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Performance Review

February 2000 **Report No. 99-31**

The Home- and Community-Based Services Waiver Systems, Controls Should Be Improved

at a glance

To improve its responsiveness to changing client needs, the Department of Children and Families is developing initiatives giving clients and their families more control over how to use the money allocated for their services. While many clients may want to participate in these initiatives, many may be unable to do so.

The department is monitoring the quality of services provided by service coordinators. However, it has not yet implemented an effective system to monitor the quality of services from other providers.

Home and community-based services is a cost-effective alternative to institutional placement, but some clients receive community services when they could be more cost-effectively served in institutions while others receive care in institutions when they could be more cost-effectively served in communities. While Medicaid requirements limit the department's ability to divert clients from more costly institutional settings to less costly community settings, the department could do more to control institutional costs. Serving clients in the most cost-effective setting could have provided another $21.5 million for additional services to clients.

Purpose

In 1998, the Florida Legislature directed the Office of Program Policy Analysis and Government Accountability to review the department's systems and controls for developmental services provided under the Medicaid Home- and Community-Based Services waiver. In this report, we examined whether the Department of Children and Families has established effective service delivery systems and controls to meet client needs in a timely manner, ensure service quality, and provide services in a cost-effective manner.

Background

Program Design

Both federal and Florida laws authorize the provision of support services to individuals with developmental disabilities. Developmental disabilities can be defined in a number of ways. Under federal law, a developmental disability is a mental or physical disability that occurs before age 22 and substantially limits an individual's ability in three or more of the following major life areas: self-care; expressive or receptive language; learning; mobility; capacity for independent living; economic self-sufficiency; or self-direction. Florida law defines developmental disabilities more narrowly as life-long handicapping

disorders or syndromes attributable to mental retardation, autism, cerebral palsy, spina bifida, and Prader-Willi syndrome. [1] Florida law also authorizes the provision of services to children under the age of five who either are at high risk of becoming developmentally disabled or who have developmentally disabled caretakers who need assistance in meeting the child's developmental needs.

Because of the nature of their disorders, individuals with developmental disabilities need long-term support. Historically, the state provided this support in large institutions. In 1971, Congress authorized the Medicaid program to help states pay for services for the developmentally disabled.[2] However, Medicaid policies entitle individuals with developmental disabilities to receive care in institutions, but not in other community settings. Consequently, Medicaid would only pay for services in institutions, whether public or private, as long as they met federal standards. Providing care in these facilities is expensive: as of October 1, 1999, the average reimbursement rates for developmental services ranged from $203.77 per day ($74,376 per year) in intermediate care facilities for clients with lower levels of need to $368.55 per day (or $134,521 per year) in state institutions for clients with higher levels of need.

In the early 1980s, federal and state governments began to realize that many individuals with developmental disabilities could be served in community settings if they received 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.

States may make agreements with the federal government on delivery systems. Consequently, the federal government allowed states to enter into agreements with it to change the service delivery system for individuals with developmental disabilities. Under these agreements, commonly called waivers, the federal government waives certain Medicaid requirements, including the limitation that Medicaid dollars be spent only on institutional services, in exchange for assurances that the services paid for under the agreement will meet certain standards and will not cost more on average than institutional care.

Currently, the state operates a Home- and Community-Based Services Medicaid waiver for individuals with developmental disabilities. The Home- and Community-Based Services waiver allows the department to receive Medicaid matching payments to services such as personal care, physical therapy, and training. Medicaid has limited the number of clients who can be served on the waivers at any given time. In Fiscal Year 1999-2000, the number of approved waiver slots for the Home- and Community-Based waiver is 15,999. In Florida, for Fiscal Year 1999-2000, the average amount the federal government allotted for community-based services to individuals with developmental disabilities was $18,075 per year.[3] As of June 30, 1999,

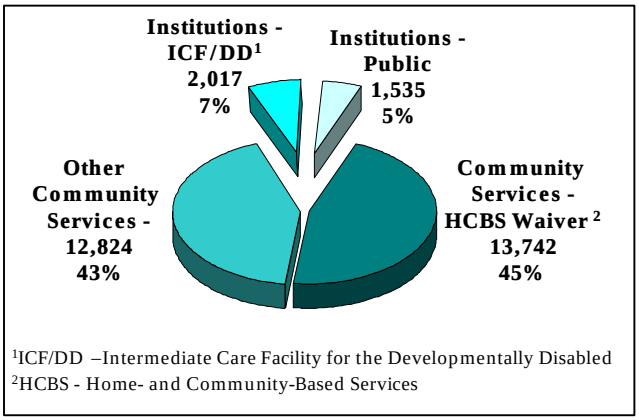
[1] Retardation is defined as have significantly sub-average general intellectual functioning with deficits in adaptive behavior. Cerebral palsy is lost or impaired control over voluntary muscles resulting from damage to the developing brain that might have occurred before, during, or after birth. Autism is a neurologically based disorder that usually develops during infancy or childhood and causes severe learning, communication, or behavior problems. Persons with autism typically have difficulty in verbal and non-verbal communications, social interactions, and leisure or play activities. Spina bifida are disorders that result when the spinal cord does not carry all of the messages from the brain to the other parts of the body. Prader-Willi Syndrome is a complex genetic disorder that typically causes low muscle tone, short stature, incomplete sexual development, cognitive disabilities, problem behaviors, and a chronic feeling of hunger that can lead to excessive eating and life-threatening obesity.

[2] Medicaid pays about 55% of the costs of providing care to eligible individuals with developmental disabilities.

[3] Florida also has a Supported Living waiver that allows the department to receive Medicaid matching payments to individuals who stay in supported living situations in the community and avoid placement in institutions or intermediate care facilities. Medicaid has approved 200 slots for the Supported Living waiver.

the developmental services program served 30,118 clients. Of these, 3,552 clients (12%) received care in institutions or intermediate care facilities and the remaining 26,566 clients (88%) were served in the community. As shown in Exhibit 1, most of the clients served in the community were enrolled in the Home- and Community-Based Services Medicaid waiver.

Exhibit 1
As of June 30, 1999, Most Developmental Services Clients Were Served in the Community and Most of Those Were on the Home- and Community-Based Services Medicaid Waiver



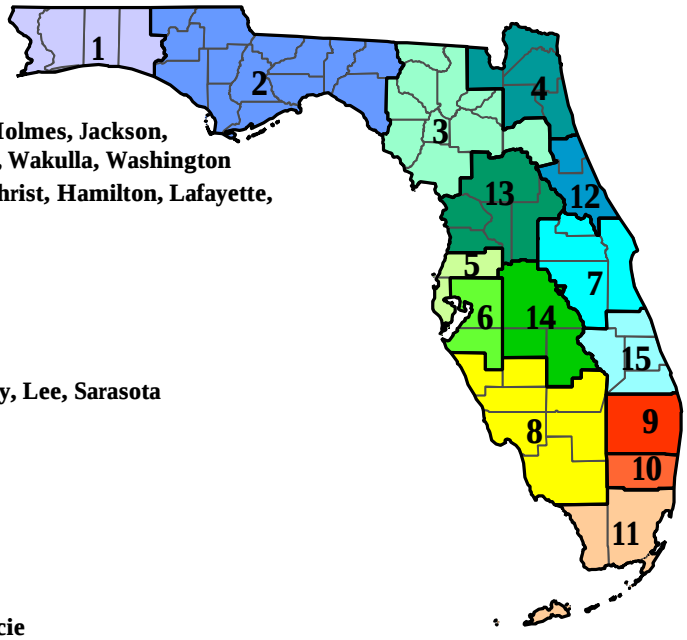
[1]ICF/DD –Intermediate Care Facility for the Developmentally Disabled
[2]HCBS - Home- and Community-Based Services

Source: Department of Children and Families.

Services to individuals with developmental disabilities are provided through the Developmental Services Program administered by the Department of Children and Families. Within the department, a central program office provides policy guidance for the program while 15 service districts administer community-based program services (see Exhibit 2).

District offices enter into contracts or rate agreements with private service providers that offer community-based services such as day treatment or supported employment. As required by provisions of the Medicaid Home and Community-Based Services waiver, private support coordinators determine waiver clients' service needs, develop support and cost plans, and coordinate and monitor their use of services. Waiver support coordinators are private providers who are chosen by Medicaid waiver clients when they are enrolled on the Home- and Community-Based Services waiver. There are about 488 waiver support coordinators in the state.

Exhibit 2
Department of Children and Families
15 Service Districts



1 - Escambia, Okaloosa, Santa Rosa, Walton
2 - Bay, Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Leon, Liberty, Madison,Taylor, Wakulla, Washington
3 - Alachua, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Lafayette, Putnam, Suwannee, Union
4 - Baker, Clay, Duval, Nassau, St. Johns
5 - Pasco, Pinellas
6 - Hillsborough, Manatee
7 - Brevard, Orange, Osceola, Seminole
8 - Charlotte, Collier, DeSoto, Glades, Hendry, Lee, Sarasota
9 - Palm Beach
10- Broward
11- Dade, Monroe
12- Flagler, Volusia
13- Citrus, Hernando, Lake, Marion, Sumter
14- Hardee, Highlands, Polk
15- Indian River, Martin, Okeechobee, St. Lucie

Program Resources

For Fiscal Year 1999-2000, the Legislature authorized 495 positions and appropriated $547,725,071 for Developmental Services. Forty-five percent ($246,588,654) is for the Home- and Community- Based Services Medicaid Waiver, consisting of $108,016,893 in state funds and $138,571,751 in federal Medicaid funds. Of the total $246,588,654, the department expects to spend $166,497,969 for home and community-based services and $80,090,685 for private intermediate care facilities.

Findings

The mechanisms the Department of Children and Families uses to control the cost of service provided under the Home- and Community-Based Services waiver have limited its ability to be responsive to changes in clients' needs

The department's systems for controlling the costs of the Home and Community-Based Services waiver limits its responsiveness to changes in clients' needs. The department is addressing this problem by developing several initiatives to increase the control clients and their families have over the services they receive. However, two problems exist with its proposed solution. First, not all clients may be willing or able to participate in these initiatives, and the department's responsiveness to the needs of those clients who remain on the Home- and Community-Based Services waiver will remain limited. Second, the department intends to leave the waiver slots open if individuals currently served by the waiver choose to participate in initiatives funded from general revenue. This could cost the state $2.8 million in Medicaid matching funds.

The consumer-driven service initiatives will not increase the department's responsiveness to clients who remain on the Home- and Community-Based Services waiver

The department uses support and cost plans to establish clients' needs and control costs. Both plans are prepared by clients' waiver support coordinators. Support plans describe clients' needs and the services that will meet those needs. Cost plans describe the kind, quantity, and expected cost of services the client will receive.

The department's district offices must review and approve initial cost plans and any changes to them. District staff then enter service information from approved cost plans into the department's Allocation, Budget, and Contract Control System. When a client receives a service, the service provider submits the invoice to the support coordinator, who enters it into the system. The system automatically checks to ensure that the service is included in the client's cost plan. If it is, the invoice is approved and forwarded for payment. If not, the invoice is rejected and payment delayed.

The process the department uses to approve changes in cost control plans and enter the approved changes into the computer system can delay clients' access to services they need. Although department procedures require district staff to review and approve amended cost plans within 10 days after they receive the plans, an auditor general's study found that districts were not always complying with these time requirements. [4] Some advocacy groups claim that clients wait too long to receive needed services. These groups would like clients to have greater control over the services they receive.

[4] State of Florida, Auditor General, *Operational Audit of the Florida Department of Children and Family Services' Administration of the Developmental Services Home- and Community-Based Waiver*, Report No. 13470, May 24, 1999.

In response to these complaints, the 1999 Legislature directed the department to design a service delivery system that promotes consumer choice. The department expects to institute at least one, but not more than three, differently structured pilot programs to test service delivery systems in which clients control the money that is available for their care. Although the specific features of these consumer-directed service delivery systems vary, they generally involve providing clients with a budgeted sum of money and allowing them to select their service provider, determine the services they will receive, and directly pay for those services.

Care Waiver project developed. The department has already received a Medicaid waiver allowing it to test one consumer-directed system. It developed the Consumer-Directed Care Waiver project in conjunction with the Department of Elder Affairs and the Robert Wood Johnson Foundation, which provided a grant to pay for three project staff. The Consumer-Directed Care Waiver project allows clients to pay family members or other non-Medicaid certified providers for services, establish their own budgets based on funding in the previous year, access a small portion of their monthly allocation in cash, reserve unspent dollars for special purposes, and shift dollars within spending categories. Although no clients were enrolled in this waiver project as of November 10, 1999, the department intends to use it to serve 1,500 developmental services clients.

The department's initiatives are not unique: many other states have implemented client-directed service delivery systems. These consumer-directed systems vary in terms of client eligibility, services provided, and payment methods. However, they all have the same goal of providing disabled clients and their families with more control over decisions concerning the types of services they receive and the providers they use. To achieve this goal, most projects allow clients to directly control some or all of the money allocated for their services.

Some states report delivery system success. Some states that have experimented with consumer-directed service delivery systems report positive results. For example, New Hampshire implemented a system that allows clients to directly manage some of the money allocated for their services. A preliminary evaluation of New Hampshire's system found that it increased client satisfaction and reduced service costs for some clients by 12% to 15%. [5] In addition, a recent California study comparing customer-directed service delivery systems giving elderly and disabled clients control over service dollars with more traditional service delivery systems found that clients associated consumer-directed programs with increased client satisfaction, empowerment, and quality of life. [6]

However, research indicates that not all clients will realize the benefits of customer-driven service delivery systems. For example, some clients lack the cognitive abilities to make reasonable decisions about the services they receive. If these clients do not have family members who are able to help then design their support plans, they may not benefit from being able to decide which services they should receive.

In addition, some clients may not want to handle bill payment and other financial matters associated with client-driven service delivery systems. To help clients with financial matters, the department is planning to contract for bookkeeping services. Under the proposed contract, these bookkeeping services would cost clients up to $25 a month or $300 per year. The department plans to have clients pay for bookkeeping services out of their service allotment dollars, which means that clients would have to decrease their use of other

[5] See *Independent Evaluation of the Monadnock Self-Determination Project.* For additional information contact Mary-Ellen Fortini, State Project Coordinator at the New Hampshire Self-Determination Project Office, State Office Park South, 105 Pleasant Street, Concord, NH 03301.

[6] See *In-Home Supportive Services for the Elderly and Disabled: A Comparison of Client-Directed and Professional Management Modes of Service Deliver,* by Pamela Doty, A.E. Benjamin, Ruth E. Matthias and Todd M. Franke (April 1999).

services. Some clients may not be willing to forego their use of other services in order to participate in consumer-driven service delivery initiatives.

Modifying controls would improve responsiveness. Clients who may not benefit from or are unwilling to participate in a consumer-driven service delivery system will continue to receive services under the Home and Community-Based Services Waiver. Unless the department modifies the controls it uses for this waiver, its responsiveness to their changing needs will be limited.

However, the department could modify its system of controls to allow clients and their support coordinators to make cost plan amendments without district approval if the amendments do not exceed the previously approved amount budgeted for client services. To accomplish this, the department would have to modify its Allocation, Budget, and Contract Control System to control for the total amount budgeted for the amended cost plan rather than by controlling for individual services to be received under the plan.

Exhibit 4 illustrates how the modified cost plan amendment process would work. The exhibit shows a hypothetical plan of care in which a client is authorized $10,000 for three services: residential habilitation therapy, adult day training, and transportation. In the first example (Amended Plan 1), the client and waiver support coordinator have increased the amount for adult day training and reduced the amount of residential habilitation therapy without changing the total cost of the plan of care.

In the second example (Amended Plan 2), the client and waiver support coordinator have chosen to add an entirely new service, residential nursing, and reduced the amount of adult day training residential habilitation therapy without increasing the cost of the client's plan of care. Under the modified policy, since neither of these amended plans requires additional resources, the client and their waiver support coordinator could approve the amended plan, creating more flexibility within and across types of services. The department could retain control over any changes that increased total spending for the plan of care.

Exhibit 4
Current Waiver Could Be Made More Flexible Without Increasing Costs

	Original Plan	Amended Plan 1	Amended Plan 2
Adult Day Training	$ 3,000	$ 4,000	$ 2,000
Residential Habilitation Therapy	4,000	3,000	3,000
Transportation	3,000	3,000	3,000
Residential Nursing			2,000
Total	**$10,000**	**$10,000**	**$10,000**

The department's current plan for implementing consumer-directed service initiatives could cost the state $2.8 million in Medicaid matching funds

Implementing the pilot projects as planned in October 1999 could cost the state $2.8 million to replace federal funding that would be lost due to the department's plans to not fill Home and Community-Based Services waiver slots when clients transfer from the waiver to the state funded pilot. Because pilot project costs are not reimbursable under the current Medicaid waiver, the services for clients who leave the waiver to participate in the pilot will require additional state funds to replace federal matching funds if the department is to maintain the same level of service for those clients. The department plans to have up to 300 clients participating in the pilot projects many of whom are currently enrolled on the waiver.

Rather than enroll other Medicaid-eligible clients on the Home and Community Based Services waiver, the department plans to hold a waiver slot open for each client participating in the pilot project. The department does not want to jeopardize anyone's services and believes that if it does not keep a slot available for the client it will

not be able to adequately fund the client's services with existing state resources alone in the event the client quits the pilot project. To ensure the availability of sufficient funds to maintain the client's current level of service, the department does not plan to enroll a new client on the waiver when an existing waiver client participates in the pilot project.

However, the state loses federal matching funds for every approved Medicaid waiver slot that is unfilled and keeping the slot open is unnecessary. The number of Medicaid-eligible clients the department serves in community settings currently exceeds available Home and Community-Based Services waiver slots. If the department filled waiver slots left vacant when current waiver clients choose to participate in general revenue funded consumer-driven pilot program, it would minimize the loss of Medicaid matching funds. If clients need to be taken off the consumer-driven service initiatives, the department could use general revenue to meet their short-term service needs until a new waiver slot becomes available. This should not significantly increase state costs because clients should not have to wait very long for another waiver slot. Medicaid has become much more flexible in accommodating Florida's and other state's waiver modification. Based upon the department's legislative budget request for Fiscal Year 2000-2001, the department's plan to not fill waiver slots could cost the state $2.8 million in federal funding.

Recommendations

We recommend that the department modify its process for controlling service costs by giving clients and their support coordinators the flexibility to change cost plans without district approval as long as the proposed changes did not increase budgeted service costs. To accomplish this, the department will have to change its Allocation, Budget, and Contract Control System to change its control from individual services to total client costs. Thus, the system would reject invoices only if the total cost of all invoices for services provided during a certain time period exceeded the approved amount budgeted for that time period. This would give clients and their support coordinators flexibility to modify services without district approval if the modifications did not increase the total cost of the services in the approved cost plan.

In addition, we recommend that the department fill waiver slots left vacant when waiver clients choose to participate in customer-driven service initiatives that are not approved for Medicaid reimbursement. If clients need to return to the waiver, the department could use general revenue to fund their services until another waiver slot became vacant. This would minimize the amount of Medicaid reimbursement the department would lose by allowing Medicaid waver clients to transfer to the initiatives.

The department has not established effective monitoring systems and controls to ensure quality service provision for developmental services clients. To improve its oversight and monitoring function, the department could increase the involvement of waiver support coordinators and clients and their families in assessing service provider performance

Because the department contracts with individuals and private agencies to provide services to developmentally disabled clients, it needs to establish a good accountability system to ensure that public monies are spent to achieve desired outcomes and to improve program services. The department contracts with waiver support coordinators to assess client needs, plan for their level of care, coordinate service delivery, and generally advocate on behalf of clients. The department contracts with private agencies to provide other program services, such as adult day training, personal care assistance, and transportation.

The department needs reliable information about the performance of individual waiver

support coordinators and private providers to hold them accountable for quality service provision. Without this information, program managers would be unable to identify best practices and take action to improve program services and client outcomes. The department established a process to monitor the performance of waiver support coordinators, but has not established an effective process to monitor other providers as of December 1999.

Department monitors performance of waiver support coordinators

Beginning in 1993, the department established a process to annually monitor the performance of waiver support coordinators. Department district staff are responsible for monitoring waiver support coordinators to determine the extent to which they meet program standards and expectations, comply with state and federal requirements, and maintain proper documentation on each client they serve. The department's monitoring process requires district staff to review a random sample of client case files for each waiver support coordinator to determine whether they have completed client plans of care in a proper and timely manner. The department uses the results of its monitoring to make decisions about whether to continue contracting with individual waiver support coordinators.

Studies have identified problems. Independent studies have identified problems with the performance of some waiver support coordinators and with the department's monitoring of waiver support coordinators. For example, a November 1997 report by the department's inspector general found that information contained in 63% of client care plans that were reviewed in one of the department's 15 service districts did not meet acceptable performance standards. In addition, in its operational audit of the Medicaid waiver program for the 1997 calendar year, the Auditor General noted deficiencies in the waiver support coordination function, including insufficient and untimely documentation of actions taken by waiver support coordinators on behalf of program clients.[7] The report also concluded that department monitoring efforts of waiver support coordinators were insufficient to ensure that client needs were met and program objectives were achieved.

Because of criticisms about the performance of many waiver support coordinators, the department has taken several steps to enhance its monitoring process. First, the department revised and implemented its standard monitoring instrument in October 1997 to better identify problems with specific waiver support coordinators. Second, in March 1998, the department implemented a process in which central program office staff review district monitoring of waiver support coordinators. The primary purpose of this review is to ensure that district staff were uniformly and consistently monitoring waiver support coordinators in accordance with department policies and procedures and that waiver support coordinators achieved program performance standards.

Finally, beginning in July 1998, the department established a more formal process to terminate contracts with waiver support coordinators who did not perform satisfactorily. If its annual monitoring determines that a waiver support coordinator is out of compliance with program standards, department procedures require that contractual agreement with that waiver support coordinator be terminated within 30 days. Before final termination action is taken, waiver support coordinators are given the opportunity to correct identified deficiencies. Department officials indicated that as of December 1, 1999, documentation was not readily available on the number of waiver support coordinators that had lost their certifications or the reasons why their contracts had been terminated.

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[7] State of Florida, Auditor General, *Operational Audit of the Florida Department of Children and Family Services' Administration of the Developmental Services Home- and Community-Based Waiver*, Report No. 13470, May 24, 1999.

Despite these changes, there are continuing concerns about the performance of waiver support coordinators. For example, an independent consultant study about department efforts to identify client service needs issued in June 1999 found deficiencies with some waiver support coordinator practices. The study found that even though clients and their families were required to review and sign client care plans, waiver support coordinators did not always provide copies of their care plans to clients and their families. Having copies of their care plans would help clients and their families determine whether they are receiving the types and level of services specified in the plans. In addition, clients and their families disclosed that waiver support coordinators had not kept in sufficient contact with them. Further, the study concluded that some waiver support coordinators had not provided sufficient detail in client care plans to enable clients to achieve optimal outcomes.

Department officials have recognized the need to continue to revise the department's monitoring of waiver support coordinators. For example, in the department's revised policies relative to the support planning process dated July 1999, the department stresses the importance of increased training for waiver support coordinators and requires the inclusion of personal outcome measures in each client care plan. These efforts should help improve the performance of waiver support coordinators and help clients achieve better outcomes.

The department has not yet established process to effectively monitor the performance of other service providers

Although the department has plans to monitor the performance of private providers that it contracts with to provide services to program clients, it had not implemented an effective monitoring process as of December 1999. In its legislative budget request for Fiscal Year 1999-2000, the department requested $2.4 million to fund 48 additional full-time equivalent (FTE) positions to monitor the quality of medical-related services as required by the Agency for Health Care Administration. The department proposed to use 42 of these positions for district monitoring staff and the remaining 6 positions for administrative support staff. Department officials said that the new positions were vital to the department's efforts to address oversight weaknesses identified in pending lawsuits.

The 1999 Legislature appropriated funds for these additional positions, but held the funds in reserve for the 42 district monitoring positions pending the recommendations of a Developmental Disabilities Council study dealing with how to streamline the developmental services program's quality assurance function. The 1999 Legislature appropriated $30,000 for the study that was to include an analysis of appropriate strategies for implementing a system to monitor private provider performance. Contrary to the Legislature's direction, the consultant's October 1999 study did not determine the most efficient and effective use of the legislatively authorized positions. Instead, the consultant recommended that the Legislature authorize the establishment of a task force whose primary purpose would be to determine the most efficient and effective use of the legislatively authorized positions. This could delay the development of the department's efforts to monitor other service providers.

The department has continued to revise its plans to establish a process to monitor provider performance. In its legislative budget request for Fiscal Year 2000-01, the department has requested $2.5 million to continue funding for the 42 FTE positions. The department proposes using these 42 FTE positions to create six monitoring and oversight teams that would monitor provider performance. These teams would survey a sample of providers in each district to ensure compliance with program standards and department policies and procedures. The department's proposed plan seeks to move away from the current process-driven system to a more consumer-

driven system. For example, one of the goals of the proposed monitoring plan is to create a system that relies more on the perceptions of clients and their families to determine the success of the service delivery system rather than on department process monitoring activities.

The department should seek greater involvement of waiver support coordinators and clients and their families in assessing private provider performance

The department may be able to use less costly alternative methods to obtain information about provider performance. For example, the department could obtain useful information about provider performance from waiver support coordinators and clients and their families because they deal with private providers on a daily basis. It also makes sense to do this in light of department plans that call for more consumer participation in evaluating service delivery system success.

Currently, the department does not have a statewide mechanism in place to obtain ongoing feedback from waiver support coordinators and clients and their families about specific provider performance. As a result the department has left the development of such mechanisms to individual districts. Program managers should review these practices to determine the feasibility of implementing a system statewide to periodically and systematically collect information from waiver support coordinators, clients, and their families to help department district staff assess provider performance. This information could help program managers make more informed decisions about whether to contract with individual service providers and to specify the contracted rates with these providers.

Recommendations

In light of continuing concerns about the performance of waiver support coordinators, the department should continue to seek ways to improve its monitoring process. We recommend that the department collect information about the number of waiver support coordinators it decertifies in Fiscal Years 1999-2000 and 2000-01, the reasons they were decertified, whether any waiver support coordinator previously decertified has been re-certified, and, if so, the reasons for re-certification, and make this information available to OPPAGA when it conducts its 18-month progress report on this program.

Given uncertainty over the availability of new resources, the department should also develop a mechanism to obtain user information or provider performance. We recommend that the department establish a process to collect information about the performance of each private provider that involves feedback from the waiver support coordinators that deal with these other providers, and the clients and their families who receive services from them. To facilitate the implementation of a provider monitoring system, the department should consider whether it could use the district-level human rights advocacy commissions and family councils to help in the collection of the needed information from waiver support coordinators and clients and their families.

In our justification review of the department's Developmental Services Program, which will be released in December 2000, OPPAGA will review the department's accountability system, including its efforts to monitor the performance of waiver support coordinators and private service providers. OPPAGA will also address other department quality assurance efforts, such as the development of personal client outcomes, which are intended to give the department information about whether clients are achieving desired outcomes.

For Fiscal Year 1998-99, the department served most developmental services clients in cost-effective settings. However, service provision costs for some clients greatly exceeded the average costs of serving clients with similar levels of need. Serving these

clients more cost-effectively could have provided another $21.5 million for additional services to clients

The department believes that it has not been funded enough to provide services to all those who need it and some clients have sued the department for not meeting all their services needs. However, to maximize the availability of resources to meet clients' needs, program services should meet client needs and be provided at the least cost to the state.

As expressed in s. 393.062, F.S., the Legislature's intent is for the department to serve developmental services clients in community-based settings for two primary reasons. First, community care offers a better opportunity than institutions for developmentally disabled individuals to lead independent and productive lives. Second, community-based settings are typically more cost-effective than institutional settings. For example, the average cost of serving Medicaid waiver clients in the community was $12,218 per year for Fiscal Year 1997-98, the latest year for which data are available. The average cost to serve clients with the lowest needs in intermediate care facilities is $74,376, as of October 1, 1999.

The department served the great majority of clients in a cost-effective setting during Fiscal Year 1998-99. However, some clients with high needs received community-based services that cost far more institutional care, and some other clients with limited needs received services in institutions when they could be more cost-effectively served in community settings.

Some individuals with developmental disabilities are not being served in cost-effective settings

Although most clients can be served cost-effectively in communities, providing community-based services to clients with high need can be more expensive than serving them in institutions. In October 1999, we identified 142 Medicaid waiver clients who were served in community settings although their service costs (ranging from $74,398 to $286,206) were higher than the $74,376 average cost of institutional service. If these clients had been served in institutions, the department would have had an estimated $400,000 to $3.6 million it could have used to provide additional services to clients.

Conversely, some clients with limited needs choose to stay in institutions even though they can be adequately served in community settings. In Fiscal Year 1998-99, the department served 390 clients in institutions even though these clients could have been served at a lower cost in the community because they did not require the full range of institutional services. Because Medicaid rules entitle clients to institutional care if they so choose, some of these clients may choose to remain in institutions. However, if the department had been able to serve these clients at lower reimbursement rates or in community settings, we estimate that it would have had an additional $18 million that it could use to provide additional services to clients.

New Policy Should Result in More Cost-Effective Waiver Enrollment Decisions

Effective October 1, 1999, the department adopted a Waiver Cost Review Policy that requires program staff to give more consideration to cost when deciding whether to enroll a client on the Home and Community Based Services Medicaid waiver. Under the new policy, an individual whose community-based cost plan exceeds the average cost of placement in an intermediate care facility will be offered placement in the less costly intermediate care facility. An exception to placement in the less costly setting will require a special review by an interagency evaluation team.

Under the new policy, the interagency evaluation team will review the individual's cost plan and make a placement recommendation to the department's secretary. This review will consider a number of mitigating factors such as non-recurring costs, actions to reduce costs over

the next three years, and unique circumstances that warrant intensive intervention. The policy requires that the evaluation team make a placement recommendation to the Secretary of the Department of Children and Families. If the Secretary approves an exception, the individual may be served in the more costly community setting. Otherwise, the individual will be offered placement in the less costly intermediate care facility.

The new Waiver Cost Review Policy also requires the department to annually review each client's support plan to determine whether clients are served in the most cost-effective manner possible. Accordingly, the 142 high-cost community clients will be evaluated by October 1, 2000, to determine whether they should continue to receive community-based services or an alternative placement, such as an institution or intermediate care facility.

Although this new policy has not been in effect for a sufficient amount of time to evaluate its effects, the policy should help the department make more cost-effective decisions and thus enhance its ability to provide more services to clients. The implementation of this policy should result in the enrollment on the Medicaid waiver of only those clients who can be served more cost effectively in the community. This is critical given the department's goal of enrolling another 7,377 clients on the Medicaid waiver by June 30, 2001.

Achieving More Cost-Effective Service Provision for Some Institutional Clients

Because Medicaid rules entitle eligible clients to choose to be served in an institution, many of the 390 clients who were served in intermediate care facilities and institutions but had limited or minimal needs may remain in institutions. However, the department could still serve these clients more cost effectively if it established a lower reimbursement rate for institutional clients who do not need the full range of institutional services. For example, some institutional clients with higher functioning levels may be able to take care of their personal needs and thus may not need the 24-hour supervised care provided in institutions and intermediate care facilities.

The department is considering adopting a reimbursement rate of $38,000 per year for institutional clients with limited or minimal needs, which is considerably less than the current lowest, average reimbursement rate of $74,376 per year.[8] In its application for the new coordinated care waiver, the department recognizes the need to establish different care alternatives for institutional clients. Department officials have discussed the possibility of establishing a reimbursement rate of $38,000 for this client population with federal Health Care Financing Administration officials, who must approve any rate changes. If the department implemented this rate and could serve these 390 clients at the lower rate, we estimated it would have an additional $18 million to provide additional services.

Although adopting the lower reimbursement rate would provide for more cost-effective service provision, it would likely raise objections by current intermediate care facility operators and some clients. Intermediate care providers are likely to object to any change in rates that might reduce their current reimbursement levels.

Clients may fear that changes in their current level of care may adversely affect their quality of life. However, the department should consider options that would increase the cost-effectiveness of service provision without jeopardizing the quality of care provided to clients. In our justification review of the department's Developmental Services Program, due in December 2000, OPPAGA will review outcomes for institutional clients.

[8] The department is negotiating with the federal Health Care Financing Agency to create a new Coordinated Care Waiver for developmentally disabled clients with limited or minimal needs. The waiver is intended to coordinate those clients with limited or minimal needs. If the Health Care Financing Agency approves this new waiver, it will serve about half the Medicaid-eligible developmental service clients.

The department should counsel clients and their families. To promote more cost-effective service provision, the department should counsel institutional clients, their families or guardians about community-based care options. The department recognizes the need for counseling, as outlined in a settlement agreement in a recent court case.[9] According to that agreement, the state will establish an independently operated counseling program for the certified class clients receiving care in intermediate care facilities.[10] This program, which is currently in development stages, will inform this client population about their community-based alternatives. In its legislative budget request for Fiscal Year 2000-01, the department requested $600,000 to provide choice counseling for an estimated 4,000 clients, their families or guardians. The savings resulting from more cost-effective service provision would offset these costs. While some clients may always require institutional care, the desire to serve clients in the least restrictive and most cost effective setting highlights the importance of counseling clients and their families about community alternatives while expanding the Medicaid waiver.

Recommendations

We recommend that the department report the results of the implementation of its new Waiver Cost Review policy to the Legislature by October 1, 2000. The report should include the status and costs for the 142 current high cost clients, the number of new clients reviewed under the policy, and a list of the number, costs, and reasons for exceptions granted.

We recommend that the department, in cooperation with the Agency for Health Care Administration, consider adopting lower reimbursement rates for institutional care reflecting the care required for clients with lower levels of need. The department should report the results of its inquiry to the Legislature by June 30, 2001.

Agency Response

FLORIDA DEPARTMENT OF
CHILDREN & FAMILIES

Jeb Bush
Governor

Kathleen A. Kearney
Secretary

February 1, 2000

Mr. Frank Alvarez, Staff Director
Office of Program Policy Analysis and
Government Accountability
111 West Madison Street, Room 312
Claude Pepper Building
Tallahassee, Florida 32399-1475

Dear Mr. Alvarez:

Attached is the Department's revised response to your performance review entitled *The Home- and Community-Based Service Waiver Systems, Controls Could Be Improved.* This response incorporates your suggested revisions discussed with Developmental Services staff on January 26.

If I can be of further assistance, please call me or Elton Jones at 488-8722.

Sincerely,

/s/
Robert A. Dearden
Director of Auditing

Attachment

cc: Carl Littlefield,
Director of Developmental Services

[9] In Cramer vs. Bush, United States District Court, Southern District of Florida, Fort Lauderdale Division, Case No. 99-6619-CIV-Ferguson, an institutionalized developmental service client sued the department to prevent closure of intermediate care facilities in Florida. As part of the settlement agreement, the department agreed to provide choice counseling for institutionalized clients to assist them in making decisions about service settings.

[10] As certified by the United States District Court, the Cramer class includes 2,096 clients residing in intermediate care facilities on March 24, 1998.

The Home and Community-Based Service Waiver Systems, Controls Could Be Improved

Due to the significant funding increase during the current fiscal year and the Governor's recommended funding for next fiscal year, Developmental Services is able to serve far more people than previous funding levels allowed. Also, the new administration is clearly looking at programmatic revisions that will support a consumer driven system. Florida's waiver has recently been amended to serve a total of 19,546 individuals in 1999-2000. This increase will accommodate the number of individuals anticipated to be served during the two-year spending plan implemented during state fiscal year 1999-2000.

Program Resources

Recommendation:

1. "We recommend that the department modify its process for controlling service costs by giving clients and their support coordinators the flexibility to change cost plans without district approval as long as the proposed changes did not increase budgeted service costs."

Response:

The Department will become more responsive to individual needs through a series of actions currently under development. First, the recently revised Support Coordination Assurances for waiver support coordination form the basis for service delivery standards and monitoring. The revised assurances now require that "purchased services not exceed the annual approved limits of the approved cost plan for the individual." This change will allow flexibility in the amount or duration of a service at any given time (e.g., increasing personal care hours and adjusting another service to accommodate this change), as long as the overall costs do not exceed the level approved by the district. The support coordinator will monitor service utilization on a monthly basis. However, in order to meet the federal requirement of 42 CFR §441.301(b)(1)(I) and the State Medicaid Manual Part 4 §4442.6, cost plans must be updated in the ABC System and a new official plan of care printed.

Also, the Department has tasked a work group including consumers and families to address the needs of people who remain on the HCBS waiver. The work group will make recommendations to allow the current waiver to be more consumer directed and increase the control consumers have over funds spent for their care. In regards to consumers who are willing but unable to participate in the pilot project, consumers may choose a representative to assist them with decisions and the control of funds allocated for their care.

Recommendation:

2. "…We recommend that the department fill waiver slots left vacant when waiver clients choose to participate in customer-driven service initiatives that are not approved for Medicaid reimbursement."

Response:

Program design of the pilot projects has changed since the initial meeting to discuss this issue. The Department has determined that waiver slots will not be held open for participants in the pilot projects. However, we believe there will be sufficient waiver slots available for individuals who wish to return to waiver funded services from pilot projects. There should be sufficient waiver slots available; therefore, federal matching funds for waiver participants will not be lost. The state may request additional waiver slots any time it has general revenue available to fund

the slots. It should be noted that the governor and legislature approved the choice and control pilot when they approved the budget amendment for lump sum appropriation 381.

Comment (Page 6):

3. "The department plans to have clients pay for bookkeeping services out of their service allotment dollars, which means that clients would have to decrease their use of other services."

Response:

The cost of the bookkeeping services should be more than offset by the efficiencies realized by the individuals who will control the funds for their care. Part of the theory behind placing consumers in control of the funds for their care is that they will be more prudent and efficient purchasers of the services they need. In many instances, we anticipate that consumers will spend less money than the state did previously or they will increase the amount of services they receive. Also, in these pilots, the consumer can choose to forego the use of a support coordinator or purchase smaller quantities of this service. Support coordinator services under the traditional system that includes a bill processing function costs over $1,500 each year. If the consumer decides to not purchase this service, the savings will more than offset the $300 per year for the bookkeeper.

Effective Monitoring Systems

Recommendation:

1. "In light of continuing concerns about the performance of waiver support coordinators, the department should continue to seek ways to improve its monitoring process."

Response:

As part of the revised Quality Assurance Plan developed by Developmental Services, the monitoring approach for support coordination has been modified. The new approach uses findings from the system's Person-Centered Reviews (information gained directly from consumers/families concerning personal goals, service satisfaction, and involvement in choices and decision-making). Consumer/family input is incorporated with more traditional process compliance findings to make a determination about whether the support coordinator is providing the level of service needed and desired. The revised tool and approach has been piloted and was found to be successful in making a more person-centered determination of service success.

Recommendation:

2. "We recommend that the department collect information about the number of waiver support coordinators it decertifies in Fiscal Years 1999-2000 and 2000-01, the reasons they were decertified, whether any waiver support coordinator previously decertified has been re-certified, and, if so, the reasons for re-certification, and make this information available to OPPAGA when it conducts its 18-month follow-up review on this report."

Response:

The Department will immediately begin to maintain information regarding the decertification of support coordinators and make it available for review.

Recommendation:

3. "We recommend that the department establish a process to collect information about the performance of each private provider that involves feedback from the waiver support coordinators that deal with these other providers, and the clients and their families who receive services from them."

Response:

Working in conjunction with the Department's Mission Support and Planning Team, Developmental Services has revised its Proposed Quality Assurance System incorporating many of the recommendations made in the Developmental Disabilities Council's study. An Executive Summary of the revised Quality Assurance Plan has been sent to select legislators and staff for evaluation and planning toward disposition of the 42 positions. The Plan's revision links the Family Care Councils in each district with the monitoring process to increase local involvement and decision-making. The Plan utilizes the Council's legislative mandate as an avenue to include parents and consumers directly into the review of Quality Assurance findings, recommendations for change and collaboration with the District Developmental Services staff.

The Department is continuing its review of the Council's study to determine which recommendations are already addressed in the Proposed Developmental Services Quality Assurance System, and how other recommendations can be incorporated or otherwise addressed.

Cost-Effective Service Delivery

Recommendation:

1. "We recommend that the department report the results of the implementation of its new Waiver Cost Review policy to the Legislature by October 1, 2000."

Response:

The Department has begun keeping a log of reviews for individuals whose annual support plans exceed the average Intermediate Care Facilities for Individuals with Developmental Disabilities (ICF/DD) cost. This information will be reported by October 1, 2000.

Recommendation:

2. "We recommend that the Department, in cooperation with the Agency for Health Care Administration, consider adopting lower reimbursement rates for institutional care reflecting the care required for clients with lower levels of need. The Department should report the results of its inquiry to the Legislature by June 30, 2001."

Response:

The Department will work with the Agency for Health Care Administration (AHCA) to determine the feasibility of ICF/DD reimbursements based on individual need. Any changes to the rate reimbursement plan require public hearings and input and a review by the federal Health Care Financing Administration. In addition, the Department and AHCA are jointly seeking approval of a new waiver that will address appropriate funding for community and institutional services based on the individual's level of need. The Choice Counseling project initially targeted to persons who want to move to community settings from ICF/DD facilities will also be available to the entire population by the end of the current fiscal year. This project is intended to assist individuals and families in making appropriate, cost-effective choices for services and supports.

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