

Waiver Services Reimbursement Rate Changes: Recommendations from the Prospective of Providers 1915(c) HCB Services Waiver Redesign Task Force

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- Repeated Testimony about the staffing challenges – impacts all operations within a waiver program
- The message is clear: Individuals benefitting from HCB waiver services need a quality and reliable workforce. Providers are fearful they cannot meet this expectation.
- DMS Commissioner Lee in testimony on June 21, 2021: How Can the General Assembly Help?
 - *Funding: “Additional money is needed to improve HCBS programs for current participants and expand availability to all Kentuckians in need of supports.”*

Method Supporting Appropriation Request

- HCBS Rate Study and Public Release Preliminary Rate Recommendations dates 9/17/19 was used as the data source
- Independent Analysis which included feedback from 93 provider surveys and 14 Case Management organization surveys
- Acknowledge this data is not current and is pre-COVID 19

Method Supporting Appropriation Request

Waiver	Current Expenditures (9/17/19)
ABI	\$ 23,805,639
ABI – LTC	\$ 21,389,539
HCB	\$107,614,446
MPW	\$323,575,609
SCL	\$378,394,001
MODEL 2	\$ 2,534,686
TOTAL	\$857,313,919

Method Supporting Appropriation Request

Four Services Account for 90% of Current Expenditures (9/17/19)

1. Case Management – 8%
 1. This is a required service
 2. Day Services – 12%
 3. **Residential Services – 31%**
 4. **Home-Based Services – 39%**
- **70% of expenditures are for Residential and Home-Based Services.** Both are provided where individuals served & supported live, in their home, and, like most waiver services & supports, are heavily dependent on Direct Support Professionals.
 - *What happens when these services cannot be provided in a manner with promotes health, safety and welfare while providing quality outcomes for individuals?*

Method Supporting Appropriation Request

Total Expenditures for Residential Services and Home-Based Services

Residential Services: \$262,566,878

Home-Based Services: \$338,305,862

Total: \$600,872,740

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Method Supporting Appropriation Request

- Direct Support Professional (DSP) median hourly wage was \$11.26
 - This data is from 9/17/19
 - Median rate which means $\frac{1}{2}$ are below and $\frac{1}{2}$ are above \$11.26
- **The current staffing problem which is creating a crisis is the \$11.26 median hourly wage is not competitive in the labor market.**
 - **Again, median hourly salary of \$11.26 is not competitive in the labor**
- It is recommended the median hourly wage must be increased to \$15.00; resetting the median hourly wage to \$15.00. This allows providers to be competitive in their respective labor markets and individuals served can be assured of a competent, well-trained DSP workforce.
- The increase from \$11.26 to \$15.00 is 33.21%, 33% will be used for this model.
- **We acknowledge 33% is a significant funding increase.**

Method Supporting Appropriation Request

Calculation to Project Needed Funding Increase

1. Increase median hourly rate by 33% to median rate of \$15.00 per hour
2. DSP compensation is approximately 75% of total costs
3. Total compensation: 75% + 25% (non-DSP costs) = 100% cost
4. Therefore, if DSP median rate increases by 33% and the total cost increase for DSP compensation will increase from 75% to 100%
 - (33% of 75% is 25%)
5. If DSP total compensation increases by 33% to 100% then the 25% (non-DSP costs) must be included resulting in total costs of 125%
 - 100% (revised DSP Cost) + 25% (Non-DSP Costs) = 125%
6. **Overall expenses should be increased by 25%**

Method Supporting Appropriation Request

Total Needed Appropriation

1. Maintain Appendix K residential increase of 50%
 - 50% increase = \$131,283,439
2. 25% increase for all other services (\$594,612,076)
 - 25% increase = \$148,716,151
3. **Total Annual Additional Funding for all Six HCB Waivers**
 - **\$131,283,439 + \$148,716,151 = \$279,999,590**

\$279 MILLION REFERENCED ON THE POWERPOINT SLIDE