



Washington State
Department of Social
& Health Services

Report to the Legislature

The Effect of Geographic Areas in Medicaid
Rate Setting – Impact on Staff and Provider
Turnover

Chapter 522, Laws of 2007

June 2008

Department of Social & Health Services
Aging and Disability Services
Management Services Division/Office of Rates Management
PO Box 45600
Olympia, WA 98504-5600
(360) 725-2499
Fax: (360) 725-2641

TABLE OF CONTENTS

**I. THE EFFECT OF GEOGRAPHIC AREAS IN MEDICAID RATE SETTING –
IMPACT ON STAFF AND PROVIDER TURNOVER LEGISLATIVE REPORT
CHAPTER 522, LAWS OF 2007 3**

A. EXECUTIVE SUMMARY SECTION 206 (13) (A) 3

B. RECOMMENDATIONS SECTION 206 (13) (A) 6

C. EXECUTIVE SUMMARY - SECTION 206 (13) (B) 7

D. RECOMMENDATIONS SECTION 206 (13) (B) 9

II. BACKGROUND..... 10

A. LEGISLATIVE AUTHORITY 10

B. DEVELOPMENT OF THE SURVEY PROCESS 10

C. DATA RELIABILITY..... 11

**III. COMPARISON OF AVERAGE HOURLY WAGES, AVERAGE DAILY PAYMENTS,
AND PROVIDER AND STAFF TURNOVER BETWEEN CARE SETTINGS AND
GEOGRAPHIC AREAS..... 12**

A. AVERAGE HOURLY WAGES COMPARED BY GEOGRAPHIC AREA 12

**B. AVERAGE HOURLY WAGES COMPARED TO AVERAGE PAYMENTS BY GEOGRAPHIC AREA
..... 13**

**C. COMPARISON OF AVERAGE HOURLY WAGES, AVERAGE DAILY PAYMENTS, AND STAFF
TURNOVER BY GEOGRAPHIC AREAS 14**

**D. COMPARISON OF PROVIDER TURNOVER WITH AVERAGE HOURLY WAGES AND AVERAGE
DAILY PAYMENTS BY GEOGRAPHIC AREA 16**

I. The Effect of Geographic Areas in Medicaid Rate Setting – Impact on Staff and Provider Turnover Legislative Report Chapter 522, Laws of 2007

PART 1

A. Executive Summary Section 206 (13) (a)

The 2007 Legislature directed the department to examine whether establishing payment rates based on geographic location affects provider and staff turnover. The department compared the following factors by geographic area:

- Average licensed and non-licensed hourly wages;
- Average daily payments;
- Staff turnover rates; and
- Provider turnover rates.

The department compared the factors by the following community residential provider payment systems operating in the State:

- Adult Family Home (AFH) and Licensed Boarding Home (BH) Payment System;
- Nursing Facility (NH) Medicaid Payment System; and
- Division of Developmental Disabilities (DDD) Group Home (GH) and Supported Living (SL) Payment System.

Appendix B gives an overview of the community residential provider payment systems.

In addition, the department compared geographic unemployment rates with geographic provider and staff turnover. The department theorized that when unemployment rates are high, there are more people available and willing to work in the medical services and personal services industries and thus, there would be low staff turnover. There were no correlations that could be drawn and thus, the report does not analyze the effect of unemployment rates.

This report examines the following hypotheses:

1. Location in King County as compared to an urban county or non-urban county would mean higher wages and payments with lower staff and provider turnover;
2. Location in an urban county rather than a non-urban county would mean higher wages and payments with lower staff and provider turnover; and
3. Location in a non-urban county would result in the lowest wages and payments with the highest staff and provider turnover.

For staff turnover, these hypotheses held true for AFH and SL providers, but there were variations among other provider types.

For provider turnover, there was no correlation between average hourly wages and average daily payments and turnover in AFH or DDD-GH and only partial correlation for BH and SL.

The following tables display the comparisons between geographic areas and provider types (each with distinct payment systems) by the factors of provider turnover, staff turnover, average daily payments and average hourly wages.

Provider Turnover				Staff Turnover			
	King	Urban	Non-Urban		King	Urban	Non-Urban
BH	5.97%	13.20%	16.46%	BH	67.00%	86.00%	61.00%
AFH	15.57%	13.61%	14.71%	AFH	58.00%	80.00%	95.00%
NH	0.02%	0.01%	0.00%	NH	46.74%	65.39%	49.85%
GH	5.60%	10.00%	0.00%	GH	45.04%	44.44%	46.67%
SL	5.90%	5.20%	8.30%	SL	40.91%	51.25%	51.62%

Average Daily Payments				Average Hourly Wages*			
	King	Urban	Non-Urban		King	Urban	Non-Urban
BH	\$ 72.48	\$ 65.38	\$ 66.20	BH	\$ 12.77	\$ 11.54	\$ 12.17
AFH	\$ 74.98	\$ 69.90	\$ 65.38	AFH	\$ 15.07	\$ 11.76	\$ 11.18
NH	\$ 171.57	\$ 154.33	\$ 150.50	NH	\$ 17.15	\$ 15.23	\$ 14.56
GH	\$ 168.16	\$ 168.41	\$ 148.01	GH	\$ 10.94	\$ 10.59	\$ 10.75
SL	\$ 195.45	\$ 166.92	\$ 148.38	SL	\$ 11.38	\$ 10.72	\$ 10.47

*For DDD, the department only compared the average non-licensed wages.¹
 For AFH/BH and NH, the department compared an average of licensed and non-licensed wages.

Generally, the geographic designations used in establishing Home and Community Residential rates (AFH/BH), Nursing Home Medicaid Payment rates and DDD-GH/SL rates, are similar across settings and correlate with the assumed theory of high to low cost geographic areas i.e., King County, Urban Counties, and Non-urban Counties.

Also, factors other than wages and payments likely affect staff and provider turnover e.g., employment markets, labor competition, mix of client need, fringe benefits, work environment,

¹ For DDD, Licensed staff is unequally distributed over the geographic areas of King County, urban and non-urban and thus, using licensed staff in average hourly wages would result in an unbalanced sample. Also, licensed staff receive widely divergent rates of pay between geographic areas and thus, comparing average hourly wages that included licensed staff wages would produce skewed results.

business operations, contract compliance, professional resources available, education and training available, etc.

The following are key findings from the report by provider type:

i. Home and Community Providers (AFH & BH)

- For AFHs, the average hourly wages paid by providers correlate with what is assumed to be high to low cost geographic areas e.g., King County, urban, and non-urban. Also, the average daily payments correlate with the high to low cost geographic areas. Both average hourly wages and average daily payments correlate with staff turnover in that high average hourly wages and daily payments coincide with low staff turnover.
- For BHs, the correlation of low staff turnover with high average daily payment and average hourly wage holds for King County but is reversed between urban and non-urban with non-urban counties having a higher average daily payment and average hourly wage and a lower staff turnover than urban counties.
- A possible explanation for this anomaly is that a higher percentage of high-care BH clients are found in non-urban counties rather than in urban counties. Thus, non-urban counties receive higher daily payments and pay higher average hourly wages to care for them resulting in a lower turnover than urban counties.
- For Home and Community Residential rates (AFH/BH), staff turnover was well above fifty percent for all geographic locations.
- For AFH there is a no correlation between provider turnover and average hourly wages and average daily payments. For BH, there appears to be some correlation between provider turnover and average hourly wages and average daily payments.
- Provider turnover was highest for Home and Community Residential rates (AFH/BH) at approximately fifteen percent.
- To measure the effect of average daily payments on average hourly wages or provider/staff turnover in community residential settings is difficult because client care level distribution across geographic locations is not predictable e.g., the number of clients with level B Low needs in an urban area will not be the same as the number of clients with a level B Low needs in King County.

ii. NH

- The wages paid by NH providers correlate with what is assumed to be high to low cost geographic areas i.e., King County, urban and non-urban. Both wages and payments correlate with staff turnover in that high wages and payments

coincide with low staff turnover. For NH, staff turnover for all geographic areas was centered around fifty percent.

- For NH, provider turnover was minimal and thus, no correlations could be drawn.
- Nursing Home provider turnover was lowest at less than one percent.

iii. DDD-GH\SL

- For DDD-GH, staff turnover between the geographic areas are almost equal. The average hourly wage does not include fringe benefits and payroll taxes. The provider receives the benchmark rate that does contain amounts for fringe benefits and payroll taxes and thus, may retain staff with a benefit package that is not reflected in average hourly wages. Arguably, the difference in the benchmark rates between the geographic areas provides a reasonable differential for providers to attract and retain staff in the different areas.
- For DDD-SL, staff turnover between urban and non-urban designations are almost equal. King County has the lowest staff turnover, which correlates with its higher average daily payment and average hourly wage. Since King County receives the highest benchmark rate and has the lowest turnover with urban and non-urban staff turnover almost equal, it can be argued that the benchmark rate differentials appear to affect staff turnover.
- For DDD-SL there appears to be some correlation between provider turnover and average hourly wages and average daily payments. For DDD-GH there appears to be no correlation between provider turnover and average hourly wages and average daily payments. In the DDD GH/SL rate setting system, payments have very little relationship to wages. A GH or SL may have higher payments because of the configuration (fewer clients sharing supports) and/or the clients have higher support needs and therefore, receive more hours of support. The wages paid to staff should correlate to the benchmark rates.
- For DDD-GH/SL, staff turnover for all geographic areas was centered around fifty percent.
- Provider turnover for DDD-GH/SL was at around five percent.

B. Recommendations Section 206 (13) (a)

The geographic designations used in establishing Home and Community Residential rates (AFH/BH), Nursing Home Medicaid Payment rates, and DDD-GH/SL rates are similar across settings and correlate with the assumed theory of high to low cost geographic areas i.e., King County, Urban Counties, and Non-urban Counties. The department recommends the continuation

of geographic designations for Medicaid rate setting. Based on this study using geographic designations appears to have no adverse impact on staff or provider turnover.

However, we would encourage further study to determine programs to help reduce staff turnover, the impact it has on the quality of care and quality of life for residents, and the high cost it brings to providers.

There does appear to be some correlation between wages paid and staff turnover. However, the scope did not include other factors which might contribute to turnover, such as:

- Unemployment rates;
- Level of fringe benefits;
- Level of staffing;
- Training opportunities;
- Resident acuity levels;
- Other industries in an area along with new industries that open in an area; and
- Better benefit options offered by other employers, etc.

In addition to competing with other industries in the area for the same employees, the care settings are competing with each other for the same employees. Also, the difficulty of the work in long-term care settings factors into turnover.

PART 2

C. Executive Summary - Section 206 (13) (b)

Under SUBSTITUTE HOUSE BILL 1128 codified as Chapter 522, Laws of 2007 Section 206 (13) (b), the Legislature stated:

Examine alternative community residential provider payment systems that account for differences in direct care labor costs in various areas of the state, including alternative peer groupings in its payment systems that take such factors into account;

To examine alternative community residential provider payment systems that account for differences in direct care labor costs, the department studied the following payment systems that account for direct care labor costs including alternative peer groupings:

- Adult Family Home (AFH) and Licensed Boarding Home (BH) Payment System;
- Nursing Facility (NH) Medicaid Payment System; and
- Division of Developmental Disabilities (DDD) Group Home (GH) and Supported Living (SL) Payment System.

The department uses alternative peer groups based on debility to set payment rates. The department concluded that debility peer groups were a factor in accounting for differences in direct care labor costs. Geographic locations were not a factor in debility determinations. The

hours of care needed because of the person's debility group impact payment because labor costs vary by geographic location.

All the payment systems examined used client debility in rate setting. However, each was unique in its approach including alternative peer groupings.

Home and Community (AFH/BH) assesses a client for:

- Cognitive performance;
- Clinical complexity;
- Mood/behaviors symptoms; and
- Activities of daily living (ADLs).

At the time of the data collection, the Comprehensive Assessment Reporting Evaluation (CARE) assessment classified a client to need one of 12 levels of care to which the department assigned payment rates. A component of the payment rate is direct care. Direct care is determined by multiplying hours of care, which relate to debility, by the hourly cost (wages) of providing the care.

The wages in the AFH/BH model are the Bureau of Labor Statistics for the type of caregiver and differ by geographic location. The hours resulted from a time study that determined the number of hours of care a client needed because of the client's debility. The product of wages times hours along with other non-direct care costs make up the total payment rate for each level of care.

Nursing homes use the Minimum Data Set (MDS) developed for Medicare and modified for use by Washington State to identify the client's debility. The department assesses all residents in a NH and assigns a MDS case-mix score representing the overall debility of the clients in the NH.

The department uses the case-mix score to adjust the NH's reported costs. The department uses the case-mix adjusted costs to set the direct care rate for the NH. The direct care rate along with other non-direct care costs make up the total payment rate for the NH.

The NH reported direct care costs are impacted by geographic location. According to the data collected for this report the average NH wage was higher for King County followed by urban counties and then non-urban counties. Table G and Graphs G.1 and G.2

At the time of the data collection, the department assessed the number of hours a DDD client would need care because of the client's debility. The assessed debility was not linked with a specific number of care hours. The department multiplied the assessed hours by a benchmark wage. The product of the hours times the benchmark wages along with amounts for administrative and travel expenses formed the payment rate for a client.

Benchmark wages differed by geographic location. The department is implementing a new DDD assessment system that will assign the hours of care to the debilities and thus, the difference in the direct care rate will be the benchmark wage used to multiply the hours to derive a direct care rate.

Alternative community residential provider payment systems do take into account differences in direct care labor costs in various areas of the state. The direct care labor costs differences result from alternative debility peer groupings. The debility peer groups result in different hours of care being assigned. In all payment systems, the department multiplies hours of care by a wage rate. The wage rate is impacted by geographic location.

D. Recommendations Section 206 (13) (b)

Of the three rate setting systems studied, DDD Group Homes and Supported Living had the lowest staff turnover. DDD Group Homes and Supported Living provider turnover was lower than Home and Community Residential rates (AFH/BH). Further study of benchmark rates between geographic settings and their effect on reduction in staff turnover may be appropriate.

Even though, the study may indicate that using benchmark rates in setting AFH/BH and NH rates might affect staff turnover, the uniqueness of the rate setting systems would require significant adjustments in order for benchmark rates to be used in AFH/BH or NH rate setting. Since each rate setting system adequately determines the rates for the client subject to its care setting, it seems unnecessary to change the systems based on the findings of this study.

II. Background

A. Legislative Authority

In the 2007 Regular Session, the Legislature passed SUBSTITUTE HOUSE BILL 1128 codified as Chapter 522, Laws of 2007 (See Appendix A). Within amounts appropriated in section 206 and in section 205 of the act, under Section 206 (13) of the act, the department is to examine whether the geographic designations used to set rates affect provider and workforce turnover. Also, as part of the examination, the department is to consider the effect of alternative community residential provider payment systems including alternative peer groupings in its payment systems that take such factors into account.

In order to study the effect of geographic designations on providers and their employees and the effect of different rates setting systems that use geographic designations, the department decided to gather data about staff wages and turnover rate. The department decided to survey the providers of the following rate setting systems:

- Adult Family Homes (AFH);
- Licensed Boarding Homes (BH) with contracts to provide
 - Assisted Living (AL),
 - Adult Residential Care (ARC),
 - Enhanced Adult Residential Care (EARC), and
 - Enhanced Adult Residential Care – Special Dementia Care (EARC-SDC);
- Division of Developmental Disabilities (DDD) – Group Homes (GH); and
- DDD – Supported Living (SL).

The department obtained the wage and turnover information for NH from the 2006 annual cost reports. Please see Appendix B for descriptions of the Medicaid rate setting systems studied.

B. Development of the Survey Process

Beginning in July 2007, the department met with stakeholder groups to discuss the best method by which to obtain staff wages and turnover rate data. Home and community providers (AFH and BH) expressed concern that any data collected by the department would be subject to public disclosure.

The department submitted at least four versions of a survey form and cover letter to stakeholder groups for their review and comment. In order to obtain data, the department agreed to a blind survey.

The survey forms would identify type of contract i.e., AFH, AL, ARC, EARC, and EARC – SDC but not the name or address of the provider. The blind approach probably resulted in more responses than the department would have received if the provider had been identified. However, it was impossible for the department to follow-up with the responders on their completed surveys. This is significant because being unable to follow up with the providers affects reliability.

The department surveyed all licensed boarding homes that have contracted to provide AL, ARC, EARC, and EARC-SDC. In counties where the number of AFH was too few to select a statistically valid random sample, the department surveyed all the AFHs in the county. For counties that have a large number of AFHs, the department surveyed a statistically valid random sample.

The department mailed the Surveys to AFHs and BHs during the week of November 26 through 30, 2007. The department requested that they be returned by December 17, 2007. The following table depicts the number of surveys mailed; the number of responses received; and the response percentages. See Appendix C and D for a copy of the survey documents

SURVEY RESPONSE TABLE

	AFH	BH
No. of Surveys Mailed	1533	354
No. of Responses	484	147
Percent of Response	32%	42%

See Appendix E for the AFH breakdown of mailed surveys and responses by county.

C. Data Reliability

i. Adult Family Homes and Licensed Boarding Homes

The department was unable to achieve the response rates required for either the full-population or randomly selected survey groups. For AFH, the department was seeking a confidence level of 95% with a margin of error of 5% when it randomly selected the survey participants for the larger counties for AFHs. For this type of survey follow-up is necessary with non-responders. Since the department agreed during the development process with stakeholders to not include an overt or even an encrypted identifier on the surveys, the department was unable to follow-up.

For BHs and AFHs, the department obtained enough data to reference it but not enough to set valid "confidence intervals". Therefore, the department must look for "indicators" in the surveys for the issues addressed by the survey. The report is more a case study of home and community residential providers.

Critics of the case study method believe that the study of a small number of cases can offer no grounds for establishing reliability or generality of findings. Despite this shortcoming, this is the best available data from AFHs and BHs to compare with staff wage and turnover data from NHs, DDD - SL, and DDD - GHs, care settings.

ii. Nursing Homes

The department did not survey nursing homes for data on wages and turnover. The department took the data from the 2006 cost reports submitted by 246 NHs. Since the data resulted from a one hundred percent response, reliability/confidence is near one hundred percent with a margin of error near zero.

iii. DDD Group Homes and Supported Living

Every year in September and October, the department conducts a survey of Group Homes (GH) and Supported Living (SL) that provides information about staff wages and turnover. See Appendix F for survey document.

The following is the breakdown of number surveyed and responses for Group Homes and Supported Living:

Program	Surveyed	Responses	% Return
GH	37	28	75.7%
SL	124	94	75.8%
Total	161	122	76%

The population and sample size for these programs provides a confidence level of 95% with an error margin of (+/-) 4.1%. When the department calculates the confidence and error margin in terms of the population size of staff (approximately 8,000) and number of staff in the response, there is an error margin of just (+/-) 0.6% at the 95% confidence level. The sample size and response rate provides a valid data set state-wide. However the margin of error increases significantly when sub-sets of the population and samples are used for analysis, particularly at the county level.

III. Comparison of Average Hourly Wages, Average Daily Payments, and Provider and Staff Turnover between Care Settings and Geographic Areas.

A. Average Hourly Wages Compared By Geographic Area

The average hourly wages for AFH, NH, and DDD-SL staff are higher in King County than they are for staff in either the urban counties or the non urban counties. Also, staff average hourly wages for urban counties is higher than for non-urban counties. Table A and Graph A.1 and A.2, Table F and Graph F, and Table H and Graph H

This is consistent with the hypothesis that a provider in King County would have to pay higher wages than providers in urban counties or the non urban counties to retain workers. Further, an urban county provider would have to pay higher wages than a non urban provider.

There were two anomalies in comparing average hourly wages between geographic areas. For BH the staff average hourly wages were higher in King County than they were for staff in urban counties or non-urban counties. However, the average hourly wage for the urban counties is

lower than for non-urban counties. This is inconsistent with the hypothesis that a provider in an urban county would have to pay higher wages than one in a non-urban county to retain workers.

A possible explanation why BH average daily payment is higher in non-urban counties than urban counties is client CARE-level distribution. There are a higher percentage of high-care BH clients in non-urban counties than urban counties. Non-urban county BH providers with higher care clients may pay their non-licensed staff more per hour or possibly there is a higher ratio of licensed staff that causes the average hourly wages to be more than the urban county average wage.

For GH, the average non-licensed staff hourly wages for urban counties are lower than for non-urban counties. This is inconsistent with the theory that a GH provider in an urban county would pay more than one in a non-urban county to retain staff.

The difference in reported wages between urban GH and non-urban GH may be the result of the following:

- Fringe benefits and/or payroll taxes;
- Higher turnover that causes lower paid entry level staff during the study period in the urban area;
- Slower job market; and
- Providers in non-urban counties may have to pay more to obtain non-licensed staff.

For all three rate setting systems, the hypothesis that geographic areas designating high cost areas to lower cost areas appear to be supported by higher wages paid in higher cost areas and so on. For the two instances where the hypothesis did not hold, there were logical explanations.

B. Average Hourly Wages Compared To Average Payments by Geographic Area

For AFH/BH and NH rate setting systems, the hypothesis that geographic areas designating high cost areas to lower cost areas appear supported by higher average hourly wages paid and higher average daily payments received. Table A and Graphs A.1 and A.2 Table F and Graph F

However, because more than one half of average daily payments are a wage component, it is logical that higher payments mean higher wages and vice versa. Thus, a comparison does not provide much insight.

Supported Living non-licensed staff average hourly wage for King County is higher than for urban and non-urban counties. The average non-licensed SL staff wage for urban counties is lower than for non-urban counties. Also, King County has the highest SL daily payment followed by urban and non-urban. Table I and Graph I.2

A possible explanation offered for average daily payments and average hourly wages failing to follow the hypothesis is higher payments cannot be correlated with higher wages. In the DDD GH/SL rate setting system, payments have very little relationship to wages.

A GH or SL may have higher payments because of the configuration (fewer clients sharing supports) and/or the clients have higher support needs and therefore, receive more hours of support. The wages paid to staff will correlate to the benchmark rates.

C. Comparison of Average Hourly Wages, Average Daily Payments, and Staff Turnover by Geographic Areas

Long-term care facilities pay as much as \$3,500 to replace a... care provider that leaves... With an average 45 percent annual turnover among long-term care workers, the nation-wide cost of high staff turnover is nearly \$4.1 billion. <http://www.elderweb.com/home/node/3056>

Turnover rates have been reported to range from 40 percent to over 100 percent annually. Forty-two states report that nurse aide recruitment and retention are major issues. http://www.hhdev.psu.edu/chcpr/research/aging_bjbc.html

According to this study, in Washington long-term care staff turnover is high across all the settings. However, this study strongly indicates that establishing rates based on geographical differences is not a strong contributor to this turnover.

A survey of 12,000 people identified 20 reasons why they remained at a company. "Fair pay" was fourth -- not even in the top three. Chief responses were intangibles, such as "exciting work and challenge," which came in first, followed by "career growth, learning and development" and "working with great people." "Being recognized, valued and respected" and "meaningful work and making a difference" were sixth and eighth, respectively.

A 2003 study of 28,000 former healthcare employees by J. Walter Thompson Specialized Communications concluded, "More employees leave because of bad managers than for any other single, controllable reason." [It is recommended] that employers build job satisfaction by acknowledging and appreciating their employees' work. "Most employers aren't tying employee satisfaction to the bottom line..." http://hiring.monster.com/resourcecenter/healthcare_retention.aspx?ecomad=rcahealthreten

AFH/BH

For AFH, the correlation of higher average hourly wages to lower staff turnover holds. Table B and Graph B.1

Also, for AFH, the higher the average daily payments should result in lower staff turnover. The assumption is that King County would have the highest average daily payments with the lowest staff turnover followed by urban counties and non-urban counties. The graphs and table indicate such a correlation. Table B and Graph B.2

For BH, although the average hourly wage and average daily payment in non-urban counties are greater than in the urban counties, the turnover is lower and thus, the assumption that higher hourly wages result in lower staff turnover appears possible. Table C and Graph C-1 and C-2

Possible explanations for the much higher turnover in BH urban counties are that workers can receive better wages either in King or a non-urban county. As discussed under “**Average Hourly Wages Compared by Geographic Areas**”, non-urban BH providers have higher care clients and thus, may pay their non-licensed staff more per hour or possibly there is a higher ratio of licensed staff that affects turnover.

NH

The hypothesis is that the higher the NH non-licensed staff and licensed staff average hourly wage and average daily payment, the lower the staff turnover should be. The assumption is that King County would have the highest hourly wage and daily payment with the lowest turnover followed by urban and non-urban.

King County does have the highest non-licensed staff and licensed staff average hourly wage and average daily payment and the lowest staff turnover.

The comparisons indicate that the average licensed and unlicensed NH hourly wage for urban compared with urban staff turnover and average urban NH daily payment demonstrate that the average hourly wage and average daily payment are lower than King County and the staff turnover rate is higher than King County. This is consistent with the hypothesis. Table G and Graph G.1 and G.2

Although the lower average licensed and non-licensed hourly wage, average daily payment, and staff turnover in non-urban counties is consistent with the results for King County, it is inconsistent with the results for urban counties.

Even though non-urban counties average licensed and non-licensed hourly wage and average daily payment are lower than urban counties, non-urban counties staff turnover is almost equal to King County and significantly lower than urban counties. Possible explanations are:

- Demographics – rural settings don’t have the same job market competition – e.g., Wal-Mart, etc.;
- Mix of facilities – profit vs. non-profit, public hospital districts, chains vs. single proprietary; and
- Fringe benefits and/or work environment, etc.

The hypothesis that higher daily payments and higher hourly wages follow the geographic designations of King County, urban counties, and non-urban counties is demonstrated. The only anomaly is the low staff turnover for non-urban counties for which explanations exist. Table G and Graph G.1 and G.2

DDD-GH/SL

For GH, the staff turnover rate is almost equal between the geographic areas. The average daily payment is approximately equal between King County and urban counties. Although its average

daily payment is significantly lower, the non-urban counties average hourly wage is higher than the urban counties. Thus, geographic differences in staff turnover rate cannot be explained by geographic differences in average hourly wage or average daily payment. Table J and Graph J.1 and J.2

The SL average hourly wage for urban counties and non-urban counties is consistent in that urban counties pay more than non-urban counties. However, the SL staff turnover is equal for the urban counties and non-urban counties. Thus, it appears that geographic differences in staff turnover in urban counties and non-urban counties are unrelated to the geographic differences in average hourly wages paid. Table K and Graph K.1 and K.2

King County pays the highest average hourly wage. Also, King County's average hourly wage correlates with the lowest staff turnover. For King County, it does follow that higher wages equal a lower staff turnover. Table K and Graph K.1 and K.2

For GH, the average daily payments are approximately equal for King County and urban counties. The average daily payment for non-urban counties is significantly lower than King County and urban counties but its staff turnover is approximately equal between the three geographic areas. Table J and Graph J.1 and J.2

Geographic areas that have lower payments have fewer hours per clients. Clients with fewer hours generally have lower needs, indicating that they typically have less severe behavioral and/or medical needs. Clients with lower needs generally are easier to work with and therefore, may result in lower turnover of staff. Graphs J.3, J.4, and J.5 demonstrate that higher staff turnover may be related to higher average payments.

D. Comparison of Provider Turnover with Average Hourly Wages and Average Daily Payments by Geographic Area

AFH/BH

The hypothesis is that the higher the average hourly wage and average daily payment, the lower provider turnover. The assumption is that King County would have the highest average hourly wage and daily payment with the lowest provider turnover followed by urban counties and then non-urban counties.

The hypothesis is untrue for AFHs. Provider turnover is almost equal between the geographic areas of King County, urban counties and non-urban counties. For AFH, average daily payments or hourly wages are not a predictor of provider turnover. Table D and Graph D

For BH, provider turnover is lowest for King County, which has the highest average hourly wage and average daily payment. Provider turnover for urban counties is less than for non-urban counties and the average hourly wage and average daily payment are lower than non-urban counties, which have a higher turnover rate and higher average hourly wage and higher daily payment. Thus, there appears to be no correlation between provider turnover and average hourly wages and average daily payments. Table E and Graph E.

NH

For FY07, out of two hundred thirty-six nursing homes statewide, there were two closures. This is too small of a sample to draw any significant analysis regarding the reasons for closure.

DDD GH/SL

For GH, provider turnover is non-existent in non-urban counties even though the average daily payment is lower than King County and urban counties. Group Home provider turnover is highest in the urban counties where the average hourly wage is lower than either King County or non-urban counties and the average daily payment is the highest of all three geographic areas. Table L, Graph L.1

For SL, average hourly wages and average daily payments follow the geographic designations with the highest for King County, then urban counties, and then non-urban counties. However, urban counties have the lowest provider turnover, which is inconsistent with the hypothesis. Table L, Graph L.2

A possible explanation is that providers terminate operations for a number of reasons e.g., contract non-compliance. The average daily payment is seldom a factor in contract terminations. Average daily payments being a factor in provider turnover would be an isolated event, not something that could be generalized to a geographic area. Since there was so little agency turnover, the data set is questionable to work with any hypothesis.

For DDD-GH, there was no correlation between average hourly wages and average daily payments and provider turnover. For SL, there was only partial correlation between average hourly wages and average daily payments and provider turnover.

GLOSSARY

“Benchmark Compensation Rate” means the hourly rate that DDD pays a provider for the number of direct service hours needed to meet the client’s assessed needs. The hourly rate is higher for King County than for urban counties and the urban counties’ rate is higher than for non-urban counties.

“CARE” means Comprehensive Assessment Reporting Evaluation and refers to a process by which a client’s need for personal care services are determined by the department by gathering information from the client, the client’s caregivers, family members, and other sources. The department assesses a client’s ability to perform:

(1) Activities of daily living (ADL) using self performance, support provided, status and assistance available, as defined in WAC 388-106-0010. Also, the department determines your need for "assistance with body care" and "assistance with medication management," as defined in WAC 388-106-0010; and

(2) Instrumental activities of daily living (IADL) using self performance, difficulty, status and assistance available, as defined in WAC 388-106-0010.

“DDD Survey” means the one conducted every year in September and October by the DDD rates section within the Office of Rates Management of Group Homes (GH), Supported Living (SL), and State Operated Living Alternatives (SOLA) that provides information about staff wages, turnover and vacancies.

“Minimum Data Set (MDS)” means the overall data component of the resident assessment instrument, indicating the strengths, needs, and preferences of an individual nursing facility resident. Use of a MDS to assess residents result in a case-mix score used to set the Direct Care component of the nursing home’s Medicaid payment rate.

“NH Cost Reports” means a calendar year report of a nursing home's costs reported on department issued schedules and submitted according to the department's instructions

Payment or Average Payment - means the average Medicaid payments made to providers in the specific geographic area.

“Survey” means the one conducted in November of 2007 by the Office of Rates Management of Adult Family Homes and Licensed Boarding Homes with contracts to provide

- Assisted Living (AL),
- Adult Residential Care (ARC),
- Enhanced Adult Residential Care (EARC), and
- Enhanced Adult Residential Care – Special Dementia Care (EARC-SDC);

that requested information on wages, turnover, and occupancy for FY 2007.

“Wage or Average Wage” – means the average of licensed and non-licensed staff wages paid by providers in a specific geographic area. For DDD, **Wages or Average Wages** means the average non-licensed staff wages paid by providers in a specific geographic area.

"Non-urban County" means a county which is not located in a metropolitan statistical area as determined and defined by the United States office of management and budget or other appropriate agency or office of the federal government or a county so designated by Aging and Disability Services Administration.

"Urban County" means a county which is located in a metropolitan statistical area as determined and defined by the United States office of management and budget or other appropriate agency or office of the federal government a county so designated by Aging and Disability Services Administration.

APPENDIX

APPENDIX A

SUBSTITUTE HOUSE BILL 1128 codified as Chapter 522, Laws of 2007 Section 206 (13)

- (13) Within amounts appropriated in this section and in section 205 of this act, the department of social and health services shall:
- (a) Determine how geographic differences in community residential provider payments affect provider and workforce turnover;
 - (b) Examine alternative community residential provider payment Systems that account for differences in direct care labor costs in various areas of the state, including alternative peer groupings in its payment systems that take such factors into account; and
 - (c) Submit a report of its findings and recommendations to the office of financial management and to the appropriate fiscal committees of the legislature by June 30, 2008.

APPENDIX B

Medicaid Rate Setting Systems

The payments that the providers/contractors receive for care are set through the following rate setting systems. Brief descriptions of the rate setting systems follow each identified system.

A. Home and Community Residential Care

i. Rate Components and Rate Setting

To pay AFH and BHs for the care that they provide to Medicaid residents, the department sets individual rates based:

- CARE classification levels;
- geographic areas;
- benchmark costs; and
- legislatively authorized cost of living increases.

The rates are resident specific. A facility may receive several different rates based upon the service needs of its Medicaid residents.

The department assesses each Medicaid client using Comprehensive Assessment Reporting Evaluation (CARE). The CARE assessment determines the level of need for services. The department relied on the Minimum Data Set (MDS) system used in nursing homes for its direct care case mix system to develop the CARE assessment. For home and community residential care, there are twelve classifications from A low to D high. The 2008 Legislature directed the department to increase the twelve classifications to seventeen.

To set the per diem rate in 2001 and 2002, the department conducted a time study to determine how long it took to care for an individual at each of the classification levels.

The department collected wage data from the Employment Security Department's Occupational Employment statistics (OES). Using the wage data and the time it took to care for individuals at the classification levels identified by CARE, the department developed the cost of care for each classification level.

From 1999 nursing home cost reports, the department selected benchmarks for fringe benefits, payroll taxes, and other administrative expenses e.g., insurance, direct care supplies, office equipment and licenses. For July 1, 2008, the department will use the 2005 cost report to set the benchmark costs.

To determine a capital cost, the department uses Marshall Valuation Service and Treasury Bond Constant Maturity Average Rate. Marshall Valuation Service is used in determining a price per

square foot construction costs i.e., the total value of the property. The Interest rate represents an annual yield of US Treasury thirty-year (30) maturity bonds as of a specific date. The interest rate is applied to the total value of Property to determine the imputed annual rent.

Then, the department set a per diem rate for each classification level based upon wages, the other rate components and rent. When the department classifies an individual as needing care at level B low, it pays the rate associated with that level.

Client participation covers the room and board part of the rate resulting in no federal match being claimed for room and board.

Since July 2003, the Legislature has enacted inflation adjustments to increase rates.

ii. Urban Counties and Non-Urban Counties

The department adjusts the payment rates for AFHs and BHs based on the geographic location of the facility with rates for King County being higher than urban counties and urban counties are higher than non-urban counties. The geographic designations are :

- a. King County**
- b. Urban Counties** - Benton, Clark, Franklin, Island, Kitsap, Pierce, Snohomish, Spokane, Thurston, Whatcom, and Yakima (eleven counties).
- c. Non-Urban Counties** - Adams, Asotin, Chelan, Clallam, Columbia, Cowlitz, Douglas, Ferry, Garfield, Grant, Grays Harbor, Jefferson, Kittitas, Klickitat, Lewis, Lincoln, Mason, Okanogan, Pacific, Pend Oreille, San Juan, Skagit, Skamania, Stevens, Wahkiakum, Walla Walla and Whitman (twenty-seven counties).

B. Nursing Homes

i. Rate Components, Cost Reporting, and Rate Setting

The department sets a Medicaid per diem rate for each nursing facility. The department will pay the nursing home contractor the same rate for each Medicaid resident in the facility. Rates are based generally on

- a facility's costs;
- a facility's occupancy level;
- the individual care needs of a facility's residents; and
- geographic areas

In 1998, the Legislature passed Chapter 322, Laws of 1998 (E2SHB 2935), requiring that the Medicaid payment for direct care in nursing facilities be determined using a case mix payment system.

In October 1998, the department implemented a case mix payment system to determine the Direct Care rate component of a nursing facility's rate. The case mix system is founded on the principle that the different physical and mental conditions of nursing facility residents require different levels of care.

By identifying those conditions for each resident in a facility and by increasing the payments to a nursing facility for those residents with increased care needs, the case mix system achieved two objectives: better and more appropriate care for nursing facility residents and correspondingly, payment accurately based on the care needs of residents.

The department determines a NH's component rates based on its reported adjusted and allowable costs for a selected calendar year. For July 1, 2007, for direct care, therapy care, support services, and operations, 2005 calendar year reported and adjusted costs were inflated by legislative mandated economic trends and conditions factors defined in the biennial appropriations act. Component rate for 7/1/2007 for variable return was the variable return rate existing on July 1, 2006. Property and financing allowance components were based on the 2006 cost reports.

ii. Urban and Non-Urban

For setting a NH direct care rate, which is approximately fifty-five percent of any NH daily rate, the department does separate out King County from the other urban counties. The following counties are separated between urban and non-urban:

a. King County:

b. Urban – Asotin, Benton, Chelan, Clark, Cowlitz, Douglas, Franklin, Island, King, Kitsap, Mason, Pierce, Skagit, Skamania, Snohomish, Spokane, Thurston, Whatcom, and Yakima (nineteen counties)

c. Non-Urban - Adams, Clallam, Columbia, Ferry, Garfield, Grant, Grays Harbor, Jefferson, Kittitas, Klickitat, Lewis, Lincoln, Okanogan, Pacific, Pend Oreille, San Juan, Stevens, Wahkiakum, Walla Walla, and Whitman (twenty counties).

C. DDD Group Homes (GH) and Supported Living (SL)

i. Rate Setting

a. GH Rate Setting

Group homes are residences that the department licenses as either boarding homes or adult family homes under chapters [388-78A](#) or [388-76](#) WAC. Group homes provide community residential instruction, supports, and services to two or more clients who are unrelated to the provider. The GH provides the client instruction and support services with room, board, and other personal needs.

Rates are determined for each individual client based on the number of direct care staff hours needed to meet the client's assessed needs. The department pays staff hours at the pre-

determined benchmark rate discussed under rate setting for SL and specific to county categories (urban, non-urban and King County).

In addition to the direct staff rate, there is a non-ISS (administrative and facility costs) rate that is a standardized rate based on the number of clients and the average number of direct service hours provided to clients in the group home. A Cost Reimbursement Analyst reviews all rates and the Residential Program Manager and the Division Director approve all rates.

Annual cost reports are required from each service provider itemizing the cost of providing the contracted service for the calendar year. Cost Reimbursement Analysts desk audit the cost reports to determine accuracy and reasonableness of reported costs.

b. SL Rate Setting

Supported Living (SL) are residential services provided to DDD clients living in their own homes in the community, which are owned, rented, or leased by the clients or their legal representatives. The department contracts with agencies to provide these services. Entities who offer these services are certified by Residential Care Services (RCS). Supported living offers instructions and supports which may vary from a few hours per month to 24 hours of one-on-one support per day. Clients pay for their own rent, food, and other personal expenses. The department pays for residential services provided to clients under department contract at the contracted rate.

Instruction and Support Services (ISS) Staff are employees (including counselors, instructors and/or trainers) of the contractor whose primary job function is the provision of instruction and support services to clients. ISS staff includes employees (e.g., program managers and supervisors) of the contractor whose primary job function is the supervision of ISS staff.

Instruction and Support Services (ISS) are client services required by Chapter 388-101 WAC and contract provisions. Staff designated as ISS staff (see definition above) provides ISS. The administrator and other administrative personnel (such as bookkeepers, accountants or maintenance workers) may also provide ISS when the provision of ISS is included in their job description.

These are the benchmark rates used to determine the Instruction and Support Services component of the per diem rate. For July 1, 2007 through June 30, 2008, the benchmark rates for GH and SL are:

- King County, the ISS compensation rate is \$16.11 per hour for salaries, wages, payroll taxes, and fringe benefits.
- Urban counties, the ISS compensation rate is \$15.49 per hour for salaries, wages, payroll taxes, and fringe benefits.
- Non-Urban counties, the ISS compensation rate is \$15.18 per hour for salaries, wages, payroll taxes, and fringe benefits.

Rates are determined for each individual client based on the number of direct care staff hours needed to meet the client's assessed needs. Staff hours are paid at the pre determined benchmark rate specific to county categories (Urban and Non-urban and King County).

Annual cost reports are required from each service provider itemizing the cost of providing the contracted service for the calendar year. Cost Reimbursement Analysts desk audit the cost reports to determine accuracy and reasonableness of reported costs.

The administrative rate is impacted by geographic location and was included in the payment data.

c. Urban and Non-Urban Counties

The DDD reimbursement rates for SL and GHs are adjusted based on geographic areas. For purposes of determining reimbursement rates counties recognized are:

i. King County

ii. Urban Counties - Asotin, Benton, Chelan, Clark, Cowlitz, Douglas, Franklin, Island, Kitsap, Mason, Pierce, Skagit, Snohomish, Spokane, Thurston, Whatcom and Yakima (seventeen counties).

iii. Non-Urban Counties - Adams, Clallam, Columbia, Ferry, Garfield, Grant, Grays Harbor, Jefferson, Kittitas, Klickitat, Lewis, Lincoln, Okanogan, Pacific, Pend Oreille, San Juan, Skamania, Stevens, Wahkiakum, Walla Walla and Whitman (twenty-one counties)

D. Comparison of Medicaid Rate Systems

	ADULT FAMILY HOMES	BOARDING HOMES	NURSING HOMES	DDD GROUP HOMES	DDD SUPPORTED LIVING
Facility Per Diem Rate	NO	NO	YES	NO	NO
Cost Reporting	NO	NO	YES	YES	YES
Acuity Measured to set Direct Care rate	YES CARE	YES CARE	YES MDS	YES*	YES*
Rates Adjusted For Geographic Location	YES	YES	YES	YES	YES
Settlement**	NO	NO	YES	YES	YES

* Rates are determined for each individual client based on the number of direct care staff hours needed to meet the client’s assessed needs. Both Group Home and Supported Living payment programs will begin using the DDD Client Assessment Tool which incorporates the Support

Intensity Scale (SIS) for assessing staff hour and client needs. This system will be fully implemented July 1, 2009.

**For NH, the department requires contractors to submit with each annual nursing facility cost report a proposed settlement report showing underspending or overspending in each component rate during the cost report year on a per-resident day basis. The department does not require contractors to refund payments made in the operations, variable return, property, and financing allowance component rates in excess of the adjusted costs of providing services corresponding to these components.

The facility will return to the department any overpayment amounts in each of the direct care, therapy care, and support services rate components that the department identifies following the audit and settlement, provided that the contractor may retain any overpayment that does not exceed 1.0% of the facility's direct care, therapy care, and support services component rate.

The department does not settle AFH or BH rates. The rates are not based on reported costs and are not facility specific.

For DDD-GH/SL, if the contractor provides more hours than contracted, or spends more on staff than the department paid them for there is no settlement.

For GH/SL, the department reconciles reported revenue received to DSHS/SSPS payment information to determine over/under payments for services. Settlements are calculated by the Cost Reimbursement Analyst to determine pay back amounts in cases where providers contracted for more direct service hours than they provided, or received more reimbursement for direct care costs than they paid for direct care costs. There is no settlement provision for the non-direct care staff (Administrative and Indirect Client Support) components of the payment rate.

APPENDIX C

ADULT FAMILY HOME STAFFING SURVEY

INSTRUCTIONS: COMPLETE THE SURVEY FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2007. If you would like to make comments please include them on a separate sheet with the survey form. Please mail the completed survey by **December 17, 2007** to: Joe LaChance, DSHS/ADSA, P.O. Box 45600, Olympia, WA 98504-5600. Or Fax to: 360-725-2641.

1. LOCATION:
2. NUMBER OF BEDS _____
3. AS OF TODAY, HOW MANY MEDICAID RESIDENTS DO YOU HAVE? _____
4. AS OF TODAY, HOW MANY NON MEDICAID RESIDENTS DO YOU HAVE?

5. HOW MANY PAID EMPLOYEES DO YOU HAVE TO PROVIDE CARE TO YOUR RESIDENTS? _____
6. IF YOU ANSWERED NONE TO QUESTION 6, DO YOU, THE PROVIDER/CONTRACTOR, PROVIDE ALL THE PERSONAL CARE?

 YES NO
7. IF PERSONAL CARE IS PROVIDED BY NON PAID PERSONS, PLEASE WRITE IN HOW MANY OF THE FOLLOWING PROVIDE THE CARE:
____ OTHER PROVIDER FAMILY MEMBERS
____ RESIDENT FAMILY MEMBERS
____ VOLUNTEERS
8. DOES THE FACILITY PROVIDE ANY OF THE FOLLOWING BENEFITS TO PAID CARE STAFF?

<input type="checkbox"/> Medical Insurance	<input type="checkbox"/> Paid Vacation
<input type="checkbox"/> Dental Insurance	<input type="checkbox"/> Paid Sick Leave
<input type="checkbox"/> Retirement Benefits: (401K or other plan)	
<input type="checkbox"/> Paid Sick Leave	

Paid Vacation

Comments:

9. PLEASE ANSWER THE QUESTIONS AND COMPLETE THE CHART ON PAGE 3



ADULT FAMILY HOME STAFFING SURVEY

	A	B
	NON-LICENSED PAID STAFF	LICENSED PAID STAFF (RN, LPN)
ON JULY 1, 2006, HOW MANY NON LICENSED STAFF AND LICENSED STAFF DID YOU HAVE? ➔		
FROM JULY 1, 2006 THROUGH JUNE 30, 2007, HOW MANY NON LICENSED STAFF AND LICENSED STAFF LEFT YOUR EMPLOY? ➔		
ON JUNE 30, 2007, HOW MANY NON LICENSED STAFF AND LICENSED STAFF DID YOU HAVE? ➔		

AS OF TODAY, PLEASE ENTER THE NUMBER OF NON LICENSED STAFF AND LICENSED STAFF, IN THE BOX THAT REPRESENTS THEIR HOURLY WAGE.



For example, If you have two non licensed staff, one that you pay \$8 an hour and the other \$10 an hour, you would put the number 1 in the box next to \$7 to \$9 per hour and 1 in the box next to \$9.01 to \$11 per hour.

- \$7 to \$9 per hour
- \$9.01 to \$11 per hour
- \$11.01 to \$13 per hour
- \$13.01 to \$15 per hour
- More than \$15 per hour

- \$10 to \$15 per hour
- \$15.01 to \$20 per hour
- \$20.01 to \$25 per hour
- \$25.01 to \$30 per hour
- \$30.01 to \$35 per hour
- \$35.01 to \$40 per hour
- \$40.01 to \$45 per hour
- More than \$45 per hour

**→FOR NON LICENSED STAFF, INSERT THE NUMBER IN COLUMN A.
→FOR LICENSED STAFF, INSERT THE NUMBER IN COLUMN B.**

APPENDIX D
LICENSED BOARDING HOME STAFFING SURVEY

INSTRUCTIONS: COMPLETE THE SURVEY FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2007. If you would like to make comments please include them on a separate sheet with the survey form. Please mail the completed survey by **December 17, 2007** to: Joe LaChance, DSHS/ADSA, P.O. Box 45600, Olympia, WA 98504-5600. Or Fax to: 360-725-2641.

1. LOCATION:

CONTRACT TYPE (S):

AL ARC EARC EARC SPECIALIZED

DEMENTIA CARE

2. NUMBER OF UNITS _____

3. AS OF TODAY, NUMBER OF UNITS OCCUPIED BY MEDICAID RESIDENTS _____?

4. AS OF TODAY, NUMBER OF UNITS OCCUPIED BY NON MEDICAID RESIDENTS _____?

5. DOES THE FACILITY PROVIDE ANY OF THE FOLLOWING BENEFITS TO STAFF?

Medical Insurance

Paid Vacation

Dental Insurance

Paid Sick Leave

Retirement Benefits: (401K or other plan)

Other Please describe _____

PLEASE ANSWER THE QUESTIONS BY COMPLETING THE CHART ON PAGE 2



LICENSED BOARDING HOME STAFFING SURVEY

	A	B	C
	NON - LICENSED STAFF	OPERATION & ADMIN. STAFF	LICENSED STAFF (RN, LPN)
ON JULY 1, 2006, HOW MANY NON LICENSED STAFF, OPERATION/ADMIN STAFF, AND LICENSED STAFF DID YOU HAVE? →			
FROM JULY 1, 2006 THROUGH JUNE 30, 2007, HOW MANY NON LICENSED STAFF, OPERATION/ADMIN STAFF, AND LICENSED STAFF LEFT YOUR EMPLOY? →			
ON JUNE 30, 2007, HOW MANY NON LICENSED STAFF, OPERATION/ADMIN STAFF, AND LICENSED STAFF DID YOU HAVE? →			

<p>CURRENTLY, PLEASE ENTER THE NUMBER OF NON LICENSED STAFF, OPERATION/ADMIN STAFF, AND LICENSED STAFF, IN THE BOX THAT REPRESENTS THEIR HOURLY WAGE.</p> <p style="text-align: center;">↓</p> <p>For example, If you have two non licensed staff, one that you pay \$8 an hour and the other \$10 and an hour and 1 housekeeper that you pay \$14 an hour, you would put in column A the number 1 in the box next to \$7 to \$9 per hour and 1 in the box next to \$9.01 to \$11 to \$11 per hour and in column B 1 in the box next to \$13.01 to \$15..</p>	<input type="checkbox"/> \$7 to \$9 <input type="checkbox"/> \$9.01 to \$11 <input type="checkbox"/> \$11.01 to \$13 <input type="checkbox"/> \$13.01 to \$15 <input type="checkbox"/> More than \$15 PER HOUR	<input type="checkbox"/> \$7 to \$9 <input type="checkbox"/> \$9.01 to 11 <input type="checkbox"/> \$11.01 to \$13 <input type="checkbox"/> \$13.01 to \$15 <input type="checkbox"/> More than \$15 PER HOUR	<input type="checkbox"/> \$10 to \$15 <input type="checkbox"/> \$15.01 to \$20 <input type="checkbox"/> \$20.01 to \$25 <input type="checkbox"/> \$25.01 to \$30 <input type="checkbox"/> \$30.01 to \$35 <input type="checkbox"/> \$35.01 to \$40 <input type="checkbox"/> \$40.01 to \$45 <input type="checkbox"/> More than \$45 PER HOUR
--	--	--	---

***OPERATION AND ADMIN STAFF DOES NOT PROVIDE CARE TO RESIDENTS. EXAMPLES OF OPERATION AND ADMIN WOULD BE BOOKKEEPER, HOUSEKEEPER, RECEPTIONIST, ETC.**

- FOR NON LICENSED STAFF, INSERT THE NUMBER IN COLUMN A.**
- FOR OPERATION/ADMIN STAFF, INSERT THE NUMBER IN COLUMN B.**
- FOR LICENSED STAFF, INSERT THE NUMBER IN COLUMN C.**

Appendix E

The department sent surveys to **all** the AFHs in the following counties:

COUNTY	No. of Surveys	Percent of Response
Adams	3	67%
Asotin	8	38%
Benton	32	44%
Chelan	16	38%
Clallam	10	40%
Cowlitz	19	42%
Douglas	8	50%
Ferry	3	33%
Franklin	10	40%
Grant	17	29%
Grays Harbor	3	33%
Island	18	50%
Jefferson	1	100%
Kitsap	51	33%
Kittitas	4	0%
Klickitat	11	73%
Lewis	19	53%
Lincoln	3	100%
Mason	8	75%
Okanogan	10	70%
Pacific	5	60%
Pend Oreille	4	25%
San Juan	3	0%
Skagit	22	41%
Skamania	1	0%
Spokane	159	40%
Stevens	12	42%
Thurston	76	25%
Wahkiakum	2	0%
Walla Walla	14	29%
Whatcom	30	63%
Whitman	1	0%
Yakima	46	37%

The department sent surveys to a **random sample** of the AFHs in the following counties:

COUNTY	No. of Surveys	Percent of Response
Clark	163	27%
King	370	24%
Pierce	150	31%
Snohomish	221	24%

APPENDIX F

DDD RESIDENTIAL STAFFING SURVEY

Survey Period: July 1, 2006 through June 30, 2007

INSTRUCTIONS: Fill out one survey for each program. If you have multiple programs, for example a Group Home and Supported Living program, fill out one survey for each. Also, if you have multiple programs located in different communities and/or counties, please fill out separate surveys to reflect different staffing situations. Please return by October 19, 2007 to Dave Cook, DSHS/ADSA, Office of Rates Management, P.O. BOX 45600, OLYMPIA, WA 98504-5600, or by E-Mail at: cookds@dshs.wa.gov.

1. AGENCY INFORMATION: Agency Name

Region _____ County _____

Program Type: (Check One) [] Group Home [] Supported Living [] SOLA

2. SURVEY CONTACT INFORMATION:

Name of Person Completing Survey:

Telephone Number: (____) _____ E-Mail

Address: _____

3. BOARD OF DIRECTORS INFORMATION: Non-Profit Agencies only, please fill out the following information if you have a Board of Directors or other governing board. Do not include advisory committees or other non-governing, non-voting boards.

a. How many members does your Board of Directors consist of?

b. Of these members, how many are voting members?

(Note: if the Executive Director does not vote, do not count him/her as a voting member)

c. Of the voting members, how many are people with mental retardation or other developmental disabilities who are consumers of services (not necessarily from this agency)?

d. Of the voting members, how many are family members (parents, siblings, or other relatives) of people with mental retardation or other developmental

disabilities who are consumers of services (not necessarily from this agency)?

4. **CLIENT INFORMATION: How Many Clients Are You Currently Supporting in This Program?**

.....

Does your agency also provide day supports to adults with MR/DD? YES
 NO

If YES, how many adults with MR/DD are currently supported by your program?
 _____.

5. **RECRUITING: Have You Noticed Any Difference in Recruiting New Staff during the Past 12 Months?**

- No difference
- Some improvement
- Definite improvement
- The situation is worse than ever

Comments	
----------	--

6. **OTHER EMPLOYEE COMPENSATION** - In addition to wages reported in section 7 (next page), does your agency provide benefits to direct service staff? *If Yes, check which type(s).*

- Medical Insurance *(paid in whole or in part by agency)*
- Dental Insurance *(paid in whole or in part by agency)*
- Retirement Benefits: *(401K or other plan paid in whole or in part by agency)*
- Paid Vacation
- Paid Sick Leave

Please go to page 2

7. STAFFING INFORMATION: (Please Fill in the Non-Shaded Boxes)

- How many filled ISS positions did you agency have on June 30, 2007?
- How many ISS staff left your agency between: July 1, 2006 - December 31, 2006; and January 1, 2007 - June 30, 2007?
- How many of your available ISS positions were vacant on June 30, 2007?
- What is the entry-level wage (hourly wage only, excludes fringe benefits and payroll taxes) for an entry-level ISS position?
- What is the mid-level wage (after 2 years of employment) for the following ISS positions?

Line #	Description	Number of filled ISS staff positions on June 30, 2007	Number of staff who left:		Number of positions vacant on June 30, 2007	Entry level wage for this position (Hourly)	^{1/} Typical percent of work hours filled w/ OT or non-scheduled staff	^{2/} Typical length of time to fill vacant positions	Mid-level wage (after 2 yrs) for this position (hourly)
			7/01/06-12/31/06	1/01/07-6/30/07					
1	ENTRY LEVEL								

2	1 st LINE SUPERVISORS								
3	PROGRAM MANAGERS								
4	*SPECIALISTS (e.g., recreation, behavioral, or staff trainers, etc.)								
5	NURSES (RN, LPN)								
6	TOTAL								

Of the total number of current staff and the total number of staff who left the agency (as entered in row 6), how many have or had been continuously employed in your agency for the following lengths of time:

7	Less than 6 months								
8	Between 6 and 12 months								
9	Over 12 months								
10	TOTAL of lines 7, 8 and 9 (should match line 6 TOTAL above)								

1/ Please provide estimate if information is not readily available: During a typical week, what is the percentage of scheduled hours filled by utilizing overtime or substitute staff (e.g., Program Managers) due to unavailability or no-show of regular staff.

2/ Please provide estimate if information is not readily available: What is the typical number of days it takes to fill a vacant ISS position. This would be from the time a position becomes vacant until a replacement is hired.

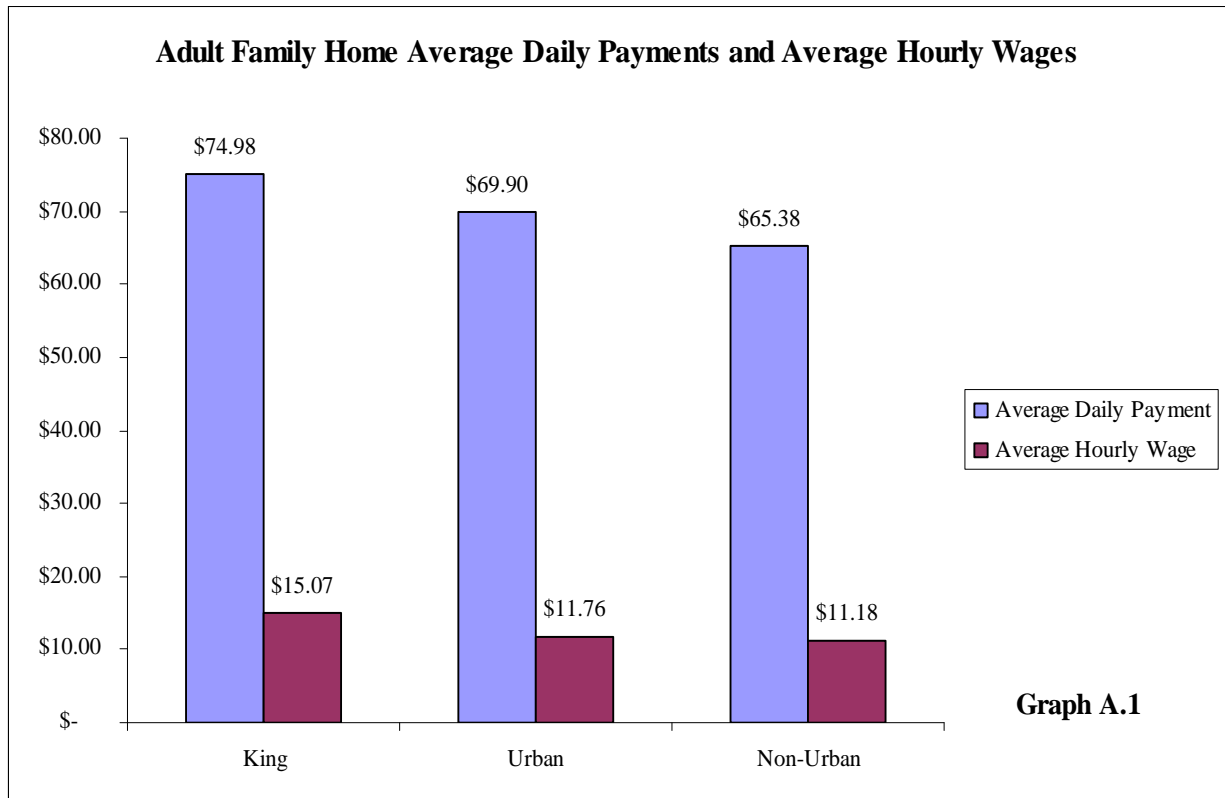
Please add any comments below

TABLE AND GRAPH APPENDIX

Table A

AFH	Average Daily Payment	Average Hourly Wage
King	\$ 74.98	\$ 15.07
Urban	\$ 69.90	\$ 11.76
Non-Urban	\$ 65.38	\$ 11.18

BH	Average Daily Payment	Average Hourly Wage
King	\$ 72.48	\$ 12.77
Urban	\$ 65.38	\$ 11.54
Non-Urban	\$ 66.20	\$ 12.17



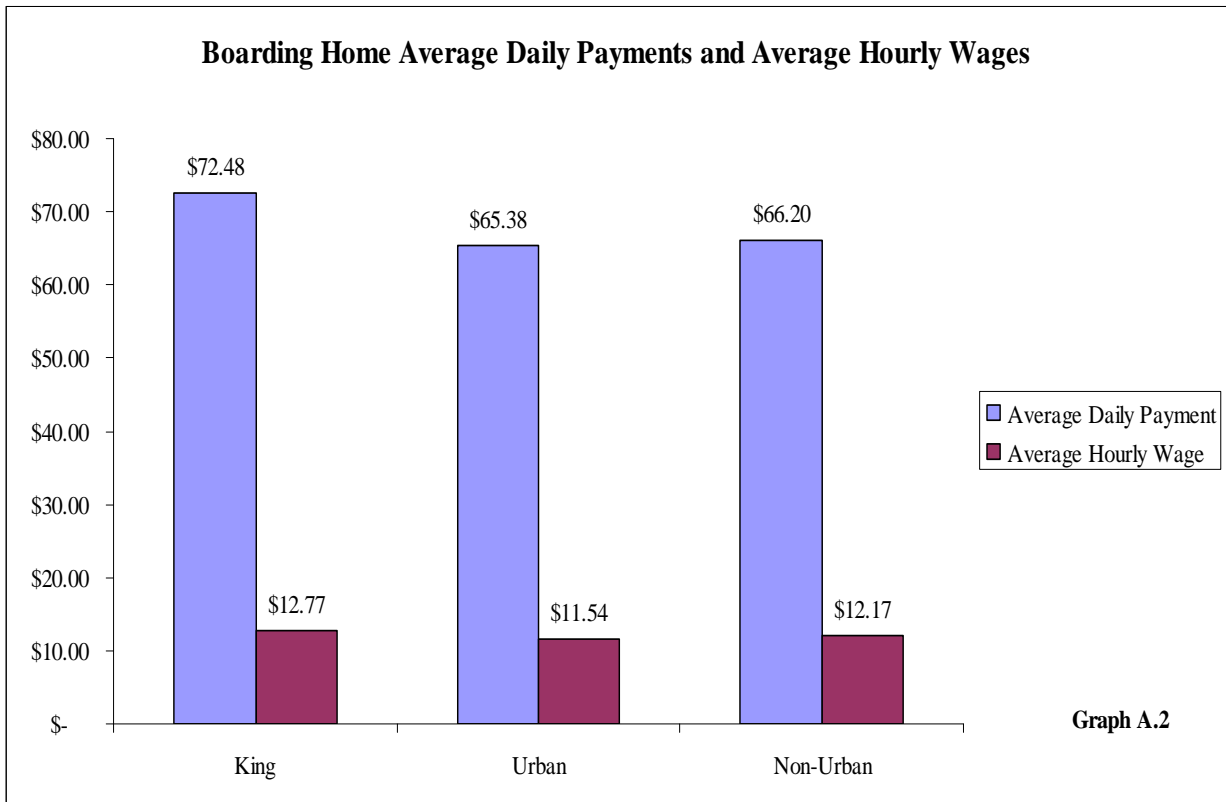
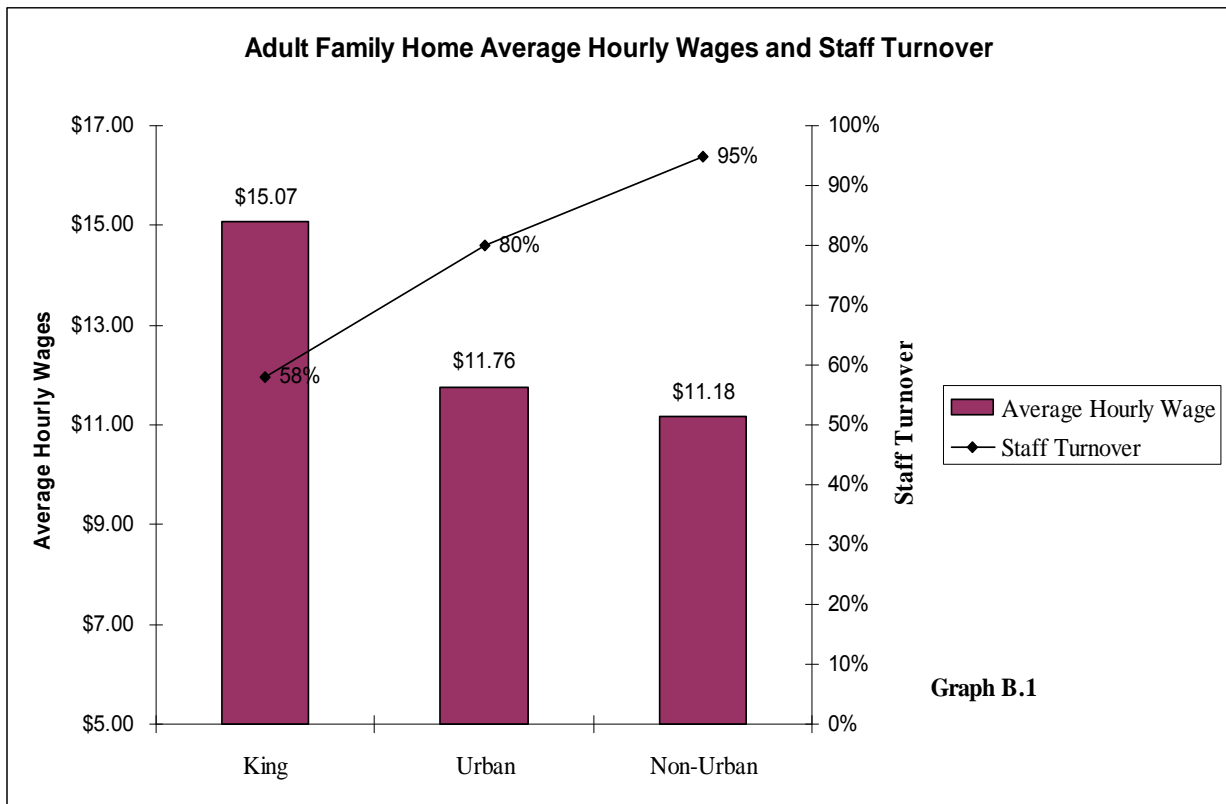
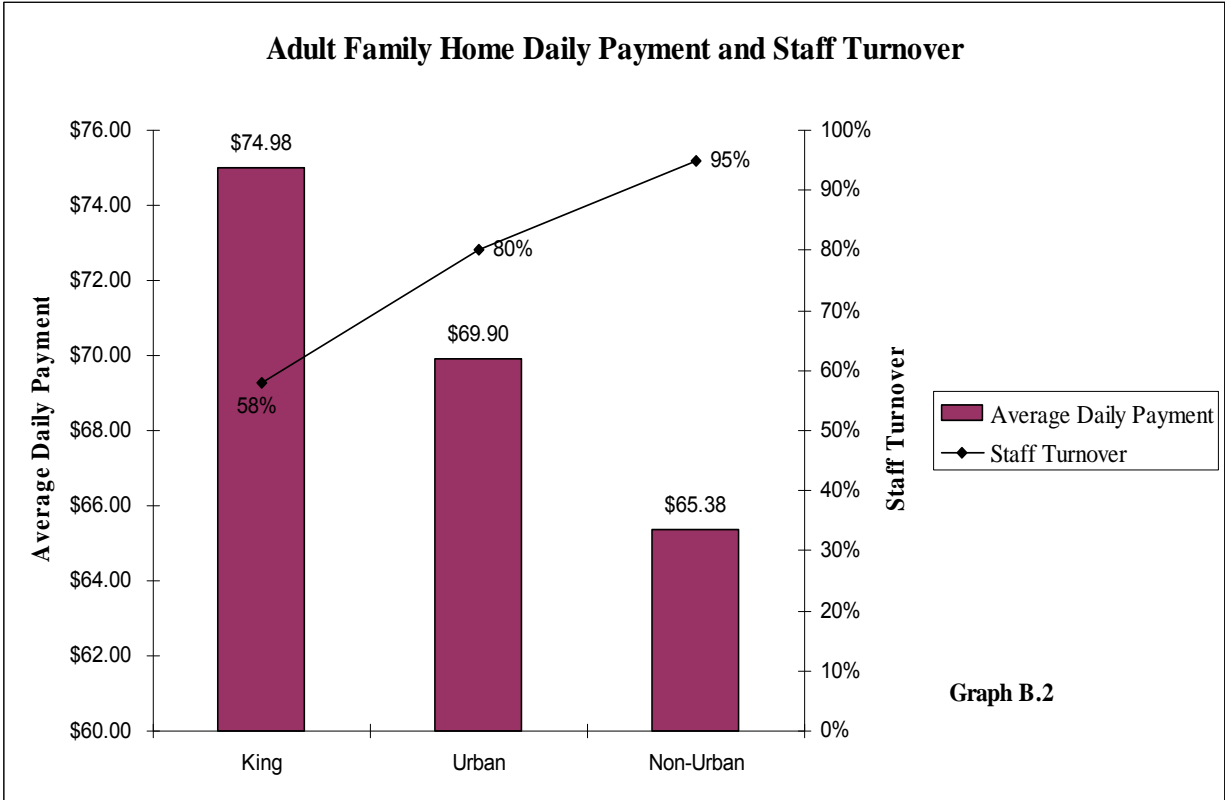


Table B

AFH	Average Daily Payment	Average Hourly Wage	Staff Turnover
King	\$ 74.98	\$ 15.07	58%
Urban	\$ 69.90	\$ 11.76	80%
Non-Urban	\$ 65.38	\$ 11.18	95%



Graph B.1



Graph B.2

Table C

BH	Average Daily Payment	Average Hourly Wage	Staff Turnover
King	\$ 72.48	\$ 12.77	67%
Urban	\$ 65.38	\$ 11.54	86%
Non-Urban	\$ 66.20	\$ 12.17	61%

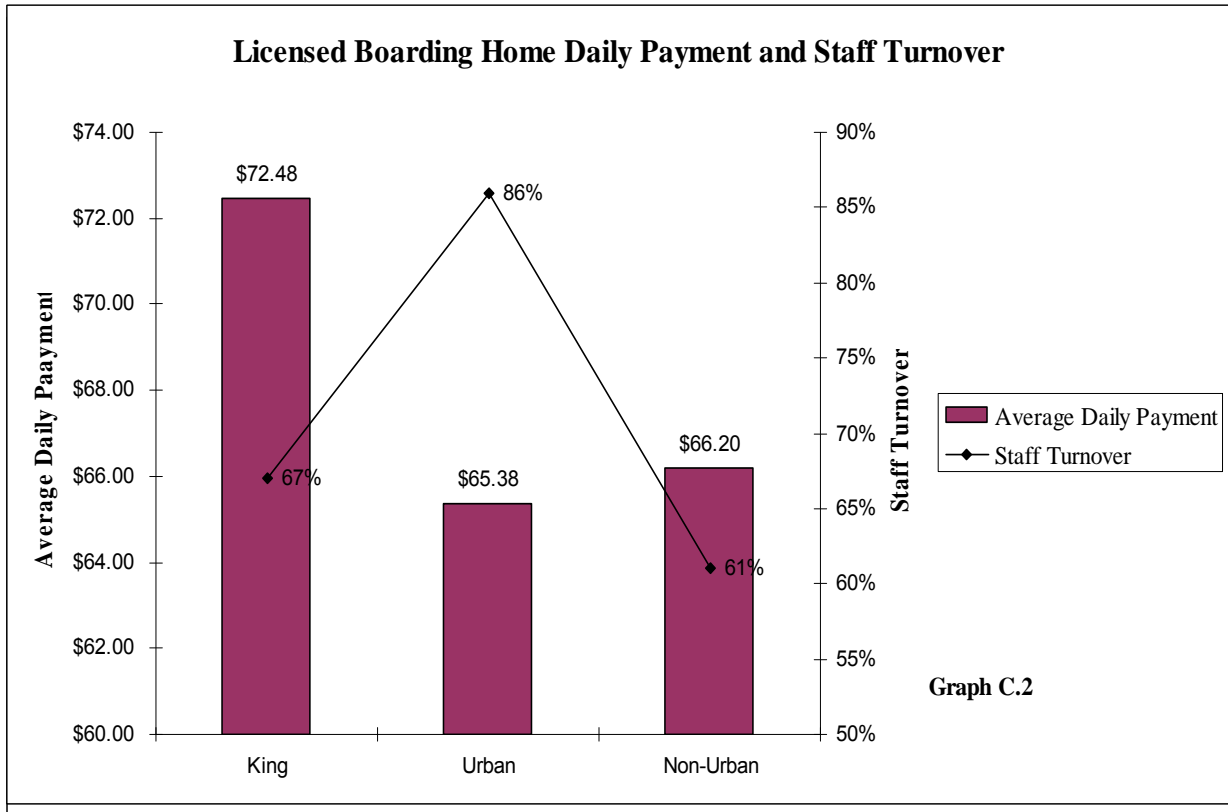
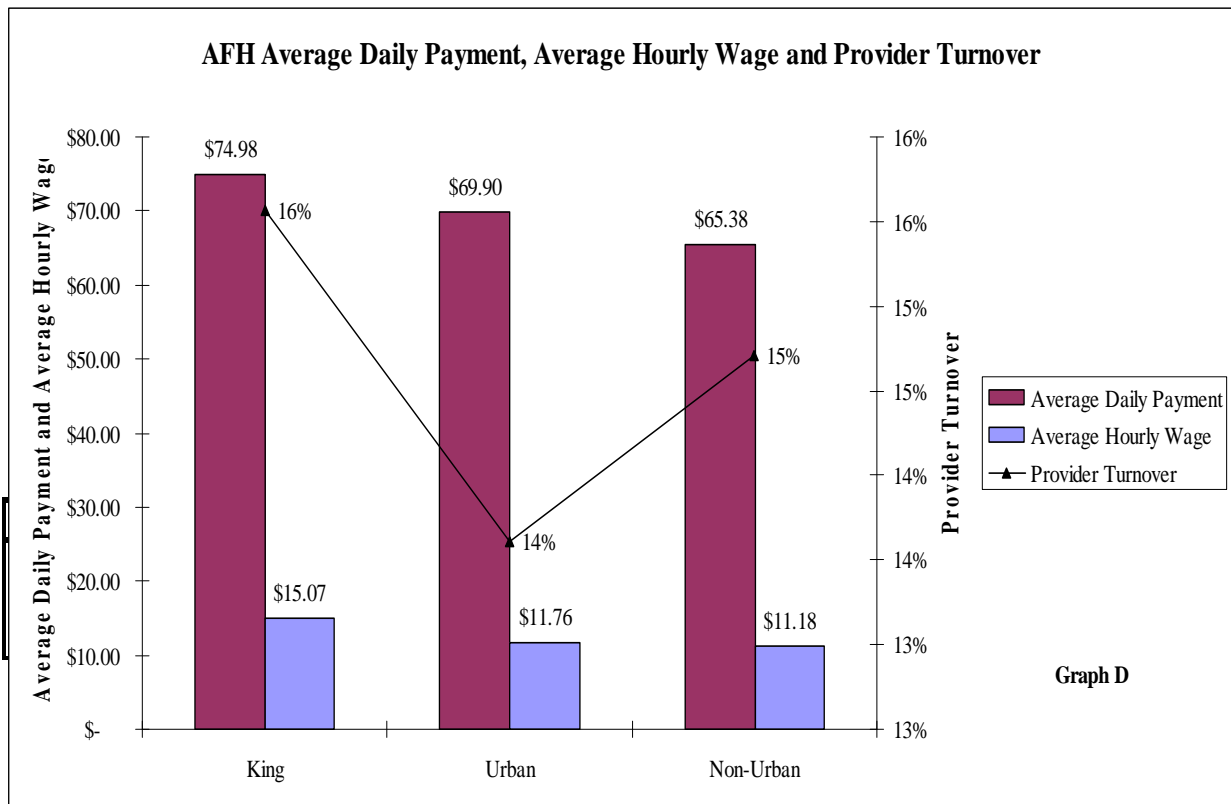


Table D

AFH	Average Daily Payment	Average Hourly Wage	Provider Turnover
King	\$ 74.98	\$ 15.07	16%
Urban	\$ 69.90	\$ 11.76	14%
Non-Urban	\$ 65.38	\$ 11.18	15%



Graph D

Table E

BH	Average Daily Payment	Average Hourly Wage	Provider Turnover
King	\$ 72.48	\$ 12.77	6%
Urban	\$ 65.38	\$ 11.54	13%
Non-Urban	\$ 66.20	\$ 12.17	16%

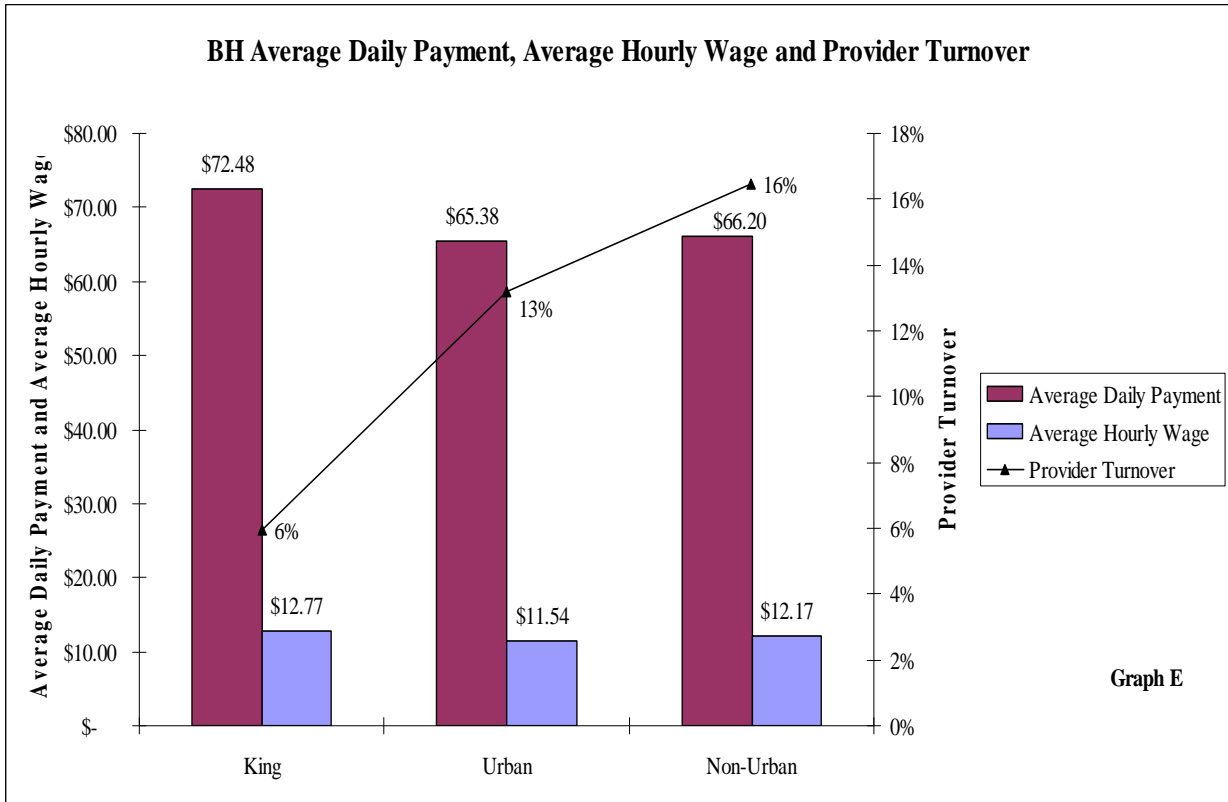


Table F

	Average Daily Payment	Average Hourly Wage
King	\$ 171.57	\$ 17.15
Urban	\$ 154.33	\$ 15.23
Non-Urban	\$ 150.50	\$ 14.56

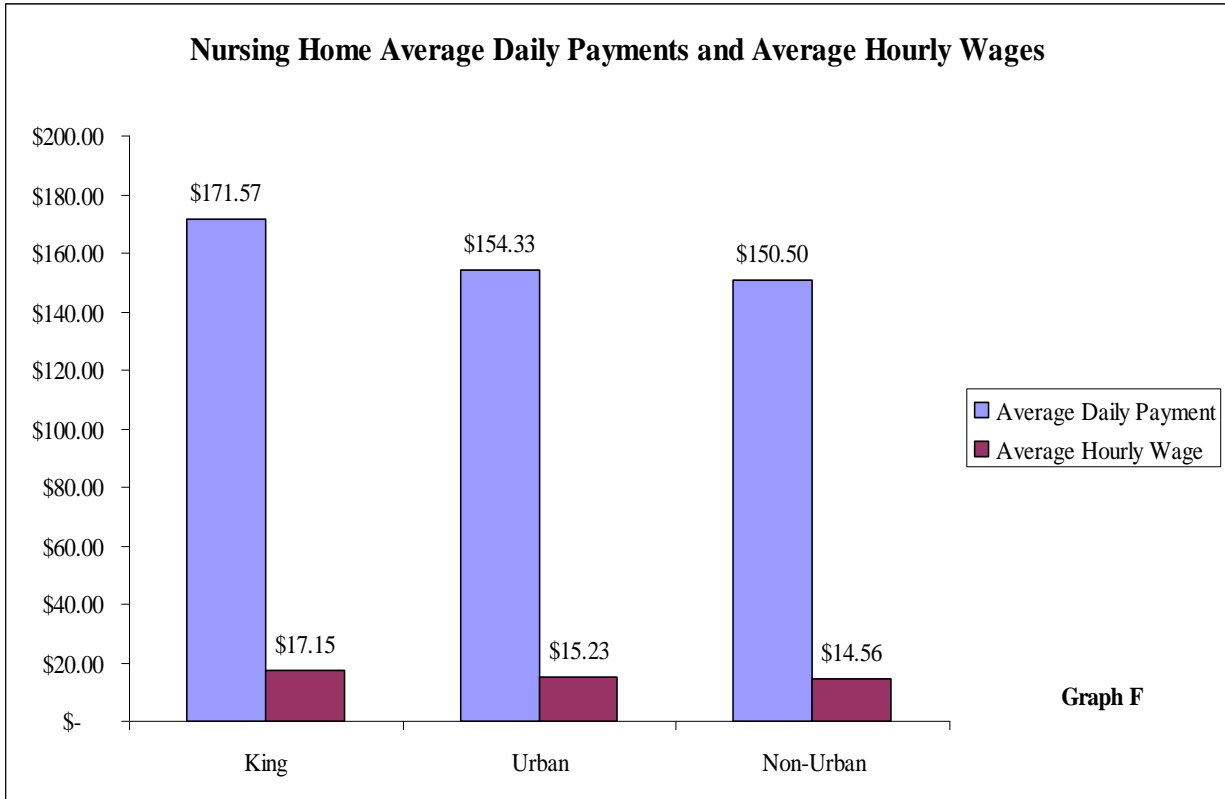
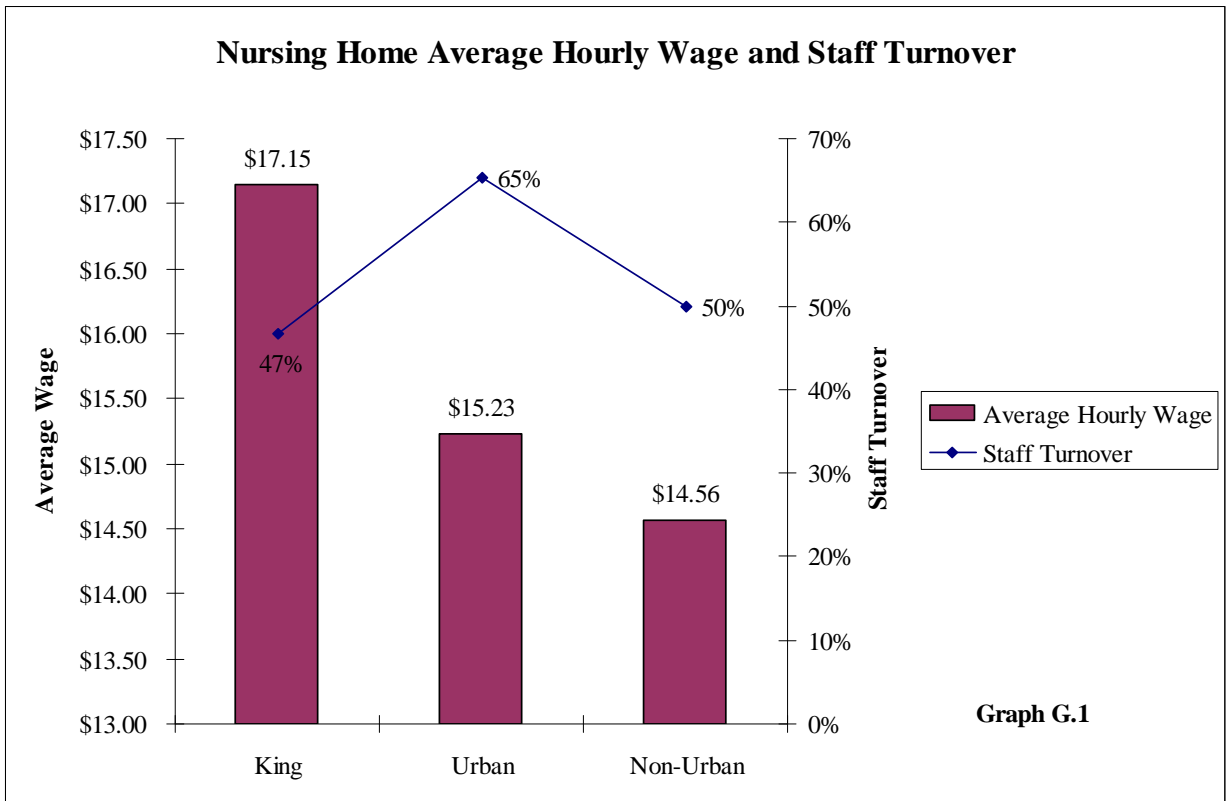


Table G

	Average Hourly Wage	Staff Turnover
King	\$ 17.15	47%
Urban	\$ 15.23	65%
Non-Urban	\$ 14.56	50%
	Average Daily Payment	Staff Turnover
King	\$ 171.57	47%
Urban	\$ 154.33	65%
Non-Urban	\$ 150.50	50%



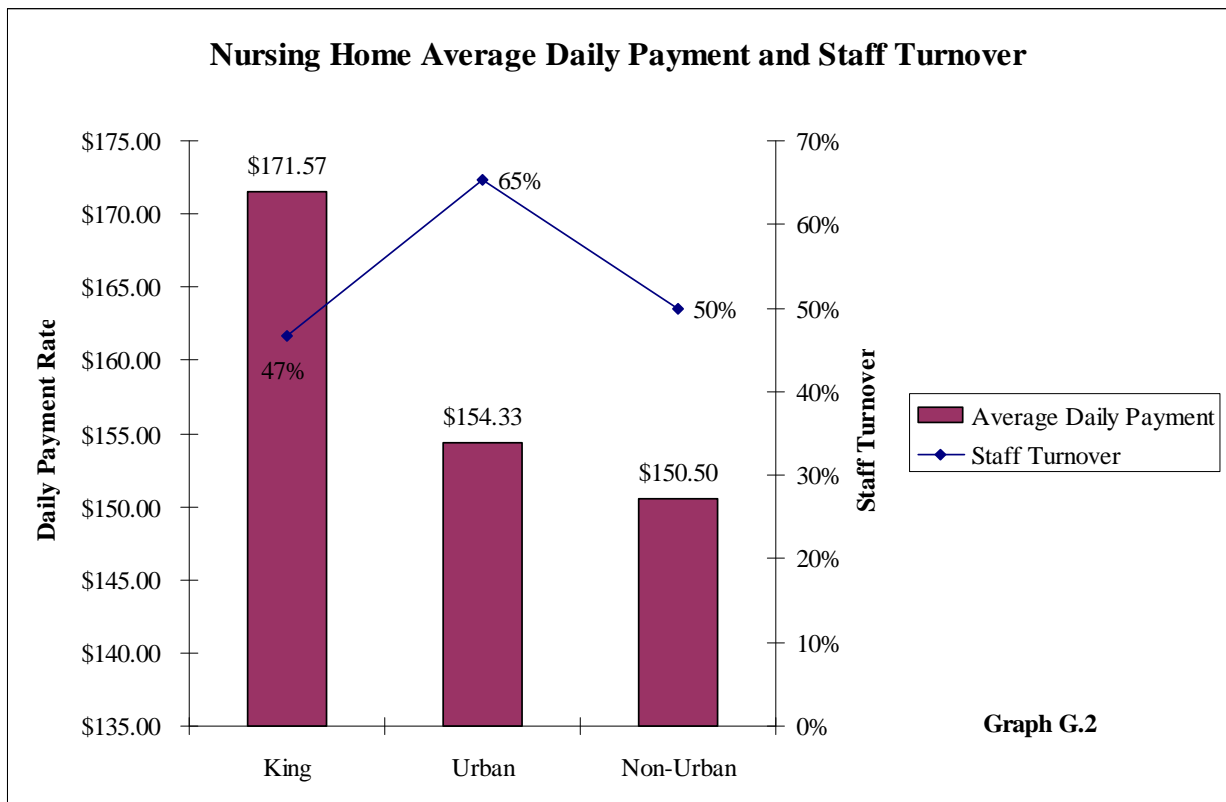


Table H

	Benchmark Rates	GH Average Hourly Wages	SL Average Hourly Wages
King	\$ 16.11	\$ 10.94	\$ 11.38
Urban	\$ 15.49	\$ 10.59	\$ 10.72
Non-Urban	\$ 15.18	\$ 10.75	\$ 10.47

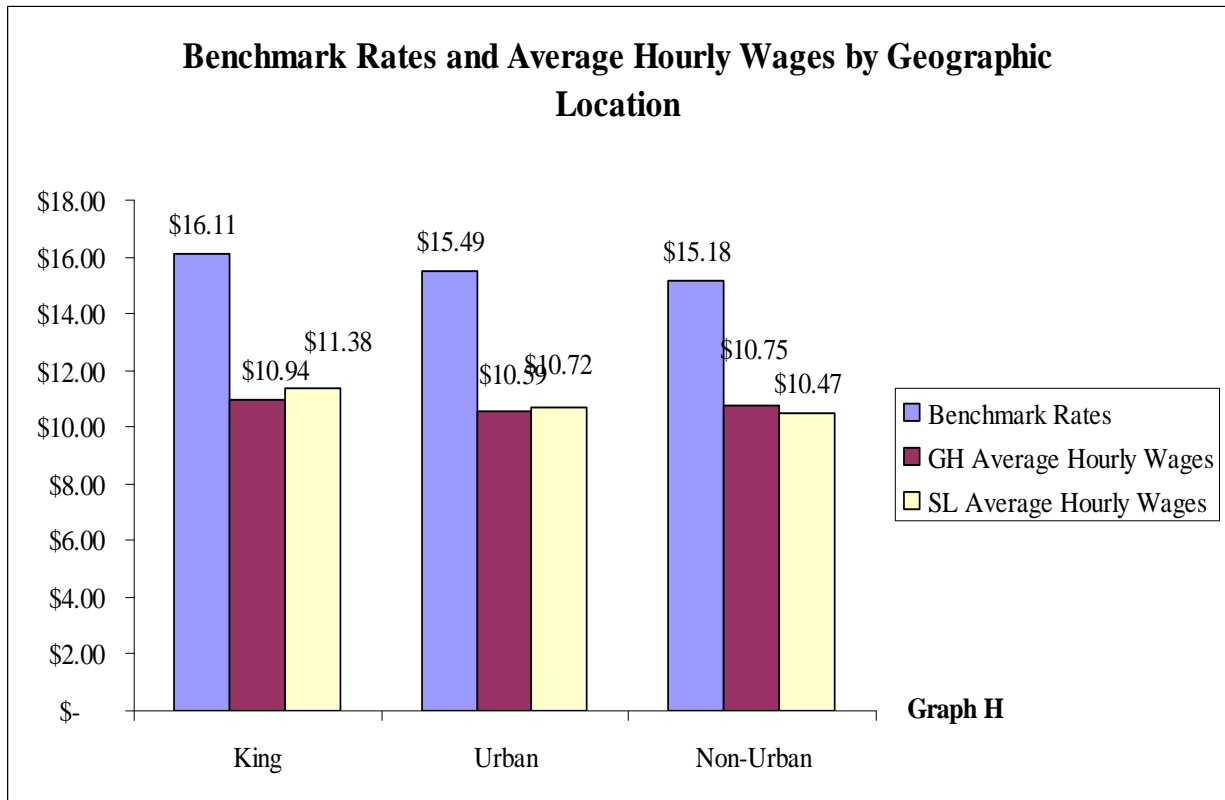
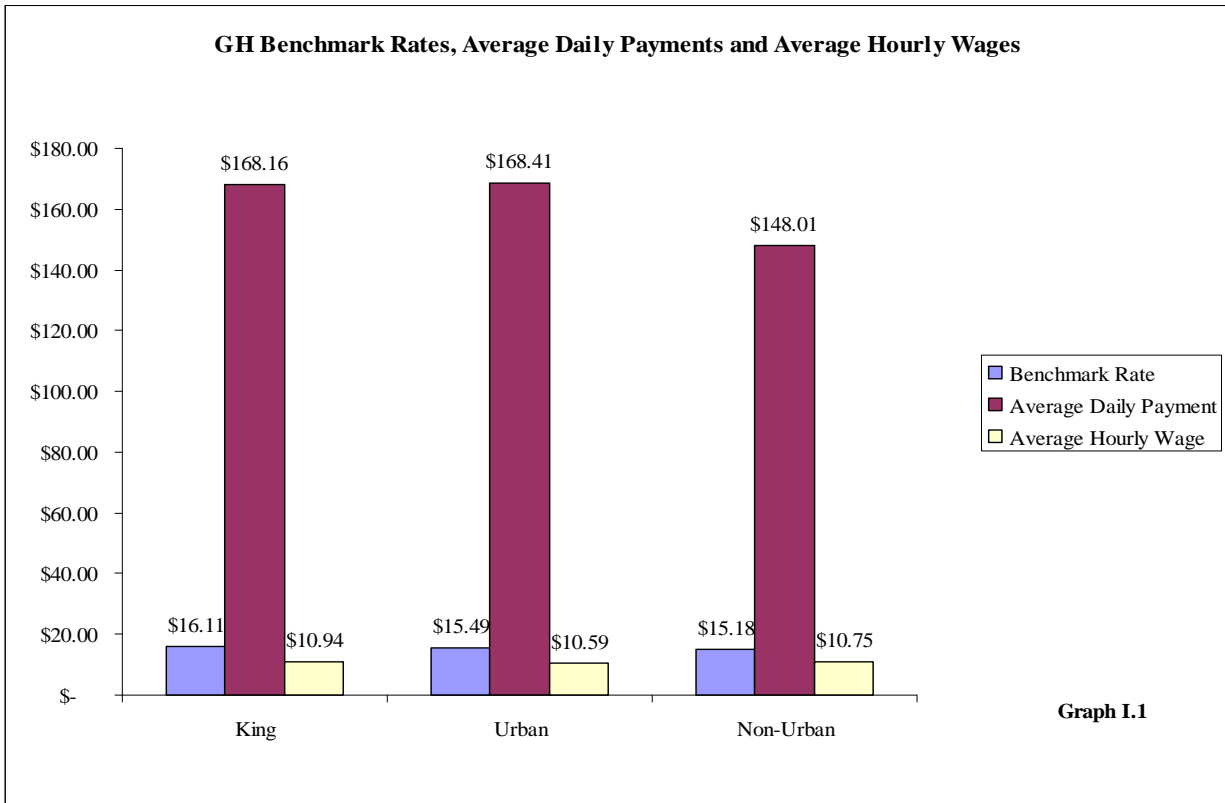


Table I

GH	Benchmark Rate	Average Daily Payment	Average Hourly Wage
King	\$ 16.11	\$ 168.16	\$ 10.94
Urban	\$ 15.49	\$ 168.41	\$ 10.59
Non-Urban	\$ 15.18	\$ 148.01	\$ 10.75
SL	Benchmark Rate	Average Daily Payment	Average Hourly Wage
King	\$ 16.11	\$ 195.45	\$ 11.38
Urban	\$ 15.49	\$ 166.92	\$ 10.72
Non-Urban	\$ 15.18	\$ 148.38	\$ 10.47



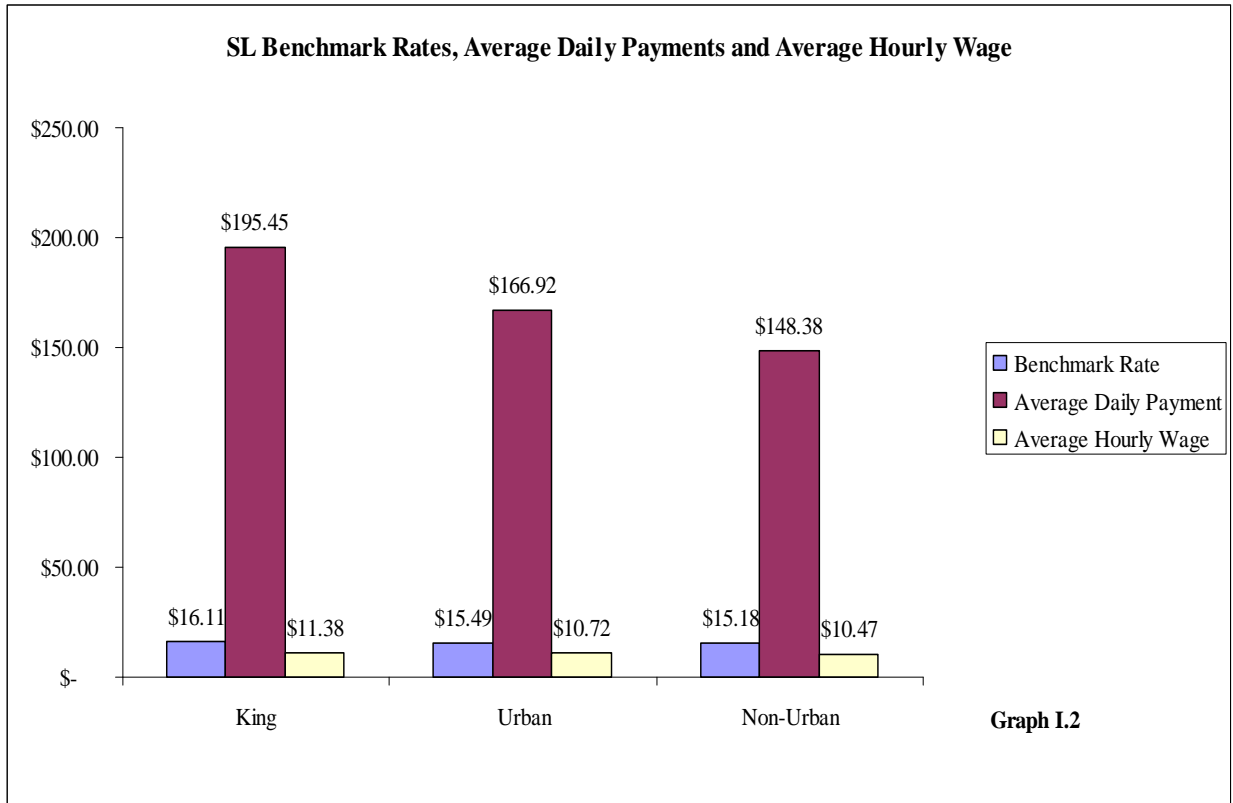
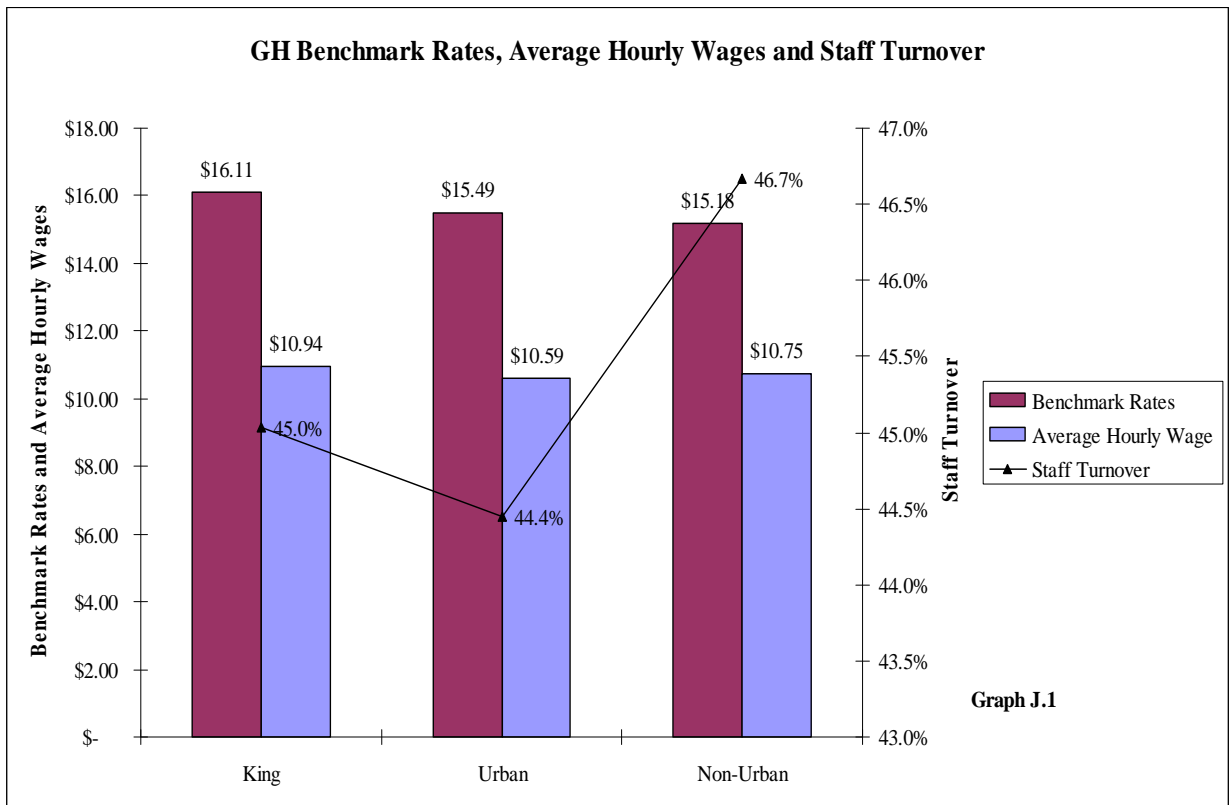
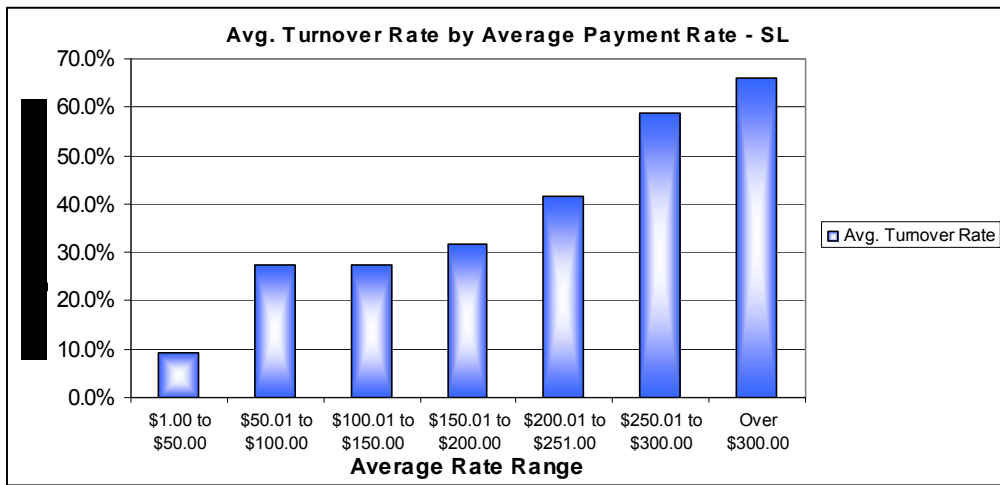
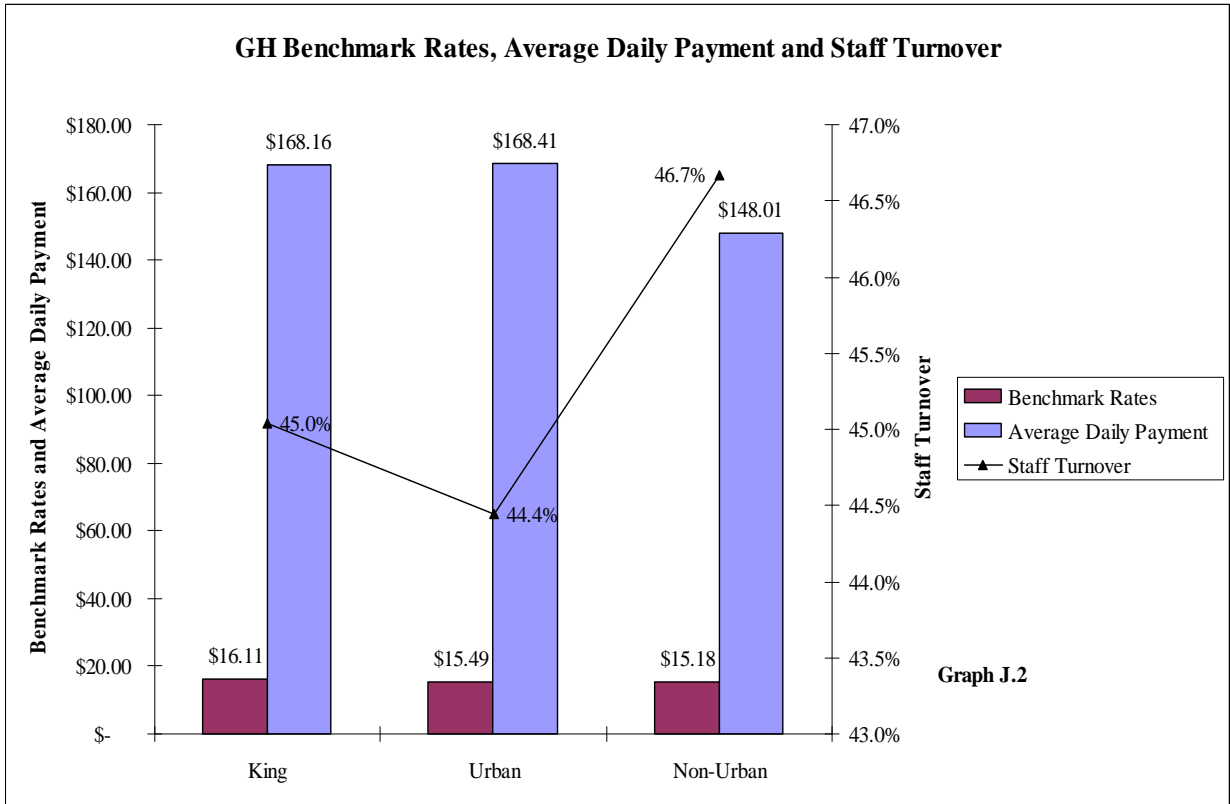
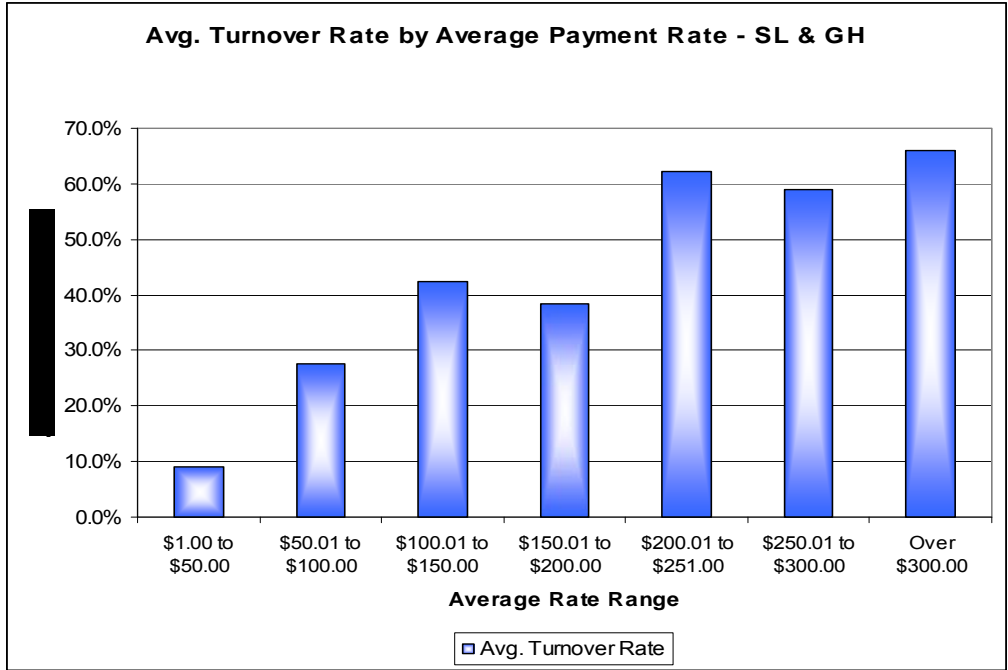


Table J

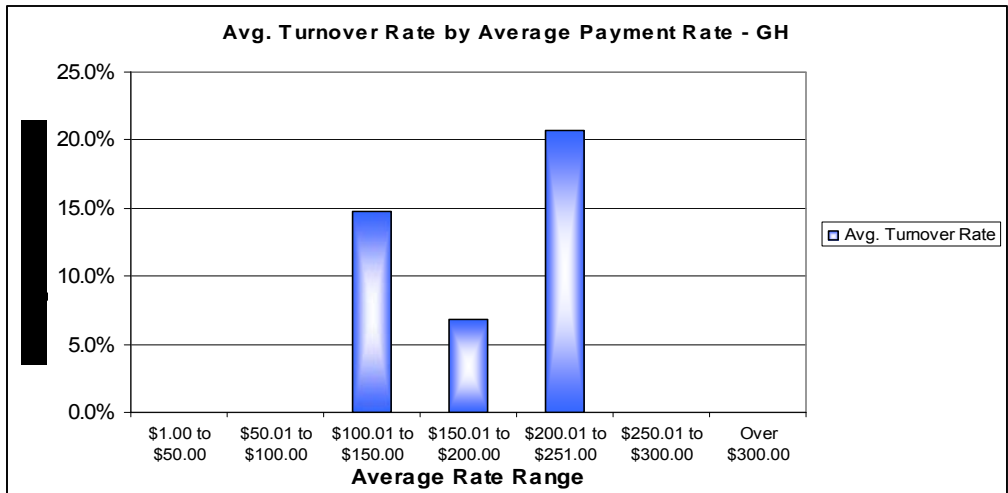
GH	Benchmark Rates	Average Hourly Wage	Staff Turnover	Average Daily Payment
King	\$ 16.11	\$ 10.94	45.0%	\$ 168.16
Urban	\$ 15.49	\$ 10.59	44.4%	\$ 168.41
Non-Urban	\$ 15.18	\$ 10.75	46.7%	\$ 148.01







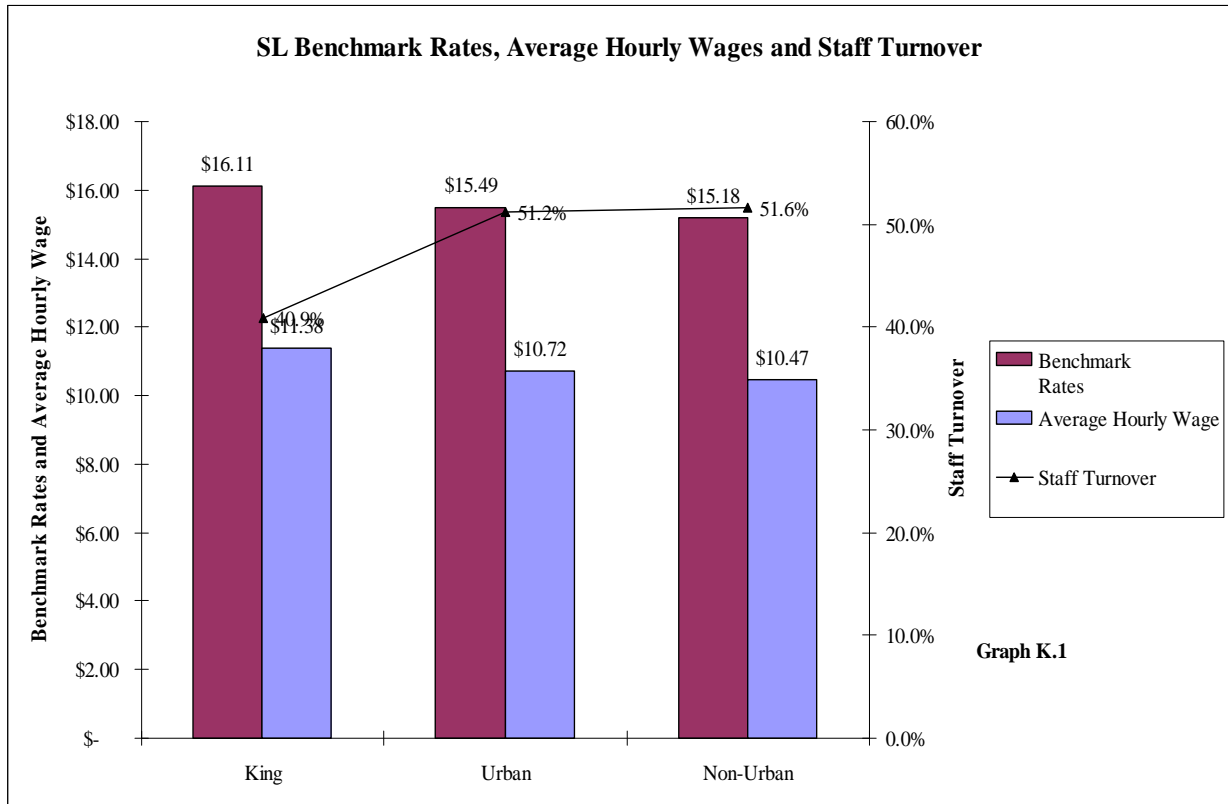
J.4



J.5

Table K

SL	Benchmark Rates	Average Hourly Wage	Staff Turnover	Average Daily Payment
King	\$ 16.11	\$ 11.38	40.9%	\$ 195.45
Urban	\$ 15.49	\$ 10.72	51.2%	\$ 166.92
Non-Urban	\$ 15.18	\$ 10.47	51.6%	\$ 148.38



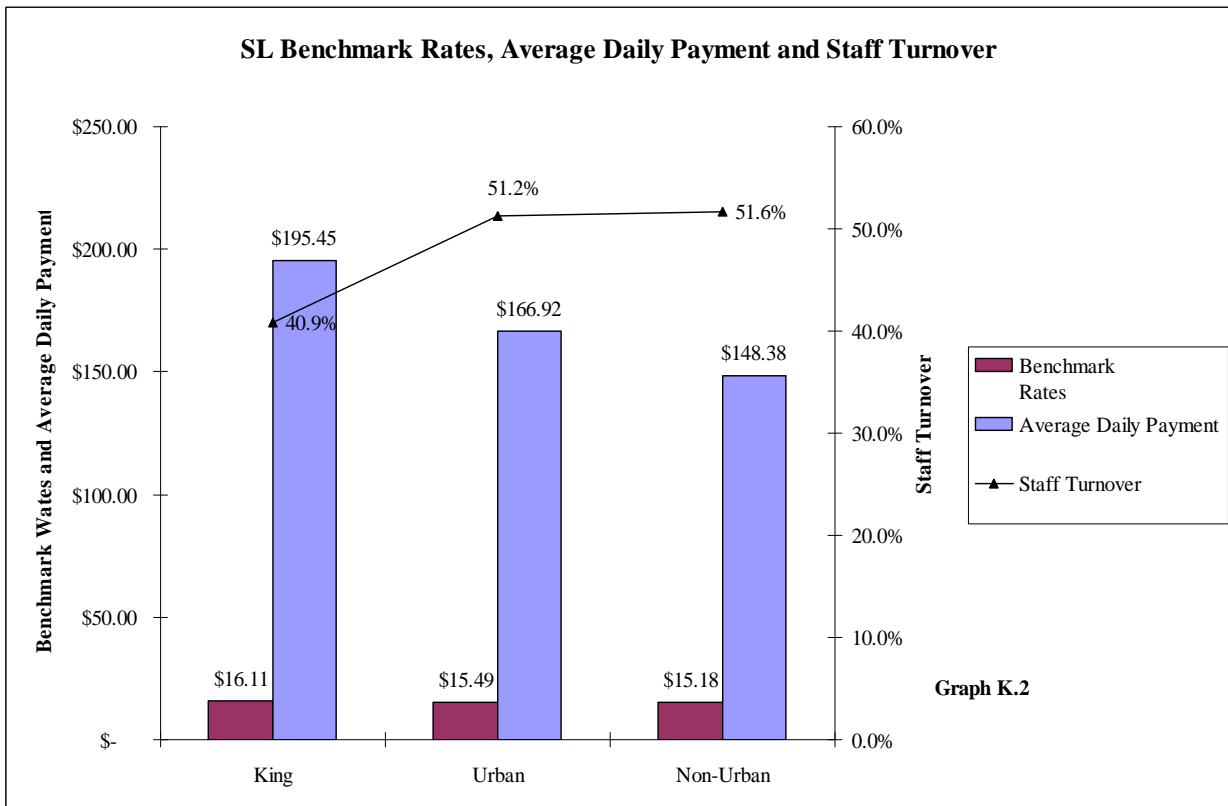
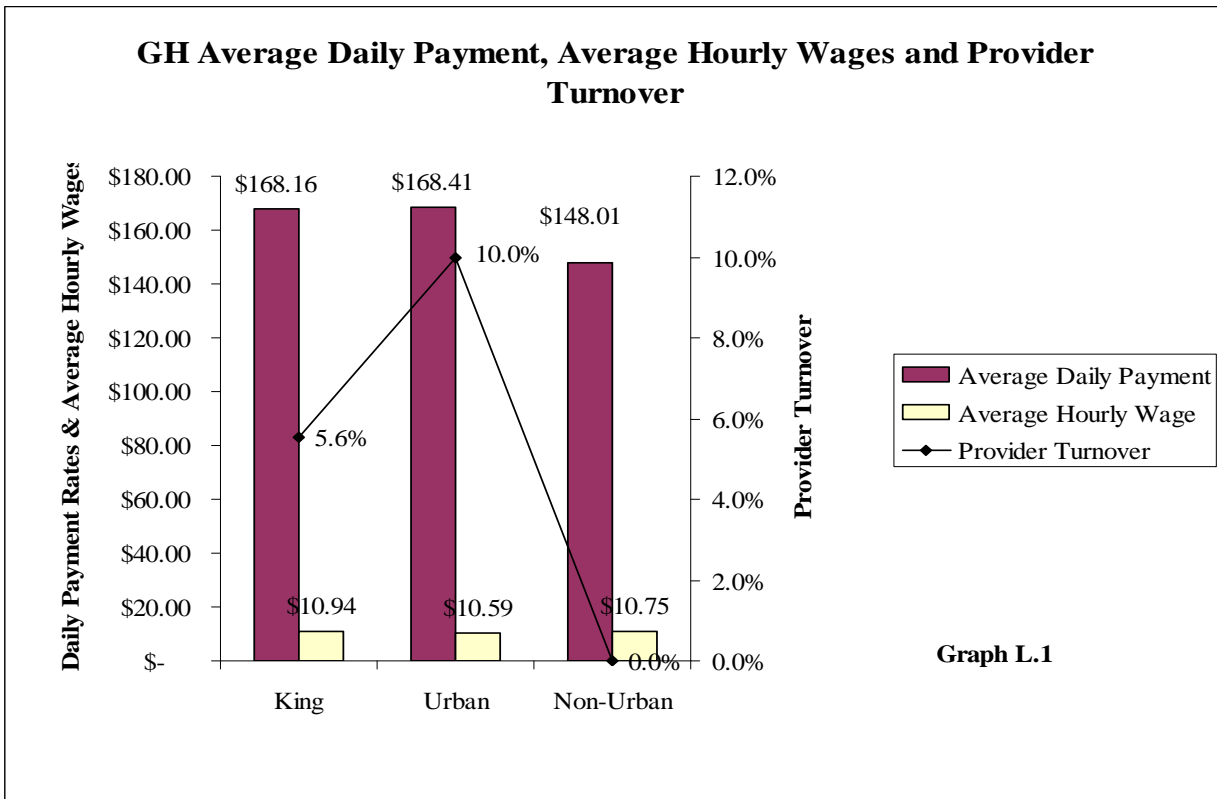


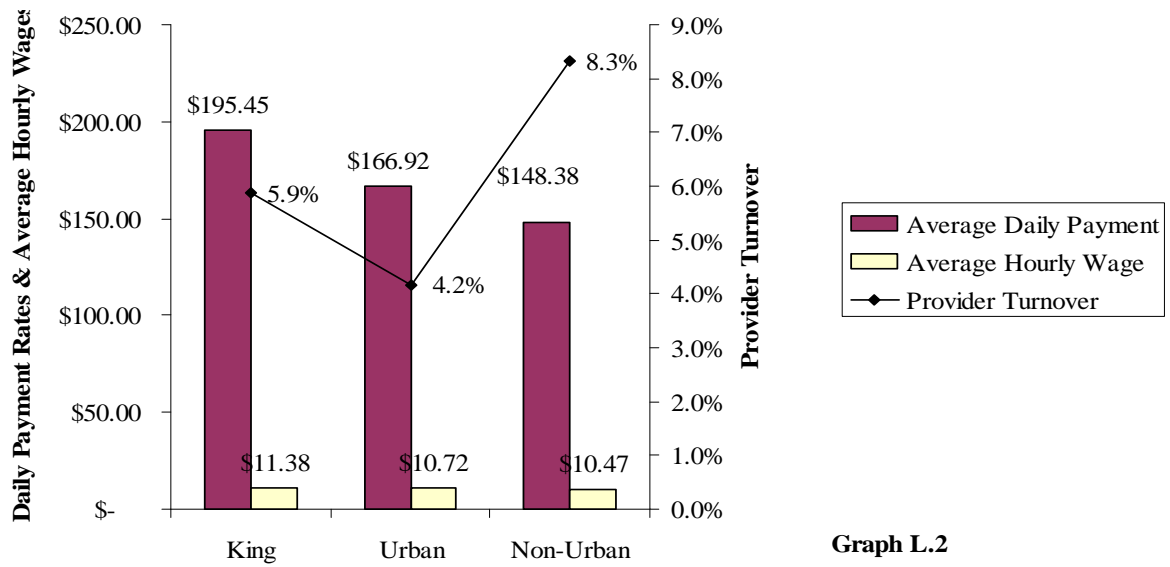
Table L

GH	Provider Turnover	Average Daily Payment	Average Hourly Wage
King	5.6%	\$ 168.16	\$ 10.94
Urban	10.0%	\$ 168.41	\$ 10.59
Non-Urban	0.0%	\$ 148.01	\$ 10.75

SL	Provider Turnover	Average Daily Payment	Average Hourly Wage
King	5.9%	\$ 195.45	\$ 11.38
Urban	4.2%	\$ 166.92	\$ 10.72
Non-Urban	8.3%	\$ 148.38	\$ 10.47



SL Average Daily Payment, Average Hourly Wages and Provider Turnover



Graph L.2