



COLORADO

Department of Health Care
Policy & Financing

1570 Grant Street
Denver, CO 80203

Home and Community-Based Services (HCBS) Rate Methodology

The Home and Community Based Service waivers utilize a Fee-for-Service (FFS) rate methodology. The Department's adopted rate methodology incorporates the following factors for described in detail.

Indirect and Direct Care Requirements: Salary expectations for direct and indirect care workers based on the Colorado mean wage for each position, direct and indirect care hours for each position, the full-time equivalency required for the delivery of services to HCBS Medicaid clients, and necessary staffing ratios. Wages are determined by the Bureau of Labor Statistics and are updated by the Bureau every two years. Communication with stakeholders, providers, and clients aids in the determination of direct and indirect care hours required and the full time equivalent of each position. Finally, collaboration with policy staff ensures the salaried positions, wage, and hours required conform to the program or service design.

Facility Expense Expectations: Incorporates the facility type through the use of existing facility type property records listing square footage and actual cost. Facility expenses also include estimated repair and maintenance costs, utility expenses, phone, and internet expenses. Repair and maintenance price per square foot are determined by industry standards and vary for facilities that are leased and facilities that are owned. Utility pricing includes gas and electricity which are determined annually through the Public Utility Commission who provides summer and winter rates and thermostat conversions for appropriated pricing as well as water pricing available through Denver Water. Finally, internet and phone services are determined through the use of the Build Your Own Bundle tool available through the Comcast Enterprise website.

Administrative Expense Expectations: Identifies computer, software, office supply costs, and the total number of employees to determine administrative and operating costs per employee.

Capital Overhead Expense Expectations: Identifies and incorporates additional capital expenses such as medical equipment, supplies, and IT equipment directly related to providing the service to Medicaid clients. Capital Overhead Expenses are rarely utilized for HCBS services but may include items such as massage tables for massage therapy, or supplies for art and play therapy. All Facility, Administrative, and Capital Overhead expenses are



reduced to per employee cost and multiplied by the total FTE required to provide services per Medicaid client. To ensure rates do not exceed funds appropriated by the Colorado State Legislature a budget neutrality adjustment is applied to final determined rate.

