



Southwest
Developmental
Services, Inc.

“Helping Kansans with developmental disabilities
access quality community services”

To: Senator Vicki Schmidt, Chair
Members, Public Health and Welfare Committee

From: Mark G. Hinde, President/CEO

Date: February 9, 2018

Subject: SB 332

Madam Chairperson and members of the committee, thank you for this opportunity to submit written testimony in opposition to SB 332. I am Mark Hinde, President and CEO of Southwest Developmental Services, Inc. (SDSI), the Community Developmental Disability Organization (CDDO) for eighteen counties in Southwest and Central Kansas with offices in Garden City and Great Bend. **SDSI does not provide direct services to individuals on the I/DD HCBS Waiver.**

SDSI serves one thousand ninety six (1,096) individuals who have been determined eligible for the I/DD HCBS Waiver in our 18 county service area. SDSI completes eligibility determination, informs individuals of all service options and providers available, performs annual functional assessments, and quality assurance reviews. SDSI also assists KDADS in managing the waiting list in an equitable manner according to rules, regulations and policy.

SDSI contracts with twenty nine (29) different community service providers who provide an array of services to individuals in Central and Southwest Kansas. These community service providers include two large multi-state corporations, a local not-for-profit organization, many medium sized locally owned businesses and several individuals providing services to one or two individuals.

The Problem: Currently, the system allows CDDOs to be a service provider. This creates an inherent conflict of interest in the design of the system.

- CDDOs have control of State Aid and county funds. This creates an unfair advantage in that there is no regulatory or legislative mandate to share these funds with other affiliated community service providers.
- CDDOs can impede the affiliation process of a prospective provider with unreasonable requirements. This decreases the risk of competition for the CDDO and limits choice for the consumer.
- CDDOs have access to all new persons applying for services and all persons on the waiting list. This allows the CDDO, who also provides services, an unfair advantage over their competitors to market their services to these individuals.

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- CDDOs perform annual functional assessments which determine the funding rate that is paid to the community service provider. Independent CDDOs have no financial interest in the results of the assessments.
- CDDOs have quality oversight responsibilities for all community service providers in their service area. The Independent CDDO can manage quality oversight responsibilities in a fair, impartial manner.

The Solution:

- Require a conflict free system design with a complete and true separation of CDDOs from direct service provision. Independent CDDOs are funded by administrative dollars only and have no financial interest in the outcome of the functions they perform.
- Consolidate CDDO service areas for funding efficiencies (**March 2014 LPA Report on CDDOs**). This also creates efficiencies for contracting, policy design, redesign and implementation with KDADS.
- Retain county and community partnerships for continued funding support. This totals \$17 million in local mill levy funding which CDDOs use for various purposes (**March 2014 LPA Report on CDDOs**).

The Justification:

- All community service providers should have equal access to state and local funds.
- All administrative duties should be managed in a manner that benefits all persons served regardless of the community service provider without regard to financial impact on the CDDO.
- The CDDO governing board should be free of any ties to community service providers.
- CDDO relations with KDADS should impartially represent all stakeholders in their service area.
- Core system function should be managed by the CDDO and not transferred to the Managed Care Organizations (MCOs) who would have a financial interest.
- These changes would create a conflict free system to manage the I/DD HCBS Waiver with KDADS.

SB 332 does nothing to address this conflict of interest.

SDSI is willing to commit the time and effort to partner with stakeholders to address the shortcomings of our system. However, SB 332, as written, is not the solution.

Thank you for your time and consideration.