Vermont Care Partners

White Paper on Barriers to the Long Term Sustainability of the Provider Workforce

By Vermont Care Partners Human Resources Directors Group

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Executive Summary

- The Designated / Specialized Service Agency (DA/SSA) system in Vermont serves individuals with mental illness~~es~~, substance abuse issues, and/or developmental disabilities, most of whom are lower income Vermonters covered by Medicaid.

- If the chronic underfunding of the DA/SSA system is left unaddressed, then we fully expect an ongoing erosion of the provider workforce. Over time the consequence of this will be: more Vermonters with untreated or undertreated mental health conditions impacting schools, employers and our communities at large; an increase in the rates of substance abuse and addiction; increased homelessness; increased incarceration rates and an added strain on the judicial system; a rise in referrals to psychiatric hospitalization and; an increase in the use of emergency rooms in response to mental health crises.

- The DA/SSA system is highly efficient with administrative costs in FY14 at an average of 8.9% of the overall budget. Hospital systems in VT have administrative costs that are more than double that at 21%.

- The DA/SSA system has not been receiving regular COLA increases from the State. The gap between increases in DA/SSA funding, and increases in the Consumer Price Index has widened by 15% over the last ten years. This pattern of capping revenue and not prioritizing annual COLA has caused a significant negative impact on the stability of our workforce.

- In 2004, the Pacific Health Policy Group was retained by the State of Vermont Agency of Human Services to do an evaluation of the Designated Agency system. As part of their findings, they reported that the Designated and Specialized Services Agencies were facing serious challenges with respect to recruitment and retention of direct services staff, in large part due to low wages & the inability to ~~guarantee~~ offer raises. Twelve years later we still have not addressed this issue which has continued to compound over time.

- The average turnover rate for the DA/SSA system over the past three consecutive ~~years in a row~~ has been 27.5% annually. Staff regularly cite low wages as the primary reason for leaving. Currently there are over 350 job vacancies under recruitment in the DA/SSA system.

- Instituting predicable COLA increases has direct impact on staff turnover. Following 3 ~~straight~~ consecutive years of rate increases by the Douglas Administration, our staff turnover decreased to 19.5%. After discontinuing the increases, turnover increased back to nearly 30%.

- New expenses related to the costly implementation of Electronic Health Records, the increased costs of providing health insurance benefits that meet ACA mandates, combined with decreasing reimbursement rates for certain services, and the updated FLSA Law which will require us to pay more staff overtime wages, have a direct impact on our ability to continue to be creative with our resources and still retain a viable workforce.

- Underfunding of the system of care has led to wait lists for ~~a number of~~ various services including hundreds of people waiting for outpatient therapy; nearly 500 children and youth waiting for family, school and community based services; and approximately 500 people waiting for medication assisted treatment. Recent changes in structure and reductions in

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Medicaid reimbursement rates for group therapy and ABA services, in particular, will exacerbate the problems of access to needed services and the challenge of recruiting and retaining skilled and experience staff.

- Our current ability to recruit and retain a workforce that is adequately credentialed, trained and skilled to treat and support the current and future needs of Vermonters with mental health, developmental disability and / or substance abuse issues is at a breaking point.

- The All Payer Model will require a significant investment of resources in both the ACO(s) and in the community infrastructure to start shifting the balance from high cost hospital care to more cost effective community care. We should not proceed with the expectation of savings, unless we fully enable community providers to function with a well-paid, skilled and experienced work force.

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Vermont's Designated and Specialized Service Agency System – A Workforce at Risk

January 2016

"Decisions need to be made with respect to the State's commitment to the community based system of care for people with mental health and development needs. Policy makers and stakeholders need to work collaboratively to develop a 5-year funding plan that is consistent with both fiscal realities and the state's commitment to its citizens. The financial plan should address both the inflationary effects in the system (cost of living increases for personnel, rising energy and insurance costs, facility maintenance etc.), and funding for caseload growth… The people whose lives are deeply affected by these decisions are counting on responsible and compassionate stewardship."

(2004 Pacific Health Policy Group Report to the State of Vermont)

Overview: The Designated / Specialized Service Agency (DA/SSA) system in Vermont serves individuals with mental illnesses, substance abuse issues, and/or developmental disabilities, most of whom are lower income Vermonters covered by Medicaid. These Vermonters are not able to adequately receive the level of comprehensive care that they need from any other system in Vermont. Roughly 85% of the funding for the DA/SSA system comes from Medicaid reimbursement and grants. The Vermont State Legislature controls the increases in this funding and our ability to provide Cost of Living Increases (COLA's) to our staff relies on these rates being adjusted annually by the State. Average DA/SSA administrative costs are 8.9% of the overall budget; the other 91.1% goes towards salaries and benefits for our workforce. Over the last 5 years, the gap between increases in DA/SSA funding, and increases in the Consumer Price Index has widened to 15%. These disparities are negatively impacting the stability of the workforce within the DA/SSA system, which has a direct and significant adverse effect on the quality of life and treatment outcomes for the people we serve. For the Vermont DA/SSA system to be sustainable, the lack of regular COLA adjustments must be addressed. The lack of attention to this issue for many years is having a degrading effect on staff recruitment and retention on the DA/SSA system of care.

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Past Recommendations: In 2004, the Pacific Health Policy Group was retained by the State of Vermont Agency of Human Services to do an evaluation of the DA/SSA system. As part of their findings, they reported that the Designated and Specialized Services Agencies were facing serious challenges with respect to recruitment and retention of direct services staff, in large part due to low wages and the inability to guarantee raises. In their report they recommended that the State, *"Tie administrative allocations for wage increases to the increases (cost-of-living and step increases) provided for state employees on an annual basis. Under this option AHS would provide an adjustment to Designated Agency budgets for wage increases in an amount that could, over time, permit the equalization of wages within the DA system to those of other public employees. At a minimum, such an adjustment should allow the agencies to move their wage levels to something that more closely mirrors the public sector wage levels in Vermont. With the Designated Agencies functioning as a type of quasi-governmental system, wage equity is an important issue for maintaining a stable and experienced workforce within these programs."* These problems still exist and current employment, economic and demographic trends will clearly exacerbate these problems in the years ahead. This has the makings of a perfect storm. As we move to more home- and community-based services

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across all of health and human services, utilizing more direct service staff, these issues take on even greater strategic importance.

Programmatic and Clinical Impacts: Across our system of care there are numerous examples of vulnerable Vermonters who are unable to access to critical services because inadequate reimbursement rates prevent designated and specialized service agencies from offering competitive compensation packages to recruit and retain staff. ~~If the chronic underfunding of the DA/SSA system is left unaddressed, ongoing erosion of our workforce will be unavoidable.~~ Underfunding of the system of care has led to wait lists for various services including hundreds of people waiting for outpatient therapy; nearly 500 children and youth waiting for family, school and community based services; and hundreds of people are waiting for substance use disorder and outpatient mental health treatment. Recent changes in structure and reductions in Medicaid reimbursement rates for group therapy and applied behavioral analysis (ABA) services, in particular, will exacerbate the problems of access to needed services and the challenge of recruiting and retaining skilled and experience staff. Recently, a designated agency returned funds allocated for a pilot program designed to reduce inpatient hospital care, because they simply were unable to recruit staff at the compensation rates they could offer at the proposed funding level.

If the chronic underfunding of the DA/SSA system is left unaddressed, ongoing erosion of our workforce will be unavoidable. This has a direct effect on the quality of care we are able to offer, and reduces our ability to offer services that meet the best practice standards for our various populations. We are faced with using less educated and credentialed staff, who will work for lower wages, to provide services that Master level / licensed staff should be performing. Clients have to wait longer to get an appointment or cannot be offered the type of service indicated by the clinical assessment. In some cases, group therapy and / or Applied Behavioral Analysis service are reduced or eliminated, as the reduced reimbursement rates no longer support the service. In some cases, large caseloads require clinicians to increase the interval between appointments in order to see everyone on their caseload. Some clients with complex needs who require a 2:1 staffing ratio are only able to have a 1:1 staffing ratio, which is a safety concern for both the client and the employee. High turnover rates cause clients to lose valuable ground in their recovery process and force them to retell their story to new staff over & over again. We cannot measure the impact of rebuilding trust, especially for those recovering from trauma, but the overall impact is an ever lengthening duration of healing and recovery which in turn drives an increase in the cost of service delivery. Clients who have a major mental illness or a developmental disability need the continuity and stability of staff that they come to trust and recognize.

High turnover rates also contribute to the de-stabilization of a treatment team. At times, a treatment team and/or clinical supervisors are unable take on the cases left behind. When this occurs short term needs may fall to the emergency services system to respond. Using emergency staff in this manner delays their ability to respond adequately to crisis situations in the community. This can result in in clients in crisis accessing more expensive services such as hospital emergency rooms, calls to 911 or trips to crisis bed programs. This added burden on emergency staff has a domino effect of causing staff turnover within the emergency team, which only compounds the issue.

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The long term consequences of chronic underfunding will be: increased, incarceration rates and an added strain on the judicial system; an increase in the rates of substance abuse and addiction; more Vermonters with untreated or undertreated mental health conditions which impacts schools, employers and our communities at large; increased homelessness; a rise in referrals to psychiatric hospitalization; and an increase in the use of emergency rooms for mental health needs. The increasing need for opiate treatment by a growing number of Vermonters will require counselors to be available to work with that population. We are currently experiencing an extreme delay in our ability to recruit for these positions, which has resulted in burgeoning caseloads and delays in accessing needed services. Additionally, due to the aging population, the need for services continues to grow, thus the competition for staff continues to escalate. For example, the need for Personal Care Aides and Home Health Aides is expected to grow by 71% and 69% respectively from 2010 – 2020. (PHI Publications, November 2013 Facts #3 Update)

Recruitment and Retention: Staff are the backbone of the DA/SSA system, yet our average turnover rate for the past 3 years has been 27.5% annually. In stark contrast, even during a period that includes the closing of the Vermont State Hospital in 2011, staff turnover for the State of Vermont DAIL, DCF & DMH programs in the most recent 5 year period is 14.36%. (US Department of Labor, May 2014 Occupational Employment and Wage Estimates) The increasing loss of our workforce is expensive, disruptive and detrimental to the system's capacity to deliver quality services to the people we are contracted by the State of Vermont to serve. Currently there are over 350 job vacancies being recruited for in the DA/SSA system, and we estimate that roughly 1200 positions turnover over each year. The time it takes to recruit staff to fill open positions has increased dramatically, causing gaps in programming and a significant increase in advertising costs.

In a December 2015 survey of our DA/SSA member agencies, 23% of our collective workforce had an hourly rate that is less than the 2014 Vermont Livable Wage amount of $13.00 / hour. (2015 Basic Needs Budgets and the Livable Wage, prepared by the Vermont Legislative Joint Fiscal Office) The chronic and longstanding underfunding of the DA/SSA system now prevents us from attracting and retaining a stable workforce. We are losing our credentialed and trained staff to higher paying positions within the hospital system, the public school system and to the State of Vermont, to work as social workers, psychiatric aides, and Blueprint counselors and for other higher paying positions. We frequently serve as a training ground for entry level staff. We provide them with supervision for licensure, and once licensed, many leave for higher paid jobs. Adding to the recruitment problem is the lack of availability of prospective employees. Vermont's unemployment rate was the fourth lowest in the country in 2004 at 3.4%. In August 2015, Vermont had the third lowest unemployment rate at 3.6%. (2004 PHPG Report, page 4-1; August 2015 Unemployment and Jobs Press Release, Commissioner Annie Noonan) The lack of candidates for our job openings forces us to try to compete to hire people who are already working elsewhere and as we have already seen, our wages are not competitive. This has made recruiting for positions extremely challenging.

As seen in the chart below, Vermont's Designated Agency system is in a pattern of three consecutive years of 27% staff turnover. This follows 4 consecutive years of a decreasing turnover, which came on

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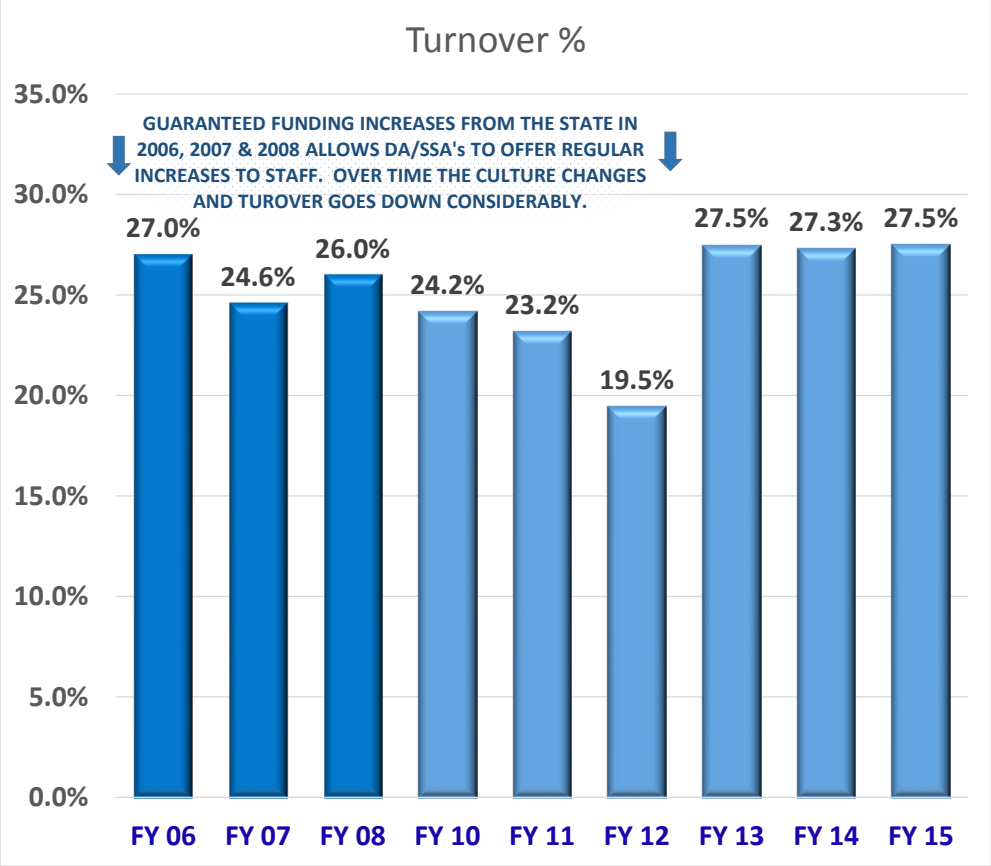
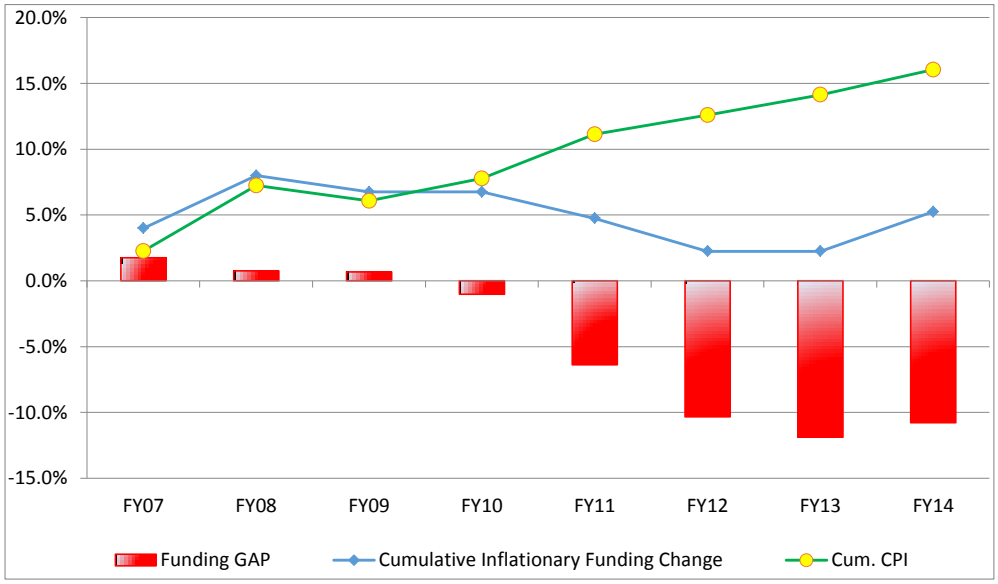
the heels of a commitment by the Douglas Administration to provide COLA's to the DA/SSA system in 2006, 2007 & 2008. We have not had a commitment of COLA increases since then.

Vermont Care Partners Network Average Statewide Turnover FY 06 - 15



Historical Increases & Promises Made: *"I'm proud to maintain the commitment to the state to the very kind of services that we still owe to the population that was once at Brandon, and is now in the community. We will continue to assure that individuals receive support & services; We will continue to assure that those services meet acceptable levels of quality; We will continue to assure that persons receiving the services are free from abuse and neglect or mistreatment; To assure that the folks taking care of the people needing these services have adequate training & support. So our commitment does not end with the closing of this institution. Our commitment continues." Governor Howard Dean, at the Ceremony to close the Brandon Training School in 1993* – *Video in VIMEO, "The Very Most Glorious of Occasions"*

The chart below shows the gap between the Consumer Price Index and inflationary funding in the DA/SSA system since FY07. This gap in parity with other Vermont health care providers is preventing us from attracting and retaining an appropriately scaled workforce.



Due to the capitation of certain programs, DA/SSA's are not allowed to increase their revenue regardless of whether or not they provide more services to the increasing number of children, families and adults who request help. In FY16 we received a 0.22% Medicaid Rate increase. That, combined with the 1.5% allowed annual cap on gains, means that the ability of the DA/SSA system to address turnover, build in annual increases for staff and address staffing shortages falls somewhere in a range between extremely limited and non-existent. The recent spikes in health insurance premium costs has required a reduction in comprehensive health insurance coverage, and/or switching to high deductible health plans as the affordable option for health care. Despite annual increases in insurance and other costs, it is widely known that the DA/SSA system does not receive annual

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increases from the State. The hospital system does receive annual increases, and like State of Vermont employees and most public school employees, hospital staff receive annual increases in pay. For example, in a recent article by Erin Mansfield in VT Digger, the CEO of Rutland Regional Medical Center, Thomas Huebner, was cited as saying "Our whole staff tends to get raises every year. They're generally in the 2 to 3 percent range." Over time, this practice has caused an ever growing gap when you compare base wages of similar positions in our DA/SSA system with those in the hospitals, public school system and at the State of Vermont. At the ceremony of the closing of the Brandon Training School in 1993, Barbara Snelling, Lt. Governor, spoke to the crowd who had gathered for this celebratory event and she told the crowd, *"I know that the State of Vermont will remain committed to all of those individuals who have been here at the [Brandon] Training School and will see that in our communities they receive the funding and attention and the advocacy that is needed for their future enjoyment of their full life's potential". Video in VIMEO, "The Very Most Glorious of Occasions"* This commitment to the DA/SSA system is now at stake.

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Unanticipated Financial Impacts to the DA/SSA system since July 2015: In addition to the challenges of not receiving an annual COLA increase, the DA/SSA system has had many significant and unanticipated costs in the past 6 months. Some of these events are:

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- New State mandate for supervised billing;
- 75% reduction in Group Therapy Rates;
- Restructuring and reduction in the Applied Behavioral Analysis rates;
- Change to the Federal Fair Labor Standards Act broadening the definition of Non-Exempt workers and increasing overtime wages;
- Additional mandates by the Federal ACA which impact health insurance costs;
- Changes to the Federal Home Health Care Exemption;
- Customization of EMR's to account for a change in ICD-10 billing codes and the addition of an electronic patient portal;
- Monthly checks of the OIG website for all employees; and
- Insurers recouping revenue from paid bills for errors associated with VT Health Connect.

Each of these impacts funnel resources away from staff and towards administrative costs in some fashion.

Summary: Unless proactive steps are taken immediately, the future of the Vermont DA/SSA system is in jeopardy. As the state strives to contain and control health care expenses in general, community developmental, mental health and substance use disorder services are by far the most cost effective and successful model for independent living and recovery. Vermont Care Partners and our member agencies are experiencing the negative effects of the long standing practice of the State to not include in its budgets any provision that allows us to provide regular COLA increases to our staff. Our current ability to recruit and retain a workforce that is adequately credentialed, trained and skilled to treat and support the current and future needs of Vermonters with mental health, developmental disabilities and / or substance abuse issues is at a tipping point.

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Vermont employs many dedicated workers in its DA/SSA system, but increasingly we are seeing our staff leave this system for higher paying jobs with better benefits within the public education system,

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the hospital system and for positions working for the State of Vermont. State dollars spent on the designated agency and specialized services system will make the most impact on the Triple Aim of improving health care quality, improving health outcomes and reducing cost, but only if we have enough resources to fully and effectively address population health with sufficiently-paid, experienced and qualified staffing. We would be wise to remember that it is community services that emptied out state hospital beds and maintains that system on a thread; and it is the community that closed Brandon Training School, developing one of the most advanced systems for people with developmental challenges in the country; and it is the community that closed nursing home beds throughout the state~~,~~ in favor of more home based care.

It is essential that the investment in community based services be made up front, just like we did in the other efforts to deinstitutionalize populations. The All Payer Model will require a significant investment of resources in both the ACO(s) and in the community infrastructure to achieve the shift in balance from high cost hospital care to more cost effective community care. We should not proceed with the expectation of savings, unless we fully enable community providers to-carry out their mandate. We are ready and able, but given our current underfunding we are working with one arm tied behind our back.

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