

Introduction

- Chief Executive Officer for Flathead Industries in Kalispell
 - Achievements Inc. in Libby
- Little Bitterroot Services Inc in Plains
 - Ravalli Services in Hamilton

People Served/People Employed

- Flathead Industries employs **160** personnel
- Flathead Industries provides services to **280** people with disabilities.
- Little Bitterroot Services employs **50** personnel and provides services to **35** people with disabilities.
- Achievements Inc employs **60** personnel and provides services to **32** people with disabilities.
- Ravalli Services employs **110** personnel and provides supports to **80** individuals with disabilities.
- All agencies combined we employ **380** people, serve **427** individuals with disabilities.
- Last fiscal year we paid **\$8.5 Million** in payroll into our four communities in which we provide services.
- We paid **\$1.3 million** in Health Insurance for employees.
- **\$300,000** spent at local grocery stores.
- **\$4.9 Million** spent at other local businesses for property insurance, liability insurance, supplies, payroll taxes and transportation costs.
- **\$15 Million dollars** infused into local economies.

Utilization

- Utilization refers to the amount of State contract dollars agencies are able to access through the fee for service reimbursement system.
- The State budgets the Developmental Disability Program Services based on an average that providers will not be able to access **10% of the funding allocated to the clients their agency** provides services to.
- For Fiscal Year 2017, Flathead Industries did not access \$350,000. This is a under utilization rate of 7%.
- Most of these unutilized dollars were in **Job Preparation, Day Supports and Transportation Services**.
- The Developmental Disability Program roughly is allocated a combination of Federal and State dollars of 100,000,000.00, if we are unable to **utilize** 10% of the budget available that is **\$10,000,000**. 30% of the funding is general fund dollars leaving **\$3,000,000** available at the end of the fiscal year to be transferred to another State budget area.
- We have providers that have struggled for years to stay in business. If a provider goes out of business, many people with disabilities lose services and are displaced from their communities or served at a higher cost in a State institution.
- With rate reductions and other budget cuts, there will be providers that will close their doors.
- The Developmental Disability Program cannot not afford to be shifting **\$3,000,000.00** annually to fund other State programs.
- The 3 million dollars in unutilized cost plan money could be provided to private providers to assist with staffing crisis, increase direct support staff wage, or yearly reimbursement for provider losses in transportation, Day Support or Job Preparation.
- I also urge this interim committee to work with the next legislative body on adding back the 1.5% rate reduction as well as a 4% rate increase each year of the biennium.
- Our cost of doing business has constantly increased over the years. Wages, general insurance, property insurance, Health Insurance, Worker's Compensation have all increased at a steady rate, yet the system in which we generate revenue has stagnated.
- Rates in 2009 for GH Residential Habilitation were \$19.85 an hour and in 2018 they are \$21.55. That is a 9% increase in 9 years.

Main Services Provided

- Transportation
 - Residential Integration- transportation services provided to an individual during residential services to support an individual in being an active community participant.
 - Shared Commute- transportation to and from work. (From a Shared Residential setting)
 - Individual Commute- transportation to and from work. (From an individual setting)
 - Work/Day integration- community integration for people to be active members of the community.
- Supported Living
 - Services designed to assist individuals in acquiring, retaining, and improving self-help skills, socialization and adaptive skills necessary to reside successfully in home and community-based setting
 - Typical duties include medication administration, meal preparation, behavioral support, assistance with personal hygiene, transportation and support with medical appointments, skill acquisition and training per personal support plan of care.
 - Services are provided in individual apartment setting
- Day Services/Job Preparation
 - Services include acquisition, retention or improvement in self-help, behavioral, educational, socialization and adaptive skills. Day supports also include community inclusion activities and must take place in a non-residential setting
 - Job Preparation services provide formalized training and work experiences intended to teach a person the skills necessary to succeed in paid competitive employment.
- Group Home
 - Services designed to assist individuals in acquiring, retaining, and improving self-help skills, socialization and adaptive skills necessary to reside successfully in home and community-based setting
 - Typical duties include medication administration, behavioral support, meal preparation, assistance with personal hygiene, transportation and support with medical appointments, skill acquisition and training per personal support plan of care.
 - Services are provided in group setting typically in a shared residence of 4-8 individuals.

Current Transportation Billing System

Residential Integration

- A set weekly amount per every 22.95 miles.
- One unit can be invoiced per week.
- All rides must be documented per week on a transportation spreadsheet.
- $22.95 \text{ miles} \times .38 = \8.72 a week providers can invoice.
- Monthly total that a provider could invoice = **34.88**.

Work/Day Integration

- A set monthly amount per 30.6 miles.
- 1 unit can be invoiced if one ride per month is given.
- Must be documented on a monthly transportation spreadsheet.
- $30.6 \text{ miles} \times .38 \text{ cents} =$
\$11.62 a month providers can invoice.

Commute

- Defined by a ride to, from or roundtrip to a work setting.
- Reimbursed at a base mileage of 142.96 miles per month.
- $.455 * 142.96 = \mathbf{\$65.04 \text{ monthly amount}}$
- Must at least provide 1 ride per month.
- Total maximum for provider reimbursement per month per client is
 - \$65.04 (Shared Commute)
 - \$11.82 (Work Day Integration)
 - \$34.88 (Residential Integration)
 - \$111.74 Maximum amount a provider can be reimbursed per client if they receive group home and day or work services.
 - **\$111.74** is expected to cover gas, insurance, oil, depreciation, vehicle acquisition and general maintenance.

Transportation on Financials Statements

- Flathead Industries as of November 2017 (\$23,109)
- Ravalli Services as of November 2017 (\$35,104)
- Little Bitterroot Services \$143.96
- Achievements Inc. (\$8,289.02)
- Total for all four companies **5 months in to Fiscal Year 2018** (\$66,358.06)
- Clearly this reimbursement **does not cover provider expenses.**
- Providers struggle with **utilization** of the funding available as well as generally being a **greatly underfunded service.**
- If a provider does not capture transportation billing for any reason, the agency is unable to **utilize** that funding at anytime during the fiscal year.

Committee Member Take Away

- Transportation, Day Service and Job Preparation are areas where we as providers lose significant money.
- These services lose money because they do not account for **fixed costs** that providers incur and have **no flexibility** for providers to utilize the funding allocated.
- If providers were able to bill budgeted revenue to support these negative cost center than we could do significant work toward **raising our entry level wages.**

Ways to Increase Utilization

- Providers should be reimbursed at the end of the year using the general fund dollars that are not utilized in transportation.
- Allocate a monthly amount of transportation dollars to each provider based off the combination of transportation services provided to each client.
- Creating **flexibility** with the billing system to allow providers to capture all the transportation dollars.
- **Transportation rates need to be increased**

Day/Job Preparation Services

Reimbursement

- The reimbursement rate = Daily Staff Hours * \$14.29.
- Each individual also pays \$8.43 program support fee.
- For a person who receives 1:1 staff that client will pay 8 (staff Hours)*(\$14.29 (Daily rate) + \$8.43 (program support fee)) = $8 * 23.29 = \$181.76$
- 2 clients to 1 staff = \$90.88, 3 clients to 1 staff = \$60.58 and 4 clients to 1 staff = \$45.44
- These are all per day **only if the client attends.**
- We all know that people get sick, people take vacations, holidays, shorter months and winter roads also prevent clients from attending.
- If a client does not attend and has 4:1 staffing, the provider is reimbursed the program support fee.

Why utilization rates are low

- For a client with 4:1 Ratio
- 1 client absent= $8.43 \times 2 = \$16.86$ instead of **\$45.44**
- The **\$28.58** for this one day of absence is not available for the provider to utilize at any other time in the fiscal year.
- If this client misses 1 day a month for the year, the provider is unable to capture \$342.96
- A day program with 12 clients that all have a 1 staff to 4 client ratio would lose **\$4,115.52** annually if each client missed 1 day a month of their day/work service. Again these dollars would be completely inaccessible for the provider.
- A day program with 12 clients that are all on a 1 staff to 2 client ratio would lose **8,231.04** annually just based off attendance.
- Providers are not able to send a staff home if a client does not show up for work or their day program.
- The provider has **fixed costs** such as wages, taxes, health insurance, worker's compensation, building rentals, but the reimbursement factor is only based on client attendance.
 - Flathead Industries Day Supports is currently **(\$1,662)** as of November 2017 and **(\$56,379)** in job preparation.
 - For fiscal year 2017, Flathead Industries was **(\$19,321)** in Day Supports and **(\$153,570)** in Job Preparation.

Committee Member Take Away

- Transportation, Day Service and Job Preparation are areas where we as providers lose significant money
- These services lose money because they do not account for **fixed costs** that providers incur and have **no flexibility** for providers to utilize the funding allocated.
- If providers were able to bill budgeted revenue to support these negative cost centers than we could do significant work toward **raising our entry level wages.**

Ways to Increase Utilization

- If the state **flipped** the **program support rate \$8.43** with the **daily rate \$14.29**, providers would be able to utilize more of the funding allocated to the agency for clients with low attendance.
- The State could also reimburse the provider for a range of Direct Support Staff hours provided each month creating **flexibility** which allows providers to **utilize** funding allocated to Day/Work programs.
- These services greatly need a **rate increase.**
- A yearly **general fund allocation** for Day Support and Job Preparation of non-utilized funding.

Services with Higher Utilization Rates

Group Home

- Group Home or Congregate Living is staffed and billed from all hours for each client living in a site.
- Providers are given a range to bill for each Group Home which provides **flexibility**.
- If a provider meets 92.5% of the staff hours the State reimburses the provider 100% of the cost plan dollars allocated to that home for that month.
- The State could improve this **flexibility** to accommodate staffing shortages by increasing the range to 10 %. This would allow providers to bill 90% of the staffing hours and be reimbursed for 100% of the funding allocated to those home.
- During short staffing times, if a provider does not meet the 92.5% of hours allocated to the home, revenue is decreased by \$2,000-\$4,000 depending on how many staffing hours are available.
- The funding that is not captured during the month is lost and unable for a provider to utilize at anytime during the fiscal year.
- This can become a dangerous cycle of not being able to capture revenue and therefore not being able to recruit/retain adequate staff.
- If a group home has 2,000 hours of staffing per month we currently need to meet 1850 hours to utilize all the funding allocated to that home.
- Increasing the range to 10% from 7.5%, we would need to meet 1800 hundred staffing hours. For a provided with six licensed group homes, this would save 3600 hundred yearly staffing hours.
 - Providers know what supports and staff the client's need and are required by contract to meet health and safety standards.
 - A provider would never reduce staffing levels in a group home that would put staff and clients at risk.
 - However there are homes that can be safely staffed at 90% and providers could pull staff from one home to another to accommodate staffing shortages.
 - We currently operate with a 40-50% turnover rate. There are months where this flexibility would significantly help Providers utilize available staff where the greatest need is while maximizing billing.
 - As of November 2017, Flathead Industries provided 4,689 hours of overtime costing an additional amount of \$30,000 in payroll expense. If we would have been able to use a 10% range, we could possibly have reduced our overtime by 1,500 hours.

Supported Living

- Like Group Home Supported Living Services have flexibility that helps providers utilize funding and shift staff during staff shortage periods.
- Supported Living Services are billed by tiers
- 1-30 hours is base
 - If the provider staffs between 1 and 30 hours of service, the provider is reimbursed for the total amount
- 30.5-45 hours is flex
 - If a provider staffs 30.5 hours of services, the provider is able to capture 100% of the funding allocated
- Over 45 hours is billed at an hourly rate
- The State could add more tiers to the system to increase the flexibility in the rate
- I would suggest the State build two or three more tier levels
- 45-60 hours
- 60-75 hours
- 75-90 hours
- Everything over 90 hours month would be billed at an hourly rate
- Tiers provide flexibility for the client and the provider
- There are some months clients need more assistance than others
- Tiers provide a fluid process of providing the needed support in the least restrictive manner and creates a system where providers can utilize a higher percentage of the cost plan allocated to the individual and the agency.

Flexibility

- The key for programs to succeed under the fee for service reimbursement system is **FLEXIBILITY.**
- This works best for the client, staff and the provider agency.
- The services with billing **flexibility** have a higher provider **utilization** rate.
- **Flexibility** gives clients the ability to adjust services according to their needs.
- **Flexibility** helps agencies capture the funding allocated to them so they have the financial resources to **pay higher wages** and continue to **expand services.**

Outcome

- Make adjustments to our current reimbursement system that allows providers to access the money allocated in Individual Cost Plans.
- Simplify billing for transportation services to maximize utilization.
- Increase rates of reimbursement to protect community providers.
- Build flexibility into services that currently have the highest rate of underutilization (Day Supports, Job Preparation and Transportation.)
- Provide an annual reimbursement of General Fund dollars to Disability Providers instead of shifting money to other areas of the State budget.

Understand

- At the agencies I work with, we have a guiding philosophy we call, “Is it Good Enough For ME.”
- This means we ask ourselves, “Is this service or support good enough for me? For my mother? My grandmother? My son or daughter?” If not, we reevaluate.
- We understand that disability does not discriminate between age, socioeconomic status, race, gender or political affiliation.
- We believe that all people regardless of ability deserve dignity and respect.
- We understand that at any point in time we could become a person with a disability or someone who requires the assistance of a direct support staff.

Closing

- I would like to ask the committee what kind of Direct Support Staff they would want assisting them, their mother, their son or family friend?
- One who is disgruntled because they are paid a poverty level wage? Someone who only lasts a day or a week providing their intimate cares?
- Would you like to wake up one day to a stranger administering your medications and bathing you? Would this be good enough for you? Your daughter? Your son? Or your mother?