



## LR 239 - HHS Committee

December 3, 2021

### Interim study to examine the effectiveness of Medicaid waivers in Nebraska overseen by DHHS

Good morning Chairman Arch and members of the Committee,

My name is Alana Schriver (A-L-A-N-A S-C-H-R-I-V-E-R) and I'm the Executive Director of the Nebraska Association of Service Providers, representing urban and rural providers of all sizes. Thank you for the opportunity to speak this morning on behalf of the people we serve and employ.

In order to address the issue of provider capacity, please understand that DD services differ from other healthcare professions in that 'capacity' isn't determined by specific staff to patient ratios or number of beds, etc. Some individuals we serve require one-to-one staffing, many do not, so the number of people who can be served by one staff member differs depending upon the situation and location. Essentially, our 'product' is habilitative hours; in other words, a real live person (or persons) needs to be available every hour to provide individualized care. On the average, **DD providers are 30% short of the direct care workforce needed to provide essential services.** Without staff to fill those habilitative hours, we have no product to offer regardless of physical space or number of agencies.

Funding was made available to bring 500 Nebraskans off the waitlist and into DD services this year, and while some of those people have been 'accepted,' they are not yet being served due to lack of staff. In fact, many providers are being forced to send notices to people already in service that their needs can no longer be safely met, let alone serve new referrals. Nation-wide, 77% of providers are turning away new referrals and 58% are discontinuing programs and services due to the staffing crisis. While this problem is not unique to Nebraska, it is exacerbated by our historically low unemployment rate.

**The pandemic is not over** - far from it. We are in a worse position today than at this same time last year (when the pandemic was being acknowledged and addressed by Appendix K\*). Not only are we still dealing with high numbers of positive cases and quarantines, but there is less staff now to cover those shifts. Holiday gatherings will likely increase the number of positive cases and quarantines, on top of being a hiring desert.

Unlike other industries that can adjust their hours or pricing to mitigate staff shortages and rising costs, DD services cannot. While it's true new providers have opened this year, this is not a barometer by which to measure the health of Nebraska's DD service system. The differences between newer and more established providers is stark. Many of the new providers are very small or only offer Shared Living. Being an SLP does not at all compare to the challenges larger providers face, who offer a wider range of supports to people with disabilities as well as benefits to their employees.

You understand this workforce crisis well - childcare, schools, and your own State employees have all brought the issue to the forefront. State employee wages needed a drastic and permanent rate increase in order to attract and retain essential workers for all the same reasons we do. Typically, our direct care wages mirror those at BSDC. BSDC techs recently received a permanent 30% wage increase plus shift differentials. We

need the same in order to remain competitive. Without an equivalent rate increase, DD services will continue losing staff to other industries that can pay more. Without staff, provider capacity will continue dropping and the waitlist will continue rising.

Raising wages works. Correction officers in Nebraska recently received a permanent 33-40% bump in wages and had 70 new applications in a week.

Without intervention from the State to address the staffing crisis in DD services, this Committee will have to decide whether your goal is to serve the people with the highest needs or serve a higher number of people with lesser needs. It's not a comfortable question. Ideally, this shouldn't be a question. We should be able to serve everyone. Unfortunately, providers are being forced to ask themselves this question every day. For every person with complex needs requiring one-to-one staffing, they could serve 5 or 6 people with less intensive needs. It's an unwanted position to be in, but more importantly, it's unfair to the people in need of services and their families. As a parent of a child with DD, like many of the people working in this field are, it's heartbreaking.

Providers would love nothing more than to accept and successfully support every Nebraskan on the waitlist. It is mutually beneficial to do so. Every provider wants to grow, but we have to *recover* before we can grow. On average, **providers have experienced a 12% margin loss since the start of the pandemic.** Meaning, providers have gone from being reimbursed roughly 2% above their costs to losing 10% on the services they provide because the current reimbursement rate does not reflect the recent significant increase in costs to provide care to our clients with developmental disabilities. Overtime, paying salaried employees to provide direct care, increased job advertising, and cost of inflation have all contributed to these financial losses. Our emergency deficit request to increase rates 30% would enable providers to mirror the state employee wage increase and address this margin loss, bringing us back to the starting line where growth and innovation hopefully becomes an option again.

In summary, providers are operating at 70% of pre-pandemic capacity due to historic staff shortages. Without sufficient staff, providers cannot maintain pre-pandemic levels of care, let alone serve new referrals from the waitlist. Staff are leaving for higher paying job opportunities, including BSDC. Providers cannot increase wages to attract and retain high quality staff without a permanent rate increase from the state. If you want to get Nebraskans off the waitlist and into DD services, the State must increase provider rates.

Thank you for your time. I'm available for questions.

\*Appendix K: Appendix K was in response to the COVID-19 pandemic and outlined temporary changes to the service delivery system and was in effect March 6, 2020 through June 30, 2021. "For anyone affected by the potential outbreak of COVID-19, recommended closures, and quarantines due to potential exposure, or for those following the CDC guidelines for those with disabilities, the DDD will temporarily: • Allow certain services to be delivered in alternative sites; • Allow caps on certain services to be exceeded; • Allow electronic methods of service delivery; • Change enrollment requirements for providers; • Modify person-centered service plan development process; • Increase certain payment rates; and • Allow retainer payments when certain services are not available to the participant."

<http://dhhs.ne.gov/Pages/DD-Regulations-andWaivers.aspx>