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Save Independent Living Skills Services

Fix the Service Rate

Fix the Rate Study ILS Mismatch

Don't force people to use more expensive services that lower their quality of life. Match services with people's needs.

The Rate Study set the Independent Living Skills (ILS) rate using a mismatch of services. The study compared ILS training services to personal attendant services. This mismatch results in using a much lower wage than instructors across California earn, miscalculating the rate needed by agencies to pay their ILS instructors. The new rate being applied is forcing ILS agencies out of business, pushing people with developmental disabilities into services that don't give them the training to live independently. These individuals' quality of life is lower, the costs are higher, and their dependency on state services increase. We can solve this problem by fixing the mismatch, recalculating the rate, and restoring the services people need to live independently. The California Community Living Network has a clear plan for the fix.

The current dilemma regarding ILS rates comes from a lack of understanding about how a service's purpose, deliverables, outcomes, and rates are related. In an efficient social service delivery system, these four parts of the system are designed to maximize the usefulness to service recipients. The right investments in different services become more cost effective when less service units are used. A service may cost more per unit but cost less over the term of service delivery when less service units are needed. Of course, to even have this discussion, different service deliverables (what the services provide) need to be assigned to different service types. The result is a mismatch of services for the rate calculation—placing the ILS rate too low. This low rate is forcing a mismatch of services, where people are forced to use services that don't fit their needs as ILS become unavailable due to agency shutdowns.

Here we arrive at one of the basic issues we face in the IDD service system: lack of clear and consistent service deliverables by service type. This lack of service definition is the reason why the DDS Rate Study claims that ILS is overpriced, comparing it to services in other states that have radically different deliverables than California's ILS services.

This lack of service clarity also puts pressure on ILS rates. Fiscal analysts look at the ILS rate and see it costs more than Supported Living Service (SLS), Personal Assistance, and Respite. If one assumes all services do the same thing, then the obvious way to control costs is to lower the ILS rates and cut down its utilization.

I will call the approach outlined above the 'fee-for-service' approach: identifying different services through different names and prices only. This approach is radically different than a service outcome

Choosing a service by only comparing rates per hour assumes each service provides the same thing. Yet, different services deliver different outcomes for people with different needs and abilities.

approach. What is a 'service outcome approach'? A service outcome approach identifies services by results of a service and how those results are used by individuals receiving those services. A service outcome approach identifies different services by what they do. For example, Independent Living Skills (ILS) trains people with IDD to become as independent as possible. For example, an ILS instructor would train a person to go shopping at a grocery store. Supported Living Service (SLS) serves individuals by engaging in activities with the person, supporting them throughout the activity. An SLS provider would go to the grocery store with the person every time they needed to go. The two services are for people with different levels of IDD. Since ILS and SLS services are different, the DSPs delivering the service need different skill sets. ILS skills involve training someone that can learn independent living skills, whereas SLS skills are focused on monitoring health and safety and assisting in activities of daily living. Notice that in the service outcome approach, *the price does not differentiate the services*. The price is determined based on what the service *is*, comparing the service to similar services in the marketplace.

The Rate Study did not focus on service outcomes, taking an "indirect" approach to outcomes citing the difficulty in measurement:

> "The Rate Study, "…rather than seeking to define specific outcomes and a framework for measuring these outcomes", uses "elements that are indirect" consisting of adequate rates, DSP wages, training, and nonbillable time."[1]

The Rate Study chose their indirect approach because of the "lack of agreement" on IDD outcomes:

> "…there has been relatively little progress in tying HCBS payments to quality and outcomes. This is due, in part, to a lack of agreement on what should be measured and how to conduct the measurement. Whereas quality outcomes are both identifiable and measurable in the medical care field (for example, there are well-defined standards related to preventative care, disease management, preventing errors such as hospital-acquired infections and readmissions, etc.), the goals of HCBS are less clear or, at least, less measurable."[2]

The Rate Study takes a fee-for-service approach, which is at the root of its mistakes in setting ILS rates—with disastrous consequences.

While avoiding specific service outcomes, the Rate Study did identify occupations that ILS instructor's claim are comparable to what ILS instructors do. Since the work of the ILS instructor is the service that ILS provides, the Rate Study in effect identifies the general service outcomes for ILS. Unfortunately, the occupations chosen by the Rate Study do not match the services provided by ILS instructors. If ILS instructors did what the Rate Study says they do, they would not be delivering ILS services. The Occupational Comparison Chart (see attached financial analysis) clearly shows that ILS instructors deliver services that are very different than the occupations chosen by the Rate Study.

[1] *DDS Vendor Rate Study and Rate Models*, March 15, 2019, Burns and Associates, Page 57
[2] *DDS Vendor Rate Study and Rate Models*, March 15, 2019, Burns and Associates, Page 57

It is not an accident that the Rate Study's occupations are paid much less than the occupations that represent the services that ILS instructors provide. The goal of lower wages (and therefore lower rates) was chosen before the comparable occupations were chosen:

> "Figure 1-6 shows that California's rates for these core services are generally lower than those paid in other states, except for independent living program rates that are in the range paid by other states. The findings from the rate comparison suggest that the existing rates *may* affect the stability and quality of providers.[14] However, the inconsistent use of service codes across Regional Centers makes it difficult to compare service usage across the State."[3]

This chart is then displayed:

Figure 1-6: Comparison of Select HCBS Payment Rates in California and Four Other Western States

State	Residential (per month)[a]	Day Habilitation (per day)[b]	In-Home Supports (per hour)
California[c]	Comm. Care Facility, 4 or Fewer Beds $3,674 – $8,170	Adult Develop. Center/ Adult Activity Center $28.74 – $74.15	Independent Living Program $25.41 – $48.74
Arizona[d]	Habilitation, Group Home, 4 Residents $1,328 – $9,999	Day Treatment and Training, Adult $39.90 – $68.16	Habilitation, Support $21.81 – $22.43
Hawaii[e]		Adult Day Health/ Community Learning $64.80 – $175.44	Personal Asst./ Habilitation $29.84 – $34.56
New Mexico[f]	Supported Living $5,947 – $11,931	Custom. Comm. Supp. $64.32 - $96.48	Custom. In-Home Supp. $27.48
Oregon[g]	Adult 24-Hr. Residential, 4-5 Residents $5,455 – $12,008	Day Support Activity $53.40 – $156.06	Attendant Care $27.28

Note how ILS is compared to services in different States with different names. There is no description for these services.

What services are "Habilitation, Support, Personal Assis./Habilitation, Custom In-Home Supp., and Attendant Care"? The names of these service certainly don't sound like they included training. We are not told; we are only told that the California ILS rate is high compared to these services. *No definition of ILS services is provided, nor of any of the out-of-state services that are compared with California ILS.* The singling out of ILS at the beginning of the report in the rate methodology section is unusual. Apparently, the study has identified a cost overrun before the service is fully examined.

The Rate Study mismatches ILS services to out-of-state services that don't match what ILS does. The result: the Study claims ILS rates are too high without comparing the service to similar California services.

The Rate Study narrative goes through an examination of each service type later in the report, and provides a definition of ILS when discussing that rate, fifty pages after the out-of-state analysis:

[3] *DDS Vendor Rate Study and Rate Models*, Burns and Associates, March 15, 2019, page 12

> "The service teaches consumers to live independently and/or provide the supports necessary for the consumer to maintain a self-sustaining, independent-living situation in the community."[4]

Here we have a basic, although very general, definition of what ILS is. The service is identified as a training program. We agree with this definition. To deliver a training service, an agency needs trainers. The occupation of instructor is the appropriate match for this service. Yet, the study does not use any trainer occupations, nor does it use any counselor or social service coordination occupations. Instead, the Study chooses occupations that do not deliver training, counseling, or social service facilitation. The Study chooses occupations delivering recreational and personal assistance tasks.

ILS services provide training so persons can perform tasks independently. ILS instructors' wages must be compared with other instructors' wages. The Rate Study compares ILS Instructors' wages to personal attendants. This mismatch results in using the wrong wage to calculate rates.

The Rate Study identified ILS rates as too high at the beginning of the study through an inter-state comparison of services that were not defined. Then, even though the Study later defines ILS as a training service, it did not choose training occupations to calculate a competitive wage for the ILS rate calculation. The overall impression regarding ILS rate settings is one where the goal was to lower the rate because ILS per-unit (hour) rates are higher than other services, such as SLS, Respite, and Personal Assistance. But the motivation to control costs is detached from what the service does; demonstrating that the Study takes a fee-for-service approach, only focusing on per-unit cost and utilization.

Using the fee-for-service approach, the Rate Study's calculates the ILS rate using occupations that pay lower than training and counseling wages. The low rate makes it impossible to pay a competitive wage that can attract ILS instructors. The ILS rate that is now being implemented has had disastrous results, with shutdowns of major agencies that have been providing the service for decades.

What will happen to service utilization and quality of life outcomes? Individuals receiving services will move from ILS to SLS. Service utilization will go up, and quality of life outcomes will go down. If ILS is not provided, service users will switch to SLS, and the DSPs delivering SLS will accompany individuals during all major activities, using at least triple the number of hours used—or even more. Service users will not be trained to do things independently, and that means lower quality of life outcomes.

The increase in service units used will make the overall cost more expensive—the exact opposite of what the study tried to achieve by lowering ILS rates. Fee-for-service approaches run counter to Center for Medicare and Medicaid Services' goal of switching to an outcome-based rate model (in their terms, "value-based purchasing"). Medicaid defines an outcome-based approach as: "…any activity a state Medicaid program undertakes to hold a provider or a managed care

[4] *DDS Vendor Rate Study and Rate Models*, Burns and Associates, March 15, 2019, page 60

organization accountable for the costs and quality of care they provide or pay for." Medicaid highlights disability service costs as the primary driving factor:

> **"Why are states pursuing value-based purchasing?** States, like other stakeholders, recognize that rising costs of health care in the United States are unsustainable. The rapid growth in health care costs is especially problematic for state Medicaid programs, which serve the nation's most complex and high-need populations, such as adults and children with disabilities, individuals with long-term services and support needs, and those with serious and persistent mental illness."[5]

Traditional fee-for-service "rewards the volume of care delivered"[6] and is responsible for wasting money:

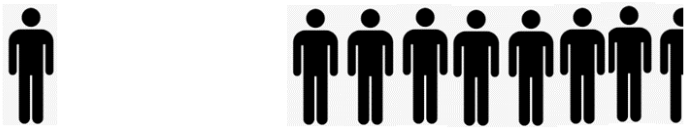
> "States also recognize that longstanding fee-for-service payment to providers has been responsible for a lack of coordination in the delivery system and poor health outcomes. It incentivizes providers to deliver a high volume of services, without financial rewards for coordinating a patient's care. This has resulted in duplication of services and fragmented care delivery, especially for Medicaid beneficiaries with the most complex physical and behavioral health needs."[7]

The above quote describes exactly what the Rate Study has done with ILS: it looks at the per-unit cost, ignores the outcomes for ILS, and is now driving down ILS utilization without realizing that lowering ILS utilization will drive SLS utilization to much higher levels. The result: increased costs for the DDS service system. As ILS service decreases, SLS service will increase because service users will need that service as a replacement. *SLS services cost nine times as much as ILS services--$58,000 more per year* (see accompanying financial analysis. Our rate adjustment increases ILS costs by 20%, which means SLS will still cost seven-and-a-half times more than ILS.

CCLN has shown how to match ILS instructors' work with other California instructors to fix the ILS rate. We also recalculate the rate using the Rate Study's own method. See our attached fiscal analysis and letter to the State.

For Every One Person Served with SLS, the State Can Serve 7.5 people in ILS
Even with CCLN's Proposed ILS Rate Adjustment to $51.19

Supported Living Services | Independent Living Skills



Even if the typical ILS service user that is being forced into SLS used only three times as much SLS services, these SLS services will cost more than double the cost of ILS.

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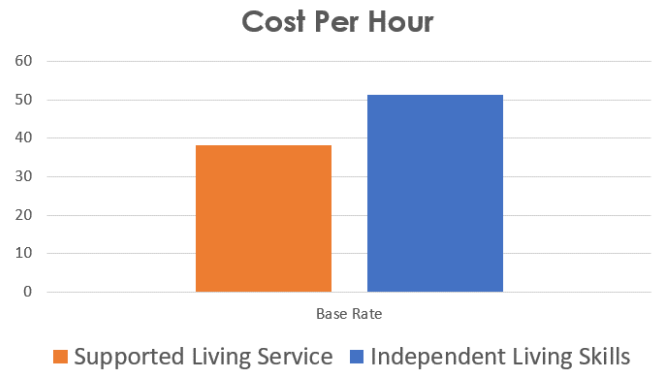
[5] *Medicaid Value-based Purchasing: What Is It & Why Does It Matter?* Value-Based Purchasing Snapshot, January 2017, National Association of Medicaid Directors, pg. 1-2.

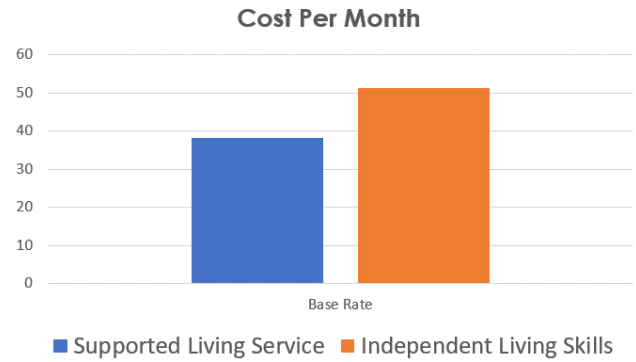
[6] Ibid. pg. 1. NAMD also states that value-based purchasing should be "implemented for all types of Medicaid delivery systems, including fee-for-service."

[7] Ibid. pg. 2.

After the Fix ILS will still cost less than SLS



With CCLN's proposed rate of $51.19 per hour, the *per hour cost for ILS is higher than the per-hour cost SLS services*. The increase creates a sustainable ILS rate and stops people from switching to SLS as agencies stop offering ILS.



Yet, even estimating that ILS service users who shift to SLS will only use 35% of the average SLS utilization, the *ILS cost per person is 36% lower than the SLS cost, even at the prposed ILS rate of $51.19 per hour.*

Does the fact that ILS is less expensive mean that everyone should use ILS? Of ourse not. ILS and SLS are two different types of services with different deliverables. CCLN clearly defined this years ago in their Competitive Wage report.[8] These services support persons with different needs and are used differently to achieve their chosen ways of life. Raising the ILS rate will allow individuals to use this service when they need it and save the State money at the same time.

It is time to adopt an outcome-based approach so we can deliever fiscally responsible and effectivve services for each individual with developmental disabilites.

Fix the mismatch by using California instructors' wages to calculate the ILS rate so that agencies can provide the training people with developmental disabilities need.

[8] The DSP Competitive Wage Study, Gallagher Inc. pages 19-20 https://www.ccln.org/resources/Documents/The%20DSP%20Staff%20Competitive%20Wage%20Matrix%20-%20A%20Market%20Rate%20Analysis%20of%20%20DSP%20Staff%20Compensation%20-%20Published%201-24-2019.pdf. Gallagher Inc. is an international firm providing research and analysis in wage and benefit issues.