DDS Legislative Rate Study Co-Chair Committee Mtg. – 9/2/10

Present: Mickey H; Peter M., Terry M.; Mary McK; Pat B.; Joe D; Janice C (by phone)

The committee reviewed a draft summary of the historical payment system and timelines leading to proposed rate changes. (our thanks to Peter for his work in compiling all this information!) **Peter will e-mail copy to everyone to supplement minutes)**

Recommendations/Suggestions/Discussions regarding report:

- Peter gave an explanation of the reasons for the rate disparity among agencies. Recommend Peter summarize this explanation for the report.
- The draft summary relates primarily to day services, but does include some residential components. Recommend separating day and residential services in the report.
- The committee needs to identify how much information should be in the executive summary and include more detailed information/documentation in the body of the report.
- Consolidate timeline into fiscal years with "bullets" explaining/summarizing events during that year
- Enhance introduction to explain HCBS – why is it important vs. ICF ("person based funding vs. facility based funding") and why state is converting to HCBS
- See Peter/Joe's presentation (on DDS website?) good visual presentation/explanation
- Add Glossary of terms to explain "initials"

Mary also submitted drafts explaining the rationale for changing current payment system and the status of DDS public service system. (see attached)

What is the Problem? Why do providers object to these changes?

- Original plan had some providers losing funding and others gaining funding. Who wins and who loses? What % of services do these changes represent? What is the connection between revenue and wages? (68% of providers would see increases in rates)
- DDS originally proposed 1 rate for all. Rate structure evolved to differing service rates with a staff modifier option. The rate formula is based on an average wage but does not cover the increasing costs of wages/benefits and services. (Pat wrote a draft identifying issues from the provider perspective. Will try to incorporate these into the draft summary)
- Rate structure is only 1 issue that may be addressed – the adequacy of the rates will have a critical negative impact. The ultimate question is "can the provider system survive cuts thru funding changes in the conversion and external funding threats.

Next Steps/Questions:

- The committee needs to start processing info while we are still collecting data
- How do we reach a conclusion in terms of the best way to implement the changes: Uniform rates; phase in thru attrition?;
- Committees are struggling to work out changes in the rate structure for day – but have not begun to address impact of conversion on residential services.
- Conversion will transfer money from some agencies to others. Are those providers who will lose money "overpaid"? "Adequately funded"? Have other characteristics that put them in this category? Is there a correlation between agency size and # of people served and adequacy/impact of rates?
  - No "silver bullet" or clearly identified characteristics
  - No definition of "adequately funded"

- Reallocation of resources should not be considered within the private sector funding only –need to look at reallocation of entire budget (public and private sector)
- Could public reductions be used to raise lower funded private agencies?

We will refine the draft summary report per the recommendations noted above and review at the next meeting. We will determine the extent of the interim report at the next meeting.

Next meeting: Wednesday 9/22/10 from 3:00-5:00 at the DDS South Regional office in Wallingford.