

**REPORT TO THE LEGISLATURE**

**Individual Provider Overtime Quarterly Expenditures**

ESSHB 1725 Section 1(10) passed by 2016 Legislature

September 1, 2016

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## 1 Executive Summary

This is the first quarterly expenditure report submitted by DSHS to meet the requirements outlined in ESSHB 1725. It provides data on the overtime hours worked by individual providers for the reporting period April 1 – June 30, 2016. The key findings include:

- The number of overtime hours claimed by individual providers for this period is 9.49%, which exceeds the limit of 8.75% set forth by ESSHB 1725
- The overtime hours claimed by IPs are consistent with the services that were already authorized at the time the legislation was passed
- The data from this reporting period reflects a period prior to when ESSHB 1725 was in effect and when the Department began implementation
- The department is in process of putting in place controls to contain the expenditure of overtime hours while ensuring consumers' health and safety risks and risk of institutionalization is not increased as a result of implementing overtime limits
- The full impact of the controls won't be visible until later this year
- Overtime hours are being accrued and tracked in the newly-implemented Individual ProviderOne (IPOne) payment system; although some overtime expenditures have occurred, full expenditures will occur later this year after the IPOne system functionality is implemented.

The next quarterly report includes months in which the implementation of overtime limits will begin to show effects.

## 2 Purpose

In accordance with ESSHB 1725 Section 1 and Section 3, the Department of Social and Health Services is providing the first quarterly expenditure report for the time period April through June 2016, the last quarter of state fiscal year 2016. This report includes an overview of the initial data available, and the required data specified by the legislation as listed below. Additional information about the Department's implementation of ESSB 1725 can be found in the IP Overtime Spending Plan submitted to the legislature July 1, 2016.

- I. Number of providers receiving payment for more than 40 hours/week
  - a. How many due to meeting conditions of RCW 74.39A.270\* (5)(b)(i)(A), (b)(ii), (b)(iii), and (9)\*
  
- II. Number of hours paid and the amount paid for more than 40 hours in a work week including\*:
  - a. Total amounts
  - b. Averages
  - c. Display of the distribution of the amounts
  
- III. Display data in following divisions:
  - a. Department Region (1, 2 or 3) of client
  - b. County of client
  - c. Department program (AL TSA, DDA)
  - d. Specified for providers by the number of clients they serve

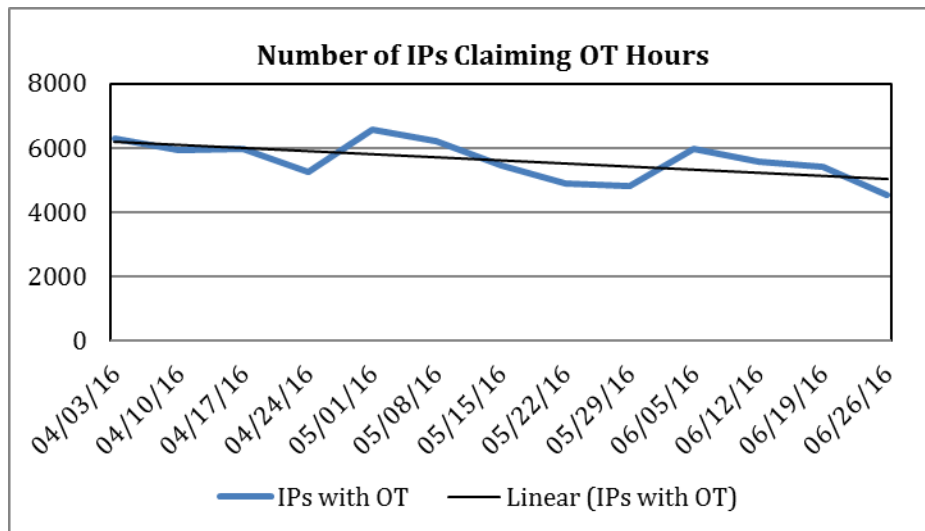
\* As the overtime payment functionality is not fully implemented, complete expenditure data is not available. Data for this reporting period is based upon work hours claimed by IPs, not paid hours or expenditures. See [initial data and findings](#) section for additional information.

### 3 Initial Data and Findings

The data available is for hours worked and reported by Individual Providers (IP) in a work week; it does not include actual final expenditure data because overtime payment functionality is not fully implemented at the time of this reporting. Additionally, IPs have up to 13 months to claim payment so even when functionality is fully in place, a portion of IPs receiving overtime payment may not claim it until months later.

The Department implemented a new payment system for IPs in March 2016. IPs began accruing overtime for hours worked over 40 in a work week effective with the first work week in April which began April 3, 2016. The functionality to pay for over time in the new payment system is being implemented in multiple phases. The first phase was implemented in June 2016 and remaining system functionality is under development. Although the IPs who worked over forty hours per week from April through June have accrued, and will be paid at, time and a half wages, all the payments will not be made until December of this year when the Individual ProviderOne payment system has the ability to make adjusted back payments.

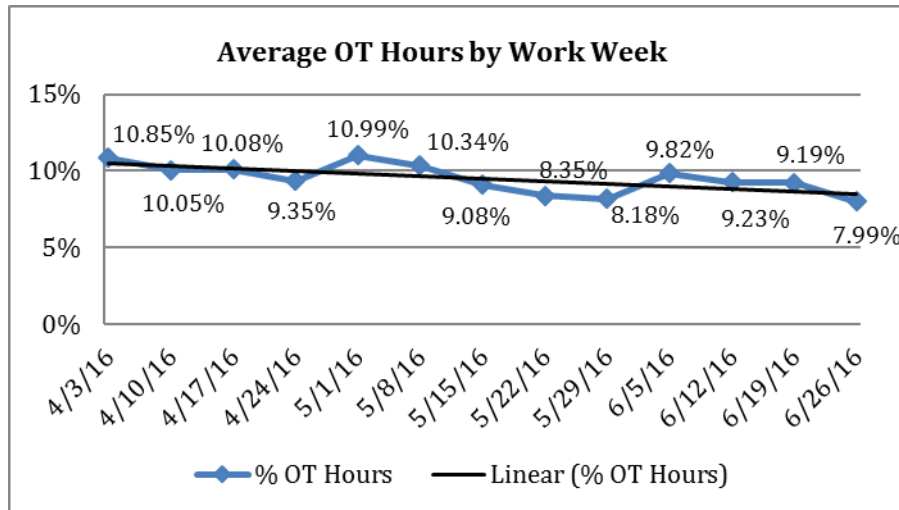
The initial tracking of hours for IPs in both the Aging and Long-Term Support Administration (AL TSA) and Developmental Disabilities Administration (DDA) shows that the overtime hours worked began at over ten percent of all authorized personal care and respite hours. On average, for both AL TSA and DDA, 5,598 IPs, or 15% of the total IP population, worked these overtime hours during this reporting period.



When accrual of overtime payments began, the legislation describing the limits on overtime was not in effect and existing statute prohibited the Department from controlling how consumers chose to assign authorized hours to qualified providers in their plan of care. ESSHB 1725, which established overtime limits, was signed by Governor Inslee on April 18, 2016 and the Department issued emergency rules to implement the statute on April 22, 2016 (Chapter 388-114 WAC). Instructions were also issued to field staff to begin the review of plans of care for the consumers served by IPs with overtime hours above those permitted in statute, in accordance with ESSHB 1725 (5)(b)(v).

### 3.1 IP Overtime Hours: AL TSA and DDA combined

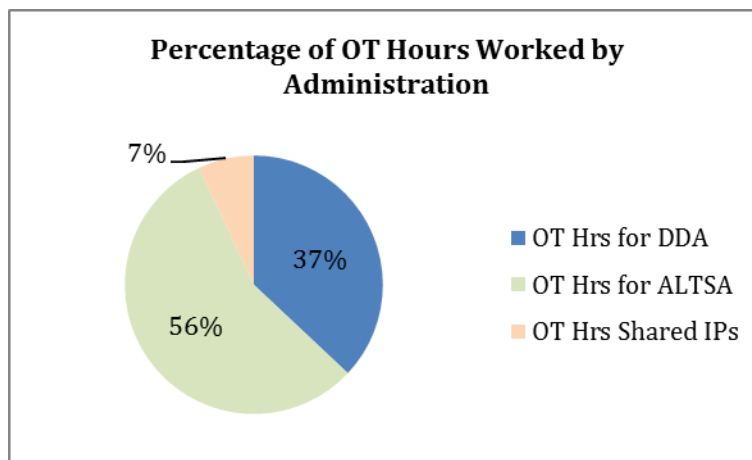
The percentage of overtime hours worked compared to all authorized hours for this reporting quarter is 9.49 percent. During this quarter, the Department began implementation of requirements outlined in ESSHB 1725, including prioritizing review of consumer plans of care where the highest number of overtime hours were identified. The chart below illustrates that the average number of overtime hours claimed each work week has varied slightly from week to week, with an overall trending decline.



Please see [Appendix A](#) for complete data. Please note: The data represented in the week of 6/26/16 is not fully mature as of the date of report finalization so although we are required to report hours through June 2016, the week of 6/26 may be slightly higher than the 7.99% reflected in the chart.

### 3.2 Comparison of IP Overtime by Administration

This quarter's expenditures show, on average, the overtime hours worked by 5,598 providers are split across DDA and AL TSA at a rate of 37% to 56%, with another 7% of the hours shared by IPs that work for consumers in both administrations (see chart below). This is roughly consistent with the percentage of hours authorized in each administration which averages 32% of authorized hours in DDA and 68% in AL TSA. Please see [Appendix B](#) for complete data.



## 4 Work Week Limits and Impact on Overtime Hours

In accordance with ESSHB 1725 (5)(b)(v), the Department established and assigned work week limits to all Individual Providers (IPs) based upon average hours worked in January 2016. A work week limit is the total number of service hours an IP can provide in a work week. Service hours are paid to an IP to provide personal care, relief care, skills acquisition training, or respite services.

Approved travel time, required training hours and paid time off are not included in an IP's work week limit. The work week limit is 40 hours for IPs who were paid for working an average of 40 hours or less in January 2016 or for providers hired after January 31, 2016. These IPs may not work overtime hours without approval by the Department. The majority of IPs fall into this category.

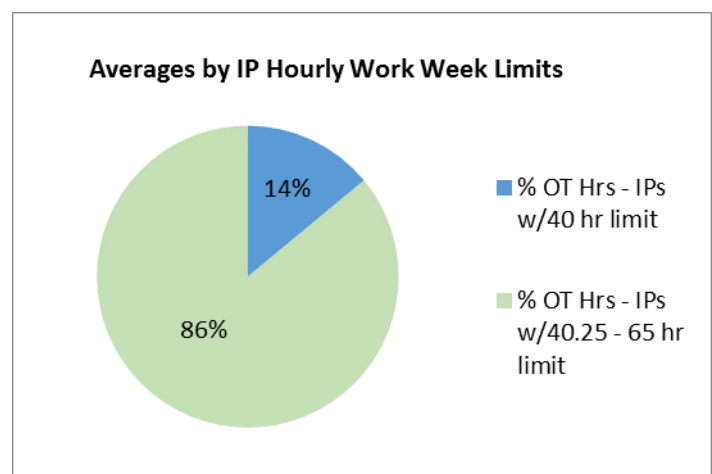
A smaller population of IPs may have work week limits over 40 and up to 65 hours if the IP was paid for working an average number of weekly hours over 40 in January 2016. If an IP was paid for working an average number of weekly hours over 65, the IP will be limited to 65. For IPs who worked over 40 and up to 65 in January 2016, their work week limit was individually established based upon the number of hours paid in January and range from 40.25 to 65 hours. These IPs may not work additional overtime in a month without approval by the Department. The statute stipulates, however, that any reduction in hours cannot take place until the Department has completed a review of the client's plan of care. There is an appeal process IPs may use to appeal their assigned work week if the service hours the IP was paid for in January 2016 did not accurately represent the IPs work history in February and March 2016.

### 4.1 IP Overtime Hours Reported Categorized by Work Week Limits

Eighty-six percent of the overtime hours worked in this quarterly reporting period were worked by IPs who, based upon the statute, have an established work week limit above 40 hours. Overtime hours reported for these IPs include hours that are within their approved work week limit as well as hours that are above their limit.

It is expected that the number of overtime hours worked by this group of IPs will continue to be a high proportion of overall overtime hours. The total number of hours of overtime worked by this group of IPs is expected to decline as the limits described in the statute are fully implemented. It is expected that turnover of these high-hour IPs will occur although turnover is expected to be lower than the average IP turnover rate. The 65-hour work week limit lowers to sixty hours per week as of July 1, 2017.

Please see [Appendix C](#) for complete data.



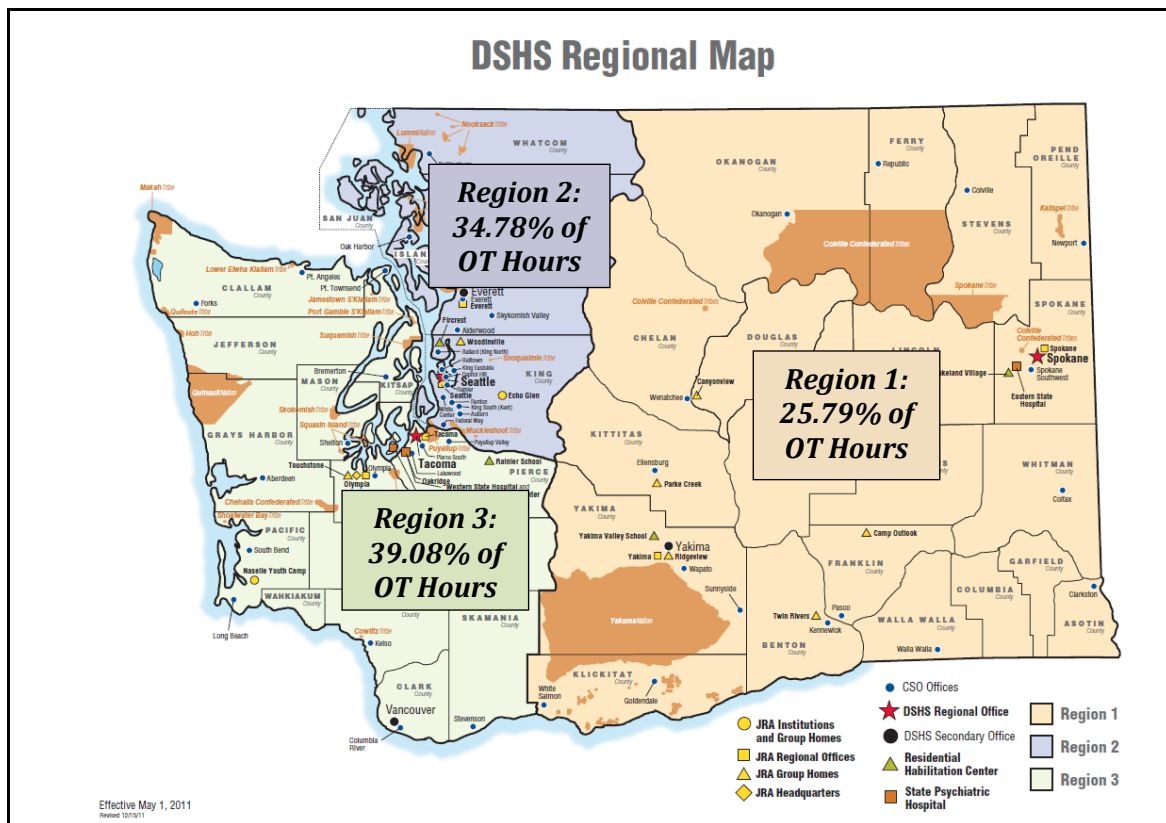
## 5 Regional Distribution of Overtime Hours

The map below illustrates the regional organization of DSHS and the distribution of overtime hours reported by the three DSHS Regions.

- Region 1: 25.79%
- Region 2: 34.78%
- Region 3: 39.78%

The percentage of overtime paid in each region is consistent with the percentages of authorized hours in each region. The small number of overtime hours (0.36%) paid cross-regions is almost exclusively between regions 2 and 3.

Please see [Appendix D](#) for complete data by work week.





### 5.1 Percentage Overtime Paid to IPs, by County

The table below illustrates the IP overtime breakdown by the consumer’s county of residence. The data is from the week of June 19, 2016. It excludes the small number of overtime hours worked by IPs with clients in multiple counties.

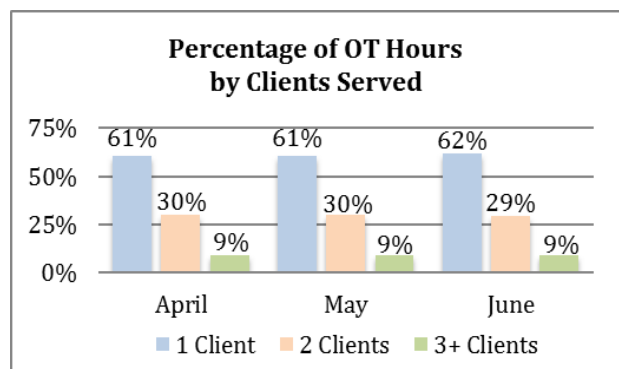
County	IP OT Hours	Percentage
Adams	255	0.30%
Asotin	361	0.40%
Benton	2,970	3.60%
Chelan	626	0.80%
Clallam	953	1.20%
Clark	7,805	9.50%
Columbia	82	0.10%
Cowlitz	1,414	1.70%
Douglas	345	0.40%
Ferry	178	0.20%
Franklin	1,646	2.00%
Garfield	9	0.00%
Grant	1,904	2.30%
Grays Harbor	1,638	2.00%
Island	790	1.00%
Jefferson	233	0.30%
King	17,230	21.00%
Kitsap	3,189	3.90%
Kittitas	307	0.40%
Klickitat	288	0.40%

County	IP OT Hours	Percentage
Lewis	1,063	1.30%
Lincoln	191	0.20%
Mason	571	0.70%
Okanogan	726	0.90%
Pacific	318	0.40%
Pend Oreille	184	0.20%
Pierce	11,402	13.90%
San Juan	12	0.00%
Skagit	952	1.20%
Skamania	129	0.20%
Snohomish	7,044	8.60%
Spokane	5,940	7.20%
Stevens	793	1.00%
Thurston	2,710	3.30%
Wahkiakum	70	0.10%
Walla Walla	635	0.80%
Whatcom	1,631	2.00%
Whitman	230	0.30%
Yakima	3,245	4.00%

### 5.2 Overtime Hours by Number of Clients Associated with an IP

The data on overtime hours by the number of clients served by the IP is consistent across all months of the quarter, with the majority (61-62%) paid to IPs with just one client. Thirty percent of the overtime hours were paid to IPs serving two clients, and nine percent claimed by IPs serving three or more clients each month.

Please see [Appendix E](#) for complete data.



## 6 Next Steps

The Department continues to implement its plans for ensuring expenditures are contained within the limits outlined in the annual Spending Plan. This includes reviewing exceptions to policy to determine if additional overtime hours over the IP's work week will be authorized based upon criteria in the statute related to needs of consumers. The Department is also in the process of implementing contract actions for providers working over their work week limit without a valid approval reason as defined in the statute and Washington Administrative Code (WAC). Reporting solutions are being implemented to identify IPs who have claimed hours in excess of their work week limit.

When an IP is identified in the report because they claimed more hours than were allowed and approved by the Department based on the new overtime rules, there is a three-step contract action process intended to educate the IP about the rules and ensure compliance with the statute:

- Step One: IP and consumer are notified in writing and warned that continuing violations may lead to contract termination
- Step Two: IP and consumer are notified in writing and warned that one more violation could lead to contract termination
- Step Three: IP and consumer are notified of contract termination. Consumer is offered assistance in locating a new qualified care provider

The outcome of these next steps will be seen in future quarterly expenditure reports that will be submitted by the Department.

## 7 Conclusion

This quarterly report data was anticipated to be consistent with the projections of the how hours were worked prior to implementation of this statute. This is due to the following factors:

1. The reporting quarter began before the legislation was passed;
2. Implementation of the statute began in late April (midway through the quarter);
3. The move from a system where consumers were able to assign hours without any limit to one where limits must be in place is a significant change in behavior for both the consumer and the IP; and
4. Individual care plan review and work with consumers is necessary to ensure that health and safety risks and increased risk of institutionalization is not experienced by consumers as a result of implementing overtime limits.

The next quarterly report includes months in which the implementation of overtime limits will begin to show effects. The Department will have early data on the number of work week limit exceptions that have been made due to client need and the reasons for those approvals. Data around the number of overtime hours reported that have Department approval, hours reported without approval, and information about contract actions taken will also be available.

## Appendix A: IP Overtime Hours for AL TSA and DDA, Combined

Work Week	Total IP Hours	Total OT Hours	Average OT Hours
4/3/2016	955,147	103,630	10.85%
4/10/2016	928,151	93,259	10.05%
4/17/2016	925,091	93,253	10.08%
4/24/2016	864,209	80,838	9.35%
5/1/2016	974,732	107,128	10.99%
5/8/2016	947,905	98,009	10.34%
5/15/2016	902,097	81,886	9.08%
5/22/2016	858,115	71,641	8.35%
5/29/2016	857,287	70,089	8.18%
6/5/2016	941,035	92,371	9.82%
6/12/2016	911,766	84,169	9.23%
6/19/2016	892,007	81,946	9.19%
6/26/2016	824,856	65,875	7.99%*
<b>Average:</b>	<b>906,338</b>	<b>86,469</b>	<b>9.50%</b>

\* Please note: The data represented in the week of 6/26/16 is not fully mature as of the date of report finalization so although we are required to report hours through June 2016, the week of 6/26 may be slightly higher than what is reflected in the chart.

## Appendix B: Comparison of IP Overtime by Administration

Work Week	IP OT Hours Worked for DDA	Percentage OT hours worked by DDA IPs	IP OT Hours Worked for ALTSA	Percentage OT Hours by ALTSA IPs	IP OT Hours worked for DDA & ALTSA Clients	Percentage OT worked by DDA & ALTSA IPs	Total IP OT Hours
4/3/2016	39,774	38.4%	56,905	54.9%	6,952	6.7%	103,630
4/10/2016	34,690	37.2%	51,773	55.5%	6,797	7.3%	93,259
4/17/2016	34,007	36.5%	52,552	56.4%	6,694	7.2%	93,253
4/24/2016	29,374	36.3%	45,934	56.8%	5,530	6.8%	80,838
5/1/2016	39,911	37.3%	59,483	55.5%	7,734	7.2%	107,128
5/8/2016	36,480	37.2%	54,534	55.6%	6,995	7.1%	98,009
5/15/2016	30,387	37.1%	45,549	55.6%	5,950	7.3%	81,886
5/22/2016	27,011	37.7%	39,378	55.0%	5,252	7.3%	71,641
5/29/2016	26,320	37.6%	38,922	55.5%	4,848	6.9%	70,089
6/5/2016	34,127	36.9%	51,327	55.6%	6,917	7.5%	92,371
6/12/2016	31,076	36.9%	47,000	55.8%	6,093	7.2%	84,169
6/19/2016	30,312	37.0%	45,604	55.7%	6,030	7.4%	81,946
6/26/2016	24,770	37.6%	36,630	55.6%	4,475	6.8%	65,875*
<b>Average:</b>	<b>32,172</b>	<b>37%</b>	<b>48,122</b>	<b>56%</b>	<b>6,174</b>	<b>7%</b>	<b>86,469</b>

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## Appendix C: IP Overtime Hours Reported by Work Week Limits

Work Week	OT Hours for IPs with 40 hour limit	Percentage of OT Hours for IPs with 40 hour limit	OT Hours for IPs with 40.25 to 65 hour limit	Percentage of OT Hours for IPs with 40.25 to 65 hour limit	Total OT Hours all IPs
4/3/2016	17,356	16.7%	86,274	83.3%	103,630
4/10/2016	12,452	13.4%	80,807	86.6%	93,259
4/17/2016	12,625	13.5%	80,628	86.5%	93,253
4/24/2016	9,797	12.1%	71,041	87.9%	80,838
5/1/2016	21,170	19.8%	85,958	80.2%	107,128
5/8/2016	16,266	16.6%	81,743	83.4%	98,009
5/15/2016	11,548	14.1%	70,338	85.9%	81,886
5/22/2016	8,081	11.3%	63,560	88.7%	71,641
5/29/2016	9,328	13.3%	60,761	86.7%	70,089
6/5/2016	14,383	15.6%	77,988	84.4%	92,371
6/12/2016	11,621	13.8%	72,547	86.2%	84,169
6/19/2016	10,525	12.8%	71,421	87.2%	81,946
6/26/2016	7,793	11.8%	58,082	88.2%	65,875*
<b>Average:</b>	<b>12,534</b>	<b>14%</b>	<b>73,934</b>	<b>86%</b>	<b>86,469</b>

\* Please note: The data represented in the week of 6/26/16 is not fully mature as of the date of report finalization so although we are required to report hours through June 2016, the week of 6/26 may be slightly higher than what is reflected in the chart.

## Appendix D: IP Overtime Hours by DSHS Region

*(Excludes small number of hours reported by providers who work with clients in multiple regions)*

Work Week	Region 1 Hours	Percentage Region 1	Region 2 Hours	Percentage Region 2	Region 3 Hours	Percentage Region 3
4/3/2016	26,403	25%	37,100	36%	39,675	38%
4/10/2016	23,845	26%	32,755	35%	36,221	39%
4/17/2016	24,576	26%	32,250	35%	35,874	38%
4/24/2016	20,766	26%	28,361	35%	31,421	39%
5/1/2016	27,271	25%	38,315	36%	41,095	38%
5/8/2016	25,294	26%	34,135	35%	38,259	39%
5/15/2016	21,193	26%	27,803	34%	32,532	40%
5/22/2016	18,568	26%	24,318	34%	28,424	40%
5/29/2016	17,993	26%	24,160	34%	27,599	39%
6/5/2016	23,766	26%	31,977	35%	36,284	39%
6/12/2016	21,458	25%	28,753	34%	33,555	40%
6/19/2016	21,402	26%	28,210	34%	31,996	39%
6/26/2016	17,153	26%	22,485	34%	26,037	40%*
<b>Average:</b>	<b>22,284</b>	<b>26%</b>	<b>30,048</b>	<b>35%</b>	<b>33,767</b>	<b>39%</b>

\* Please note: The data represented in the week of 6/26/16 is not fully mature as of the date of report finalization so although we are required to report hours through June 2016, the week of 6/26 may be slightly higher than what is reflected in the chart.

## Appendix E: Overtime Hours by Number of Clients Associated with an IP

Work Week	OT Hours IPs Serving 1 Client	OT Hours IPs Serving 2 Clients	OT Hours IPs Serving 3+ Clients
4/3/2016	63,761.00	30,523.00	9,346.00
4/10/2016	56,668.00	27,803.00	8,788.00
4/17/2016	56,082.00	28,160.25	9,010.50
4/24/2016	48,935.25	24,723.50	7,179.00
5/1/2016	65,293.75	32,400.25	9,433.50
5/8/2016	59,617.00	29,515.75	8,876.25
5/15/2016	48,968.25	25,057.00	7,860.25
5/22/2016	43,768.00	21,324.25	6,548.50
5/29/2016	43,109.50	20,660.25	6,319.50
6/5/2016	56,725.00	27,346.75	8,298.75
6/12/2016	51,738.00	24,701.50	7,729.00
6/19/2016	50,607.00	23,784.25	7,554.25
6/26/2016	41,136.75	19,244.75	5,493.00 *
<b>Grand Total</b>	<b>686,409.50</b>	<b>335,244.50</b>	<b>102,436.50</b>

\* Please note: The data represented in the week of 6/26/16 is not fully mature as of the date of report finalization so although we are required to report hours through June 2016, the week of 6/26 may be slightly higher than what is reflected in the chart.