

## LEGISLATIVE TESTIMONY

Madame Chairman and members of the committee, my name is Dale Boespflug and I'm the Executive Director of Havre Day Activity Center in Havre Montana. Before I begin my remarks I would like to express my appreciation for any help you are able to provide.

As you have heard today and at the hearing last week there are major changes to the community based service system being discussed and work on. These change involve the development and implementation of a "published rate" reimbursement system. This published rate contains four major components; direct care staff salaries, program direct costs, program indirect costs and administrative costs. As a provider of services this proposed change could have serious negative consequences and do cause great concern for me. As it has been explained to us, in order to bill for Medicaid services under a published rate system two factors must be in place, 1<sup>st</sup> the consumer of services must be present and 2<sup>nd</sup> the direct care staff must be present. In the extensive discussions that providers have had with staff from the Developmental Disabilities Program it appears to us that unless these two factors are in place we will be unable to bill for services and would be denied the entire hourly rate attached to the individual consumer. This payment process present major problems to provider agencies because all the fixed cost that we have in doing business need to be paid out of the hourly published rate, and if we are denied payment we will be hard presses to pay our program direct, program indirect and administrative fixed costs (such things as utilities, insurance premiums, gasoline and administrative staff salaries). To illustrate my concerns I would like to use the following two examples. First, our agency operates a sheltered workshop and day activity center that is over 10,000 square feet in size. The utility costs to heat and cool this building are substantial and must be paid from the revenue that we would

receive through the hourly rate for our consumers. Given the low salaries we are forced to pay our direct care staff, we constantly struggle with both recruiting and retaining staff for these positions. We may in fact find ourselves in situations where we are short staffed for any number of reasons. When this happens we will receive no payments from the state for the care and services we are still required to provide to our consumers. . Just because we may not be able to provide face-to-face contact with each consumer does not mean that his or her needs will not be taken care of. They will still receive their meals, get their attends changed, get their daily bath or shower. What they may not get is a one-to-one recreational outing. I'm sure that NorthWestern Energy will expect us to pay the utility costs for our workshop building even though we may not be able to bill the state for all the services we provide. Secondly, in order to deal with staff shortages most of the provider agencies pay overtime wages to staff. So in order to secure enough money to pay our fixed costs we are forced to pay overtime, and we will not receive additional compensation to cover this overtime cost, which results in a net lose of revenue for our agencies. As providers we are required to care for our consumers 24 hours a day, seven days a week. Under this proposed system change we will only be reimbursed for the limited number of face-to-face hours for our consumers as determined by the MONA assessment.

During his presentation to the Sub-Committee last week Norm Davis clearly indicated that the proposed rate contained a "fully loaded" benefits package. I take major exception to this statement and I would like site an example to illustrate how his definition of a "fully loaded" benefits package differs from reality. In the "fully loaded" benefits package proposed by Mr. Davis, and the state, they include dollars to allow for a total of 15 paid days off per staff per year. These 15 paid days off must include vacation, sick and holidays. If a provider's benefits package currently contains more than 15 paid days off per year, the cost for anything over this amount must be born by the provider and must come out of some

other aspect of the published rate. The other option that the provider faces is to reduce their current number of paid day off to conform to Mr. Davis's proposed "fully loaded" benefits package. Currently employees of the State of Montana, depending on the number of years they have been employed by the state, receive from 37 to 46 paid days off per year. Our agency gives employees 31 paid days off per year. If the proposed rate for services, currently under discussion, is implemented we will most likely have to reduce our paid days off benefit in order to remain financially solvent. This will add to the already difficult time we face in recruiting and retaining direct care staff.

Thank you for allowing me the time to point out just two of the major problems we are facing in the development of the changes in the payment system for community based services for people with developmental disabilities.