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## Rate Setting Board

August 27, 2024

1:00 p.m. – 4:00 p.m.

In Person/Zoom Attendance

### Table of Contents

Meeting Agenda.....	1-1
Member List.....	1-2
2024 Meeting Schedule.....	1-3
Approved By-Laws, Charter, and Policies.....	2-1
Rate Proposals DSHS Presentation .....	3-1
Rate Proposals SEIU Presentation.....	4-1



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TAB 1

## Consumer Directed Employer Rate Setting Board

### Meeting #12

Date August 27, 2024

Blake East, 4500 10<sup>th</sup> Ave SE, Lacey

1:00 pm – 4:00 pm

### Agenda

Time	Topic	Presenter(s)
1:00-1:10	➤ Welcome	Chair
	➤ Approval of Minutes 8/19/2024	
	➤ Lessons learned survey	RSB Staff
1:10-1:25	➤ Public comment	
<b>Board Discussion</b>		
1:25-4:00	➤ Board Discussion	All
	➤ Vote	
	Break time when Board wants to break (15min)	
4:00	<b>Adjourn</b>	Chair

Please note the agenda times may vary due to the flow of the meeting conversation.

## Rate Setting Board Members

Charles Reed	Chair
Adam Glickman*	Exclusive Bargaining Unit Designee
Bea Rector*	DSHS Representative
Ben Bledsoe*	CDE Representative
Cynthia Hollimon*	Governor's Office Representative
Rep. Kelly Chambers^	House of Representatives (R)
Rep. Steve Tharinger^	House of Representatives (D)
Senator Ron Muzzall^	Senate (R)
Senator Annette Cleveland^	Senate (D)
Georgiann Dustin^	State Council on Aging Representative
Tammy Bowen^	People with Intellectual or Developmental Disabilities Organization
Open Position^	People with Disabilities Organization
Eric Erickson^	Licensed Home Care Agency
Nellie Prieto^	Home Care Worker

\*Voting member, ^Advisory member



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## Rate Setting Board Meeting Schedule

April 22, 2024 9:00am – 3:00pm	In Person/Zoom
April 24, 2024 9:00am – 3:00pm	In Person/Zoom
May 6, 2024 9:00am – 3:00pm	In Person/Zoom
May 17, 2024 9:00am – 3:00pm	In Person/Zoom
May 29, 2024 9:00am – 3:00pm	In Person/Zoom
June 5, 2024 9:00am – 3:00pm	In Person/Zoom
June 13, 2024 9:00am – 3:00pm	In Person/Zoom
July 8, 2024 9:00am – 3:00pm	In Person/Zoom
July 25, 2024 9:00am – 3:00pm	In Person/Zoom
August 5, 2024 9:00am – 12:00pm	In Person/Zoom
August 19, 2024 1:00pm -4:00pm	In Person/Zoom
August 27, 2024 1:00pm-4:00pm	In Person/Zoom
August 30, 2024 9:00am-11:00am	In Person/Zoom

TAB 2



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## Rate Setting Board

[Approved By-Laws](#)

[Approved Charter](#)

[Approved Policy Selecting Chairperson](#)

[Approved Policy Establishing and Submitting Rates](#)

***Updated and approved on July 8, 2024***

TAB 3



# Updated State Rate Proposal

RSB August 27, 2024

The State recognizes that bargaining between SEIU775 and CD-WA may result in a different utilization of investments

# State Rate Proposal Context

The State's rate proposal is informed by the State of the State Budget presented to the RSB on June 5<sup>th</sup>, 2024, and updates made to the economic and revenue forecast and caseload forecast in the June 2024 cycle as presented on July 8<sup>th</sup>, 2024.

# State Rate Proposal

<b>State Proposed CDE Labor &amp; Admin Rate August 27, 2024</b>			
	FY2025	FY2026	FY2027
CDE Labor (Health Care)	\$33.93 (\$5.22)	\$35.66 (\$5.22)	\$37.03 (\$5.57)
CDE Admin	\$2.03	\$2.14	\$2.21
Total CDE Hourly Rate	\$35.96	\$37.80	\$39.24

## Proposed Labor Rates including AP Parity and Estimated Costs

	Union Proposal 1 (June 13, 2024)	State Proposal 1 (August 5, 2024)	Union Proposal 2 (August 5, 2024)	Union Proposal 3 (August 19, 2024)	State Proposal 2 (August 27, 2024)
FY26 Rate	\$38.10	\$35.39	\$35.54	\$35.68	\$35.66
FY26 Health	\$5.22	\$5.22	\$5.22	\$5.22	\$5.22
FY27 Rate	\$41.56	\$36.75	\$39.78	\$38.30	\$37.03
FY27 Health	\$6.01	\$5.97	\$5.77	\$5.57	\$5.57
2025–2027 GF-S*	\$468M	\$171M	\$299M	\$250M	\$195M
4 Year GF-S*	-	-	-	\$625M	\$461M

\*Cost estimates include CDE Labor Rate and AP Parity.

# State Proposal – CDE Labor Rate

Assumes sufficient funds to:

- Maintain current investment to ensure no loss of baseline levels (taxes, mileage at updated IRS rate, health care, training, etc.)
- A targeted base wage increase to support increasing wages for low-wage, essential workers
  - 5% in FY26
  - 3.5% in FY27
- Fund Health Care Coverage Reliability to stabilize access to health care benefits and reduce need to use PTO to maintain health care coverage.
- Additional investments of 3% in both FY26 and FY27 to non-base wage and non-Health Care components that may be bargained for additional benefits such as PTO, Holiday, Retirement or Mileage

<b>State Proposed CDE Labor Rate – August 27<sup>th</sup>, 2024</b>				
	Labor Rate*	Health Rate	Total Cost	GF-S Cost
FY25	\$33.93	\$5.22	-	-
FY26	\$35.66	\$5.22	\$125,148,000	\$55,378,000
FY27	\$37.03	\$5.57	\$230,983,000	\$102,210,000
2025-2027 Biennium			\$356,131,000	\$157,588,000
<i>*Includes Health Rate.</i>				

# Updated Home Care Agency Parity

- The Home Care Agency vendor rate is adjusted incrementally per RCW 74.39A.310 with the change to the CDE Labor Rate
- The Home Care Agencies' tax experience is applied to the parity estimate
- Parity estimates include additional \$0.11 in each fiscal year to account for agencies that are L&I self-insured
- Investments for B&O included in the Home Care Agency admin rate (slides 9 & 10)

<b>Estimated Agency Parity Incremental Change from FY25</b>				
	Parity Change*	Health Rate	Total Cost	GF-S Cost
FY26	\$1.642	\$ -	\$27,587,000	\$12,207,000
FY27	\$3.079	\$0.35	\$52,989,000	\$23,448,000
2025-2027 Biennium			\$80,576,000	\$35,655,000
<i>*Includes Incremental Health Rate</i>				

# State Proposal – CDE Admin Rate (no change)

Assumes sufficient funds to:

- Increase the base Administrative Rate of \$1.39 by:
  - 3% in FY26
  - 3% in FY27
  
- Achieve 152:1 customer service caseload ratio to enhance Customer Service for the workforce

<b>State Proposed CDE Admin Rate without B&amp;O</b>			
	Base Admin	Total Cost	GF-S Cost
FY26	\$1.476	\$5,543,000	\$2,453,000
FY27	\$1.521	\$9,053,000	\$4,006,000
2025-2027 Biennium		\$14,596,000	\$6,459,000

# State Proposal – Agency Admin Rate (no change)

Assumes sufficient funds to:

- Increase the base Administrative rate by:
  - 3% in FY26
  - 3% in FY27
- Modeled using \$6.13/hour as FY25 base admin + \$0.45 EVV funding
- Includes funds for a weighted B&O consideration on the incremental change in the 2023-2025 biennium
- Includes estimated 2025-2027 B&O impact

<b>State Proposed AP Admin Rate Adjustment from FY25</b>			
	Admin Increase	Total Cost	GF-S Cost
FY26	\$0.298	\$5,002,000	\$2,213,000
FY27	\$0.524	\$9,012,000	\$3,988,000
2025-2027 Biennium		\$14,014,000	\$6,201,000



# State Rate Proposal Summary

	FY26		FY27		2025-2027 Biennium	4 Year Outlook
		GF-S		GF-S	GF-S	GF-S
CDE Labor Rate	\$35.66 + \$1.726	\$55,378,000	\$37.03 + \$3.098	\$102,210,000	\$157,588,000	\$370,731,000
Agency Parity	+ \$1.642	\$12,207,000	+ \$3.079	\$23,448,000	\$35,655,000	\$84,275,000
CDE Admin Rate with B&O	\$2.137 <i>+ \$0.076 before B&amp;O</i>	\$3,475,000	\$2.208 <i>+ \$0.121 before B&amp;O</i>	\$5,895,000	\$9,370,000	\$21,661,000
Agency Admin Rate	+ \$0.301 <i>+ \$0.200 before B&amp;O</i>	\$2,239,000	+ \$0.528 <i>+ \$0.405 before B&amp;O</i>	\$4,017,000	\$6,256,000	\$14,586,000
Total		\$73,299,000		\$135,570,000	\$208,869,000	\$491,253,000

TAB 4

# Rate Setting Board Union Proposal 4

Prepared for the Consumer Directed Employer Rate Setting Board  
August 27<sup>th</sup>, 2024.

**Adam Glickman**

He/Him | CDE RSB member &  
SEIU 775 Secretary Treasurer



**Cost: The union estimates that this rate proposal costs roughly \$220M GF-S, 100M+ less than the two-year cost of the 2022 RSB increase.**

	Union Proposal 3	State Proposal 2	Union Proposal 4
<b>FY 26 rate</b>	\$35.68	\$35.66	\$35.58
<b>FY 26 health</b>	\$5.22	\$5.22	\$5.22
<b>FY 27 rate</b>	\$38.30	\$37.03	\$37.70
<b>FY 27 health</b>	\$5.57	\$5.57	\$5.57
<b>GF-S FY 26/27</b>	250M	195M	218M
<b>GF-S FY 28/29</b>	408M	260M	319M

# Main Difference is year 2 wages

Union proposal 3	State proposal 2	Union proposal 4
6% & 7.5% wages	5% and 3.5% wages	5.75% and 5.75% wages

Date / Proposal	IP starting wage current or proposed	Real wage in terms of May 2020	% restoration
May-20	\$19.00	\$19.00	
Jun-25	\$21.44	\$16.75	
Union proposal 3	\$24.45	\$18.25	75% restoration
State proposal 2	\$23.36	\$17.42	48% restoration
Union proposal 4	\$24.00	\$17.89	63% restoration