

# SENATE BILL REPORT

## SB 5014

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As Reported by Senate Committee On:  
Health Care, February 13, 2017  
Ways & Means, February 24, 2017

**Title:** An act relating to calculating the benchmark rate for certain community residential services.

**Brief Description:** Concerning determination of the benchmark rate in Snohomish county for certain community residential services. **Revised for 1st Substitute:** Calculating the benchmark rate for certain community residential services.

**Sponsors:** Senators Pearson, Hobbs and Chase.

**Brief History:**

**Committee Activity:** Health Care: 1/23/17, 2/13/17 [DP-WM].  
Ways & Means: 2/21/17, 2/24/17 [DPS].

**Brief Summary of Substitute Bill**

- Requires the rate at which direct care staff hours are paid in Snohomish county to be calculated using the King county classification.

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### SENATE COMMITTEE ON HEALTH CARE

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Rivers, Chair; Becker, Vice Chair; Cleveland, Ranking Minority Member; Kuderer, Assistant Ranking Minority Member; Bailey, Conway, Fain, Keiser, Miloscia, Mullet, O'Ban and Walsh.

**Staff:** Kathleen Buchli (786-7488)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5014 be substituted therefor, and the substitute bill do pass.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Ranker, Ranking Minority Member; Rolfes, Assistant Ranking

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Minority Member, Operating Budget; Frockt, Assistant Ranking Minority Member, Capital Budget; Bailey, Becker, Billig, Conway, Darneille, Fain, Hasegawa, Keiser, Miloscia, Pedersen, Rivers, Schoesler, Warnick and Zeiger.

**Staff:** James Kettel (786-7459)

**Background:** The Developmental Disabilities Administration (DDA), within the Department of Social and Health Services (DSHS), offers instruction and support to persons with developmental disabilities who live in the community. Clients who receive supported living services are 18 years of age or older, and they have been assessed as needing supported living services to meet their health and welfare needs.

Support services may vary from a few hours per month up to 24 hours per day of one-on-one support. Clients pay their own rent, food, and other personal expenses, and the DDA contracts with private agencies to provide supported living services. Services provided may include:

- alternative living services;
- dental services;
- child development services;
- community access services;
- employment;
- family services; and
- nursing and/or therapeutic services.

Rates for the supported living providers are determined for each individual client based upon the number of direct care staff hours needed to meet the client's assessed needs. Staff hours are paid at a pre-determined benchmark rate specific to county categories:

- Metropolitan Services Areas (MSA);
- Non-MSAs; and
- King County.

**Summary of Bill (First Substitute):** DSHS must use the King county classification when determining the direct care staff hourly rate for supported living providers, group homes, group training homes, and staffed residential homes in Snohomish county.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):**

- Clarifies that use of the King County classification to determine the benchmark rate in Snohomish County applies only to community residential service businesses and not to other types of service providers.
- Adds a null and void clause.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill (Health Care):** PRO: Snohomish county is losing direct care providers to King county because of the pay differential between the two counties. This bill provides fair wagers for employees who work in supported living. Most employees work multiple jobs to pay for their family. Agency employees can earn around \$11.05 an hour in Snohomish county; using the King county rates would increase wages by an extra \$0.62. There are overtime and staff shortage issues in Snohomish county because providers go to King county, often after being trained in Snohomish county. This would eliminate the benchmark disparity between these two counties. This is also a statewide issue. If they cannot hire staff, providers will go out of business; this leaves clients needing to find other providers. This should be modified to clarify that it applies to DDA clients only. The cost of living in Snohomish county is the same as in King county and the wages should reflect that. We need an 18% rate increase for the program to be financially solvent long-term; if the rates do not come up, agencies will have to close.

OTHER: We need to look at the impact on all providers. Providers are not being paid above minimum wage. A null and void amendment should be added.

**Persons Testifying (Health Care):** PRO: Senator Kirk Pearson, Prime Sponsor; Sue Closser, Sunrise Services, Inc.; Lee Phillips, Sunrise Services, Inc.; Michelle Dietz, Village Community Services.

OTHER: Scott Livengood, Community Residential Services Association.

**Persons Signed In To Testify But Not Testifying (Health Care):** PRO: Alyssa Arley, citizen.

**Staff Summary of Public Testimony on Original Bill (Ways & Means):** *The committee recommended a different version of the bill than what was heard.* PRO: There should be a fair and equitable wage for employees in Snohomish County. Currently, workers in King County receive \$0.62 more per hour than workers in Snohomish County. Agencies in Snohomish County train their employees, and then the employees end up leaving to work in King County for a higher wage. \$0.62 per hour may not seem like a lot of money, but it is a lot of money for low income workers. The turnover of the community residential workforce in Snohomish County is over 50 percent. The King County turnover rate is closer to 37 percent. Specifically for workers at Sunrise Services and Village Community Services, the turnover is over 60 percent. The request is for Snohomish County and King County to be placed back into the same Metropolitan Statistical Area. Seattle, Bellevue, and Everett are part of the same Metropolitan Statistical Area. Tacoma is not part of the same Metropolitan Statistical Area. Village Community Services is facing a critical staffing shortage. Last year, of the 60 residential positions, Village Community Services had 13 vacancies. For every person hired, two people go out the door, which results in a 60 to 70 percent turnover rate. The pool of workers is decreased when going down the highway to King County results in a higher wage. The staff shortage is very expensive. Also, the current reimbursement rate is not enough to meet expenses. After speaking with a consultant, Village Community Services only has about three years before closure. Village Community Services has been in operation since 1964 and has excellent audits from the Developmental Disabilities Administration and

an outside certified public accountant. Providers in Snohomish County are open to phasing-in the increase over the course of a biennium. The Legislature is also considering across-the-board vendor rate increases for community residential services. Keep in mind that across-the-board increases only make the disparity between King County and Snohomish County worse. The Legislature should equalize these two counties before making adjustments to the rest of the state. An amendment is needed to clarify that this bill only applies to community residential services.

OTHER: The Community Residential Services Association (CRSA) is sympathetic to all agencies operating in Snohomish County. CRSA actually includes agencies operating in Snohomish County. However, CRSA believes that the reimbursement rate for community residential settings and the turnover of workers in community residential settings represents a statewide crisis. CRSA has come before the Legislature for many years to discuss this issue. This is the first year where the statewide turnover rate has hit 50 percent. The average statewide wage is only \$10.77 per hour. Many agencies are not taking any referrals for new clients. They simply cannot hire the staff necessary to provide care for any new clients. If this bill does move forward, then there should be a separate appropriation. Otherwise, the remainder of supported living providers will receive a rate decrease in order to increase rates in Snohomish County.

**Persons Testifying (Ways & Means):** PRO: Lee Phillips, Sunrise Services, Inc.; Michelle Dietz, Village Community Services.

OTHER: Melissa Johnson, Community Residential Services Association.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** PRO: Mark Gjurasic, citizen.