

From: Bill Harriger <BHarriger@verland.org>
Sent: Friday, August 20, 2021 12:59 PM
To: Smith, Rick; Ahrens, Kristin
Subject: [External] Residential Hours Log
Attachments: Residential hours assumptions.pdf

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Attached is the residential staffing hours example I was trying to convey yesterday.

3 Person Home, all SIS Group 2 → Hours on the Lower Bound each per week 84, Upper Bound 105. That's somewhere between 252 hours and 315 hours in the rates. Staffed 1:3

Total fee schedule payment for the week: 3 person home all needs group 2, without day 3 $3 \times 399.23 \times 7 = \$8,383.83$ for the week

Now circumstances change, 2 SIS Group 2 Hours on the Lower Bound each per week 84, Upper Bound 105 and 1 SIS Group 4 Hours on the Lower Bound each per week 108, Upper Bound 134. That's somewhere between 276 hours and 344 hours in the rate. An increase of 24 hours at lower bound or 29 hours at upper bound additional per week in the assumptions but we have to increase hours worked by an additional 168 (24 x 7)

Total fee schedule payment for the week: 3 person home 2 needs group 2, and 1 needs group 4, all without day 2 $2 \times 399.23 \times 7 + 1 \times 570.30 \times 7 = \$9,581.32$ for the week

So we increase staff by 168 hours of DSP time as the resident now at SIS Group 4 dictates 2:3 staffing and the payment for the week changes from \$8,383.83 to \$9,581.32, an increase of \$1,197.42 for the week

Average per hour increase $\$1,197.42/7/24 = \7.13 basically the payment increased by \$7.13 per hour worked but we are spending @ \$14 per hour, with benefits our cost goes up by $\$14 \times 7 \times 24 \times 1.35 = \$3,175.20$. That's an annual loss of $(\$3,175.20 - \$1,197.42) \times 52 = \$102,844.56$ every time this happens. (Net increased cost – net increased payments) x 52 weeks

We tried to point this out 3 years ago, when Verland met with ODP prior to demonstrating our Home staffing spreadsheet at that years PAR Solutions Conference. This is why at that meeting I said that the rates and assumptions will make providers segregate residents based on SIS scores!! That SIS level 4 has to go.....

End result, providers must attempt to minimize circumstances that would dictate 2 DSP's in the home. **Even a scenario where all 3 residents were level 4, house staffed 2:3, hours worked would be 336.... lower bound assumption is 324**

Verland shrunk from 137 residents to 102. Our total lower bound differential went from us being underwater 752 hours a week AKA 20 DSPs to underwater 276 AKA 7 DSPs we still have work to do, or the hours assumptions must change.

I'm sure Mercer can verify this.

From a previous email, can you also please have Mercer perform the cross walk from the 15/16 cost report line item instructions as to where on the cost report allowable costs reside and where they can be found in the assumptions log. We believe that certain assumptions were undervalued in the assumption calculations while others were overstated which gave the false impression that we providers should be able to pay \$16 for a high school diploma DSP. The assumptions by category matter.

Bill