ARRM

April 25, 2025

Dear Chair Torkelson, Chair Stephenson and Members of the Ways and Means Committee:

ARRM is a statewide trade association of over 230 provider organizations, businesses, and advocates dedicated to leading the advancement of Home and Community-Based Services that support both adults and children with disabilities. On behalf of our members, we want to thank you for the opportunity to provide comments on HF 2434.

I first want to highlight a few important proposals that ARRM is encouraged to see included:

I want to start by thanking the Chairs for including our proposal to allow Out of Home Respite for Children to be delivered in an unlicensed setting found in Article 2, Section 9. This proposal is important for families across the state to have access to safe, trusted Respite options in their community. While it is not reflected in the fiscal note, we truly believe that having Respite options for families saves the state money long-term.

I also want to highlight the funding for the technology education grants (Article 2, Section 10). Assistive Technology and Remote Support are critical keys to the workforce shortage, and we are excited about the opportunities that come with increased education on the various technology options available to people with disabilities.

While we are grateful for these important proposals, they are dwarfed by proposals in the bill that will have a damaging impact on residential waiver services if implemented.

First, removing the absence and utilization factor for Community Residential Services, Family Residential Services, and ICS services (Article 2, Sections 25-27) will be devastating for providers, resulting in a rate cut of nearly 4%. The absence and utilization factor is included in the waiver framework to cover the costs incurred by a provider when an individual is gone from the home or there is a bed opening in the home, resulting in the provider not being able to bill for services. This factor is not tied to the individual; it is a static factor that is applied to all rates, meant to reflect a system-wide average. By removing the absence and utilization factor, we are saying that individuals will never be gone from the home and there will never be an opening, which is simply unrealistic. One mid-size provider shared with me that, for their organization, this would equate to a loss of $900,000 annually, while another provider calculates a $1.5 million loss in revenue annually.

We are also concerned with the proposed methodology used to determine future inflationary adjustments (Article 2, Section 24). By amending the data used to calculate the every-other-year rate adjustment, we are removing critical funding resources needed to invest in the wages of our Direct Support Professionals. We will not fix this workforce crisis if wages for direct support staff are not made a priority by the state. While ARRM and our members understand the tight fiscal situation the state finds itself in, changing the data used to calculate adjustments will make it nearly impossible for our wages to ever catch up to where they need to be to stay competitive.

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ARRM's initial calculations show that the removal of the absence and utilization factor, coupled with the inflationary adjustment change, will result in disability waiver residential services providers experiencing a 1.4% rate cut beginning in 2026.

The bill also proposes many changes to the rate exception process included in Article 2, Section 30, and a county share for rate exceptions included in Article 2, Section 20. Rate exceptions are established for individuals with exceptional needs, we have concerns that implementing the changes in Section 30 and moving toward the 67/33 county share that is proposed in Section 20, will remove the person-centeredness that needs to exist when establishing a rate exception.

Finally, in addition to the cuts being proposed, the bill increases the provider's annual county licensing fee by 320% (Article 6, Section 11) and annual Department licensing fees by 25% (Article 6, Section 13). Adding new fees on top of hundreds of millions of dollars in cuts is simply unsustainable.

If someone from the outside were to look at this proposal, the perception could be made that disability waiver services can absorb the kind of cuts that are being proposed. The reality could not be farther from the truth. The average wage for a Direct Support Professional is a little over $17 an hour, and providers report staffing vacancy rates exceeding 30%, with many providers teetering on the brink of home closures or entire business closures. In recent legislative sessions, legislative leaders have focused on the need for all of our caregiving professions to have a wage that allows them to support their family while maintaining their career in supporting people with disabilities. The changes proposed in HF 2434 take disability waiver services backward while growing the wage gap for Direct Support Professionals as compared to other occupations.

The targeted cuts to disability waiver services leave these incredibly critical services at risk of no longer being sustainable. We urge the Legislature to reconsider these proposals and reduce the cut targets given to the Human Services committee as we near the end of this session.

Thank you for the opportunity to provide comments.

Sara Grafstrom
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