

Maintaining service

Reduced state funding for Progress Industries arrives earlier than expected

By Christopher Braunschweig Newton Daily News
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Sandy Ham, president and CEO of Progress Industries, said the Newton nonprofit is receiving \$50,000 less a month in state funding much sooner than originally anticipated. The agency was told years ago that rate reductions would take place July 1, 2019, but they instead began nearly four months earlier on March 15.

Reimbursement rate reductions from Medicaid have resulted in Progress Industries receiving about \$50,000 less per month in state funding much sooner than originally anticipated. However, administrators noted the Newton nonprofit's services and staff pool will not decline following the decrease in cashflow.

Progress Industries President and CEO Sandy Ham said the nonprofit was notified of the reductions when Iowa Medicaid Enterprises (IME) announced it was moving its day habilitation services and its 24-home and community-based services to "a tiered rate reimbursement system" in December 2017, which went into effect that same month.

Rates were "significantly lower" for Progress Industries, Ham said. The organization knew changes would be implemented in phases over the next few years starting in December 2017 and then transitioning to July 1, 2018, and July 1, 2019.

Unexpectedly, Progress Industries was told near the beginning of this year the state was going to enact the rate reductions four months ahead of schedule. As a result, about 50 percent of business revenue was impacted by the tiered rates changes on March 15, Ham said.

“It was interesting to me that the state had the ability — without any real reason or justification — to make those changes so abruptly and with very little notice to providers,” she said. “It’s not that we weren’t *anticipating* a rate reduction, it just happened earlier than we had anticipated.”

Ham added she did not know why the date of action had shifted four months ahead and was not given an explanation by the state.

Approximately 96 percent of the funding sources Progress Industries receives comes from Medicaid. The remaining 4 percent is made up of individuals who pay privately or are funded by the county or region, for instance.

Progress Industries serves more than 300 people in Jasper and Polk Counties. For 40 years, the nonprofit has provided assistance like supported employment, residential services and day habilitation services for individuals with intellectual and physical disabilities.

The distribution and quality of those particular services will not be effected as a result of the rate reductions, Ham said. On the other hand, Progress Industries’ cash reserves will be.

The challenge the nonprofit faces is figuring out how to cover the additional \$50,000 a month within the agency’s cost structure.

Pressure to fill that gap will likely be felt by Progress Industries staff, but Ham said that feeling is common in any human services industry.

“It’s always been there — it’s just accelerated,” Ham said. “That pressure to continue to figure out how to do more with less or do the same with less just continues to accelerate and I don’t see it slowing down.”

Iowa House District 29 Rep. Wes Breckenridge, D-Newton, was notified of Progress Industries’ funding loss Thursday afternoon. Prior to the revelation, Breckenridge said he knew of the potential tier-level reimbursement reductions, but was unaware the timeline had shifted forward for the Newton nonprofit — something he had never heard of or experienced in Jasper County.

“I was under the impression that the changes had been communicated to the providers and the timeline had been (given) to the providers, so it’s kind of disappointing to hear that communication appears lax,” Breckenridge told the Newton Daily News. “I’ll have to check into that and see where the communication failed.

“... Progress (Industries) and the other providers in Jasper County do an outstanding job providing services to our citizens. It’s disappointing to see the lower reimbursement rates to begin with and if we’re having issues with the timeline that’s different than what they anticipated.”

At the start of the year, Progress Industries moved into its new facility at the former KinderCare building. Ham said the three main reasons the organization moved to 202 N. Third Ave. W. was because staff sought a lower cost structure, wanted services to be seen as community-based and aimed to make the agency visible by residents.

Despite the funding shifts, the number of people requiring Progress Industries' services has not seen a drastic increase or decrease and thereby has not considerably altered the flow of support and assistance.

"I worry more about what's coming next," Ham said. "Again, we're really good at reacting to what's within our control and what we know about. Sometimes the decisions are incredibly difficult and it's not easy to get to the right point. When you have to operate more efficiently you have to make change ... When we know what's going to happen, we take control of it, and we manage it.

"... We're going to fight to make sure we're here for another 40 years and that our services are not impacted by the state's funding."

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