

Waiver Revision: A Provider's Perspective

ARCNM Conference

What is Changing

A Perfect Storm

- DDSD is revising
 - Medicaid Waiver DD Standards
 - The way individuals are evaluated for services (Supports Intensity Scale, or SIS)
 - Medicaid Rates (based on a study by Burns and Associates)
 - Service Packages (# of service hrs. available per person, per 8 SIS levels, per service)

Why?: DDSD's "Problem"

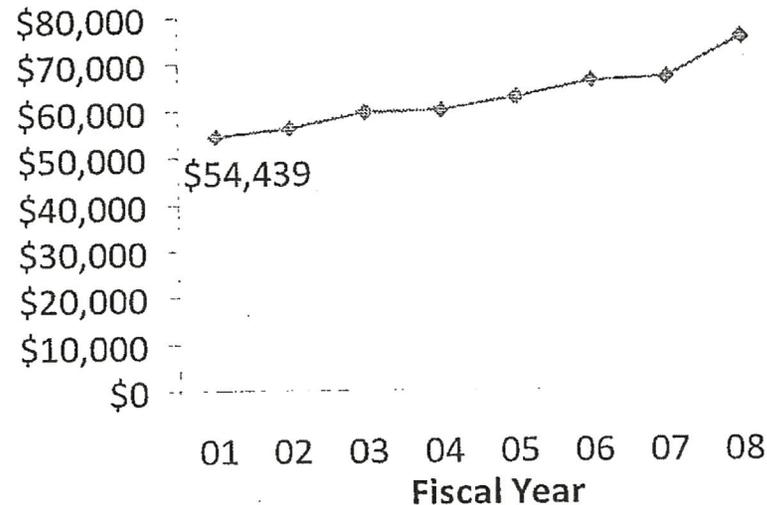
Increasing Costs Per Individual

New Mexico HCBS
Waiver Cost are
growing*:

FY 01	\$54,439
FY 02	\$56,283
FY 03	\$59,551
FY 04	\$60,023
FY 05	\$62,374
FY 06	\$66,133
FY 07	\$66,720 (6 th)
FY 09	\$73,500**

*Lakin ** DDSD

Rising Waiver Costs Per Person
in New Mexico

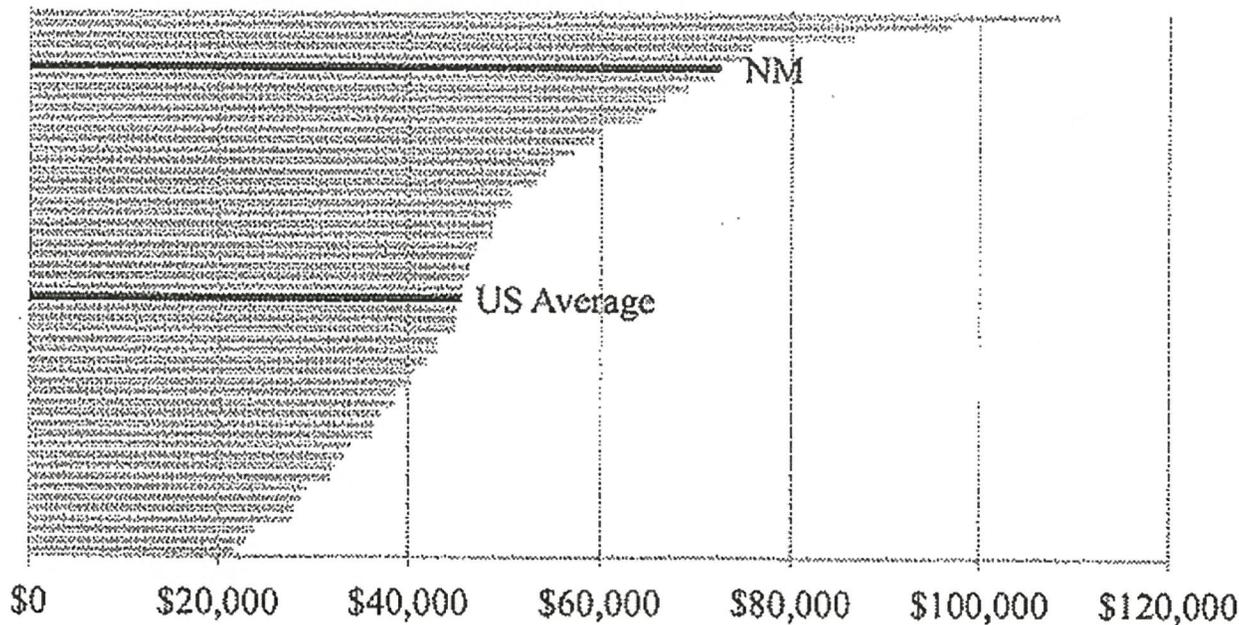


Human Services Research institute

Source: DDSD Issue Brief: Changes Needed for Cost Containment and Long Term Sustainability of the Medicaid Waive Program, 11/15/2010, pg. 2

From NMDOH/DDSD Powerpoint Presentation 3-5-12

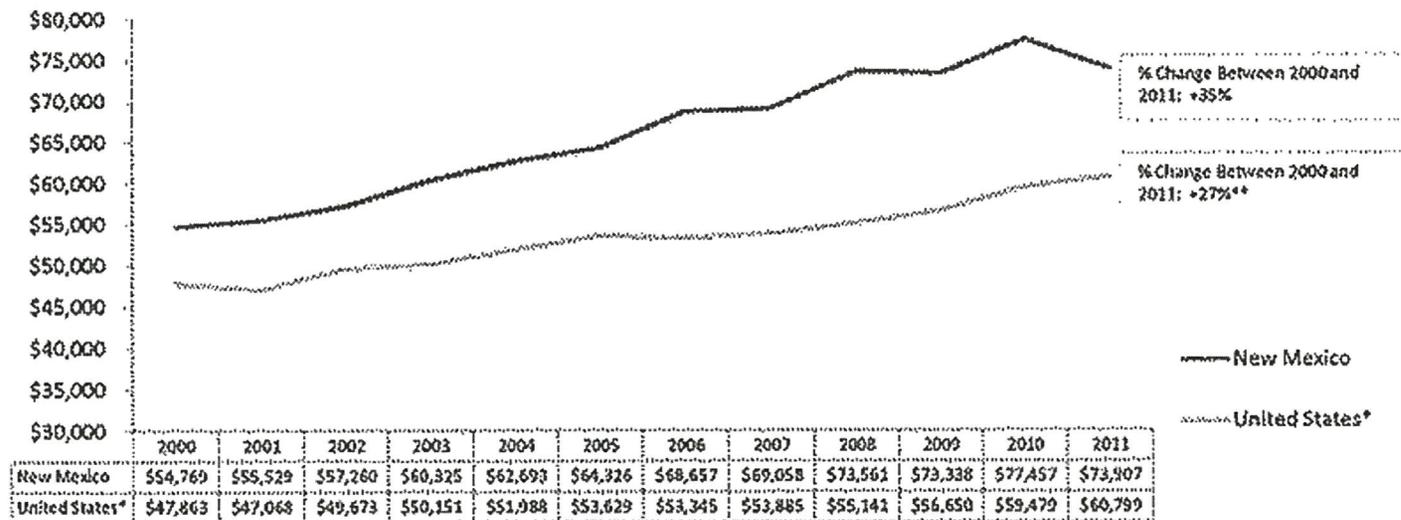
For those enrolled on HCBS waivers, New Mexico has the sixth highest per-person cost in the nation¹



“Commitment to Community and Sustainability”

In the last decade, the cost for providing services in New Mexico has grown at a faster pace than other states.

Trends in Per Person Annual Medicaid Costs



*Excluding states with out public institutions

**Excluding Michigan

***FY 2011 National Average calculated using past trends and projecting forward

“What’s Driving Increased Cost?”

in DDSD’s own, exact words

- “Extensive utilization of Residential services”
- “Reimbursement for services outside the ARA”
 - In FY07, Family Living Substitute Care was added
 - Utilization of Exceptions for therapy services and supported employment
- “Level of Care Assessment appears to be skewed”
 - The Level of Care of individuals currently served is not consistent with similar populations in other states”

Source: DDSD Issue Brief: Changes Needed for Cost Containment and Long Term Sustainability of the Medicaid Waive Program, 11/15/2010, pg. 2

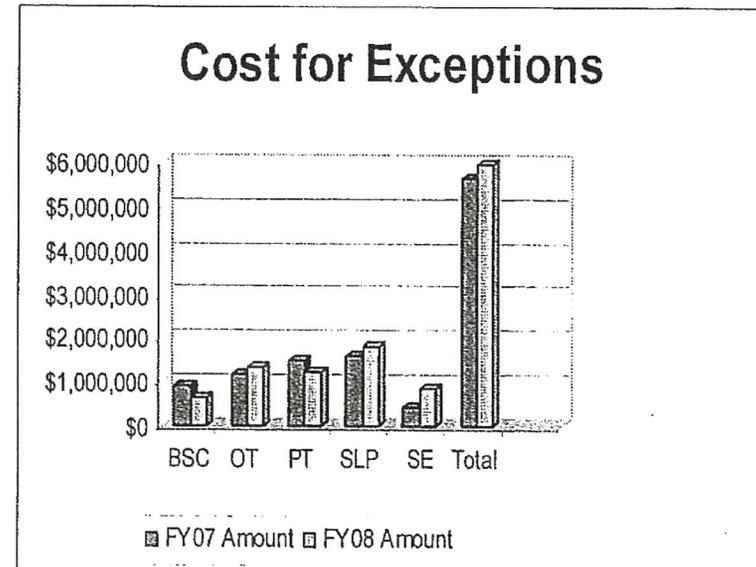
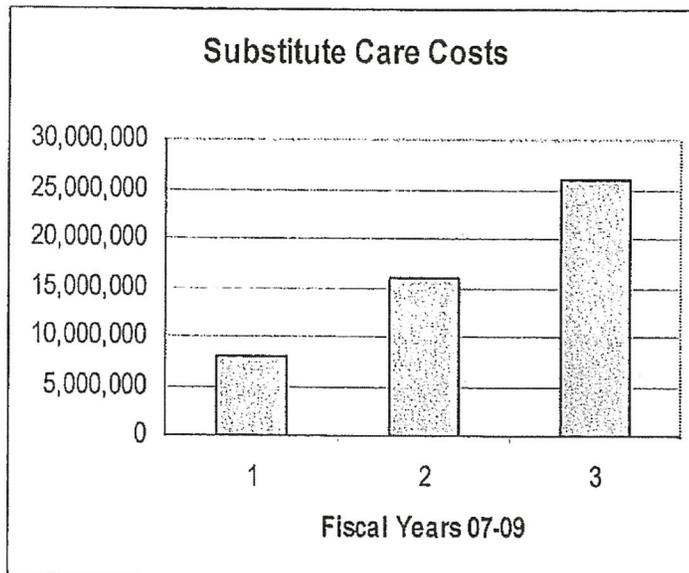
“What’s Driving Increased Cost”

per DDSD

Reimbursement for services outside the ARA

- In FY07, Family Living Substitute Care was added. This support is funded outside the ARA resulting in an additional cost to the state. In FY08, the expenditures for substitute care came to approximately \$16.2.
- Utilization of Exceptions for therapy services and supported employment

*it over
rides =*



From: Issues Brief: DD Medicaid Waiver – pg 3

Price-per-Person Driving Factors

- Three Main Factors Have Driven Per-Person Price Since 2000
 - “Extensive utilization of Residential services”
 - Well, yeah!: Waiver = “alternative to institutional care-would have been admitted to an institutional setting if not for the availability of community-based services”
 - 3-4 Person Home Model (policy driven)
 - Family Living Service Addition (policy driven)
 - In 1999- \$0; FY 2011 \$75,626,797 (28.5% of Total Waiver Expend);
 - Per Braddock:2011 NM ranks #2 in nation on total family support spending per family supported
 - Ancillary Service Additions (Jackson driven)
 - Presently 9% of Waiver Expend

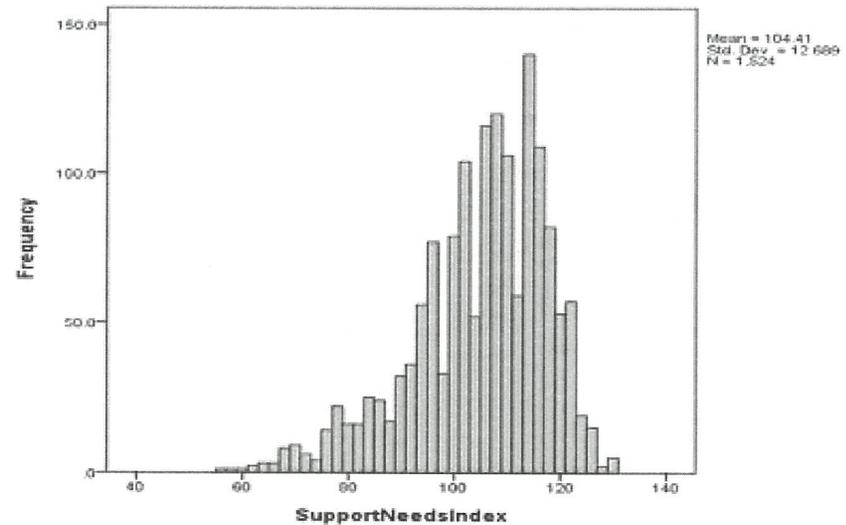
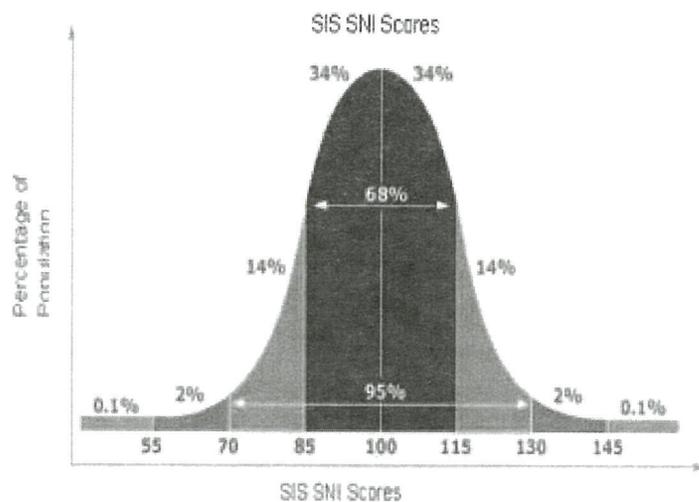
The Effect of Policy 2007-2009

- The Effect of Policy 2007-2009
 - Substitute Care Increased per Individual Cost by approx. \$7500 between 2007-2009
 - $\$26\text{M} / 3500 \text{ Waiver} = \$7500/\text{Individual}$
 - Therapy Cost Exceptions added \$1700 per individual
 - $\$6\text{m}/3500 \text{ waiver Recipients} = \1700
 - These policy decisions moved NM above the national Waiver average!
- Today: 29% of Waiver goes to Family Living/Sub Care (\$73m of \$257M)
 - Increases Waiver cost by \$21K per person!

LOC Comparison to other states

DDSD's Statistics Incorrectly Justified Changes:

Results of the SIS assessments in New Mexico are statistically similar to the results of the SIS Norm Group and other states' SIS results, demonstrating a bell-shaped curve of the Supports Needs Index.



Fact- NM SIS Scores moving up as evaluations are done correctly- now almost at 106 (national average 100?)

Source: Developmental Disabilities Medicaid Waiver, Briefing Paper May 2012, page 2

DDSD's Calculation of Fiscal Impact

(Source: "Fiscal Impact of Proposed Waiver Reimbursement Rates", Memorandum-Burns and Associates , February 17, 2012)

Figure 1: Estimated Fiscal Impact of Proposed Rates, by Service Group
(all dollars in millions, totals may not sum due to rounding)

Service Group	FY 2011 Baseline	FY 2011 w/ Proposed Rates	\$ Change	% Change
Case Management	\$10.6	\$10.6	\$0.0	0.0%
Residential Services	\$172.2	\$159.7	(\$12.5)	(7.3%)
In-Home Supports	\$6.6	\$10.5	\$4.0	60.7%
Day Programs	\$43.0	\$37.8	(\$5.2)	(12.1%)
Professional Services	\$23.0	\$19.3	(\$3.6)	(15.8%)
Other	<u>\$1.8</u>	<u>\$1.8</u>	<u>\$0.0</u>	<u>0.0%</u>
Total	\$257.2	\$239.8	(\$17.4)	(6.8%)

In addition to the Estimated Fiscal Impact and the Notes page, attached to this memo is a schedule that contains both the current rates and the proposed rates.

Further Breakdown- Planned Decreases

- Case Management Unchanged
- Supported Living -8.4%
- Fam Lvg/Sub -12.6%
- Adult Hab -12.1%
- SE- Individual -42.7%
- SE-Intensive -22.5%
- SE-Group -20.8%
- Professional Services -15.5%

Fiscal Impact-Per Burns

- Residential Services -7.3%
 - Supported Living -8.4%
 - Family/Sub Care -12.7%
- Day Programs -12.1%
 - Adult habilitation -13.3%
 - SE-Individual -42.7%
 - SE-Intensive -22.5%
 - SE-Group -20.8%

Rates Significantly Behind Inflation

(Almost 17% on average)

Rate of inflation over the years		1.34%	27.42%	Difference
desc	rate fy99	rate fy11	fy99 to fy11	
SUPPORTED LIVING AWAKE- LEVEL 1	\$268.45	300.86	12.07%	-15.35%
SUPPORTED LIVING AWAKE- LEVEL 2	\$165.90	191.31	15.32%	-12.10%
SUPPORTED LIVING AWAKE- LEVEL 3	\$121.95	\$143.51	17.68%	-9.74%
SUPPORTED LIVING ASLEEP- LEVEL 1	\$190.15	220.18	15.79%	-11.63%
SUPPORTED LIVING ASLEEP- LEVEL 2	\$118.90	144.50	21.53%	-5.89%
SUPPORTED LIVING ASLEEP- LEVEL 3	\$88.35	112.63	27.48%	0.06%
HABILITATION- LEVEL 1	\$3.25	3.68	13.23%	-14.19%
HABILITATION- LEVEL 2	\$2.25	2.65	17.78%	-9.64%
HABILITATION- LEVEL 3	\$1.76	2.16	22.55%	-4.87%
GROUP SUPPORTED EMPLOYMENT- LEVEL 1	\$3.39	3.57	5.39%	-22.03%
GROUP SUPPORTED EMPLOYMENT- LEVEL 2	\$2.25	2.54	12.89%	-14.53%
GROUP SUPPORTED EMPLOYMENT- LEVEL 3	\$1.76	2.04	15.74%	-11.68%
INDIVIDUAL SUPPORTED EMPLOYMENT	\$167.80	201.21	19.91%	-7.51%
Adult Respite	\$3.00	3.39	13.00%	-14.42%
ASSISTED LIVING 2	\$1,391.70	1,773.30	27.42%	0.00%
ASSISTED LIVING 1	\$2,181.90	2,535.17	16.19%	-11.23%
PERSONAL CARE	\$13.75	13.87	0.87%	-26.55%
INTENSIVE SUPPORTED EMPLOYMENT 2-C	\$25.00	37.22	48.88%	21.46%
Outlier Adult Hab Level 1	\$2.25	2.17	-3.56%	-30.98%
Outlier Adult Hab Level 2	\$3.25	3.14	-3.38%	-30.80%
Outlier Adult Hab Level 3	\$3.74	3.60	-3.68%	-31.10%
OUTLIER SUPPORTED LIVING, ASLEEP 1	\$165.80	157.99	-4.71%	-32.13%
Outlier SupLiv Asleep Level 2	\$237.05	227.58	-3.99%	-31.41%
Outlier SupLiv Asleep Level 3	\$267.60	\$258.62	-3.36%	-30.78%
Outlier SupLiv Awake Level 1	\$87.50	83.70	-4.34%	-31.76%
Outlier SupLiv Awake Level 2	\$190.05	\$186.21	-2.02%	-29.44%
Outlier SupLiv Awake Level 3	\$234.00	\$229.46	-1.94%	-29.36%
Community Membership	na	5.70	NO service	

Items in RED unit definition changed

Source for inflation rate

http://www.fintrend.com/inflation/Inflation_Rate/CurrentInflation.asp

Impact on Persons Served

- Hard to plan responsibly- chaos at team level
- Can't predict impact on persons now in stable environments
- Loss of some services (SL, Home Based), reduction in others (Day Hab), Supported Employment, Independent Living in danger
- Individuals (by definition eligible for Institutional level care) required to have significant # of hours of unfunded "natural supports"- impossible!
- Congregate Settings! Lower rates require congregate services to be sustainable

Effect of Reductions- What Will Give?

- 75%-85% of provider budgets are salaries and benefits- therefore, personnel
- Direct Service staff hardest hit- salary/benefit reductions take a higher percentage
- Mid-level Support – when reduced, quality declines, standards not met

Quality (Mid-Managers, Service Coordinators, Assurance personnel)

NM has demonstrated quality on all national indicators- now moving to the ResCare model – no mid-level supports

Current Provider Situation/Status

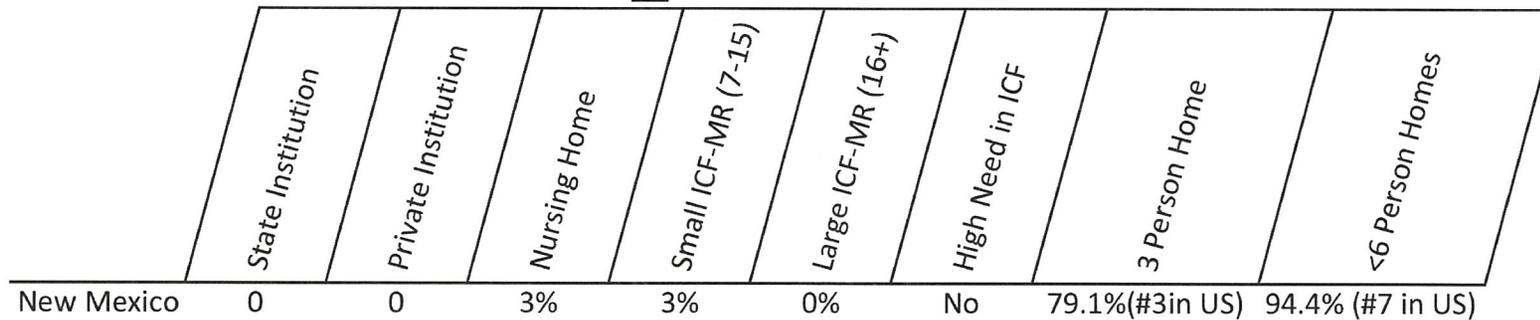
- Rates are well below cost of service provision
 - Have lagged behind inflation
- On January 1, 2011, all rates were reduced 5% across the board, and individual service packages cut 8%
- Standards, requirements, unfunded mandates keep increasing (particularly nursing and medical personnel)
- Providers Struggling
 - Salaries frozen, benefits eliminated/reduced, direct service staff can not sustain
- A “triple whammy” - Waiver Redesign reduces rates, and reduces individual’s services, but makes services more expensive to deliver

New Mexico Is Cost-Efficient

NM SIS Average is 104.2, national is 100. This means the NMDD Waiver serves higher need individuals (per HSRI)

New Mexico vs. America Residential Cost-Driver Comparison

Source: Braddock et al: State of the States in DD 2011



Unsustainable for Providers

- Rates have declined on average 17% from 2000 based on CPI
- Standards have increased: from 48 pages in 2000, to 266 today
 - In addition: Increasing unfunded mandates documented: training, performance contracts, Director's Releases, , nursing, 13 individual plans, audits, etc.
- 2011 5-8% Reduction
 - Layoffs, less benefits, lower salaries

Provider Salary and Benefit Actions over past four years

- Quick survey- 10 Respondents
- Salary over past 4 years – 7/10 frozen or reduced
- Salary since cut last year- 8/10 frozen/reduced
- Layoffs: 7/10
- Benefit Reductions
 - Health: 1 Term., 6 Reduced
 - Retirement: 2 Term., 4 Reduced
 - Holidays: 5 Reduced

Budgeting/Planning Impossible

- 4 Moving Parts – Standards, Rates, SIS, Service Packages
 - Each has many other moving parts
 - Service packages, SIS not yet finalized!
 - Will be operating next FY on 2 funding systems
 - Impossible to decide who, where to cut

DDSD System Change Objectives

- “to develop a system that is
 - sustainable,
 - provides quality services that promote independence,
 - pays for services that are directly linked to assessed need,
 - and is fair and equitable.”

Source: Developmental Disabilities Medicaid Waiver, Briefing Paper
May 2012, page 9

Conclusions

- NM IS serving a more significantly disabled population in its Waiver
- NM is doing so in a way that most other states do not:
 - Smaller residences
 - More Family Living
 - More therapies
- DDSD policies and practices caused the increased costs
- NOT a rate issue, but lowered rates will
 - Dictate more congregate services
 - Disproportionally effect direct service staff
 - Reduce the number of viable providers, and number of available services