



EXECUTIVE MEMO

TO: Board Executive Directors
QPL Chief Executive Officers
Finance Directors

FROM: State Director Mary Poole

SUBJECT: DDSN FY21 Budget Update & FY22 Budget Request

DATE: September 2, 2020

The purpose of this memo is to update the DDSN provider network on DDSN's FY21 budget forecast and request input on DDSN's FY22 budget request.

DDSN FY21 (7/1/20 - 6/30/21) Budget Update: Currently, DDSN's FY21 budget is a continuation of its FY20 budget through 9/30/20 based on a government-wide continuing resolution budget. The Legislature and the Governor will be addressing the FY21 State budget this month. Given the economic uncertainty caused by COVID-19, there is little optimism of receiving budget enhancements and the potential of extending the current budget continuing resolution for the entirety of FY21. DDSN will keep the provider network updated until the FY21 budget is finalized.

DDSN FY22 (7/1/21 - 6/30/22) Budget Request: DDSN's FY22 budget request is due to the Executive Budget Office (EBO) on Friday, 9/25/20, which requires presentation to the DDSN Commission on Thursday, 9/17/20. EBO guidance is to use the agency's FY21 budget request as a baseline for its FY22 budget request inasmuch as there is little optimism on receiving budget enhancements in FY21. Agencies certainly have an opportunity to modify this baseline by reprioritizing, adding, or deleting requests in the FY21 budget.

Request of Providers: Please review DDSN's FY21 "one page" budget request summary attached to this memo (11 items; \$17 million state dollars; and \$47 million Medicaid matched dollars), and provide input on reprioritizing, adding, or deleting budget items to be considered in DDSN's FY22 budget request. Please send input to Budget Director Nancy Rumbaugh at nrumbaugh@ddsn.sc.gov by Tuesday, 9/9/2020.

Thank you in advance for your time and input.

South Carolina Department of Disabilities and Special Needs
FY 2020 – 2021 Budget Request One-Page Summary

Priority	Description of Agency Need	State Funds Medicaid Total
1	Residential Service Rate Increase: The SCDHHS rate study (Mercer Report) recommended a residential market rate increase estimated at \$31.9 million (12.3% increase). DDSN's \$10 million request is a conservative amount to start to close this funding gap. DDSN anticipates using DDSN's current unmatched costs in the DDSN delivery system to justify an additional \$10 million residential rate increase request to SCDHHS without the need for additional appropriated state funds. (Recurring)	\$2,900,000 \$7,100,000 \$10,000,000
2	Respite Service Rate Increase: Respite is a highly valued and sought after service, but DDSN's Respite Program has inefficiencies and access problems. In FY19, consumers were authorized \$29.9 million in needs-based respite, yet consumers only used \$19.4 million in services (65%). DDSN proposes raising the Respite rate from \$12.69 to \$15.41, which will increase participation by local providers and Boards to generate increased assess and consumer choice; reduce Medicaid recoupment/compliance risk to maintain training and employment standards; ease access logistics for families; and removes consumers' civil liability risk currently existing in family directed respite. (Recurring)	\$2,090,000 \$5,083,733 \$7,173,733
3	Early Intervention (EI) Utilization Increase: DDSN anticipates a conservative 13% increase in FY21 utilization due to serving an increase in consumers (ages 3-6). Absent an increase in funding, DDSN anticipates EI Program changes to keep funding at the FY20 level. DDSN has absorbed the past three FYs' increases in consumers and utilization from its base funding, which were 13% (FY17), 18% (FY18), and 30% (FY19). (Recurring)	\$755,000 \$1,018,035 \$1,773,035
4	Increase and Improve Access to Residential Supports: DDSN currently has 76 individuals with disabilities on its Critical Needs List with a 130 days average time pending of the list. This request will provide necessary residential supports and services to 28 individuals with specialized needs, who are the most difficult to place from the Critical Needs List with an average time pending of 238 days. (Recurring)	\$807,312 \$1,964,100 \$2,771,412
5	HASCI Waiver Slots Utilization Increase: DDSN needs 43 new HASCI waiver slots to meet FY21 anticipated consumer needs. (Recurring)	\$430,000 \$1,046,141 \$1,476,141
6	State Plan Rate Increases for Three Services Impacting DDSN Waiver Service Costs: SCDHHS proposed to increase three state plan fee-for-service rates in FY21 impacting DDSN, which provides the same services. These services (impact) are: Private Duty Nursing (15%; \$3.75 million state funds); Attendant Care (5%, \$1.28 million state funds); and Adult Day Healthcare--Transportation (15%; \$105,000 state funds). Inasmuch as DDSN provides these same services in its waivers, DDSN will need additional funding to support these statewide rate increases. (Recurring)	\$5,135,000 \$12,525,000 \$17,660,000
7	Increase Access to Post-Acute Specialized Rehabilitation for Traumatic Brain or Spinal Cord Injuries: DDSN requests \$500,000 in FY21 to meet its estimated increased needs. This program's needs increase approximately \$500,000 every other fiscal year; DDSN's most recent appropriation increase for this program was \$500,000 in FY19. (Recurring)	\$500,000 \$0 \$500,000
8	Appropriation Transfer from DHHS for First Filled Slots: The \$762,665 state funds requested is SCDHHS's estimate of recurring state funds needed for DDSN to pay the state match for new waiver consumers' medical state plan costs beginning in FY 21. This is an annual recurring appropriation transfer between SCDHHS and DDSN, which has recently been integrated into the annual budget appropriation request. (Recurring)	\$762,665 \$1,851,888 \$2,614,553
9	Electrical Grid – Coastal Center: This 53 year-old system requires replacement. This capital issue has escalated in priority due to the increasing risk of a catastrophic failure during a wide spread power outage inasmuch as DDSN's reliance on contractors, rather than Dominion Electric, for repair services. (Non-Recurring)	\$1,500,000 \$0 \$1,500,000
10	Transfer of 65 Legacy State Owned Facilities to Providers: The November 2017 Senate Oversight Report recommended DDSN extricate itself from real estate holdings (65 properties; 10% of community housing) and discontinue future real estate partnerships with providers. DDSN proposes to grant \$7500 with each property to providers to facilitate this negotiated transfer of ownership and maintenance responsibility. (Non-Recurring)	\$487,500 \$0 \$487,500
11	South Carolina Genomic Medicine Initiative: This initiative will combine clinical care, a "multi-omics" technological approach and big data/machine learning to create a powerful, and unique resource serving patients, healthcare providers, and state agencies. This is the second annual \$2 million request in a five year plan to fund this project with \$10 million from the State. (Non-Recurring)	\$2,000,000 \$0 \$2,000,000
Total Funds Requested		\$17,367,477 \$30,588,897 \$47,956,374