

## **Cost Report Informational Session Transcript**

### Slide #1 (at 00:00):

**DCF Presenter** – Good morning and thank you for joining me to discuss the cost report for the upcoming year. It is definitely not the most exciting topic I'm sure, but an incredibly important one nonetheless as it sets the provider rates for the upcoming year.

Before we get started, I want to remind everyone that I am recording the presentation with the hope of being able to post the recording and a transcript of the conversation for people to view later for those that were unable to attend this morning. This is more of a reminder in case you are uncomfortable being recorded. You can still provide questions through the chat feature or by emailing or calling me after today's session. I just wanted to let everyone know so no one is caught off guard that it is being recorded. But I didn't think it would be too much of a concern and it's hopefully going to help provide this information for an ongoing, recurring basis if you want to come back and listen to the recording as you go through and fill this out in the future.

### Slide #2 (at 01:15)

**DCF Presenter** – The goals for today. We will be going over the rate setting timeline – not much has changed. Then we will be going over the resources both new and old that can be helpful in completing your cost report. Filling out the cost report. This will include reviewing the tabs within the cost report and highlighting the changes from last year, and some of the changes and observations noted from last year. And then we are likely going to have time for Q&A at the end, but feel free to either chime in and ask questions as you have them or type them in the chat box. I have Mary (Morse) helping me to make sure I don't miss out on any chats because I can get distracted and not notice the chat box while I'm presenting. And we will do our best to answer those questions. If we can't today, I will put them on the back burner and I will do my best to find an answer for the future.

### Slide #3 (at 02:15)

**DCF Presenter** – With that, we wanted to start with the timeline. Like I said, it hasn't really changed from last year to this year. January 1<sup>st</sup> – the new rates take effect. And then January through March, is the part of the process that includes reviewing the results from last year and any takeaways. This has been even more important this year with me being a new face to the process as well as the roll out of the QRTP certification and Family First. We've been able to review the pluses and minuses of the cost report and the process overall and are considering implementing some of those changes as you will see some are already implemented for this year's cost report. We have kept feedback we have received and items we have observed ourselves and are always open to hearing feedback regarding information. I can't guarantee it will always lead to change, but you can always worst case get the context from our side of things and hopefully help you understand where we are at in the process and why we do it the way we do, but that does not mean it won't lead to change as some stuff has already led to change this year.

In April to June, we release the updated cost report to be used for the 2023 rate setting process. We are here to provide support including giving this informational session to help go over information and help provide context and guidance.

## **Cost Report Informational Session Transcript**

July 1<sup>st</sup> is the due date for submitting the cost reports and your audited financial statements. I believe there is a process that you can request an extension where you would submit it to the DCF Rate Reg email and then it would go through and get reviewed and approved or negotiated an alternate timeline. I'm less familiar with that as I've only had one person so far reach out for that, but that's always there as an option as well.

July to August – DCF Personnel perform a review of the submitted documents. I specifically then work on compiling the data for analysis to set the max rate. I update the cost-of-living adjustments that we are going to use for the upcoming year. By September 1<sup>st</sup>, I need to publish the max rates that are going to be available for providers.

September to October – We are receiving the rate requests, reviewing the support provided, and by November 1<sup>st</sup>, I need to approve an initial rate for each provider. That does not mean that if you disagree with it, you can request negotiations and/or mediation if it ultimately needs to go further than a negotiation process.

In November and December is when I really do most of the negotiation process. If necessary, we set up mediations to occur in December if we still haven't come to an accepted rate. And again, by December 31<sup>st</sup>, is when we need to post the approved rate for the upcoming year. We will do so prior to that once we have all the rates finalized for all providers and we always hope to have it sooner than that because it just helps budgeting and planning perspective for the providers, the counties, the state, and so forth.

And then, one additional item that sort of isn't in this timeline is for the short-term is providers that become QRTP certified do have a one-time option to request a rate change mid-year after becoming certified. You have 90 days after the certification to submit the request for this and generally involves going through a negotiation process to provide additional new costs and details about your operations to help support and justify a rate increase. And the only other item that I always mention is when a provider does request a QRTP rate negotiation is for that process, the new rate goes into effect for the 1<sup>st</sup> of the following month of when we approve the new rate so depending on the timing of when you're submitting all of the details, it becomes a lot more important. We do our best to expedite the process, but if it's near the end of the month we want to have quick turnaround to try and get it in place for the 1<sup>st</sup> of that following month, so we don't have to delay it another month. It's one of the limitations of our system, but it's one of those things we make aware to try and avoid and we've never had it go beyond the first month that it came due so we're batting 1000 there so far.

I don't know if anyone has any questions there, but that is really all we had for the timeline. Not much has really changed.

### Slide #4 (at 07:10)

**DCF Presenter** – We just wanted to go over some of the resources and guidance we had. We are working to provide additional support. I always like highlighting the Rate Regulation page. It contains the forms as well as information including some of the new items we are providing. We have a tips and tricks that is starting to add more details and as an alternate source for going over some of the items that seem to be more challenging or get more questions related to

## **Cost Report Informational Session Transcript**

it. As you can see, it's the per diem calculations, assumption items where we are working to provide some common questions and consideration to make on the assumptions that we've experienced just to help spur ideas for providers for what they might want to consider putting there, and then cost categories. It's another one where we wanted to give an alternate method for you to be able to see what costs from the cost report fall into each one of those cost categories related to it.

Let's see if I can open it up. So, we are hopefully going to continue to add information here as the years go on and submit additional stuff from year to year. We are always looking for information. I believe there was something I missed including in here that was subsequently recommended by a provider already that we will look to add either this year or for next year. But it's just a PDF document and scrolling through here you can see.

For the per diem calculations, it talks about what a per diem is, why it matters, cost types, what makes it difficult. It goes over what information is needed to complete the calculations and on the next page it really goes over "here's how you calculate on whether it is a fixed, semi, or variable cost and whether its personnel or not costs.

The assumptions tab consideration tab again has common questions or common considerations. The big one was new/vacant positions, this year wage adjustments, staff responsibilities and splitting up their salaries into multiple categories, if necessary, unusual purchases whether you're going to need to replace a vehicle, capital expenses that aren't usual and stuff like that. And then just a reminder that we will always review the assumptions and consider the inclusion of them as appropriate once we receive your cost report.

And then here is the cost category by summary. It's not the prettiest thing out here, but it goes by the here's the property and trans and here's everything that gets summed up into that per diem for plant and property. And we've added a spot where it lists the tab in the cost report as well as the line or row number that associates to it. It makes it a little bit easier to get back to where all of these things are instead of having to find them in these tabs, you have a way to go from here to those line items. Not ideal, but it's sort of another option for you to have that information and hopefully it clicks with some people using this way, but if not, we just wanted to have it out there.

Also on the Rate Regulation page, we also do have some training webinars. They are short little 5-10-minute sessions right now that go over the tabs in the cost report. They are a little dated, so they won't be discussing some of the new stuff from the last couple years but do go over the tabs from a pretty good original perspective and most is still pretty applicable. The recording for this session is going to ultimately get put out there barring me not being able to be understood by you guys or something along those lines that it just didn't record well, but then I probably will re-record it and put it out there.

And finally, I always like to put in a DCF support. Part of my job is here to help you. Mary and all the other program staff are here to help and support you. If you have questions, feel free to reach out to us. I love being asked up front instead of having to once I set a rate get a "well, this

## **Cost Report Informational Session Transcript**

isn't what I was expecting, or it was way off". I would much prefer having that dialogue up front. I will absolutely do it after the fact, but it's one of those things that if I can help you either help you learn or give you my experience to help apply and understand the cost report better, take advantage of that because it (cost report) is not a simple or fun document to look at. There's a lot of moving parts, and it is very challenging so leverage and take advantage of the experience that we have with this because we do it a lot more. Each provider only does it for one report once a year where I get to do it for over 100 reports every year, so I have at least a little more exposure to it.

### Slide #5 (at 12:40)

**DCF Presenter** – We also wanted to cover a little bit how per diems are calculated. Like I said that document does have this information in it, but it's always nice to talk through it because the per diem calculations always seems to be one of those challenging things that people struggle to understand and comprehend. And we also have new people that are involved in the process every year, so we like to go over it.

I wanted to bring out on this slide the details that are needed to complete all of the per diem calculations included in the cost report. And this information is included in the cost report as you will see as we go through it. The first three – licensed capacity, program staff beds, and average daily placements – are on the Verifications tab. It's really that these are numbers that are going to be used depending on if it's a fixed, variable, or semi cost for helping to calculate the per diem and it's numbers that you are going to use.

Numbers of days in a year is included in the Rate Calculation tab. This is just a reminder that it is for the year being reported in the cost report, not the current year coming up. For 2021, it was 365 days and for 2020, that was the last leap year so I'd just like to point that out. Not a huge difference in one day, but it is something to be aware of.

Then the staffing ratios are in the Personnel tab at the top. These are ones that you enter in and it relates to how many kids are covered by each direct care staff at a particular time of day. The expenses are in the Prop & Trans, Consumables, and Personnel tabs. You would go in there and identify that information.

What is needed for each per diem calculation depends on the type of cost you are looking into. And has 2 items that determines the calculations we use. 1) Is the cost personnel related. If you contract out for services, this wouldn't be considered a personnel calculation. That's really more of a consumable and service. Whereas personnel are the persons you pay directly through payroll.

2) And then what type of cost it is – the fixed, variable, and semi. This is identified in the Prop & Trans and Consumables tab on each line. And for the personnel, you could go to the Jobs tab and look up for each one, it will tell you which type we have each classified as. Whether it's fixed, variable, or a semi cost.

## **Cost Report Informational Session Transcript**

### **Slide #6 (At 15:34)**

**DCF Presenter** – Next, we wanted to go over the considerations for each cost type and provide a definition. A fixed cost is generally more of a predictable and stable cost and not dependent on the number of placements you have. The easiest example is the rent or mortgage you have. That's generally going to be the same month in and month out regardless of whether you have one kid in your placement or six kids in your placement, so it's considered a fixed cost.

Variable costs will usually fluctuate from month to month and depend on the number of clients (placements) you are serving. The one example I always love to use is food costs. You're only going to buy food necessary for the kids you have on hand. So comparably, we will expect food costs to approximately double if you go from 4 kids to 8 kids from month to month because you have twice as many people to feed.

And then, semi costs are somewhere in between that have components of each. And I like to think of a lawyer is always a good example where you have a retainer cost, but for group homes and resident care facilities, I was thinking of a contracted nursing service might be a good example where you are guaranteed 24/7 access. You likely have to pay a set fee for that guaranteed access and then you might have to potentially pay an extra time if you have to have a nurse come out on site for each time they come out for the actual hours that they are out on your site and providing direct services.

As I mentioned, we do identify what type of costs we consider each line or job position in the cost report to help you with our evaluation. And especially with staffing changes. I always like to highlight that as I've learned from year to year, especially on the job position side of things, what we consider something might be different from what you consider it and sometimes is dependent on whether you're a group home, child placing agency, or resident care center. It just is different and you're close, but not quite the same services so it always depends. Always be careful of what you consider it versus what we (DCF) consider it and we can always talk through that and figure out what the best outcome is for you and options are.

**DCF Representative** – We have a question on this Bruce

**DCF Presenter** – Absolutely

**DCF Representative** – What about consultants that provide direct services, but their time providing care may vary?

**DCF Presenter** – I think it really depends on if you're paying those consultants on an hourly basis, it probably ends up being a variable cost. It depends on if you have to pay that set amount upfront fee plus their hourly rate or whether it's not so that is an excellent one and it probably depends.

**Attendee** – Can I explain please; sorry to interrupt.

**DCF Presenter** – No; absolutely.

## **Cost Report Informational Session Transcript**

**Attendee** – This is Audie Murphy from Devoted Hearts. There are services that we implement like, for example, mentoring services, that comes out of Devoted Hearts financing. We provide our program director is a consultant that comes in and provides services, but their time may vary. For example, the program director provides the programming Mondays, Wednesdays, and Fridays, but it's only from 5 PM to 6 PM. His contract works differently than the mentoring service that we have for the program director consulting service and the mentoring services for the mentor. But it is by hourly, it is by hourly.

**DCF Presenter** – So, I guess that it sounds like for that example, the program director is hourly but it's a set number of hours no matter how many kids you have in place. My interpretation of that is it likely would be a fixed cost of he's generally going to be there and regardless of whether you have 8 or 6 kids. It generally is predictable on that and maybe I'm off on that where there may be some level of hourly (costs) changing based on if you go from 6 to 8 kids then it might not be. Does that answer your question? Or does that make it even more complicated/confusing?

**Attendee** – Kind of, sort of, but nevertheless I've reached out to you before so I will feel free to reach out to you to make sure everything is accurate.

**DCF Presenter** – Absolutely. And there is some level of judgement in where you're classifying these particular costs that you have to use your best judgement. We sort of do evaluate that stuff, but you have to go with what your best instincts say as well. It's sort of these are the guidelines. There's room for interpretation.

Thank you for speaking up with the question. That's an excellent one.

### Slide #7

**DCF Presenter** – Then we have here a graphic of how the calculations tend to work. You can see in this one I have it broken up by non-personnel costs and personnel costs just because they are slightly different. Although the biggest difference is related to how the semi-variable costs go. I do want to highlight that I identified this morning an error so the text that is in red here is something that was missed that should be there. The divided by days in year for the variable costs. If you have my slides printed out, that will need to be added in there, but it seemed pretty straight forward.

It really shows you that it is the costs divided by one of those options – the licensed capacity, average daily placements, or for semi costs it will be the average of licensed capacity and average daily placements, or program staffing beds – and then divided by the number of days in the year. And this is to get the costs down to a per child per day cost on average to get to where the per diem ties out.

The one thing that it doesn't work for that I highlight at the bottom. For direct care and supervision, this is where it really doesn't work perfectly like that because we need to take the staffing ratios into effect for considering the per diem of how many kids they are covering or responsible for covering which I have covered in the next slide right here.

## **Cost Report Informational Session Transcript**

### Slide #8

**DCF Presenter** – For these staffing areas, there is a little more complexity for the staffing ratios as well as converting full-time staff and changing their wages to covering 365 days a year because hopefully no one is working every day of the year. That would be an awful scenario and be prime for burning someone out. It's really taking the wages for the year divided by the number of full-time positions. The total number of hours divided by 2080. 2080 is the considered the average 40-hour work week 52 weeks a year to get the number of hours for a position. And then converting it to a wage for 365 days out of year. Wages for the year divided by the number of full-time positions and then average annual wage divided by 260 and I have a note saying how I got to that and it's 5 days in a week times the number of weeks in a year that they don't work 7 days. Then we get to position cost per day divided by staffing ratio to get for each position their portion for the number of kids they have.

Then it's really repeating steps 1 through 4 for each shift using the appropriate staffing ratios. If the staffing ratio doesn't change – usually the daytime and the school time ratios may not change – the calculation will be the same. But if you are using a different ratio – overnight hours is the biggest example of where you typically have less staff on hand – it's going to be different. Then you add the per diem calculation for each one (shift) together to come to the per diem per day for that particular one. And I will go back. I hope that makes sense, but this is more challenging so feel free to reach out and we are constantly reevaluating how we go about doing this.

### Slide #9

**DCF Presenter** – Then we get to providing information about the cost report and what I am calling the “main event” of this presentation. Going through the cost report, providing information to become more familiar with, and help with how to fill it out. I’m going to cover most of the tabs, but not all of them at a high level, and I will also highlight some of the changes we implemented this year.

### Slide #10

**DCF Presenter** – The first one I wanted to start with was the definitions tab. This can be a very valuable spot for information when filling out the cost report, but also acknowledge that it is easily overwhelming as there is a ton of information here. It’s intended to provide information about each field required to be entered and other overall terms that might apply throughout the document.

This is generally going to be more beneficial to look through as you fill in the rest of the document to look up specific questions you have. It’s most valuable that you can filter down to what you need. The first column references the tab the item is on and can quickly remove the other tabs, so it becomes more manageable. The line number is referenced in the number we added to the left of the individual tabs as a point of reference, and I’ll show you an example of this when we get to the next tab.

## **Cost Report Informational Session Transcript**

And finally, the sub-section is usually the name of the field you are interested in. The rest of it gives you a definition or helps provide information about what we are expecting in that particular field.

### Slide #11

**DCF Presenter** – Then I wanted to go to the Cover tab. This is the first tab that you are going to want to fill in. It provides general information about your organization. Some of these items will be used to populate areas throughout the report, such as your name. I have two things pointed out here.

First, is the line number in the upper left. That's what I was referencing on the last slide. If you go to the Definitions tab and look up Cover tab, line 1 you're going to get the fields that are related to that line – the from and to for fiscal periods.

Next, I have pointed out the organization service summary field. This is new this year. We are really looking to gain additional information. This year it will be used more for internal purposes, but also in the future it may be something available to those purchasing services from you to have more information about what services are provided. I readily acknowledge this is likely to evolve for what we are looking for from year to year but is how we are starting. We can see this may be as simple as providing a website reference if you have a well-established internet presence that describes services and your organization or including an attached Word document or other document that already provides this information. Our goal in future years is going to be to work to get consistent data between providers as we determine the information that is most valuable or stuff that we're looking to have as we complete our review, or the purchasers are looking to have more readily available for comparison purposes.

### Slide #12

**DCF Presenter** – Then, a little bit further down on the Cover tab. This is the other important part of the cover tab where you identify which type of provider, whether you have multiple programs, etc. Answers here will help fill in and populate other parts of the cost report. For example, it will fill in the DCF ratios on the Personnel tab. Additionally, it may black out certain fields that may not apply. The ones I notice most is for CPAs, it will black out a number of lines in the Consumables tab that aren't necessarily relevant for them just to make sure that they don't fill it in.

Another minor change that I wanted to note here is that we added the CARF to the dropdown for accreditation options. This was identified by one of the providers once we released this document initially. So it's again, we might miss something especially this year where we had a few more changes than normal. If something's not working out right, please reach out to us and it might be that we missed it or we overlooked it. That was a simple change and we were able to correct it and get it so everyone else would have that option.

## Cost Report Informational Session Transcript

### Slide #13

**DCF Presenter** – The next tab we have is the Verification tab. This is where you are going to provide additional information for your operations for the year. In this part of the tab, you are responsible for entering your

- licensed capacity,
- intended capacity which is new for this year and for now is being used for informational purposes only. It's going to help us do additional analysis on operations versus licensed capacity to help make more informed policy decisions going forward. We are asking that if this number is below your licensed capacity to provide some context for why that is the case in the assumptions tab. My examples are that you just haven't been able to get enough placements to reach your licensed number or have you determined that operating at a lower number results in better outcomes for your placements and it's a strategic decision. We're looking for that type of information to see what it is and to help make decisions or make bigger policy decision for that being maybe a more consistent change we are seeing across the board.
- Program staffing beds available – This may be the same as the intended capacity or licensed capacity, but we also need to know what you are staffing to. This is used in areas for calculating per diem so this should be at or lower than your licensed capacity as we wouldn't want you to have program staffing above what you can have on site.

For those of you that are more familiar with the cost report, you know this may have an impact on calculations for the items I've just discussed especially the intended capacity as we do use the licensed capacity in calculating certain areas. This may be what you see initially but doesn't mean that licensed capacity will be ultimately used. We are looking to gather more information so we may make adjustments to it when we go ahead and start looking at the calculations and determining the calculated rate and setting a rate for you, but I wanted to acknowledge that as it might when you are getting ready to submit it. If you look at the Rate Calc tab, it might look really low, and you might be a little concerned about that. We are aware of that, and I've brought this up before and others have mentioned this. It is on our radar and is not an end all, be all. Then on the other side of this screen, we are looking for placement days for the 3 categories. You can see, and this hasn't changed from year to year. Each day a child is in your care counts as 1 so you could have up to your licensed capacity per day as the number. If you had 5 kids every day for the entire year that would come to 1,825 placement days. This should match your actual placement days for the year as I'm sure it fluctuates from day to day as kids leave your placement and kids get added to it. These numbers are used to calculate your average daily placements which is used in calculating your per diem rate.

### Slide #14 (at 33.22)

**DCF Presenter** – The other piece of and the bottom half of the Verification tab helps to verify the accuracy of the data you entered in the cost report compared to your audited financial statements. You will need to enter the left amounts that are shaded in yellow and should match back to your audited financial statements for your total expenses. The right column will automatically sum based on the data you enter in the cost report that we will be discussing. And then once you are done filling out the cost report, you are going to want to come back here and verify that they match. If the amounts match, the verified column will be green. If they don't match, it will be red. Ideally, we're going to want them all to be green otherwise you are likely to

## **Cost Report Informational Session Transcript**

get some follow up questions from the audit area of DCF when they go and complete their review of your cost report and they may require some adjustments be made so they tie out.

### Slide #15 (at 34.26):

**DCF Presenter** – That is the end of the Verification tab and now we are on to the Property and Transportation tab. The next 3 slides will cover the Property and Transportation tab. First, I wanted to point out the final column is going to show you the calculation of the per diem. This is new this year. We are trying to provide a little more transparency on how our rates are calculated. This is going to calculate the per diem for this specific line item. Then, you should be able to sum up all of these individual line-item ones to come to the per diem that will ultimately be found on the Rate Calc page before the cost-of-living adjustment. This is again just to help provide that context where you can use it, recalculate it yourselves, and get there so you have a little bit more comfort level with what you are seeing and how we are coming up with the rates we are at.

Besides that, the first section really hasn't changed. It relates to the expenses for the property and buildings, and you would enter in the amounts as applicable going down the line items.

### Slide #16 (at 35.34):

**DCF Presenter** – The next section is related to vehicle and travel. I wanted to point out that if you reimburse your staff for mileage driving to include it here as well as the number of miles. This will calculate out the per mile reimbursement rate that we compare to the federal reimbursement mileage rate which we update every year to see for allowable expenses in that regard.

### Slide #17 (at 35.55):

**DCF Presenter** – And finally, the last section is for furniture and equipment for your operations. This is more on the inside of the buildings. Here I would highlight that the last line for each section is other/miscellaneous. If you don't feel like any of the other lines fit quite right for what you are trying to enter for an expense, you can put it down in this other and miscellaneous. The caveats are that you do need to provide a description of what it is for and then you need to also select what type of expense it is – whether it's fixed, variable, or a semi cost – to help properly identify and calculate out the per diem for that particular expense. Once you submit this, we will review what you have entered here and evaluate whether we agree with the entry or whether we need additional information to help make sure it is being entered and considered appropriately.

### Slide #18 (at 36.52):

**DCF Presenter** – Next, we go to the Consumables tab. This is where you will enter expense items that are used/consumed through the year. I didn't include the entire list here, but you can see some of the examples, but others are food, clothing, office, and school supplies. This is where we would expect contracted services that you may have such as therapy, nursing, tutoring. Some of the examples we had earlier were the program director likely if he's not your personnel. Each of these lines will tell you which cost category it relates to and the type of expense it. You can see here the first one for activities and outings relates to recreation and it is a variable expense and that's how it will be calculated out for the per diem perspective. Off to

## **Cost Report Informational Session Transcript**

the end, you can see the per diem amount. We added that so you can see that calculation on a line-by-line basis to help you get comfortable with where the per diem rates are coming from.

### Slide #19 (at 38.07):

**DCF Presenter** – And then a little bit further down on here is the allowable reserves, but the bigger one is the non-allowable costs section. These are really costs that aren't able to be considered for the per diem rates. The best example of what we see is extraordinary payments made by a purchaser above the per diem rates. Those are being reimbursed outside of the process so they shouldn't be considered here, but they are needed here to tie out your cost report to your audited financial statements. We have a bunch of items under here that sort of fall under that, and you can see a few of them, but there's definitely and feel free to reach out. This is the one area where I do not have the per diems calculated because they don't fall into and get into the per diem calculation so that's not applicable for this section.

### Slide #20 (at 39.03):

**DCF Presenter** – Before I get into the Personnel tab, I wanted to cover the Jobs tab. This tab provides information about each job position included as an option in the Personnel tab. The first dropdown tells you the department needed to be selected to find each position. It also tells you which cost category the position falls under.

The one new item here is whether the position counts towards coverage staffing percentages. We wanted to be more explicit and explicitly state this year because we have implemented some changes on what is and isn't included in this coverage percentage so we entered that. You can see where the arrow is pointing down. Really it will say yes it falls under supervision or direct care coverage or no, and there are the 3 options. It is trying to be a little bit more explicit.

We have only 2 new positions this year for options. One each under the supervision and direct care. These are for orientation and training time for each. These are to record orientation and training time where the person isn't providing coverage for staffing ratios. These amounts were previously included in the direct care or supervision respectively but will now be incorporated into the training category because they're often times either not on site so need someone else that's watching the kids in your placement or they're onsite, but have no responsibility for the kids at that time. It was getting lost and could lower the per diem calculation you had. It's one we have started implementing last year and now it is fully implemented as an option for this year.

### Slide #21 (at 41:00):

**DCF Presenter** – Then we get into the Personnel tab. The first part of the Personnel tab is right at the top and this is where you are going to enter your staffing ratios for the direct care and supervisory. It is for each staff, how many kids are they covering for the 3 periods of the day – the daytime (non-school), school hours, and sleep hours. These are going to be the ones that are used to help calculate and determine coverage for how many kids are in your placement whether we feel like you close to or on ballpark for the staffing coverage as well as for helping incorporate and calculate per diem ratios.

## **Cost Report Informational Session Transcript**

You can see at the right-hand side we also have the DCF ratios for the current year. These will get populated based on your selection of whether you are a CPA, group home, or RCC. They are helpful information there and information we do use in our consideration for setting the max rate as well as setting provider per diem rates.

### Slide #22 (at 42:05):

**DCF Presenter** – Then the next part is filling in for the positions. There are a number of items to discuss here. First, you have multiple people doing the same responsibilities, you can sum their amounts and include them in one line. Generally, this is seen more for direct care or supervisory care. It is important if you do this not only to include all wages for those people, but all their hours as hours can impact the calculations especially for direct care and supervisory care on their average hourly rate.

Next, it is also acceptable and somewhat encouraged if someone has multiple responsibilities, to split that person to multiple lines to better reflect their work responsibilities. This sort of gets back to the orientation and training line item that we just added as we wanted to make sure that we are properly reflecting where the costs are going as well as making sure that they are getting to the per diem reimbursement rates you're seeking out or getting approved for. We often see people having multiple things (responsibilities), especially for smaller group homes, the owner is the best example that they're often a little bit of everything in the organization. As you start filling this out, you need to first select the department that they are in (direct care/supervision). Based on that selection, the primary job category will populate with the options under that department for what type of worker you have. Then you will start filling out the other items for the expenses.

### Slide #23 (at 43.40):

**DCF Presenter** – I didn't show all the columns, but the items I skipped over were potential benefit costs that you have provided for your staff. But I wanted to show you the end where you have payroll taxes. We do have it set to auto-calculate, but they may not match what you have or if you combine multiple staff into one line, it will likely hit the payroll tax limits that won't provide you sufficient amounts. It's a reminder that you can hard code payroll taxes to override what we have calculated, or you can enter adjustments to get the total amount to what you had and needed for payroll taxes. Either is an acceptable option and generally this isn't a very significant amount but wanted to highlight it as it can cause some discrepancies for tying numbers out when you are trying to match it out.

And then also, I like to highlight at the top of the screen, you can see the row of blue ones. These ones will sum the columns as you are entering stuff (amounts) so you can have a running total of what your costs are for each area. It's a way to track and make sure you are entering it right and to help catch errors as you are going about or as a check figure.

**DCF Representative** – We have a question, Bruce.

**DCF Presenter** – Yep, absolutely.

## **Cost Report Informational Session Transcript**

**DCF Representative** – For each PTO part, do you want PTO split out in labor.

**DCF Presenter** – Can you repeat that?

**DCF Representative** – For each PTO part, do you want PTO split out in labor. That's coming from Jerry Wolff.

**DCF Presenter** – I think we're not overly ... so that's paid time off that gets paid out or ... I probably would ...

**Attendee** – Can you just move over a little to the right as far as the fields here, I think?

**DCF Presenter** – I can't; I have this copied and pasted as screen shots.

**Attendee** – I believe isn't there a section where it talks about the PTO, and I guess especially relative to all the per diems and the ratios that are being applied. Do you want the PTO hours and dollars carved out and for us to show the pure payroll in these fields right here? Because I think there are columns for that, and I just want to make sure I understand how this kind of feeds through the machinations of the file.

**DCF Presenter** – okay; I understand your question. Ideally, we would have it split out so we can see what you are expending it on specifically area by area. Ultimately, each row gets incorporated into the same area (category) so it doesn't have to be broken out by that, it's just helpful especially if we're looking to see if your providing benefits or what type of benefits it does. But it's not a requirement because it ultimately gets into the same; the entire row is one person.

**Attendee** – Okay; got it; thank you.

**DCF Presenter** – No; excellent question.

**DCF Representative** – We have about 10 minutes left Bruce.

**DCF Presenter** – Yep; we are doing pretty good. I was hoping to be to questions at this time, but we're getting there.

Slide #24 (at 47:25):

**DCF Presenter** – The last thing for the Personnel tab is really we again added this area that summarizes by cost type and then calculates the per diem. We didn't do it by each line item for this because that was going to create a lot of a headache, and we thought this would be more beneficial to you that you could at least see the expenses for each cost type, what they are, and then the per diem based on those wages. It's just off to the end of the table that you fill in.

Slide #25 (at 47.55):

## **Cost Report Informational Session Transcript**

**DCF Presenter** – The Prior Year Assumption tab is really to help enter the assumptions you had from last year. This is one that helps us evaluate and track items to see if they are being implemented. We typically wouldn't want to see assumptions repeatedly put in the assumptions area and not being incorporated within a year or two. That indicates that it might not be getting implemented so it's a way for us to track are assumptions actually getting implemented once approved and getting built in (to the rate).

### Slide #26 (at 48.30):

**DCF Presenter** – The Assumptions tab again hasn't changed much. This is where we want you to enter in items that either aren't properly reflected in the cost report that are costs that are new, such as a new therapist or something like that or you had a vacant position or the director/owner that didn't draw a salary. We want to know that or whether you have new capital expenditures that are coming in the next year. We want those to be incorporated and properly reflected as we will work on incorporating them, using them for the per diem rate. But if we don't know about them, we can't build them in so it's one of those things where we tried to give some new ideas in the tips and tricks document.

As well as we do want to highlight those assumptions do get built in and do get considered as part of the max rate determination. If assumptions aren't noted or included, it might potentially lower what the max rate could be.

### Slide #27 (at 49.30):

**DCF Presenter** - Probably not a huge one, but I did have for this year's. Here's a comparison of initial assumptions in the left-hand column and then added assumptions I added during negotiations. You can see especially for group homes that it's not an insignificant amount that it could potentially impact the max rate could have been by a few dollars. It might not be huge, but a dollar or two or five per kid per day adds up and could have a huge difference in your operations. We still would incorporate assumptions after the fact, they just wouldn't be considered from the max rate perspective. I wholeheartedly acknowledge that last year and the last two years there probably are assumptions that you're not aware of in June that got added in the November negotiations timeframe just because of the pandemic and salary and staffing issues being such a challenge this year. It's not going to be perfect, but the more we can get in and the more that we are aware of up front, the better.

### Slide #28 (at 50.35):

**DCF Presenter** – The Rate Calc tab, we're really wanting to highlight that this is the accumulation of expenses and per diems calculated by the cost categories. When initially submitting your data, this will not include any assumptions as we need to be able to tie amounts out, but then we will add them, and I broke this up into 2 slides but on this page I wanted to highlight 2 items and not. These are the rates being used for direct care and supervisory are being calculated based on your provided staffing ratios.

### Slide #29 (at 51:11):

**DCF Presenter** – And then down below, we do have the calculation at the bottom where we do complete those calculations using the DCF ratios. Both are considered and a part of our

## **Cost Report Informational Session Transcript**

evaluation process with setting the providers individual per diem. I just wanted to highlight that they are there.

**DCF Representative** – We have a question, Bruce.

**DCF Presenter** – Yes

**DCF Representative** – Is there a possibility of market adjustments being made; would you list that under the assumptions?

**DCF Presenter** – You could probably list them under the assumptions. I don't know what we would do with it right now. I think part of what we have is the right here you can see the cost-of-living adjustments and that changes from year to year. I think as inflation goes up; these will go up which will help with that. But yes, you can incorporate those, and they will get evaluated. You might get follow up questions about what you mean, but absolutely include it. Worst case is you are going to get a question from us. And more information is always better.

That is really the Rate Calc tab.

Slide #30 (at 52.25):

**DCF Presenter** – Then we have the Review Checklist tab. This is a review as you go through. It's a reminder that you want to come here at the end. This response column in the middle is initially all 'N's. Part of our audit process is that we will check to see if/for any that are still 'N's, but what we ultimately want to see here is all yeses or not applicable. If you're seeing that there is a no, that's meaning that something and the column to the right will sort of tell you what's missing or what needs to be considered to help figure that out, and you can go back to the other columns/tabs to hopefully make adjustments to get these to yeses to minimize any follow up questions or getting your cost report sent back needing additional work to be done after you have submitted it.

Slide #31 (at 53.15):

**DCF Presenter** – The last thing that I have before we have like 2 minutes for questions would be the final cost report. Something we are going to do this year differently is I have tried to commit to once we have incorporated the assumptions and I get it into the max rate database, I'm going to be providing all providers based on the contact information included a copy of their cost report back in the hopefully July/August timeframe that will have the assumptions incorporated so they can review how they got incorporated and what the numbers look like. We are hoping that that gets used when you are submitting your rate request this year. It's again to provide more transparency as well as give you more information and hopefully lead to less need for negotiations or questions up front.

Slide #32 (at 54:10):

**DCF Representative** – We have 1 question. What data will DCF rely on for purposes of determining COLA as inflation rates continue to increase, COLA may not be representative of prevailing economic conditions 6 months from now.

## **Cost Report Informational Session Transcript**

**DCF Presenter** – What we do is a 2-year cost of living adjustment. We use the CPI and the medical CPI index. Medical CPI index is for medical and therapy (categories) and all other categories follow the “normal” CPI index. We accumulate 2-years’ worth of data so it might not be, you are right, it might be a little lower, but that’s because it has that 2-year impact. We account for a 2-year cost of living adjustment. It is higher than a 1-year adjustment and does both. It’s not the average of both. Excellent question.

If there aren’t any other questions, I am always here readily available to attempt to answer questions or find more knowledgeable people that can help me with answers if I don’t have the answer. Please feel free to reach out to me. We wanted to highlight that and a reminder for the deadline for the cost report being submitted is July 1<sup>st</sup>. We want to continually remind people so we’re not late. You will likely get an email in the next week as another reminder as it is already the middle of June.

Thank you for working with me. I’m still in my first year here, and I have appreciated all of the conversations with everybody. It’s been very helpful, and I’m glad we have usually been able to work out and learn the process. We’re always continuing to try and make improvements.

Thank you and then hopefully by the latest, early next week I will have a copy of this posted to the Rate Reg website if you would like to listen to me talk for a long time again. I hope you all have a good rest of your day!