

## **Utah's Division of Services For People with Disabilities** **2010 Interim Presentation**

My name is Alan Ormsby, and I am the Director of the Division of Services for People with Disabilities. I am so pleased to have the opportunity to speak to you today regarding the great work that our Division does on behalf of Utahns with a disability. Our mission is to promote opportunities and provide supports for persons with disabilities to lead self-determined lives. Our sole purpose as a Division is to ensure that people with disabilities receive high-quality, person-centered services that meet their health and safety needs.

We do this by offering limited services to about 4400 people with disabilities through 3 Medicaid waivers. A "waiver" is just shorthand for a state asking Medicaid to waive their standard rules requiring institutional care. Waivers are requested because the state believes it has a better and less costly way for people to get mandatory services – that is, living in their own home or in the community. And for those few people who can't be served safely in the community, we operate the Developmental Center. We currently have about 215 people at the Developmental Center. People who receive our services are carefully assessed and must meet strict eligibility guidelines. In addition to the 4400 people served in the community, we maintain a waiting list. Because of funding limitations, Utah's waiting list has been frozen for the past year and a half, and will be frozen until we can free up funding to begin to move it. The only movement is for court-ordered cases, children in state custody, and life-threatening emergencies. Sadly, it has grown from around 1450 to over 2000 people. As you can imagine, there is tremendous pressure building on the waiting list, and we are seeing, and denying, some really tragic cases.

Like all state agencies, our Division took extensive and difficult cuts in the past two years. Before going into the cuts, however, I want to thank the legislature for helping us avoid "worst-case" budget cuts and actually giving us building blocks to meet mandatory additional needs and for one-time funding for our supported employment program.

I was asked today to give you a report on how we have implemented these cuts. It has been a difficult process; we took a highly-principled, business-like approach. We have dramatically re-engineered our Division. We considered every option and concluded that privatizing a large number of our employees was the best way to minimize cuts to people's services, preserve employee livelihood as much as possible, and prepare for a future of reduced budgets. In addition, we have had a hiring freeze in place for almost two years.

If you look at the handout titled "Before and After Comparison of Management Responsibilities – Updated 6/22/10," this tells the story of the way we reengineered our Division and dramatically reduced the number of employees we have. Just a few highlights: (1) when I became Director, we had 140 people in 25 state offices who performed case management services; now we have 15 to 18 who handle transition cases

and perform objective needs assessments; we have reduced our offices to 12, eliminated over half of our fleet usage, minimized computer and phone costs, lights, office supplies, etc.; (2) we once had 7 people in upper management...a Division Director, two Assistant Directors, and 4 Region Directors; going into FY 2011 we will have 3...one Division Director, one Assistant Director over administration and one Assistant Director over programs; (3) we were able to greatly reduce the number of administrative and case management support professionals from 25 FTE to 14 FTE; and (4) we reduced the number of Area Program Managers (people who once supervised support coordinators and now monitor private support coordinator contracts and give final approval to people's budgets) from 28 employees to 20. In total, we went from 274 state and regional employees to 128 as of our most recent payroll, over 50 % fewer employees.

This dramatic transformation and reengineering of our employees has been painful. We are requiring much more productivity than ever before. Dozens of employees are now literally doing double-duty as employees leave and we do not replace them. We have asked every employee to look at their workload and eliminate non-essential functions. But the reengineering was enough to handle last year's budget cuts. And while it was incredibly difficult and disruptive, the good news is that it worked...we established objective quality metrics and very carefully observed the changes to ensure that quality did not suffer. Every objective quality metric has improved. This has required tremendous management focus and employees who have stepped up in incredible ways. I am really proud of our employees, and you should know that Utah's taxpayers are getting more than their money's worth from DSPD employees.

We operate under state and federal laws that require us to meet certain assurances, especially relating to fiscal accountability and maintaining the health and safety of the people we serve. We are getting dangerously close to eliminating so many employees that we may not be able to meet these assurances. There is no redundancy in our ranks, all of our employees focus on serving people with disabilities, quality of care, ensuring fiscal accountability and paying our 180 private provider companies.

If you would, please go to the large format chart titled "Final Plan to Reach General Fund Savings of \$1,650,000" I will outline our final implementation plan. We arrived at this plan after extensive public listening sessions in Salt Lake, Vernal, Price, St. George and Logan. I also met with Lisa-Michele and many legislators, the Legislative Fiscal Analyst's office, and the Governor's office of planning and budget. We made the proposed plan available on-line and asked for feedback and input, and also pulled together a stake-holder group to analyze the options.

So to implement the cuts from this past legislative session, we have had to look at further efficiencies but also difficult choices in our service offerings. I think it is important to note that no one's services will be eliminated, but their services may look different and providers may see changes in their revenues.

Going into this past legislative session, we knew that our employee ranks were stretched very lean. But we are always looking for greater efficiencies. So we will be

cutting another 2 FTE from our state office and another 10 FTE from our regional offices through attrition. We will further limit spending and eliminate lease expenses as soon as possible. We were also told by our Committee to ease-up our fiscal monitoring practices to monitor to the day rather than to the unit, so we will do that and eliminate 1 FTE.

As I mentioned in my presentation during the legislative session, after internal efficiencies there are really only 3 things we can change to deal with budget reductions; (1) we can look at rates; (2) we can change staffing ratios; and (3) we can eliminate whole classes of service.

On rates, legislators specifically protected community providers from an across the board rate cut, so no across the board cuts will be made to community providers or families who self-administer their services. But a cut will be made to private support coordination rates. We heard from legislators in their intent statement that they wanted us to increase caseload maximums, streamline reporting and implement a corresponding cost reduction. These changes will move us in line with other states. So we will implement a 15% reduction in the rate paid to support coordinators, reduce their direct service requirement by 16.67% and increase their caseload maximum by 15%. The other rate that will change is the intensive residential rate. This rate was created in 1998 with one-time funds and was intended to be a temporary rate increase for very difficult behaviors or medical needs. It was to be reviewed on a yearly basis and available only as funds were allocated for the rate. Over time, the rate became status quo for many providers who accepted very complex people. Unfortunately, the rate was not reviewed annually, and it is not fairly applied across the state (one entire region, the Southern Region, does not use this rate). Further, there are no funds allocated to this rate. So we have made the decision to eliminate this rate. Prescribed service levels for people served by this rate will not change, but 9 providers will see a small reduction in their revenues.

Regarding staffing ratios, we will be undertaking a gradual process to reset some of our defaults to bring them in line with the practice of other states. Most states have a “pyramid” of service ratios in their residential and day programs, with most people being served with 1:3 staffing (one staff person to three people served) for a majority of their day, and exceptions for 1:2 and 1:1 staffing. In Utah, we have inverted that pyramid, with more people served with 1:1 staffing ratios, and fewer with 1:2 and 1:3. We think this is less advantageous for a number of reasons, including learned helplessness, a more restrictive environment, and a system built on high staffing ratios at a time when finding qualified staff will become more and more difficult as the economy improves and baby boomers start demanding services. So we are eliminating “single person programs” where a small number of people receive 24 hour per day one on one residential services without shared staffing, and we will establish the normal daily rate for residential and day services at a 1:3 staffing ratio. Of course, we understand that exceptions will need to be made to ensure a person’s health and safety, and we plan to move very slowly and carefully with this process. It is also important to note that whenever a change to a person’s services is made, they have full administrative appeal rights and due process.

Finally, we can eliminate whole classes of service. This is an extraordinarily difficult thing to do, and after hearing from all of the families, providers, legislators and other stake holders, we made the decision to not eliminate any classes of service.

The changes in service described above are difficult and have caused a lot of concern and fear from people served and parents who don't know whether their needs will be met. There is fear that people will be placed inappropriately in institutions and that the state is taking a giant step backwards in its commitment to community based supports.

I want to reassure people that the Division is absolutely committed to ensuring that people receive appropriate services to meet their needs in the least restrictive setting. We are committed to home and community based services whenever a person can be served safely in the community. We will work carefully and conscientiously to implement these cuts in a way that will protect people and ensure their continued well-being.

With that I will open it to questions.