ADDCP
ASSOCIATION OF DEVELOPMENTAL DISABILITIES COMMUNITY PROVIDERS
PO BOX 30444, ALBUQUERQUE, NEW MEXICO 87190 • PHONE 505.232.2238 • FAX 505.232.2254

August 15, 2014

DISABIILITY CONCERNS SUBCOMMITTEE
LEGISLATIVE HEALTH AND HUMAN SERVICES COMMITTEE

FAMILY INFANT TODDLER
DEVELOPMENTAL DISABILITY STATE GENERAL FUND
DEVELOPMENTAL DISABILITY MEDICAID WAIVER

The Association of Developmental Disabilities Community Providers (ADDCP) is a state wide organization of community based agencies that offer an array of quality, core service options to children, with or at risk of developmental delays and disabilities, and children and adults with developmental disabilities.

For many years, as the Department of Health has implemented changes to the service systems, we have attempted to work collaboratively with them and the Legislature to address the need for adequate funding for developmental delay and disability services.

Provider agencies are currently working under **"SURVIVAL MODE"** conditions due to rate cuts and/or the lack of adequate, predictable, annual rate increases that are necessary to the continued provision of quality services.

ADDCP Members firmly believe that the developmental delay and disability service systems are **UNSUSTAINABLE** due to the constantly increasing unfunded mandates, high expectations and the lack of sustainable rate increases throughout the years.

* Provider agencies continue to suffer due to increased operating costs, expectations and demands;
* Service systems are becoming more complex and expensive to maintain due to increased rules, regulations and unfunded mandates;
* Many agencies have reduced staffing levels through lay-offs and/or by not filling vacant positions;
* Staff salaries and benefits are not competitive, leading to difficulties in retaining and recruiting willing, caring, qualified employees;
* ADDCP continues to advocate for "living wages" for staff, but providers are further burdened by mandated increases in minimum wages that are not funded.

We recommend that the Department of Health:
* OPT to provide reimbursement rates that truly meet the costs of operations and compliance, and that are SUSTAINABLE;
* RECOGNIZE that current rates do not cover service system mandates and expectations;
* RECOGNIZE that staff salaries and benefits are inadequately funded to maintain and recruit a high caliber work force;
* REDUCE THE BURDEN through revisions in regulations, service standards and expectations;
* ADVOCATE with the Executive and the Legislature for adequate funding of services by requesting rate increases in their annual budget request.

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DISABILITY CONCERNS SUBCOMMITTEE

FAMILY INFANT TODDLER PROGRAM

Key Issues:

The Family Infant Toddler (FIT) program, administered by the Department of Health (DOH), provides services to young children, with or at risk of, developmental delays and disabilities.

Professional early intervention services are provided to eligible children from birth to the child's third birthday. Early Interventionists and Therapists educate parents on their child's delays and/or disabilities and are taught how to promote their child's abilities.

An independent cost study on FIT services was conducted in 2003. The cost study recommendations have never been fully funded. Approximately $9,000,000 State General Fund dollars are needed to fully fund the costs associated with the provision of FIT services.

* FIT services are provided to more than 13,000 children throughout the State; more than 1 in 10 New Mexican children benefit from FIT services;
* Services are provided through a network of community provides that serve families in all counties and Native American communities in our State;
* Referrals are received from parents, medical providers, social service personnel and child care programs, insuring that early intervention is provided when a child's developing brain is most capable of change;
* Families are educated on their child's delays and/or disabilities and learn how to promote their child's abilities;
* Because of the success of the FIT program, the need for additional, costly services may be decreased or eliminated;

* The FIT program has received only 2, minimal rate increases in the last 10 years;
* Providers have difficulties in retaining and recruiting professional, qualified staff and cannot compete with salaries and benefits paid by hospitals, public schools and other entities providing early intervention and/or therapy services;
* Responsibilities, unfunded mandates and costs associated with compliance have continued to increase over the years.

Recommendations:

* Fund the FIT cost study in two phases;
* Phase 1 - $5,000,000; Phase 2 - $4,000,000;
* Request that the Department of Health request annual rate increases in their budget request to the Executive and Legislature;
* Analyze and prepare a cost report for all additional mandates imposed on the service system

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DISABILITY CONCERNS SUBCOMMITTEE

DEVELOPMENTAL DISABILITY MEDICAID WAIVER PROGRAM

Key Issues:

The newly implemented changes to the Developmental Disability Waiver (DDMW) program were paired with new rates for services that are inadequate to support the service system. Because of these changes, reductions in service packages and cuts in reimbursement rates for some critical, core services, the long-term provider sustainability is threatened by record deficits that providers are experiencing.

* The technical and reporting errors in the 2011 cost survey, utilized by Burns and Associations to establish new rates, have not been rectified and data submitted by providers has never been audited;
* 75% of providers' operating budgets are personnel costs, which is the area that is most impacted by reduced funding;
* Direct care professional staff salaries are so low that many of them, and their families, are eligible for State assistance programs such as food stamps and Medicaid;
* Regulated duties continue to increase, resulting in lower staff retention rates and a lack of qualified applicants to fill vacant staff positions;
* Ongoing annual increases in the costs of goods and services limit staff and agency purchasing power;
* A disproportionately high percentage of operating costs and staff time are dedicated to compliance, eroding resources available to support individuals.

There is no evidence indicating that the complexity of the recently implemented DDMW service system has improved the lives of New Mexican's with Intellectual and Developmental Disabilities (IDD), but there is ample evidence that supports for service recipients have deteriorated.

Recommendations for the Department of Health (DOH):

* **IMMEDIATELY** adjust the rates so that providers are properly reimbursed at sustainable levels to cover compliance costs;
* **INCLUDE** annual rate adjustments in the DOH budget request for the 2015 Legislative Session;
* **TAKE THE INITIATIVE** to lead a coordinated effort to streamline practices, simplify the system and reduce compliance costs in order to maximize the efficiency and effectiveness of Medicaid dollars;

Conclusion:

Providers have no clear understanding of the State's system and the State has no clear knowledge of provider operations. Without a mutual understanding of our relationship and the responsibilities and processes of each stakeholder, neither party can define and implement **effective, sustainable** changes to the system that benefit the lives of persons with Intellectual and Developmental Disabilities.