Crain's Health Pulse

Advocates for developmentally disabled protest state rate policy

(March 10, 2016) The developmentally disabled residents of the Brooklyn homes run by the Guild for Exceptional Children are defying expectations by aging into their 60s, 70s and 80s. That's a good thing, said Paul Cassone, the Guild's executive director, whose brother, 66, is a resident. But it also creates health and safety needs that can lead to exorbitant, unanticipated costs.

Before the state implemented new rate-setting policies for agencies the serve people with developmental disabilities in July 2014, GEC could have filed a rate appeal for unreimbursed costs. That action is no longer an option, and its loss is among several aspects of the state's rate reforms that have triggered GEC's financial decline, said Cassone.

GEC projects a $1.8 million loss in its 2016 fiscal year ending in June, compared with a net gain of $93,771 in fiscal 2014. Although there were significant programmatic losses that year, the balance was buoyed by nearly $900,000 from previous rate appeals, said Annette Schoen, GEC's chief financial officer.

The state used to set rates based on the budget each agency submitted for the upcoming year. The new system created by the state's rate rationalization program resets reimbursement rates for developmental disability service providers every two years, based on the costs incurred in a previous base year.

The new model is intended to "provide more consistency in how providers across the state are reimbursed," according to a statement from the Office for People With Developmental Disabilities.

But in practice, there are winners and losers, said Steven Kroll, executive director of the advocacy organization NYSARC. "Some providers may see a rate go up dramatically, and others might see it go down dramatically."

Some of the new rates have been implemented retroactively, making it impossible for providers to budget accurately, Kroll added.

One of the biggest problems with the system, according to Kroll, is that if an organization creates a surplus in a program because it has reduced costs, it triggers future rate cuts. It is then impossible to reinvest the money saved into programs that are struggling, he said.

"OPWDD works with the Department of Health and its providers to address concerns that arise as a result of these changes with a goal of ensuring that our system continues to support people who need these critical services," OPWDD said in its statement.

Cassone said he has been contacting DOH and OPWDD seeking guidance on how to deal with GEC's financial issues since September but hasn't yet received substantive support.

While some financially struggling community providers are considering mergers, Cassone said his board of directors sees that as a last resort. Like Cassone, they are mostly family members of the people GEC serves, and don't want to lose control over the organization.