

**Developmental Disabilities Administration**

**040 - M2 - WQ - FOOD AND MEDICAL ADJUSTMENTS**

**Agency Submittal: 11-2017-19-YR Agency Req**

**Budget Period: 2017-19**

**SUMMARY**

Inflation of food and medical services impact DSHS institutions by reducing their purchasing power for services that must be provided to agency clients. DSHS requests \$2,247,000 (\$1,408,000 GF-State) in the 2017-19 Biennial Budget to cover increased costs that are not included in budget requests for changes in forecasted caseloads. Of this amount, it is requested that \$1,683,000 (\$844,000 GF-State) is appropriated the Developmental Disabilities Administration. Programs have no other resource to cover these inflationary cost increases for services that are critical to support the health and safety of residents and staff in DSHS institutional programs.

**PROBLEM STATEMENT**

DSHS institutions operate very close to appropriated funding levels. Without increased funding to meet inflationary cost increases, client services will be negatively impacted.

Many clients served in DSHS institutions require a variety of specialized diets to keep meals in compliance with patient care regulations and to meet the standards of care. Other client meals must meet U.S. Department of Agriculture (USDA) nutritional guidelines. Higher food and labor costs are incurred to meet the many and varying meal requirements in institutions. According to data produced by the U.S. Department of Labor, Bureau of Labor Statistics (BLS), the Puget Sound region has experienced an annual average food inflation rate of 2.1 percent over the last five years for the cost of raw foodstuffs used in institutional programs (Rehabilitation Administration, Developmental Disabilities Administration, and Behavioral Health Administration). In a typical day, DSHS serves three meals to as many as 2,600 institutionalized clients in these three programs, as well as meals for the attendant direct care staff. This request includes only those institutions whose average food cost increases since 2012 exceed the 2.1 percent BLS reported rate.

According to data produced by the BLS, the western states have experienced an annual average increase in non-forecasted medical costs of 0.8 percent over the last five years. This includes the cost of pharmaceuticals, medical supplies, and off-campus medical services. DSHS institutions transitioned to use of generic drugs, when available, several years ago. Costs for some programs have risen despite the use of generics. This request includes only those institutions whose average medical cost increases since 2012 exceed the 0.8 percent BLS reported rate.

**PROPOSED SOLUTION**

This request is to cover inflation related cost increases for food and professional medical services and supplies in DSHS institutions. Adequate funding must be provided to support a therapeutic environment in which clients and staff can thrive and meet individual and program goals.



**DSHS VISION**

People are healthy • People are safe • People are supported • Taxpayer resources are guarded

**DSHS MISSION**

To transform lives

**DSHS VALUES**

Honesty and Integrity • Pursuit of Excellence • Open Communication • Diversity and Inclusion • Commitment to Service

**040 - M2 - WQ - Food and Medical Adjustments**

**EXPECTED RESULTS**

It is expected that stakeholders will support this proposal. With some institutions operating at a deficit and other facilities marginally meeting their budget, DSHS has very limited options other than to pay the higher costs. Institutions constantly strive to maintain the lowest per meal cost possible while at the same time meeting nutritional requirements. Institutions also endeavor to provide the most effective and cost efficient medical care possible.

**STAKEHOLDER IMPACT**

There is no expected opposition to this request. Institutions constantly strive to maintain the lowest per meal cost possible while at the same time meeting nutritional requirements of special diets and USDA requirements.

Agency Contact: Ken Brown, (360) 902-7583

**OTHER CONNECTIONS**

**Performance Outcomes/Important Connections**

**1. Does this DP provide essential support to one or more of the Governor's Results Washington priorities?**

Goal 4: Healthy & Safe Communities - Healthy People - Provide access to good medical care to improve people's lives.

**2. The decision package meets the following DSHS' strategic objectives:**

1.1: Identify individual health and welfare needs in a timely manner in order to support individuals to have healthy and active lives.

**3. Identify other important connections or impacts below.** (Indicate 'Yes' or 'No'. If 'Yes' identify the connections or impacts related to the proposal.)

- a) Regional/County impacts? No
- b) Other local government impacts? No
- c) Tribal government impacts? No
- d) Other state agency impacts? No
- e) Responds to specific task force, report, mandate or executive order? No
- f) Does request contain a compensation change or require changes to a Collective Bargaining Agreement? No
- g) Facility/workplace needs or impacts? No
- h) Capital budget impacts? No
- i) Is change required to existing statutes, rules or contracts? No
- j) Is the request related to litigation? No
- k) Is the request related to Puget Sound recovery? No
- l) Other important connections? None

**4. Please provide a detailed discussion of connections/impacts identified above.**

**Alternatives/Consequences/Other**

**5. What alternatives were explored by the agency, and why was this alternative chosen?**

This request cannot be absorbed within existing resources. DSHS programs operate very close to appropriated funding levels. These program costs are not included in forecasted caseload budget requests. Programs have no other way to

**040 - M2 - WQ - Food and Medical Adjustments**

cover increasing costs to serve clients. The facilities purchase generic drugs when they are available and appropriate to contain costs. There is now a budget proviso applicable to each program which enables them to purchase goods and supplies through hospital group purchasing organizations (such as the Northwest Consortium) when it is cost effective to do so. This effort has also helped to contain costs but cannot entirely control cost increases.

**6. How has or can the agency address the issue or need within its current appropriation level?**

DSHS has explored methods for reducing meal costs. However, for various reasons, including specialized meal requirements for clients and institution locations, no method to achieve substantial savings has been identified. DSHS institutions transitioned to use of generic drugs, when available, several years ago. However these efforts have not been sufficient to offset rising food and medical costs.

**7. Does this decision package include funding for any IT-related costs (hardware, software, services, cloud-based services, contracts or IT staff)?**

- No**
- Yes (Include an IT Addendum)**

**Fiscal Detail**

**040 - M2 - WQ - Food and Medical Adjustments**

<b>Operating Expenditures</b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
001-1 General Fund-State	403,000	441,000	441,000	441,000
001-C General Fund-Medicaid	400,000	439,000	439,000	439,000
<b>Total Cost</b>	<b>803,000</b>	<b>880,000</b>	<b>880,000</b>	<b>880,000</b>

<b>Staffing</b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
FTEs	0.0	0.0	0.0	0.0

**Performance Measure Detail**

<b>Activity:</b>	<b>Incremental Changes</b>			
	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
<b>Program: 040</b>				
D086 Residential Habilitation Facilities	0	0	0	0
No measures submitted for package				

**Object Detail**

	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
E Goods and Other Services	803,000	880,000	880,000	880,000
<b>Total Objects</b>	<b>803,000</b>	<b>880,000</b>	<b>880,000</b>	<b>880,000</b>

**DSHS Source Detail**

**Overall Funding**

<b>Operating Expenditures</b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
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**Fund 001-1, General Fund-State**

**Sources Title**

0011 General Fund State	403,000	441,000	441,000	441,000
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***Total for Fund 001-1***      **403,000**      **441,000**      **441,000**      **441,000**

**Fund 001-C, General Fund-Medicaid**

**Sources Title**

19TA Title XIX Assistance (FMAP)	400,000	439,000	439,000	439,000
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***Total for Fund 001-C***      **400,000**      **439,000**      **439,000**      **439,000**

***Total Overall Funding***      **803,000**      **880,000**      **880,000**      **880,000**

**2017-19 Biennial Budget**  
**040-M2-WQ-Food and Medical Adjustments**

Fiscal Year	Fiscal Year			Fiscal Year			Total
	2018			2019			2017-19
	GF-State	Federal	Total	GF-State	Federal	Total	
<b>JRA</b>							
G20 Community Residential Services	0		0	0		0	0
G42 Echo Glen Children's Center	0		0	0		0	0
G44 Green Hill School	0		0	0		0	0
G45 Naselle Youth Camp	12,000		12,000	13,000		13,000	25,000
<b>Total Program</b>	<b>12,000</b>		<b>12,000</b>	<b>13,000</b>		<b>13,000</b>	<b>25,000</b>
<b>MH</b>							
G91 Eastern State Hospital			0			0	
G92 Western State Hospital	201,000		201,000	207,000		207,000	408,000
G94 Child Study and Treatment Center	64,000		64,000	67,000		67,000	131,000
<b>Total Program</b>	<b>265,000</b>		<b>265,000</b>	<b>274,000</b>		<b>274,000</b>	<b>539,000</b>
<b>DDA</b>							
H31 Fircrest	154,000	154,000	308,000	173,000	173,000	346,000	654,000
H33 Rainier	95,000	94,000	189,000	101,000	100,000	201,000	390,000
H34 Lakeland Village	108,000	107,000	215,000	116,000	115,000	231,000	446,000
H35 Yakima Valley Nursing Facility	46,000	45,000	91,000	51,000	51,000	102,000	193,000
<b>Total Program</b>	<b>403,000</b>	<b>400,000</b>	<b>803,000</b>	<b>441,000</b>	<b>439,000</b>	<b>880,000</b>	<b>1,683,000</b>
<b>Total Request</b>	<b>680,000</b>	<b>400,000</b>	<b>1,080,000</b>	<b>728,000</b>	<b>439,000</b>	<b>1,167,000</b>	<b>2,247,000</b>