

March 9, 2023

SB 2012 Testimony: DD Provider Rate Increases

Good afternoon Chairman Nelson and members of the Human Resources Division. My name is Mike Remboldt. I am the CEO of HIT, Inc. in Mandan and am a member of NDACP. I am here to testify on behalf of NDACP's 31 members. I will be providing statistics to substantiate our industry's dire situation and to request service payment increases. NDACP is requesting three things: that \$1.88 per hour be added to the Wage component for all services included in the Rate Matrix ("Brick" – which is attached for your convenience), that DD providers receive an annual inflationary increase of 5% each year of the for all DD services biennium (or receive the same % as all other Human Service programs), and that Corporate Guardianship be increased by 30 slots along with an increase in the daily rate. The Rate Matrix is attached to this testimony for your convenience.

In his December 7, 2022, Executive Budget Address, Governor Burgum stated that North Dakota's unemployment was 2.3%, which was tied for third lowest in the nation. Turnover in state government in 2021 was nearly 14%. His office recommended annual increases of 6% and 4% respectively during the next biennium. Governor Burgum is also proposed \$90 million in targeted equity funding to bring targeted agency salaries closer in line with the overall market. The House of Representatives appeared to concur that 14% turnover was unacceptable and that pay increase would help the State remain competitive by granting \$65 million of targeted equity increases to State employees.

These are all recommendations by our Governor and supported by you, to help address employee recruitment and retention issues in State government. NDACP members are experiencing these exact

same issues, but on a much larger scale. I would venture to say that if NDACP's employee turnover was only 14%, we would not be here pleading for payment increases of this magnitude.

During the fiscal year ended 6/30/2022, NDACP members experienced a 47.5% employee turnover rate in our direct line service workers (DSP's). Members reported 1,966 separations out of 4,136 DSP's, with a median length of employment for these 1,966 people being 15 months. That means 983 of these 1,966 people that left did not even stay for 15 months. To compound this high turnover issue, on June 30, 2022, providers also reported 687 open DSP positions. At HIT, we used to get 100 job applications per month, now that number hovers around thirty. NDACP members are experiencing an unprecedented lack of qualified applicants during a time when employee turnover is running at an all-time high.

We are struggling and are finding it increasingly difficult to be able to offer a competitive wage in this exceedingly difficult labor market. I know that our industry is not unique in having to deal with this issue. Our members reported paying \$17.91 as an average hourly rate for employees providing residential services. This number means nothing until you understand that the payment we receive from the State for this service includes a Wage component that is based on an average of \$16.66 per hour. The same story holds true for day services, providers are having to pay an average hourly rate that exceeds the Wage component of the rate that a provider is being paid for this service.

I am going to attempt to explain how our payment system works without getting overly complicated with the intricacies and nuances. The State starts with a composite score for each person by completing a standardized list of questions and probes. This is referred to as the Supports Intensity Scale (SIS) and it is used to determine how many hours of service to pay a provider for each person requiring that particular service. These hours are then multiplied by a rate identified on the Rate Matrix (Brick).

Simply, the Brick is a tool that is used by the State to determine how much to pay a particular provider for a unit of service. A unit of service identified on the Brick is stated in an hourly rate.

Our platform includes a request to increase the fee that our members receive when providing services to some of the most vulnerable members of our society. This fee increase would be accomplished by increasing the Wage component of our service Rate Matrix (Brick) by \$1.88 per hour. When the increase is applied to the Wage component, the other components of the Brick are also adjusted proportionately. The other components included ERE (employer related expenses), Relief Staff, PS (Program Support), and Administration.

Making changes to the Brick will help DD agencies that provide these respective services, which include ICF/ID, Residential Habilitation, Independent Habilitation, Day Habilitation/Pre-Vocational/Small Group, and Individual Employment. While this segment of services includes the largest segment, we must also remember that DD services are much broader and include more services than those identified and paid by the Brick. Other services include, but are not limited to, In-Home Supports and Early Intervention services for children.

The DD Division recently shared the latest DD Grants Utilization Tables. Based on these tables and their projections, the division is projecting to underspend the DD budget grants line item by \$42.8 M. You heard correct; the current DD payment system is costing \$42.8 M less than is budgeted during the current biennium. I believe after transferring \$11 M to LSTC, they are still projecting to spend \$31.8 M less than is budgeted.

In conclusion, NDACP agencies are struggling. We acknowledge that our request is not the end all fix, but we need to stay competitive and not exacerbate the issue. NDACP is requesting 1) \$1.88 per hour be added to the Wage component for all services included in the Rate Matrix, 2) DD providers receive annual inflationary increases of 5% (or the same as everyone else) each year of the biennium for all DD services, and 3) Corporate Guardianships be increased by 30 slots along with an increase in the daily rate. Thank you for giving me the time and opportunity to share some information and statistics about our industry's employee recruitment and retention dilemma.

State of North Dakota
Rate Matrix
 Fully Loaded Hour Value: "The Brick"

Effective
 January 1, 2023

2%
 Vacancy

Column Reference :	o	D	E	F	G	H	I	J	K	L	M	N	o	F	At
Component Driven		Wage	ERE	D X E ERE \$	D + F Sub	Relief Staff	G x H Relief \$	G + I Sub	P S	D x K PS \$	J + L Sub	Gross * 10%	With V Factor	%	Funded %
Residential Services															
ICF-ID	d	\$18.26	35.1%	\$6.41	\$24.67	14.0%	\$3.45	\$28.12	87.2%	\$15.92	\$44.04	\$48.93	\$49.93	89.7%	\$44.79
ICF-ID Medically Involved	d	\$18.26	35.1%	\$6.41	\$24.67	14.0%	\$3.44	\$28.11	166.0%	\$30.31	\$58.42	\$64.91	\$66.23	89.7%	\$59.41
ICF-ID Medically Intensive	d	\$18.26	35.1%	\$6.41	\$24.67	14.0%	\$3.44	\$28.11	244.0%	\$44.55	\$72.66	\$80.73	\$82.38	89.7%	\$73.89
Residential Habilitation	d	\$18.34	35.1%	\$6.44	\$24.78	14.0%	\$3.47	\$28.25	39.6%	\$7.26	\$35.51	\$39.45	\$40.26	91.5%	\$36.83
*Res Medical Acuity - Level 1	d	\$18.34	35.1%	\$6.44	\$24.78	14.0%	\$3.47	\$28.25	42.7%	\$7.83	\$36.08	\$40.09	\$40.91	91.5%	\$37.43
*Res Medical Acuity - Level 2	d	\$18.34	35.1%	\$6.44	\$24.78	14.0%	\$3.47	\$28.25	64.7%	\$11.87	\$40.12	\$44.57	\$45.48	91.5%	\$41.61
*Res Medical Acuity - Level 3	d	\$18.34	35.1%	\$6.44	\$24.78	14.0%	\$3.47	\$28.25	92.1%	\$16.89	\$45.14	\$50.15	\$51.17	91.5%	\$46.82
Independent Habilitation	h	\$18.37	35.1%	\$6.45	\$24.82	14.0%	\$3.47	\$28.29	36.1%	\$6.63	\$34.92	\$38.80	\$38.80	100.0%	\$38.80
Vocational/Day Services															
Day Habilitation	h	\$18.32	35.1%	\$6.43	\$24.75	14.0%	\$3.47	\$28.22	56.7%	\$10.39	\$38.61	\$42.90	\$42.90	100.0%	\$42.90
Prevocational Services	h	\$18.32	35.1%	\$6.43	\$24.75	14.0%	\$3.47	\$28.22	56.7%	\$10.39	\$38.61	\$42.90	\$42.90	100.0%	\$42.90
Small Group Employment Supports	h	\$18.32	35.1%	\$6.43	\$24.75	14.0%	\$3.47	\$28.22	56.7%	\$10.39	\$38.61	\$42.90	\$42.90	100.0%	\$42.90
*Day/Voc Medical Acuity - Level 1	h	\$18.32	35.1%	\$6.43	\$24.75	14.0%	\$3.47	\$28.22	63.6%	\$11.65	\$39.87	\$44.30	\$44.30	100.0%	\$44.30
*Day/Voc Medical Acuity - Level 2	h	\$18.32	35.1%	\$6.43	\$24.75	14.0%	\$3.47	\$28.22	69.4%	\$12.71	\$40.93	\$45.48	\$45.48	100.0%	\$45.48
*Day/Voc Medical Acuity - Level 3	h	\$18.32	35.1%	\$6.43	\$24.75	14.0%	\$3.47	\$28.22	77.8%	\$14.25	\$42.47	\$47.19	\$47.19	100.0%	\$47.19
Individual Employment Supports	h	\$24.36	35.1%	\$8.55	\$32.91	14.0%	\$4.61	\$37.52	23.1%	\$5.63	\$43.15	\$47.94	\$47.94	100.0%	\$47.94

* Medical Acuity Tiers may be applied to individuals with a SIS Medical Score of 15 or higher and is available to a qualifying provider in Residential Habilitation, Day Habilitation, Prevocational Services, and Small Group Employment Supports only.

1/1/2023 - As directed by the legislature the Residential Habilitation rate has been adjusted through the funded percentage.