

# WHY ARRM OPPOSES A 351-DAY CAP

Occasionally, proposals are brought forward suggesting that the state implement a “351-day cap” or “14-day cap” on billing, rather than the 3.9% absence and utilization rate. There are many reasons why a hard cap is the incorrect way to handle absence and utilization, but they generally boil down to three main reasons.

## REASON ONE: IT UNDERMINES THE DWRS FRAMEWORK

The proposed 351-day cap eliminates 14 days of potential billing, which is the equivalent to **nearly 4% of annual revenue** for providers serving people who live in group homes year-round.

This **fundamentally changes** the financial assumptions built into DWRS and **skews the data** without recalibrating other rate components. A provider who could bill 355 days would appear to have 0% absence, distorting future DWRS recalculations and undermining the integrity of DWRS cost modeling.

Additionally, providers cannot reduce staff or fixed costs for those 14 “non-billable” days. We would never suggest that schools not be funded or teachers not be paid for a set number of days to account for student absences, which is what a 351-day cap amounts to for residential providers.

**A 351-day cap presents a threat to how rates are calculated across the state.**

## REASON TWO: IT HARMS BOTH PEOPLE AND PROVIDERS

Providers may hesitate to accept individuals likely to travel or spend extended time away or otherwise discourage it, **complicating placements and reducing choice**.

In addition, reducing revenue for providers will worsen vacancies and turnover among staff. When staff turnover is high, people with disabilities face less consistency among the staff supporting them.

Because providers operate with already-slim margins under the DWRS, a change of this magnitude could lead providers to reduce offerings, lay off staff, or close their doors altogether—leaving people served, families, and caseworkers **scrambling to find places for people to live**. A 351-day cap is an unnecessary measure that has the potential to lead to more homelessness and hospitalizations.

**By undermining provider stability, the cap threatens service continuity for Minnesotans with disabilities.**

# WHY NOT A 351-DAY CAP INSTEAD?

## REASON THREE: IT IS JUST BAD POLICY

The absence/utilization factor was designed *because* absences vary and the system needs to balance them. The proposed cap contradicts that principle by converting a leveling mechanism into a hard limit, from a 3.9% rate to a 14-day cap.

**The change also undermines ongoing DWRS modernization** and cost-reporting efforts, making future rate calibration less accurate and equitable.

A 351-day cap would also have a lasting effect on Minnesota's disability services system as a whole by reducing housing options for people with disabilities, costing the state jobs in the direct care sector, and disrupting the DWRS formula.

**A 351-day cap will cause a cascade of problems for Minnesota's disability service system, negating any cost-savings that could have come from instituting the cap.**

UNDERMINING  
THE SYSTEM

+

HARMING  
PEOPLE &  
PROVIDERS

+

BAD POLICY

A 351-  
day cap  
amounts to  
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funding cut  
that will  
only create  
problems  
for our  
system  
down the  
road.