



ICF/ID - DIRECT CARE SALARY INCREASE REPORT SUMMARY

SOCIAL SERVICES SUBCOMMITTEE
STAFF: RUSSELL FRANSEN

ISSUE BRIEF

SUMMARY

The Department of Health received an ongoing \$200,000 state fund appropriation (\$673,900 total funds) during the Legislature's 2015 General Session. This appropriation was intended to raise wages for direct care service staff in the Intermediate Care Facilities for Individuals with Intellectual Disabilities contracted private provider system. Along with the increased appropriation, the Legislature passed intent language requesting the Department of Health and providers to report to the Office of the Legislative Fiscal Analyst (LFA) by September 1, 2015. Intent language also provided that no portion of these increases should be allocated to administrative functions or provider profits. The report, titled [ICF/ID Direct Care Staff Wage Increase Report](#), can be found at <http://le.utah.gov/interim/2015/pdf/00003927.pdf>. This brief is for informational purposes only and requires no Legislative action.

OVERVIEW

The Department of Health received an ongoing \$200,000 state fund appropriation (\$673,900 total funds) during the Legislature's 2015 General Session. This appropriation was intended to raise wages for direct care service staff in the Intermediate Care Facilities for Individuals with Intellectual Disabilities contracted private provider system. Along with the increased appropriation, the Legislature passed intent language requesting the Department of Health and providers to report to the Office of the Legislative Fiscal Analyst (LFA) by September 1, 2015. Intent language also provided that no portion of these increases should be allocated to administrative functions or provider profits. The report can be found at <http://le.utah.gov/interim/2015/pdf/00003927.pdf>.

Methodology for Determining Application of the Rate Increase

The Department of Health explained its methodology for determining how to apply the additional funding as follows: "The Medicaid per diem payment rate was increased on July 1, 2015 by the appropriated amount (\$200,000 General Fund / \$673,850 Total Funds) specified for the direct care workers. The total was allocated, according to the reimbursement methodology, among the facilities. The Department created a report template for each facility to use in documenting its wage adjustments. Each facility provided the requested documentation showing the increase in the pay and benefits to its direct care workers projected into the new fiscal year."

Employee	Average Salary	Increase
Active Treatment Provider	\$ 10.10	13%
Director of Nursing	\$ 24.77	3%
Nursing Staff	\$ 10.67	6%
Recreation Activity Personnel	\$ 10.26	10%

Methodology for Monitoring Accurate Application

The Department of Health reported: "In the spreadsheet, each facility was provided the increased amount in the per diem rate associated with the direct care wages appropriation. The facility added all of the wage information for its direct care personnel. In some cases, this included new positions added based upon the appropriated monies. The spreadsheet calculated the amount over or under the total wage increase that

the listed personnel would affect. Each facility submitted the requested spreadsheet and signed certification.”

The table on page one details the category of employees who received wage increases as well as the hourly salary before the salary increase.

Service Rates

The Intermediate Care Facilities for Individuals with Intellectual Disabilities contracted private providers are reimbursed using a rate system based on two factors:

1. Fair Rental Value methodology – based on capital assets (facility) value
2. Flat rate for all other costs

FY 2016 daily reimbursement rates range from \$173 to \$185.

Turnover Rates

The Fiscal Analyst received last year’s turnover rate for fourteen of the sixteen facilities, which are listed here below:

1. 150%
2. 85%
3. 76%
4. 73%
5. 48%
6. 46%
7. 14%
8. 13%
9. 13%
10. 9%
11. 9%
12. 9%
13. 8%
14. 7%

Provider Profits in a Closed Market

The Department of Health offered the following to describe the overall business model for participant entities: “In Utah, there are currently 16 privately owned and operated ICF/ID facilities. All of the clients residing in these facilities are Medicaid clients—meaning Medicaid is the only payer of services in this industry. To make a profit, ICF/ID providers must maintain a high bed occupancy rate, which maximizes revenues. Providers must ensure adequate services and attempt to control costs, to the extent possible.”

For the last ten years no providers have left the market and one facility joined the market. The following two sections of Utah code explain the requirements for providers wishing to join this market:

1. 26-18-503 - <http://le.utah.gov/xcode/Title26/Chapter18/26-18-S503.html>
2. 26-21-13.5 - <http://le.utah.gov/xcode/Title26/Chapter21/26-21-S13.5.html>