



OPTIONS FOR A TIER APPROACH TO DSPD COMMUNITY SERVICES

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: STEPHEN JARDINE

ISSUE BRIEF

SUMMARY

This brief addresses the intent language passed during the 2012 General Session requiring the Division of Services for People with Disabilities (DSPD), in consultation with stakeholders, providers, and the state Medicaid agency, to explore options for a tier approach for individuals waiting for services to be utilized as an alternative or in addition to programs currently funded. The brief includes the DSPD response. No Legislative action is required in connection with this brief.

LEGISLATIVE ACTION

No Legislative action is required in connection with this brief. However, the Legislature may choose to take some action based upon the information provided.

OVERVIEW

In providing services in a community setting to individuals with disabilities, Utah currently offers a single comprehensive Medicaid waiver program. During the 2012 General Session, the Legislature passed the following intent language to explore other methods of delivering these services:

The Legislature intends the Division of Services for People with Disabilities (DSPD), in consultation with stakeholders, providers, and the state Medicaid agency, explore options for a tier approach for individuals waiting for services to be utilized as an alternative or in addition to programs currently funded as part of the FY 2013 DSPD appropriations. It is further the intent of the Legislature that these efforts, along with recommendations, be reported back to the Social Services Appropriations subcommittee by January 2013. (H.B. 2, Item 98)

In response to the intent language, the Division of Services for People with Disabilities met with stakeholders, providers, and the state Medicaid agency and explored options for a tier approach. Their workgroup formulated some initial options and recommendations, pointing out the tier approach as complex and would require further study. The division also states that "any potential cost savings is difficult to determine based upon there being too many variables." The division points out that Utah may be "trading one set of costs for another."

INITIAL CONCLUSIONS, OPTIONS, AND RECOMMENDATIONS FORMULATED BY THE WORKGROUP

The work group convening to address the Legislative intent statement regarding a tier approach for individuals waiting for services formulated the following initial options:

1. If the current system (designed to serve the most critical needs first) continued on without change, it would eventually result in serving mainly 'high cost' individuals. This would result in those waiting for services escalating in their needs as a result of the lack of any cost saving preventative services.
2. An option explored was to eliminate the current Community Services waiver and replace it with three alternative waivers: 1) a limited family support waiver, 2) a supported living/supported employment waiver, and 3) a full residential waiver.
3. Changing to an alternative system of waivers would not eliminate the waiting list.
4. Additional funding to address the needs of those waiting would still be needed.
5. The restructuring into three separate waivers would require careful planning around transitioning between waivers in order to ensure continuity of services.
6. A second option offered maintains the current Medicaid waiver but supplements it by offering more intervention services such supported employment, family preservation, and respite programs to address in a preventative way those individuals waiting for services.

APPENDIX

A report prepared by the Division of Services for People with Disabilities titled *DSPD Response to 2012 Intent Language from the Social Services Appropriations Subcommittee*, along with a *Request for Recommendations* document sent to various stakeholder groups, follows:

DSPD response to 2012 Intent Language from the Social Services Appropriations subcommittee

“The Legislature intends the Division of Services for People with Disabilities (DSPD), in consultation with stakeholders, providers, and the state Medicaid agency, explore options for a tier approach for individuals waiting for services to be utilized as an alternative or in addition to programs currently funded as part of the FY 2013 DSPD appropriations. It is further the intent of the Legislature that these efforts, along with recommendations, be reported back to the Social Services Appropriations subcommittee by January 2013”

Background:

DSPD has met with stakeholders, providers, and the state Medicaid agency to explore options for a tier approach for services. These meetings have resulted with the following recommendations, which were reported to the Social Services Appropriation subcommittee in the last legislative session.

“The Division held a workgroup session in October, with invitations to stakeholders, providers and the State Medicaid agency to explore the tier approach option to services as an alternative to current programs, or for people waiting for services. Although this is a complex issue that would need further study, the workgroup did formulate some initial options and recommendations.

The workgroup concluded that if the system continued in its current form or status quo, which is designed to serve those with most critical needs first, that this would eventually result in the population being served as mainly consisting of ‘high cost’ individuals. People waiting for services would continue to escalate in their needs at an exponential rate due to the lack of any cost saving preventative services.

A method discussed by the workgroup as an option to achieve cost savings, or future savings, was to eliminate the Community Services waiver and replace it with three waivers whose structure is comprised of a limited family support waiver, a supported living and supported employment waiver, and a full residential waiver. This option would result in a complete system change, and it was anticipated that a waiting list would still remain for the residential waiver, that additional funding would be needed, and that careful planning around transitioning between waivers, according to a person’s need, should be included to ensure continuity of service and support.

As an alternative to either a complete system change or remaining with the status quo, the workgroup suggested that more emphasis and policy decision be focused on increasing the use of intervention services that would provide future savings for little upfront costs. The workgroup suggested continuing support of the Employment First initiative and the Supported Employment programs, also recommended were family preservation and respite programs for people waiting for services.

At the conclusion of the last legislative session, the legislature directed the division to continue the conversation by including the intent language again for the upcoming year. In response, the division has met with stakeholders again where the above recommendations were reiterated by those in attendance.

In order to ensure that all stakeholder perspectives and recommendations were included in the division's report to the legislature, the division provided a discussion paper to all interested parties with a request for comments or recommendations. Comments and recommendations were sent by three state-wide organizations representing people with disabilities, or which contract with the division to provide services to people with disabilities, three individual companies contracted with the division to provide services to people with disabilities, and one individual who currently have a family member who is receiving services through the division.

Although the discussion paper allowed people and organizations to respond in whatever format they chose, five policy questions were suggested to help in the feedback and consultation process. The questions were:

Policy Consideration #1: Should DSPD pursue developing a supports waiver?

Policy Consideration #2: Should DSPD implement a supports waiver for existing service recipients, or for new service recipients only?

Policy Consideration #3: Which services should be included in a supports waiver?

Policy Consideration #4: What expenditure limit should be set in a supports waiver?

Policy Considerations #5: What other considerations should DSPD make when addressing this topic? Please share your thoughts.

Conclusion and recommendations:

Because of the complexity and unknown consequences associated with altering the intricate service system currently in place, as well as the already scarce funding resources available and the desire not to jeopardize the quality services now in place for several thousand Utahns with disabilities, the following recommendations are submitted to the Social Services Appropriations subcommittee for their consideration.

- 1) Funding for the current structure of waived services is already stretched to accommodate the needs of Utahns with disabilities and it is recommended that any new waiver programs being considered not be developed at the expense of current programs or add additional administrative costs.
- 2) Introduction of a supports waiver, or changing the service structure to resemble a tier of available options would require intensive further study and it is recommended that the

Disabilities Advisory Council, appointed by the Executive Director of the Department of Human Services, include discussion and analysis of pros and cons of moving to a tiered service system, on their agenda for Fiscal Year 2014.

- 3) Because the support needs of people change over time it is recommended that if a tiered system of service is implemented, that people in one tier are provided an avenue for transitioning into the next tier without an interruption in service.

Thank you for your consideration.

Submitted: 01/15/2013 : Division of Services for People with Disabilities: Department of Human Services



State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Department of Human Services

PALMER De PAULIS
Executive Director

Division of Services for People with Disabilities

PAUL T. SMITH
Director

Dear Stakeholders,

Please read the following regarding the intent language from the Utah State Legislature 2012 General Session:

"The Legislature intends the Division of Services for People with Disabilities (DSPD), in consultation with stakeholders, providers, and the state Medicaid agency, explore options for a tier approach for individuals waiting for services to be utilized as an alternative or in addition to programs currently funded as part of the FY 2013 DSPD appropriations. It is further the intent of the Legislature that these efforts, along with recommendations, be reported back to the Social Services Appropriations subcommittee by January 2013"

Consultation to date:

DSPD has met with stakeholders, providers, and the state Medicaid agency to explore options for a tier approach for services. These meetings have resulted with the following recommendations, which were reported to the Social Services Appropriation subcommittee in the last legislative session.

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At the conclusion of the last legislative session, the legislature directed the division to continue the conversation by including the intent language again for the upcoming year. In response, the division has met with stakeholders again where the above recommendations were reiterated by those in attendance.

In order to ensure that all stakeholder perspectives and recommendations are included in the division’s report to the legislature in the next session, the division is providing this discussion paper to all interested parties and is requesting that any comments or recommendations are sent to the division by November 30th, 2012.

Comments and recommendations may be sent by mail to the following address:

Utah Department of Human Services
Division of Services for People with Disabilities
Attn: Chad Midgley, Data and Research
195 North 1950 West
Salt Lake City, Utah 84116

Or by email to: cmidgley@utah.gov

Utah currently (FY12) offers a single comprehensive waiver to its intellectual/developmental disabilities (I/DD) population. In exploring a tier approach to services, State have often applied for a Support waiver. Supports waivers are 1915(c) Home and Community Based Waivers that provide limited non-residential services and typically cap individual expenditures. In contrast, comprehensive or traditional waivers include the entire gamut including residential services. Supports waivers, though still 1915(c) waivers, have the following defining characteristics.

Supports waivers:

- a. Do not include residential services in its limited service package
- b. Often apply a spending limit
- c. Are a lower cost alternative to comprehensive waivers

These basic components of supports waivers are applied in carving out limited services for the I/DD waiver population. The purpose of this paper is to give an overview of supports waivers, how they work,

more waiting list movement. A state's agreement to implement a supports waiver has been used to settle waiting list litigation cases (e.g. Oregon).

**How do States Offer a Supports Waiver?--
To split or not to split**

Some states have designed their new supports waiver(s) to enroll existing service recipients at the same or reduced cost. This can only be achieved by implementing two or more new waivers at the same time. For example, in Connecticut two new waivers were implemented in 2005. Their

comprehensive waiver was designed to serve people with large budgets (over \$52,000) or living in residential settings. Their supports waiver was designed to serve all other existing service recipients. New service recipients from their waiting list (ordered much like Utah, by urgency of need) are placed in the waiver that best meets their needs.

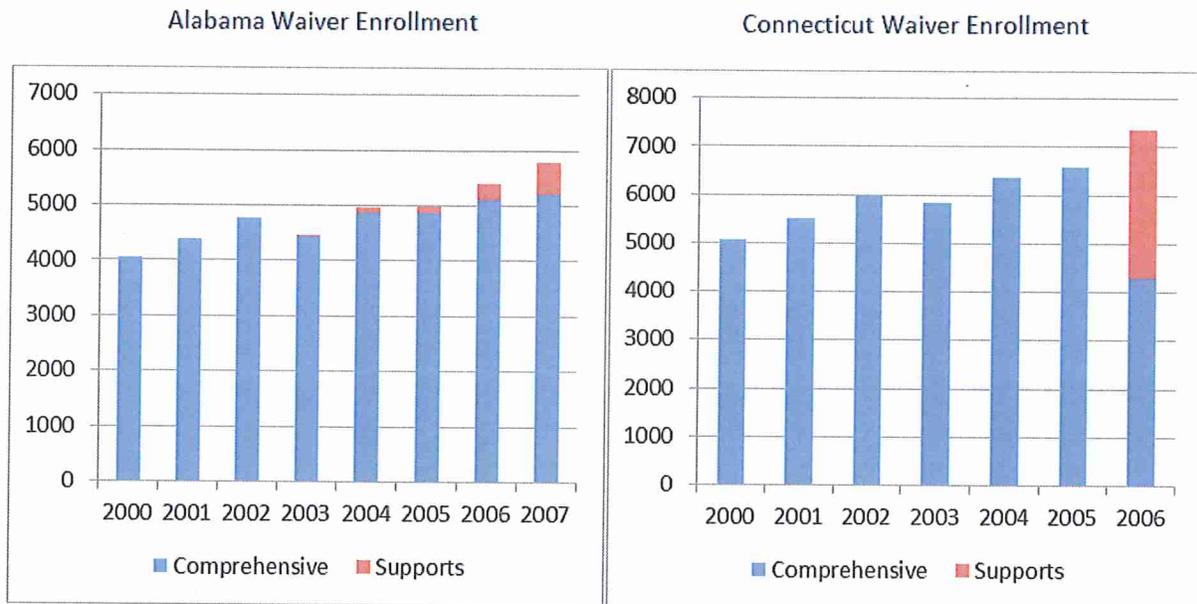
Other states have increased enrollment in their new supports waiver as they receive new allocations to serve people on their waiting list (e.g. Alabama). The strength of this implementation strategy is that it does nothing to upset the existing service system. New service recipients from the waiting list are

placed into the waiver that best meets their needs. Placing people into the low cost supports waiver allows Alabama to fund deeper into their waiting list as new appropriations are received.

Policy Consideration:
Do DSPD stakeholders and policy makers want to implement a supports waiver for existing service recipients, or for new service recipients only?

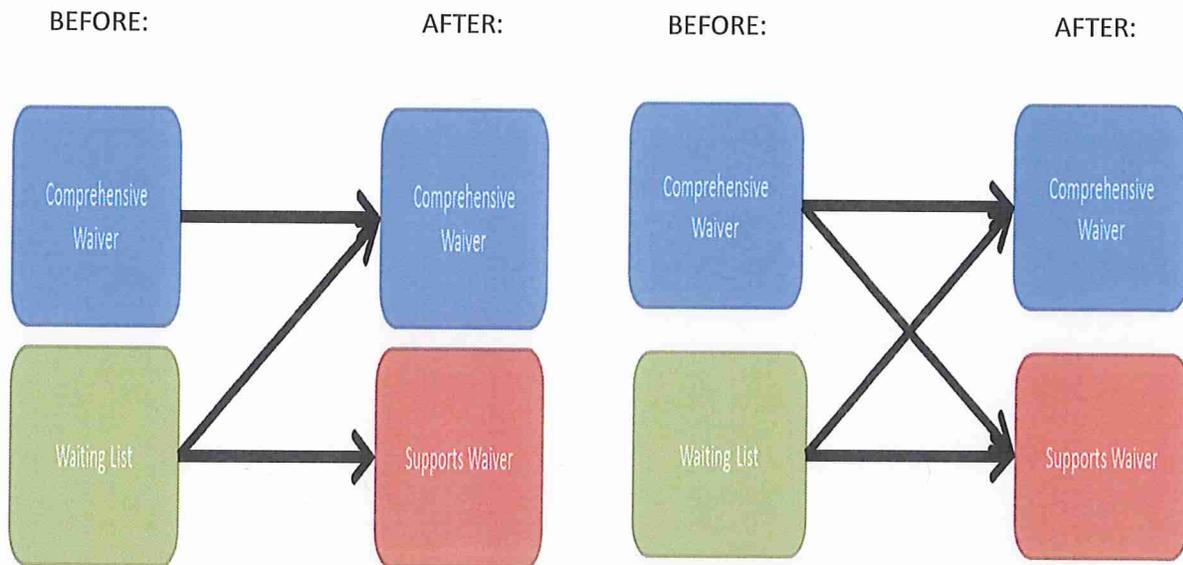
Policy Consideration:
Should DSPD pursue developing a supports waiver?

Figure 2. Differences in Implementation Strategies, Modeled in Two Sample States



The Alabama Type Implementation Strategy:

The Connecticut Type Implementation Strategy:



How do States Offer a Supports Waiver?-- Scope of Services

As true with any 1915(c) waiver, states are able to offer any array of services that will meet the objective of meeting health and safety needs of service recipients. Though much variety is seen across states with supports waivers, a defining characteristic is the lack of residential services. The implementation strategy chosen can effect the scope of services offered by a state in their supports waiver. States that carve out a supports waiver from an existing comprehensive waiver to serve existing service recipients are more inclined to persist the existing menu or sub-menu of services. In contrast, states that develop

a supports waiver primarily for new service recipients previously waitlisted, tend to build a new waiver from scratch designed to mimic the model waiver that stakeholders have envisioned. This approach may be helpful in taking lessons learned from failed comprehensive waiver policies and re-establishing an updated service system with re-developed rates and service descriptions. The disadvantage of this approach is that if similar services are maintained in the comprehensive waiver, the entire service system across both waivers can become less seamless with variances in policies and rates leading to a more complex service system that is difficult to navigate.

**How do States Offer a Supports Waiver?--
Capping Expenditures**

A key component of supports waivers is that individual expenditures are capped. It should, however, be noted that at least one state (Ohio) does not implement a cap in their supports waiver. Capping expenditures may help contain in-home costs and allows budget officers and lawmakers dealing with appropriations to plan for future costs. The implementation strategies and service components selected by Utah would impact the expenditure cap that it imposes on supports waiver service recipients.

Expenditure caps among 16 states' supports waivers vary greatly from \$5,000-52,000. Continuing with the examples of unique implementation strategies of Alabama (expenditure cap = \$18,000) and Connecticut (expenditure cap = \$52,000), one can presume that higher expenditure caps are needed in states that choose to implement a supports waiver to serve existing comprehensive waiver recipients rather than solely new service recipients. This is likely a result of a state's intention not to reduce existing individual allocations. The table below shows supports waiver expenditure caps and average expenditures based on 2006 data (cit 1). Note that Ohio is excluded from these data as it offers a supports waiver with no expenditure cap.

Policy Consideration:
Which services do DSPD stakeholders and policy makers want to include in a supports waiver?

2006 Supports Waivers		
State	Average Expenditures	Expenditure Cap
AL	\$ 8,950	\$ 18,000
CO	\$ 15,983	\$ 35,000
CT	\$ 24,443	\$ 52,000
FL	\$ 8,700	\$ 14,700
IN	\$ 8,520	\$ 13,500
LA	\$ 9,225	\$ 15,000
MO	\$ 4,222	\$ 22,000
MT	\$ 6,252	\$ 7,800
NE	\$ 9,158	\$ 20,000
OK	\$ 9,661	\$ 18,899
OR	\$ 8,505	\$ 20,000
PA	\$ 12,738	\$ 21,200
SD	\$ 4,015	\$ 5,000
TN	\$ 18,051	\$ 36,000
TX	\$ 8,669	\$ 10,000
WA	\$ 13,581	\$ 19,000

Policy Consideration:
 What expenditure limit do DSPD stakeholders and policy makers want to set in a supports waiver?

Current (FY12) distribution of expenditures by setting type are detailed in Figure 3 below to aid policy makers in developing expenditure caps. This table also details the 90th and 95th percentile for expenditures by setting within Utah's existing comprehensive waiver.

Total Amount Paid	Residential		Host Home/ Professional Parent		Supported Living (Provider- Based)		In-Home (Self- Administered)		In-Home (Provider- Based)		All Settings	
	#	%	#	%	#	%	#	%	#	%	#	%
Under \$5,000							79	6%	68	7%	156	4%
\$5,000-\$6,000							71	5%	32	3%	114	3%
\$6,000-\$7,000					22	5%	84	6%	31	3%	117	3%
\$7,000-\$8,000					15	4%	93	7%	50	5%	158	4%
\$8,000-\$9,000					11	3%	114	9%	68	7%	193	4%
\$9,000-\$10,000					13	3%	97	7%	55	6%	166	4%
\$10,000-\$11,000					13	3%	74	6%	62	6%	150	3%
\$11,000-\$12,000					14	3%	72	5%	68	7%	154	3%
\$12,000-\$13,000					24	6%	66	5%	70	7%	164	4%
\$13,000-\$14,000					19	5%	68	5%	54	6%	141	3%
\$14,000-\$15,000					16	4%	35	3%	54	6%	105	2%
\$15,000-\$16,000					17	4%	43	3%	36	4%	98	2%
\$16,000-\$17,000					15	4%	37	3%	29	3%	81	2%
\$17,000-\$18,000					20	5%	33	3%	42	4%	99	2%
\$18,000-\$19,000					23	6%	30	2%	30	3%	84	2%
\$19,000-\$20,000					12	3%	26	2%	32	3%	70	2%
\$20,000-\$25,000	27	2%			54	13%	141	11%	92	10%	304	7%
\$25,000-\$30,000	51	3%	7	3%	39	9%	71	5%	37	4%	202	5%
\$30,000-\$35,000	46	3%	10	4%	24	6%	29	2%	13	1%	122	3%
\$35,000-\$40,000	56	4%	13	5%	16	4%	20	2%	16	2%	121	3%
\$40,000-\$45,000	49	3%	30	11%	10	2%	12	1%	9	1%	110	2%
\$45,000-\$50,000	72	5%	45	17%	16	4%	7	1%	5	1%	145	3%
\$50,000-\$55,000	79	5%	50	19%	11	3%	11	1%	8	1%	143	3%
\$55,000-\$60,000	88	6%	41	15%							137	3%
\$60,000-\$65,000	109	7%	29	11%							145	3%
\$65,000-\$70,000	125	9%	19	7%							145	3%
\$70,000-\$75,000	140	10%	10	4%							152	3%
\$75,000-\$80,000	126	9%	6	2%							136	3%
\$80,000-\$85,000	112	8%	9	3%							114	3%
\$85,000-\$90,000	119	8%									122	3%
\$90,000-\$95,000	79	5%									82	2%
\$95,000-\$100,000	49	3%									49	1%
Over \$100,000	131	9%									133	3%
Total	1458		269		404		1313		961		4412	
95% Quantile	\$98,604.23		\$68,573.70		\$40,975.59		\$25,960.66		\$24,256.74		\$82,157.33	
90% Quantile	\$105,430.60		\$76,923.60		\$48,243.72		\$31,764.82		\$31,263.83		\$92,530.67	

Figure 3. Distribution of Existing Comprehensive Waiver Expenditures by Setting Type (FY12)

Obstacles

Home and Community Based Waiver Services are designed to prevent institutionalization and provide lower cost alternatives to Nursing Homes and Intermediate Care Facilities. A common concern among lawmakers dealing with appropriations is that expanding Home and Community Based Waiver Services would lead to increased enrollment particularly among a population who would never seek institutional placement or perhaps may not meet strict level of care criteria that these facilities adhere to. However, states who invest in rapid HCBS expansion are rewarded with declining total long term care costs (which includes institutions) within a few years of the expansion (cit 3).

Benefits of Supports Waivers

An extensive review of the 17 states offering supports waivers in 2007 found common rationales for implementation of supports waivers (cit 1). This report cites three major problems that states attempt to solve by implementing supports waivers.

1. Cost-containment
2. Waiting List Reduction
3. Promoting Self-Direction (i.e. the self-administered services model)

The second aim coincides with the challenges faced by Utah to expand enrollment to more people needing services. The first aim of “cost containment” if achieved can help provide additional cost savings to serve more people on the waiting list in congruence with the second aim. The third aim, however, may not be as applicable in Utah as it is in other states. There is less need to promote this long standing model which currently serves roughly one third of Utah’s ID/DD waiver recipients.

Notes:

1http://www.hsri.org/files/uploads/publications/supportswaiverfinalreport_42007.pdf (accessed 9/2012)

2“Review of Potential Waiver Changes and Associated Costs Related to Improving the Intellectual Disability (ID), Day Support (DS), and Individual and Family Developmental Disabilities Support (DD) Waivers”, State of Virginia Department of Medical Assistance Services, Department of Behavioral Health and Developmental Services, January 31, 2012, p. 2

3H. Stephen Kaye, Mitchell P. LaPlante and Charlene Harrington Do Noninstitutional Long-Term Care Services Reduce Medicaid Spending? Health Affairs, 28, no. 1 (2009):262-272 <http://content.healthaffairs.org/content/28/1/262.full.html> (accessed: 9/2012)

DSPD needs your input:

We are eager to solicit stakeholder input to aid in making these critical policy considerations. We appreciate your time in responding to the questions posed throughout this brief.

Your Name: _____

Your Relationship to DSPD (check all that apply):

Contractor

Service recipient (or family member)

On the Waiting List (or family member)

Other advocate (Explain: _____)

Please provide any comments or recommendations you have. If you choose, please respond to each policy consideration below. Email completed responses to Chad Midgley, cmidgley@utah.gov no later than 11/30/2012 to be considered for the division's response to the legislative intent language.

Policy Consideration #1: Should DSPD pursue developing a supports waiver?

Policy Consideration #2: Should DSPD implement a supports waiver for existing service recipients, or for new service recipients only?

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