Winter Conference
Thursday, February 9, 2023
10:15am-11:45pm

1c. Community Care – Rate Enhancement Program

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Community Care Rate Enhancement Program:

What you need to know to participate and stay compliant

Disclaimer

• This presentation and related materials are designed only to provide general information regarding the subject matter discussed during this presentation. The statutes, authorities, and other laws cited in this presentation are subject to change.

• This presentation and related materials are not intended to provide tax, accounting, legal, or other professional advice to any specific person or entity. Any advice or opinion regarding the application of the subject matter for a specific person or entity should be provided by a competent professional advisor based on an application of the appropriate law and authorities to the facts and circumstances applicable to that person or entity.
Agenda

• Rules for Participation

• Compliance: Understanding Spending Requirements

• Additional Reporting Requirements

• Questions & Answers
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

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
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

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
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

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
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

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
Compliance: Understanding Spending Requirements

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
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

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
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

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
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

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
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

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
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

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
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.

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:
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.

Reporting:
Accountability Reports
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???