

March 14, 2025

HB 2012 Testimony: DD Provider Rates

Good morning Chairman Dever and members of the Senate Appropriations Human Resources Division.

My name is Mike Remboldt, I am the CEO of HIT, Inc. in Mandan and one of the 31 DD providers that belong to NDACP. I am here to testify on behalf of NDACP by providing information and statistics that support our requests. My testimony will include four requests:

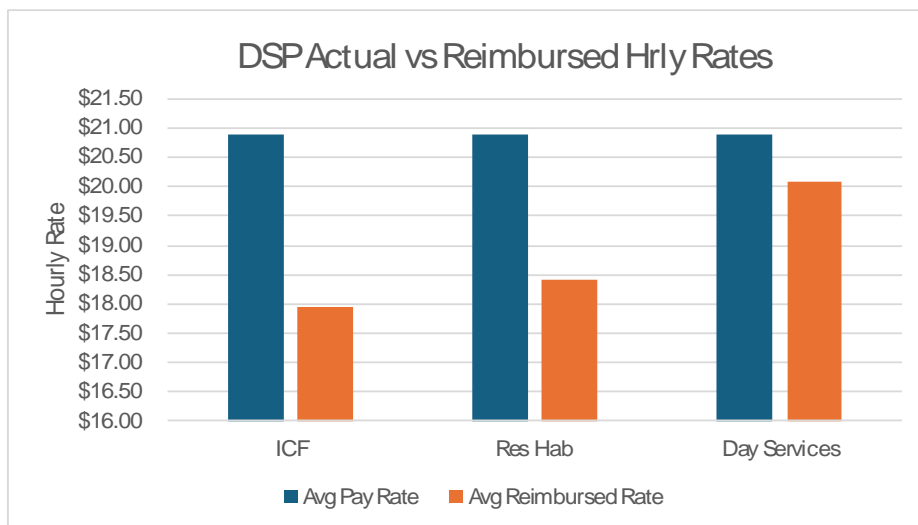
1. Funding ICF and Residential Habilitation (Res Hab) services at 100% of computed/intended rates.
2. Providing annual inflationary increases of 4% in the first year and 3% in the second year of the biennium for all DD services.

During the twelve month period ended 6/30/2024, sixteen of the NDACP member organizations (sample included all geographic areas of State and various size providers) reported a Direct Support Professional (DSP) **turnover rate of 28.18% (177/628) in day services with a median stay of 12 months, and 45.04% in residential services (931/2,067) with a median stay of only 8 months (465 left before 8 months)**. To compound this high turnover issue, Day Service providers reported a 7.2% vacancy rate (45 open positions) and Residential Service providers reported a 14.3% vacancy rate (296 open positions).

NDACP members are struggling and are finding it increasingly difficult to be able to offer a competitive wage in this difficult labor market. I know that our industry is not the only one with this issue. Our members report paying **\$20.89 as an average hourly rate** for DSPs. This number means nothing until you understand that the **payment we receive** from the State for these services includes the hourly wage component of **\$20.02 for day services, \$18.41 for Res Hab services, and only \$17.96 per hour for ICF services**.

Fund ICF and Res Hab Services at 100% of Computed/Intended Rates

We are requesting that the State follow through with their commitment to the payment system and providers by fully funding the ICF and Res Hab rates consistent with the rate methodology original design. When the Sate implemented the new payment system on April 1, 2018, they decided to not fully fund ICF and Res Hab rates solely because they wanted the payment system to be budget neutral at the time of implementation. The DD Section’s solution was to only fund **ICF’s at 89.7%** and **Res Hab’s at 91.6%** of the rates, and we are still living with these “Funded Percentages.” The hourly staff paid/reimbursed rate for these services **should be \$20.02 for ICF and \$20.10 for Res Hab**, but because of the “funded percentages”, providers are only paid a wage rate of **\$17.96 for ICFs and \$18.41 for Res Hab**. By comparison, Day Services rates are fully funded (100%) with a wage rate of \$20.08 per staff intervention hour. **Remember, providers are paying \$20.89/hour on average, which means our payrates are all greater than the reimbursed payrates.**



To explain further, the rates (Rate Matrix) are driven off an hourly rate for DSPs with percentages added on for fringe benefits, relief staff, program support, and administration. About 70% (Wages, Fringe Benefits, & Relief Staff) of the total rate providers are paid/reimbursed is for direct care intervention staff while providers are spending 78% of their expenses on wages and benefits. When the direct care

rate is underfunded, all other costs of operation are also underfunded, exemplifying the financial hardship.

Annual Inflationary Increases of 4% & 3% for the respective years of the biennium

Per the **Federal Reserve Bank of Minneapolis, the CPI for 2023-2024 was 4.1% and 3.2%, respectively.**

We are requesting reasonable annual inflationary increases to help our providers remain competitive.

Our members can share horror stories about health insurance premiums increasing 15-40%, property/liability insurance premiums increasing by 25-50%, and the amount of hours/\$ being paid out in overtime. We all know what has happened to food, vehicle, and supply costs. Based on recent DD payment data, NDACP member Providers have seen their revenues **increase by 17.93% during the last 7 years, which averages out to an annual increase of only 2.5% +/- per year.** This revenue increase also includes caseload growth and is not just an increase in payments for the same number of people. These increases over the last 7 years (implementation of the new payment system) paid to providers are extremely modest.

In conclusion, my testimony on behalf of NDACP is requesting your help with these four items:

1. Fund ICF and Residential Habilitation services at 100% of computed/intended rates,
2. Provide an annual inflationary increase of 4% in the first year and 3% in the second year of the biennium for all DD services,

Thank you for the opportunity to submit testimony on behalf of NDACP and HIT, Inc.