



KENTUCKY ASSOCIATION OF PRIVATE PROVIDERS

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VIA ELECTRONIC MAIL

Victoria Elridge
Commissioner
Department of Aging and
Independent Living
Cabinet for Health and Family
Services

Lisa Lee
Commissioner
Department for Medicaid
Services
Cabinet for Health and Family
Services

Wendy Morris
Commissioner
Department for Behavioral
Health, Developmental and
Intellectual Disabilities

Commissioners Elridge, Lee, and Morris,

I am writing today on behalf of the Kentucky Association of Private Providers (KAPP) to shed light on the critical condition of our Direct Support Professional (DSP) workforce and the current state of Kentucky's 1915c waiver providers, who have been hit hard by the COVID-19 pandemic. To ensure that these vitally important programs can come back stronger to meet increased demand after the pandemic, we respectfully request that the Cabinet for Health and Family Services consider and adopt policies that recognize that systems designed to deliver care to Kentucky's most vulnerable populations are as essential as physical infrastructure when rebuilding Kentucky's care economy. Specifically, we respectfully request that the Cabinet for Health and Family Services adopt policies to address Kentucky's DSP workforce crisis to ensure that individuals enrolled in Kentucky's 1915c waivers continue to receive vitally important, community-based care.

KAPP is a statewide, nonprofit trade association representing more than 100 private providers of services to individuals with intellectual and developmental disabilities (IDD). Combined, we support over 10,000 individuals with IDD. The supports our members deliver are essential to help individuals with IDD have full lives while staying healthy and safe, particularly during the COVID-19 pandemic.

Impact of DSP Turnover

High DSP turnover has tangible effects on individuals with disabilities and, as recent research from the Council on Quality and Leadership (CQL) shows, can significantly hinder quality of life. Findings revealed, regardless of support needs, individuals who experienced DSP turnover had more emergency room visits, experienced more instances of abuse and neglect, and had more injuries than individuals who did not experience DSP turnover.¹ Additionally, research suggests that individuals with complex support needs are more likely to experience DSP turnover.

DSP turnover can negatively impact the health, safety, and welfare of individuals with IDD. Individuals with IDD are significantly more likely to be victims of abuse, neglect, and exploitation. In fact, the U.S. Department of Health and Human Services has concluded that these instances of abuse and neglect are a "systemic problem" nationwide. While DSP retention alone will not solve this systemic problem, research suggests that continuity of DSP may reduce instances of abuse and neglect.²

¹ Friedman, Carli PhD.. (2021, March 8). The Impact of Direct Support Professional Turnover on the Health and Safety of People With Intellectual and Developmental Disabilities. p. 10. Retrieved from: <https://www.c-q-l.org/wp-content/uploads/2021/03/CQL-2021-Research-DSP-Turnover-Impact-Health-Safety-Friedman.pdf>

² Id. at 12.

Individuals with IDD who experience DSP turnover are less likely to have a wide range of quality of outcomes present, such as having relationships, performing social roles, choosing their services, being safe and free from abuse and neglect. However, findings suggest that DSP continuity may result in fewer critical incidents, emergency room visits and hospitalizations leading to a reduction in 1915c Medicaid expenditures.

DSP turnover also significantly impacts the 1915c waiver providers who employ them. As a result of constantly needing to fill vacancies, recruit for new DSPs, train new DSPs, and pay overtime to current DSPs to make up for vacancies, turnover has a tremendous negative financial impact on Kentucky's 1915c waiver providers, who are already operating on very limited budgets. Additionally, the costs associated with frequently onboarding new employees (ie. background checks, drugs screenings, training, etc.) are significant.

The Impact of COVID-19 on the DSP Workforce Crisis in Kentucky

The COVID-19 pandemic has had a significant impact on Kentucky's system of community-based care by depleting our DSP workforce and creating high turnover for DSP positions. As you know, DSPs are the backbone of HCBS services, without them our current system of community-based care would cease to exist.

Kentucky's HCBS waiver providers have struggled for years to recruit and retain qualified DSPs and the COVID-19 pandemic has exacerbated the DSP workforce shortage. Low funding for DSP wages combined with the emotionally demanding nature of supporting individuals with IDD has contributed to significantly high DSP turnover. In 2019, Kentucky's average DSP turnover rate was 47%, which is slightly higher than the national average for organizations that support individuals with IDD of 42.8%³. This can be compared to the national average of 3.7% total separations across all industries in February 2020⁴.

The COVID-19 pandemic has pushed Kentucky's preexisting DSP workforce shortage to critical levels. A May 2021 survey of KAPP members paints a bleak picture:

- A. 91.3% of respondents report that they have experienced a reduction in revenue directly related to the COVID-19 Pandemic. Respondents report an average lost revenue of \$682,624.83 directly attributable to the COVID-19 pandemic.
- B. 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.
- C. Of that 86%:
 1. 77.78% are residential providers
 2. 50% are "critically understaffed," while just 2.8% are "fully staffed"
 3. 72.22% experienced increased overtime costs as a result of understaffing
 4. Respondents reported an average of \$22,797.02 in overtime costs during their last pay period due to understaffing.

³ Human Services Research Institute & The National Association of State Directors of Developmental Disabilities Services, Inc. [HSRI & NADDDDS]. (2019). Retrieved from: https://www.nationalcoreindicators.org/upload/core-indicators/2019StaffStabilitySurveyReport_FINAL_1_6_21.pdf

⁴ U.S. Bureau of Labor Statistics. Retrieved from: <https://www.bls.gov/news.release/jolts.t03.htm>

- D. 54.7% of respondents report that the greatest challenge currently faced by their organization is recruiting and/or retaining staff.

The pandemic has had terrible effects on all Kentucky businesses but, as the data above suggests, 1915c waiver providers have been uniquely impacted. They are operating at critically low staffing levels, have experienced significantly increased overtime costs, and have experienced reduced revenue all while providing critically important care, including 24 hour care, to our most vulnerable citizens. 1915c providers have done everything to utilize federal and state COVID assistance, including PPP loans, to keep their programs afloat and shore up their workforce but have been largely unable to recruit DSPs due to the low wages they are able to offer. Dramatically increased overtime costs due to understaffing have exacerbated this problem.

Kentucky's DSP workforce crisis has begun to affect individuals' ability to access care despite having a waiver slot. Many 1915c providers have recently made the difficult decision to turn down referrals, despite having capacity, due Kentucky's DSP workforce crisis. Additionally, individuals who choose to self direct services have faced extreme difficulty hiring and retaining DSPs. If Kentucky is to address its lengthy HCBS waitlists, it must first address our DSP workforce. It would be impossible to meaningfully address our HCBS waitlists unless we ensure that we have enough DSPs to support individuals who access allocated slots.

Policy Considerations

To address Kentucky's DSP workforce crisis, the General Assembly and the Cabinet for Health and Family Services must fund higher Medicaid reimbursement rates to shore up the workforce. If Kentucky does not act to address this crisis, DSP turnover will not only continue, but Kentucky will also fail to have the appropriate infrastructure to meet the demand for 1915c waiver services, and will be unable to provide community based support to individuals with IDD which may result in unnecessary and costly institutionalizations.

One of the most prominent contributors to DSP turnover is DSP wages. As you know, DSP wages have remained extremely low, have not kept up with inflation, and are typically relatively close to the minimum wage. Additionally, many HCBS providers find themselves competing with employers like Starbucks, Walmart, Amazon, and even fast food chains, who are able to offer \$15.00 - \$17.00 per hour starting pay with a reduced workload and minimal stress. The Centers for Medicare and Medicaid Services (CMS) highlighted the relationship between workforce and wages in an August 3, 2016, information bulletin when it outlined that, "access to services is critical to ensuring that individuals get the care they need to live in the community, and wage threshold help attract dedicated and engaged workers." See Attachment 1, p. 2. CMS also encouraged states to be mindful of the relationship between wage sufficiency, workforce health, and access to care and noted that, "wages paid to [DSPs] are often slow to be adjusted in response to inflation and economic growth, and can lag behind wage increases in other health and service sectors." See Attachment 1, p. 3.

Unfortunately, because the vast majority of Kentucky's 1915c waiver providers, particularly SCL and Michele P. waiver providers, are nearly 100% Medicaid funded, **providers cannot raise wages without a corresponding rate increase.** In its August 3, 2016, informational bulletin, CMS offered specific guidance to states as they address HCBS rate setting:

When developing payment rates for home care services, states should also consider business costs incurred by a provider... associated with the recruitment, skills training, and retention of qualified workers. Aside from setting appropriate rates generally for this provider group, states have the option to develop tiered rate structures that provide enhanced reimbursement for services rendered by workers who are able to serve beneficiaries with more complex needs or have other advanced skills. Similarly, a state may build into its payment rates the provider's cost of maintaining status as a qualified

Medicaid provider, attending Medicaid-specific pre-service orientations or trainings, and post-enrollment training. A provider's costs for other benefits offered to workers, such as tuition assistance, performance-based bonus payments or higher wages for shift work, can also be built into the rate the state pays the provider for the service rendered. See Attachment 1, p. 3.

Despite an immense and growing need for their services, DSPs are among the nation's most vulnerable workers. DSPs not only have low wages, they also have a taxing workload that requires them to master a complex set of skills. The insufficient reimbursement rates set for services delivered by DSPs simply do not reflect the critically important nature of the services and the work performed by DSPs. Remedying the DSP turnover epidemic is necessary not only to improve the lives of people with IDD, but also the lives of DSPs. **We must invest in our HCBS programs and fund higher 1915c reimbursement rates to shore up our DSP workforce and ensure that our system of community based care is sound and robust.**

Thank you for your attention to this vitally important matter. Please feel free to contact me at astaed@mykapp.org with any question or concerns.

Sincerely,



Amy Staed
Executive Director
Kentucky Association of Private Providers

cc:
Pam Smith
Claudia Johnson
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