January 13, 2016

To: House Health and Human Services Committee

From: Ron Pasmore, President/CEO KETCH, Wichita, KS

RE: KanCare Rate Adjustments

Chairman Hawkins and committee members, thank you for allowing me to speak to you today. My name is Ron Pasmore, and I am the CEO at KETCH, a private nonprofit organization that primarily serves persons with Intellectual and Developmental Disabilities (I/DD) in Sedgwick County. The organization was founded by concerned parents in 1962. We currently serve approximately 300 persons in the areas of day habilitation, vocational training, residential services, case management, transportation, and Health Home services.

The purpose of my testimony is to describe how the lack of rate adjustments within the I/DD HCBS Waiver has impacted KETCH. The majority of our revenue is the reimbursement we receive through the I/DD HCBS Waiver through KanCare. It has been nine years since we have received a cost of living increase to the HCBS rates. Each year since that last rate adjustment, we have experienced increases in our costs of doing business. Every category of cost has increased since 2007. For example:

Utilities	46%
Insurance	56%
Food in group homes	50%
Client transportation	44%

As one would expect in a human service industry, our highest cost is payroll and within payroll the majority goes towards our direct service staff. While our starting wages are above minimum wage, such increases put pressure on us to increase our direct care staff starting wages.

In 2007 the minimum wage was $5.85 per hour, and our entry-level direct care wages ranged from $7.50 to $9.00 per hour. After two increases to minimum wage, our entry-level direct care wages now range from $9.00 to $10.00 per hour. We experience great difficulty in attracting candidates for our direct care positions and I believe that it is tied to the level of wage we can offer. Unfilled

direct care positions lead to increased use of overtime for existing staff. This negatively effects quality of care for the persons we serve and causes burnout amongst our staff, very similar to staffing concerns being reported at Kansas' State Hospitals.

Absorbing increases in the costs of doing business without receiving any cost of living increases in the HCBS rates requires us to fund these increases through reductions or elimination of other items from our budget.

After nine years, it has become increasingly difficult to find areas to shift within the budget without damaging our services. We no longer have the ability to subsidize programs that do not pay for themselves. In the past few years we have had to eliminate programs that were not covering their costs. This has included our Supported Employment program. It was disheartening to learn recently that the State of Kansas was unable to spend $12 million in federal funds targeted towards job placement for persons with disabilities while at the same time KETCH had to close its employment program for lack of funding.

There is a requirement within the Developmental Disability Reform Act for "reasonable and adequate rates" to reimburse community providers for I/DD services. From a purely business perspective, I would suggest to you that we crossed that threshold several years ago.

A new rate study for I/DD services is currently being prepared for KDADS. My understanding is that it should be complete soon. My request to you today, is that you request a status report on the rate study before the legislative session ends.