Background (Ohio's Current DD Medicaid System):

As you know, Ohio radically revised its Medicaid Waiver reimbursement system in 2005. The new system shifted from a negotiated rate structure to a fee-for-service system with statewide rates based on 2003 cost, utilizing 15-minute unit increments. The new system created an elaborate structure of rate possibilities. The new 15-minute unit adjusted rates based on ratio of direct care staff to individuals served, county of service, medical and behavioral intensity, and awake or on-site staff. In all, a combination of more than 250 different rates throughout the state for the same service became possible. The resulting system has created a focus on inputs and administrative complexity.

Our overly complex system has added significant administrative cost to county boards, the state, and providers. It has shifted resources away from direct care toward administration. Providers struggle with cash management issues as a result of billing delays. Our direct service professional network has suffered and our waiting lists have continued to grow.

Ohio's budget outlook is bleak. Although our situation is not dissimilar to other states, Ohio's waiver reimbursement system worsens an already difficult situation. This proposal is being put forward as an alternative to HCBS Waiver rate cuts which we anticipate in the next year. It seeks to make minor operational modifications to our existing system, but would create efficiencies over the longer term. We believe it will put Ohio's DD system on a more sustainable path.

Pilot Proposal:

DODD proposes to use the framework of our existing Homemaker Personal Care 15-minute unit structure with this pilot. Our existing assessments (such as the Ohio Developmental Disabilities Profile) would remain in play and the Individual Service Plan remains the governing document. The newly developed "Medicaid Services System" will be used for annual cost projection.

The Medicaid Services System provides the County, Provider and the State with a significant amount of data that will be crucial to our proposed pilot. For example, it provides: authorized waiver services, service schedules by individual and provider, number of service hours, projected hourly rate, a daily billing amount, overall cost and cost by service, utilization rates, and numerous reporting features. Appendix A represents a visual flow-chart of our MSS System, which will be the system basis for the Pilot Project.

The Ohio Department of Developmental Disabilities is seeking permission to establish a larger, fixed billing unit within our waiver system using a very small number of individuals, counties and providers. The approach will utilize the fundamentals established in our existing fee-for-service HCBS Waiver system. The pilot would be established in 3 counties throughout the state, with small, medium and large representation. The pilot would also involve 3 providers. Less than 200 Individual Options Waiver enrollees would participate, which equates to a little more than 1% of the IO Waiver population. We believe starting small is very important to the success of this project.

The pilot project will focus on service delivery and employ a fixed weekly billing unit, rather than its current focus on documentation, ratios and billing nuances. We are convinced that this approach would bring administrative efficiencies and maintain the health and safety of individual served.

Pilot Project Objectives:

- Reduce administrative cost and complexity
- Serve more people on the waiting list
- Stabilize and shift resources back to direct care
- Increase budget predictability for county boards, the state and providers
- Incentivize Counties and Providers to focus on individual outcomes and to create efficiencies in our system
- Improve the long-term sustainability of Ohio's DD system
- Positively improve DSP wages, benefits, training and supervision

Details:

Three County Boards of Developmental Disabilities would be selected to work with one Provider in that county (for a selected number of individuals). To be eligible for the pilot, each Provider must serve at least 20 individuals.

It is essential for a relationship of trust to exist between the participating County and Provider and that they have a mutual interest in system efficiencies. We will be focusing our efforts on Providers who are already serving the individuals who would take part in the pilot and will not ask individuals to change Providers. Individuals may choose another provider as free choice of provider exists regardless of the individual's participation in the pilot. The number of individuals to take part in this pilot is expected to be between 150 and 200.

Participants:

Hamilton County Board of Developmental Disabilities & Ohio Valley Residential Services
Athens County Board of Developmental Disabilities & HAVAR, Inc
Madison County Board of Developmental Disabilities & Champaign Residential Services Inc

Establishing a weekly rate:

Instead of using our Homemaker Personal Care 15-minute unit and variable daily billing unit methodology, we plan to establish a fixed weekly Homemaker Personal Care rate for each individual involved in the pilot.

Costs and service needs (using the 15-minute increment that exists today) would be projected for all individuals involved in the pilot through the *Medicaid Services System*. Projections, where possible, will be based on the existing amounts listed in the MSS system. Those amounts would then be aggregated per individual for their waiver span (or year) and divided by 52.14 – to provide a weekly

rate. *Weekly rates would be established for each individual.* The individual's annual budget would then be *adjusted downward* to the utilization rate of the prior year for each individual participating in the pilot. For example, if the utilization rate for the prior year for the individual was 90% of their original budgeted amount, the annual service amount would be adjusted downward from 100% to 90%.

That adjusted utilization amount would be further reduced by 3 % in keeping with DODD's voluntary utilization initiative statewide. This amount would then be divided by 52.14 to establish the final weekly rate amount.

The reason for the utilization adjustment is two-fold. We see this as an alternative to HCBS Waiver rate cuts, but we also believe that by creating cost predictability and reducing the administrative overhead required with the existing system, our Providers will be able to serve individuals for less, while still ensuring health and safety.

Weekly amounts would be locked in and paid to the Provider by the State on a fixed basis each week for 52 weeks, or the duration of the pilot. Barring a change in service needs that puts an individual's health and safety at risk, the only situation that would precipitate a change in the weekly rate is when an individual permanently separates from the Provider's services, or if individual permanently moves to a setting inappropriate for Medicaid Waiver services (nursing facility, criminal justice system, etc). Otherwise, weekly rates will be paid in all circumstances when the individual has received service that week. County Boards and Providers will develop criteria to be used locally to determine if a change in the weekly rate is necessary. Appendix B represents a detailed breakdown of the proposed weekly rate model.

Pilot Project Stipulations:

A) Providers have the flexibility to employ various approaches to ensure individual health and safety. Among them could be: Adult Foster Care, Adult Family Living, Remote Monitoring and modifying staffing within shared service sites.

B) We expect that the services descried in the ISP will continue to be delivered. We expect that the supports and services described in the ISP will continue to be delivered. We anticipate that by reducing administrative complexity, our County and Provider staff will be able to focus more on what's important to the individuals we serve.

C) Counties and Providers will also at DODD's direction, conduct a 9 Part Quality Assessment of the project; please refer to Appendix C for specifics.

D) Providers, Counties and DODD will be required to maintain a cost tracking spreadsheet, so that all relevant costs can be measured before and after the pilot. Cost elements will include associated: salaries and benefits, service contracts, and other related and indirect costs. Please refer to Appendix D for specifics.

E) We intend to conduct a formal evaluation of all of the data associated with the project so that improvements can be implemented if the decision is made to expand the pilot or submit a formal waiver amendment. The evaluation will reflect those items indicated in Appendix C.

F) ISP's remain the governing document, and each ISP will indicate participation in the pilot, the weekly rate amount, and the services the individual requires.

G) Unnecessary plan revisions, billing adjustments and other nuances required for billing under our existing HPC methodology would be eliminated. Once a weekly amount has been established, there would be no individual budget revisions, unless there is a significant change for the individual.

H) DODD will ensure that Counties and Providers have an established dispute resolution process.

I) Each County and Provider involved in the pilot will have a designated employee responsible for pilot project oversight. At minimum, these individuals will be responsible for ensuring data collection, analysis and reporting.

J) Savings realized as part of the project will be used on direct service professional wages, benefits, training and supervision. We would also anticipate reduction in administrative activities or staff.

We would like to thank you again for your time and attention to this proposal, and we look forward to discussing our ideas with you as time permits.