

Section 144 Report

Improving the Lives of Individuals
with Developmental Disabilities

Developmental Disability Stakeholder Workgroup

Submitted by the

Indiana Division of Disability and Rehabilitative Services

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EXECUTIVE SUMMARY

The Indiana Division of Disability and Rehabilitative Services (DDRS) has long shown commitment to supporting Hoosiers with developmental disabilities. To fulfill the charge of the 2011 Indiana General Assembly, DDRS convened a stakeholder workgroup to discuss the topics defined in Section 144 of HEA 1001 as well as a broader scope of program areas administered by the division.

This document summarizes research, data and trends, group discussions, outcomes, and next steps. Noting the ongoing challenges faced by all who support this population, the workgroup embraced this opportunity to positively alter the outcomes of individuals receiving services while reducing overall program costs. After much discussion, the workgroup identified three recurring themes:

- Increase employment for persons with disabilities
- Keep the family unit together longer
- Serve high-cost/high-needs individuals appropriately and as cost-effectively as possible

Goals and objectives centered around these themes were designed to better serve individuals with disabilities and help them to lead more independent lives in their homes, workplaces and communities.

During the past decade, an important shift in disability services has occurred. In previous generations, the trend was to serve individuals with disabilities in large institutional settings. When Fort Wayne State Developmental Center closed in April 2007, Indiana became the largest state with no large public institutional settings serving the disability population. This shift toward providing services in the family home and small community-based settings created a significant impact on state spending, Medicaid and other funding sources over the past several years.

To address this shift to other service trends, the workgroup developed a set of recommendations to improve the existing service model, identified barriers/issues related to the workgroup's goals and objectives, and worked with stakeholders to develop future visions, strategic directions, and short and long-term action steps.

Approximately 19,500 individuals are waiting for waivers in Indiana, many of whom are looking to access residential services. Through proposed changes to one of DDRS' three HCBS Medicaid waivers, more individuals will be able to transition from the waiver wait list to HCBS Medicaid waiver services. By the end of 2013, the wait list will be reduced to approximately 12,500 and about 7,000 individuals will move off of the DD Waiver wait list and have access to residential services through changes to one of the DDRS waivers. As individuals incrementally transition onto this waiver that is designed to meet their needs, the workgroup anticipates the DD Waiver wait list will be eliminated by 2017.

Stakeholder Workgroup

- DDRS leadership team
- The Arc of Indiana
- Indiana Association of Rehabilitation Facilities (INARF)
- Indiana Association of Behavioral Consultants (INABC)
- Indiana Professional Management Group (IPMG)
- Self-Advocates of Indiana (SAI)
- Individuals with developmental disabilities, families and providers

By tying performance metrics to the rate providers receive for residential services, DDRS is moving toward a market-based reimbursement methodology. Providers who meet or exceed established performance metrics will be rewarded by a higher reimbursement rate for the year following the evaluation. Raising standards for service providers will also promote employment of more qualified staff, which in turn, will result in higher quality services for waiver consumers.

These and other recommendations outlined in this report address priorities for employment development, family unity, and appropriate and cost-effective services for persons with complex support needs.

INTRODUCTION

Under the leadership of Governor Mitch Daniels, Indiana has maintained a balanced budget throughout a historically tough economic climate. To continue this position of increased fiscal responsibility, the 2011 Indiana General Assembly incorporated important initiatives to House Enrolled Act 1001, otherwise known as the Budget Bill.

Section 144 of the Budget Bill charged the Division of Disability and Rehabilitative Services (DDRS) to report to the Select Joint Commission on Medicaid Oversight a plan to reduce the aggregate and per capita cost of the Developmental Disability Waiver program. Section 144 identified six categories DDRS should consider to develop a plan to reduce the per capita and aggregate costs of Indiana's waiver program:

1. Calculating budget neutrality on an individual rather than an aggregate basis
2. Instituting a family care program to provide recipients with another option for receiving services
3. Evaluating the current system to determine whether a group home or a waiver home is the most appropriate use of resources for placement of the individual
4. Evaluating alternative placements for high cost individuals to ensure individuals are served in the most integrated setting appropriate to the individual's needs and within the resources available to the state
5. Migrating individuals from the waiver to a redesigned waiver that provides options to individuals for receiving services and support appropriate to meet the individual's needs and that are cost effective and high quality and focus on social and health outcomes
6. Requiring cost participation by a recipient whose family income exceeds five hundred percent (500%) of the federal income poverty level, factoring in medical expenses and personal care needs expenses of the recipient

To fulfill the charge of the General Assembly, DDRS convened a group of stakeholders to discuss the topics defined in Section 144, as well as a broader scope of program areas administered by the division. The stakeholder workgroup (referred to in this document as the 'workgroup') was comprised of members of the DDRS leadership team, as well as representatives from the Arc of Indiana, Indiana Association of Rehabilitation Facilities (INARF), Indiana Association of Behavioral Consultants (INABC), Indiana Professional Management Group (IPMG), and Self-Advocates of Indiana.

Together the workgroup agreed openness and transparency were the keys to improving Indiana's disability system for everyone. Over the past seven months, workgroup participants engaged in dialogue on disability services and sought additional input through regional meetings with individuals with developmental disabilities, self-advocates, families, and providers.

While the charge of the General Assembly was both fiscally and programmatically focused, the workgroup wanted to ensure reductions in spending within the program were done in a thoughtful, meaningful manner. The guiding question for each discussion: how can Indiana improve individual outcomes while reducing the overall cost to provide services?

Among numerous topics of discussion about change, three overarching themes emerged as most important to maintaining long-term sustainability and reducing the current costs of Indiana’s disability services: increasing employment, preserving the family unit, and supporting individuals with high-cost/high-needs. As a result, the workgroup identified key objectives for each theme:

THEME	OBJECTIVE
Increasing employment	Lower the unemployment rate of individuals with developmental disabilities—whether receiving services or not.
Preserving the family unit	Keep the family unit together longer—may be the single most important contributor to long-term sustainability of the DDRS waiver program.
Supporting individuals with high-cost/high-needs	Serve this population in a more cost-effective and appropriate manner—the percentage of waiver spend on this population is disproportionate to the actual number of individuals that comprise the population.

BACKGROUND

Partnering with a workgroup comprised of active industry stakeholders, the Division of Disability and Rehabilitative Services (DDRS) strives to provide continuous support and life-long commitment for individuals in need of disability and rehabilitative supports in Indiana, today and in the future.

Division of Disability and Rehabilitative Services

The Division of Disability and Rehabilitative Services is a part of the Indiana Family and Social Services Administration. The DDRS mission is facilitating effective partnerships which enhance the quality of life for the people we serve in the communities and pursuits of their choice.

Guided by a single leadership team, DDRS administers numerous programs and services to support Hoosier children and adults with disabilities. The programs most directly related to changes proposed in this report include:

- Bureau of Developmental Disabilities Services (BDDS)
 - Home and Community Based Services (HCBS) Medicaid waiver programs
 - State operated Intermediate Care Facilities for the Intellectually Disabled (ICF/ID)
 - Group Homes
- Bureau of Rehabilitation Services (BRS)
 - Blind and Visually Impaired Services (BVIS)
 - Deaf and Hard of Hearing Services (DHHS)
 - Vocational Rehabilitation Services (VRS)

Workgroup Stakeholders

- The Arc of Indiana is an advocacy organization that helps people with developmental disabilities realize their goals of learning, living, working and playing in the community
- The Indiana Association of Rehabilitation Facilities (INARF) is a membership organization representing providers of services to people with disabilities
- Indiana Association of Behavioral Consultants (INABC) works to assure the quality and consistency of behavior support services in Indiana
- Indiana Professional Management Group (IPMG) provides person-centered case management services to people with disabilities on HCBS Medicaid waivers
- Self-Advocates of Indiana (SAI) is an advocacy organization established by people with developmental disabilities to help themselves and all Hoosiers with disabilities
- Individuals with developmental disabilities, families and service providers

DATA AND TRENDS

Historically, Medicaid paid only for institutionally based, long-term care services, such as nursing facilities and community-based group homes. The rules changed as the federal government came to realize that people with disabilities often enjoy improved quality of life being cared for in their own family home or in the community—and typically at a lower cost than institutionalization.

In 1981, Indiana launched its HCBS Medicaid waiver program in response to the national trend toward providing home and community-based services. The term ‘waiver’ is used because the requirement that individuals must be admitted into an institution to receive Medicaid funded services is ‘waived’. Waivers make it possible for the state to support individuals who are Medicaid eligible with an array of home and community-based services.

Today’s waiver program is designed to provide eligible waiver recipients with services and support that enhance a person’s ability to live as independently as possible and become an active member of the community. Currently, DRS manages three HCBS waiver programs:

- Developmental Disabilities (DD) Waiver
- Autism Waiver
- Support Services Waiver

Waivers serve to provide meaningful, necessary, and cost-effective services and supports while respecting the recipient’s personal goals and choices. Individualized Service Plans (ISPs) consider each waiver recipient’s skills and abilities when planning for services, employment and living situation.

Nationally, waivers have been instrumental in helping states reduce their reliance on institutional settings and Indiana is no exception. In recent years, the state has moved toward increasing the numbers of individuals on waiver programs, thereby reducing its daily spend per individual in state operated facilities. According to the most recent *State of the States*, Indiana ranked eighteenth in lowest placements in a state ICF/ID, with just 106 individuals living in this setting.

Since April 2007, no licensed state developmental centers have operated in Indiana, and today only a handful of individuals with developmental disabilities remain in state institutions. This trend enabled the state to shift dollars from these institutional settings into its waiver programs, creating an increased spend in HCBS waiver programs, and much lower spend in institutional programs.

Key goals of the HCBS Medicaid waivers are to assist individuals to:

- Become integrated in the community
- Develop social relationships at home and in the workplace
- Improve decision-making skills about how and where to live
- Be as independent as possible

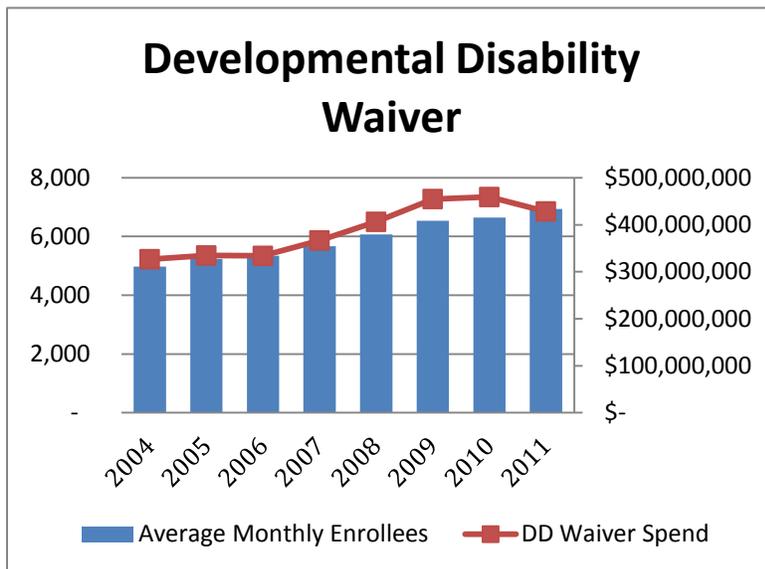
In the initial phases of HCBS transitions in Indiana and across the country, thousands of residents were transitioned to the community settings as an alternative to placements in institutional care. New approaches to placements and program development - including independent living, supported

employment and supported recreation - have been developed and continue to evolve. These programs are based on the concept of inclusion: helping each person live, work and recreate in regular community settings of their choice.¹

Developmental Disabilities (DD) Waiver

The DD Waiver funds services that enable eligible individuals to remain in their own home or other community based setting. This waiver also supports people who transition from state operated facilities or other institutions into community settings. The purpose of this waiver is to help individuals with developmental disabilities gain and maintain optimum levels of self-determination and community integration while allowing flexibility in the provision of those supports.

DD Waiver Totals		
Fiscal Year	Number Served	Total Spend
2008	6,557	\$406,211,000
2009	6,707	\$454,726,000
2010	6,975	\$458,985,000

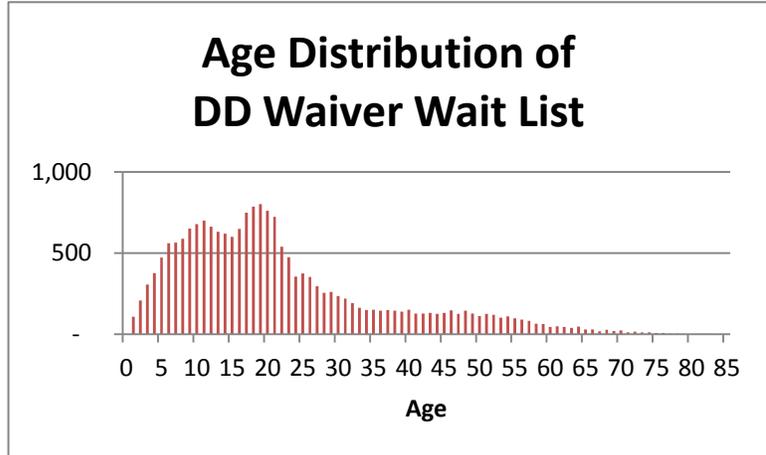


From 2006 to 2009 Indiana saw a 36% increase in spending in the DD Waiver program, with a year-to-year growth rate of over 10% during that time. Meanwhile, average monthly enrollees for the same time period grew 22%, with a year-to-year growth rate around 6.5%.

Rapid growth in enrollees during this time period was triggered in part by the closing of Indiana’s large state operated institutional facilities.

¹ State Data: The National Report on Employment Services and Outcomes

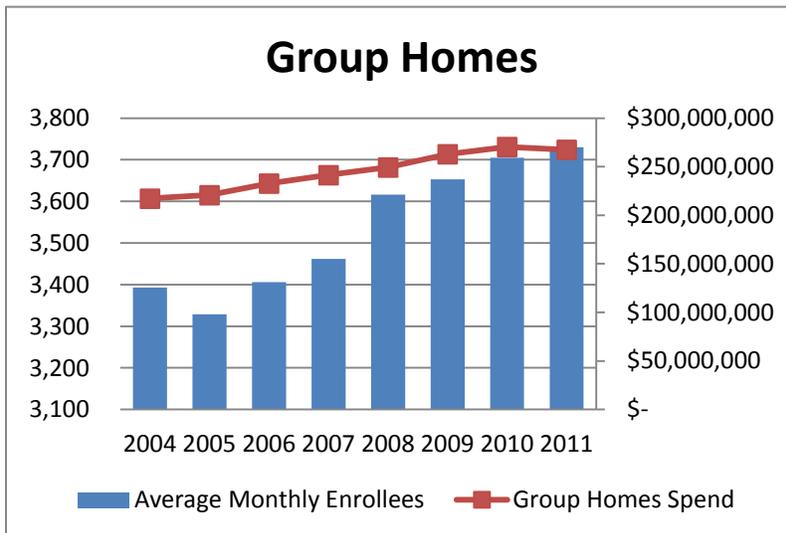
The average age of individuals on DD Waiver wait list is 21.76. This is an important consideration because it is an indicator of anticipated demand that has the potential to strain the system and impact long-term sustainability of the waiver programs if not addressed.



Group Homes

Group Homes are another residential option and alternative to waiver placements for eligible individuals with developmental/intellectual disabilities needing services. DDRS licenses approximately 500 homes around the State serving nearly 4,000 individuals.

Group Home Totals		
Fiscal Year	Number Served	Total Spend
2008	3,616	\$249,336,896
2009	3,653	\$263,007,132
2010	3,705	\$270,460,337



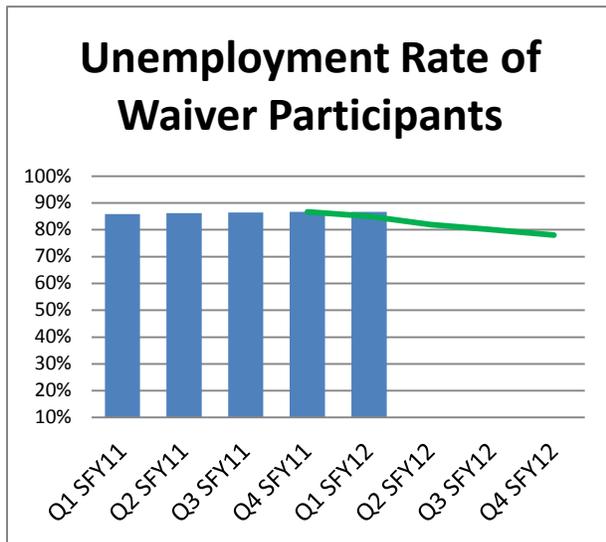
From 2006 to 2009 group home spend increased 13% at an average of nearly 6% year-to-year (including a slight decrease from 2006 to 2007), while average monthly enrollees held fairly steady over the same time period increasing 7%.

During this time, many individuals moved from large state institutions into Extensive Supported Needs (ESN) or Medically Fragile Group Homes. As a result of these transitions,

higher-cost, specialized Group Homes were developed to accommodate some of the individuals who had challenging needs.

LONG-TERM OBJECTIVES

The workgroup established long-term objectives to guide change and long-term sustainability. These recommendations are presented here in three themes: employment; family; and high-cost/high-needs individuals.



Employment

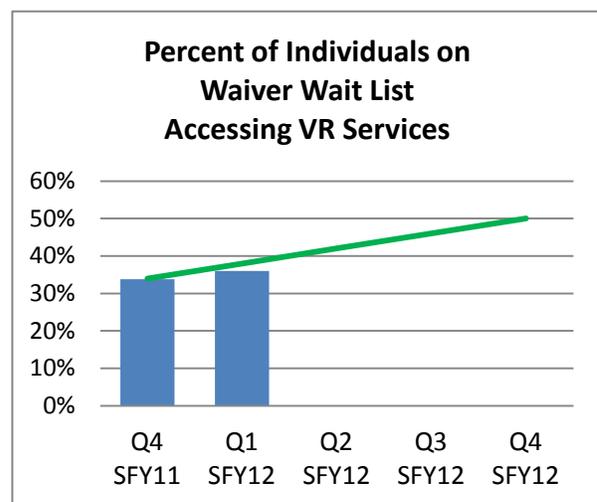
A fundamental objective of the workgroup is to lower the unemployment rate of individuals with developmental disabilities. This includes both those individuals currently being served and those not being served.

The unemployment rate for Hoosiers being served on Medicaid waivers has not changed in the last two years. A positive change to employment numbers must occur if this program is to be effective and sustainable in the long-term.

The state and other stakeholders have been working over the past several years to improve the

rate of employment for individuals with disabilities. Changes indicated within this report will create a more unified and focused effort toward success.

Several statewide pilot projects are currently being conducted to determine what efforts can and should be taken to positively affect the rate of unemployment for Hoosiers with disabilities. One effort being considered includes referring individuals who are on the wait list for waiver services to Indiana’s Vocational Rehabilitation (VR) services. Proactively encouraging individuals on the waiver wait list to use other state resources will be a culture shift. An increase in employment will mean more individuals are contributing their skills and talents to the workforce and becoming valuable members of their respective communities.



Though developmental disabilities can vary greatly in terms of severity, this population brings a unique set of skills to the workplace. Certain conditions may be debilitating and create difficulties for placement in the workforce. However, with the appropriate supports and interventions, many individuals are fully capable of honing their skills and trades.

Individuals with disabilities who work in the community report increased satisfaction with their lives, heightened self-determination, and are given opportunities to live up to their potential through more typical job acquisition and job roles. Further, they gain expanded social relationships and networks that can prove beneficial for their social, emotional, and physical well-being. Their contributions to the greater community are economic, productive, and socially constructive.

The average wage of new hires with a disability is \$304/week, working on average 30.2 hours a week.² While this does not necessarily make these individuals net tax contributors, it gives them the opportunity to contribute something back to the community. The more hours an individual is employed, the fewer hours they require government-funded supports. Increasing employment for individuals with disabilities to levels comparable to non-disabled individuals will drive the state forward in commerce, reduce reliance on federal and state entitlement programs, increase tax revenues and bring individuals out of poverty.³

Family

Keeping the family unit together longer may be the single most important component to consider when addressing the long-term sustainability of Indiana’s HCBS Medicaid waiver program. Due to a variety of factors related to its deinstitutionalization efforts, Indiana currently has a 39.5% in-home placement rate - considerably lower than the national average of 57.7%.⁴ This means the current service model encourages individuals with disabilities to seek residential placements and other services instead of living with their families, which in turn, raises the overall cost of the waiver program.

Of the 6,826 individuals that completed the DDRS Objective Based Allocation (OBA) process, 1,966 (29%) are living in their family home. This group only accounts for 19% of the total DD Waiver spend. As indicated below, it is estimated Indiana spends \$34,300 more per individual living with two roommates in the community rather than in their family home. If 20% of individuals living in the community moved into their family homes, Indiana would save an estimated \$31.6 million.

Living Situation	Waiver Recipients	Annual Cost	Cost Per Capita
Living with Family	1,966	\$91,583,455	\$46,584
Adult Family Home (Adult Foster Care)	216	9,684,395	44,835
Living Alone	1,123	86,384,164	76,923
Living with One Roommate	1,451	123,076,416	84,822
Living with Two Roommates	1,487	121,327,610	81,592
Living with Three Roommates	546	42,044,325	77,004
Unspecified	37	2,851,371	77,064
	6,826	476,951,736	69,873

It is important to note, the workgroup is not advocating individuals with developmental disabilities should never have the opportunity to live independently in the community. Socially, it may be more beneficial for an individual to live in his or her own apartment or with roommates. Respect for inherent

² Indiana Bureau of Rehabilitative Services Quarterly Update October 1, 2010

³ Employment First in Indiana: A Statewide Plan for Systems Change

⁴ Lakin, et al, Residential Services for Persons with Developmental Disabilities: Status and Trends Through 2009

dignity and individual autonomy, including the freedom to make one's own choices, and full and effective participation and inclusion in society are paramount. However, fiscal responsibility requires the state consider various alternative living arrangements. If an HBCS Medicaid waiver recipient is able to live on their own while maintaining a budget within appropriate waiver costs, that individual should be encouraged to live in a shared, supported living arrangement.

High-Cost/High-Need Individuals

Currently, the highest cost HCBS Medicaid waiver recipients represent five percent of waiver clients but account for 13% of Indiana's total waiver spending. There are two primary reasons for this imbalance. First, many of the individuals who moved from the closed state operated institutional facilities are now being served on waivers with high budgets. Second, in addition to the individuals being identified for waivers from DDRS' wait list, those receiving waivers because of priority criteria (including loss of primary caregiver, caregiver over 80 years of age, among others) often have the highest needs. The current processes for providing waiver services to individuals in both of these examples does not account for identifying and using alternative placement options. For long-term sustainability of the waiver program, the ratio must become more proportionate.

POLICY AND PROGRAM PROPOSALS

Based upon the aforementioned objectives, the workgroup developed the following recommendations to offer cost-effective, efficient, and more meaningful service provision to waiver consumers.

Develop a Quality and Outcome Based Provider Reimbursement Methodology

Establish a performance-based reimbursement methodology to incentivize providers to seek non-government supports, including employment, for the individuals in their services. As a component of this reimbursement methodology, allow the state to keep a portion of the savings resulting from non-government resources being utilized. Raise standards for service providers to promote the hiring of more qualified staff, which in turn, results in higher quality services for waiver consumers.

The workgroup created a new methodology to improve provider service delivery and outcomes for consumers. The Residential Habilitation and Supports (RHS) rate providers receive would be contingent upon performance as measured by five quality indicators, each measured at varying degrees of difficulty. Providers meeting or exceeding all five indicators will be rewarded by a higher RHS rate for the year following the evaluation.

Development of Indicators

Preliminary indicators discussed in the workgroup and agreed upon by members and stakeholders are as follows:

1. **Consumer Turnover:** Retention of individuals served by provider versus active consumer migration
2. **Daily Life and Employment:** Percent of individuals in service who are in school, day service, or use natural supports; and percent of individuals in service who are employed and earning a certain wage
3. **Employee Stability:** A rate defined by the number of direct support professionals employed by an agency greater than one year over the number of direct support professionals employed by the agency greater than thirty days
4. **Fiscal Responsibility:** Utilization of appropriate and safe community and natural resources in lieu of government resources
5. **Average Acuity:** Average acuity of consumers served defined by Algo scores. Waiver consumers are evaluated through the Inventory for Client & Agency Planning (ICAP) assessment test and the result provides an Algo level which helps to identify an individual's level of ability and need.

1. Consumer Turnover

An essential measurement of provider performance is contingent upon consumer retention. Essentially, providers terminating services with a high rate of consumers may not be properly equipped to serve the population. However, the workgroup does recognize there are reasons a consumer may choose to leave that do not negatively reflect upon the provider: the family moves to a different location, the consumer no longer needs certain services, etc. This indicator is intended to identify instances and trends in which the provider is not serving its consumers well.

2. Daily Life and Employment

A fundamental goal of the workgroup is to increase daily life and employment opportunities for individuals with intellectual and developmental disabilities. This goal can be achieved in a variety of ways, including a further shift to day services and increasing opportunities for community inclusion and volunteerism. The units of service hours required for care are lost when the individual is working or involved in community-based activities. Because these activities cause an economic loss to a provider, affording providers the opportunity to receive reimbursements for their efforts in reaching this goal is key. This metric seeks to encourage and reward inclusion and employment.

3. Employee Stability

Low staff turnover equals higher quality service for individuals being served. Recruiting higher quality employees, offering attractive benefits and encouraging and providing training and certification for professional development can help providers achieve employee stability. Service providers who are able to maintain high employee stability can set a higher rate, which will allow them financial flexibility to provide higher-quality service. Offering these opportunities for providers and their staff will encourage long-term sustainability and increase positive outcomes for the individuals served.

4. Fiscal Responsibility

Consumers receiving waiver services have a budget that outlines the units of services required for their care, including RHS. This metric encourages the use of community and natural supports by consumers, families and providers. While providers may consider this as decreasing their reimbursements if alternatives to paid services are sought, individuals in their care will garner immeasurable gains. For the individual, less dependence on RHS could mean increased opportunities to interact with others, share common experiences, develop interpersonal relationships and become more active in their respective communities. Further, the use of community and natural supports for some consumers will allow for more concentrated care by providers. This metric seeks to help encourage and reward less reliance on paid services.

5. Average Acuity

Consumers with higher Algo scores tend to have higher needs and require more intensive services and supports. Providers who serve high-cost/high-needs individuals with high quality service will be rewarded with a higher rate for the extra support and care required by this population. This metric will drive the targets providers will have to reach to receive incentive payments.

Funding Methodology for Provider Reimbursement

Based upon concern over possible financial loss, providers often experience a disincentive to place consumers into non-government funded or less expensive government supports such as volunteering, supported employment or larger group day services. If a provider runs a business based on billable units of services, every hour a consumer spends away from those services is a unit of service not billed by the provider.

Under the proposed methodology, the state will reimburse providers who identify and utilize community or natural supports rather than paid services hours. The state will capture savings generated by this practice and reinvest a portion of the total savings back into the units of billable service provided. A margin is gained by seeking alternatives to billable units of service. A higher rate will enable providers to be able to support consumers who need less service hours. Such measures would induce positive, high-quality service to individuals and maintain the long-term sustainability of the program.

Methodology for funding reimbursement without increasing program costs:

1. Utilize a baseline unit of service provided from previous years and estimate future reimbursements based on the forecasted units of the following year's budget
2. Dollars saved from the program will be reinvested back into a lump sum payment to providers at the end of the year based on the units of service they provided
3. The amount of rate "add on" providers will receive is based on the number of quality indicators a provider meets

Institute a Family Supports Waiver

Create a waiver to better serve individuals contingent upon living in the family home. Specific supports would be available to individuals served by this waiver. An emphasis on identification and utilization of natural supports would be a component to help meet immediate needs of consumers in a more efficient manner. The new waiver would encourage more at-home placements and drive the state's per capita cost of HCBS spend below the national average.

As indicated by the [table on page 12](#), individuals living with one or more roommates in 2011 expensed twice as much, per capita, as their counterparts living in the family home. It cost \$84,822 for an individual living with one roommate compared to \$46,854 for an individual living in the family home.

In Indiana, only 39.5% of individuals with developmental disabilities live in in-home residential placements. A number of factors are escalating Indiana's per capita cost and out-of-home residential placements. These including deinstitutionalization efforts, the current design of placement criteria on the DD Waiver and the generalized culture of planning for services based upon what might be needed, or worst-case-scenario, rather than allowing for current needs.

To reduce the cost per capita of the DD Waiver within the HCBS Medicaid program, two changes must occur:

- A concerted effort to maintain the family unit
- A shift in the current culture that DD Waivers services are the only means by which meaningful life can be achieved for individuals with developmental disabilities

The workgroup proposes the creation of a Family Supports Waiver, which will provide supports and resources exclusively designed for individuals living in their family homes. Rather than develop an entirely new waiver, the workgroup proposes changing and renaming the current Support Services Waiver. Proposed changes for this new waiver were developed over the past few months after discussions and gathering feedback from members of the workgroup, individuals with developmental disabilities, families and other stakeholders.

Changes from the Support Services Waiver to the Family Supports Waiver are designed to support preservation of the family unit. Proposed changes include:

- Adding a *Personal Care* type service as an option to the waiver
- Providing services on an *as-needed* basis, as needs dictate certain services are critical for achieving successful outcomes for the individual
- Increasing the annual reimbursement cap above the current amount of \$13,500 to enable families currently using the Support Services Waiver to utilize these new services without migrating to the DD Waiver. As more families seek waiver services, this waiver will also provide them more comprehensive supports.

Purpose of the Proposed Family Supports Waiver

1. The Family Supports Waiver is not meant to be a “placeholder waiver” for the DD Waiver

The number of new slots for the DD Waiver is limited, and accessibility will be available under new, more detailed criteria. Currently, approximately 500 waiver slots are budgeted and allocated to the DD Waiver each year, with access granted through a wide array of priority criteria and wait list reduction strategies. With the newly proposed initiative, there will no longer be a wait list for the DD Waiver. The new number of slots budgeted and allocated to the DD Waiver will be determined through the continued analysis of need of individuals who meet certain qualifying criteria.

2. The Family Supports Waiver is designed to assist families to continue to care for the individual in their life with a developmental disability—at home

A key task of the workgroup was to redefine service definitions, rules, and regulations appropriate to administer the HCBS waiver program. This array of services will differ from DD Waiver services; however, a concerted effort will be made to help ensure availability of providers and accessibility for the consumer. The workgroup will continue to meet with families and providers to gather input on what service offering(s) are most useful to successfully achieve long-term sustainability of the program.

3. The Family Supports Waiver will have an individual funding cap

The annual budget for a consumer on the Family Supports Waiver will be based upon an individual’s needs established at the time of Level of Care (LOC) determination. The annual reimbursement cap for this waiver will be set after consideration of the following: amount of total funding available; the number of individuals to be served; and the array of services determined to be appropriate for this waiver.

4. The Family Supports Waiver will not be funded with new dollars

Moving slots from the DD Waiver, along with savings from other waiver initiatives will fund the Family Supports Waiver. This waiver is intended to reduce the per capita cost of residential placements on the DD Waiver resulting in more financial resources being available for the new Family Supports Waiver. An annual cap and strong emphasis on identification and utilization of natural supports will provide greater certainty in individual Family Supports Waiver budgets.

Develop Equal Assessments and Restructure Group Home Case Mix and Function

Develop a new process to assess individuals and determine if Supported Group Living (SGL or Group Home) placement is appropriate. Identify individuals who may be better served through HCBS Medicaid waiver programs. For those consumers appropriately placed in a group home, the rate setting process will change to reflect per diem rates based on the individual's Algo level, rather than home classification. Providers may also choose to voluntarily change their group homes to waiver homes.

Currently, the levels of functioning and associated LOC assessments are dependent upon whether an individual chooses to enter waiver services or placement in a group home setting. Waiver consumers are assessed through the Inventory for Client & Agency Planning (ICAP), which provides an Algo level. Group Home consumers are assessed by a provisional LOC tool that determines the number of hours of care per day needed. The individual is then placed into a home that caters to serving individuals with the same number of service hours.

To help ensure every individual seeking state services is equally assessed, DDRS will use the same mechanism to determine LOC placement in waiver and group home settings. Regardless of an individual's choice in residency, the workgroup feels it is appropriate to use equal assessments and financial considerations as a factor in determining resource allocation.

In an effort to help provide the best quality care for consumers, DDRS will assess individuals currently residing in Group Homes in the same manner as those in waiver settings. This process will identify how many individuals with lower Algo scores live in Group Homes, which may not be the best placement.

The current rate setting structure for Group Homes is a per diem rate tied to the number of service hours required by residents of the home. Annually, Group Homes will be assessed by the Algo scores of its residents and not per service hour.

Further, providers will have the option to voluntarily transition their Group Homes into waiver settings. This transition will be beneficial to consumers who may not have family homes and would lower the cost of their waiver budgets because they would be living with housemates.

Enhance Services for High-Cost/High-Needs Individuals

Create a new system to serve individuals with the highest budgets and highest needs in the most appropriate and cost-effective manner. Pre-qualified providers would review an individual's information and put together a proposal to care for the individual, with an emphasis on decreasing needed specialized services over the period specified by the contract.

Indiana chose to close institutions that served high-needs individuals to promote community-based care options. The goal was to serve this population in settings closer to their family homes and in non-institutional settings where their lives are further enriched.

In an effort to enhance disability services in Indiana, the workgroup envisions a process that assesses individual acuties and specific service (i.e., psychiatry, dietary, etc.) needs by teams comprised of state staff, physicians, behaviorists and other specialists. Once assessments are completed, a narrative

describing the individual's circumstances is created, including a listing of specialized needs, current services, and a budget to cover the costs of those services. This information will be compiled into a case profile of the individual (narrative and current budget), including necessary intra-disciplinary specialists required to serve the individual, and other relevant information.

To help ensure the unique needs of high-cost/high-needs individuals are met, a new service definition will be created in which specific services that accommodate this population will be defined. Affixed to this service definition will be a rate that can support the increased responsibility placed on providers to care for this population. This rate will allow providers to pay quality staff to provide safe and effective services.

The new rate would allow a provider the flexibility to provide appropriate and adequate care for an individual being served under this service. This may mean hiring someone with specific training rather than the current model, which may entrust two or three less qualified or lower trained staff to care for these individuals.

While there are savings in this model, ultimately it is the individuals receiving care by more qualified staff who will benefit. The services they receive will be more directed to their specific needs, coordinated and performed by higher quality providers and staff. Only providers who are certified to administer these defined services will be pre-qualified to review profiles of high-cost/high-needs individuals, and prepare plans to provide long-term care.

The benefits of this approach include:

- A cost-effective method of serving these individuals with the most appropriately trained staff, paid through quality-based *pay-for-performance* measures
- A model that serves to minimize costly institutional placement
- Using this model for the high-cost/high needs population can serve as a pilot for how to serve the DD Waiver population as a whole

The cost savings realized would be used to strengthen the DD Waiver program. Currently, the top five percent of all DD Waiver recipients includes the highest needs individuals, which accounts for 13% of all waiver spending – approximately \$64 million. In one year, this approach to reassess and provide services to these individuals through specialized proposals could save an estimated 10%--or approximately \$6.4 million.

TIMELINE AND PROJECTIONS

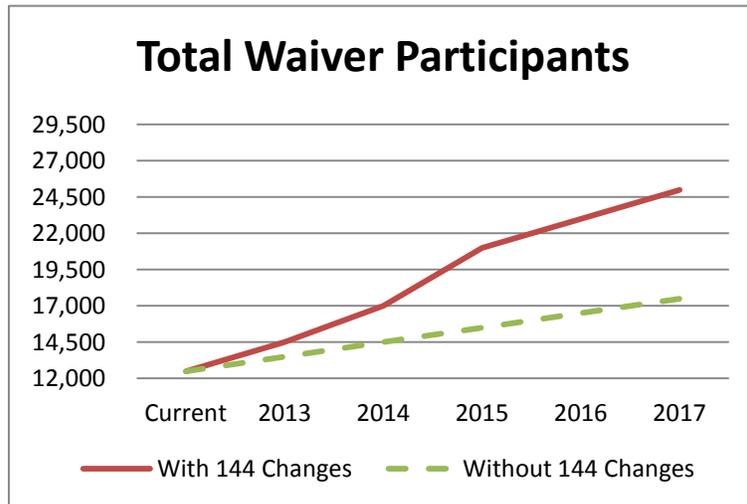
Based upon the goals and objectives set forth by the stakeholder workgroup, DDRS is working toward implementation of key tasks to occur in 2012 and 2013.

April 2012	<ul style="list-style-type: none"> • Submit Support Services Waiver Amendment to the Centers for Medicare and Medicaid Services (CMS) • Begin assessments of Group Homes
May 2012	<ul style="list-style-type: none"> • Submit Developmental Disabilities (DD) Waiver Amendment to CMS
July 2012	<ul style="list-style-type: none"> • Anticipated approval for Family Supports Waiver from CMS
August 2012	<ul style="list-style-type: none"> • Anticipated approval of DD Waiver from CMS
September 2012	<ul style="list-style-type: none"> • Allow volunteer conversions of Group Homes
February 2013	<ul style="list-style-type: none"> • Complete Group Home Assessments

Projected Growth

Over the next five years, DDRS will begin to target more individuals for its Support Services Waiver, through the proposed Family Supports Waiver.

This chart illustrates the anticipated growth in total waiver participants to be served on HCBS waivers with and without the changes proposed in this report.

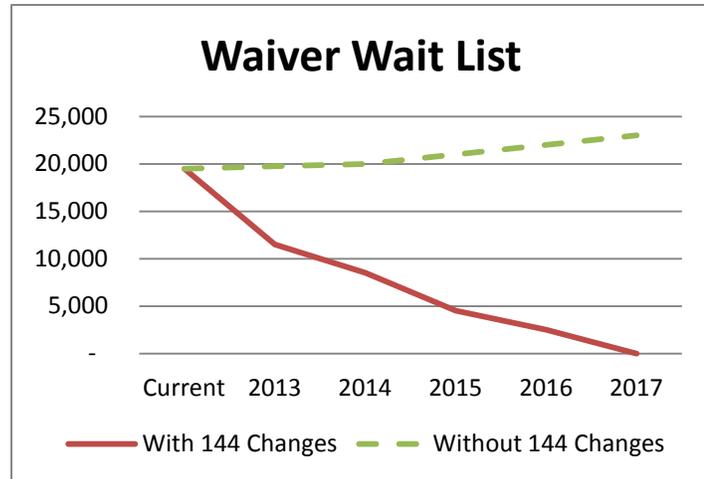


The Waiver Wait List

Through changes outlined in this report, the workgroup proposes to add a previously unavailable residential services component to the Support Services Waiver. This will enable more families to keep their loved ones in the family home.

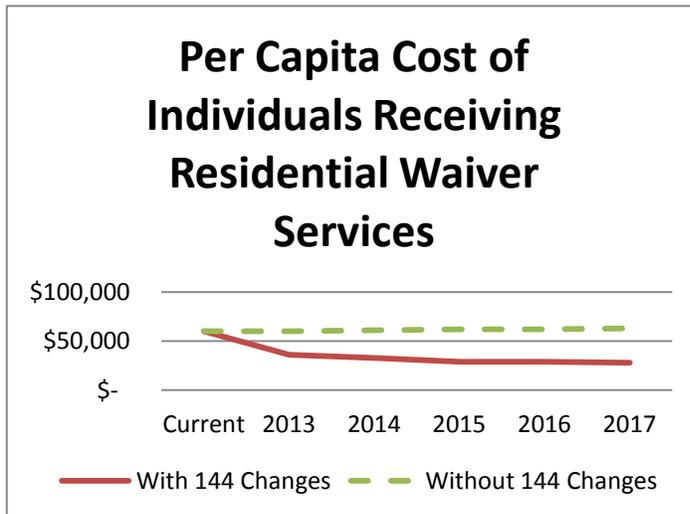
Approximately 19,500 individuals are waiting for waivers in Indiana. Many are looking to access residential services, which have primarily been made available only on the Autism Waiver and Developmental Disabilities Waiver. Proposed changes will enable more individuals to transition from the waiver wait list to HCBS Medicaid waiver services.

In 2013, the approximately 5,000 individuals currently being served on the Support Services Waiver will move off of the DD Waiver wait list, and that same year, DDRS will target and transition an additional 2,000 individuals from the DD Waiver wait list to the new Family Supports Waiver. With these transitions, the DD Waiver wait list will be reduced to approximately 12,500 by the end of 2013. As individuals incrementally transition onto the Family Supports Waiver, the workgroup anticipates the DD Waiver wait list will be eliminated by 2017.



Cost of Waiver Services

Historically, DD and Autism Waivers were the only waivers with a residential service component. In order to accurately compare Indiana’s per capita waiver costs to other states’ per capita waiver costs, the Support Services Waiver was excluded from these calculations, as it had no residential service.



The cost of the DD and Autism Waivers has remained relatively flat as budgets established for individuals varied little from year to year. As a result of the addition of a residential service component onto the Support Services Waiver, this waiver can be included in the per capita cost calculation. These changes will result in a dramatic decrease in per capita spending as more individuals are transitioned onto this waiver.

CONCLUSION

Members of the workgroup are committed to providing continuous support and life-long commitment for Hoosiers with disabilities. To maintain the long-term stability of its programs, changes must occur to positively alter the outcomes of individuals in its services while reducing the cost of service provision.

The recommendations detailed in this report will offer cost-effective, efficient, and more meaningful service provision to Indiana's HCBS waiver consumers. The timeline was set to serve as a roadmap to guide next steps whereby specific details, processes, and procedures will be further developed.

By 2017, the stakeholders anticipate the elimination of the DD Waiver waitlist and increased access to residential services through the new Family Supports Services Waiver. Moving toward a pay for performance reimbursement model for providers will drive costs and facilitate quality service.

Consideration of employment, family unification and alternative service options for individuals with disabilities identified as high-cost/high-needs is critical for long-term sustainability. Creating opportunities for systemic change to help people find jobs, keep family (even extended) units together longer, and provide appropriate lower cost service options will help to positively alter the outcomes of individuals in services.

In the coming months, the workgroup will continue its work by including other stakeholders, individuals with disabilities, families, and providers. The changes resulting from the recommendations in this report will create and support a system which fosters employment, family unity, and sustainability of the waiver programs.