



Department of  
Developmental Disabilities

# **Fiscal Plan for Home and Community-Based Waiver Services**

Submitted to Douglas E. Lumpkin, Director  
Ohio Department of Job and Family Services

in accordance with  
Ohio Revised Code Section 337.30.40  
of Amended Substitute House Bill 1  
of the 128th General Assembly

December 31, 2009

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## **Introduction**

Ohio Revised Code Section 337.30.40 of Amended Substitute House Bill 1 of Ohio's 128th General Assembly required the Director of the Ohio Department of Developmental Disabilities to submit a plan to the Director of the Ohio Department of Job and Family Services by December 31, 2009, with recommendations to ensure the fiscal sustainability of Medicaid Home and Community-Based Services (HCBS) waivers administered by the Ohio Department of Developmental Disabilities. Specifically, the legislation called for recommendations regarding three areas:

1. Changing the ranges in the amount the Medicaid program will pay per individual for HCBS;
2. Establishing one or more maximum amounts that the Medicaid program will pay per individual for HCBS; and
3. Modifying the methodology used in establishing payment rates for providers, including the methodology's component that reflects wages and benefits for persons providing direct care and the component that reflects training and direct supervision of those persons.

John Martin, Director of the Ohio Department of Developmental Disabilities (DODD), convened the HCBS Waiver Sustainability Workgroup, comprised of representatives of people and families who receive services, providers of services, county boards of developmental disabilities, and DODD, who served as consultants in development of the plan. A list of HCBS Waiver Sustainability Workgroup members is provided in Appendix A.

The Workgroup met during October, November, and December of calendar year 2009. Workgroup members examined data regarding waiver utilization, costs, and reimbursement rate models. Group members discussed proposals, considered alternatives, and formulated recommendations designed to ensure that Ohio's HCBS waiver program remains viable.

## **Background and Discussion**

Medicaid HCBS waivers provide services to individuals with developmental disabilities as an alternative to placement in an institutional setting. The Ohio Department of Developmental Disabilities administers two Medicaid HCBS waivers: Individual Options and Level One. The Individual Options waiver provides a comprehensive array of services. In fiscal year 2009, Individual Options waiver expenditures were \$850,510,100. As of December 1, 2009, 15,406 individuals were enrolled.

The Level One waiver is designed for individuals with less intensive needs and has an annual combined benefit limit of \$5,000 for Homemaker/Personal Care, transportation, and respite services. The waiver also provides up to \$6,000 every

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three years for Environmental Accessibility Adaptations, Specialized Medical Equipment and Supplies, and Personal Emergency Response Systems. An additional \$8,000 is available every three years for emergency assistance to support individuals in crisis situations. In fiscal year 2009, Level One waiver expenditures were \$63,193,012. As of December 1, 2009, 7,101 individuals were enrolled.

A review of data regarding comprehensive Medicaid waivers like the Individual Options waiver operated in other states provides a gauge of Ohio's performance. When compared with other states, Ohio ranks in the midrange on several dimensions. For example, in terms of the average annual cost per waiver enrollee, Ohio spends \$53,000, about midway between Florida (\$26,303) and Connecticut (\$72,205). Another measure is the percentage of a state's waiver budget that is spent on the 5% of waiver enrollees who are most expensive to serve. Again, Ohio ranks in the middle, with 13.8% of its overall waiver budget being spent on approximately 770 individuals. These data, provided in Appendix B, indicate that Ohio's HCBS waivers are responsibly managed.

With regard to efforts to control waiver costs, Ohio has made significant strides in reducing the annual growth in expenditures under the Individual Options waiver. Appendix C contains data on Individual Options waiver expenditures for fiscal years 2002 through 2009. Since fiscal year 2003, when growth in expenditures reached 15.89%, annual expenditures have been trending downward; in 2008, the average cost per waiver enrollee actually decreased by 1.74%, in part due to partial year enrollees.

More than half of the cost of Medicaid waivers is federally funded; therefore, Ohio has adopted a strategy of maximizing enrollment on HCBS waivers. Despite successful efforts to increase efficiency and control expenses, the cost of waiver services continues to expand as state and local revenues are sinking. By enacting Ohio Revised Code Section 337.30.40, members of Ohio's 128th General Assembly recognized that today's environment of economic constraint presents a rare opportunity for redirection and reform. It is imperative that Ohio's HCBS waivers remain viable for Ohioans who rely on waivers to live and work in their communities.

The Workgroup examined ways the service delivery system could best sustain Medicaid HCBS waivers in terms of the three areas set forth in Section 337.30.40 of the Ohio Revised Code. Strategies for reducing expenditures and increasing revenues were considered as well.

<u>Individual Funding Ranges</u>
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| <ul style="list-style-type: none"><li>▪ Should adjustments be made to the individual funding ranges for HCBS services?</li></ul> |
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Individuals enrolled on the Individual Options waiver complete the Ohio Developmental Disabilities Profile (ODDP). The ODDP contains a series of questions

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that assess an individual's relative needs and circumstances compared to others. Responses to the ODDP are scored and an individual is linked to one of nine funding ranges, which enables similarly situated individuals to access comparable waiver services. The ODDP funding ranges are provided in Appendix D.

An individual whose services exceed his/her assigned funding range are required to obtain Prior Authorization for services. Prior Authorization allows a person to receive waiver services that result in an individual funding level above his/her ODDP funding range. Under the current process, however, individuals whose ODDP score puts them in the highest funding range are not subject to this process as funding range 9 is not capped and as such, cannot be exceeded.

#### Individual Cost Caps

- Should maximum amounts (or caps) be established for individuals on HCBS waivers?

The Individual Options waiver does not have an individual cost cap. In the aggregate, the average cost of benefits per enrollee cannot exceed the average cost of serving an individual in an Intermediate Care Facility for the Mentally Retarded. The level of support annually provided to individuals enrolled on the Individual Options waiver ranges from less than \$5,000 to more than \$400,000. In fiscal year 2009, 14,946 individuals were served on the Individual Options waiver. Of those, 725 received services costing less than \$5,000; one individual's services exceeded \$400,000. Approximately 9.9% (i.e., 1,473) enrollees received services that cost more than \$100,000.

The Level One waiver has an individual annual cost cap of \$5,000 on daily living services like Homemaker/Personal Care, but provides other services designed to support living in community settings.

#### Payment Rates for Providers

- Should payment rates for providers of HCBS waivers be adjusted?
- How can the system better support direct care workers?

Recruitment and retention of competent and caring direct care workers is a critical component of quality outcomes for Ohioans with disabilities. There is a direct link between a stable, competent workforce that provides skilled support and the quality of life for people with developmental disabilities who depend on those services and supports. Ohio, like other states, experiences high rates of turnover and vacancy in direct care worker jobs. Part of the problem is low compensation for this segment of the workforce; other factors, such as lack of benefits, insufficient training, and lack of career pathways, also contribute. A shortage of direct care workers and the high rate of turnover negatively impact the quality of services. Statewide payment rates for waiver services, established in 2005, have not been adjusted.

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### System Expenditure Reductions

- How can the system better manage the costs of serving individuals with the greatest needs?

Ohio's system of funding services for individuals with developmental disabilities relies heavily on local funds. Using local dollars as match for federal Medicaid creates significant risk for smaller, tax-poor counties. Serving just one resident with intensive needs could effectively bankrupt a county board of developmental disabilities. A family should not be forced to move to another county (and perhaps give up available natural supports that ultimately reduce costs) to access needed services. For some time, system stakeholders have agreed on the need for risk-sharing mechanisms that support access, sustainability, and predictability.

### System Revenue Enhancements

- Are there opportunities for Ohio's service delivery system to enhance revenue?

The current reimbursement rate for the Targeted Case Management service is \$40.72 per hour. This rate was established in 2006. At that time, Ohio had little data to demonstrate the actual cost of providing this service. The federal Centers for Medicare and Medicaid Services agreed to renegotiate this rate once Ohio had accurate cost data. Ohio has since collected cost data which is currently being audited. Ohio will be requesting a new rate based on the audited cost reports.

## **Summary and Recommendations**

Analysis indicates that, in general, Ohio's HCBS waiver program costs are within national norms, when measured by various benchmarks. Still, it is necessary to increase and focus shared efforts to achieve greater efficiency and provide for the fiscal sustainability of the DODD-administered waivers. The HCBS Waiver Sustainability Workgroup developed recommendations intended to:

- Improve the developmental disability community's ability to increase the number of individuals receiving some level of service;
  - Sharpen the effectiveness of current cost management features of the waivers, while affording healthy and safe choices for individuals and families;
  - Create additional waiver options to meet the varying and changing needs of many individuals and families, especially those still waiting for waiver-like services;
  - Reduce disparities in direct care wages across service settings; and
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- Provide systemic tools to help the system confront the certainty that the future will include significant economic constraints.

The recommendations build on the vision of the MRDD Futures Committee (<http://mrdd.ohio.gov/futures/docs/MRDDFuturesFinalReport.pdf>), the Department's Priority Work (provided in Appendix E), and ongoing collaboration among advocacy organizations, providers, county boards of developmental disabilities, and DODD. System stakeholders recognize the inevitability of developing more cost-effective models for service delivery, consolidating functions to realize administrative efficiency, and sharing risks to ensure that services are available to as many individuals and families as possible. By aligning efforts and resources with system change that people who receive and deliver the services determined was necessary, the recommendations are responsive to immediate needs and create a better future through systemic solutions.

1. Promote the use of the existing Adult Foster Care service delivery model and implement and promote use of the proposed new Adult Family Living service.
  2. Institute an upper limit to guide development of an individual's service plan. For example, amend the Individual Options waiver to include an annual individual cost cap of \$165,000, for new enrollees. Individuals whose health and safety cannot be assured within this amount would not be enrolled on the Individual Options waiver. Another alternative is to cap range 9 at \$165,000, while providing a robust exception and utilization review process for those very few individuals who may need a greater amount for a defined period of time.
  3. Consider ways to develop better access to specialized residential options (both waiver and non-waiver funded), especially for individuals with complex and intensive services needs. Examine the effectiveness of existing acuity measurement tools across all settings.
  4. For all waiver recipients, institute utilization review whenever annual cost exceeds \$137,000, except in those instances where the prior authorization process has already determined a justification exists to exceed that amount.
  5. Mount a collaborative campaign conducted by stakeholders to encourage the sharing of services by pointing out the many benefits for individuals and families.
  6. Implement Remote Monitoring, Out-of-Home Respite, Personal Emergency Response Systems, and Adult Family Living as additional services in the Individual Options waiver program. Develop a method to measure overall cost savings for individuals choosing them.
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7. Use collaborative dialogue with county boards submitting prior authorization requests to identify ways to reduce, by 25%, the average amount approved over a funding range.
  8. Harness efficiencies as new tools become available, particularly the Cost Projection Tool and Daily Rate Application enhancements. Set a goal to realize a 10% improvement in Service and Support Administrator and Program Manager productivity and to reduce waiver administration costs borne by both public and private entities.
  9. Relying on audited cost experience, request an increased rate for Targeted Case Management. Improve and maximize Medicaid administrative claiming to increase federal revenue.
  10. Closely manage waiver slot availability to correspond with expected county board plans to slow the rate of new enrollment on the Individual Options waiver. Ensure there is capacity to correspond with county boards' plans to expand Level One waiver enrollment and increase federal funding.
  11. Develop a new flexible support waiver with an individual cost cap. Allow Individual Options and Level One waiver recipients to choose to voluntarily migrate from their current waiver to the new waiver.
  12. Allow Individual Options, Level One, and the new flexible support waiver to be combined to demonstrate compliance with the county boards' statutory minimum waiver enrollment obligation.
  13. Re-examine rate method assumptions across all settings to better align service-specific training and supervision requirements, to increase direct care wage equity, to account for expected productivity changes, and to reduce redundant and costly administrative requirements (e.g., explore daily rates for billing transactions).
  14. Continue efforts, including but not limited to, multi-county collaborative processes and risk-sharing mechanisms led by DODD to assist tax-poor and other counties as they manage their matching funds responsibilities and develop overall system capacity management approaches.
  15. Develop a specific action plan to target increased federal revenues and efficiency dividends to achieve the Workgroup members' commitment to:
    - addressing the needs of those on waiting lists and
    - closing gaps and increasing direct care wages, benefits, training, and supervision necessary to ensure a high quality workforce across all settings.
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## **Appendix A**

### **HCBS Waiver Sustainability Workgroup Members**

**John Martin, Chairperson**

Ohio Department of Developmental Disabilities

**Tom Armstrong**

County of Summit Board of Developmental Disabilities

**Kellie Brown**

Guernsey County Board of Developmental Disabilities

**Mark Davis**

Ohio Provider Resource Association

**Kathryn Haller**

Ohio Department of Developmental Disabilities

**Than Johnson**

Champaign Residential Services, Inc.

**Carolyn Knight**

Ohio Developmental Disabilities Council

**Patrick Lanahan**

Ohio Department of Developmental Disabilities

**Dan Ohler**

Ohio Association of County Boards Serving People with Developmental Disabilities

**Ann Rengert**

Ohio Department of Developmental Disabilities

**Patrick Stephan**

Ohio Department of Developmental Disabilities

**Gary Tonks**

Arc of Ohio

**Sharon Woodrow**

Clermont County Board of Developmental Disabilities



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## Appendix B

### HCBS Waiver Expenditure Comparisons

#### Average Annual Expenditure per Comprehensive Waiver Enrollee

State	Average
FL	\$26,303
MT	\$29,893
SD	\$33,581
MO	\$37,208
TX	\$37,480
AL	\$41,433
LA	\$49,756
NE	\$50,526
OH	\$53,000 *
CO	\$54,999
OR	\$55,000
WA	\$56,771
TN	\$60,385
OK	\$63,577
IN	\$65,569
PA	\$67,574
CT	\$72,205

Source: Gauging the Use of HCBS Support  
Waivers for People with Intellectual  
and Developmental Disabilities,  
April 2007.

\* DODD adjusted Ohio's average from \$48,435 which reflected only partial year data for day services due to Ohio's transition from the Community Alternative Funding System.

#### Waiver Budget Utilized by 5% of Enrollees with Highest Needs

State	Percent
HI	20%
WI	18%
VT	14%
OH	13.8%
NM	13%
DC	13%
GA	10%

Source: Jon Fortune, NASDDDS presentation,  
November 2009.

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## Appendix C

### Controlling Growth of Individual Options Waiver Expenditures

Fiscal Year	Individuals Enrolled	Net Increase	Waiver Expenditures	Average Cost per Individual	% Change
2002	7,884		\$267,262,280	\$33,899	
2003	9,742	1,858	\$382,714,914	\$39,285	15.89%
2004	10,786	1,044	\$440,311,958	\$40,823	3.91%
2005	11,603	817	\$448,742,463	\$42,122	3.18%
2006	11,870	267	\$519,581,102	\$43,773	3.92%
2007	12,264	394	\$538,052,714	\$43,873	0.23%
2008	13,649	1,385	\$588,419,833	\$43,111	(1.74%)
2009	14,946	1,297	\$655,050,313	\$43,828	1.66%

Source: Medicaid Billing System

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## Appendix D

### Ohio Developmental Disabilities Profile Funding Ranges

	<u>Funding Range</u> *	<u>Average Annual Cost per Individual in Range</u> **
1	\$1 to \$19,977	\$11,419
2	\$18,627 to \$34,779	\$22,761
3	\$32,428 to \$49,581	\$37,458
4	\$46,229 to \$64,383	\$44,370
5	\$60,030 to \$79,185	\$52,607
6	\$73,831 to \$93,987	\$62,106
7	\$87,632 to \$120,720	\$64,387
8	\$112,557 to \$147,453	\$86,843
9	\$137,482 to \$400,000+ (currently no cap)	\$84,859

\* The top and bottom of the funding ranges overlap due to the eight geographical cost-of-doing-business factors.

\*\* Fiscal year 2009 costs as of 08/26/09; excludes day service costs.

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## **Appendix E**

### **Ohio Department of Developmental Disabilities Priority Work**

1. Streamline and enrich process for assuring the quality of services.
2. Upgrade and integrate information systems infrastructure.
3. Plan for fiscal sustainability of Ohio's developmental disabilities services delivery system.
4. By December 31, 2009, develop a plan to simplify and contain costs of DODD-administered HCBS waivers.
5. Rebalance resources and foster community involvement in Ohio's developmental centers.
6. Create a positive culture around delivery of services.
7. Implement the County Collaborative Project.
8. Improve the processes and outcomes of the Service and Support Administration function.
9. Reduce the lifelong impacts of disability by responding to families' needs sooner rather than relying on waiting lists.
10. Energize local participation of individuals and families in system stewardship.