

TALKING POINTS FOR RATE REDESIGN

DPHHS is implementing major changes in the way they fund services to community agencies serving individuals with developmental disabilities, including portability, a new screening process, equalization of rates, & a new assessment process. Some changes are a positive move for individuals, because it offers them and their families opportunities to choose their provider(s). However, the changes have implications that may put individuals in crisis, jeopardize the quality of services, & even drive some agencies out of business. The State says these changes are being driven by the federal agency, CMS, that monitors the State's administration of Medicaid services. CMS maintains that individuals need more choices, & that there is a wide disparity in the rates across the State. Providers should be paid equal rates for serving individuals with similar needs.

- ❖ Even though there may be some disparity in rates, it does not mean that even the providers with the highest rates are getting "too much".
- ❖ With portability an individual can take his funds & move to another provider. In group homes we lose not only the money the state gives us for staff supervision, but the room and board that helps to pay all our fixed costs, such as mortgage, utilities, etc. The loss of funding could result in closing the home, which means the other individuals lose their home. In the last 15 years the State has made a commitment to provide consistent funding by giving us grants to build new group homes, providing assurances of stable funding to lending institutions & encouraging us to expand services. With the new system they are not fulfilling that commitment.
- ❖ The State hired an outside consultant group called Mercer for over \$1,000,000 to develop a new rate structure. The State is also taking 3% of our current funds to build a crisis fund. Additional layers of bureaucracy that are embedded in the new system create inefficiency and cost taxpayers more money.
- ❖ Parents and providers are concerned that the new system will not be responsive to people's immediate needs, as agencies will lose the flexibility to move money between cost plans to meet changing & crisis needs. Added layers, inflexibility, and inadequate funding rates will further erode quality. Because of inadequate funding providers may decide not to serve individuals with intensive needs, & there's no incentive or opportunity to use flexibility in meeting these needs.
- ❖ The established base rates are inadequate, & we don't understand how the rates were established. Agencies will be paid based on budgeted staff hours. It appears in the new rate system that those corporations who have chosen to pay less but have more staff will be rewarded, while those who pay their staff more or have experienced staff will be penalized. With this new system a Mercer representative says "they are looking at volume" rather than experience. Administrative costs will be the same 7% for all agencies, regardless of size, # services, or service area. The new rates will create an even bigger disparity between wages/benefits of state employees & community-based employees.
- ❖ Because of the restrictions of the Medicaid Waiver that the State is using, the new system will not allow us to bill unless the individual is present, & the staff is working directly with the person. If an individual goes home on vacation or is in the hospital a month, we can't bill for him/her—even though we cannot "rent" his bed to anyone else. **The State has the option to rewrite the waiver under less restrictive, more flexible waivers, but has chosen not to do so at this time.**
- ❖ Mercer has developed a new assessment called the MONA to determine the level of an individual's needs, which may add funds to some people's cost plans. Initial problems with the assessment are inadequate training for case managers, providers, parents, & individuals; inconsistency in the process & results, depending on the interpretation by the case manager; & assessments not factoring in all the needs.
- ❖ Our current screening process works in children's & adult services to assure that the person with the greatest needs gets the funding opportunity. With the new screening process, the State will consider only individuals on the waiting list whose cost plan is equivalent to the cost plan of the person who left (+ or - 10%). This could discriminate against those with high or crisis needs. The new children's screening process is positive in that children will be able to carry their funding into adult services; however, they may have inadequate funding to purchase the required services, & individuals on waiting lists may never have an opportunity for services. This will be devastating to parents with children graduating from high school who are unable to get services.
- ❖ The State plans to implement a pilot for the new rate system in January. While the State says no agency will lose more than 3% a year or gain more than 5% a year, even a 3% loss could be devastating. If the State plans to implement a new system of funding services, then they need to assure that adequate funding is appropriated by the Legislature to make the system successful.
- ❖ We request that an interim legislative committee monitor this process & solicit input regularly from parents, providers, individuals with developmental disabilities, and state agency staff.