

Memo to: Legislators

From: Audrey Schremmer-Philip, Executive Director Three Rivers Inc.

Re: FMS reimbursement rate.

Providers and legislators have been requesting a cost breakout and rate justification from SRS & KDOA for several months. In a letter to legislators dated 1/25/12, SRS & KDOA Secretaries finally provided some information. However, they are still unable to justify the reduced rate. They erringly pointed to numerous studies, none of which developed this data. *See chart below.*

A variation of this chart of service costs was first developed at one of our Statewide Systems Transformation workgroup meetings; a product of the Federal 5-year planning grant. The workgroup discussed FMS expenses and provided supporting data to justify expenses. The initial summary by Providers demonstrated a rate of \$200/member/month as a break even cost for Providers who deliver extensive *Information and Assistance services**. This rate was later negotiated down to \$140/member/month as the lowermost rate FMS providers could accept. Last fall, Providers were notified of the reduced rate with no justification and no opportunity for discussion.

Expenses – definitions	\$115 Rate (chart from 1/25 letter to legislators)	\$140 Rate (Workgroup data from 2010)
Workers Comp Ins – lowest per member per month cost by those participating in cost study was \$6.81 the highest was \$8.56) **2008 data provided by payroll agents	11.00	*Not broken out in workgroup
Unemployment ins.	3.00	3.00
Other insurances	1.00	6.00
Filing/paying taxes	9.00	10.00
Writing checks	3.00	12.00
w/-2 garnishments & other admin (background checks)	21.00	22.00
Independent Audit/reporting	5.00	5.00
Direct and indirect operating cost	15.00	27.00
Information and Assistance	30.00	45.00
Operational Overhead	17.00	10.00
Total	\$115	\$140

Providers are asking for a fair rate for services delivered. CILS believe that we are being unfairly targeted because of our advocacy and a misguided belief that we are only “in it for the money”. The majority of our employees are persons with disabilities and every penny we earn goes right back into services designed to keep individuals in their homes; saving the State money in the long run. Thank you for your consideration on this. Please contact me if you have further questions.