

Guidehouse Rate Study FAQs

March 2021

What is the Guidehouse Rate Study?

The Guidehouse Rate Study was a comprehensive, 18-month process of assessing Illinois' Medicaid and Medicaid Waiver rate structures governing adult services for people with intellectual and developmental disabilities (I/DD). The Study included an in-depth fiscal survey and analysis of Illinois I/DD community organizations as well as national data regarding wages and related factors. The Study was also informed by an Oversight Committee which shared recommendations and considerations from subcommittees that focused on key areas of the rate structures. The Study yielded concrete recommendations for the state to consider in establishing rate methodologies that properly accounted for costs associated with service delivery as well as advance the Illinois I/DD community system to align with federal CMS rules and national standards.

Why was the Study conducted?

In June 2018, the federal court judge presiding over the Ligas Consent Decree ordered the state to undertake such a study after the Ligas Court Monitor found Illinois out of compliance with the Consent Decree for the 3rd consecutive year, largely due to inadequate rates paid to community I/DD providers.

What did the Study find?

Guidehouse determined that Illinois needs to make a substantial fiscal investment to stabilize the community I/DD system and assure its' continued ability to meet the needs of people with I/DD. The primary areas highlighted include Direct Support Staff (DSP) and other frontline staff wages and fringe; unfunded service hours; antiquated non-staff rate assumptions and disregard for varying minimum wage levels across Illinois.

What are recommendations for the FY22 budget?

In establishing FY22 priorities, Guidehouse stated: *"In the list below, we have tried to identify seven key priorities that can be implemented independently of other proposed changes, but when considered together, offer one potential roadmap to full implementation of our proposed rate benchmarks. We present a basic description of each implementation priority, followed by a table that indicates the anticipated cost, depending on the order in which the priority is implemented."* These priorities along with projected FY22 budget impact are listed below.

1. Increase residential program components to benchmark statewide wage and fringe assumptions. (\$113,767,813)
2. Increase existing non-residential service rates to statewide benchmark rates. (\$31,330,662)
3. Expand the Supported Employment service array to include individualized service distinctions reimbursed at benchmark rates. (\$11,405,179)
4. Increase non-program cost centers to benchmark recommendations for CILA and ICF/IDD settings; implement all CILA rate model recommendations including proposed 'ICAP+HRST' assessment framework; and standardize staffing assumptions to the 'Five-Hour' model of unstaffed time across 24-Hour CILA homes. (\$54,713,965)
5. Increase CILA rates to 'Zero-Hour-Unstaffed' Program Rate Model benchmark. (\$38,557,826)
6. Implement statewide and Chicago wage assumptions and rate distinctions. (\$66,926,665)
7. Expand day program service array at benchmark rates. (\$12,760,544)

Why does the Illinois I/DD system need so much fiscal investment?

The Illinois I/DD community system has suffered from decades of fiscal neglect that significantly contributed to the state becoming subject to a federal consent decree in 2011. Nationally, Illinois ranks 48th in spending per capita on community services (Coleman Institute State of the States in Developmental Disabilities) and spends only half of the national average on community services.

What impact does Illinois' upcoming minimum wage increases have for I/DD organizations?

When the Community Integrated Living Arrangements (CILA) program began, state reimbursement for average DSP wages was nearly double the minimum wage in recognition that direct support work was not a minimum wage position. Due to stagnant reimbursement levels and an increasing minimum wage, the differential between state reimbursement for average (not starting) DSP wages and the statewide minimum wage is only 30% today. The Governor's proposed FY22 budget calls for a \$.50/hour increase for DSPs while the statewide minimum wage increases by \$1/hour on 1/1/22 shrinking that already narrow gap to only a 25% differential. In Chicago, state DSP reimbursement equals minimum wage, forcing community providers in the entire metropolitan area to significantly supplement state funding to recruit and retain frontline staff.