



Medicaid Oversight and Advisory Committee

1915(c) Home and Community Based Services (HCBS) Waiver Redesign Update
October 28, 2020

Presenters

Lisa Lee, Commissioner
Department for Medicaid Services

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Division of Community Alternatives



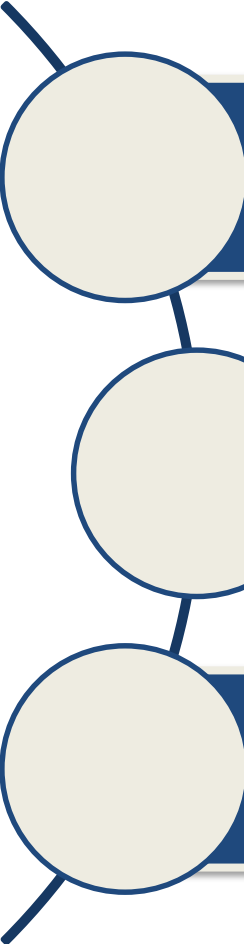
1915(c) Home and Community Based Services (HCBS) waivers...

... are designed to give individuals with disabilities an alternative to institutionalization.

... should complement available state Medicaid program services, public programs, and family/community supports to meet each individual's needs.

... should allow an individual to live safely in the community. If an individual's needs exceed what can be safely provided in the community, he or she may not be appropriate for waiver services.

To receive Centers for Medicare and Medicaid Services (CMS) approval for a 1915(c) HCBS waiver, states must:



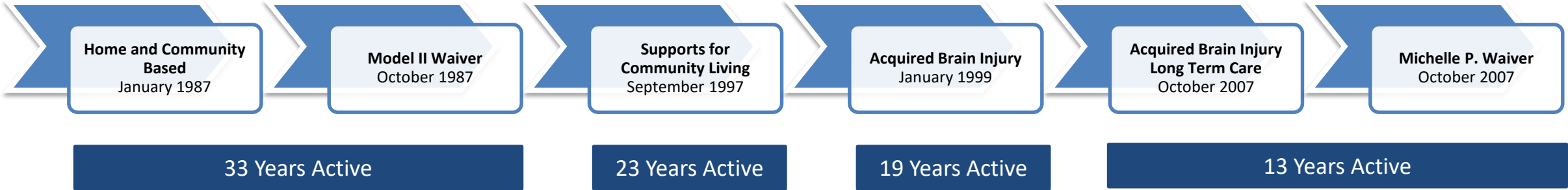
Provide the same level of care in the community as an individual would receive in an institution.

Demonstrate the cost of care in the community is equal or less than an institution. This is known as budget neutrality.

Conduct monitoring to ensure waivers meet the quality standards DMS told CMS it would meet.

The History of Kentucky's 1915(c) HCBS Waivers

Kentucky offered its first 1915(c) HCBS waiver in 1987 and now has six (6) 1915(c) HCBS waiver programs to serve unique disability groups, serving ~25K individuals daily. Each waiver has evolved significantly.



Kentucky's 1915(c) HCBS Waivers: The Basics

ABI & ABI LTC: For individuals age 18 or older with an acquired brain injury

Acquired
Brain
Injury (ABI)

Acquired
Brain Injury
Long Term
Care
(ABI LTC)

HCB: For individuals age 65 and older or individuals of any age with a physical disability

Home and
Community
Based (HCB)

Model II
Waiver
(MIIW)

MIIW: For individuals dependent on a ventilator 12 or more hours a day or on an active, physician monitored weaning program

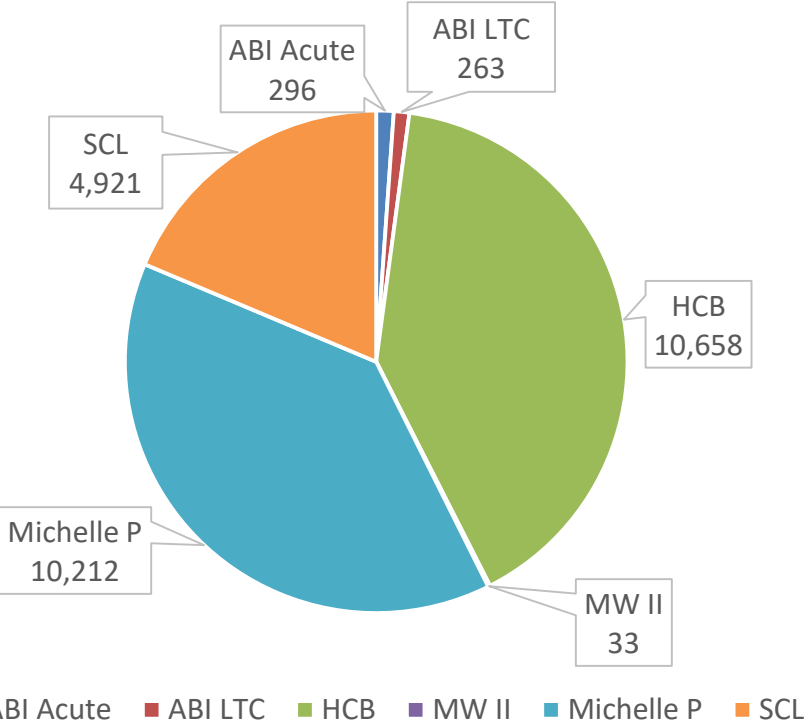
Michelle P.
Waiver
(MPW)

Supports for
Community
Living (SCL)

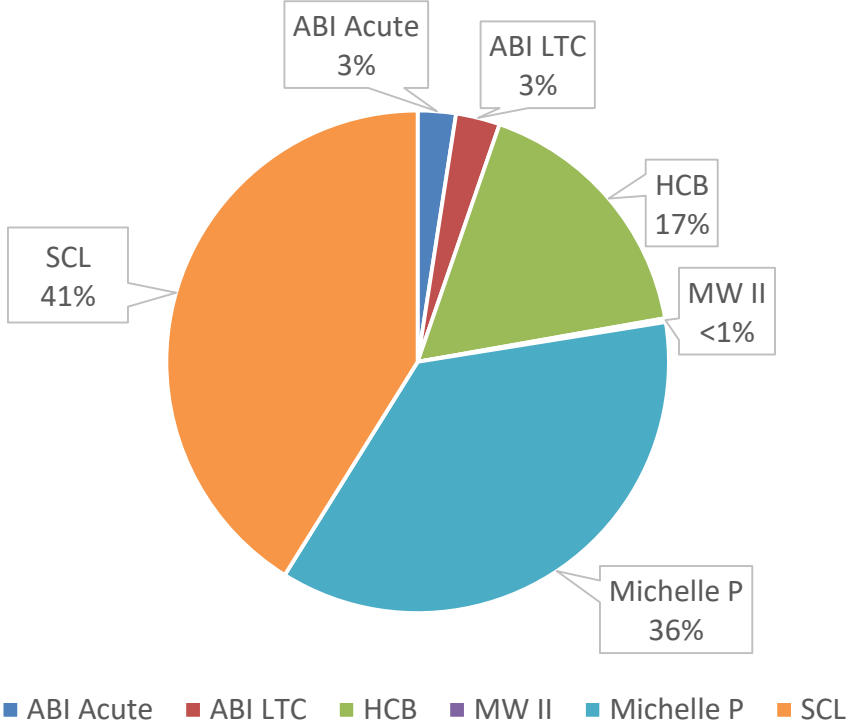
MPW & SCL: For individuals with intellectual or developmental disabilities

Kentucky's 1915(c) HCBS Waivers: State Fiscal Year 2019

Population Served

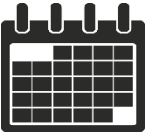


Total Paid Claims Amount

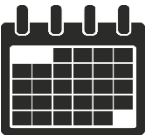


Waiver Redesign

Redesign Background



February 2017: DMS issued an RFP for assessment of 1915(c) HCBS waiver programs



April 2017: Contracted with Navigant

Goals of Redesign

Enhance quality of care to participants

Implement consistent definitions across waivers

Universal assessment and individualized budgeting

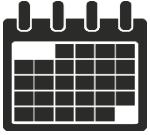
Cost containment

Diversify and grow provider network

Consistent provider funding

Optimize case management to support person-centered planning and abide by federal conflict free case management regulation

Redesign Background



August 2018: Assessment report with recommendations completed

Redesign Activities to Date

Implemented ongoing stakeholder engagement process

Streamlined incident reporting process and moved to an electronic reporting system

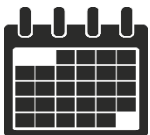
Switched service authorizations from third-party to case managers

Ongoing case manager training

Expanded access to the Medicaid Waiver Management Application to all providers

Updated patient liability calculations

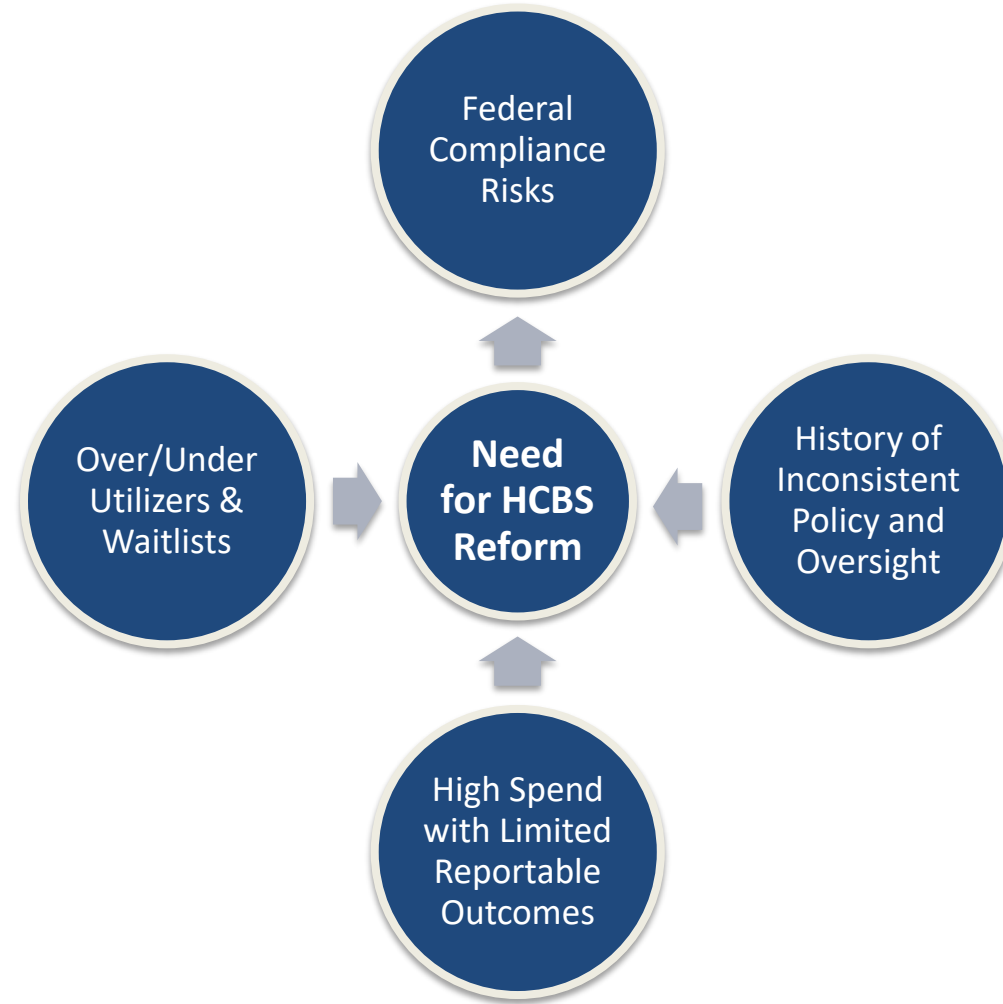
Completed a comprehensive rate study with recommendations for new rate methodology



January 2020: Redesign activities paused. No date for resuming the project has been set.

Why Redesign Kentucky's 1915(c) HCBS Waivers?

Increasing evidence suggests the Cabinet cannot operate as it has historically if it wants to drive value and outcomes for the vulnerable populations served by 1915(c) HCBS waivers.



The Wait for 1915(c) HCBS Waiver Services

MPW Waitlist Data

Waitlist Data Points	MPW
Total Number of People	7352
Average Time Elapsed Since Application Processing Date	2.9 years

SCL Waitlist Data

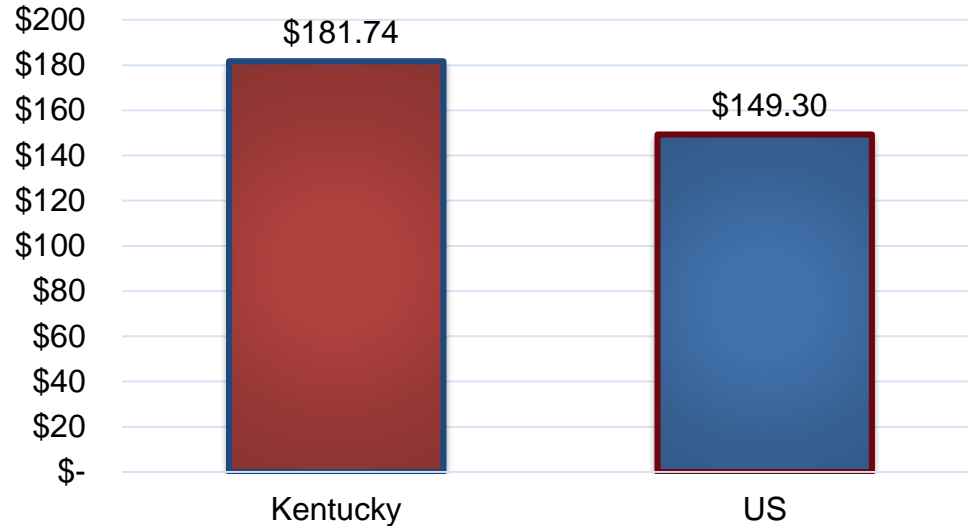
Waitlist Data Points	SCL- Urgent
Total Number of People	124
Average Time Elapsed Since Waitlist Date	3.64 years

Waitlist Data Points	SCL - Future Planning
Total Number of People	2729
Average Time Elapsed Since Waitlist Date	7.16 years

- In Kentucky, waiting lists for slots on MPW and SCL waivers are lengthy. Multi-year wait times are common.
- MPW’s earliest application processing dates to 2015. SCL’s earliest waitlist date for urgent requests is 2000 and for future planning requests is 1995.
- Today, MPW is based on a first-come, first-served methodology. With lengthy waits for a waiver slots, it is important that both MPW and SCL waitlists are managed using a method that considers an applicant’s risk of institutionalization.
- Stronger waitlist management can also provide needed data to report on waitlisted individuals and the extent of their need.

Kentucky vs. National Spend for HCBS Waivers

Spending on Section 1915(c) Waivers, Per Capita (2016)



Source: Medicaid Expenditures for Long-Term Services and Supports in FY 2016

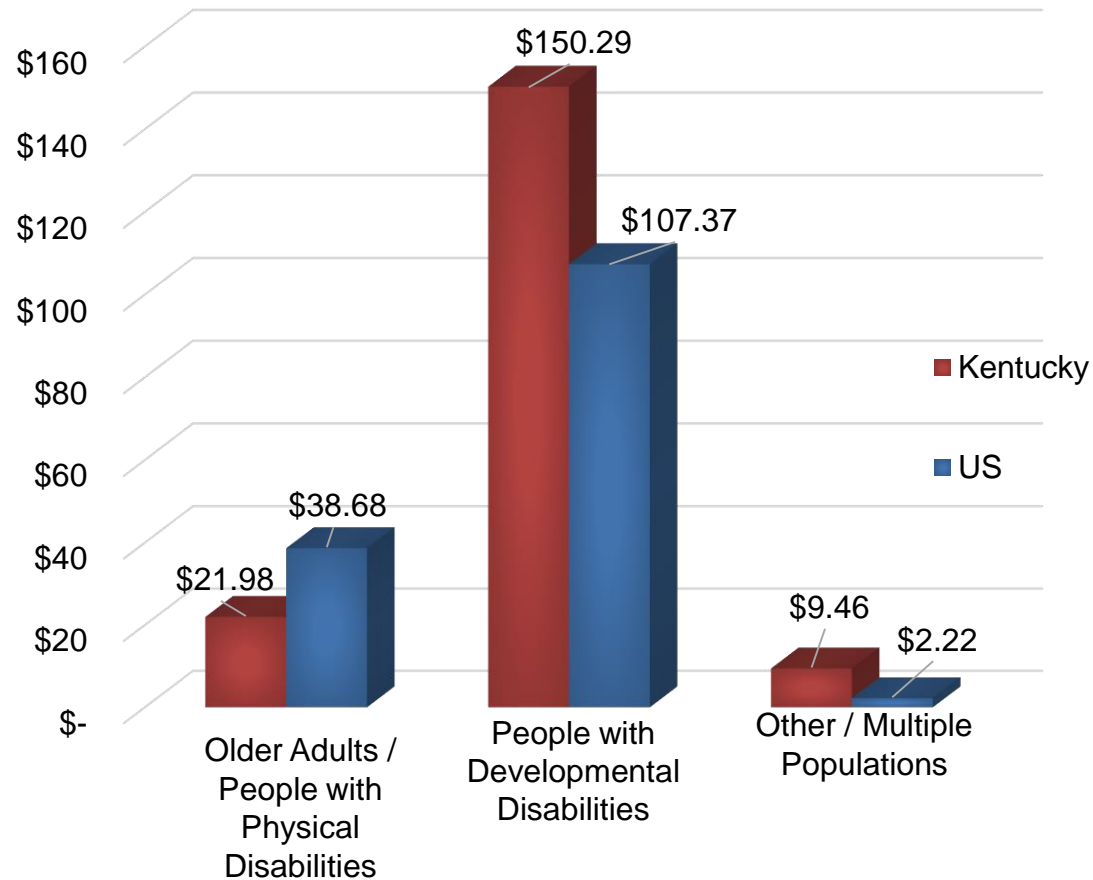
- Kentucky outpaces the national per capita average spend for 1915(c) waivers but the Cabinet struggles to demonstrate return on investment or report outcomes.
- Per CMS reports, Kentucky spent **over \$1.5B** on 1915(c) waivers in 2016.
- Spending on 1915(c) waivers in Kentucky **has outpaced the growth of national 1915(c) spending**. Statewide spending on 1915(c) waivers grew by nearly 20% between 2013-2014 alone.
- In 2016, Kentucky ranked 19th in volume of 1915(c) spend of all states. This ranking outpaces Kentucky's ranking as the 26th most populated state.

The Cabinet lacks funds to meet current HCBS demand or address future growth in demand. It is essential to strengthen HCBS programs and find ways to better demonstrate return on investment for waiver spend to build a case for future funding.

Source: Medicaid Expenditures for Long-Term Services and Supports in FY 2016. <https://www.medicaid.gov/sites/default/files/2019-12/ltssexpenditures2016.pdf>

Kentucky vs. National Spend by Population Served in 1915(c) HCBS Waivers

1915(c) Spending Per Capita, by Population (2016)



- Kentucky spends about **40% more** per capita on people with developmental disabilities compared to the U.S. average.
- Kentucky spends about **43% less** per capita on older people or people with physical disabilities compared to the U.S. average.
- This is supported by stakeholder feedback that there are “**haves**” and “**have-nots**” by disability population.

Source: Medicaid Expenditures for Long-Term Services and Supports in FY 2016. <https://www.medicaid.gov/sites/default/files/2019-12/ltssexpenditures2016.pdf>

Key Enrollment-Related Takeaways

Programs serve a diverse range of ages, but more are pediatric participants, which comports with Kentucky's low ranking in rebalancing the nursing home population.

Statewide enrollment does not reflect population density – suggesting access gaps, particularly in rural areas.

Waitlists remain an issue with multi-year waiting periods common.

Next Steps

- Examine shortcomings in access, particularly for older Kentuckians
- Consider how to better design programs for pediatric populations
- Identify strategies to better utilize limited resources and move individuals off the wait list in the absence of increased funding

Key Participant Directed Services (PDS) Takeaways

Data shows high use of PDS on waivers that offer in-home services, which could suggest provider network and access gaps for traditional services. Thus, participants are turning to PDS as an alternative.

To support participants trying to find alternative ways to obtain services, the Cabinet needs to advance policies that offer improved clarity and participant-friendly policies (i.e. new standards on legally responsible individuals, background check requirements, etc.)

Widespread use necessitates strengthening PDS tools and resources to help participants who opt to self-direct, including how the Cabinet defines fiscal management agency (FMA) requirements and monitors performance.

Next Steps

- Finalize and release modified and clarified PDS policies and adjust monitoring practices to align with new policies
- Advance efforts to standardize FMA performance
- Address quality management for PDS services due to widespread concerns about over-utilization and an ongoing need to mitigate fraud, waste, and abuse

Key Utilization Management (UM) Takeaways

2019 data supports the likelihood of excessive authorizations due to “rubber-stamping” of person-centered plans offering services at or near the waiver-designated limit or cap

Over-utilization for individuals who do not require the highest level of services does not comply with federal requirements that person-centered service plans be “cost effective”

Case managers have openly advised they have not historically considered cost-effectiveness and need additional Cabinet support to do so. The Cabinet also needs to address shortcomings in UM oversight, to better monitor utilization trends.

Next Steps

- Continue refining mandatory second-line authorizations for high-cost, high-skilled services as this has helped identify inappropriate authorizations since implemented
- Address case manager training and technical assistance needs to prepare them to balance person-centeredness with measuring appropriateness of service
- Implement additional mechanisms to regularly perform UM reviews and use findings to inform future trainings, technical assistance, and help desk operations

Focus Areas for Improvement

DMS is evaluating program components that pose current federal compliance risks.

Initiating waiver renewals with updated waivers and KARs that implement **updated rates** based on a sound rate setting methodology

Improving **case management performance** while implementing stronger **utilization management** methods

Further **reinforcing participant directed services** design and operations

Retraining on **assessment tools** and **updating independent assessor contracts** to promote valid, high-quality needs assessment

Optimizing critical incident management to observe CMS best practices and advance timely monitoring, investigation, and remediation of critical incidents

Evaluate options for risk-based wait list management

Implement a strengthened inter-agency MOA between DMS and operating agencies

Action to Improve Kentucky's 1915(c) HCBS Waivers

Steps taken since January 2020 include:

- Reviewing rate study findings and recommendations to better understand stakeholder perspectives and the pros/cons of rate recommendations
- Monitoring deployment of the secondary authorization process for certain high-cost, high-skilled services
- Conducting additional analysis of what data is available to understand compliance exposures and inform how to proceed
- Continuously engaging stakeholders and reviewing feedback
- Expanding access to MWMA to increase care coordination among providers and better track incident reports
- Started the renewal process for HCB and Model II waivers

Overview of HCB Updates

New Processes or Policies Proposed	Updated to Add Current Processes or Policies	No Change
<ul style="list-style-type: none"> Appendix C: Participant Services Appendix E: Participant Direction of Services 	<ul style="list-style-type: none"> Appendix B: Access & Eligibility Appendix D: Service Planning & Delivery Appendix F: Participant Rights Appendix G: Participant Safeguards 	<ul style="list-style-type: none"> Appendix A: Waiver Administration and Operations Appendix H: Quality Systems Improvement Appendix I: Financial Accountability Appendix J: Cost-Neutrality Demonstration

Overview of MIIW Updates

New Processes or Policies Proposed	Updated to Add Current Processes or Policies	No Change
<ul style="list-style-type: none"> Appendix C: Participant Services <p><i>Note - Appendix E: Participant Direction of Services is not applicable as MIIW does not offer PDS.</i></p>	<ul style="list-style-type: none"> Appendix B: Access & Eligibility Appendix D: Service Planning & Delivery Appendix F: Participant Rights Appendix G: Participant Safeguards 	<ul style="list-style-type: none"> Appendix A: Waiver Administration and Operations Appendix H: Quality Systems Improvement Appendix I: Financial Accountability Appendix J: Cost-Neutrality Demonstration

Projected Fiscal Impact

Waiver	Current Spend	Projected Spend (based on recommendations)	Percent Change
ABI	\$23.7M	\$20.4M	-14%
ABI – LTC	\$18.1M	\$17.1M	-5%
HCB	\$107.6M	\$126.7M	18%
MPW	\$315.9M	\$293.8M	-7%
SCL	\$376.6M	\$382.2M	1%
MWII	\$2.5M	\$3.2M	26%
Total	\$844.4M	\$843.4M	0%

Fiscal Impact: Funding Shifts by Service Category

Service Category	Current Expenditures	Projected Expenditures	Percent Change
Home-Based	\$336,176,078	\$323,170,151	-4%
Day Services	\$103,885,877	\$103,591,815	0%
Supported Employment	\$2,318,466	\$2,596,164	12%
Behavioral	\$55,146,797	\$61,618,573	12%
Nursing	\$2,534,686	\$3,185,441	26%
Residential	\$262,819,215	\$262,566,726	0%
Therapeutic	\$13,009,185	\$10,115,191	-22%
Case Management	\$61,358,458	\$69,502,268	13%
Financial Management	\$2,457,813	\$2,388,994	-3%
Pass-Through	\$4,830,348	\$4,830,348	0%
Total	\$844,536,923	\$843,565,671	0%

Fiscal Impact: Per Capita Expenditures by Waiver

Waiver	Individuals Served	Current Rate Funding per Person	Proposed Rate Funding per Person
ABI	222	\$107,003	\$92,008
ABI-LTC	257	\$70,450	\$66,850
HCB	8,799	\$12,230	\$14,402
MPW	9,960	\$31,716	\$29,499
SCL	4,887	\$77,071	\$78,216
MWII	41	\$61,822	\$77,695
Total	24,166	\$360,292	\$358,670

Current Waiver Renewal Dates

Waiver	Approval Period	Start Date	End date
ABI-Acute	5 years	1/1/17	12/31/22
ABI-LTC	5 years	7/1/17	6/30/22
Michelle P	5 years	9/1/17	8/31/22
SCL	5 years	7/1/18	6/30/23
HCB	5 years	8/1/15	7/31/20*
Model II	5 years	10/1/15	9/30/20*

**Currently on approved extension from CMS. Waiver renewals were released for public comment on 10/5/2020.*

Next Steps

Confirm agreement or modify the proposed 1915(c) waiver focus areas and path forward outlined above

Establish completion goals, the workplan to advance goals, and completion deadlines

Establish the roles and responsibilities of DMS, DAIL and DBHDID, and other involved departments (OATS, Ombudsman, etc.) to advance progress

Communicate the path forward to all stakeholders, as quickly as possible



We look forward to your collaboration and recommendations.

Please share your ideas, comments, concerns, or questions with us.

Email us at MedicaidPublicComment@ky.gov.