2021

ARRM

INDUSTRY REPORT

Photo Credit: Hammer Residences, Inc.

Executive Summary

The ARRM 2021 Industry Survey measured provider experience in the 2020 calendar year. Responses were received from 46 of 140 home and community-based service providers in ARRM's membership, for a response rate of 32.9%. ARRM's members provide services in community and family residential services and unit-based services to a much higher degree than they do in day services or intermediate care facilities for people with developmental disabilities (ICF/DD).

The survey year of 2020 was impacted by the emergence of the COVID-19 pandemic and the various governmental responses to mitigate its business and health challenges. Financial performance in 2020 was generally favorable, as reported by the responding organizations. Still, there were substantial financial gaps for day services providers, which were shut down for much of the year to minimize the spread of the COVID-19 virus among vulnerable individuals. Those closures redirected waiver revenue to residential providers, who had to increase staffing hours to accommodate residents in their homes for more hours. On the flip side, residential providers experienced lost revenue when individuals stayed with their families or guardians for extended periods of time to protect them against the virus, as well as increased expenses to fulfill the requirements of personal protective equipment for staff and residents, as well as cleaning and disinfecting their facilities.

The disability services workforce faced further strain in 2020. Vacancy and turnover rates remained dangerously high, adding retention and recruitment costs to providers' bottom lines. Average wages for direct support professionals increased by 8.4% overall, higher than the new competitive workforce factor of 4.7%, which was added to the wage component of rate frameworks.

Programmatically, some providers closed programs and facilities temporarily or permanently due to the challenges of the pandemic. Some providers also suspended service lines for the same reason. Providers reported more individuals used assistive or monitoring technology in 2020, while the number of asleep staff hours declined.

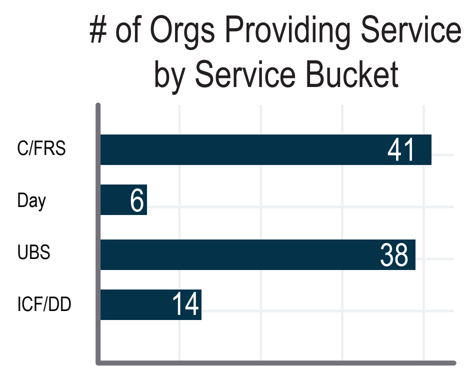
As challenging as 2020 was, there are signs that 2021 could be even more difficult. Despite wage increases and hiring incentives, providers report that hiring staff has become much harder over the past several months. A summer wave of COVID-19 cases related to the Delta variant has also prolonged the loss of ability or desire for individuals to access community resources. This may be a tipping point for an industry that has been in crisis for a long time.

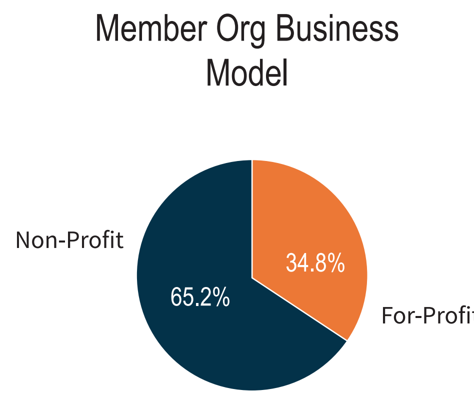
Report Overview

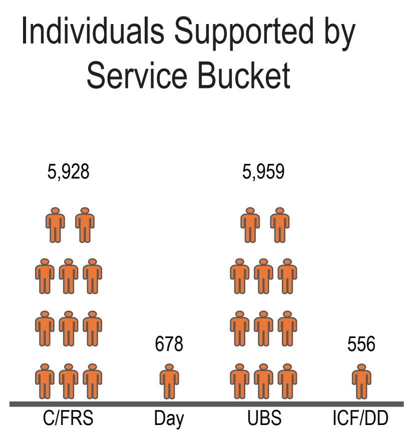
The ARRM Industry Survey is an annual assessment of the home and community-based services industry from the perspective of ARRM's member providers. Because of the makeup of ARRM's membership, the results skew towards residential service providers (community and family residential services, C/FRS), operators of intermediate care facilities for people with intellectual and developmental disabilities (ICF/DD), and wrap-around service providers (unit-based services, UBS), and less towards day and employment service providers, although there is some overlap.

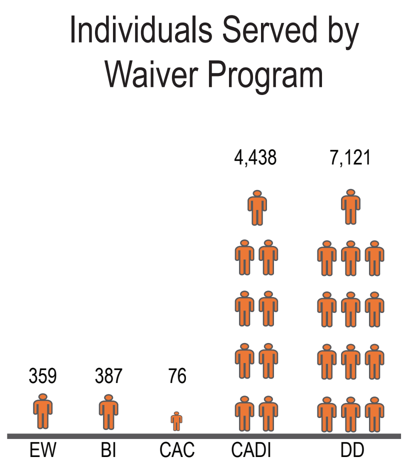
Respondent Profile

Conducted in June 2021, the ARRM Industry Survey received responses from 46 of ARRM's 140 organizational members (32.9%).









Revenue Breakdown

For the calendar year 2020, the 46 providers that responded to the survey reported total organizational revenues of $1,067,300,694. Revenues from waiver services totaled $765,081,933, or 71.7% of total revenues, compared to 61.6% in 2019.

Just over half (24/46, 52.2%) reported that their organizational revenues for 2020 were higher than they had forecast at the beginning of the year, while 37.0% (17/46) shared they were lower, and 10.9% (5/46) ended the year about where they had predicted. Governmental responses to the pandemic were at least partly responsible for these results.

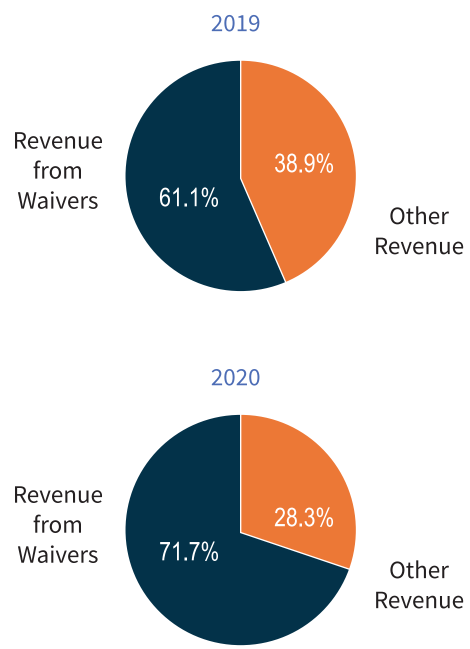
The Paycheck Protection Program and other federal aid programs provided much-needed resources in 2020. Providers also received additional revenue from increased hours to provide services to their individuals while day programs were closed.

Community and family residential services (C/FRS) reported $67,226,624 in combined Housing Support revenue (basic plus supplemental), which was overshadowed by $93,720,295 in total housing expenses, for a net loss of -$26,493,671, or -39.4%.

The organizations also reported paying $595,707,771 in total salaries and wages to all employees, which represented 55.8% of total reported revenue, a slight increase over 53.1% in the previous year. They also paid an additional $56,429,042 in benefits, which was 9.5% of total salaries and wages, an 8.7% decrease over the 10.4% of the previous year.

Service Bucket	# of People Served	Total Revenue	Revenue per Person Served
C/FRS	5,928	$604,225,218	$101,927
Day Services	678	$10,017,266	$14,775
Unit-Based Services	5,959	$89,003,931	$14,936
ICF/DD	556	$61,835,518	$111,215

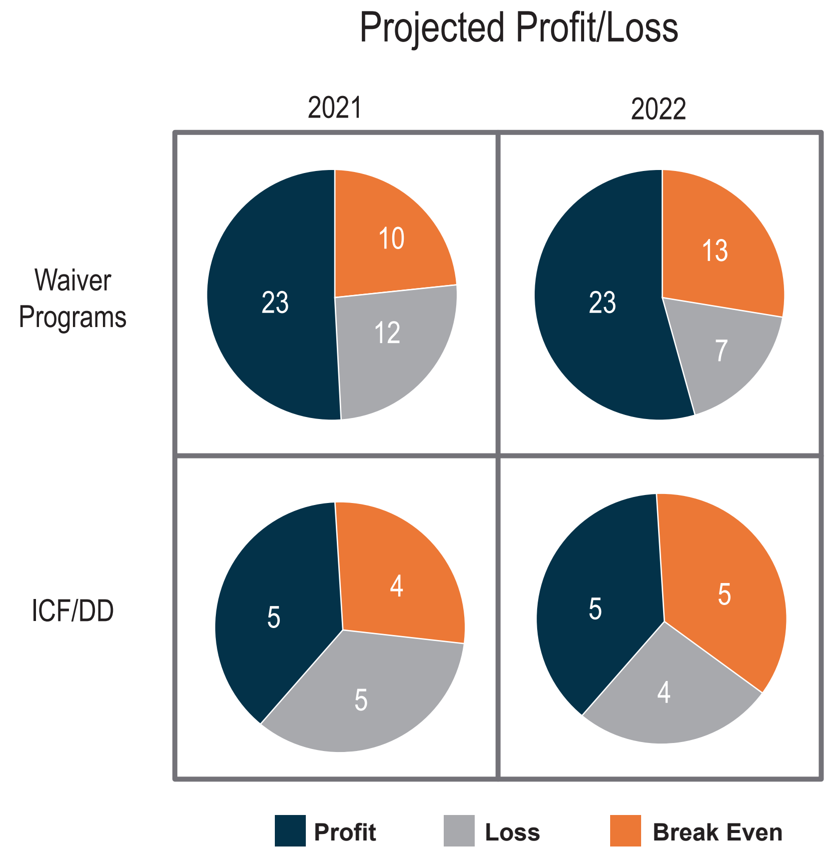
Total Organizational Revenue



Profit/Loss

23 of the 45 organizations (51.1%) that provided waiver services in 2020 predicted they would operate at a profit for those services in 2021 and 2022, and 5 of the 14 organizations (35.7%) that operated ICF/DD settings predicted operating profits for those services in 2021 and 2022.

Extended periods of employee and client absences contributed to organizational profit/loss.Twenty-three residential service providers also reported that 186 individuals they supported in 2020 were absent for more than 18 days because they stayed at home with family or guardians, resulting in $5,109,649 of combined lost revenue.

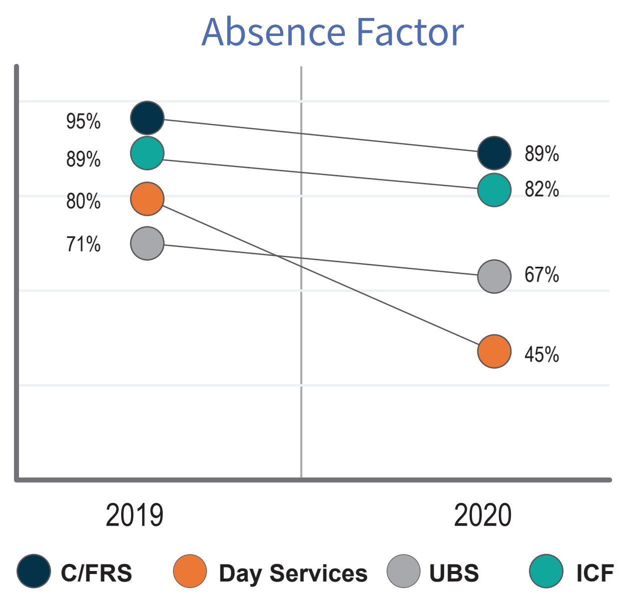


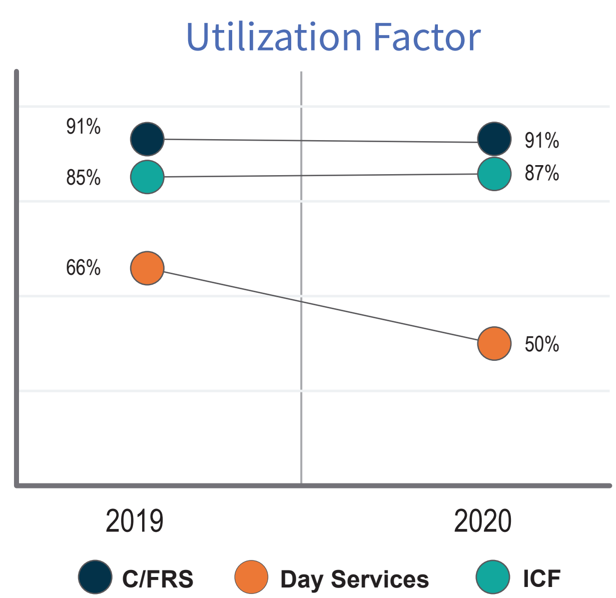
Absence/Utilization

The average absence factor, which measured the percentage of units of service that were paid compared to the units authorized, was 77% (Figure 7). The average utilization factor, which measured the average daily census, was 86%. These factors were 89% and 90%, respectively, in 2019.

Examinging the absence factor by service bucket, all were lower in 2020 compared to 2019, but it was cut almost in half in day services.

The utilization factor was similar year-over-year in residential services and ICFs, but still significantly lower in day services.



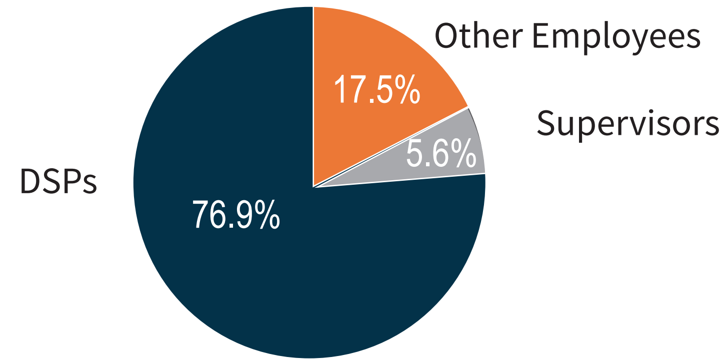


Workforce Summary

The 46 responding organizations reported 20,141 total employees in 2020. This total included 15,487 Direct Support Professionals (DSPs), 1,136 supervisors, and 3,518 other employees. The DSPs represented 76.9% of the total workforce in 2020, compared to 71.1% in 2019. Supervisors accounted for just over 1 in 20 employees in the workforce

One noteworthy trend throughout 2020 was open beds. As residential settings saw individuals served going home to live with family members in the early days of the pandemic, the "DSP to Individual Served" ratio grew, indicating there was more staff to support people with disabilities than there was pre-pandemic. We believe this "increase" can largely be attributed to COVID-related impacts on operations and safety, and not due to an increase in the workforce.

Employees by Position



Staffing per Individual Served

	2020	2019	2018
# of Indiv. Served	12,381	16,135	18,599
Total DSPs	15,487	16,498	18,711
DSP to Indiv. Served Ratio	1.25	1.02	1.00
Total Employees	20,141	22,899	25,690
Total Employees to Indiv. Served	1.62	1.41	1.38

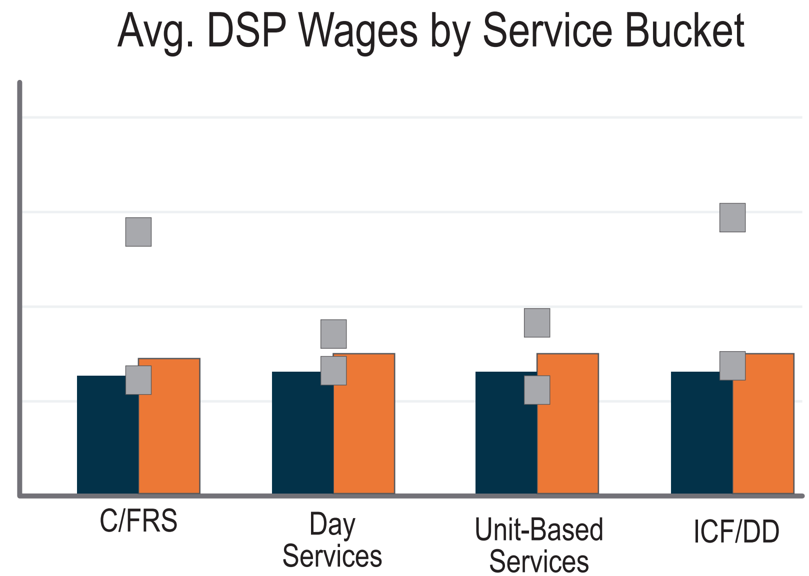
ARRM
2021 Industry Report

Wages

The aggregate average DSP wage for awake staff in 2020 was $14.24 per hour, which was an increase of 8.4% over 2019. While the average wage showed little variation between the service buckets, the ranges between minimum and maximum were quite wide in C/FRS and ICF/DD, while they were quite narrow in Day and Unit-Based Services.

In 2020, there were two programmatic changes that impacted the rates providers were paid for waiver services, and therefore influenced wages.

First, six years after implementation of the Disability Waiver Rate System (DWRS), the transitional, or banded, rates were eliminated. For some providers, that meant an overall increase in rates, but others saw a decrease. The second change was the introduction of a Competitive Workforce Factor (CWF) of 4.7%, which was added to the direct care awake staffing wage (excluding nursing) on a rolling basis, beginning on January 1, 2020. Providers were required to apply at least 80% of their additional revenue related to the CWF to staff wages, and produce distribution plans for their staff to see. Since average wages increased by 8.4% year-over-year, providers obviously went above and beyond the minimum requirements of the CWF. Not only that, they also reported extra expenses of $7,751,330 to fund bonuses, hazard pay, and other means to support employee recruitment and retention. The Paycheck Protection Program, in response to the COVID-19 pandemic, certainly helped make this possible.

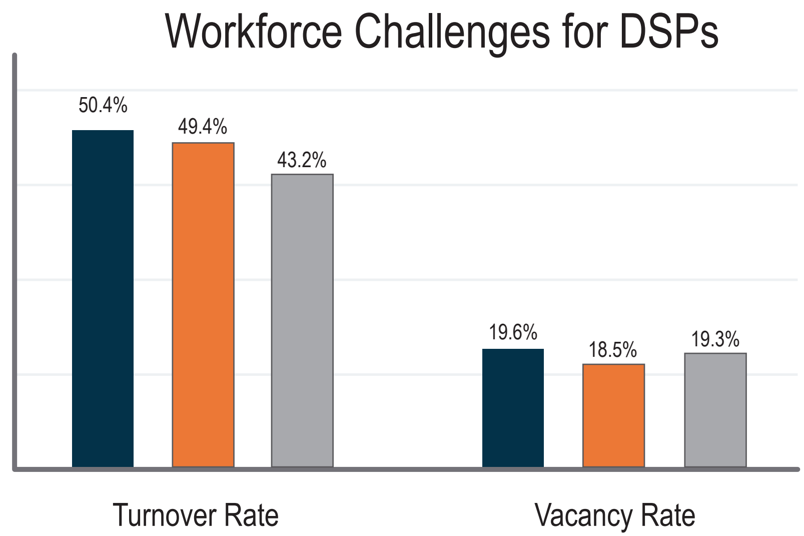


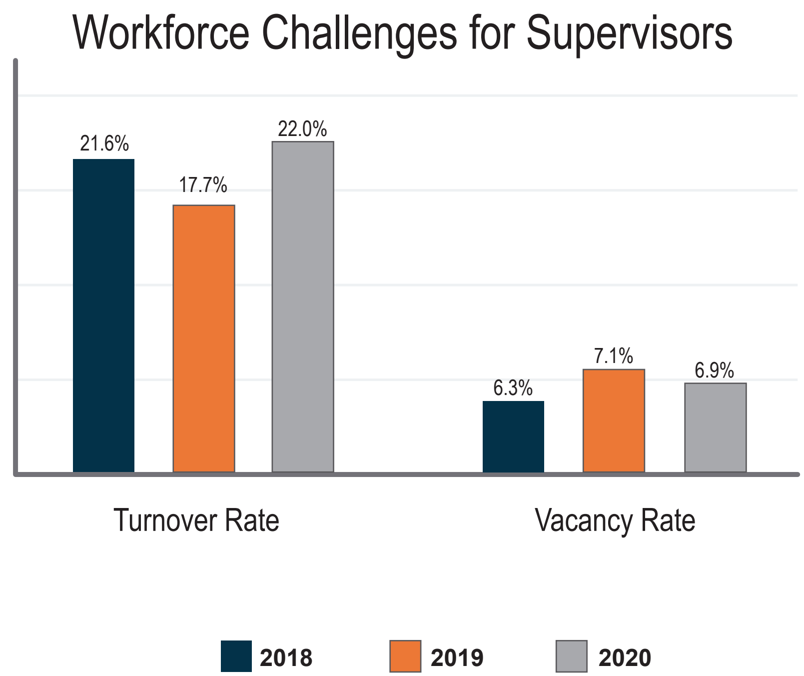
	2020 Avg.	2021 Avg.	Min	Max
C/FRS	$12.81	$14.15	$11.48	$25.76
Day Services	$12.56	$14.41	$12.32	$17.03
Unit-Based Services	$13.30	$14.20	$12.75	$17.75
ICF/DD	$12.82	$14.34	$13.27	$28.76

Vacancy & Turnover

Two standard measures of workforce strength are vacancy and turnover rates. While the financial metrics may not have looked very alarming, the workforce data told a different story. The vacancy rate for DSPs was 19.3% in 2020, compared to 18.5% in 2019. This data indicates that nearly 1 in 5 DSP positions was vacant on average and was almost 3 times the vacancy rate for supervisors (6.9% in 2020; 7.1% in 2019). The turnover rate for DSPs was 43.2% in 2020, compared to 49.4% in 2019. Similarly, this was 2.5 times as high as the 17.7% turnover rate for supervisors (22% in 2019). To put this in perspective, the aggregate US hospital staff turnover rate in 2018 was 19%.

Of the DSPs that left their positions in 2020, nearly half (47.8%) left in the first 6 months of employment, and just over two-thirds (67.5%) left in the first 12 months of employment. By leaving their positions before one year of employment, many DSPs are denied the opportunity to fully develop their professional skill sets. It also means that many of the people they support are deprived of consistent care, meaningful relationships with their caregivers, and many opportunities to live their lives more fully.



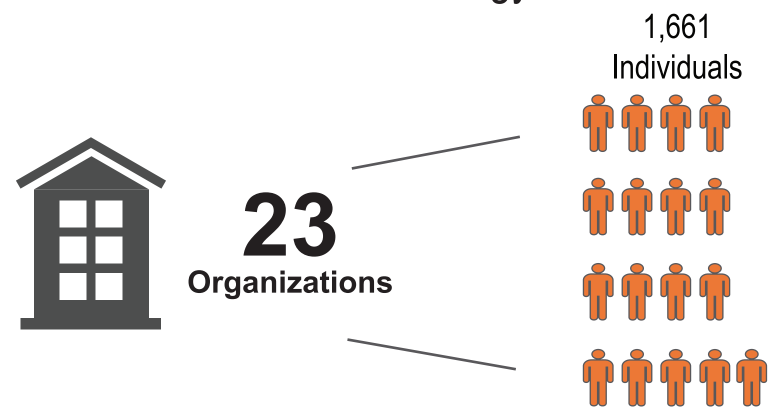


Technology

Expanded use of technology for assisting and/or monitoring the individuals supported in residential settings is one approach to respond to staffing challenges and stressed programs. Twenty-three of the responding providers reported utilizing some form of assistive/monitoring technology to meet the needs of 1,661 individuals in 2020. Compared to 30 organizations and 559 individuals in 2019, this represents a 3-fold increase in the number of individuals supported with technology.

Further supporting a greater adoption of technology, providers reported 1,831,045 total overnight asleep staffing hours in 2020, compared to 2,764,315 hours in 2019, a one-third reduction. While fewer organizations implemented or attempted to implement, new assistive/monitoring technology in 2020 compared to 2019 (11 vs. 17), the total cost of these new technologies in 2020 was $71,975. In 2020, 23 organizations spent a total of $2,048,802 on technology for administrative or supervisory functions.

Use of Assistive/Monitoring Technology



Total Overnight Asleep Staffing Hours