



South Carolina Human Services Providers Association

Position Statement on Band B and I Switch to Fee for Service

Background

The South Carolina Human Services Providers Association (SCHSPA) represents 55 provider members from across South Carolina supporting people with lifelong disabilities. Thirty-six (36) of the SCHSPA provider members are fiscal managers in the South Carolina Department of Disabilities and Special Needs (SCDDSN) funding band system. The current funding band system is switching to a fee for service system. The current funding system is a capitated model that is based upon averaging costs among various funding bands. The most recent Mercer Report identified that the Residential components of the funding band system are under funded by as much as twenty (20) percent. Providers across the state have been for many years using the flexibility of the band system to cover the deficits in Residential Services with undesignated funds from other program areas.

At the November 19th SCDDSN Commission meeting the Commission took a vote to move the SCDDSN system one step closer to fee for service funding model. Effective January 1, 2021 the funding from Band B and I, which represent non-Residential service recipients, will be pulled back to SCDDSN and the associated funding and expenses removed from Providers.

As a result of this decision by the Commission, Provider agencies across the state will experience an aggregate annualized loss of \$10,393,880. This loss is referred to in SCDDSN literature as “gap” funding. At this time no plan has been approved or shared by the Commission to express how the funds withdrawn from the system will be utilized. This is in addition to SCDDSN’s plan to recoup millions of dollars from providers in non-billable day services due to COVID-19.

Supporting Facts

The SCHSPA maintains that:

- 1) The Commission was presented three options to consider for the switch of Band B and I funding to fee for service. The management of SCDDSN and the large majority of provider agencies across the state supported option #2 which offered grants to providers for six months in an effort to stabilize the service delivery system during the conversion. Although the grants would not correct the funding issues brought about by the conversion, they were proposed by SCDDSN management as a short term solution until rates could be adjusted in other service areas to accommodate the loss from the Band Bs and Is. The Commission, however, opted for option #1 which does not address gap funding at all.

- 2) SCDDSN has not been able to obtain a rate increase for Residential services from the South Carolina Department of Health and Human Services (SCDHHS). SCDDSN and SCDHHS are actively discussing the rates, but neither a date for a rate increase nor the potential rate structure has been published to Providers.
- 3) The loss of gap funding by the Provider network may be destabilizing to services, which directly impacts program participants. Providers will be forced to escalate decisions to stop offering services like Case Management, Early Intervention, Day Supports and Residential Supports (primarily ICF programs). Presently there is not enough operational capacity among Providers that may desire to take on new services to meet the number of Providers that may be exiting services. Additionally, the lost gap funding coupled with underfunded rates may result in Providers being forced to make decisions about whom they can and cannot support which may exclude from services many people that previously received services.
- 4) SCDDSN has benefitted from increased FMAP, the removal of Band B and I gap funding and an Administrative Contract with SCDHHS. Providers, conversely, have lost gap funding with no corresponding rate increase in Residential services. We have not received any direct funding relief from SCDDSN for increased costs associated with COVID-19. The Commission is strengthening the financial position of DDSN without consideration nor adequate understanding of the financial status and responsibilities of Providers, at a potential cost of lost services for people with disabilities across South Carolina. The action of the Commission on November 19th was incongruous with the mission of SCDDSN, which is in part to assist people with disabilities and their families in meeting needs, pursuing possibilities and achieving life goals.

Position Statement

It is the purpose of this position statement to let it be known that the SCHSPA is unable to support the Commission's vote on November 19th to switch the Band B and I funding to fee for service without concurrently addressing the \$10,393,880 in gap funding. A provision for grant funding would, hopefully, ensure continuity of care until necessary rate increases could be put into effect.