

**November 2017 – Department of Mental Health and Department of Disabilities, Aging and Independent Living
Breakdown, Distribution, Discrepancy and Solutions for the Act 85 Allocated Funding for the Designated and Specialized Service Agencies**

Breakdown

Act 85 of the 2017 Legislative session appropriated \$8.37M gross for increased payments to the Designated and Specialized Service Agencies (DAs and SSAs) to fund the costs of increasing the hourly wages of workers to \$14 per hour with priority given first to increase the salaries of crisis response and crisis bed personnel in a manner that advances the goal of achieving competitive compensation to regionally equivalent State, health care, or school-based positions of equal skills, credentials and lengths of employment.

The appropriation is now split between the Department of Mental Health (\$4.69M) and Department of Disabilities, Aging and Independent Living (\$3.67M). Originally the split was based on initial numbers provided by the DAs and SSAs and not based on final numbers. Once the numbers from the DAs and SSAs were finalized the total identified need remained consistent, but because of further analysis by the DAs/SSAs, amounts shifted between DS and MH from original estimates. After an update was provided to Joint Fiscal in September 2017 it was agreed to change the division of dollars between the two departments to align with the division provided by the DAs and SSAs.

Distribution

The DAs and SSAs provided DMH and DAIL with the amounts they needed in both the MH and DS programs (in total) to address the expectations of the legislation. However, the only way DMH can provide the funding was via rates and for DAIL via individual budgets. For DMH that required an across the board Medicaid rate increase that was consistent for each provider. DMH increased all the Medicaid rates DMH pays by 5.45%. That created a situation where 4 DAs did not receive the amount they needed and remaining 6 DAs and both SSAs to receive more than they needed. DAIL provided each DA and SSA the amount they needed which was then applied to individual budget based on need and staffing.

Discrepancy

Because the amount of funding needed was based on each individual DA or SSA's staffing patterns rather than on programs or budgets it created a discrepancy. Each DA has different staffing patterns, a different number of staff making below \$14 or varying degrees of competitive salaries for crisis workers and other contributing factors unique to each provider. It was impossible for DMH to set a rate that met everyone's needs without substantial reductions to services provided in many of the Agencies. The range of need was between 1.83% and 11.62% of each DAs overall applicable DMH Medicaid revenue.

Solutions

DMH recognized the impact on the DAs who did not receive the funding needed as specified in the request, so began conversations with the DAs and SSAs that received more than identified. Because DMH funding largely depends on the ability to actually earn the funding or ability to bill it down, those DAs who received more are likely to have areas where they are unable to earn the full allocation. In an effort to maintain a collaborative system those providers were able to identify those program areas, and are willing to have DMH reallocate the funding to the DAs who did not receive the identified amount. DMH is currently in the process of finalizing those numbers and beginning discussions with the DAs who need the additional funding in order to reallocate it into programs where they may have the ability to earn.