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HB 2684  
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Good morning Chair Keny-Guyer, Vice-Chair Olson, Vice-Chair Sanchez, members of the House Committee on Human Services and Housing. My name is Emily Sokolski, I am a senior researcher for the Service Employees International Union Local 503. I appreciate the opportunity to discuss Local 503's research report, "Broken Promises: Are Group Homes Failing People with Developmental Disabilities?" and express our support for House Bill 2684.

Our report goes into greater detail, but I want to focus on four components—cost of service, workforce, abuse, and transparency. There are 81 group home providers, representing 765 facilities and 1,276 beds. 2,787 people are served in group homes—or 18% of the 15,920 adults receiving I/DD services in Oregon. Group Homes received \$550 million in payments over the 2015-2017 biennium.

In addition to significant funding, group homes represent the highest average cost per case of I/DD services. Yet this system is subject to few reporting requirements.

The workforce serving people with I/DD are called Direct Support Professionals. The Oregon Resource Association—one of the trade groups representing group home providers—identifies 14,000 DSPs in Oregon. This workforce has high turnover—the most recent report to the Legislature on Direct Care Turnover identified 90% turnover in group homes. ORA states that the average cost of turnover is \$10,000 per worker. If this data is accurate, then the average cost of turnover could be \$126,000,000.

Low wages is a contributing factor to turnover. When the reimbursement rate was updated in 2008, it was predicated on an average DSP wage of \$12.94. When the Legislature approved a 4% increase to the rate to increase DSP wages in 2015, the average wage should have increased to \$13.45. However, our analysis of 33 providers job postings between September 12 and September 23, 2016, found that none were advertising at \$12.94. The average advertised starting wage was \$10.88. And we acknowledge that the rate model is an average and we only identified postings for 40% of providers, but we feel these findings are meaningful.

If our understanding of turnover costs is accurate, then turnover alone could represent up to 45% of payments to providers in FY 2015. These funds could increase the wage by \$3.81 an hour for all DSPs. And I

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would like to acknowledge that our report incorrectly cites this as \$3.78 an hour due to an error when calculating the employers' share of payroll taxes.

We analyzed abuse data published in the Office of Adult Abuse Prevention and Information's (OAPPI's) annual reports as well as data we received from a public records request to OAPPI and the Office of Licensing and Regulatory Oversight on abuse complaints between 2013 and 2015.

The data published in OAPPI's reports shows that, on average, group homes represented 71% of substantiated abuse claims in OAAPI's reports. I should note, that the data we received from OAAPI and OLRO does not match the data in OAAPI's report. The data we received from OAPPI showed between 669 and 571 abuse complaints every year between 2013 and 2015. The highest number of complaints are for neglect, verbal abuse, and financial abuse.

Between 40% and 50% of allegations were substantiated in this year. Between 12% and 26% of cases were inconclusive or not on file. The categories of abuse with the highest rates of substantiation were Neglect, Financial abuse, and Verbal abuse. The descriptions of harm include—

- Financial—theft of personal funds, sometimes in the thousands, personal possessions, medications, misuse of SNAP benefits
- Neglect—not following ISP which led to the harm or potential harm of individuals in many types of situations
- Physical Abuse—hitting with hands/feet/objects, unauthorized restraint
- Sexual abuse—kissing, exposing to sexual images.
- Verbal abuse—using profanity when speaking about or addressing people in the home; threatening violence, including threatening to kill the individual; threatening punitive action; sexual comments; racial slurs

But all of this should be viewed with skepticism. Just because a third party could not substantiate an interaction between 2 people that may or may not have involved witnesses, does not mean the abuse did not occur. I would like to share the data on abuse in adult settings with the committee. In addition, we received the data on abuse occurring in group home settings serving children. We have excluded this data from our analysis but we would like to share with the committee.

Even when cases are substantiated, an average of 48% received no enforcement action over the three-year period.

We feel that enhanced enforcement, including mandatory penalties for substantiated abuse and additional protections for whistleblowers will help decrease abuse in these settings. Overall we believe this system needs greater transparency.

Group Homes received \$550 million in Medicaid payments in FY2014 and FY 2015. Overall, Medicaid represents 90% of revenue in this system. This is only slightly higher than nursing homes where 78% of revenue is attributed to public payers. However, nursing homes are subject to detailed financial disclosures. Given the expense of these settings and significant public funds, we advocate for an equivalent level of disclosure here.

We further advocate for disclosure of significant subsidiaries and subcontractors. Several group home providers offer related services within this system. Examples include:

- Case management: at least one group home provider is the contracted case management entity for I/DD services in several counties
- Employment Services: 14 group home providers operate sheltered workshops, earning between \$4 and \$6 an hour
- Property Ownership: Oregon Resource Association owns 16 group homes that they lease back to the providers

The high cost of this system, significant amount of abuse, and potential for conflicts of interests, makes greater transparency crucial to ensuring that services are delivered safely, efficiently, and with respect for the autonomy of people served.