

Direct Support Professional Wage Increase Fact Sheet

Background:

Direct Support Professionals (DSPs) are people who help Hoosiers with disabilities achieve greater independence and high-quality lives by assisting with every day activities including personal care, medicine administration, employment, meal preparation, and leisure. In 2017, the Indiana General Assembly appropriated \$20 million over the biennium to increase DSP wages. The 2017 legislative appropriation increased the statewide average wage from \$10 to \$11.36 per hour in 2020. Despite this, providers cannot recruit and retain staff – a situation made even worse by the pandemic. Our goal during the 2021 legislative session is to obtain an additional appropriation to raise the average Direct Support Professional (DSP) wage. **INARF is requesting a Medicaid rate increase for waiver services provided by DSPs to increase DSP compensation.** Of that increase, a provider would be responsible for passing through 85% of the increase to DSPs in the form of compensation and benefits, and the remaining 15% can be used for employer administration and overhead costs.

Talking Points

- In order to attract and retain DSPs, local providers **need** an appropriation over the biennium that amounts to an average statewide DSP wage of \$15/hr
- Language has been shared with House Ways and Means members and staff to obtain the appropriation.

| Projected Average Wage | \$12.25/hour Average Wage (Approximately \$1 increase) | \$13/hour Average Wage | \$15/hour Average Wage |
|--|---|-----------------------------------|-----------------------------------|
| Rate Increase Needed | 4% | 7% | 15% |
| State Medicaid Appropriation Needed Per Year of the Biennial Budget | \$10,000,000 per year | \$18,600,000 per year | \$40,000,000 per year |
| Federal Medicaid Match | \$21,000,000 per year | \$36,000,000 per year | \$77,100,000 per year |

- Medicaid is the sole source of funding for waiver services – wages are dictated by rates
- The 2017 legislative appropriation aimed at raising DSP wages worked and drove an increase in the statewide average wage from \$10 to \$11.36 per hour in 2020.
- Providers have taken innovative steps to recruit, retain, and support DSPs.
- However, the DSP turnover rate is still an average of 51%
- Providers cannot recruit new staff, resulting in an average 23% vacancy rate
- All State Medicaid funds receive a 66% federal match
- Additional funds would increase reimbursement rates for certain waiver services. 85% of the increased rates would be required to be passed through to DSP compensation to attract and retain qualified workers

- Retail and warehouse employees make more per hour than DSPs providing life-sustaining services (e.g. Target Stores' starting pay is \$13 per hour; Amazon's minimum wage is \$15 per hour).
- The typical DSP in Indiana is a single mom, age 35, with 2 kids
- High quality staff must be able to be recruited and retained in order to ensure the health and safety of the individuals being served.
- Without DSPs, many individuals with disabilities would have to live without life-sustaining services that grow and enrich their lives. These Hoosiers deserve better.

Request:

Please support a Medicaid appropriation to increase DSP compensation and ensure that Hoosiers with disabilities continue to receive the life-sustaining services they need.

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