



Andrew M. Cuomo  
Governor



# Concept Paper

## New York States 1115 Waiver Research and Demonstration Project (People First Waiver)



Courtney Burke  
Commissioner



Nirav R. Shah, M.D.,  
Commissioner

# **New York State's 1115 Waiver Research and Demonstration Project (People First Waiver)**

## **INTRODUCTION: Why New York State Needs an 1115 Medicaid Waiver**

New York State has made tremendous progress in reducing the number of individuals with developmental disabilities living in institutions and is committed to furthering its efforts and commitment to ending unnecessary institutionalization. To reflect the state's commitment to the United States' Supreme Court's decision in *Olmstead v. L.C.* that the unjustified institutionalization of people is a form of discrimination, New York State would like to restructure its system of care to better support individuals with developmental disabilities in the community. Under the terms and conditions of an 1115 waiver, New York State seeks to safely, effectively and efficiently support individuals with developmental disabilities in the community by improving coordination of care across the state's numerous service systems that support individuals with developmental disabilities, replacing a large portion of institutional care with an unprecedented range of effective, community based, person-centered services, and reforming the financial platform to support such community based services, thereby enhancing the quality of their lives.

### **Issue**

The United States and the State of New York is at an historic turning point in its support and administration of public health care. This turning point provides New York State with a timely opportunity to reappraise its current delivery system and to test alternatives for New York State to deliver quality services to individuals with developmental disabilities in a more efficient and cost-effective manner. The People First waiver outlines a transformative approach to managing essential reforms and improved results.

People with developmental disabilities are living longer to the point where their lifespan is nearly comparable to that of the general population. Analyses conducted by the Office for People with Developmental Disabilities (OPWDD) demonstrate that the proportion of individuals with multi-system and complex health needs is growing and will continue to grow well into the future.

In 2010 the percentage of people served by OPWDD with two or more medical conditions was over 22 percent, a growth of more than ten percent since 1989. Similarly, in the past twenty years the percentage of people with a psychiatric diagnosis who are served by OPWDD has almost doubled (16 percent in 1989 to more than 30 percent in 2010). Yet, even these statistics are surpassed by growth in rates of Autism diagnoses. During the same period (1989 – 2010) and consistent with national trends, the percentage of people with an Autism diagnosis has grown by 500 percent.

To meet these complex needs, New York State provides people with developmental disabilities almost 40 different types of preventive and acute health care services as well as long term care services such as residential, personal care and habilitation services. Currently, OPWDD provides and/or oversees Medicaid-funded, community-based habilitation services to approximately 80,000 individuals who demonstrate the need for an institutional level of care. In addition, individuals with developmental disabilities also receive community-based, long-term care services under the auspices of the Department of Health.

The State plans to restructure resources for community-based service options in order to create real choice for people living in institutions so they can transition to the community, as well as those currently residing in the community. New York State's institutional capacity for individuals with developmental disabilities and challenging behaviors has remained level for many years, even as it has declined for less involved individuals. New York State needs to press beyond this historical limit to reduce its remaining institutional capacity. This dramatic break with the past will represent a

## **New York State's 1115 Waiver Research and Demonstration Project (People First Waiver)**

reduction in enrollment approaching 100 percent since the late 1960s. Change is needed to successfully address the individual's needs in the right setting, with the right amount of service, and in the most cost effective manner.

### **The People First Waiver**

New York proposes a waiver under Section 1115 of the Social Security Act to develop and implement creative service delivery and payment models that integrate acute and long-term care to achieve improved health outcomes and quality of care while lowering health care costs for the developmentally disabled population. The target population for the People First Waiver is the 100,000 New Yorkers who are enrolled in Medicaid and have substantial developmental disabilities as defined in New York State Mental Hygiene Law. Eighty percent of these individuals have been assessed to need an institutional level of care through either an ICF/MR or nursing home.

New York has a long history of successfully designing and implementing Section 1115 waivers to improve the quality of care and reduce costs for the Medicaid population. The lessons learned from those waivers will be used to design an 1115 waiver specific to the developmentally disabled population that also consolidates the current 1915 waivers into a transformed system of care.

The People First waiver will demonstrate that:

- Better care coordination for developmentally disabled individuals with extremely complex medical/behavioral health needs can be achieved through specialized systems of care management/coordination
- A transformed long-term care delivery system that places person-centered planning, individual responsibility and self-determination at the forefront can enhance care and individual satisfaction and lower Medicaid costs.
- New reimbursement models for institutional and community-based care systems can encourage efficiency, improve accountability and reduce costs
- The continued provision of essential mental hygiene services through the establishment of a safety net care pool will provide lower-cost services that meet individuals' needs and defer entry into higher costs Medicaid services.

Comprehensive primary and acute care services will be available for all enrollees under the People First Waiver and waiver enrollees will be able to access an array of long term care services currently available under the authority of the state plan or the 1915 (c) home and community based services waiver authority. The services available under this 1115 waiver are described in Appendix A.

## **New York State's 1115 Waiver Research and Demonstration Project (People First Waiver)**

### **Five Year Plan: Designing Specialized Care Management Systems for the Developmentally Disabled**

Consistent with the recommendation of the Medicaid Redesign Team created in January 2011 by Governor Cuomo<sup>1</sup>, the State, in collaboration with stakeholders, will develop specialized managed care models that provide medical and long-term care services to individuals with developmental disabilities.

As envisioned, the specialized managed care/care coordination organization(s) would coordinate the provision of each enrollee's health care needs to ensure that access to health care services does not become a chronic problem and that they are delivered in the most appropriate setting consistent with each enrollee's preferences, with an emphasis on the provision of primary and preventive care and services.

Each enrollee will have a comprehensive plan of care and will receive care coordination and case management services appropriate to their unique needs and circumstances. Potential models to be examined include provider-based regional care management/coordination models that recognize geographic differences throughout the State and in which providers of service experienced in caring for developmentally disabled persons take responsibility for managing care and are reimbursed on an individual budgeting, global budgeting or capitation basis.

Regardless of the model(s) developed, the goal is to create managed care/coordination programs within three years that end the silos of care in the current system and move away from an outdated fee for service reimbursement system more reflective of provider cost than patient needs.

### **Immediate Reforms: Preparing the System for Transformation**

Recognizing that this fundamental change in the delivery and financing of services for the developmentally disabled will, and should, take time to design and implement, the State proposes through the People First waiver to make more immediate reforms in the delivery and financing of services to the developmentally disabled to ready the system for transformation.

#### Reduce Reliance on Institutional Care

With the flexibility and innovation supported by an 1115 waiver, New York will examine barriers to community integration that could be removed and will finally end its reliance on institutional care for individuals with high levels of behavioral need and effectively deliver an expanded range of community based services that offer individuals greater choice and control and enhanced personal outcomes. A person centered system of community-based services can effectively support individuals with challenging behavioral health needs and eliminate the need for most of the State's remaining long term institutional capacity for people with developmental disabilities.

New York will take concrete actions to move people from institutional settings to the community and to lay the ground work for a future where highly structured services in an institution are available on a temporary basis and only for individuals with needs that cannot be met in a community setting.

#### Reimbursement Reform

In the first year of the Waiver, the State will work with CMS to revise the Medicaid State Plan to ensure that per diem rates for ICF/MRs more closely reflect the actual cost of providing services.

---

<sup>1</sup> [http://www.health.ny.gov/health\\_care/medicaid/redesign](http://www.health.ny.gov/health_care/medicaid/redesign); proposal 1458

## **New York State's 1115 Waiver Research and Demonstration Project (People First Waiver)**

As the State continues to reduce the number of people in institutions, this becomes even more critical issue to address.

### Safety Net Pool

Through the People First Waiver, the State will seek federal approval to create a Safety Net Pool to ensure that as the system is redesigned, funding for critical services remains available for some agreed upon period of time. New York provides a wide range of safety net services through several different state agencies: the Department of Health, the Office of Mental Health, the Office of Alcohol and Substance Abuse Services, and the Office for People with Developmental Disabilities. These services provide individuals with disabilities a continuum of care spanning prevention and community-based treatment to inpatient rehabilitation and crisis intervention and assessment for a wide range of physical, mental and behavioral health concerns.

Safety net services such as respite, sheltered employment, and individual and family support services allow individuals with developmental disabilities to remain in their natural home settings. They also allow many individuals to receive medical services under available commercial insurance without enrolling in the Medicaid program and avoid or delay the need for more costly residential care in either an institution or group home setting. Children's safety net services include out of home and out of state residential placements for children with developmental disabilities or other special needs that cannot be met by public schools. The amount of funds and their duration along with the list of services to be funded through the safety net pool would be agreed upon with the Centers for Medicare and Medicaid Services as part of the waiver negotiation.

### Quality Improvement

Through the People First Waiver, New York will develop an integrated, comprehensive quality framework driven by performance metrics that are linked to personal outcomes for individuals with developmental disabilities. This will include system-wide analysis and collaboration that lead to effective remediation strategies, quality of care enhancements, and ultimately, mission-driven progress. Milestones of the expanded quality framework will include: using metrics to measure both individual outcomes and system performance and drive policy and fiscal decisions; promoting and rewarding excellence by incentivizing high quality compliance plans and voluntary compliance; using risk analyses and technology to target state Quality Management resources in the most efficient and effective manner; developing appropriate enforcement levels when program and/or fiscal compliance is systematically or intentionally breached.

No "Wrong Door": New York will explore new ways to organize assessment and eligibility determinations so that there is "no wrong door" for individuals with developmental disabilities who need access to Medicaid services under the auspice of any state agency.

### **Stakeholder Engagement**

In a state as large and complex as New York, it will take time to design and implement more organized, accountable approaches to the delivery of the full spectrum of needed Medicaid services for individuals with developmental disabilities. OPWDD is already engaged with its stakeholders and state government partners to redesign the State's service systems to better enhance choice, independence, self-determination, and community integration. In partnership with the individuals with developmental disabilities, families, providers, family members and advocates, New York State will more fully develop its 1115 waiver concept paper into a formal proposal and a waiver implementation plan, which will describe the sequencing of specific reforms.

## **New York State's 1115 Waiver Research and Demonstration Project (People First Waiver)**

### **CONCLUSION**

The 1115 waiver being proposed provides significant opportunities for New York State to turn the corner on a thirty year history in which it has made great advances in service delivery, but in so doing has become increasingly constrained by the limits of its current but outdated administrative, fiscal and quality management models. The People First waiver will provide New York time, a minimum of five years, for thoughtful development of essential reforms to its system and the State is prepared to comply with the budget neutrality requirements of the Section 1115 Waiver.

**New York State's 1115 Waiver Research and Demonstration Project  
(People First Waiver)**

**Appendix A**

**MEDICAID SERVICES USED BY**

**INDIVIDUALS TO BE INCLUDED IN NEW YORK'S PEOPLE FIRST WAIVER PROPOSAL  
(FFY 07-08 CLAIMS DATA)**

<b>SERVICE DESCRIPTION</b>	<b>RECIPIENTS</b>
00 - OPWDD SVCS - STATE PLAN - CASE MGMT - MSC	75,354
00 - OPWDD SVCS - STATE PLAN - CLINIC - ART 16 CLINIC	27,480
00 - OPWDD SVCS - STATE PLAN - CLINIC - DAY TX	2,504
00 - OPWDD SVCS - STATE PLAN - ICF/DD - COMM	6,670
00 - OPWDD SVCS - STATE PLAN - ICF/DD - DC/SRU	1,703
00 - OPWDD SVCS - STATE PLAN - INPATIENT - SPEC HOSP	53
00 - OPWDD SVCS - WAIVER - CAH - EMODS & ATECH	132
00 - OPWDD SVCS - WAIVER - CAH - SVC COORD	575
00 - OPWDD SVCS - WAIVER - HCBS - CSS	189
00 - OPWDD SVCS - WAIVER - HCBS - DAY SVCS - DAY HAB	35,285
00 - OPWDD SVCS - WAIVER - HCBS - DAY SVCS - PRE VOC	10,127
00 - OPWDD SVCS - WAIVER - HCBS - DAY SVCS - SEMP	6,282
00 - OPWDD SVCS - WAIVER - HCBS - EMODS & ATECH	1,592
00 - OPWDD SVCS - WAIVER - HCBS - FMLY ED & TRNG	1,953
00 - OPWDD SVCS - WAIVER - HCBS - PLAN OF CARE	886
00 - OPWDD SVCS - WAIVER - HCBS - RES SVCS - AT HM	10,562
00 - OPWDD SVCS - WAIVER - HCBS - RES SVCS - CR	485
00 - OPWDD SVCS - WAIVER - HCBS - RES SVCS - FMLY CARE	2,772
00 - OPWDD SVCS - WAIVER - HCBS - RES SVCS - IRA - SUPRT	2,067
00 - OPWDD SVCS - WAIVER - HCBS - RES SVCS - IRA - SUPVD	25,743
00 - OPWDD SVCS - WAIVER - HCBS - RESPITE	8,809
01 - PHYSICIAN	59,352
02 - CHIROPRACTOR	127
03 - PODIATRY	12,195
04 - PSYCHOLOGY	891
05 - EYE CARE	16,723
06 - REHABILITATION THERAPY	286
07 - NURSING	1,144
08 - OUTPATIENT - NON-SOPS - FS CLINIC	40,365
08 - OUTPATIENT - NON-SOPS - FS CLINIC - MENTAL HEALTH	11,120
08 - OUTPATIENT - NON-SOPS - FS CLINIC - SUB ABUSE/MMTP	347
08 - OUTPATIENT - NON-SOPS - OPD CLINIC	38,051
08 - OUTPATIENT - NON-SOPS - OPD CLINIC - EMERG RM	24,204
08 - OUTPATIENT - NON-SOPS - OPD CLINIC - MENTAL HEALTH	3,295
08 - OUTPATIENT - NON-SOPS - OPD CLINIC - SUB ABUSE/MMTP	827
08 - OUTPATIENT - SOPS - OMH CLINIC	165
11 - INPATIENT - NON-SOPS	9,231
11 - INPATIENT - NON-SOPS - PSYCHIATRIC	1,576
11 - INPATIENT - NON-SOPS - SUB ABUSE	121
11 - INPATIENT - SOPS - OASAS	17

**New York State's 1115 Waiver Research and Demonstration Project  
(People First Waiver)**

**Appendix A**

<b>SERVICE DESCRIPTION</b>	<b>RECIPIENTS</b>
11 - INPATIENT - SOPS - OMH	60
12 - INSTITUTIONAL LTC - ADULT DAY CARE	1,285
12 - INSTITUTIONAL LTC - RESIDENTIAL TREATMENT FACILITY	19
12 - INSTITUTIONAL LTC - SKILLED NURSING FACILITY	1,855
13 - DENTAL	47,063
14 - PHARMACY	74,030
15 - NON-INSTITUTIONAL LTC - ASSISTED LIVING PROGRAM	39
15 - NON-INSTITUTIONAL LTC - HOME HEALTH CARE	4,901
15 - NON-INSTITUTIONAL LTC - LONG TERM HOME HEALTH CARE	1,384
15 - NON-INSTITUTIONAL LTC - PERS DEVICES	380
15 - NON-INSTITUTIONAL LTC - PERSONAL CARE	5,867
16 - LABORATORIES	20,579
19 - TRANSPORTATION	17,039
20 - HMO	9,754
21 - CTHP	9,378
22 - DME & HEARING AIDS	28,184
23 - CHILD CARE	251
25 - FAMILY HEALTH PLUS	168
27 - REFERRED AMBULATORY	21,701
41 - NURSE PRACTITIONER	4,762
44 - SSHSP	15,433
45 - EARLY INTERVENTION	460
73 - HOSPICE	56
74 - COMM & REHAB - BRIDGES TO HEALTH	7
74 - COMM & REHAB - CARE AT HOME (DOH WAIVERS)	66
74 - COMM & REHAB - OMH (HCBS/CR/PROS)	512
74 - COMM & REHAB - TBI WAIVER	158
75 - CLINIC SOCIAL WORKER	29
96 - CASE MANAGEMENT	659
99 - ALL OTHER	795

**TOTALS**

**94,836**

\*\* With the 2009 renewal of the OPWDD Comprehensive 1915 ( c ) waiver, several new services were authorized for development over the course of the five-year renewal. These services are not identified in this Appendix.