

## Methodology for the Calculation of the Targeted Case Management Services Fifteen-Minute Reimbursement Rates

### A. General Overview

1. AMDD rate setting methodology follows the rate setting methodology proposed and/or recommended by CMS. This methodology will be utilized periodically for re-basing the rate.
2. Cost Pool development:
  - a. The Cost Pool was developed by AMDD using TCM Provider reports of the most recent annual TCM wage costs, TCM benefit costs, and other TCM costs.
  - b. Wages, benefits, and all other costs may be increased by a small inflation factor (0% to 5% depending on inflation documentation and the availability of funding) intended to cover cost increases.
  - c. Adjusted Cost Pool costs are converted to a Yearly Wage Cost per TCM FTE, a Yearly Benefit Cost per TCM FTE, and a Yearly Other Costs per TCM FTE. The total of these three groups is the **Total Cost Pool Per TCM FTE**.
3. The Total Cost Pool per TCM FTE is divided by the number of expected billable 15 minute units each TCM FTE is expected to generate (**utilization factor**) to determine the 15 minute rate.

### B. Utilization Factors

1. AMDD used actual units billed from TCM providers.
  - a. Total units billed divided by the total FTE determines the average unit billed per TCM FTE.
  - b. Average Units Billed formula  
(total units) \ (Total TCM FTE) = average unit billed per TCM FTE

### C. The Total Cost Pool Per TCM FTE (detail)

Wages, wage benefits, and other TCM costs make up the three components of the cost pool.

1. Wages and Benefit Costs:
  - a. AMDD analyzed wages and benefits of the actual TCM wages and TCM benefits paid.
  - b. From the list of all hourly wages and all benefit rates AMDD determined the average wage per hour and the average benefit per hour for all TCM FTE.
  - c. These calculated hourly rates are then multiplied by 2080 (hours per year) to determine the Yearly Wage Cost per TCM FTE and the Yearly Benefit Cost per TCM FTE.
  - d. Yearly Wage Formula

(Total FTE) X (Average wage) X (hours per year 2080) = Total wages.  
Then take total wage \ (Total FTE) = Average yearly wage per TCM FTE.

e. Yearly Benefit Formula

(Total Benefits)\ (Total FTE) = Yearly benefit formula per TCM FTE

2. Other TCM Recoverable Costs:

a. AMDD analyzed the most current financial expenditure reports provided by TCM Providers.

b. AMDD analyzes non-TCM wage and non-TCM benefit costs (all the other costs of providing TCM services). Each of the TCM Provider's 'Other TCM Costs per TCM FTE' is then combined to calculate one average 'Other TCM Costs per TCM FTE'.

c. This Yearly Other TCM Costs per FTE is included in the total cost pool.

d. Other Costs Formula

(Total Reported Other Costs \ (Total FTE) = Average other costs per TCM

FTE

#### **D. AMDD TCM Rate Setting Final Calculation**

a. The Cost Pool per TCM FTE equals the total of the Yearly Wage Cost Per FTE, the Yearly Benefit Cost Per FTE, and the Yearly Other TCM Cost Per FTE.

b. Final Calculation Formula

(Yearly Wage Cost per TCM FTE) + (Yearly Benefit Cost Per FTE) + (Yearly Other TCM Costs Per FTE) = Total Costs per TCM FTE. Then take Total (Costs per FTE)\ (Average Units Billed Per FTE 3) = TCM Rate