



PERFORMANCE AUDIT REPORT

Disability Waiver Programs: Reviewing the Use of Appropriations Intended To Upgrade the Wages of Certain Caregivers

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
April 2008**

Legislative Post Audit Committee

Legislative Division of Post Audit

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$10 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

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April 29, 2008

To: Members, Legislative Post Audit Committee

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Senator Anthony Hensley
Senator Nick Jordan
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Representative Virgil Peck Jr., Vice-Chair
Representative Tom Burroughs
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Representative Peggy Mast
Representative Tom Sawyer

This report contains the findings, conclusions, and recommendations from our completed performance audit, *Disability Waiver Programs: Reviewing the Use of Appropriations Intended To Upgrade the Wage of Certain Caregivers*.

The report also contains an appendix showing the total amount of reimbursements received and individuals served by service providers included in our sample. The report includes one recommendation for the Department of Social and Rehabilitation Services.

We would be happy to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

A handwritten signature in black ink that reads "Barbara J. Hinton". The signature is written in a cursive, flowing style.

Barbara J. Hinton
Legislative Post Auditor

Get the Big Picture

Read these Sections and Features:

1. **Executive Summary** - an overview of the questions we asked and the answers we found.
2. **Conclusion and Recommendations** - are referenced in the Executive Summary and appear in a box after each question in the report.
3. **Agency Response** - also referenced in the Executive Summary and is the last Appendix.

Helpful Tools for Getting to the Detail

- In most cases, an “**At a Glance**” description of the agency or department appears within the first few pages of the main report.
- **Side Headings** point out key issues and findings.
- **Charts/Tables** may be found throughout the report, and help provide a picture of what we found.
- **Narrative text boxes** can highlight interesting information, or provide detailed examples of problems we found.
- **Appendices** may include additional supporting documentation, along with the audit **Scope Statement** and **Agency Response(s)**.

EXECUTIVE SUMMARY
LEGISLATIVE DIVISION OF POST AUDIT

**Overview of the Home and Community Based Services (HCBS)
Waivers for People with Developmental and Physical Disabilities**

Direct caregivers provide services that help people with developmental and physical disabilities stay in their homes. page 3
The waiver programs that serve people with mental retardation/developmental disabilities and physical disabilities help consumers stay in their homes and communities, rather than being placed in institutional settings. In fiscal year 2007, SRS reimbursed service providers \$244 million for services provided to 7,274 people with developmental disabilities, and \$92 million for services provided to 7,637 people with physical disabilities.

In fiscal years 2007 and 2008, the Legislature appropriated funding to increase reimbursement rates for personal care services and to reduce waiting lists. page 4
For fiscal year 2007, the Legislature appropriated an additional \$27.5 million for both waivers to reduce waiting lists and to increase reimbursement rates, with the stated intention of increasing caregiver wage rates. For fiscal year 2008, the Legislature appropriated an additional \$27.2 million to reduce the waiting lists and to increase reimbursement rates for both waivers, but without the expressed intention of increasing caregiver wage rates.

Have the Additional Moneys Appropriated To SRS For Increasing Wages of Direct Caregivers For Those With Developmental and Physical Disability Been Used For the Intended Purposes?

For developmental disability services, SRS used the additional funding to increase its reimbursement rates by about 4% in fiscal years 2007 and by almost 9% in 2008. page 6
The Department of Social and Rehabilitation Services (SRS) received \$10.5 million in additional funding in fiscal year 2007 and \$6.3 million in fiscal year 2008 to increase developmental disability reimbursement rates. SRS increased all developmental disability service reimbursement rates by about 4% in fiscal 2007, and by almost 9% in fiscal year 2008.

Of the five developmental disability service providers we sampled, all increased their caregivers' average hourly wages in both years. page 7
Using payroll records, we determined that our sample of service providers had increased their direct caregivers' average hourly wages by about 3%-11% in fiscal year 2007, and by about 2%-10% in fiscal year 2008. However, not every caregiver received an increase, potentially because of changing duties, changing shifts, or performing poorly.

For physical disability services, SRS used the additional funding to increase reimbursement rates only in fiscal year 2008. page 8

SRS received an additional \$8.8 million in fiscal year 2007 that was to be split—at SRS’ discretion— between increasing physical disability waiver reimbursement rates and reducing the waiting list. After meeting with stakeholders, SRS officials chose not to increase reimbursement rates because they felt all additional funding would best be used to eliminate the waiting list. For fiscal year 2008, the Legislature appropriated an additional \$2.0 million to increase physical disability waiver reimbursement rates. After meeting with stakeholders, SRS officials decided to increase self-directed rates by 3% but not to increase agency-directed rates, because most physical disability waiver participants use self-directed care, and self-directed rates historically have lagged behind agency-directed rates.

In fiscal year 2008, two of the five sampled physical disability service providers increased their direct caregivers’ average hourly wages. page 9

Using payroll records, we determined that two of the five physical disability service providers we sampled increased their direct caregivers’ wages by 3%-10% in fiscal year 2008. The other three providers, who didn’t increase the wages of most caregivers, reported using the additional funding to increase administrative staff positions, pay for overhead costs, and pay for existing debt.

Conclusion page 10

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APPENDIX A: Scope Statement page 11

APPENDIX B: Reimbursement Received and People Served by Sampled Service Providers page 12

APPENDIX C: Agency Response page 13

This audit was conducted by Dan Bryan. Chris Clarke was the audit manager. If you need any additional information about the audit’s findings, please contact Dan Bryan at the Division’s offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call us at (785) 296-3792, or contact us via the Internet at LPA@lpa.state.ks.us.

Disability Waiver Programs: Reviewing the Use of Appropriations Intended To Upgrade the Wages of Certain Caregivers

The Department of Social and Rehabilitation Services (SRS) funds home and community based services that are aimed at allowing people with certain types of disabilities to be able to live in the community rather than in institutions.

As part of its fiscal year 2007 budget, SRS received \$18.7 million in increased funding for the Home and Community Based Services waiver for people with developmental disabilities. Of that amount, \$8.2 million was intended for reducing waiting lists for services, and \$10.5 million was for salary increases for people providing direct services to individuals. The Department also received \$8.8 million in additional funding for services for those on the Physical Disability waiver. That money was to be split between reducing waiting lists for services and increasing salaries for direct-care providers, at the discretion of SRS.

Recently legislators have heard a number of complaints from caregivers that they haven't seen any increases in their compensation since the additional money was appropriated. Legislators want to know what has happened to the additional money, whether it has resulted in the anticipated pay increases for direct caregivers, and if not, why not.

This performance audit answers the following question:

Have the additional moneys appropriated to SRS for increasing wages of direct caregivers for those with developmental and physical disabilities been used for the intended purposes?

To answer this question, we interviewed SRS officials and gathered documentation to determine if the additional funding was used to increase reimbursement rates for the developmental and physical disability waivers in both fiscal years 2007 and 2008. We reviewed caregiver payroll records for a sample of service providers to determine if the service providers used the additional funding to increase caregiver wage rates. We also interviewed providers who didn't increase their average wage rates to determine what the additional moneys were used for.

A copy of the complete scope statement for the audit request approved by the Legislative Post Audit Committee is included in *Appendix A*.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our findings begin on page 6, following a brief overview of the developmental and physical disability waiver programs.

Overview of the Home and Community Based Services (HCBS) Waivers for People with Developmental and Physical Disabilities

Direct Caregivers Provide Services That Help People with Developmental and Physical Disabilities Stay in Their Homes

The waiver programs that serve people with mental retardation/developmental disabilities and physical disabilities help consumers stay in their homes and communities rather than being placed in institutional settings. Direct caregivers provide personal care services and help individuals with typical functions such as dressing, feeding, shopping, bathing, and laundry.

Participation in the developmental or physical disability waiver program is limited to people who meet definitions approved in the federal waiver:

- Developmental Disability—an individual must be diagnosed with mental retardation or have a severe chronic disability that interferes with typical life functions and likely will continue indefinitely
- Physical Disability—an individual who requires the level of care provided in a nursing facility because of his or her physical disability, or who has been determined to be disabled by Social Security standards

Numerous services are offered through the mental retardation/developmental disabilities waiver, but this audit will focus on residential and day services:

- Residential Services—services provided to individuals who live in a residential setting—typically a group home—and who do not live with their birth or adoptive parents. These services provide assistance in activities of daily living, such as personal grooming and household chores.
- Day Services—activities that provide a sense of integration and participation in the community, and that may prepare the individual for paid or unpaid employment—such as workshops. These services include teaching such concepts as task completion and problem solving.

Both residential and day services have five different tiers of reimbursement rates—based on the severity of the disability— which

are paid on a per-day basis. Tier one is the reimbursement rate for the most severely disabled; tier five is for the least severely disabled.

For the physical disability waiver, personal services includes assistance in completing tasks of daily living such as dressing, shopping, and cooking. An individual receiving personal services may choose to self-direct their services or to use an agency to provide the services.

**Figure OV-1
Number of People Served and Total Reimbursements Paid for Developmental and Physical Disability Waivers
FY 2007**

Waiver	# of People Served	Total Reimbursements Paid (In Millions)
Developmental Disability	7,274	\$244
Physical Disability	7,637	\$92
Total	14,911	\$336

Source: Kansas Department of Social and Rehabilitation Services.

- Self-Direction—when the individual chooses the caregiver and serves as the employer for the caregiver; however, the consumer needs a third-party payroll agent (a service provider) to process the caregiver wages
- Agency-Direction—when a service provider, typically a home health agency, directly chooses the caregiver, serves as the employer, and processes the caregiver’s wages

For the purpose of this audit, the term “service providers” will refer to any entity that acts as the caregiver’s employer or processes the caregiver’s wages.

Figure OV-1 on the previous page shows the number of people served and the total reimbursements paid for the developmental and physical disability waivers in fiscal year 2007.

In Fiscal Years 2007 and 2008, the Legislature Appropriated Funding To Increase Reimbursement Rates For Personal Care Services and To Reduce Waiting Lists

As **Figure OV-2** shows, the developmental and physical disability waivers are funded on a reimbursement basis through rates set by SRS. The funding pool for these waivers comes from both State (40%) and federal (60%) moneys. SRS receives this pool of funding to pay service providers the established reimbursement rates. Service providers use those funds to pay caregivers and cover their other operating expenses.

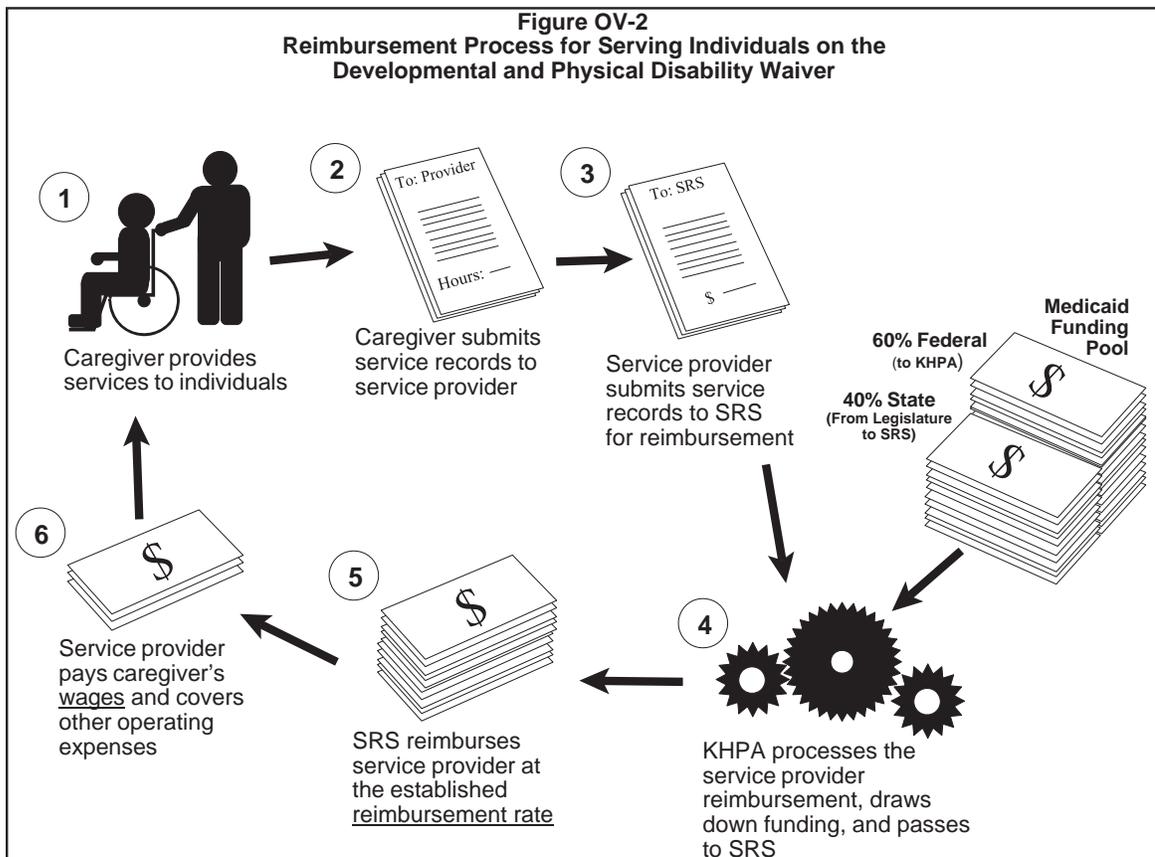


Figure OV-3
Funding Appropriated To Increase Reimbursement Rates and To Reduce Waiting Lists For
Developmental and Physical Disability Waivers
FY 2007 and FY 2008
(In millions)

Waiver	FY 2007		FY 2008	
	Dollars	Intended Purpose of Additional Funding	Dollars	Intended Purpose of Additional Funding
Developmental Disability	\$10.5	Increase reimbursement rates so caregiver wages could be increased	\$6.3	Increase reimbursement rates (no specific purpose noted)
	\$8.2	Reduce waiting lists	\$9.9	Reduce waiting lists
	Subtotal = \$18.7		Subtotal = \$16.2	
Physical Disability	\$8.8	Split between increasing reimbursement rates so caregiver wages could be increased and reducing waiting lists (SRS discretion)	\$2.0	Increase reimbursement rates (no specific purpose noted)
			\$9.0	Reduce waiting lists
	Subtotal = \$8.8		Subtotal = \$11.0	
Total	\$27.5		\$27.2	

Source: Kansas Legislature Appropriations Reports 2006-2007 and 2007-2008.

For fiscal year 2007, the Legislature appropriated an additional \$27.5 million for both waivers to reduce waiting lists and to increase reimbursement rates, with the intention of increasing caregiver wage rates. According to the final Appropriations Report for 2006-2007, the Legislature increased reimbursement rates that year for the specific purpose of increasing the wages of caregivers who provide direct services to waiver participants. The amount of appropriated funding and the purpose for that funding is shown in the left side of *Figure OV-3*.

For developmental and physical disability waivers, it's important to note that SRS only controls the reimbursement rates paid to service providers. SRS has chosen not to try to directly control the amount of wages paid to direct caregivers. Service providers determine the hourly wage rate they pay to each caregiver they employ.

For fiscal year 2008, the Legislature appropriated an additional \$27.2 million to reduce the waiting lists and to increase reimbursement rates for both waivers, but without the expressed intention of increasing caregiver wage rates. Although the House Social Services Budget Committee noted in its Committee Report that it was supportive of increasing direct caregiver's wages, no such language was included in the final Appropriations Report for 2007-2008. This information is in the right side of *Figure OV-3*.

Have the Additional Moneys Appropriated To SRS For Increasing Wages of Direct Caregivers For Those With Developmental and Physical Disabilities Been Used For the Intended Purposes?

ANSWER IN BRIEF: *For developmental disability services, SRS used the additional funding to increase reimbursement rates by about 4% in fiscal year 2007 and by almost 9% in fiscal year 2008. All five developmental disability service providers we sampled increased their direct caregivers' average hourly wages in fiscal years 2007 and 2008. For physical disability services, SRS didn't use the additional funding it received in fiscal year 2007 to increase reimbursement rate, but it did increase the self-directed services rate by 3% in fiscal year 2008. In fiscal year 2008, only two of the five physical disability service providers we sampled increased the average hourly wage rate they paid to their direct caregivers. Under both waivers, even when the average hourly rate increased, not all caregivers received an increase. These and other findings are discussed in the sections that follow.*

In fiscal years 2007 and 2008, the Legislature provided additional funding to increase the reimbursement rates and to reduce the waiting lists for the developmental and physical disability waiver programs. This audit focuses only on the use of the additional funding for increasing the reimbursement rates; not on the additional funding for reducing the waiting lists. First, we will discuss findings related to the developmental disability waiver, followed by findings related to the physical disability waiver.

For Developmental Disability Services, SRS Used the Additional Funding To Increase Its Reimbursement Rates By About 4% in Fiscal Years 2007 and by Almost 9% in 2008

The Department of Social and Rehabilitation Services (SRS) received \$10.5 million in additional funding in fiscal year 2007 and \$6.3 million in fiscal year 2008 to increase developmental disability reimbursement rates. As noted earlier, the additional funding for 2007 was intended to increase caregiver wage rates, but the 2008 funding didn't mention that specific purpose. As **Figure 1-1** on the next page shows, SRS increased all developmental disability service reimbursement rates by about 4% in fiscal 2007 and by almost 9% in fiscal year 2008.

Developmental disability reimbursement rates didn't increase from fiscal year 2001 to fiscal year 2005.

**Figure 1-1
Developmental Disability Reimbursement Rates
FY 2006 to FY 2008**

Tier of Service	Reimbursement Rate Per Day			Percent Change	
	2006	2007	2008	2006-07	2007-08
RESIDENTIAL SERVICES					
Tier 1	\$138.69	\$144.70	\$157.07	4.3%	8.5%
Tier 2	\$113.61	\$118.53	\$128.65		
Tier 3	\$82.12	\$85.68	\$93.00		
Tier 4	\$53.03	\$55.33	\$60.06		
Tier 5	\$38.32	\$39.98	\$43.40		
Average	\$85.15	\$88.84	\$96.44		
DAY SERVICES					
Tier 1	\$86.17	\$89.90	\$97.58	4.3%	8.5%
Tier 2	\$63.72	\$66.48	\$72.16		
Tier 3	\$51.24	\$53.46	\$58.03		
Tier 4	\$37.71	\$39.34	\$42.70		
Tier 5	\$32.35	\$33.75	\$36.64		
Average	\$54.24	\$56.59	\$61.42		

Source: Kansas Department of Social and Rehabilitation Services.

Of the Five Developmental Disability Service Providers We Sampled, All Increased Their Caregivers' Average Hourly Wages in Both Years

SRS' memo to developmental disability service providers about the increase in reimbursement rates for 2007 didn't mention the Legislature's intention that those funds be used to raise caregiver wages. To determine whether developmental disability caregivers did indeed receive wage increases, we selected a sample of five developmental disability service providers for review. For each provider, we reviewed caregiver payroll records for fiscal years 2006, 2007 and 2008 and calculated an average caregiver wage rate.

The sampled providers increased their direct caregivers' average hourly wage rates by about 3%-11% in fiscal year 2007 and by about 2%-10% in fiscal year 2008. This information is summarized in *Figure 1-2*.

**Figure 1-2
Developmental Disability Caregiver Wage Rates and Increases
FY 2006 to FY 2008**

Provider	Average Hourly Wage Rates			Dollar Change		Percent Change	
	FY 2006	FY 2007	FY 2008	FY 2006-07	FY 2007-08	FY 2006-07	FY 2007-08
Tri-Ko, Inc. (Osawatomie)	\$9.77	\$10.72	\$11.49	\$0.95	\$0.76	10.7%	7.2%
Unlimited Options, Inc. (Salina)	\$9.19	\$9.88	\$10.81	\$0.69	\$0.93	8.0%	9.5%
Starkey, Inc. (Wichita)	\$9.75	\$10.13	\$10.68	\$0.38	\$0.55	4.0%	5.5%
Futures Unlimited, Inc. (Wellington)	\$9.68	\$10.19	\$10.39	\$0.51	\$0.20	5.3%	2.0%
Individual Support Systems, Inc. (Topeka)	\$7.51	\$7.73	\$7.97	\$0.22	\$0.24	2.9%	3.2%

Source: Payroll records from sampled service providers.

It's interesting to note that all five service providers increased the average wage rates they paid to their caregivers in both years, even though the funding for fiscal year 2008 wasn't specifically intended to increase caregiver wages. In addition to increasing wage rates, providers reported using the increased funding to provide annual bonuses, cover increases to health insurance premiums, and cover caregivers' retirement plan contributions.

While all sampled service providers increased the average wage rate paid to caregivers, not all caregivers received an increase. For example, for one service provider, the average wage rates paid increased by 3% in fiscal year 2007, but individual employee increases ranged from 0% to 6%. Service providers in our sample cited several potential reasons why some caregivers may not have received an hourly wage increase. These include the caregiver changing shifts, changing duties, or performing poorly.

For Physical Disability Services, SRS Used the Additional Funding To Increase Reimbursement Rates Only in Fiscal Year 2008

Reimbursement rates for physical disability services are paid by the hour and vary depending on whether the services are self directed or agency directed. SRS received an additional \$8.8 million in fiscal year 2007 that was to be split—at SRS' discretion— between increasing physical disability waiver reimbursement rates (with the intent of increasing caregiver wages) and reducing the waiting list. As **Figure 1-3** shows, SRS didn't increase reimbursement rates in 2007 but used all the additional funding to reduce the waiting list. SRS officials said that after meeting with stakeholders they decided that the funding would best be used to eliminate the waiting list.

**Figure 1-3
Physical Disability Reimbursement Rates
FY 2006 to 2008**

Type	Reimbursement Rate Per Hour			Percent Change	
	2006	2007	2008	2006-07	2007-08
Self Directed	\$11.94	\$11.94	\$12.29	0%	3%
Agency Directed	\$12.82	\$12.82	\$12.82	0%	0%

Source: Kansas Department of Social and Rehabilitation Services.

For fiscal year 2008, the Legislature appropriated an additional \$2.0 million to increase physical disability waiver reimbursement rates, but didn't expressly state that those funds be used to increase caregiver wages. **Figure 1-3** shows that SRS used all the additional funding for 2008 to increase the self-directed reimbursement rate. The agency-directed reimbursement rate remained unchanged.

SRS officials said that after meeting with stakeholders they chose to focus funding on self-directed rates because the majority of physical disability waiver participants have self-directed care and the self-directed reimbursement rate has historically been lower than the agency-directed rate.

Self-directed physical disability reimbursement rates didn't increase from fiscal year 2003 to fiscal year 2007 and agency-directed reimbursement rates haven't increased since fiscal year 2003.

In Fiscal Year 2008, Two of the Five Sampled Physical Disability Service Providers Increased Their Direct Caregivers' Average Hourly Wages

Because the self-directed reimbursement rate didn't increase in fiscal year 2007 and agency-directed reimbursement rates didn't increase in fiscal years 2007 and 2008, we only examined the change in self-directed wages from fiscal year 2007 to 2008. To determine what changes, if any, had occurred in caregiver wage rates in fiscal year 2008, we selected a sample of five physical disability service providers. For the sampled providers, we reviewed self-directed caregiver payroll records for fiscal years 2007 and 2008 and calculated an average caregiver wage rate for each provider, for each year. These calculated averages reflect changes among the majority of caregivers, but individual caregiver wage changes vary.

Two of the five physical disability service providers we sampled increased direct caregivers' wage rates by about 3%-10% in fiscal year 2008; the rest were essentially unchanged. As *Figure 1-4* shows, only two providers in our sample increased their average wage rates. For the remaining three providers, we reviewed 30 caregivers' wages and found only four received an increase. These increases were attributable to longevity pay, or other reasons not directly related to the additional funding appropriated.

**Figure 1-4
Physical Disability Caregiver Wage Rates and Increases
FY 2007 to FY 2008**

Provider	Average Hourly Wage Rates		Dollar Change	Percent Change
	FY 2007	FY 2008		
PROVIDERS WHO INCREASED <u>MOST</u> CAREGIVER WAGES				
Topeka Independent Living Resource Center, Inc. (Topeka)	\$7.92	\$8.65	\$0.73	9.6%
Coalition for Independence (Kansas City)	\$7.98	\$8.25	\$0.27	3.4%
PROVIDERS WHO INCREASED <u>ONLY A FEW</u> CAREGIVER WAGES				
Southeast Kansas Independent Living Resource Center, Inc. (Parsons)	\$8.13	\$8.19	\$0.06	0.8%
Caring Hearts Nursing Services, Inc. (Kansas City)	\$8.20	\$8.25	\$0.05	0.7%
Home Team of Kansas (Olathe)	\$8.12	\$8.14	\$0.02	0.3%
Source: Payroll records from sampled service providers.				

These three physical disability service providers reported using the additional funding from the increased reimbursement rates to increase administrative staff positions, pay for overhead costs, and pay for existing debt.

Conclusion:

Direct caregivers provide services to people with disabilities helping them to remain members of the community. Although the Legislature has appropriated additional funding to increase the wages of direct caregivers in recent years, we found three reasons that not all caregivers included in our sample received an increase. First, some service providers who employ caregivers didn't increase most caregivers' wages. Second, some service providers who increased the wages of most caregivers still had some who didn't receive an increase possibly because of poor performance or other issues. Finally, SRS didn't use the additional funding to increase all rates in 2007 or 2008 but instead used the money for reducing the waiting list or to focus increases on specific reimbursement rates.

Recommendation:

To help ensure that any funding appropriated by the Legislature for specific purposes is used as intended, the Department of Social and Rehabilitation Services should clearly and formally communicate that intent to service providers.

APPENDIX A

Scope Statement

This appendix contains the scope statement approved by the Legislative Post Audit Committee for this audit on September 24, 2007. The audit was requested by Representative Sharon Shwartz.

Disability Waiver Programs: Reviewing the Use of Appropriations Intended To Upgrade the Wages of Certain Caregivers

The Department of Social and Rehabilitation Services funds home- and community-based services that are aimed at allowing those with certain types of disabilities to be able to live in the community rather than be institutionalized.

As part of its fiscal year 2007 budget, the Department of Social and Rehabilitation Services received \$18.7 million in increased funding for the Home- and Community-Based Services waiver for persons with developmental disabilities. Of that amount, \$8.2 million was earmarked for reducing waiting lists for services, and \$10.5 million was for salary increases for persons providing direct services to waiver participants. In addition, the Department received \$8.8 million in additional funding for services for those on the Physical Disability waiver. That money was to be split between reducing waiting lists for services and increasing salaries for direct-care providers at the discretion of the Department.

Recently legislators have heard a number of complaints from caregivers that they have not seen any increase in their level of compensation since the additional money was appropriated. Legislators want to know what has happened to the additional money, whether it has resulted in the anticipated pay increases for direct caregivers, and if not, why not.

A performance audit of this topic would address the following question:

- 1. Have the additional moneys appropriated to SRS in fiscal year 2007 for increasing salaries of direct caregivers for those with developmental and physical disabilities been used for the intended purposes, and if not, why not?** To answer this question, we would interview SRS officials to determine which moneys they made available for salary increases to caregivers and how that money was made available. We would determine how they factored those additional dollars into their reimbursement rates or otherwise made the moneys available to providers. We would review payroll records for a sample of service providers, home health agencies, and payroll agents, to determine how much of the moneys they have received through the rate increases have gone toward increasing direct caregiver wages, and what the rest of the moneys have been used for. We would conduct other work in this area as needed.

Estimated Time to Complete: 4-6 Weeks

APPENDIX B

Reimbursement Received and People Served by Sampled Service Providers

This appendix contains the total amount of reimbursements received and the number of people served in fiscal years 2006 and 2007 for the five developmental disability service providers and five physical disability service providers selected in our sample.

Total Reimbursements Received and People Served by Sampled Providers FY 2006 and FY 2007				
Provider Name	FY 2006		FY 2007	
	Total Reimbursements Received	Total Number of People Served	Total Reimbursements Received	Total Number of People Served
<u>DEVELOPMENTAL DISABILITY SERVICE PROVIDERS</u>				
Starkey, Inc.	\$7,633,275	282	\$7,904,316	293
Tri-Ko, Inc.	\$2,479,770	72	\$2,763,584	72
Individual Support Systems, Inc.	\$2,715,020	68	\$2,632,633	64
Futures Unlimited, Inc.	\$1,671,029	54	\$1,695,404	52
Unlimited Options, Inc.	\$1,988,989	50	\$2,386,315	50
<u>PHYSICAL DISABILITY SERVICE PROVIDERS</u>				
Southeast Kansas Independent Living Resource Center, Inc.	\$14,890,602	1,549	\$16,699,402	1,806
Topeka Independent Living Resource Center, Inc.	\$6,348,166	567	\$6,112,850	560
Coalition for Independence	\$4,179,654	412	\$4,666,704	453
Home Team of Kansas	\$3,166,525	313	\$3,738,923	333
Caring Hearts Nursing Services, Inc. (a)	\$138,121	20	\$562,890	64
Source: Kansas Department of Social and Rehabilitation Services.				

APPENDIX C

Agency Response

On April 16, 2008, we provided copies of the draft audit report to the Department of Social and Rehabilitation Services. Its response is included in this Appendix. The agency generally concurred with the report's findings, conclusion, and recommendation.

April 22, 2008



Ms. Barbara J. Hinton
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800 Southwest Jackson Street, Suite 1200
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Dear Ms. Hinton:

SRS has received the draft of the performance review audit, *Disability Wavier Programs: Reviewing the Use of Appropriations Intended To Upgrade the Wages of Certain Caregivers*. I would like to thank you for giving us the opportunity to comment on the draft report.

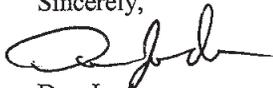
SRS has no recommended changes or comments regarding the audit. We agree with the conclusions made as a result of the audit. One recommendation was made as a result of the audit. That recommendation was:

“To help ensure that any funding appropriated by the Legislature for specific purposes is used as intended, the Department of Social and Rehabilitation Services should clearly and formally communicate that intent to service providers.”

During the legislative process the advocates and stakeholders with whom we work are very involved in the process and aware of the outcomes of the legislative session. This is why it was felt we did not need to include wording regarding the legislative intent of the use of the funding. SRS will include information regarding the legislative intent in future memos notifying providers of changes.

Thank you for the opportunity to provide feedback regarding this audit. If you have any questions regarding the agencies comments, please contact Margaret Zillinger at 296-3561.

Sincerely,



Don Jordan
Secretary

cc: Ray Dalton
Margaret Zillinger

OFFICE OF THE SECRETARY

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