

Good afternoon, thank you for the opportunity to testify today. My name is Steve Shannon and I am the executive director of KARP, an association of ten (10) Community Mental Health Centers (CMHCs) which are the behavioral health public safety net. The CMHCs have been assuring Kentuckians in all 120 counties have access to needed mental health, substance use disorders and intellectual & developmental services and supports for the past 53 years and look forward to maintaining the behavioral health public safety net for at least the next 53 years.

The CMHCs serve and support approximately 180,000 of our family members, friends, neighbors, classmates and co-workers annually – this is about one (1) out of every twenty-five (25) Kentuckians. In addition, CMHCs employ in excess of 8,000 individuals including direct support professionals, therapist, accountants and physicians: last data indicated approximately one (1) of two hundred (200) working Kentuckians are employed by a CMHC. The CMHCs are led by over 300 voluntary board members.

CMHCs make all KY communities better through excellent services & supports, good jobs and voluntary community leadership.

Chairpersons Mosser and Alvarado thank you the opportunity to present today on the topic of Mental Health Waivers. As you are aware there are six (6) Home and Community Based waivers in operation in Kentucky serving individuals who are aging, have physical disabilities, brain injuries, intellectual & developmental disabilities and are ventilator dependent. The individuals served represents a list of our most vulnerable family members, friends, neighbors, classmates and co-workers. However, adults who are Severely Mentally Ill (SMI), adults with a Substance Use Disorder (SUD) and children with a serious emotional disturbance (SED) are not included in this list and it should be noted have never been included. It should be noted the Medicaid State Plan has a robust behavioral health benefit but does not provide some vital services.

Today I want to briefly address:

1. Medicaid waiver and state plan amendments which can increase access to services and supports
2. Funding spent on 1915(c) waivers Nationally
3. HB 447 2019 General Session
4. Social Determinants of Health

Why consider a Medicaid waiver or State Plan Amendment? In my opinion there are two (2) equally compelling reasons. One reason is to provide needed services which are not currently available to adults with SMI such as supportive housing including three-person homes and supported employment: stable housing and stable employment. The second reason is to take advantage of Kentucky's favorable Federal Medical Assistance Percentage (FMAP) which will be 29/71 match rate in federal fiscal year 2020 meaning for every \$29.00 KY spends on Medicaid the federal government will match it with \$71.00; for ease of conversation I use a \$30 + \$70 match rate to get to \$100. I wish I could take advantage of it. It should be noted, I am not suggesting that a waiver or state plan amendment be written, submitted to CMS and implemented without providing the necessary KY \$30. I think we should look at current services which are funded through state general fund dollars to determine if some of those funds and

services could be provided through a waiver or state plan amendment. For example, currently there is approximately \$7.5 million appropriated to assist individuals who are SMI with moving out of Personal Care Homes; could all or some of the \$7.5 million be matched with federal funds. The expansion could grow to \$25 million.

Let's briefly discuss three (3) waiver or state plan amendment alternatives. These are (1) 1115 waiver focusing upon behavioral health (2) 1915 (c) Home and Community Based Waiver for individuals who are SMI and (3) 1915 (i) state plan amendment which can work like a waiver but is really a state plan amendment.

The 1115 waiver is the broadest type of waiver available to state Medicaid agencies. The 1115 waiver becomes a demonstration project intended to improve Medicaid. Currently, KY HEALTH is an 1115 waiver and the expansion of Medicaid services in Institute of Mental Disease (IMDs) is being done through an 1115 waiver. The expansion of Medicaid services to IMDs serving individuals ages 21 to 64 with a substance use disorder will greatly expand the availability of residential beds to help address the opioid and other substance use disorder crisis. Previously, the cap was 16 beds. This expansion is profound for KY, thanks to Governor Bevin and his team for this significant policy change. This reason I point this out is that other states, particularly Florida and Hawaii, has use the 1115 waiver process to provide needed additional services.

Florida has applied for an 1115 waiver which targets Behavioral Health and Supportive Housing Services which implements a pilot program in two regions of the state that provides additional behavioral health services and supportive housing assistance services for persons aged 21 and older with SMI, with SUD or SMI with co-occurring SUD, who are homeless, or who are at risk of homelessness due to disability.

CMS approved Hawaii requested amendment which allows Hawaii to implement community integration services, e.g. supportive housing services, for qualified beneficiaries who are chronically homeless and have a mental illness, complex physical illness or substance use disorder. The initial approval date was October 1, 2013 and Hawaii is seeking an extension for five (5) years through December 2023.

These are just examples of two states which used the 1115 waiver opportunity to address the needs of adults with SMI and/or SUD.

An alternative Medicaid waiver is a 1915 (c) Home and Community Based Waiver as previously indicated KY currently operates six 1915 (c) waivers and is conducting an extensive waiver redesign process. Could a 1915 (c) for adults with SMI be added to the waiver redesign initiative?

The Medicaid Home- and Community-Based Services (HCBS) waiver program was authorized under Section 1915(c) of the Social Security Act. Through this program, states can help provide different services that allow those who need care to receive services in their homes or communities.

Under a waiver program, a state can waive certain Medicaid program requirements, allowing the state to provide care for people who might not otherwise be

eligible under Medicaid. Through certain waivers, states can target services to people who need long term services and supports.

The 1915 (c) has been used to assist individuals moving out of more costly and institutional level of care suggest as Intermediate Care Facilities for Individuals with IDD and nursing homes. A barrier for the SMI population is there was not a costly and Medicaid funded institutional level of care from which they could move to the community. This relates to the IMD exclusion, clearly an unintended consequence was denying this cadre of the population from 1915 (c) services and supports. Perhaps, the IMD exclusion language in the 1115 waiver creates an opportunity to provide 1915 (c) waiver services to children with a SED, adults who are SMI and/or SUD.

However, four (4) states do have a 1915 (c) waiver serving adults with SMI. These states are Colorado, Connecticut, Massachusetts and Montana. If they can get a waiver application approved, so can Kentucky. Some of the services covered are prevocational services, residential habilitation, respite, supported employment, nursing, supported living, PERS (personal emergency response services), and home delivered meals. The SCL and Michele P. waivers could serve as a model for a 1915 (c) for adults with SMI. We know the people who need the waiver, we know the services to be included so now we need federal approval. Again, let's identify state general fund dollars which can be used as match.

It is interesting that in the SCL waiver a provider must report an incident involving medication being given one hour later than scheduled. One of the most significant challenges is ensuring adults with a SMI are taking medication as prescribed. One 1915 (c) in KY mandates medications be tracked and recorded; perhaps, another one could do the same for a different population.

I thought it would be interesting to briefly review some of the money information relating to 1915 (c) waivers. In aggregate, in FFY 2015 all 1915(c) waivers across all states and D.C. spending approached \$44.7 billion, billion with a B. The four (4) states with a 1915 (c) targeting adults with SMI spent approximately \$53 million, million with a M. **This represents 0.12% of total 1915 (c) expenditures, or approximately \$11.86 out of every \$10,000! We must do better!**

Some children who have a SED receive therapeutic foster care until age 18, at that point they will 'age out' of services. However, if there was a 1915 (c) for individuals over the age of 18 who have a mental illness, these children could seamlessly transition to an adult age waiver while maintaining their stable, home-like environment.

The third alternative is a 1915 (i) state plan amendment; it is not actually a waiver. The 1915 (i) SPA allows states to design service packages targeted to people with specific needs including special services for individuals with a mental illness or substance use disorder. Some services include home-based services, expenses for live-in caregiver and supported employment. Again, stable housing and stable employment. There are twelve (12) states with 1915 (i) state plan amendments. (Wisconsin, Oregon, Nevada, Iowa, Louisiana, Florida, Indiana, Connecticut, Wyoming, Montana, Texas, & Maryland)

During the 2019 General Assembly, House Bill 447 was filed and sponsored by Rep. Bojanowski and Rep. Kulkarni, with eight additional co-sponsors. HB 447, and hopefully, its next iteration in the 2020 General Assembly directs the CHFS to submit waivers, waiver amendments or state plan amendments necessary to provide supported employment and supportive housing services to adults who have a severe mental illness. I believe the waivers and state plan amendment options discussed today will accomplish the intent of HB 447.

The last thing I want to touch upon is Social Determinants of Health. As you all know social determinants of health are conditions in the environment that affect individuals' health. How does this fit with a discussion of waivers? Two variables that negatively impact health are housing instability and lack of employment. The waivers and state plan amendment discussed today can provide adults with SMI access to more stable housing and employment services. Quite possibly these services will improve the individuals' quality of living and improve their health thereby decreasing Medicaid spend on emergency rooms and unnecessary hospitalizations.

If adults with SMI cannot access these necessary services and supports, they will access much more costly services (ERs, local jails, homeless shelters). We can do better; we must do better.