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Progress Report



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Developmental Disabilities Program Takes Action on Some Recommendations; Still Needs to Address Service Issues to Better Meet Its Client Needs

at a glance

Since our prior reports, the program has taken actions to address our recommendations, including simplifying the application process to recruit more providers, contracting with a private firm to monitor provider performance, and developing new client needs assessment, prior authorization reviews, and provider rate setting processes.

However, the program has made limited progress in providing more cost-effective services that better meet client needs. The program has made little progress in moving clients to community employment and less restrictive settings. In addition, there are continuing problems in community service planning and accountability systems that need to be addressed.

Scope

In accordance with state law, this progress report informs the Legislature of actions taken by the Department of Children and Families in response to two OPPAGA reports on the Developmental Disabilities program issued in 2000 and 2002.^{1,2} This report assesses the

extent to which the department has addressed the findings and recommendations included in our prior reports.

Background

The primary purpose of the Developmental Disabilities Program is to ensure the safety and well-being of clients and provide opportunities for them to work, socialize, and recreate as active members of their communities. Persons with developmental disabilities have or are at risk of having mental retardation, autism, cerebral palsy, spina bifida, or Prader-Willi syndrome. To be eligible for program services, a client must have a confirmed diagnosis of a developmental disability or be under the age of five and at high risk for having a developmental disability.

Because of the nature of their physical, behavioral, and functional challenges, individuals with developmental disabilities need long-term support. Historically, the state provided this support in large institutions. Beginning in the early 1980s, federal and state

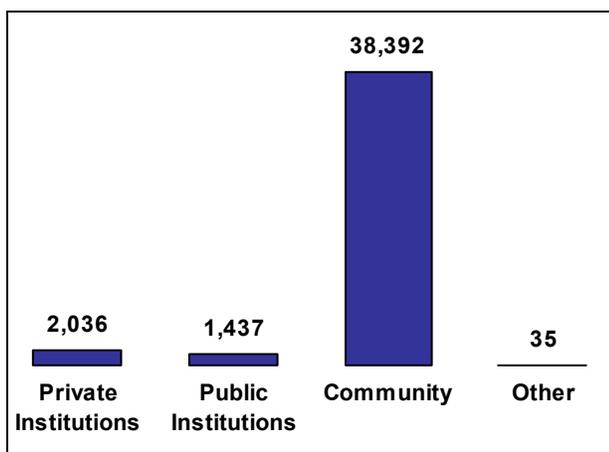
¹ Section 11.45(7)(f), F.S.

² *Justification Review: Developmental Disabilities Program, Florida Department of Children and Families, OPPAGA Report No. 00-17*, November 2000 and *Program Review: Legislative Options to Control Rising Developmental Disabilities Costs, Report No. 02-09*, February 2002.

governments began to change policies to serve the developmentally disabled in community settings where they can receive services such as personal care assistance, transportation, and supported employment. Community-based services offer two advantages over institutional care. First, many individuals with developmental disabilities and their families prefer community-based services to institutional care. Second, most clients can be served at a lower cost in community settings than in institutions.

As of June 2003, the program had 41,900 active clients, of whom 38,392 (92%) were served in community settings. Clients receiving community-based care generally reside in their own homes or live with other developmentally disabled clients in group homes or supported living apartments. Their need for services ranges from minimal or limited support to those needing more extensive support to remain in the community. Public and private institutions provide 24-hour care for clients who require more intensive medical or behavioral support in a more secure environment.³

Exhibit 1 The Program Serves Most Clients in Community-Based Settings



Source: Department of Children and Families, Developmental Disabilities Program.

³ Private institutions, or intermediate care facilities, are operated by private providers and receive reimbursements covering all services provided to residents.

For Fiscal Year 2003-04, the Legislature appropriated \$1.15 billion, and authorized 3,796 FTE positions for the program.

Prior Findings

In our 2000 report, we concluded that while program services helped clients to have productive lives, the program was not meeting many of its legislative performance standards, and its operations could be improved to better meet client needs and to reduce costs to the state. In our 2002 report we examined the rising costs to serve clients with disabilities and suggested steps to control costs and manage program growth.

The program could save \$14.4 million annually by employing more clients in the community

The program provides employment services including on-the-job training, aid in job searches, and job coaching to help clients work in their communities. As of June 30, 2000, the program served 19,006 adult community clients, of whom 5,167 were employed in the community and 11,868 were employed in sheltered workshops. Program officials believed that as many as 70% of the clients in sheltered workshops could be employed in the community.⁴ We estimated that if one-half of clients served in sheltered workshops could be employed in the community, the department would save \$14.4 million annually.⁵ Program officials cited barriers to increased community employment such as client fears about losing benefits if they earned too much money. We recommended that the program develop a plan to address barriers to community employment and report on the steps necessary to reduce or eliminate these barriers.

⁴ Sheltered workshops provide a protected work environment for only developmentally disabled clients. Clients may perform contracted piece work, such as packaging surgical tubing, and are paid for their work.

⁵ In Fiscal Year 1999-00, serving clients in sheltered workshops cost the state \$2,424 per client per year more than serving them in community employment.

The program could save \$39 million annually by serving clients in less restrictive settings

The Legislature's intent is to serve developmentally disabled clients in the least restrictive setting and at the lowest cost to the state. We determined that while community placements had substantially increased over the past 20 years, many clients who lived in state institutions and private intermediate care facilities could be served appropriately in less restrictive and less costly settings, saving about \$35 million per year.⁶ This would enable the department to close one or more of the state institutions, which could save another \$4 million annually.⁷

Ineffective service planning and provider monitoring diminished client outcomes

For community placements to be successful, it is important that clients receive the services they need to live as independently and productively as possible. In our prior report, we concluded that the program's community service delivery system did not ensure that clients received the services they needed to achieve individual and program goals at the least cost to the state. The system often focused on providing whatever services were available rather than services that helped clients meet their individual goals and that were cost-effective. The department was in the process of developing a new client-centered service delivery system that program officials believed would help alleviate many of the system's problems. We identified four challenges that the department needed to address in establishing this new system.

- The department needed to collect data on client needs and goals at the district level

⁶ We estimated that moving 585 state institutions clients to less restrictive settings would save \$27 million per year, and moving 255 private facility clients to community-based settings would save another \$8 million annually.

⁷ We recommended that the Legislature direct the department to develop a plan to close Community of Landmark in Dade County and Gulf Coast Center in Lee County.

and use this information to determine the type and quantity of services needed.

- It needed to recruit new providers or expand the service capacity of existing providers to meet these needs.
- The department needed to develop an effective system to monitor the performance of waiver support coordinators and other contracted service providers to ensure that they provided high quality and economical services to clients.
- It needed to more effectively track individual client expenditures for program services to ensure that clients did not overspend their budgets.⁸

Insufficient information hindered legislative oversight

Our 2000 report concluded that the department reported inaccurate information to the Legislature in its legislative budget requests for Fiscal Years 1998-99 and 1999-00. For example, the department significantly under-reported the number of accidents involving clients in state institutions and over-reported the proportion of community clients meeting quality of life goals. Program officials acknowledged weaknesses in the data that was collected and reported to the Legislature. To ensure the accuracy of information reported to the Legislature, we recommended that the department establish data verification procedures for program performance information that is reported in legislative budget requests.

We also found that the program's measures for community employment and independent living did not accurately assess program performance. The department collected information on the percentage of clients who worked in the community and who lived on

⁸ In November 2000, program officials planned to establish a "consumer directed" system that would allow all consumers to directly control their expenditures. As of June 2003, however, only 3,478 clients were enrolled in the consumer directed program. Of the total, 917 are controlling their own budgets.

their own. A better gauge of program effectiveness would be the proportion of clients who are capable of and willing to work in the community and live independently who actually do so. To provide the Legislature and program managers with more useful information, we recommended that the department collect information on the number of clients who could be and would choose to be working or living on their own.

Ineffective needs assessment and rate setting processes add to rising program costs

In February 2002, we reported on the rising costs to serve clients with developmental disabilities and identified ways to control rising costs and manage program growth. We noted that the program's system for assessing client needs and determining provider payment rates contributed to rising program costs. Without an effective needs assessment process, the program could not accurately determine what services consumers need and could not accurately estimate the cost to serve clients.

The program also lacked an effective system for establishing provider rates. Specifically, the program had not developed uniform rates for services it purchases from providers. As a consequence, the program paid widely differing rates for the same services both within and across districts and providers contended that payments were inequitable. We recommended that the Legislature direct the program to take steps to control costs and manage program growth including developing a better needs assessment process.

Current Status _____

While the program has taken actions to address our recommendations, it has made limited progress in improving operations to better meet client needs and provide more cost-effective services. Since November 2000, the program has made limited progress in moving sheltered workshop clients to community

employment and institutional and intermediate care clients to less restrictive settings. In addition, while the program has taken steps to improve its service planning, provider monitoring, and accountability systems, there are continuing problems that still need to be addressed.

In response to our February 2002 report about rising costs, program officials identified three initiatives they believe will help control program costs and manage future growth of the program—a new needs assessment process, a uniform rate structure for program services, and prior authorization reviews.

Program officials said that prior authorization reviews have resulted in a cost savings and they are hopeful that the needs assessment and uniform rates will help the program control costs in Fiscal Year 2003-04.

The program has moved relatively few sheltered workshop clients to community employment

Program officials could not document the number of clients who were moved from sheltered workshops to community employment since our November 2000 report. However, program data indicates that there was a net increase of 237 clients in community employment and a net decrease of 1,521 clients in sheltered workshops from July 2000 to June 2003. Assuming all 237 community employment clients had been moved from sheltered workshops, this means that only 4% of the 5,934 clients we estimated could be moved to community employment were actually moved during the three-year period ending June 2003.

Program officials cite three primary actions the department has taken or plans to take to address barriers to community employment.

- In cooperation with the Florida Developmental Disabilities Council, the program plans to implement a web-based curriculum by fall 2003 to better inform consumers about community employment

opportunities. Program officials believe that this education effort will help ease clients' fears about losing Medicaid benefits if earnings exceed allowable amounts.

- During Fiscal Year 2003-04, the Florida Developmental Disabilities Program will conduct training programs across the state to provide better information about community employment opportunities to waiver support coordinators and counselors in Vocational Rehabilitation.
- The program established community employment as a district performance indicator, which means that the program tracks the percentage of district clients served in community employment and compares it to the statewide performance target. Program officials believe this action helped districts focus attention on community employment.

Program officials believe that it will take more time and resources to move more sheltered workshop clients to community employment, and contend that a realistic goal would be to transition from 10% to 15% of sheltered workshop clients to community employment each year. The officials report that expanding community employment would require a coordinated effort involving the Department of Education, Division of Vocational Rehabilitation, within the Agency for Workforce Innovation, and the Agency for Health Care Administration. These agencies each have different roles in providing community employment.⁹ The program is working with these other agencies to improve the transition of clients from school to work.

We continue to believe that moving sheltered workshop clients to community employment is better for clients and would result in considerable cost savings. A March 2002 survey conducted for the Florida Developmental Disabilities Council showed that 75% of developmentally disabled clients

prefer community employment.¹⁰ In addition, recent research shows that community employment dramatically improves client outcomes, such as economic self-sufficiency, and significantly reduces taxpayer costs.¹¹ Using the most recent available data to compare sheltered workshop and community employment costs, potential savings for moving half of sheltered workshop clients to community employment would result in an estimated \$17.8 million.¹²

The program has transferred few clients to less restrictive settings

From July 2000 through January 2003, the program transferred 63 state institution clients and 28 private intermediate care clients to less restrictive settings. This represents less than 12% of the 585 state institution clients, and 11% of the 255 private intermediate care clients we estimated could be moved.

Program officials could not provide documentation for the cost savings achieved by transferring these 91 clients. However, based on April 2003 data provided by program officials, we estimated that the state will save \$5.3 million annually by serving these

¹⁰ *Survey of the Employment Needs and Goals of Individuals with Developmental Disabilities*, Florida Developmental Disabilities Council Employment Task Force, March 2002. Program officials noted that the study surveyed a broad pool of people with disabilities, many of whom would not be clients of the Developmental Disabilities Program.

¹¹ See Kregel, John and David H. Dean. "Sheltered vs. Supported Employment: A Direct Comparison of Long-Term Earnings Outcomes for Individuals with Cognitive Disabilities." http://www.worksupport.com/Main/downloads/dean/sheltered_chap3.pdf.

¹² For Fiscal Year 2002-03, the cost of supported employment is \$2,565 per client. The workshop cost is \$6,022 for a difference of \$3,457 per client. Serving 5,172 clients (50% of the current 10,345 workshop clients) in supported employment produces an estimated cost savings of \$17.8 million. The difference between workshops and community employment costs of \$3,457 is 42.6% greater than the cost difference of \$2,424 reported in the prior report.

⁹ According to program officials, the Vocational Rehabilitation Program spent an average of \$1,536 per person for some clients with developmental disabilities in Fiscal Year 2001-02.

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clients in the community.^{13,14} Based on April 2003 costs, if the program transferred the additional 749 clients from our November 2000 estimate to less restrictive settings, and achieved a similar cost savings, it would save \$24.7 million annually.¹⁵

Program officials cited two primary reasons impeding the department's ability to move more institutional clients to less restrictive settings. First, the program's priority over the past four years has been to use new appropriations to attain services to serve the large number of people on a community waiting list. Since Fiscal Year 1998-99, the Legislature has increased appropriations for this program by 92% (from \$499.8 million in Fiscal Year 1998-99 to \$960.7 million in Fiscal Year 2002-03) and the program has increased the number of clients served from 30,164 to 41,900 during the same period. Second, program officials said that it is difficult to redirect institutional funds to community services for clients leaving public institutions because institutions must maintain current operating budgets at the same time money is needed for community services.

We believe the program should take a more aggressive approach to move institutional clients to less restrictive settings. This will result in more cost-effective service provision that also better meets client needs.

¹³ Our estimate is based on April 2003 average community costs of \$60,714, compared to average private and public institutional reimbursement rates ranging from \$83,707 to \$141,670, respectively.

¹⁴ We estimated the average cost to serve clients in community settings in April 2003 was 46% less than serving them in public institutions (a difference of \$51,571 per client per year) and 23.5% less than serving them in private institutions (a difference of \$19,702). Community cost savings vary for public and private institutions and by clients' level of need. Our estimates are based on average community costs subtracted from the average public and private reimbursement rates for clients with lower levels of need.

¹⁵ This cost savings includes the remaining 120 clients that will transfer to the community from Landmark prior to closure of that facility in June 30, 2005.

The program has taken steps to improve its service planning and provider monitoring systems

Since our prior report, the department has implemented initiatives that address our recommendations, including simplifying the application process in order to recruit more providers, contracting with a private firm to monitor provider performance, and developing a new client needs assessment system.

Program officials believe that the new needs assessment will enable it to collect information to better meet client needs. The department began phase-in of the new system in July 2003, and expects to have it fully implemented by December 2003. Based on preliminary information, we believe that the new system should help improve service delivery because it will identify and target clients whose goal is to work in the community.

Since November 2000, the program has recruited 9,742 new service providers. The increase in new providers is due to a streamlined application process and improved provider development activities in the districts. Program officials told us that the increase in new providers helped the program meet 76% of its overall service needs as of June 2002. One of the service areas with a considerable need for more providers is community employment-related services, which only met 56% of client needs as of June 2002.

In September 2001, the program contracted with a private company, Delmarva, to monitor the performance of service providers and to determine consumer satisfaction with program services.¹⁶ In Fiscal Year 2001-02, Delmarva conducted 1,884 provider performance reviews. These reviews consist of determining provider compliance with program policies and procedures and conducting on-site visits with providers. As a result of these reviews,

¹⁶ The Agency for Health Care Administration, which oversees the Medicaid waiver, administers the contract with Delmarva.

Delmarva made recommendations to the department in June 2002 to improve the quality assurance of providers, such as providing district employees with training and technical assistance focused on the most important client outcomes like whether clients choose where they work and live.

Findings from Delmarva's December 2002 are consistent with prior reviews. According to Delmarva, 53% of clients were satisfied with services while 47% were not. In addition, 55% of clients said they were not achieving their personal goals. The most recent provider reviews found that 48% of providers did not have policies to educate consumers and their families about how to report abuse, neglect, and exploitation. Delmarva again recommended training and technical assistance designed to improve individual personal outcomes.

The program has taken limited actions to improve its accountability system

The program has not implemented additional data verification procedures since our prior report, but is in the process of taking actions that program officials believe will improve the accuracy of program performance data. In addition, the program has not collected information that would assess the percentage of clients who live or work in the community out of those who are capable of and willing to work in the community and live independently.

Program officials told us that checking the accuracy of data entered by district staff would involve a substantial increase in workload that would be cost-prohibitive. As an alternative, program employees conduct occasional spot-checks of client data. The central program office sends periodic reports for district employees to review for obvious data errors.

However, a January 2003 department inspector general report concluded that Fiscal Year 1999-00 data for three of four measures reviewed did not meet the validity or reliability criteria. The inspector general's report

recommended that the department monitor the consistency of the data reported to the Legislature to ensure the accuracy of published data.

To address data accuracy problems, program officials told us they had taken two primary actions. First, the program assigned 15 new positions in March 2003 to conduct post-audits of Medicaid waiver payments. Their primary responsibility is to compare billed services with services outlined in the client's cost plan. Program officials expect that the post-audit expenditure reviews, combined with direct provider billing, will ensure that only valid authorized services are paid. In addition, the program plans to have its new needs assessment (Individual Cost Guideline) information available through a central database by September 2003. Program officials told us that there will be a single point of data entry for the new assessment information, the client's support coordinator, which should improve data accuracy and reliability.

The post-audit reviews should improve the accuracy of the program's data to the extent that the program only counts clients who receive community employment services as working in the community employment. However, absent data verification of the new needs assessment data, weaknesses in some areas of program data may persist.

The program has not implemented our recommendation to collect information on the number of clients who could be and would choose to be working or living on their own. Instead, program officials believe that information collected by Delmarva on client goals would be sufficient to use over time to determine whether clients are achieving their goals. Although broad quality of life measures, such as whether someone participates in community activities, are important for gauging client well-being, we believe more specific information is needed to measure program success in helping clients meet personal goals. Therefore, we continue to believe that data on the proportion of clients

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who achieve their goal of living and working in the community would provide more meaningful performance information for legislative oversight.

The program cites three initiatives to control rising program costs

To control rising costs and manage program growth, as we recommended in Report No. 02-09, the 2002 Legislature directed the department to improve its client needs assessment and provider rate setting processes.¹⁷ Program officials identified the following initiatives that they believe address these concerns.

- **Needs Assessment.** Under the new needs assessment system, individual client service plans will be tied to client cost guidelines, which is intended to allow the program to provide consumers with better information about the cost of their services and should help the program accurately project service costs. Officials began implementing the new assessment process in July 2003 and expect to complete the process for all clients by December 2003.
- **Rate Structure.** Program officials said the new system should help control program costs. District offices that negotiated their own rates in the past will be guided by statewide uniform rates effective July 2003. Program officials will closely monitor the implementation of the new rate structure. However, they said they would need at least a year to collect data and analyze whether the new system is cost neutral.
- **Prior Authorization Reviews.** Prior authorization reviews ensure that clients receive appropriate services. Maximus, a private vendor, reviews the duration, scope, intensity, and cost of individual plans to make certain clients receive only necessary services. Program officials told us that for Fiscal Year 2002-03 prior authorization reviews resulted in a cost savings of \$14.8 million. Program officials said that cost savings from Fiscal Year 2002-03 are a reasonable predictor of costs savings for Fiscal Year 2003-04.

¹⁷ Chapter 2002-394, *Laws of Florida*.

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