inarf SINCE 1974

Direct Care Staff Wage Increase Frequently Asked Questions

Question: Are A&D and TBI waivers included in this initiative?
Current Answer: No. Since paragraph (a) refers specifically to DDRS services provided under rule 6 and paragraph (j) refers specifically to amendments of the FSW and CIH waivers only, we believe the A&D and TBI waivers are not included.

Question: Can I include group home staff in the calculations if I am also giving them a wage increase?
Current Answer: No. Since paragraph (b) (1) refers specifically to services provided to individuals on the waiver only, group home services are excluded. However, keep in mind that the group home cost reporting process would include increases in wages to group home employees as an allowable expense that would eventually be reflected in your group home rates.

Question: Our transportation is primarily provided by 3rd parties. Do I somehow calculate the worked hours of their staff?
Current Answer: Contracted third parties were not contemplated by this rule as paragraph (d) requires the wages to be paid to direct care staff who are employed by the authorized service provider.

Question: How can we document waiver service contraction or expansion which will skew our data?
Current Answer: The calculation is in aggregate based upon the change in average hourly compensation times current year payroll hours. Expansion or contraction should not affect the computation.

Question: If the rate increase is only 5%, why do I need to give a larger increase than 5% to my staff to meet the threshold?
Current Answer: This initiative was entirely based upon improving DSP wages to reduce turnover and increase quality of the services delivered. However, since the Medicaid rates include other costs, in order to pass through 75% of the increase to DSPs, a wage increase of greater than 5% would probably be necessary. In other words, if DSPs are 60% of my total waiver cost on average, I would need to give them a 6.25% increase on average to meet the 75% threshold. (5% *75%/60%)

Question: What if I do not want to pass these increases on to my staff because I have already raised their wages significantly over the past couple of years?
Current Answer: This is a voluntary program so if you would rather not give any increase to your staff and pay back the rate increase to the state that is your choice. In order to keep the rate increase, you must pass through 75% to your staff through wage and compensation increases.

Question: Do you have an example of an acceptable DSP notification document?
Current Answer: We currently do not have a sample notification available. However, as a part of the INARF Wage Verification Webinar we provided guidance on the specific elements. The webinar recording, PowerPoint, and additional resources are available here (requires Members Only login id and password.

Question: Does my plan need to be approved?
Current Answer: No your plan does not need to be approved. The law only requires you to provide written and electronic notification of your plan to increase wages to your staff and FSSA within 30 days of the increase in rates.

Question: If my plan changes, do I need to notify FSSA?
Current Answer: The law has no provisions for updating your plan after the 30 day period. However, we probably would recommend informing FSSA of any significant changes to your plan positively or negatively since they will probably find out about it anyway. Regardless of if your plan changes or not, you will need to pass the 75% threshold to avoid recoupment.

Question: How long of a base wage archive span is sufficient for comparison or will there be a standard base time period for comparison?
Current Answer: The base period is July 1, 2016 through June 30, 2017. There are two test periods. The first test period is October 2017 to June 2018. This test period is sometimes referenced as the "short test period" because it is only a 9 month period. The second test period, July 2018 to June 2019, is a full 12 months and is sometimes referenced as the "long test period".

Question: When factoring out OT and shift diff do we just factor out the premium paid for these hours or should we not count the hours at all?
Current Answer: The intent was to increase base wages and as such we currently believe you would just remove the OT or Shift premium to arrive at the base wage but hours would still count since service was delivered during that time period.

Question: Do Employment Specialists who provide Extended Services count as direct support professionals for these calculations?
Current Answer: Yes they probably do since this is one of the listed services and these employees provide that service directly.

Question: When can I distribute the wage/bonus?
Current Answer: Any time after the rate increase is effective which is October 1, 2017.

Question: I am trying to compute staff raise by program and when I get to Daily rates it gets difficult to compute. What do you recommend?
Current Answer: The threshold is in aggregate for the whole agency. There is no requirement to compute by person or by program. We recommend computing the 75% threshold you expect to need to pay out in increased wage compensation for your whole agency for the upcoming period (10/1/17 – 6/30/18) then divide by the total compensation (or hours) of eligible employees to determine a rough percentage of the increase (or hourly rate increase) necessary for all employees and adjust accordingly.

Question: Do all employees need to receive the same increase?
Current Answer: This is an agency by agency decision. You may vary increases however you choose as long as you meet the 75% threshold in total. For example, if you want to give larger increases to more experienced staff that is your choice.

Question: Can I just wait until the end of the year, compute the 75% threshold and then pay that out as bonus to my eligible employees?
Current Answer: Absolutely not. FSSA audit has said they will be looking for any bonus based upon unspent threshold as a violation of federal reimbursement guidelines.

Question: If I gave a raise on July 1, 2017, do I still need to give a raise?
Current Answer: Depending on how much it was, not necessarily. That raise is going to be in place on October 1. If I were responding to the what is my plan, my plan would say I already gave a 5% increase effective July 1, 2017, which is not in my base period, and the raise will continue to be paid on October 1 and after.

Question: Is the difference in overtime excluded from the payment of the 75% increase? I am paying a higher wage to those staff during overtime.
Current Answer: Yes, it is excluded. When we ask to exclude overtime, we cannot cherry pick that it is in for one thing and out for another.

Question: If a DSP provides support regularly in both a Medicaid waiver setting and a group home, can their entire wages be included in the 75%?
Current Answer: Yes. When someone is providing services across a number of different programs, we are picking up that employee in our list for payroll. We are not breaking that between whether they spend time in group home and waiver, whether they are in a day services group working with 4 people in that group on waiver and 2 in group home. But, you have to realize that if they only work 10% in waiver and 90% in group home, you are taking on audit risk. An FSSA auditor may come and go “We don’t think they should count”, and then we get into this appeal argument about the law doesn’t say that. But if the preponderance of their time is spent in group home, you could be opening yourself to an issue there. The other thing to keep in mind is you need to count the employees consistently for the base period and the test period. So, if you do not need that employee to get over the 75% threshold, I would not include them. So, you have to make sure that you are doing it consistently between periods.

Question: What if a program director is working salary+?
Current Answer: I think my position is if they are on salary and they are making $20 per hour, I don’t think they’re really covered by this. If you want to push the envelope and say they are providing individual services, the burden of proof is probably going to be on you and you are probably going to need to be able to pull time cards and billing on them actually providing individual services as listed above.

Question: Do you believe the state will be receptive to a bonus only plan?
Current Answer: The state cannot approve it. Keep in mind you have competitive market pressures that when we give these notices to our staff, we know staff will talk to staff from other agencies and compare notes on who is doing what. Can you do a bonus only plan and meet the requirements? Absolutely I believe you can. I think optics aren’t great and in a competitive environment I’m not sure I would do a bonus only plan. Now if you want to do a bonus every quarter that essentially gets you back to a more systematic, a wage increase almost in everything but name, maybe that is a middle ground.

Question: What happens if we pay out bonuses quarterly and a staff member has left the company at the time the bonus is being paid out?
Current Answer: I think that’s up to your own company’s policy and legally if you have to pay things out.

Question: If we are planning on doing a year-end bonus, how would you recommend communicating that to the state?
Current Answer: I think I already said in one of the slides about how we have generic language for bonuses.
Excerpt from sample language in slide 27: …" we will be paying bonuses to eligible employees in these positions based upon longevity and other factors (e.g. employment on a certain date) at various points during the year potentially at the end of a quarter or the year or at other times as deemed necessary."

Question: Our agency provided a small DSP wage increase last October. When news of the impending waiver increases was heard this past spring, we moved forward with a significant DSP wage increase due to staff shortages. In terms of the plan, how would we phrase the jump start wage increases that occurred prior to 10/1 upon hearing the announcement of the rate increase?
Current Answer: If the rate increase predates October 1, I would say that in my plan. For the past two years, for example, here are the rate increases we have done. That does not absolve you from having to do the 75% threshold, to be honest with you. If those wage increases are reflected in your base period, you have a higher hurdle to clear and you're going to have to clear it.

Question: Please explain what the test period is one more time.
Current Answer: We have the concept of two periods. We have a base period which is essentially the wage that we are trying to show we are increasing from. That base period is the year or short period ended June 30, 2017. The rate increases start October 1, 2017 and we've contemplated a 9 month test period through June 30, 2018 that the average wage for that period needs to support the wage increases above the base period. You need to do this calculation for both periods. You don't have to calculate the revenue to determine the threshold, but you need to calculate the base period average hourly wage. You need to do that now because that period is closed, it's over. It is going to be the basis of what you need to do.

Question: Do we send in the DSP wage verification schedule with the notice to the state at the end of the test period or just keep with our records for possible audit?
Current Answer: At this point, they have not communicated to us an expectation of filing of our calculations. We are still early in the process. Do not send it unless you are asked but don't be surprised if you are asked to file the information to support it. FSSA audit, if they are going to come out and audit you for some other reason, they may ask for it. They are also going to do a separate process for these that they will also be asking for it. We think at some point here in the next nine months they are going to say file it somehow so that they know who hasn't paid and they can recoup the money.

Question: Is the base period negotiable?
Current Answer: Base period is non-negotiable it is the period ended June 30, 2017.

Question: A wage increase was given to staff in August 2017 in anticipation of this 5% increase. Is that ok since it was after the base period?
Current Answer: Absolutely. I would just tell them in my plan that we gave the rate increase August 2017. That's going to be in your test period and it wasn't in your base period so you should be fine.

Question: Are we to compare estimated revenue from 10/1/17 to 6/30/18 to actual payroll records from fiscal year ended 6/17?
Current Answer: No. What you are going to do is, the test period is consistent for the revenue and the payroll expense. So our threshold is we received in our example $140,000 of rate increase for the period 10/1/17 to 6/30/18. We are going to need to be able to prove that we spent that $140,000 in payroll from 10/1/17 to 6/30/18 on an accrual basis.

Question: Can I use the 25% on group home DSP salary increases?
Current Answer: You can use the 25% for whatever you want.

Question: Could you pay 75% of the rate increase by service per hour to each DSP as they complete a billable hour? This could be recorded in a separate line item in payroll service so the payment is easily trackable on a quarterly basis via payroll reports.
Current Answer: You could, and arguably you could turn that in as your method of meeting the threshold and not do this calculation. I would suspect doing something other than the what I would call safe harbor calculation does open you up to some audit risk because beauty is in the eye of the beholder.

Question: If the test period estimated are we allowed to base the plan on our agency's average service wages? Example: if we use 85% of our auth hours.
Current Answer: There are no estimates in this. The base period coming from actual payroll records. The test period is coming from actual billing records, not estimates. The test period payroll is coming from actual payroll. If you are talking about doing some kind of estimate of where you are going to be at the end of the year, I think that is up to each individual agency to decide how you guys budget or plan for how much services you provide in the period. You could take NOAs times your typical utilization of those NOAs. You may need to change that for people who enter and leave services. If all of a sudden you have an influx of twenty new people on January 1, 2018, your Medicaid revenue that you receive from the rate increase just shot up and you may need to adjust again because you had this sudden influx of volume.

Question: How would we account for additional revenue throughout the year? If our plan is based on our best current estimate and we increase our revenue, we would potentially fall out of compliance. How do we address that?
Current Answer: You may need to do a bonus. You may need to do a wage increase. If all of a sudden you pick up new business, your threshold got higher which is why you need to compute it monthly, quarterly. Conversely if you have a contraction and your threshold comes down, you may or may not need to make a change. I might suggest that you might not need to make a change because the average hourly rates that are the basis of it should still be calculated the same.

Question: Just to clarify, do payroll hours need to be adjusted to the accrual basis to match accrual basis wages used in the calculation?
Current Answer: Yes, that's a good point. We need to be consistent on the accrued hours. When we are doing accruals, we are doing accruals for hours and wages for the computation. This is consistent with how we do group home cost reports where we do accrual adjustments as well.

Question: Are we required to include all of the elements in the staff notification as required in the state plan communication?
Current Answer: No, I don't believe you are. What you are required to give to the employees is what your plan is to affect them. I don't think they need to be notified of the employer's identification number and those types of things.

Question: Do wage increases have to be effective 10/1/17 or can we make increases effective 10/23/17?
Current Answer: That's entirely up to you. The only benchmark is at the day on June 30, 2018, when you do your test which is going to cover nine months of rate increase, by delaying a wage increase twenty days, a month, three months, you are increasing how much you have to increase compensation in that remaining time period. The sooner you do what you're going to do, the less you have to up to make up for the time you didn't do something.

Question: To be clear, our agency wants to do a quarterly bonus only program. Is this ok?
Current Answer: It's ok. It's entirely up to you. The state does not have a say in how you change your compensation. Bonuses is a perfectly ok way to increase total compensation. But, again, I would raise competitive pressures may lead you to a different conclusion.

Question: How do we track employees who were not originally eligible for the raise but later begin to provide more waiver services?
Current Answer: That's entirely up to you. Depending on how your organization works, you would have to go through your payroll records and your service records to decide who are the eligible employees.

Question: You keep saying period ended. Do you mean the twelve month period ended June 30, 2017, assuming our agency has twelve months of operation?
Current Answer: Yes.
Question: Is there a minimum span of time for test period, or can it align naturally with our payroll period instead of extrapolating to the date of June 30, 2017?
Current Answer: It needs to be done on the accrual basis. At the end of the day, their instructions are to do everything on the accrual basis, both the base period and the test period.

Question: If there are no estimates, why are we using a test period of 10/1/17 to 6/30/18? We don't know what our actual revenue will be for that period.
Current Answer: You should have a pretty good idea of what your revenue is going to be, and if you don't, you need to start computing it every month. You are three months into the year already. You have a pretty good idea what your revenue is looking like for this quarter. I would hope even if you did nothing else you took that times four, then you would have a pretty good idea of what your threshold would be. At the end of the day, if you think you are going to nail this to the dollar – I am not going to give my employees any more than the 75% and I am going to nail it to the penny – no you're not. By the time you do your accruals and everything else, and you do the actual calculation, you're going to miss it. I would not be planning on hitting the 75% as a threshold, I would be planning on going over it to give myself some cushion in case I miscalculate something.

Question: If DSP positions increase from the base period to the test period, do you include the additional DSPs in the test period calculation? For example, if you had 10 DSPs in the base period, added 5 new positions in the test period, do you include the additional 5?
Current Answer: Yes. Payroll hours, period. If your business grows and you add more people. I might be a brand new agency June 30, 2017 and I may only have had three employees, and I started January 1, 2017. For the first six months I only had three employees but I'm a really good provider and on October 1, 2017, I now have 8 and by June 1, 2018, I've got 20. It's going to be based on the average hourly wage. My base period in that example would be the average hourly wage of my 3. For my test period it's going to be the average of all of my employees for that whole nine month period, regardless if it's 3, 25, or 200.

Question: We don't need to break out the wages and revenue based on each service. It can be a total when calculating the base and test period, correct?
Current Answer: Yes, that is correct.

Question: Are we required to use the test period of 10/1/17 to 6/30/18, to determine potential revenue? Can we use last fiscal year for both revenue and payroll?
Current Answer: If that's the way you want to do your estimate to figure out what your threshold is, just for estimate purposes, yes. Upon audit, for the June 30, 2018 year, they are going to pull actual claims paid information to say you received X amount of claims, 5% of that number is this amount. Show me where you paid out 75% of that number in increased wages to these eligible employees. If you can't do that, you're going to owe back some money.

Question: For the revenue calculation, you must separate out the revenue for the services in the law, correct?
Current Answer: Revenue should include only your revenue for the 12 services listed in the law. The revenue for the services will most likely be what you billed, so the units of service aren't as much of a factor. FSSA audit will focus on you self reported that you had this much revenue from these twelve services for that test period. They are going to test that. In other words, if you say you had $2 million and Roger Booth and his staff do a test and say they say they had $2 million for those services but we show we paid $4 million, then you and Roger are going to have a conversation about why you are so far off.

Question: Where can I the addresses to submit the DSP plan notification to FSSA?
Current Answer: Information about the plan can be found in the State's guidance bulletin posted on August 22. You must submit your plan with a copy of the written notification you provide to employees to both of the following:

Rateincreaseplan@fssa.IN.gov

Division of Disability and Rehabilitative Services
402 W. Washington St. W453 / MS 26
Indianapolis, IN 46204

Question: Is it ok to communicate the wage increase to staff verbally only, or do we have to communicate it in writing? Also, does the communication to staff need to include the same level of detail as the communication to the state?
Current Answer: IC 12-15-1.3-18 says providers shall provide written and electronic notification of its plan to increase wages to:

(1) Direct care staff employed by the provider
(2) The office of the secretary

So I think you do need to do something in writing. I do not think it needs to be in the same level of detail as the state notification.

Question: I understand that we are to use overtime hours, but not overtime dollars in the calculation. Do we need to use some type of base rate for the overtime hours? It seems the total dollars divided by (total hours less overtime hours) lowers the hourly rate.
Current Answer: The DDRS Guidance on direct care staff wage calculation instructions state: Overtime and Shift Differential (Lines 8 and 9) – Report the amount of overtime and shift differential included in Total Compensation. For example, if an organization pays 1.5 times the normal rate for overtime, report compensation for the .5 rate difference on line 8. Likewise, if the Company pays an extra $3.00 per hour on the weekends, the total compensation for the $3.00 shift differential should be reported on line 9. The amounts on these lines will be removed to compute base hourly compensation not including overtime and shift differentials.