

AN INVESTMENT IN QUALITY

A Report to the Medicaid Reimbursement Study Committee

to

Present the Critical Funding Needs of Community Support Providers

to

Improve the System Supporting 2730 Individuals with Disabilities in SD

Submitted by SDACBS

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Background

The South Dakota Association of Community Based Services (SDACBS) is a nonprofit organization representing all 19 Community Support Providers (CSPs) in South Dakota. CSPs are private nonprofit community agencies (one is an educational cooperative), governed by local boards of directors, and required to meet established standards in order to be certified by the State of South Dakota. Our member agencies support over 98 percent of adults with developmental disabilities in South Dakota and provide services to a significant number of children as well. Approximately 2,700 individuals with disabilities (not including the 1,000 individuals receiving Family Support Services) receive support in the community system through contracts with the State of South Dakota.

For over thirty years, the CSPs have worked in partnership with the State of South Dakota to provide community based services which include helping transition individuals out of state institutions into communities. This partnership has been one of continually evolving the community system to enable people with disabilities to gain more choice and control over their lives as they seek to become full citizens within their communities. The CSPs have provided individuals expanded opportunities to live, work, and participate as active members of their community. Full inclusion of people with disabilities within their communities has become the driving goal of both CSPs and the State of South Dakota. CSPs contract with the State to provide the needed services and supports to individuals in an effort to achieve the maximum inclusion possible. Through this partnership, individuals with disabilities are increasingly gaining independence, living healthier lives, and becoming more involved and productive members of their communities. The rewards to the individuals and their families are immeasurable.

CSP CHALLENGES BUILDING TO A CRISIS

1. Funding.

CSPs, on average, receive over 82 percent of their annual revenue from per diem fees...DHS; Special Educ. / local school districts; and other State funding. About two thirds of that revenue is Federal Medicaid money that flows through SD. For the past 14 years (SFY '96 – SFY '09), Community Support Providers have received an average **2.05 percent** inflationary increase (rate increase) per year from the State of SD. On average, CSPs spend **78 percent** of their budgets on salaries, benefits, and payroll taxes. Without belaboring the point of how much of an increase there's been in the costs of employee health care, utilities, insurance, and salaries, and the salaries paid by competitors for the limited staff pool; 2.0 percent increases do not sustain the system over the long term. Increasing choice, control, and independence for the customer and the families is appropriate, is desirable, is happening, and will, at times, increase the cost to the system. An example of this increased cost can be found in providing more residential options. As the State of South Dakota, in partnership with CSPs, continues to reduce the size of residential options (to 4 beds or less), the necessary number of staff needed to provide individuals with appropriate support will, at times, need to grow.

2. CSPs are finding major challenges in hiring and retaining Direct Support Staff.

a. Inadequate salaries

The inflationary increases provided by the Legislature over the past couple of years have allowed our member CSPs to increase the average starting salary for direct support staff to **\$9.10 / hour**. However, even with this assistance, our member agencies (based on a survey completed in September, 2008) still remain, on average, **\$1.16 / hour behind their primary competitors** for direct care staff. In one community, the gap is as high as \$2.15 / hour. Over the past eleven years (1995 to 2006)...the annual pay of workers in counties where CSPs are located increased an average of 4.72 percent per year. During the last twelve State Fiscal Year periods (FY '98 – FY '09), state government salary policy averaged a 2.85 percent increase with an added 2.29 percent increase of people below the midpoint of their salary range. For those individuals below midpoint, the average annual raise was over **5 percent**.

b. Increasingly more demanding job

Our employees support individuals whose needs have changed significantly in recent years. CSPs are currently supporting more individuals who are elderly, need some assistance to walk, take more medications, need help eating, and who display significant behavioral issues. The Core Indicators Project (a national initiative with 24 other states to develop recognized performance and outcome indicators of community developmental disabilities systems) indicates that South Dakota CSPs were supporting a higher percentage than the national average of individuals with profound mental retardation, mental illness, brain injuries, autism, chemical dependency, seizure disorders, communication disorders, and physical disabilities. As CSPs address the support needs of their consumers, a few of the demands placed on direct support staff includes the need to:

- make proper judgments to protect the safety and health of the consumers,
- be knowledgeable about crisis prevention, intervention and resolution techniques,
- be skilled in effective communication and basic counseling strategies,
- be knowledgeable about formal and informal assessment practices,
- and to be familiar with formal and informal supports available within the community, to be able to match those supports to the individual consumers, and empower the consumer to lead a self directed life.

With the low wages and increasingly difficult job requirements and responsibilities, the problems of recruiting and retaining necessary staff increase accordingly. Turnover and vacancy rates continue to remain at levels that threaten quality services and supports.

c. Increasingly difficult to maintain adequate employee benefits such as health insurance.

In SFY '08, our 19 member agencies spent a total of **\$9,416,283** on employee health insurance. Employee health insurance, in this environment, is critical to employee retention. The annual cost increases in premiums, (even with most agencies taking actions to reduce cost...such as reducing benefits, increasing deductibles, increasing co-pays, etc), mean that CSPs have to use significant percentages of their annual "rate increases" to cover these costs, some needing to use 100%. Agency Workers Compensation costs are also continuing to rise, with our 19 agencies paying \$1,183,613 in premiums in SFY '08. The need to spend ever increasing percentages of the annual budget on health insurance and workers compensation costs have a direct and ongoing impact on the ability to provide staff with adequate salary increases. CSPs continue to work with the SD Division of Insurance to explore possible methods to better control these costs; but have had very little success.

d. Increasingly, inadequate staff to consumer ratios is placing direct support staff under greater pressure in their jobs and often requires them to work excessive overtime hours.

Over the past 11 Fiscal Years ('97 – '07), the 16 member CSPs for which we have data, have been able to increase their staff / consumer ratio by only .04 – from .86 staff to 1.0 consumer in FY '97 to .90 staff to 1.0 consumer in FY '07. As the demand for high quality, more intensive supports and services continues, it is becoming increasingly difficult for CSPs to meet those requirements with a staff to consumer ratio of less than 1.0 to 1.0. Because of the increase in responsibility and demands being placed on CSP Direct Support Staff...it is most important to recognize this workforce is much different than that of direct care workers found in other long-term care programs such as nursing homes.

e. The supply of available direct support staff is decreasing making it even more difficult to attract needed quality professionals.

The U.S. Dept. of Health and Human Services has released a final report to Congress (Jan. 2006) titled: *The Supply of Direct Support Professionals Serving Individuals With Intellectual Disabilities and Other Developmental Disabilities*. This report provides the details concerning the serious staff shortages facing the nation. It points out that demand for direct support professionals is expected to increase nationally 37% by 2010. The Bureau of Labor Statistics projects an increased demand for personal / home care aides to increase by 40% over the period 2002 - 2012. CSPs are experiencing very low unemployment rates in their communities as well as decreasing workforce pools, which add to their growing problems of low salaries, reduced benefits, and increased job demands.

3.. The nature of the community support system is changing and will, at times, increase the costs.

As the community system strives to support the needs of individuals with increasingly intensive needs, both CSPs and the State of South Dakota continue to have the same shared goals...to provide the highest quality services possible, supporting people with disabilities to connect with and become participating members of their community. To accomplish this goal...the CSP system continues to partner with the State offering support programs providing more choice, control, and options to people with disabilities including smaller, more inclusive residential options and expanded employment options. As the State of South Dakota, in partnership with CSPs, continues to reduce the size of residential options (to 4 beds per facility or less), the necessary number of staff needed to provide the appropriate support for many individuals will need to grow. This evolving community system must remain a quality, less restrictive alternative to supporting individuals in an institutional setting.

4. The U.S. Supreme Court, in 1999, produced "The Olmstead Decision" which upheld the rights to full integration of people with disabilities in American (and South Dakota) society.

As a result of this Supreme Court Decision, most states, including South Dakota, are modifying and evolving their community programs and services for people with disabilities to address the principles and goals of this directive. Federal funded programs, such as Medicaid, are also increasingly changing to reflect this Court decision. Community Support Providers, as a result of these Federal and State actions, must also make changes in their programs and supports provided to people with developmental disabilities.

The Solution is for the State and the CSPs to affect change together

It is in everyone's best interests (morally and financially) to serve individuals with disabilities and their families in positive and productive **community** environments. The CSPs provide that environment and also provide very cost-effective supports and services. It is hoped that the State and CSPs will be able to mutually address the problems and issues discussed in this proposal to ensure the CSP system is adequately supported, allowing it to continue to provide the quality services it has for the past thirty years. Unless changes occur, the CSP system will deteriorate and will become a network that is unable to adequately meet the full needs of people with disabilities in South Dakota.

The State and CSPs have a history of working together successfully

1. There has been a long history of partnership in providing people with disabilities a community alternative to services in a State Institution.

Our 30 plus year partnership has resulted in the closing of one State Institution (Custer State Hospital) in 1996 and the substantial reduction of the S. D. Developmental Center – Redfield from 1,041 in 1974 to 150 in 2008. The partnership in de-institutionalization has resulted in many millions of dollars in savings to both the state and Federal Medicaid budgets.

2. The CSPs and the State have continually strived to meet the highest quality national standards.

Over the past 30 years, both the State and the community CSPs have worked cooperatively with *The Council on Quality and Leadership (CQL)* in an effort to assure the highest quality possible in services and supports to people with disabilities in South Dakota. As of the date of this document, all of the 19 CSPs are accredited by CQL.

3. A partnership is in place between CSPs and the State of South Dakota to participate in a National initiative with 24 other states to develop nationally recognized performance and outcome indicators that would allow South Dakota to benchmark our performance against the performance of other states.

In 2002 – 2003, the South Dakota Division of Developmental Disabilities began participation (in cooperation with the CSPs) in a program known as The Core Indicators Project. Although, in many areas South Dakota performed very well compared to the other eighteen states in this survey, the project pointed out some very serious problems and issues. These include... our community system supports more people with intensive needs (such as mental illness, brain injuries, and physical disabilities) at a rate significantly higher than the eighteen state average and our system is not offering individuals adequate choice and control over their supports.

4. CSPs and the State of South Dakota have partnered to increase family support services and other community services beyond the traditional sources.

Over the past 12 years, CSPs have assisted the State Division of Developmental Disabilities in providing family support services that provide an option for some people with disabilities (over 1,000 individuals projected in SFY '09) to remain with their families. Some CSPs have also begun to develop services and supports for individuals outside of the community where the CSP is located...making services and supports more accessible to smaller communities throughout the state.

5. The CSPs and State Division of Developmental Disabilities continue their partnership into the future.

In May of 2008, the CSP system entered the third year of a three - year coordinated project with the State Division of Developmental Disabilities to improve the State's Developmental Disabilities system allowing for the creation of more individualized services for people with developmental disabilities. This cooperative project, which demands a commitment of substantial staff time and funds from both the CSP system and the State Division of Developmental Disabilities, will move the developmental disabilities community system towards more of a "self - directed" system...providing individuals with disabilities more choice, independence, and self determination in the services and supports they need. This project is a direct result of issues, problems, and desired changes in programs and supports addressed through The Core Indicators Project and National Accreditation by the Council on Quality and Leadership (CQL).

CONCLUSION

The South Dakota Association of Community Based Services cannot over - emphasize the seriousness of the funding crisis being faced by Community Support Providers. CSPs have, in the past, stepped forward and made commitments to the State of South Dakota. As mentioned earlier in this document...when asked by the State of South Dakota...CSPs stepped forward and played a major role in the closing of Custer State Hospital in 1996 (saving the state / Federal Medicaid Budget over \$32,000,000 over the past 10 years). Also during the past 10 years...the CSP system has assisted in reducing by 86 the number of individuals who were living at the S.D. Developmental Center - Redfield, saving the State - Federal Medicaid Budget over \$4,800,000. CSPs continue to partner with the State in meeting national accreditation standards as well as evolving the community system towards a more "self-directed" system...providing individuals with disabilities more choice, independence, and self determination regarding the services and supports they need. Our commitment, along with the State's, to meet national accreditation standards has enabled South Dakota to develop a system that ranks very high in consumer satisfaction and service coordination.

CSPs can only maintain this high quality community support network if the State recognizes the system needs adequate and appropriate annual rate increases. It must be understood that the "inflationary" increases received annually by CSPs translate into "rate" increases that must cover ALL costs incurred (salaries, benefits, health insurance, workers comp. insurance, utilities, transportation, etc.). CSPs must receive rate increases that keep pace with State Employee Salary Policies, the salaries of community competition for staff, as well as cover the ever increasing health insurance, utility, transportation, and other costs being faced by the community developmental disability system.

The long range (three year) projected need for the community developmental disabilities network would be an increase in total funding of close to \$19,000,000 of which about \$7,000,000 would be state funds. We recognize the state will not be able to address this need for the FY '10 budget; but we ask the Legislature to not lose site of this critical funding situation being experienced by the community developmental disability network.

CSPs pledge to work with the State of South Dakota to maintain our high quality community system of services and supports for persons with disabilities by solving the major issues and problems facing it, and moving the system to an even higher level of quality desired by the consumers and families needing supports. This cooperative pledge can only be a success if the State of South Dakota recognizes and addresses the serious funding crisis discussed in this document.