OASIS · AT A GLANCE

Twenty one years, 35 percent, and the gap that ate the workforce

Kansas put the numbers side by side and the arithmetic is unforgiving. Provider rates rose 35.2 percent. Consumer prices rose 63.86 percent. Nearly 29 points of purchasing power gone, quietly, one budget cycle at a time.

BY JIM PALASTY · 11 MIN READ · RATE ANALYSIS

29

POINT GAP

35.2 percent in rates. 63.86 percent in prices.

How it works

THREE STEPS

STEP 1

A rate is set

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STEP 2

Nothing indexes it

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STEP 3

The gap compounds

How rate erosion actually works

Year 1	Rate covers wage, supervision, training, overhead
Years 2 to 5	Small increases, smaller than inflation
Year 6	Training budget absorbs the difference
Year 9	Supervision ratios stretch
Year 12	Wages fall behind local retail and warehouse
Year 14	Turnover rises. Recruiting costs rise with it
Year 16	Overtime replaces hiring. Burnout accelerates
Year 18	Shifts go unfilled. Families absorb the hours
Year 20	Programs close. Capacity does not return
Year 21	A legislature discovers a workforce crisis

WHAT THE GAP LOOKS LIKE FROM INSIDE

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Alan has run a six home agency for twenty two years. He can recite every rate increase he has received and the year it came. He can also recite what he stopped funding to survive each one: paid training in 2009, a full time nurse in 2014, the supervisor position that covered two houses in 2019. He is still open. What he sells now is not what he sold in 2004.

NOBODY VOTED TO CUT. EVERYBODY WATCHED IT HAPPEN.

What matters, at a glance

Rates, 21 years

Up 35.20 percent, per the Kansas provider association's analysis submitted to the legislature.

Prices, same period

Up 63.86 percent by the Consumer Price Index over the identical window.

What a 29 point gap does

A rate that covered a competitive wage, supervision, training, and overhead in year one covers roughly two thirds of it in year twenty one. Providers close the gap by cutting the invisible parts first. Training. Supervision. Then wages. Then programs.

Why nobody noticed

No single year looked like a cut. A two percent increase in a four percent inflation year reads as a win in a press release and as a two point loss in a spreadsheet. Repeat twenty one times and you have destroyed a workforce without ever casting a vote to reduce anything.

The local version

Oakland County's direct care minimum sat at $16.10 an hour from January 2023 until a 20 cent adjustment brought it to $16.30. About 1.2 percent, in a period when nothing anyone buys rose 1.2 percent.

The fix that exists

Index rates to a wage benchmark or a cost index, so purchasing power holds without an annual fight.

BRING THESE · CHECK AS YOU GO

- [ ] The current rate, per unit, in writing
- [ ] Cumulative rate change over ten or twenty years
- [ ] Local competing wages: retail, warehouse, fast food
- [ ] What the provider stopped funding, with years
- [ ] The date of the last increase and its percentage
- [ ] CPI change over the identical period
- [ ] Your provider's current vacancy rate
- [ ] One sentence on what that cost your family member

YOUR MOVE

How to argue about rates and be taken seriously

1. Request the current rate study from your PIHP in writing.
2. Ask when rates were last adjusted and by what percentage.
3. Compare that to CPI over the same period. Do the subtraction.
4. Ask your provider what they stopped funding, and when.
5. Take the gap and the list to your state legislator.
6. Ask the Fiscal Agency for a Michigan rate adequacy analysis.

Rate arguments win on subtraction, not adjectives. Bring both percentages and let the difference do the talking.

RESOURCES NAMED IN THIS POST

kslegislature.gov · https://kslegislature.gov/
bls.gov/cpi · https://www.bls.gov/cpi/
cmham.org · https://cmham.org/
ancor.org · https://www.ancor.org/

ABOUT THE AUTHOR

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Jim Palasty is the founder of OASIS for Autism and a single father of an adult autistic daughter in Michigan.