



Testimony Regarding House Bill 1001

Presented by Kimberly A. Opsahl
April 17, 2015

Chairman Brown and Members of the Conference Committee,

My name is Kim Opsahl. I am President/CEO of INARF the principal statewide trade association representing agencies that serve Hoosiers with disabilities. We appreciate the opportunity to speak to you today about our industry's pressing issues.

Over the past few months, we, along with our friends at The Arc of Indiana, have spoken with many of you about the challenges facing services for individuals with intellectual and developmental disabilities. These include significant need for services, essentially flat-lined resources, increasing costs and a diminishing workforce. These challenges were exacerbated in 2010 when rates for several key Medicaid services were reduced in response to the state's fiscal condition. As Medicaid is essentially the sole funding source for these services, developmental disability service providers were particularly challenged by these reductions as they have very limited opportunity to share the burden of these cuts across multiple payor or funding streams and are uniquely unaffected by the great work and benefits resulting from HIP 2.0.

Amidst these challenges, there is some progress. The Administration's Proposed Medicaid appropriation includes rate restoration for four waiver services on the Family Support and Community Integration and Habilitation Waivers that were reduced in 2010. For 45 agencies that we recently reviewed, these four services accounted for about 14% of their paid claims for reduced waiver services. For a fifth waiver service, we understand the proposed Medicaid appropriation includes resources to address utilization increases that may result from a planned move to a daily reimbursement rate, which is pending approval from the Centers for Medicare and Medicaid Services. These are important steps to begin addressing the challenges identified above. However, we believe opportunity remains to achieve full rate restoration by investing an additional \$7M each year of the biennium to eliminate the 1% reduction on the group home program and the 5% reduction on Residential Habilitation and Support, Level 2 – the primary service used to provide Supported Living services through the waiver program and which accounted for 86% of paid claims for agencies we reviewed.

Today, I'd like to share with you why these investments are so critical – it is because as our colleagues at the National Alliance of Direct Support Professionals often reference **"Quality is defined at the point of interaction between the staff member and the individual with a disability"**. To achieve the reality of this sentiment, we must fund services in a way that supports competitive wages to recruit and more importantly retain qualified and committed staff to support Hoosiers with disabilities. These staff – who we often call direct support professionals or DSPs – include many hard-working Hoosiers who currently work with and on behalf of fellow Hoosiers who experience intellectual and developmental disabilities. As a practical matter, DSPs spend their days teaching and supporting folks in learning the important skills needed to live and participate in their communities, as independently as possible. Far from "baby-sitting", DSPs are called to use a complex skill set to ensure health and safety, to provide health-related supports

such managing and administering medication; to assist with personal care and hygiene; to teach skills like meal planning and preparation, housekeeping, and budgeting; and to provide companionship and support to develop and maintain social relationships.

For this important and complex work, the current reimbursement rates support an average hourly wage of approximately \$9.69/hour. For a point of comparison, this is nearly two dollars an hour below the Federal Poverty level for a family of 4. The impact of low and largely stagnant wages coupled with intense and challenging work is that providers in Indiana experience a staff turnover rate of approximately 38%. Further, the vacancy rate for DSP positions is around 12 – 13%. The impact of these statistics is compounded by the challenges of recruiting new staff in an extremely competitive environment where major retailers and fast food establishments are moving to increase their starting wages to \$10 or more per hour for far less challenging work.

As a result, turnover and extended staff vacancies place stress on the staff and family caregivers who take on greater workloads to try and provide adequate support and coverage. They place stress on the provider agency who's resources are further taxed by increased overtime costs along with the costs to recruit, screen, and train new staff – which research suggests is at a minimum \$2,500 per employee. Most importantly, turnover and staff vacancies place stress on the individuals served who may go with fewer hours of service, receive less skilled support, be unable to access needed services, and are required to adapt to a seeming revolving door of individuals who come into their lives to provide the most personal and intimate care and often leave suddenly and without explanation – creating uncertainty, increasing their risk for abuse, neglect, and exploitation and, at times, creating the perception that they are the cause of this problem.

It is these issues and challenges that we believe the additional \$7M/year, coupled with the Administration's proposed budget will BEGIN to address. At a minimum, it gets the reimbursement rates restored to their 2010 levels and can be accomplished well within the projected \$100M Medicaid reserve. It begins to stabilize our provider community by filling the gap between the cost of service provision – which is largely DSP wage, benefits, support and training – and the reimbursement rate. It helps to strengthen local communities in that not only are these dollars leveraged to bring in additional Federal resources, but with total compensation at 70 – 80% for our provider agencies those resources translate into increased wages which are largely spent at the local level. Challenges remain and more is likely needed, but this investment will provide a break in what has seemed an interminable storm that will permit self-advocates, families, providers, and our partners in state government time to develop longer-term strategies and solutions.

Thank you again for your long-standing support and interest in community services for individuals with intellectual and developmental disabilities. We hope that our feedback is helpful as you discern the wisest investment of available resources. I am happy to take any questions you may have.