

Developmental Disabilities Administration

040 - PL - DW - RESIDENTIAL RATE INCREASE

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

Budget Period: 2017-19

SUMMARY

The Developmental Disabilities Administration (DDA) requests \$90,534,000 total funds (\$45,268,000 GF-State) to address a potential crisis in the community residential system. Supported Living (SL) is the main alternative to the Residential Habilitation Centers (RHC) available under the Medicaid Home and Community Based Services waiver system and currently serves approximately 3,950 people. However, the rates are too low to sustain a viable group of providers necessary to meet the demand for placements.

PROBLEM STATEMENT

The RHCs are no longer a sustainable long-term option. The operating cost of staffing and maintaining the institutions for a small number of people make them a far more expensive option than a community residential setting, and the capital costs necessary to maintain the aging, decaying infrastructure is staggering. Many states have completely eliminated institutional care for people with developmental disabilities, in large part for the reasons above. However, to transition away from institutional care, a viable and stable community residential services system is required.

In Washington, the DDA community residential program consists of several components. The largest component is [Supported Living](#), which provides over 92 percent of the service hours. [Group Homes](#) account for nearly five percent of the service hours, and Licensed Staff Residential and Alternative Living account for the other three percent.

In Washington, the Supported Living program is at a crossroads. First, the number of clients is increasing. As the population increases, there are more people in need of services. People with behaviors and personal care needs such that they could be admitted to an RHC are being placed in the community for a variety of reasons. It is a less restrictive environment, it is typically the first choice for people (they want a community option), and it is typically less expensive.

There are also new pressures on the community residential program. The Yakima Valley School is closed to new long-term admissions by law. Furthermore, at times over the last two years, Lakeland Village, Rainier, and Fircrest have all had stop placement orders from the Centers for Medicare and Medicaid (CMS) because of regulatory compliance issues. Currently one section of the Rainier ICF/IID is under a stop placement order. While the Department has brought each facility back into compliance, every time a stop placement occurs it creates additional stress on the system for the families and clients who need out of home placement because of emergent and critical issues. Our supported living agencies are our first line of service for people, and when capacity is diminished, we have to rely on RHCs to fill the gap. When RHCs cannot accept new placements families are left with an unresolved crisis.

At the same time, the additional pressures on the system are increasing, the number of SL providers is decreasing. The providers face increasing costs and difficulty in recruiting and retaining qualified staff at a time when the clients they are being asked to serve have higher acuity of personal care needs, medical needs and behavior issues. When the current



DSHS VISION

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

DSHS MISSION

To transform lives

DSHS VALUES

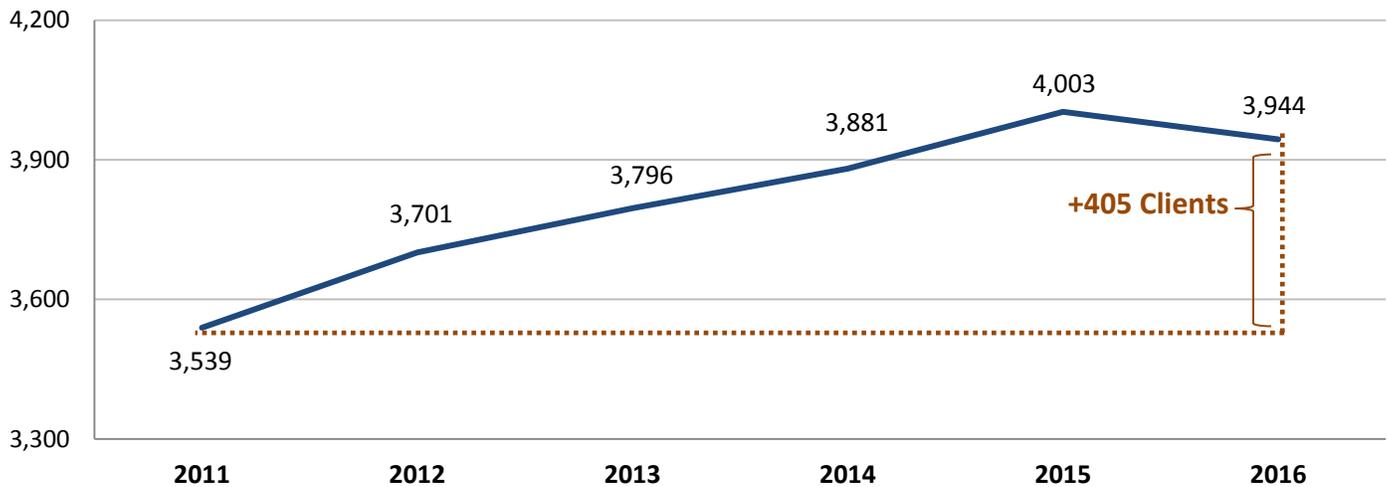
Honesty and Integrity • Pursuit of Excellence • Open Communication • Diversity and Inclusion • Commitment to Service

040 - PL - DW - Residential Rate Increase

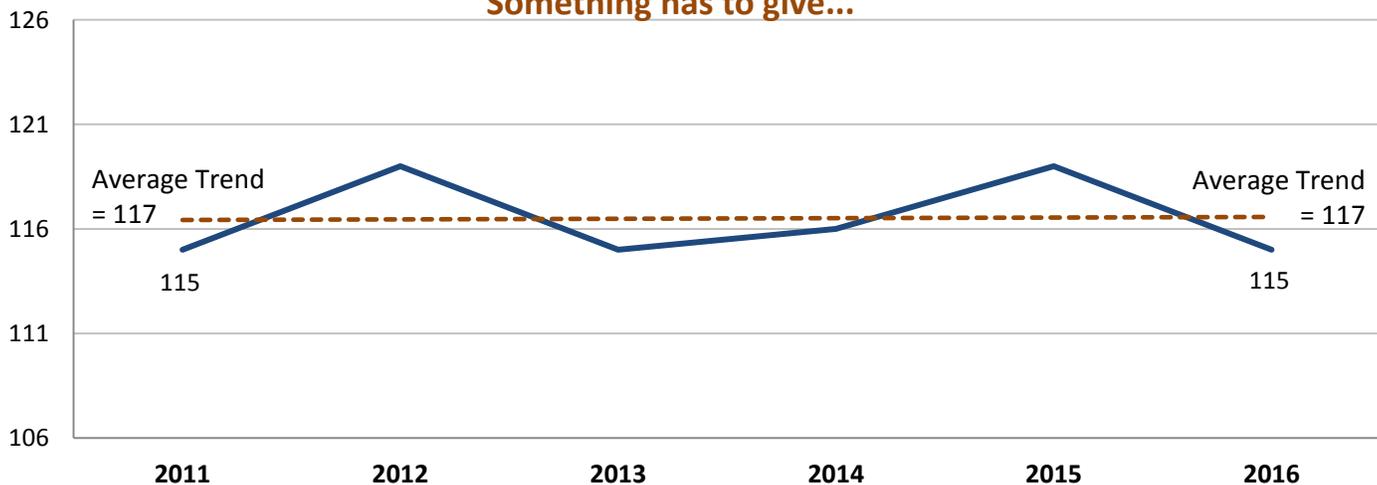
rates allow for only minimum wage for entry-level workers, many potential employees choose to work elsewhere. Over 95 percent of SL clients have their care funded with Medicaid.

SL providers are facing these challenges at a time when it is essential community options are available. The concerns facing SL providers has created distress in the community that has even led to the filing of a lawsuit alleging the Department is failing to meet legal obligations.

405 More clients receive Supported Living and the trend is increasing.



**Over that time, the number of providers has remained flat.
Something has to give...**



040 - PL - DW - Residential Rate Increase

PROPOSED SOLUTION

A rate increase of \$2.00 per hour will help community residential providers reach an operating margin that allows them to stay in business. This nine percent rate increase is necessary to meet the higher costs of providing care, particularly attracting and retaining qualified staff. The last several years have seen significant wage increases for in-home care providers, both individual providers and agency providers. People who formerly might have been interested in beginning work or continuing to work with people with developmental disabilities now have to make the choice between working for less pay in SL or going to a higher paying job in the in-home field for what is often lighter work. With the current number of clients, their total assessed support needs total over 22,600,000 service hours per year. The total cost of care is rising faster than just the number of clients because the assessed support needs continue to increase. Again, many of these clients are people who previously have been or would have received services in an RHC or, in some cases, the state hospitals.

Residential Services Hourly Rate Increase

Per Fiscal Year		Fund Source			17-19
		FY18	FY19	Biennium	
Hourly Rate Increase	2.00	State	22,634,000	22,634,000	45,268,000
Client Hours	22,633,746	Federal	22,633,000	22,633,000	45,266,000
Cost per Year	\$ 45,267,000	Total	\$ 45,267,000	\$ 45,267,000	\$ 90,534,000

EXPECTED RESULTS

The expectation is this rate increase will at least allow current community providers to continue in business, and potentially even make this a viable business option that will attract new providers if they are able to recruit and retain qualified staff in order to provide quality services to people with developmental disabilities who want to live in the community. In the short term, it is also expected the increased rate will provide enough of an incentive for SL providers to take many of the people currently living in an RHC who have requested a community placement.

STAKEHOLDER IMPACT

The DDA community residential providers will obviously support this proposal, as will other DDA advocate groups such as the ARC of Washington. Disability Rights Washington, who recently sued the state regarding people in RHCs who wish to move to the community, will also recognize this as a sign the state is working to resolve the perceived crisis. There is no anticipated opposition.

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Program Contact: Saif Hakim, (360) 725-2582

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 - Support People - Help the most vulnerable people become independent and self-sufficient.

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

2.1: Increase access to home and community-based services.

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? Yes
- k) Is the request related to Puget Sound recovery? No
- l) Other important connections? No

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

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Alternatives/Consequences/Other

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

The Department has worked to simplify the community residential rate system, automate processing and other administrative efficiencies to simplify working with the SL program, but it has not made a significant difference in providers' ability to recruit and retain staff.

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

See above response to number 5.

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 - PL - DW - Residential Rate Increase**

Operating Expenditures	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
001-1 General Fund-State	22,634,000	22,634,000	22,634,000	22,634,000
001-C General Fund-Medicaid	22,633,000	22,633,000	22,633,000	22,633,000
Total Cost	45,267,000	45,267,000	45,267,000	45,267,000
Staffing	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
FTEs	0.0	0.0	0.0	0.0

Performance Measure Detail

Activity:	Incremental Changes			
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Program: 040				
D087 Residential Program	0	0	0	0
No measures submitted for package				

Object Detail

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
N Grants, Benefits, and Client Services	45,267,000	45,267,000	45,267,000	45,267,000
Total Objects	45,267,000	45,267,000	45,267,000	45,267,000

DSHS Source Detail**Overall Funding**

Operating Expenditures	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Fund 001-1, General Fund-State				
Sources Title				
0011 General Fund State	22,634,000	22,634,000	22,634,000	22,634,000
Total for Fund 001-1	22,634,000	22,634,000	22,634,000	22,634,000
Fund 001-C, General Fund-Medicaid				
Sources Title				
19TA Title XIX Assistance (FMAP)	22,633,000	22,633,000	22,633,000	22,633,000
Total for Fund 001-C	22,633,000	22,633,000	22,633,000	22,633,000
Total Overall Funding	45,267,000	45,267,000	45,267,000	45,267,000

Developmental Disabilities Administration

Transforming Lives

Supported Living (SL) Services Overview

SL services offer instruction and support to individuals who live in their own homes. Supports may vary from a few hours per month up to 24 hours per day of one-on-one support. Individuals pay their own rent, food, and other personal expenses. DDA contracts with private agencies to provide SL services.



Eligibility Requirements

Individuals who:

- Are enrolled and eligible clients of DDA;
- Are 18 years of age or older;
- Are on or approved for the Home and Community Based Services, Core Waiver; and
- Have been assessed as needing SL services to meet their health and welfare needs.

Quality Assurance Oversight

- Aging and Long-Term Support Administration - Residential Care Services Division
- Center for Medicare and Medicaid Services
- DSHS Children's Administration
- State Auditor's Office
- Washington State Department of Health
- DDA Office of Compliance, Monitoring, and Training
- DDA Office of Quality Assurance and Communications

Stakeholders

- Individuals receiving services
- Families of program participants
- Self-advocates
- Advocacy organizations
- Counties
- Service providers

Contact

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Approximately 3,500 individuals are supported in the Supported Living program.