

Aging and Long-Term Support Administration
050 - PL - DR - MAINTAIN AGENCY PROVIDER CAPACITY

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

Budget Period: 2017-19

SUMMARY

As the Medicaid in-home care system adjusts to changes resulting from federal Fair Labor Standards Act (FLSA) regulations, including weekly work limits on Individual Provider (IP) overtime which can limit IP availability, agency providers are more important than ever to maintain access to in-home personal care rather than having to rely more restrictive and expensive residential or institutional placements. The Aging and Long-Term Support Administration (AL TSA) requests \$2,291,000 (\$1,008,000 GF-State) to increase the Medicaid rate for home care agencies by \$0.087 per hour.

PROBLEM STATEMENT

Home care agencies are a lynchpin in Washington's long term care system, providing personal care services such as bathing and dressing for both elderly and disabled clients. Agencies are a key to maintaining access to in-home care, both in terms of client choice for those who prefer to use an agency rather than take on the responsibility of employing an IP, and for situations when no IP is available, when an IP becomes sick or is otherwise unavailable, or when it is not appropriate for a client to take on the responsibilities of being an employer if they do not have the capacity to do so.

While the rates paid to agencies for employee costs match changes to those for IPs through the collective bargaining process, the administrative costs have not seen an increase since Fiscal Year 2009. Industry leaders have shared that this is creating a crisis in that direct care workers' wages are beginning to exceed what they can afford to pay to supervisors. In the 2017-19 biennium, the problem will be exacerbated when the Department of Labor increases the salary threshold for overtime-exempt staff, causing agencies to spend significantly more for administrative salaries. The administrative portion of the vendor rate will be inadequate for them to be able to comply. In addition, the requirements for agencies have increased significantly in recent years, including tracking Agency Worker Health Insurance expenditures, training that is more complex, and certification requirements.

The tentative agreement reached through bargaining with the Service Employees International Union NW 775 (SEIU 775NW) representing IPs includes a new time sheet administration element for IPs that was budgeted to be awarded to agencies as part of parity. If that agreement is ratified and funded, and the department's proposed request legislation is also passed, it will clarify that the current parity formula already accounts for this function and the new IP benefit would not be added to the wages and benefit portion of the agency vendor rate. This means that the approximately nine cents per hour budgeted for this function could be repurposed to increase the desperately needed administrative funding.



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

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PROPOSED SOLUTION

An hourly rate increase of \$0.087 would compensate agencies for administrative costs that have increased over time but have not been recognized with any rate increase and help them cope with the increased salaries or need to pay overtime to direct worker supervisors. The increase would be funded by substituting the newly budgeted parity benefit for time sheet administration that would have been required to be used for wages and benefits to agency workers, to instead be added to the administrative portion of the vendor rate. This is contingent on the department's request legislation passing and the legislature ratifying the 2017-19 Collective Bargaining Agreement with SEIU 775NW.

EXPECTED RESULTS

Agency providers will have an increased administrative rate, helping them to continue to provide personal care services to vulnerable children and adults in their homes rather than more restrictive and expensive institutional settings.

STAKEHOLDER IMPACT

Advocates for clients of the Aging and Long-Term Support Administration and the Developmental Disabilities Administration such as ElderCare Alliance, and the ARC of Washington are expected to support this rate increase.

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Program Contact: Bea Rector, (360) 725-2272

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: Ensure seniors and individuals with a disability who are in need of long-term services and supports are supported in their communities.
- 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

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- 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?

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?

Another option with a similar cost was to change the agency request legislation clarifying parity calculations to allow additional agency costs to be compensated through the parity calculation process. However, adding that feature to the bill distracted from its main purpose, clarifying the calculation process, so a separate request for the rate increase makes a clear distinction between the two decisions.

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

No, the Department does not have available funding for a rate increase. The per capita costs are part of the caseload forecasting process, which uses current provider rates approved by the legislature.

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**050 - PL - DR - Maintain Agency Provider Capacity**

Operating Expenditures	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
001-1 General Fund-State	490,000	518,000	518,000	518,000
001-C General Fund-Medicaid	624,000	659,000	659,000	659,000
Total Cost	1,114,000	1,177,000	1,177,000	1,177,000
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: 050				
E053 In-Home Services	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	1,114,000	1,177,000	1,177,000	1,177,000
Total Objects	1,114,000	1,177,000	1,177,000	1,177,000

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	490,000	518,000	518,000	518,000
Total for Fund 001-1	490,000	518,000	518,000	518,000
Fund 001-C, General Fund-Medicaid				
Sources Title				
19TA Title XIX Assistance (FMAP)	624,000	659,000	659,000	659,000
Total for Fund 001-C	624,000	659,000	659,000	659,000
Total Overall Funding	1,114,000	1,177,000	1,177,000	1,177,000