

# ADDITIONAL NEEDS CROSS STATE COMPARISON RELATED TO COMMUNITY-BASED DISABILITY SERVICES

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## Background

The Division of Services for People with Disabilities (DSPD) is obligated by the Centers for Medicare and Medicaid Services (CMS) to maintain basic health and safety needs of those people participating in Home and Community-Based Services (HCBS) Waivers. Once an individual comes into services, DSPD is required to meet all additional needs to maintain their basic health and safety. People’s needs can change frequently, and tend to increase as they age. Table 1 shows the average historic growth in expenditures for additional needs and the number of individuals on HCBS Waivers for the past five full fiscal years. The percent growth does not include legislative funding for rate increases. As the table shows, there is an increase in expenditures per person each year, as well as an overall increase in the number of individuals who are being served through DSPD.

**Table 1.**

<b>Fiscal Year</b>	<b>Percent Growth per Person</b>	<b>Count Receiving HCBS Waiver Services</b>
2013	3.1%	4,702
2014	2.8%	4,874
2015	2.7%	5,132
2016	3.0%	5,188
2017	2.8%	5,335

When an individual’s needs change and they require an update in their Person Centered Support Plan (PCSP), the support coordinator submits a Request for Services (RFS) to DSPD. A comprehensive review is done by DSPD’s RFS committee prior to all approvals. In order to meet the growing needs of individuals on HCBS Waivers, DSPD has requested new funding each year.<sup>1</sup> Table 2 shows a history of ongoing annual spending on additional needs from FY13 to FY18 (the current fiscal year is the anticipated expense).

<sup>1</sup> LFA note: Utah law requires that funds from attrition (individuals leaving services) be used to bring new individuals off the waiting list and into services. This does not impact the additional needs amount but it means that DSPD must request the additional needs amount as new funding from the Legislature each year, instead of partially covering additional needs with attrition funds.

**Table 2.**

<b>Fiscal Year</b>	<b>Ongoing Annual Cost (General Fund)</b>
2013	\$1.67 M
2014	\$1.47 M
2015	\$1.90 M
2016	\$2.19 M
2017	\$1.82 M
2018	\$2.35 M

In the 2016 interim session, DSPD partnered with Department of Health (DOH) to look at a variety of ways that DSPD services could be restructured in an effort to serve the maximum number of people given a system of limited appropriations.<sup>2</sup> Expenditures increase on comprehensive waivers because of high cost services, e.g. residential and day support; and, usually, do not cap individual budgets. DSPD is continuing to explore various Medicaid Waiver options for reducing cost growth over time. Limited supports waivers (LSW), for example, help curb spending by limiting which services are available and how much money can be spent. LSWs allow states to customize the service array and determine a maximum individual budget. During the 2018 Utah State Legislature General Session, (House Bill 2 line #728-757) intent language developed by Representative Thurston identifies DSPD to study effective waiting list management and explore cost containment strategies in collaboration with the Department of Workforce Services and the Department of Health. This report will be submitted in October with a more thorough discussion of LSWs and other cost containment options.

## Survey Design, Response, and Methodology

The information required to answer this legislative intent language is not publicly available by most states. In order to provide the requested comparison of expenditures, DSPD sent a survey nationwide using the National Association of State Directors of Developmental Disability Services (NASDDDS) listserv. The survey was intended to help DSPD look at expenditures from the past two years in an attempt to compare Utah's expenditures on additional needs, to other states. The target population of this survey was a combination of research analysts, waiver managers, and division/department directors. At least one contact in each state received a follow up email or phone call after the survey was sent out in an effort to increase our response rate.

<sup>2</sup> (Report to the Health and Human Services Interim Committee, Report on Medicaid Long Term Services and Supports, Utah Department of Health and Utah Department of Human Services <https://le.utah.gov/interim/2016/pdf/00003441.pdf>, accessed: 5/24/2018)

Despite the efforts made to collect data from as many states as possible, only eight states responded to the survey. Additionally, Pennsylvania sent a copy of their annual report from which the increase in additional needs was estimated. The other five states which provided complete data were Alabama, Arizona, Florida, Michigan, and Minnesota. Three survey responses contained data unusable for the purposes of this report.

The survey was comprised of seven questions examining expenditures from FY16 and FY17. It asked participants to break out spending increases into four different categories, including: funding new service recipients, additional needs for service recipients already receiving services, rate increases, and “other.” The survey also inquired whether a state was using a comprehensive, limited, or a combination of both HCBS waivers.

The increase in expenditures from FY16 to FY17 was calculated using total expenditures provided by each state who responded to the survey. The percent change was calculated using the dollar amount provided by the respondent for how much of the increase was spent on additional needs. FY16 was used as the base year.

## Results and Discussion

Between FY16 and FY17, Utah had an increase in total expenditures of 11.14%. The increase in additional needs spending comprised 2.77% of new expenditures. This can be seen in comparison with the other states who responded in Table 3 below.

Alabama uses both a comprehensive HCBS waiver and a limited supports waiver. In Alabama from FY16 to FY17, total expenditures increased 1.93%. The increase in spending to fund additional needs of individuals in services comprised 1.46%, leaving just 0.47% of the increase in spending to fund rate increases.

There are profound difficulties in comparing two states with drastically dissimilar systems. The state of Arizona uses only an 1115 Demonstration Waiver. As such, the data is not as meaningful as the other three states. From FY16 to FY17, the total expenditures in Arizona increased by 10.72%. The increase in spending to fund additional needs of individuals already in waiver services made up 1.06% of the total new spending. Because of the differing requirements in 1115 Demonstration Waivers, it is difficult to draw comparisons to Utah’s 1915(c) Community Supports Waiver.

Florida uses a comprehensive waiver and had an increase in total expenditures of 10.50% between FY16 and FY17. The increase in spending on additional needs accounted for 7.83% of that increase.

Michigan only provided data for their comprehensive waiver services. Michigan experienced a 2.42% increase in their total spending. However, the increase in spending on additional needs only accounted for .50% of their increase. The majority of the increase in their budget was due to a rate increase for direct care providers.

Minnesota, also, only utilizes a comprehensive HCBS waiver. Between FY16 and FY17, total expenditures increased by 7.29%. The increase in spending for additional needs made up 2.55% of new expenditures. Pennsylvania had an overall increase in expenditures of 7.00%. Based on the data in the annual report, less than 1% of that increase was spent on new service recipients. The remainder of the increase in spending comprises additional needs, possible rate increases, and any other budgetary increases Pennsylvania experienced in FY17.

**Table 3.**

State	Type of HCBS Waiver	FY16 Total Expenditures	FY17 Total Expenditures	Percent Increase in Additional Needs
Utah	Comprehensive	\$219.78 M	\$244.27 M	2.77%
Alabama	Comprehensive and Limited Supports	\$342.47 M	\$349.09 M	1.46%
Arizona	1115 Demonstration	\$833.65 M	\$923.04 M	1.06%
Florida	Comprehensive	\$997.47 M	\$1.10 B	7.83%
Michigan	Comprehensive	\$401.96 M	\$411.70 M	.50%
Minnesota	Comprehensive	\$2.09 B	\$2.24 B	2.55%
Pennsylvania*	Comprehensive and Limited Supports	\$2.43 B	\$2.60 B	6.15%
Arkansas	Comprehensive	\$215.40 M	\$225.03 M	Unknown
Colorado	Comprehensive and Limited Supports	\$822.04 M	\$840.51 M	Unknown
Virginia	Comprehensive and Limited Supports	\$765.56 M	\$821.44 M	Unknown

\* The percent change in additional needs may include rate increases

It is not possible to draw firm conclusions based on the five case studies above, as each state is unique in how their system is set up and the barriers that they face. Despite this, there are some trends across the nation that can help inform next steps for the Division of Services for People with Disabilities. Many

states have redesigned long term service and supports (LTSS) delivery systems to include both comprehensive waivers and LSWs. By limiting the services available and the individual's spending, states can capitalize on the unique features and flexibility of 1915(c) waivers. These waivers not only increase the number of individuals that a state is able to serve, but they allow for a more structured system of service at a lower cost than the comprehensive waiver. While limited supports is not a viable option for those needing intensive out of home services, it would be a sustainable and beneficial option for those who only require lower level services.

## Conclusion

It is well known that individuals with disabilities have increasing needs as they age. Over the past five fiscal years, additional needs annually comprise approximately 3% of all new expenditures for DSPD. As our system is currently structured, expenditures on additional needs will continue to increase. DSPD is required by CMS to maintain a basic level of health and safety for everyone in Home and Community Based Services. There are several options of how these costs can be contained in future years. A forthcoming report (due October 1, 2018) during the 2018 Utah State Legislature interim session will further explore options of waiting list management and cost containment strategies in greater depth.