

**Wyoming Children’s Out-of-Home Placement Services Technical Advisory Group (TAG)  
Meeting Minutes  
September 14, 2011**

**I. Attendees**

The following representatives attended the TAG meeting on September 14, 2011.

Name	Agency	Name	Agency
Andrea Pederson	Navigant	Roxanne Homar	Department of Health
Karumah Cosey	Navigant	Sara Walk	Department of Health
Fred Hansen	WDE	Carolyn Conner	NW BOCES
Teri Frazier	WDE	Bob Mayor	St. Joseph’s Children’s Home
Paul Yaksic	DFS	Rhonda Meyer	
Deb Dugan-Doty	DFS	Sharon Weber	Cathedral Homes
Bruce Burkland	Red Top Meadows	Rene Kemper	Youth Development Services
Sheri England	Y.E.S. House	Clark Fairbanks	Y.E.S. House
Eric Hendrickson	UHS/WBI		

**II. Analysis Objectives**

Navigant assisted in developing payment rate options with the following objectives:

- Develop methodologies consistent across payer categories
- Consider unique needs of each program
- Do not pay for costs of “empty beds”
- Control administrative costs
- Create incentives for cost control through use of peer group ceilings or “caps”
- Reward more efficient providers

**III. Analysis Steps**

Navigant took the following steps to develop the cost report analysis.

Step 1: Verified Data and Applied Data Cleaning Adjustments

- Collected the cost reports and verified the data with all providers
- Removed non-allowable costs such as bad debt, certain advertising costs and transportation costs
- Confirmed the number of beds includes actual beds not licensed beds

Step 2: Classify Providers into Peer Groups

- Peer groups are intended to group providers that should be expected to incur similar costs in the delivery of services.

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Medicaid	DFS	WDE
<ul style="list-style-type: none"> <li>Peer Group 1: In-state PRTFs</li> <li>Peer Group 2: Out-of-state PRTFs</li> </ul>	<ul style="list-style-type: none"> <li>Peer Group 1: In-state RTCs</li> <li>Peer Group 2: In-state Group Homes and BOCES facilities</li> </ul>	<ul style="list-style-type: none"> <li>Peer Group 1: In-state PRTFs and RTCs</li> <li>Peer Group 2: BOCES</li> <li>Peer Group 3: Out-of-state PRTFs and RTCs</li> </ul>

**Step 3: Calculate Admin and Occupancy Adjustments**

- Arrayed provider’s administrative costs as a percent of total costs and occupancy percentage to identify median admin percentage and median occupancy percentage.
- Used the median due to being less affected by the highs and lows of the peer group.

**Administrative Costs Percentage**

- The median administrative cost is calculated as a percentage of total costs for providers to establish reasonable cap for administrative costs.
- When a provider’s administrative percentage (i.e., administrative costs as a percentage of total costs) exceeded the median administrative percentage, we capped the provider’s administrative costs to equal administrative costs at a median percentage.

$$\text{Admin Cost Percentage} = \frac{\text{Estimated Allowable Administrative Costs}}{\text{Total Reported Allowable Costs}} \times 100$$

**Median Administrative Costs Percentage for all Peer Groups**

Payer	Peer Group	Median Admin Percentage
Medicaid	In-State PRTFs	20%
DFS	RTCs	11%
	GHs and BOCES	18%
WDE	In-State PRTFs and RTCs	22%
	BOCES	15%

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**Occupancy Percentage**

- The total number of residential days is adjusted to reflect peer group median occupancy levels.
- If a provider’s occupancy rate was lower than the median, we recalculated the residential days to the number of days that equaled the median occupancy rate of that peer group.

$$\text{Occupancy Percentage} = \frac{\text{Total Number of Residents}}{(\text{Total Number of Beds} \times \text{Total Number of Days the Facility was Open and Operational})} \times 100$$

**Median Occupancy Percentage for all Peer Groups**

Payer	Peer Group	Median Occupancy Percentage
Medicaid	In-State PRTFs	71%
DFS	RTCs	77%
	GHs and BOCES	68%

**Step 4: Calculate Peer Group Median Cost Per Diem**

- For each cost component (treatment, education and room and board), we calculated and arrayed provider per diems and identified the median cost per diem for each peer group.

$$\text{Cost per Diem} = \frac{\text{Total Adjusted Costs}}{\text{Total Adjusted Days}}$$

Note: We used total adjusted residential costs and total adjusted residential days to calculate the residential cost per diem. We used total education costs and total education days to calculate the tuition cost per diem. Treatment cost per diems were calculated with total adjusted treatment costs and total adjusted residential days.

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**IV. Data Adjustments**

Step 5: Applied Adjustments for Reimbursed Services

- The following adjustments were subtracted from the provider's calculated per diem to determine provider specific reimbursement rate options.
  - Fee-for-service represents payments made by Medicaid or WDE to provider for services that were outside of the per diem rate, but where costs of services were included in the cost report
  - National School Lunch revenue is already reimbursed and therefore excluded from the per diem calculation
  - Transportation costs, which are payments made by WDE for transportation service, provided to children residing at the facility

Cost per Diem=

$$\text{Median of } \left[ \frac{\text{Total Adjusted* Costs}}{\text{Total Adjusted* Days}} \right] \text{ — Related Service Revenue per day}$$

\*Adjusted according to the rate options methodology. This value is the lower of the provider's actual cost per day and the peer group median cost per day.

**V. Rate Options**

For each peer group we arrayed the following four options for the Departments.

- Option 1: Provider specific rates and adjust for admin cap and the occupancy rates
- Option 2: Provider specific rate with admin adjustment only
- Option 3: Provider specific rate with only low occupancy adjustment
- Option 4: Provider specific rate with no adjustments, most closely related to the peer group median of the provider specific rate

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***Rate Development: Medicaid***

Medicaid reimburses an all-inclusive rate that includes room and board and treatment in a PRTF.

We calculated the four rate options for each provider’s cost per day for room and board and licensed treatment.

- Since there are only two in-state providers we are not displaying the detailed data.
- Rates options are specific to each provider.

Medicaid is currently reviewing the four options.

***Rate Development: DFS***

DFS reimburses services for individuals requiring supervision but not treatment provided at RTCs, group homes and BOCES.

We arrayed the allowable residential (allowable room and board and non-licensed support) costs per day to calculate the four rate options using the peer group median.

- RTCs are considered a single peer group, while group homes and BOCES facilities are considered in a separate single peer group.
- The rates use the lower of the actual residential costs or the peer group median and adjust costs according to the admin caps or occupancy level, depending on the rate option.
- Licensed therapy costs are not reimbursed by DFS.

DFS is considering Rate Option 4, i.e., applying no admin or occupancy adjustments, and is considering per diems at 100%, 80% or 70% of the peer group median for residential costs.

**Peer Group Medians under Rate Option 4**

<b>Group</b>	<b>Median</b>	<b>80% of Median</b>	<b>70% of Median</b>
Peer Group 1 (In-state RTCs)	\$219	\$175	\$153
Peer Group 2 (GHs and BOCES)	\$166	\$133	\$116

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***Rate Development: WDE***

WDE pays for education for individuals residing in PRTFs, RTCs or BOCES.

- PRTFs and RTCs are considered a single peer group, while BOCES facilities are considered separately.
- The rates use the lower of the actual education costs or the peer group median for education costs and include options with and without administrative cost caps.
- There were no adjustments made for occupancy.

The Department of Education recommends continuation of peer group rates for the RTCs, PRTFs, and the BOCES for the 2013-2014 biennium budget request. These rates will be published after the Governor has submitted his recommended budget to the Legislature.

In addition, the Department's COPS budget will be based on reimbursement to the providers of all IDEA approved related services according to our published fee schedule.

**VI. Next Steps**

Navigant will be finalizing cost reports materials and releasing in October. Changes will be made to the cost report based on discussions from previous TAG meetings. There will be a TAG meeting in early October to review the cost report schedule and instruction updates.

With the established timeline, providers will submit cost reports by January.

Navigant will propose some dates for a TAG meeting to be held the week of October 3rd.

**VII. Discussion**

- 1) The two PRTF providers requested their rate analysis data. Navigant will provide them the data they requested.
- 2) One provider mentioned the language in the objectives regarding "reward more efficient providers" should be modified. He raised concerns about the definition of efficient, specifically that a low cost provider is not necessarily efficient and each of the Departments have a different set of standards for providers to follow, making it difficult to identify efficient providers.
- 3) Another issue raised was that training costs were being reported under administrative costs and subject to caps. Providers do not think training costs should be capped. For future cost reporting, Navigant will clarify what should be put in the administrative training cost center.

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- 4) A question was raised regarding the use of peer groups. It is typical in rate methodology development for payers to assign providers to peer groups, i.e., groups of providers that can be expected to incur similar costs. The peer groups give the Departments benchmarks for costs, e.g., the median cost. The Department of Education will consider moving away from peer grouped rates towards individual provider rates in the future.
  
- 5) Providers requested an updated cost report data summary with the recent changes requested in May 2011.

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**The next TAG meeting will be held in early October.  
Date and Agenda: TBD**

*Providers representatives who do not serve on the TAG can reach out to any member of the TAG with questions or concerns to be discussed by the TAG.*

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