Texas Association for Home Care & Hospice
Leading ★ Advancing ★ Advocating

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5c. Community Care Rate Enhancement Program - What You Need to Know to Participate and Stay Compliant

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Community Care Rate Enhancement Program:

What You Need to Know to Participate & Stay Compliant

Presented on 09/15/2021 by:
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TAHCH 52nd Annual Meeting

KNIGHT CPA GROUP

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Agenda

- Rules for Participation
- Compliance: Understanding Spending Requirements
- Additional Reporting Requirements
- Questions & Answers

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Rules for Participation

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What is Rate Enhancement?

- Attendant Compensation Rate Enhancement is a program designed to provide higher wages to attendant staff
- The provider is paid a higher reimbursement depending on what level of Rate Enhancement they are receiving
- A portion of that reimbursement must be spent on direct care staff through wages and benefits
- Each year the provider must prove that they met their spending requirements via either a CPC Cost Report or Accountability Report

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Who is Eligible Rate Enhancement?

- Provider types eligible for Rate Enhancement:
  - AL/RC
  - HCSS
  - CLASS/DSA
  - DAHS
  - DBMD
  - HCS
  - ICF/IID
  - PHC – we will specifically discuss this
  - RC
  - TxHmL

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Rate Enhancement Enrollment

- Open enrollment is July 1 – July 31
- Must apply for participation in Rate Enhancement
- Enrollment is done via contract amendment online requesting to participate in the program
- Once enrolled, during open enrollment a provider can request higher or lower level of participation, or to be removed from participation

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Rate Enhancement Enrollment

- HHSC will announce via their website what level of participation is awarded to each that applies
- The enrollment period follows the State's fiscal year: 9/01 – 8/31
  - Enrollments requested during open enrollment July 2021 are for the year 9/1/2021 – 8/31/2022

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Enrollment Limitations

- If a provider does not meet their spending requirements (discussed later) their Rate Enh. Level will be limited based on what level they did achieve for the prior year – in addition to recoupment

- Limitations are applied after the cost report or accountability report for the period is filed and settled

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Enrollment Limitations

- HHSC/Rate Analysis will review the cost report to determine if you met spending requirements, if not they will assess a recoupment for the amount underspent and will lower your enhancement level to that which you achieved on that cost report/accountability report

- If you contract gets limited, you can apply for RFR – Request for Revision

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Request for Revision (RFR)

- RFR is due during Open Enrollment
- There are specific forms to be completed for the RFR found on the HHSC Website
- You must report your spending for the period of 9/1 – 4/30
  - This should justify the higher level of spending you are trying to achieve
- RFR will not remove the recoupment assessed
- If substantiated by RFR, your contract's enrollment limitation will be established at the level supported by the RFR results

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Enrollment Recap

- Open Enrollment is the month of July
- Each year you can apply for up to 3 levels higher than current level
- Increases are based upon the State budget and allocation of funds from other providers that got lowered or removed from the program

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Compliance:
Understanding Spending Requirements

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Payment Rates

- The reimbursement rate is segregated into 2 or 3 pieces:
  - Attendant Cost Area
  - Service Support
  - Priority Administration for Priority units
  - Added together to arrive at full reimbursement rate

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Current Payment Rates

- Rates effective 09/01/2019 for non-participating providers, Non Priority:
  - Attendant Area Cost $9.27
  - Service Support $2.07
  - Total Base Rate $11.34
- Rates effective 09/01/2019 for non-participating providers, Priority:
  - Attendant Area Cost $9.31
  - Service Support $2.07
  - Priority Administration $0.18
  - Total Base Rate $11.56

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Spending Requirements

- As a participant in Rate Enhancement, providers are required to **spend 90%** of the **Attendant Cost Area** rate on direct attendant costs: attendant wages, taxes, benefits, mileage
- Each level of enhancement pays the provider $0.05 more than the previous
- Service Support stays constant and is not required to be spent (in any portion) on direct care

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Spending Requirements

- There are currently 35 levels of Rate Enhancement for PHC providers, at level 35 you are receiving $1.75 more per hour than non-participants.

- Level 35 is made up of:
  - Attendant Cost $11.02
  - Service Support $2.07
  - Total Reimbursement $13.09

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Calculating Your Spending Requirements

- We'll use level 35 for our example, recall:
  - Attendant Cost $11.02
  - Service Support $2.07
  - Total Reimbursement $13.09

- Multiply Attendant Cost by 90% to see your spending requirement per hour:
  - $11.02 x 90% = $9.92

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Calculating Your Spending Requirements

- We'll use level 35 for our example, recall:
  - Attendant Cost $11.02
  - Service Support $2.07
  - Total Reimbursement $13.09

- Multiply Attendant Cost by 90% to see your spending requirement per hour:
  - $11.02 x 90% = $9.92

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Calculating Your Actual Spending

- With our example, the spending requirement is $9.92 per hour

- Next you calculate your Actual Spending. Gather your payroll and other direct attendant expenses:
  - Wages
  - Payroll Taxes – employer only
  - Benefits – if any
  - Mileage – if paid

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Calculating Your Actual Spending

- Total all of those direct attendant costs and divide it by the number of hours paid

- Must ensure that you divide by the number of hours that generated those specific costs
  - If you're reviewing the current year spending, 1/1 – 6/30, use the payroll data that covers those PERIODS OF SERVICE to get a true count
  - One hour of service = one hour of payroll
  - Billing units and payroll units should match

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Calculating Your Actual Spending

- Example: 1/1 – 6/30 review, level 35 participant

  - Wages for check dates 1/31 – 7/31 because of 2 week lag in payroll
  - Total hours paid = 1,000
  - Total wages paid = $9,000
  - Total Employer taxes paid = $900
  - Total Mileage – none
  - Total Benefits – none
  - Total Cost = $9,900
  - Divided by Total Hours = $9.90/hr

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Calculating Recoupment

- Example: 1/1 – 6/30 review, level 35 participant
  - Actual Spending = $9.90/hr
  - Spending Requirement = $9.92/hr
  - Underspent by $0.02/hr
  - Multiple underspending by total number of units = $20
  - Not bad, but filing a report with this underspent amount will not only result in recoupment of $20 (no big deal) but it will also bump you down to the level in which you justified on the cost report filed – level 34 in this case

Real Life Example

- Example: 1/1 – 6/30 review, level 35 participant
  - Wages for check dates 1/31 – 7/31 because of 2 week lag in payroll
  - Total hours paid = 100,000
  - Total wages paid = $800,000 (avg hourly rate $8.00)
  - Total Employer taxes paid = $80,000
  - Total Mileage – none
  - Total Benefits – none
  - Total Cost = $880,000
  - Divided by Total Hours = $8.80/hr

Real Life Example

- Example: 1/1 – 6/30 review, level 35 participant
  - Actual Spending = $8.80/hr
  - Spending Requirement = $9.92/hr
  - Underspent by $1.12/hr
  - Multiple underspending by total number of units = $112,000
  - Filing a report with this underspent amount will not only result in recoupment of $112,000 but it will also bump you down to the level in which you justified on the cost report filed – level 10 in this case, that is **$1.25 less per hour** for future years!!!

Impact of Limitation

- If you were to get limited based on the cost report filing, you can request the revision but if you can't support a higher rate your only option is to apply for an increase through Open Enrollment
- When applying for an increase, typically you can only be granted 3 additional levels per year
- In that last example, a drop from Level 35 to Level 10 would take 8+ years to come back from!

Avoiding Recoupment

- Ideally you manage and monitor the spending each quarter, maybe monthly or even with each payroll
- Some providers figure the minimum wage to pay to keep them compliant
- If you find yourself out of compliance after the year has ended, you can "Accrue" bonuses to meet your requirements

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Accruing Bonuses

- The Cost Report & Accountability Report are both on an accrual basis and thus, you can "accrue" bonuses after the year ends and still include them on your reporting

- In order to be compliant, you have 6 months from the end of your fiscal year end to pay out those accrued bonuses

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Accruing Bonuses

- If you do this, you need to ensure that the bonuses accrued for 12/31/20, paid in June 2021 **do not** also get reported with wages in your 2021 reporting – this would be double dipping

- This will require you to manually remove them or otherwise track them in your financial reporting to ensure they don't get counted twice

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Accruing Bonuses

- Also, watch out if you have a different fiscal year end, other than 12/31
- All reporting is due 4/30 following the year, this is the same regardless of your fiscal year end (FYE)
- If you have a 3/31 FYE, your reporting isn't due until 4/30 of the following year:
    - Example, FYE 3.31.2021 is due 4.30.2022

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Accruing Bonuses

- The problem here is that if you are not watching your spending on a regular basis, if you wait until it is time to prepare your cost report to calculate your spending, it is too late to accrue bonuses if needed

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Reporting: Accountability Reports

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Reporting Requirements

- Full Cost Reports are required for all providers regardless of Rate Enhancement participation – and include a section for Rate Enhancement Spending calculations
- Accountability Reports are required for Rate Enhancement participants on years that cost reports are not filed and are solely for measuring spending compliance

Reporting Requirements

- PHC file full Cost Reports on odd years only
- PHC Rate Enhancement participants are required to file an Accountability Report for even years since there is no cost report filed

Reporting Requirements

- Neither the Cost Report nor the Accountability Report calculate the spending compliance and show you the results
- These reports contain all of the necessary data, but you need to calculate it on your own to ensure you've met your requirements

Reporting Requirements

- Both reports are filed through STAIRS
  - State of Texas Automated Information Reporting System
- Completely online system managed by a company Fairbanks
- Logins are issued by Fairbanks
- All communication regarding reporting is now handled through Fairbanks and emails from HHSC

Questions???

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We're here to help

- We are available to assist agencies with coaching and advisory services always but especially through this public emergency
- Checkout out website: www.knightcpagroup.com
- Reach out – P: 512.249.8342 or amy@knightcpagroup.com
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