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State Rates Miss the Mark

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Abstract

This opinion piece highlights the state of intellectual disability services in Pennsylvania, including a comparison of provider vs. state employee rates, waiting lists for services, and rates for reimbursements for services. The author proposes improvements to reimbursement rates that will accommodate appropriate wages for Direct Support Professionals.

Introduction

In Pennsylvania, as well as dozens of other states, state actuaries and consultants continue to recommend rates (sometimes disingenuously called reimbursements) to intellectual disability/autism programs, elder services, children's services, mental health programs and other human service that are based upon paying providers the lowest possible funding. Thus, continuing the decades old funding dilemma that makes it difficult for providers to recruit, hire, train and retain a well-trained workforce.

Over years stretching into decades, governors and legislators across the country have proclaimed their support for the most vulnerable among us. They have acknowledged the primary responsibility of state government to care for those who genuinely need support, but final approved state budgets have continued to allow Home and Community Based Service waiting lists to grow into thousands upon thousands of people desperate for residential, day and employment services; and they have built a system based upon paying DSPs as little as possible, seeing the workforce as similar to entry level box store and fast-food jobs.

Allowing a permanent waiting list to hover at 12,000 people is not a statement of success, instead it's a clear statement that these thousands of families are not a state priority. And underpaying the DSPs that serve this population is a further disrespect to the people and families who rely upon their care.

Instead of recommending an appropriation to reduce turnover, improve quality and staff retention, PA's DHS and their wage consultant have set in place a wage that the state is too

embarrassed to offer to its own ICF/ID state center employees who provide essentially the same service as community DSPs.
The state pays its own employees 30% more than community DSPs or roughly $19 per hour. State employees also receive better health plans and retirement benefits. Such discriminatory treatment of community programs by the state have resulted in state center turnover rates of 17%, while community providers suffer at levels reaching and exceeding 60%.

To close this inequity, Pennsylvania community providers, families and advocates are asking the General Assembly to improve upon the job began by the Governor in his proposed budget of an additional $405 million in combined state and federal funds by adding $65 million more in state general funds to the community waiver appropriation and to require that this additional funding, with its federal match, be used to achieve wage parity with the state's own programs.

We are hopeful due to our strong advocacy that Pennsylvania's elected leaders will this year match their social policy and programmatic goals with the reality of what they are willing to pay for such services.

We can fix and reform this system, improve outcomes, respect people with ID/A and improve thousands of lives. States need to step up; now is the time to start on this road to fairness and equal pay for equal work.

Fee schedules are transactional. They will always struggle to seamlessly deliver the needed elements for people with complex needs. A person-centered process implies a tailored approach that perfectly matches individual needs, not buying a collection of items off the rack and expecting that everything will fit and coordinate with one another. Compounding the problem is that fee schedule rates are underfunded and remain static for years. And this is how Direct Support Professionals get paid.

While other industries respond to the economy and changing market conditions by adjusting pricing and wages accordingly, employers reliant exclusively on fee schedule 'reimbursements' do not have those options available to them. So, it is not surprising that the DSP workforce in Pennsylvania and other states is at a critically low level, and that state programs are struggling to meet their duty of care.

In Pennsylvania and other states, wage data is used from the U.S. Bureau of Labor Statistics (BLS). Using BLS data for rate-setting has two inherent flaws. There is no Standard Occupational Classification code for a DSP and by the time wage data is published and incorporated into rates it is obsolete. Rates use a lagging indicator, which ensures that the rates themselves always lag behind the market.

Most states also do not have a method to trend rates to inflation-adjusted levels to keep employers competitive in the market for experienced workers. This affects retention as well as recruitment and hiring. DSP turnover is now at historically high levels and for those who remain,

the job becomes more difficult and stressful with fewer and less experienced staff entering the revolving door.
Decades ago, when HCBS waivers were new and growing, many providers in Pennsylvania had a degree requirement for frontline workers. It was an acknowledgment that education was a critical perquisite for doing this type of work. Today we struggle to pay at a level that most consider minimum wage. If service providers cannot attract qualified workers, training becomes more essential and costly, especially to serve those with complex needs.

The pandemic accelerated this decline, but the trajectory has been evident for decades. Rates for Home and Community Based Services are supposed to be sufficient to enlist enough providers to deliver all needed services. But too often state governments apply prudent payer standards that result in rates being set at the lowest level possible. This principle makes true investment impossible and ensures that critical services are always operating in crisis mode.

We need to educate our legislators. A better model is attainable. A community system intended to serve people for a lifetime is not sustainable with periodic infusions of cash and no means to keep pace with inflation. I/DD programs support people in every aspect of their lives, for the entirety of their lives. Funding and rates need to reflect this reality. Insufficient rates prevent the community service system from maintaining its workforce and building capacity for current waiting lists or those needing services in the future.

Let us reinvent the rate setting process by looking forward, to support growth and progress, rather than backwards. Sufficient investment will yield far greater returns. Fewer staff vacancies and lower turnover rates mean less overtime paid, less premium payments to temporary staffing agencies, lower overtime, and a more stable community system. Anticipating inflation and staying ahead of the curve will cost less overall. Indexing rates rather than relying upon discretionary spending places responsibility and trust where it belongs: in the hands of those who operate the system and can be relied upon to meet the needs of people if given the proper resources.