

All-State Medicaid and CHIP Call

June 29, 2021



This communication was printed, published, or produced and disseminated at U.S. taxpayer expense. The information provided in this document is intended only to be a general informal summary of technical legal standards. It is not intended to take the place of the statutes, regulations, or formal policy guidance that it is based upon. This document summarizes current policy and operations as of the date it was presented. We encourage readers to refer to the applicable statutes, regulations, and other interpretive materials for complete and current information.

Agenda

- Frequently Asked Questions – Implementation of American Rescue Plan Act of 2021 (ARP) Section 9817: Additional Support for Medicaid Home and Community-Based Services during the COVID-19 Emergency
- Rate Increases to Account for Time for Direct Support Professionals (DSPs) to Receive COVID-19 Vaccination
- Open Mic Q and A

Rate Increases to Account for Time for DSPs to Receive COVID-19 Vaccination

- States can use the 1915(c) Appendix K to implement temporary rate increases that account for the extra time-off needed by direct support professionals (DSPs) to receive the COVID-19 vaccine.
- Temporary rate increases can be retroactive and/or time-limited. Note: Temporary changes authorized through an Appendix K cannot exceed six months after the end of the federal PHE for COVID-19.
- States can require DSPs to document that they received the vaccine and/or have an appointment for the vaccine in order to be eligible for the time off.
- To calculate the increase, states can adjust the Full Time Equivalent (FTE) factor used in their current rate models.

FTE Factor Calculation

Direct Care Full Time Equivalent (FTE) Factor

- Accounts for vacation time, personal days, sick time, and holidays.
- The employer is unable to bill for direct services when an employee (such as a DSP) is on vacation or sick. The FTE factor is used to consider the cost to the provider for such time.
- The factor is typically calculated based on **2,080 hours** for the year. For example:
 - The state determines that **360 hours** are required for vacation/personal/sick/holiday time
 - The FTE calculation is $360 \text{ hours} / 2080 \text{ hours} = \mathbf{0.17}$.
- The FTE factor is then incorporated into the final rate by applying it to the base wage used to develop the rate. For example:
 - The state assumes a base wage of **\$20.00 per hour**
 - The FTE factor of **0.17** is multiplied by **\$20.00**, yielding **\$3.40**, which is then added to the base wage and any other cost factors (e.g., administrative costs, benefits, etc.) to calculate the final hourly rate.

FTE Factor Calculation

Direct Care Full Time Equivalent (FTE) Factor – Adding Vaccination Time

- States can increase the FTE Factor to account for time needed for vaccination and recovery. For example:
 - Two vaccine doses may require **4 days** of additional vacation/personal/sick/holiday time (assuming one day needed to receive each dose and one day needed for recovery time after each dose)
 - This would yield an **additional 32 hours** needed for vacation/personal/sick/holiday time (4 days x 8 hours per day).
 - Using the assumptions in the previous slide, the **360 hours** needed for vacation/personal/sick/holiday time would increase to **392 hours**, increasing the FTE factor from **0.17** to **0.19**.
- The increased FTE factor would be applied to the base wage used to develop the rate, resulting in a proportional increase to the final rate. For example:
 - The new FTE factor of **0.19** would be multiplied by the **\$20.00 hourly** base rate, yielding **\$3.80** (an increase of \$0.40 from the original calculation).
 - This increased amount is then added to the base wage and other cost factors to yield a new, increased final hourly rate.

Documenting Temporary Rate Increases in the 1915(c) Appendix K

States should document the following in *Section K-2-f* of the Appendix K:

- Percentage of the rate increase
- Purpose of the rate increase
- Factors/assumptions used to determine the amount of the increase
- Services/provider types affected
- Effective dates of the rate increase (if different from the effective dates indicated in Section K-1-f of the Appendix K)
- Conditions DSPs must meet in order to receive the time off (if any) and conditions providers must meet in order to receive the rate increase (if any)

Questions
