



House Bill 433 – Hope for the Future

On June 22, 2016, the House Health and Human Development Committee took testimony on House Bill 433, which was introduced by Representative Melanie George Smith with the intent of fully funding the direct support professional (DSP) rate system that is used by the Division of DD Services to pay for a variety of community living and employment services. The Delaware Department of Health and Social Services published a rate study in January 2014 that identified \$12.75 an hour as the DSP market wage in 2013. Three years later, while some residential providers were able to increase the wages they paid DSPs by about 50 cents an hour because of funding increases granted in fiscal years 2014 and 2015, most of them can still only offer a starting wage of between \$10 and \$11 an hour. None of the day programs were able to raise wages in the last two years because all of the increases passed by the Joint Finance Committee went to residential providers, because they had the largest funding deficit.

When the rates were established in 2004, one of the caveats that Mercer Government Consulting issued was that the rate system would need to be rebased at least every three years to update each of its four components. The DSP wage; payroll taxes and benefits; program indirect costs (including supervision and clinical services); and general and administrative costs should all be examined during rebasing. Yet the rate has never been fully rebased. It's understandable that in the middle of the worst economic downturn since the Great Depression that the first opportunity for rebasing did not happen in 2007. However, by failing to rebase three additional times, in 2010, 2013, and 2016, services to adults with intellectual developmental disabilities in Delaware are now underfunded by \$39 million, which is roughly 75% of a fully funded system.

The consequences of this underfunding have included a substantial decrease in the ability of providers to appropriately supervise and train the DSPs they employ; a turnover rate in the frontline DSP positions that is unacceptable; and an upward trend in abuse and neglect reports. A half-dozen residential providers reported in June 2016 that they have run or were currently running a deficit in their programs ranging from \$60,000 to \$250,000 a year. One has decided to leave the state if they run a deficit in 2016, because they can no longer make up the difference from their reserves. That would leave 40 people without services at a time when other providers are reluctant to take new referrals because of inadequate rates. Since community placements began in the 1990s for the people with significant disabilities who left Stockley and returned from out-of-state placements, a cadre of well-trained DSPs became essential. DSP wages, taxes, and benefits represent 80% or more of the cost of services. A failure to increase the DSP rate could lead to reductions in staffing that would put these people at risk.

All of this is occurring at a time in which expectations for providing the most integrated settings appropriate have increased, with the Centers for Medicare and Medicaid Services imposing a deadline of March 17, 2019 to accomplish this goal. There is also a tremendous pent-up demand for residential services in Delaware, with 3,000 adults with intellectual / developmental disabilities living at home with caregivers who are 60 years of age or older. We must fight for passage of H.B. 433 in 2017!