

Disability Waivers Rate System

Minnesota Department of Human
Services Disability Services Division
January 15, 2015



Minnesota Department of **Human Services**

Legislative Report

For more information contact:

Minnesota Department of Human Services
Disability Services
P.O. Box 65967
St. Paul, MN 55164-0967
651-431-2400

This information is available in accessible formats to individuals with disabilities by calling 651-431-2400

TTY users can call through Minnesota Relay at

800-627- 3529

For Speech-to-Speech, call

877-627-3848

For other information on disability rights and protections, contact the agency's ADA coordinator.

Minnesota Statutes, Chapter 3.197, requires the disclosure of the cost to prepare this report. The estimated cost of preparing this report is \$20,000.

Printed with a minimum of 10 percent post-consumer material. Please recycle.

Table of Contents

I.	Executive summary.....	4
II.	Legislation.....	5
III.	Introduction.....	7
IV.	Impact Analysis	9
V.	Data Gathering.....	19
VI.	Payment Values	22
VII.	Report recommendations	36
VIII.	Appendices.....	37
	Appendix A: List of Services by Bucket and Waiver Type.....	37
	Appendix B: Statewide Analysis by Bucket and Service	39
	Appendix C: Lead Agency Impact Analysis by Service Bucket	42
	Appendix D: Estimated Impact by Provider, By Service Bucket.....	44
	Appendix E: Estimated Impact by Recipient, By Service Bucket.....	45

I. Executive summary

This report responds to legislation enacted in January 2014, which required the Minnesota Department of Human Services to implement a new Disability Waivers Rate Setting (DWRS) system, and is the first opportunity to see an accurate projection of the impact of the DWRS.

In 2007, the Centers for Medicare and Medicaid Services informed Minnesota that its four disability waivers were out of compliance with federal requirements for uniform rate determination methods and standards.

DHS conducted extensive research and after lengthy stakeholder input and legislative negotiations, the Disability Waivers Rate System was finalized in the 2013 legislative session. This system transferred the responsibility of setting service rates from counties and tribes to the state and it allowed for the federal renewal of the Minnesota disability waivers.

The DWRS was a significant change for the state and legislation was careful to allow for a 5-year transition plan to full implementation of the new system. Legislation maintained a process intended to allow time to adjust the system and ensure that the quality of services.

This report summarizes analysis of preliminary data entries into the DWRS, examining the immediate and projected long-term impact of DWRS on the price of providing services to ongoing disability waiver recipients on a service level, provider level, and lead agency level. Lead agencies enrolled individuals in DWRS on a rolling basis as services were renewed. DHS will not have a full year of complete data until the end of 2015 when all individuals have been enrolled in the DWRS for a full year.

Legislation also required preliminary research and data gathering regarding specified components used to calculate rates within DWRS and to identify analysis plans for future reporting. This report includes background information and recommended methodologies to further research the 18 identified topics.

The findings in this report illustrate that the current impact of DWRS to statewide fiscal estimates, lead agencies, providers and recipients is very limited due to banding of historical rates. The 2014 statewide impact of DWRS across all disability waiver services utilizing DWRS is a decrease of 0.1 percent.

The projected impact of DWRS in 2019 varies widely, with some providers, services and lead agencies showing large increases while others indicate large decreases. As the 5-year banding period continues, DHS will focus research on ensuring that the DWRS system accurately reflects the cost of providing services in each service category, that recipients continue to have access to the services they need, and that DHS and lead agencies implement the DWRS system fairly and consistently throughout the state.

DHS recommends that the 5-year implementation schedule be followed to allow for careful analysis in years 2015 and 2016, which will result in appropriate, data driven, adjustments to framework component values and the service planning necessary to provide the best services for individuals who use waiver services.

II. Legislation

Minnesota Statutes 2013, section 256B.4914 subdivision 10 required the Department of Human Services submit a report and present preliminary research as follows:

Subd. 10. Updating payment values and additional information.

(a) From January 1, 2014, through December 31, 2017, the commissioner shall develop and implement uniform procedures to refine terms and adjust values used to calculate payment rates in this section.

(b) No later than July 1, 2014, the commissioner shall, within available resources, begin to conduct research and gather data and information from existing state systems or other outside sources on the following items:

- (1) differences in the underlying cost to provide services and care across the state; and
- (2) mileage, vehicle type, lift requirements, incidents of individual and shared rides, and units of transportation for all day services, which must be collected from providers using the rate management worksheet and entered into the rates management system; and
- (3) the distinct underlying costs for services provided by a license holder certified under section 245D.33.

(c) Using a statistically valid set of rates management system data, the commissioner, in consultation with stakeholders, shall analyze for each service the average difference in the rate on December 31, 2013, and the framework rate at the individual, provider, lead agency, and state levels. The commissioner shall issue semiannual reports to the stakeholders on the difference in rates by service and by county during the banding period under section 256B.4913, subdivision 4a. The commissioner shall issue the first report by October 1, 2014.

(d) No later than July 1, 2014, the commissioner, in consultation with stakeholders, shall begin the review and evaluation of the following values already in subdivisions 6 to 9, or issues that impact all services, including, but not limited to:

- (1) values for transportation rates for day services;
- (2) values for transportation rates in residential services;
- (3) values for services where monitoring technology replaces staff time;
- (4) values for indirect services;
- (5) values for nursing;
- (6) component values for independent living skills;
- (7) component values for family foster care that reflect licensing requirements;
- (8) adjustments to other components to replace the budget neutrality factor;
- (9) remote monitoring technology for nonresidential services;
- (10) values for basic and intensive services in residential services;
- (11) values for the facility use rate in day services;
- (12) values for workers' compensation as part of employee-related expenses;
- (13) values for unemployment insurance as part of employee-related expenses;

(14) a component value to reflect costs for individuals with rates previously adjusted for the inclusion of group residential housing rate 3 costs, only for any individual enrolled as of December 31, 2013; and

(15) any changes in state or federal law with an impact on the underlying cost of providing home and community-based services.

(e) The commissioner shall report to the chairs and the ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance with the information and data gathered under paragraphs (b) to (d) on the following dates:

(1) January 15, 2015, with preliminary results and data;

(2) January 15, 2016, with a status implementation update, and additional data and summary information;

(3) January 15, 2017, with the full report; and

(4) January 15, 2019, with another full report, and a full report once every four years thereafter.

III. Introduction

The Department of Human Services (DHS) submits this report to the Minnesota Legislature pursuant to Minnesota Statutes 2013, section 256B.4914 subdivision 10 that directed DHS to submit a report and present preliminary research about the Disability Waiver Rates System (DWRS). The statute requires the Commissioner of the Department of Human Services to analyze for each service the difference in the rate on December 31, 2013, and the framework rate at the individual, provider, lead agency and state levels.

A. Background

In 2007, the Centers for Medicare and Medicaid Services informed Minnesota that its four disability waivers were out of compliance with federal requirements for uniform rate determination methods and standards. The disability waivers are the Brain Injury (BI), Community Alternative Care (CAC), Community Alternatives for Disabled Individuals (CADI) and Developmental Disabilities (DD) waivers.

Navigant Consulting Inc., an independent research firm, conducted complex and extensive research on the cost of providing disability waiver services in Minnesota. This research included reviewing national and local independent data sources as well as conducting a disability service provider cost and wage survey. Navigant Consulting completed their research and presented recommendations to DHS in January 2012.

Workgroups comprised of service providers and lead agency representatives have met and provided input in this process since 2009. DHS established an advisory committee comprised of stakeholders that has been meeting on a monthly basis since 2011.

After stakeholder input and legislative negotiations, the legislature finalized the Disability Waivers Rate System during the 2013 legislative session. This system transferred the responsibility of setting service rates from counties and tribes to the state and it allowed for the federal renewal of the Minnesota disability waivers.

The DWRS was a significant change for the state, lead agencies and providers, which required extensive work and thousands of hours of training by all those involved to learn the new rate setting system.

Due to the significance of this change, legislation was careful to allow for a 5-year transition plan to full implementation of the new system. This process was intended to allow time to adjust the system and ensure that the services maintained quality.

In January 2014, this system went live statewide on a rolling basis as recipients renewed their service agreements. Lead agencies use the Disability Waivers Rate System to calculate a framework rate for each recipient and service. From 2014 through 2018, rates calculated by DWRS are banded to their historic rate. Banding protections are as follows:

- Calendar Year 1 (2014): 2014 rates are limited to be within 0.5% of their 2013 rates
- Calendar Year 2 (2015): 2015 rates are limited to be within 0.5% of their 2014 rates
- Calendar Year 3 (2016): 2016 rates are limited to be within 1.0% of their 2015 rates
- Calendar Year 4 (2017): 2017 rates are limited to be within 1.0% of their 2016 rates

- Calendar Year 5 (2018): 2018 rates are limited to be within 1.0% of their 2017 rates
- Calendar Year 6 (2019): Rates calculated in 2019 are full framework rates

The banding protections shown above are designed to give adequate time to conduct appropriate and complex research on the rate setting system prior to statewide full implementation. The study in this report highlights the initial data trends seen in the system in the first year of implementation. DHS will utilize the findings in this study to define a focused evaluation strategy of DWRS components and system usage for the subsequent research years. This report represents the first opportunity for DHS to provide an accurate projection of system changes.

B. How the System Works

An application, the Rates Management System, calculates rates. Individual needs as directed by service planning are the basis for direct service costs. Direct service wages are the primary driver for rates. Component values, which include supervision, employee-related, cost factors, and client and program overhead factors are taken into consideration. Direct wages and component values are multiplied by required service units to provide costs related to individual needs.

C. System Goals

Goals of the system were to create statewide rate setting methodologies that:

- Are transparent, fair and consistent across the state
- Comply with federal requirements for administration of waiver programs
- Establish rates based on a uniform process of structuring component values for service
- Promote quality and participant choice
- Recognize a person's assessed need for particular components within each service

D. Following years of System Implementation

In following years, DHS will use data will to drive improvement and mitigate potentially negative impacts of the system. It is important to note that this report includes preliminary data. Lead agencies enrolled individuals in DWRS on a monthly rolling basis between January and December 2014 as services were renewed. Due to this enrollment schedule, DHS will not have a full year of complete data until the end of 2015, when all individuals have been enrolled in the DWRS for a full year.

DHS is devoted to adhering to the research topics and the report schedule detailed in MN Statute 256B.4914. As more and better data is available, it will be shared with and reviewed by various stakeholders. The 5-year implementation schedule will allow for careful analysis, resulting in appropriate adjustments to framework component values and the service planning necessary to provide the best services for individuals who use waiver services.

DHS is committed to continued collaboration with provider representatives, lead agency representatives and other stakeholders to ensure the disability waiver rates system is applied uniformly and in a way that allows for appropriate adaptation to systems issues, which may be identified throughout the implementation period.

IV. Impact Analysis

In January 2014, the DWRS system went live statewide on a rolling basis as recipients' service agreements renewed. Lead agencies use the Disability Waivers Rate System to calculate a framework rate for each recipient and service. The system also calculates a 2014 rate for each recipient and service, a rate that is limited to being within 0.5% of 2013 rates due to banding protections. DHS will implement full framework rates in calendar year 2019.

This report summarizes analysis of data entries into the Disability Waivers Rates System (DWRS), examining the immediate and projected long-term impact of DWRS on the price of providing services to ongoing disability waiver recipients. The analysis findings in this report highlight the impact experienced statewide as well as on a bucket level, service level, provider level, and lead agency level.

A. Analysis Methodology

This study measures the fiscal impact of DWRS by examining the percent difference in the rate per unit for recipients and services authorized in both 2013 and 2014.

The objective of this analysis is to measure the direct impact of DWRS, excluding all other factors that may affect rates. Therefore, this study is limited to the following specifications:

- **Holding Recipients, Level of Service and Units Constant:** This study measures the impact of DWRS by only looking at recipients receiving the same services in both periods. It does not include new recipients that had a change in service need in 2014. Each service agreement line must have a historical rate established by the individual's rate in 2013.
- **DWRS Usage:** This study only includes service agreement lines in which DWRS was utilized to calculate a rate entered into MMIS. MMIS data is merged with DWRS data and all lines that do not have a match between the two databases are not included in this study.
- **Rate Exceptions:** To be included in this study, the calculation of the DWRS rates must not be based on an exception, changes in service level or intensity or a manually banded rate.
- **Difference in Units:** Prior to DWRS implementation on January 1, 2014, some services were required to translate units on November 1, 2013 (for example, monthly rates were converted to daily rates). Authorization patterns prior to translations would not provide an equivalent measure to compare to the new 2014 rate structure. This study compares post-translated rates as of December 31, 2013 to 2014 rates.
- **Cost of Living Increases:** This study accounts for rate increases resulting from the April and July Cost of Living Adjustments by adjusting corresponding historic rates per service agreement line.

Limitations

DHS is conducting this analysis very early in the stages of implementing a new rate setting system. Therefore, in addition to the specifications listed above, this study has the following limitations:

- This is a point in time analysis that does not yet encapsulate a full year of DWRS implementation.
- This analysis is based on a sample of DWRS entries that only meet the above specifications.
- This analysis does not measure the precise impact of DWRS on paid claims.
- This analysis does not predict the use of exception rates for recipients with exceptionally high needs, who are currently banded to their historic rates but will likely request an exception upon application of the framework rate. This may alter the impact in 2019.

Sample

65,444 approved service agreement lines from January 1, 2014 through October 31, 2014 were included in this study, encompassing 19,159 recipients and 1,700 providers. All service categories, unless noted, have a sample size in the study that meets or exceeds the sample size required in order to determine a confidence level of 95%.

Services

The subject of this study involves services in Minnesota Statutes 2014, section 256B.4914, subdivisions 6 through 9. Appendix A includes a list of these services, by bucket and by waiver.

Definitions and Measures

This report evaluates the impact of DWRS using the following measures:

- **2014 Impact:** Percent difference between the average rate per unit in 2013 and the average 2014 banded rate per unit
- **2019 Projected Impact:** Percent difference between the average rate per unit in 2013 and the average framework rate per unit

B. Summary of Findings

Statewide

Across all buckets and services statewide, the amount authorized per unit in 2014 compared to the amount authorized per unit in 2013 for the same recipients and services decreased by 0.1 percent.

When comparing 2013 rates to framework rates, the projected impact statewide in 2019 is a decrease of 2.8 percent. However, because these service agreements are currently banded to their historic rates, ongoing recipients with exceptionally high costs may not be accurately projected in this study because exception rates are not requested and applied until banding protections are no longer applicable. DHS will likely amend the projection of 2019 impacts when more data is known about these recipients and services, and their interaction with DWRS. Analysis and assessment of individuals with exceptionally high costs will be a priority in 2015 and DHS will be working with stakeholders to identify additional research items, review research methodologies, and share research findings.

Statewide Findings by Bucket

In the implementation of DWRS, Minnesota statutes categorizes services into buckets defined as Residential, Day, Unit Based without Programming, and Unit Based with Programming. Appendix A contains the corresponding services within these buckets. The following table highlights the observed impact of DWRS by bucket in 2014 as well as the projected impact in 2019.

Figure 1: Impact by Bucket

Bucket	% Change in 2014	Projected % Change in 2019
Residential	- 0.063%	+ 0.88%
Day	- 0.286%	- 13.56%
Unit Based without Programming	+ 0.10%	+ 8.48%
Unit Based with Programming	- 0.204%	- 13.35%
STATEWIDE – ACROSS ALL BUCKETS	-0.110%	-2.80%

As the above table illustrates, the fiscal impact for all buckets in 2014 is limited. However, trends in the framework rate are projecting significant changes in the Day and Unit Based with Programming buckets. DHS will focus on further areas of analysis in 2015 and 2016.

While this report summarizes the percent change experienced in each of these categories, it should be noted that total spending within each of these buckets varies, with the residential bucket currently containing the largest amount.

Budget Neutrality

Statute defines budget neutrality in the initial implementation of the Disability Waiver Rate System, Minnesota Statutes 2014, section 256B.4914, subdivision 16, as having estimated spending in 2013 that is within 0.3% of estimated spending in 2014 for the same recipients and services on a bucket level.

This analysis determines budget neutrality by examining the rates of recipients receiving the same services in calendar years 2013 and 2014, and evaluating the percent difference in rates between both periods holding 2014 authorized units constant. This analysis concluded that as of October 31, 2014, all buckets were within the threshold of 0.3%. As data continues to populate the system, and exceptions costs are reflected in the data, DHS will conduct and share ongoing analysis with stakeholders.

Statewide By Service

Current data trends indicate wide variability in the projected 2019 impact among services. This report will list changes observed by each service category as well highlight the most significant changes seen by procedure code. Note that this study does not account for recipients of rate exceptions, which will likely impact the projected change in 2019. For a detailed table listing the sample size specifications, utilization rates, average prices and percent changes by bucket, service category and service procedure code, see Appendix B.

Residential Services

The residential bucket is experiencing a 0.06 percent decrease in the rate per unit from 2013 to 2014 and is projected to increase by 0.883 percent in 2019. While service categories within the residential bucket are experiencing a slight decrease in 2014, they are all projected to increase in

2019. This is because the number of recipients whose rates are banding down in 2014 is slightly higher than the number of recipients whose rates are banding up. However, the recipients' whose rates are banding up are experiencing greater variance between their historic rate and their framework rate, resulting in larger positive percent changes in 2019.

The following table displays how the implementation of DWRS has affected specific residential service categories to date:

Figure 2: Statewide Impact to Residential Services

Residential Services	Percent Change in 2014	Projected Percent Change in 2019
Customized Living Category	-0.067%	12.120%
Foster Care Category	-0.091%	0.890%
Residential Care Services Category	-0.057%	9.082%
Supportive Living Services Category (Daily)	-0.050%	0.204%
Total RESIDENTIAL Bucket	-0.063%	0.883%

Within these categories, the specific procedure codes that indicate the most significant changes in 2019 include the following:

- Customized Living daily is projected to increase 16%
- Adult Family Foster Care is projected to increase 46%

DHS will focus further study in 2015 and 2016 in these areas. DHS will particularly be examining the inputs entered by lead agencies to calculate these framework rates. In addition, the residential services bucket is an area that may particularly be impacted by rate exceptions when banding protections are removed. DHS will be focusing efforts in the subsequent research years to analyze rate setting for recipients with exceptionally high costs.

Day Services

All service categories in the day bucket are exhibiting a decrease in 2014 as well as a projected decrease to the framework rate. The following table displays how the implementation of DWRS has affected specific day service categories statewide.

Figure 3: Statewide Impact to Day Services

Day Services	Percent Change in 2014	Projected Percent Change in 2019
Adult Day Care Category	-0.212%	-6.519%
Day Training & Habilitation Category¹	-0.286%	-13.520%
Prevocational Services Category	-0.326%	-17.511%
Total DAY Bucket	-0.286%	-13.556%

The procedure codes in this bucket demonstrating the most significant projected percent changes in 2019 include both daily and hourly prevocational services and Day Training and Habilitation

¹ The DTH Category includes DTH Daily, including transportation, and DTH Partial Day. In order to compare rates accurately, the DTH Daily Historic, 2014 Rate, and Framework Rate all include the DTH Transportation amount entered into DWRS in 2014. DTH Partial Day is also included in this category. Historic rates are defined as rates authorized in 2013; 2014 rates are rates authorized for the same person in 2014; and these 2014 rates are held constant through the framework rate period.

daily rates. DHS will focus further study in these areas in 2015 and 2016. DHS will be identifying any significant trends and outliers in the inputs entered by lead agencies to calculate framework rates, such as staffing ratios and staffing hours.

Unit Based without Programming Services

The Unit Based without Programming bucket is experiencing an increase of 0.1 percent in 2014 and is projecting an increase of 8.48 percent in 2019. The following table displays how the implementation of DWRS has affected the service categories in this bucket statewide.

Figure 4: Statewide Impact to Unit Based without Programming Services

Unit Based without Program Services	Percent Change in 2014	Projected Percent Change in 2019
Personal Support/Companion Care²	0.190%	13.910%
Respite Care Services Category	0.081%	7.337%
Total UNIT BASED WITHOUT PROGRAMMING Bucket	0.100%	8.482%

As indicated in this table, both service categories in this bucket are exhibiting an increase in both periods. Personal support, in particular, indicates a large projected increase in 2019. In the Respite Care Services category, 15-minute units are projecting an increase in 2019 while daily units are projecting a decrease, resulting in an overall increase of 7.3 percent increase for the service category.

Unit Based with Programming Services

The Unit Based with Programming bucket is experiencing a 0.2 percent decrease in the rate per unit from 2013 to 2014 as well as projecting a decrease of 13.3 percent in 2019. The following table displays how the implementation of DWRS has affected specific service categories in this bucket.

Figure 5: Statewide Impact to Unit Based with Programming Services

Unit Based with Programming Services	Percent Change in 2014	Projected Percent Change in 2019
Behavior Programming Category	-0.105%	6.092%
Independent Living Skills Category	-0.318%	-27.778%
In Home Family Support Category	-0.020%	1.108%
Supported Employment Category	-0.161%	-1.841%
Supportive Living Services Category (15 Minute Units)	-0.375%	-11.972%
Total UNIT BASED WITH PROGRAMMING Bucket	-0.204%	-13.348%

The specific procedure codes in the Unit Based with Programming bucket that show the most significant trends in 2019 include the following:

- Independent Living Skills is projected to decrease 28%
- 15-Minute Supportive Living Services is projected to decrease 12%

These services will be the subject of further analysis in 2015 and 2016.

² Not included in this study are recipients of Personal Support providers who were previously operating as a Fiscal Support Entity, and who received an exception to be excluded from the banding process in 2014 due to clarification of service delivery policy.

Findings by Lead Agency

The following findings summarize the impact exhibited by lead agencies on an aggregate level. The report calculates change by considering, for each lead agency, all service authorizations across all buckets for recipients that had both 2013 and 2014 authorizations. The impact analysis in this report compares rates in both periods and does not consider the additional factor of rolling implementation. DHS will assess the actual fiscal impact on lead agency as implementation continues and claims data is collected. It also should be noted that this analysis does not include recipients of rate exceptions, which will likely influence the 2019 projections for some agencies.

2014 Impact

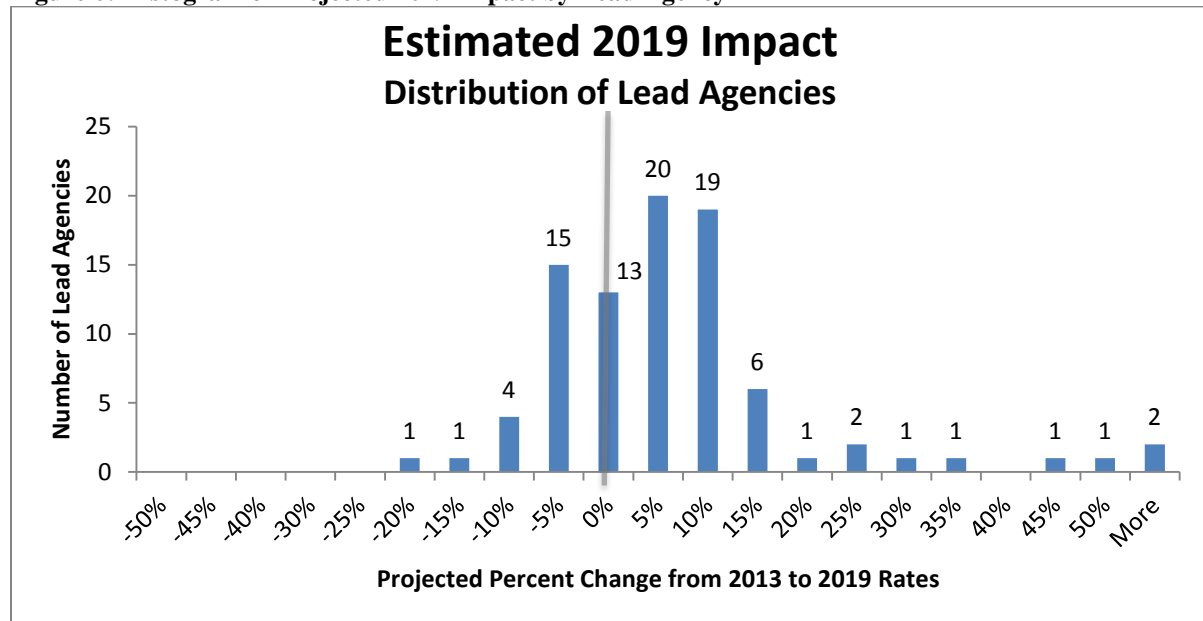
The fiscal impact of DWRS in 2014 is limited due to rolling implementation throughout the year and banding protections. In a rate-by-rate comparison, the average percent change experienced by lead agencies in 2014 is a decrease of 0.03 percent. The median percent change experienced by lead agencies is a decrease of 0.05 percent.

2019 Impact

When banding no longer applies and lead agencies are utilizing all framework rates in 2019, the projected impact of DWRS on lead agencies has wide variability, ranging from a decrease of 20.6 percent to an increase of 100 percent. However, 44 percent of lead agencies are projecting a change of five percent or less.

The average projected change in 2019 is an increase of 4.7 percent and the median projected change is an increase of two percent. The distribution skews right with 61% of lead agencies across the state projecting an increase in 2019. The graph below illustrates the distribution of lead agencies' projected change in 2019.

Figure 6: Histogram of Projected 2019 Impact by Lead Agency

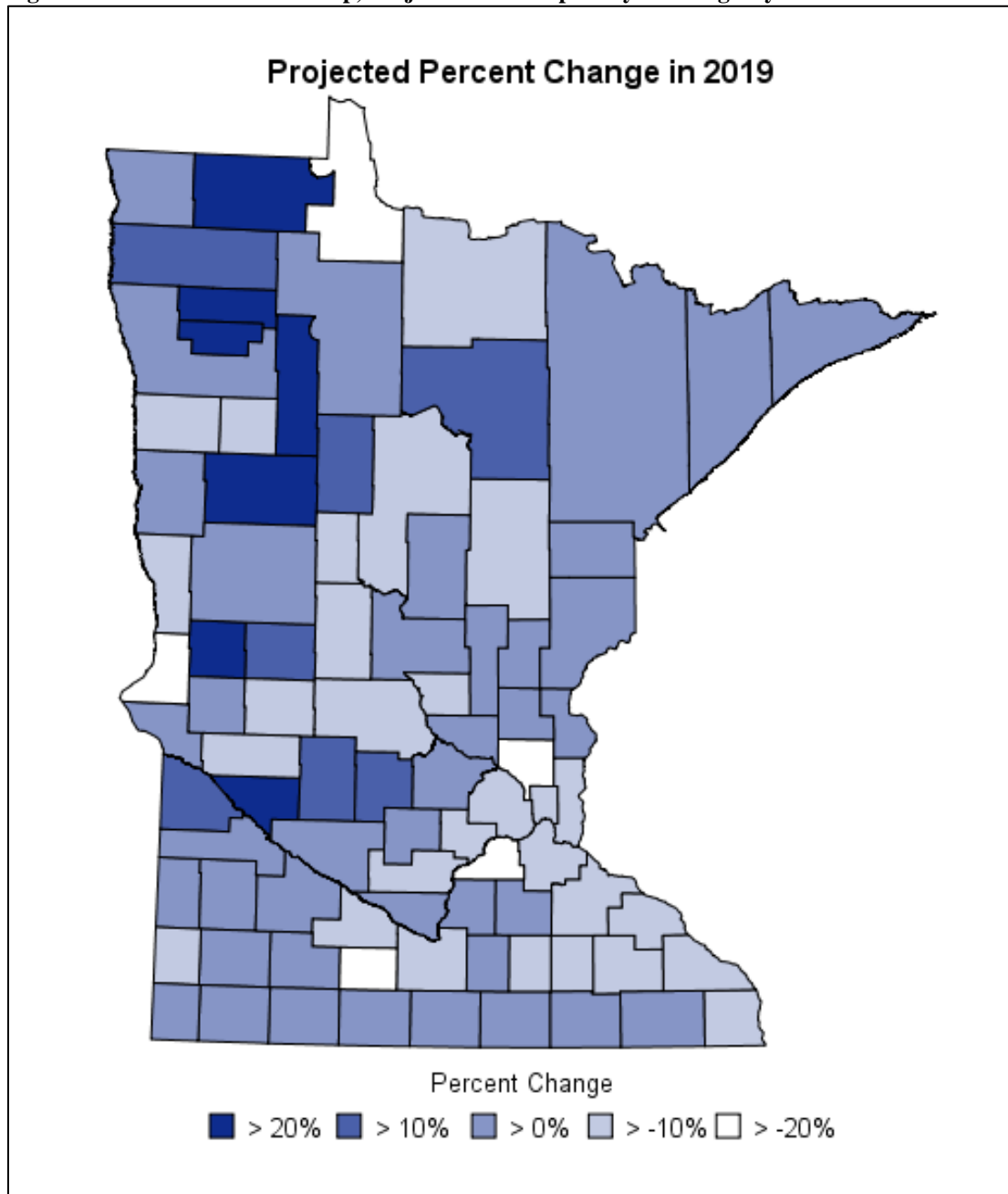


This graph demonstrates that the number of lead agencies projecting an increase in 2019 is larger than the number of agencies projecting a decrease. It also shows that most lead agencies are

projecting a change of ten percent or less, and that there are more lead agencies with extreme increases than there are with extreme decreases.

As indicated in these initial analysis findings, the projected impact of DWRS in 2019 fluctuates widely among lead agencies. This is largely due to historic rates having wide variability across the state prior to the implementation of DWRS. The figure below illustrates the variability of the projected change across all lead agencies in the state.

Figure 7: State of Minnesota Map, Projected 2019 Impact by Lead Agency



As the previous graph and map illustrate, more lead agencies are projecting an increase than those that are projecting a decrease. However, many of the state's largest lead agencies with the greatest number of recipients and highest disability waiver spending are projecting a decrease. For a more detailed look the projected fiscal impact of DWRS on each lead agency, see Appendix C. This table outlines the study findings for each service bucket in each lead agency.

Findings by Provider

Similar to other findings presented in this report, the fiscal impact of DWRS on service providers in 2014 is limited due to rolling implementation and banding protections. This study calculates percent change by considering, for each provider, all service authorizations for recipients that had both 2013 and 2014 authorizations.

2014 Impact

Considering all providers whose rates were calculated using DWRS, the average change experienced by providers in 2014 is a decrease of 0.05 percent. The median percent change experienced by providers is a decrease of 0.09 percent. 43 percent of providers are experiencing an overall increase in 2014 while 57 percent are experiencing a decrease in 2014.

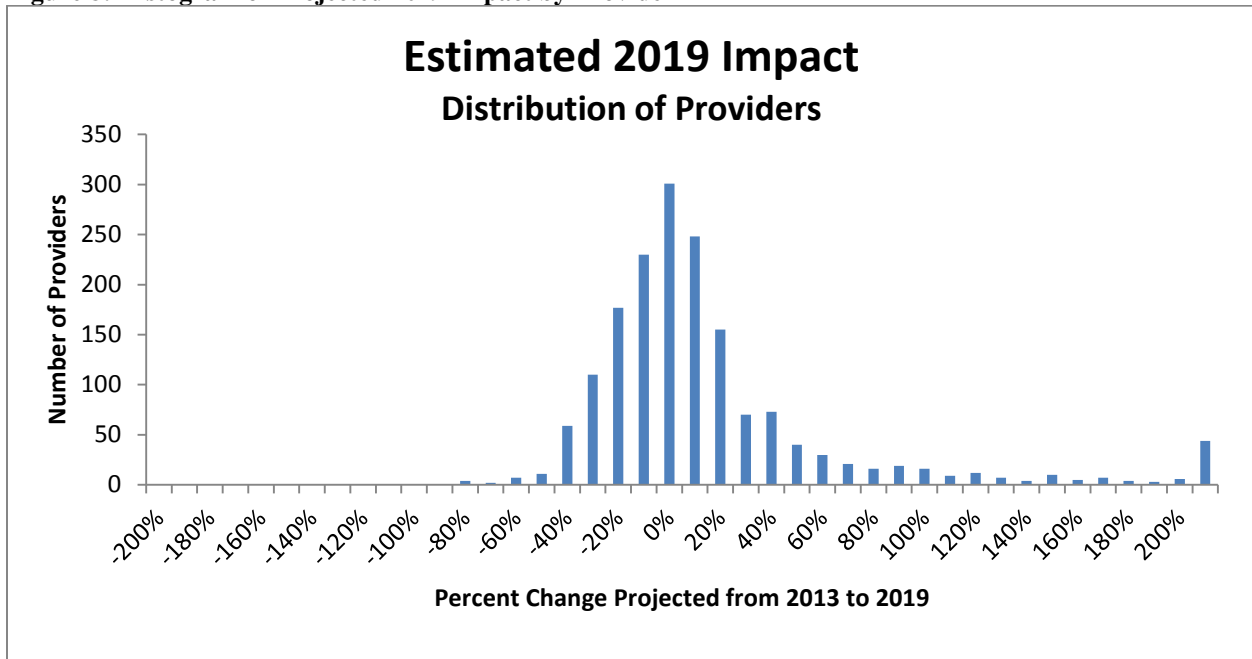
2019 Impact

When banding no longer applies and full framework rates are authorized in 2019, the projected impact of DWRS on providers has wide variability. The following statistics summarize trends seen on a provider level:

- The median percent change in rates projected for all providers is a decrease of 1.16 percent
- One third of all providers are projecting a change, increase or decrease, of ten percent or less
- 47 percent of providers are projecting an increase in 2019
- 53 percent of providers are projecting a decrease in 2019

The graph below illustrates the distribution of providers' projected change in 2019.

Figure 8: Histogram of Projected 2019 Impact by Provider



As seen in the graph above, the variability in the projected impact is wide among all providers across the state and across waiver services. Variability in DWRS impact among providers depends on many factors such as historical rate setting methods, the number of recipients served and the type of services rendered by providers. For more details on the estimated impact to providers, see Appendix D.

Findings by Recipient

The following research findings explore how DWRS implementation has affected the rates of each recipient. These statistics are calculated by considering all rates for all DWRS services that an individual has been authorized for in both time periods and determining the total percent change experienced or projected for the individual across all services in that service bucket. The average change overall experienced by recipients in 2014 is a decrease of 0.12 percent. The average change projected for recipients' rates in 2019 is a decrease of 4.79 percent. The following table illustrates the changes seen by service bucket:

Figure 9: Estimated and Projected Impact by Recipient

Estimated and Projected Impact by Recipient	Residential Bucket	Day Bucket	Unit Based without Programming	Unit Based with Programming	TOTAL – All Buckets
Average Percent Change, by Recipient, in 2014	-0.01%	-0.14%	0.15%	-0.25%	-0.12%
Average Percent Change Projected, by Recipient, in 2019	7.97%	-10.01%	16.92%	-18.34%	-4.79%

As with other findings in this report, these analysis trends vary widely and depend on many factors such as historical rate setting methods, the number of services authorized for, and the type of services authorized. While the 2014 findings in this section reflect current trends experienced within the first year of DWRS implementation, the exceptions process and trends in lead agency inputs 2019 projections will be impacted by the exceptions process and trends in lead agency inputs as DWRS implementation continues. DHS will strategically focus research in 2015 and 2016 on areas where large changes are seen on an individual recipient level.

For more details on the estimated impact to recipients' total rates, see Appendix E.

Findings Conclusion

The findings in this study illustrate that the impact of DWRS to statewide fiscal estimates, lead agencies, providers and recipients is very limited due to banding to historical rates. The impact of DWRS across the state in 2014 is a decrease of 0.1 percent. However, the projected impact of DWRS in 2019 varies widely, with some providers, services, and lead agencies showing large increases while others indicating large decreases. Stakeholders anticipate that moving from a variable county negotiated rate system to a statewide systematic methodology will result in different rates. As the banding period continues, DHS will focus research on ensuring that DWRS accurately reflects the cost of providing services in each service category, that recipients continue to have access to the services they need, and that DHS implements the DWRS system fairly and consistently throughout the state.

In order to ensure DHS meets these goals, the following research projects are currently being planned for the next two years:

- **DWRS Inputs:** Inputs, such as staffing hours, are entered by lead agencies and are fundamental to the calculation of rates. DHS will study inputs entered into DWRS, identifying outliers and trends. DHS will report analysis findings to CMS.
- **DWRS Compliance:** DHS will continue to monitor DWRS compliance for each lead agency and analysis. DHS will report findings to CMS.
- **Rate Exceptions:** DHS will study the use of rate exceptions, including the fiscal cost, trends in service categories and exception reasons, and specific cost drivers necessitating an approved exception. DHS will work to identify the probable use of exceptions when banding protections are no longer applicable.
- **DWRS Impact by Recipient:** DHS will further examine DWRS impact by recipient, researching specific recipient and waiver populations and the interaction with DWRS.
- **Transportation:** DHS will study the use and cost of transportation in day services.

V. Data Gathering

Legislation requires DHS to, within available resources, conduct preliminary research and gather preliminary data from sources within and outside the state system.

A. Differences in the Underlying Cost to Provide Services and Care across the State

In response to the requirements listed above, DHS has commissioned an independent health research firm, Truven Health Analytics, to conduct a research study on the differences in the cost of providing services throughout the state. The research project includes the following steps:

1. Identify cost drivers within the DWRS frameworks that have rationale and evidence to support statistically significant cost variation by region
2. Determine for each cost factor if there is sufficient, reliable and credible data to demonstrate a meaningful regional variation in cost
3. Develop a research methodology for studying cost factors that meet the above criteria.
4. Conduct the analysis and determine a regional rate index to be implemented in the DWRS frameworks
5. Conduct a comprehensive impact analysis, estimating the anticipated impact of the proposed regional rate factors on a statewide, bucket, service and regional level.

This analysis includes all framework services. In order to encompass the unique economic drivers in different micro regions of the state, the regions used in this study are Metropolitan Statistical Areas (MSAs). The U.S. Office of Management and Budget define MSAs as regions consisting of adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with an urban core. The regions can be accessed through the [Minnesota Department of Employment and Economic Development Metropolitan Statistical Areas](#).

This is a complex and important research project that will likely have significant fiscal impact on providers and lead agencies if a regional index is implemented. The goal completion date for this project is January 31, 2015. DHS will conduct thorough review of analysis findings and impact findings. DHS will share findings with stakeholders prior to system development and implementation.

B. Mileage, Vehicle Type, Lift Requirements, Incidents of Individual and Shared Rides, and Units of Transportation for all Day Services, Which Must be Collected from Providers Using the Rate Management Worksheet and Entered into the Rates Management System

As of August 1, 2014, lead agencies were required to enter the following transportation information into DWRS for all DT&H Daily services:

- Lift Required
- Lift Used
- Average Number of One-Way Trips Per Day – Shared
- Average Number of One-Way Trips Per Day – Individual
- Average Number of Miles Per Day – Shared
- Average Number of Miles Per Day – Individual
- Number of Riders

A full year of data will be available in September 2015. Beginning with the 2016 DWRS legislative report, DHS will analyze transportation utilization trends, transportation costs and the correlation between cost and utilization. DHS may conduct further analysis on regional transportation costs and utilization to compare urban and non-urban sections of the state.

C. The Distinct Underlying Costs for Services Provided by a License Holder Certified Under Section 245D.33

DHS will assess and research the impact of costs associated with the license requirements for disability waiver service providers under 245D.33. DHS will conduct the following research process:

1. Identify Costs
2. Develop Research Plan
3. Conduct Research
4. Review Findings

DHS will identify costs associated with specific licensing requirements for service providers licensed under 245D.33. DHS will assess costs to determine if they meet at least one of the following primary criteria to be eligible for further research:

- Is there rationale and evidence that a cost associated with a requirement under 245D.33 has a *direct* and *significant* impact on specific component values within the DWRS frameworks?
- Is there rationale and evidence that a cost associated with a requirement under 245D.33 introduces a new cost driver to providing waiver services that is not currently reflected in current component values within the DWRS frameworks?

Possible costs identified in the initial review of 245D.33 include training costs, licensing fees and administrative tasks. The current DWRS frameworks include these costs within Program-Related Expenses. DHS will develop a research plan to study these costs and determine whether they are

adequately included in the frameworks. Development of the research plan will include engaging with stakeholders on the thorough identification of 245D.33 costs to providers. After costs have been fully identified, DHS will determine the availability of credible and reliable data to research the identified costs and will develop a systematic research plan with the appropriate methods and techniques to address the research questions. After DHS conducts research, findings and recommendations will be reviewed with stakeholders.

VI. Payment Values

Legislation requires a preliminary review or evaluation of the following payment values for services in the DWRS. In some instances, an analysis plan for future reporting is included.

A. Values for Transportation Rates for Day Services

The only Day Service that requires transportation inputs in RMS is DT&H Daily, available under the DD waiver. This section will provide information on the required transportation inputs for this service as well as plans for analysis in future reports. The first analysis of transportation rates for day services will be available in the 2016 DWRS legislative report as a full year of data will be available.

As of August 1, 2014, lead agencies were required to enter transportation information for DT&H Daily services. These inputs include:

- Lift Required
- Lift Used
- Average Number of One-Way Trips Per Day – Shared
- Average Number of One-Way Trips Per Day – Individual
- Average Number of Miles Per Day – Shared
- Average Number of Miles Per Day – Individual
- Number of Riders

Beginning with the 2016 DWRS legislative report, DHS will report the average transportation use by service, the average transportation cost for services that include transportation, how transportation utilization correlates with transportation costs and how transportation cost and utilization vary between regions. DHS may further evaluate regional transportation costs and utilization to compare urban and non-urban sections of the state.

B. Values for Transportation Rates in Residential Services

Transportation costs for residential services are included in the service framework rate.

Transportation costs for residential services during, the initial year of implementation, 2014, were based on an individual's needs and were priced as follows:

- no transportation required: \$0/individual
- transportation without a customized adapted vehicle required: \$1,600/individual
- transportation in an adapted vehicle with a lift required: \$3,000/individual

2014 statute changed transportation rates for these services and the implementation of the change began January 1, 2015.

Transportation costs for residential services will now be based on the resident with the highest need and are priced as follows:

- no transportation required: \$0/individual

- transportation without a customized adapted vehicle required for all residents:
\$1,600/individual
- transportation in an adapted vehicle with a lift required for 1 or more residents:
\$3,000/individual

DHS will analyze transportation authorizations from 2014 and compare them to authorizations in 2015 for inclusion in the 2016 legislative report and ongoing reports to ensure fitness of the component values.

C. Values for Services Where Monitoring Technology Replaces staff time

Minnesota defines monitoring technology as the use of technology and equipment for providing oversight, monitoring and supervision of individual health and safety while also supporting independence. Monitoring technology equipment includes tools such as alarms, sensors, remote monitors and other devices. The goals for using monitoring technology are to promote community living and independence and to ensure the health and welfare of individuals with disabilities. Lead agencies may authorize remote staffing in corporate and family foster care and supported living services (SLS).

Using monitoring technology may supplant the need for in-person staff time. This section will examine data where waiver recipients used monitoring technology in place of in-person staffing. The applicable fields in RMS include the number of remote awake hours for shared and individual staffing and the number of remote monitored residents for shared staffing. The data used below is RMS data entered between January 1, 2014 and October 31, 2014 that had an MMIS match. Overall, 3722 service lines included some monitoring technology.

D. Framework and Historic Rates Comparison

Framework rates differ depending on whether services include monitoring technology or not. Typically, services that included monitoring technology had a more expensive rate.

Like framework rates, historically, services that included monitoring technology typically had a more expensive rate than those that did include monitoring technology.

Preliminary data indicates that remote monitoring staff does not decrease authorization cost when compared to traditional, on-site staffing. DHS will continue to research the component values for monitoring technology as data is available.

Values for Indirect Services

With a few exceptions, only direct (or recipient-facing) time is billable. The Program Plan Support value within the DWRS frameworks accounts for the time spent by direct service staff when they are not directly engaged with service recipients. Navigant Consulting Inc. recommended the Program Plan Support value in the DWRS in the report, with the primary data source as the 2010 RSMI Provider Cost and Wage Survey. DHS agrees that for some services indirect time may be a significant cost-driver, and where this is so, DHS has recently offered policy clarification allowing some specific indirect (not recipient-facing) time to be billed as direct service. DHS continues to analyze the direct and indirect aspects of service provision, and

will use the learnings to recommend adjustments to policy or to the Program Plan Support component value.

Values for Nursing

Lead agencies may enter nursing information in the Rate Management System (RMS) for all Day and Residential services. This section will analyze the average RN and LPN utilization in day and residential services and the corresponding rates calculated by RMS.

RN Services

165 day service lines included some RN services, accounting for 1.4 percent of all day service lines entered during this period. 53 percent of these lines were used under a CADI waiver, 41 percent were used under a DD waiver and six percent were used under a BI waiver. The most common day service used to provide RN services was Adult Day Care.

2377 residential service lines included some RN services, accounting for 16.6 percent of all residential service lines entered during this period. 59 percent of these lines were used under a DD waiver, 35 percent were used under a CADI waiver, five percent were used under a BI waiver and 1 percent were used under a CAC waiver. The most common residential service used to provide RN services was adult corporate supportive living services daily.

LPN Services

145 day service lines included some LPN services, accounting for 1.2 percent of all day service lines entered during this period. 48 percent of these lines were used under a DD waiver, 46 percent were used under a CADI waiver and six percent were used under a BI waiver. The most common day service used to provide LPN services was DT&H/Structured Day Program.

1553 residential service lines included some LPN services, accounting for 10.8 percent of all Residential Service lines entered during this period. 68 percent of these lines were used under a DD waiver, 26 percent were used under a CADI waiver, five percent were used under a BI waiver and 1 percent were used under a CAC waiver. The most common residential service used to provide LPN services was adult corporate supportive living services daily.

Trends in this initial data show that service authorizations that include RN or LPN hours tend to have higher rates than those that do not include RN or LPN hours. Day services that included RN or LPN services had an average framework rate of \$80.30, compared to an average framework rate of \$52.57 for Day services that did not include RN or LPN services. Residential services that included RN or LPN services had an average framework rate of \$308.53, compared to an average framework rate of \$196.51 for Residential services that did not include RN or LPN services.

DHS will continue to monitor and evaluate nursing. DHS is working with the Department of Health to determine what provision of nursing is allowable, and working with stakeholders to determine the best way to wrap nursing services around waiver services to ensure quality services. Services with nursing that were in effect in December of 2013 do have the protection of banding until 2019.

E. Component Values for Independent Living Skills

Independent Living Skills Training is defined as direct training from a staff person to address identified skill development needs of a person in the areas of communication skills, community living and mobility, interpersonal skills, reduction or elimination of maladaptive behavior, self-care and sensory or motor development involved in acquiring functional skills.

This is a service that often takes place in the community, and in some instances, it may be incumbent upon service providers to provide transportation into the community as part of the service. In-program transportation provided as a part of the service is currently accounted for in unit-based rate frameworks under Client Programming and Supports. However, transportation requirements and costs for service providers in rural areas may be higher than accounted for in the statewide rate setting frameworks. Future research will study the variance in the cost of travel for unit-based services, such as ILS training throughout the state.

To cover the cost of travel associated with ILS, lead agencies may concurrently authorize waiver transportation services and ILS when providers are providing ILS services in conjunction with travel.

F. Component values for Family Foster Care That Reflect Licensing Requirements

Licensing requirements enacted in 1/01/14 because of the new 245D rule may require some family foster care providers and staff to complete a level of training that was not required in years prior to 2014. This change was part of a DHS initiative to establish health and safety standards across all of the home and community-based services.

Component values for corporate foster care and family foster care differ in two ways.

The first difference is in the general administrative support ratio (13.25% in corporate vs. 3.3 percent in family foster care) Family Foster Care providers typically provide this service in their own home, and therefore generally do not incur the administrative costs typically associated with providers that operate on a larger scale, and/or perhaps in a separate location. As such, they generally would not be expected to incur costs associated with administrative functions, such as human resources, accounting, office supplies and equipment maintenance, and facilities management.

The second difference is in the absence factor (3.9 % in corporate, which include a utilization factor vs. 1.7% in family foster care does not include a utilization factor). Family Foster Care providers typically provide this service in their own home, and therefore generally do not incur additional costs that other providers incur to maintain a licensed capacity associated with the utilization factor.

Training is included in program related expense ratio in the framework (1.3%). This is the same component value in corporate foster care.

DHS will continue analysis in 2015 and 2016 to determine if training values are sufficient to meet the costs associated with training for all services that must meet 245D licensing requirements.

G. Adjustments to Other Components to Replace the Budget Neutrality Factor

Under current statute, each framework rate calculation in DWRS has an after model adjustment called the budget neutrality factor. The framework rate generated by DWRS is multiplied by the following factors:

- For residential services: 1.003
- For day services: 1.000
- For unit-based services with programming: 0.941
- For unit-based services without programming: 0.796

The purpose of this factor was to ensure that the level of spending during the banding years remains comparable to historic spending. Stakeholders anticipate that moving from a variable county negotiated rate system to a statewide systematic rate system will result in different rates. However, as the banding period continues, DHS will be conducting comprehensive analysis and evaluation on framework inputs, component values, and the impact of DWRS. Research will be focused on ensuring that components within the Disability Waiver Rate System accurately reflect the cost of providing disability waiver services and that recipients continue to have access to the services they need. If evaluation findings conclude that component values should be modified to reflect more accurately the cost of providing waiver services, DHS will consider adjusting and/or removing the budget neutrality factor in conjunction with such changes.

H. Remote Monitoring Technology for Nonresidential Services

Minnesota defines monitoring technology as the use of technology and equipment for providing oversight, monitoring and supervision of individual health and safety while also supporting independence. Monitoring technology equipment includes tools such as alarms, sensors, remote monitors and other devices. The goals for using monitoring technology are to promote community living and independence and to ensure the health and welfare of individuals with disabilities.

Presently, lead agencies may authorize monitoring technology within the Rate Management System (RMS) for corporate and family foster care or supported living services (SLS), which are residential services. However, the use of technology in other settings is a future possibility. This section will examine how other states use monitoring technology within waiver services.

State Comparisons

None of the states that offer monitoring technology as a service allow it to be used in nonresidential services. Ohio, Montana, Indiana and Maine indicate that monitoring technology is limited to residential services. Missouri does not explicitly indicate that monitoring technology is limited to residential services, but one of the goals of the service is to decrease reliance on physical staff during the night.

States place restrictions when authorizing monitoring technology services. Montana limits monitoring technology to supported living services that reduces or replaces residential habilitation. Ohio prohibits monitoring technology in adult foster care, corporate and family. Missouri requires that each case be subject to review by a human rights committee. Indiana

places fewer restrictions on monitoring technology, and Maine only enacted their rule on monitoring technology on September 1, 2014.

The table below details the rate each state has established for monitoring technology services.

Figure 10: State Monitoring Technology Rates

State	Maximum Rate	Unit	Notes
Maine	\$1.62	15 minute	Monitoring without interaction
Maine	\$6.27	15 minute	Monitoring with 1-to-1 interaction
Montana	\$7.77	Hour	Remote monitoring staff
Indiana	\$13.62	Hour	Remote monitoring staff
Montana	\$300	Month	Equipment expenses
Missouri	\$3,000	Waiver year	N/A
Ohio	\$7,500	3 years	Covered under Level 1 waiver
Ohio	\$25,000	Waiver eligibility span	Covered under SELF waiver

Monitoring technology is an emerging service in disability waivers. State practices vary widely. DHS will be initiating a monitoring technology learning community with stakeholders during 2015. This workgroup will inform research and innovation in 2015 and 2016.

I. Values for Basic and Intensive Services in Residential Services

An Intensive Workgroup of provider and lead agency stakeholders developed the Disability Waiver Rate System over four years of meetings. This workgroup defined the cost drivers for each service.

This group determined that staff with greater skills is required to deliver services that include training, habilitation, and rehabilitation. The groups also determined that more skilled staff commands higher wages than similar staff in the industry that deliver care but are not required to understand learning styles, implement a training plan and measure the success of it. For this reason, during legislative negotiations in 2013, DHS initially proposed two tiers of residential services: an intensive level for training services and a basic level for maintenance services.

There was concern during 2013 legislative negotiations that implementation of two tiers would be administratively burdensome. DHS agreed to collapse the two tiers until further research could be conducted. Future analysis will revisit the concept of basic and intensive service and seek to analyze if more skilled staff for training services reasonably results in a wage differential.

J. Values for the Facility Use Rate in Day Services

The facility use rate in DWRS is considered an interim component in the frameworks for day services. This rate was determined using a combination of a rate recommended in the Navigant report and information gathered from stakeholders. The primary data sources for this component value were as follows: the average cost to rent existing appropriate space Minneapolis was \$8.30 per person / per week, and the cost of new construction for a day care center in Minneapolis was \$8.24 per person / per week. The Navigant report recommended we use the higher of these two values, and DHS accepted this recommendation.

During legislative negotiations in 2013, DHS and stakeholders compromised to reach the current value of \$19.30 per person / per week.

CMS issued new rules in January 2014 which required each state to create a transition plan to come into compliance with requirements by March 17, 2019. This rule limits the community-based service dollars spent on facility settings until the assessment phase of the transition plan is completed.

Once regulatory requirements are identified, DHS will propose changes to statute, submit waiver amendments and make changes to DHS policy manuals to align regulatory requirements, service descriptions and provider standards with federal rule requirements. DHS will propose the changes to statute in phases over the next several legislative sessions, concluding in the 2018 legislative session. Phasing the language changes over several legislative sessions allows opportunity to work with stakeholders, especially in areas that are more complicated to address.

DHS will provide analysis of the facility use rate for day services in 2015 and 2016 with regard to the transition plan and new CMS rule.

- A. Values for Workers' Compensation as Part of Employee-Related Expenses; and
- B. Values for Unemployment Insurance as Part of Employee-Related Expenses

The current methodology for all Disability Waiver Rate System frameworks includes 11.56% for payroll taxes, unemployment insurance and workers compensation. This percentage includes the following employer costs:

- 6.20% for Social Security payroll taxes
- 1.45% for Medicare payroll taxes
- 2.41% for Unemployment Insurance
- 1.5% for Workers' Compensation

This section will summarize current research on these employer costs and compare them to the rates used in the current framework methodology.

FICA Taxes

The Federal Insurance Contributions Act (FICA) requires employers to contribute an employee-matched tax for Social Security and Medicare. The current framework methodology, based off the tax rate for employers in 2010, is 6.20% for Social Security and 1.45% for Medicare. These rates, set by federal statute, are currently at the same rate in 2014.³

Unemployment Insurance

In addition to FICA taxes, employers are also required to contribute to both state and federal unemployment systems. The statutory requirement for the Federal Unemployment Tax (FUTA) is a tax rate of 6.0%, however employers receive a 5.4% credit when state unemployment taxes are paid, resulting in a net tax rate of 0.6% for the first \$7,000 paid to each employee.⁴ The Minnesota state unemployment tax (SUTA) is also an employer-only paid tax, and the Minnesota Department of Employment and Economic Development determines its rate based on the employer's estimated liability. In 2014, state unemployment tax rates varied from 0.20% to the maximum rate of 9.10%.

Because unemployment taxes are determined based on individual employers' estimated liability, the rates vary widely across industries. Some industries, such as the construction industry, have historically high incidences of unemployment claims, while other industries do not see long-term industry wide patterns of unemployment. The disability and healthcare services industry is not considered an industry with a historically high amount of unemployment insurance claims. In a report published in 2014, the U.S. Department of Labor's Bureau of Labor Statistics⁵ found that:

- Private industry employers in the service-providing industry averaged a federal unemployment tax rate of 0.1% and a state unemployment tax rate of 0.7%.
- All private industry employers in Midwest census region averaged a federal unemployment tax rate of 0.1% and a state unemployment tax rate of 0.8%.

The current framework methodology includes 2.41% for Unemployment, based off Minnesota Department of Employment and Economic Development's 2010 rate for new employers in a non-high experience rating industry. In 2014, Minnesota's rate for new employers is 2.33%⁶, a decrease of 0.08% from the rate in the framework. However, this rate for new employers may not reflect the actual rates paid by current employers in the disability waiver service industry. As indicated in the U.S. Bureau of Labor Statistics report cited above, average rates could be as low as 0.8% or 0.9%. Future DHS research may want to explore further the actual unemployment rates paid by providers in this industry in the state of Minnesota.

Workers' Compensation

Like unemployment rates, workers' compensation rates vary by employer depending on the level of estimated risk. Currently, DWRS includes a workers compensation rate of 1.5%. This rate was

³ Social Security Administration. [Social Security & Medicare Tax Rates](#).

⁴ Internal Revenue Service. [Form 940 – Employer's Annual Federal Unemployment \(FUTA\) Tax Return](#).

⁵ U.S. Department of Labor Bureau of Labor Statistics. [Employer Costs for Employee Compensation – June 2014. Published September 10, 2014 \(PDF\)](#).

⁶ [Unemployment Insurance Minnesota. Unemployment Insurance Tax Rates](#)

based on the national average rate for all employers in 2010. The most recent publication published by the U.S. Social Security Administration found that the average cost to employers nationally was 1.27%, a decrease of 0.23% from the amount used in the framework.⁷ The Minnesota Department of Labor and Industry notes this downward regional trend in a report published in 2014, where it was noted that pure premium rates in 2013 were down thirty percent from 1997. This long-term downward trend found that the cost to employers among all industries in the state of Minnesota was 1.3% of paid wages in 2013.⁸

Workers Compensation in Minnesota

Workers Compensation coverage protects workers and employers from incurring significant cost in the event of a workplace injury. Workers' compensation laws in the United States differ among states in their requirements and rate setting. The Oregon Department of Consumer and Business Services published a 2011 report that found there is wide variation among states in the statewide average workers compensation premium rate. Compared to other states, Minnesota ranked 16 out of 50 in the highest average workers compensation rate.⁹

Under Minnesota Statutes, section 176.181, subdivision 2, all employers are required to purchase workers' compensation if they have at least one employee, with few exceptions listed in state law. Most applicable for disability waiver service providers is the exception that a sole proprietor is excluded from being required to purchase workers' compensation for themselves, their spouse, parent or child, regardless of age. This exemption may affect small providers, such as those in Family Foster Care.

In the state of Minnesota, employers purchase workers' compensation coverage most commonly through the voluntary market. If they are unable to gain insurance through the voluntary market due to historical workers compensation claim history, they may purchase it through the Assigned Risk Plan program administered by the Minnesota Department of Commerce. These rates are set according to the employers' industry class code and in 2014 these rates were at least 2.75 percent higher than the average rate in each industry.

The assigned risk rate for industries related to disability waiver services are as follows:

- Code 8842 – Group Homes, All Employees: Includes Group homes, group foster homes, halfway houses that provide rehabilitation services, shelters, and independent supportive living homes for people with disabilities: 4.18%
- Code 8835 – Home, Public, and Traveling Healthcare, All Employees – Includes businesses providing homemaker and companion services, physically assisting, assisting persons with disabilities in the activities of daily living: 5.06%
- Code 8864 – Social Services Organization, All Employees: Applicable to businesses that provide social services to people with disabilities. Services include on-site counseling,

⁷ [U.S. Social Security Administration. *Annual Statistical Supplement, 2013*. Published February 2014.](#)

⁸ [Minnesota Department of Labor & Industry. *Minnesota Worker's Compensation System Report*. Published June 2014 \(PDF\)](#)

⁹ [Oregon Department of Consumer & Business Services. *Oregon Workers' Compensation Premium Rate Ranking*. Published February 2011 \(PDF\)](#)

client assessments, providing sleeping accommodations and meals, counseling, advising, directing, guiding, and instructing clients: 4.73%¹⁰

The insurer must file all workers' compensation rates purchased through the voluntary market with the Minnesota Department of Commerce. The Minnesota Workers' Compensation Insurers Association uses these filings to publish the Minnesota Ratemaking Report, an annual report containing average workers compensation premium base rates. The Minnesota Department of Commerce approves this report and is statutorily required to publish and disperse it annually for all members. In the initial research of workers compensation premiums, there was no publicly accessible data to research industry-specific rates. However, future research may involve seeking access to this data through the Minnesota Department of Commerce or the Minnesota Workers' Compensation Insurers Association.

Summary of Findings and Areas of Future Research

The initial examination of currently available reports and research regarding workers compensation resulted in the following findings:

- Workers' compensation rates are indicating a long-term downward trend nationally and statewide since the rate was established in DWRS.
- Some employers providing waiver services may not be required under state law to purchase workers compensation insurance.
- Due to differences in state requirements and insurance delivery systems, workers compensation premiums in Minnesota may differ significantly from premiums in other states.
- Due to differences in estimated risk, workers compensation premiums in the disability waiver service providing industry may differ from premiums in other industries

Future DHS analysis on workers compensation could seek to answer the following research questions:

- What is the average rate for employers in the disability waiver service providing industry?
- How does the average rate in this industry differ from the statewide average?
- How does the average rate in this industry differ from the rate currently included in the DWRS frameworks?
- Are there particular waiver service categories in which workers' compensation rates are higher or where there are higher incidences of employers purchasing workers compensation through the Assigned Risk plan? Would these increased costs be adequately addressed through the DWRS exceptions process?
- Are there particular waiver service categories in which a significant number of providers do not purchase workers' compensation insurance?

¹⁰ [Minnesota Workers' Compensation Assigned Risk Plan - Assigned Risk Plan Rates Effective April 1, 2014 \(PDF\)](#)

K. Component Value to Reflect Costs for Individuals with Rates Previously Adjusted for the Inclusion of Group Residential Housing Rate 3 Costs, Only for any Individual Enrolled as of December 31, 2013

Prior to December 1, 2004, a Group Residential Housing supplemental rate was available to people with disabilities living in foster care licensed settings. This rate, commonly referred to as GRH Rate 3, was a supplement to the base Group Residential Housing payment available to people with limited income and assets living in licensed foster care settings. The “rate 3” was available only to people with disabilities. The amount was negotiated between the lead agency and the licensed setting within the cap amount available and required DHS approval. The majority of GRH rate 3 payments went to providers that concurrently provided home and community based waiver services (usually through the Developmental Disability or Community Alternatives Care waivers). GRH Rate 3 payments ended December 1, 2004. At DHS direction, lead agencies negotiated increases (also effective December 1, 2004) to home and community waiver rates to offset the loss of GRH Rate 3.

Between December 1, 2004 and the implementation of the statewide disability waiver rates system on January 1, 2014, lead agencies negotiated residential service rates with providers without statewide oversight. There was no consistent approach for accounting for provider costs previously captured under the GRH Rate 3. Some lead agencies simply carried their historic negotiated GRH rate 3 agreements forward as part of the provider’s contract rate.

Why is GRH Rate 3 a DWRS study item?

Some provider agencies are concerned that DWRS implementation will inappropriately shift funds between agencies, reducing rates for providers whose lead agency negotiated rates were based in part on historic GRH rate 3 agreements and increasing rates for other providers.

The department is committed to assuring that implementation of DWRS is budget neutral, and that no funding will be lost as part of implementation.

Can a component be added to the DWRS framework to capture historic GRH rate 3 agreements?

Capturing historic GRH rate 3 agreements within the DWRS will be difficult for several reasons.

- First, there is no reliable data source for the historic GRH rate 3 agreements that ended more than ten years ago.
- Second, the intention behind a statewide rate system, and specific direction from CMS, is to replace county negotiated rates with a consistent statewide system of establishing rates.

Carrying forward the historic GRH rate 3 amounts that were negotiated between counties and providers contradicts the intention of the DWRS and direction from CMS.

What other alternatives could address provider concerns?

To the extent that historic GRH rate 3 agreement amounts varied due to regional cost differences, development of the regional rate variation factor required in 256B.4914 may address this issue.

L. Any Changes in State or Federal Law with an Impact on the Underlying Cost of Providing Home and Community-Based Services.

DHS will assess and research the impact of any new state or federal law that may have a statistically significant impact on the cost of providing disability waiver services. DHS will conduct the following research process:

1. **Identification and Initial Assessment:** State and federal law changes that may have an impact in the cost of providing services will be identified for further assessment. The law change will then be assessed to determine if it meets at least one of the following primary criteria:
 - Is there rationale and evidence that the particular law change has a *direct* and *significant* impact on specific component values within the DWRS frameworks?
 - Is there rationale and evidence that the particular law change introduces a new cost driver to providing waiver services that is not currently reflected in current component values within the DWRS frameworks?

New state and federal laws that do not meet these criteria will not be the subject of further study under this research plan.

2. **Development of Research Plan:** For new laws that are determined to meet at least one of the criteria in step one, DHS will develop a comprehensive research plan. The research plan will specify the specific research questions, data resources, and research methodology of the study.
3. **Conduct Research.** Depending on the research methodology, DHS will obtain data or develop a data model. DHS will conduct research on the requirements of the new law and their impact on the cost of providing waiver services.
4. **Review Findings.** DHS will review research findings and recommendations with stakeholders.

An Example: The Affordable Care Act

The Patient Protection and Affordable Care Act requires some employers to provide full-time employees with comprehensive health insurance. An initial assessment of this law finds that it may have a direct and possibly significant impact on the component values within the DWRS frameworks that cover the cost of employee benefits. Details about the law include:

- Employers with more than 99 full-time employees must provide health coverage to 70% of their full-time employees in 2015 and 95% of their full-time employees in 2016.
- Employers with 50 to 99 full-time employees must provide health coverage to 95% of their full-time employees by 2016.

- The law will not be enforced for businesses with fewer than 50 employees. Small businesses who do offer health insurance to their employees may also be eligible for the Small Business Health Care Tax Credit.
- In order to qualify under the law, the health insurance offered to employees must be “affordable”, meaning the lowest self-only plan’s premium must not be greater than 9.5 percent of the employee’s gross household income. The health insurance plan must also “meet minimum value”, meaning that it is designed to cover at least sixty percent of the total cost of medical services for a standard population.¹¹
- Large employers who do not provide health insurance are subject to a fine, called the Employer Responsibility Payment of \$2,000 per employee per year.

The DWRS frameworks currently contain a component value of 12.04% for employee benefits that include health insurance, dental insurance, vision, life insurance, short-term disability insurance, long-term disability insurance, retirement, tuition reimbursements and wellness programs. This component is included in all frameworks regardless of business size, except for Customized Living.

As noted above, the Affordable Care Act (ACA) has not yet begun enforcement of the employer mandate and the rules vary by size of business. Impact on the cost of providing services will depend on many factors such as the size of businesses and the cost of providing health coverage before and after ACA. DHS will develop a methodology to research the effects of this law on the cost of providing waiver services, and will compare these findings to the value that is currently included in the frameworks for this cost driver.

M. Exceptions Analysis

The Disability Waiver Rate System (DWRS) was developed after a complex review was conducted of costs associated with providing disability waiver services. While the DWRS frameworks are designed to cover the cost of serving most recipients, it is anticipated that some recipients with exceptionally high costs will require a DHS-approved rate exception. An explanation of the exceptions process is detailed in the following statute.

Minnesota Statutes 2014, section 245B.4914, subdivision 14:

Exceptions. (a) In a format prescribed by the commissioner, lead agencies must identify individuals with exceptional needs that cannot be met under the disability waiver rate system. The commissioner shall use that information to evaluate and, if necessary, approve an alternative payment rate for those individuals.

(b) Lead agencies must submit exception requests to the state.

(c) An application for a rate exception may be submitted for the following criteria:

(1) an individual has service needs that cannot be met through additional units of service; or

(2) an individual’s rate determined under subdivisions 6, 7, 8 and 9 results in an individual being discharged.

¹¹[U.S. Centers for Medicare & Medicaid Services. *Health Insurance for Businesses with 50 or More Employees.*](#)

Summary of 2014 Exceptions

As of December 2014, DHS has received 185 exception requests from 45 different lead agencies. Of all requests received, 76 have been approved, 25 are currently pending, and 84 were withdrawn because they either did not meet the basic qualifications for an exception as listed in the above statute or they were able to meet the individual's needs through additional units of service in DWRS. DHS has not denied an exception request it has received. Out of the approved exceptions in 2014, 71% were residential services, 8% were day services, 14% were unit based without programming and 7% were unit based with programming services. DHS has shared these summary statistics with stakeholders on a quarterly basis.

Exceptions Research

The exceptions process is an important aspect of the DWRS implementation because it ensures that individuals with exceptionally high costs continue to receive services according to their individual needs. DHS is currently developing a robust analysis methodology to explore the following important aspects regarding exceptions:

- *Identification of Cost Factor Trends*
What are the particular cost factors for exception recipients that exceed the fixed components within the DWRS frameworks and necessitate a rate exception?
- *Identification of Trends in Frameworks or Services*
Are there particular services or frameworks that have higher proportions of exceptions?
- *Research on a Recipient Level*
For approved exception recipients, are there particular trends in age, waiver type, assessment score, etc.? Are there particular recipient populations that may need to utilize the exceptions process in the future? How will exceptions likely be used when banding protections are no longer applicable? For recipient populations that are currently banded and determined to possibly need exceptions in 2019, what is the variance between their historic rate and the framework rate? How do particular RMS inputs differ from the average inputs entered for all recipients?
- *Analysis of Exception Costs*
What are the current fiscal costs of approved exceptions? How does the cost of approved exceptions change over time? How will the cost of approved exceptions affect the projected spending of DWRS services upon full implementation in 2019?
- *Exceptions Requests Before 2019*

What is an appropriate timeline to begin the exceptions request process for individuals who are currently banded and who will possibly need exceptions in 2019?

This is a multi-faceted and important research project that will inform the continued development of the exceptions process for full implementation of DWRS in 2019. Findings of this research will also inform specific areas in which DWRS frameworks may need to be improved. DHS will be working with stakeholders to identify additional research items, review research methodology, and share research findings.

VII. Report recommendations

The DWRS was a significant change for the state and legislation was careful to allow for a 5-year transition plan to full implementation of the new system. This process was intended to allow time to adjust the system and ensure that the quality of services was maintained.

This report is the first opportunity to see an accurate projection of the potential impacts of the new rate setting methodology; however, DHS will not have a full year of data until the end of 2015.

DHS recommends that the 5-year implementation schedule be followed to allow for careful analysis in years 2015 and 2016, which will result in appropriate, data driven adjustments to framework component values and the service planning necessary to provide the best services for individuals who use waiver services.

During the next four years, through full implementation in January 2019, protections exist for individuals, providers, lead agencies and the state. These protections include the rate stabilization adjustment period, known as banding, as well as the rates exceptions request process for individuals with needs that may not be met by the rates frameworks.

These protections allow the opportunity to make data driven changes to mitigate future, potentially negative impacts.

DHS is committed to continued communication with provider representatives, lead agency representatives and other stakeholders to ensure the disability waiver rates system is applied uniformly and in a way, which allows for appropriate adaptation to systems issues, which may be identified throughout the implementation period.

During the remaining four years of banding protection, DHS will focus research on careful analysis to ensure that the DWRS system accurately reflects the cost of providing services in each service category, that recipients continue to have access to the quality services they need, and that the DWRS system is implemented fairly and consistently throughout the state.

VIII. Appendices

Appendix A: List of Services by Bucket and Waiver Type

Day bucket

BUCKET and SERVICE	CAC Waiver	BI Waiver	CADI Waiver	DD Waiver
Adult Day Bath		X	X	X
Adult Day, Corporate, 15 Minute		X	X	X
Adult Day, Corporate, Daily	X	X	X	X
Adult Day, Family, 15 Minute		X	X	X
Adult Day, Family, Daily	X	X	X	X
DTH, 15 Minute				X
DTH, Daily				X
DTH, Transportation, for Daily DTH				X
DTH, Partial Day				X
Prevocational Services, Daily		X	X	
Prevocational Services, Hourly		X	X	
Structured Day, 15 Minute		X		
Structured Day, Daily		X		

Residential bucket

BUCKET and SERVICE	CAC Waiver	BI Waiver	CADI Waiver	DD Waiver
Customized Living, Daily		X	X	
Customized Living, 24Hour, Daily		X	X	
Foster Care, Corporate, Adult, Daily	X	X	X	
Foster Care, Corporate, Child, Daily	X	X	X	
Foster Care, Family, Adult, Daily	X	X	X	
Foster Care, Family, Child, Daily	X	X	X	
Residential Care Services, Daily		X	X	
SLS, Adult, Corporate, Daily				X
SLS, Adult, Family, Daily				X
SLS, Child, Corporate, Daily				X
SLS, Child, Family, Daily				X

Unit-based with programming bucket

BUCKET and SERVICE	CAC Waiver	BI Waiver	CADI Waiver	DD Waiver
Behavior Programming by Analyst, 15 Minute		X	X	
Behavior Programming by Prof, 15 Minute		X	X	
Behavior Programming by Specialist, 15 Minute		X	X	
Housing Access Coordination, 15 Minute		X	X	X
ILS Training, 1:1 Ratio, 15 Minute		X	X	
ILS Training, 1:2 Ratio, 15 Minute		X	X	
In Home Family Support, 15 Minute				X
SLS, Adult, Corporate, 15 Minute				X
SLS, Adult, Family, 15 Minute				X
SLS, Child, Corporate, 15 Minute				X
SLS, Child, Family, 15 Minute				X
Supported Employment, 1:1 Ratio, 15 Minute		X	X	X
Supported Employment, 1:2 Ratio, 15 Minute		X	X	X
Supported Employment, 1:3 Ratio, 15 Minute		X	X	X

Unit based without programming bucket

BUCKET and SERVICE	CAC Waiver	BI Waiver	CADI Waiver	DD Waiver
Night Supervision, 15 Minute		X		
Personal Support/Companion Care, 15 Minute		X	X	X
Respite Care Services, In Home, 15 Minute	X	X	X	X
Respite Care Services, In Home, Daily	X	X	X	X
Respite Care Services, Out of Home, 15 Minute	X	X	X	X
Respite Care Services, Out of Home, Daily	X	X	X	X
Respite, Out of Home, Room & Board, Daily	X	X	X	X

Appendix B: Statewide Analysis by Bucket and Service

Day bucket services

	Recip. Count	Provider Count	Units Authorized	Average Historic Rate Per Unit	Average 2014 Rate Per Unit	Average Framework Rate Per Unit	Percent Change in 2014	Projected Percent Change in 2019
Adult Day Care Category	838	94	1,319,539	\$6.42	\$6.41	\$6.01	-0.212%	-6.519%
Corporate, Daily	402	52	55,781	\$ 77.65	\$ 77.61	\$81.26	-0.051%	4.648%
Corporate, 15 Min	451	72	1,258,098	\$3.26	\$3.25	\$2.67	-0.382%	-18.178%
Family, 15 Min	1	1	1,018	\$3.16	\$3.18	\$3.22	0.633%	1.899%
Adult Day Bath	21	12	4,642	\$9.01	\$8.98	\$7.18	-0.274%	-20.330%
Day Training & Habilitation Category	8,065	206	1,389,393	\$ 82.35	\$ 82.12	\$71.22	-0.286%	-13.520%
DTH, Daily	6,090	194	1,221,747	\$ 86.12	\$ 85.87	\$73.47	-0.289%	-14.682%
DTH, Partial Day	5,257	197	167,646	\$ 54.92	\$ 54.79	\$54.79	-0.243%	-0.243%
Prevocational Services Category	1,502	126	527,080	\$ 30.60	\$ 30.50	\$25.24	-0.326%	-17.511%
Daily	1,123	113	188,684	\$ 64.87	\$ 64.66	\$53.75	-0.333%	-17.144%
Hourly	687	82	338,396	\$ 11.48	\$ 11.45	\$9.34	-0.307%	-18.665%
Total DAY Bucket	10,335	301	3,236,012	\$ 42.96	\$ 42.84	\$37.14	-0.286%	-13.556%

Residential bucket services

	Recip. Count	Provider Count	Units Authorized	Average Historic Rate Per Unit	Average 2014 Rate Per Unit	Average Framework Rate Per Unit	Percent Change in 2014	Projected Percent Change in 2019
Customized Living (CL) Category	662	230	211,023	\$106.49	\$106.42	\$119.40	-0.067%	12.120%
CL, Daily	192	99	58,618	\$ 93.90	\$ 93.90	\$109.31	0.003%	16.414%
24Hr CL, Daily	470	177	152,405	\$111.34	\$111.24	\$123.28	-0.090%	10.728%
Foster Care Category	2,299	576	753,936	\$237.18	\$236.96	\$239.29	-0.091%	0.890%
Family, Adult, Daily	279	208	91,155	\$121.12	\$121.26	\$176.81	0.112%	45.977%
Corporate, Adult, Daily	2,007	378	659,655	\$253.30	\$253.04	\$247.93	-0.104%	-2.121%
Family, Child, Daily	13	11	3,126	\$218.72	\$218.29	\$237.83	-0.195%	8.738%
Residential Care Services (RCS) Category	86	14	27,699	\$108.88	\$108.82	\$118.77	-0.057%	9.082%
RCS, Daily	86	14	27,699	\$108.88	\$108.82	\$118.77	-0.057%	9.082%
Supportive Living	5,757	524	1,912,585	\$214.67	\$214.56	\$215.11	-	0.204%

Services Category	Recip. Count	Provider Count	Units Authorized	Average Historic Rate Per Unit	Average 2014 Rate Per Unit	Average Framework Rate Per Unit	Percent Change in 2014	Projected Percent Change in 2019
Family SLS, Adult, Daily	153	89	51,676	\$163.77	\$163.54	\$152.24	-0.141%	-7.038%
Family SLS, Child, Daily	4	3	1,103	\$330.44	\$330.65	\$354.03	0.063%	7.139%
Corp. SLS, Adult, Daily	5,600	462	1,859,806	\$216.02	\$215.91	\$216.77	-0.049%	0.350%
Total RESIDENTIAL Bucket	8,804	1,122	2,905,243	\$211.65	\$211.51	\$213.51	0.063%	0.883%

Unit based without programming bucket services

Personal Support Category	Recip. Count	Provider Count	Units Authorized	Average Historic Rate Per Unit	Average 2014 Rate Per Unit	Average Framework Rate Per Unit	Percent Change in 2014	Projected Percent Change in 2019
Personal Support/ Companion Care, 15Min	265	56	635,448	\$4.88	\$4.89	\$5.56	0.190%	13.910%
Respite Care Services Category	1,409	156	2,778,536	\$5.30	\$5.30	\$5.68	0.081%	7.337%
In Home, 15Min	981	98	2,354,134	\$4.47	\$4.47	\$4.94	0.130%	10.633%
Out of Home, 15Min	248	52	413,767	\$4.45	\$4.45	\$4.97	0.089%	11.639%
In Home, Daily	71	34	1,975	\$196.91	\$196.75	\$196.17	-0.081%	-0.374%
Out of Home, Daily	239	75	8,660	\$226.79	\$226.44	\$197.72	-0.158%	-12.821%
Total UNIT BASED WITHOUT PROGRAM Bucket	1,604	185	3,413,984	\$5.22	\$5.22	\$5.66	0.100%	8.482%

Unit based with programming bucket services

	Recip. Count	Provider Count	Units Authorized	Ave. Historic Rate Per Unit	Ave. 2014 Rate Per Unit	Ave. Framework Rate Per Unit	Percent Change in 2014	Projected Percent Change in 2019
Behavior Programming Category	219	16	347,039	\$9.14	\$9.13	\$9.70	-0.105%	6.092%
By Analyst, 15Min	159	11	74,994	\$ 13.32	\$ 13.25	\$10.67	-0.496%	-19.906%
By Specialist, 15Min	39	4	233,121	\$5.76	\$5.78	\$8.41	0.431%	46.115%
By Professional, 15Min	188	12	38,924	\$1.38	\$ 21.27	\$15.56	-0.501%	-27.236%
Independent Living Skills (ILS) Category	3,640	180	3,646,200	\$ 11.60	\$ 11.57	\$8.38	-0.318%	-27.778%
ILS Training, 1:1 Ratio, 15Min	3,640	180	3,646,200	\$ 11.60	\$ 11.57	\$8.38	-0.318%	-27.778%
In Home Family Support Category	1,557	162	3,653,731	\$7.89	\$7.89	\$7.98	-0.020%	1.108%
In-Home, 15Min	1,557	162	3,653,731	\$7.89	\$7.89	\$7.98	-0.020%	1.108%
Supported Employment Category	1,070	111	1,502,963	\$7.08	\$7.07	\$6.95	-0.161%	-1.841%
1:1 Ratio, 15Min	1,049	111	1,408,863	\$7.31	\$7.29	\$7.24	-0.150%	-0.908%
1:2 Ratio, 15Min	6	3	12,838	\$4.32	\$4.30	\$3.64	-0.467%	-15.820%
1:3 Ratio, 15Min	22	5	81,262	\$3.60	\$3.58	\$2.45	-0.493%	-31.995%
Supportive Living Services Category	312	88	855,458	\$8.21	\$8.18	\$7.23	-0.375%	-11.972%
Family, Adult, 15Min	193	57	548,667	\$8.39	\$8.36	\$7.24	-0.398%	-13.713%
Corporate, Adult, 15Min	119	45	306,791	\$7.89	\$7.86	\$ 7.21	-0.329%	-8.660%
Total UNIT BASED WITH PROGRAM Bucket	6,418	342	10,005,391	\$ 9.19	\$9.18	\$7.97	-0.204%	-13.348%

Appendix C: Lead Agency Impact Analysis by Service Bucket

Where N = Number of Distinct Recipients in the Study

LEAD AGENCY	DAY BUCKET		RESIDENTIAL		UNIT W/O PROGRAM		UNIT WITH PROGRAM		TOTAL - ACROSS ALL BUCKETS			
	N	% CH 2019	N	% CH 2019	N	% CH 2019	N	% CH 2019	# Recip.	# Providers	% CH 2014	% CH 2019
Aitkin	51	-10%	40	-3%	7	-1%	28	-14%	75	39	-0.2%	-5%
Anoka	519	-24%	365	-7%	160	3%	354	-25%	985	218	-0.2%	-12%
Becker	51	-10%	51	28%	7	10%	22	-7%	102	42	0.0%	21%
Beltrami	79	-12%	114	6%	4	81%	21	4%	153	68	0.1%	4%
Benton	88	-16%	77	-7%	2	4%	71	-12%	169	52	-0.2%	-8%
Big Stone	30	-6%	28	3%	13	2%	14	18%	45	24	-0.1%	2%
Blue Earth	140	-15%	141	-3%	7	45%	54	-16%	234	61	-0.1%	-6%
Brown	78	-9%	84	-4%	44	19%	40	-3%	146	39	0.0%	-4%
Carlton	53	-4%	113	6%	28	27%	63	25%	189	61	0.2%	7%
Carver	148	-13%	25	-4%	30	-2%	96	-13%	219	76	-0.2%	-10%
Cass	76	-3%	51	-6%	2	39%	18	-10%	100	39	-0.2%	-5%
Chippewa	49	-8%	46	41%	2	38%	22	11%	74	29	0.1%	30%
Chisago	101	-7%	71	13%	22	52%	40	-19%	170	66	-0.1%	8%
Clay	117	-4%	200	2%	39	8%	137	7%	332	79	0.1%	2%
Clearwater	1	168%	10	32%	1	-5%	8	108%	15	15	0.3%	42%
Cook	6	-6%	4	7%	BLANK	BLANK	BLANK	BLANK	9	8	-0.2%	5%
Cottonwood	53	-2%	34	7%	6	-13%	26	17%	78	34	0.1%	7%
Crow Wing	82	-11%	77	6%	16	-2%	25	-7%	140	49	0.0%	2%
Dakota	759	-17%	530	-1%	105	18%	729	-19%	1438	256	-0.1%	-7%
Dodge	25	-22%	32	-4%	1	49%	15	3%	52	23	-0.1%	-6%
Douglas	104	-10%	74	16%	9	-18%	22	6%	137	41	0.1%	10%
Faribault	57	-13%	54	10%	24	67%	12	0%	91	31	0.0%	6%
Fillmore	48	-1%	25	10%	BLANK	BLANK	7	10%	63	21	0.1%	8%
Freeborn	71	-19%	71	7%	2	-6%	13	11%	103	41	-0.1%	2%
Goodhue	144	-23%	111	-1%	20	3%	29	2%	203	82	-0.2%	-5%
Grant	11	-4%	16	56%	1	34%	2	32%	22	16	0.2%	46%
Hennepin	1979	-19%	1621	-5%	255	17%	1577	-35%	4157	533	-0.2%	-10%
Houston	13	-20%	50	2%	2	-9%	44	-23%	91	19	0.0%	-3%
Hubbard	44	-9%	40	18%	BLANK	BLANK	31	-2%	75	34	0.0%	13%
Isanti	48	2%	28	8%	1	-5%	12	-27%	79	47	0.2%	3%
Itasca	110	-3%	90	20%	13	66%	21	9%	169	78	0.0%	17%
Jackson	29	-1%	25	0%	BLANK	BLANK	10	12%	46	26	-0.1%	0%
Kanabec	47	-5%	12	7%	5	30%	13	-15%	58	26	0.1%	2%
Kandiyohi	160	-16%	125	20%	41	-7%	64	-6%	242	46	0.1%	11%
Kittson	13	-23%	4	10%	BLANK	BLANK	1	-19%	15	15	-0.1%	1%
Koochiching	44	0%	35	-9%	2	-8%	15	17%	66	36	-0.2%	-7%
Lac Qui Parle	38	-22%	38	26%	6	-22%	16	8%	56	36	0.0%	14%
Lake	26	-10%	17	9%	5	-4%	18	22%	48	26	0.0%	8%
Lake of the Woods	5	23%	5	-25%	1	-45%	14	-16%	21	12	-0.3%	-21%
Le Sueur	91	-6%	88	9%	1	44%	36	6%	141	62	0.0%	7%
Lincoln	20	-10%	22	6%	5	-21%	11	-11%	37	22	0.0%	1%
Lyon	96	9%	82	1%	22	-11%	47	-2%	150	39	-0.1%	1%
Mahnomen	9	-7%	BLANK	BLANK	BLANK	BLANK	BLANK	BLANK	9	7	1.0%	-7%

LEAD AGENCY	DAY BUCKET		RESIDENTIAL		UNIT W/O PROGRAM		UNIT WITH PROGRAM		TOTAL - ACROSS ALL BUCKETS			
	N	% CH 2019	N	% CH 2019	N	% CH 2019	N	% CH 2019	# Recip.	# Providers	% CH 2014	% CH 2019
Marshall	45	-16%	35	24%	1	28%	16	-19%	57	26	0.0%	13%
Martin	60	0%	59	1%	15	26%	24	0%	96	20	0.0%	1%
Mc Leod	73	-10%	71	5%	2	-17%	18	16%	111	72	0.0%	3%
Meeker	56	5%	56	13%	1	-5%	20	20%	92	33	0.1%	12%
Mille Lacs	81	-4%	54	9%	2	17%	29	-5%	113	52	-0.1%	5%
Morrison	76	-2%	61	9%	6	11%	36	-6%	121	45	0.0%	5%
Mower	61	-5%	18	6%	1	288%	15	-6%	82	36	-0.1%	3%
Murray	22	-9%	22	9%	1	-24%	8	-4%	33	26	-0.1%	6%
Nicollet	69	-16%	27	12%	2	1%	8	-12%	89	37	-0.1%	7%
Nobles	51	-5%	53	12%	3	-25%	24	4%	91	49	0.0%	9%
Norman	12	-20%	15	-1%	1	35%	1	55%	24	17	-0.1%	-3%
Olmsted	275	-12%	281	-3%	65	17%	146	8%	488	79	-0.1%	-3%
Otter Tail	116	1%	138	7%	19	3%	44	6%	225	72	0.0%	6%
Pennington	24	-9%	9	128%			3	91%	33	12	0.3%	100%
Pine	66	-14%	51	4%			20	3%	91	39	0.1%	1%
Pipestone	31	2%	18	-12%	9	-3%	3	0%	41	19	-0.2%	-8%
Polk	109	-11%	90	13%	2	-2%	29	3%	160	53	0.1%	8%
Pope	29	-3%	31	-1%	1	-44%	10	2%	47	18	-0.1%	-1%
Ramsey	984	-14%	708	-5%	165	7%	975	-21%	2187	348	-0.3%	-9%
Red Lake	9	9%	6	34%					13	12	0.0%	28%
Redwood	57	0%	63	7%			7	42%	76	37	0.1%	7%
Renville	61	-7%	59	2%	1	-5%	20	4%	88	49	0.0%	0%
Rice	136	-10%	134	1%	16	13%	49	10%	224	69	0.1%	0%
Rock	38	1%	30	0%	9	-16%	24	6%	57	22	-0.2%	1%
Roseau	32	-18%	18	131%			2	-43%	38	23	0.2%	91%
Scott	138	-20%	99	-12%	24	11%	70	-13%	217	107	-0.2%	-13%
Sherburne	77	-11%	71	18%	12	20%	53	-20%	155	70	-0.1%	9%
Sibley	46	-11%	31	-4%	10	6%	14	-12%	58	49	-0.2%	-6%
St. Louis	366	-9%	596	5%	71	5%	206	5%	877	205	0.2%	3%
Stearns	274	-15%	269	1%	20	12%	110	-10%	422	115	-0.1%	-2%
Steele	42	-23%	83	1%	1	115%	47	4%	135	42	0.0%	-1%
Stevens	32	10%	2	1%	1	-4%	11	5%	42	16	-0.1%	7%
Swift	45	-21%	48	1%	4	-29%	14	-24%	64	27	-0.1%	-4%
Todd	54	13%	57	-9%	3	-1%	19	6%	87	42	0.0%	-6%
Traverse	8	3%	4	-37%	5	-11%	7	-1%	14	7	-0.3%	-17%
Wabasha	85	-20%	55	2%	12	-6%	26	-10%	112	36	0.0%	-4%
Wadena	60	-14%	37	2%	2	-5%	12	4%	75	25	-0.5%	-1%
Waseca	40	-11%	39	7%	3	-1%	35	19%	77	29	0.0%	7%
Washington	367	-10%	218	-7%	103	20%	146	-21%	560	128	-0.2%	-8%
Watonwan	37	-12%	33	-14%	5	22%	11	-1%	59	38	-0.1%	-12%
White Earth Tribe	1	-23%	1	83%			4	-10%	5	3	-0.1%	21%
Wilkin	19	0%	10	-3%			3	13%	29	10	-0.2%	-2%
Winona	154	-3%	124	-1%	43	-9%	145	-7%	305	70	-0.1%	-3%
Wright	174	-13%	160	6%	51	-6%	168	-4%	364	98	-0.1%	1%
Yellow Medicine	38	3%	35	9%	5	-28%	23	-15%	68	38	-0.1%	3%
Grand Total	10335	-14%	8804	1%	1604	8%	6418	-13%	19159	1565	-0.1%	-3%

Appendix D: Estimated Impact by Provider, By Service Bucket

	Day	Residential	Unit Based without Programming	Unit Based with Programming	All Providers - All Buckets
Number of Providers in Study	346	1206	186	352	1700

2014 Impact

	Day	Residential	Unit Based without Programming	Unit Based with Programming	All Providers - All Buckets
Average Percent Change Experienced by Providers in 2014	-0.29%	0.03%	0.04%	-0.13%	-0.05%
Median Percent Change Experienced by Providers in 2014	-0.32%	0.02%	0.14%	-0.42%	-0.09%
Percentage of Providers Exhibiting an Increase in 2014	19%	51%	54%	37%	43%
Percentage of Providers Exhibiting a Decrease in 2014	79%	49%	45%	63%	57%

Estimated 2019 Impact

	Day	Residential	Unit Based without Programming	Unit Based with Programming	All Providers - All Buckets
Average Percent Change Projected for Providers in 2019	-7.69%	26.32%	18.83%	-4.29%	17.45%
Median Percent Change Projected for Providers in 2019	-12.31%	2.68%	6.23%	-8.05%	-1.15%
Percentage of Providers Projecting an Increase in 2019	25%	54%	57%	37%	47%
Percentage of Providers Projecting a Decrease in 2019	74%	46%	42%	63%	53%

Changes Experienced by Providers in Each Service Bucket

This table illustrates the average and median changes experienced by providers within each service bucket. For example, the average change experienced by providers in the Day bucket in 2014 was a decrease of .29 percent. This table also illustrates what percent of providers are experiencing an increase or decrease. For example, nineteen percent of providers in the Day bucket experienced an increase in 2014.

Changes Experienced by Providers across All Buckets

The last column in this table illustrates the changes experienced by providers as a whole. For example, when taking into consideration all services a provider has been authorized to provide for all recipients and services in both periods, the average provider is experiencing a decrease of .05 percent in 2014.

Appendix E: Estimated Impact by Recipient, By Service Bucket

	Day	Residential	Unit Based without Programming	Unit Based with Programming	TOTAL – All Buckets
Number of Recipients in Study	10,335	8,805	1,605	6,419	19,159

2014 Impact

	Day	Residential	Unit Based without Programming	Unit Based with Programming	TOTAL – All Buckets
Average Percent Change Experienced by Recipients in 2014	-0.14%	-0.01%	0.15%	-0.25%	-0.12%
Median Percent Change Experienced by Recipients in 2014	-0.41%	-0.18%	0.42%	-0.50%	-0.41%
Percentage of Recipients Exhibiting an Increase in 2014	18%	49%	65%	25%	35%
Percentage of Recipients Exhibiting a Decrease in 2014	66%	51%	33%	74%	60%

Estimated 2019 Impact

	Day	Residential	Unit Based without Programming	Unit Based with Programming	TOTAL – All Buckets
Average Percent Change Projected for Recipients in 2019	-10.01%	7.97%	16.92%	-18.34%	-4.79%
Median Percent Change Projected for Recipients in 2019	-11.73%	-0.21%	8.88%	-24.99%	-7.01%
Percentage of Recipients Projecting an Increase in 2019	18%	49%	65%	25%	33%
Percentage of Recipients Projecting a Decrease in 2019	66%	51%	33%	75%	62%

Changes Experienced by Recipients in Each Service Bucket

This table illustrates the average and median changes experienced by recipients within each service bucket. For example, the average change experienced by recipients in the Residential bucket in 2014 was a decrease of .01 percent. This table also illustrates what percent of recipients are experiencing an increase or decrease. For example, 49% of recipients in the Residential bucket experienced an increase in 2014.

Changes Experienced by Recipients across All Buckets

The last column in this table illustrates the changes experienced by recipients as a whole. For example, when taking into consideration all services a recipient has been authorized for in both periods, the average recipient is experiencing a decrease of .12 percent in 2014.