

DEVELOPMENTAL DISABILITIES MEDICAID WAIVER PROGRAM

Key Highlights

DDSD obtained extensive public input on the DDW redesign over a three year period beginning in 2009

NM selected the Supports Intensity Scale assessment for individual planning and budgeting purposes.

89% of individuals will receive the same amount of service they received in FY12

Individuals with significant disabilities determined to need 24 hour support will receive it based on their choice

DDSD has safeguards and quality assurance measures in place throughout the system

A variety of policy decisions made in response to stakeholder feedback will put more funding back into the system to support the current users

Introduction

The purpose of this report is to address issues expressed at the Legislative Health and Human Services Committee meeting held in Socorro on September 6, 2013, regarding the implementation of the Developmental Disabilities Medicaid Waiver (DDW).

Background

The purpose of the new waiver is to transform the system into one that promotes independence, is cost effective, fair, and equitable to ensure its viability and sustainability for current users and the six thousand plus people waiting for services.

Part of the effort to transform the waiver system was to use a valid and reliable assessment tool, conduct a rate study and implement a resource allocation methodology to fairly and equitably distribute resource across all individuals on the DDW.

In the spring of 2011, DDSD conducted a pilot using the Supports Intensity Scale (SIS) a valid and reliable assessment tool. Based on the pilot, DDSD made a determination to assess all individuals on the waiver using the SIS.

A rate study was conducted in 2011, completed in January of 2012 and became effective on November 1, 2012.

Using certain sections of the SIS and other information collected through the assessment process, DDSD established NM DDW groups A through G that range from low to high support needs. Based on historical DDW utilization data, DDSD developed service packages that corresponded with each of the NM DDW groups.

These waiver changes were implemented on May 1, 2013 and individuals will move into the new system based on their annual Individual Service Plan (ISP) date.

Key Issues

This report will address key issues highlighted at the meeting from the LFC, Community Provider Panel, Consumer Panel, Mr. Cubra, and during the public comment portion of the agenda regarding the waiver changes.

Supports Intensity Scale (SIS): A key finding of the 2010 Legislative Finance Committee (LFC) evaluation of the DDW program was a determination that the current assessment process was inadequate to gauge appropriate level of care and to guide annual resource allocations. After extensive research on assessment tools, the DDS determined to use the SIS.

- **Is the SIS a valid assessment tool?** Yes, the SIS is a valid and reliable assessment tool. The SIS was developed over a five- year period by a team of experts from the American Association on Intellectual and Developmental Disabilities (AAIDD). The validity of the SIS has been examined in a number of countries and a variety of studies.
- **Can the SIS be used to determine support needs?** Yes, the SIS is specifically designed to measure the type of support, and intensity of support an individual needs to fully participate in community life. The SIS assessment of needed supports is more explicit and straightforward than other traditional instruments.
- **Can the SIS be used for resource allocation and group assignments?** Yes. First, the SIS centers on measuring the magnitude of individual support needs. Once it measures individual support needs, it's a tool that can be used for planning or resource allocation. Although resource allocation is not the primary purpose of the SIS, the developers of the SIS encourage users to aggregate data to use in program planning, resource allocation, funding analyses, and program evaluation. In fact, the first SIS User's manual published in 2004 had a section related to resource allocation.

Currently, there are eight states including NM using the SIS for resource allocation and another eight are either working on or considering using it for resource allocation.

- **How many states use the SIS?** To date the SIS is being used in 29 states.
- **How many people have requested a reassessment?** During the first year of implementation of the SIS, reassessments are an assurance offered to individuals transitioning into the new waiver. Approximately, 708 individuals have requested a reassessment. Out of 310 reassessments conducted, 28.1% NM DDW group assignments stayed the same, 1.6% decreased, and 70.3% increased to higher groups between the initial assessment and the reassessment. Based on an analysis, changes to NM DDW

group assignments may be attributed to changes in life condition, health status, the respondents (people who participate in the assessment) or other unique factors.

- **How much has NM paid AAIDD to conduct SIS assessments and training?** In fiscal years 2011 through 2013, the state paid AAIDD approximately \$3.3 million dollars to conduct SIS assessments and trainings (for respondents, other stakeholder and state staff) as requested.
- **Does the SIS determine the amount of therapy and individual gets?** No, the amount of therapy allotted in the service packages for each NM DDW group was determined by DDS. Within the amount authorized in the service package, a person's specific needs for therapy services are based on an assessment by a licensed therapist selected by the individual/guardian and their team.
- **What are the qualifications of the SIS assessors?** AAIDD assessors must be trained and approved by AAIDD and each assessor must satisfactorily complete an Interviewer Reliability and Qualification Review (IRQR). SIS assessors are required to undergo recertification every year. DDS maintain copies of the certification for each assessor conducting interviews in New Mexico.

There have been approximately 20 SIS assessors that have conducted SIS assessments in New Mexico. All but one of the SIS assessors resides out of state.

- **Do the AAIDD SIS Assessors have anything to do with the service packages?** No. The SIS assessors are a neutral party and do not have any investment in influencing the outcome of the assessment.
- **How are complaints regarding the AAIDD SIS Assessors handled by the state?** The state takes all complaints about its providers seriously, including those about AAIDD. When complaints are received by the state, follow up is conducted with AAIDD to ensure prompt and satisfactory resolutions. However, it is important to note that the number of complaints received at the central office represents less than 1% of the approximately 3,500 people assessed.

DDW Rates:

- **Did DDS afford providers the opportunity to be trained on the provider cost survey?** Yes. In state fiscal year 2012, the state retained the Human Research Institute

(HSRI) and its subcontractor Burns and Associates to complete a study of provider reimbursement rates.

DDSD convened a Provider Rate Study Subcommittee to help the state and Burns and Associates to design the rate study, including the provider cost survey. Burns and Associates conducted meetings with the providers to review and finalize the survey portion of the study. The other elements of the study were also discussed with providers so that everyone would have a clear understanding of the how the final rates were developed. During the study, DDSD encouraged providers to contact Burns and Associates directly with questions related to the survey and to receive technical assistance. Additionally, Burns and Associates provided one-on-one technical assistance to all providers who requested support.

- **What impact did the rate study have on the DDW system?** Based on a fiscal impact analysis conducted in September 2012, the new rates were originally projected to reduce overall provider revenue by \$11.2 million. However, changes were made to the rates in response to public comment and through work with various stakeholder organizations and it is now anticipated that the new rates will have a neutral impact on the provider system, with an increase overall in provider revenues of about \$800,000.

Policy decisions instituted by the state since September 2012 to address concerns raised by stakeholders (including providers) have also increased projected costs to the system. The estimated cost of implementing the new DDW has increased by \$6.7 million in FY14, \$5 million in FY15, and \$4.1 million in FY16.

- **What is the impact on providers?** Impact by provider varies based on the services they provide and their consumer mix. However, more than 60% of providers will see revenues that are within 10% of their previous reimbursed amounts.

The Department of Health (DOH) continues to work with providers to assure the viability of the system. Currently meetings are underway with ADDCP providers regarding their concern with the new rates and requirements in the DDW Service Standards.

- **What is the impact on Supported Employment?** Under the previous waiver, supported employment was reimbursed at \$201.21 per unit with up to four billable units per month for a total of \$804.84. A provider had to deliver a minimum of one hour of service to bill one unit. This methodology was the result of a conversion from a grant based funding approach to a unit based system about ten years ago. Based on this

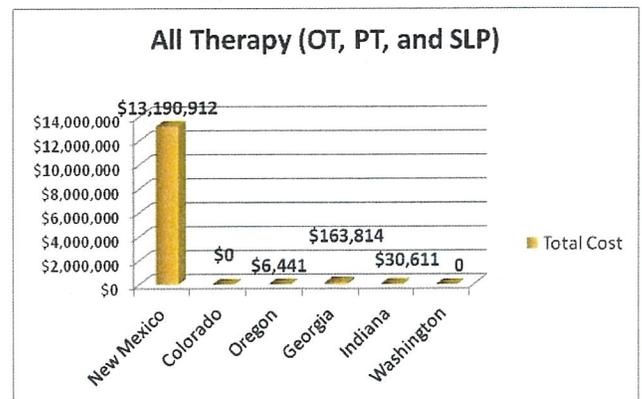
reimbursement methodology, the state could not determine what level of support was being provided to individuals receiving services.

The current waiver rates for supported employment are based on fee for service. In other words, the state pays for the time people actually receive service. A specific amount of funding for supported employment is included in the base budget for each DDW group. Individuals may also select an additional five hours per week of supported employment if they want more hours of service than what is covered in the base budget.

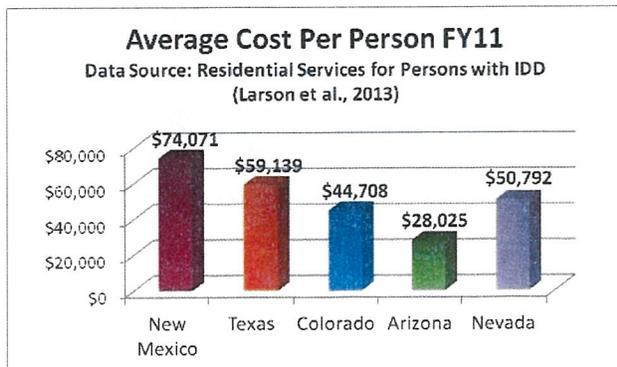
Several Supported Employment providers contend that the new rate will not allow them to continue to provide this service. The state is currently working with providers to evaluate the rate structure and is committed to making adjustments to the supported employment rate as determined appropriate.

- **What is the impact on Therapy Services?** Even though there was testimony that suggested the new rates for therapy services are not adequate, the new rates actually increased by 6% from the previous waiver. In addition the new structure offers incentive rates in most counties and statewide increases in rates to support the use of therapy aides.

- **How does New Mexico compare to other states for Therapy Services?** In 2012, a study was conducted by HSRI to compare therapy utilization and costs in states that utilized the SIS for resource allocation within their waiver system. The cost of waiver therapy services in New Mexico by far exceeds the costs of Colorado, Oregon, Georgia, Indiana, and Washington. It is also important to note that many states do not have therapy services as part of their waiver system.



- **How does New Mexico compare to other states?** In 2011, the average cost per person in New Mexico was \$74,071 compared to \$57,740 nationally. Oregon does not have a waiting list, or institutions, and uses the SIS as an assessment for residential services. The average cost per person in Oregon is \$43,301.



As reflected in the graph, New Mexico also has a higher cost per person compared to its surrounding states.

- **Have providers withdrawn from the DDW because of the new rates?**

Since the implementation of the new waiver system on January 1, 2013, eight (8) agencies out of 281 total agencies have withdrawn from the DD waiver. Four case management agencies (reasons not related to the waiver changes, e.g. retirement), one occupational therapist, one physical therapist, one environmental modification provider, and one supported employment provider. The supported employment provider indicated that it was not financially feasible to continue to provide supported employment services under the new DD waiver. The following chart gives a snapshot of some of the changes in provider status between January 1, 2013 and August 31, 2014.

Examples of Changes from January 1, 2013 – August 31, 2014	Metro	SE	SW	NE	NW	Statewide	Total
New Providers	5	1		1	2		9
Providers Expanding Services	11	4	5	10	5	1	36
Self Imposed Moratorium	15	3	4	5	2	0	29
Providers who have dropped a service	6		5	5	3		19
Providers who have withdrawn	6	1				1	8

NM DDW Group Assignments and Service Packages:

- **Does the state use every section of the SIS to assign individuals to a NM DDW Group?** No. The sections of the SIS that address home living activities, community living activities, health and safety, and exceptional medical and behavior are used to make group assignments for resource allocation. These sections of the SIS are good predictors of expenditures and direct service hours and have the highest correlation with historical expenditures.

- **Did the state share the algorithm used by HSRI to make group assignments?** Yes, on February 8, 2013 at the Advisory Council on Quality Supports for Individuals with Developmental Disabilities and Their Families (ACQ) meeting. The state will post the algorithm to the DDSD website.
- **Did NM validate the resource allocation system used to develop funding for the NM Service Packages?** Yes. In December 2011, a clinical validation study was conducted to determine whether the service packages assigned to each NM DDW Group were reflective of the needs of individuals assigned to each group.

The results of the clinical validation determined the service packages to be adequate or more than adequate for 85 percent of the cases reviewed. Adjustments were made to increase funding associated with some service packages based on the study and feedback from DDSD.

- **What is the impact of the new NM DDW Group Assignments and resource allocation on individuals receiving services?** In the first year of implementation, 89% of individuals will receive a budget that is equal to or greater than the amount of services they received in fiscal year 2012.

In the second year, approximately 220 individuals will transition to more appropriate and less restrictive setting. This is fewer than the approximately 500 individuals originally projected to shift service models in 2011. These individuals are in NM DDW Groups A and B. The projection is lower because of policy decisions to reduce the impact of this change on older waiver recipients and those who were formerly institutionalized.

- **Will individuals get the services they need?** Yes, individuals will receive services they based on their assessed needs.
- **Does the state have safeguards in place for individuals with unique needs?** Yes. The state implemented a policy to allow assignments to Group H to address individuals in unique or exceptional situations and those with extenuating circumstances or extremely complex needs.

DD Enrollment: The Department of Health receives one appropriation for waiver services through the DD Waiver, the Mi Via Waiver and the Medically Fragile Waiver. There is no waiting list for the Medically Fragile Waiver and new children are allocated to the program during the month in which they apply.

When funding becomes available for DD services individuals from the waiting list receive an offer for services in order of application date. At that time they select either the DDW or Mi Via program. To understand enrollment and utilization it is important to capture enrollment for both waivers and not just the DDW. According to Medicaid figures in FY2009, enrollment for both waivers was 3,750 and increased to 4,052 in FY13. Historically approximately 70 individuals leave the waiver each year. Until FY13, all 70 slots were reserved emergency situations for individuals who met expedited allocation criteria and were allocated based on that criterion rather than by date of application.

Central Registry: The issues related to reducing the number of people waiting for services, managing waiver enrollment, and assessing individuals on the central registry are being addressed through recommendations of the Senate Memorial (SM) 20 Task Force.

Conclusion

DOH takes the concerns and fears expressed by individuals, families, and providers at the September 6th LHHS meeting very seriously. While DOH has implemented policy decisions since September 2012 in response to feedback received by stakeholders, we will continue to monitor impact of the changes to the system and listen to constituents. DOH and HSD are working to correct problems from delays in budget approval and slowdowns from an overly complex prior authorization process. Mechanisms are in place to assure providers are reimbursed appropriately for services provided in between May 1st and July 30.

As outlined in this report, 89% of individuals will receive the same level of services or more than state fiscal year 2012; there are safeguards and assurances in the system for people with unique needs; only one provider withdrew from the DDW as a result of the new supported employment rates; therapy provider rates increased by 6%; New Mexico spends more on therapy than other states; the SIS is a valid and reliable tool that can be used for resource allocation; over all there will be \$4 to \$6 million new dollars put into the system over a two year period to serve the current users; and New Mexico has one of the top ten average cost per person in the nation.

Even though significant savings will not be achieved in the short term, the DDW changes will produce benefits over time by replacing a system in which more than half of the individuals were assigned to the highest level of need. With a more equitable system that better aligns individual needs and services provided. Now individuals with the similar needs will have access to the same amounts and types of services. In the new system the basis for provider rates is transparent and understandable. The state can build on this structure with confidence to adjust reimbursement levels, if needed, in the future.

As with any systems change, there will be issues that arise and fear about how the changes will affect individuals served, families and providers. DDS is committed to identifying and

resolving issues as they arise during this first year of the DDW implementation. We are currently working with stakeholders and partners to monitor the system and make course corrections. We know this is essential to ensure the health and safety of individuals receiving services and to sustain provider capacity.

The DOH with policy makers and stakeholders wants to ensure that people with intellectual and developmental disabilities get the services and supports they need to live the life they prefer in the community. To make that happen, we need a system that is cost effective, fair and equitable for those in service and offers hope to the thousands waiting for services. The future of the DDW is a shared responsibility and it is essential that policy and funding decisions are made based on sound data and our common commitment.

