



## EXECUTIVE MEMO

To: Executive Directors, DSN Boards  
CEOs, Private Providers  
Finance Directors

From: CFO Pat Maley

Re: Implementation of FY22 Legislative Appropriations

Date: July 14, 2021

In the recently approved FY22 State budget, the General Assembly appropriated funds to DDSN which impact the DDSN provider network as follows: 1) \$10 million (state funds with Medicaid match) to increase waiver residential rates; 2) \$7.2 million (state funds with Medicaid match) to improve the Respite Program; and 3) 2.5% cost-of-living increase for DDSN's healthcare provider network. Implementation of each will be set forth below.

### \$10 Million for Daily Residential Habilitation Rate Increase

This \$10 million increase in funding equates to approximately a 3.4% rate increase. DDSN will present a rate increase proposal to the SC Department of Health and Human Services (SCDHHS) in July and request approval, to include retroactive payment back to the beginning of FY22 (7/1/21). When SCDHHS solidifies this decision(s), DDSN will communicate to providers and make a decision for DDSN to potentially fund band increases in anticipation of SCDHHS rate increases to DDSN.

### \$7.2 Million to Improve the Respite Program

The direction to improve the Respite Program is to establish two respite rates; one for family/self-arranged and one as a "business" rate for service providers. Adding this second "business" respite rate is being considered for addition to the IDR Waiver Renewal, effective 1/1/22. The "business" rate will naturally be higher to accommodate business's overhead and profit/surplus requirements. This should expand choice and access to individuals/families in their local communities, particularly on the speed of having new respite caregivers certified locally.

The immediate plan will be for DDSN to present a rate increase to the SCDHHS in July and request approval. When SCDHHS solidifies a decision(s), DDSN will communicate to providers and make a decision for DDSN to potentially fund the rate increase in anticipation of SCDHHS rate increase to DDSN.

## 2.5% Cost-of-Living Increase

This 2.5 % increase is for all non-temporary employees, which are full-time and part-time employees. Temporary employees can be increased if providers choose to do so, but the increase is not funded for these employees. The pay increases must be paid on the first pay date that occurs on or after July 1, 2021. Please note that SCDDSN will not receive its funding for these increases until late August or early September. DDSN must first obtain all provider FTE reports for FY22, combine, and forward to the Executive Budget Office, Department of Administration for its calculation of state funds. As a result, DDSN is not able to compute and allocate the new funding amounts until these amounts are provided to us by the Executive Budget Office.

After the state funding from the Legislative appropriation is provided to DDSN in late August or early September, DDSN can pass the funding of the 2.5% increase onto providers through its capitated bands or bundled rates at that time along with a retroactive payment from the beginning of FY22. However, as with past legislative cost-of-living increases to fee-for-service providers (e.g., case management; early intervention; and at-home day services), it will most likely take longer because SCDHHS will first have to change the rates.

DDSN is requesting clarity on its preliminary decision that this 2.5% does not increase the mandatory \$13/hour starting salary for direct care professionals. DDSN considers this 2.5% a cost of living increase for those currently on-board. Further, DDSN fully appreciates providers entering a more market driven environment and DDSN needs to move away from prior mandating practices. Once the final decision is made, providers will be advised. Until such time, the mandatory minimum for direct care professionals is still \$13.00.

The point of contact for this issue is CFO Pat Maley, who can be contacted at email [pmaley@ddsn.sc.gov](mailto:pmaley@ddsn.sc.gov) or desk phone (803) 898-9769.