



March 3, 2022  
House Finance Committee  
Testimony **OPPOSED TO Budget Article 12, Section 6 (Perry Sullivan)**  
Linda Katz, JD, Policy Director

The Economic Progress Institute strongly opposes Budget Article 12, Section 6 that would suspend the “Perry Sullivan” requirement in 2023. Perry Sullivan requires that savings from reduction in nursing home beds be reinvested in home and community-based long-term care services (HCBS). According to House Fiscal analysis, this proposal would reduce investments in HCBS by a total of \$38.6M (\$17.7M in general revenue and \$20.9M in federal Medicaid funds).

The Perry Sullivan law was enacted in 2007 to address the need for RI to “rebalance” long term care services, so that more seniors and people with disabilities could live in their homes and communities instead of needing to unnecessarily enter or remain in a nursing facility.

Over the past 15 years, funds in addition to those required by the Perry-Sullivan methodology have been invested in expanding home and community-based services. But Rhode Island has not made sufficient progress: only 24.4% of all funding for Long Term Services and Support (LTSS) is devoted to home and community-based services for older people and adults with disabilities, significantly below the national average and ranking Rhode Island 42<sup>nd</sup> in the country. In New England, only New Hampshire spends a lower percentage on home and community-based services:

State	2020 percentage of Medicaid and state-funded LTSS spending going to HCBS	2020 Rank
Massachusetts	64.2	5
Vermont	45.7	15
Connecticut	41.1	20
Maine	28.5	34
Rhode Island	24.4	42
New Hampshire	14	50
US AVERAGE	45.1	

Long-Term Services and Supports State Scorecard. [www.Longtermscorecard.org](http://www.Longtermscorecard.org)

To encourage states to invest more in home and community-based services, and meet needs during the COVID-19 emergency, the American Rescue Plan Act (ARPA) increased the amount of federal Medicaid cost-sharing for HCBS. This additional cost-sharing is in effect from March 2022 – March 2023.

In this budget article, The Governor proposes that “the enhanced federal medical assistance percentage funding provided through ARPA specifically for enhancement and expansion of HCBS may be used to satisfy the total system savings reallocation to strengthen HCBS and funding requirements of this section”.

This flies in the face of the intent of the Perry Sullivan law and the General Assembly should roundly reject it. The additional federal funds are to expand services particularly to meet the additional needs related to COVID, and are not for on-going investments in HCBS.

There are many investments that the state needs to make to ensure that seniors and people with disabilities are able to remain in/return to their homes. In addition to being a less costly alternative to nursing home care, this is where people want to be as long as they do not need the medically supported 24/7 care that a facility provides.

One important investment is to increase wages paid to three groups of direct care workers (DCW) who care for people at home. DCWs include home health aides and nursing assistants employed by homecare agencies as well as workers hired by consumers through one of two 'self-directed care' programs: the Independent Provider Program (the consumer hires the personal care aide and the state pays the salary) and the Personal Choice Program (the consumer hires the personal care aide and pays them from the funds allocated in their annual budget). EOHHS submitted budget proposals to increase wages to address the severe shortage of DCWs and requested that wages increase to at least \$15/hour at costs shown in the following chart:

	Current Wage	Proposed Wage	General Revenue	Federal	Total
Homehealth Agency (wages for DCW)		\$15/hr	\$3.3M	\$4.1M	\$7.4M
Personal Choice	\$9 - \$15/hr	\$15 - \$21	\$5.5M	\$6.9M	\$12.4M
Independent Provider	\$13.82	\$15	\$118,513	\$147,062	\$265,574

The Perry-Sullivan funds could and should be used for this \$20M investment to maintain and increase the direct care workforce as well as other policies and programs, such as expanding access to assisted living, that will support the expansion of Rhode Island's home and community-based system of care.