

**The Alaska Association on Developmental Disabilities**

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*To facilitate a united provider voice for best practices, advocacy, partnerships and networking.*

August 08, 2019

Ms. Jamie Walker  
Department of Health and Social Services  
Office of Rate Review

**AADD comments on the DHSS Proposed Changes to Regulations 7AAC 145 proposing to freeze inflation adjustments, and reduce reimbursement rates effective July 1, 2019.**

The Alaska Association on Developmental Disabilities (AADD) represents 55 providers offering developmental disability services through the Home and Community Based waiver system. The members of the association also provide personal care services and behavioral health services to individuals of all ages affected by these regulations.

1. Regarding the freezing of inflationary adjustments, a comparison of Medicaid provider rate adjustments for **five fiscal years (FY15 to FY19)** may be summarized as follows:

- **Community Behavioral Health Services Rates** received no rate-rebasing and a 3% increase in FY18 (while awaiting completion of a rate setting methodology), having received no inflationary adjustments in earlier years.
- **Senior and Disability Services Rates** are regulated under Alaska Administrative Code (7 AAC.145)
  - ◆ Nursing Homes received **rate-rebasing in 4 fiscal years** and inflation adjustments between 2.4% and 3.2% in 2 fiscal years
  - ◆ Home and Community Based/Personal Care Services received no rate-rebasing and inflationary adjustments of 2.4% and 2.5% in 2 fiscal years.
  - ◆ Infant Learning Targeted Case Management Services received no rate-rebasing and inflationary adjustments of 2.7% and 2.7% in 2 fiscal years.

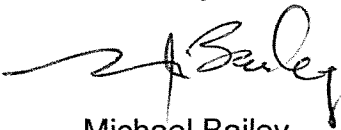
AADD wishes to record grave concern about the ability of providers to recruit and retain a qualified workforce under prolonged freezes of inflationary adjustments to address cost of living increases, maintain health benefits and absorb increasing insurance costs. A stable workforce is essential to assure sustainability of all home and community based services within the shared vision of a flexible system which assures that person-directed processes are upheld toward a meaningful life in their home, their job and their community.

2. Regarding the 5% provider rate reduction affecting personal care services and behavioral health services, AADD is very concerned about the effect of these reductions which translate to direct impact on recipient's access to care.

AADD is aware of service categories, especially personal care services, which are very challenging to affordably provide in rural areas. Some providers are planning to discontinue in areas which already experience a significant workforce shortage. Other safety nets in urban and rural communities are also shrinking under Statewide budget cuts (*United Way is reporting 230% rise in calls from the same time last year, KTUU.com 08/07/19*). Any withdrawal of personal care services or behavioral health services due to rate reductions will undoubtedly result in higher cost responses to otherwise preventable crisis situations.

Additionally, AADD is concerned that the short-notice period and lack of public comment prior to rapid implementation of the rate reductions has not allowed providers' to adequately prepare their budgets and adjust operations to incorporate these reductions. This will compound the effect of these rate reductions on the past decade of cost containment measures which have eroded operational reserves necessary to bridge abrupt changes. Future monitoring of the impact of the rate reductions are futile in the absence of forward looking analysis on access to services through a proper public comment period, as required under 42 C.F.R. §§ 447.203 and .204 , which require the State to document that proposed rate reductions will not interfere with patients' access to care.

Sincerely,



Michael Bailey  
AADD President

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