



## EXECUTIVE MEMO

**TO:** Executive Directors, DSN Boards  
Chief Executive Officers, Private Providers  
Finance Directors

**FROM:** CFO Pat Maley

**SUBJECT:** Solicit Input for DDSN's FY23 Legislative Budget Proposal

**DATE:** September 8, 2021

The purpose of this memo is to request input from DDSN's provider and stakeholder network for its FY23 Legislative Budget Proposal. DDSN's FY23 proposal must be submitted by 9/24/21 to the Executive Budget Office, Department of Administration.

The FY23 legislative budget proposal is a bit more complex this year given the other anticipated increased services and provider revenues expected to flow from the 10% FMAP Program and the IDR Waiver Renewal. As a reminder, attached to this email is the proposed 10% FMAP budget (\$42.5 million) addressing 11 delivery system needs. As most of you are aware, the IDR Waiver Renewal will be implemented on 1/1/22 with the expectation of containing many new and enhanced services (e.g., updated Day service definitions; residential habilitation tiered services; new Independent Living Service) along with many refreshed service rates updated with cost and market data.

DDSN has several FY23 budget priorities under consideration. DDSN plans on seeking recurring state funds to support the expected cost increases from the IDR Waiver Renewal enhanced services and corresponding rates. DDSN has ample non-recurring funds from the 10% FMAP and 6.2% FMAP federal funds to sustain these increased IDR Waiver Renewal state fund costs for 3+ years. However, recurring legislative appropriations will be needed for long-term sustainability likely requiring a multi-year funding plan from the General Assembly. Other areas of consideration include new waiver slots; community homes for Regional Center de-population, young adults with autism, and HASCI; and costs from annual utilization increases in Early Intervention.

**Request of Providers:** Please provide any input on funding needs along with any prioritization for DDSN's FY23 legislative budget, which can be sent to Budget Director Nancy Rumbaugh at [nrumbaugh@ddsn.sc.gov](mailto:nrumbaugh@ddsn.sc.gov) by Wednesday, 9/15/2021.

Thank you in advance for your time and input.

**10% FMAP Budget Plan** (6/30/2021)

**List of Main Issues Raised at "Listening Sessions" to Assist in Budget Allocation Decisions:** 1) Inability to retain & hire staff, particularly direct support employees (DSP) and nursing; 2) providers want flexibility in the use of funds to recover from COVID-19 inasmuch as COVID-19 impacted service providers differently; 3) Day Programs have not recovered – at-home attendance 50% of pre-COVID-19 levels; 4) telehealth benefits; 5) waiting list reduction; 6) training of all kinds, particularly skills training throughout the system in behavioral supports to engage/train/lead the individuals we serve; 7) use of technology rather than people due to personnel shortages; 8) ability to address individuals in crisis living at-home or in residential settings; 9) capital funds of all sorts; 10) SCDHHS service rates appear challenged before COVID and even more challenged due to post-COVID hiring pool shortage undermining attracting minimum staffing levels for day and residential, as well as at-home staff undermining service availability; and 11) many other issues tending to overlap or be subsets of above issues.

Option #	Estimated Cost	Medicaid Match **	Target	Brief Description of Funding Options
1	\$1,000,000	\$0	Providers Qualified by DDSN *	One-time COVID-19 "gap funding" grants for the DDSN provider network to provide latitude to recover from impact of COVID-19 due to additional costs, lost revenue, and capital depletion. General parameters for use of these funds will be developed and certification of use will be required.
<b>HOW TO EXECUTE:</b> Get list of all providers' total billings for FY21 on one spreadsheet. With this we can allocate based on revenue for entire population or we can target to balance funding to maybe those providers not addressed below in #2.				
<b>HOW TO MAINTAIN ACCOUNTABILITY:</b> Portal or SharePoint with standard form. Get with IT (Mike Mickey) to decide most efficient mechanism for the long-term.				
2	\$7,000,000	\$0	Providers Qualified by DDSN *	Targeted staff retention & recruiting in the form of enhanced pay rates, bonus pay, incentive pay, and hiring bonus.
<b>HOW TO EXECUTE:</b> Same as #1				
<b>HOW TO MAINTAIN ACCOUNTABILITY:</b> Same as #1				
3	\$3,450,000	\$0	Day Services	Temporarily add \$7/unit of state funds to the current Day service rate (\$31.29 to \$38.29) for "at-home" units for six months (7/1/21 - 12/31/2021) at an estimated \$575,000 per month for a six month total of \$3.45 million to incentivize re-opening, cover higher
<b>HOW TO IMPLEMENT:</b> Get list of Day Service providers and units billed from April 1, 2021 to the present. Once approved, we will likely go retroactive to 4/1 or 7/1 so we can quickly calculate. Decide how we pay.				
<b>ACCOUNTABILITY:</b> None—if they earn units then we pay them. Units served is evidence of level of effort.				
4	\$20,000,000	\$46,666,000	Day, Residential, and At-Home Services	Planned new & modernized (enhanced) services in the IDRD Waiver Renewal, which will be finalized effective 1/1/22. These include: a) modernizing Day services by increasing community based requirements and improving staffing ratios from 1:7 to 1:4/5 range; b) adding a separate "business" respite rate to increase provider pool, access, and speed caregiver certifications; c) add Independent Living Skills service; d) add supportive technology for at-home individuals; e) increase environmental modification cap; f) add in-home self-directed supports; and g) add individualized residential settings to promote acuity based rates (provider fair rates) and staffing standards (assurance of service for residents).
<b>HOW TO IMPLEMENT:</b> We have to wait until we get rate from the IDRD Waiver Renewal and then do math of how much of the \$42.5 million FMAP we need.				
<b>ACCOUNTABILITY:</b> None—once service description and rates in IDRD Waiver, we just have to have state match walled off for 2-3years as we pursue recurring funds.				
5	\$2,500,000	\$0	Residential	Telehealth start-up costs and monthly service costs for one year.
<b>HOW TO IMPLEMENT:</b> List of all residential and include all unless someone opts out; list of all the potential telehealth providers; develop RFP; canvas; select; and develop plan to discern Medicaid state plan medical savings and provider staff savings.				
<b>ACCOUNTABILITY:</b> Develop reporting mechanism by provides to assist in our cost/effectiveness study to build business to continue after one year if warranted.				
6	\$990,000	\$2,310,000	HASCI, CS, and IDRD Waivers	Waiting list reduction: add 50 waiver slots to Community Supports, IDRD, and HASCI Waivers (150 total).
<b>HOW TO IMPLEMENT:</b> No rush; we have plenty of waiver slots; Lori will let us know as she needs to overallocate.				
<b>ACCOUNTABILITY:</b> Write policy that these are only short-term as long as funding is available. If not replaced with recurring funds, then ew have authorut and policy to reel back financial liability at a future date.				
7	\$1,000,000	\$0	Residential and Day Services	Grants for generators for residential and day facilities based on need.
<b>HOW TO IMPLEMENT:</b> Given finite funds, send out a canvas which includes information on relative need to meet minimum threshold and competitively allocated if requests exceed budget.				
<b>ACCOUNTABILITY:</b> Require receipt after installation and refund if actual costs less than funds provided.				
8	\$2,000,000	\$2,000,000	All DDSN Service Lines, Providers, Waiver Participants, and Families	Major training effort to include: a) family education & skill building; b) at-home caregiver skill building; c) electronic training platform for all providers containing continually updated training modules for all facets of operations; d) Positive Behavior Support training through direct, train-the-trainer, and electronic modules; e) residential intensive behavior interventionist training & certification to promote "in-house" provider expertise; f) strengthening assessment & person center planning; and g) abuse, neglect & exploitation prevention training.
<b>HOW TO IMPLEMENT:</b> This will take substantial time from Steering Committee to develop an approach to rolling out this long-term initiative.				
<b>ACCOUNTABILITY:</b> Develop project plan for team leading this effort to meet, adjust as needed, and update progress.				
9	\$1,050,000	\$1,050,000	All Waiver Participants	Build capacity in system to prevent escalation of individuals to more restrictive and more costly living setting by developing a tele-psychiatry response capability.
<b>HOW TO IMPLEMENT:</b> This will take time for DDSN staff to develop approach with final approval by Steering Committee.				
<b>ACCOUNTABILITY:</b> Develop project plan for team leading this effort to meet, adjust as needed, and update progress.				
10	\$2,005,000	\$0	Case Management	Grants to case management to support mobile workforce increasingly relying on virtual technology, to include being HIPAA compliance.
<b>HOW TO IMPLEMENT:</b> Given finite funds, send out a canvas which includes information on relative need to meet minimum threshold and competitively allocated if requests exceed budget.				
<b>ACCOUNTABILITY:</b> Require receipt after installation and refund if actual costs less than funds provided.				
11	\$1,505,000	\$0	Residential Services	Grants to residential providers to pilot technology in lieu of staffing (similar technology service added for waiver participants in the IDRD Waiver Renewal).
<b>HOW TO IMPLEMENT:</b> Given finite funds, send out a canvas which includes information on relative need to meet minimum threshold and competitively allocated if requests exceed budget.				
<b>ACCOUNTABILITY:</b> Require receipt after installation and refund if actual costs less than funds provided.				
TOTAL	\$42,500,000	\$52,026,000		

\* DDSN qualifies residential, day & case management providers for HCBS services

\*\* Estimated using traditional 70% federal match for services and 50% for administrative costs