



KENTUCKY ASSOCIATION OF PRIVATE PROVIDERS

**BUDGET REVIEW
SUBCOMMITTEE ON HEALTH
AND HUMAN SERVICES**

JUNE 2, 2021

11:00 AM

CAPITOL ANNEX ROOM 129

Kentucky's 1915c HCBS Waivers:

1. ABI/ABI LTC

2. HCB

3. Model II

4. MPW

5. SCL

Individuals with intellectual/developmental disabilities who would be admitted to an ICF or a nursing facility if waiver services were not available.

What are 1915c HCBS Waiver Services?

- 1. A community based alternative to institutionalization.**
- 2. Allow individuals to live safely in the community.**
- 3. Cost effective:**
 - a. CMS requires that the average per participant expenditure must not exceed the average per person cost of furnishing institutional services.**
 - b. SCL v ICF(Oakwood): \$215 avg. per day v. \$1,275 per day**
 - c. MPW: \$33,530 avg. per year**



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CY 2019 1915(c) HCBS Waiver Expenditures

Note: CMS provides approximately 70% of funding for waiver services.

Waiver	Population Served	Total Paid Claims Amount	Federal Share	State Share
ABI Acute	296	\$23,035,476	\$16,124,833	\$6,910,643
ABI LTC	263	\$26,674,621	\$18,672,235	\$8,002,386
HCBS	10,658	\$159,288,787	\$111,502,151	\$47,786,636
MW II	33	\$2,351,010	\$1,645,707	\$705,303
Michelle P	10,212	\$342,408,962	\$239,686,273	\$102,722,689
SCL	4,921	\$386,802,581	\$270,761,807	\$116,040,774
Total	26,383	\$940,561,437	\$658,393,006	\$282,168,431

Note: MPW services are limited to 40 hours/week with an annual expenditure limit of \$63,000 and do not include residential services.



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SCL and MPW Waiver Wait Lists

Waiver	Funded Slots	Currently Available Slots	Individuals on Waitlist	Average Time Elapsed Since Placed on Waitlist
MPW	10,500	121	7,492	2.9 years
SCL	4,491	197	2,980: -122 Urgent -2,786 Future Planning	Urgent: 3.64 years Future Planning: 7.16 years

Multi-year wait times for SCL and MPW slots are common.

A May 2021 KAPP survey revealed that waiver providers have been significantly impacted by the COVID-19 pandemic in two distinct ways: revenue and workforce.

- 1. 91.3% of respondents report that they have experienced a reduction in revenue directly related to the COVID-19 Pandemic.**
- 2. Providers report an average lost revenue of \$682,624.83 directly attributable to the COVID-19 pandemic.**

- 1. 54.7% of respondents report that the greatest challenge currently faced by their organization is recruiting and/or retaining staff.**
- 2. 86% of respondents report that they have experienced difficulty recruiting and/or retaining staff during the COVID-19 pandemic despite offering enhanced wages in the form of hazard pay, bonuses, etc.**

3. Of that 86%:

- A. 77.78% are residential providers**
- B. 2.8% are “fully staffed” and 50% are “critically understaffed.”**
- C. 72.22% experienced increased overtime costs as a result of understaffing**
- D. Respondents reported an average of \$22,797.02 in overtime costs during their last pay period due to understaffing.**

- 1. Kentucky's 1915c waiver providers have struggled for years to recruit and retain qualified DSPs.**

- 2. In 2019, Kentucky's average DSP turnover rate was 47%.**
 - A. DSP Turnover, National Average: 42.2%**
 - B. Turnover (all industries), National Average: 3.7%**

- 3. Why?**
 - 1. Low DSP wages**
 - 2. Emotionally/physically demanding work**



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HCBS Workforce Crisis

1. Impact on individuals with I/DD:

- A. DSP turnover negatively impacts the health, safety, and welfare of individuals with I/DD and significantly hinders quality of life.
- B. DSP turnover results in increased critical incidents, ER visits, and hospitalizations.
- C. DSP workforce affects an individual's ability to access waiver services.

2. Impact on Providers:

- A. Operating with critically low staffing levels**
- B. Significantly increased overtime costs**
- C. Significant costs associated with frequently onboarding new employees.**

3. Impact on Waitlists:

- A. Providers have turned down referrals, despite having capacity, due to our DSP workforce crisis.**
- B. Kentucky cannot meaningfully address our waitlists until we ensure that we have enough DSPs to support individuals who access allocated slots.**

- 1. Workforce is a critical part of our HCBS infrastructure.**
- 2. Institutional care is costly and inappropriate for individuals successfully served in the community.**
- 3. The most prominent contributor to our HCBS workforce crisis is wages.**

- 3. Because waiver providers are 100% Medicaid funded, it is impossible for them to raise wages without a corresponding rate increase.**
- 4. Kentucky's 1915c waiver reimbursement rates are rarely adjusted for inflation and economic growth. As a result, DSP wages lag behind nearly all other sectors including the fast food sector.**



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Recommendations:

- 1. Utilize one time funds for HCBS services included in the American Rescue Plan Act to help providers recruit and retain DSPs and help providers recover from COVID related revenue losses.**

- 2. Implement long-term funding strategy in next budget designed to address our HCBS workforce crisis.**
 - A. Targeted to direct service providers.**



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Questions?