



agency for persons with disabilities
State of Florida

Agency for Persons with Disabilities

Update to House Healthcare Council

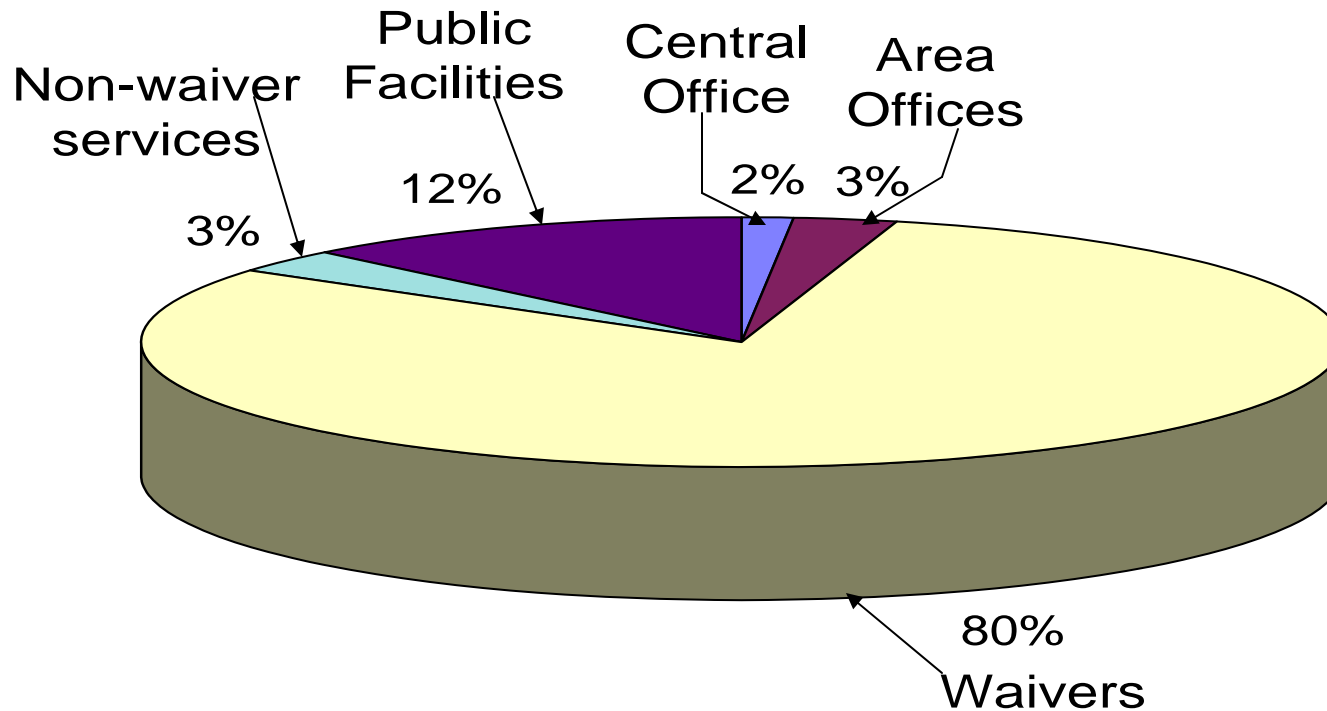
January 8, 2008

Charlie Crist, Governor

Jane E. Johnson, Director



Agency for Persons with Disabilities - FY 2007-08 Appropriations by Major Function (total = \$1.2 billion)



WAIVER EXPENDITURES - OVERVIEW SINCE 1999

Year	Expenditures	Waiver Enrollment (July 1)	Average expenditures per enrollee	¹ Waiting list (July 1)
FY 1999-00	216, 546,132	13,854	15,631	700
FY 2000-01	388,390,633	21,890	17,743	2,233
FY 2001-02	494,157,399	24,639	20,056	6,152
FY 2002-03	573,997,902	24,386	23,538	9,575
FY 2003-04	654,819,891	24,223	27,033	12,474
FY 2004-05	642,128,574	23,970	26,789	15,278
FY 2005-06	727,271,063	24,067	30,219	14,629
FY 2006-07	861,829,604	25,318	34,040	11,927
FY 2007-08	927,119,541	25,282	36,671	15,003

¹Does not include those on FSL Waiver waiting for enrollment on HCBS Waiver



WAIVER TRENDS AND IMPLICATIONS

- Healthy expenditure growth since FY 1999-00 has largely gone to increase the cost of serving existing recipients.
- This leads to the current, paradoxical situation where both expenditures and the wait list are at or near historically high levels.
- Unless utilization growth moderates or substantial financial investments are made, expect continued deficits and growth in the waiting list.



Utilization Growth in the Home and Community Based Services Waiver

FY 2005-06	13.06%
FY 2006-07	11.20%
FY 2007-08	12.25%

- If current trends continue, the Legislature will need to provide roughly \$100 million per year to continue services to existing enrollees.
- An additional \$60 million would be necessary to keep the waiting list from growing larger. *
- An additional \$320 million would be necessary to serve the remaining individuals on the wait list. *

**Based on current average expenditure amounts for HCBS and FSL waivers and current average growth of waitlist. Assumes all waitlist individuals would accept enrollment offers.*



Controlling utilization growth

- **Some utilization growth is expected since the waiver serves a very stable cohort of individuals who are getting older along with their caregivers.**
- **SB 1124 provides for freezing cost plans and implementation of a four-tier system with expenditure caps.**
- **During the special session, the Legislature approved the use of state employees to conduct needs assessments.**
- **The agency is planning to use individual budgets based on the new needs assessment as an additional means of controlling utilization.**
- **Despite the policy changes implemented pursuant to SB 1124, deficits are projected for FY 2007-08, 2008-09 and 2009-10.**



Legislative Funding Decisions

- Legislature provided \$116 million to cover expected deficit in Developmental Disabilities Home and Community-Based Service waiver for FY 2007-08
- This represents a 15 percent increase in waiver funding
- Additional \$57 million provided for FY 2006-07 in the FY 2007-08 General Appropriations Act to partially offset FY 2006-07 deficit



Financial outlook for APD waivers FY 2007-08 – FY 2009-10

	FY 2007-08	FY 2008-09	FY 2009-10
Available appropriations	883,111,552	821,993,037	821,993,037
Projected expenditures prior to effect of new policies	967,117,570	1,057,274,164	1,180,715,992
Estimated impact of SB 1124 and SB 4C	(39,998,029)	(180,814,238)	(194,583,491)
Projected cost of rule challenge settlement	1,600,000		
Surplus/(deficit)	(45,607,989)	(52,866,889)	(162,539,464)
Projected Family and Supported Living surplus	24,752,742	19,218,881	14,208,224
Projected June 30 balance	(20,855,247)	(35,248,008)	(149,931,240)

Additional detail available in attachment.



Financial outlook – important considerations/unknowns

- **Current 4% release hold-back**
- **Future utilization growth**
- **Decisions by Federal government**
- **Effects of litigation**
- **Cost shifting – replacing limited or eliminated services with other services**
- **Whether \$107 million (10%) projected savings from the four-tier system will materialize as expected in FY 2008-09**
- **Current gap of roughly 20% between cost plans and actual expenditures may limit the effect of freezing cost plans**
- **Legislative funding and policy decisions**



Future service demand will increase pressure to increase waiver budget

- **Given prevalence rates of 1.5%, an estimated 270,000 Floridians have a developmental disability. Approximately 47,000, or 17% are known to the Agency for Persons with Disabilities (receiving services or on the wait list).**
- **Population growth in Florida has moderated, but is projected to continue at just over 2% per year through 2010.**
- **An estimated 60,000 individuals with a developmental disability live with a caregiver over the age of 60, second only to California.**
- **Recent advances in medical technology have increased life expectancy so that individuals with developmental disabilities are routinely living into retirement age themselves.**
- **As with all Floridians, service needs become greater as people age.**
- **The waiting list is currently growing at an average of 255 per month since July 2006.**



Planning for current and future service demand

- **All individuals on the waitlist will be surveyed to collect basic demographic and service need information.**
- **In addition, the Agency will conduct a full needs assessment on a statistically valid, random sample of individuals on the waitlist.**
- **The Agency will use this information to develop a plan to address the needs of individuals on the waitlist.**
- **The Agency is also exploring other ways to categorize and display waitlist data to improve its usefulness as an indicator of future resource needs.**



Additional cost savings/utilization control options

- **Additional provider rate reductions**
- **Limit eligibility**
- **Create additional “supports waivers” that provide more limited service packages than the standard Home and Community Based Services waiver**
- **Additional service limits or outright elimination**
- **Utilize services under the Medicaid state plan when appropriate**
- **Create mechanisms and incentives for identifying and utilizing natural and community supports**
- **Improve fraud prevention and recoupment efforts**



SB 1124 – Implementation Status



SB 1124 – Service Limits

- Personal Care Assistance (PCA) – limited to 180 hours per month and rate modifiers eliminated for PCA (**\$2.3 million savings**)
 - ❖ Status – implemented August 1 and October 1, 2007
- Limited Support Coordination for children living in their own home on all waivers (**\$1.7 million savings**)
 - ❖ Status – implemented August 1, 2007
- Supported Living Coaching limited to 20 hours per month when in-home supports are present (**\$4.4 million savings**)
 - ❖ Status – implemented August 1, 2007



SB 1124 – Residential Habilitation

- A consolidated Residential Habilitation Rate structure was developed and implemented on 12/1/07 (\$11.4 million savings).
- Emergency rule implementing the new rates challenged at Division of Administrative Hearing.
- Agency settled with plaintiffs and implemented a new emergency rule effective January 1, 2008. This will reduce savings by \$1.6 million.
- Agency moving forward with permanent rule that will supersede emergency rule which is in effect for 90 days.
- Separate lawsuit pending in the circuit court against revised rates.



SB 1124 – Service Eliminations

- APD, in conjunction with AHCA, submitted a revision to the Medicaid waiver to the Federal government in June 2007 to eliminate services in accordance with SB 1124:
- Chore, Non-residential Support Services, and Homemaker Services (**\$12.7 million savings**)
- Massage Therapy and Psychological (IQ) Testing (**\$2.2 million savings**)
- The Federal government approved these changes and the eliminations were effective 12/01/07.



SB 1124 4-Tiered Waiver System

- APD in conjunction with AHCA submitted two new waivers to establish Tiers 2 and 3 to the Federal government.
 - ❖ Tier 1 – Current DD/HCBS waiver modified for intense needs
 - ❖ Tier 2 – Capped at \$55,000
 - ❖ Tier 3 – Capped at \$35,000
 - ❖ Tier 4 – Capped at \$14,792
- Implementation is projected for 2008 pending Federal approval.
- Estimated savings of \$107 million in FY 08-09
- The “clock” has stopped on Federal review of the new waivers required to implement tiers 2 and 3.



SB 1124 - Assessment Process

- APD will implement a revised standardized needs assessment process in January 2008. Individuals receiving residential habilitation services will be assessed first.
- Field-testing for the assessment instrument has been completed and an automated system to support the process went into production on January 2, 2008.
- All people receiving services and on the waitlist will be assessed over a three-year period.
- APD has hired OPS employees to conduct assessments. Training on the instrument and to obtain acceptable inter-rater reliability is ongoing.



SB 1124 – Other Actions Taken

- APD in conjunction with AHCA submitted and received approval from CMS to change the support/cost plan system to limit changes to cost plans except for significant changes in condition or circumstance that impact health or safety.
- Crisis clients are only being served if funding is available through attrition.
- Support plans submitted by Waiver Support Coordinators that are not in compliance with the Agency's rules, policies, and procedures are identified to Area office intervention.



Waiver Cost Plan Before/After SB 1124

Current Plan - \$67,017

- Waiver Support Coordination
- Adult Day Training
- Consumable Medical Supplies
- Skilled Nursing
- Transportation
- **Supported Living Coaching
–25 hours per month**
- In Home Support Daily
- Medication Review
- **Chore**

After Changes – \$64,633

- Waiver Support Coordination
- Adult Day Training
- Consumable Medical Supplies
- Skilled Nursing
- Transportation
- **Supported Living Coaching
– 20 hours per month**
- In Home Support Daily
- Medication Review



Waiver Cost Plan Before/After SB 1124

Current Plan – \$63,925

- Waiver Support Coordination
- Respite
- Consumable Medical Supplies
- **Personal Care Assistance – 60 hours per week**
- Medication Review

After Changes – \$52,491

- Waiver Support Coordination
- Respite
- Consumable Medical Supplies
- **Personal Care Assistance – 180 hours per month**
- Medication Review



Other initiatives to reduce costs and control utilization



SB 2C

- Reduced rates paid to waiver support coordinators while allowing for increased maximum caseloads (\$2.2 million savings)
- Reduced personal care assistance rates by 4% (\$1.7 million savings)
- These changes effective January 1, 2008.



Individualized Budgets

- The waiver will be fundamentally restructured by establishing consumer budgets based on the results of the needs assessment and other cost factors.
- Individualized budgets will add additional structure to the tiered waiver system and additional controls on utilization growth.
- Individualized budgets will allow clients flexibility in use of available funds to achieve more consumer direction.
- Individualized budgets will be reviewed and updated every 3 years unless there is a significant change.



Other APD Initiatives

- Implemented a recoupment policy for providers failing to comply with waiver billing and monitoring requirements.
- Working closely with AHCA Medicaid Program Integrity to better identify and pursue suspected fraud.
- AHCA will begin covering PCA services for individuals 21 and under through state plan.



Other APD Initiatives

- Developing proposals to consolidate and update existing prior service authorization contracts to reduce contract costs and more effectively control utilization.
- Implementing more effective internal business processes to track and update spending forecasts on a regular schedule to more quickly identify and correct problematic spending patterns.
- Re-evaluating current quality assurance process to ensure appropriate focus on natural community supports and provide more relevant and practical information to management and policy makers.
- The executive management team of the agency has brainstormed several ideas to achieve cost savings and has established a workgroup to review and develop plans to implement them.
- The agency is considering additional provider rate reductions to address the short-term deficit.



Summary

- Substantial progress has been made in managing the waiver despite legal and logistical challenges.
- For FY 2007-08, the projected deficit is \$20 million, approximately 80% less than FY 2006-2007.
- The extent to which SB 1124 and agency initiatives will affect utilization growth is unknown at this time. Several months of additional data are needed before definitive conclusions will be possible.
- The agency will continue to closely monitor overall expenditures and track the impact of recently implemented cost containment strategies.
- The agency will maintain regular communication with the Legislature concerning expenditure trends as they develop.

THANK YOU



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Any Questions?