



March 17, 2021

TO: Senator Rick Billinger and
Members of the Senate Ways and Means Committee

FR: Matt Fletcher, Executive Director, InterHab

RE: SB 154

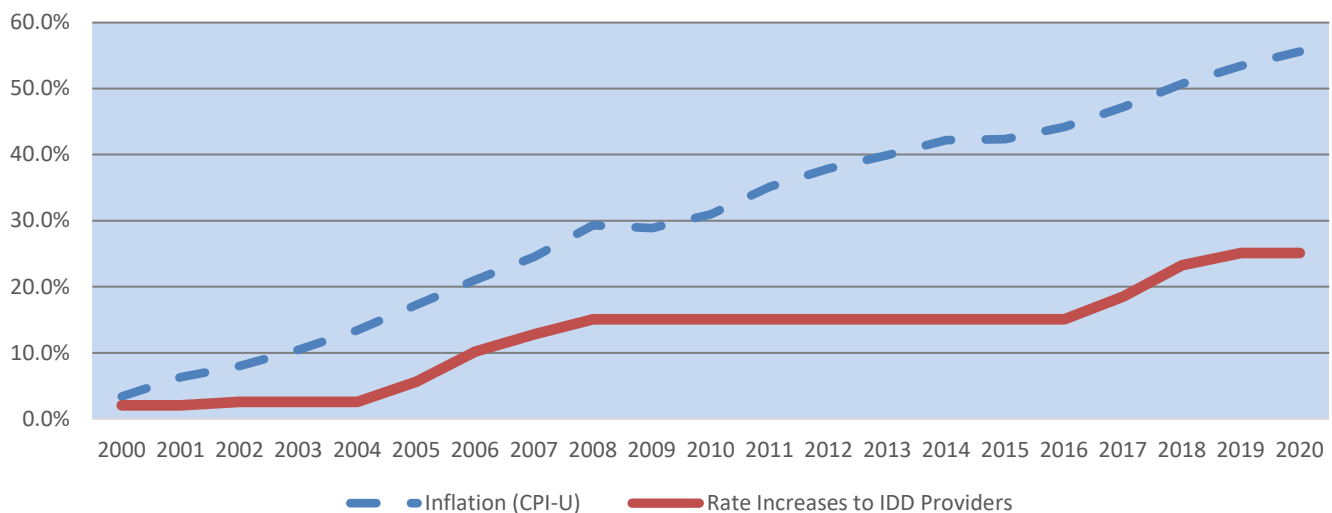
Chairman Billinger and members of the committee, thank you for the opportunity to speak in support of SB 154. The membership of InterHab provides support to thousands of Kansans with intellectual and developmental disabilities in every part of our state. Our membership strongly urges favorable consideration of SB 154.

Why is SB 154 necessary?

Recent increases in IDD provider rates are greatly appreciated. However, they did not enable IDD providers to recover from chronic underfunding of the IDD service network. Had IDD provider rates been increased consistently even at a level matching inflation, IDD providers would currently be much more fiscally sound.

Chronic Underfunding:

The Kansas IDD service network has endured chronic underfunding for more than two decades. Increases to provider rates via the HCBS IDD waiver have ranged from sporadic to non-existent. In the past 21 years, provider rates have been increased by 25%. During that same time, inflation, as measured by the Consumer Price Index, increased by 56%. The chart below illustrates a chasm of underfunding that has been allowed to slowly build during the past two decades, which has resulted in IDD service providers being unable to keep pace with the rising costs of serving Kansans with intellectual and developmental disabilities.



IDD providers need significant assistance due to the underfunding they have experienced. Because of significant underfunding, IDD providers are struggling to maintain existing service capacity for Kansans with IDD already in the system. When I mention the term “capacity”, it’s important to note that for the IDD service system capacity can be defined primarily as a qualified workforce, as well as the development of tools and resources that give providers the financial security necessary to support persons with IDD with increasingly diverse and complex service needs.

Capacity challenges within the IDD network are largely related to workforce needs. IDD service providers face a workforce crisis in their most vital positions – direct support professionals (DSPs) who provide critical care on a daily basis and providers are often unable to offer competitive wages with entry-level jobs in retail or fast food.

We surveyed our members in 2020 regarding workforce challenges. Here is what we learned:

Turnover:

- Average annual turnover: **46%** (*Higher than the national average of 44%*)
- Kansas DSP turnover reported as high as **77%**
- Percentage of DSPs who have been employed for less than two years – **51%**

Wages:

- DSP Average Starting Wage - **\$10.49 per hour** (*about \$22,000 annually*)
- DSP Average Wage - **\$11.91 per hour** (*about \$25,000 annually*)
- Frontline Supervisor Starting Wage - **\$14.59 per hour** (*about \$30,000 annually*)
- Frontline Supervisor Average Wage - **\$17.35 per hour** (*about \$36,000 annually*)

Vacancies:

- CSPs missing **13%** of DSPs and **35%** of front-line supervisors required to effectively serve their clients
- Reasons for vacancies included:
 - Insufficient number of qualified applicants – **88%**
 - Inability to compete with other employers – **88%**
 - No applicants for open positions – **77%**
 - Reimbursement doesn’t allow us to increase staff wages – **71%**

Impacts on DSP Workforce Due to Stagnant Rates:

- **59%** of CSPs have had to limit or cancel worker benefits due to stagnant reimbursement rates
- Benefits that have been limited or cut include:
 - Reduction or elimination of health insurance – **47%**
 - Reduced leave time and holidays – **11%**

Impacts on Kansans with IDD Due to Stagnant Rates:

- CSPs that have limited admissions due to lack of staff during the past 12 months – **53%**

It is important to note that the above data was shared by providers before the onset of COVID-19, which only further exacerbated the above challenges.

COVID-19:

The pandemic has served to highlight the cracks in the system caused by decades of underfunding. IDD providers have struggled not only against the virus, but also against staffing challenges that have only worsened during the past several months. Capacity within the IDD system to serve Kansans with IDD is now significantly strained.

National data on the impact of the COVID-19 pandemic on IDD providers included:

- 68% of IDD providers had to close day or employment services
- Those closures impacted 32% of provider revenue
- 100% of responding providers reported increased overtime costs of up to \$77,000 monthly

Source: "Understanding the Human and Fiscal Impact of COVID-19 on Disability Supports" ANCOR/Avalere

While Kansas IDD providers are grateful for the various sources of relief that eventually became available during the pandemic, those sources have not made providers whole for losses they incurred due to COVID-19. Pandemic-related losses occurred on top of the decades of underfunding that providers have endured.

Who are Direct Support Professionals?

Direct Support Professionals are vital in ensuring that Kansans with IDD can remain out of costly state institutions. They provide support in day and residential settings, often without direct supervision, and must handle demanding tasks such as changing feeding tubes, as well as bathing and clothing persons who need their assistance. These professionals perform a difficult but necessary job and deserve all the support we can give them. In many organizations, Direct Support Professionals are also required to have up to and exceeding 30 hours of training, much of which must occur within the first three months prior to the professional working independently with consumers.

The typical direct care staff person:

- Is female (87%)
- Is an ethnic minority (62%)
- Between the ages of 25 and 54 (58%)
- Is responsible for a dependent under the age of 18 (25%)
- Has a high school-level of education (62%)
- Has a full-time (62%) rather than a part-time (38%) position
- 17% live in a household below the federal poverty line
- 39% do not live in affordable housing
- 16% lack health insurance
- 50%+ receive some form of public assistance

Source: "Direct Care Workers in the United States: Key Facts" PHI (Paraprofessional Healthcare Institute)

"...About 45 percent of direct-care workers live in households earning below 200 percent of the federal poverty level income, making them eligible for most state and federal public assistance programs... Nearly half of all direct-care workers (46 percent) live in households that receive one or more public benefits such as food stamps; Medicaid; or housing, childcare, or energy assistance."

Source: PHI (Paraprofessional Healthcare Institute) "Who are Direct-Care Workers?" 2011

Living Wage: Living Wage Calculation for Kansas:

- Living Wage: 1 adult – 0 children (\$13.51); +1 child (\$28.39); +2 children (\$35.17)
- Poverty Wage: 1 adult – 0 children (\$6.13); +1 child (\$8.29); +2 children (\$10.44)

Source: (<https://livingwage.mit.edu/states/20>)

The IDD population continues to grow, which will require a workforce to match. Additionally, the State's response to federal initiatives such as the Medicaid HCBS Final Rule may require more individualized services that will greatly increase the need for workers.

What is in SB 154?

SB 154 provides a multi-year funding plan to help catch IDD providers up on the funding they need to maintain services for Kansans with intellectual and developmental disabilities. The bill would provide a 7% increase to provider rates in SFY 2022, a 6% increase in SFY 2023 and a 5% increase in SFY 2024.

We greatly appreciate the work done by each chamber this session to include provider rate increases for the current fiscal year and next fiscal year. We believe that represents important steps forward in a very similar manner as what is outlined in SB 154. We appreciate this committee's efforts in that regard.

SB 154 also includes a mechanism to establish a 'cost of living adjustment' for IDD provider rates after SFY 2024. This is an important step forward in ensuring that the IDD system remains adequately funded in the future and is a sorely needed mechanism to help ensure that the IDD system does not fall behind again.

In 2012, Governor Brownback formed a special "Rate Commission," comprised of three cabinet secretaries, specifically to review past reimbursement rate studies for the Kansas IDD system as well as the adequacy of reimbursement rates to IDD providers. Among the Commission's findings: "There needs to be significant movement on rate increases and the establishment of a revised methodology to establish appropriate rate increases."

SB 154 seeks to establish a simple process for achieving annual COLA-type increases by applying either the greater of a 2% increase, or the annual percentage increase in the consumer price index for urban wage earners and clerical workers for the immediately preceding calendar year. This would provide structure for a process to annually adjust the IDD system.

Finally, SB 154 begins the process of ending the IDD waiting list that now totals more than 4,000 adults and children by calling for legislative examination and recommendations. Language has been added in House budget recommendations for KDADS to establish a joint interim legislative committee this year. We fully support that language and hope that it is included in the final legislative budget bill.

Why now?

- Demand for DSPs is expected to increase by **48%** during this decade.
- **100%** of providers report experiencing increased complexity of support needs for those they support. Those increasingly complex needs contribute to higher levels of turnover, with **65%** of providers indicating that their organization has experienced higher levels of turnover in direct care positions that work with persons with IDD who have complex needs.
- The IDD waiting list will continue to grow each year. Many of those on the list have waited nearly a decade for help. It is time to begin the process for elimination of the IDD waiting list.

We Appreciate the Legislature's Continued Support of the IDD System:

As you can see from the information shared above, continued progress is needed in support of these vital services to Kansans with intellectual and developmental disabilities. IDD service providers need to keep pace with rising operational costs each year, as well as be made whole for years of underfunding. COVID-19 has further negatively impacted this service network. Your leadership is needed to ensure that the IDD service system does not fall even further behind in addressing critical funding shortages.

The Kansas IDD service network appreciates your continued support.