

MR/RC Waiver "Rebased": Families, Providers Feel the Pain

In mid January the Minnesota Department of Human Services (DHS) changed the amount of money available to each county for their annual budget to operate the MR/RC (Mental Retardation/Related Conditions) waiver. In many instances, this was less money than the county had already committed to spend. This process was called "rebasings."

The state's budget forecast last fall projected that MR/RC waiver spending would grow more rapidly than expected. DHS decided to take immediate action to reduce the future growth. It hoped that rebasing would limit future growth in the waiver budget and hold off major cuts in the next round of discussions to eliminate the 2004/05 deficit of \$4.2 billion. DHS estimates that rebasing will reduce MR/RC waiver spending by \$55 million over two years.

• Rebasings Causes Hardship in Some Counties

Shortly after DHS informed the counties about their new MR/RC waiver budgets, some counties began to inform consumers, families, and providers about immediate reductions in their services. Dakota and

Ramsey Counties have held meetings with the families of waiver recipients and with providers.

Dakota County has told its providers that their rates will be reduced by 7%, families will have their Consumer Directed Community Supports (CDCS) budgets cut by 20%, and CDCS adult recipients will have theirs reduced by 15%. Ramsey County is reducing provider rates by 5%, and families' rates are being adjusted by fully implementing their "matrix assessment" (a tool the county developed to figure individual budgets). This has resulted in drastic decreases in the budgets for some "families - some by up to 70%.

Carver, Anoka Scott, Rock, and Stearns Counties have all indicated that they may take similar action.

It appears that rebasing has resulted in some significant, unintended consequences. These include:

- Current services are being reduced, not just future growth.
- Counties are reacting differently to rebasing challenges and are treating consumers differently, depending on the county in which they live.
- In some counties, providers are seeing across-the-board reductions.

- Families are bearing a disproportionate amount of budget reductions in some counties.

Rebasing has caused many individuals, families, and providers much stress and anxiety. Everyone knew going into this legislative session that services were at risk of being cut. People were prepared for potentially modest and reasonable reductions, but not the extensive reductions that rebasing has caused. On top of the cuts caused by rebasing, the Governor's budget proposes an across-the-board four percent rate reduction on most services for persons with developmental disabilities.

- **Temporary Restraining Order Issued**

In reaction to these cuts due to rebasing, the Association of Residential Resources in Minnesota (ARRM), along with the parent and guardian of one of the MR/RC waiver recipients, filed a lawsuit in federal court against DHS and the Center for Medicare and Medicaid Services (CMS). ARRM and the guardian sought an injunction to prevent further implementation of rebasing. The waiver amendment that allows DHS to institute this rebasing adjustment was formally approved by CMS on March 13, 2003.

On March 14, 2003, the federal court issued a temporary restraining order (TRO) on further implementation of rebasing. A hearing on the TRO was scheduled for April 2, 2003 to hear arguments from all parties and decide what further action to take. In the meantime, the court ordered DHS to tell all counties to take no further action to reduce or renegotiate payments to providers or MR/RC waiver recipients until the court issues a decision. Counties were not required to "undo" any actions they had already taken with families or providers.

This issue of *Focus* went to press at the time of the April 2nd hearing. Arc Minnesota will provide updates on this hearing and other issues related to rebasing through action alerts and its web site. If you don't receive action alerts or have access to our web site, call Katie at Arc MN for a copy of the latest update. •

Parental Fee Proposal Would Hit Most Families Hard

Many Minnesota parents pay fees for some of the community-based supports for their loved one with disabilities. This fee is based on the parent's income.

Governor Pawlenty has proposed a change in the way these fees are calculated. His proposal affects the parents of 7,000 children receiving services under TEFRA, Home and Community-Based Services waiver options, and certain out-of-home placements. The Governor hopes to generate additional revenue from these fees to help balance the state budget.

Most parents would see their fees rise under this proposal. While families living at less than the poverty level will fortunately not be charged a fee, other low-income families will pay \$4 per

month, and still other families will see dramatic jumps. For example:

- A family of four with an adjusted gross income (AGI) of \$50,000 and a child with disabilities living with them at home currently pays no fees. Under the new proposal, their fee would leap to \$208/month.
- A family of four with an AGI of \$60,000 and a child at home currently has a \$74 per month fee. Under the new proposal, their fee would jump to \$250/month.
- A family of four with an AGI of \$70,000 and a child at home pays \$157 per month right now. The new proposal would increase their fee to \$438 each month.
- Other families would see less dramatic fee increases.

Arc Minnesota has a chart on its web site to help you calculate your

fee under the Governor's recalculated fee structure. If you want to have a copy mailed to you, call Katie Paschke at the Arc Minnesota office, or send her an e-mail at arcminl09@yahoo.com.

Arc Minnesota believes that this new fee structure would place too great a burden on families. This proposal unfairly impacts middle-income employed parents and higher-income families with medically complex children. Some middle-income families would face especially damaging increases in their fees, on top of the other cuts being proposed in community-based supports.

We thank Lori Guzman and Scott Schiffsky for their contributions to this article.