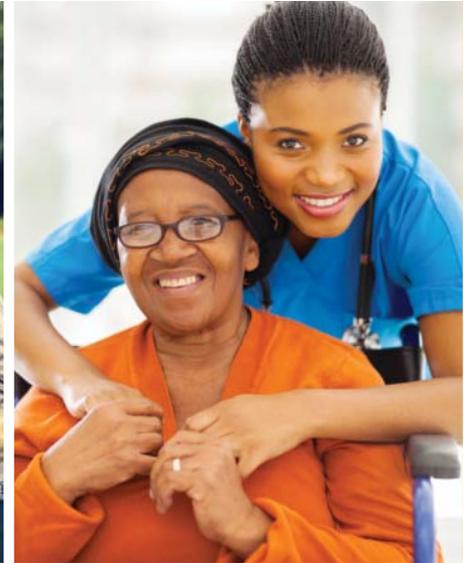




HEALTH *through* HUMAN SERVICES



May 2019

Authored by



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To promote a healthy, productive and diverse human services industry



HEALTH *through* HUMAN SERVICES





HEALTH through HUMAN SERVICES



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The University of Massachusetts Donahue Institute is the public service, outreach and economic development unit of the University of Massachusetts President's Office. Established in 1971, the Institute strives to connect the Commonwealth with the resources of the University, bridging theory and innovation with real world public and private sector applications.

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The Providers' Council is a statewide association composed primarily of nonprofit, community-based, care-giving organizations that provide human services, health, education and employment supports. The Council assists its members by providing public policy research, advocacy opportunities, communication and information, education and training, publications and business partnerships. Its mission is *"to promote a healthy, productive and diverse human services industry."*

The Council's Research Committee guided this report

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Dear Reader:

Following the success of our recent collaborations with the University of Massachusetts – *Who Will Care? The Workforce Crisis in Human Services* in 2017 and *The Face of the Human Services Sector: Our Caring Workforce* in 2018 – the Providers’ Council again worked with the UMass Donahue Institute and UMass Dartmouth to examine the major threats to the sustainability of the human services sector. Our third report in as many years, *Health through Human Services*, also includes potential North Star initiatives that the Council and its members believe are most critical to address the identified threats. These initiatives include work that must be done within the sector as well as efforts that require cross-sector and government partnerships to make them a reality.

The Providers’ Council and its board of directors were inspired by the Alliance for Strong Families and Communities and the American Public Health Association who released a landmark report last year entitled *A National Imperative: Joining Forces to Strengthen Human Service in America*. As they outlined their major North Star initiatives on a national scale, the Providers’ Council wanted to explore which North Star initiatives would make a difference for human services here in Massachusetts.

Much like our past reports, the research in *Health through Human Services* explores a sector which – despite numerous workforce challenges – continues to provide quality, essential care to one-in-ten Massachusetts residents. Some major statistics include:

- Employment growth in the human services industry between 2006 and 2016 (74,192 new jobs) accounted for one third of the growth in total Massachusetts employment during that period and 52 percent of all growth in healthcare and social assistance employment.
- Workforce estimates suggest that approximately 150,000 workers provide essential support to the health and well-being of individuals and families in all 351 communities of the Commonwealth. This estimated number of human service workers fall short of employment – 178,137 – which refers to the total number of positions available, note the total number filled or total number of workers.
- Those 178,137 human services jobs generated \$4.6 billion in annual payroll in 2016, representing 2.3 percent of the Commonwealth’s total payroll.

- In 2016, the median hourly wage of Massachusetts workers with a high school diploma was \$15.12. In contrast, the median hourly wage among the lowest paid human services workers – including PCAs, home health aides, and social and human service assistants – is less than that of all workers with high school diplomas.
- More human services workers earn below 150 percent of the federal poverty level (12.7 percent) than workers in all other Massachusetts industries. Human services workers are nearly twice as likely as healthcare workers to earn below 150 percent of the federal poverty level.
- Median wages for the human services workforce are just over \$27,000, compared with a median wage of \$40,500 for all other industries in the state.

Further, the report details the advent of value-based reform in Massachusetts, Accountable Care Organizations, the MassHealth Community Partners program and the critical role of human services in addressing social determinants of health. We welcome a discussion around these issues of importance that we believe will affect the human services sector and the workers, clients and families who may be impacted by the changes.

The members of the Providers’ Council’s Research Committee deserve special recognition for lending their time and expertise to help develop this report: Chair David Jordan, Seven Hills Foundation; John Larivee, Community Resources for Justice; Bill Lyttle, The Key Program; Michael Moloney, HMEA; Jackie K. Moore, North Suffolk Mental Health Association; Andy Pond, Justice Resource Institute; Lauren Solotar, The May Institute; and Michael Weekes, Providers’ Council.

The staff of the University of Massachusetts Donahue Institute and UMass Dartmouth has been timely, responsible, personable and patient. We especially thank UMass representatives and report authors Christina Citino and Michael Goodman for their time, effort and expertise.

Special thanks to staff member Bill Yelenak who helped manage the process.

We hope *Health through Human Services* illuminates several major issues – and potential North Star initiatives – in the human services sector in Massachusetts and assists in the understanding of this incredible undertaking.

Sincerely,



Jackie K. Moore, Ph.D
Chair, Board of Directors
Providers’ Council



David A. Jordan, DHA, MPA
Chair, Research Committee
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Introduction

The Massachusetts community-based human services sector is essential to the overall health and well-being of the Commonwealth. The human services sector employs over 150,000 individuals in nearly 180,000 jobs in virtually every community. The workforce provides vital services to one in 10 residents with human services workers protecting, teaching, nurturing, rehabilitating, housing and otherwise supporting individuals and families across the Commonwealth, helping them to reach their full potential.

The human services sector serves and supports individuals of all ages, families, veterans, people with intellectual or physical disabilities, individuals and families struggling with mental health and addiction issues, children as well as those seeking economic independence and affordable housing. The work of the Massachusetts human services system has long focused on helping people improve their health by addressing immediate needs, but it also addresses factors influencing economic stability, education, social connection, housing, safe neighborhoods, and food access. In doing so, individuals and families across the Commonwealth rely on human services to enhance, maintain, and protect their well-being.

The Massachusetts human services sector is continually facing significant obstacles that threaten its sustainability and hindering its ability to deliver much-needed services across the Commonwealth. This reality is neither new nor unique to Massachusetts. Numerous reports, as well as coordinated efforts by charitable organizations such as the Kresge Foundation, have shed light on the increasingly tenuous situation threatening the sustainability of human services across the United States.

In 2018, the Alliance for Strong Families and Communities and the American Public Health Association released a report entitled *A National Imperative: Joining Forces to Strengthen Human Services in America*.¹ Focused on the financial health of human services community-based organizations (CBOs) and identifying initiatives to strengthen the system, the report highlighted four significant roadblocks facing the human services system nationally, including:

- financial stress among human services CBOs;
- mistaken beliefs about human services CBOs;
- operational shortcomings of the human services ecosystem; and,
- human services CBO talent and technology limitations.

Within these identified roadblocks, challenges surfaced—each requiring coordinated and targeted cross-sector efforts if they are to be addressed.

As demonstrated in their report, the obstacles facing human services organizations are many. While each of the roadblocks and challenges identified in the report resonate with providers across Massachusetts, the immediate day-to-day challenges facing the sector often overshadow macro, systems-level issues. Massachusetts human services providers struggle daily to recruit a workforce capable of meeting the increasingly complex needs of clients, retain workers who are able to earn better wages working for state agencies, be recognized as an equal partner in improving population health, and maintain financial viability while operating on purchase-of-service contracts that have been historically underfunded. All the while, demands on the sector to meet the growing needs of the population continue to increase.

The Providers' Council, its Research Committee, and its diverse membership have made a concerted effort to demonstrate the social and economic value of the human services sector and to highlight the challenges facing providers. Through a series of reports spanning more than a decade, the Council has increased awareness of the sector's size, economic impact, workforce challenges, and trends. Yet, despite raising awareness among policymakers and the increasing acknowledgement of the importance of improving population health, the threats facing the sector are not being adequately addressed.

This report summarizes the significant challenges to the human services sector. Many of these challenges have been discussed in previous reports. However, unlike previous reports, this effort examines these challenges in the context of the increasing focus on community population health as a driver in reducing healthcare costs and addressing health disparities.





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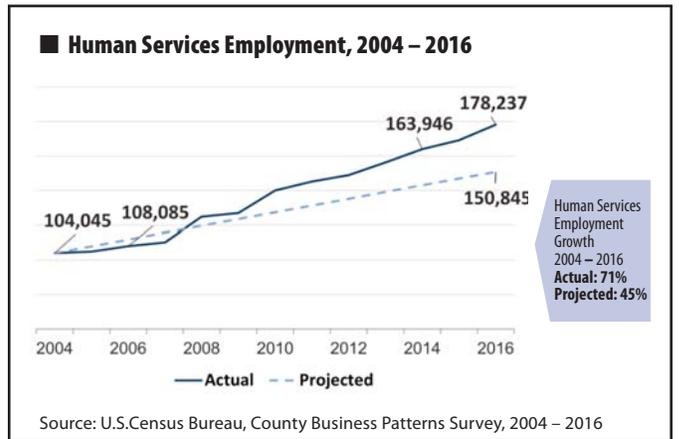
The Value of the Massachusetts Human Services Sector

Beginning with its first report with the UMass Donahue Institute—*Help Wanted* (2006)—the Providers’ Council has been calling attention to the value of the human services sector in Massachusetts as a significant and growing employer, economic contributor, and critical player in improving health and well-being. At the same time, policymakers have become increasingly aware that the synergistic linkage between the work of human services and individual health outcomes has relevance to overall well-being and healthcare costs.

The Human Services Sector is a Significant and Growing Employer

Employment growth in the human services industry between 2006 and 2016 (74,192 jobs) accounted for one third of the growth in total Massachusetts employment during that period and 52 percent of all growth in healthcare and social assistance employment.

Employment growth in the Massachusetts human services sector continues to outpace growth in other sectors. Between 2006 and 2016, the sectors’ employment grew by 65 percent, representing an increase of over 74,000 full- and part-time positions. By comparison, overall employment across all sectors in the Commonwealth was under 7 percent. **Growth in the human services sector in Massachusetts has outpaced growth in all other sectors by a factor of nearly 10-to-1.**



■ Massachusetts Employment Growth

Selected Sectors, 2006 – 2016



Source: U.S. Census Bureau, County Business Patterns Survey, 2004 – 2016

The Economic Impact of the Human Services Sector is Significant

In 2016, the 178,237 human services jobs generated \$4.6 billion in annual payroll, representing 2.3 percent of the Commonwealth’s total payroll.

The economic impact of the human services sector was calculated in the 2006 Help Wanted report and updated in *Beyond Social Value*, released in 2015. Both analyses demonstrated that the wages paid to human services workers had a significant impact on the overall Massachusetts economy. The more recent analysis conducted in 2015 found that the disposable income of human services workers generated an estimated \$899 million in additional economic activity across the Commonwealth and that expenditures by human services workers supported an additional 24,262 jobs.² Given the growth in employment and annual payroll, this impact has likely grown over the last several years.

Human Services Improve Health and Well-Being across the Life Span

Many of today’s most pressing community needs—serving individuals and families affected by intellectual and development disabilities, mental health issues, addiction, housing burden—cut across socioeconomic and cultural backgrounds.

The numerous reports about the human services sector commissioned by the Providers’ Council define the human services sector according to national industry classifications. While useful for compiling data on the sector, this definition falls short of describing the breadth and depth of human services in

the Commonwealth. Based on the types of services provided, the definition does not focus on impact.

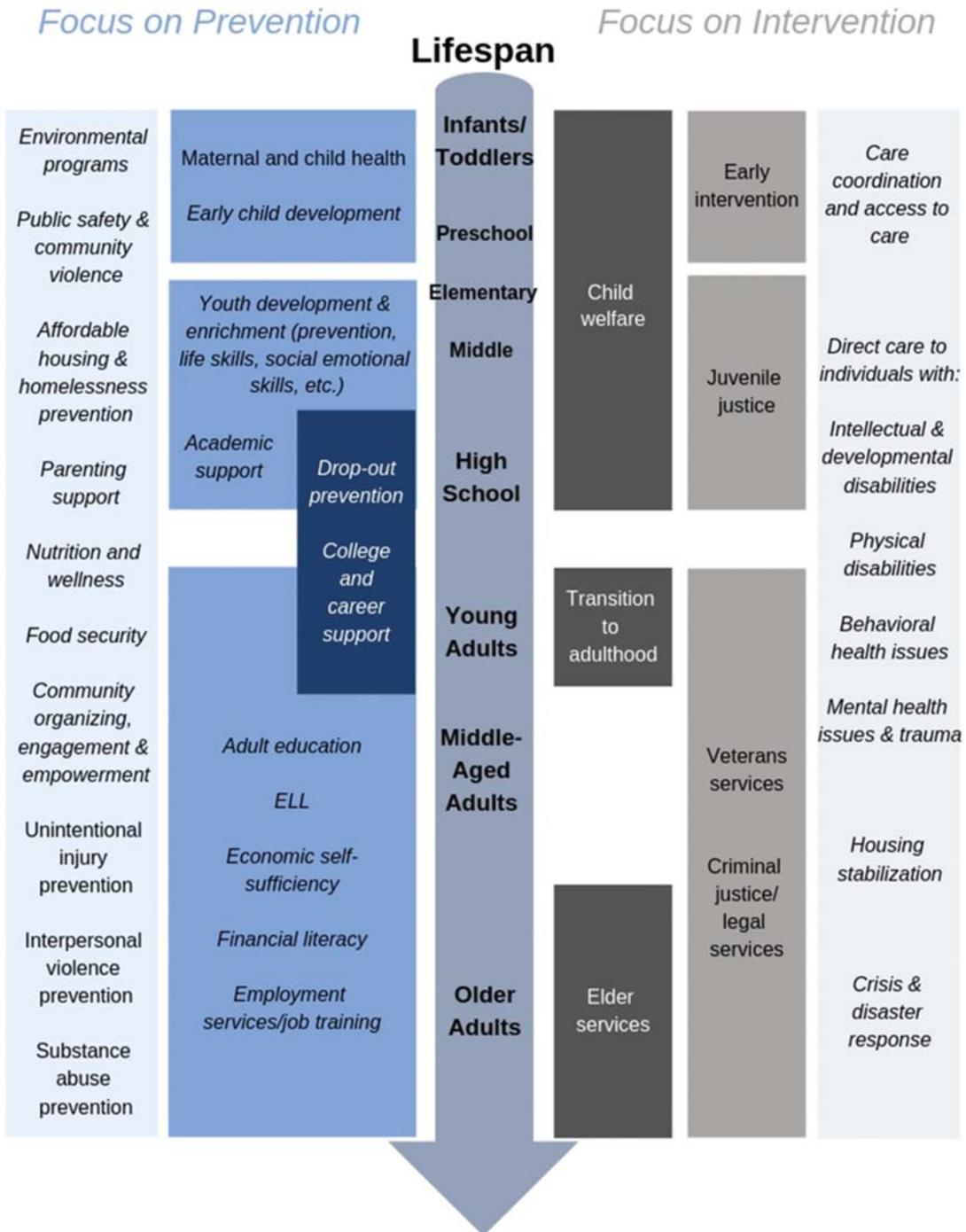
The Massachusetts human services system has long held the critical role of helping people improve their health by addressing immediate needs as well as factors influencing economic stability, education, social connection, housing, safe neighborhoods, and food access. Individuals and families across the Commonwealth rely on human services to enhance, maintain, and protect their well-being. As needs change throughout the life cycle, population subgroups may be touched by or actively seek the services of a broad array of human services organizations. Yet, the reach and impact of human services organizations, particularly in the realm of preventive services, is rarely acknowledged for its role in affecting population, community, and individual health.

The Kresge Foundation defines human services as “an interdisciplinary field focused on the prevention and remediation of problems with a commitment to improving the overall quality of life across the lifespan.” Similarly, the National Organization of Human Services offers this definition: “The field of Human Services is broadly defined, uniquely approaching the objective of meeting human needs through an interdisciplinary knowledge base, focusing on prevention as well as remediation of problems, and maintaining a commitment to improving the overall quality of life of service populations.” Both definitions emphasize *prevention and remediation of problems with the goal of improving overall quality of life*. In doing so, these definitions move beyond services provided to stress the potential impact of human services on population health and well-being, underscoring that human services play a critical role in addressing social determinants of health.



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■ Human Services: Transforming Lives across the Lifespan



Note: Service areas highlighted in italics represent those addressing the social determinants of health.

The Transformative Potential of Human Services

In *A National Imperative*, one of the identified roadblocks is “mistaken beliefs about human services CBOs.” Among a number of these mistaken beliefs is the notion that “funding for human services CBOs are handouts for the poor (rather than valuable investments in real social and economic impacts for the broader community).”³ Human services, often defined as a network of organizations serving people in need, is sometimes mistakenly and narrowly viewed as a sector devoted to serving only the most vulnerable. Consequently, this has led to the common perception of human services as charitable endeavors meant to fulfill the Commonwealth’s obligation to the poor and vulnerable. The human services sector, however, plays a far greater societal role, one devoted to the overall well-being of the Commonwealth.

Recognizing the Potential of Human Services

Recognizing the potential impact of community-based human services organizations on population health requires a significant shift in policymakers’ conceptualization of the human services system from “health and human services” to “health through human services.”

The Centers for Disease Control and Prevention defines social determinants of health as the conditions (e.g., social, economic, and physical) in the environments (e.g., school, church, workplace, and neighborhood) in which people are born, live, learn, work, play, worship, and age that affect a wide range of health, functioning, and quality-of-life outcomes and risks.⁴ Research suggests that health status in the United States does not match the nation’s significant financial investments in healthcare. Moreover, access to and utilization of healthcare is estimated to account for 10 to 20 percent of health outcomes, with the rest attributable to genetics, health behaviors, and social and environmental factors.^{5,6} **Social and environmental factors account for an estimated 40 percent of health outcomes.**

Despite widespread acknowledgement of the role of social determinants of health in improving health outcomes and lowering medical costs, the role of human services in population health and cost containment is not fully recognized or valued by many. Policymakers and healthcare system administrators increasingly acknowledge the impact of non-medical factors, such as housing, food security, education and employment, on health outcomes and healthcare spending.⁷ Yet, placing greater emphasis on social determinants of health is not simply a matter of asking healthcare systems to address non-medical factors affecting health. It requires recognizing the work of human services providers as critical to improving the conditions in which people live, work, and thrive.

To be sure, recognizing the role of human services and the potential impact of community-based human services organizations on population health requires a significant shift in policymakers’ conceptualization of the human services system from “health and human services” to “health through human services.” As noted in a report by the Human Services Council of New York, health and human services systems are “working in close proximity but unaware of the details of each other’s lives. Both have a direct impact on population health and well-being, but in most cases, these systems work separately.”⁸ **The movement toward value-based payment reform offers the opportunity to rethink and capitalize on the transformative potential of human services.**

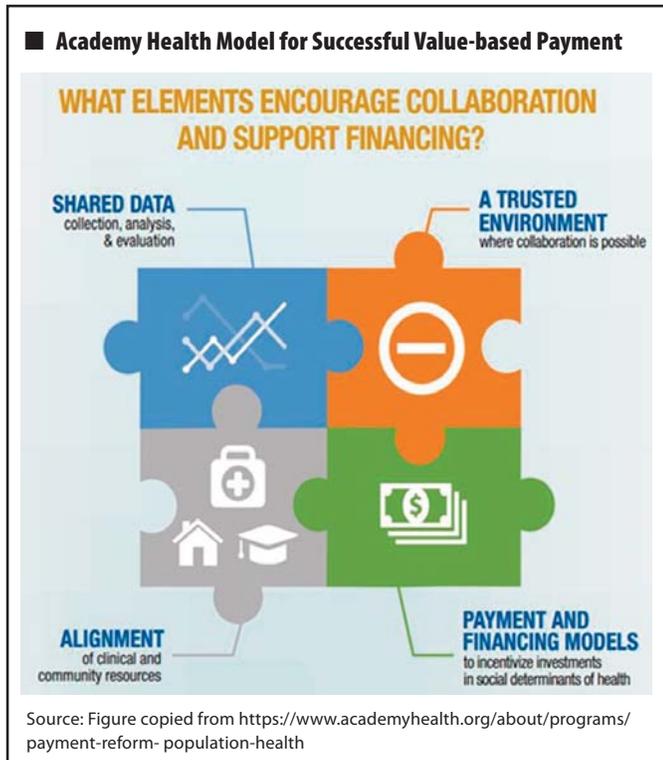
Value-Based Payment Reform

With the growing emphasis on social determinants of health, reform efforts designed to improve care while controlling healthcare costs are increasingly taking the form of value-based payment systems. Since the creation of the first health insurance companies in the United States in the 1930s, U.S. medical systems have largely been structured as fee-for-service, meaning providers are compensated based on the specific services they provide.⁹ Amid mounting evidence of the inefficiencies, rising costs, and poor health outcomes caused by this system, a payment reform movement has begun.¹⁰ Spurred in part by the passage of the Affordable Care Act in 2010, stakeholders across the healthcare system are advocating for varied approaches to payment based not on each service rendered but on the value of the healthcare provided to individuals and patient populations.¹¹ This has led to several new approaches to restructuring payment and care delivery, with many led by the Centers for Medicare and Medicaid Services (CMS), such as Accountable Care Organizations, the Medicaid Innovation Accelerator Program, and the Delivery System Reform Incentive Payment (DSRIP) program.¹² Patient-centered medical homes are another such initiative.¹³





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In contrast to traditional fee-for-service reimbursement models, which pay for services delivered, value-based reimbursement programs aim to improve the quality of care through population health strategies, with the ultimate goal of reducing costs.

In collaboration with the Robert Wood Johnson Foundation, AcademyHealth developed a model for successful value-based payment. Inherent in the model is a focus on community population health, which relies on cross-sector collaboration that fully recognizes and values the role of community resources and community-based organizations in addressing social determinants of health.



Accountable Care Organizations

Accountable Care Organizations (ACOs) are a value-based reform model for healthcare delivery in which a group of providers join together to share responsibility for the health of a patient population. The ACO contracts with a payer (i.e., insurer) in an “alternative payment method” (APM), rather than the traditional fee-for-service structure, to receive compensation for the care of its patients. ACOs were designed in part as a cost-containment measure, aiming to interrupt the trend of escalating healthcare costs with a global payment model that has shown promise for saving money and improving quality.¹⁴ In such contracts, ACOs take on the financial risk of meeting a budget for the overall cost of care of their patients, and they may also earn financial incentives for meeting targets for patient health outcomes.¹⁵ The ACO model is being used in various health insurance markets, including in several states’ Medicaid reforms, in Medicare, and by commercial insurers.¹⁶

ACOs have been described as having a “Triple Aim” of improving population health, reducing healthcare costs, and improving patient experience.¹⁷ The providers in an ACO vary from one organization to the next, but they may include primary care, specialty care, hospitals, behavioral healthcare, long-term services and supports providers, and others. In working toward the Triple Aim, ACOs may pay closer attention to the social determinants of health than in other healthcare models, devoting resources to providing non-medical services such as coordinating care across the continuum of patients’ needs and engaging with human services providers—both as part of the ACO and as outside partners.¹⁸

The Role of Human Services in Value-Based Reform

The Triple Aim of ACOs—improving population health, reducing healthcare costs, and improving patient experience—has been adopted widely across the healthcare landscape.

Accordingly, there is movement within the field in general toward addressing social determinants of health by devoting resources, including healthcare resources, to human services. These efforts are backed by research showing that relatively higher government spending on social services and public health compared to healthcare results in significantly better health outcomes, as well as by a body of literature demonstrating the cost savings and health improvements resulting from specific interventions in the areas of housing, nutrition, and case management.^{19 20}

Challenges Facing Human Services Providers Limit the Sector's Ability to Realize its Transformative Potential

Recognizing and valuing the role of human services in population health must begin with a clear understanding of the ongoing challenges facing the sector, including workforce availability, pay equity, and issues affecting financial stability.

Challenge: With Continued Human Services Employment Growth, Workforce Recruitment Remains a Critical Issue

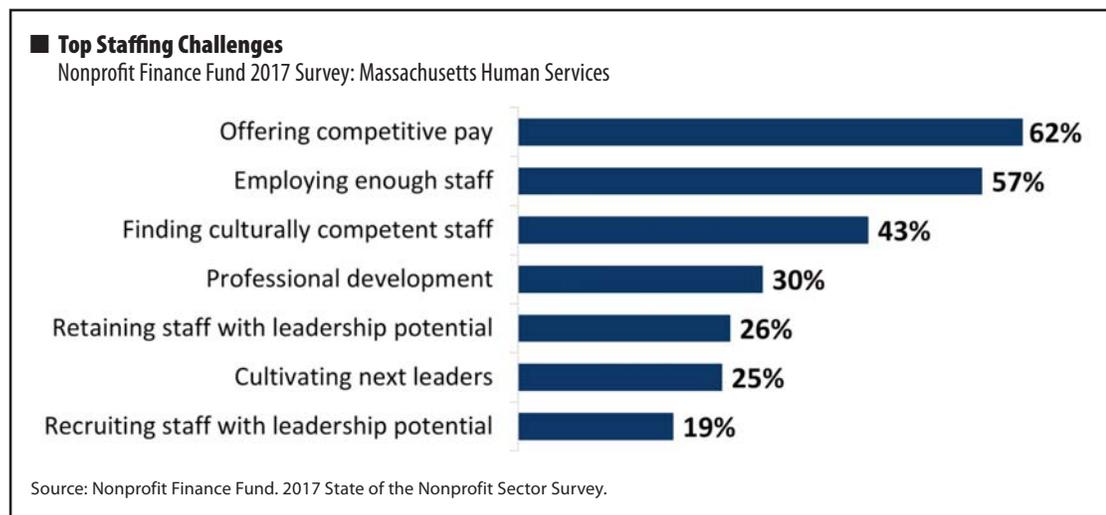
In early February 2019, an *indeed.com* search for Massachusetts human services jobs turned up nearly 12,000 available positions across the state. Human services organizations have posted more than 5,500 jobs on the Providers' Council's *Jobs with Heart* site since its inception in 2017.

Workforce estimates suggest that approximately 150,000

workers provide essential support to the health and well-being of individuals and families in all 351 communities of the Commonwealth.²¹ This estimated number of human services workers falls short of employment (178,137), which refers to the total number of positions available, not the total number of filled positions or the total number of workers currently employed in the field. Although sector-wide data about vacancy rates are not available, many providers have anecdotally reported vacancy rates of 20 to 30 percent.

In a recent survey conducted by the Nonprofit Finance Fund, more than half of the Massachusetts human services providers who responded reported that employing enough workers is a top staffing challenge.

This finding is consistent with data gathered by the Providers' Council. For more than a decade, the Council has been highlighting challenges associated with workforce recruitment and retention. In 2016, these challenges were detailed in *Who Will Care? The Workforce Crisis in Human Services*.



81% of employers reported that applicants **lack required skills**

63% of employers reported that applicants **lack required education or credentials**

Source: Providers' Council. *Who Will Care? The Workforce Crisis in Human Services*. 2017.



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At that time, a survey of Massachusetts human services providers conducted for the report found that 59 percent of employers reported a lack of applicants to fill vacancies. Similar to other industries across the Commonwealth, human services employers are struggling with an applicant pool that simply does not meet their needs.²²

The underlying issue inherent in workforce challenges is the ongoing competition for too few workers.

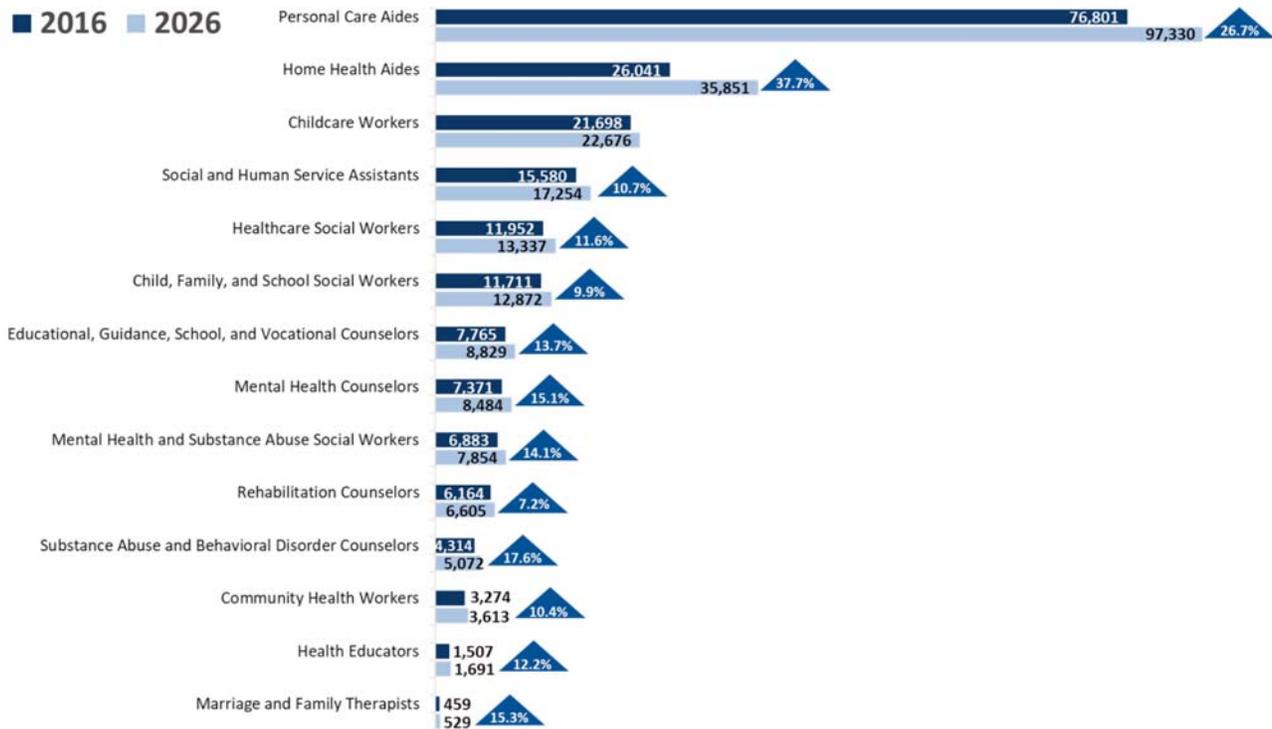
Workforce Availability

Much like the rest of New England, Massachusetts is facing a workforce shortage. Concerns about labor supply are all too real for a significant number of employers across a diverse set

of industries. This is not new to Massachusetts human services providers, as the pressure to fill open positions has been building in the sector for years.

Labor market forecasts suggest that industry growth will continue over the coming decade. Massachusetts industry and occupational projections forecast nearly 82,000 new healthcare and social assistance jobs between 2016 and 2026.²³ Given that human services accounts for approximately 27 percent of all healthcare and social assistance jobs, the sector can conservatively expect a need to fill between 22,000 and 23,000 jobs between 2016 and 2026, representing nearly 10 percent of the total projected jobs in the Commonwealth.

■ **Projected Increase in Occupations Common to Human Services**
Massachusetts 2016-2026



Source: MA Executive Office of Labor and Workforce Development. Occupation Projections for Massachusetts: 2016-2026. Retrieved from: http://lmi2.detma.org/Lmi/Occupation_Projection.asp?Area=01000025long

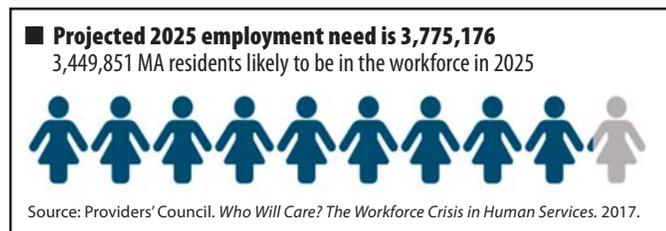
Many of these jobs in the sector will be relatively lower paid positions, referred to as Direct Support Professionals (DSPs). Unfortunately, DSPs are not an occupational category in labor market data and are likely classified as home health aides, personal care aides, and social and human services assistants in the data. Across all industries in Massachusetts, projections suggest that employment of personal care aides will increase by nearly 21,000; home health aides will increase by 9,800; and social and human services assistants will increase by nearly 1,700. Among higher paying jobs (those requiring bachelor's or master's degrees), employment of healthcare social workers will increase by nearly 1,400, and employment of child, family, and school social workers will increase by nearly 1,200. A significant proportion of these positions will be in the social assistance sector—a sizeable cluster of employers within the human services industry.

At the same time, the prime working age population in Massachusetts (those 20 to 64 years of age with labor force participation rates over 60 percent) is projected to decrease by nearly 40,000 between 2015 and 2025. Labor force and employment projections suggest that the total estimated number of Massachusetts residents in the workforce in 2025 (3,449,851), including workers of all ages, is likely to fall far short of projected employment need (3,775,176).

Impact of Too Few Workers

With no comprehensive, coordinated effort to address human services employers' workforce challenges, employers are piecing together efforts while simultaneously trying to meet increasing demands for services. Despite their efforts, unfilled openings limit their ability to expand services, create delays in providing services, and disrupt continuity of care.

Of greatest concern is the inability of human services providers to meet growing demand. Findings from the 2017 Nonprofit Finance Fund Survey suggest that while more than half of human services providers in Massachusetts anticipated a significant increase in demand from 2017 to 2018, 83 percent did not expect that they would be able to meet demand for services.



■ The impact of unfilled openings:



providers are **unable to shift or expand services** as client/consumer needs change and grow



clients/consumers are more likely to be **placed on waiting lists or experience longer delays** in receiving critically important services

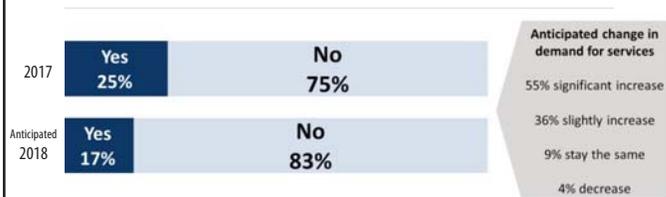


clients'/consumers' treatment is **disrupted by turnover and/or vacancies**

Source: Providers' Council. *Who Will Care? The Workforce Crisis in Human Services*. 2017.

■ Able to Meet Demand for Services

Nonprofit Finance Fund 2017 Survey: Massachusetts Human Services



Source: Nonprofit Finance Fund. 2017 State of the Nonprofit Sector Survey.





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Challenge: Attracting Workforce Remains Difficult Due to Low Wages

Seventy-one percent of human services employers attribute workforce recruitment and retention challenges to low wages.

In 2018, the Providers' Council released *The Face of the Human Services Sector: Our Caring Workforce*, a report detailing the characteristics of human services workers. One note was that an estimated 80 percent of workers in the sector are women – the percentage of female workers in human services is nearly twice that of all other industries combined (44 percent). Another significant finding from this report is that many of the sector's workers are just steps away from being clients themselves due to low wages.

Despite efforts to raise the wages of the human services workforce, more human services workers earn below 150 percent of the federal poverty level than workers in all other Massachusetts industries. Human services workers are nearly twice as likely as healthcare workers to earn below 150 percent of the poverty level.

The median annual wage of the Commonwealth's human services workforce is just over \$27,000, compared to \$40,500 for all Massachusetts workers. Human services workers earn about \$18,000 less than healthcare workers and \$13,000 less than those in other industries throughout the Commonwealth.

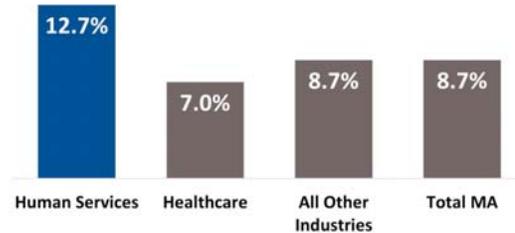
In 2016, the median hourly wage of Massachusetts workers with a high school diploma was \$15.12.²⁴ By contrast, the median hourly wage among the lowest paid human services workers—including personal care aides, home health aides, and social and human services assistants—was less than that of all workers with high school diplomas. Yet, these workers are expected to provide high quality services to children and adults who often have complex behavioral health and medical needs. Although these workers are not required to have college degrees, **they are not unskilled labor.**

■ 1 in 8 Human Service Workers Earns Below 150% of the Poverty Level



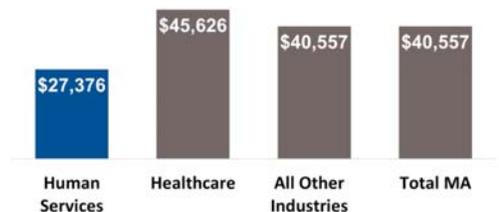
Source: Providers' Council. *The Face of the Human Services Sector*. 2018.

■ Poverty Status Workers Earning Below 150% of the Federal Poverty Level



Source: U.S. Census Bureau, 2012-2016 American Community Survey (ACS), Public Use Microdata Sample (PUMS) Files

■ Median Wages Median Wage & Salary Income



Source: U.S. Census Bureau, 2012-2016 American Community Survey (ACS), Public Use Microdata Sample (PUMS) Files



	Typical education needed for entry	Income	
		Median	Annual
<i>Personal Care Aides</i>	No formal educational credential	\$13.75	\$28,610
<i>Home Health Aides</i>		\$14.30	\$29,740
<i>Childcare Workers</i>	HS diploma or equivalent	\$12.74	\$26,510
<i>Social and Human Service Assistants</i>		\$14.65	\$30,470
<i>Community Health Workers</i>		\$20.05	\$41,700
<i>Mental Health and Substance Abuse Social Workers</i>	Bachelor's degree	\$19.07	\$39,660
<i>Child, Family, and School Social Workers</i>		\$20.97	\$43,620
<i>Health Educators</i>		\$28.20	\$58,650
<i>Substance Abuse, Behavioral Disorder, and Mental Health Counselors</i>	Bachelor's degree/Master's degree	\$20.34	\$42,310
<i>Rehabilitation Counselors</i>	Master's degree	\$17.41	\$36,220
<i>Marriage and Family Therapists</i>		\$23.72	\$49,340
<i>Healthcare Social Workers</i>		\$27.19	\$56,550
<i>Educational, Guidance, School, and Vocational Counselors</i>		\$30.91	\$64,300

Source: MA Executive Office of Labor and Workforce Development. Occupation Projections for Massachusetts: 2016-2026. Retrieved from: http://lmi2.detma.org/Lmi/Occupation_Projection_Jobs.asp?area=01000025long&cmd=Go. https://www.bls.gov/oes/2017/may/oes_ma.htm#21-0000

Challenge: Competing with State Government for Workers

Of the almost 12,000 available human services positions listed in the state on *indeed.com* in February 2019, nearly 500 were jobs working for the Commonwealth of Massachusetts.

The ability to offer competitive pay was the top staffing challenge identified by Massachusetts human services providers in the 2017 Nonprofit Finance Fund survey. While the relatively low wages paid to human services workers compared to those in similar positions in healthcare and education is a longstanding issue, competing with state and local government has become increasingly challenging in recent years. In a survey of Massachusetts human services providers conducted for the Who Will Care? report, 70 percent of human services employers identified state government as a source of competition for workers.²⁵ Unlike other providers and sectors competing for workers, state government has a significant advantage, as it is able to offer better pay and benefits packages with more paid leave, better or lower cost health insurance, and pension or retirement plans.

Top Staffing Challenge
 Nonprofit Finance 2017 Survey: Massachusetts Human Services

62% of human services providers cited offering competitive pay as a staffing challenge

Source: Nonprofit Finance Fund. 2017 State of the Nonprofit Sector Survey.

According to the Bureau of Labor Statistics' Occupational Employment and Wages data from May 2017, the average national wage for human and social service assistants was just over \$35,460 per year. However, when wages for this occupational group are compared across sectors, the average annual salary for social and human service assistants working in residential intellectual and developmental disability, mental health, and substance abuse facilities was significantly lower than those employed by local government and state government (\$30,050 compared to \$41,880 and \$39,550, respectively).²⁶ In Massachusetts, this wage disparity makes it extremely difficult for human services employers to compete for scarce skilled workers with their counterparts in government, which in many cases can offer superior salaries and benefits packages.



HEALTH through HUMAN SERVICES

Challenge: Value-Based Reform Efforts Continue to Undervalue the Role of Human Services

When the MassHealth Community Partners program is fully implemented, MassHealth anticipates that Behavioral Health Community Partners will support approximately 35,000 MassHealth members, and Long-Term Services and Supports Community Partners will support approximately 20,000 to 24,000 MassHealth members.²⁷

Value-based reform efforts in Massachusetts are moving forward. To date, only a small proportion of human services providers are involved in these efforts. However, as value-based reform continues to expand and focus increasingly on addressing social determinants of health, the impact on the human services sector will grow. As such, it is important to understand how early efforts are progressing, how human services organizations are being engaged, and what challenges providers are facing.

The Accountable Care Organization model was first introduced in Massachusetts in the commercial insurance market approximately a decade ago.²⁸ Massachusetts began piloting an ACO model for its MassHealth program in December 2016.²⁹ In 2017, the Massachusetts Health Policy Commission began offering a certification to ACOs, in accordance with the state's 2012 healthcare cost-containment law.³⁰ A total of 17 ACOs received certification; these same 17 organizations participated in the full MassHealth ACO launch, beginning in March 2018.³¹

MassHealth ACOs are partially funded by Massachusetts' five-year federal Medicaid waiver, which brings **\$1.8 billion in federal investments and incentivizes ACOs to address patients' needs beyond the strictly medical.**³² To that end, the MassHealth ACO program includes three tiers of service providers. First, the ACO itself includes networks of healthcare providers and hospitals in

affiliation with a MassHealth plan. Next, ACOs partner with community-based organizations working in the areas of Long-Term Services and Supports and Behavioral Health. Behavioral Health Community Partners receive funding "to provide comprehensive care management to support adults with serious mental illness and/or substance misuse disorders," and Long-Term Services and Supports Community Partners receive funding to provide "care coordination support for people with complex long-term services and support needs."³³ The final tier of service providers are community organizations offering housing or nutrition assistance under a "Flexible Services" protocol. The program's focus on housing and nutrition puts resources toward two social determinants for which there is robust evidence that interventions improve health.

The Community Partners (CP) program is unique to the MassHealth ACOs. Other ACO contracts in the state do not have similar provisions for engaging human services providers to help address the continuum of needs of their members. CPs began serving patients under MassHealth ACO contracts in July 2018. In this early stage, there is not yet robust research on the program. However, key informants recruited from leaders working in the Behavioral Health and Long-Term Services and Supports CP program provided preliminary feedback on the rollout of the program so far. These key informants reported positive responses from patients who have been reached by their care coordinators in this first year of the program; patients indicated that the resources offered are exactly what they need.

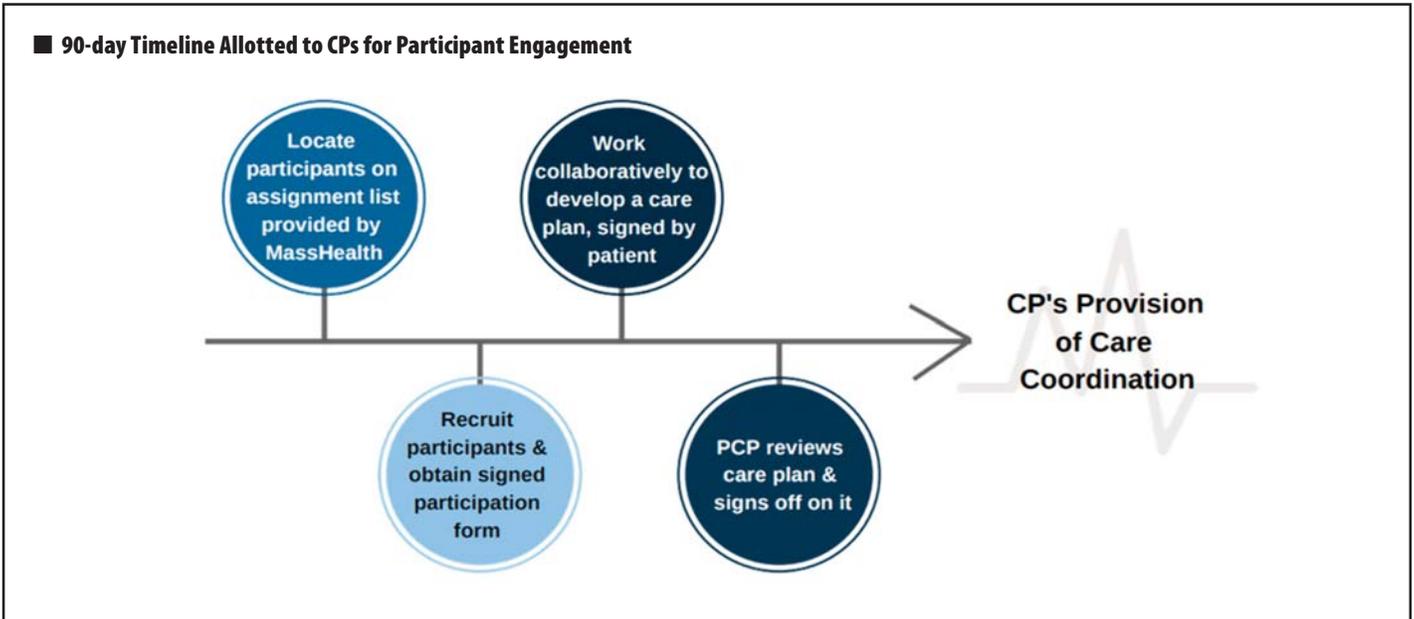
However, feedback also suggests that CPs are facing major challenges as they implement this new model. The early lessons learned from CPs described in the following sections suggest that many of the same challenges they face in their traditional state contracts exist in the new value-based reform model.





Locating and Engaging Hard-to-Reach Patient Populations Takes More Effort than Assumed

The initial role of an ACO CP is to locate patients on their assignment list, recruit them, and engage them in care planning. On paper, the process CPs are to follow is straightforward. CPs receive an assignment list from MassHealth and have 90 days to obtain a participation form, work collaboratively with the patient to develop a care plan, and secure approval from the patient's primary care physician. This leads to provision of care coordination. However, key informants identified a number of challenges associated with this process.





HEALTH through HUMAN SERVICES

A major hurdle in engaging patients in a timely manner is that the patient contact information and primary care physician information provided by MassHealth is often missing or inaccurate. Care coordinators must then engage in a slow process of trying to find accurate contact information for a patient before they can begin communicating with the patient and try to engage them in care. Furthermore, CPs developed financial models based on assumptions about how many assignments they would receive and the likely buy-in rate for assignees. To date, assignment lists, particularly those related to the Long-Term Services and Supports CPs, are approximately half of what was expected. Finally, the Long-Term Services and Supports and Behavioral Health populations on the respective assignment lists are hard-to-reach populations. As such, the amount of outreach required and the many methods care coordinators must employ in locating assignees is far more than what is expected by MassHealth and the ACOs. This level of intensive work often takes much longer than the allotted 90 days, resulting in a period of time during which care coordinators may be engaging in outreach and engagement that goes unpaid.

Financial Risk for CPs is Significant

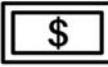
The administrative burden associated with being a CP is another challenge experienced across both types of CPs. One area of concern relates to adopting a set of Documented Processes with each of the ACOs with which they contract. With no statewide standardized processes in place, this results in a high administrative burden for CPs, who must, for example, follow a dozen different processes for obtaining a primary care physician's signature on a care plan for patients in a dozen different ACOs. Administrative burden also pertains to the significant amount of central monitoring that must occur, requiring not only operational and management staff, but also sophisticated IT and data analytics. Each CP must have a robust central

infrastructure with many functions, including, for instance, eligibility verification, financial management, claims payment, IT help desk, quality assurance, and contract management. Compensation to CPs comes from two streams and is based on the number of assignees. The first revenue stream is the “per member per month” payment, which is paid if certain activities are conducted on behalf of the patient in a given month. To aid CPs with needed updates to infrastructure and capacity building, MassHealth provides an additional infrastructure payment via Delivery System Reform Incentive Payment (DSRIP) funding. According to key informants, CPs face several challenges associated with the new compensation structure.

First, not all work is compensated. CPs can bill MassHealth only once per month for outreach to a patient, regardless of the level of effort. Patients who are more difficult to locate require intensive efforts in a short period of time, which is reimbursed at the same rate as patients who are easy to locate and engage. Second, the per-member, per-month rate for Long-Term Services and Supports CPs, currently set at \$80, is insufficient for the work. One key informant reported that the rate does not take into account the complex needs of the population and is insufficient to cover the costs of the program. It is worth noting that the per-member, per-month rate is the same for every individual assigned to a CP, regardless of how complex their needs may be. Although ACOs receive annual capitated rates from payers which are risk-adjusted for medical complexity, some medical conditions, and selected social determinants of health,³⁵ this risk-adjusted payment structure does not trickle down to the CPs providing care management for those patients. Finally, key informants reported that the heavy administrative burden of working with so many ACOs, as described earlier, has resulted in even more capacity-building and infrastructure needs than anticipated. Thus, they share a concern that the DSRIP payment will prove insufficient to support the necessary administrative work and systems.

The challenges CPs experience in their partnership with MassHealth and ACOs are similar to those they face in their state and federal contracts, which often require levels of effort that are not fully reimbursed, either through insufficient rates or unpaid work. **The CP program, while designed to improve health outcomes and lower healthcare costs, is creating a model that is not sustainable for human services providers and that puts them at greater financial risk.**

High administrative burden associated with being a CP

		
Lack of statewide standardized processes leads to CPs needing to adhere to a variety of processes across ACOs	A significant amount of central monitoring requires IT & data analytics, in addition to operational and management staff	CPs must assess financial risk/benefit for maintaining participants not located/engaged within the 90-day period

Challenge: Inadequate Financing, Unfunded Mandates, and Administrative Burden Contribute to Providers' Financial Instability

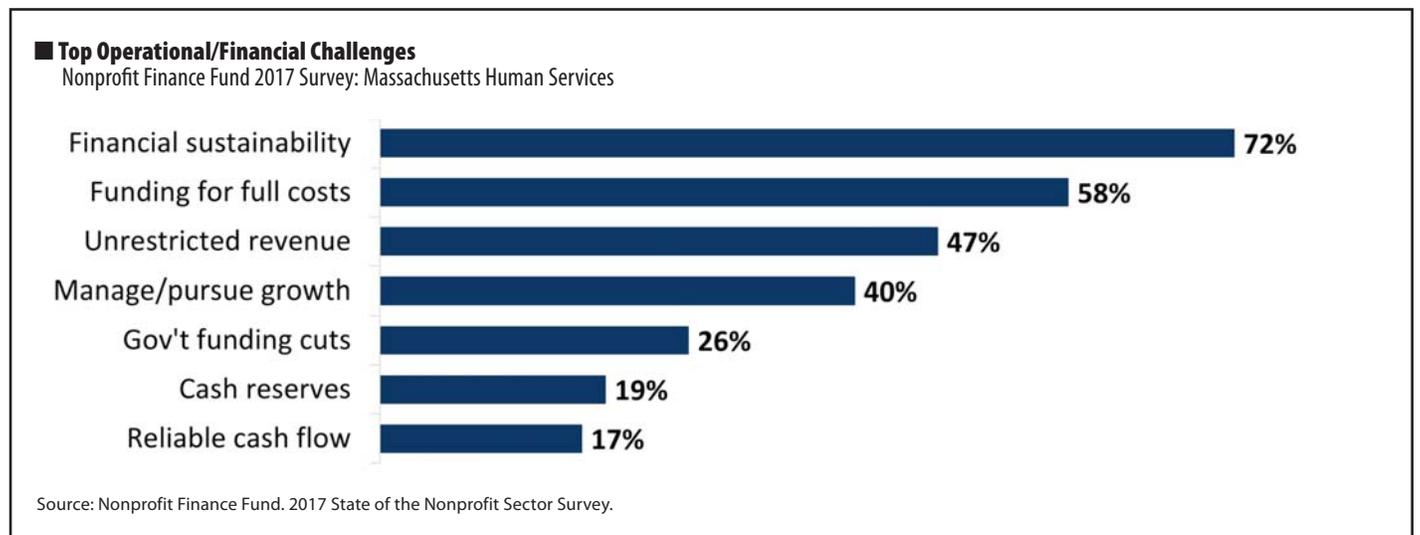
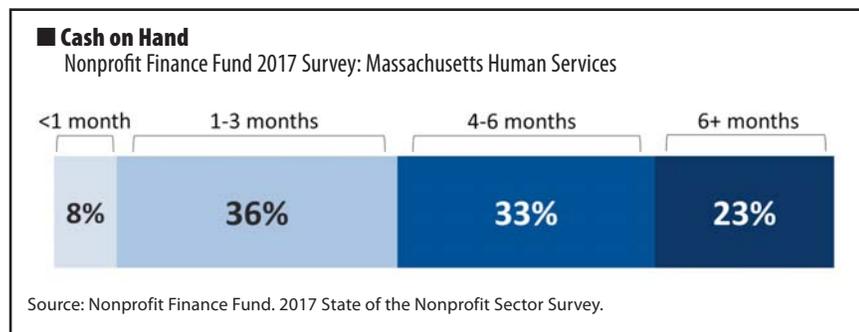
The Nonprofit Finance Fund's 2017 survey found that 77 percent of human services providers had six months or less cash on hand.

The move to value-based payment reform and ACO Community Partners programs offers Massachusetts the opportunity for a new approach to health and human services partnerships and integration. Yet, preliminary lessons learned from the Community Partners program suggest that human services providers are facing many of the same threats to their financial stability under the ACO model as they do with traditional state

contracts. Namely, key informants shared that:

- rates and payment structures are insufficient for the level of effort required;
- unrealistic requirements result in unpaid work; and,
- lack of uniform reporting results in excessive administrative burden, which increases the cost of doing business.

Regardless of the payment model financing services, financial instability within the sector is significant. Findings from the Nonprofit Finance Fund's 2017 survey found that 72 percent of Massachusetts human services providers responding to the survey reported that financial sustainability is a top operational challenge, and more than half identified funding for full costs of services as a challenge.





HEALTH through HUMAN SERVICES

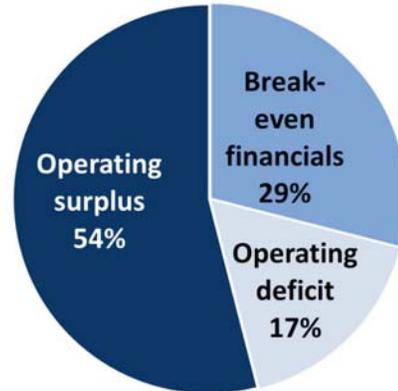
Nearly half of responding providers ended 2017 with an operating deficit (17%) or with break-even financials (29%). In addition, more than three quarters of the survey respondents had six months or less cash on hand.

Findings from the Nonprofit Finance Fund survey are consistent with analyses presented in *A National Imperative*. As part of that work, over 40,000 IRS 990 forms, representing human services CBOs nationally, were analyzed to assess financial health. Key findings from that analysis include the following:³⁶

- Nearly one in eight human services CBOs are technically insolvent, with total liabilities exceeding total assets;
- more than 40 percent of human services CBOs lack liquidity to meet their short-term financial obligations;
- nearly half of all human services organizations reported a negative three-year operating margin; and,
- 30 percent of human services CBOs have virtually no margin of error.

■ End of Year Financials

Nonprofit Finance Fund 2017 Survey: Massachusetts Human Services



Source: Nonprofit Finance Fund. 2017 State of the Nonprofit Sector Survey.



Realizing the Potential: Health *through* Human Services

Embracing the framework of **health through human services** can only be accomplished when the challenges facing human services are recognized as a threat not only to the sector, but also to the success of value-based reform. The imminent challenges facing human services coalesce into two major threats to the sector's ability to realize its full potential to impact community and population health:

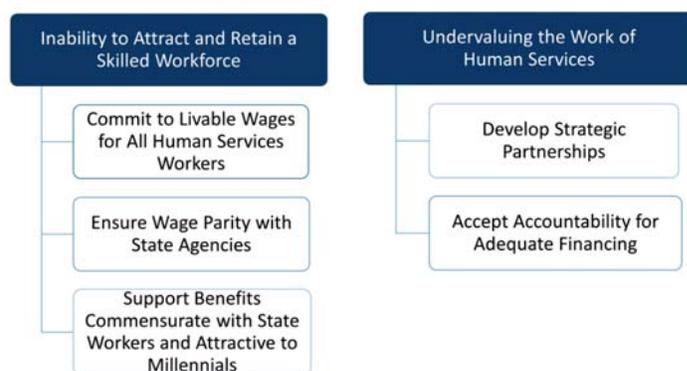
For years, the Providers' Council and its members have worked diligently with policymakers to address threats to the sector. Although important successes have been achieved, they have not resulted in comprehensive efforts to address workforce availability, low wages, wage parity, and adequate funding. In order for the human services sector to realize its full potential and be recognized and valued for its role in improving population health, coordinated efforts that disrupt the status quo are needed. Serious approaches to improving population health, reducing health inequities, and controlling healthcare costs must value human services as an equal partner and address core challenges facing the industry.

Transformational Initiatives

Many recent reports about the challenges facing the human services sector conclude with a call for urgent action on the part of policymakers, as well as leaders within the sector, healthcare, state agencies, and philanthropy. The Kresge Foundation's work recommends that "human services organizations need to adapt to the current environment to transform into effective and resilient organizations that promote social and economic mobility." While this is a reality that providers must accept, many of the challenges facing the industry require cross-sector approaches. The sector's efforts to address threats to their sustainability cannot be theirs alone. Statewide efforts to date and piecemeal efforts by providers, while somewhat effective, fall short.

At the same time, policymakers must begin to acknowledge that core differences in mission and orientation exist between human services providers and healthcare providers.³⁷ Although often grouped as one sector serving the public, at the most basic level they lack a uniform view of the individuals served: Healthcare providers treat patients, and human services providers empower and support clients. This core difference affects everything the two sectors do to improve health and well-being. As noted in a report on value-based care released by the Human Services Council of New York, the human services and healthcare "sectors are strangers living next door—working in close proximity but unaware of the details of each other's lives. Both have a direct impact on population health and well-being, but in most cases, these systems work separately."³⁸

A *National Imperative* identifies five "North Star" Initiatives, defined as efforts requiring systems-level change, involving cross-sector collaboration, and ultimately leading to transformational change that improves financial health of human services CBOs. While these initiatives resonate with the Providers' Council and its Board, the Council and its Research Committee have adopted a number of initiatives corresponding to the major threats facing the sector.¹



Without comprehensive efforts to attract and retain a high-quality workforce, the sector will not be able to meet the growing demand for services.

Continuing to undervalue the work of human services providers undermines the sector's sustainability.

¹ The University of Massachusetts is not endorsing or advocating for the initiatives or legislative efforts adopted by the Providers' Council and its members.



HEALTH through HUMAN SERVICES

Inability to Attract and Retain a Skilled Workforce

Commit to Livable Wages for All Human Services Workers

Human services providers confront daily the challenge of recruiting and retaining a skilled workforce to meet the sector’s growing employment needs and to provide quality services to individuals and families across the Commonwealth. **Central to this challenge is the issue of low wages.**

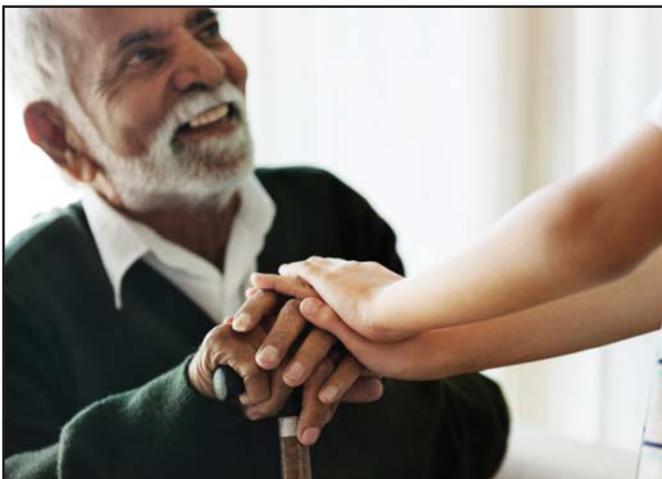
Even the current full-time wages of many of the state’s 150,000 human services workers do not meet the basic needs of individuals and families in most areas of Massachusetts. In fact, one in 8 workers earns below 150% of the federal poverty level, making many low-wage human services workers eligible for the same benefits as the clients they serve. Despite needing an array of skills to support individuals and families with complex needs, many direct-care human services jobs offer pay comparable to retail and food service. In any sector, employers must be competitive in the salaries and wages offered to their employees. Without a fair and competitive pay structure, employers risk having unfilled vacancies, hiring unsuitable candidates, or losing talented people. When this happens in human services, the bottom line affected is not profit but rather the well-being of individuals and families across the Commonwealth.

The recently passed so-called “grand bargain” bill will ultimately raise the state’s minimum wage to \$15 an hour. The increases began in January 2019, when the state minimum wage increased to \$12 an hour, and will continue in 75-cent increments each subsequent year: \$12.75 in 2020, \$13.50 in 2021, \$14.25 in 2022,

and \$15 in 2023. This change has the potential to lift the wages of many human services workers. However, it will not change the fact that low-paid human services workers will continue to earn wages comparable to those in retail, food service, or clerical positions, oftentimes necessitating that individuals work two or three part-time jobs to earn a sufficient salary. In other words, the human services sector will not be any closer to offering a salary to highly skilled workers that is competitive with any position available at a shopping mall.

The Council and its members call on policymakers to adopt reimbursement rates that allow providers to:

- 1. Value the significant contributions of all human services workers by offering fair market wages across the sector that are competitive with sectors employing similar workers, including state agencies and the healthcare and education sectors;**
- 2. Compensate human service professionals with wages adequate to achieve self-sufficiency in a 40 hour work week; and**
- 3. Ensure the lowest paid human services workers, including direct care workers, receive a wage commensurate with the critical services and specialized care they provide—a wage higher than the state’s minimum wage earned by those working in retail, food service, and clerical jobs.**



Inability to Attract and Retain a Skilled Workforce

Ensure Wage Parity with State Agencies

Human services providers have long competed with healthcare and education for workers. However, in recent years, Massachusetts state agencies, such as the Departments of Children and Families, Developmental Disabilities, and Mental Health, have emerged as leading competitors for skilled workers. Furthermore, human services employers see their agencies as the career pipeline for future state employees. Young workers with little or no experience take positions in human services for two or three years before leaving to work for a state agency, which offer better wages and benefits. This means that human services employers often carry the financial burden of recruiting and training young workers to ready them for state government positions.

Comparisons of human services and state agency job postings show that similar job titles and roles exist for individuals employed by the Commonwealth and those employed at private, community-based human services nonprofits, but the rate of pay is often drastically different. The model budgets often created by the Commonwealth to pay for human services programs contain salaries that are far lower than what the state pays for similar state positions. They are funding positions at provider organizations that are below the market wages they set for their own staff. This salary disparity makes it increasingly difficult for human services providers to hire the very workers needed to meet their contractual obligations with the state.

The Council and its members call on policymakers to support their legislative efforts to fully eliminate the pay disparity between state workers and those employed by community-based human services nonprofits who are doing similar work.

To be successful, eliminating this disparity must apply to human services workers employed by private, community-based human services nonprofits that have contracts with the Executive Office of Health and Human Services, the Executive Office of Elder Affairs, the Department of Housing and Community Development, and the Department of Early Education and Care to provide services.



Fair Pay for Comparable Work Initiative

House Bill 138 filed by Representative Kay Khan

Senate Bill 1077 filed by Senator Cindy Friedman

This bill would set a schedule to eliminate the pay disparity between state workers and those employed by private, community-based human services nonprofits who are doing similar work under state contracts, providing care and services to residents on behalf of the Commonwealth. It would also authorize reports from the administration on the current pay disparity between workers and new strategies to recruit and retain human services workers at community-based nonprofits.



HEALTH through HUMAN SERVICES

Inability to Attract and Retain a Skilled Workforce

Support Benefits Commensurate with State Workers and Attractive to Millennials

The sector's efforts related to workforce recruitment and retention began more than a decade ago with the release of *Help Wanted* (2006) and *Help Wanted 2* (2007). The latter offered eight recommendations for addressing the sector's workforce challenges, one of which was that **“workplace benefits must be expanded to support and encourage workers to remain in their jobs.”**

During the intervening years, providers across Massachusetts have adopted a wide variety of innovative approaches to expanding benefits as a means of attracting and retaining workers. For example, some organizations have begun to help staff with housing costs or have become landlords in order to ensure that their workforce has stable and affordable housing. Others have invested in strategies such as supporting continuing education through a scholarship program, offering recruitment or retention bonuses to existing staff, and setting up college loan repayment programs. Furthermore, the Providers' Council has engaged a Millennial Workgroup to help guide the development of strategies for attracting younger workers to the sector. Based on the workgroup's input and data gathered through a survey of millennials about their career goals and job interests, the Council invested in a media campaign, Rise Up, and redesigned its Jobs with Heart website to align with responsive design and allow millennial job seekers to apply for positions directly from their cellphones and tablets.

However, the Council and its members recognize that attracting workers must be about more than public relations and social media; successful strategies must come in the form of tangible benefits that are offered sector-wide and provide tangible financial benefits to staff.

The Council and its members call on policymakers to support their legislative efforts to offer human services workers health-care benefits comparable to state workers doing similar work, and to provide younger workers with a financial incentive to pursue a career in human services through two bills:

Health Insurance Aggregation

House Bill 1235 filed by Representative Jack Lewis
Senate Bill 1730 filed by Senator Sal DiDomenico

This bill would allow the Providers' Council to aggregate its members for the purpose of purchasing health insurance that meets minimum creditable coverage requirements as defined by the Massachusetts Health Insurance Connector Authority under 956 CMR 5.00. The legislation would deem the Providers' Council a “qualified association” and an approved “small business purchasing cooperative,” allowing the association to aggregate human services providers of any size for the purpose of securing more competitive rates when buying health insurance.

College Loan Repayment Program

House Bill 163 filed by Representative Jeffrey Roy
Senate Bill 56 filed by Senator Eric Lesser

This bill would create an education loan repayment program for human services workers who work under state contracts to serve clients on behalf of the Commonwealth. To be eligible, workers must be working at least 35 hours per week, have an individual income of no more than \$50,000 per year, and have maintained 12 consecutive months of employment in the sector. The program would allow workers to receive up to \$150 per month for a period not to exceed 48 months to repay a qualified education loan that was used to attend an institution of higher learning.

Undervaluing the Work of Human Services

Develop Strategic Partnerships

Despite the many challenges encountered during the initial year of the Massachusetts ACO Community Partners program rollout, key informants were quick to note their support for the care coordination approach and the critical importance of involving human services providers in the work. Their initial impressions were that human services providers, if adequately compensated and resourced, will improve health outcomes and address existing health disparities at the community level. For this effort to be successful, human services providers must be engaged as equal strategic partners.

A National Imperative calls for taking a “Strategic Partnership Approach” as one of their North Star Initiatives. As part of this initiative, the Alliance for Children and Families calls on human services organizations to “more deeply affiliate and partner with each other” to improve efficiency. However, in developing this initiative, the Alliance also recognizes that such action will only go so far. There is a role for government agencies and private funders in fostering a new strategic partnership approach. Specifically, this initiative calls on government agencies to (1) recognize and invest in human services providers as strategic partners, rather than as transactional vendors, and (2) engage with human services providers earlier and on higher-level issues.³⁹ The Alliance and its partners identify the following aspects of a strategic partnership approach:

- engage an Advisory Board with human services providers;
- collaborate on program, service, procurement, and contract design;
- support funding for programs, general operations, and capacity building by expanding access to capital through creative use of community reinvestment act programs, credit guarantees, and social impact bonds; and,
- utilize cross-staffing via fellowships and related programs.

Although not explicitly recommended in the National Imperative initiative to develop a strategic partnership approach, an underlying issue that must be addressed through such partnerships is the need for collaborative development of short- and long-term technology strategies. As human services organizations continue to fall further behind in technological infrastructure, strategic partnerships with the state, private funders, and industry must work to improve interoperability

HMEA is engaging in just the type of unique strategic partnership within the human services sector suggested in *A National Imperative*. HMEA – a nonprofit human services agency in Franklin, Massachusetts – with strategic IT infrastructure support and equipment from Dell EMC and CISCO, created Cloud4Causes. HMEA leveraged the relationships, expanding IT support to 28 additional nonprofits. Not only are these organizations receiving mission critical, cost-effective services from Cloud4Causes, but Dell has also benefitted by hiring three people with autism into data intelligence positions. The company plans to hire six additional workers with the assistance of HMEA.

between government and provider electronic systems to increase data utility, efficiency and accuracy.

The Alliance’s strategic partnership approach does not specifically identify the role of government agencies in fostering strategic partnerships between healthcare providers and human services providers. Yet, for value-based care models such as ACOs to succeed and meet the Triple Aim of improving population health, reducing healthcare costs, and improving patient experience, such partnerships are critical. Across the United States, healthcare organizations and human services providers are working together to improve outcomes for their patients and clients. These partnerships, which may be more or less integrated, operate differently depending on the state, payer environment, community context, and organizational cultures. In general, the emerging body of literature around such partnerships suggests that there is a need to invest up front in the partnership, build relationships between partnering organizations, cultivate trust, find shared language and goals, and establish infrastructure, systems, and workflows.^{40 41}

The Council and its members call on the leaders of state agencies contracting with human services providers to fully engage in developing strategic partnerships with human services providers and invest in supporting strategic partnerships between healthcare and human services organizations.



HEALTH through HUMAN SERVICES

Kresge Foundation’s Human Services Program

The Kresge Foundation is one example of a funder engaging with human services using a strategic partnership approach.⁴²

Through its Human Services Program, the foundation is “focused on achieving person-centered systems change that accelerates social and economic mobility for children and families using a racial equity lens” by investing in:

- fostering the next generation of human services organizations;
- building place-based opportunity ecosystems;
- developing supportive, aligned public policy; and,
- building a more robust human services field.

In addition to engaging directly with human services organizations as strategic partners, the foundation actively supports efforts to develop strategic partnerships between healthcare and human services organizations. The foundation has supported the development of the *Nonprofit Readiness for Health Partnership* tool to help human services organizations identify capacity or investment needs so they can be well positioned to explore partnerships with healthcare organizations. This tool, developed by the Nonprofit Finance Fund’s Healthy Outcomes

“As a funder, we serve as a strategic thought partner that is on a mutual learning journey with our grantees. Viewing ourselves as equal partners in this journey, we host convenings and roundtables; join grantee partners at national meetings; participate in work sessions with partners across the public and private sector; and broker relationships to build community well-being and a more robust field.”

– Kresge Foundation

Initiative, is a free, downloadable resource.⁴³

As part of the Healthy Outcomes Initiative, the Nonprofit Finance Fund developed *Human Services Organizations: Partnering for Better Community Health*.⁴⁴ This report, supported by the Kresge Foundation, summarizes three challenges facing partnerships between human services and healthcare related to cultural differences, funding, and data, and proposes that successful cross-sector collaboration demands adaptation

from both sectors. The report further notes that “because many human services organizations are chronically under-resourced, investments in capacity and capital are necessary to support effective partnership, including:

- Financial management consulting to assist in mapping the growth and change implications of collaboration will equip leaders to negotiate fair and sustainable contracts.
- Reserves to help human services organizations mitigate risk and weather the ups and downs of exploring new approaches and partnerships in a changing funding environment.
- Data collection and analysis to measure outcomes and full cost associated with new approaches and provide the evidence to propel these models into the mainstream.”



Undervaluing the Work of Human Services

Accept Accountability for Adequate Financing

Much of the literature on developing strategic partnerships recognizes that human services organizations are chronically under-resourced. Findings from the Nonprofit Finance Fund's 2017 survey found that nearly 60 percent of Massachusetts human services providers responding to the survey reported that funding for full costs of services was a top operational challenge. In *A National Imperative*, one of the identified roadblocks facing human services organizations is financial stress, the challenges of which are many and relate to government contracts, constraints imposed by private philanthropy, the regulatory and legal environment in which human services operate, and the sector's internal capacity to manage financial risk. Of the many challenges noted in the report, four are consistent with the early findings related to Massachusetts ACO Community Partners program discussed in this report, including:

- contracts that fail to cover the cost to deliver the quality and outcomes desired;
- high administrative burden;
- overlapping, conflicting, and outdated regulations; and,
- unfunded mandates.

The Massachusetts ACO Community Partners program offers a new model for doing business. Yet, many of the same issues related to adequate funding of human services in traditional state contracts are apparent in this new approach.

The Council and its members call on the leaders of state agencies contracting with human services providers to:

- **adjust model budgets to reflect the actual cost of services and ensure they are market based; and**
- **engage providers in a thorough review of regulations, mandates, and administrative requirements to reduce burden, inefficiencies, and unfunded mandates.**

As clearly demonstrated in *A National Imperative*, inadequate financing of human services is not unique to Massachusetts. Human services providers across the United States are under-resourced. However, **despite the risks, human services providers continue to compete for contracts that pose a financial threat to their organizations.** In an effort to highlight the financial risks associated with state and municipal government procurements, the Human Services Council of New York developed the RFP Rater: A Two-Way Procurement Mirror. The rater comprises a

set of 60 questions that address government practices likely to have a significant impact on operations and/or finances. It was designed to help organizations understand the risks inherent in the funding opportunities and make informed decisions about pursuing those opportunities. The rater also challenges government agencies to make human services procurement less risky and more conducive to high-quality delivery.⁴⁵

The *RFP Rater* includes seven sections: Program Design, Operating Requirements, Financial Adequacy, Performance Expectations, Compliance, Sustainability, and Procurement Process.

The assessment of Program Design includes rating if the RFP:

- provides a clear scope of services;
- allows for innovation or service adaptability; and,
- has a program model/service design likely to produce the goals sought in the RFP.

The assessment of Operating Requirements includes rating if the RFP:

- requires staff to be credentialed, certified, or licensed;
- specifies caseload or staffing ratios and includes a rationale for the methodology used; case management or financial system; and,
- requires the use of a particular MIS system, HIT platform, or case management or financial system; and,

RFP Rater: A Two-Way Procurement Mirror

“The purpose of the RFP Rater is to strengthen New York’s human services delivery system by improving the way in which programs are designed and paid for. By highlighting problematic practices, the RFP Rater will enable nonprofits to make well-informed decisions about City and State government solicitations based on criteria established by experienced nonprofit professionals. At the same time, it will aid government agencies in recognizing areas for improvement in their procurements so that they can implement positive changes.”



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- specifies billing, reporting, compliance, and oversight requirements, and if costs are built into the budget model.

The assessment of Financial Adequacy includes rating if the RFP:

- includes a rate structure that permits providers to pay a prevailing or competitive wage;
- allows the use of a federally approved indirect rate or allows a minimum of 15% overhead/indirect rate;
- makes resources available to support the technology, reporting, evaluation, and monitoring activities associated with evidence-based or performance-based program models; and,
- has a transparent methodology/budget model based on the actual cost of running a quality program.

The assessment of Performance Expectations includes rating if the RFP:

- includes enrollment and/or utilization targets that can be achieved with the model and resources available;
- articulates expectations for performance aligned with program design and goals; and,
- imposes significant performance risk built into RFP requirements (expectations of > 85% performance goals reached before full payment).

The assessment of Compliance includes rating if the RFP:

- contains unfunded compliance activities or mandates;
- specifies annual program and financial audit requirements; and,
- requires detailed reporting requirements.

The assessment of Sustainability includes rating if the RFP:

- has a unified approach to data collection, reporting, and compliance monitoring across programs;
- supports a unified approach to staff salaries/wage levels and benefits across programs;
- requires or assumes that the provider will bring infrastructure (administrative, technology, or programmatic) or other resources (e.g., staffing, in-kind) to support the program; and,
- includes a budget model/rate structure that builds in an annual baseline operating cost escalator/increase over the term of the contract for salaries/COLA.

The assessment of Procurement Process includes rating if the RFP:

- provides a minimum of six weeks in total to respond/submit; and,
- is transparent in its review process for scoring program/services, operating requirements, budget, and performance.

The Senior Policy Analyst at the Human Services Council of New York, working with the Council's Procurement Reform Workgroup, identifies RFPs to rate. Once an RFP is identified for rating, subject matter experts are consulted to ensure the accuracy of the scores. Scores are automatically calculated by the proprietary rater platform based on the answers to the 60 questions, and they are published on the Council's site.



Conclusion

There are numerous challenges facing human services providers in Massachusetts. While these challenges represent existential threats to the sustainability of human services organizations across the Commonwealth, the daily challenges these providers face make it difficult for them to systematically address longstanding and significant financial and workforce issues alone.

As has been well documented both here and in previous reports, Massachusetts human services providers struggle daily to recruit a workforce capable of meeting the increasingly complex needs of clients, retain workers who are able to earn better wages working for state agencies, be recognized as an equal partner in improving population health, and maintain financial viability while operating on purchase-of-service contracts that have been

historically underfunded. While the impact on individual providers varies, these challenges are pervasive and there is no obvious “silver bullet” or miraculous cure available.

This report is designed to promote a constructive conversation on how state policymakers can work together with providers to develop sustainable solutions to these challenges and ensure that the essential and high quality services these organizations provide to our most vulnerable neighbors will be available and accessible for many years to come. If the state is to optimize its success with value based reform and its “Triple Aim” of improving population health, reducing healthcare costs, and improving patient experiences, more focused attention to the social determinants of health and attention to the needs of human services providers will be required.





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