



INDIRECT CLIENT SUPPORT/ADMINISTRATIVE RATE DILEMMA

History

In response to JLARC direction, DSHS developed a standardized assessment tool for community residential placements for people with developmental disabilities.

- The goal of the assessment is to standardize the hours of service and indirect client support / non staff rates paid to agencies across the state, based upon needs.
- CMS requires the state to pay for ALL assessed services.
- Standardized rates have been implemented for *new* supported living clients but have not been applied to group homes or to the rates paid for current clients.

Many of the rates in place for established clients are far lower than the standard, compromising these agencies' ability to provide essentials. Meanwhile, those who are above the standard (mainly high cost regions of the state) may have their rates lowered to supplement those below. This loss will cut services and staff wages.

The legislature in 2005 agreed on a phased-in approach and partially funded the shortfall with \$2M GFS in the 2005 - 07 biennium, giving 42 of the most poorly funded agencies immediate relief, with promises of completing Phase 2 funding full implementation by July 1st 2008.

Advantages of Standardization

- Comply with CMS requirements and ensure predictability for budgeting and forecasting
- Provides equitable rates across the state
- Ability of 72 under-funded agencies to cover expenses when new rates are implemented
- Adequately funds CMS required transportation needs

The Problem with the implementation

- 37 agencies currently paid more than the standardized rate will lose critical funding for services, infrastructure and supplementing the inadequate wage reimbursement rate in high labor cost areas of the state. Rates were developed to remain cost neutral, not fund what was truly needed. In '06 Providers across the state supplemented wages out of Admin/Non-staff funds a total of \$3.26M with King County providers accounting for \$1.6M of that. Services to 744 people will be threatened if these rates are cut;
- The current benchmark (which allows for an average of \$10/hr in employee wages) cannot even compete with entry-level service industry jobs;
- Direct care staff will suffer a loss of compensation;
- Significant loss of community capacity is anticipated with cuts; State RHC placements are rising.
- The Assessment tool demonstrates that transportation rates are too low. CMS requires the State to pay for needed services such as transportation to attend goal-related activities.

Solution:

- Provide \$2.8 million to bring currently under-funded agencies up to the standardized rate without cutting critical funding to support people in agencies above the line.

Total cost for biennium: Only \$2.8 Million General Fund State
