APRIL 24, 2022

CASELOAD ESTIMATING CONFERENCE

BHDDH DIVISION OF DEVELOPMENTAL DISABILITIES

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For FY23, Rhode Island's Division of Developmental Disabilities (DDD) anticipates expenditures of **$316M** All Funds, with a projected **$130M General Revenue.** This estimate is based on the current DSP wage $18/hr.

For FY24, DDD projects expenditures of **$344M All Funds** which is 8**% increase over FY23 spending**. This estimate is based on the current DSP wage $18/hr.

A. Summary of FY23 Fiscal Estimate

Services for Developmental Disabilities Program for FY23 is expected to close with a $22M surplus, including $23M in general revenue. As of FY23, each service category will have an assigned line sequence allowing the Department to identify spending by service category. The final completion of the shift to these new line sequences is under way with the MMIS, as the RIFANS accounts have already been created.

Table 1: All Funds Enacted vs Actuals

Consensus Caseload Estimates FY 2023	Enacted	Actual/Projected Expenses	Surplus/(Deficit)
Private Community Dev. Dis Services			
Residential Habilitation	$ 204,300,000	$ 195,991,205	$ 8,308,795
Day Program	86,100,000	75,090,316	11,009,684
Employment	7,300,000	4,833,878	2,466,122
Transportation	8,300,000	7,062,987	1,237,013
Case Mgt. Other Services	12,300,000	11,694,687	605,313
L9 Supplemental Funding	20,000,000	21,041,016	(1,041,016)
Non Medicaid Funded	331,588	333,313	(1,725)
Total	$ 338,631,588	$ 316,047,402	$ 22,584,186

Table 2: General Revenue Enacted vs Actuals

Consensus Caseload Estimates FY 2023	Final	Actua/Projected Expenses	Surplus/(Deficit)
Private Community Dev. Dis Services			
Residential Habilitation	$ 92,445,750	$ 80,434,791	$ 12,010,959
Day Program	38,960,250	$ 30,817,066	$ 8,143,184
Employment	3,303,250	$ 1,983,824	$ 1,319,426
Transportation	3,808,000	$ 2,898,650	$ 909,350
Case Mgt. Other Services	5,565,750	$ 4,799,500	$ 766,250
L9 Supplemental Funding	9,050,000	$ 8,635,233	$ 414,767
Non Medicaid Funded	331,588	$ 333,313	$ (1,725)
Total	$ 153,464,588	$ 129,902,375	$ 23,562,213

B. Enhanced SLA Stipend Expenditures

The Enhanced SLA Initiative has been funded since August of 2020, originally intended for support during the pandemic. This initiative ensures individuals in SLAs continue to receive necessary supports during the day hours when they would typically be receiving supports during this time by someone

other than the SLA Contractors. Many of the SLA Contractors needed to take time off of their jobs to stay home with the people they support. It was an increase in support, so the Division compensated them for this endeavor. The cost for this program in FY 23 is $5,041,670 and the estimated cost for FY24 is $5,041,670. There are 252 individuals who have been funded through this initiative, of which, 172 are currently receiving this funding.

Due to the success that has been seen in this program, individuals are happy with the ability to receive day supports from their SLA provider, theses support services will continue. Enhanced SLA will be a service option when the new rates are in place.

C. Caseload Growth and Trend Development

Overall caseload growth has continued at an average net monthly caseload growth of 5 individuals, which annualized would be 60 new cases overall. Because of this, our current projection will show a decrease from our Nov projections, with FY23 showing 3896 distinct individuals (down from 4061 cases projected in May) and FY24 showing 3956 distinct individuals.

Table 5: Summary of Total Caseload Growth with average net growth

Caseload Individual Count	2018	2019	2020	2021	2022	2023 Forecast												2024
Month	Jun-18	Jun-19	Jun-20	Jun-21	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jun-24
Overall Caseload	3771	3838	3820	3989	3985	3962	3962	3948	3953	3956	3960	3945	3947	3881	3886	3891	3896	3956
Change +/-	35	12	7	11	-5	-23	0	-14	5	3	4	-15	2	-66	5	5	5	5
Average Monthly Case Net Growth				6	5													

*Avg monthly case net growth decreased from 6 to 5

This table shows the average net case growth at the end of FY22, and the reevaluation of that growth with actuals for FY23.

As outlined here, BHDDH anticipated that caseload in May 2022 that caseload levels will continue to have slow growth back to pre-covid levels, which has been slower than expected, notably in Day Program, Employment, and Transportation. However, the increase in expenditures is due directly to the rate increase in July 2022, increasing DSP wages from $15.75 to $18, which has been reflected in our projections.

Table 6: Total Caseload Change by Service Category

Service Category	FY22 Caseload	May FY23 Estimate	May FY24 Estimate	FY22 Change	% Change
Residential Habilitation	2916	2986	3027	+70	2.4%
Case Mgmt & Support Services	3488	3597	3648	+109	3.13%
Day Program	2,570	2681	2719	+111	4.32%
Employment	761	783	794	+22	2.89%
Transportation	1,539	1567	1589	+28	1.82%
L9	474	490	497	+16	3.38%

D. Rate and Payment Methodology Changes

DDD is amidst a comprehensive review and restructuring of program, provider reimbursement rates and payment methodology. Provider reimbursement recommendations were supplied to BHDDH on January 30, 2023.

The goal of this endeavor is to support improved long-term outcomes for adults with I/DD receiving services from DDD. DDD is shifting towards a system of community-based supports that promote individual self-determination, choice, and control. While in practice the system has been moving in that direction, the current rate structure and payment methodology are rooted in more facility-based congregate care not fully aligned with this new direction.

Any recommended new rates, payment methodologies, and service structures will need to promote, engage, and use flexible and responsive community resources in the least restrictive environment to assist individuals to build and maintain relationships, supports, and independence. DDD aims to facilitate innovation and flexibility, add new services to the array with appropriate rates for each service, generate greater value for taxpayers, and ensure transparency and accountability.

The recommendations provided contained rate increases and the magnitude, which are in addition to significant increases in July 2023, are driven by a few key factors:

- Prior to the rate increases in recent years, there had been few rate changes since the fee schedule was first adopted about a decade ago. Further, the rates that were adopted were less than what Burns & Associates recommended in order to conform to legislated budget reductions. As a result, a significant portion of recent increases represents 'catch-up' funding.
- The largest rate increases are associated with services that have not received the recent rate increases (e.g., Shared Living Arrangement and Professional Services).
- The recent rate increases as well as the rate study recommendations are driven primarily by investments in the direct support workforce to respond to ongoing workforce challenges and to improve the quality of services. The $22.14 average wage assumption represents the highest direct support professional wage amongst other states where a documented rate methodology has been identified. Additionally, the rate models include a comprehensive benefits package, including paid time off and health insurance.
- The rate models also include additional funding for program support, which primarily includes staff who are not direct care, but who support quality services (e.g., supervisors, trainers, program development staff, etc.).

Important program changes include the following:

1. Funding levels for individuals will incorporate key components to help relieve administrative burden and maintain flexibility within the individuals needs for services. These key components center around the residential, employment and support brokerage services.
    a. Residential services will no longer be a part of the funding that an individual is required to manage and instead if the individual requires residential services, BHDDH will ensure the funding is available for these needs.

b. Employment services will be treated as more of an add-on benefit to their funding package and will only be added to the individual's funding package if they are seeking these types of services.
c. Support brokerage services will be supplied as part of their funding package but will only be allowed to be spent on these services. Individuals may add additional funds from their package to purchase additional support brokerage services, but they may not flex the original support brokerage funding to allocate to other services.

2. In the existing tier packages, Community-Based and Center-Based services were comprised of a 60%/40% split amongst these services. In the redesigned component of this funding, BHDDH will fund the package at 100%. Individuals may still choose Center-Based services, but these services are a lower priced rate.

This project has many benefits but also presents challenges to BHDDH, especially from a systems standpoint. Both the case management system (housed by Therap) and the payment systems (MMIS) will require modifications for this project. In the meantime, data collection and reporting may have manual components for tracking and monitoring purposes. As part of DD's overall vision and additional changes occurring over the next year, it is expected that most of the programmatic changes will not be fully implemented system wide until FY25. It is expected that the increased rates will be updated in both systems by FY24.

E. Consent Decree

The State negotiated terms in an Action Plan that was submitted to the Federal Court on October 21, 2021. The Action Plan terms the state needs to adhere to are as follows:

- **Work with Providers to develop Transformation Plans rolled out in two phases in the amount of $10 million;**
  - **Phase I** funding has been released to the grantees in the amount of $4 million AF.

    DDD received $4M in ARPA funds that are being used for a transformation initiative. This funding was made available to licensed Developmental Disability Organizations to focus efforts on recruitment and retainment of Direct Support Professionals to build staff capacity for service provision to adults with disabilities. There were 29 applicants, and all were approved. Funds were distributed on February 18, 2022.

    To measure outcomes, the Division and the Court Monitor will request the providers participate in the Staff Stability Survey. Providers will also need to submit additional documentation on progress toward outcomes at 6 months, 12 months, and 18 months into their initiatives. Providers signed an MOU, which can be found as an attachment to this document.

  - **Phase II** applications were due on May 1, 2022; funding for this initiative is $6 million AF.

    These transformation funds will be used to fund innovative service models to improve employment outcomes and community access for adults with intellectual and developmental disabilities.

    - To-date, $5,748,648.74 has been distributed to 31 agencies. There is one agency that has not become a RI Medicaid provider, so there is $258,740.65 in funding that has not been disbursed. Please refer to Nov 2022 CEC Questions – BHDDH.xlsx, tab 7 – Transformation Fund II, which contains the

information for each provider and whether they have had their funds distributed.

- **Self-Directing funding will occur in FY23 in the amount of $2 million GR**

  This funding will address the need for service advisement and a substitute staffing pool.

  - Two RFPs were posted and bids were open until November 11th. The Service Advisement/Support Brokerage RFP did produce a qualified Vendor. There is work being done to finalize the contract. The Staffing pool/Registry RPF did not have a successful bidder. There is work being done to determine the most beneficial way to move forward.

- Develop **a Technology Fund** in the amount of $2 million;
  - Requests for funding for participants are currently being solicited. Requests are reviewed and awards are made on a quarterly basis. The Technology Fund is going into the 5th Round. This Fund has been operational for one year.
    - To-date, $167,501.17 has been disbursed to the providers to cover invoices for technology.

- Incrementally increase Medicaid rates to enable providers to **increase direct support professional hourly wages**;
  - Rates were increased in FY23 to increase starting wages to $18.00 hour.
  - Rates are expected to be approved in FY24 to increase starting wages to $20.00 per hour.
- Develop a **Statewide Workforce Initiative**;
  - The Statewide Workforce Initiative (SWI) convened and as part of this work there is a Convening Council and five workgroups (Data & Reporting; Policy Advocacy and Worker Voice; Selection and Retention; Marketing & Recruitment; Professional Development and Training) were convened to address workforce issues.
  - A Governor's budget amendment was submitted last Spring that included $900,000 to fund an RFP for a vendor to support the Statewide Workforce Initiative. The vendor selected is Sage Squirrel and work has been ongoing throughout this year. Sage Squirrel contract will end on 06/30/2023.
  - The SWI work will be shifting to a new Vendor. A subject matter expert, Amy Hewitt, has started working with the State and some of the providers.
  - The impact on the workforce from the pandemic has been significant. The difficulty in finding and retaining staff is being felt throughout the workforce of those who provide service to adults with intellectual and developmental disabilities. In residential care the staffing shortages have created increased costs due to overtime and turnover. The shortages have also caused the inability for agencies to provide much needed residential supports to youth in transition and to individuals who are in acute psychiatric units waiting needing placements after being discharged from psychiatric hospitalization. The providers' inability to provide the supports creates secondary strain on other systems, i.e., DCYF programs and psychiatric hospitals.
    - Day and employment programs have reopened but are also impacted by staffing crisis. These programs have been particularly impacted during COVID as staff are still sometimes pulled from these programs to assist in group homes. While the rate increases recently enacted have begun to address this issue, the shortages continue, and remain at a critical level. Many individuals with disabilities who desire to work

or access the community are unable to do so due to the lack of staffing and service providers who can support them in meeting their needs.
    - In FY23, the Medicaid rates increased again and direct support professionals starting wages were increased to $18 an hour, with the intent to increase to $20 for FY 24. This is one strategy the State is has agreed to build capacity within the Direct Support Professional (DSP) workforce. Additionally, the State has engaged in a Statewide Workforce Initiative to recruit and retain, train, and professionalize staff to work with adults with developmental disabilities.
    - As documented at the April 27, 2021 Consent Decree hearing, there is currently not sufficient capacity to meet the requirements of the Consent Decree. As of 12/31/2021, the stability survey showed a service gap of 618 direct support staff.
    - From July to December 2022, providers were able to hire 797 staff, but providers are still challenged as not all of the new hires were retained and they continue to loss other staff.
- Participate in the Caseload Estimating process;
- Complete the **Administrative Barriers workgroup** process by March 31, 2022;
    - The workgroups have completed their tasks and a final report was submitted on March 31, 2022.
- Complete the process to **allow RIPTA services to be matched by Medicaid**
    - RIPTA is not a Medicaid provider. States can provide transportation as an administrative expense or optional medical service. As an administrative expense, costs incurred are federally matched at 50%, which is lower than match for medical services, which is 53.96% for Rhode Island. However, the administrative option allows for more flexibility. States do not have to make direct payment to a provider when furnishing transportation as administrative cost and can choose the most efficient and appropriate means of transportation for the Medicaid recipient, including options such as gas vouchers, bus tokens, or quasi-public or private transportation companies. When a State includes transportation in its State Plan as medical assistance, it is required to use a direct vendor payment system and it must also comply with all other requirements related to medical services. The non-medical transportation services provided by RIPTA would be unnecessarily restricted by treating it as a medical provider.
        - For these reasons, the RIPTA contract is matched as an administrative expense. The FY23 contract is expected to be about $1.7M, with $850,000 coming from federal match and $850,000 coming from state funds through individual authorizations.

F. Employment Program

DDD has continued stakeholder engagement to determine best course for targeted employment support services. There have been meetings with the providers of supported employment services to discuss capacity, what they are doing with Transformation Funds, how to improve employment outcomes, and to let them know that there is funding available to individuals who need additional supports to meet their employment goals.

Meetings have also occurred with ORS and RIDE to discuss employment efforts. Both are aware that there is funding from DD to enhance support services that individuals are receiving through their departments to help increase successful outcomes.

Capacity is still an issue with bringing this work to scale.

G. SIS-A 2nd Edition and Assessment Modifications

The second version of the SIS-A is now available. BHDDH has been in contact with the American Association on Intellectual and Developmental Disabilities (AAIDD), the publishers of the SIS-A, about scheduling the requisite training to begin administering the 2nd Edition of the assessment. BHDDH will begin conducting assessments with the new version of the SIS-A in June.

In addition to the SIS-A there will be a Questionnaire that is administered by the SIS assessors. This Questionnaire will account for areas in an individual's life that the SIS-A does not pick up. Health Management Associates is working with us to formalize the Questionnaire.

H. Conflict-Free Case Management (CFCM)

A CFCM pilot has been approved by CMS. The Sherlock Center will provide the support necessary to implement this work. They will recruit staff, train, provide guidance, supervision and support, and begin the case management services in July. There will be approximately 600 people who go through the CFCM process July through December 2023.