

REPORT TO THE TWENTY-FOURTH LEGISLATURE  
STATE OF HAWAII  
2008

PURSUANT TO ACT 213 (2007), SECTION 39,  
A BILL RELATING TO THE STATE BUDGET REQUIRING THE DEPARTMENT  
OF HEALTH TO PREPARE A REPORT ON THE SUBSIDIZING OF RESIDENTS  
LIVING IN APARTMENTS AND DEVELOPMENTAL DISABILITIES  
DOMICILIARY HOMES FOR INDIVIDUALS

PREPARED BY:

STATE OF HAWAII  
DEPARTMENT OF HEALTH  
DECEMBER 2007

## **EXECUTIVE SUMMARY**

The Department of Health is responsible for allocating and distributing the funds established by Act 213/SLH 2007 for the purpose of supporting persons with developmental disabilities residing in Developmental Disability Domiciliary Homes and Developmental Disabilities Apartment Complexes. This residential services subsidy was first established in FY '06 at \$485,000. For FY '07, \$1,200,000 was requested and appropriated for this residential services subsidy. In FY '08, Act 213 appropriated \$1,800,000 for residential services for clients with DD/MR. The following report includes the number of individuals aided by the services provided and the capacity of services provided, a performance report of services provided and treatment outcomes, and a detailed report on all expenditures.

## REPORT TO THE LEGISLATURE

### IN COMPLIANCE WITH ACT 213 (2007), SECTION 39

Section 39 of Act 213 requires the Department of Health (DOH) to report on the following: 1) The number of individuals aided by the services provided and the capacity of services provided; 2) A performance report of services provided and treatment outcomes; and 3) A detailed report of all expenditures.

The funding appropriated by Act 213 to the Department of Health is for the purpose of supporting persons with developmental disabilities residing in Developmental Disability Domiciliary Homes (DDDH) and Developmental Disabilities Apartment Complexes (DDAC).

(1) The number of individuals aided by the services provided and service capacity:

These funds, totaling \$1,200,000 in FY '07 and \$1,800,000 in FY '08, are currently allocated to 5 contracted providers with annual residential services available for a total of 122 individuals with developmental disabilities. There are currently 5-DDDH provider agencies with a total of 74-available beds. Arc of Hawaii has 42-beds, Arc of Maui has 5-beds, Kona Krafts has 5-beds, Responsive Caregivers of Hawaii has 12-beds, and Opportunities for the Retarded Inc. has 10-beds. These providers operate residential services at 95% capacity or higher throughout the year. There is only one DDAC operated by the Arc of Hawaii that can support 48 adults with developmental disabilities. This apartment complex operates at 99% capacity throughout the year.

These funds are allocated using a formula that identifies an average unit rate based on providers' projected costs. The funding for the DDAC is allocated first. These units are not comparable to the DDDH because of different staffing ratios and client support needs. In addition they operate at much lower unit cost than the DDDH. Based on unit cost projections, the remaining funds are allocated to each Domiciliary Home provider agency. Due to different unit costs for different agencies and homes, some homes are fully funded in this first round. The funds remaining after the first round of distribution are again divided among the provider agencies that are not fully funded, until all funds have been allocated.

Provider agencies must bill each month based on their actual expenditures for filled beds only, using midnight as the cutoff for their daily census. Any unused funds at the end of the year are redistributed to agencies that were under funded throughout the year where provider costs exceeded reimbursements. In FY '07 the Apartments received \$227,933 to support an average of 47.5 individuals per month. In FY '07 the Domiciliary Homes received \$929,953 to support an average of 70.8 individuals per month. Total subsidies paid for FY '07 were \$1,157,886.

In the 2007 Legislative Session, the DDDH and DDAC Subsidies bill (HB208 SD1) died in session; however, \$1,800,000 was inserted in DDD's base budget instead, for the DDDH and DDAC (Act 213/SLH 2007). A formula similar to the one used in FY '07 is being used to distribute these funds for FY '08. For FY '08, the provider agencies Waiver revenue was also factored into the distribution formula. A unit rate has been established for each provider agency. There is a projected increase in expenditures for FY '08 based on an increase in personnel costs. The subsidized operational funding has allowed the DDDHs' and DDACs' providers to better retain their staff and provide salary increases based on performance. The quality of staffing is directly related to the quality of service outcomes for the people with developmental disabilities receiving these residential services.

(2) A performance report of services provided and treatment outcomes:

The DDDH and DDAC provide people with developmental disabilities a safe place to live with consistent supports and staffing. There is no "treatment" outcome in the sense that individuals with developmental disabilities are not medical patients and the goal is not to achieve a cure. However, there are significant "service" outcomes. The residential supports ensure a stable and continuous environment necessary for continued learning and development. The residential services ensure basic requirements of healthy living are in place including managing medical appointments, meeting nutritional requirements, and establishing a safe and secure environment. The staffing allows for the basic needs of health and safety to be met, as well as building in opportunities for developing independent living skills to maximize opportunities for independence. Living in a residential setting allows for easy access to ordinary community activities, as well as special events. The access provided in the DDDH and DDAC allows people with developmental disabilities to both benefit and also contribute to community life. There are currently limited residential choices for people with developmental disabilities that choose not to or are unable to live with a family member. The DDDH and DDAC add one more option to the current residential system.

(3) A detailed report on all expenditures:

A report of expenditures for FY '07 is provided in Appendix A.

A report of year-to-date expenditures for FY '08 is provided in Appendix B.

Appendix A. FY 2007 Expenditure of Residential Services Appropriation

<u>AGENCY</u>	<u>FACILITY</u>	FY 2007 Number of Beds Available	FY 2007 Approved Residential Subsidy Funding	FY 2007 Actual DOH Residential Subsidy Payments
ARC In Hawaii	DD DOM Home			
Kona Krafts	DD DOM Home			
ORI	DD DOM Home			
RCH	DD DOM Home			
ARC of Maui	DD DOM Home			
ARC in Hawaii	DD Apartments			
<b>TOTAL - DD DOM Homes &amp; Apartments</b>		<b>122</b>	<b>\$1,199,952</b>	<b>\$1,157,886</b>

Appendix B. FY 2008 Year-to-Date Expenditure of Residential Services Appropriation

Vendor Name	Residential Setting	PO Number	PO Date	PO Amount	FY08 Invoices Paid	FY08 Invoices Un-paid	FY08 Total Invoices
ARC in Hawaii	Apartments	828013	10/25/2007	372,653.00	92,222.12	31,278.28	123,500.40
ARC in Hawaii	DOM Home	828012	10/25/2007	907,124.00	226,282.68	76,844.04	303,126.72
ARC of Maui County	DOM Home	828014	10/25/2007	56,651.00	0.00	4,210.56	4,210.56
Kona Krafts	DOM Home	828015	10/25/2007	65,798.00	0.00	13,520.96	13,520.96
Responsive Caregivers	DOM Home	828017	10/25/2007	122,760.00	0.00	23,933.76	23,933.76
ORI	DOM Home	828016	10/25/2007	275,014.00	0.00	0.00	0.00
				1,800,000.00	318,504.80	149,787.60	468,292.40