



February 27, 2023

The Honorable Dr. Joaquin Arambula
Chair, Budget Subcommittee No. 1 Health and Human Services
1021 O Street, Suite 8130
Sacramento, CA 95814

RE: Independent Living Services Rates

Dear Chair Arambula:

I am writing to urge Assembly Budget Subcommittee No. 1 on Health and Human Services to resolve the looming rate cut for Independent Living Services (ILS) providers, which is estimated to require a state investment of \$40 to \$50 million.

During my tenure in this Budget Subcommittee, I have supported the examination and reform of developmental services rates and the acceleration of the Department of Developmental Services' 2019 rate study implementation, which occurred as part of last year's budget process.

However, I am concerned that the Governor's 2023-24 proposed budget does not address a longstanding concern with the ILS rates as part of the implementation of this package. The 2019 rate study provided a roadmap to evaluate service provider rates, but the study also included an error when it assigned rates to ILS. As a result of the error, ILS providers will receive a rate cut when the rate package is fully implemented. This impending rate cut is already leading to Home and Community Based Services compliant ILS programs across the state beginning to close.

ILS providers are skilled life coaches and instructors, teaching people with intellectual and developmental disabilities how to live independently in a safe, supported, and person-centered environment. As the person with intellectual and developmental disabilities learns additional skills, they can lead more independent lives and reduce their reliance on other support services. But the rate study misclassified these ILS Direct Support Professionals, essentially reducing their compensation rates to that of lower skilled workers like personal care aides. The Legislative Analyst's Office noted this issue in their analysis of developmental services rates in 2019 and again in 2023, noting that "some rate models may be inappropriate. This is most evident in the rate for Independent

Living Services, which assumes staffing costs equivalent to Supported Living Services despite the former being a much more intensive service model.”

While the near-term cost to rectify this error has been initially estimated at \$40-50 million, failing to rectify this error will increase state costs over time and potentially propel individuals in need of ILS services into a crisis. It would be shortsighted for the state to focus solely on these near-term estimates, ignoring the preventative nature of properly resourcing providers delivering the appropriate level of service to consumers in need. Beyond the potential for these consumers to need costly and destabilizing crisis interventions, individuals may also be forced into developmentally inappropriate programs with greater hourly usage, increasing state costs in the long-term. Furthermore, we know when providers close, we lose the workforce, and it is nearly impossible to resurrect services and programs once they have closed.

In the continuum of developmental services, ILS provides consumers with the greatest measure of independence, allowing them the freedom to live independently to the greatest extent possible. Losing these services due to the rate study will affect the everyday lives of the approximately 20,000 consumers receiving ILS. While I cannot speculate on the impacts to their health, well-being and dignity, there will undoubtedly be effects.

For the reasons detailed above, I urge the Subcommittee to appropriate the required level of resources to fix this error and amend the ILS rate to prevent the cut.

Thank you for consideration of this request.

Sincerely,

A handwritten signature in black ink that reads "Jim Wood". The signature is written in a cursive style with a long horizontal flourish at the end.

Jim Wood
Assemblymember, 2nd District

cc: Christian Griffith, Chief Consultant, Assembly Budget Committee
Nicole Vazquez, Consultant, Assembly Budget Committee