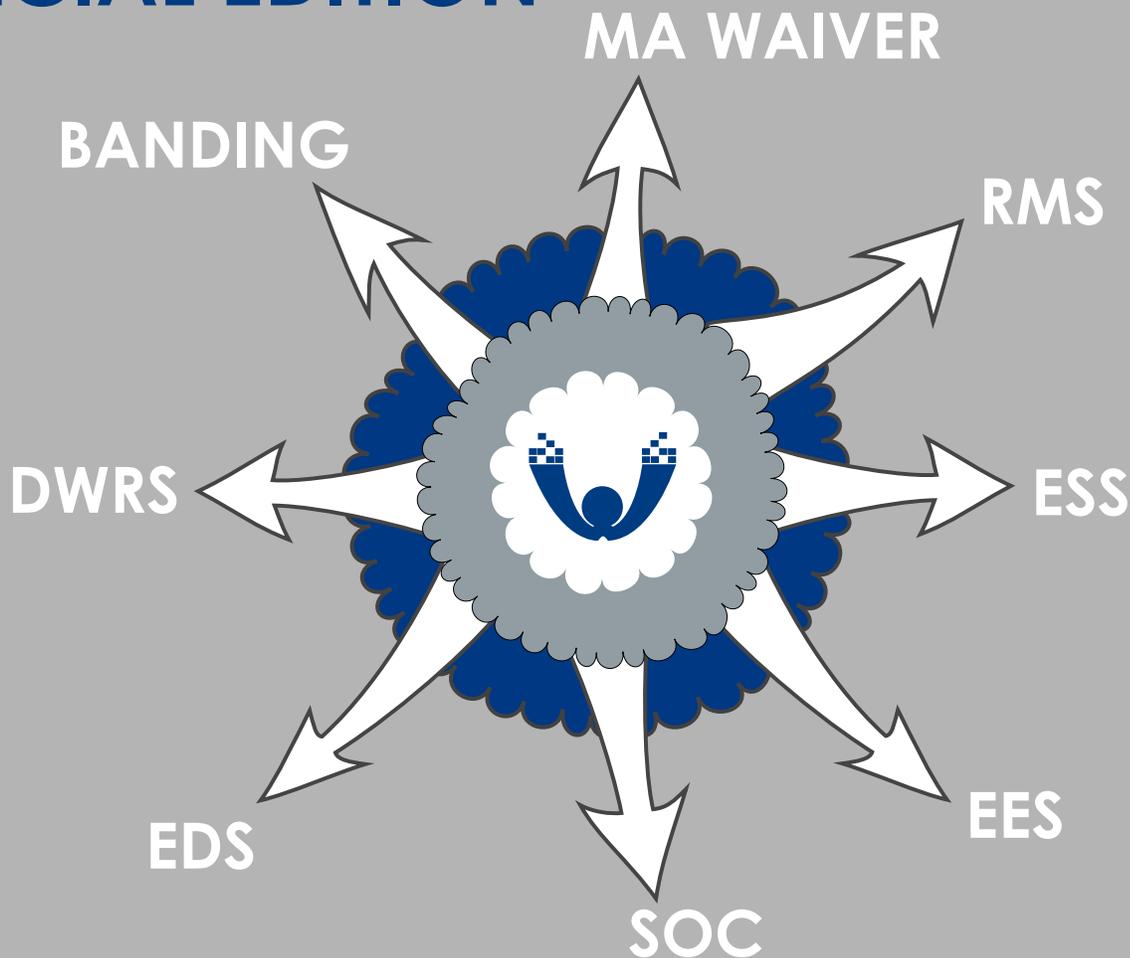




THE BUZZ

For all things newsworthy at WACOSA

SPECIAL EDITION



**INFORMATION OVERLOAD:
MAKING SENSE OF THE 2017 LEGISLATIVE SESSION**

Information Overload

Do you ever feel, given the amount of complex information doled out by meteorologists each morning during your daily serving of Corn Flakes that, once the weather forecast is completed, you still don't really know whether or not to take an umbrella for the day?

Information is often good. Information overload can be paralyzing, especially when generated at the legislative level and shared to the general public. I don't know about you, but in these ever-changing times, I find myself often more confused hearing state legislative news and developments, rather than less. Fortunately, on issues related to Health and Human Services that impact the services we provide, we are led by the very best legislative experts and advocates who spend much of their day at the capitol during legislative sessions, maintaining relationships with our political leaders and keeping the efforts and needs of clients, families and disability service providers ever-present in the minds of Minnesota decision-makers. The confusion I feel is certainly not a reflection on the efforts of our legislative experts to explain politically relevant information. On the contrary. These individuals are the best of the best, when it comes to understanding and relaying changes and developments to those of us who need to know. But if ever the analogy "Counting fish in a barrel" were true, the genuinely complex nature and

often hour-by-hour evolution of what occurs at our state capitol on the Health and Human Services legislative front, confirms this statement to be prophetic. It is my intent, in this brief monologue, to share with ordinary citizens in the clearest way I know, some of the most significant Health and Human Service outcomes related to Day Training and Habilitation (DT&H) services that resulted from this most recent, often complex, legislative session. Whether I can accomplish this remains to be seen. But, I'll do my best. Keep in mind that the outcomes I describe either have already or could eventually impact many of the services you receive, purchase or experience, as a consumer of DT&H services in the state.

Throughout much of the 2017 Legislative Session, significant negotiations by our legislative representatives occurred, leading to the following most noteworthy outcomes. These outcomes represent positions of eventual compromise, many ultimately agreed to in order to move the session forward. As I present them, please keep in mind I am streamlining the information in an effort to avoid the often convoluted specifics that can get many of us so far in the weeds that we miss important information that is most relevant to our particular situation.

DWRS

With the conclusion of the 2017 Minnesota Legislative Session, many of you no doubt heard the acronym "DWRS" used throughout negotiations and discussions surrounding DT&H services. The term may sound daunting. Fear not. The acronym refers to the Disability Waiver Rate System. To fully understand DWRS, take a brief historical journey with me. I promise, I will keep this as short as possible. Pay attention, there may be a test later.

How did we get to where we are today?

Many of the individuals with disabilities, whether you, a person who lives with you, or someone for whom you possibly provide care and support, receive day services and employment assistance from licensed DT&H providers like WACOSA. While these are not the only services WACOSA provides, DT&H represents the largest of WACOSA's training services. This is often the case in other programs like WACOSA across Minnesota, as well. Most individuals who receive these services have their services paid for by funds from the Medical Assistance Waiver (basically Medical Assistance funds, with some of the rules waived). In Minnesota, Medical Assistance funds are the largest funding source for people with disabilities in the state. In WACOSA's case, we receive

approximately 80% of our funding from the Medical Assistance Waiver. The state of Minnesota generates 50% of these dollars from state funds (taxes, etc.), with the remaining 50% generated by a match from the federal government. Since the federal government contributes 50% of these funds to the state, they can attach rules for using these funds. If the state of Minnesota refuses to follow these rules, this funding would likely be withdrawn, creating an insurmountable hardship that, in all likelihood, would cause most programs like WACOSA to shut down. So, when the federal government speaks, the Minnesota Department of Human Services (DHS), along with all providers receiving Medical Assistance funding, listen.

For many years, providers of DT&H services have been paid using Medical Assistance Waiver funding for the services we provide. To provide these services, providers like WACOSA have historically been permitted to charge 3 rates:

- A full day of service;
- A partial day of service;
- A transportation rate to and from service each day.

Keep in mind that, historically, all providers like WACOSA were only permitted to charge a combination of these three rates, regardless of a person's disability, physical needs, challenges, behavioral concerns etc. In other words, an individual receiving services who is very physically needy, perhaps requiring significant daily assistance, may have the same rate charged for them as someone who is more physically able to perform their own cares each day. Having a rate system that could not be tied back to each client's personal needs, at times resulted in similar rates being charged for clients with, oftentimes, very different needs. This inconsistency did not go unnoticed by the federal government, who ultimately directed that a redesign be performed on the rate system that has been used historically.

DWRS enters the picture

In 2014, Minnesota began the implementation of a revised rate system, developed in cooperation with providers, advocates and Minnesota DHS, designed to make rates more individualized for those we serve. The efforts of these groups envisioned rates that considered not only each person's unique needs, but also the additional costs/elements (i.e. staff wages, provider location in the state, building costs etc.) required for each provider like WACOSA to deliver these services. In essence, our funding system would now be moving from 3 rates that could be

charged for DT&H services to literally thousands of rates being charged, each reflecting the very individual needs of the person with a disability being served. The switchover to individualized rates from the pre-existing 3 rates was supposed to be "budget neutral". In other words, no new money would come from the federal government to pay providers to implement this redesigned system. At the same time, no money would be taken away.

Once calculated, these new, individualized rates could either help DT&H providers keep their rates relatively stable or result in rate cuts that could hurt the provider significantly. With the development of the new rate-setting system, agreement was reached that a budget neutrality factor would be included in formulating rate payments. This factor was introduced to help alleviate the sting of some of the cuts providers are expecting to experience. For the purposes of this piece, further explanation related to the complex issue of budget neutrality is likely not necessary. Suffice it to say, however, that given the number of diverse opinions surrounding "budget neutrality", along with the inability to gain agreement related to many of these perspectives, negotiations related to this issue were suspended in favor of other rate work needing to be accomplished.

What is "Banding"?

As we explain DWRS, it is important to understand one additional item. A grace period, also known as a period of "Banding", was approved by the federal government, in order to allow programs like WACOSA to prepare for these coming rate changes and to protect providers from experiencing significant drops in their funding as new rates are introduced. "Banding" was originally approved to last 5 years, with the new individualized rates for clients beginning in 2019. Since that time, the federal government has expanded banding to include a 6th year, with a 7th year currently proposed by the state of Minnesota for approval by the federal government. This 7th year of approval is still pending. Should all banding years be authorized as currently proposed, with no new banding years introduced/authorized, new individualized rates brought about by DWRS would become effective in the year 2021.

During the banding period of 6 to potentially 7 years, a key condition of banding is that no client's individual rate may go up or down more than a certain percent, depending upon the year in question. Additionally, the idea of banding only applies to clients who were being served prior to the implementation of the new individualized Rate Management System (RMS). We might refer to clients served under the old rate system as "grandfathered" in, keeping their banded, or existing rate during this time of transition. Rates for new clients coming in to DT&H services after this time, including school graduates, clients moving in from out-of-state or clients choosing to move from their current program to a new program inside of Minnesota, would no longer have a banded rate, with their new, individualized rate becoming effective immediately upon entering program services.



DWRS Changes

Some actions resulting from the 2017 Legislative Session modified a number of factors that contribute to how individual rates are developed. As a result, many of these modifications, though not specifically related to fixing the issue of budget neutrality, are expected to have a positive effect on future rates for most DT&H service providers. Some of the changes expected to improve new RMS rates are as follows:



SOC CODE CHANGES

As I briefly mentioned, the new RMS rate is determined based upon a complicated formula of legally required information that is, again, really way more information than you need to know to get the gist of the DWRS changes occurring during this recent legislative session. However, one important piece of information used when the new RMS rates were developed relates to information about wages paid to Direct Support Professionals, the individuals who do the hard work of providing training and care for persons with disabilities every day. The specific piece of the rate calculation to which I am referring is based upon the ratio of the number of staff needed to support the clients in an organization, along with wages normally paid to various classes of staff performing similar types of work (i.e. Nursing Assistants, Psychiatric Technicians and Human Services Aides). A variety of other things also go into rate calculations, including consideration of client absences, also referred to as a “Utilization Factor”. The Utilization Factor tells us how well each person with a disability we serve attends or “utilizes” the spot they occupy within the organization’s program. Once compared, job categories, and related information, are used to set wages and benefits for similar types of work. The Bureau of Labor Statistics researches this information and establishes a Standard Occupational Code (SOC)

related to direct service work. Factors like transportation needs, in addition to where providers are located in the state, all contribute to calculating this new RMS rate but are added on at a later time, depending upon each client’s personal needs. An “Inflationary Adjustment” is also considered in setting these rates and will be addressed in one of the final sections of this monologue.

In light of the way new RMS rates are being developed, any change in the formula, or to any of the pieces that make up the formula, can cause drastic swings in rates paid to providers that can either help or hurt an organization. At the close of the 2017 Legislative Session, several changes in the SOC codes approved by the legislature managed to have a positive impact on many provider future rates. These changes are helping to soften the potential loss of revenues expected as the new rate system takes effect.



NEW EMPLOYMENT SERVICES CREATED

In the months and years that follow, providers like WACOSA are anticipating changes in how Minnesota DHS defines DT&H services, along with employment for people with disabilities, in general.

Historically, DT&H services have included all manner of program support, including leisure/recreational activities, various skill-building exercises, volunteering, center-based work and supported employment.

How exactly to define future DT&H services is in the center of numerous discussions these days by both DHS representatives and service providers. Related to these discussions, 5 new service categories were introduced as a part of the 2017 Legislative Session, through which providers can generate revenue by billing for 1 or more of these new service options. While a total of 5 categories were passed into legislation, 3 are specifically employment related, with the final 2 being residential in nature. For the purposes of this piece, and to hopefully help you better understand WACOSA's current situation related to these options, I will only mention the 3 employment-related services. As providers, we expect these services will ultimately have the greatest impact on current and future employment providers. These new services include:

- **Employment Exploration Services:** Services that are community based, with a design on introducing clients to work and exploring new work experiences.
- **Employment Development Services:** Services that are individualized and help people find competitive, integrated employment or begin self-employment of some type.
- **Employment Support Services:** Services that are individualized and help those we serve maintain community employment in an individual or group setting.

As the final language is decided upon, these new service categories are expected to take effect some time in 2018, following all needed approvals, including endorsement by the federal government.

INFLATIONARY ADJUSTMENT

Under Minnesota law, as it is currently written, SOC codes (as noted in the preceding section on SOC Code Changes) are to be updated with the most recent wage information, along with an adjustment made to account for the current inflation rate. These inflationary adjustments must be made according to Minnesota law and must be completed at least one time every 5 years.

While the concept of the inflationary adjustment was somewhat controversial during the 2017 Legislative Session, the final result of the legislation required that such an adjustment be applied as of July 1, 2017. It further affirmed that inflation must be accounted for every 5 years, as was the current practice, and that the next inflationary adjustment would occur on July 1, 2022.



PROVIDER TRANSITION GRANTS

As previously established, some providers continue to project significant rate losses (30% or more) as Minnesota moves from the historical to the individualized rates of the new RMS. Legislation established at the close of the 2017 Legislative Session set aside a pool of grant money that can be accessed by providers that experience a loss of 10% or more as new RMS rates take the place of historical rates. Grant amounts set aside will range from approximately \$30,000 each year in both 2018 and 2019, increasing to approximately \$288,000 for each year in both 2020 and 2021.

This money is not designed to be an on-going source of funding. Instead, it is specifically targeted to provide a measure of stability for persons receiving services who prefer to be served by a particular provider and do not wish to lose the provider's services, should rate changes threaten the provider's ability to deliver service. Specifically, such grant funds are designed to help providers evolve to new, community-based service delivery models which, again are consistent with the overall tone of DHS legislative changes.

OTHER DWRS-RELATED LEGISLATION

Along with the preceding legislative actions, 2017 saw the approval of funds related to a number of studies surrounding a variety of areas including utilization, transportation and individual budgeting, in addition to a Waiver Funding Consolidation study. Regarding the latter, at the present time, Medical Assistance dollars that fund disability-related services can come from 4 different categories of Waiver funding, depending upon the unique needs, career track and qualifications of the client in question. As approved during the 2017 Legislative

Session, research will be conducted to determine the possibility of boiling these 4 funding sources down into only one funding category. Doing so, it is hoped, will invite efficiencies, improve clarity, and streamline the Medical Assistance Waiver billing system, as it currently operates. Since the value of this exercise remains doubtful to many, a related study will hopefully answer some of the questions associated with expending the effort.

In Closing

It is our hope this report helps to clarify some of the key legislative decisions that impact, either now or in the future, programs like WACOSA and those who receive our services. This monologue was not designed to explain every aspect of the 2017 Legislative Session. Rather, its purpose is to help focus attention on the present and future developments that will likely impact the format of DT&H and related services as we have traditionally come to know them. Based upon this information, if you perceive the world of disability-related services to be changing, you are correct. Many of the changes noted in this piece are in keeping with the ever-expanding expectation by both the federal government and Minnesota DHS that disability services become increasingly community referenced and less center-based in the months and years that follow.

At WACOSA, we continue to advocate for and agree with more community orientation, as long as it supports the precept of genuine informed choice for every person that we serve. To the extent that state and federal initiatives fail to take this choice into account, we will continue to champion the voices and desires of those we serve as indispensable in the discussion of any new service directions, regardless of the particular way an individual wishes to make their choices known. We would settle for no less from our elected officials for ourselves and should settle for nothing less for those we serve.

For more information or to view the “2017 Health and Human Services Omnibus Budget Bill” go to:

https://www.senate.mn/departments/scr/billsumm/index.php?summary_type=bill

<http://www.house.leg.state.mn.us/sessiondaily/>

<https://www.minnpost.com/politics-policy/2017/03/everything-you-need-know-about-omnibus-bills-and-why-theyre-so-popular-minne>

<https://www.leg.state.mn.us/leg/faq/faqtoc?subject=12>

<https://www.revisor.mn.gov/laws/?year=2017&type=1&doctype=Chapter&id=6>

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Ceena Johnson

In the Summer, 2015 Buzz, “Change is on the Horizon”, Special Edition, we introduced you to Danny Howard, brother of WACOSA’s Executive Director, Steve Howard. It is with great sadness that the Howard family said goodbye to Danny on June 4th, 2017.

Danny passed away from complications of pneumonia at age 51. He will be greatly missed. This issue was inspired by real family members, like Steve’s parents, who continue to struggle to make sense of the continually changing world of Health and Human Services in which they find themselves these days. “It is becoming increasingly difficult to actively work to support those like Danny who are working hard daily to overcome challenges related to their employment and all other parts of their lives”, shares Ron Howard, Steve and Dan’s father.

“We can only help, as parents, if we understand what’s going to change and what’s at stake. I can’t say that I understand why so many things must change in a Human Services system that worked so well for Dan, especially in recent years. But, it appears that changes are going to continue to occur. So Mom and I will continue to try to help others like Danny, along with their families, to understand the changes that are happening so that individuals like Dan can eventually have the life they choose.” Well said Ron. We could not agree more.



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OUR VISION:

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