



DELAWARE ASSOCIATION OF REHABILITATION FACILITIES

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Executive Director
Connie Hughes

Member Agencies

- AHEDD
- Autism Delaware
- Bancroft Neurohealth
- Benedictine OCP
- Brandywine Counseling & Community Services
- Center for Disabilities Studies, UD
- Chimes of Delaware
- Choices for Community Living
- Cleanworks Janitorial Services
- Client Assistance Program
- Community Integrated Services
- Community Interactions, Inc.
- Connections CSP, Inc.
- DE Council on Gambling Problems
- Delaware Mentor Healthcare
- Delmarva Community Services
- Dove Pointe
- Easter Seals Delaware and Maryland's Eastern Shore
- Elwyn Delaware
- Fellowship Health Resources, Inc.
- Freedom Center for Independent Living
- Gaudenzia Fresh Start
- Goodwill Industries of Delaware
- Homeless Planning Council of DE
- Horizon House Delaware, Inc.
- Independent Resources, Inc.
- KenCrest Services
- Kent Sussex County Counseling
- Kent-Sussex Industries, Inc.
- Keystone Services MidAtlantic
- MOSAIC Delaware
- NHS Human Services
- Open Door, Inc.
- Opportunity Center, Inc.
- Psychotherapeutic Services, Inc.
- ResCare / VOCA DE
- Salvation Army
- The ARC of Delaware

To: Ms. Ann S. Visalli, Director
Office of Management and Budget
From: Connie Hughes, DelARF Executive Director
Date: November 2, 2011
RE: Governor's FY 2013 Budget Hearing, DelARF Testimony

Good afternoon, I'm Connie Hughes, Executive Director of the Delaware Association of Rehabilitation Facilities. I am here today to speak on behalf of our 40 member agencies, their 5,000 staff, and the 50,000 consumers they serve.

I want to begin by publicly thanking Budget Director Visalli and her staff, Secretary Landgraf and her staff, including her Division Directors, and Lori Christiansen and the staff of the Comptroller General's office for your efforts over the past several years to preserve funding for DSAMH programs and two programs within DDDS: the special school graduates and those needing emergency placements. Your efforts have helped us to continue to do what we do best: serve people in their own homes and communities.

We also appreciate the 2% increase we received in our rates last year. Our message is a simple one: we thank you for your investment in us and urge you to continue to invest by providing another increase this year to a system of care that is the cost effective alternative for the State of Delaware.

Director Visalli, at your urging, we have begun the process of collecting data to help you and all of our State partners understand not only the constraints we are under but also the measures we have taken to work more efficiently over the past several years. We will present some of that data here today.

We Are the Cost Effective Alternative:

- Within Behavioral Health, our community based programs are Medicaid eligible. That means that today, \$.53 of every dollar spent on these services comes from the Federal government. By 2013, that number will rise to \$.56. Costs at DPC and other similar treatment facilities are tremendously higher AND are funded entirely with state dollars;
- Within Developmental Disabilities, costs at state run day programs are \$55,000 per person per year. The same service run by our members averages \$19,000. (Other examples are in the attached list.)

We Have Experienced the Same Cost Escalators as the State: During the past eight years when our highest rate increase was the one we received last year, we have seen enormous increases in our costs. For example:

- Healthcare Costs have increased exponentially every year. One provider saw a \$1 million increase in 8 years. Annually our members see increases in the 15 to 20 percent range. The deductibles on some of these plans have risen to \$5,000 – the employee pays the first \$5,000!
- Food Costs in the past year have risen 12% for one member providing residential services.
- Fuel costs to transport individuals to work, doctor's appointments, community activities have grown 18 percent in the past year.

We Are Efficient Users of State Funds: With flat revenues, we have taken many steps to cut costs. Here are some examples – a complete list is attached.

- Benefit packages. Almost all members cut or eliminated all pension benefits and required greater contributions to health care plans. Some agencies now require staff to pay more than half of their monthly healthcare premiums.
- Staffing: Froze salaries; eliminated several paid holidays; eliminated managerial, supervisory, training, and support positions and began to hire and rely more on part time staff.
- Facilities: Changed locations to reduce rent; reduced office and building cleaning to only once a week. In one case the professional staff cleans their building. Renegotiated all vendor leases. Delayed necessary building maintenance and repairs.
- Collaboration: Members regularly engage in collaboration with similar organizations. In fact, in a DANA study done in 2006 which I co-authored, we found that Delaware nonprofits collaborate at three times the rate of similar entities in Indiana where the original study was done. (Attached)

What Are the Implications of These Actions on Those We Serve: Despite our best efforts to be efficient, we are seeing the negative impact of rising costs without commensurate increases:

- Our staff are not being compensated at an appropriate rate. Many of them now have to work 2 jobs and for some agencies, the majority of their staff cannot afford to participate in the health benefits program and go uninsured or on Medicaid;
- Staff training has declined at a time when we are increasingly treating those with co-occurring disorders – those with mental illness and substance use disorders and those with intellectual disabilities and extreme behaviors. They need the tools to adequately serve these individuals;
- Our use of part time staff impacts continuity of care. From a purely business perspective, this saves money. But, even though we aim to use good business practices, we are not businesses. Our bottom line is not to produce a profit for our investors. Our bottom line is our mission. We provide treatment and support. We help people change, recover and adapt. People need caring and trusting relationships with trained individuals to make that transformation. Being served by 6 to 8 part-time staff throughout one day will not produce those results.

Our goal in partnering with you is to be cost effective and efficient but most important to provide quality services for those who come to us. Please build on the good decision you made last year in giving us an increase and give us another 2 percent in this year's budget. Thank you for your consideration.