



**Testimony by Thomas Cook, Executive Director  
House Health and Human Development Committee Hearing on  
House Amendment 1 to House Substitute 1 for House Bill 104  
The Michael McNesby Full Funding for Adults with I/DD Act**

Good afternoon, Representative Bentz, Representative Heffernan, and members of the Committee. I am here to testify in support of the McNesby Act.

I was a member of the provider advisory committee in 2003 that worked with Valerie Smith and the DDDS staff on the design of the new fee-for service rate system that went into effect in FY 2005. At that time, the Joint Finance Committee appropriated \$3.4 million in state dollars to fully fund the system based on a study done by Mercer Government Consulting. That was the last time providers were fully funded for the day program, supported employment, and residential services they deliver.

Before the new fee-for-service system was implemented in FY 2005, John Villegas Grubbs, the consultant who designed the rate architecture, recommended that DDDS look at rebasing the system at least every three years to keep pace with the labor market and inflationary costs. The first opportunity to do so was in 2007, when Mr. Villegas Grubbs was granted a contract by the Department of Health and Social Services for a “Review of Medicaid Waiver rates for DD services.” The study he did revealed that labor costs and inflation resulted in a need to infuse a total of \$7.5 million into the system. As we all remember, that year heralded the beginning of the Great Recession and, so, lacking the revenue to address the rebasing recommendation, the State took no action on his recommendation.

Although rebasing was stated as a goal in several subsequent budget bills, it was not until

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January 2014 that the State of Delaware took another serious look at the funding for services to people with intellectual and developmental disabilities (I/DD). At that time, Roger Deshaies, an associate of Mr. Villegas-Grubbs who had worked on the design of the original rate system as part of the Mercer consulting team, updated the original market study. He found that to close the gap between the recommended pay level for Direct Support Professionals (DSPs) and the average wages they were receiving at that time, along with the other costs of providing services, would take \$18 million in state funding. With the utilization update that was done by DDDS in 2015, that figure rose to almost \$20 million.

With the economy heating up, inflation is at a six-year high. Wage pressures are coming from retail and service sector jobs that are increasing their pay to be able to attract and retain workers. In fact, wages at Target, WalMart, and McDonalds are outstripping the pay for Direct Support Professionals. Unless the State of Delaware intends to resume the provision of day and residential services to people with I/DD by state employees, community providers must be compensated with payment rates that enable them to compete in today's labor market, so that they can attract and retain qualified DSPs.

That's why the McNesby Act is so important to the coalition of family advocates and providers who are supporting the passage of this bill. We are very thankful for the \$4.67 million that the Joint Finance Committee appropriated on May 22<sup>nd</sup> because it is the largest increase that has been granted in real dollar terms since FY 2005. It's also only 25% of the \$20 million that the system needs to fulfill the recommendations made in the 2014 study. That is why HA 1 to HS 1 for HB 104 needs to be passed, so that the General Assembly goes on record regarding its intent to fully fund the system of care for the State's most vulnerable adults.

Thank you for taking a vote on this important legislation today.