memorandum

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| to: | The ohio Department of Developmental Disabilities |
| from: | OPRA, OHCA, VFA and OACBDD |
| subject: | RESPONSE TO BUDGET ISSUES PRESENTED BY dodd |
| date: | October 1, 2014 |
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**ICF Budget Recommendations for Consideration**

**The set of budget issues Director Martin presented at the recent ICF Reimbursement Workgroup meeting include potential responses to the Disability Rights Organization's demands as well as related concepts. Within that complex of issues, we recognize that accelerating the pace of ICF conversions to waivers is of paramount importance to the department.**

**While we believe that we and our members are acting in good faith to implement the agreement memorialized in House Bill 59 in keeping with the five year time horizon set by the legislation, we offer additional recommendations below that we believe would be helpful in accelerating the process. Numerous and well known issues have prevented agencies from engaging in ICF conversions. We have attempted to address each of them below.**

**We also wish to emphasize that we believe it is completely unrealistic to assume the solutions that DRO and others expect can be achieved in a budget neutral fashion. More state funding, both Medicaid and non-Medicaid, has to be appropriated.**

**Our goal is to reach consensus on a way to move the entire system forward. A lawsuit will only serve to tie up financial resources that could be used for conversion/downsizing and other reform efforts and prolong any real progress for years to come.**

**General Policy Recommendations**

1. **The Need for Data: In order to analyze the costs associated with system reform, it is imperative that we know how many people want to move and what type of setting they desire. We recommend that a survey be conducted to determine the extent and scope of the issue. The Government Resource Center at OSU could be engaged. Real numbers can then be determined and more highly focused planning can begin. For example, ICFs with significant numbers of Class 6 individuals could be targeted for analysis, consultation, and assistance relative to possible conversion to waiver.**
2. **One Page Service Summary:** **We recommend the development of a one page, standardized service summary that should be discussed with individuals and guardians annually. It will list the service package available in each service area. This could help to insure people are regularly reviewing their service options.**
3. **Staff Recruitment/Retention Data: We recommend that DODD keep data on staff retention and recruitment in the DC downsizing efforts (the new state-admit homes). We believe there could be useful data obtained that would have broader implications for the field as a whole.**
4. **Case Studies:** **We recommend that case studies on conversion efforts be gathered and shared with the field as a whole.**

**ICF Based Incentives to Convert**

**Because conversion from ICF to waiver is voluntary, it has to be driven both by a perception on the part of providers that it is "the right thing to do" and by financial and programmatic incentives. The incentives can be divided into two groups, one relating to the ICF (the "from" state) and the other relating to the waiver (the "to" state). ICF based incentives could include the following:**

1. **ICF Reimbursement Incentives: The following incentives should be funded outside of any statewide mean cap on ICF rates.**

**a. Expand Three Month Cost Report: ICF operators have capital (e.g., mortgage) costs that cannot be paid when a portion of a facility's beds are converted. While the three month cost report provision helps with this problem, the capital ceiling also should be waived in conversion situations.**

**b. Case Mix Score: A retroactive adjustment to the remaining ICF's case mix score should be permitted when lower acuity individuals move out through a conversion.**

**c. Non-Extensive Renovations: Expedite decisions on renovations associated with downsizing or conversion.**

1. **Capital Program for Converting Entire ICFs:**
	1. **Assistance With Sunk Costs: When an entire ICF is converted, the recommendations in #5 do not help. We recommend that DODD commit non-Medicaid funds (as determined in #1.) over the next biennium to provide debt relief such as through buying back ~~beds~~ bed licenses.**
	2. **Prioritize Most Non-Integrated Settings: There are settings such as those attached to nursing facilities, that would like to convert but don’t have the resources to do so. We recommend that DODD begin with these facilities as a way of demonstrating reform. This will also provide additional cost and programmatic data that can be used in further efforts. ~~Beds~~ Bed licenses could be purchased outright or the facilities re-purposed.**
2. **Development Rule:** **As currently written, Development Rule approval is obtained through a subjective, group review process. We recommend that definitive conditions be outlined in the rule so as to expedite approval of conversion and downsizing proposals and simplify planning by interested providers. We recognize and agree that when ICF beds are converted, the ICF certification for those beds goes away, although the waiver setting may utilize licensed beds. Conversely, when ICF beds are downsized, the ICF certification remains, whether the new, smaller ICF is operated by the previous provider or a different provider.**
3. **Licensure/Certification Surveys: We recommend expediting initial surveys to reduce the provider's financial risk from delayed opening when developing new, smaller settings via downsizing or conversion.**
4. **Other ICF Rate Recommendations:**
	1. **ICF Rates: On the whole, ICF rates have been stagnant for many years, which in addition to not recognizing increased operating costs is inconsistent with the philosophy of moving ICFs to a higher acuity model. We would like to see a ~~portion of the dollars saved as the result of conversions targeted back to the ICF program for a~~ modest rate increase included in the budget.**
	2. **Active Treatment Rate:** **As the active treatment rate is lower than the HCBS day services/employment rate, it results in individuals being provided day services/supports in less integrated settings. We recommend that the active treatment rate mirror that of HCBS, so that individuals will have the opportunity to choose between an increased number of willing providers.**

**Waiver Based Incentives to Convert**

**The waiver system must have adequate capacity and resources to meet the needs of those individuals being converted from the ICF system to waivers and to attract provider interest in converting. To achieve this, we support system change that will lead to long term sustainability of Ohio’s waiver system.**

1. **Waiver Slots: In addition to waiver slots resulting from ICF conversions, we support prioritizing ICF residents for waiver services/development of state funded waiver slots specifically for those residing in ICF’s who wish to move. This recommendation requires additional funding. It cannot be supported by shifting dollars from ICFs.**
2. **Waiver Rates: In order to serve those currently receiving HCBS, as well as those new to waivers, we recommend the following (to the extent these recommendations require additional funding, it should come from new GRF, not county dollars or money shifted from another area):**
	1. **Time limited rate increase (more than 52 cents) for waivers serving people moved from ICF.**
	2. **Implementation of weekly rates.**
	3. **Inclusion of nursing in waivers ~~as appropriate~~ that do not currently have it, coupled with better integrating services by granting SSAs ability to ~~authorize~~ coordinate state plan nursing as well as waiver nursing in those waivers.**
	4. **A waiver rate increase that is not funded solely via savings in the ICF system. Staff recruitment and retention are crucial to a successful HCBS system. ~~New GRF is necessary to achieve this.~~**
	5. **Expansion of shared living.**
3. **Program Specialist:**  **The level of staff supervision and oversight is an issue given the current rate structure. In order to succeed in conversion efforts, we believe additional supervision is needed. We recommend that state funded Program Specialist Services be provided for those moving to converted settings.**
4. **Provider Involvement: Give providers more input into filling waiver slots and developing service plans for conversion waivers. These are areas of significant "cultural" difference from the ICF program.**

**Non-Medicaid Initiatives**

1. **Housing:** **Safe, affordable housing is a barrier for many. We recommend the allocation of capital funds and a partnership with HUD and/or other housing authorities to increase the availability of affordable housing stock. Allow participation of providers in addition to non-profit housing corporations.**
2. **Room and Board: This is an issue for individuals who live in (or wish to live in) the community, but cannot support themselves adequately given the limits of their resources. We recommend that DODD make available R&B funds to support individuals who choose to move as part of a conversion or downsizing effort.**