Welcome

Jan Malcolm
Commissioner
Department of Health
<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
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<tbody>
<tr>
<td>9:00 a.m.</td>
<td>Welcome and agenda review</td>
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<tr>
<td>9:20 a.m.</td>
<td>Follow-up topics from prior meetings</td>
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<tr>
<td>9:40 a.m.</td>
<td>Community engagement plan update</td>
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<tr>
<td>9:55 a.m.</td>
<td>Background presentation</td>
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<td>10:40 a.m.</td>
<td>Break</td>
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<tr>
<td>10:50 a.m.</td>
<td><strong>Disability services strategy presentation and discussion</strong></td>
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<tr>
<td></td>
<td>• Discontinue grant programs (initial submission #381, #382)</td>
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<td>• Absence factor in day services (initial submission #383)</td>
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<tr>
<td>12:00 p.m.</td>
<td>Public comment</td>
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<tr>
<td>12:30 p.m.</td>
<td>Break to pick up lunch</td>
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<tr>
<td>12:45 p.m.</td>
<td><strong>Disability services strategy presentation</strong></td>
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<td>• Family foster care rate reform (initial submission #424)</td>
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<td>• Curb the growth and use of residential services (initial submission #425, others)</td>
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<td>2:15 p.m.</td>
<td>Public comment</td>
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<td>2:55 p.m.</td>
<td>Wrap-up and next meeting</td>
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Follow-up Topics from Previous Meetings
Follow-up topics

• Why was Value-Based Purchasing for Prescription Drugs (strategy #16) not selected?
  • Challenges with identifying appropriate performance metrics for prescription drugs
  • Commission will explore this issue as part of Interagency Rx Purchasing Council

• State staff are working on responses to the following Commission member requests from the January and February meetings
  • Research opportunities to enlist courts earlier for Improving Compliance with TPL
  • Research on the Competitive Price Bidding strategy, including access and quality protections, and unintended consequences
  • Research the potential impact of extending DME strategies to MCOs
  • Research adding services for volume purchasing and the associated financial impact
Community Engagement Plan Update
Kylie Nicholas I The Improve Group
Community Engagement Plan

The Improve Group has updated the consumer engagement strategy based on your input, and in order to provide greater detail.

- Does the Commission have questions or clarifications about the updated strategy?
- May The Improve Group proceed with implementing the strategy?
Background Presentation
• History and evolution of disability services
• Overview of Minnesota’s disability services programs
• Trends in disability services
• How do people experience the system?
  • Eligibility determination; assessments; support planning; programs and services
• Making progress: A system that works better for people
• Disability services reimbursement and financing
• Where are we headed?
The History and Evolution of Disability Services
At one time, a family with a member with disabilities had essentially two choices—to keep their loved one at home or to turn guardianship over to the state and place the person in an institution.

In the 1950s, most people with disabilities who used long-term services and supports (LTSS) received them in an institutional setting.

The disability advocacy movement and changes in state and federal policy led to transformation of the service system during the next several decades.

This transformational period was marked by people moving out of state hospitals and into community-based settings; it is often referred to as “deinstitutionalization.”
Deinstitutionalization Milestones

• 1957: MN required local school districts to provide “special education classes”

• 1961: MN authorized experimental use of day programs

• 1966: MN was one of the first states to enact Medicaid when it became available

• 1971: ICF/DD model approved by congress and MN became first state to use Medicaid to fund ICF’s (community group homes)

• 1981: Congress enacted first HCBS waiver allowing use of Medicaid in alternative community-based settings. MN was one of the first states to build a waiver system and rebalance our services.
Evolving Attitudes
Since the 1980s, attitudes, understanding and expectations have continued to shift. The entire system of services and supports continues on a journey to:

- Increasingly recognize the human and legal rights of people with disabilities
- Treat people with respect and dignity, as valued members of our community
- Give people opportunities to live their best lives, in their communities

The 1990 ADA and the 1999 Supreme Court Olmstead decision affirmed the right of people with disabilities to live in the most integrated setting.
Minnesota’s Olmstead plan was approved in 2015. The plan envisions a Minnesota where people with disabilities have opportunities to:

- Live near families and friends
- Live as independently as possible
- Work in competitive, integrated employment
- Be educated in integrated settings
- Participate in community life
In 2014, The Centers for Medicare & Medicaid Services (CMS) published new regulations for disability and other waiver services. The rule requires:

- Person-centered service planning
- Conflict-free case management
- Settings to have characteristics that are home and community-based

CMS approved Minnesota’s HCBS Rule Statewide Transition Plan in February 2019.
Overview of Minnesota Disability Services System
How Disability Services Fits Into the Big Picture

• Disability Services are provided across the long-term services and supports (LTSS) continuum

• Long Term Services and Supports (LTSS) refers to services available to support people with disabilities and older adults, including home and community-based services, nursing facilities, intermediate care facilities for people with developmental disabilities, and hospitals.

• Home and community based services (HCBS) are a subset of LTSS. They are cost-effective alternatives to institutional care that enable people to live, work and participate in community life
Continuum of Long-Term Services and Supports

Flexibility to get the right service at the right time

Conceptual Framework: HCBS System

- Many: Intensive supports
- Many: Supports to increase independence
- Few: Supports to maintain independence
- Few: Bolster community and family supports

Challenges - Physical, Mental and Chemical Health, Intellectual

Desired System Dynamic: People get the right service at the right time. System is flexible and fluid, so that people get a higher level of service when needed, but stay at or return to lower levels when those are sufficient.
• Most Minnesotans with disabilities do not use formal supports from the state.

• DHS has a variety of programs to support people at all ages of life, with a variety of disabilities
  • Developmental disabilities
  • Chronic medical conditions
  • Acquired or traumatic brain injuries
  • Mental illnesses
  • Physical disabilities

• More than 94% of people receive DHS LTSS services in their homes and communities, rather than in institutions.
• Increased demand for home and community-based services

• The system is serving people with higher intensity needs
  • Overall, over 87% of the people enrolled on a disability waiver have higher needs.

• There is greater racial and cultural diversity among the people who use HCBS services.
  • People of color and Native Americans are 33% of total HCBS population, compared to 19.5% of overall Minnesota population.
People with Disabilities Served in HCBS vs. Institutions

**Average Monthly Enrollment of People with Disabilities in LTSS**

*Source: November 2019 Medical Assistance Forecast*

- **Institutions includes nursing facilities, Intermediate Care Facilities for Persons with Developmental Disabilities (ICF/DD), and Rule 5 hospitals**
- **HCBS includes the four disability waivers (BI, CAC, CADI, DD) and personal care assistance, home care nursing, and home health agency services paid through fee-for-service state plan.**

2/21/2020
Demographics

Compared to Minnesota’s overall population, LTSS programs tend to be more diverse and older than the state as a whole.

### Statewide Overall Population

<table>
<thead>
<tr>
<th>Estimated Total Population:</th>
<th>5,611,179 (July 2018)</th>
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<tbody>
<tr>
<td>Percent of people of color or Native American:</td>
<td>19.5% (July 2018)</td>
</tr>
<tr>
<td>Percent of people over 65 yrs:</td>
<td>15.9% (July 2018)</td>
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Data from U.S Census Bureau

### BI-CAC-CADI Waivers

- Bi-CAC-CADI Waivers served close to 3,200 more people of color or Native Americans in 2018 than in 2018.

<table>
<thead>
<tr>
<th>Race</th>
<th>2018</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>77%</td>
<td>21%</td>
</tr>
<tr>
<td>Non-white</td>
<td>21%</td>
<td>77%</td>
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- People over 65 years increased by 1,156 people from 5.7% to 8.4% of total waiver population (106% change)

<table>
<thead>
<tr>
<th>Age</th>
<th>2018</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Under 65 yrs.</td>
<td>94%</td>
<td>6%</td>
</tr>
<tr>
<td>65+ yrs.</td>
<td>8%</td>
<td>92%</td>
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### Developmental Disabilities Waiver

- The DD waiver served 800 more people of color or Native Americans in 2018 than in 2014, an increase of 2% points

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<thead>
<tr>
<th>Race</th>
<th>2018</th>
<th>2014</th>
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<tbody>
<tr>
<td>White</td>
<td>87%</td>
<td>12%</td>
</tr>
<tr>
<td>Non-white</td>
<td>12%</td>
<td>87%</td>
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- From 2014 to 2018, the number of children under 5 years old on the DD Waiver grew from 40 to 118 children (195% increase)

<table>
<thead>
<tr>
<th>Age</th>
<th>2018</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-22 yrs.</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>23+ yrs.</td>
<td>78%</td>
<td>22%</td>
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### Home Care Program

- The Home Care program served about 3,400 more people of color or Native Americans in 2018 than in 2014. That is a 18% increase in state plan home care.

<table>
<thead>
<tr>
<th>Race</th>
<th>2018</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>47%</td>
<td>41%</td>
</tr>
<tr>
<td>Non-white</td>
<td>41%</td>
<td>47%</td>
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</table>

- People over 65 years increased by 1,700 people. A 14.3% change in older adults from 2014 to 2018.

<table>
<thead>
<tr>
<th>Age</th>
<th>2018</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 65 yrs.</td>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>65+ yrs.</td>
<td>30%</td>
<td>70%</td>
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Average Cost of Long-Term Services & Supports

Average Monthly Cost of Long Term Services & Supports for People with Disabilities (Jan. 2018)

- People Served in HCBS: $4,117
- People Served in Institutions: $7,477

*Institutions includes nursing facilities, Intermediate Care Facilities for Persons with Developmental Disabilities (ICF/DD), and Rule 5 hospitals
**HCBS includes the four disability waivers (BI, CAC, CADI, DD) and personal care assistance, home care nursing, and home health agency services paid through fee-for-service state plan.
How People Experience the System: Eligibility, Assessments, Support Planning, Programs and Services
Eligibility

- To gain access to HCBS, a person must have an assessment (MnCHOICES or legacy) to identify their support needs, determine eligibility, and select preferred services.

- In addition to an HCBS eligibility determination, people also go through a separate and distinct Medical Assistance (MA) eligibility determination process.
  - MA and HCBS eligibility processes have different requirements and may occur concurrently
  - DHS is exploring ways to align these processes to make it simpler for people to navigate the system.
Once eligibility is determined, people and families can choose from a variety of services to meet their assessed support need(s):

- Nursing facilities
- Intermediate Care Facility for people with Development Disabilities
- Home and Community-Based Disability Waivers (DD, CAC, BI, CADI)
- Home Care Nursing
- Skilled Nursing Visits
- Personal Care Assistance
- Home Care Therapies
- Semi-Independent Living Services (SILS)
- Family Support Grant
- Consumer Support Grant
A System that Works Better for People
How We’re Improving

• The current service system developed one piece and one program at a time over the course of many years. As a result, it is complex and can be difficult to navigate.

• DHS is working to simplify and modernize our system.
  • Enhancing the assessment and support planning process
  • Simplifying and modernizing the services available to people
  • Ensuring people and their families have access to information that makes sense to them and helps them plan throughout their lives
Assessment and Support Planning: MnCHOICES overview

Where we were; prior to MnCHOICES

Relied on case manager and/or person being assessed to have awareness of program options in order to get the right services.

Process could have involved three separate assessments and, in some cases, three separate visits by different people to determine appropriate eligibility.

Where we are now; MnCHOICES

One single, comprehensive assessment that determines eligibility for all programs.

Assessment completed by certified professional; with consistent statewide training, assessor is knowledgeable about all programs allowing the person to make an informed choice about services.
• MnCHOICES helps to eliminate disparities in access to services and to provide more consistent, transparent access to long-term services and supports.
  
  • It is one part of a multiyear, transformational effort to reframe Minnesota’s Long-Term Services and Supports System, so the system works better for people and families who use supports.
• DHS has been in a continuous evaluation cycle and process improvement since the launch of MnCHOICES 1.0.
  
  • Process improvement has resulted in efficiencies, additional training and guidance to counties, and the development of MnCHOICES 2.0.
  
  • As part of a process improvement, MnCHOICES 2.0 will be built on a different server and IT platform, resulting in increased stability.
Two studies were conducted in 2018 to identify system level improvements for the disability waiver programs.

DHS received input from Minnesotans with disabilities, families, lead agencies and providers.

Some challenges identified through this engagement were:

- Our system is complex
- It feels like there is a lack of information
- There can be inconsistency between and within counties
- There are limits on control, flexibility and the customization services
Waiver Reimagine will improve the overall disability home and community-based waiver system so that it’s more **person-centered, easier to understand** and **simpler to navigate**.

- **Common service menu**
- **Four disability programs replaced by two**
- **Based on support needs, not diagnosis**
- **Flexibility to self-direct**
In 2019, the Minnesota Legislature authorized the Department of Human Services (DHS) to make system-level improvements to Minnesota’s disability waiver programs, starting with streamlining services available across the four waivers.

A simplified service menu will make programs more understandable and accessible for people and allow for consistent policies and procedures across populations for lead agencies and providers.
Waiver Reimagine Implementation

• Reshape four disability waivers into two new waivers & align service menus
  • Waiver amendments planned to be submitted in April/May 2020 with an effective date for implementation planned for January 1, 2021

• Development of the final phases of Waiver Reimagine
  • DHS and Human Services Research Institute have executed a contract to conduct analysis and develop recommendations for implementation of an individual budget methodology

• Stakeholder engagement
  • DHS and The Improve Group have executed a contract to continue stakeholder engagement
  • A communications plan has been finalized
  • Plans for 30+ stakeholder engagement meetings across the state, with an emphasis on communities of color and American Indian and Indigenous people
• Developing technical systems to support the new system

• Creating a person portal for people to have access to real-time budget information

• Developing an evaluation plan to monitor and adapt through the implementation phase

• Enhancing the materials to support people in understanding options, making informed decisions, and planning for their lives
Enhancing Access to Information

- **Disability HUB MN**: is a free statewide resource network that helps people solve problems, navigate the system and plan for their futures
  - HUB staff have years of experience helping people understand community and government resources, including how they fit together
  - Examples of questions people can ask:
    - What are my health insurance options?
    - Can I live where I want and get the help I need?
    - Can I work, or work more?
    - What happens to my benefits when I earn more money?
    - How can I be more involved in my community?
Enhancing Access to Information, cont.

• Disability Hub MN links and refers to other vital resources:
  • Disability Benefits 101 helps people with disabilities explore ways to balance benefits and work. People use the site to plan ahead and explore how work and benefits go together.
  • Housing Benefits 101: helps people with disabilities explore housing options and learn about programs that can make housing more affordable.
  • MinnesotaHelp.info is a website that helps people with disabilities find services that meet their needs, such as health care, child care, job training and more.
Minnesota offers home care services that many people with disabilities use. These services represent a substantial part of the disability services system.

Home care services are reimbursed based on a historic rate that is only adjusted by legislative action.

- Home care service reimbursement rates are not based on a data-based methodology of providing the service; rather, they are adjusted at the discretion of the legislature.
Waiver Rate-Setting: Overview

- Statute outlines rate setting methodologies for HCBS waivers. They are based on multiple analyses of the cost of providing services.

- Direct support wages in the disability waiver rate formulas vary from $12.85 to $34.99/hour.

- Other cost components in the rate formulas include benefits, supervision, program support, training, utilization, and administrative costs.
• When the legislature passed DWRS, it created a multi-year transition period that would phase-in DWRS rates (“banding”)

• Banding ended and beginning January 1, 2020, all rates are set by the DWRS framework authorized in statute.
  • This change has begun and is occurring on a rolling basis as service authorizations either renew or change.

• Providers will begin to receive rates that reflect substantial evaluation and legislative investment during the banding period:
  • Legislative component value increases
  • Inflationary updates
  • Competitive workforce factor
Prior to implementation of the competitive workforce factor, DHS projected a statewide average rate increase of 14.1% post-banding, with 65% of providers experiencing a net rate increase.

Average rate changes by service type (analysis doesn’t include effects competitive workforce factor):

- Day: +3.3%
- Residential: +14.8%
- Unit-based w/o programming: +38.4%
- Unit-based w/ programming: +11.3%
• DHS will begin receiving cost-reporting data from providers in 2020.

• This data will inform the Legislature and DHS about when DWRS framework modification are needed to provider costs.
  • DHS will provide this information in a 2021 report to the legislature.
  • At that time, the legislature may choose to adjust rates to address discrepancies between DWRS and provider cost data.

• Previous DWRS modification recommendations can be found in the 2017 DWRS legislative report.
Where Are We Headed?
Current Priorities

- Technology
- Workforce
- Equity
- Choice and Self-Direction
- Competitive, Integrated Employment
Key Themes Identified by Stakeholders

• MnCHOICES
• Waiver Reimagine
• Community living
Reminders and Strategy Review Guidelines
The statute charges the Commission to create an action plan that will, at a minimum, include strategies to:

1. **Transform the health and human services system** to a) improve program efficiencies, b) produce savings, and c) promote better outcomes for all Minnesotans;

2. **Increase administrative efficiencies and improve program simplification** within health and human services public programs, including: examining the roles and experience of the State, counties and tribes in delivering services, and identifying any conflicting and duplicative roles and responsibilities among the health and human services agencies, counties, and tribes;

3. Identify evidence-based strategies for addressing the significant cost drivers of State spending on health and human services, including the medical assistance program, in order to **reduce health and human services expenditures with net savings of $100M in the next biennium** (July 1, 2021 – June 30, 2023);

4. **Reduce waste** in administrative and service spending in health and human services through, including but not limited to misuse and overuse of health care services, fraud reduction, and improved program integrity; and

5. **Advance health equity** across geographies and racial and ethnic groups, in part, by addressing disparities in access, and disparities in outcomes.
• Strategy selection was determined using the approved criteria with the goal of advancing strategies that would meet the Commission’s charge.

• Selection of strategies for development does not indicate State agency advocacy, endorsement or support.

• State staff have helped develop strategies as technical assistance, similar to what they provide for legislator-initiated proposals.
As a reminder, our objective for this portion of the meeting is for you to receive an explanation of the strategy, and then have an opportunity to:

- Ask questions
- Debate the merits of the strategy relative to the Commission’s charge

You will be asked to indicate your degree of support for the strategy. If there is strong support or opposition, we will so note. **You need not come to agreement today.** We will revisit these strategies in the spring.

As another reminder, the Commission’s charter indicates that:

- Inclusion of a specific strategy into the final Action Plan will be made by consensus without vote, unless a vote is requested.
- The complete Action Plan will require majority approval.
Disability Services Strategy Presentation and Discussion
Discontinue Grant Programs (381, 382)
I. Problem Statement

• DHS currently has two grants that no longer serve the purpose under which the legislature authorized them.
  
  • Grant #1: Transitional payments to providers for which a change in rate methodology reduced revenue by 10% or more.
  
  • Problem: The transition will be completed in CY2020, but the grant appropriation continues on an open-ended basis.
  
  • Grant #2: Payment to a single provider of HCBS services for people with HIV that thought it would not be able to comply with a federal rule re: home and community settings. A state appropriation was made to ensure continued funding at the federal match level.
  
  • Problem: The provider is now complying with the federal rule and maintained federal match. Therefore, the state grant is not needed.
II. **Recommended Strategy**

- Eliminate both grants effective July 1, 2021.

III. **Anticipated Benefits**

- Savings of $850,000.
- Reduced ongoing spending by repealing grants that no longer have a policy rationale.

IV. **Supporting Evidence**

- The lack of a continuing need for these grants as initially defined.
V. Administrative Implications

• There are no significant state administrative implications associated with this strategy.

VI. Equity Review Considerations

• Does this strategy consider reporting from grant recipients?
• How does this strategy assess community and stakeholder impact?
• What is the impact to providers if either grant were eliminated?
• How will the strategy access community conditions and geographic impact (rural v. urban)?
Further Equity Considerations

• Ensure providers have equitable access to technical support during the transition process.

• Embed an equity analysis into the transition process to promote quality service delivery.

V. Anticipated Challenges

• None.
Absence Factor in Day Services (383)
I. Problem Statement

• Day services have rates determined by Disability Waiver Rate System (DWRS), a methodology that establishes rates through a formula comprised of cost components (i.e. staff wages, benefits, program and administrative costs).

• The values of the cost components are based on data on average costs incurred providers across the state.

• The absence and utilization factor (referred to as “absence factor”) is cost component intended to cover the costs incurred by the provider when the person has an unplanned absence from services and the provider cannot bill for services.

• The current absence factor for Day Services is 9.4%, a value much higher than what provider cost and claims data demonstrate.

• Other services, such as services provided to a person in their own home or workplace, do not have this inflated component value.
II. Recommended Strategy

• Reduce the absence factor for day services from 9.4% to 4.5%.

III. Anticipated Benefits

• Estimated savings of $6M.

• Alignment with CMS expectation that the rate methodology is based on data and research related to provider costs.

• All DWRS services will have rate methodologies that reflect average costs.
IV. Supporting Evidence

• A 2010 study by Navigant Consulting recommended a value of 3.9%.
• A 2016 study by Truven Health Analytics analyzed provider costs and recommended a value of 3.1%.
• A 2018 study by DHS analyzed provider claims and recommended a value of 4.5%.
V. Administrative Implications

• CMS would need to approve the new method.

• Systems work would need to occur in the MnChoices Support Plan.

• New rates would be calculated as annual reassessments occur; therefore, no additional administrative work would be needed.
VI. Equity Review Considerations

- How will this strategy consider other cost components and limitations (for example, billing caps)?
- What is the impact on service delivery among counties and tribes?
- What are the provisions for accountability among providers and DHS?
- How has increasing the value of absence factor by 9.4% impacted service delivery?
- How are recipients who have exceptional needs impacted by this proposed strategy?
- What is the total cost associated with this strategy?
- Establish an equitable mechanism for tracking and reporting Absence Factor in Day Services
VII. Anticipated Challenges

• This strategy will reduce payment rates for day services, which could have the unintended consequence of creating barriers to day services if day service providers choose to provide fewer services.

• However, it should be noted:
  • this strategy would set the rate at the average cost incurred by providers, and
  • this factor was previously set at 3.9% prior to 1/1/2019.
Break to pick up lunch
Family Foster Care Rate Reform (424)
I. Problem Statement

• The current rate methodology for family foster care services does not appropriately reflect the nature of the service.

• In 2013, the legislature enacted a new rate methodology for most disability waiver services called the Disability Waiver Rate System.

• Prior to this, rates were determined through individual county and provider negotiations. The federal government required the state to adopt a statewide consistent rate methodology for setting rates.

• For family foster care services, DWRS establishes rates through a cost—based shift staff methodology reflecting corporate residential settings.
Background Information on Rates for Family Foster Care

• The formula applies provider costs, such as staff wages and program and administrative costs, to the number of staff hours to calculate a daily rate.

• As it is entering its full implementation beginning January 2020, this new methodology is estimated to result in an average rate increase of 20.4%. The average rate produced is approximately $232 per day or $85,000 per year with little variability accounting for a person’s needs.
Background Information on Rates for Family Foster Care

• While the new rates do provide a standardized approach, they do not reflect the costs incurred or the type of services provided in a family foster care setting for the following reasons:

  • **Hours**: Because this service is provided within the provider’s home and is embedded within the provider’s daily life, establishing the time attributable to direct service hours is difficult.

  • **Costs**: Determining a methodology based on costs is difficult when the service is provided within a person’s own home.

  • **Taxes**: Income received from providing family foster care is not subject to state or federal income tax, making it different than other DWRS services.
II. Recommended Strategy

• Replace the rate methodology with a new tiered rate structure. Rates would be automatically assigned to one of six tiers according to a person’s level of needs.

  • The average daily rate proposed in this strategy ranges from $133.56 in the lowest tier to $262.79 in the highest tier. The estimated weighted average rate across all tiers is $175.82 per day, or $64,174 per year per person supported if 365 days were billed. The strategy would include an ongoing inflationary adjustment to the tiered rates to ensure the rate structure is sustainable over time.

• Support the implementation of a new “Life Sharing” model. This model allows an administrative entity to hold the license and perform required administrative tasks, freeing the family to focus on service delivery.
III. Anticipated Benefits

• Estimated savings between $10M and $20M.

• Simplification of the rate system, reduction of administrative resources required to determine rates, and production of rates reflective of the level of support provided to a person.

• Increased access to a new model of contracting that may be attractive to families put off by current program administrative requirements.
IV. Supporting Evidence

• Most states have a flat or tiered rate structure for residential services provided within a provider’s own home given the unique challenges in determining a rate based on costs and hours.

• A tiered rate structure based on level of need is employed in several states, including Colorado, Texas and Vermont.

• This strategy reflects recommendations in the 2020 Family Foster Care Rate Methodology legislative report and the methodology is consistent with the level of need tiers recommended in the 2018 Waiver Reimagine legislative report.
V. Administrative Implications

• CMS would need to approve the new method.
• Systems work would need to occur in the MnChoices Support Plan.
• New rates would be calculated as annual reassessments occur; therefore, no additional administrative work would be needed.
VI. Equity Review Considerations

• How will the strategy assess community conditions and geographic impact?
• How will this strategy use equitable mechanisms to pre-determine reimbursement rates?
• How will this strategy impact family foster care and supportive living program recipients?
• How will this strategy impact MNIT, MnCHOICES, and individuals receiving services?
• Does the strategy make provisions for accountability?
• Embed an equitable rate selection process.
• Establish an equitable needs assessment.
VII. Anticipated Challenges

• Family foster care providers could elect to provide fewer services, although for most providers, their 1-1-20 rate increase only just went into effect (20.4% in aggregate, but variable across providers).
Curb the Growth and Use of Residential Services (425 & others)
I. Problem Statement

• Spending on the Developmental Disability (DD), Community Access for Disability Inclusion (CADI), Community Alternative Care (CAC), and Brain Injury (BI) Waivers (collectively “disability waivers”) has increased significantly in recent years and is anticipated to continue increasing.

• One of the primary cost drivers in these programs is spending on residential services, specifically supports provided to people with disabilities in a corporate foster care and customized living setting.

• In Fiscal Year 2021, the total projected spending on the disability waivers is $3.4 billion (both state and federal share). Of that amount, 43% or about $1.4 billion is expected to be spent on corporate foster care and corporate supportive living services.
I. Problem Statement (continued)

• The waiver cost differential between persons receiving residential and non-residential services is large. (The figures below are *not* risk-adjusted.)

  • CADI Waiver (FY19)
    • 10,234 people received residential services with an average daily cost of $228.49.
    • 21,845 people did not receive residential services and had an average daily cost of $48.71.

  • DD Waiver (FY19)
    • 10,176 people received residential services with an average daily cost of $304.35.
    • 11,007 people did not receive residential services and had an average daily cost of $116.07.
I. Problem Statement (continued)

- Many in the disability community believe there is a need to transition away from use of corporate foster care and customized living settings, sometimes referred to as “group homes” or “assisted living,” to services that support people in their own home, family home, or apartment.
  - These settings would provide a person more options about the services they receive and the providers that provide them.
  - Multiple stakeholder strategy submissions advocated for providing more of these types of options.
II. Recommended Strategy

This strategy includes multiple sub-strategies to reduce use and curb the growth of residential services in the disability waiver programs.

A. Align Corporate Residential Billing with Rate Framework

• Today, when providers bill for these services, the rate methodology includes an absence factor that increases the daily rate to account for absences in which the provider cannot bill but still incurs costs. The factor amounts to approximately 14 days out of the home each year.

• **Strategy**: Place limits on the number of billable days for Corporate Foster Care and Supportive Living Services to align with this factor. If a person is in the home more than 351 days in a year, the provider could only bill 351 days to be consistent with the rate methodology.
II. Recommended Strategy

B. Curb Customized Living Services Rate Growth

• Customized living, available on the CADI and BI waivers, has rates that are determined through the “customized living tool” where the cost of discrete units of service are added together to determine a daily rate.

• There are currently no standardized rules or limits related to the number of appropriate units.

• Rates have noticeably increased in recent years and the increase is driven by more units of service being entered in the tool.

• **Strategy**: Place limits on the number of discrete units allowable to determine the daily rate to prevent future rate growth from occurring.
II. Recommended Strategy

C. Support Planning for People Who Want to Move

- **Strategy**: Provide additional support planning assistance to people receiving disability waiver services who indicate that they prefer to move out of corporate foster care and customized living settings.

- The state would assist lead agencies and people in accessing services that meet their needs in alternative settings.

- Support planning strategies could be modeled after Moving Home Minnesota.
II. Recommended Strategy

D. Bed Closure Targets & Rate Reform for Corporate Foster Care

• Under current law, the rate methodology for corporate foster care considers the number of people in the home when determining the rate. In order to achieve cost savings when beds are reduced, an entire corporate foster care home must close.

• **Strategy:** Update the rates statute to derive cost savings from individual bed closures.

  • DHS would achieve a defined cost savings target by reducing current corporate foster care capacity and the statewide corporate foster care moratorium maximum.
III. Anticipated Benefits

A. Reduction of spending in high-cost services

• **Align Corporate Residential Billing with Rate Framework**: Estimated savings of about $20M

• **Curb Customized Living Services Rate Growth**: Estimated savings of $1-10M

• **Support Planning for People Who Want to Move**: Additional work is needed to estimate savings. Would require administrative costs in the short term. These changes may take up to four years to achieve fiscal impact.

• **Bed Closure Targets & Rate Reform for Corporate Foster Care**: Savings would be determined based on target. This may take several years to achieve targeted fiscal impact
III. Anticipated Benefits

B. Alignment of rate formulas with billing rules

C. Alignment of customized living rates with service needs

D. Increased access to alternative services

• These strategies could result in increased access to services that are alternatives to corporate foster care and customized living and encourage greater community inclusion.

• Long-term, a strong support planning infrastructure and proper fiscal incentives could reduce utilization of these services and replacement with alternative services.
IV. Supporting Evidence

• Reducing the number of units billed and/or reducing the total daily rate will result in reduced costs on the disability waivers.

• Effectiveness of the foster care moratorium and other strategies to reduce use of corporate foster care is found in the Corporate Foster Care Needs Determination Report.

• Moving Home Minnesota is an initiative started in 2013 to help people move from nursing facilities or other institutions to their own homes in the community. In SFY 2018, Moving Home Minnesota helped 158 people move out of institutions and into the community.

• The alignment of billing limitations with absence assumptions in rate methodologies is a strategy used by other states’ waiver programs to support program integrity.
V. Administrative Implications

• Required resources vary by strategy.

• The first two sub-strategies require few administrative resources beyond systems changes. Federal approval would be required and take at least six months and systems changes could be made within a year.

• The last two sub-strategies will require increased state technical assistance to lead agencies and providers, which will require administrative support.
  • The third strategy may provide additional support to lead agencies as they administer support plans for people who want to move.
  • The fourth strategy could require significant coordination with lead agencies and providers.
Curb the Growth and Use of Residential Services (Slide 12 of 13)

VI. Equity Review Considerations

- How does this strategy meet current and growing demand for care and services and support for low-income residents in facilities that receive disability waiver programs?
- How will cost savings be defined?
- Does the strategy make provisions for accountability?
- Does the strategy pose a potential impact in access to disability waiver program recipients?
- Establish an equitable lens in the customized living tool
- Embed an equitable process to curb residential costs
VII. Anticipated Challenges

• These strategies will reduce revenue for residential service providers.
  • This could raise concerns about provider sustainability due to reduced revenue and additional hurdles to accepting new referrals and maintaining existing capacity.
  • This could create disincentives related to temporary vacancies in group residential settings.
Afternoon Break
Friday, March 6, 2020

BRC Meeting 9

9:00 a.m. - 3:00 p.m.

Elmer L Andersen Building
540 Cedar Street, St. Paul

Focus:
• Services for older adults
Thank you!

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