

**REPORT TO THE LEGISLATURE**

**Individual Provider Overtime Quarterly Expenditures**

74.39A.275 RCW enacted by ESSHB 1725 in the 2016 Legislature

March 1, 2017

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## 1 Executive Summary

This is the third quarterly expenditure report submitted by the Department of Social and Health Services (identified as “the Department” within this report) to meet the requirements outlined in 74.39A.275 RCW enacted by ESSHB 1725 in the 2016 Legislature. It provides data on the overtime hours worked by Individual Providers (IPs) for the reporting period October 1 – December 31, 2016. The key findings include:

- The number of overtime hours claimed by IPs for this period is 6.21%, which is below the limit of 8.75% set forth in 74.39A.270 RCW;
- The number of providers claiming overtime is decreasing;
- Implementation of overtime has required significant adjustments on the part of impacted clients, IPs and staff at the Department and its contractors. The steps taken by those impacted are making a difference in the percentage of overall hours that are attributable to overtime. However, it is evident that clients, IPs, the Department and its contractors are still adjusting to the changes and therefore it is too early to know whether the overtime percentages will remain at this level;
- The full impact of the controls won’t be visible until early 2017, which will be captured in the data that will be part of the next quarterly report;
- The Department is monitoring the number of provided hours compared to authorized hours to determine whether adjustments in implementation should be made;
- Overtime hours are being accrued and tracked in the newly-implemented Individual ProviderOne (IPOne) payment system; although some overtime expenditures have occurred for this reporting period, full expenditures will occur early 2017 after the IPOne system functionality is implemented.

## 2 Purpose

In accordance with 74.39A.275 RCW, enacted by ESSHB 1725 in the 2016 Legislature, the Department is providing this quarterly expenditure report for the time period October through December 2016, the second quarter of state fiscal year 2017. This report includes an overview of the data available, and the required data specified by the legislation, as listed below. Additional information about the Department's implementation can be found in the [IP Overtime Spending Plan](#) submitted to the Legislature annually on July 1.

- 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, below, for additional information.

### 3 Initial Data and Findings

The data available is for hours worked and reported by individual providers (IPs) in a work week; it does not include actual final expenditure data because overtime payment functionality was only partially implemented during the timeframe covered by this reporting cycle. 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 overtime in the new payment system is being implemented in multiple phases. The first phase was implemented in June 2016, the second phase in November 2016, and remaining system functionality implemented in January 2017. IPs who worked over forty hours per week since April have accrued overtime. As of the end of this reporting quarter, 75% of all overtime dollars owed to providers have been paid, with the final retroactive payments made in January 2017 when the Individual ProviderOne payment system was modified to have the ability to make retroactive payments.

This report illustrates the overtime data for IPs in both the Aging and Long-Term Support Administration (ALTSA) and Developmental Disabilities Administration (DDA) and shows the overtime hours worked in the reporting period October 1 – December 31, 2016. The data represented for December, and particularly the last two weeks of December, is not fully mature as of the date of report finalization. The report also includes a quarterly comparison across the prior reporting periods.<sup>1</sup>

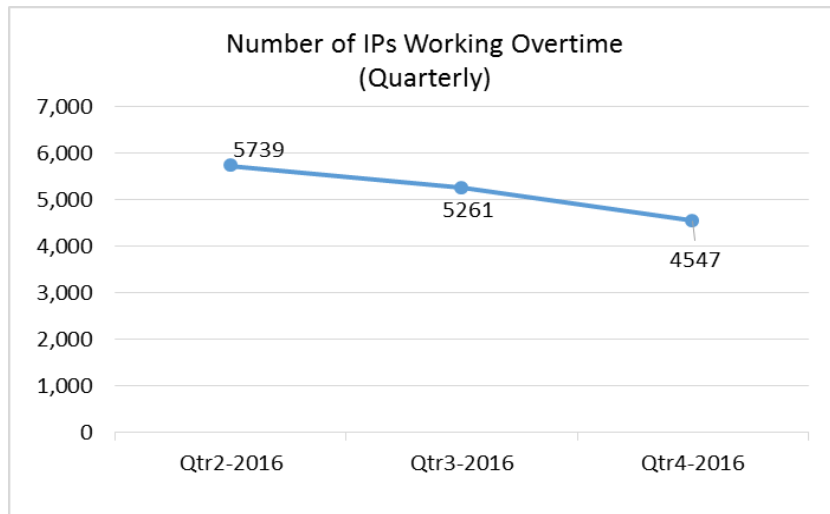
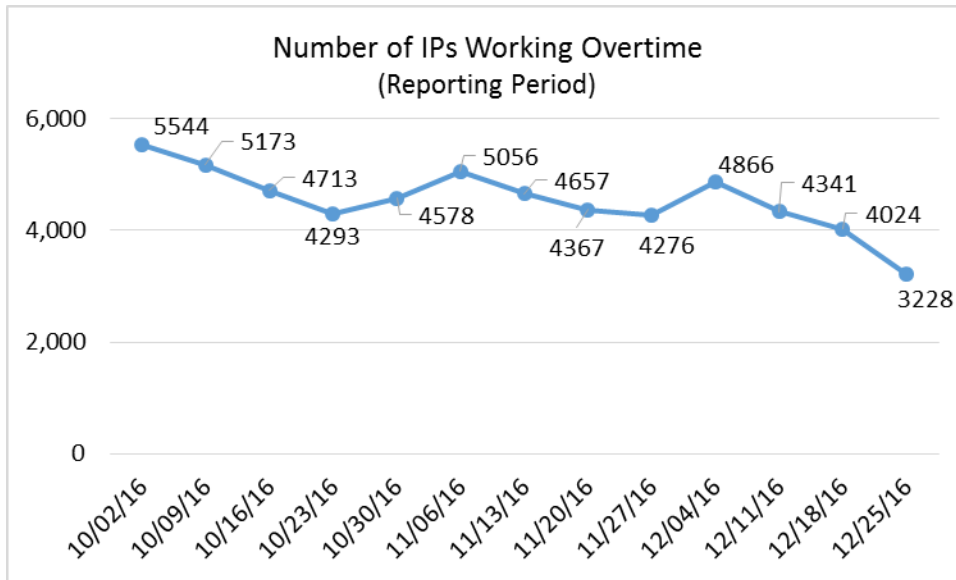
#### 3.1 Number of Individual Providers with Overtime

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. 74.39A.270 RCW, 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 74.39A.270 RCW.

Since the statute was enacted, the Department has implemented measures to manage overtime expenditures. For this reporting period, an average of 4,547 IPs worked overtime each week. This is down from 5,261 IPs who worked overtime hours during the prior reporting period, and 5,739 during the last quarter of FY 2016.

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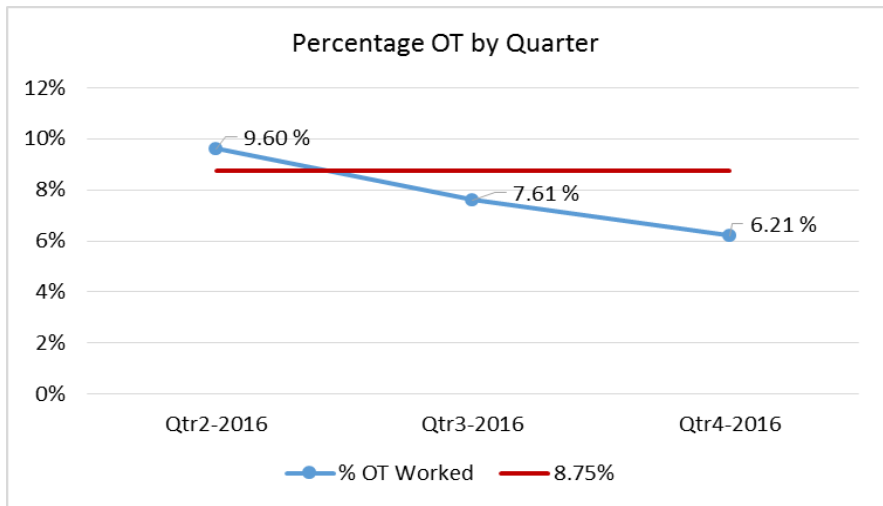
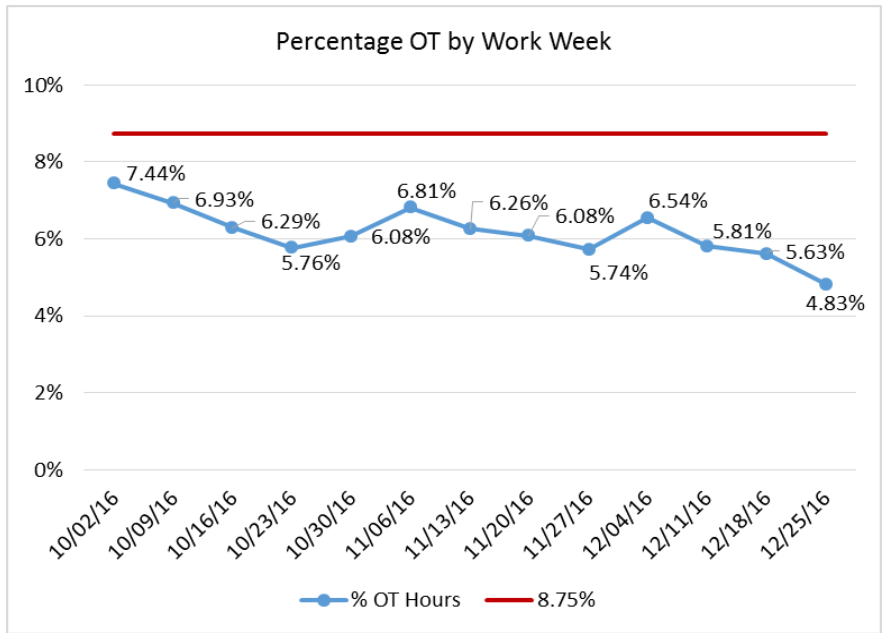
<sup>1</sup> Historical data varies slightly from prior quarterly reports as it has matured since originally reported.



Please note: The data represented for December, and particularly the last two weeks of December, is not fully mature as of the date of report finalization. Fully mature data is expected to be higher than shown.

### 3.2 IP Overtime Hours: ALTA and DDA combined

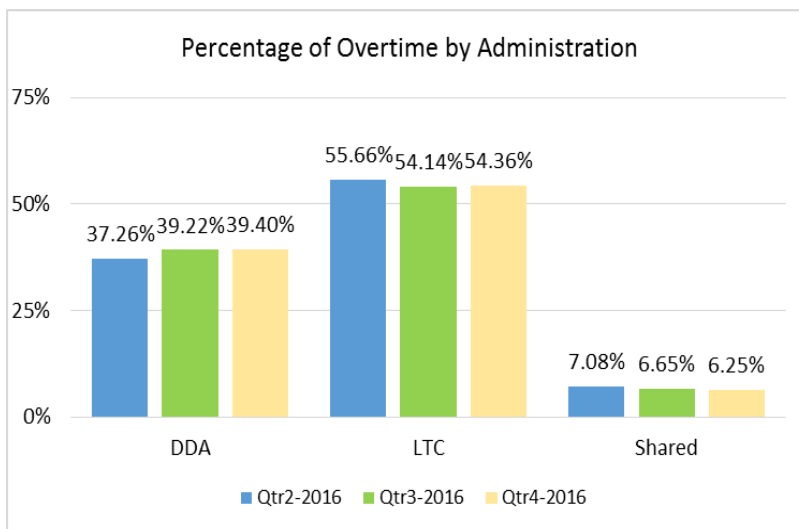
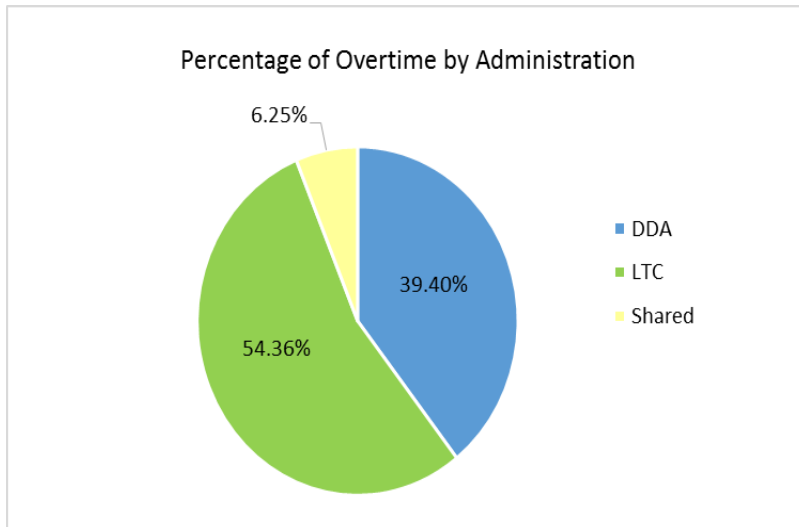
The percentage of overtime hours worked compared to all paid hours for this reporting quarter is 6.21% percent, down from 7.61% for the prior quarter. The Department has continued implementing requirements outlined in 74.39A.270 RCW, and has put in place controls to manage overtime expenditures within the allowable limit. The charts below illustrate the percentage of overtime hours claimed each work week has varied slightly from week to week, as well as across the quarters, and how it compares to the 8.75% limit.



Please see [Appendix A](#) for complete data. Please note: The data represented for December, and particularly the last two weeks of December, is not fully mature as of the date of report finalization. Fully mature data is expected to be higher than shown.

**3.3 Comparison of IP Overtime by Administration**

This quarter’s expenditures show, on average, the overtime hours worked by the 4,547 providers are split across DDA and ALTSA at a rate of 39% to 54%, with another 7% of the hours shared by IPs that work for consumers in both administrations (see charts below). This is consistent with the prior quarters’ data.



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

#### 4 Work Week Limits and Impact on Overtime Hours

In accordance with 74.39A.270(5)(b)(i) RCW, the Department established and assigned work week limits to all IPs based upon average hours worked in January 2016. A work week limit is the maximum 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.

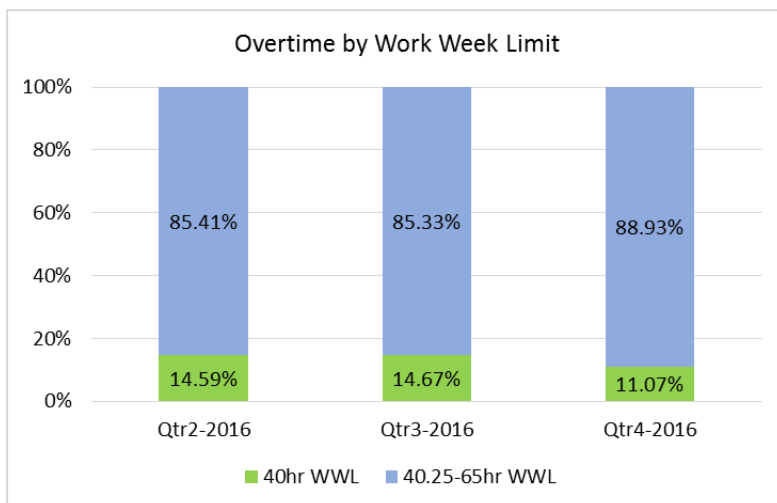
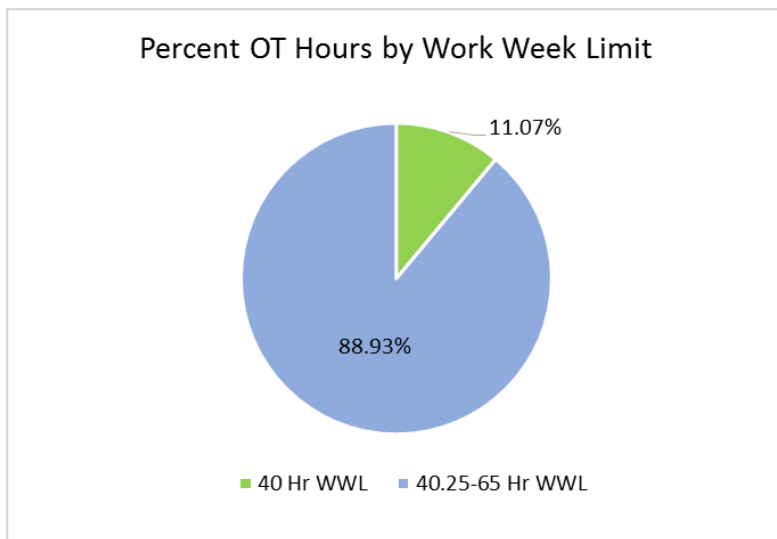
A smaller population of IPs have work week limits over between 40 and 65 hours if the IP was paid for working an average number of weekly hours over 40 in January 2016. If an IP was paid for working an average number of weekly hours over 65, the IP has a work week limit of 65



hours. For IPs who worked over 40 and up to 65 hours in January 2016, their work week limit was individually established based upon the number of hours paid in January. Their work week limits range from 40.25 to 65 hours. These IPs may not work additional overtime in a month without approval by the Department.

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

Nearly 90% 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. This shows a greater proportion of overtime is worked by individuals who have work week limits above 40. This is an improvement from last two quarters as there has been a reduction of over 3% in the number of IPs with 40-hour work week limits who are reporting overtime hours in this quarter. 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 has declined as the limits described in the statute have been implemented.

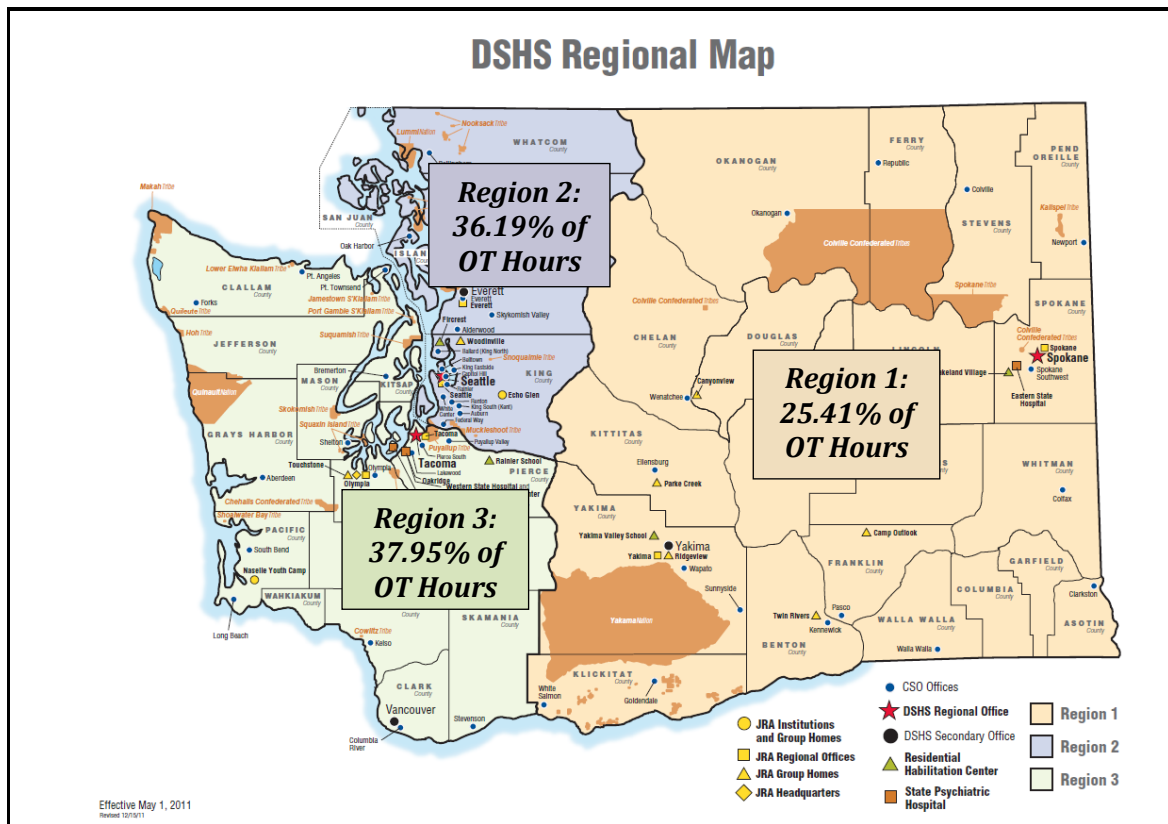
In addition, it is expected that turnover of these high-hour IPs will occur, although turnover is expected to be lower than the average IP turnover rate. Unless there is a statute change in the 2017 legislative session, the 65-hour work week limit lowers to 60 hours per week as of July 1, 2017. This reduction in work week limit would impact approximately 1,500 individual providers and the consumers they serve.

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

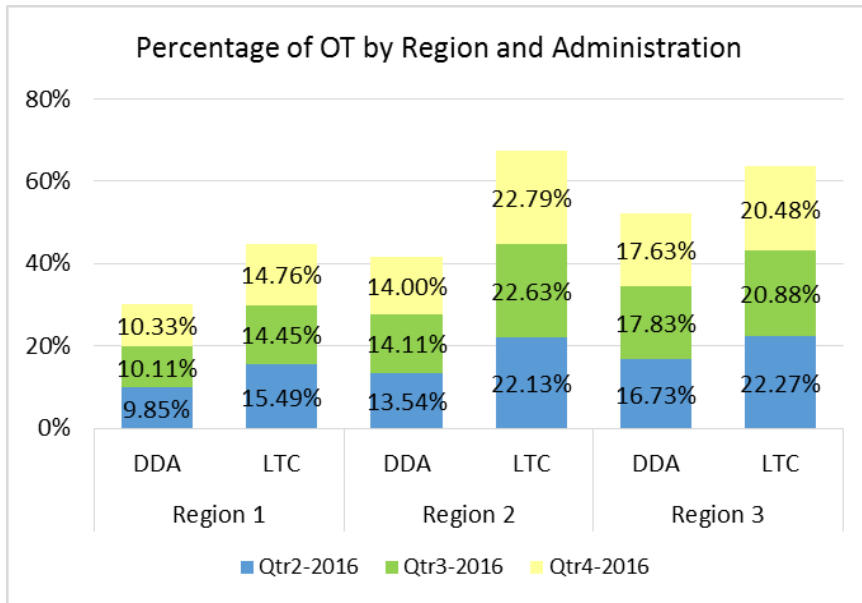
## 5 Regional Distribution of Overtime Hours

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

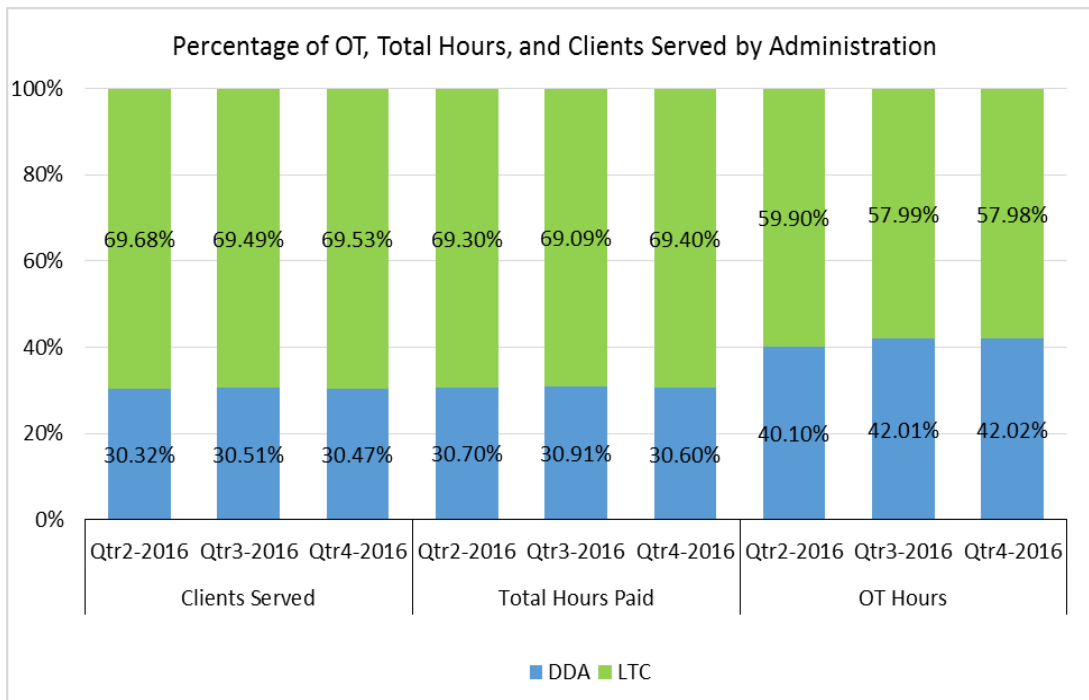
- Region 1: 25.41%
- Region 2: 36.19%
- Region 3: 37.95%



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 (0.4%) paid cross-regions is almost exclusively between regions 2 and 3. The regional distribution of overtime hours has been consistent across the three quarterly reporting periods.



The chart below compares overall quarterly breakdown of each administration’s percentage of clients served, total hours paid, and overtime hours. It excludes the small percent (0.4%) of overtime hours paid across regions.



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

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

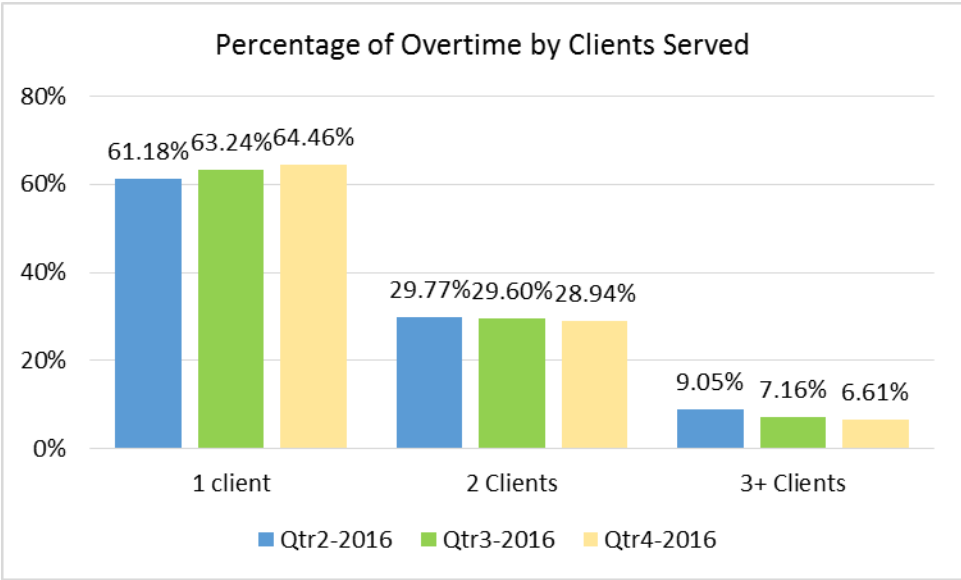
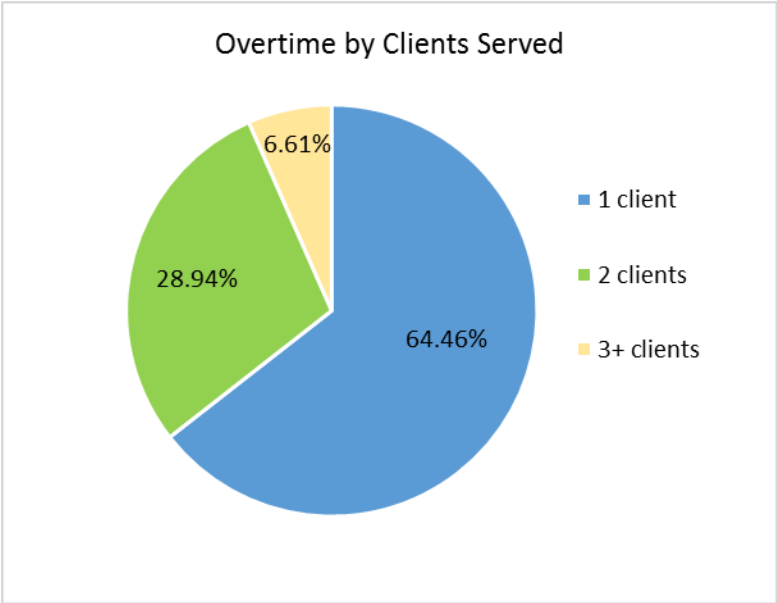
The table below illustrates a breakdown of client population, total hours paid, and overtime by the client's county of residence for this reporting quarter. It excludes the small number of overtime hours worked by IPs with clients in multiple counties.

County	Percent Client Count	Percent Paid Hours	Percent OT Hours
Adams	0.38 %	0.37 %	0.42 %
Asotin	0.29 %	0.35 %	0.60 %
Benton	3.16 %	3.41 %	3.76 %
Chelan	0.77 %	0.80 %	0.71 %
Clallam	0.86 %	0.91 %	0.91 %
Clark	9.08 %	8.94 %	9.39 %
Columbia	0.08 %	0.08 %	0.10 %
Cowlitz	1.78 %	1.85 %	1.66 %
Douglas	0.30 %	0.37 %	0.40 %
Ferry	0.19 %	0.21 %	0.20 %
Franklin	1.73 %	1.84 %	2.09 %
Garfield	0.04 %	0.03 %	0.01 %
Grant	2.10 %	2.01 %	2.07 %
Grays Harbor	1.90 %	1.85 %	1.75 %
Island	0.79 %	0.84 %	1.03 %
Jefferson	0.43 %	0.38 %	0.33 %
King	26.19 %	25.96 %	22.55 %
Kitsap	2.71 %	2.96 %	4.00 %
Kittitas	0.31 %	0.27 %	0.29 %
Klickitat	0.24 %	0.26 %	0.37 %

County	Percent Client Count	Percent Paid Hours	Percent OT Hours
Lewis	1.22 %	1.19 %	1.48 %
Lincoln	0.15 %	0.16 %	0.20 %
Mason	0.81 %	0.81 %	0.66 %
Okanogan	0.98 %	0.97 %	1.18 %
Pacific	0.48 %	0.46 %	0.47 %
Pend Oreille	0.29 %	0.28 %	0.25 %
Pierce	12.46 %	12.94 %	13.89 %
San Juan	0.05 %	0.05 %	0.02 %
Skagit	1.45 %	1.31 %	1.27 %
Skamania	0.17 %	0.15 %	0.14 %
Snohomish	9.17 %	9.15 %	9.34 %
Spokane	7.94 %	7.57 %	6.98 %
Stevens	0.72 %	0.79 %	0.86 %
Thurston	3.17 %	3.17 %	3.55 %
Wahkiakum	0.05 %	0.06 %	0.13 %
Walla Walla	1.12 %	1.01 %	0.67 %
Whatcom	2.49 %	2.19 %	2.10 %
Whitman	0.17 %	0.17 %	0.27 %
Yakima	3.79 %	3.85 %	3.89 %

### 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 fairly consistent across all months of the quarter, with the majority (64%) paid to IPs working with just one client. Approximately 29% of the overtime hours were paid to IPs serving two clients, and the remaining 7% 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 to manage within the limits outlined in the annual Spending Plan. This includes reviewing requests to increase work week limits 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 WAC.

When an IP has claimed more hours than were allowed and approved by the Department, there is a three-step contract action process intended to educate the IP and their consumer about the rules and support compliance with the statute:

- Step One: IP and consumer are notified, in writing, that continuing violations may lead to contract termination.
- Step Two: IP and consumer are notified, in writing, 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 first of the Step One notifications were mailed October 7, 2016. To-date, the Department has issued 9,785 Step One notifications and 1,831 Step Two notifications. No Step Three notifications have been sent. Compliance to work week limits is monitored monthly. The Department is in the process of analyzing data related to contract actions that will be shared with the Overtime Task Force to help inform whether, in some instances, an additional step should be added to the contract action process.

## 7 Conclusion

This quarterly report shows improving data regarding the percentage of overtime worked. However, the data is not yet stable and is expected to evolve over the next reporting cycles. This is due to:

1. The controls the Department has put in place to contain overtime expenditures, while meeting client needs, are showing results in reducing the percentage of overtime hours compared to all paid hours;
2. Consumers and IPs are still adjusting to the change from no work week limits to having work week limits. Some are struggling to manage work week limits within the context of an authorization of monthly hours to the client and bi-monthly payroll cycles. The Department is developing additional educational materials and tools to assist clients and IPs to plan hours of work within the constraints of work week limits and monthly authorizations;
3. The Department is still in the process of implementing the contract action process while also analyzing potential impacts and revisions to the process given that the most recent two quarters show expenditures are below the statutory limit;
4. The Department continues implementing policy, procedure, and overtime utilization monitoring tools, and is refining them to contain overtime expenditures without posing risk to client health and safety;
5. Workforce availability remains an issue that is being evaluated as the Department works with clients who have a high number of hours authorized.

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

Work Week	Total IP Hours	Total OT Hours	Average OT Hours
10/02/16	968,124	71,991	7.44%
10/09/16	940,552	65,211	6.93%
10/16/16	910,226	57,244	6.29%
10/23/16	869,108	50,096	5.76%
10/30/16	904,770	55,028	6.08%
11/06/16	947,211	64,515	6.81%
11/13/16	909,439	56,919	6.26%
11/20/16	876,274	53,237	6.08%
11/27/16	875,640	50,224	5.74%
12/04/16	925,461	60,555	6.54%
12/11/16	879,393	51,052	5.81%
12/18/16	824,232	46,433	5.63%
12/25/16	741,852	35,799	4.83%
<i>Average</i>	<i>890,176</i>	<i>55,254</i>	<i>6.21%</i>

\* Please note: The data represented in the chart for December, and particularly the last two weeks of December, is not fully mature as of the date of report finalization. Actual numbers for that month may be somewhat 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
10/02/16	27,901	3.88 %	39,554	5.51 %	4,537	0.63 %	10.02 %
10/09/16	25,221	3.51 %	35,769	4.98 %	4,221	0.59 %	9.06 %
10/16/16	22,533	3.14 %	31,247	4.35 %	3,464	0.48 %	7.99 %
10/23/16	19,845	2.76 %	26,912	3.75 %	3,338	0.46 %	6.94 %
10/30/16	21,163	2.95 %	30,245	4.21 %	3,620	0.50 %	7.63 %
11/06/16	25,144	3.50 %	35,446	4.93 %	3,925	0.55 %	9.00 %
11/13/16	22,576	3.14 %	31,011	4.32 %	3,333	0.46 %	7.96 %
11/20/16	21,604	3.01 %	28,592	3.98 %	3,041	0.42 %	7.45 %
11/27/16	19,639	2.73 %	27,577	3.84 %	3,008	0.42 %	7.01 %
12/04/16	24,062	3.35 %	32,669	4.55 %	3,824	0.53 %	8.42 %
12/11/16	20,329	2.83 %	27,419	3.82 %	3,305	0.46 %	7.09 %
12/18/16	18,604	2.59 %	24,939	3.47 %	2,890	0.40 %	6.47 %
12/25/16	14,373	2.00 %	19,071	2.66 %	2,355	0.33 %	4.97 %
<i>Total</i>	<i>282,993</i>	<i>39.40 %</i>	<i>390,450</i>	<i>54.36 %</i>	<i>44,860</i>	<i>6.25 %</i>	<i>100.00%</i>

\* Please note: The data represented in the chart for December, and particularly the last two weeks of December, is not fully mature as of the date of report finalization. Actual numbers for that month may be somewhat higher than what is reflected in the chart.



## Appendix C: IP Overtime by Work Week Limits

Work Week	Percent OT with 40 Hr WWL	Percent OT with 40.25 – 65 Hr WWL
10/02/16	1.46 %	8.56 %
10/09/16	1.11 %	7.97 %
10/16/16	0.88 %	7.08 %
10/23/16	0.67 %	6.31 %
10/30/16	0.99 %	6.67 %
11/06/16	1.16 %	7.82 %
11/13/16	0.85 %	7.07 %
11/20/16	0.62 %	6.79 %
11/27/16	0.70 %	6.29 %
12/04/16	1.07 %	7.36 %
12/11/16	0.73 %	6.38 %
12/18/16	0.55 %	5.92 %
12/25/16	0.29 %	4.69 %
<i>Average</i>	<i>11.07 %</i>	<i>88.93 %</i>

\* Please note: The data represented in the chart for December, and particularly the last two weeks of December, is not fully mature as of the date of report finalization. Actual numbers for that month may be somewhat 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
10/02/16	18,630	7.76 %	26,890	7.02 %	26,161	7.66 %
10/09/16	16,824	7.22 %	24,408	6.58 %	23,648	7.12 %
10/16/16	14,586	6.47 %	20,851	5.82 %	21,582	6.68 %
10/23/16	12,603	5.83 %	17,903	5.27 %	19,409	6.26 %
10/30/16	13,835	6.18 %	19,805	5.56 %	21,082	6.56 %
11/06/16	15,945	6.79 %	23,897	6.41 %	24,309	7.23 %
11/13/16	14,458	6.42 %	20,045	5.63 %	22,143	6.81 %
11/20/16	13,683	6.29 %	18,842	5.49 %	20,380	6.53 %
11/27/16	13,111	6.01 %	17,672	5.16 %	19,263	6.17 %
12/04/16	15,284	6.63 %	22,248	6.14 %	22,749	6.91 %
12/11/16	12,993	5.91 %	18,236	5.32 %	19,615	6.26 %
12/18/16	11,749	5.70 %	16,406	5.12 %	18,134	6.15 %
12/25/16	8,837	4.77 %	12,749	4.42 %	14,152	5.32 %

\* Please note: The data represented in the chart for December, and particularly the last two weeks of December, is not fully mature as of the date of report finalization. Actual numbers for that month may be somewhat 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
10/02/16	45,743	21,264	4,985
10/09/16	41,329	19,615	4,267
10/16/16	36,286	17,041	3,917
10/23/16	32,049	14,818	3,229
10/30/16	35,369	16,079	3,579
11/06/16	42,184	18,216	4,115
11/13/16	37,259	16,066	3,594
11/20/16	34,961	14,915	3,361
11/27/16	32,607	14,221	3,397
12/04/16	38,989	17,520	4,046
12/11/16	32,972	14,585	3,496
12/18/16	29,961	13,275	3,197
12/25/16	23,295	10,236	2,268

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