Frequently Asked Questions for Aging Caregiver and Direct Support Professional Compensation Bill

Is DSP compensation really nearing a crisis?

Yes! The President's Committee for People with Intellectual Disabilities (PCPID) recently issued a report on the national direct support workforce crisis. It states, "substantial investments in community-based long-term services and supports (LTSS) are urgently needed in order to avert a public health crisis by supporting recruitment, sustaining experienced DSPs and providing adequate pre-service preparation and in-service training to ensure quality in the services provided."

According to data from the National Core Indicators Staff Stability Survey, the average annual turnover rate among DSPs is about 45%. Throughout the US, about 35% of DSPs leave their positions in less than six months, and approximately 22% leave within 6–12 months. As a point of comparison, across all industries, as reported by the U.S. Bureau of Labor Statistics (2017), the national average turnover rate is just 3.5 percent. The PCPID report concludes, "the magnitude of this workforce issue is hardly seen in any other industry, thus making running an efficient and effective direct support business nearly impossible."

Alliance has also outlined economic factors related to the DSP Crisis in the 2017 A Perfect Storm for IDD Service Providers document.

Why does this bill address both DSP compensation and the waiting list?

Moving people off the waitlist and the capacity of community providers to serve them are inextricably linked. Often these ideas are pitted against each other, but in order for the system to provide both access to and quality and continuity of care, we must look at these priorities together. The workforce issue has a direct impact on services, including a decision to bring more people into the service system. That's why we feel they should be in the same bill.

Past efforts that eliminated waiver waiting lists without simultaneously addressing system capacity had unintended consequences – by adding more people to an under-funded system, there was more strain on the overall system and less capacity to meet the growing demand for services. For example, since the Supported Living Services waiting list was eliminated, we have seen providers drop out of the SLS market or be increasingly selective about who they can support because the SLS rates don't cover the cost of delivering the services. What this has meant to people with IDD and their families is that, even though they get enrolled into the waiver, they struggle to find providers who are willing to offer services and they continue to wait with unmet needs.

Even though rates in the Developmental Disabilities (or "comprehensive") waiver tend to be better for some services, Colorado's strong economy, low unemployment rate, soaring health insurance costs, growing regulatory demands, and rising minimum wage are all additional strains on the IDD system. IDD providers, unlike other Medicaid providers, rely on Medicaid reimbursement rates for 90%-95% of their funding and cannot bill other payers (like Medicare or private insurance) or charge the consumer to cover costs. If we were to add people to the DD waiver without considering these other impacts and the direct link between access to services and the workforce that provides them, we could be giving people a false promise of help.

Will this money go to CEO salaries or administrative overhead?

No! The bill specifically excludes administrative staff, such as those who work in human resources, information technology, etc., as well as executive leadership from getting an increase in salary or other compensation from the dollars resulting from this rate increase.

Does compensation include hourly wages?

Yes. The definition of compensation is written broadly to include hourly wages, salaries, and contract payments, as well as other types of benefits and taxes.

Why would agencies be allowed to pay for taxes and benefits?

None of us consider *only* the hourly wage or salary when looking at or staying at a job. We also think about what employer-sponsored benefits we receive, such as health insurance, retirement contributions, and other forms of compensation. That is why this bill would increase total compensation for DSPs. Being able to offer DSPs a comprehensive benefit package serves to professionalize the workforce while also giving them and their families access to essential benefits like health and disability insurance. It also takes into account the legitimate business expenses that providers incur and pay as employers. Rates need to be sufficient to cover these employer expenses or providers won't continue to provide services.

For example, if a provider agency gives someone a $1,000 raise, the agency must also pay an additional $150 (15% of that increase) on an ongoing basis to cover increased payroll taxes, Workers Compensation, Unemployment Insurance, and the increased company contribution to their retirement plan. According to the U.S. Bureau of Labor Statistics, employer costs for civilian workers averaged $24.10 per hour worked for wages and salaries, and $11.18 for benefits in March 2017. Health insurance was the largest employer benefit cost at $2.94 per hour worked, accounting for 8.3 percent of total compensation costs. These costs exist for employers in all industries, including IDD.

Funding to cover these extra costs must come from somewhere, and unlike other provider types, IDD providers rely on Medicaid reimbursements for 90%-95% of their funding. Therefore, if these costs can't be paid from the 6.5% reimbursement rate increase, where do those extra dollars come from? Restricting this increase to only a worker's wage or salary would create an unfunded mandate for providers to cover these related costs.

Additionally, some parts of Colorado have the most expensive health insurance costs in the nation. In many of these communities, providers' ability to continue to offer employer-sponsored health insurance is at risk, and costs increasingly must be shifted to employees, including DSPs. In these communities, the rate increase can help to reduce insurance premiums and deductibles for DSPs and ensure their continued coverage.

Why are program supervisors included in this bill?

Based on feedback from our advocacy partners, this bill defines "Direct Support Professional" broadly to include host home providers, family caregivers, and program supervisors. This approach includes workers who interact directly with people accepting supports and recognizes high turnover in these job categories. It also helps to prevent and address wage compression issues, in which a program supervisor may be paid little more than a newly hired DSP. Read below for more information on wage compression.

What is wage compression? How does it relate to this bill?

Wage compression happens when an employer must raise its starting wages in order to recruit employees, but can't afford to pay experienced employees more due to a lack of funding. At some agencies in Colorado, funds are so tight that people who have worked there for 15 years or more are making just 10 cents more per hour than a brand new employee. You can imagine how frustrating it must be for the experienced DSP or program supervisor not to be compensated for their experience and commitment to their job! This is a big reason why many DSPs leave their jobs after only a short time. By allowing program supervisors to get an increase in compensation, this bill ensures that wage compression doesn't become a bigger issue than it already is.

This issue also relates to career advancement opportunities for DSPs. If a DSP can choose to remain in direct support at $14 per hour and have the opportunity to work overtime once a month, they can earn just as much as a salaried supervisor, who isn't eligible for overtime. Why would they ever want to become a supervisor? We believe that DSPs should be rewarded for their service with appropriate career advancement opportunities and that experience and longevity in the job should come with commensurate pay increases and career advancement opportunities.

Are host home providers and family caregivers included in this bill?

Yes. The bill has been drafted to include host home providers and family caregivers in the definition of "Direct Support Professional", as we feel they certainly meet the definition of providing direct supports. As a result, host home providers can also see increases in their contract payments as a result of this rate increase.

How will this increase be distributed?

The money would be allocated as a 6.5% reimbursement rate increase for services on the Supported Living Services, Children's Extensive Supports, and Developmental Disabilities waivers that are delivered by DSPs. In Colorado, IDD providers get paid on a "fee-for-service" basis for all waiver services and case management. That means that they first have to provide a service to an individual, then submit documentation that the service was provided in accordance with the individual's support plan to the Department of Health Care Policy and Financing (HCPF). Once HCPF reviews the claim and determines it eligible for payment, it sends a reimbursement payment to the provider. Providers then use these payments to cover the cost of providing services, including paying their staff and contractors. The reimbursement rates that HCPF pays are set by HCPF and are non-negotiable. Under this bill, providers will continue to provide and bill for the services they provide just like they do today, but they will get a higher reimbursement rate on many of these services beginning in the next state fiscal year. Providers must keep track of how much money they receive as a result of this 6.5% increase, and spend 100% of it on increasing compensation for Direct Support Professionals, as defined in the bill. So, this increase will operate just like other provider rate increases for all of Medicaid, *except* that it would come with all of the described safeguards to ensure providers use it for DSP compensation.

Will this funding go away after fiscal year 2018-19?

No. The bill's fiscal estimate demonstrates that these are ongoing resources, not one-time dollars. The 300 new waiting list resources as well as the rate increase will become part of the regular IDD appropriation in future years. This is important to ensure ongoing availability of the waiver resources as well as maintain the compensation increases DSPs will get in future years. Each year, HCPF requests funding for a predicted number of "reserve capacity" enrollments to serve people needing an emergency enrollment, etc. By adding additional criteria by which individuals can access these reserve-capacity enrollments, we expect that a larger number of these resources will be needed and requested in future years to meet the need of people who have caregivers experiencing issues due to their age or health status.

What are the safeguards to ensure the money is spent on DSP compensation?

The following safeguards are included in the bill language:

- The bill defines not only who the funds *can* be spent on (compensation for program workers, meaning direct support professionals, program supervisors, host home providers, etc.), but also on who and what the funds *can't* be spent on (compensation for administrative workers, including, IT, HR, CEOs, COOs, CFOs, etc.).
- An explicit requirement that providers spend 100% of the increase resulting from this bill on DSP compensation.
- A requirement that providers track and report how they used the funds to HCPF. Providers must also submit an attestation from the Executive level to HCPF that the funds were spent as directed and that the tracking and reporting form was filled out accurately.
- A requirement for HCPF to review how each provider spent the funds using a tracking/reporting tool completed and submitted by each provider. Alliance proposes a tool that tracks increases by position and differentiates between wages and other forms of compensation. If HCPF has concerns about how the funds were spent, it can request and providers must deliver additional information to show how the funds were used.

- A “claw-back” or recoupment measure so that if a provider does not use the funds as required, HCPF will recoup the amount that was used incorrectly.

What happens if the money is not used for DSP compensation?

If the agency chooses not to pass through those funds in compensation or if the funding is used incorrectly, the amount of the rate increases will be recouped by HCPF.

Is there a long-term plan to address the IDD wait list and DSP Crisis?

This bill takes a step toward a long-term plan to address the wait list. First, it would immediately allocate resources to bring 300 individuals off of the “first-come-first-served” waiting list. Because in recent years emergency enrollments have far exceeded expected estimates, these emergencies have absorbed all resources that would otherwise be available to those on the first-come-first-served list through attrition on the waiver (resources that are freed up when an individual moves out of state or passes away). This will provide immediate help to 300 people who have been waiting years or decades for supports without creating concerns about people being able to “jump the line”. These first 300 people are mostly 45 years of age or older, and are most likely to have an aging caregiver. Additionally, the bill directs HCPF to create rules that add caregiver status to the criteria for an emergency enrollment, which will allow more people to access DD resources that way.

Can parents and families be involved in discussions about who comes off the waiting list?

Yes! After hearing concerns from some parent groups, we amended the bill language to direct HCPF to write rules around the caregiver criteria it will consider for emergency enrollments to allow for robust stakeholder feedback. The state’s rulemaking process is inherently a stakeholder process, with opportunities to provide feedback on rules to state agencies during the rule drafting process as well as provide testimony to the rulemaking board itself, which makes the final decision. HCPF already held a series of local listening sessions on the waiting list last year, and we encourage anyone who is interested to participate in the rulemaking process required by this bill. In the meantime, the state will continue to allocate emergency enrollments under its existing processes and criteria and will allocate the 300 new resources for the first-come-first-served category as it always has.

What happens if there are future funding cuts?

In the event that the Colorado General Assembly decides to cut IDD reimbursement rates, nothing in this bill would require that those cuts result in reductions in compensation for DSPs. When this has happened in the past, agencies have done everything they can to avoid making cuts to wages, salaries, and benefits. But, just like any other private company, drastic budget cuts may make these reductions unavoidable. That is why it is the responsibility of the entire

IDD community to ensure that adequate funding is available into the future, both at the state and national levels.

What's the national DSP average wage?

$10.72 per hour. When adjusting for inflation, data shows that the DSP workforce has actually seen their wages decline over time (PHI, 2015). At $10.72, the average DSP who works full time makes below the federal poverty level for a family of four (HHS, 2015). Almost half of DSPs nationally receive publicly funded benefits such as medical, food, or housing assistance (PHI, 2017). Most DSPs must work a second or third job just to pay their bills (Test et al., 2003). Most of the DSPs who leave the profession do so not because of the nature of the work, but because they cannot support their families on the available wages.

What's the Colorado DSP average starting wage?

The average *starting* wage for DSPs in Colorado is $10.91, with many earning just the minimum wage of $10.20 per hour. The average hourly wage for DSPs in Colorado is $12.04

What's the starting wage for DSPs at state-operated institutions?

The starting DSP wage at a Colorado Regional Center is $14.25 per hour, plus PERA and other benefits.

What's the national DSP turnover rate?

45%

What's the Colorado DSP turnover rate?

Colorado currently has an average 39% DSP turnover rate, with some agencies experiencing up to 81% turnover. Each time an agency has to replace a DSP, it costs them between $4,200 and $5,200 in direct and indirect costs.

What is the inflation rate in Colorado?

Colorado's Consumer Price Index (CPI) is projected to be 3.7% this year.