



Department of Developmental Disabilities

Office of the Director

John R. Kasich, Governor
John L. Martin, Director

**Senate Finance Sub-Committee on Medicaid Testimony of
Director John L. Martin
Ohio Department of Developmental Disabilities
April 24, 2013**

Chairman Burke, Ranking Member Cafaro, and members of Senate Finance Sub-Committee on Medicaid, my name is John Martin. I am the Director of the Department of Developmental Disabilities (DODD). Thank you for giving me the opportunity to discuss the work of DODD and the 2014 and 2015 operating budget recommendations. I look forward to working with each of you on behalf of Ohioans affected by developmental disabilities.

Introduction

Ohio has a rich tradition of responding to the needs of its citizens with developmental disabilities. Over 100 years ago the state began the process of meeting those needs, like the majority of other states, in large state-operated developmental centers (DCs). During the 1950s, private providers also began providing care in large congregate settings. At the same time, County Boards of Developmental Disabilities, responding to family requests, began opening sheltered workshops to provide day services while parents worked.

Much has changed since those early years and we now know that people with developmental disabilities (DD) desire to participate more fully in community life and benefit from being integrated in, rather than segregated from, the community. Through studies, surveys, and conversations we better understand that Ohioans impacted by developmental disabilities want to engage in everyday life activities, maintain strong family relationships, make social contacts, explore work options, find cultural enrichment, and achieve economic independence. House Bill 59 builds on the work of previous budgets as the Department seeks to expand community options and continue the process of downsizing State-operated Developmental Centers.

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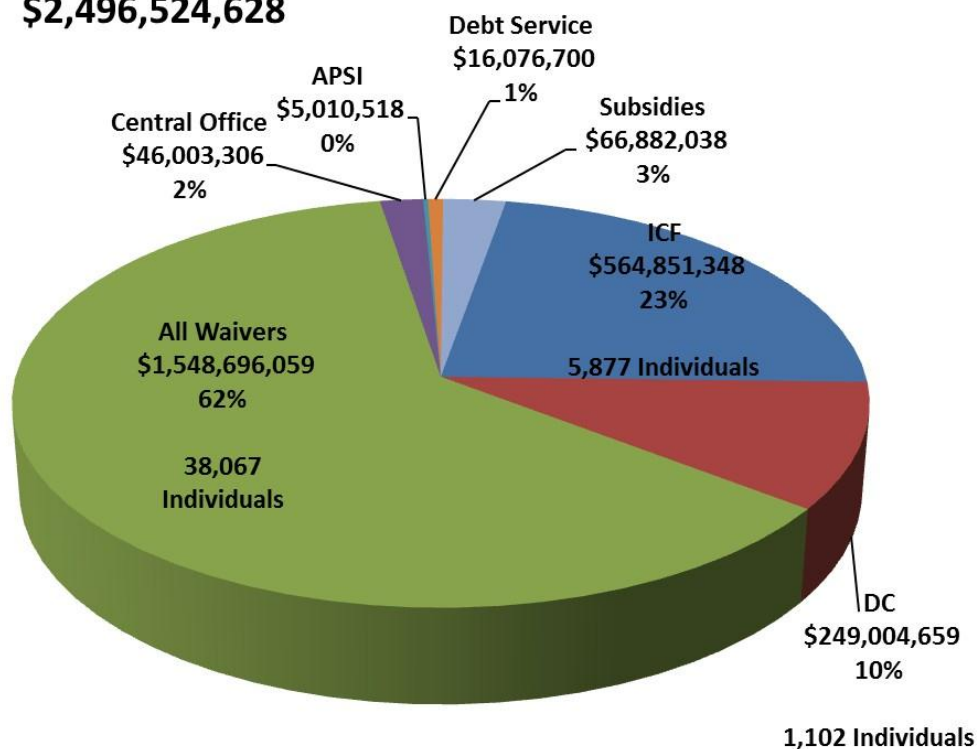
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Additionally, this budget begins the process of encouraging private providers to downsize their large facilities, and asks providers to convert existing ICF beds to waivers. The Department's plan follows national trends to fund individuals, not beds, thus allowing funds to flow to the person and enhancing their ability to choose where they live and work, and who provides their services to them. The Department also seeks to continue implementation of Governor Kasich's Employment First Executive Order, by encouraging greater financial independence and the increased self-esteem that comes with integrated employment.

However, before I describe how the Department's budget seeks to expand opportunities to live and work in the community, a brief overview of the DD system is warranted. The DD system is funded through a unique combination of local, state, and federal dollars. The uniqueness lies in the significant role local dollars play in our system. With the passage of HB 94, in 2001, local dollars were made available to leverage federal dollars- enabling significant growth in the amount of funding available for community services. The chart below provides an overview of this service delivery system and the number of individuals served by its various parts.

FY15 Budget as Introduced

\$2,496,524,628



Does not include all appropriation; only includes primary program areas

As individuals move from ICFs or DCs onto waivers, savings from the ICF or DC will fund the waivers; waiver Individuals will increase, ICF and DC Individuals will decrease

In each of our four major funding categories: Home and Community Based waivers; Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID); State-Operated Developmental Centers; and County Board subsidy, the Department's proposed budget and language recommendations for Fiscal Years 2014 and 2015 continue efforts to support greater participation in community life.

Home and Community-Based Waivers

Ohio relies heavily on Home and Community-Based (HCBS) waivers as the most substantial part of the DODD service delivery system. HCBS waivers allow for individuals to participate in community life. Covered activities include: assistance with personal care; vocational assessment; job development and placement; job coaching; and on-going job support. Since 2001, DODD's Home and Community-Based waiver programs have grown dramatically. The number of individuals served through waivers increased from 5,663 individuals in 2001 to 27,802 individuals in 2012, a gain of 391 percent. The amount of General Revenue Funds (GRF) dollars spent on waivers experienced a similar increase. In 2001, Ohio spent \$62.3 million in GRF on waivers and the Department recommends \$179.5 million in FY 2015, including the recently transferred Transitions Waiver program. County Boards will contribute at least \$336.5 million in match in FY 2015.

During my testimony two years ago, I mentioned that DODD was waiting to hear back from the Center for Medicaid and Medicare Services (CMS) regarding approval of the new self-directed waiver. I am happy to report that on July 1, 2012 enrollment for the new Self Empowered Life Funding (SELF) waiver began. Under the new SELF waiver, individuals can direct how their approved support dollars are allocated, and how they receive services such as remote monitoring, Community Inclusion, and Integrated Employment. The new SELF waiver is the next evolution in understanding how to support individuals not just where they live, but in how they live.

The Department remains committed in this budget to funding 100 SELF waivers for children with intensive behavioral needs, including children with autism. This commitment builds on Governor Kasich's December 2012 decision to define "autism services" as part of an "essential health benefit" package that federal law requires in every state beginning in 2014. By defining autism services as part of an "essential health benefit"

package, families who have children with autism will receive significant help in raising their children by making early intervention services more readily available. In addition, the Department has made great strides expanding early identification through the ADEPT program, expanded early intervention services for children with autism, and provided support for school to work transition.

ICF/IID As Introduced

With the passage of Governor Kasich's *Jobs Budget*, operational control of the ICF/IID program transferred to DODD. We have begun a major effort to modernize the program. As set forth in the Department's *White Paper*, which describes DODD's vision for the future of the ICF/IID program, the Department is committed to improving the quality of service, connecting resources to the appropriate level of individual need, and assuring the long-term viability of the ICF/IID program. We believe long term viability will result when Ohio has fewer individuals living in large isolated facilities, and when individuals without complex needs are served by the waiver program. These efforts are in accordance with the Office of Health Transformation's goals and to rebalance long-term care.

To that end, the Department previously proposed the following changes as part of the As Introduced version of House Bill 59. Those changes are part of the bill before you today.

1. The first change, implemented in Fiscal Year 2015, will allow payment of a lower but appropriate flat rate for individuals residing in ICF/IID facilities who are less profoundly disabled. Thus, we redirect scarce dollars to those most in need, and encourage facilities to actively consider the opportunity for those individuals to receive home and community-based services.

2. The second proposed change reduces, up to 50 percent in some cases, various efficiency incentives for larger facilities. Funds will be reallocated to support and encourage larger facilities to downsize to smaller ICFs and to provide transition funds to ICFs converting some or all of their licensed beds to home and community-based waivers. This change also moves non-extensive renovations under the capital ceiling.

3. The third proposed change will allow ICF/IID providers to receive a retro-active rate adjustment after the downsizing or conversion of a large facility, removing what is currently a financial penalty.

4. The fourth proposed change builds on Governor Kasich's Mid-biennial Review, and with the CMS approval, indefinitely extends a \$2.08 per hour rate increase to waiver providers if the individual served was a resident of a public hospital, a Developmental Center, or converted ICF/IID facility immediately prior to enrollment in the waiver. The change affords providers additional resources to support successful transition to community-based settings.

5. The fifth proposed change allows the Department, working in conjunction with the Office of Medical Assistance, to pay a Medicaid reimbursement rate add-on to ICFs providing pediatric ventilator services to children. The proposed statutory change will encourage the relocation of individuals from more restrictive and expensive settings.

ICF/IID Modified by the "Grand Bargain"

In response to stakeholder input, the Department negotiated a significant agreement with stakeholders that will significantly enhance individual's ability to live in the community. The following is a description of the agreement that the Department intends to offer as an amendment:

Modification 1 - The flat rate payment identified in (1) above was removed and replaced by a commitment from the field to impact approximately 1200 beds over the next five years through either conversion from ICF to waiver or downsizing large facilities to smaller facilities.

Modification 2 - The reduction in the efficiency incentives for large facilities in (2) above would be waived for facilities presenting a downsizing or conversion plan to the state. The Department will work with the stakeholders to determine what an acceptable plan will look like. Additionally, changes in non-extensive renovations would only impact renovations implemented after July 1, 2013.

Modification 3 - Not included in our current budget proposal, because authority was not needed, was a change in how rates would be set for FY 14. For the past 20 years the assessment instrument (IAF)-used to calculate providers direct care rate has been completed by providers. The Department had proposed

to reset the system by calculating FY 14 rates using IAF scores completed by Department staff. Per the agreement, the FY 14 rates will be calculated by blending the providers December 2012 assessments, the providers March 2013 assessments, and the Department's assessments.

Numbers 3, 4, and 5 from the ICF/IID As Introduced version of House Bill 59 remain unchanged.

The Department appreciates the tenor and style of negotiations with stakeholders resulting in the agreement we are now asking the Senate to support.

With your assistance, these changes will strengthen the process of realizing the desires of individuals to live in a home in the community.

State-Operated Developmental Centers

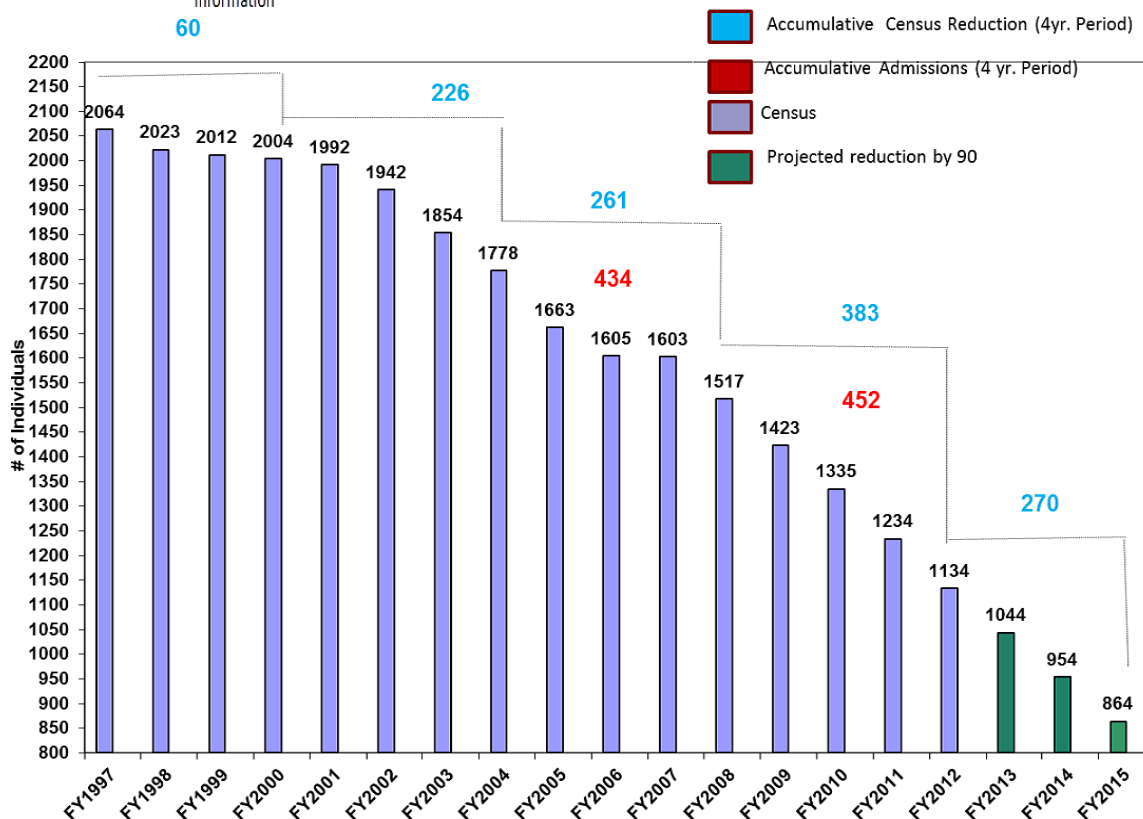
During Fiscal Years 2014 and 2015 DODD will continue its downsizing efforts for Developmental Centers, helping individuals leave state-operated facilities and move into community-based settings. Over the past several years, the Department has successfully downsized these DCs by helping those who are most able to live in community settings. The individuals remaining at the centers require more support in order to move to a community-based setting.

As a result of family surveys and conversations, the Department has gained significant information about what individuals and families need in order to feel comfortable when moving from these facilities into the community. In short, they want some of the benefits of their current environment extended into the new home.

To that end, and while not specifically part of the Department's budget submission, DODD solicited a Request for Information (RFI) for providers to open twenty 6-bed ICF/IDDs. The goal is to establish facilities in each DC's region over the course of the next two years. The Department plans to structure the program so that DODD sells the bed licenses to the provider of each facility, while the Department maintains decision-making authority for admission and discharge. This preserves DODD's ability to maintain continuity and an individual's routine, while at the same time, monitor services after the move. The providers submitting proposals to open the 6-bed ICF/IIDs invest the capital required for construction of a facility. Their return on investment includes gaining new ICF beds and an add-on rate of \$50 per day for moving a high-needs individual from a Developmental Center into a community facility. The money will follow the person from the DC to the ICF.

Our 18 Year Trend Line on Census Reduction and Admission Information

State Operated Facilities



County Board Subsidy

The budget recommendation maintains subsidy funds for 88 local County Boards of Developmental Disabilities. The subsidy can be used for County Board operating expense, case management, and match for waivers, in addition to Supported Living Services. Supported Living Services enable individuals with developmental disabilities to live in community settings. The goal is to maximize each individual's potential for independence and self-determination. Services may be provided in the home of the individual, who lives on their own, or in the family home in which the individual resides. The Department's budget funds County Board Subsidy at \$66.8 million in both fiscal years.

Employment First

On March 19, 2012, Governor Kasich signed Executive Order 2012-05K making community employment the preferred and priority outcome for working-age adults with developmental disabilities. The Executive Order created

the Employment First Task Force. DODD acts as lead agency with the Task Force being comprised of the departments of Education (ODE), Job and Family services (ODJFS), Mental Health (ODMH), and the Ohio Rehabilitation Services Commission (RSC). The Executive Order also established an Advisory Committee comprised of multiple stakeholder organizations. With the assistance of the Advisory Committee, the Task Force has reviewed policies and programs and made recommendations for increasing community employment opportunities in Ohio for people with developmental disabilities.

Those recommendations became the language submissions contained in House Bill 59. Proposed changes will improve data collection, create the presumption that all individuals with developmental disabilities can work, asks local County Boards of Developmental Disabilities to create their own Employment First policies, makes permanent the Governor's Employment First Task Force, and creates a new \$2 million, over the biennium, Employment First line item to support these employment efforts.

Funding Recommendations for 2014 and 2015

Under Governor Kasich's proposed budget, General Revenue funds for Fiscal Year 2014 are \$520.2 million (or a 1.3% increase from fiscal year 2013). The approximate \$6.5 million addition has been used to off-set the decrease in Ohio's federal medical assistance percentage (FMAP) and negotiated wage and benefit increase for state employees. Some of the funding will also be used to achieve the Department's ICF/IID downsizing objectives (retro-active rate adjustment). General Revenue funding for fiscal year 2015 is \$525.9 million (or a 1.1% increase from fiscal year 2014). The approximate \$5.7 million increase will go toward needed services for children with extensive behavioral needs, the downsizing of large ICF/IID facilities and the conversion of ICF/IID funded beds to home and community-based waiver settings, along with the possibility of a small waiver rate increase for private providers.

Conclusion

Ohio's developmental disabilities system includes thousands of interested and engaged individuals and families; the communities in which they live and work; much-needed tax-payer support through state and federal funds and local property tax revenues; innovative private

and public service providers; thousands of dedicated direct support professionals and unpaid family caregivers; and Department staff who provide leadership, coordination, and administrative support.

Together, each and every day, Ohio's developmental disabilities system runs by bringing together these diverse community members, our funding and payment systems, protection and oversight mechanisms, and our shared commitment to improving access, quality, and cost. All of what we do, regardless of which part we play in the system, is governed by a common bond we share with one another. What we are about is the well-being, aspirations, and contributions of more than 90,000 individuals as they help themselves make the best use of their unique attributes, skills, talents, and capabilities.

I am aware that some policy changes made in this budget create anxiety for private providers and local County Boards of Developmental Disabilities; however, We feel we have listened to those concerns and modified our budget proposal to address them while keeping the system moving toward greater community integration. I ask for your backing of the Department's efforts to implement this mission. On behalf of Ohio's developmental disabilities community, I thank you for your leadership and welcome your questions.