

Employment Services – Methodology and Assumptions

DES/DDD Published Rate Schedule

September 1, 2005

Individual rate models were developed for Center-Based Employment (CBE), Group Supported Employment (GSE) and Individual Supported Employment (ISE). In addition, two separate models were developed for Employment Support Aide (ESA): one for CBE and another for GSE and ISE.

General Assumptions

The following general assumptions were used in the rate models:

- ❑ Providers in *low-client density* areas will likely travel farther on each in-program trip (all models), spend less time doing direct service as more time is spent in travel (GSE and ISE), have smaller facilities (CBE only), have a slightly lower cost per square foot for their facility space (CBE only), and need more square footage per service staff (ISE and GSE).
- ❑ For CBE and GSE, billable time is defined as time spent in direct contact with clients.
- ❑ For ISE, time spent either directly with a client or certain categories of time on behalf of a client (such as report writing) is billable.
- ❑ Employee-related expenses (ERE), including such items as health insurance benefits and vacation time, are assumed to be 34 percent of wages for all service models.

Data Sources

Sources of data for Employment Services are sometimes different than those used in other independent models. Specific data sources used in model components include:

- ❑ **Hourly Direct Service Wage:** Data and weightings are based on data from the Bureau of Labor Statistics (BLS), the ESS Provider Survey (distributed and collected by Mercer), and Mercer's professional experience.
- ❑ **Employee Related Expenses (ERE):** ESS Provider Survey, as well as Mercer's professional experience.
- ❑ **Program Expenses:** ESS Provider Survey, other DDD rate models, and Mercer's professional experience.
- ❑ **Administrative Expenses:** ESS Provider Survey, other DDD rate models, and Mercer's professional experience.
- ❑ **Absence Factor:** ESS Provider Survey and billing data provided by the individual districts.
- ❑ **High versus Low Density Rate:** SFY 2004 utilization data and Mercer's proprietary zip code analysis.

Center-Based Employment (CBE)

The following general assumptions were made for the CBE programs:

- ❑ Two models were developed for Center-Based Employment (CBE) to distinguish areas of high and low density.
- ❑ Total hours assumed at 8 hours per day.

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- ❑ Average billable hours at the program assumed at 7 hours.
- ❑ Each high-density CBE center assumed to have 16 expected consumers per day, compared to 6 expected consumers for a low-density CBE center.
- ❑ Absence Factor of 14% assumes that an average *actual* number of consumers will be at 13.76 and 5.16 in high and low density areas, respectively.
- ❑ The ratio of staff members to consumers assumed at 1:6.
- ❑ Capital expense assumed as follows:
 - Each high-density CBE center assumed to have 2,000 square feet. Low-density center assumed to have 1,000 square feet.
 - Average cost per square foot in a high-density CBE center assumed at \$12.00 per annum, compared to \$11.50 to a CBE center in a low-density area.

Center-Based Employment, High Density Area

<u>Assumption/Result</u>	<u>Value</u>	<u>Comments</u>
Unit of Service	1 client hour	
Hourly wage	\$11.17	
ERE	34.0% of wages	
Time allocated to reporting and facility preparation	0.8 hour	
Time allocated to training	0.2 hour	
Average on-site time	7.00 hours per day	Billable Hours – difference between Total Hours and other productivity components
Number of staff members	2.29	Based on ratio of total direct care service staff with consumers present at the program to total consumers
Number of individuals	13.76	Actual attendance after allowances for absence
Number of client trips	1.5	
Mileage per trip	6 miles	
Mileage reimbursement	41.0 cents per mile	
Capital expense	\$6.67	Per consumer per day
Supplies	\$2.00	Per consumer per day
Program Compliance	2%	Program activity expense
Administrative overhead	12%	Based on hourly compensation
Absence Factor	14%	Permanent adjustment that accounts for program absences
SFY 06 Benchmark Rate	\$5.26	

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Center-Based Employment, Low Density Area

<u>Assumption/Result</u>	<u>Value</u>	<u>Comments</u>
Unit of Service	1 client hour	
Hourly wage	\$11.17	
ERE	34.0% of wages	
Time allocated to reporting and facility preparation	0.8 hour	
Time allocated to training	0.2 hour	
Average on-site time	7.00 hours per day	Billable Hours – difference between Total Hours and other productivity components
Number of staff members	0.86	Based on ratio of total direct care service staff with consumers present at the program to total consumers
Number of individuals	5.16	Actual attendance after allowances for absence
Number of client trips	1.5	
Mileage per trip	15 miles	
Mileage reimbursement	41.0 cents per mile	
Capital expense	\$8.52	Per consumer per day
Supplies	\$2.00	Per consumer per day
Program Compliance	2%	Program activity expense
Administrative overhead	12%	Based on hourly compensation
Absence Factor	14%	Permanent adjustment that accounts for program absences
SFY 06 Benchmark Rate	\$5.78	

Group Supported Employment (GSE)

The following general assumptions were made for the GSE programs:

- ❑ Four models were developed for Group Supported Employment (GSE) to distinguish between size of the group, as well as areas of high and low density.
- ❑ Total hours assumed at 8 hours per day.
- ❑ Average productivity at the program assumed at 6 hours in high-density areas and 5.50 hours in low-density areas.
- ❑ A 2.5% effective client absence rate assumed for larger groups; 3.0% assumed for smaller groups.
- ❑ Capital expense assumed as follows:
 - Each high-density GSE office assumed to have 600 square feet. Low-density office assumed to have 700 square feet.
 - Average cost per square foot in both high- and low-density areas assumed at \$12.00 per annum.

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Group Supported Employment, Large Group (4 to 6 clients) in High Density Area

<u>Assumption/Result</u>	<u>Value</u>	<u>Comments</u>
Unit of Service	1 staff hour	
Hourly wage	\$12.53	
ERE	34.0% of wages	
Job development time, employer contact time	0.25 hour	
Travel time between employer sites	0.75 hour	
Time allocated to reporting	0.75 hour	
Time allocated to training	0.25 hour	
Average on-site time	6.00 hours per day	Billable Hours – difference between Total Hours and other productivity components
Number of client trips	2.0	
Mileage per trip	17.50 miles	
Mileage reimbursement	41.0 cents per mile	
Capital expense	\$4.80	Per billable hour
Supplies	\$1.50	Per consumer per day
Program Compliance	2%	Program activity expense
Administrative overhead	12%	Based on hourly compensation
Effective Client Absence Rate	2.5%	Permanent adjustment that accounts for program absences
SFY 06 Benchmark Rate	\$33.82	

Model for a low-density area is similar to that for a high-density area, except for the following:

- ❑ Allowance for travel time is greater at 1.25 hours.
- ❑ Mileage per trip allowance is greater at 25 miles
- ❑ Square footage allowance is greater at 700 square feet
- ❑ Capital expense is greater at \$6.11 per billable hour

As a result of these revisions, the SFY 06 benchmark rate for a large-group GSE service in a low-density area is \$38.92.

Group Supported Employment, Small Group (2 or 3 clients) in High Density Area

<u>Assumption/Result</u>	<u>Value</u>	<u>Comments</u>
Unit of Service	1 staff hour	
Hourly wage	\$13.43	
ERE	34.0% of wages	
Job development time, employer contact time	0.25 hour	
Travel time between employer sites	0.75 hour	

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<u>Assumption/Result</u>	<u>Value</u>	<u>Comments</u>
Time allocated to reporting	0.75 hour	
Time allocated to training	0.25 hour	
Average on-site time	6.00 hours per day	Billable Hours – difference between Total Hours and other productivity components
Number of client trips	2.0	
Mileage per trip	11.00 miles	
Mileage reimbursement	41.0 cents per mile	
Capital expense	\$4.80	Per billable hour
Supplies	\$1.00	Per consumer per day
Program Compliance	2%	Program activity expense
Administrative overhead	12%	Based on hourly compensation
Effective Client Absence Rate	3.0%	Permanent adjustment that accounts for program absences
SFY 06 Benchmark Rate	\$34.87	

Model for a low-density area is similar to that for a high-density area, except for the following:

- Allowance for travel time is greater at 1.25 hours.
- Mileage per trip allowance is greater at 18 miles
- Square footage allowance is greater at 700 square feet
- Capital expense is greater at \$6.11 per billable hour

As a result of these revisions, the SFY 06 benchmark rate for a large-group GSE service in a low-density area is \$40.02.

Individual Supported Employment (ISE)

The following general assumptions were made for the ISE models:

- Two models were developed for Individual Supported Employment (ISE) to distinguish areas of high and low density.
- Total hours assumed at 8 hours per day.
- Average productivity at the program assumed at 7.75 hours in both high- and low-density areas.
- A 0.25% effective client absence rate assumed to account for absences.
- Capital expense assumed as follows:
 - Each high-density ISE model assumes to have 400 square feet. Low-density model assumes to have 575 square feet.
 - Average cost per square foot in both high- and low-density areas assumed at \$12.00 per annum.

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Individual Supported Employment, High Density Area

<u>Assumption/Result</u>	<u>Value</u>	<u>Comments</u>
Unit of Service	1 staff hour	
Hourly wage	\$14.34	
ERE	34.0% of wages	
Non-client time	0.25 hour	
Average billable time	7.75 hours per day	Billable Hours – difference between Total Hours and other productivity components
Number of client trips	4.0	
Mileage per trip	7.50 miles	
Mileage reimbursement	41.0 cents per mile	
Capital expense	\$2.48	Per billable hour
Supplies	\$1.50	Per consumer per day
Program Compliance	2%	Program activity expense
Administrative overhead	11%	Based on hourly compensation
Effective Client Absence Rate	0.25%	Permanent adjustment that accounts for absences
SFY 06 Benchmark Rate	\$26.74	

Individual Supported Employment, Low Density Area

<u>Assumption/Result</u>	<u>Value</u>	<u>Comments</u>
Unit of Service	1 staff hour	
Hourly wage	\$14.34	
ERE	34.0% of wages	
Non-client time	0.25 hour	
Average billable time	7.75 hours per day	Billable Hours – difference between Total Hours and other productivity components
Number of client trips	4.0	
Mileage per trip	15.0 miles	
Mileage reimbursement	41.0 cents per mile	
Capital expense	\$3.56	Per billable hour
Supplies	\$1.50	Per consumer per day
Program Compliance	2%	Program activity expense
Administrative overhead	11%	Based on hourly compensation
Effective Client Absence Rate	0.25%	Permanent adjustment that accounts for absences
SFY 06 Benchmark Rate	\$29.42	

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Employment Support Aide (ESA)

The following general assumptions were made for the ESA models:

- ❑ Four models were developed for Employment Support Aide (ESA). One set of rates is to be used for aides in Center-Based Employment (CBE) programs in high- and low-density areas. The other two models are for either Group Supported Employment (GSE) or Individual Supported Employment (ISE), also in high- and low-density areas
- ❑ Total hours assumed at 8 hours per day.
- ❑ Average productivity at the program assumed at 7.75 hours for CBE and 7.00 for GSE / ISE.

Employment Support Aide, for CBE in High-Density Area

<u>Assumption/Result</u>	<u>Value</u>	<u>Comments</u>
Unit of Service	1 client hour	
Hourly wage	\$9.97	
ERE	34.0% of wages	
Time allocated to notes and records	0.25 hour	
Average billable time	7.75 hours per day	Billable Hours – difference between Total Hours and other productivity components
Administrative overhead	11%	Based on non-travel costs
SFY 06 Benchmark Rate	\$15.30	

The premium for ESA in a low-density area is 10%. Therefore, the Aid’s SFY 06 benchmark rate for a CBE program in a low-density area is \$16.83.

Employment Support Aide, for GSE and ISE

<u>Assumption/Result</u>	<u>Value</u>	<u>Comments</u>
Unit of Service	1 client hour	
Hourly wage	\$9.97	
ERE	34.0% of wages	
Travel time	0.75 hour	
Time allocated to notes and records	0.25 hour	
Average billable time	7.00 hours per day	Billable Hours – difference between Total Hours and other productivity components
Mileage allowance	7.50 miles	
Mileage reimbursement	41.5 cents per mile	
Administrative overhead	11%	Based on non-travel costs
SFY 06 Benchmark Rate	\$17.38	

The premium for ESA in a low-density area is 10%. Therefore, the Aide’s SFY 06 benchmark rate for GSE / ISE programs in a low-density area is \$19.12.