



11% Rate Reinstatement Needed for APD's HCBS Waiver (iBudget)

In July 2003, the State of Florida adopted the Mercer Rate system that established uniform rates for most of the 30+ waiver services. The rate system was based on direct care wages funded at the 25th percentile compared to national averages for wages. Since July 2003, HCBS reimbursement rates have undergone multiple cuts totaling 20-25% in several rates such as Residential Habilitation, Adult Day Training, and Personal Support services. While there have been some increases since 2003, there has not been a systematic across-the-board rate adjustment. Reimbursement rates are on-average 11% lower than they were in 2003 while inflationary costs have increased 30% since 2003, meaning the rates are on average 41% lower than they should be when considering today's dollars. Providers are experiencing hiring crises since they cannot pay competitive wages.

Consider

- The Florida Minimum Wage has increased from \$5.15 per hour in 2003 to \$8.10 per hour, a 63% increase. This increase in wages has occurred during the same time-period that providers experienced significant rate reductions.
- The Consumer Price Index has increased by about 30% since 2003. Increased insurance costs for agencies such as employee health care, unemployment compensation, workers' compensation, and property have increased significantly.
- Multiple unfunded mandates have been added in the form of additional billing requirements, background screening costs for staff, new licensure standards, staff training and experience requirements, and now additional privacy and community integration standards that go into effect because of federal changes to HCBS waivers.
- Providers must have relief. Remaining on the current path will continue the deterioration of a network that has seen about a 30% drop in the number of providers providing services since FY 07-08, and a 39% reduction for agencies who were providing multiple (two or more) services. Staff turnover rates are at 40% on average because of low wages.
- An 11% rate reinstatement is required to bring the APD iBudget service system to 2003 levels for key services such as all types of Residential habilitation, Personal Supports, and Adult Day Training. The cost would be approximately \$76.2 million (State/Federal funds) and could be funded over a two-year period. Another \$27 (state/federal) million in recurring funding is needed to cover implementation costs for the DOL Home Care Rule.

Remedy

A year-one investment of \$26.1 million in state funds, matched by \$39 million in federal Medicaid dollars for a total increase of \$65.1 million, would provide stability for the APD iBudget provider system and would cover DOL Home Care costs. Year-two costs would require an additional \$38 million (state/federal). These funds will alleviate the hiring crisis providers are facing for key services.