The *Minnesota Demonstration Project for People with Disabilities*

Minnesota Department of Human Services June 13, 1997

Background

At the direction of the state legislature, the Minnesota Department of Human Services (DHS) has been moving toward statewide implementation of managed care in the Medical Assistance (MA) program over the last decade. The Prepaid Medical Assistance Program (PMAP) is being implemented on a county-by-county basis and currently covers the majority of MA recipients in the state. However, certain populations are exempt from enrolling in PMAP, including individuals with disabilities who are under age 65. The Demonstration Project for People with Disabilities (DPPD) is an effort to develop and evaluate a coordinated service delivery system for individuals with developmental, mental health, and physical disabilities.

The 1995 Legislature authorized the Commissioner of Human Services to establish two pilot demonstration projects to serve persons with developmental disabilities who are also eligible for MA (Laws 1995, Chapter 207, Article 8, section 42). The 1997 Legislature expanded these projects to serve all individuals who are eligible for MA and disabled living in the two sites.

The DPPD is in the planning phase, with enrollment expected to begin mid-1998. Currently there are approximately 67,000 Minnesotans eligible for Medicaid because of a disability. This population is growing at a rate of 6.6% per year and expenditures for these individuals are expected to exceed 1.2 billion dollars in Fiscal Year 1998. While people with disabilities comprise about 16 percent of the people who receive Medicaid-funded health care services, the cost of these services represents 38 percent of the total Medicaid expenditures. It is believed that the development of effective and successful coordinated service delivery systems will result in more cost-effective, quality services for individuals with disabilities.

Currently this population is served under the fee-for-service system of Medicaid payment. Criticism of this system has been significant, focused primarily on the categorical inflexibility which affects access to appropriate services and fragmentation and lack of coordination between the acute and continuing care systems. In addition, there has been historic over-utilization of certain types *of services* (such as inpatient psychiatric admissions) and cost-shifting between sectors of the service delivery system.

Guiding Principles

Models developed in the project should meet the needs of individuals and should be based on the following guiding principles:

Commitment to individual participation and choice;

- Assurance of quality services and supports;

- Commitment to a community-based system of services and supports;
- Involvement of stakeholders in planning, development, implementation, and evaluation;
- Integration and coordination of public and private funding sources; and
- Recognition of the unique needs of children with disabilities

Project Sites

A number of planning initiatives are underway to develop coordinated service delivery systems for people with disabilities. The DPPD will combine these initiatives into one comprehensive demonstration project and begin with two project sites:

The Southern Minnesota Health Initiative (Blue Earth, Rice, Freeborn, and LeSueur Counties)

- Project Foresight (services for persons with developmental disabilities in Olmsted County)

In addition, the 1997 Legislature authorized money for sites who intend to begin or continue planning. These sites include:

- Itasca County

Northeast Minnesota (including Carlton, Cook, Koochiching, Lake and St. Louis Counties)

- Hennepin County

Models will be developed which address aspects of the current system which favorably affect the quality of life and clinical outcomes of people with disabilities. These models will focus on assuring access to quality health care and appropriate utilization of services while achieving cost efficiencies. This will be done by developing appropriate and comprehensive provider networks and pairing this service delivery system with pre-established reimbursement arrangements.

If managed care is to offer better services for people with disabilities than the current fee-for-service system, models must: reflect comprehensive and appropriate provider networks, include care management strategies which improve and ensure access to necessary services, allocate resources according to individual need rather than on the basis of programmatic or categorical eligibility criteria, and contain proper financial incentives to reduce cost-shifting.

Planning Assumptions

An integrated set of natural, generic, and specialized services and supports designed to support individuals in community environments will be developed. Services will enhance or maintain the individual's health, adaptive ability, community presence, and opportunities for growth and development in all settings. Specifically:

Enrollment will be mandatory for persons with disabilities in the selected geographic areas;

DHS will award contracts to county administrative entities or service delivery

organizations;

- Models must include a choice of networks or providers for the consumer,
- Consumer access and safeguards will be required;
- The county administrative entity or service delivery organization will assume financial risk through a prepaid, capitated arrangement;
  All *Medicaid* covered services will be included in the capitation;
- Individual choice and responsibility in planning services and supports will be maximized; and
- Enrollees will be educated and assisted in planning and evaluating their services and supports.

In addition to the local planning efforts by consumers, family members, advocates, providers, county staff, and state staff which has been occurring for several years, DHS reconvened a Stakeholder Committee in 1996 to provide ongoing input into project design and policies. Committee members have volunteered to participate in work groups on the consumer strategy, consumer safeguards, consumer education and enrollment, and contracting specifications. The work of this committee will be integrated with the site-based planning which is the nucleus of project design.

Partners' meetings also have been held during the last year to provide information to stakeholders regarding issues which affect both acute and continuing care and provide a forum for dialogue. Stakeholders from around the state and nationally recognized authorities have participated in small and large group discussions promoting information exchange at the Partners' meetings. Partners' meetings will continue to be held approximately every three months for the duration of the demonstration project.

Managing Entities

The county administrative entities and service delivery organizations in this project will include a combination of county and private service providers, who will manage the acute and long term care for people with disabilities. Discussions are taking place regrading the acute care health needs of individuals enrolled in the DPPD.

County administrative entities and service delivery organizations are defined as entities who, individually or in partnership with other entities, can manage a comprehensive package of service delivery and support networks. County administrative entities and service delivery organizations must be able to bear financial risk for all or a portion of the service package and must serve a sufficient number of enrollees to ensure efficiencies in service delivery and administration.

Target Population

The target population includes people eligible for Medicaid who *are also* disabled. This includes individuals who meet the Social Security Administration definition of disability, children with severe emotional disturbance, adults with serious and persistent mental illness, and persons with mental retardation or related conditions.

The demonstration project sites will phase in the enrollment of individuals, with each of the project sites serving all eligible individuals by the end of the project.

Federal Authority

A waiver must be sought from the Health Care Financing Administration for approval of the DPPD, explaining how health care quality standards will be protected, before Minnesota will be granted authority to capitate Medicaid payments. DHS submitted the initial federal waiver request for the demonstration project in early 1997 and a final waiver request will need to be submitted in mid-1997.

Quality Management System

A quality management system is being designed to create consumer safeguards, improve the quality of services and to evaluate the merits of the demonstration project. The quality management system has three components:

1. A *quality assurance* system for the purpose of setting minimum standards of care for consumer protection and to assure that health, safety and quality of life standards are in place. These will be statewide standards which will monitor the well-being of all consumers.

2. A *quality improvement* system to monitor the information generated by the quality assurance system and to respond immediately with needed changes. This component is intended to create an on-going feedback loop of information from consumers of services so that adaptations and adjustments can be made to improve the service delivery system.

3. An *evaluation system* to assess the merits of the projects for the purpose of replication in other sites. "Lessons learned" will be documented and shared from the evaluation data. The fundamental question that the evaluation system seeks to answer is *"What works, for which people, under what conditions?"*

An important component of the evaluation system will be a longitudinal design which will track people enrolled in the demonstration project over time. A variety of measures will be monitored, including utilization of services, the effectiveness of and satisfaction with those services, cost, and the outcomes that people are able to achieve. This will take place in the fee-for-service system and the managed care system, so that comparisons can be made. The study methodology is a quasi-experimental design, including pre-test and post-test measures, as well as experimental and comparison groups. Comparison groups will consist of demographically matched populations in neighboring counties to the project sites.

The Robert Wood Johnson Foundation Planning and Implementation Grant

Minnesota was awarded a $500,000 grant to design innovative managed care models to serve people with disabilities. This grant will support continued planning and development through a variety of activities. The DPPD will develop and test approaches to the delivery and financing of continuing and acute care, including supportive services, to persons with disabilities. Minnesota will seek to enhance

planning activities, develop functional assessment tools, and create evaluation systems which involve local and state stakeholders in the design. The DPPD will test the assumption that cost-savings can be realized while maintaining or improving care and consumer outcomes through the development of new models of coordinated care for persons with disabilities.

The Robert Wood Johnson Foundation Self-Determination Grant

Minnesota was awarded $400,000 as one of sixteen states participating in the Self-Determination Project, which seeks to demonstrate, in three project sites, how individuals with developmental disabilities can increase control over their lives. The project will develop and enhance support mechanisms that are based on the following principles:

- Person-centered planning;
- Individually controlled budgets;
- Consumer-controlled housing;
- Outcome-based quality assurance;
- Quality improvement assistance;
- Consumer education and support;
- Consumer and family choice of the type and amount of support; and
- Consumer and family choice of providers and support staff.

Questions

Questions regarding the DPPD may be directed to the Project Manager, Kathleen Schuler at DHS at (612) 297-4668.