
Minimum Per Diem Cost				\$	17.02					
Maximum Per Diem Cost				\$	79.45					

		Indirect Care Totals								
Statistic	Indirect Care Non- Allowed	Indirect Care Non- Allowed Allocated	Indirect Care Allowed	Indirect Care Allocated	Allo	otal owed lirect are		ndirect re Total		
Total Costs	\$0	\$0	\$4,310,575	\$719,200	\$5,0	29,775	\$5	,029,775		
Total Days	335,520	335,520	335,520	335,520	(7)	35,520		335,520		
Per Diem Costs	\$0.00	\$0.00	\$12.85	\$2.14		\$14.99		\$14.99		
% of Total Costs	0.00%	0.00%	10.43%	1.74%		12.18%		12.18%		
% of Cost To Direct Care Costs			37.59%		4	43.86%				
Average Per Diem Cost					\$	14.86	\$	14.86		
Median Per Diem Cost					\$	14.13	\$	14.13		
Minimum Per Diem Cost					\$	4.24	\$	4.24		
Maximum Per Diem Cost					\$	35.93	\$	35.93		



	A&G Totals									
Statistic	A&G Non- Allowed	A&G Non- Allowed Allocated by Wages	A&G Non- Allowabed by Space	A&G Allowed @ 100%	A&G Allocated by Wages	A&G Allocated by Space	Total A&G Allowed	Total Admin & General		
Total Costs	\$972,405	\$266,033	\$1,285,401	\$6,666,598	\$394,736	\$79,485	\$7,140,820	\$9,664,659		
Total Days	335,520	335,520	335,520	335,520	335,520	335,520	335,520	335,520		
Per Diem Costs	\$2.90	\$0.79	\$3.83	\$19.87	\$1.18	\$0.24	\$21.28	\$28.81		
% of Total Costs	2.35%	0.64%	3.11%	16.14%	0.96%	0.19%	17.29%	23.39%		
% of Cost To Direct Care Costs				58.14%	3.44%	0.69%	62.27%			
Average Per Diem Cost							\$ 22.07	\$ 29.73		
Median Per Diem Cost							\$ 20.37	\$ 27.56		
Minimum Per Diem Cost							\$ 9.54	\$ 12.53		
Maximum Per Diem Cost							\$ 45.70	\$ 60.68		

		RUF Totals									
Statistic	RUF Non- Allowed	RUF Non- Allowed Allocated by Space	RUF Allowed @ 100%	RUF Allocated by Space		Total RUF Allowed		Rent, tilities, nd Food Total			
Total Costs	\$2,566,702	\$11,719,126	\$0	\$864,596	0,	\$864,596	\$15	5,150,424			
Total Days	335,520	335,520	335,520	335,520		335,520		335,520			
Per Diem Costs	\$7.65	\$34.93	\$0.00	\$2.58		\$2.58		\$45.16			
% of Total Costs	6.21%	28.37%	0.00%	2.09%		2.09%		36.67%			
% of Cost To Direct Care Costs						7.54%					
Average Per Diem Cost					\$	2.70	\$	45.56			
Median Per Diem Cost					\$	2.07	\$	45.24			
Minimum Per Diem Cost					\$	-	\$	24.70			
Maximum Per Diem Cost					\$	13.23	\$	90.75			



	Total Costs										
Statistic	Total Non- Allowed	Total Allowed @ 100%	Total Allowed Allocated	Total Allowed	То	tal Costs					
Total Costs	\$16,809,668	\$22,443,962	\$2,058,017	\$24,501,979	\$4:	1,311,646					
Total Days	335,520	335,520	335,520	335,520	)	335,520					
Per Diem Costs	\$50.10	\$66.89	\$6.13	\$73.03	3	\$123.13					
% of Total Costs	40.69%	54.33%	4.98%	59.31%	)	100.00%					
% of Cost To Direct Care Costs											
Average Per Diem Cost				\$ 112.93	\$	126.51					
Median Per Diem Cost				\$ 104.21	\$	114.80					
Minimum Per Diem Cost				\$ 55.24	\$	81.34					
Maximum Per Diem Cost				\$ 219.61	\$	211.29					

## **Hourly Wage Rate and Benefits Data**

#### **Direct Care**

In addition to reporting total costs for each staff position, facilities were also asked to report the number of hours worked by staff in each job classification. This allowed for the calculation of average hourly pay rates. For the direct care staff positions (LPNs, CNAs, PCAs, and UWs), salary and hours data was also collected for one-month snapshots from April 2022 and April 2017. This provided some historical context to the labor rates. LPN wages came in with a median 2021 wage of \$21.89/hr. The median wage for CNA was \$12.54 in 2021. The median wage for PCA in 2021 was \$11.95, and for UWs, it was \$11.40.

Table 12. Direct Care Hourly Wages

Year	LPN	CNA	PCA	Universal Worker
2017	\$17.47	\$10.29	\$8.96	\$9.79
2021	\$21.89	\$12.54	\$11.95	\$11.40
2022	\$22.92	\$13.24	\$12.17	\$12.40



	Direct Care Hrly Wages and Benefits Rates										
Year and Statistic	LPN	CNA	PCA	Universal Worker	Contract LPN	Contract CNA	Contract PCA	Contract Universal Worker	Direct Care Benefits %		
2021 Average	\$22.20	\$13.27	\$11.81	\$11.53	\$33.21	\$31.64	\$23.80	\$27.92	17.95%		
2021 Median	\$21.89	\$12.54	\$11.95	\$11.40	\$33.38	\$31.64	\$23.80	\$27.92	16.51%		
2021 Maximum	\$32.90	\$24.35	\$12.81	\$12.20	\$44.99	\$35.28	\$23.80	\$27.92	32.67%		
2021 Minimum	\$14.81	\$11.63	\$10.73	\$11.03	\$21.10	\$28.00	\$23.80	\$27.92	11.05%		
2021 Wtd Average	\$21.93	\$13.28	\$11.80	\$11.14	\$38.35	\$28.68	\$23.80	\$27.92	18.99%		
2021 75th %ile	\$24.02	\$13.56	\$12.27	\$11.94	\$42.57	\$33.46	\$23.80	\$27.92	20.97%		
2022 Average	\$24.15	\$13.95	\$12.30	\$12.39	\$36.14	\$33.28	\$24.77	\$30.01	18.99%		
2022 Median	\$22.92	\$13.24	\$12.17	\$12.40	\$34.95	\$33.41	\$24.24	\$30.36	16.51%		
2017 Average	\$18.54	\$10.46	\$9.20	\$9.79	\$27.74	\$24.94	\$18.53	\$23.71	18.99%		
2017 Median	\$17.47	\$10.29	\$8.96	\$9.79	\$26.64	\$25.97	\$17.84	\$23.97	16.51%		

Table 13. Direct Care Hourly Wage Rates and Benefits Percentages

Based on review of the difference in the direct care per diem cost between urban and rural, further analysis was completed to compare the hourly wage rates by position between urban and rural with the results presented in *Table 14*. The largest difference was in LPN wages where the average hourly wage rate for an LPN in an urban area was approximately 118 percent greater than rural. The average hourly rate for PCAs for rural facilities is slightly higher than urban facilities.

	Direct Care Hrly Wages and Benefits Rates									
Year and Statistic	LPN		CNA	PCA	Universal Worker	Contract LPN	Contract CNA	Contract PCA	Contract Universal Worker	Direct Care Benefits %
Urban										
Expense	\$ 1,419,631	\$	2,623,830	\$473,336	\$333,890	\$ 83,665	\$221,583	\$ 35,979	\$ 698	
Hours	59,319		188,375	39,432	30,077	1,967	7,726	1,512	25	
Hourly Wage	\$23.93		\$13.93	\$12.00	\$11.10	\$42.53	\$28.68	\$23.80	\$27.92	
Rural										
Expense	\$ 1,416,669	\$	2,339,024	\$694,293	\$ 29,159	\$ 10,065	\$ -	\$ -	\$ -	
Hours	70,023		185,302	59,526	2,513	477	0	0	0	
Hourly Wage	\$20.23		\$12.62	\$11.66	\$11.60	\$21.10				

Table 14. Direct Care Hourly Wage Rates by Position – Urban versus Rural

#### **Indirect Care and A&G**

For the indirect care and A&G staff positions, salary and hours data was only collected for the 2021 cost survey period and was not included in the one-month snapshots from April 2022 and April 2017. The below tables provide a summary of the hourly wage rates and benefits for indirect care and A&G staff positions from the 2021 cost data.

<sup>\*</sup>Contracted rates estimated for 2017 and 2022



Table 15. Indirect Care Hourly Wage Rates and Benefits

#### **Hourly Wage Rate from 2021 Data**

	Indirect Care Wages and Benefits									
Year and Statistic	RN Hrly Rate	Transport ation Hrly Rate	Certified Dietary Manager Hrly Rate	Meal Planning/ Food Prep Hrly Rate	Activities Staff Hrly Rate	Indirect Universal Worker Hrly Rate	Indirect Care Benefits %			
2021 Average	\$35.36	\$12.76	\$21.20	\$12.35	\$14.70	\$12.20	17.49%			
2021 Median	\$33.44	\$12.20	\$19.93	\$12.25	\$13.36	\$12.20	15.55%			
2021 Maximum	\$60.00	\$15.41	\$33.95	\$15.17	\$28.67	\$12.20	42.06%			
2021 Minimum	\$19.75	\$10.28	\$11.07	\$9.06	\$10.23	\$12.20	0.95%			

Table 16. A&G Hourly Wage Rates and Benefits

#### Hourly Wage Rate from 2021 Data

Houry wage Nate Hom 2021 Data												
		Administrative and General Wages and Benefits										
Year and Statistic	Admin Hrly Rate	2nd Admin Hrly Rate	Office/ Clerical Hrly Rate	HR Hrly Rate	Recept. Hrly Rate	Housekee ping Hrly Rate	Laundry Hrly Rate	Floor Tech Hrly Rate	A&G Universal Worker Hrly Rate	Maintena nce Hrly Rate	A&G Benefits %	
2021 Average	\$29.92	\$16.42	\$19.91	\$19.04	\$13.07	\$12.12	\$12.22	\$11.86	\$11.69	\$17.99	17.92%	
2021 Median	\$26.28	\$15.34	\$17.46	\$19.04	\$13.09	\$11.27	\$12.25	\$11.86	\$11.69	\$17.13	14.77%	
2021 Maximum	\$44.93	\$21.93	\$48.87	\$19.88	\$14.82	\$17.69	\$12.55	\$11.86	\$12.20	\$35.84	37.46%	
2021 Minimum	\$19.12	\$10.75	\$11.00	\$18.21	\$11.27	\$10.00	\$11.82	\$11.86	\$11.17	\$11.56	0.00%	

## **Staffing Ratio Data**

Staffing ratios were also analyzed for each of the direct care staff positions. As expected, CNA staff provided the majority of direct care hours with a median of 1.20 hours per resident day in 2021. The median staffing for PCAs was next at 0.48 hours per resident day. LPNs contributed a median of 0.38 hours per resident day, and UWs added a median of 0.22 hours per day during that same timeframe.

As stated above for the direct care staff positions (LPN, CNA, PCA, and UWs), salary and hours data was also collected for one-month snapshots from April 2022 and April 2017, which provided the ability to see how staffing ratios have changed over the last several years. It was noted that only two facilities reported data for UW in 2017, and four facilities in 2022. Also, contracted labor was not collected for 2017 and 2022, therefore, the contracted ratios for 2017 have been used for 2017 and 2022 in order to calculate the total hour per resident for analysis purposes. Excluding contracted labor, the median total hour per resident day was the highest in 2017 at 2.95, with the lowest in 2022 at 1.76. This supports the comments from the stakeholder group that to sustain operations, staffing levels have been reduced to minimum levels.



Table 17. Direct Care Staffing Ratios

Year	LPN	CNA	PCA	Universal Worker	Total	
2017	0.40	1.07	0.37	1.11	2.95	
2021	0.38	1.20	0.48	0.22	2.27	
2022	0.23	0.80	0.53	0.20	1.76	

	Direct Care Staffing Ratios (hours per resident day)								
Year and Statistic	LPN	CNA	PCA	Universal Worker	Contract LPN	Contract CNA	Contract PCA	Contract Universal Worker	Total Hour Per Resident Day
2021 Average	0.38	1.36	0.52	0.68	0.03	0.15	0.06	0.00	3.18
2021 Median	0.38	1.20	0.48	0.22	0.04	0.15	0.06	0.00	2.52
2021 Maximum	0.73	2.79	1.03	2.80	0.06	0.28	0.06	0.00	7.75
2021 Minimum	0.09	0.59	0.04	0.02	0.00	0.03	0.06	0.00	0.82
2022 Average	0.37	1.15	0.67	0.64	0.03	0.15	0.06	0.00	3.07
2022 Median	0.23	0.80	0.53	0.20	0.04	0.15	0.06	0.00	2.01
2017 Average	0.42	1.20	0.39	1.11	0.03	0.15	0.06	0.00	3.36
2017 Median	0.40	1.07	0.37	1.11	0.04	0.15	0.06	0.00	3.20

<sup>\*</sup>Universal Worker Data from 2 facilities in 2017, and 4 facilities in 2022 \*Contracted ratios for 2021 used for 2017 and 2022

Staffing ratios were also analyzed by facility characteristics such as urban and rural, and different bed size ranges. The results of this more detailed analysis are shown in Table 18. Based on the reported data, it appears that the total overall staffing ratios, and the staffing ratios for each position are very similar between urban and rural facilities. This means that the differences in wage rates is driving the difference in the direct care per diem cost between the urban and rural facilities. Excluding the 20-30 beds and 41-45 bed ranges, there is a slight reduction in staffing levels as the facility size increases. This appears to highlight the nature of the staffing requirements.



Table 18. Direct Care Staffing Ratios - Urban versus Rural and Bed Size

	Direct Care Staffing Ratios (hours per resident day)								
Statistic	LPN	CNA	PCA	Universal Worker	Contract LPN	Contract CNA	Contract PCA	Contract Universal Worker	Total Hour Per Resident Day
<u>Urban</u>	11								
Hours	59,319	188,375	39,432	35,797	1,967	7,726	1,512	25	334,153
Days	169,966	169,966	169,966	169,966	169,966	169,966	169,966	169,966	169,966
Staffing Ratio	0.35	1.11	0.23	0.21	0.01	0.05	0.01	0.00	1.97
Rural	13								
Hours	70,023	185,302	59,526	2,513	477	0	0	0	317,841
Days	165,554	165,554	165,554	165,554	165,554	165,554	165,554	165,554	165,554
Staffing Ratio	0.42	1.12	0.36	0.02	0.00	0.00	0.00	0.00	1.92
20 -30 beds	1								
Hours	3,047	14,755	5,474	0	0	0	0	0	23,276
Days	5,296	5,296	5,296	5,296	5,296	5,296	5,296	5,296	5,296
Staffing Ratio	0.58	2.79	1.03	0.00	0.00	0.00	0.00	0.00	4.40
31-45 beds	1								
Hours	846	17,188	0	0	28	0	0	0	18,062
Days	9,695	9,695	9,695	9,695	9,695	9,695	9,695	9,695	9,695
Staffing Ratio	0.09	1.77	0.00	0.00	0.00	0.00	0.00	0.00	1.86
46 - 50 beds	4								
Hours	10,211	38,139	22,494	35,523	0	0	0	25	106,392
Days	49,965	49,965	49,965	49,965	49,965	49,965	49,965	49,965	49,965
Staffing Ratio	0.20	0.76	0.45	0.71	0.00	0.00	0.00	0.00	2.13
51 - 60 beds	4								
Hours	17,909	60,348	8,390	75	477	0	0	0	87,199
Days	47,634	47,634	47,634	47,634	47,634	47,634	47,634	47,634	47,634
Staffing Ratio	0.38	1.27	0.18	0.00	0.01	0.00	0.00	0.00	1.83
61 - 75 beds	6								
Hours	53,173	134,678	25,291	0	618	7,003	0	0	
Days	112,943	112,943	112,943	112,943	112,943	112,943	112,943	112,943	112,943
Staffing Ratio	0.47	1.19	0.22	0.00	0.01	0.06	0.00	0.00	1.95
76 - 90 beds	8								
Hours	44,156	108,569	37,309	2,712	1,321	723	1,512	0	196,302
Days	109,987	109,987	109,987	109,987	109,987	109,987	109,987	109,987	
Staffing Ratio	0.40	0.99	0.34	0.02	0.01	0.01	0.01	0.00	



# Rate Methodology and Recommendations

The predominant concern for any health care reimbursement system is to provide adequate cost coverage to encourage provider participation, ensure the viability of provider networks, and promote access to care for recipients. At the same time, an effective reimbursement system will limit excessive costs and continue to promote the provision of quality services. During the course of this rate review and development process, several different rate setting methodologies were discussed and evaluated, such as a per diem based on total allowable cost from the cost survey, basing the ALF rate on a percentage of the average nursing facility rate, and the rate buildup methodology that we have utilized as our recommendation.

# Rates Based on a Percentage of the Average Nursing Facility Rate

The Legislature's directive called for DHS to evaluate setting the ALF rate as a percentage of the reimbursement rate for nursing facilities. As noted in Other State Research, such methodologies are used in three states: Alaska, Illinois, and Montana. Through our research, we did not find a standardized methodology that could be used to determine the percentage that should be applied to the nursing facility rate in order to establish the assisted living rate. Without this standard, the State would need to benchmark the assisted living rate through some other means in order to determine what percentage of the nursing facility rate should be used to implement such a methodology. Even if a standard percentage methodology did exist or was determined, we believe there are other factors that prevent this methodology from being a best practice.

Basing the AFL rate on the nursing facility rate relies on the premise that there is a constant relationship between the nursing facility and assisted living costs. This assumption is flawed from the outset since by the very nature of the programs, nursing facilities have much higher acuity residents. That higher acuity will amplify the impact of market forces that drive direct care costs for nursing facilities. While ALFs will be impacted by the same market forces, it will be to a lesser degree, and over time, this will contribute to a change in the relationship between the costs incurred by the two types of facilities. Extreme market factors, such as the COVID-19 pandemic, that drove nursing facility census down and average acuity higher will only make this concern a greater issue.

Changing regulatory factors, such as the possible federal minimum staffing requirements for nursing facilities, may also alter the relationship between the costs incurred by nursing facilities compared to ALFs. A regular review of a percentage methodology, particularly the relationship between the costs incurred at each level of care, would be needed. Since that requires collection and analysis of assisted living data, it makes more sense to apply that effort to setting new assisted living rates directly.



# Rate Buildup Methodology

Generally, a rate buildup reimbursement methodology is a flexible rate setting approach centered on the core concept of building a reimbursement rate based on the specific cost elements necessary to provide one unit of a service. Each area of cost input (both direct and indirect) are considered in the overall rate modeling process and would include the costs associated with direct service worker wages, supervision, employee benefits and payroll taxes, required staffing ratios or staffing certifications, service supplies, program support, and other overhead and operational considerations.

By determining reasonable and adequate daily staffing ratios required to provide ALF Level II services, and establishing equitable market adjusted hourly pay rates, one can determine the base daily cost of providing services for the Living Choices Waiver program. To complete the calculation of the cost of direct care staffing, additional allowances are required to account for benefits costs and projected inflation. Per diem amounts for indirect care, A&G, and RUF are added to the direct care staffing per diem to provide payment for other costs facilities to provide services. This results in a total rate calculation comprised of four per diem components: direct care staffing, indirect care, A&G, and RUF. The following paragraphs provide additional details about how the rate for each of the four rate components was determined.

### **Direct Care Staffing**

Direct care staffing is provided by four primary staff positions: LPNs, CNAs, PCAs, and UWs. While these positions are typically filled by facility staff, contracted or agency staff are also utilized to meet staffing needs at most facilities. We consulted with facility representatives, State staff, and industry consultants to determine what positions account for all direct care services. While our analysis focused on determining staffing ratios that reflect facility norms and best practices, we also reviewed regulations to ensure the staffing ratios we used complied with minimum requirements.

Section 504 of the Arkansas regulations for ALF Level II includes information about the roles and staffing requirements for these facilities. Descriptions of the services that can be provided by LPNs, CNAs, and PCAs are included in this section. This section also includes minimum on-site staff-to-resident ratios for different times of the day, and other requirements that determine minimum staffing ratio requirements. Facilities are also required to employ at least one RN, but are not required to have an RN physically present at the facility. While RNs may perform all job functions and duties of LPNs, CNAs, or PCAs, it is only required that the RN be available to the facility by phone or pager. UWs are also defined in the regulations as an employee trained to perform a variety of functional duties. UWs are subject to the requirements specified for the role they assume.

Based on our discussions with the stakeholder workgroup, and our observations during visits to Arkansas facilities, we determined that RNs are seldom utilized to provide direct care services, but UWs are generally included in the direct care staffing mix along with LPNs, CNAs, and PCAs. Due to these



conclusions, the cost survey was designed to capture direct care staffing data for LPNs, CNAs, PCAs, and UW, and any contracted (agency) staff that work in those roles.

The direct care wage and staffing data received through the cost survey was used to determine staffing ratios and hourly pay rates, which were ultimately used in the rate calculation. The survey data included a full years' worth of cost and staffing information from 2021, and one-month snapshots of staffing and wage data from April 2017 and April 2022. The 2017 data proved to be very limited as only a few facilities provided information from that time period. The 2022 data also proved to be less complete than the 2021 data and included very small datasets for some elements. This led to the decision to utilize 2021 data for the direct care staffing calculations.

Our review and analysis of the 2021 data included efforts to identify and correct reporting errors. Despite our efforts to contact facilities and investigate data anomalies, the 2021 datasets still included some data pieces that we classified as outliers because they exceeded the mean for that data group by a much greater margin than other data elements. To avoid the impact of these outliers, it was decided that the median would be the best measure of facility staffing and pay rate norms. Both the staffing ratio and the hourly pay rate for each of the four direct care facility staff positions and their contracted staffing equivalent were determined from the median for the 2021 data. Analysis of minimum staffing requirements applied to different facility sizes allowed us to conclude that these staffing ratios would exceed the minimum staffing requirements for any facility circumstance.

In addition to the staffing ratios and hourly wage rates, other statistics were necessary to complete the direct care staffing calculation. The median staff benefits percentage from the 2021 cost survey data, 18.99 percent, was used as the benefits percentage. Applying this factor to the direct care wages subtotal (not including contracted staff wages) accounts for the expected cost of providing employee benefits. An inflation factor, calculated from the IHS Global Insight, CMS Nursing Home without Capital Market Basket Index was used to trend the direct care wages per diem. This index is a standard source used to calculate inflation factors for long-term care services. The indices for the mid-point of our data period, June 2021, and for the mid-point of the rate period, June 2024 (based on the premise that the end date of the rate period would be December 2025), were utilized to calculate an inflation factor of 12.94 percent. Applying this factor to the direct care wages and benefits subtotal accounts for expected increase in these costs.

To ensure access to Medicaid waiver individuals and encourage continued and new participation in the waiver program a five percent access add-on has been provided to each of the individual rate components to calculate the final rate.

## Indirect Care, A&G, and RUF

Two options were considered for calculating the allowances for the other rate components. One methodology involved linking these costs to the total direct care staffing cost by determining ratios to



relate each of these component costs to the direct care staffing cost. This option was later rejected over concerns that creating a precedent for linking these costs to direct care staffing might cause them to be overstated by market factors that have a more significant impact on direct labor costs than these other expenses. To address this concern, a second option was employed to calculate the allowances using 2021 cost data. We reviewed the cost survey data elements and determined what costs should be considered allowable waiver expenses, then calculated per diem costs for each of the three remaining rate components: indirect care, A&G, and RUF. In reviewing the data, we determined that to address the existence of outliers the median for each of these areas was a valid measure of facility norms, and that statistic was used for each of the rate components. The median per diem cost for each rate component was increased by five percent to apply the access add-on. Inflation was then applied to these calculations using the same factor that was applied to the 2021 data for direct care staffing. These calculations resulted in the following per diem allowances for the three non-direct cost components: indirect care, \$16.75; A&G, \$24.15; and RUF, \$2.45.

## **Food Preparation and Building Costs**

Some additional detail should be noted about what costs are included in indirect care and RUF. For indirect care, 100 percent of all costs that were classified into this cost center on the cost survey were included. This includes a per diem total of \$9.68 for food preparation salaries and related benefits, which is 56.78 percent of the indirect care total. For RUF, an allocation of total facility costs was calculated using building area square footage data to allow for the portion of building costs associated with administrative functions and resident activities. This resulted in an allocation of 6.12 percent of eligible building costs which came to a weighted average of \$2.58.

## Recommendations

Table 19 summarizes the calculations for each of the four rate components and totals those components together to get the total proposed waiver services rate. Myers and Stauffer recommends that this rate be implemented no later than January 1, 2023 to provide a long-term replacement for the rate implemented with the Appendix K amendment. Beyond three to five years, the analysis and assumptions are likely to become less relevant and we recommend that they be updated using the methodology that we have established through this study, with updates to introduce new cost data gathered from future cost surveys.



## Table 19. Proposed Waiver Services Rate

21 Median Data, Plus 5% Access Add-on, Inflation to 06/30/24				
rect Care Staffing				
Position		Hrs/Day	Hrly Rt	Tot/Day
LDM		2021 Median	2021 Median	ćo
LPN		0.38	\$21.89	\$8.
CNA		1.20	\$12.54	\$15.
PCA		0.48	\$11.95	\$5.
Universal Worker		0.22	\$11.40	\$2.
Contract LPN		0.04	\$33.38	\$1.
Contract CNA		0.15	\$31.64	\$4.
Contract PCA		0.06	\$23.80	\$1.
Contract Universal Worker		0.00	\$27.92	\$0.
Direct Care Wages Subtotal		2.52	\$15.48	\$39.
Direct Care Benefits Cost			18.99%	\$5.
Direct Care Wages and Benefits Subtotal				\$45.
Inflation (from/thru)	Jun-21	Jun-24	12.94%	\$5.
Direct Care Staffing Subtotal		2.52	\$20.16	\$50.
Access Add-on %	5%			\$53.
direct Care	Median Cost	Add-on %	Inflation %	
Allowable Indirect Staffing and Non-Labor Related Expenses	\$14.13	5%	12.94%	\$16.
The Indirect Care rate component includes \$9.68 for meal plannin	g/prep wages.			
ministrative & General	Median Cost	Add-on %	Inflation %	
Allowable A&G Costs	\$20.37	5%	12.94%	\$24.
nt and Utilities	Median Cost	Add-on %	Inflation %	
Allowable Rent and Utilities Costs	\$2.07	5%	12.94%	\$2.
tal Rate				
Total Rate (DC+Indirect+Allowable A&G+Allowable RUF)				\$96.



# **Stakeholder Response**

We want to acknowledge the contributions and differing views of the stakeholder workgroup. Without the guidance of the workgroup in the development of the cost data survey, and the efforts of workgroup members to promote the survey, this project would have been much less robust. Discussions with the workgroup provided insight into the operation of ALFs and often brought out different perspectives on reimbursement concepts. We also appreciate the workgroup's efforts to arrange facility site visits at Four Seasons Assisted Living Facility in Benton, and The Manor Senior Living Community in Little Rock. These visits gave us the opportunity to observe facility operations and talk directly with facility staff.

We asked the stakeholder workgroup to review the final draft report and to provide their comments and feedback. We received a formal written statement from the Arkansas Residential Assisted Living Association (ARALA), and comments from one other stakeholder workgroup member. ARALA expressed support for the proposed rate of \$96.76 and stated that it will more appropriately reimburse for costs incurred while continuing to provide access to services for Medicaid beneficiaries. Both sets of comments included concern over the difference in per diem costs incurred by urban facilities versus rural facilities and their ongoing sustainability.

#### Statement from ARALA

We appreciate the collaborative process that resulted in this proposed rate adjustment. We support the proposed rate of \$96.76 which will more appropriately reimburse our members for costs incurred while continuing to provide Medicaid beneficiaries with access to essential quality of life services.

The difference in per diem costs incurred by urban facilities versus rural facilities is an ongoing sustainability concern in the most populous regions of our state. We look forward to continuing our partnership with the Arkansas Department of Human Services on this and other issues that will arise as we improve the continuum of care for the most vulnerable Arkansans.

Phyllis Bell, Executive Director Arkansas Residential Assisted Living Association (ARALA)



# **Appendix A: Stakeholder Workgroup**

The stakeholder workgroup included individual facility operators, trade association representatives, and consultants. Members of this group are listed below.

First Name	Last Name	Organization
Phyllis	Bell	Arkansas Assisted Living Association
Rachel	Bunch	Arkansas Health Care Association
Eric	Doerhoff	StoneBridge Senior Living
Rep. Charlene	Fite	Arkansas State Legislature
Sen. Kim	Hammer	Arkansas State Legislature
Cat	Hamilton	Arkansas Health Care Association
Todd	Hightower	Healthmark Services
Ed	Holman	Indian Rock Village
Rep. Ashley	Hudson	Arkansas State Legislature
Scott	Kingsborough	SJC Enterprises
Kip	Piper	Health Results Group
Michael	Shepard	Shepard Group
Dana	Wills	WSG Consulting



# **Appendix B: Cost Survey**

STATE OF ARKANSAS DEPARTMENT OF HUMAN SERVICES

**Living Choices** Assisted Living Waiver 2022 Cost Survey Form

# Title Page For the Period Beginning (choose your most currently ended fiscal period) and Ending (choose your most currently ended fiscal period) Name of Facility Address City, State, Zip County Medicaid Provider Number -OR-National Provider Identifier (NPI) -OR-Other Provider Number for admin purposes only

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver Services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

MSLC Randomly Assigned Provider Number

#### PRIVACY AND CONFIDENTIALITY STATEMENT

This survey is being conducted for the purpose of identifying costs related to providing Living Choices Assisted Living Waiver services. The information disclosed on this survey will be treated as confidential and only reported in aggregate or anonymized forms. MSLC will use randomly assigned provider numbers when presenting data to the Department, unless doing so inhibits the Department's use of the data for intended purposes. DHS will treat the data each survey participant submits as proprietary and confidential, and exempt from the Freedom of Information Act as data that if disclosed would give advantage to competitors.

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# Living Choices **Assisted Living Waiver** 2022 Cost Survey Form

## Instructions for Filing

## Provider Name -

- 1. Completion of the electronic form, "Living Choices Assisting Living Waiver 2022 Cost Survey Form," is the required method of filing. If your system is not compatible with Excel, please contact Myers and Stauffer as stated in step 7 below.
- 2. The Cost Survey Form is set up as an Excel workbook. There are 8 worksheets within the workbook as seen by the corresponding tabs along the bottom of your screen. To access each worksheet, click on the appropriate tab with your mouse. Following is a high level description of each worksheet:

Title Page - For provider name, address, fiscal year reported on, and provider numbers

Instructions - Directions on how to work in the file, webinar training information, and filing submission directions

Schedule 1 - General information and questions about your facility

Schedule 2 - Data sources and gathering information

Schedule 3 - Schedule of expenses and staff hours

Schedule 4 - Direct care worker hourly pay rates for direct care staffing categories

Schedule 5 - Census and other statistical information

Schedule 6 - Certification statement

- 3. Every schedule except for the Instructions page requires that some information be keyed. All cells available for input are designated with a yellow background.
- 4. If your business operates in multiple facilities, you must submit a separate survey for each.
- 5. The file is password protected, as no text, formatting, or other changes are allowed. For this reason, information can only be keyed into the yellow cells. If you require additional lines on a worksheet, please contact Myers and Stauffer via one of the methods described in step 7 below to request a modified version of the file.
- 6. Two Teams webinar information sessions on completing the survey will be conducted. Each will include the same information so it is not necessary to participate in both. A recording of the training will be made available following the final session.

Thursday, May 12, 2022

Session 1: 10:00 AM - 11:30 AM Session 2: 2:00 PM - 3:30 PM

-- These webinar sessions will walk through the survey.

Use the information provided below to attend (You do not need to download the Teams application):

Use the Teams application if you have it or choose the "Continue Session 1: Click here to join the meeting on this browser" option to view the webinar through your web browser

To participate by phone only: Call 929.352.2629 and use conference ID 382 696 678

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# Living Choices Assisted Living Waiver 2022 Cost Survey Form

## Instructions for Filing

Provider Name -

Click here to join the meeting Session 2:

Use the Teams application if you have it or choose the "Continue on this browser" option to view the webinar through your web browser.

To participate by phone only: Call 929.352.2629 and use conference ID 476 657 329

7. After all schedules have been completed, the file should be transferred electronically to Myers and Stauffer. This survey is set up to exclude protected health information and protected employee wage information. Do not include employee names on Schedule 4, Hourly Wage Average. This will eliminate the need to submit the file through our Secure File Transfer Portal (SFTP) site.

You may e-mail the completed survey and supporting documents to Myers and Stauffer at AR.ALStudy@mslc.com. Once received, a confirmation e-mail will be sent. If you do not receive a confirmation e-mail within 48 hours of submission, please contact Myers and Stauffer at 800.255.2309.

- 8. Once your completed survey and other required documents are received, Myers and Stauffer LC may contact you in order to address any questions related to this information.
- 9. Completed surveys and supporting documentation are due to Myers and Stauffer by May 27, 2022.

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Instructions Page 3 of 24



# **Living Choices Assisted Living Waiver** 2022 Cost Survey Form

### Schedule 1 - General Information and Questions

	Provider Name -	
fу	This survey is for the reporting of expenses related to Living Choices Assisted Living Facility Waiver services Of similar services in the case of a facility that does not participate in the waiver.  Four company operates other businesses, those expenses for the other company operations must be excluded from the they are not, the survey may not be included in the statewide results.	is survey. If
1.	Does your facility provide Living Choices Assisted Living Waiver services? Select answer from drop-down menu.	Yes/No
	a) If yes, please continue completing the survey as this information will be used to analyze waiver and non-waiver ALF Level II costs as part of the rate review process.	
	<ul> <li>b) If no, you are encouraged to complete the survey as this information may also be useful to the rate review process.</li> </ul>	
	If you choose not to complete the survey, please perform one of the following simple options:	
	<ol> <li>Email Myers and Stauffer at AR.ALStudy@mslc.com identifying your provider name and include a statement that you do not intend to complete the survey.</li> </ol>	ARALStud y@mslc.com
	2) Call Myers and Stauffer and identify your provider name and tell us you will not complete the survey.	800.255.2309
	This will help us track who we should expect to receive surveys from, and avoid unnecessary calls from our staff.	
2.	Please identify the administrator of the facility (name) as of the date of the end of the fiscal year used to complete So this survey:	nedule 3 of
3.	Please identify the nature of your facility.	Select "Yes" or "No" for Each
	Part of a chain operation with corporate overhead allocations	
	Owner is also the administrator	
	Multiple buildings on one campus with shared overhead expense  Expenses are recorded on a cash basis	
	Expenses are recorded on an accrual basis	
	Other info you want to share	
1.	Please identify any services other than Living Choices Assisted Living Waiver services your business operates. This is unique to each provider. Any non-waiver operations should be identified below. (i.e., Nursing Facility, Residential Care Services, Home Health Agency, Transportation, Private Duty Nursing, Hospice, etc.):	
	a)	
	REV 5/9/22 Sch 1 Page 4 of 24	

**MYERS AND STAUFFER** 



Provider Name -	
This survey is for the reporting of expenses related to Living Choices Assisted Living Facility Waiver services ONLY, or similar services in the case of a facility that does not participate in the waiver.  If your company operates other businesses, those expenses for the other company operations must be excluded from this survey they are not, the survey may not be included in the statewide results.	
b)	
c)	
d)	
5. Non-Waiver Costs Excluded from Survey As is noted above and throughout this survey, if your facility operates any business or services that incurs costs not related to caring for assisted living waiver residents (or not related to providing similar services for a Level II ALF that does not participate in the waiver), all costs associated with the non-waiver services must be excluded from this survey.	
Do your facility's books and records include any costs for services other than waiver (or similar private pay) services? If yes, you must exclude all costs associated with these non-waiver services from this survey. Were these costs excluded?	No
b) If yes, using the yellow box below, please describe the method you used to carve out the non-waiver costs for this survey. (Note: To start a new line or row within the box, use ALT+Enter)	
6. If your business operates in multiple facilities, you must submit a separate survey for each.  Yes/ Is this survey prepared for a single building?	No
Building Name:	
<ol> <li>If you have anything else you would like to explain or share, please use the yellow box below.</li> <li>(Note: To start a new line or row within the box, use ALT+Enter)</li> </ol>	
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## Living Choices Assisted Living Waiver 2022 Cost Survey Form

## Schedule 2 - Data Sources and Gathering Expenses

Provider Name -

This survey is for the reporting of expenses related to operating Level II Assisted Living Facilities eligible to participate in the Living Choices Assisted Living Facility Waiver program ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

- 1. You will need to gather your waiver expenses from your most recently ended twelve (12) month fiscal period. For most providers, this will be for the calendar year ended 12/31/2021. This data will be used for reporting the expenses on Schedule 3 and should only include expenses related to providing waiver (or similar private pay) services.
- 2. Below are examples of sources you might use to collect this expense data. Please select the document(s) used and also indicate if you are submitting a copy of that documentation with the completed survey. While it is optional to submit the supporting documentation, doing so will help ensure an accurate and transparent calculation of costs. DHS will treat the data each survey participant submits as proprietary and confidential, and exempt from the Freedom of Information Act as data that if disclosed would give advantage to competitors.

Select with "X"	Source Document Used to Complete the Survey	Enclose Mark w	ed? with
	Income Statement (Profit & Loss Statement) This document identifies all sources of income, gains,		$\Box$
	expenses, and losses. Generally, this report will list descriptions of the income and expenses along with		
	total amounts related to each category.	- 📙	$\rightarrow$
	Trial Balance This document lists accounts that are in the general ledger. The balance of each account is identified and is usually denoted as either a debit or credit balance. The total of all debits should equal the total of all credits.		
	Latest Filed Income Tax Return This document was filed with the IRS. This document should be used only if your accounting records cannot produce an income (Profit & Loss) statement or trial balance.		
	Other (Please describe)		

### 3. Schedule 3 - General Layout

This schedule is divided into five categories as follows. Each category includes language at the top in italics defining the type of expenses that go into each category. Each section includes groupings for wages, employee benefits, and other expenses.

Section I: Direct Hands on Resident Care

Section II: Indirect - Care Related Expenses

Section III: Administrative & General (A&G) Expenses

Section IV: Rent, Utilities, and Food (RUF) Section V: Square Footage Statistics

4. Schedule 3 - Shared Overhead Allocations

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#### Schedule 2 - Data Sources and Gathering Expenses

Provider Name -

This survey is for the reporting of expenses related to operating Level II Assisted Living Facilities eligible to participate in the Living Choices Assisted Living Facility Waiver program ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

If you have multiple buildings that you will be filing separate surveys for, and if you have any shared overhead costs, such as administrative, you will want to allocate the shared expenses between the separate surveys for each building. Therefore, you will need to determine an allocation methodology to split the shared costs. Some ideas are as follows:

- a) Apportion based on the census at each building
- b) Apportion based on licensed beds at each building
- c) Apportion based on a time study of the administrative time spent on each building.
- d) Enter the method you used here.
- 5. Schedule 3 Section V Square Footage Statistics

Square footage statistics will be used to apportion certain expenses between allowable and non-allowable costs.

6. Medicare and Medicaid Reimbursement principles do not allow various expenses to be reimbursed. Providing waiver services for Medicaid clients also requires following Medicare Reimbursement principles, as a portion of the funds paid by the State are matched with federal funds. Below is a brief listing of expenses that are generally excluded from reimbursable cost. We encourage you not to report the expenses on Schedule 3. If Myers and Stauffer identifies these expenses during review, the amounts may be removed from Schedule 3 for statewide reporting purposes. This list is not all inclusive, but provides a list of expenses commonly seen on provider records. A listing of these expenses can be found in the Medicare Provider Reimbursement Manual (PRM) Publication 15, Part 1.

Section of	
PRM 15-1	Description
304	Bad Debt Excluded from Allowable Cost
2105.7	Costs of Gifts or Donations
2105.9	Costs of Employees' Personal Use of Motor Vehicles
2105.10	Costs of Fines or Penalties
2122.2	Non-Allowable Taxes Including Federal Income Tax, State Income Tax
2136.2	Unallowable Advertising Expense Related to Fund-Raising, Promotional Advertising, and Publicity (Costs Related to
	Yellow-Book Advertising is Allowable)

7. Schedule 4 will be completed with hourly wage rate and staffing information for the direct hands-on caregivers only. This schedule will use data from your payroll records related to pay periods ending in the ranges listed below:

```
Schedule 4.A - Pay periods ending April 1, 2022 - April 30, 2022
Schedule 4.B - Pay periods ending April 1, 2017 - April 30, 2017
```

We do not want wage information for specific employees on Schedule 4, just totals by position. Please note that the reporting time periods for Schedule 4 are different from the data used to compile the information on Schedule 3, Schedule of Expenses. This hourly wage information will be used to determine the most recent wage experience as well as historical changes to

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## Living Choices **Assisted Living Waiver** 2022 Cost Survey Form

#### Schedule 3 - Schedule of Expenses

Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Line			Annual	Staff Hours (Wage Rows
(Col	Expense Title	Description	Expense	Only)
A)	(Column B)	(Column C)	(Column D)	(Column E)

## I. Direct Hands-On Resident Care

Direct care is defined as services related to directly assisting residents. Examples include assisting residents with meal prep in their room, eating, toileting, mobility, transferring, personal hygiene, bathing, dressing, shopping, laundry, housework, night needs, medications, and supervision.

A1.	Wages - Direct Hands-On Car	regivers (wages, bonuses, commissions, overtime)		
1	Licensed Practical Nurse (LPN)	Wages for LPNs providing nursing and/or direct care services, that may also administer medication as provided by Arkansas law or applicable regulation. Exclude training time and leave time (vacation, sick, etc) as these will be reported elsewhere.		
2	Certified Nurse Assistants (CNA)	Wages for CNAs providing direct care services to residents. This may include services as permitted in Part II, Unit VII of the Rules and Regulation governing Long Term Care Facility Nursing Assistance Training Curriculum. Exclude training time and leave time.		
3	Personal Care Aide (PCA)	Wages for PCAs providing direct care services. Exclude training time and leave time.		
4	Universal Worker	Wages for staff that perform multiple functions such as direct hands-on care, A&G, and other services. Please split their time and record only direct hands-on resident care on this line. Their expense should be split and separated with no duplication of cost within this survey. Exclude training time and leave time.		
5	Total Direct Caregiver Staff Wages		-	-

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Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Line (Col A)	Expense Title (Column B)	Description (Column C)	Annual Expense (Column D)	Staff Hours (Wage Rows Only) (Column E)
A2.	Contracted Staff - Direct Hand	ds-On Caregivers		
6	Licensed Practical Nurse (LPN, contracted, not wages)	Contracted expenses for LPNs providing nursing and/or direct care services, that may also administer medication as provided by Arkansas law or applicable regulation.		
7	Certified Nurse Assistants (CNA, contracted, not wages)	Contracted expenses for CNAs providing direct care services to residents. This may include services as permitted in Part II, Unit VII of the Rules and Regulation governing Long Term Care Facility Nursing Assistance Training Curriculum.		
1 8	Personal Care Aide (PCA, contracted, not wages)	Contracted expenses for PCAs providing direct care services.		
9	Universal Worker (contracted, not wages)	Contracted expenses for staff that perform multiple functions such as direct hands-on care, A&G, and other indirect services. Please split their time and record only direct hands-on resident care on this line. Their expense should be split and separated with no duplication of cost within this survey.		
10	Total Direct Caregiver Contracted Sta	ff	-	-

#### B. Employee Benefits Related to Direct Care Wages Above

The benefits reported in this section should relate only to the wages reported in Section A1 above. Do not include any benefits for any other employees in this section.

11	Vacation / Sick / Holiday / Personal Leave Pav		
12	Payroll Taxes	Includes Social Security, Medicare, Federal and State Unemployment.	
13	Workers' Compensation		
14	Health Insurance	Includes Health, Life, Dental, Vision and Short-Term and Long-Term Disability.	

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Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Line (Col A)	Expense Title (Column B)	Descripti (Column		Annual Expense (Column D)	Staff Hours (Wage Rows Only) (Column E)
15	Retirement / 401k				
16	Employee Benefits	Includes College Tuition Reimbursement.			
17	Other (define)				
18	Total Employee Related Benefits			-	
19	Total Section I - Direct Wages, Contracted Staff, and Employee Benefits (Lines 5 + 10 + 18)			-	-

## II. Indirect Care Related Expenses

Indirect care related expenses are those expenses associated with caring for residents that do not involve direct hands-on care. Examples include nursing supervision, staff training, resident activities, transportation, certified dietary services, and meal planning.

C		Indirect Care Related Wages (wages, bonuses, commissions, overtime, etc.)			
	20	Registered Nurse (RN, employed or contracted)	Wages and/or contracted expenses for RNs responsible for reviewing and overseeing all LPN, CNAs, and PCA personnel.		
	21	Staff Training	Wages for individuals while participating in required orientation and annual training as outlined in 504.4.		
	22	Transportation	Wages and or contracted expenses for individuals that provide transportation services.		

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Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Line (Col A)	Expense Title (Column B)	Description (Column C)	Annual Expense (Column D)	Staff Hours (Wage Rows Only) (Column E)
23	Certified Dietary Manager Services	Wages and/or contracted expenses for individuals that provide certified dietary manager services as outlined in 700.3.23.		
24	Meal Planning and Food Prep Staff	Wages and/or contracted expenses for individuals that plan or prepare food for congregate meals.		
25	Activities Staff	Wages and/or contracted expenses for individuals that plan, coordinate, and conduct resident activities.		
26	Universal Worker	Wages and/or contracted expenses for staff that perform multiple functions such as direct hands-on care, A&G, and other indirect services. Please split their time and record only their indirect PRE time here. Their expense should be split and separated with no duplication of cost within this survey.		
27	Other Wages (type description)			
28	Other Wages (type description)			
29	Total Indirect Care Related Wages		-	-

## D. Employee Benefits Related to Indirect Care Related Wages Above

The benefits reported in this section should relate only to the wages noted in Section C above. Do not include any benefits for any other employees in this section.

30	Vacation / Sick / Holiday / Personal Leave Pav	

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Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Line (Col A)	Expense Title (Column B)	Description (Column C)	Annual Expense (Column D)	Staff Hours (Wage Rows Only) (Column E)
31	Payroll Taxes	Includes Social Security, Medicare, Federal and State Unemployment.		
32	Workers' Compensation			
33	Health Insurance	Includes Health, Life, Dental, Vision and Short-Term and Long-Term Disability.		
34	Retirement / 401k			
35	Employee Benefits	Includes College Tuition Reimbursement.		
36	Other (define)			
36	Total Employee Related Benefits		-	•

#### E. Non-Labor Indirect Care Related Expenses

Expenses in this section are the non-labor costs of indirect care related services. They may include company vehicles, mileage, equipment, alarm service, fire suppression service, background checks, non-labor training costs, and medical supplies.

37	Transportation Vehicle Expense	Expenses for assisting/transporting residents to/from services as well as to community- based services (include gas/maintenance/insurance). Exclude personal use.	
38	Non-Capitalized Equipment	Expenses for non-capitalized equipment utilized to provide program services.	
39	Activity Supplies/Expense	Expenses for activity supplies or other non-labor activity costs.	
40	Alarm, Fire Suppression Service, & Life Safety	Including First Aid, CPR, Medication Assistance, DS Certifications, required new hire orientation, annual training, resources, materials, and subscriptions.	
41	Employee Background Checks	Expenses related to performing background checks on employees.	
42	Non-Labor Training Costs	Expenses for materials and other non-wage related costs of providing program related training.	
43	Medical Supplies	Expenses for supplies to conduct periodic nursing evaluations, limited nursing services, and assistance with medication.	

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Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services <u>ONLY</u>. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Line (Col A)	Expense Title (Column B)	Descript (Column		Annual Expense (Column D)	Staff Hours (Wage Rows Only) (Column E)
44	Other (type description)				
45	Other (type description)				
46	Other (type description)				
47	Total Indirect Non Wage Expenses			-	
48	Total Section II - Other PRE Expenses		(Lines 29 + 36 + 47)	-	-
1 44	Grand Total Sections I + II Direct and Other PRE Lines		(Lines 19 + 48)	-	-

## III. Administrative & General Expenses (A&G)

A&G expenses are defined as those wages and other costs associated administrative activities and general operations. These include wages for the administrator, clerical staff, human resources staff, and others, as well as corporate overhead if applicable, management fees, and accounting costs. Only A&G expenses related to the waiver costs included in this survey should be reported. Any A&G costs associated with operating other businesses or services must be excluded.

F.	A&G Wages (include all wages, bonuses, overtime, commissions, etc.)			
50	Administrator Wages	Wages for the individual responsible for daily operation of facility. The administrator may be shared with other assisted living facilities or other types of long-term care facilities as permitted pursuant to Section 504.2.1.4 and costs should be allocated accordingly.		
51		Wages for the individual acting as a second administrator. The requirement for a part-time and full-time second administrator are outlined in 504.2.1.4.		

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Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Line (Col A)	Expense Title (Column B)	Description (Column C)	Annual Expense (Column D)	Staff Hours (Wage Rows Only) (Column E)
52	Office and Clerical Wages			
53	Human Resources Wages			
54	Receptionist Wages			
55	Housekeeping Wages	Record expense related to facility-wide efforts. Do not include the costs of time spent assisting individual residents.		
56	Laundry Wages	Record expense related to facility-wide efforts. Do not include the costs of time spent assisting individual residents.		
57	Floor Tech Wages	Record expense related to facility-wide efforts. Do not include the costs of time spent assisting individual residents.		
58	Universal Worker	For those providers where your staff perform multiple functions such as direct hands-on care, A&G, and other indirect services. Please split their time and record only their A&G time here. Their expense should be split and separated with no duplication of cost within this survey.		
59	Other A&G Wages (type description)			

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Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Line (Col A)	Expense Title (Column B)	Description (Column C)	Annual Expense (Column D)	Staff Hours (Wage Rows Only) (Column E)
60	Other A&G Wages (type description)			
61	Other A&G Wages (type description)			
62	Other A&G Wages (type description)			
63	Total A&G Wages		-	-

## G. Employee Benefits Related to A&G Wages Above

The benefits reported in this section should relate only to the wages noted in Section G above. Do not include any benefits for any other employees in this section.

64	Vacation / Sick / Holiday / Personal Leave Pay		
65	Payroll Taxes	Includes Social Security, Medicare, Federal and State Unemployment.	
66	Workers' Compensation		
67	Health Insurance	Includes Health, Life, Dental, Vision and Short-Term and Long-Term Disability.	
68	Retirement / 401k		
69	Employee Benefits	Includes College Tuition Reimbursement.	
70	Other (define)		

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Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Line	F	Secretaria:	Annual	Staff Hours (Wage Rows
(Col	Expense Title	Description	Expense	Only)
A)	(Column B)	(Column C)	(Column D)	(Column E)
71	Total A&G Employee Related Benefits		-	

H.	A&G Non-Wage Expenses	A&G Non-Wage Expenses		
72	Accounts Collection			
73	Accounting			
74	Auto, Travel and Mileage Expense	Transportation costs not related to allowable program expenses.		
75	Bank and Finance Charges			
76	Dues, Licenses & Subscriptions			
77	Employee Recruitment			
78	Equipment Expense			
79	Home Office Costs	Allocation of actual costs, not the "management fee" the home office charges.		
80	Housekeeping Expense	Record expense related to facility-wide efforts.		
81	Interest, Working Capital			
82	Kitchen and Cleaning Supplies	Record expense related to facility-wide efforts.		
83	Liability Insurance	Do not include property insurance.		
84	Legal and Other			
85	Office Supplies			
86	Postage			

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Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Line (Col A)	Expense Title (Column B)	Description (Column C)	Annual Expense (Column D)	Staff Hours (Wage Rows Only) (Column E)
87	Telephone and Communications			'
88	Training	Expense for non-program related training.		
89	Other A&G (type description)			
90	Other A&G (type description)			
91	Other A&G (type description)			
92	Other A&G (type description)			
93	Other A&G (type description)			
94	Other A&G (type description)			
95	Other A&G (type description)			
96	Total A&G Non-Wage Expense		-	
97	Total Section III - A&G Expense	(Lines 63 + 71 + 96)	-	_
98	Grand Total All Expense (excluding R	(Lines 49 + 97)	-	-

# IV. Rent, Utilities, and Food (RUF)

## I. RUF Expenses

These will not be included in costs for the purposes of the cost survey because they are reimbursed separately. They are being collected for informational purposes only.

99	9 Building Lease	Lease expenses paid for the use of the assisted living facility.	-	1
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Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services <u>ONLY</u>. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Line (Col A)	Expense Title (Column B)	Descripti (Column		Annual Expense (Column D)	Staff Hours (Wage Rows Only) (Column E)
100	Mortgage and Interest Expense	Mortgage and interest expense paid for the as	ssisted living facility.	-	
101	Fixed Depreciation				
102	Major Moveable Equipment Depreciation				
103	Utilities				
104	Property Insurance				
105	Property Taxes				
106	Grounds Maintenance	Lawn mowing, snow removal, etc.			
107	Repairs and Maintenance				
108	Food				
109	Total RUF Expenses			-	
110	Grand Total All Expense (including R	UF)	(Lines 98 + 109)	_	

110 | Grand Total All Expense (including RUF) | (Lines 98 + 109) | - | -

# V. Square Footage Statistics

Square footage statistics will be used to apportion certain expenses between allowable and non-allowable costs.

## J. Report Square Footage

Line	Area Description	Additional Clarification if Needed	Square Footage
111	Administrative Overhead Space	Sum of square footage for employee offices, nurse stations, break rooms.	

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Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Line (Col A)	Expense Title (Column B)	Description (Column C)	Annual Expense (Column D)	Staff Hours (Wage Rows Only) (Column E)
112	Space Reserved for Activities	Sum of square footage for areas reserved for providing resident activities. Do not include general common areas used for multiple purposes.		
113	Dining Room Space	Sum of square footage for dining room(s).		
114	Enter the Total Square Footage of the	Entire Building		

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#### Living Choices Assisted Living Waiver 2022 Cost Survey Form

#### Schedule 4 - Direct Care Worker Hourly Pay Rate and Staffing Information

Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

The purpose of this section is to collect average hourly wage rates and staffing information for the staffing categories that provide direct care to your residents for current payroll periods ending in April 2022, and for comparison similar information from the payroll periods that ended in April 2017.

- 1. This section should only include wages for staff who provide direct care to waiver residents
- 2. Do not include any wages related to non-direct care staffing.
- 3. To ensure we have a good representation the most current wage data and historical wage date, the periods being collected here are different from the data periods from Schedule 3.
- 4. This data should be obtained from your payroll journals for the pay periods that ended 04/1/22 04/30/22, and if possible for the pay periods that ended 04/1/17 04/30/17.
- 5. Do not include any employee name information on this form as that is considered Protected Identifiable Information under HIPAA laws.
- If you cannot break wages out into the various descriptions (regular pay, overtime, incentives), please use the regular pay columns (columns B and C) for total wages and hours. For direct care employees that are not LPNs, CNAs, or PCAs, please use the universal worker line.
- 7. To complete schedule 4.A and 4.B, perform the following:
  - a) Column A is pre-populated with the direct hands-on caregiver job titles from Schedule 3, Section A1.
  - b) Type in the total regular wages paid for that position in column B of Schedule 4.A for the pay periods ending 04/1/22 04/30/22, and in Schedule 4.B for the pay periods ending 04/01/17 04/30/17.
  - c) Type in the total regular hours worked for that position in column C of Schedule 4.A for the pay periods ending 04/1/22 04/30/22, and in Schedule 4.B for the pay periods ending 04/01/17 04/30/17.
  - d) Column D is formula driven to calculate the average hourly rate for each position. Review to confirm the calculations appear accurate. Check inputs to columns B and C if anything looks off.
  - e) Type in the total overtime wages paid for that position column E of Schedule 4.A for the pay periods ending 04/1/22 04/30/22, and in Schedule 4.B for the pay periods ending 04/01/17 04/30/17.
  - f) Type in the total overtime hours worked for that position in column F of Schedule 4.A for the pay periods ending 04/1/22 04/30/22, and in Schedule 4.B for the pay periods ending 04/01/17 04/30/17.
  - g) Column G is formula driven to calculate the average overtime hourly rate for each position. Review to confirm the calculations appear accurate. Check inputs to columns E and F if anything looks off.
  - h) Type in the total incentive payments for each position in column E of Schedule 4.A for the pay periods ending 04/1/22 04/30/22, and in Schedule 4.B for the pay periods ending 04/01/17 04/30/17.
  - i) Column I is formula driven to pull the total hours for regular and overtime combined. Review to confirm the calculations appear accurate. Check inputs to columns C and F if anything looks off.
  - j) Column J is formula driven to calculate the average hourly rate for incentive payments. Review to confirm the calculations appear accurate. Check inputs to columns C, F and H if anything looks off.
  - k) Column K is formula driven to calculate the weighted average hourly rate for all payments by position. Review to confirm the calculations appear accurate. Check inputs to columns B, C, E, F and H if anything looks off.
  - 1) Type in the total days of service provided in column L of Schedule 4.A (for the pay periods included), and in Schedule 4.B (for the pay periods included). The days only need to be entered in the first cell.
  - m) Column M is formula driven to calculate the total hours of care provided by each job position. Review to confirm the calculations appear accurate. Check inputs to columns C and F if anything looks off.
  - n) Column N is formula driven to calculate the hours of care provided per resident day by each job position. Review to confirm the calculations appear accurate. Check inputs to columns C, F and L if anything looks off.

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#### **Living Choices Assisted Living Waiver** 2022 Cost Survey Form

#### Schedule 4 - Direct Care Worker Hourly Pay Rate and Staffing Information

Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Schedule 4.A 2022 Wage and Staffing Data	Regular Pay (Hourly Wages, No Benefits or Taxes)		
Job Description From Schedule 3, Section A1 (A)	Total Regular Wages Paid from 04/1/22 - 04/30/222 (B)	Total Regular Hours Worked from 04/1/22 - 04/30/22 (C)	Average Hourly Rate (D)
Licensed Practical Nurse (LPN)			\$ -
Certified Nurse Assistants (CNA)			\$ -
Personal Care Aide (PCA)			\$ -
Universal Worker			\$ -
Combined Total	\$ -	-	\$ -

Overtime Pay (Hourly Wages, No Benefits or Taxes)				
Total Overtime Wages Paid from 04/1/22 - 04/30/22 (E)	Total Overtime Hours Worked from 04/1/22 - 04/30/22 (F)	A	vertime verage urly Rate (G)	
		\$	-	
		\$	-	
		\$	-	
		\$	-	
\$ -	-	\$	-	

Incentive Pay (Bonuses, Shift Differentials, etc.)			
Total Incentives Paid from 04/1/22 - 04/30/22 (H)	Total Hours Worked from 04/1/22 - 04/30/22 (I)	Incentives Average Hourly Rate (J)	
	-	\$ -	
	•	\$ -	
	-	\$ -	
	-	\$ -	
i -	-	S -	

mbined eighted verage Rate	Staffing Ratios (Hours/Resident Day)				
elculated reighted verage urly Rate (K)	Total Days of Service Provided 04/1/22 - 04/30/22 (L)	Total Hours Worked from 04/1/22 - 04/30/22 (M)	Staffing Ratio Hours/Day (N)		
-	1	-	0.00		
-	0	-	0.00		
-	0	1	0.00		
	0	-	0.00		
	0	-	0.00		

Schedule 4.B 2017 Wage and Staffing Data	(Hourly Wag	Regular Pay ges, No Benef	its or Taxes)
Job Description From Schedule 3, Section A1 (A)	Total Regular Wages Pald from 04/1/17 - 04/30/17 (B)	Total Regular Hours Worked from 04/1/17 - 04/30/17 (C)	Average Hourly Rate (D)
Licensed Practical Nurse (LPN)			\$ -
Certified Nurse Assistants (CNA)			\$ -
Personal Care Aide (PCA)			\$ -
Universal Worker			\$ -
Combined Total	S -	-	S -

Overtime Pay (Hourly Wages, No Benefits or Taxes)				
Total Overtime Wages Pald from 04/1/17 - 04/30/17 (E)	Total Overtime Hours Worked from 04/1/17 - 04/30/17 (F)	A	vertime verage urly Rate (G)	
		\$	-	
		\$	-	
		\$	-	
		\$	-	
\$ -	-	\$	-	

	Incentive Pay , Shift Differen		etc.)
Total Incentives Paid from 04/1/17 - 04/30/17 (H)	Total Hours Worked from 04/1/17 - 04/30/17 (I)	Av	entives verage irly Rate (J)
	-	\$	-
	-	\$	-
	-	\$	-
	-	\$	-
\$ -	-	S	-

Combined Weighted Average Rate	
Calculated Weighted Average Hourly Rate (K)	
\$ -	
\$ -	
\$ -	
\$ -	
\$ -	

Staffing Ratios (Hours/Resident Day)						
Total Days of Service Provided 04/1/17 - 04/30/17 (L)	Total Hours Worked from 04/1/17 - 04/30/17 (F)	Staffing Ratio Hours/Day (N)				
	0	0.00				
0	0	0.00				
0	0	0.00				
0	0	0.00				
0	0	0.00				

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# **Living Choices Assisted Living Waiver** 2022 Cost Survey Form

## Schedule 5 - Licensed Beds and Patient Days **Census and Statistical Information**

Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Facility Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

1 Reporting Period:	
Beginning Date - (Copies from Title Page)	1/0/1900
Ending Date - (Copies from Title Page)	1/0/1900
Total Days	1
2. Provider Number (Copies from Title Page)	0
3. Licensed Beds for Reporting Period:	
4. Available Bed Days	-
Resident Days Provided in Reporting Period:	
Medicaid	
Wedicald	
	Sch 5 Page 22 of 24
	Ending Date - (Copies from Title Page) Total Days  2. Provider Number (Copies from Title Page)  3. Licensed Beds for Reporting Period:  4. Available Bed Days



## Schedule 5 - Licensed Beds and Patient Days **Census and Statistical Information**

Provider Name -

This survey is for the reporting of expenses related to Living Choices Assisted Living Facility Waiver (or similar private pay) services ONLY. If your company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

Private	
Other	
Total	0
6. Utilization by Payer Source (% of Days)	
Medicaid	0.0%
Private	0.0%
Other	0.0%
Total	0.0%
7. Occupancy (% of Available Licensed Days)	0.0%
What was your average private pay rate     (including all rate add-ons) during the period?	

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## Living Choices Assisted Living Waiver 2022 Cost Survey Form

### Schedule 6 - Certification Statement

Provider Name -

#### CERTIFICATION BY OFFICER OF ADMINISTRATOR OF PROVIDER(S)

I certify that the information reflected herein is true and accurate to the best of my ability, and supported by our financial and other records. I understand that this information will be used to identify expenses related to providing Living Choices Assisted Living Waiver (or similar private pay) Services. I understand that this survey is for the reporting of expenses related to waiver (or similar private pay) services ONLY. If my company operates other businesses, those expenses for the other company operations must be excluded from this survey. If they are not, the survey may not be included in the statewide results.

0
Facility
1/0/1900
For the Period Beginning
1/0/1900
and Ending
and Ending
Signature
Print Name
Title
Contact Phone Number
Contact E-Mail Address
Date

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# Appendix B.1: Q&A and Technical Assistance Related to the Cost Survey

Myers and Stauffer has received some technical assistance questions related to the cost survey for the Living Choices Waiver rate study. This document provides a summary of those inquiries and the guidance that was provided.

## **Title Page**

Reporting Period -

Q: If a facility is new and has not been operating for an entire year can they still complete the survey?

A: Yes, a new facility could still provide valuable information by completing schedule 4 (current wage information), and even schedule 3 (expense data) and 5 (census data). The report should cover the period of operation they are able to report for and this should be indicated on the Title page using the Beginning and Ending dates for the report.

#### Schedule 1

Additional Information -

Q: Where can we provide additional details such as an explanation for days we include as "Other" on Schedule 5?

A: Schedule1, Question 7 is a great place to provide additional details about information you've provided.

#### Schedule 2

Shared Overhead Allocations -

Q: Do we need to indicate which lines our shared allocation methodology applies to?

A: You are not required to indicate which lines of Schedule 3 include allocated amounts but it would be helpful if you could list the lines that include allocated costs in your response to Question 4(d) on Schedule 2.



#### Schedule 3

Wages and Hours -

Q: What is the best source of data for wage expenses?

A: Source documentation might include the payroll records, working trial balance/general ledger, facility profit and loss statement and even federal or state labor withholding reports.

Allowable/Non-Allowable Expenses –

Q: Should non-allowable expenses be reported on the survey?

A: The report should include all costs associated with operating the Level II assisted living facility. Whether or not a cost is allowable under the waiver does not preclude you from reporting it. The report should clearly identify what the cost is so that a determination can be made as to whether or not it should be included in the waiver rate calculation. An extensive list of cost categories has been included but lines for "Other" types of expenses have been included so that you can add additional categories if needed.

#### Schedule 4

Position Classifications -

Q: What if we use other direct care job classifications, such as Registered Nurses (RNs) that are not included in the tables provided?

A: We've included LPNs, CNAs, PCAs, and Universal workers as the regulations and feedback from the stakeholder workgroup indicated that those are the positions that provide direct care services. Please contact Myers and Stauffer if you believe it is appropriate to include other positions for direct care. We can modify your cost survey to incorporate other staff positions but want to keep this information separate. Myers and Stauffer contact information is provided at the end of this document.

Older Wages and Hours Information -

Q: What if a facility does not have data from 2017 to complete the look back data requested?



A: If you cannot report for 2017 please report for another time period and make a note of this difference in your response to Schedule 2, Question 7.

#### Schedule 5

Licensed Beds -

Q: Should the licensed bed total include the actual licensed beds or the number of beds that are actually in service?

A: The licensed bed total should include all licensed beds. This information will be used mostly as a means of checking the reasonableness of the census data.

Q: What licensed bed total should be reported if the facility changes its licensed bed count during the year?

A: Report the licensed bed total at the end of the report period. Again this count will be used to check the reasonableness of the census data reported. If there are concerns about this data, Myers and Stauffer will contact the facility.

Medicaid Pending Days -

Q: How should providers report Medicaid pending days on question 5?

A: Medicaid pending days can be included with other private pay days, or they can be reported separately as "Other" days. An explanation of any days included as "Other" can be provided in the response to Schedule 2, Question 7.

## **Technical Assistance:**

Myers and Stauffer is committed to providing technical assistance to help you complete the cost survey. Please use the following contact information to send us your questions/concerns or to reach out to us and arrange a time when we can talk to you directly.

Email: AR.ALStudy@mslc.com

Phone: 800.255.2309



# **Appendix C: Other State Research**

Arkansas Department of Human Services Rate Review for Living Choices Assisted Living Waiver Rates Summary of Assisted Living Waiver Programs for States Comparable to Arkansas

State Waiver#	Program Title	Brief Description	Target Group Population	Services	Payment Rate	Comments/Notes
Arkansas AR.0400.R04.00	Living Choices Assisted Living Waiver	The Living Choices Assisted Living waiver program allows individuals to live in apartment-style living units in licensed level II assisted living facilities & receive individualized personal, health & social services. The major goal of this program is to delay or prevent institutionalization of these individuals.	Aged/PD	Attendant Care Therapeutic Social/Recreational Activities Periodic Nursing Evaluations Limited Nursing Services Medication Assistance Medication Oversight Assistance Obtaining NEMT	\$67.25/day (1,505 users)	07/01/2021-06/30/2026
Alaska	Independently Waiver	One of the benefits under the ALI waiver is assisted living home services (formally called residential supported living in Alaska) for persons 21+ years old who require a nursing home level of care. This includes 24-hour supervision and security, assistance with ADLs, medication management, social and recreational activities, and transportation as determined by one's care plan.	Aged/PD	24-hour supervision and security Assistance with ADLs Medication Management Social and Recreational Activities Transportation	\$160.44/day (1,809 users)	07/01/2021 - 06/30/2026 Room and Board included cost of building maintenance, upkeep and improvement. Rates are set using nursing facility cost report data.
Connecticut CT.0140.R07.00	Community Based Services Waiver for Elders	Provides adult day health, care management, homemaker, personal care assistant, respite, adult family living, assistive technology, bill payer, care transitions, chore, chronic disease self-management program, companion, environmentally accessibility adaptations, home delivered meals, mental health counseling, PERS, recovery assistant, transportation for aged individuals aged 65 to no max age.	Aged	Personal Care and Services Homemaker Chore Attendant Care Companion Services Medication Oversight Therapeutic Social and Recreational Programming	\$54.90/day (766 users) 4 tiers for direct service provided (based on nursing assistance, RN and LPN) plus a CORE rate for overhead (housekeeping) Tier rates were not available. The \$54.90 is an average of the tier rates plus the CORE rate.	If participant is receiving AL services, they may not receive PCA services as well. The claims will be rejected to prevent duplicative billing.  07/01/2020-06/30/2025  Used Year 2 data for per diem rate  Rates are also based on service packages according to the participants' level of need: • Occasional Personal Service-1 hour per week, up to 3.75 hours per week of personal services plus nursing visits as needed. • Limited Personal Service-4 hours per week, up to 8.75 hours per week of personal services plus nursing visits as needed. • Moderate Personal Service-9 hours per week, up to 14.75 hours per week of personal services plus nursing visits as needed. • Extensive Personal Services-15 hours per week, up to 25 hours per week of personal services plus nursing visits as needed.



State Waiver#	Program Title	Brief Description	Target Group Population	Services	Payment Rate	Comments/Notes
District of Columbia DC.0334.R05.06	Elderly & Persons With Physical Disabilities Waiver Amendment	Provides adult day health, case management, homemaker, personal care aide, respite, assisted living, chore aide, community transition services, DSNP/managed care capitated waiver services, environment accessibility and adaptation services, individual directed goods and services, and participant-directed community support services for aged individuals 65-no max age and individuals with physical disabilities ages 18-64.	Aged/PD	Personal Care and Services Personal Care and Supportive Services < Homemaker < Chore < Attendant Services < Meal Preparation Social and Recreational Programming Coordinating Transportation Medication Assistance	\$176.81/day (380 users)	02/07/2022-02/06/2027  EPD wavier assisted living services do not include housing or meals. Assisted living services are reimbursed through a bundled, per diem rate. The per diem payment does not include, nor will additional payment be made for, 24-hour skilled care or skilled supervision; room and board; costs of facility maintenance; or upkeep and improvement. DHCF does not reimburse for PCA services provided to waiver participants residing in assisted living facilities, as the provision of these services is already accounted for in District Medicaid's assisted living per diem reimbursement rate.
Idaho ID.1076.R06.05	Aged and Disabled Waiver	Provides adult day health, day habilitation, homemaker, residential habilitation, respite, supported employment, attendant care, adult residential care, chore services, companion services, consultation, environmental accessibility adaptations, home delivered meals, non-medical transportation, personal emergency response system, skilled nursing, specialized medical equipment and supplies, and transition services for aged individuals ages 65 to no max age and individuals with physical and other disabilities ages 18 to 64 years.	Other	Adult Residential Care: Medication assistance, to the extent permitted under State law Assistance with activities of daily living; Meals, including special diets Housekeeping Laundry Transportation Opportunities for socialization Recreation Assistance with personal finances.	- Adult Residential Care MMCP \$37.03 per diem (2,692 users)	10/1/2017-9/30/2022 Year 5 data used for per diem rate Service is Adult Residential Care that can be provided in a certified family home or a Residential Assisted Living Facility. This service is paid on a per diem basis based on the number of hours and types of assistance required by the participant in the Uniform Assessment Instrument.



State Waiver #	Program Title HCBS Waiver	Brief Description The Supportive Living Program (SLP) provides	Target Group Population Aged/PD	Services Personal Care and Supportive Services	Payment Rate \$74.18 per diem Assisted	Comments/Notes 12/01/21
IL.0326.R04.07	for Supportive Living Facilities	"supportive living" benefits, such as personal care assistance and homemaker services, for physically disabled adults and seniors who require a nursing home level of care. Program participants can reside in board and care homes, assisted living residences, or residential memory care, the latter specifically for Illinois residents diagnosed with Alzheimer's disease and similar dementias.		Social and Recreational Programming Medication Assistance Laundry/Housekeeping Arrangement for Transportation	Living  There are other rates but those are lower and paid through the managed care program.	In 2019 legislation was passed that links the daily Medicaid rate for Supportive Living Program at 54.3% of the average nursing facility rate.
Indiana IN.0210.R06.00	Aged & Disabled Waiver	Provides adult day service, attendant care, care management, home and community assistance services, respite, adult family care, assisted living, community transition, home delivered meals, home modification assessment, home modifications, integrated health care coordination, nutritional supplements, personal emergency response system, pest control, specialized medical equipment and supplies, structured family caregiving, transportation, and vehicle modifications for individuals aged 65 - no max, and individuals with physical and other disabilities ages 0-64.	Aged/PD/D- Other	Attendant Care Related to ADL's Home and Community Assistance Related to IADL's Medication Oversight Non-emergency non-medical transportation Therapeutic Social and Recreational Programming	Level 1= \$72.52/day Level 2 = \$80.52/day Level 3 = \$93.20/day Level 1 = \$2153.84/month Level 2 = \$2,391.44/month Level 3 = \$2,768.04/month	7/1/2018-6/30/2023 Year 4 data used for per diem rate Includes tiered and bundled rate where tiers are assigned based on the level of service assessment for each participant. The rate composite for Level 2 rates includes the following components: Attendant Care: 4.5 units (1.13 hours per day) Home Maker: 4 units (1 hour per day) Skilled Nursing: 1.5 units (22.5 minutes per day) Adult Day Service: 4 units (1 hour per day) Emergency Response: One unit per month, or 0.03 units per day Non-Medical Transportation: 0.3 trips at 2 miles per trip per day)
Maryland MD.0265.R05.01	Home and Community Based Options Waiver	Provide needed community services and supports to people with physical disabilities and older adults under one comprehensive waiver in an efficient and cost effective manner.	Aged/PD/D- Other	Residential Habilitation: <personal 2="" 3.<="" <="" access="" and="" assistance="" by="" care="" care,="" care.="" chore="" covered="" delegation="" facilitating="" hcbow="" health="" levels="" management="" medicaid="" medication="" nurse="" nursing="" of="" only="" registered="" reimburses="" services="" social="" spiritual="" supervision="" tasks="" td="" three="" to="" transportation="" with=""><td>ALS Level 3 w/o Medical Day Care = \$68.36 ALS Level 3 w/ Medical Day Care = \$52.08 ALS Level 2 w/o Medical Day Care = \$49.50 ALS Level 2 w/ Medical Day Care = \$39.74</td><td>10/1/2019 - Year 3 data used for per diem rate</td></personal>	ALS Level 3 w/o Medical Day Care = \$68.36 ALS Level 3 w/ Medical Day Care = \$52.08 ALS Level 2 w/o Medical Day Care = \$49.50 ALS Level 2 w/ Medical Day Care = \$39.74	10/1/2019 - Year 3 data used for per diem rate



State Waiver # New Hampshire NH.0060.R08.00	Program Title  Choices for Independence Waiver Renewal	Brief Description  The goal of the Choices for Independence (CFI) Waiver, administered by the NH Department of Health and Human Services (NH DHHS), is to support elders and adults with disabilities to live independently in the community.	Target Group Population Aged/PD/D- Other	Services  Personal Care Services Assistance with ADLs and IADLs Activities that Promote and Support Health and Wellness	Payment Rate \$53.45/day (2,674 users)	Comments/Notes  7/1/2022 - 06/30/2027  Year 1 data used for per diem rate.  Referred to as Residential Care Facility Services.
Ohio OH.0446.R03.0	Assisted Living	Provides assisted living services and community transition services for individuals with physical disabilities ages 21-64 and individuals aged 65 - no max age.	Aged/PD	Personal Care Assistance Homemaker/Chore Services Social and Recreational Programming Non-medical Transportation	2)	7/1/2019 - 6/29/2024 Year 3 data used for per diem rate In certain counties, for dual-eligible, the AL waiver has been replaced with a Managed Medicaid program called MyCare Ohio.
Oklahoma OK.0256.R06.00	ADvantage	Provides adult day health, case management, personal care, respite, extended state plan skilled nursing, prescribed drugs, advanced supportive/restorative assistance, assisted living services, consumer-directed personal assistance supports and services, environmental accessibility modifications, home delivered meals, hospice care, institution transition services, nursing, personal emergency response systems, specialized medical equipment and supplies, and therapy services for individuals aged 65 - no max age, and individuals with physical and other disabilities ages 21-64.	Aged/PD/D- Other	Personal Care Assistance Intermittent Nursing Services Medication Assistance Housekeeping/Laundry Meal Preparation	Tier 1 = \$48.99/day (158 users) Tier 2 = \$66.11/day (156 users) Tier 3 = \$92.47/day (410 users)	07/01/2021 - 06/30/2026 Year 1 data used for per diem rates Proposed changes effective April 1, 2022 or upon CMS approval: Tier 1 (Standard tier) = \$58.79/day Tier 2 (Intermediate tier) = \$79.33/day Tier 3 (High tier) = \$110.96/day Personal Care Services are also covered under the Medicaid state plan. However the service definition is different. Members served under the waiver have a higher level of care need than those individuals served under State Plan Personal Care. Waiver members meet nursing facility LOC



State Waiver #	Program Title	Brief Description	Target Group Population	Services	Payment Rate	Comments/Notes
South Dakota SD.0189.R07.00	Community- Based Options and Person Centered Excellence (HOPE) Waiver	Provides adult day services, in-home respite care, homemaker, in-home nursing services, personal care, specialized medical equipment, specialized medical supplies, adult companion services, assisted living, chore services, community living home, community transition coordination, community transition supports, emergency response system (ERS), environmental accessibility adaptations, meals nutritional supplements, residential respite care, and structured family caregiving for individuals ages 65 - no max age, and individuals with physical and other disabilities ages 18-64.	Aged/PD/D- Other	Homemaker Personal Care Chore Meal Preparation Social and Recreational Programming Medication Assistance		10/1/2021-9/30/2026 Year 1 data used for per diem rates
Utah UT.0439.R03.03		The Utah New Choices Waiver focuses on offering a home and community-based option for individuals residing in medical institutions (non- IMD), nursing facilities, small health care facilities and licensed assisted living facilities.	Aged/PD/D- Other	Homemaking Services Chore Services Attendant Care Services Meal preparation Medication Assistance Social/Recreational Programming	AL Level I, Level II and Type N = \$69.01/day (2,037 users) AL Memory Care Unit = \$79.96/day (322 users)	07/01/2020 - 06/30/2025 Year 2 data was used for the per diem rate
Wyoming	Choices Waiver (CCW)	The Community Choices Waiver (CCW) provides older adults and adults with disabilities a community-based alternative to nursing facility care. Participants are supported to achieve independence, maintain health and safety, and fully participate in community living through access to high quality, cost effective community-based services.	Aged/D- Other	Personal Care and Supportive Services Social and Recreational Programming Medication Assistance		07/01/2021 - 06/30/2026 Year 1 data was use for the per diem rate.