



Ensuring Long-Term Sustainability:

a cost containment strategy that supports transformative objectives



Prepared by the NYS Office for People with Developmental Disabilities
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Introduction

In 2011, New York State (NYS) embarked on a reform initiative to transform its system of supports and services for individuals with developmental disabilities, one that would modernize outdated system structures that limit individuals' independence and achievement of their goals and create a more person-centered approach to meeting needs and supporting improved outcomes. The system transformation quickly became focused on several key aspects of the service system —better identification of individuals' needs, better tailoring of individual service plans to identified needs, equitable access to services for each person regardless of where they live, and improving the menu of services available to support people in ways that are more responsive to their exact level of need and which promote enhanced community integration. Each of these objectives, however, contributes to both improved personal outcomes for the individuals receiving support and cost containment for the NYS and federal Medicaid program. Both aspects — effectiveness and efficiency — are necessary to ensure that NYS is providing its citizens with the greatest value, services that are more targeted and person-centered (i.e., more effective at supporting people to live successful lives) and which therefore reflect the stewardship of public resources that will ensure services are available for each person who needs them (i.e., more efficient).

Economic and population-based factors and trends are driving and shaping New York's reform initiatives. People with developmental disabilities are living longer today than ever before. Each year more individuals request OPWDD services, and each year the proportion of individuals with diagnoses such as autism spectrum disorders and co-occurring mental health needs, which can necessitate intensive supports and services, increases. These factors have and continue to contribute to a steep increase in the portion of Medicaid resources dedicated to supporting this vulnerable population.

In addition, while OPWDD partnered extensively with stakeholders in developing needed system reforms and worked closely with the federal Centers for Medicare & Medicaid Services (CMS) to develop new waiver agreements that would authorize and implement these reforms, it was actively instituting cost savings measures to address real, time-sensitive NYS budget constraints and begin to rationalize the system's fiscal expansion. These actions have initiated cost containment and provide the base upon which this cost containment strategy has been built.

As discussions with CMS prompted development of targeted policy goals related to improved outcomes in the areas of employment, self-direction, rate reform and de-institutionalization, the significant cost benefits associated with these targeted initiatives became critical additional tools in the cost containment toolbox. They represent effective and important win-wins for improving the quality of life for many individuals, facilitating compliance with the US Supreme Court's Olmstead ruling and the NYS Olmstead Plan being crafted, and ensuring OPWDD's diligence in pursuing cost containment and Medicaid savings for NYS. Supporting people to work, to direct their own services and supports, and to move to less restrictive, more integrated community settings can enrich lives *and* save resources. So too can a system that successfully identifies each person's unique needs and strengths, and then builds on those strengths with supports that help the individual achieve his or her unique goals in the most integrated settings possible. These are the reforms embodied in OPWDD's system transformation, proposed in New York's People First Waiver applications and committed to in the Developmental Disabilities Transformation Agreement.

NYS's Cost Containment Strategy for the Developmental Disabilities System Transformation is therefore structured to describe the following:

- The fiscal and population factors driving Medicaid costs for developmental disabilities services,
- OPWDD's recent and ongoing cost savings initiatives,
- System innovations that provide a sound foundation for sustainability and efficiency, and
- Critical developmental disabilities policy reforms that will significantly enhance personal outcomes for supported individuals while creating positive budget impacts.



In each of these areas, OPWDD has identified short, medium and long-term strategies, many of which are already underway and delivering improved cost performance. Finally, OPWDD has established a critical internal infrastructure in its Provider Efficiency and Innovation Transformation Steering Committee to ensure continued exploration of potential opportunities for further cost containment and committed to carefully tracking and demonstrating the effectiveness of executed cost savings strategies.

The Changing Demand and Costs of Developmental Disabilities Services

Medicaid is the primary funding mechanism for services to New York State's citizens with developmental disabilities. Approximately 90% of all services certified or overseen by OPWDD, as measured by public expenditure, are reimbursed through the Medicaid program. Medicaid also plays a key role in funding long term care supports outside of the OPWDD service system – including nursing home, private duty nursing, personal care, and home health care services. Analysis of global trends in Medicaid spending on developmental disabilities services in New York State reveal the varied factors that influence demand for services for individuals with developmental disabilities and drive related Medicaid costs.¹

Global Trends

For the period of State Fiscal Year (SFY) 2005/06-2009/10, the total Medicaid expenditure growth for individuals with developmental disabilities has outpaced the general inflation rate by nearly two times and personal income by nearly three times. It has also significantly outpaced medical services inflation. This rate of growth is not sustainable over the long term.

Growth in payments per year of covered life generally followed the rate of overall inflation during the same period. A primary driver of high expenditure growth has been the 2.8 percent annual growth in covered lives. This has occurred while New York State's overall population has remained flat. Three underlying demographic changes in the service system are thought to be contributing to this trend:

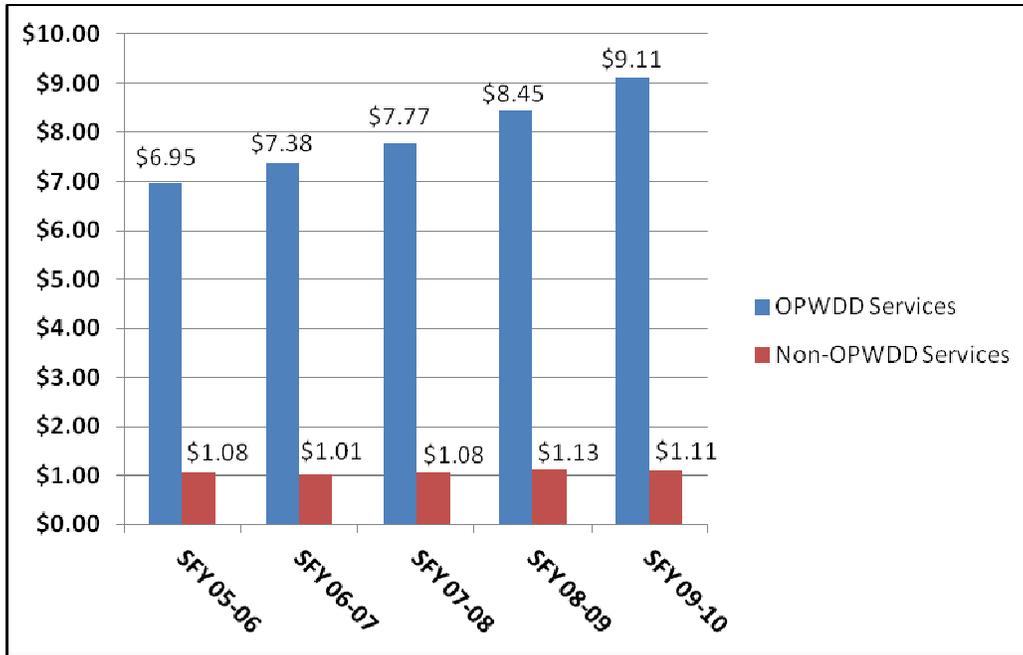
- Improved life expectancy for individuals with developmental disabilities.
- Expansion in OPWDD Medicaid services to children
- Growth in the Autism Spectrum diagnosis.

The graph below shows total Medicaid expenditures for individuals with developmental disabilities by state fiscal year for the five-year period between April 2005 and March 2010. During this five-year period, annual Medicaid expenditures increased by \$2.18 billion, with expenditures on OPWDD Medicaid services accounting for \$2.16 billion (99%) of this increase.

¹ Note on Expenditure Data. In this section of the report, "The Changing Demand and Costs for Developmental Disability Services" the Medicaid expenditure data is based on gross Medicaid expenditures for service dates for state fiscal years (SFY) 05/06 – 09/10 for both state-operated and not-for-profit delivered services. Later in this report, savings/available resources estimates are based on the average gross Medicaid expenditures for not-for-profit delivered services for the period SFY 11/12 unless otherwise noted.



**Total NYS Medicaid Expenditures for
Individuals with Developmental Disabilities
SFY 05-06 – SFY 09-10
(\$ in Billions)**



The table below provides information on the five-year change in three key service utilization measures: total payments, covered lives (i.e., member years, roughly equivalent to individuals served) and annual payments per covered life (Per Member Per Year).

**Overall Medicaid Utilization Trends
For Individuals with Developmental Disabilities (SFY 05-06 v. SFY 09-10)**

METRIC	SFY 05-06	SFY 09-10	CHANGE	% CHANGE OVER 5 YEARS	ANN GROWTH RATE
EXPENDITURE (State, local & Federal)	\$8,033,131,667	\$10,217,391,898	\$2,184,260,231	27%	6.2%
MEMBER YEARS	89,987	100,512	10,525	12%	2.8%
PER MEMBER PER YEAR (PMPY)	\$89,270	\$101,653	\$12,384	14%	3.3%

OPWDD Institutional Medicaid Services

OPWDD licenses two institutional service models funded by Medicaid and operated by the state: state-operated developmental centers and special residential units. Both provide all-inclusive, non-acute services. These services include residential and day programming; nursing care; occupational, physical, and speech therapy; psychotherapy/behavioral health services; primary medical healthcare; pharmacy; and most ancillary healthcare services (including durable medical equipment, some laboratory services, and non-emergency



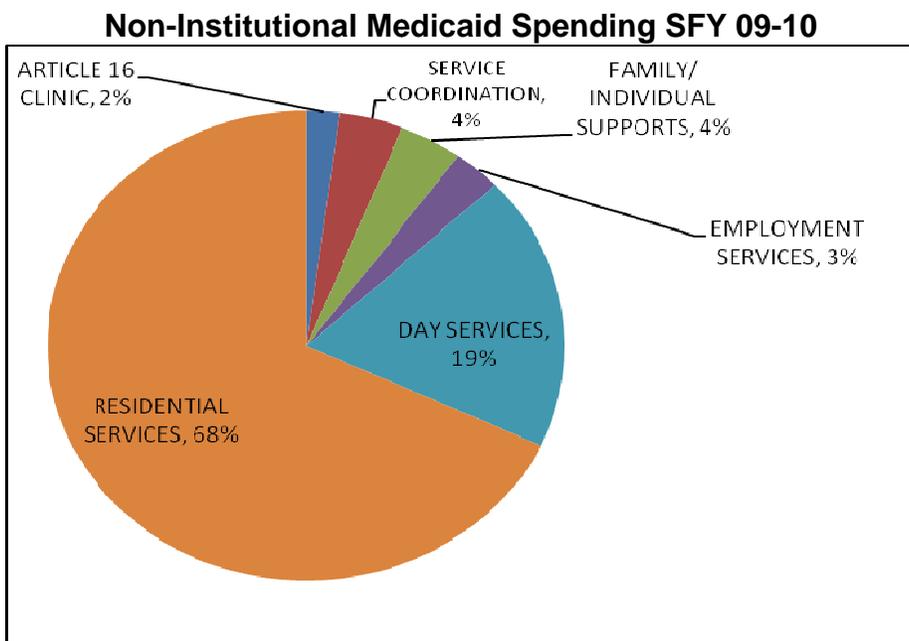
transportation). Inpatient, emergency care, outpatient surgery, referred ambulatory, emergency transportation, and specialty medical services are not included in the institutional care package and are billed separately to Medicaid/Medicare. Reforms implemented in 2013 will arrest the upward trend for Medicaid expenditures that has occurred despite New York’s declining reliance on institutional services.

Medicaid Utilization Trends for OPWDD Institutional Settings SFY 05-06 to SFY 09-10

DEVELOPMENTAL CENTERS AND SPECIAL RESIDENTIAL UNITS						
METRIC	SFY 05-06	SFY 06-07	SFY 07-08	SFY 08-09	SFY 09-10	5 YEAR % CHANGE
RECIPIENTS	1,757	1,740	1,733	1,660	1,586	-10%
BED DAYS	584,176	572,764	570,555	553,574	525,298	-10%
PAYMENTS (\$ Millions)	\$1,912.1	\$2,121.3	\$2,132.9	\$2,271.6	\$2,399.7	25%

OPWDD Non-institutional Medicaid Services

The chart below shows the distribution of expenditures for non-institutional OPWDD Medicaid services in SFY 2009-10. Nearly 70% of these expenditures were associated with residential services. The residential services category includes smaller, community-based Intermediate Care Facilities (ICFs), Community Residences (CRs), Individualized Residential Alternatives (IRAs), and Family Care homes. Day services (Day Habilitation and Day Treatment) accounted for another 19% of expenditures, and employment services (prevocational services and supported employment) added three percent. The remaining expenditures included family and individual supports (Respite, Community Habilitation, Consolidated Supports and Services, Family Education and Training) at four percent; service coordination (Medicaid Service Coordination, Care At Home Case Management, and Plan of Care Support Services) at four percent; and Article 16 clinic services at two percent.





Utilization Trends:

The table below shows the five-year change (in dollars and percentage) and annual compound growth rates for expenditures and recipients within the six categories of non-institutional OPWDD Medicaid services.

Residential and day services accounted for most of the expenditure growth during the five-year period reviewed. The table shows how the very high cost of residential services accounted for most of the expenditure growth during the five-year period reviewed. The table also highlights the very high cost of residential services compared to all other service categories, indicating that it is nearly 10 times more costly to place an individual in residential care than to provide individual and/or family supports that help maintain the individual in his or her home. Likewise, traditional day services are significantly more costly when compared to employment related services. The recent high rates of expenditure and participation growth for family/individual supports and employment services reflect OPWDD’s efforts to accommodate the increasing demand for these cost-effective alternatives to traditional residential and day programs.

**Medicaid Utilization Trends in Non-Institutional OPWDD Services
SFY 05-06 to SFY 09-10**

SERVICE	METRIC	SFY 05-	SFY 09-10	CHANGE	5 YEAR % CHANGE	ANN GROWTH RATE
RESIDENTIAL SERVICES	PAYMENTS (\$ MIL)	\$3,529	\$4,571	\$1,042	30%	6.68%
	RECIPIENTS	33,334	37,805	4,471	13%	3.20%
	PAYMENT/RECIP	\$105,863	\$120,909	\$15,046	14%	3.38%
DAY SERVICES	PAYMENTS (\$ MIL)	\$939	\$1,283	\$344	37%	8.13%
	RECIPIENTS	36,853	38,956	2,103	6%	1.40%
	PAYMENT/RECIP	\$25,479	\$32,947	\$7,468	29%	6.64%
EMPLOYMENT	PAYMENTS (\$ MIL)	\$133	\$212	\$79	59%	12.32%
	RECIPIENTS	15,433	17,491	2,058	13%	3.18%
	PAYMENT/RECIP	\$8,622	\$12,107	\$3,485	40%	8.86%
FAMILY/INDIV	PAYMENTS (\$ MIL)	\$151	\$276	\$125	83%	16.28%
	RECIPIENTS	16,141	23,221	7,080	44%	9.52%
	PAYMENT/RECIP	\$9,340	\$11,869	\$2,529	27%	6.17%
SVC COORDINATION	PAYMENTS (\$ MIL)	\$200	\$263	\$63	32%	7.10%
	RECIPIENTS	70,052	82,414	12,362	18%	4.15%
	PAYMENT/RECIP	\$2,857	\$3,196	\$338	12%	2.84%
ARTICLE 16 CLINIC	PAYMENTS (\$ MIL)	\$70	\$91	\$21	30%	6.77%
	RECIPIENTS	31,960	28,975	(2,985)	-9%	-2.42%
	PAYMENT/RECIP	\$2,195	\$3,147	\$951	43%	9.42%

It is also important to look beneath the broad categories of expenditure described above. The cost of residential services, in particular, varies widely among program models. When an individual, who could be placed in a supportive setting, must instead be placed in a more-restrictive and more-costly supervised setting—due to



lack of local capacity, for example—the individual loses an opportunity for greater independence, and the state may pay up to four times more for the higher level of residential care.

Key Cost Factors

In reviewing the significant trends in Medicaid utilization for individuals with developmental disabilities between the period SFY 2005-06 and SFY 2009-10, OPWDD identified the following key trends affecting costs:

- Annual Medicaid expenditure growth for individuals with developmental disabilities exceeded 6.2% during the five year period reviewed. During the same period, general (all items) inflation grew by 3.3% per year, medical care inflation grew by 4.0% per year, and personal income grew by 2.1% per year. This rate of expenditure growth is unsustainable in the long term.
- Both inflation-based rate increases and increased demand for services have contributed to expenditure growth. The increased demand for services requires additional study, but is thought to be linked with increased life expectancy, growth in individuals diagnosed with autism, and expansion of OPWDD Medicaid services for children.
- Certified residential programs account for 68% of total Medicaid spending on non-institutional OPWDD services. Traditional day programs (i.e., Day Habilitation and Day Treatment) account for the bulk (19%) of the remaining spending.
- One path toward reducing expenditure growth in OPWDD services is to develop and promote (perhaps through improved care coordination and individual resource allocation) desired and less-costly alternatives to traditional residential and day program models. In-home supports are, on average, 10 times less costly than placement in a supervised residence. Employment related services are significantly less costly than traditional day programs.
- When traditional residential and day program placements are required, it is essential that the individual be supported in the least restrictive (and, typically, the least costly) setting. Serving an individual who requires only supportive residential care in a supervised setting increases costs, on average, by a factor of four.
- Enrollment in mainstream managed care programs more than doubled during the five-year period reviewed. This suggests that the traditional misgivings toward managed care held by many individuals with developmental disabilities may have abated somewhat.

Recent Cost Containment Strategies

Governor Cuomo's FY2011-2012 Executive Budget reflected a new approach to managing NYS government, one designed to produce lasting, significant and fundamental changes in the governing and management of New York State, with better results for taxpayers. The budget was constructed to readjust and recalibrate New York's spending and programs to match state resources and to stop the current unsustainable trajectory.

In line with this executive directive, NYS has taken action to reduce the overall cost of Medicaid program, including making specific reductions in Medicaid-funded services provided to individuals with developmental disabilities. The following summarizes those actions and identifies the overall savings to the state and federal government that have resulted.

**2011-12:****Eliminate Medicaid Trend Factor (\$96M Gross)**

This action eliminated funding to support a planned increase of approximately three percent to adjust for inflationary pressures faced by provider agencies. This adjustment would have been applied to all eligible OPWDD-delivered Medicaid programs.

Reform Various Programs (\$223.1 M Gross)

NYS reformed the financing of various OPWDD programs through rate, price and contract adjustments to both residential and non-residential services to reflect efficiencies, program restructurings and other cost savings. These reforms included more aggressive reviews of providers' overall surplus/loss, as well as further constraints on administrative and non-personal service costs. Funding for workshop, day training and other day services were reduced to encourage placements into other more effective, integrated, community-based day and employment programs. In addition, funding for transportation services and residential habilitation services delivered in supervised Individualized Residential Alternative (IRA) programs were reduced to encourage efficiencies.

Investment in Lower Cost Community Residential Opportunities (\$58.4M Gross)

Investing funding to add 2,300 lower-cost residential and/or non-residential opportunities to support individuals and their families during this period in lieu of higher cost alternatives.

2012-13:**Eliminate Medicaid Trend Factor (\$105.8M Gross)****Strategic Sourcing (\$7.8M State Funds)**

Strategic sourcing is a procurement approach that utilizes a structured, market-based process to gather data, conduct quantitative analysis and apply expert qualitative judgments to secure the best value in purchasing. Savings are achieved by identifying and establishing the best ways to use goods or services and by leveraging the State's substantial buying power. In 2012-13 this strategy reduced OPWDD non-personal service costs by \$7.8 million.

Administrative Attritions (\$4.2M Gross)

This action reduced the overall number of administrative positions in the OPWDD system, thereby lowering administrative costs to the Medicaid program.

2013-14:**De-Institutionalization (\$70M Gross Savings)**

A major action OPWDD is taking to further contain Medicaid spending in NYS is to transition individuals from more costly State-operated institutional programs to more individualized and integrated residential programs in the community. See page 12 for further discussion.

Natural Progression Through the Continuum of Care (\$64M Gross Savings)

OPWDD is also expecting to reduce Medicaid spending by about \$64 million on an all shares basis through improved identification of need, and the development of a broader array of services to address the full spectrum of needed service intensity. As a result of this initiative, OPWDD expects provider agencies will work more closely with individuals to progress through the continuum of care to less costly and more integrated community residential and day programs. This includes moving individuals from certified residential programs into more cost-effective options, like Family Care or non-certified supported apartments. Additionally, OPWDD expects to increase the number of individuals who are employed, reducing utilization of Day Habilitation services.



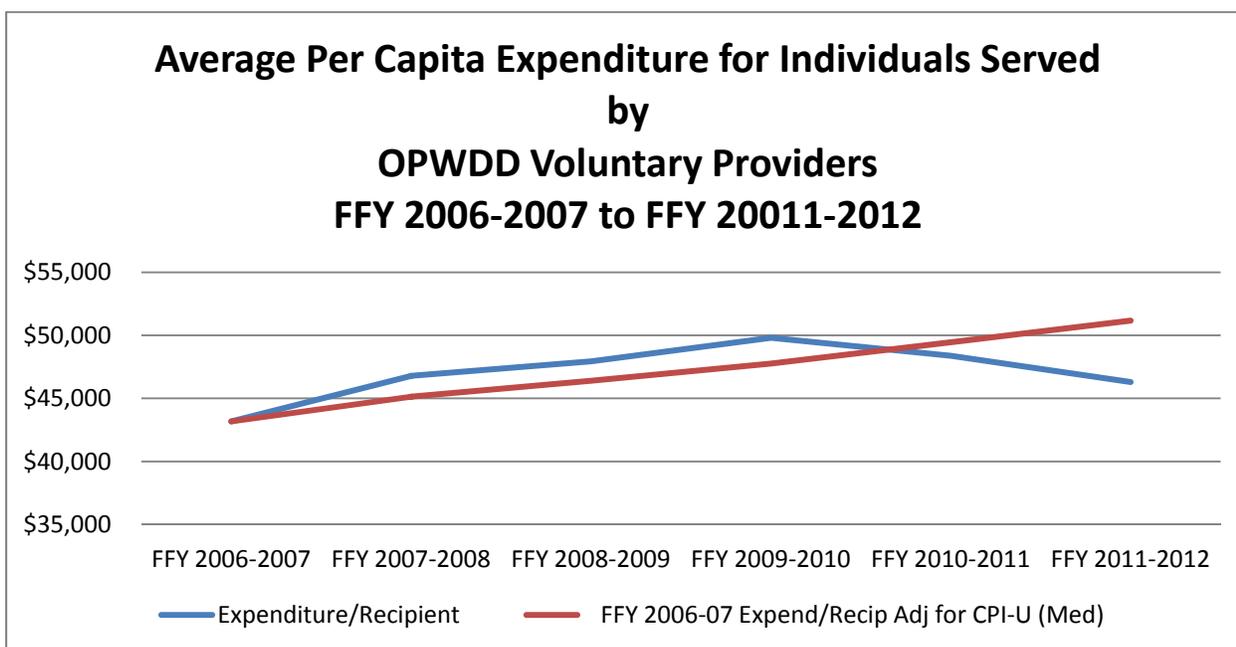
Eliminate Planned Inflationary Adjustments (\$58M Gross Savings)

OPWDD also eliminated planned increases in funding designed to offset inflationary pressures on service providers. For 2013-14, both a Medicaid trend of 1.4% and a similar cost-of-living adjustment were not included in the final budget. This resulted in all shares savings of approximately \$58 million from initial budget projections.

Provider Administrative Efficiencies (\$5M Gross Savings)

Medicaid spending will be reduced annually by more than \$5 million due to actions taken to reform reimbursement methodologies for non-profit-delivered Residential Habilitation, Group Day Habilitation and Intermediate Care Facility services. The methodology is expected to result in a more standardized system that encourages efficiencies in the administration of these programs.

The impact of these actions above and other changes in service delivery have significantly changed the per capita costs of serving individuals as is reflected in the analysis of not-for-profit expenditures (below).



Delivery System Innovations for Sustainability & Efficiency

As referenced above, OPWDD is developing several delivery system innovations that tie together cost efficiencies, reformed rate reimbursement methodologies, and a coordinated service delivery and assessment system. New York recognized that these structural renovations to the service system are essential first steps, establishing a more solid, reliable foundation on which to build specific programmatic and cost containment initiatives. Four foundational innovations underway include development of a valid, cost-based reimbursement rate methodology, establishment of standardized rates for specific like services across the state, transitioning to a specialized managed care delivery system, and development and implementation of a new, comprehensive, integrated needs assessment process to ensure a thorough and consistent evaluation of each person’s strengths, interests and support needs.

The Brick

OPWDD's current rates for many of its service providers have been developed over a period of time with a variety of historical anomalies. Working with stakeholders and expert consultants, OPWDD has developed a new rate reimbursement methodology for providers that will promote equity, sustainability and portability, and align financial reimbursement with desired program outcomes for the service system. It establishes



standard fees according to the number of staff hours required to support individuals at various levels of care. The Centers for Medicare and Medicaid Services (CMS) has approved this method in other states. The new rate structure will be used in both the fee-for-service operations and the new managed care infrastructure; however, a successful transition to the new methodology will necessitate a phased transition over a period of years.

Development of the new rate methodology began in September 2012, when OPWDD’s “Modernizing the Fiscal Platform” work team, which included representatives of OPWDD, provider agencies, parents and self-advocates, found OPWDD’s existing rate reimbursement system was in need of reform in order to effectively promote provision of the right services, at the right time, in the right amount, and in the right setting for each individual. In addition, the team concluded that it was essential to improve the fiscal platform to support greater equity of access to services across the state, portability of resources, and choice in service providers. OPWDD engaged actuarial consultants Optumas/JVGA with experience in long-term care programs and services for individuals with developmental disabilities to assist in identifying a new rate reimbursement methodology that would support OPWDD’s policy goals. The work team outlined the following essential guiding principles that should be supported by the new reimbursement strategy:

- Fairness and equity – Like services are provided to individuals with like needs and reimbursed at comparable rates.
- Portability – Similar reimbursement exists for similar services across similar geographic regions in New York State.
- Efficiency and economy in the use of resources
- Simplicity and practicality – The new method will balance the need for accuracy and the need for a method that is easy to implement.
- Network stability – The method will ensure continuity and quality of care for individuals and support provider networks that are fiscally and operationally viable.
- Structural reform – A comprehensive method will ensure the above principles.

Based on the work team’s research and recommendation, OPWDD began developing a new, component-based rate methodology that builds reimbursement rates on a foundation – or a “brick” – of direct support costs and then adds various rate components (e.g., program support, general and administrative costs) as they relate to direct support wages to determine the total cost of a direct support staff hour. The model then determines standard fees according to the number of staff hours needed to meet an individual’s needs. OPWDD has committed to the following milestone dates for implementing a new rate methodology that achieves its policy objectives throughout the service system:

OPWDD Transformation Agreement Reimbursement Rate Goals and Milestones	
Goals:	
<ul style="list-style-type: none"> • To establish cost-based rates for state-delivered and billed ICF and HCBS waiver services • To transition to a new reimbursement methodology for establishing rates for nonprofit providers of HCBS waiver and state plan services 	
Anticipated Milestones:	Target Dates:
<u>Establish cost-based rates for state-delivered and billed ICF and HCBS waiver services</u>	April 1, 2013
<u>Implement reformed rates for nonprofit provider delivered services using a standardized, portable and equitable payment structure</u> <ul style="list-style-type: none"> • Begin transition for IRA residential and group day habilitation and ICF services • Reimbursement to all nonprofit providers entirely predicated on standardized methodologies for all services 	<ul style="list-style-type: none"> • October 1, 2013 • September 30, 2015



Rate Methodology Standardization

OPWDD will phase-in the implementation of a more standardized rate methodology for not-for-profit provider-delivered Residential Habilitation (IRA) and group Day Habilitation waiver services, as well as ICFs, effective October 1, 2013. These changes to provider rates will be detailed in Waiver and State Plan Amendments to be submitted no later than July 1, 2013. A general overview of the new methodology, which will be used to establish the minimum amount of reimbursement residential providers will receive under managed care, follows.

OPTUMAS/JVGA has developed the following 10-step rate setting process to set standard fees for OPWDD services based on the direct care staff support required to meet an individual's needs. The fees can therefore be varied based on the staff function and the intensity of support they might provide. The steps to establish these fees will include:

1. Determine Cost Categories to develop standardized rates for services.
2. Gather financial data (general ledgers and/or cost reports) to determine data viability and service costs.
3. Organize and analyze data.
4. Review standards to establish proper type and quantity of direct care staffing levels as well as profiles of the direct care staff to form the basis of completed rates.
5. Establish direct care staff wage profile to determine wage levels associated with staff described in service descriptions.
6. Determine employment related expenditures (by percentage) by comparing the percentage revealed by analysis of cost reports to known information about benefit percentages.
7. Set general and administrative compensation levels which are usually 'fixed' in nature and do not vary in periods of less than one year.
8. Synthesize components into draft rates using all data obtained through the process.
9. Perform budget impact analysis and finalize rates for the specific categories of service.
10. Study rate impact in the aggregate and by provider to determine the amount of increase or decrease each provider will experience

Managed Care Efficiencies

OPWDD recognizes that managed care can promote higher quality services for individuals with developmental disabilities, particularly when the network draws upon service providers that have the capacity and expertise to address the special needs of this population. The incentives in a well structured managed care system support exactly the care coordination and outcomes that OPWDD seeks for people with developmental disabilities: active engagement in the community, employment, and living in the most integrated setting.

The current service system and its underlying fiscal platform were developed to support the provision of care in traditional siloed, service settings. Comprehensive care coordination provided through managed care will not only provide integrated, holistic planning and supports to individuals, but will also result in cost savings on the acute care side as needed long-term supports and services are accessed with greater ease and equity, resulting better outcomes and often preventing the future need for more costly, intensive intervention to address situations caused by unmet needs.

The design and operation of a specialized managed care system for people with developmental disabilities poses unique challenges. While people with developmental disabilities often have complex, multi-dimensional, and highly diverse needs, New York State has recognized that adopting a strictly medical model of care, the underpinning of traditional Medicaid Managed Care, will likely undermine the advances and quality of life for people with developmental disabilities. Instead, since the 1970s, national developmental disability policy and funding has evolved to identify a foundation of core principles that promote



independence; community inclusion; self-determination; and productivity.² While traditional managed care techniques have the potential to facilitate higher quality cost effective services for people with developmental disabilities, this will only be the case if service delivery policies are well designed, effectively implemented; tailored to the unique interests, needs and challenges of people with developmental disabilities; and achieve cost savings by improving outcomes and eliminating inefficiencies, not by reducing the quality or availability of services.³

OPWDD's Coordinated Assessment System (CAS)

OPWDD is in the development phase of a standardized, comprehensive assessment tool, the Coordinated Assessment System (CAS). The CAS will provide a consistent and comprehensive assessment of individuals' needs, strengths and interests, ensuring a greater understanding of each individual upon which to plan the provision of the most appropriate and responsive individualized services and supports. In this way, the CAS will significantly improve the person-centered focus of needs assessment, service planning and care coordination. In addition, the CAS provides OPWDD with a tool for measuring predictive costs as OPWDD moves forward into systems reform and managed care, and a means to evaluate whether people's needs are met as the system transitions to managed care.

Standardized assessment will inform acuity

In the current waiver delivery system, multiple variables impact the costs of services provided for individuals with similar needs: time of entry into service, location within the state, and regional availability of funding. As a standardized assessment tool, the CAS measures the strengths, supports and needs of the individual regardless of these factors. As a result, a consistent, reliable rate can be developed for services in all parts of the state, and regardless of when someone begins receiving services.

Identification of natural and community supports

Designed as a comprehensive assessment tool, the CAS can identify unpaid support(s) and the status of those supports. Natural and community supports should be the first resource for individuals prior to utilization of a waiver service. Cost reductions are realized when these supports are accurately identified and incorporated into the delivery of a service plan.

Utilization of case-mix methodology to understand whole system cost inconsistencies

The CAS provides the ability to review aggregate information about individuals with similar needs. With this systems data, OPWDD will be able to evaluate efficiency and/or efficacy of the service and providers of services. In addition, the CAS will provide a consistent method for categorizing individuals' services and associated costs.

Bringing Together Transformation Goals & Cost Containment Strategies

Building on the structural reforms described above, OPWDD has identified and articulated additional system transformation goals that will result in improved personal outcomes for individuals, programmatic system outcomes, and needed cost containment. OPWDD has focused agency-wide resources specifically on four priority initiatives: deinstitutionalization and development of needed community safety net supports, supporting more individuals to experience and sustain employment, enriching the menu of supportive housing options that is available, and expanding the number of individuals who can self-direct some or all of their services and supports. OPWDD recognizes that to successfully support more people with greater needs in the community, the service system must increase its capacity to provide needed community-based safety supports for those individuals. Therefore, while these initiatives will free significant resources to achieve cost

² Medicaid Managed Care for People with Disabilities: Policy and Implementation Considerations for State and Federal Policymakers. National Council on Disability. March 18, 2013.

³ Medicaid Managed Care for People with Disabilities: Policy and Implementation Considerations for State and Federal Policymakers. National Council on Disability. March 18, 2013.



savings, it is also necessary to reinvest some of these resources in additional community-based supports that are needed to meet people’s needs in community settings. An example of this kind of needed reinvestment is OPWDD’s initiative to pilot a national program model known as Systemic Therapeutic Assessment Respite and Treatment (START). The START program provides emergency crisis services and limited therapeutic respite services⁴ and will be critical to the agency’s ability to effectively support individuals in family homes and least restrictive community settings. OPWDD is piloting the START program in the Finger Lakes and Taconic regions, where it plans to close its developmental centers in 2013. START cost data from the implementation of the model in Tennessee indicate that the average cost of emergency service usage (emergency rooms, psychiatric hospital stays) for individuals served by START was \$4,474 versus \$12,000 for individuals not supported by START.

Expected resource/savings generation resulting from OPWDD’s transformation initiatives are described below. As described earlier (footnote, page 2), these estimates are based on average gross Medicaid expenditure for not-for-profit delivered services unless otherwise noted.

Deinstitutionalization & Community Safety Net

Estimated Resources Available for Reinvestment/Savings as a result of Deinstitutionalization	
State Developmental Center =	\$450K/yr gross value
Supervised IRA for High Need	
<u>Individuals (w/Day & Case Mgt) =</u>	<u>\$200K/yr gross value</u>
Gross Difference	\$250K/yr

OPWDD will complete its transformation from an institutionally-based system to a community-based system by moving nearly all of the remaining 1,300 people out of large institutions into community settings and transitioning its campus-based services to provide short-term, intensive treatment services to individuals who have demonstrated the need for this level of care and who will remain only as long as required to develop the supports that will enable them to move back into the community.

During FY 2013-14, OPWDD expects to transition nearly 300 individuals from campus-based institutional programs to the community during the fiscal year. Once annualized, this action should generate all shares savings of almost \$70 million. The agency has also committed to achieving significant milestones related to establishing most integrated service settings and a supportive infrastructure through participation in New York State’s Money Follows the Person (MFP) Demonstration and Balancing Incentives Program (BIP). To meet the need for community-based residential settings associated with these reforms, OPWDD will also identify, develop and make available a much broader range of community-based supportive housing options.

Specifically, OPWDD’s participation in the BIP will support establishment of No Wrong Door access to services, conflict-free case management, and uniform assessment to support better cross system care coordination. MFP resources will support implementation of proven crisis intervention and mental health supports for people with developmental disabilities who also experience mental health needs, peer mentoring, enhanced processes for person-centered planning, and expansion of needed home and community-based services. In addition to these system enhancements that will support more effective —and therefore, more efficient —service delivery, the MFP demonstration will also assist OPWDD to move individuals from costly institutional settings to more integrated and cost efficient community-based settings. OPWDD’s participation in these system rebalancing initiatives is an important part of OPWDD’s strategy to address the identified drivers of unsustainable Medicaid costs noted above.

⁴ See <http://www.centerforstartservices.com/community-resources/newyorkpublic.aspx>.



OPWDD’s Commitment to Self-Direction

Resources Available for Reinvestment/Savings as a result of Increased Self-Direction	
Group Day Habilitation =	\$32,000/yr gross value
Average Cost of Self-Directed Day Services =	\$28,840/yr gross value
Difference =	\$3,156/year

Experience in New York State and in other states supports the use of self-directed services as a lower cost option for providing quality services to individuals with developmental disabilities. Cost studies comparing participant directed services to traditional services indicate different outcomes for individuals with different support needs, with some evidence for a reduction in total Medicaid per capita costs. Within that overall finding, however, spending for self-direction services can be lower or higher than for traditional services depending upon the individuals’ specific needs and previous service plan. As individuals receiving less costly services enter self-direction, costs may increase. In contrast, self-direction is often less costly for individuals who were originally receiving more costly services. Overall, however, participants tend to spend only 85% to 95% of their annual budgets.⁵

OPWDD’s own experience is that, on average, individuals that self direct their own day services can do so at 80% of the cost of Group Day Habilitation Services. Similar efficiencies exist for individuals who direct both residential and day supports.

OPWDD’s Consolidated Supports and Services

Consolidated Supports and Services (CSS) is New York State’s self-directed service option that allows individuals with developmental disabilities to exercise both budget authority and employer authority. Service coordinators and support brokers work with individuals and their families to help them take greater advantage of natural and community supports, replacing some of their paid waiver services. CSS puts individuals and families in control of their budgets; individuals tailor their budgets and their supports and services to their own unique situations. CSS provides individuals flexibility to make choices about their services and greater control over the day-to-day authorization and delivery of needed services. CSS encourages use of natural and community supports, as the first resources to which individuals look for help before seeking to meet needs through waiver service providers. Use of these generic, community supports also generally leads to greater integration in the community and a higher quality of life.

The CSS plan/budget development process is individualized. Each individual works with a broker and his/her circle of support to undertake person-centered planning, which results in a detailed person-centered plan for services and a budget tailored to the individual’s specific needs and goals. Consistent budgeting standards across the state result in equitable budget allocations.

Transformation Agreement – Self-Direction Goals

As described in the Transformation Agreement, OPWDD will enable a minimum of 415 new individuals to begin self-directing their services each quarter beginning July 1, 2013. People will be considered to direct their own services when they (and their designated representatives, as appropriate) exercise budget and/or

⁵ Specific findings from the Michigan Department of Community Health regarding self determination indicate that: “Overall average costs per capita decreased by 8% after three years compared to the year before enrolling in the program.” “Working across twenty states we (PCG Public Partnerships, LLC) have found that most people don’t spend their full budget, even though they can. Overall expenditure levels are in the 85% to 90% range of funds allocated.” (*Comparing the Cost of Participant-Directed Services to Traditional Services, FMS Conference November 15, 2011, PCG Public Partnerships, LLC (PPL)*)



employer authority as described in the HCBS technical manual.

To support this goal, OPWDD will provide increased education about self-direction service options in a consistent manner to all stakeholders statewide. This education will be provided to at least 1,500 individuals (with designated representatives as needed) per quarter beginning on April 1, 2013. Specifically, OPWDD has created two formal methods through which individuals may be educated regarding self-direction:

1. Attend an information session that orients individuals and families to OPWDD and its services, including information on self-direction and on services that may be self-directed; or
2. Be provided information by an OPWDD staff person that describes options available for self-direction and information on services that may be self-directed. The OPWDD staff person will provide the educational materials in a method that best meets the person’s needs, including a face-to-face meeting, a phone conference, and/or mailing information to the individual.

In addition, all individuals who are newly eligible for services, and anyone else who is interested, will receive a resource guide that includes information on self-direction.

To facilitate increased opportunity for individuals to access self-direction, OPWDD has also worked with stakeholders to streamline the CSS plan and budget document. Further, OPWDD is working to streamline the protocol for processing and managing new and/or changing CSS plans and budgets to eliminate bureaucratic delays.

OPWDD’s Commitment to Supporting Employment

Estimated Resources Available for Reinvestment/Savings as a result of Supporting Employment	
Group Day Habilitation =	\$32K/yr gross value
Projected total day support costs for <u>individuals in Supported Employment</u> =	\$16K/yr gross value
Gross Difference	\$16K/yr

Supported employment was officially created in the Developmental Disability Assistance and Bill of Rights Act of 1984. Since that time, there have been a significant number of research studies on the cost effectiveness of supported employment:⁶ Taking inflation into account, the relative value of what sheltered employees earned decreased by 40.6 percent since the 1980s, while the relative value of wages earned by supported employees increased by 31.2 percent. However, supported employees continue to make wages that are below

⁶ Studies include: Lam CS. Comparison of sheltered and supported work programs: A pilot study. Rehabilitation Counseling Bulletin.1986; 30(2):66-82.; Hill ML, Wehman PH, Kregel J, Banks PD, Metzler HMD Employment outcomes for people with moderate and severe disabilities: An eight-year longitudinal analysis of supported competitive employment. Journal of the Association for the Severely Handicapped. 1987; 12:182-9. Kregel J, Wehman P, Revell G, Hill J, Cimera R. Supported employment benefit-cost analysis: Preliminary findings. Journal of Vocational Rehabilitation. 2000; 14:153-61 Cimera RE, Rusch FR. Empirical evidence on the long-term effectiveness of supported employment: A literature review. In: Glidden, LM, editors. International Research on Mental Retardation (Vol. 22). San Diego: Academic Press; 1999. pp. 175-226.Cimera RE. Can community-based high school transition programs improve the cost-efficiency of supported employment? Career Development for Exceptional Individuals. 2010a; 33(1):4-12. Cimera RE. The national cost-efficiency of supported employees with intellectual disabilities: 2002 to 2007. American Journal on Intellectual and Developmental Disabilities. 2010b; 115:19-29.Cimera RE. The national cost-efficiency of supported employees with intellectual disabilities: The worker’s perspective. Journal of Vocational Rehabilitation. 2010c; 33: 123-31. Cimera RE, Wehman P, West M, Burgess S. Do sheltered workshops enhance employment outcomes for adults with autism spectrum disorder? Autism: The International Journal of Research and Practice. 2011; 16(1):87-94. Conley, R. The economics of mental retardation. Baltimore Cimera RE. Supported versus sheltered employment: Cumulative costs, hours worked, and wages earned. Journal of Vocational Rehabilitation. 2011b; 35.2:85-92



poverty level. In regard to the cost-efficiency of supported employment from the taxpayers' perspective, the supported employees returned an average of \$1.46 per \$1.00 of taxpayer costs.⁷

Increasing employment opportunities for people with developmental disabilities clearly has the potential to generate Medicaid savings for state and federal governments. In New York State, the cost associated with supporting a person in traditional day habilitation or sheltered workshop services is typically three to four times higher than the cost of providing supported employment. In the example above, the cost of supporting a person who receives SEMP, even when other 'wrap around' day supports are also needed, is approximately half the cost of a typical Day Habilitation service. For example, a person may be successful in obtaining and maintaining employment, but requires additional support both on and off the job site.

Recognizing that supporting people to experience employment facilitates better personal outcomes for individuals, greater community integration and lower service costs, New York State has committed to ambitious goals related to increasing the numbers of individuals with developmental disabilities who are employed. By May 31, 2013, New York will establish a baseline of the number of individuals with developmental disabilities receiving supported employment services and the number of individuals engaged in competitive employment. Thereafter, New York will increase the number of people in competitive employment by no less than 250 new people by October 1, 2013 and 700 new people by April 1, 2014, with no exceptions for attrition. Only integrated gainful employment at minimum wage or higher will be considered competitive employment. Effective July 1, 2013, New York will no longer permit new admissions to sheltered workshops.

By October 1, 2013, New York will also develop and submit for CMS review a draft plan for its transformation towards competitive employment. The plan will include a detailed work plan for increases in the number of individuals in competitive employment and the number of students exiting the educational system who move directly into competitive employment. The plan will also include a timeline for closing sheltered workshops and a description of OPWDD's collaborative work with the New York educational system to inform key stakeholders on the availability and importance of competitive employment for individuals with developmental disabilities. OPWDD will also specifically target youth as a priority in its employment initiative, paying particular attention to educating and engaging with public school systems across the state in transition planning for students that focuses on employment as a preferred outcome. OPWDD is also creating a new Pathway to Employment service that will assist people with the preparing for employment and the transition to Supported Employment services.

With these clear goals and strategies for increasing employment outcomes for individuals with developmental disabilities, OPWDD is poised to quickly deliver significant cost savings and improved community integration for the people it supports. Attaining the goals outlined above represents an increase of roughly 15% in the number of people receiving OPWDD services who are employed, well above the agency's historical two to three percent annual increase in employed individuals.

Housing Alternatives for People with Intellectual and Developmental Disabilities

Resources Available for Reinvestment/Savings as a result of Providing Additional Supportive Housing Options	
Supervised IRA =	\$100,000
<u>Supportive IRA =</u>	<u>\$50,000</u>
Gross Difference.	\$50,000

⁷ Cimera RE *The economics of supported employment: What new data tell us*, *Journal of Vocational Rehabilitation* 37 (2012) 109-117



A general look at the state of housing on a national and state level guides OPWDD in identifying and assessing the most effective ways to provide integrated, cost-effective, and supportive housing options for people with developmental disabilities now and in the future. In the example above, we provide a savings estimate where a person moves from a Certified Supervised Individualized Residential Alternative (IRA) to a Supportive IRA. Similar savings are anticipated when an individual moves from certified residential homes to their own or family home with habilitation supports. The challenge for New York and the nation, is the dearth of accessible housing options for individuals with disabilities.

National Housing Context

Nationally, the percentage of homeowners in the United States declined from 67.8% in 2008 to 65.4% in 2012, while the percentage of renters increased from 32.2% to 34.6%. The former may be attributed to the 2007 housing market crash and the latter to several factors including the loss of income and homes, the increase in foreclosures, and the capacity of affordable and accessible homes.

In the United States, 10,250,500 low-income renter households currently spend more than half their monthly cash income on housing. The median income of these households is \$1,150, and the median housing costs are \$1,010, leaving only \$140 to pay for other necessities. About 37% of these severely cost-burdened renter households are headed by people who are elderly or have disabilities, including intellectual and developmental disabilities. About 31% are other families with children.

Federal rental assistance enables millions of low-income households to afford modest homes through the use of programs such as Housing Choice Vouchers, Section 8 Project-Based Rental Assistance, and public housing. Combined, these programs assist about 90% of low-income households. The Section 8 Project-Based Rental Assistance programs enable more than 2 million people in 1.2 million low-income households to afford modest apartments by contracting with private owners to rent some or all of the units in their housing developments to low-income families, including families of people with disabilities. The Housing Voucher Choice Program has become the dominant form of federal housing assistance, while public housing provides affordable homes to 2.2 million low-income American. All of these housing options are available to people with developmental disabilities, however, availability does not equal affordability or accessibility.

Housing in New York

About 46% of all New York households—or 3,325,600 households—are renters. Federal rental assistance programs enable more than 565,400 low-income households in New York to rent modest housing at an affordable cost. About 57% of these households are headed by people who are elderly or have disabilities; approximately 29% are families with children headed by people younger than 62 who do not have disabilities.

The percentage of homeownership in New York State was 55% in 2008, while the percentage of renters was 45%. In 2011, the percentage of homeownership had declined slightly to 53.6% and the percentage of renters had increased to 46.4%. The housing situation for homeowners and renters in New York State mimics the national scene, with declines in homeownership and increases in renters. While “renter-ship” may be increasing, finding affordable and accessible housing presents a major challenge to all low-income New Yorkers and especially to people with developmental and other types of disabilities.

In New York, 928,900 low-income renter households pay more than half their monthly cash income for housing costs. The median income of these households is \$1,310 and the median housing costs are \$1,180, leaving only \$130 to pay for other necessities. About 40% of these severely cost-burdened renter households are headed by people who are elderly or have disabilities, while 30% are other families with children.

When housing costs consume more than half of household income, low-income families are at greater risk of becoming homeless. Point-in-time surveys suggest that at least 63,400 people are homeless in New York. The table below describes the use of federal rental assistance in New York State by individuals who are low-income, elderly, families with children, and those who have disabilities.



Federal Rental Assistance in New York ⁸					
PROGRAM	NUMBER OF UNITS	% EXTREMELY LOW INCOME	% ELDERLY	% DISABLED	% FAMILIES WITH CHILDREN
Housing Choice Vouchers	226,139	69	26	25	36
Public Housing	205,002	53	37	17	29
Section 8 Project-Based Rental Asst.	107,465	67	52	16	20
Supportive Housing for Elderly and People with Disabilities (202/811)	13,866	73	89	11	0
Other HUD Programs	7,684	0	35	30	23
USDA Section 521 Rental Asst.	5,326	NA	80	NA	NA
Total	565,482	63	37	20	29

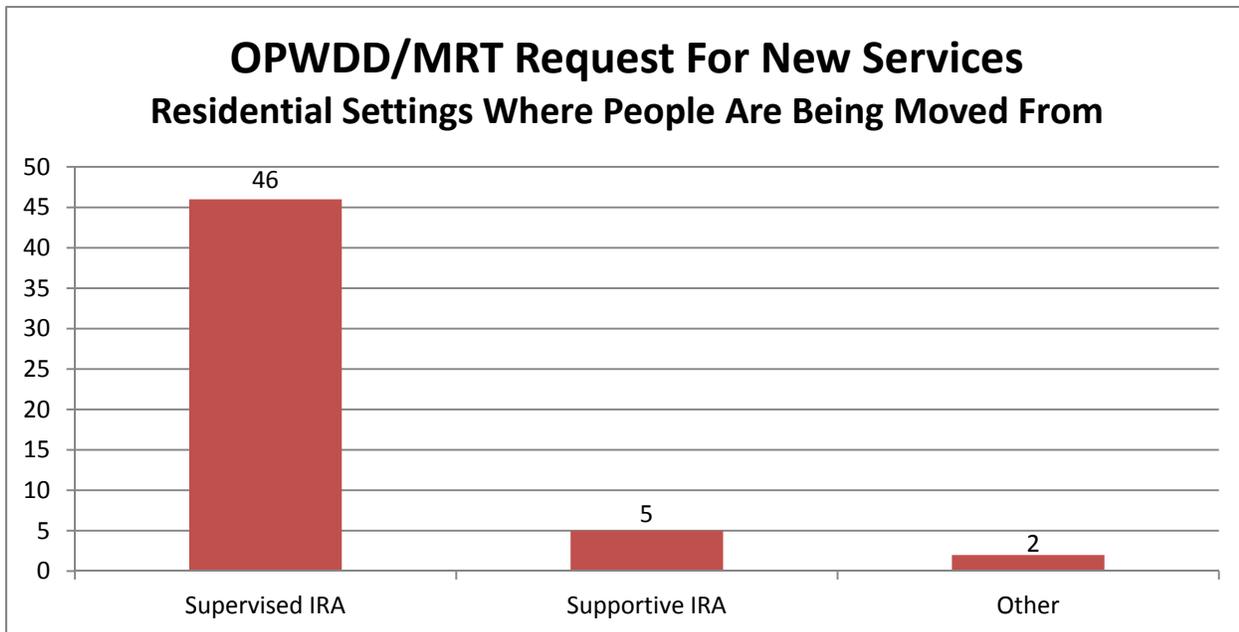
New York’s Transformation Housing Goals

Goal One:

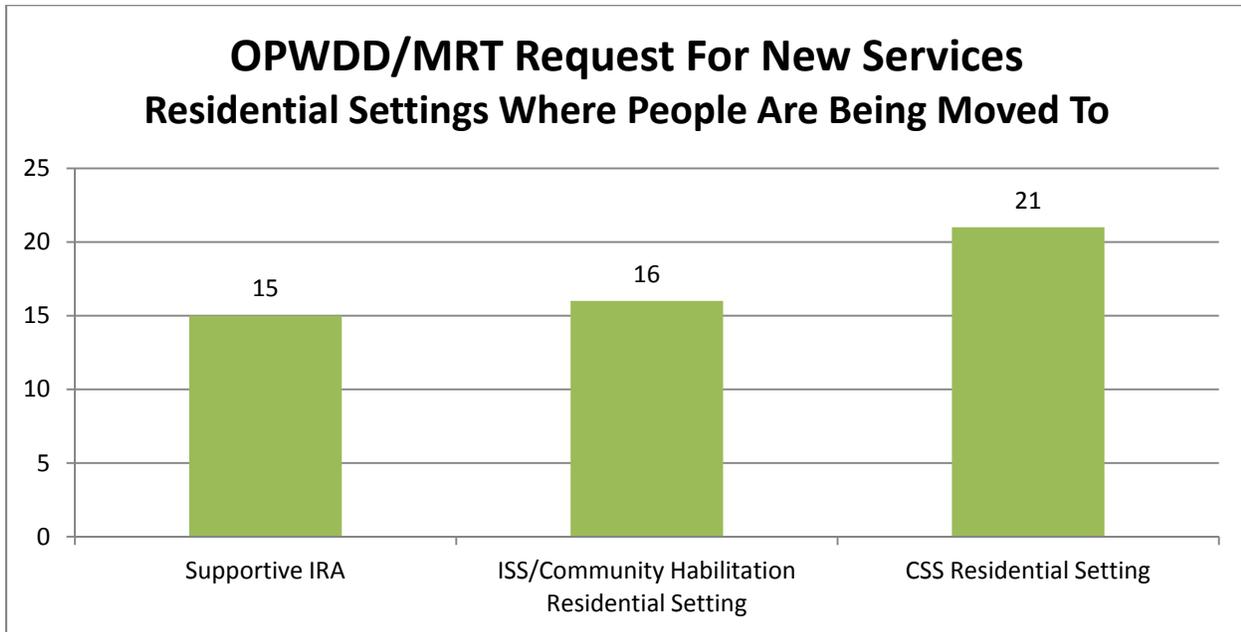
Expand the Inventory of housing alternatives for people with Developmental Disabilities

Goal One sets in motion the expansion of an interagency partnership with multiple state agencies to leverage resources and provide additional rental units. The use of state agencies’ resources will incentivize developers to create additional accessible and affordable housing for people with developmental disabilities. Partnering agencies are discussing the creation of an Interagency Housing Council, inclusive of a formal Agreement among participating agencies. The following programs have been initiated:

- Governor’s Supportive Housing Development Program. In 2012-13, \$1.8 million was awarded to OPWDD through the Rental Subsidies Program, and 53 opportunities were created for people with developmental disabilities to move to a less restrictive residential setting were created. Also, an enhanced partnership between OPWDD and New York State Homes and Community Renewal (NYSHCR) resulted in 47 new supportive housing units.



⁸ <http://www.cbpp.org/files/4-13-11hou-NY.pdf>



Goal One Strategies:

- Pursue and leverage increased local, state, and federal rental subsidy opportunities
- Provide incentives for developers to build units for individuals with developmental disabilities within their “regular” apartment settings
- Expand partnerships with the State of New York Mortgage Agency (SONYMA), the U.S. Department of Agriculture (USDA) Rural Development Single and Multifamily Homes, the U.S. Department of Health and Human Services’ Assets for Independence Program, and the U.S. Department of Housing and Urban Development (HUD)

Goal Two:

Increase Access to Rental Subsidies for People with Intellectual and Developmental Disabilities

Goal Two reflects efforts to increase the funding pool for subsidizing rental units for people with developmental disabilities through policy changes, funding requests from federal agencies, and partnerships with state and local municipalities. OPWDD proposes to explore a pilot rental assistance model to identify and assess the most effective way to provide affordable, accessible, and high quality rentals for people with developmental disabilities now and in the future.

Goal Two Strategies:

- Work with our federal partners on the expansion and distribution of housing choice vouchers for people with disabilities.
- Partner with state and local public agencies to prioritize rental subsidy needs of people with developmental disabilities
- Partner with local public agencies to track the distribution of housing choice vouchers for people with disabilities
- Pursue and develop funding sources to expand the availability of rental assistance

Goal Three:

Build understanding and awareness of housing options for independent living among people with developmental disabilities, families, public and private organizations, developers, frontline workers and etc.



Goal Three intends to generate increased awareness of and interest and engagement in moving from congregate homes to housing alternatives. A systemic outreach and marketing effort by all state agencies involved in the Interagency Housing Council will assist with this effort. Also, OPWDD's Continuum of Housing Options Roundtables offer provider agencies and families an opportunity to highlight innovative and promising practices in housing alternatives.

Goal Three Strategies:

- Develop and implement a communications, advocacy, outreach and education plan
- Build the capacity of public and private agencies to assist people with developmental disabilities in making informed choices
- Continue to host Housing Forums on housing options currently available to people with developmental disabilities. Forums are broadcast statewide to interested parties through the use of Video- and Tele-Conferencing.
- Initiate a series of educational Webinars on "how-to-create" housing alternatives for independent living.

Goal Four:

Increase collaboration among OPWDD, state and federal agencies, voluntary providers, advocacy groups and families to create a more efficient and effective path for people with intellectual and developmental disabilities to access and receive the supports and services they or their family need.

Goal Four Strategies:

- Align the work of OPWDD's Office of Home & Community Living to support the following NYS initiatives:
 - NYS Money Follows the Person Demonstration
 - NYS Balancing Incentive Program
 - 1915 B/C waiver applications
 - Residential transitions and expansion of supportive housing
 - Supportive employment services
 - Increasing self-direction

Goal Five:

Assist with the creation of a sustainable living environment through funding for home modifications, down payment assistance and home repairs.

Goal Five Strategies:

- Increase funding for Environmental Modifications
- Continue the U.S. Department of Health & Human Services down payment assistance program
- Create a system and consistent process to fund home repairs for people with intellectual and developmental disabilities who close on a home through OPWDD's Home Of Your Own (HOYO) program

Goal Six:

Provide recommendations that can improve housing alternatives for people with developmental disabilities

Goal Six will put in place a systemic infrastructure that supports the use of housing alternatives by people with intellectual and developmental disabilities. Connect the infrastructure to the work of the Interagency Housing Council.



Goal Six Strategies:

- Create a systemic infrastructure that ensures leadership oversight of development and implementation of additional housing opportunities.
- Ensure that the infrastructure is based on self-direction.
- Present, track, evaluate and continuously provide recommendations and progress reports.
- Work within the parameters of the Interagency Housing Council to ensure cross systems collaboration.

Next Steps

In addition to the many transformation initiatives described above, OPWDD has created a team that will maintain an agency focus on cost containment within the system transformation. Each team will be a critical component of OPWDD's commitment to achieving cost containment through the intentional diffusion of this objective throughout every aspect of the service system and agency operations.

In addition, throughout its system transformation, OPWDD will demonstrate the cost effectiveness of the Medicaid-funded Designated State Health Program funds by tracking savings achieved through structural and procedural system improvements and more person-centered, need-based service delivery. These two initiatives, OPWDD will continue to seek additional opportunities to increase system efficiency and completion of critical reforms already begun, while carefully monitoring cost savings achieved through reform implementation.

Provider Efficiency and Innovation Steering Committee

OPWDD has established a Provider Efficiency and Innovation Transformation Steering Committee that will recommend, develop, track, and implement wide-ranging strategies to create system efficiencies that also enhance services for people with developmental disabilities. The team will operate through three separate sub-committees:

- Rate Rationalization and Performance-Based Reimbursement: This subcommittee will ensure that prior initiatives to promote equity, sustainability and alignment of the financial platform and incentives with program outcomes continue. It will monitor implementation of current efforts to standardize the reimbursement methodologies of the developmental disabilities service system; recommend mechanisms to incentivize service providers to achieve OPWDD policy goals; and identify strategies to prepare the developmental disabilities service system for the transition to managed care, including identification of effective ways to manage and reimburse property in a managed care environment.
- Regulatory Reform: This subcommittee will make recommendations that will assist to create a regulatory environment that puts people first and ensures that services and supports funded by OPWDD are high quality, cost-effective, based on person-centered planning, and promote OPWDD's desired outcomes of individuals having a home of their choice, meaningful relationships, meaningful work and activities in their community, and health and safety.
- Consolidations and Collaborations: This subcommittee will identify opportunities to improve the overall cost-effectiveness of the developmental disabilities service system through interagency consolidations, collaborations, and, as appropriate, mergers. The team will examine current efforts underway in NYS agencies to assess if the potential for savings exists by collapsing and/or regionalizing certain back office administrative activities, such as payroll, asset management, human resources, information technology, etc.



Cost-Effectiveness

Throughout the developmental disabilities service system transformation, OPWDD will demonstrate that the CMS investment to support certain expenditures currently wholly supported by State funds is worthwhile. Using a portion of the Designated State Health Program (DSHP) funds awarded to New York State through the recently amended Partnership Plan Waiver, OPWDD will reduce Medicaid spending by more than \$60 million on an all shares basis through improved assessment of the needs of individuals in its service system, improved person-centered planning and coordination of care, and an improved Front Door process that conveys to individuals and families the community-based service options available, including lower cost and more integrated opportunities to self-direct, experience employment and live in community settings with support. .

OPWDD will ensure that New York State manifests the cost containment and outcome benefits for individuals of the many system reforms underway in the developmental disabilities service system by supporting provider agency efforts to place individuals into the most appropriate service opportunity —both individuals currently receiving services and those who are new to the service system. This initial effort will result in placements into less costly and more integrated community residential and day program opportunities, including moving individuals from certified residential programs into more cost-effective options, like Family Care or non-certified supported apartments. Additionally, OPWDD expects to increase the number of individuals who are employed, reducing utilization of Day Habilitation services.

The following information demonstrates how New York’s transformation agenda will result in overall savings to the Medicaid program by transitioning individuals into the most appropriate and integrated community services. On the basis of deinstitutionalization alone, OPWDD will create federal savings of \$37.2 million (\$250,000/person/year and 276 individuals being provided the opportunity for community living prior to 2015).

Overall Savings/Reinvestment Opportunities Derived from Transformation Initiatives	
State Developmental Center = Supervised IRA for High Need <u>Individuals (w/Day & Case Mgt)</u> _____	\$450K/yr gross value \$200K/yr gross value \$250K/yr
Supervised IRA = Supportive IRA = _____ Difference	\$100K/yr gross value \$50K/yr gross value \$50K/yr
Group Day Habilitation = Projected support costs for Individuals in <u>Supported Employment (SEMP)</u> = Difference	\$32K/yr gross value \$16K/yr gross value \$16K/yr
Group Day Habilitation (Non Self-Directed) <u>Average Cost of Self- Directed Day Services</u> Difference	\$32,000/yr gross value \$28,840/yr gross value \$3,156/year



Conclusion

OPWDD's Transformation Agreement reflects numerous reform efforts underway that will:

- Facilitate compliance with the *Olmstead* ruling to support all individuals with disabilities in the most integrated settings;
- Make the system more person-centered by enhancing the needs assessment process and person-centered planning;
- Coordinate person-centered care planning and delivery of comprehensive services through one comprehensive care entity;
- Redesign OPWDD's "Front Door" process for informing individuals of available community-based service options to meet their needs, including the option for individuals of all levels of need to self-direct some portion of their services;
- Expand access to self-direction and community-based services through streamlined processes; and
- Enhance employment opportunities and outcomes for individuals.

Each of these system reforms will support more efficient use of resources. The transformed service system will more carefully target services to meet more clearly identified needs, reduce inefficient care planning for individuals by connecting service systems that were previously unconnected, ensure clear presentation of community-based service options for individuals in all parts of the state, promote self-direction, employment and in-home supports to align with *Olmstead*, and establish oversight mechanisms to ensure that the OPWDD system is providing person-focused, outcome-focused supports and services that are meeting individuals' needs. Each reform will support improved efficiency and cost savings.