



## **Rate Increases: A Must Have for iBudget Direct Care Staff**

- Since 2003, the Medicaid Waiver program managed by the Agency for Persons with Disabilities (iBudget) has operated under an inadequate rate system. Funded at the 25th percentile of average direct care wages paid by other states, these rates have undergone multiple cuts over the years. On average, they are lower than the July 2003 rates - while inflationary costs have increased 42%.
- Because staffing costs represent about 70% of provider agency operating expenses, iBudget waiver providers are facing hiring crises based on the inadequate rates. Providers simply cannot pay competitive wages. The average wage paid for direct care staff in Florida is \$9.50 per hour compared to retail associate staff who earn on average \$11.24 per hour.
- Direct care staff turnover rates are at 40+% on average because of low wages and minimal benefits.
- Florida's minimum wage standard increased to \$8.65 on January 1, 2021, which is a 9% increase that will have to be absorbed by provider agencies.
- In 2020, Florida voters passed a constitutional amendment that incrementally increases the State's hourly minimum wage to \$15 per hour over a five-year period. On September 30, 2021, the Florida minimum wage standard will increase to \$10 per hour which is a 15.6% increase over and above the January increase.
- Since the iBudget rate structure was developed, provider costs have increased significantly in areas such as employee health care, unemployment compensation, workers' compensation, and property. Additionally, multiple unfunded mandates have been added such as billing requirements, background screening, licensure standards, staff training and experience requirements, privacy and community integration standards mandated by federal rule, and mandated automated data systems. Considering inflationary increases, iBudget rates for key services are 42.5% lower than they should be.
- Remaining on the current path will continue the deterioration of a network that has seen about a 30% drop in the number of providers since FY 07-08 and a 36% reduction in agencies that provide multiple (two or more) services. The above has created a hiring crisis within a workforce that cares for individuals with intellectual and developmental disabilities who have significant needs.

### **Remedy**

- To address the crisis, Florida ARF requests a rate increase for four iBudget waiver services (Residential Habilitation, Adult Day Training, Personal Supports/Companion, Respite) so provider agencies can pay competitive wages to hire and retain quality direct care staff. This investment in Florida's ID service system will require \$33.4 million in General Revenue funds and will draw down an additional \$50 million in federal Medicaid match).

## iBudget Rate Increase Calculations

### Methodology:

A 9.5% percent across the board rate increase for Residential Habilitation, ADT, Respite and Personal Supports services will allow providers to increase direct care staff minimum wages to pay on average \$11 per hour to all direct care staff providing the services.

<u>FY 19-20 Expenditures by service (Claims)</u>	<u>Needed Increase</u>	<u>Cost</u>
• Personal Supports           \$307,117,269.00	15.79%	\$37,219,664.68
• Residential Habilitation   \$467,906,562.00	10.00%	\$35,935,223.96
• Adult Day Training (ADT) \$ 76,473,067.00	15.79%	\$ 9,267,801.58
• Respite                       \$ 12,758,094.00	10.00%	\$ 979,821.62
Total		<u>\$83,402,511.84</u>

**Match Ratio – GR to Trust: Does not include state’s enhanced match ratio.**

<b>Service</b>	<b>Sub-Total</b>	<b>GR (40%)</b>	<b>Trust (60%)</b>
• Personal Supports	\$37,219,664.68	\$14,887,865.87	\$22,331,798.81
• Residential Habilitation	\$35,935,223.96	\$14,374,089.58	\$21,561,134.38
• Adult Day Training	\$ 9,267,801.58	\$ 3,707,120.63	\$ 5,560,680.95
• Respite	\$ 979,821.62	\$ 391,928.65	\$ 587,892.97
Total	<u>\$83,402,511.84</u>	<u>\$33,361,004.73</u>	<u>\$50,041,507.11</u>

### NOTE:

The above calculations are based on direct care costs including payroll and other labor costs. The calculations do not even address increased program costs that providers have to cover.