February 18, 2020

Dear Blue Ribbon Commission:

I am writing in response to the Blue-Ribbon Commission’s Consideration of Strategy #383: Reduce Absence and Utilization Factor in Day Services. We believe that this strategy would have a detrimental effect on day services providers, like Rise, and the final impact will be lower quality services and won’t result in overall cost reductions across the disability services system.

Today, Absence and Utilization is a major factor in the expenses and rates in day and employment services. Unfortunately, our ability to influence absences and utilization is minimal. Many of the people Rise supports have complex medical needs and are absent from services in ways that are unpredictable. Rise also needs to close when the weather is bad, which sometimes happens multiple times per year. The current Absence and Utilization factor was calculated based on data collected by day services providers across the state.

Rise’s services support people in meeting their goals for community employment, integration and participation. To do so, we need to be able to attract and retain quality staff to provide these services. This is challenging in this job market, even with our current rates. Rise’s turnover rate for Direct Support Professionals is approaching 45%. Other employers can simply raise the prices of their goods or services if they need to raise wages. Rise must work within the rate framework to cover staff wages. If the Absence and Utilization factor is reduced the current workforce crisis will be made even worse because we will struggle to maintain wages that are competitive in the marketplace.

Rise’s services must meet many state and federal mandates like the Minnesota Olmstead Plan, Employment First, and the HCBS Final Rule. Cutting Rise’s rates makes it harder for us to meet these mandates because we rely on quality staff who have experience in their positions to do so. We also need a pool of experienced people to promote into more specialized positions. For example, it’s difficult to fill job placement positions with people who have disability services experience when people leave entry level positions quickly for better wages outside the field. Experienced job placement professionals are needed to help people reach their competitive employment goals.

If fewer people pursue competitive employment, this actually increases expenses to the State as people opt for higher-cost center-based services instead of employment in the community. Also, when people are competitively employed, there is research to show that their overall healthcare costs decrease, it supports their mental health, and they pay back into the system like typical citizens through taxes and economic participation. We need qualified, experienced staff members to support good employment outcomes and have a positive impact on people’s lives.
DHS performed a study in order to determine the average rates of attendance and utilization across Minnesota. The Commission is proposing to use this data to decrease the attendance and utilization factor. We believe the current attendance and utilization factor is accurate based on data collected by the Minnesota Organization for Habilitation and Rehabilitation (MOHR) and is accurate based on our experiences at Rise. We believe the way the DHS study was conducted had some flaws resulting in inaccurate data. We have concerns with the data collection methods and believe there were incorrect assumptions made about the similarities between different services. It also does not reflect the true costs that Rise experiences when there are absences or closures. For example, fixed costs are not accurately reflected in this latest study by DHS.

If this change to the absence and utilization factor is implemented, Rise will have to pursue additional requests for rate exceptions for people who are absent at rates higher than this factor. Paying higher rates will increase costs, but also increases the staff time required at DHS to evaluate the increased volume of exception requests. This will increase administrative costs across the system.

Strategy #383 (below) states that a reduction in the Absence and Utilization factor will not impact eligibility or supports for beneficiaries. Rise disagrees. We are experiencing a workforce crisis, and Rise is using all available administrative time and resources to attract and retain quality employees to perform these vital services. We have spent everything that we can from our existing budget to have an impact on our workforce. Reductions in any of the factors in the rate setting formulas, including the absence and utilization factor, will make our finances even tighter, and we will struggle with wages and benefits for our employees. A staffing shortage will have a negative impact on the people we support and will harm their ability to pursue their goals.

The Blue Ribbon Commission was directed by the legislature to NOT include recommendations that “may result in loss of benefits for the individuals eligible for state health and human services public programs or exacerbate health disparities and inequities in access to healthcare and human services”, and we believe reductions to this factor will have an impact on Minnesotans with disabilities accessing day and employment services.

We urge you to reconsider Strategy #383.

Thank you for your consideration,

Lynn Noren
President & CEO
Strategy #383: Reduce Absence and Utilization Factor in Day Services

TITLE: Reduce the Absence and Utilization Factor in DWRS for Day Services

Short Description: The change would be implemented on a rolling basis during the first year to align with service agreement renewals. Savings in the first year of implementation are lower than in year 2 due to the phased-in service agreement renewals. Savings would roughly double in year 2 and remain approximately at the year 2 level ongoing with small saving increases each year due to forecast increases.

Long Description: Change the absence and utilization factor currently in law governing DWRS to one supported by recent DHS analysis.

Impact of the changes: A reduction in the forecasted state and federal cost of HCBS day services.

Populations impacted: Impact would be a reduction of rates paid providers for day services. No beneficiary impact (eligibility or support reductions) should occur due to this change.

Rationale and background: The absence and utilization factor for day services is identified in state law and has a higher value than DHS analyses have identified. Day services providers under the disability waivers are paid at the rate required by state law. This recommendation will require a change in state law to reduce the absence and utilization factor to a level supported by data analysis.

Other:

Submitted by DHS Community Support Administration