



*For people with intellectual
and developmental disabilities*

The Arc of Massachusetts
217 South Street
Waltham, MA 02453-2710

T: 781.891.6270
F: 781-891.6271
arcmass@arcmass.org
www.arcmass.org

Achieve with us.

Deborah Norton
President

Leo V. Sarkissian
Executive Director

Budget Analysis of the Baker-Polito Fiscal Year 2021 (FY21) House 2 Budget January 28, 2020

Introduction on the Governor's Budget

This is the sixth budget submitted by the present administration, recommending \$44.6 billion in gross spending which is an increase of 2.3% over the previous year (excluding transfers to the Medical Assistance Trust Fund*). The Governor's message states funding of the legislature's new education law (\$1.5 billion over 7 years), and an increase in the stabilization fund of \$310 million (total \$3.46 billion; in 2015, the fund totaled \$1 billion). The budget proposal includes a decrease in the individual income tax rate from 5.05% to 5% effective January 1, 2020 as required by law. It's important to note that implementation of the law takes \$650 million out of spending for the next fiscal year. These dollars would have made a difference not only in relation to needed supports, but also in further addressing the workforce crisis in our field.

Impact of the proposal on our Constituents - Focus on DDS and MassHealth**

Given the maintenance nature of the Governor's budget, the Department of Developmental Services (DDS) received a 2% increase. This includes some important targeted investments in Family Support, Autism Omnibus, and continuing the Turning 22 formula. A new technology account is another plus in the budget, with the goal of modernizing supports delivery. We hope that new pilot projects and other progress from other states will help define new directions. Though unable to find language in the budget proposal, we assume that the DESE-DDS program continues to have a \$10.5 million allocation to maintain children/youth at home with their families. Last year's increase was considerable and should help families stay together, reducing residential placements of youth.

There are line items to watch in regard to inadequate resources including: Day/Employment, which is low by \$6 million, and Residential, which is low by nearly \$30 million. However, we have great news for workforce wages, which will impact residential services. Out of negotiations between the Providers Council, the Collaborative, and EOHHS, Chapter 257 received \$160 million in the reserve account and language that changes the rate setting methodology to help close the gap between fair market wages and what our human services workforce is currently paid.

Last year, there was an 8% jump in DDS overall, and we always hope for a minimum of 4%. Last year's dollars may not have been fully spent, which may help address the residential shortfall.

The Arc in Massachusetts Includes the Following Local Chapters:

Berkshire County • Bristol County • Brockton Area • CCI/Lower Cape • Center of Hope Foundation •
Charles River Center • Communitas, Inc. • Community Connections Inc. • Greater Haverhill-Newburyport •
LifeLinks CLASS • Plymouth/Upper Cape • Minute Man AHS Northeast • Opportunities for Inclusion •
The Arc of Opportunity • South Norfolk County • South Shore • The United Arc

The DDS non-tax revenues are a strong \$852 million, most of it in federal Medicaid match. This means the final cost to the state is 60% of its spending.

We are encouraged to report that Family Support and Respite have an increase in funding of 11% over last year's budget. This line item is consistently one of The Arc's top priorities. Our Supporting Families Campaign educates through family stories and national data comparatives, and highlights the gaps in resources for aging caregivers as well as those with complex medical and behavioral challenges. To address the growing number of eligible adults with autism (no ID), the budget includes a 25% increase from last year, totaling \$38,586,296. A more detailed analysis of the numbers of individuals waiting for supports and the average amount of funding needed will be forthcoming.

The targeted investments despite fiscal constraints reflect a strong understanding of Commissioner Ryder and Secretary Sudders regarding where the future lies for our supports. Please see the DDS chart for more specific numbers.

MassHealth is a critical program for our constituents for its long term supports and services (LTSS), in addition to health care, RX, behavioral health, therapies, and durable medical equipment. The major LTSS programs are Personal Care Attendant (PCA), Adult Foster or Family Care (AFC), Day Habilitation, and Nursing, including continuous nursing and home health. We don't have the current numbers of constituents served by those programs, but they do total in the thousands.

In addition, managed care transitions have resulted in over half of our constituents and most persons with disabilities being supported through accountable care entities as part of changes facilitated through the Affordable Care Act (ACA). We've reported on these changes and material can be found at thearcofmass.org.

Important to note: the MassHealth budget reflects over 35% of the Commonwealth's total budget, but when federal Medicaid dollars are considered, it hovers in the 24% range.

Priority Workforce

The Arc has made the workforce crisis its number one priority and we have been reporting on it throughout the year. The crisis has left us at a tipping point with relief staff playing significant roles in provider services. In addition, families and individuals struggle with finding direct support staff to fill approved hours by MassHealth or DDS programs.

The Governor's budget includes purchase of service reserve (POS, Chapter 257) at \$160 million. We appreciate the significant allocation negotiated by the Collaborative*** of trade organizations and the Executive Office of Health and Human Services. The negotiation also resulted in an agreement to better sync rate review with the broader market. The Providers Council confirmed EOHHS' commitment to use the Bureau of Labor Statistics information to set salaries rather than the UFR****. This is a significant step to move toward fair market wages. We are still trying to gather information on the impact of the reserve, but have been told that over \$2 billion in services is the base on which the reserve will be applied, which this year includes DDS Community Residential Services (in 2019, approved spending in the account was \$1.192 billion).

To address the crisis, The Arc has argued to increase salaries to meet health/education sectors over a multi-year period, as we lose employees regularly to those fields. To begin, \$17/hr. entry level salary (along with similar increases to all staff/managers) should be included in rate reviews (and annually updated) to address our crisis. A 14% increase for the Residential account would total \$161 million. This would allow for this process to begin and still address other increased costs such as health care premiums, rents, utilities, etc.

Stay tuned to The Arc of Massachusetts, as there will be more to come as we discuss strategy with the Collaborative and stakeholders among our constituents.

Links:

- MassHealth: <https://budget.digital.mass.gov/govbudget/fy21/appropriations/health-and-human-services/health-and-human-services?tab=budget-summary>
- DDS: <https://budget.digital.mass.gov/govbudget/fy21/appropriations/health-and-human-services/developmental-services?tab=budget-summary>
- DDS budget chart: <https://thearcofmass.org/advocacy/state-budget>
- Chapter 257 POS reserve: <https://budget.digital.mass.gov/govbudget/fy21/appropriations/health-and-human-services/health-and-human-services/15996903>

Notes:

- * Medical Assistance Trust fund - the trust fund may be expended for supplemental Medicaid payments to qualifying providers under an approved state plan or federal waiver. There also are other trusts which relate to assessments to hospitals or from smoking settlement to name two examples.
- ** DDS - Department of Developmental Services is the main program agency for persons with intellectual and developmental disabilities. However, there are four other program agencies which serve persons with disabilities: Dept. of Mental Health, Mass. Rehabilitation Commission, Mass. Commission for the Blind, and the Mass. Commission for the Deaf and Hard of Hearing. MassHealth has several services for our constituents as well known as LTSS or long-term supports and services.
- *** UFR - Uniform financial report documents provider past spending not prospective costs or market factors in recruiting employees, rising premiums or housing costs.
- **** Collaborative is composed of the Providers' Council, ADDP, ABH and Children's League