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To: Chair Averkamp

Vice Chair Rhiley

Ranking Minority Member Ousley

From: COF Training Services

Rachel Neumann, Chief Operating Officer

RE: HCBS I/DD Budget and Systems Change

Date: 2/7/25

Honorable Chair and Distinguished Members of the Committee,

Thank you for the opportunity to provide testimony on the critical issues facing providers in the Home and Community-Based Services (HCBS) system. I speak today as a dedicated advocate for individuals with intellectual and developmental disabilities (IDD) and as someone deeply committed to the sustainability and quality of our service delivery system. This commitment is both personal, as a primary caregiver for my sister with I/DD, and professional, as an executive leader in this field.

The Importance of Provider Rate Increases

Since the inception of the HCBS Waiver program in 1981, a sustainable funding model to stabilize the system has yet to be implemented. This has resulted in decades of underfunding, placing an immense burden on providers and workers in an already demanding field. At the beginning of the 21st century, many providers faced near-collapse. Over the past decade, however, this legislature's investments in HCBS have been transformative. Thanks to your support, providers have not only survived but expanded capacity, enabling 500 additional individuals to access services.

Despite this progress, the 2022 rate increase coincided with unprecedented inflation—an 8% increase, the highest since the early 1980s. Providers allocated much of this increase toward Direct Support Professional (DSP) wages to address staffing shortages, but inflation eroded those gains.

We now face a pivotal moment where capacity must expand to meet growing demand. Without additional funding, we risk stagnation, leaving families without essential services. Worse still, we may see more providers forced to close due to the unsustainable demands of the current funding structure. For providers serving individuals with complex medical and behavioral needs, the costs of specialized staff, equipment, and programming create even greater financial pressures. Ensuring that rates reflect



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the true cost of care is essential to maintaining and expanding capacity while upholding the quality of services.

As we consider the future of HCBS services, I urge this committee to adopt a structured approach that ensures long-term success. This requires building capacity, expanding services, and then returning to capacity-building measures. Over the past few years, this cycle has proven effective, and we are once again in a position where investments in capacity-building are critical. We ask that you continue the great work you have done over the past decade by helping sustain these critical services through a rate increase.

Concerns Regarding Rapid Changes to the HCBS System

While increasing provider rates is essential, I must also emphasize the importance of thoughtful, deliberate change management in the HCBS system. Currently, KDADS is pursuing several major initiatives simultaneously, including:

- Transitioning from BASIS to MFEI for eligibility assessments
- Redesigning the funding structure
- Proposing to dismantle providers who offer both services and Targeted Case Management (TCM) and Community Developmental Disability Organization (CDDO) functions
- Conducting a rate study
- Unbundling day services, including the elimination of center-based services and requiring 25 hours of community engagement per week—despite the accessibility challenges faced by many individuals
- Phasing out of 14c certificates

I could speak at length about the challenges each of these changes brings individually. However, in the interest of time, I will simply state that even one of these changes requires meaningful, collaborative planning to ensure long-term success. Implementing all these changes simultaneously is unfeasible and unreasonable for the system to absorb.

Each of these changes has far-reaching implications for providers, individuals, and families. While we appreciate the willingness of KDADS to delay implementation when challenges arise, these delays often occur because stakeholders were not meaningfully engaged from the outset. Decisions made without sufficient input from those directly affected—providers, individuals, and families—have led to confusion, frustration, and change fatigue throughout the system.



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The Need for Stakeholder Engagement and Proper Change Management

Meaningful change requires proper planning and collaboration. Engaged and open discussions with stakeholders must be prioritized to ensure that:

1. Changes are informed by real-world insights and experiences.
2. Providers have adequate time and resources to adapt to new requirements.
3. The individuals we serve do not experience disruptions in care or access to services.

The current pace and volume of changes—compounded by the implementation of multiple grant programs such as Technology First, 14c Transition, and Self-Directed Services—are overwhelming for providers. While these initiatives have merit, the administrative burden they impose, coupled with other systemic changes, is not sustainable. Without a coordinated approach, we risk losing the very providers who are essential to delivering these programs.

Recommendations for Moving Forward

1. **Increase Provider Rates:** Build on the success of the past decade rate increase by further adjusting rates to reflect the true cost of care, particularly for individuals with complex needs.
2. **Pause and Sequence Changes:** Slow down the implementation of systemic changes to ensure that each initiative is properly vetted, piloted, and adjusted based on stakeholder feedback.
3. **Enhance Stakeholder Engagement:** Establish formal mechanisms for regular and transparent collaboration with providers, individuals, and families during the planning and implementation phases of all initiatives.
4. **Prioritize Change Management:** Allocate resources for training, technical assistance, and communication to ensure that all stakeholders are equipped to navigate changes effectively.

In closing, I urge this committee to prioritize both adequate funding and thoughtful change management within the HCBS system. Together, we can ensure that providers have the resources they need to deliver high-quality services and that individuals with I/DD continue to thrive in their communities.

Thank you for your time and consideration.

Sincerely,

Rachel Neumann
Chief Operating Officer, COF