



# **1915(c) Home and Community Based Services Task Force**

1915(c) HCBS Waiver Redesign Update

June 21, 2021

**Presenters**

**Lisa Lee, Commissioner  
Department for Medicaid Services**

**Pam Smith, Division Director  
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.

# 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

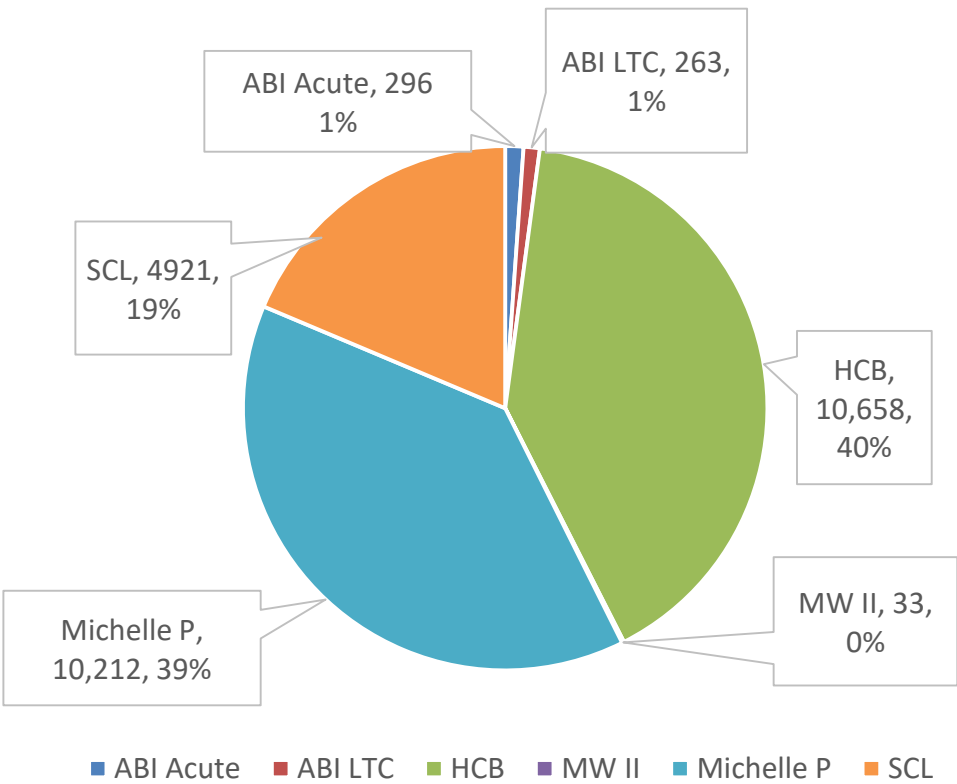
Michelle P.  
Waiver  
(MPW)

Supports for  
Community  
Living (SCL)

**MPW & SCL:** For individuals with intellectual or developmental disabilities

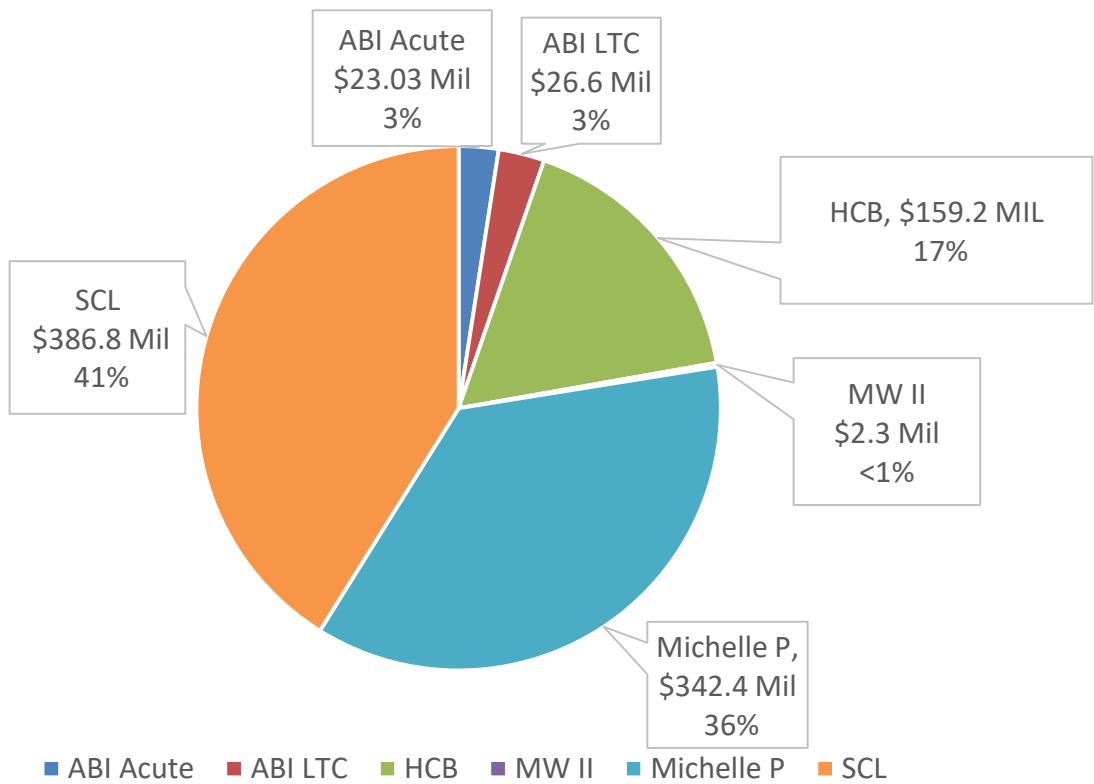
# Kentucky's 1915(c) HCBS Waivers: State Fiscal Year 2019

Population Served



Total Population Served – 26,383

Total Paid Claims Amount



# Why Redesign?

# The Wait for 1915(c) HCBS Waiver Services

**Michelle P. Waiver (MPW) Waitlist Data**

Waitlist Data Points	MPW
Total Number of People	7,441
Average Time Elapsed Since Application Processing Date	3 years

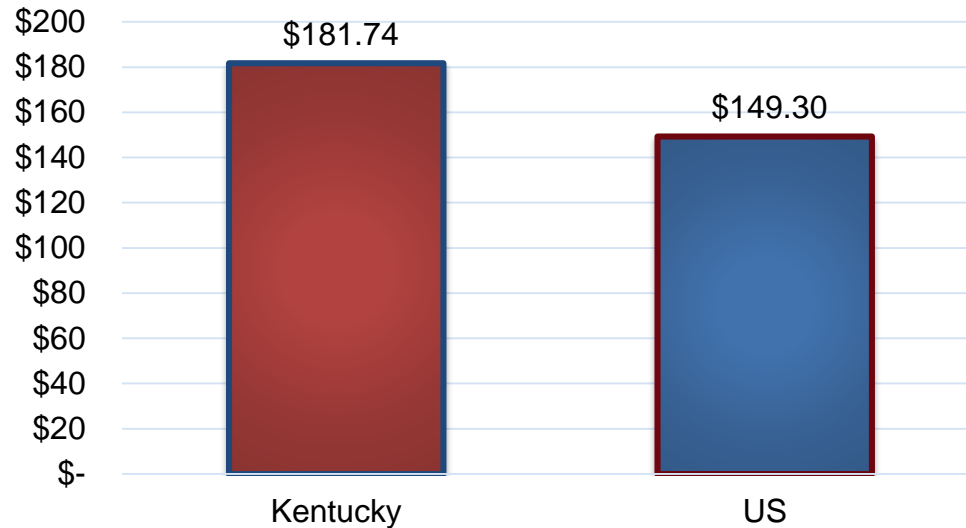
**Supports for Community Living (SCL) Waitlist Data**

Waitlist Data Points	SCL- Urgent	Waitlist Data Points	SCL - Future Planning
Total Number of People	121	Total Number of People	2,765
Average Time Elapsed Since Waitlist Date	3.64 years	Average Time Elapsed Since Waitlist Date	7.16 years

- In KY, waiting lists for slots on MPW and SCL waivers are lengthy. Multi-year wait times are common.
- Today, MPW is based on a first-come, first-served methodology. SCL is needs-based.
- 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.
- An average of 78 individuals are added to the MPW waiting list each month. For SCL, an average of 30 are added each month.

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

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



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

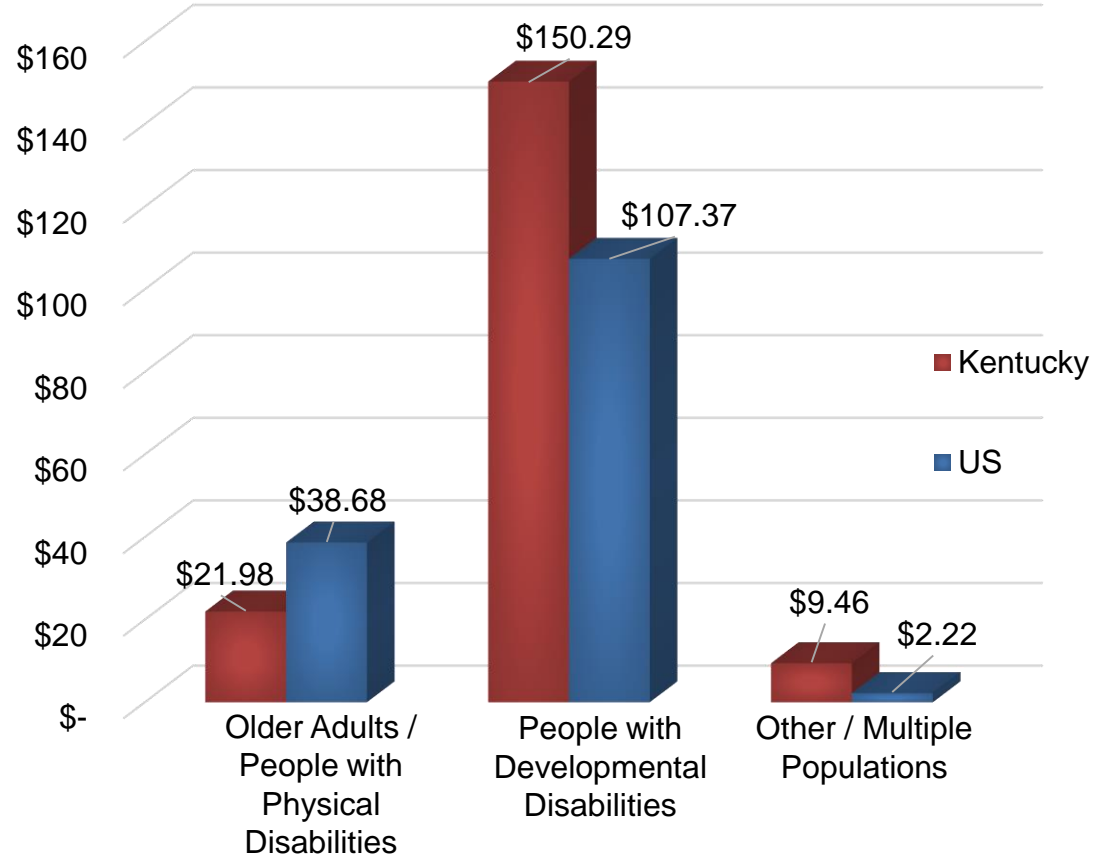
- KY outpaces the national per capita average spend for 1915(c) waivers but the cabinet struggles to demonstrate return on investment or report outcomes.
- Per CMS reports, KY spent **over \$1.5B** on 1915(c) waivers in 2016.
- Spending on 1915(c) waivers in KY **has outpaced the growth of national 1915(c)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

*The Cabinet for Health and Family Services (CHFS) 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/ltss expenditures2016.pdf>

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

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



- KY spends about **40% more** per capita on people with developmental disabilities compared to the U.S. average.
- KY spends about **43% less** per capita on older people/people with physical disabilities compared to the U.S. average.
- This comports with 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/ltss expenditures 2016.pdf>



# Goals of 1915(c) HCBS Waiver 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

# Update on Waiver Redesign Efforts

# 1915(c) HCBS Waiver Redesign Timeline

**February 2017**

The Department for Medicaid Services (DMS) issued a request for proposals for assessment of 1915(c) HCBS programs

**August 2018**

Final assessment report with recommendations completed

**April 2017**

DMS contracted with Navigant and assessment process began

# 1915(c) HCBS Waiver Redesign Activities to Date

Implemented ongoing stakeholder engagement process

Switched service authorizations from third-party to CHFS and case managers

Streamlined incident reporting and moved to an electronic reporting system in the Medicaid Waiver Management Application (MWMA)

Ongoing training for providers, case managers, and internal staff

Expanded MWMA access to all providers

Updated patient liability calculation

Completed a comprehensive rate study with recommendations for new rate methodology

# 1915(c) HCBS Waiver Redesign Activities to Date

Operationalized 1915(c) HCBS waiver help desk

Reviewed and rewrote waiver applications and KARs

Developed resource materials for providers, participants, and internal staff

Planning and implementation of MWMA enhancements

Formalized grievance and appeals process

Moved reconsiderations to an independent third-party (CHFS Office of the Ombudsman)

Introduced updated service definitions, policies, and procedures as able in Home and Community Based and Model II waiver renewals

# 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

# Findings and Recommendations Contained in Navigant Consulting's Assessment Report

# 2018 1915(c) HCBS Assessment

Assessment involved review of waivers, regulations, internal CHFS processes, interviews with CHFS staff, and feedback from 40 external stakeholder focus groups.

49 findings across 10 areas

11 recommendations made to address findings



# 2018 1915(c) HCBS Assessment Report: Findings

- **Waiver Application and Kentucky Administrative Regulations (KAR)**
- **Level of Care Assessments**
- **Service Allocation**
- **Payment and Rate-Setting**
- **Case Management and Person-Centered Planning**
- **HCBS and Non-HCBS Service Concerns**

# 2018 1915(c) HCBS Assessment Report: Findings

- **Stakeholder Engagement**
- **Waiver Quality Measures**
- **Waiver Configuration**

# 2018 1915(c) HCBS Assessment Report: Recommendations

No.	Recommendation
1	Standardize provider qualifications, services definitions, and waiver operations across 1915(c) waivers when appropriate, including waiver-specific regulations to be promulgated in KAR
2	Move to needs-based care planning with a universal assessment tool, completed by an independent entity
3	Implement a prospective, data-driven individual budget process, using an algorithm that quantifies participant's needs based on information obtained through assessment, and translates that quantification into a budget the participant can use on a monthly or annual basis to obtain waiver services
4	Develop a sound rate-setting methodology, informed by a study of the reasonable and necessary costs incurred by providers to serve waiver participants
5	Develop standard operating procedures using a standardized template across the cabinet, to include as part of a training program for cabinet staff responsible for administration and oversight of the 1915(c) waivers

# 2018 1915(c) HCBS Assessment Report: Recommendations

No.	Recommendation
6	Update and enhance the case management approach for HCBS waivers, implementing updated tools, performance standards and training that better reinforces and supports case managers
7	Streamline PDS delivery by reducing the disparity between fiscal management agency (FMA) operations, and strengthening program policies and procedures
8	Centralize operations and oversight under one quality management business unit
9	Implement an ongoing, formal stakeholder engagement process, including TACs & MAC
10	Implement a quality improvement strategy to increase emphasis on improving service outcomes and participant experience
11	Conduct a future assessment of the need for waiver reconfiguration, once aforementioned recommendations are implemented and reviewed for effectiveness

# Additional Concerns Not Included in 2018 Assessment Report

- **1915(c) HCBS Provider Workforce Issues**
  - While the assessment report touched on these, the results of a recent provider survey confirmed finding qualified direct care staff is a major issue for 1915(c) HCBS providers.
    - **42%** of providers who responded reported **receiving little to no response to job postings.**
    - **41%** of providers who responded reported having **issues finding applicants who are qualified, meeting the hiring eligibility requirements, and have the work ethic** needed to perform HCBS.
- **PDS Background Check Costs**
  - Under current waiver policy, participants, the potential employee, or another interested third party must cover the cost of background checks for potential PDS employees.
    - The Centers for Medicare and Medicaid Services (CMS) has indicated this policy does not align with federal program rules and regulations.
    - Additional HCBS funding is necessary to remove these costs as a barrier to hiring PDS employees.

# Actions DMS is Prepared to Take

**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

Evaluate options for risk-based wait list management

# How Can the General Assembly Help?

## Funding

- Additional money is needed to improve HCBS programs for current participants and expand availability to all Kentuckians in need of supports.

## Holistic Consideration of HCBS

- Certain populations receiving HCBS have a stronger advocacy network than others; however, all of Kentucky's HCBS programs are in need of updates and improvements.

## Public Support for HCBS Updates

- DMS anticipates pushback from stakeholders regarding certain updates and needs support to move those forward. Hot button issues include rate-setting and PDS policies.