



March 1996 - MR/RC Warner Allocation Structure

P. 7 - An advisory committee was created  
Arc MN, MDLC, & U of MN ICI  
2 1/2 years of mtg.

Anne Henry  
Bob Brick  
Charlie Lakin

P. 8 Alt. to the screening document were  
considered but rejected because  
~~The screening document provided~~  
of cost, duplicity, and sat,  
with data from the screening  
document.

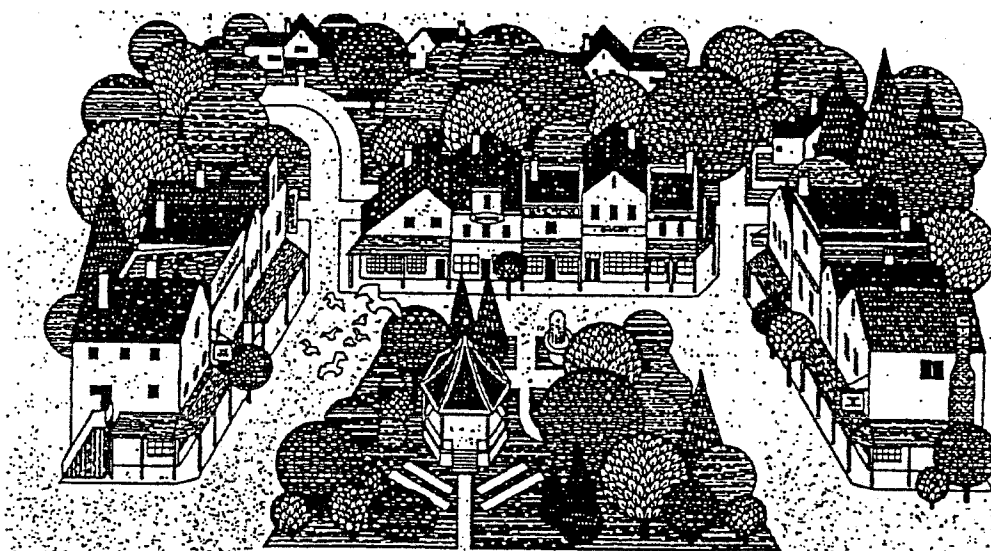
→ List of members  
7.19

no parents  
no people with  
dis.

1916 Waiver Alloc Study

# Summary Report: The MR/RC Waiver Allocation Structure

An overview of the process to develop the structure under which Title XIX Home and Community-Based Resources for Persons with Mental Retardation or a Related Condition will be allocated as of July 1, 1995.



prepared by  
Minnesota Department of Human Services  
Division for Persons with Developmental Disabilities  
March, 1996

# Summary Report: The MR/RC Waiver Allocation Structure

## Table of Contents

<b>Section One: Purpose and History of the Allocation Structure</b>	
A.	Purpose ..... 3
B.	Overview and History of the MR/RC Waiver Program ..... 3
C.	1992 Legislation Requiring Alternative Allocation Plan ..... 6
D.	Why Change? ..... 6
E.	Advisory Committee Process ..... 7
<b>Section Two: Characteristics of the New Methodology for Resource Allocation ... 8</b>	
<b>Section Three: Development of the Allocation Methodology</b>	
A.	Selection of Reliable, Valid Data Sources ..... 9
B.	Statistical Procedures and Products ..... 9
C.	1995 Legislation Implementing Allocation Structure ..... 13
<b>Section Four: Initial Implementation of the Allocation Structure</b>	
A.	Obtaining Federal Approval of the Allocation Structure ..... 14
B.	Establishing Allocation Criteria and Procedures ..... 14
C.	Calculation of Unique County Averages ..... 15
D.	Training and Technical Assistance Planning ..... 15
<b>Section Five: Technical Tools Provided to County Agencies</b>	
A.	Development of a PC based Waiver Tracking and Simulation System ..... 16
B.	Benchmarks for Effective Management of Waivered Services Resources ..... 16
C.	Further Analyses of Information ..... 17
<b>Section Six: Next Step - Formative Evaluation ..... 18</b>	
<b>Section Seven: Appendices ..... 18</b>	
Appendix A: Members of the Advisory Committee ..... 19	
Appendix B: 1995 Legislative Language ..... 20	
Appendix C: DD Screening Document ..... 21	
Appendix D: Diversion Allocation Criteria ..... 22	
Appendix E: Federal Amendment & Approval ..... 23	

## Section One: Purpose and History of the Allocation Structure

### A. Purpose

An alternative methodology for the allocation of resources through the Title XIX Home and Community-Based Services program for Persons with Mental Retardation or Related Conditions (MR/RC waiver) was approved by the 1995 Legislature for implementation July 1, 1995. The allocation structure was developed to meet the following objectives:

- enhance access to appropriate services for eligible persons by increasing the correlation between the needs of persons to be served and the distribution of resources;
- continue ICF/MR downsizing initiatives through an ability to serve a greater percentage of recipients with significant needs;
- place decision making authority at the local level closest to the individual; and
- streamline administrative procedures and reduce layers of governmental management.

Allocating resources differently is not an end in itself but an initial step of a three part process that includes technical assistance and formative evaluation. This three part process is directed toward broader goals, specifically: the further development of an infrastructure capable of supporting innovation, efficient service delivery that is responsive to persons in need of support, and system flexibility to self-evaluate and correct during a period of reform.

Technical assistance will:

- provide tools and management strategies to local agencies in the allocation and management of resources;
- promote prudent purchasing and provision of appropriate, creative and innovative services;
- offer incentives for county and collaborative county long-term planning, creative service development and resource management; and
- establish a framework that will shape and respond to system redesign.

A formative evaluation of the structure will:

- answer questions raised during the process of developing the structure;
- evaluate effectiveness of the allocation structure and the initial technical assistance provided;
- offer recommendations for enhancements; and,
- provide additional information on the relationship between service costs and assessed recipient need to assist in system redesign efforts which increase system efficiency and flexibility.

### B. Overview and History of the MR/RC Home and Community-Based Services Waiver Program

*Minnesota's MR/RC waived services program began in July, 1984.*

Authority to provide home and community-based services as an alternative to intermediate care facilities for persons with mental retardation (ICFs/MR) placement was granted to Minnesota by the federal Health Care Finance Administration in 1983 in accordance with provisions in Section 1915(c) of the Social Security Act. Strong public pressure prompted policy makers to pursue community options to institutional care. During the 1970's, Minnesota experienced rapid growth in Medicaid funding for privately operated ICFs/MR, in addition to publicly operated ICF/MR units in regional treatment centers. By 1982, Minnesota had the highest per capita ICF/MR bed capacity in the nation. At this time, the cost-appropriateness and limited flexibility of ICF/MR services came under scrutiny, particularly in the Welsch class action lawsuit brought against the state regarding its regional treatment centers. Conditions in the Welsch settlement included development of appropriate community-based services through mechanisms such as the waiver.

Submission of a waiver plan occurred after the state Legislature placed a moratorium on further development of ICF/MR capacity and granted authority to the state Department of Human Services to apply for home and community-based funding as a cost-effective, appropriate service option for persons with mental retardation or related conditions.

*The MR/RC waiver program utilizes management strategies designed to place responsibility, control and flexibility with the purchaser.*

Since its inception, Minnesota's MR/RC waiver program has sought management and purchasing strategies which place responsibility and authority for cost, utilization, and quality in the hands of the purchaser. The program is founded on principles which include:

Shift of control from providers of service to purchaser: Concurrent with initiation of the MR/RC waiver, Minnesota implemented new case management standards which defined a purchaser's role very differently. Responsibility for the activities of eligibility determinations, need assessment, service identification, provider selection, service coordination, identification of service delivery outcomes, authorization and monitoring was placed on a case management system, thus separating the service provider's role from these functions.

Cost control: The total costs of providing waived services, federal and state Medicaid dollars, as well as other state dollars, must be less than the ICF/MR cost would be in the absence of the waiver. The state Legislature appropriates available funding within federal limits which results in the number of dollars available to serve recipients requesting waived services. Services may not be authorized to the extent they would cause aggregate spending to exceed this limit. The ability to provide appropriate services is strongly influenced by incentives to utilize available funding efficiently and creatively. This activity is accomplished largely through the case management system.

Control of growth: Minnesota's federally approved waiver plan for persons with mental retardation or a related condition limits growth by specifying the number of new recipients that can begin receiving waived services in a year. Additionally it clarifies the total number of persons that may be served during a fiscal year.

Utilization management: Providing an array of services and living arrangements are essential factors which have contributed to the value and success of the waiver program. These components allow the opportunity to purchase only those services necessary to meet each recipient's unique needs. Through the waiver program, county agencies were also given greater capacity to purchase services creatively and to efficiently maximize available resources. Specifically, the waiver program enabled local purchasers to directly recruit and contract with providers, negotiate individualized service rates based upon the needs of the person(s) to be served, authorize the type, amount, frequency of each service, and monitor and evaluate services.

Outcome Evaluation: The county as purchaser has been able to measure, monitor and appropriately respond to the quality and type of services provided. This is possible both on behalf of individual recipients and over the broader array of services provided in the county. Modifications to improve the quality of existing services and to expand the available options to effectively meet changing needs have been encouraged.

*The MR/RC waiver relies heavily on "conversion" activity for funding.*

As previously stated, the MR/RC waiver was initiated as a cost effective alternative to ICF/MR services, including state operated regional treatment center ICF/MR units. Much of the funding for the waiver is obtained through the conversion of Medicaid funds which have previously provided reimbursement for ICF/MR services. For every person that enters the MR/RC waiver program from an ICF/MR, an ICF/MR bed must be decertified. The moratorium placed by the Minnesota Legislature on the further development of ICF/MR beds at the time of initial MR/RC waiver application enabled the state to direct funding toward non-institutional alternatives.

In addition to this conversion capacity, "diversion" capacity has been approved to provide services to persons who otherwise would be placed in an ICF/MR. This has become important in light of the preference many consumers have to receive home and community-based services instead of ICF/MR services. The number of persons who can be served as "diversions" is also limited by Minnesota's federally approved waiver plan and the available state funds.

*MR/RC costs are managed aggregately within an established average spending limit.*

Minnesota's waiver plan utilizes a management option whereby cost-effectiveness is managed within an overall average limit. Administratively, this is described as the "average daily reimbursement rate" or "allowable average". This rate results from a calculation dividing the total dollars available in a given fiscal year by the number of days eligible recipients receive services. The authorization of services to individual recipients are not limited by the established daily average reimbursement rate; some recipients' service costs may be higher than the average while others may be lower. The waiver allows flexibility in service decisions as long as the combined cost of services for all recipients does not exceed the fiscal year parameters.

*Minnesota's county agencies administer the program and manage costs within spending limits.*

Decisions regarding which persons will receive MR/RC waived services as well as the level of services to be provided to individual recipients are made by county agencies according to written procedures and criteria and procedures. These allocation procedures and criteria are developed locally and must reflect state policy goals in addition to a particular county's goals or priorities. County agencies have flexibility when authorizing funds to meet needs of individual recipients as long as the daily average cost for services are managed within the allowable daily reimbursement rate as established for the county.

Annually, the Department grants "allocations" to county agencies to serve eligible persons who are currently in ICF/MR settings who wish to be "converted" to a home and community alternative and resources to "divert" eligible recipients in need of services from placement in an ICF/MR. The total number of allocations granted to a county provides the basic framework for determining the parameters of county waiver spending. Specific variables within the framework include the number of recipients, the number of service days and the allowable daily average reimbursement rate.

Within these parameters, county agencies exercise administrative responsibilities which include the authorization of service payments, the negotiations of reasonable rates with service providers, and the development of provider service contracts. The county agencies further clarify provider roles and responsibilities by monitoring the provision of services for which they contract and ensuring that the services result in the intended outcomes for the recipients.

*MR/RC resources have become a primary mechanism to meet state policy goals.*

Over the last five years, the Minnesota Legislature sought mechanisms to meet policy goals and to deal with budget issues. The MR/RC waiver program was often utilized. Examples included:

- (1) The Enhanced Waivered Services Fund was developed to continue regional treatment center (RTC) downsizing efforts at a time when many counties experienced difficulty managing waived services costs of persons with significant needs leaving the RTC. This component of the MR/RC waiver dedicated resources to permit funding of services to persons leaving regional treatment centers when county agencies could not afford those costs within their allowable average. By pooling money on a state level, significantly more persons were able to leave regional treatment centers and receive necessary services.
- (2) The Family Choice Option (FCO) Demonstration created a state managed component of the MR/RC program targeting resources to a limited number of families at a lower allowable average while incorporating additional flexibility for these families who were caring for a son/daughter in their own home. This initiative was developed in response to state budget issues and as an alternative to reducing the number of available "diversion" allocations. The lower average maintained at a state level was based on the actual average cost of services for recipients living at home with their parents.
- (3) Enriched funding was approved in 1992 as a component of the MR/RC waiver to facilitate requested ICF/MR closures. It provided funding needed to serve persons with significant needs when the county was unable to manage the costs of serving these recipients within their allowable average.

(4) SILvr allocations were created following 1993 legislation which approved the transfer of funds from SILS accounts to provide the state share of waived services. A number of persons receiving state funded Semi-Independent Living Services (SILS) appeared to be eligible for waived services through the screening process. They had been identified by local agencies as being at risk of ICF/MR placement in the absence of necessary support services. Typically, the average cost of serving persons who had been on SILS was less than the county-managed average. Again, to achieve policy and funding goals a separate state-managed component of the MR/RC waiver was established.

(5) Crisis-Respite Services were included in the waiver when the Legislature identified the need for community-based crisis services during the planning for the closure of a regional treatment center ICF/MR unit. The MR/RC program was utilized to demonstrate cost-effective crisis community support options in areas where institutional capacity no longer existed for these purposes.

One unforeseen result of using the MR/RC waiver program to meet the above policy and budgetary goals, was that the program became more and more complex. Layers of administrative procedures between the state agency and county agencies were developed to implement and monitor these initiatives. The targeting of resources resulted in components of the MR/RC waiver being managed at different reimbursement levels by the Department. Though county agencies continued to maintain responsibility for most administration decisions, the Department assumed increased responsibility with the counties in managing service costs. Managing the average level of spending within each of the previously mentioned state-managed components occurred on a state level. Additionally, the state continued to assure the financial integrity for the entire MR/RC program.

#### **C. 1992 Legislation Authorizing Development of an Alternative Allocation Plan**

A number of factors precipitated the Minnesota Legislature in 1992 to authorize legislation which called for the development of an alternative allocation methodology. Specifically, the Laws of Minnesota (for 1992), Chapter Law 513, Article 9, section 38. stated:

##### **WAIVERED SERVICES RATE STRUCTURE.**

The commissioner of human services shall report to the Legislature by January 15, 1993, with plans to implement on July 1, 1993, a rate structure for home and community-based services under title XIX of the Social Security Act which bases funding on assessed needs of persons with mental retardation or related conditions.

#### **D. Why Change?**

To successfully implement its legislative charge the Department focused on the following crucial outcomes:

*To improve equity in service access regardless of the person's previous living arrangement or service provider*

A person's previous living arrangement was a determining criteria for eligibility in a state managed component of the MR/RC program. As a result, concerns grew about potential inequities various recipients might experience in accessing waived services. For example, persons who were living in a regional treatment center prior to entering the waiver were more likely to access a higher level of funding than persons living with their parents, even if they had very similar needs. Policy makers and advocates expressed concerns that people were being institutionalized unnecessarily to receive additional waiver resources.

*To reduce unnecessary and complex administrative procedures*

As state-managed components of the MR/RC program developed to respond to policy goals, additional administrative procedures were necessary to achieve the goals within the funding and program parameters. For example, additional waiver types were added and separate procedures were established to track the state-managed funds and their utilization.



### *To place individual service authorization decisions at the local level*

The layering of administration associated also meant decision-making was expanded beyond the county level. Department staff became involved in the individual service review and authorization process. This created conflict with Minnesota's tradition of placing decision making authority at the level closest to the persons for whom the services are intended.

### *To reduce barriers to innovation and flexibility in service provision*

Programmatically, many services developed through the waiver program were based on an ICF/MR services model. New development demonstrated a heavy reliance on small, four person "waiver group homes" with 24-hour shift staffing. Administrative procedures were perceived to contribute to these tendencies. Both state and county policy makers believed that Minnesota had not yet fully realized how innovative, flexible service development could contribute to a strong community-based, cost-effective infrastructure. They felt that further efforts should be directed toward evaluating existing service models and promoting long-term planning.

### *To assure cost effectiveness*

Concerns over potential cost shifting to the state level by counties also lead to an examination of how cost-effectiveness was maintained across all components of the MR/RC program. Policy makers clearly saw a need to create additional incentives for local agencies to effectively manage available resources.

## **E. Advisory Committee Process**

An advisory committee representing county and provider agencies, Legal Advocacy, Arc-Minnesota, and the University of Minnesota - Institute on Community Integration, was formed to guide the Department's activities to pursue its legislative charge (Appendix A contains the list of advisory committee members). The advisory committee members committed significant time and energy to develop the alternative allocation structure proposal over a two-and-a-half-year period. After initial fact finding and extensive discussion of outcomes, a mission statement was drafted to guide the process.

### *Mission Statement*

Improve equitability of access to services without regard to the county of financial responsibility and previous placement history.

Improve the correlation of resource allocation to the service needs of individuals while maintaining flexibility in the provision of services to each individual.

Accomplish this within resources available without increasing administrative cost or complexity.

Accomplish the above while assuring that the resource management entity serves the people for whom the resources are intended and is accountable to meet the range of needs of individuals eligible for home and community-based services.

### *Intended Outcomes*

Additionally the advisory committee focused on the following outcomes:

- To clarify roles between DHS and counties;
- To place service authorization decisions at the county level thus enabling those closest to persons served to flexibly direct resources where needed without regard to previous living arrangement or type of provider;
- To create an allocation process which results in county management of MR/RC waiver resources at unique allowable amounts which vary depending upon the characteristics of the persons a county serves;

- To provide incentives and assistance for county agencies to collaborate and cooperate in long-term planning, service development, service evaluation, and resource management;
- To provide incentives for counties to provide an array of appropriate services that are purchased in cost-effective, creative ways;
- To offer incentives for stakeholders and interagency collaboration on both the local and state level; and
- To provide needed information and experience as a foundation step for future Medicaid reform efforts.

## **Section Two: Characteristics of the New Methodology for Resource Allocation**

Minnesota's new methodology for allocating resources to counties for persons receiving MR/RC waived services has four predominant characteristics.

First, it is a structure based on a taxonomy developed to profile the functional characteristics of MR/RC waiver recipients. An advanced statistical procedure, Principal Components Analysis, was used to analyze recipient data from the DD Screening Document to identify clusters of characteristics, e.g., components. Three components emerged and were subsequently used to distinguish recipients based on broad profiles: (a) functional ability to care for one's own basic needs; (b) the intensity of any aggressive and/or destructive behavior; and (c) any history of obstructive behavior in combination with a diagnosis of psychosis or neurosis.

Second, the methodology acknowledges both historical MR/RC waiver payment information as well as current encumbrance data in its calculations of the allowable average daily dollar amount that will be linked to each of the broad recipient profiles. In so doing, allowable dollars are tied both to the collective level of need of each recipient profile and to the costs of providing home and community-based services in Minnesota.

Third, the calculation of each county's unique allowable daily average is based on the allowable average daily dollar amount associated with each persons' profile who enters the program after July 1, 1995 and the base dollar amount authorized for persons in service as of June 30, 1995. Thus, counties serving new recipients who are more significantly limited in their functional abilities will see a greater increase in the allowable daily average dollar amount than counties that serve new recipients who are functioning more independently.

Fourth, the level of spending for any particular recipient is in no way affected by the dollar level associated with the profile corresponding to the recipient's functional abilities. Even though the methodology for calculating each county's allowable daily average spending limit (e.g., their "average") makes use of person-specific data in the computation, there is no requirement, explicit or implied, that spending be at any specific level. Neither the advisory committee nor the Department of Human Services ever intended to restrict flexibility with respect to spending for services.

## **Section Three: Development of the Waiver Allocation Methodology**

This section describes in more specific detail the data sources, statistical procedures and analytical products upon which Minnesota's new methodology for allocating MR/RC waiver resources is based. It does so chronologically, in the same order that the advisory committee and department staff examined the characteristics of waiver recipients and the cost information used to subsequently establish profiles and resource amounts associated with them.

### **A. *Selection of Reliable, Valid Data Sources***

The advisory committee and Department staff felt it was critical to utilize reliable, valid data sources for analysis for the development of an alternative methodology to allocate MR/RC waived services resources. Data used to develop summary profiles of the needs and characteristics of MR/RC waiver recipients were obtained from the DD Screening Document (See Appendix C). This instrument was constructed in the early 1980's to document the functional characteristics of each potential waiver recipient, their eligibility for services under the Title XIX waiver program, and the specific services both currently receiving and planned.

Alternatives to the screening document as the primary data source were considered, but rejected, by the advisory committee. The person-specific data generated by the DD Screening Document, the committee observed, provided

data sources about recipient characteristics that were considered were: (1) the Quality Assurance and Review (QAR) case mix instrument developed for ICF/MR residents in Minnesota in the late 1980's, and (2) development of a new instrument specifically designed to yield profiles of the MR/RC waiver population. Cost, duplicity of effort and general satisfaction with data obtained from the DD Screening Document were the primary reasons for the rejecting these options.

Actual cost data, specific to each recipient and to each service received, was also obtained from Minnesota's Medical Assistance Master Claims History data file. Paid claim data for both state fiscal years 1992 and 1993 were used for the initial analysis. Encumbrance data for 1994, also recipient and service-specific, was used in the latter stages of the development of the alternative methodology. This data was obtained from the Service Agreement Data File of Minnesota's new Medical Assistance claims processing and payment system in lieu of paid claims data for that same year. Paid claims data was unavailable at the time of initial implementation of the new allocation system and will be evaluated through the formative evaluative process.

## ***B. Statistical Procedures and Products***

Statistical procedures were employed in four phases to better understand the relationships which existed between recipient characteristics and service costs.

### **Phase I: Exploratory analysis of factors contributing to the cost of waived services: The relationship between cost, recipient characteristics and type of living arrangement.**

Initial efforts were directed at assembling descriptive statistics about the MR/RC waiver costs, recipients, living arrangements, counties and providers in Minnesota. Emphasis was focused on identifying predictors of historical cost. At this phase of the analysis, development of a recipient taxonomy based on functional characteristics was a vague notion in the minds of members of the advisory committee. The search for the correlates of high and low cost services was paramount!

This early analysis was completed using recipient data generated by the DD Screening Document that was in use in Minnesota between 1986 and 1994. Payment data for each 1993 MR/RC waiver recipient was obtained from the medical assistance master history claims file and reflected services provided to each recipient in 1992. This time lag, a reflection of the predictable lag in all MA claims processing, did not seriously bias the conclusions drawn from the analysis.

The descriptive statistics generated documented the distributions of average daily waiver costs for state fiscal year 1992:

- within categories of living arrangement (e.g., corporately staffed foster homes, family foster homes, home with family),
- for selected counties, by size of the foster home (e.g., number of residents),
- for selected service providers (corporately staffed foster homes only).

The cost of day training and habilitation services was included or not included in the analyses at the discretion of the members of the advisory committee.

Stepwise Multivariate Regression and Discriminant Analysis were used during Phase I to identify factors that were significant predictors of the cost of services, primarily costs associated with services provided to residents of corporately staffed foster homes. Both methods produced results that indicated that, for persons residing in this particular setting, the following factors appear to be direct or indirect contributors to cost: (1) ability to care for toileting needs, (2) injurious behavior to others and self, (3) level of supervision specified, (4) the parent organization providing the residential service, (5) the number of residents in the foster home, (6) length of time on the MR/RC waiver program, and (7) metro/urban/rural location of the home.

Informative as these results were, the advisory committee and department staff soon realized that if the new methodology for allocating MR/RC waived resources was to be truly based on the functional characteristics of recipients, it had to be developed without regard to the factors that historically have driven costs, and specifically, without regard to living arrangement. The new methodology had to be designed to encourage use of any and all

appropriate living arrangements. It should focus primarily on recipient characteristics and, by implication, the level of support needed by the person. This realization led to Phase II of the analysis.

Phase II: Development of a taxonomy based on the functional characteristics of recipients, without regard to service costs or living arrangement.

As the advisory committee and department staff were completing their work during Phase I, a revised and improved DD Screening Document was being implemented in Minnesota by the Division for Persons with Developmental Disabilities. This new source of data, and the recognition that the alternative allocation structure required a taxonomy capable of summarizing and profiling the MR/RC waiver recipient population, brought the development effort into Phase II.

The analysis of Phase II was guided by the decision to shift away from the task of identifying predictors of historical cost and toward the identification of factors that would distinguish recipients with similar functional characteristics. By inference, it was believed that persons generally needed similar levels of support to address their functional abilities, regardless of their current living arrangement, the availability of natural supports or the amount of purchased services.

Principal Components Analysis, a type of Factor Analysis, was selected as the statistical procedure for identifying the relationships among the factors included on the new DD Screening Document, specifically as they describe the population of waiver recipients. The procedure, a highly recognized and accepted statistical procedure used in the development of psychological, educational and sociological instruments, was used to isolate clusters of factors (e.g., components) that collectively describe a characteristic.

Results indicated that three components significantly distinguished recipients from one another: (1) the recipient's ability to care for his or her own basic needs, (2) the intensity of any aggressive or destructive behavior, and (3) any history of obstructive behavior in combination with a diagnosis of psychosis or neurosis.

This analytical product was then supplemented with further specification of each component using the DD Screening Document codes for each significant factor. Hence, specification of the "operational definition" that describe discrete profiles of recipients and could then be used to assign each person with DD Screening data to a profile description on the basis of their similar functional characteristics.

Table I, below, displays the taxonomy of recipients developed by applying the operational definition to the three components identified by the Principal Components Analysis. The statistics adjacent to each cell represent the number of recipients as of December, 1994 assigned to that cell by that classification procedure.

**TABLE I: TAXONOMY OF MINNESOTA'S MR/RC RECIPIENTS (1994)**

(Based on functional characteristics identified by a Principal Components Analysis)

N = 99 (2.3%)	VERY HIGH SELFCARE NEEDS	MI DIAGNOSIS BREAKSLAWS/RUNSAWAY	N = 0 (0.0%)
		AGGRESSIVE/DESTRUCTIVE BEHAVIOR	N = 23 (0.5%)
		NEGLECTIBLE/MILD BEHAVIOR	N = 76 (1.8%)
N = 2,300	HIGH SELFCARE NEEDS	MI DIAGNOSIS BREAKSLAWS/RUNSAWAY	N = 29 (0.7%)
		AGGRESSIVE/DESTRUCTIVE BEHAVIOR	N = 957 (22.6%)
		NEGLECTIBLE/MILD BEHAVIOR	N = 1,314 (31.0%)
N = 1,844 (43.5%)	NEG, LOW, MODERATE SELFCARE NEEDS	MI DIAGNOSIS BREAKSLAWS/RUNSAWAY	N = 19 (0.5%)
		AGGRESSIVE/DESTRUCTIVE BEHAVIOR	N = 484 (11.4%)
		NEGLECTIBLE/MILD BEHAVIOR	N = 1,341 (31.6%)

Phase III: Calculating the historical and encumbered cost of services for subgroups of recipients based on the taxonomy.

Following the development of a taxonomy based on functional recipient characteristics a third phase begun. Phase III focused on two major tasks:

- First, computing, within the taxonomy's categories of functional characteristics, average daily spending for persons who received home and community-based services during state fiscal year 1993; and
- Second, computing average daily encumbrances for recipients who had entered the program during the previous year, again within categories of the taxonomy.

The objective of this phase was simply to generate empirical data about past and present payments that would help determine reasonable levels of resource allocation for future recipients of MR/RC waived services within each of the categories of the taxonomy. This decision was the objective of Phase IV of the analysis.

Table II, below, displays the results of the analysis conducted in Phase III.

**TABLE II: SFY '93 DAILY COST AND CALENDER YEAR '94 ENCUMBERED AMOUNT PER DAY FOR MR/RC WAIVER GROUPS**  
(The Average Cost Per Waiver Day Includes the Cost of Day Training and Habilitation)

WAIVER RECIPIENT GROUPS	N MR/RC RECIPIENTS (DEC. '84)	PERCENT RECIPIENTS (DEC. '94)	AVERAGE COST/DAY (SFY '93)	ENCUMBERED COST/DAY (CY 1994)	N MR/RC RECIPIENTS (CY 1994)	PERCENT RECIPIENTS (CY 1994)
VERY HIGH SELF CARE NEEDS WITH.....						
•• MI Diag, Breakslaws, Runaway	N= 0	0.0%	\$ 0.00	\$ 0.00	N=0	0.0%
•• Agressive/Destructive Behavior	N= 23	0.5%	\$105.42	\$115.72	N=6	0.7%
•• Negligible, Low or Moderate Behavior	N= 76	1.8%	\$ 86.46	\$178.83	N=30	3.3%
HIGH SELF CARE NEEDS WITH.....						
•• MI Diag, Breakslaws, Runaway	N= 29	0.7%	\$105.10	\$172.94	N=5	0.6%
•• Agressive/Destructive Behavior	N=957	22.6%	\$105.59	\$143.03	N=207	23.1%
•• Negligible, Low or Moderate Behavior	N=1,314	31.0%	\$ 84.57	\$119.29	N=279	31.1%
NEG/LOW/MODERATE SELF CARE NEEDS WITH.....						
•• MI Diag, Breakslaws, Runaway	N=19	0.4%	\$119.09	\$160.96	N=8	0.9%
•• Agressive/Destructive Behavior	N=484	11.4%	\$ 97.35	\$124.05	N=63	7.0%
•• Negligible, Low or Moderate Behavior	N=1,341	31.6%	\$ 78.99	\$80.33	N=300	33.4%
				(Total = \$114.72) (N=898)		

\*\*\*\*Prepared by the Division for Persons with Developmental Disabilities (March, 1995)

Phase IV: Establishing summary profiles of recipients and corresponding allowable average allocation levels: integrating information about functional characteristics and spending in the past, present and as anticipated for the future.

The review of the data generated in Phase III quickly led to the observation that several of the nine taxonomy categories had similar average service payments, regardless of whether historical spending was considered alone or in combination with current encumbrance data. This observation prompted the decision to group those categories of the taxonomy with similar payment levels. A final set of four summary recipient profiles for allocating resources to counties was thereby established.

The allowable average daily dollar amount to be allocated for each of the four summary profiles was determined by considering:

1. the empirical data generated in Phase III, specifically the "weights" reflected in the different average daily payments (combined historical and encumbered) for each summary profile,
2. the current operating average daily reimbursement rate for the MR/RC waiver, e.g., \$101.00 per day,
3. information from counties and service providers pertaining to the cost of developing services for new waiver recipients, and
4. the profile designation of persons residing in community ICFs/MR that were scheduled for closing.

Table III, below, describes each of the four summary profiles. It includes a reference to the functional characteristics of recipients in each of the taxonomy categories which compose each profile, the weights assigned to each profile for use in establishing the allowable average daily allocation level, the actual allowable average daily allocation level set at the time of implementation, and the percent of persons who are screened and authorized for ICF/MR level of care but not yet receiving MR/RC waived services in each profile.

TABLE III: PROFILE GROUPS ARE BASED ON FUNCTIONAL CHARACTERISTICS FIRST, COST SECOND....

GROUP I: 7% of Persons Waiting

VERY HIGH SELF CARE NEEDS
OR
MI DIAGNOSIS AND OBSTRUCTIVE BEHAVIOR
Avg Allowable \$\$\$ = \$253.00

GROUP II: 31% of Persons Waiting

HIGH SELF CARE NEEDS
OR
AGGRESSIVE/DESTRUCTIVE BEHAVIOR
Avg Allowable \$\$\$ = \$212.00

GROUP III: 45% of Persons Waiting

LIMITED SELF CARE NEEDS BUT AGGRESSIVE/DESTRUCTIVE BEHAVIOR
OR
HIGH SELF CARE NEEDS BUT NO MAJOR BEHAVIOR PROBLEMS
Avg Allowable \$\$\$ = \$151.00

GROUP IV: 17% of Persons Waiting

LIMITED SELF CARE NEEDS
AND
NO MAJOR BEHAVIOR PROBLEMS
Avg Allowable \$\$\$ = \$101.00

### C. 1995 Legislation Implementing the Allocation Structure

Following the advisory process and the analytical development of the waiver allocation methodology, specific legislation was authorized to proceed with the MR/RC program. In May of 1995, the Minnesota Legislature authorized changes to the MR/RC waiver program to implement the allocation structure methodology. (Appendix B)

#### a. Key points of legislation approving the allocation structure included:

- MR/RC waived services resources made available on or after July 1, 1995 to county agencies will be allocated using a methodology which correlates resource levels made available with the average resource need of persons with similar functional characteristics.
- Existing resources authorized prior to July 1, 1995 will be made available to local county agencies based upon authorized levels and will be considered part of the agency's "base".
- County agencies will manage all available dollars within a unique allowable average which is determined by dividing the total dollar amount available to them during a given period ("base" and new funding) by the number of service days in a given period.
- Each county has decision making authority in the allocation of waived service resources to eligible individuals as long as overall spending is within the county's unique allowable reimbursement average.
- There will be an increase in the total dollars available to county agencies over the biennium in order to serve a greater percentage of new persons with significant needs thus enabling the attainment of policy goals.

#### b. Summary of Impact of the Allocation Structure

What it will do	What it won't do
Improve correlation of resource allocation with the functional characteristics of recipients both on state and county level without regard to previous living arrangement or provider.	Does not cap funding for an individual. This is NOT case mix. There is a distinction between allocation of resources to county creating a pool of allowable dollars and the level of service authorized for an individual recipient by the county.
Allocate resources consistently to county agencies based upon broad average resource needs of persons with similar functional characteristics.	Does not describe the service level needed for any specific individual; structure is based on very broad aggregate average dollar amounts.
Create a unique allowable average for each county that includes all MR/RC waiver dollars.	Does not dedicate funding for identified groups of people or reduce available dollars when establishing county base averages.
Eliminate state managed components of the MR/RC waiver program.	Does not include the ACS waiver which is a separate waiver program.
Result in county averages that vary depending upon the needs of recipients served.	Does not eliminate the distinction between conversion and diversion.
Place decision making authority at the local level, including flexibility in authorizations of service levels for individual recipients.	Will not support unlimited funding requests; authorizations must be within overall funding parameters established through the structure.
Provide resources for persons with a range of needs to be served and policy goals to be met.	Will not serve an unlimited number of persons within available dollars; limits on number of new recipients each year continues. Policy goals direct rate of growth.
Increase available dollars in order to serve greater percentage of persons with significant needs, thus responding to ICF/MR downsizing initiatives and policy goals.	Will not meet every service need or request for every person.
Provide continued adjustments to the allocation structure through a formative evaluation process.	Will not be a rigid inflexible structure incapable of change.

## Section Four: Implementation of the Allocation Structure

Follow the legislative authorization passed in May, 1995 the Department moved ahead with the following steps to ensure a timely implementation of the allocation structure. They are developed at greater length in subsequent sections:

- A. Obtaining federal approval of allocation structure methodology
- B. Establishing allocation criteria and procedures
  - Parameters describing the numbers of persons to be served by each county
  - Parameters describing allowable dollars to be made available to each county
- C. Calculating unique county averages based upon available FY 1995 funds
  - Initial calculation
  - Transition adjustments
- D. Initiating training and technical assistance efforts

### *A. Obtaining Federal Approval of the Allocation Structure*

Legislation authorizing proceeding with the Allocation Structure specifically required federal approval prior to implementation. Department staff developed the amendment to the approved waiver plan to allow the initiative to move forward. (Attachment E) Key to federal approval to the Allocation Structure were assurances that individual recipients would not have services limited by the resource amount associated with a profile. Decisions regarding the authorization of funds for any individual will be based on the Individual Service Plan developed for the recipient and the extent to which the services can be managed within the unique allowable average established for each county.

### *B. Establishing Allocation Criteria and Procedures*

Implementation of the Allocation Structure not only requires a correlation between the functional characteristics of recipients and the available pool of dollars at the county level but also a predictable methodology of allocating capacity to serve additional people. The allocation structure is based on a capitation philosophy where distribution of dollars is based on an average cost across a group of recipients rather than a spending limit for an individual recipient. An "allocation", therefore, now refers both to the ability to provide waived services to a person and the level of resource added to a county's pool of available dollars. This resource pool serves as the overall spending parameter to compare the aggregate average spending level for all persons in the waiver as authorized by the county. Because the basis for the allocation structure is founded on broad analyses across all waiver recipients as well as potential recipients over an array of living arrangements, geographic and economic regions and service plans, individual service authorizations are not intended to be limited by the structure.

Two types of resources are allocated to county agencies to achieve goals related to the provision of home and community-based services to persons with mental retardation or a related conditions. They are conversion or diversion allocations.

Conversion Allocations: Since conversion activity results in a reduction in ICF/MR statewide capacity and has significant impact on budgetary and policy goals, counties will be given necessary conversion resources in their planning process. Resources contributed to the county pool of allowable dollars will correspond to each new recipient's profile. ICF/MR closure requests may include agreements providing for planful and coordinated development of waived services over more than one fiscal year to assure adequate waiver resources are available.

Diversion allocations: There are 200 diversion allocations available each year. As stated earlier, these resources are intended to support persons who require an ICF/MR level of care but chose a community alternative instead of placement in an institutional setting. Available new allocations are significantly less than the number of requests. In June 1995, county agencies were notified of the number of diversions available to them and funding parameters. Appendix D contains criteria used by the Department for allocation of diversion resources to county agencies. The number of diversions and corresponding resource levels available to a county is based on factors that include the total number of persons on county case loads, the distribution of persons screened across the profiles, the number of persons requesting diversion allocations, the extent alternative Medicaid services are utilized, population and growth factors. The intent is to provide a rational, equitable approach that enables county agencies to engage in long term planning efforts with an



indication of future resource levels.

Ultimately, it is anticipated that Minnesota's resource allocation process will include a contractual arrangement between the county or a consortium of county agencies and the Department. The contract will specify the broad outcomes to be achieved within overall funding parameters during a two to four year period. This will support long term planning and reduce interim administrative procedures between the Department and the local agencies managing resources.

### *C. Calculation of Unique County Averages*

The base allowable average reimbursement rate refers to the allowable daily average level of spending as of July 1, 1995 and was the total of all available funds divided by the total number of service days (number of recipients times 365 days in the year). County averages consisted of:

- \$101 for every person on MR/RC waiver allocations managed by the county prior to 6/30/95
- Dollars equal to the authorized funding level for every person on previously state managed components of the MR/RC program
- Dollars for one time costs that were outside of the average and not yet paid for
- "Hold Harmless" amount, if any, resulting from 1991 legislative initiatives
- Available discretionary funds for every eligible person

Transition: Since there were a number of FY 1995 allocations awarded but not yet in service by July 1, 1995, a transition plan was developed that assured counties of a specific dollar amount, authorized by the Department according to "pre-allocation structure" criteria and procedures, that would be added to their unique county average at the time the person actually entered the waiver as long as all persons were in service by an established date. After that date, the authorizations were no longer valid and the county would enter the person into waived services using the allocation structure criteria and procedures.

### *D. Training and Technical Assistance Planning*

To prepare county agencies for the implementation of the allocation structure, statewide video conferences were held. The video conferences provided an overview, answered questions and gathered information on needed support. Video conferencing also occurred with provider agencies to provide information, clarify roles, answer questions and learn of concerns.

The Department's primary means of training and technical assistance is through the activities of regional services specialists (RSS). A phased training and technical assistance plan, to be provided by six RSSs, was developed. The RSSs received training during May, 1995 and county specific information was generated for the RSSs to provide training to county staff in June in preparation for a July implementation date. Continued technical assistance on an on-going basis is planned.

Phase one: General training through video conferencing;

Phase two: Basic management of the waiver program within the allocations structure framework  
e.g.: Goals, rationale of allocation structure and how it works; Evaluating and revising county procedures and criteria; Strategies and tools to manage authorized levels of spending within allowable limits.

Phase three: Technical assistance, training and evaluation of these efforts and the structure toward the attainment of policy goals and the intended outcomes of the structure. Examples of areas of focus anticipated during phase three include: alternative purchasing strategies, evaluation of rates, collaboration and joint county planning and service development, evaluation of consumer satisfaction and innovation measures of service outcomes.

## Section Five: Technical tools provided to County Agencies

### A. *Development of a PC based waiver tracking and simulation system*

One of the primary technical assistance tools to support county agencies in the effective management of waiver resources was the development of a personal computer (PC) based county waiver tracking and simulation system. In providing system support, it was anticipated that :

- all counties will have capacity to manage waiver resources within allowable limits;
- better information would maximize resource use and facilitate decision making;
- use of a management system would facilitate evaluation, long term planning and creative service development;
- enhancement of the initial system would permit interface with other systems (e.g.: MMIS screening and service agreement files) to coordinate information efficiently; and,
- better coordination and clarification of roles between county and DHS could result.

The system was modeled after the statewide allocation tracking system developed and utilized in the Department's Division for Persons with Developmental Disabilities (DPDD) to manage waiver resources statewide. Given time constraints and the desire to work with counties while developing a final product to meet their needs, development of the county waiver tracking and simulation system was planned in stages.

First stage - initial system: The first system provided to county agencies was a basic stand alone system developed using Fox Pro executable programming . It was made available for users in both DOS or Windows versions, did not require the purchase of additional software and was easily loaded from disk onto a personal computer in the county agency. The initial system provided to county agencies incorporated recipient specific records (from the DHS master file) that could be expanded or modified to (1) include additional recipients, (2) maintain a history of persons who leave the program and (3) reflect current and anticipated authorized levels of spending for each recipient into one master file. This system enabled the county to complete important management activities, including:

- track all waiver recipients;
- track available allocations (capacity to serve persons not yet in service);
- maintain a history of persons entering or exiting the waiver;
- calculate allowable dollars into one county average creating a resource pool;
- calculate the authorized average across recipients;
- permit comparison between allowable and authorized service levels;
- simulate effects of changes in allowable and/or authorized amounts, including:
  - authorized levels of spending,
  - recipients, and
  - number of service days.

Second stage - upgrades to initial system: Based on county experience, feedback and recommendations, the system has been modified in order to provide comprehensive management support to county agencies for the range of decisions they face when managing the program.

Third Stage - one integrated system: The final product envisioned after a thorough evaluation and planning process with the county users, would be one system, integrating necessary data from other systems, maintained through on line interface capacity.

### B. *Benchmarks for effective management of waived services resources*

An important responsibility county agencies have is assuring that their actual spending for services provided during the fiscal year does not exceed the total allowable dollars available to them. There are several benchmarks with which counties can monitor the fiscal integrity of the program they manage. Understanding the following dollar benchmarks and their relationship is an important focus of Department technical assistance efforts.

Allowable Dollars: Allowable dollars represent the dollars available to the county with which to purchase services for all MR/RC recipients. It is the sum of the dollars in the county base and the additional dollars added to the county pool each time a new person enters the waiver program. Allowable dollars are most appropriately viewed as a pool of dollars that can be monitored either using a daily average or total annual dollar amount. The total annual dollar amount and subsequent daily average change as new recipients enter the program or current recipients leave the program. Therefore, efficient management of resources requires an on-going evaluation of allowable dollars. The PC based County Waiver Allocation Tracking and Simulation System was developed to automate and track the calculation of the allowable average as well as simulate potential changes. The tool provides each county agency with accurate information from which decision can be made.

Authorized spending: This is the overall level of spending authorized by the county across all recipients for whom they are responsible. Counties authorize a maximum dollar amount through service authorizations as a limit to what may be spent for an individual recipient. These authorizations, when aggregated into one county total, are either viewed as a total annual dollar amount or a daily average. The current fiscal year authorized average is calculated on the County Waiver Allocation Tracking and Simulation System as well as the next fiscal year's average and simulated averages representing possible scenarios for future waiver spending.

Encumbered dollars: The term "encumbered dollars" refer to the dollars encumbered on the service agreements maintained for each individual recipient on the Medicaid Management Information System (MMIS II). This figure, too, is often calculated as a daily average. It may differ from the authorized average. As an example, a county may authorize 40 days of in home respite and 40 days of out of home respite on a service agreement although the combined authorized limit agreed upon through the service planning process with the family is 60 days. Since it was unclear at the beginning of the service period the exact number of days of in home vs out of home respite would be used, the range of encumbered services on the service agreement provides adequate flexibility for the family and provider without requiring the county to repeatedly revise the service agreement for these services. It is helpful for local agencies to understand the relationships between encumbrances, authorized amounts, allowable amounts, and payments..

Payments: This benchmark reflects actual payments made for services provided in a fiscal year. It may also be referred to as the actual average daily reimbursement level or "reimbursement rate". Counties are responsible for ensuring that the average daily payment does not exceed the allowable daily average for their county. This ensures that overall statewide spending is within the parameters established in Minnesota's Waiver Plan and the state budget. Minnesota law holds counties responsible for any payments which exceed the established allowable dollar parameters.

*C. Further analyses of information to encourage informed decision-making and prudent purchasing of services.*

The majority of Minnesota's county agencies lack resources to generate pertinent management information use in administering their MR/RC waiver programs. This has been identified as potentially a major barrier to the full achievement of the intended outcomes of the allocation structure. In order to move beyond basic management of dollars and towards innovative practices in service planning, purchasing and evaluation, further Department technical assistance effort must occur. They will be focused on providing county agencies with management information regarding the recipients they serve, their current purchasing practices, past program trend lines, and future recipient needs. The management information will be provided in a format that will encourage comparisons with other counties of similar size or characteristics and highlight practices that seem to be occurring state wide.

The RSSs will provide technical assistance to county agencies in evaluating the information provided, identifying additional information that may be helpful, and using information to form the base for decision making, planning and service development.

Support to build and support maintain effective community capacity to serve persons with mental retardation or a related condition continue to be the focus of state regional service specialist (RSS) activities. It is envisioned that additional aspects of these efforts will in the future include:

- assistance in the development and demonstration of successful options for purchasing strategies,
- incentives and assistance to counties interested in developing collaborative arrangements to manage resources and develop services, and
- assistance in alternative methods of quality assurance such as outcome evaluation.

### ***Section Six: Next Step - Formative Evaluation***

The process of developing the Allocation Structure and its associated methodology represents a tremendous effort to more equitably distribute waiver resources, provide focused technical assistance and training, and increase the effectiveness of local agencies in efficiently managing resources. However, critical work is yet to come during a formative evaluation process that will:

- 1) answer questions that were raised during the development;
- 2) evaluate the effect of the structure and related technical assistance efforts against the intended outcomes;
- 3) provide recommendations for structure enhancement; and
- 4) provide information necessary in designing a more flexible and efficient service system.

Specifically, the Department has requested assistance which will accomplish the following:

- identify the components of the Allocation Structure that contribute to effective management of Medicaid resources on both a state and local level;
- identify recommendations to enhance the capacity of the Allocation Structure;
- evaluate the effectiveness of current methodologies and administrative practices in achieving the legislative charge of improving equitable access to service and improving the correlation of resource allocation to service needs;
- evaluate the training and technical assistance efforts of the Department; and
- make recommendations on how the Allocation Structure might be enhanced in light of potential changes federal Medicaid policy.

The University of Minnesota's Institute on Community Integration has been contracted by the Department to assist in this effort over an 18 month period. Continued involvement of key stakeholders in an advisory capacity is viewed as an important component to this effort.

### **Section Seven: Appendices**

**Appendix A: Members of the Advisory Committee**

**Appendix B: 1995 Legislative language authorizing the Allocation Structure**

**Appendix C: DD Screening Document**

**Appendix D: Diversion Allocation Criteria**

**Appendix E: Federal Amendment and Approval**

## **Appendix A**

### **Members of the Advisory Committee**

#### **Members from February, 1994 to June, 1995**

Deb Dimler	Dodge County
Greg Kruse	Dakota County
Laurie Simon	Hennepin County
Dave Erickson	Olmsted County
Sandy Henry	Dungarvin, Inc.
Tim Nelson	Hammer Residences, Inc.
Anne Henry	Legal Aid of Minnesota
Bob Brick	ARC - Minnesota
Charlie Lakin	University of Minnesota - Institute on Community Integration

#### **Additional Members from earlier stages of the committee process also included:**

Richard Earl	Hennepin County
Tom Connoy	Hennepin County
Sally Muellor	Hennepin County

#### **Staff support to the committee was provided by DPDD, especially:**

Jim Franczyk  
Alex Bartolic  
Bob Kotten  
Gerry Nord  
Theresa Mustonen  
Wes Kooistra  
Terry Ellevold

## Appendix B

### 1995 Legislation Authorizing Allocation Structure

25 "Sec. 8. Minnesota Statutes 1994, section 256B.092,  
26 subdivision 4, is amended to read:  
27 Subd. 4. {HOME AND COMMUNITY-BASED SERVICES FOR PERSONS  
28 WITH MENTAL RETARDATION OR RELATED CONDITIONS.} (a) The  
29 commissioner shall make payments to approved vendors  
30 participating in the medical assistance program to pay costs of  
31 providing home and community-based services, including case  
32 management service activities provided as an approved home and  
33 community-based service, to medical assistance eligible persons  
34 with mental retardation or related conditions who have been  
35 screened under subdivision 7 and according to federal  
36 requirements. Federal requirements include those services and  
1 limitations included in the federally approved application for  
2 home and community-based services for persons with mental  
3 retardation or related conditions and subsequent amendments.  
4 (b) Effective July 1, 1995, and contingent upon federal  
5 approval and state appropriations made available for this  
6 purpose, the commissioner of human services shall allocate  
7 resources to county agencies for home- and community-based  
8 waivered services for persons with mental retardation or related  
9 conditions authorized but not receiving those services as of  
10 June 30, 1995, based upon the average resource need of persons  
11 with similar functional characteristics. To ensure service  
12 continuity for service recipients receiving home- and  
13 community-based waived services for persons with mental  
14 retardation or related conditions prior to July 1, 1995, the  
15 commissioner shall make available to the county of financial  
16 responsibility home- and community-based waived services  
17 resources based upon fiscal year 1995 authorized levels.  
18 (c) Home- and community-based resources for all recipients  
19 shall be managed by the county of financial responsibility  
20 within an allowable reimbursement average established for each  
21 county. Payments for home and community-based services provided  
22 to individual recipients shall not exceed amounts authorized by  
23 the county of financial responsibility. For specifically  
24 identified former residents of regional-treatment-centers-and  
25 nursing facilities, the commissioner shall be responsible for  
26 authorizing payments and payment limits under the appropriate  
27 home and community-based service program. Payment is available  
28 under this subdivision only for persons who, if not provided  
29 these services, would require the level of care provided in an  
30 intermediate care facility for persons with mental retardation  
31 or related conditions.

**Appendix C**  
**DD Screening Document**

SEND INVOICES TO ► MINNESOTA MEDICAL ASSISTANCE  
Department of Human Services, Box 64894  
St. Paul, MN 55164

MEDICAL		27. VISION	
01- No serious/specialized medical needs 02- Needs specialized or frequent medical attention (office visits only, not on-site attention) 03- Needs on-call medical attention 04- Needs on-site medical attention, but less than 24 hours/day 05- Needs on-site medical attention, 24 hours/day 99- Unknown (justify in notes)	<input type="checkbox"/>	01- No impairment 02- Impairment corrected to normal with glasses or contacts 03- Difficulty at level of print, graphics, or small objects 04- Difficulty at level of obstacles in environment 05- No useful vision 99- Unknown (justify in notes)	<input type="checkbox"/>
HEARING		29. SEIZURES	
01- No impairment 02- Loss present, no correction needed 03- Impairment - correctable (with aid) 04- Impairment - not correctable 05- Responds to alarm sounds or intense, low frequency noises 06- No useful hearing/deaf 99- Unknown (justify in notes)	<input type="checkbox"/>	01- No history or evidence of seizures 02- History of seizures, none recently 03- Seizures - controlled 04- Seizures - partially controlled 05- Seizures - uncontrolled 99- Unknown (justify in notes)	<input type="checkbox"/>
MOBILITY		31. FINE MOTOR SKILLS	
01- No impairment 02- Walks short distances independently 03- Walks aided (walker, crutches, assistance of a person, etc.) 04- Propels own wheelchair - bears weight for transfers 05- Propels own wheelchair - total assistance with transfers 06- Uses electric wheelchair 07- Unable to propel wheelchair 08- Not mobile due to overriding medical conditions (specify in notes) 99- Unknown (justify in notes)	<input type="checkbox"/>	01- No impairment 02- Impairment - present - minimal effect on movement 03- Impairment - requires occasional assistance 04- Impairment - requires frequent assistance/adaptations 05- Impairment - requires constant assistance/adaptations 06- Overriding medical condition - participation limited 99- Unknown (justify in notes)	<input type="checkbox"/>
EXPRESSIVE COMMUNICATION		33. RECEPTIVE COMMUNICATION	
01- Functional 02- Speech intelligible to familiar listeners 03- Speech difficult to understand 04- Speech unintelligible even to familiar listeners 05- Combines signs and/or gestures to communicate 06- Uses single signs or gestures to express wants and needs 07- Uses augmentative communication aid 08- Does not have functional expressive communication 99- Unknown (justify in notes)	<input type="checkbox"/>	01- Comprehends conversational speech 02- Comprehends phrases with gestural cues/modeling prompts 03- Limited comprehension - one to two words 04- Comprehends signs / gestures / modeling prompts 05- Does not comprehend verbal, visual, or gestural communication 99- Unknown (justify in notes)	<input type="checkbox"/>
SELF PRESERVATION		35. VOCATIONAL	
01- Is capable of self-preservation 02- Requires verbal/physical prompts for preservation 03- Is not capable of self-preservation 99- Unknown (justify in notes)	<input type="checkbox"/>	01- Independent - requires typical training; may use adaptations 02- Needs on the job training - time limited 03- Needs minimal support - with or without adaptations 04- Needs moderate support - with or without adaptations 05- Needs intensive support - with or without adaptations 09- N/A (explain in notes section) 99- Unknown (justify in notes)	<input type="checkbox"/>
INDEPENDENT LIVING SKILLS		37. LEVEL OF SUPPORT & SERVICES	
<input type="checkbox"/> 01- Independent <input type="checkbox"/> 02- Minimal supervision (formal program not needed) <input type="checkbox"/> 03- Instruction required with expected outcome of increased independence <input type="checkbox"/> 04- Person participates with another's assistance for all or portions of an activity <input type="checkbox"/> 05- Person unable to participate in activity <input type="checkbox"/> 99- Unknown (justify in notes)	<input type="checkbox"/>	01- Person accesses supports as needed 02- Person requires some services, doesn't require 24 hour plan of care 03- Person needs 24 hour plan of care 04- Person requires 24 hour awake supervision 99- Unknown (justify in notes)	<input type="checkbox"/>
CHALLENGING (EXCESS) BEHAVIOR SCALES		39. RISK STATUS	
<input type="checkbox"/> 01- None <input type="checkbox"/> 02- Mild <input type="checkbox"/> 03- Moderate <input type="checkbox"/> 04- Severe <input type="checkbox"/> 05- Very Severe <input type="checkbox"/> 99- Unknown (note)	<input type="checkbox"/>	01- Person is at-risk of ICF/MR placement 02- Person is at-risk of NF placement, does not require active treatment 03- Not at risk of ICF/MR or NF placement but needs services to live in community 04- Not at risk of ICF/MR or NF and can live independently 99- Unknown (justify in notes)	<input type="checkbox"/>
NOTES:			



## 40. INFORMED CHOICE

Y = YES  
N = NO

## 41. CURRENT SERVICES

(A) ☐(B) ☐(C) ☐(D) ☐(E) ☐(F) ☐(G) ☐(H) ☐(I) ☐(J) ☐(K) ☐(L) ☐(M) ☐(N) ☐(O) ☐(P) ☐

## 42. PLANNED SERVICES

(A) ☐(B) ☐(C) ☐(D) ☐(E) ☐(F) ☐(G) ☐(H) ☐(I) ☐(J) ☐(K) ☐(L) ☐(M) ☐(N) ☐(O) ☐(P) ☐

## Funding - Waivered Services

01 - Case management (service coordination)

02 - Homemaker

03 - In home family support

04 - Respite (Not ICF/MR)

05 - Modifications

06 - SLS

07 - Crisis - Respite (if available)

08 - Supported employment

(see codebook)

09 - Day training &amp; habilitation (DT&amp;H)

a. Community based

b. Center - based work activity

c. Center - based non-work activity

d. Other (specify in notes)

10 - Alternative day services

11 - Foster care - primary caregiver (if avail)

12 - Adult day care (if available)

13 - Housing access (if available)

14 - 24 hour emergency assistance (if avail)

15 - Assistive technology (if available)

16 - Caregiver training &amp; education (if avail)

17 - Personal support (if available)

18 - Specialist services (if available)

## Funding - Other

19 - Case management

20 - Respite - non-ICF/MR or NF

21 - Homemaker

22 - Modifications/Equipment

23 - MN family support grants

24 - SILS

25 - Temporary care - ICF/MR (RTC)

26 - Temporary care - ICF/MR (Only)

27 - Temporary care - other

28 - ICF/MR - community

29 - ICF/MR - RTC

30 - Nursing facility

31 - Board and lodging

32 - Home care svc (specify in notes)

33 - Other services

## (Residence)

34 - Home of immediate family

35 - Home of extended family

36 - Foster care - family

37 - Foster care - live in caregiver

38 - Foster care - shift staff

39 - Own home (unlicensed &lt; 24 hr sup)

40 - Own home (unlicensed W/24 hr sup)

41 - Other (specify in notes)

## (Non-Residential Trng &amp; Hab)

42 - Education

43 - Adult education

a. Community education

b. College or university setting

c. Community vocational college

44 - Day training &amp; habilitation (DT&amp;H)

a. Community based - natural supports

b. Supported employment - job coach

c. Community based inclusion activities

(non work)

d. Center based work activity

e. Center based non-work activity

f. Other (specify in notes)

45 - Jobs &amp; training

a. Work activity

b. Long term employment

c. Supported employment

d. Competitive employment

46 - Other

a. Federal voc program

b. Non-voc alternative

c. Other (specify in notes)

## 43. DT&amp;H SERVICE AUTH LEVEL

01 - Intensive  
02 - Moderate  
03 - Minimal

## 44. PREFERRED CHOICE OF COUNTY

1

2

3

## 45. SPECIAL SUPPORT SERVICES NEEDED

(A) SPECIALIZED MEDICAL SERVICES

(B) PHYSICAL THERAPY

(C) OCCUPATIONAL THERAPY

(D) COMM TRAINING/SPEECH THERAPY

(E) TRANS ARRNG BY STAFF OR FAMILY

(F) PGM TO ADDRESS EXCESS BEHAVIOR

(G) MENTAL HEALTH SERVICES

(H) EARLY INTERVENTION

(I) OTHER (SPECIFY IN NOTES)

Y = YES  
N = NO

## 46. FINAL ACTION PLANNED

(A) RECIP/LGL REP

(B) CASE MGR

(C) QMRP

01 - Live at home with waived services  
02 - Live at home without waived services  
03 - Live at home with MN family support services  
04 - Live in community with waived services  
05 - Live in community without waived services but not in ICF/MR, or NF  
06 - Placement in ICF/MR - RTC  
07 - Placement in ICF/MR - community  
08 - Placement in NF  
09 - Other (Specify in notes)

00 - Person not receiving the following services (01 - 05)

01 - MR/RC diversion

02 - MR/RC conversion

03 - ACS - DD

04 - ICF/MR (MA)

05 - Nursing facility

06 - Not applicable

## 47. CURRENT MEDICAID SERVICES PROGRAM

## 48. FOR COUNTY USE ONLY

(A) ☐(B) ☐(C) ☐

TES

se Manager \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_

RP \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_

son/Legal Rep \_\_\_\_\_ Date \_\_\_\_/\_\_\_\_/\_\_\_\_

## Appendix D

### Diversion Allocation Criteria

The commissioner will allocate diversion capacity to county agencies based on the following factors:

- (a) the number of diversions available in a given fiscal year;
- (b) the number of persons with mental retardation or related conditions on the county case management caseloads;
- (c) the number of persons with mental retardation or related conditions on county caseloads who currently receive ICF/MR, regional treatment center, nursing facility or waived services; and,
- (d) the number of persons screened and authorized for ICF/MR level of care who are not receiving ICF/MR or waived services.

Adjustments will be made after the initial calculations based on the following:

- (a) growth in both population and caseload that significantly exceeds the statewide average;
- (b) an inverse relationship between changes in a county's population and caseload size as measured annually;
- (c) the effect on county diversion capacity of reassignment of a diversion from one county to another during the previous fiscal year in order to meet emergency needs;
- (d) assurances that all counties will receive at least one diversion every three years (see footnote) as long as there is at least one person screened and authorized for services, yet not receiving them; and
- (e) evaluation of regional capacity for those regions where individual counties are not assured at least one diversion every year.

Note: Population and case load size will determine whether a county is assured a diversion when there is at least one person screened and authorized every two years or every three years.

## **Appendix E**

### **Federal Amendment and Approval**

## JUNE, 1995 AMENDMENT

The Minnesota legislature has approved a plan to implement a methodology to allocate home and community-based waived services resources for persons with mental retardation or related conditions based on the average resource need of persons with similar functional characteristics. The modification of the methodology used to allocate resources to county agencies is designed to improve access to home and community-based waived services and to improve the correlation of resources with needs.

There is no change to the cost effectiveness formula as approved in Minnesota's waiver plan as a result of the implementation of this allocation structure methodology.

The MR/RC waived services program has been managed using a statewide annually determined aggregate allowable average daily reimbursement limit. County agencies have managed the costs for recipients for whom they are responsible within the established statewide allowable average daily reimbursement limit.

The allocation structure methodology approved by the Minnesota legislature directs home and community-based resources to county agencies based on the needs of persons they will be serving beginning with new resources available after July 1, 1995. Home and community-based waived services resources authorized prior to June 30, 1995 will be made available to local county agencies based upon current authorized levels. These resources will be considered part of a local agency's base allocation and will be allocated accordingly to ensure service continuity for recipients who received services prior to July 1, 1995. These base resources will not be reallocated according to the allocation structure methodology.

Resources made available to county agencies after July 1, 1995, in accordance with the growth approved in Minnesota's waiver plan, will be allocated using a methodology which correlates resource allocation with recipient profiles. Within the allocation structure methodology, four broad recipient profiles have been established. These profiles result from an extensive empirical analysis of recipient characteristics and their level of functioning. Recipient-specific data for the analysis was provided by Minnesota's DD Screening Document, which is used to evaluate and reevaluate recipient need. Statistical procedures used during the analysis included principal components analysis, correlation analysis and descriptive statistics.

Factors which distinguished recipients from one another included:

- (1) the level of self care support needed,
- (2) the intensity of aggressive and/or destructive behavior, if any; and
- (3) the presence of a diagnosis of mental illness combined with observable obstructive behavior.

Definitions were operationalized for each of these factors based upon assessment field codings from the DD Screening Document that were determined to be statistically significant. Further analysis of the average service costs for persons with similar characteristics was completed using information on historic, current, and estimated service costs (for recipients for whom service development was underway).

After consideration of the similarities and differences in the average daily service costs, four recipient profiles were established to reflect four broad average levels of reimbursement.

As of July 1, 1995, home and community-based waived services funding for persons with mental retardation or related conditions will be allocated to county agencies based on the profiles of the recipients they serve and will be managed in one overall allowable daily average. Local county agencies will have unique allowable averages based on the characteristics of the recipients they serve. The unique local agency allowable daily average is determined by dividing the total dollar amount available to them (for both the "base" allocation and new funding made available using the allocation structure methodology), by the number of service days in a given period. Decisions regarding the authorization of funds for any individual recipient will be made based on the specific service plan for the recipient and the extent to which the services can be managed within the allowable average daily reimbursement rate established for the local county agency. The county agency's average cost per day for home and community-based waived services provided to recipients for whom they are responsible may not exceed the allowable average reimbursement rate established for them.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Region V  
Health Care Financing  
Administration

lib

Refer to: MO18

105 West Adams Street  
15th Floor  
Chicago, Illinois 60603-6201

Elaine Timmer  
Assistant Commissioner  
Health Care Administration  
Department of Human Services  
Human Services Building  
444 Lafayette Road  
St. Paul, Minnesota 55155

Dear Ms. Timmer:

I am pleased to inform you that your request to amend your Medicaid waiver (control number 0061.90) which provides home and community-based services to persons with mental retardation or related conditions, as authorized under the provision of Section 1915C of the Social Security Act, has been approved.

This amendment will allow implementation of an allocation structure recently approved by the Minnesota Legislature. Resources will be allocated using a methodology which correlates resource allocation with recipient profiles. The resources will be allocated to county agencies based on the profiles of the recipients they serve and will be managed in one overall allowable daily average. Local county agencies will have unique allowable averages based on the characteristics of the recipients they serve. Decisions regarding the authorization of funds for any individual recipient will be made based on the specific service plan for the recipient and the extent to which the services can be managed within the allowable average daily reimbursement rate established for the local county agency. The county agency's average cost per day for home and community-based waived services provided to recipients for whom they are responsible may not exceed the allowable average reimbursement rate established for them.

We have reviewed the request and the amendment conforms to statutory and regulatory requirements. Based on the assurances you provided, I approve the amendment effective July 1, 1995. This amendment has been assigned control number 0061.90.R1.04, which should be used in all future correspondence. We appreciate the effort and cooperation provided by you and your staff, as we have reviewed this request.

Page 2

Ms. Elaine Timmer

If there are any questions, please contact me at 312-353-1753, or a member of your staff may contact Joan H. Lawson, Health Insurance Specialist, Medicaid Operations Team, at (312) 886-3256.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dorothy Burk Collins".

Dorothy Burk Collins  
Deputy Regional Administrator

## Recipients and Simulations

### Profile Definitions

1 Very High Self Care Needs with Aggressive/Destructive Behavior  
Very High Self Care Needs but No Major Behavior Problems  
MI Diag & Obstruct Beh regardless of Intensity of Self Care Needs

2 High Self Care Needs with Aggressive/Destructive Behavior

3 Limited Self Care Needs but Aggressive/Destructive Behavior  
High Self Care Needs but No Major Behavior Problems

4 Limited Self Care Needs AND No Major Behavior Problems

<

Ok

>