**Ohio Waiver Reimbursement and Technology Pilot**

**Summary Report to the Office of Health Transformation**

**September 25, 2015**

***Executive Summary***

The Ohio Waiver Reimbursement and Technology Pilot began in February 2013 to identify a pathway that could lead to reform of Ohio’s Medicaid waiver reimbursement system. It was funded in part by an Innovations Grant from the Ohio Governor’s Office of Health Transformation (OHT) to the Ohio Department of Developmental Disabilities (DODD), and grants from the Ohio Provider Resource Association (OPRA) Foundation, the Ohio Association of County Boards Serving People with Developmental Disabilities (OACB), and the Developmental Disability Association of Vancouver. Five county boards and five providers were selected for the initial stage of the pilot with an additional four counties added mid-cycle.

The goal of the pilot was to test the transformation of the current fee-for-service system, which is based on 15-minute units of billed time and predicted ratios of staff-to-consumers, to an acuity-based weekly rate system augmented by technology-enabled supports. The transformation of the reimbursement methodology was directly tied to the development of an outcomes-based planning model tailored to the expressed desires of persons receiving services. The timing of this outcome-based aspect coincided with the promulgation of DODD’s new rule related to Service and Support Administration and the federal Home and Community-Based Services regulation related to community-based services in general and person-centered planning in particular.

Formative and summative surveys were administered to the participating providers and counties - one at mid-cycle and another at the close of the project in February 2015. DODD closely tracked the financial component of the project to ensure that cost projections, including projected staff hours, and payments were in alignment with actual hours of service delivered as reported by the provider.

Findings from the surveys and payment data indicate the following:

1. The variance between the traditionally used 15-minute billing rate and the weekly billing rate was modest,
2. Analysis of administrative costs associated with the current reimbursement methodology in comparison to the piloted approach revealed savings to both the provider agency and county board in the control group. This savings was based on administrative time saved in the planning and billing processes;
3. Preliminary analysis of cost savings data from technological innovations is highly promising;
4. Using an outcomes-based approach to service planning improved the planning process for persons receiving services as well as county board-provider relations; and
5. Family members, direct support professionals, and county board service and support administrators uniformly reported much greater satisfaction with the planning process as well as the opportunities for persons receiving services that emerged from the person-centered, outcome-based serving planning process.

***Methodology***

The pilot project set out to explore the benefits of a simplified approach to reimbursement that promotes consistency and predictability in reimbursement to providers. Additionally, the simplified approach was expected to yield administrative savings to both providers and county board staff, as it was expected to reduce the need for revisions to Individual Service Plans (ISP’s) for every person who resided in a particular setting each time small fluctuations in staffing patterns and service delivery ratios changed. The reductions in administrative costs to both providers and county boards are intended to maintain the financial sustainability of the DD system, increase the quality of services delivered and enhance satisfaction by allowing an increased focus on the preferences of the persons being served.

Pilot partners include DODD, the OACB, and the Ohio Provider Resource Association (OPRA). A Joint Leadership Panel was established, with responsibility for making all key decisions related to the pilot. The panel was originally comprised of Lori Stanfa, Medicaid Services Coordinator of OACB, Mark Davis, President of OPRA, and Patrick Stephan, Deputy Director of the Division of Medicaid Development and Administration (MDA) within DODD. Lori Horvath replaced Mr. Stephan as Deputy Director of MDA mid-cycle.

Five county boards and five providers were originally selected to participate in the pilot. Initially, just over 100 people served were selected for inclusion the pilot. The pilot was expanded to over 150 people in the first quarter of 2014. The counties in the initial group were: Athens, Clark, Cuyahoga, Hamilton, and Madison. The providers included Champaign Residential Services, Inc., Choices in Community Living, HAVAR, Koinonia Homes and Ohio Valley Residential Services. The pilot expanded to include Preble, Logan, Shelby and Champaign counties, as the five participating provider agencies were already actively doing business in those counties.

While the pilot was initially contemplated in the context of improving and streamlining the current reimbursement methodology, the current service planning process and construct quickly emerged as a barrier to fully capitalizing on the potential administrative cost savings envisioned by the pilot participants. Even if the reimbursement methodology were simplified, if the planning process continued to result in service plans for individuals that were cumbersome, extremely prescriptive and task-oriented, a provider’s ability to operate more effectively and efficiently would be greatly hampered. The timing of this realization coincided with the promulgation of DODD’s new rule related to Service and Support Administration, which formalized the vision of service planning that is person-centered and gives credence to what is important TO a person receiving services in balance with what is important FOR that person. The new rule requires an outcome-based approach to service planning and moves the system as a whole away from task-based plans.

In an effort to allow pilot participants the opportunity to make needed changes to their existing service planning processes in a relatively expeditious fashion, the Joint Leadership Panel elected to hire a culture change consultant. Jean Tuller of Tuller Consulting, Inc. was engaged to conduct on-site, hands-on training and technical assistance to the county board and provider pilot participants. Ms. Tuller provided extensive information and technical assistance to counties and providers related to designing person-centered plans that are driven by identified outcomes for individuals.

Communication amongst county board and provider participants was critical throughout the life of the waiver pilot. Toward that end, OPRA established a list serve for all pilot participants to use, which proved beneficial for asking questions and sharing information regarding the pilot. As an additional means of communication, weekly conference calls were held to share information and address participant concerns.

As an additional source of input and expertise, OPRA convened a group of national thought leaders in the field of developmental disabilities. This group assisted the pilot in thinking through possibilities for broader system application of the pilot and informed the pilot about system reform efforts in other states that are relevant to the primary objectives of the pilot. They participated in bi-monthly teleconferences to discuss technological innovations and reimbursement initiatives in the DD system.

The pilot was conceptualized and implemented in six phases, as follows:

**Phase 1**: **Establish weekly reimbursement rates for participating individuals.** Work to establish the new methodology was finalized in early 2013. The new methodology was based on the current cost projection tool. Costs were estimated for the annual waiver funding span modified by a utilization factor which was agreed upon for each provider/county pairing based on historical data. This total amount was spread out over the number of weeks in the projection to arrive at a weekly rate. All initial participants had converted to utilization of the new methodology as of April 1, 2013. The weekly reimbursement rate-setting methodology was continued through December 2014 for most participants, but allowance was made for some to continue through May 31, 2015 to coincide with annual redetermination dates of a small number of participants.

**Phase 2: Distribute technology and infrastructure grants.** Funds from the Innovations Grant were made available to providers and the initial county board participants to invest in new hardware and software for use in increasing operational efficiency and strengthening the technology infrastructure. A total of $385,038 was awarded and was used by counties and providers to purchase a variety of technological devices. One provider did not purchase technological goods and instead used the funding to purchase staff time for enhanced person-centered planning as an investment in its human capital infrastructure.

The grant funding supported the purchases of iPads and other mobile hardware and software to enhance the ability for discovery and service planning to occur in non-traditional locations, which contributed greatly to the overall satisfaction reported by participants. Provider agencies capitalized on the opportunity to use the funds to purchase documentation software, thereby easing the paperwork burden for direct service professionals and allowing those workers more time for face to face service delivery.

**Phase 3: Develop outcome-based service planning.** An initial round of training sessions with participating county boards and providers was completed. The sessions targeted service and support planning based on identified outcomes for persons receiving services. As individual service plans came up for their annual review, the principles related to outcome-based service planning were incorporated into the development of new plans that increased the focus on the desired outcomes as expressed by the persons served.

**Phase 4: Pursue the opportunity to expand.** The Joint Leadership Panel decided to expand the pilot to allow additional county boards to participate. The expansion goals were to further support and confirm the outcomes-based service model and to enhance the value of the collected data. Four counties who have active relationships with the original provider agency participants were included in the expansion.

**Phase 5: Analyze metrics and data for final reporting.** Formative and summative data was collected through a series of surveys. Key targets were information related to efficiencies realized and participant satisfaction. Also, site-specific reimbursement data was analyzed to ensure that federal funds were properly aligned and that providers and county boards remained whole at the conclusion of the pilot.

**Phase 6: Pilot conclusion.** The Joint Leadership Panel reviewed and finalized the pilot’s results for presentation to the Ohio Department of Medicaid and the Centers for Medicare and Medicaid Services. This document constitutes the final report for the Ohio Governor’s Office of Health Transformation to demonstrate the results and provide an accounting for the grant funding provided. The Panel has determined formal recommendations going forward as suggested by the results in the areas of statute, administrative rules and/or current waiver reimbursement methodologies and they are included in the Recommendations section of this report.

***Findings: Reimbursement***

The first fiscal prong of the pilot was contemplated to be able to empirically show that if reimbursement could be flattened to be more consistent and predictable for providers, then customer satisfaction would be improved as a result of the provider’s ability to focus more on achieving desired outcomes for individuals and less on the administrative elements of service authorization and reimbursement. The current reimbursement system requires frequent revisions within a waiver span due to changes in service needs. Each revision may result in billing adjustments during the span. This requires administrative time for both planning and billing activities of the provider.

The second fiscal prong of the pilot was contemplated to demonstrate the contention that a flatter, more stable reimbursement structure would result in a reduction in administrative costs to both county boards and providers. The current system requires frequent service authorization adjustments from county Service and Support Administrators (SSAs) and providers. A flatter billing structure should alleviate the need for frequent revisions, saving staff time, which in turn allows staff more time for monitoring activity. Cuyahoga County and Koinonia Homes developed time study data that was collected throughout the pilot period to track SSA time for each revision and the numbers of revisions necessary. Their study indicated savings in administrative time resulting from participation the pilot. This information was shared with all county board and provider partners although it was not utilized pilot-wide.

Cuyahoga’s findings solidly supported that the new process decreased the number of needed revisions to an ISP which directly reduced the administrative burden incurred by county boards. Each revision includes staff completing a new cost projection, getting it approved through the ISP process, and entering new service authorizations into the payment authorization system. Through a projection of staff involvement and the number of steps required to process a change in an ISP through the various systems involved to get from planning to payment authorization, it was estimated that the staff time required per revision would be reduced from 5.85 to 4.18 staff hours, a reduction of 1.67 staff hours per each plan revision. Cuyahoga stated that 84% of all their plans undergo at least one revision per year. Extrapolated statewide, this should result in many staff hours saved for administrative tasks. Since it is unlikely that staff will be reduced, this in reality will result in the redirection and redeployment of staff time saved towards more meaningful non-administrative activities to better serve individuals. See Appendix A for Cuyahoga County flowchart of the current revision process.

If Cuyahoga’s projected savings is extrapolated to Ohio’s universe of over 30,000 waiver enrollees, almost $4.5M in county board staff resources could be redirected to focusing on quality of life monitoring and other activities geared toward actively maintaining relationships with persons receiving services and their families. Provider agencies would also be projected to experience some administrative cost savings, thereby allowing direct service professionals to utilize their time in meaningful interactions with individuals and allowing management staff to redirect that time and energy to strategic planning and the development of enhancements to the overall efficiency of their operations.

The third fiscal prong of the pilot related to service delivery cost savings resulting from the increased use of remote monitoring or other technology, to be demonstrated by comparing service costs for pilot participants, pre- and post-pilot period.

For the providers that operated residential settings where the persons being served could successfully utilize remote monitoring, the use of this service greatly reduced staffing costs. As expected, a number of concerns are attached to remote monitoring, not the least of which is DSP angst related to job loss. One pilot participant provider used this opportunity to demonstrate to staff that there is no underlying plan to lay off workers, but only to be able to deploy workers where they are most needed. This provider indicated that their overtime costs are projected be reduced by $46K over a two-year period. A second provider estimates their savings at $11.5K per four-person setting.

Another result of the increased utilization of remote monitoring is its potential impact on the independence that people receiving services can experience over time. Koinonia Homes shared that one person was able to transition from 168 hours of homemaker/personal care services per week to approximately 30 hours per week supplemented by remote monitoring services. She now makes her own appointments, accesses public transportation, participates independently in her community, and attends Self Advocacy events. Further, she presented her story at Koinonia’s 40th Anniversary Celebration and enjoyed her celebrity status. While the pilot’s focus was more about the financial sustainability of the waiver programs, these kinds of stories are the true indicators that the work is heading us in the right direction.

The current system is geared toward incentivizing the provision of service by the provider. While it is possible this could be achieved in the current system when pairing it with the person centered process, the pilot system rewards service delivery geared to an individual’s independence instead of incentivizing volume of service delivery, especially for the services that provide the highest reimbursement.

***Findings: Outcome-Based Person-Centered Planning***

The pilot’s focus on outcomes development in the context of person-centered planning, which started at a deliberate pace, was accelerated when DODD issued a new rule on Service and Support Administration (SSA), which mandated this form of service planning. The SSA Rule coincided with a new regulation issued by CMS related to home and community-based services, which included mandated person-centered planning. As a result of these two directives, the pilot became a flash point for innovation and development that has garnered the attention of counties and providers throughout the state. Pilot counties developed new assessment and service planning templates that reflected the intent and requirements of the SSA Rule and tested these tools with their partner providers. Template development has been so successful that many other counties throughout the state are using variations of the products developed by the pilot counties. Pilot county representatives are being recognized as leading edge thinkers and are frequently turned to by their colleagues from around the state, many of whom had little to no previous contact with each other. Communities of practice emerged which DODD and its partners are committed to nurturing in the coming years.

The success stories shared by the participant county boards and providers in this area are countless. County boards reported that while service planning has historically been about the person receiving services, the pilot served to highlight and enhance the importance of the focus on quality of life, relationship building and the immeasurable value that teamwork has in relation to overcoming barriers that might exist for a person in achieving their personal hopes and dreams. Service and Support Administrators were afforded the time needed to meet a person in the place chosen by that person and with others chosen by that person. Personal profiles that were driven by the things that matter most to the person receiving services proved to be invaluable to the planning teams and were often displayed proudly by the person represented. Service and Support Administrators indicated that they felt renewed and rejuvenated by the outcome-based approach to service planning.

Provider agencies shared similar feelings. The outcome-based service planning process begins with the person receiving services and those who know that person best. In many cases, that might very well be a DSP who spends many waking hours with the person. Historically, the DSP might have not been invited to an ISP meeting because the meetings were often held at county board offices, and having the DSP outside of the residential setting would mean that substitute coverage would likely be needed for the others in the home. By encouraging ISP team meeting sites and team participants to be chosen by the person receiving services, it can eliminate some need for substitute staff for these meetings. Additionally, it allowed more DSPs to be included in the ISP development, which gave them the opportunity to feel heard and appreciated. By having SSAs and DSPs in the same place at the same time with the discussion focused on and led by the person receiving services, all involved benefit.

In summary, while person-centered, outcome-based service planning was not an initial focus of the pilot project, it quickly emerged that if the planning process and resulting plans did not change, the financial objectives of the pilot could not be achieved. By training the participants and equipping them with the skills and tools necessary to make the needed changes, the system as a whole benefitted greatly.

***Survey Results***

Two surveys were administered to the participating providers and counties- one at mid-cycle and another at the close of the project in February 2015.

Findings from the surveys and payment data indicate the following:

1. With one county board/provider exception, the variance between the traditionally used 15 minute billing rate and the weekly billing rate was modest, with most variances ranging from 2-3% and an overall average variance of 0.17%;
2. Analysis of cost savings from technological innovations was limited, but did reveal potential savings as referenced by two different providers in the Reimbursement section of this report; and
3. Using an outcomes-based approach to service planning improved the planning process for consumers as well as county board-provider relations, and emerging data suggests an improvement in consumers’ quality of life.

***Recommendations***

The waiver pilot proved to be a very valuable and informative exercise that provides a clear path to the following recommendations:

1. Establish a flat billing unit which still includes flexibility for necessary adjustments including, but not limited to, increased levels of service, changes in living situation, etc,…, and also has the ability to recognize acuity. A flat billing structure proved to be better suited to meet the ever changing needs of individuals while still providing adequate and sufficient funding for providers to serve.
2. To accomplish the goal in #1 above, request CMS approval to add Residential Habilitation service to the Individual Options (IO) Waiver. Residential Habilitation will be presented as a single service, billed at a flat weekly rate that’s inclusive of all residential waiver services described in the Individual Service Plan. Residential habilitation services are individually tailored supports, developed through Person Centered Planning and may include activities related to self-advocacy, self-direction, daily living, homemaker services, technology, money management, counseling and therapies follow-up and support, behavioral support, medical and health care support, community access, mobility and supervision. They will be designed to ensure the health and welfare of the individual and to assist in the acquisition, retention, and/or improvement in skills necessary to support the individual to live and participate successfully in their community.
3. Establish a mechanism to provide sufficient system oversight to the less structured weekly rate flat billing system. Protocol for auditing and review will also need to be established in conjunction with this effort.
4. Technology is a meaningful and valuable resource that can greatly enhance service delivery to individuals with developmental disabilities and consequently improve their lives. Innovations like videoconferencing and remote monitoring should be explored within the system and utilized whenever both possible and practical.

We thank the participation and cooperation of all parties involved in this pilot project and their willingness to try new things in order to provide benefit to the system as a whole.