



## Department Process for Investigating Comparator State Wages

March 14, 2017

During the February 15, 2017 Rate Review Information Sharing Session, a stakeholder asked if the Department considered wages when selecting comparator states. Wages are not among the criteria used to select comparator states in the rate review process, but wages are considered in the rate setting process. Though rate setting is separate from the rate review process, this document provides a detailed example of how wages are considered in the rate setting process. This document also uses, as examples, two Home and Community Based Services (HCBS) Waiver services, personal care and homemaker services, and comparator states from the rate review process.

After the Department determines a rate, the Department checks the validity of that rate by conducting further research, which includes investigating wages in other states. To do this, the Department develops a wage index, created using information available on the U.S. Bureau of Labor Statistics (BLS) website. A wage index helps indicate the relative difference between mean hourly wages. The table below provides wage index information for personal care aides and housekeepers (as a proxy for homemaker attendants).<sup>1</sup> Guidance for interpreting this table is located on the next page.

Relative Wage Index							
Region	Personal Care Aides			Housekeepers			
	Mean Hourly Wage	Colorado	National	Mean Hourly Wage	Colorado	National	
Colorado	\$ 10.63	1.0000	1.0143	\$ 10.76	1.0000	0.9738	
Connecticut	\$ 12.69	1.1938	1.2109	\$ 12.03	1.1180	1.0887	
Montana	\$ 10.69	1.0056	1.0200	\$ 10.46	0.9721	0.9466	
Ohio	\$ 10.35	0.9737	0.9876	\$ 10.15	0.9433	0.9186	
Oklahoma	\$ 9.09	0.8551	0.8674	\$ 9.24	0.8587	0.8362	
Utah	\$ 10.52	0.9897	1.0038	\$ 9.93	0.9229	0.8986	
<b>National</b>	\$ 10.48	0.9859	1.0000	\$ 11.05	1.0270	1.0000	

Note: Highlighted cells indicate the region that all other regions in that column are being compared to.

Colorado Wage Index: For states with an index greater than 1, the mean wage is higher than the mean wage in Colorado. For states with an index less than 1, the mean wage is lower than the mean wage in Colorado.

<sup>1</sup> For more detailed information on occupational employment definitions and statistics, see the BLS webpages for [Personal Care Aides](#) and [Housekeepers](#).



National Wage Index: For states with an index greater than 1, the mean wage is higher than the national mean wage. For states with an index less than 1, the mean wage is lower than the national mean wage.

This table can be interpreted to show that Colorado's wages for these two occupations are:

- lower than wages in Connecticut;
- in alignment with national wages and wages in Montana and Utah; and
- higher than wages in Ohio and Oklahoma.

Wage index results help the Department understand if observed differences between Colorado's rates and other states' rates could be attributable to differences in wages, or might be caused by other factors.

