

Kansas Department of
Social and Rehabilitation Services
Don Jordan, Secretary



House Social Services Budget Committee
March 11, 2008

HB 2761 – Home & Community Based Services Waivers
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Chairman Bethell and members of the Committee, I am Don Jordan, Secretary of SRS. Thank you for the opportunity to appear before you today to discuss House Bill 2761. This bill provides funding for three of the Home and Community Based Services Waivers which are administered by SRS. Those waivers are the HCBS-MR/DD waiver, which serves individuals with mental retardation or developmental disabilities, the HCBS –PD waiver which serves individuals with physical disabilities, and the HCBS-TBI waiver which serves individuals who have sustained a traumatic brain injury. House Bill 2761 allocates, over a period of three years, specific amounts of state general funds to these waivers to reduce, eliminate or forestall the creation of waiting lists for the waivers. The bill also includes state general funding amounts specific to each waiver listed for the expressed purpose of increasing rates of payments to service providers.

Background

Home and community based service waivers have allowed the state of Kansas to meet the needs of individuals with disabilities while they continue to live in their homes and communities. Home and community based waivers, also known as 1915(c) waivers, are allowed under section 1915(c) of the Social Security Act and give states the flexibility to meet the states individual needs. These programs are funded through a combination of state and federal funding, approximately 60 percent federal and 40 percent state funds.

The Numbers

Earlier this legislative session I presented you with information regarding the different waivers that are administered by SRS so I won't go over that today. I will provide you with information regarding the impact of HB 2761 on each of the waiver programs referenced in the bill that SRS administers. You will also find attached to my testimony documents that were attached to the fiscal impact statement that was prepared for this bill which outlines the use of the proposed funds over the three year period.

At this time the PD Waiver does not have a waiting list and is serving 6,493 individuals. It is projected that the waiver will be serving 6,716 persons by the end of this fiscal year. The bill allocates an additional \$19.5 million in state general funds to serve new individuals and increase reimbursement rates. This will allow for the continuation of no waiting list for the next three years. The PD Waiver is projected to serve an additional 683 new individuals in FY 2009, 657 in FY 2010, and 634 in FY 2011 with the proposed funding.

The proposed funding for increased reimbursement rates for providers is \$2 million for each of the next three years. The PD Waiver received funding for a rate increase for services provided in FY 2008. At that time the legislature approved \$826,799 SGF, which was utilized to increase the rate for personal services from \$11.94 per hour to \$12.29 per hour. SRS will work with stakeholders to determine the best way to allocate the rate increases across the services provided.

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For the TBI Waiver, the bill allows for an additional \$3 million in state general funding and would also enable the continuation of a no waiting list and provide for rate increases. The TBI Waiver is currently serving 196 individuals and would be able to serve an additional 44 new persons in FY 2009, 42 persons in FY 2010 and 40 persons in FY 2011 with the additional funding.

The TBI Waiver received \$318,282 SGF in FY 2008 for an increase in reimbursement rates. After meeting with stakeholders a decision was made to utilize the funding for an increase in rates for the therapies which are provided through the waiver. At that time, Physical Therapy, Occupational Therapy, and Speech Therapies were not being provided as needed due to the low reimbursement rate. The rate was increased from \$50 per visit, to \$69.84 per visit. This was the first funding for rate increases that the waiver had received since it was implemented in 1991. This bill proposes an additional \$200,000 each year for the next three years for an increase in reimbursement rates. SRS will work with stakeholders to determine the best way to allocate the rate increases across the services provided.

The MR/DD Waiver is currently serving 6,866 individuals and is projected to have 1,796 individuals waiting for services by the end of FY 2008. Of this number approximately 28 percent or 502 are individuals who are receiving some type of waiver services but are requesting an increase in services. This has been referred to as the underserved population. An example of this population might be an individual who is receiving day services and in home family supports. They may request to move to a residential setting which has a higher cost. They would be placed on the waiting list until funding becomes available for the higher cost service. This could also be a young person graduating from high school who may be in need of day services. The needs of this group are currently being met with waiting list dollars that are allocated by the legislature.

HB 2761 would increase the state general funding to the DD Waiver by \$70 million over the next three years. This funding is to be utilized to serve persons waiting for services and concurrent annual rate increases for providers. This would allow the program to serve approximately 644 underserved and 2,268 unserved individuals over three years. This number includes an estimated 280 new persons applying for services each year. During FY 2009 the waiting list would decrease by 453. In FY 2010 the waiting list would decrease by 363, and in FY 2011 the waiting list would decrease by 612.

Please find attached a map that shows the CDDO regions, with the number of current waiting list consumers that live in each region. This is broken down by the number of adults and children in each region. The dollar amounts shown include the rate increase for current consumer services, funding for persons currently on the waiting list, funding for projected new individuals, and the rate increase for new individuals applying for services.

As stated, this bill allows for annual rate increases for providers. For the MR/DD Waiver there were no rate increases provided from FY 2000 to FY 2005. Beginning in FY 2006 the following amounts were allocated for rate increases:

FY 2006 - \$3.0 million SGF or \$7.5 million AF

FY 2007 - \$4.172 million SGF or \$10.5 million AF

FY 2008 - \$5.5 million SGF or \$19.1 million AF

The funding that was allocated for an increase in reimbursement rates was utilized to increase the rates paid to providers of services provided through the MR/DD waiver. SRS met with stakeholders to determine the percent of funding to be channeled to each service. The biannual rate studies were also utilized to assist with this process. It should be noted that with the proposed rate increases, the average cost for serving an individual in the community will increase. For FY 2008 the monthly average cost to serve an individual on the DD waiver is \$3,341. In FY 2009 the average monthly cost will increase to \$3,676, in FY 2010 it will increase to \$3,981, and in FY 2011 it will increase to \$4,217.

Systems Transformation

SRS has a federal Systems Transformation Grant which allows the agency to take a comprehensive look at the payment methodology structure for the waivers, eligibility/level of care determinations, and individual budgeting/self direction. This grant is for \$1.8 million over 5 years. We are in the second year of the grant. One project that is being developed with this grant is the study of the funding and payment methodology structure for the waivers. SRS will have a contract in place October 1, 2008 to begin this study which is to be completed one year later. The contractor will conduct a study that will identify the costs of providing services to individuals (aging and disabled) in community settings with a focus on "independence, productivity and community living". They will also identify any capacity issues the system faces and make recommendations regarding the funding and payment methodology structure in Kansas. It is felt that this information will assist SRS in better understanding the needs of providers and the needed reimbursement rates to serve individuals in the community setting.

SRS understands that the provision of services to individuals is reliant on our local community service providers. With this, careful consideration should be given to the wages paid to community direct care staff funded through reimbursement rates to providers. SRS supports a systematic review of compensation for HCBS direct care workers and a multi-year plan to expand community capacity through rate adjustments and to continue to work towards the elimination of waiting lists for services. As part of any multi-year plan, SRS would foresee enhanced departmental review of providers to ensure community service providers are meeting the primary purpose of enhancement of direct care workforce needs.

This concludes my testimony regarding HB 2761. I will now stand for any questions.