



**Fiscal Sustainability Design Team (FSDT)
Final Recommendations
September 2, 2011**

Team Meeting Dates

June 20, 2011

July 13, 2011

July 27, 2011

August 10, 2011

August 31, 2011

I. Executive Summary

The Fiscal Sustainability Design Team (FSDT) has created a proposed financial platform to support the goals and outcomes of the People First Waiver (Appendix D). The proposed structure is centered around not-for-profit care management entities, herein referred to as a Developmental Disabilities Individual Support and Care Coordination Organization (DISCO). Each DISCO will be responsible for two primary roles: a) care coordinator and b) fiscal intermediary. For each individual it serves, the DISCO will receive a monthly capitation payment based on an independently administered needs assessment tool, which is augmented by other adjustments. The DISCO is responsible for the provision of all covered services required by the individual whether directly or through subcontracts with qualified providers.

In its care coordination role, the DISCO will facilitate co-management and information sharing between all providers of services and supports currently funded through Medicaid. These include traditional health care services, NYS Office for People With Developmental Disabilities (OPWDD) services and other specialized care, e.g., mental health, long-term care, and substance abuse services. In its fiscal intermediary role, the DISCO will receive a monthly capitation payment (consistent with the design team parameters) to fund all Medicaid covered services and potentially, non-Medicaid services identified in the individuals' service plans. In doing so, over time, the DISCO will assume full financial risk for meeting enrollee service needs within its capitation revenue. The FSDT also sees significant merit in having DISCOs perform a similar role for services primarily funded by Medicare for dual enrollees, similar to what occurs within the Programs of All-Inclusive Care for the Elderly (PACE).



The FSDT believes this new platform achieves the FSDT charter directive to “restructure reimbursement and flow of funds so that the focus is on individual needs and goals rather than on facilities and historic program expenditures”. The new platform (as opposed to the current fee-for-service system) encourages more flexible, person-centered service delivery while providing incentives for cost efficient service delivery and care with greater customer satisfaction.

The proposed platform is designed to be flexible and support a variety of operational models including a model where the DISCO is solely the fiscal intermediary and care coordinator and reimburses subcontractors through contracts, sub-capitation or other arrangements for all services that are provided to the individuals the DISCO serves. Alternatively, the DISCO could be the fiscal intermediary, the care coordinator, and a direct provider of certain services, (e.g., habilitation employment, long-term therapeutic services, etc.) and would reimburse providers of other needed services through similar contracting arrangements detailed above.

Implementation of this structure will require robust information technologies that will collect and track information necessary for developing and monitoring capitation payments to the DISCO and also support the recommendations of the other design teams.

II. Introduction

FSDT members were tasked with recommending a proposed financial platform that supports the goals and desired outcomes of the People First Waiver. This includes three key areas of focus: development of a rational, equitable, and efficient financial resource distribution based on individual needs and not historic program costs, modernizing reimbursement and aligning financial incentives to achieve waiver goals and outcomes, and developing strategies for sustainable growth.

Over a three-month period, the FSDT met four times and used agendas and PowerPoint presentations to facilitate discussions and decisions related to its charter. Throughout the process, FSDT members were encouraged to provide input and fully participate in the process. In the event that a member was unable to attend the designated meeting, a one-hour meeting/conference call occurred prior to the next scheduled meeting to ensure that member(s) were familiar with information that was covered in the previous meeting and therefore allow the member(s) to fully participate in future meetings.



The design team meetings included presentations/discussions that addressed the following topics:

- Utilization of the FSDT charter to clarify the team’s purpose
- Examination of recent trends in service use and Medicaid expenditures for individuals with developmental disabilities
- Review of the People First Waiver Design Team Parameters for assistance in designing a proposed financial platform that would support the needs of individuals while aligning with the work of the other design teams
- Discussion of key elements of other systems, including the PACE model and systems in other states (Arizona, North Carolina, Vermont, and Wisconsin) to identify best practices and their applicability to a reformed financial platform for New York State
- Development of a proposed financial platform
- Identification of key transitional issues that will need further review prior to full implementation of the People First Waiver

III. Team Recommendations

Develop financial strategies that will facilitate the outcomes of the People First Waiver while preserving existing resources and achieving sustainable growth to continue to serve people with developmental disabilities

A. What are the constraints on future expenditure growth?

The following information was presented to the FSDT by OPWDD staff and does not reflect the work or recommendations of the FSDT.

MEDICAID UTILIZATION
FOR INDIVIDUALS WITH DEVELOPMENTAL DISABILITIES
(SFY 05-06 v. SFY 09-10)

| METRIC | SFY | | CHANGE | % CHANGE | ANNUAL GROWTH RATE |
|--|-----------------|------------------|-----------------|---------------|--------------------|
| | 05-06 | SFY 09-10 | | | |
| PAYMENTS - OPWDD Services | \$6,950 | \$9,112 | \$2,162 | 31.10% | 7.0% |
| PAYMENTS - All Other Medicaid Services | \$1,083 | \$1,106 | \$23 | 2.10% | 0.5% |
| TOTAL MEDICAID PAYMENTS (\$ Millions) | \$8,033 | \$10,217 | \$2,184 | 27.20% | 6.2% |
| PEOPLE (MEMBER YEARS) | 89,987 | 100,512 | 10,525 | 11.70% | 2.8% |
| PAYMENTS PER PERSON (PMPY) | \$89,270 | \$101,653 | \$12,384 | 13.90% | 3.3% |



- a. In recent years, Medicaid expenditures for individuals with developmental disabilities have grown at twice the rate of inflation and three times faster than personal income.
- b. The above chart presents changes in Medicaid expenditures and individuals served between SFY 2005-06 and SFY 2009-10. During this period, Medicaid expenditures for individuals with developmental disabilities grew at a rate of 6.2 percent per year. During the same period, personal income growth—a key measure of the State's ability to sustain expenditure increases without increasing tax rates—grew by only 2.1 percent per year. In addition, the 2011-2012 Budget enacted a limit on Medicaid expenditure growth of 4 percent per year for the next two years.

The chart also differentiates between the two principal factors contributing to expenditure growth: (a) more people receiving services, and (b) increased cost to deliver services. The number of individuals served in OPWDD programs has grown much faster than the State's overall population because of greatly improved life expectancy, increased incidence of certain disabilities (notably autism), and the State's efforts to improve the availability of services. Note, however, the growth in payments per person served was nearly identical to the overall inflation rate (3.3 percent), as measured by the CPI, for the same period.

- c. *Key issue identified:*
 - The 2.8 percent annual growth in individuals seeking services is due to factors largely outside the control of State government and is likely to continue indefinitely.

B. What are the best strategies for reconciling continued growth in service demand with the known fiscal restraints?

- a. To contain expenditure growth in the face of rising demand, the proposed financial platform must directly promote the efficient use of resources. Models of care that continue to meet individuals' needs, but at lower cost, must be encouraged. The charge of the FSDT was to evaluate a capitation payment model to achieve these goals.
- b. Under the current fee-for-service financial platform, providers receive per unit payments that are directly related to the historic operating costs of specific facilities and programs. The more costly the program is to operate, within defined regulatory

and policy limits, the higher the reimbursement rate received. Under the proposed model, DISCOs will receive a known and predictable revenue stream (i.e., a capitation rate) for each individual served. Using this predictable amount, the DISCO can work with an individual and their circle of support and expert care coordinators to design a comprehensive package of supports and services that best meets that person's specific needs, goals, and desires. This model provides direct financial incentives for DISCOs to develop and deliver the most efficient support and care package possible for each individual. Such a model promotes:

- Maximum use of natural supports;
- Placement of individuals in least restrictive (and usually least expensive) residential setting;
- Employment supports and community-based activities over traditional day programs, when appropriate;
- Self-directed/self-designed options, which are often less costly;
- Administrative efficiencies within state and not-for-profit operations; and
- Better integration of health and long term care services.

c. *Key issues identified:*

- While capitation models promote efficient use of resources, if not properly regulated, they can also encourage problematic care.
 - What measures should we take to protect individuals from reduced, poor quality, or inadequate services?
 - How do we prevent DISCOs from refusing or discouraging enrollment of individuals with high needs?
 - What requirements should be imposed on the DISCO?
 - What policies and procedures will be in place to either keep providers fiscally secure to prevent insolvency and seamlessly transition individuals and their services in the event of insolvency?

C. How will we seize the advantages of improved care coordination, health homes, and person-centered principles to make our service system more efficient and fiscally sustainable while enhancing quality of care?

- a. The proposed financial platform requires the DISCO to coordinate care and retain financial risk. This combination of responsibilities incentivizes the DISCO to provide quality care and services that respond to the individuals' actual needs.

- b. Under the proposed model, the DISCO will receive a monthly capitation payment based on an independently administered needs assessment tool, which is augmented by other adjustments. The DISCO is responsible for providing individuals with developmental disabilities long-term care services and health care (acute) services by either doing so directly or subcontracting for the needed services with for-profit or not-for-profit providers. This entity is also responsible for care coordination, performed either directly or through a subcontract with another provider. The financial platform is also structured to accommodate the relationship/use of a health home.

The combination of an independently administered needs assessment tool (which is a factor in the capitation rate), care coordination, and measurable quality outcomes, will result in providers supplying services in a more meaningful way for the individual while providing efficiencies of care which result in a reduction in the average cost of care.

- c. *Key issues identified:*
- How do we construct a health home model to fit the needs of our specialty population?
 - Should all services, including developmental disabilities services, be open to for-profit participation?

D. Are there opportunities to seek efficiencies and sustain funds through improved coordination among payers (especially with Medicare) or through other strategies?

- a. The FSDT identified many strategies for injecting efficiencies into the People First Waiver.
- b. Reimbursement with a per-member-per-month capitation payment, as opposed to fee-for-service reimbursement, should allow for increased flexibility in person-centered care planning while also incentivizing efficient service delivery and care.

The inclusion of information technologies that will collect and track information necessary to develop and monitor payments to the DISCOs, in addition to supporting the recommendations from the other design teams, should result in not only fiscal and planning efficiencies, but also a much improved coordination of care.

While the independently administered needs assessment tool will drive Medicaid and State funding, it is recommended that Medicare funding be included in the per-member-per-month cost in a fashion similar to the PACE model. These funding mechanisms, coupled with care coordination techniques, will incentivize providers to create efficiencies in their care and service delivery systems.

c. Key issues identified:

- Who will bear the cost of the information technologies needed to support the People First Waiver?
- Will the People First Waiver have a process to allow for private pay arrangements?

Support person-centered principles and People First Waiver goals by distributing financial resources rationally, equitably, and efficiently

A. What are the advantages and disadvantages of potential models for modernizing and restructuring reimbursement and flow of funds so that the focus is on individual needs and goals rather than facilities and program expenditures?

- a. We recommend that funding flow to DISCOs through full risk, monthly advance capitation payments with modest fiscal incentives for exceeding quality and satisfaction goals. This model will provide reliable funding that is predicated on meeting individuals' needs and eliminate the focus on programs and volume of services of the current fee-for-service model.
- b. Advantages of a capitation model include the inherent incentives to find efficient models of service delivery and administration in order to meet individuals' needs within available resources. Capitation also ensures that the DISCO will have a reliable and predictable funding stream, with the potential for enhanced funding for high achievement. Spending on facilities will only pay off if it is the most efficient way to meet people's needs. Use of less costly models and natural supports, rather than reducing reimbursement as under fee-for-service, will free resources for unmet needs and quality improvement.

Disadvantages include the potential that resources will not match the costs of legacy services, programs and facilities, thus imperiling continuity of services and fiscal stability. The loss of the fee-for-service transaction focus will require a recalibration



of quality management measures to look more directly at individuals' outcomes rather than at program standards, a much more challenging prospect.

c. *Key issues identified:*

- How will the People First Waiver preserve the ability of DISCOs and network providers to access and maintain physical space for program and service needs?
- How transparent will OPWDD be regarding how it determines a DISCO's funding stream? Will parents, advocates, and individuals be aware of their individual "contribution" to the capitation payment?
- What requirements will be put into place to guarantee equitable access to services regardless of the level of need?

Transitional issues identified:

- How will OPWDD support the existing fee-for-service system of programs and facilities as it transitions to a capitation model over a multi-year period?
- In the event that the People First Waiver results in fewer service providers, what provisions will be in place to ensure participants have as much choice as possible?
- What protections will exist for participants seeking to maintain current services?

B. How should reimbursement be structured under the models we examine for the 1115 waiver?

- a. The FSDT recommends fixed monthly capitation payments to DISCOs, who retain risk, with a base rate predicated on the needs assessment tool and adjustments or weighting factors for non-need-based variables such as geographic region.
- b. The recommended financial platform will base capitation on an independently administered needs assessment tool and will need to reflect other factors including, but not limited to, regional cost differences, age cohort and transitional support of legacy programs and facilities. Adjustments and weighting factors may also be employed to address People First Waiver goals and to support overarching policy priorities. The needs assessment tool should result in a financial resource "score." The FSDT envisions several levels of capitation reimbursement, which are based on these "scores." It is recommended that there be an adequate number of payment levels to ensure a fair and equitable allocation of resources.

Capitation will be provided to the DISCO, which may directly provide or contract for services. Medicaid billing is likely to be at the DISCO level, and the DISCO will be responsible for ensuring that its network of providers meets the overall program standards and requirements as mandated by the State. Over time, DISCOs will assume full risk; however, the State may require that risk mitigation features be utilized. Risk mitigation features include, but are not limited to, required risk reserves, reinsurance and stop loss.

c. Key issues identified:

- How do we set capitation rates based on the needs assessment tool and other factors above?
 - Will there be multiple “tiers” in the capitation payments, and if so, how will we ensure that they are appropriately structured to adequately group individuals by their fiscal needs?
- How is the capitation rate adjusted for both new enrollees and people currently being served in the waiver?
- How will the additional requirements associated with Willowbrook class members be addressed?
- How do we ensure that payments provided to existing providers reasonably support their operations?
- What kind of backstopping will be available? To what extent will it be provided, and, if time-limited, for how long?
- How much financial risk will the DISCO retain in the event of the failure of downstream contract providers?
- How often will the overall funding amount available to support individuals be re-evaluated?
- Will DISCOs be allowed to remove providers at will?
- Can a provider contract with more than one DISCO?
- Will OPWDD require DISCOs to contract with “any willing” existing provider, and if so, for how long?
- Will there be additional funding to support start-up costs for the DISCO, to develop DISCOs, pay for appropriate expertise, networks, technology needs, infrastructure costs, training, etc.?

Transitional issues identified:

- What level of financial risk will DISCOs assume at inception?
- How will health care services for individuals be transitioned?



- How will the capitation rate be trended, and what if it is not sufficient to support the individual's needs?
- Should the capitation rate be adjusted to recognize existing salary and benefit differences among providers?
- How will the change in cash flow that occurs as we transition from current billing to capitation payments be addressed?

C. How should the 1115 waiver support experiments and demonstrations?

- a. The recommended financial platform for the People First Waiver provides the flexibility necessary to allow for development of innovative service delivery and evaluation models.
- b. The People First waiver should support pilot projects in two ways:
 - Transition from a fee-for-service system to a capitation rate system including risk management
 - Allow for development and testing of key features to be included in the waiver

The recommended financial platform will break the link between delivery of units of service and reimbursement. Under a more flexible capitation model, DISCOs and their network providers will be able to test and demonstrate creative and more efficient approaches to meeting individual needs with less concern for meeting discrete service billing standards. As a result, the recommended structure and modernized capitation methodology will allow for greater flexibility and customization of services to individuals with developmental disabilities.

Clearly, the State will have to create a process for soliciting interest in demonstrations/pilot projects. OPWDD is committed to funding and encouraging demonstrations/pilot projects in the initial years of the People First Waiver. A Request for Information (RFI) will be developed to support these activities.

- c. *Key issues identified:*
 - Will funding be provided for information technologies for operating and evaluating these projects?
 - How will the formal process to select entities interested in conducting demonstrations/pilot projects be coordinated?

- Will there be DISCOs that specialize only in self-directed services?
- How will the People First Waiver ensure that the DISCOs' practices are not unduly influenced by conflicts of interests (e.g., excluding competing providers)?

Transitional issues identified:

- How will the differences in provider employee compensation be handled during transition so that direct care workers and clinical workers will not receive a reduction in wages?
- Will contracts be time limited?
- Will there be standards for contracting between DISCOs and provider agencies, and what provisions will be included in those standards?
- How will capitation payments for the pilots be set if the needs assessment tool is not available at the effective date of the 1115 waiver?

D. How can OPWDD structure a PACE-like pilot/demonstration with capitation payments?

- a. The proposed financial platform can support a PACE-like pilot/demonstration.
- b. As a number of individuals receiving OPWDD supports and services are dually eligible for Medicaid and Medicare, it is feasible to develop one or more pilot projects with PACE-like approaches for funding and services. The proposed financial platform requires the DISCO to provide care coordination and allows it to be a direct service provider, consistent with the requirements for PACE program operators. PACE relies on Medicaid capitation combined with Medicare Advantage program funding. Even if DISCOs are not eligible for Medicare Advantage participation, Medicaid capitation provides the bulk of funding for supports and services to the OPWDD population, thus enabling the People First Waiver to support a PACE-like pilot project.
- c. *Key issues identified:*
 - How will Medicare funding factor into the capitation per-member-per-month rate?
 - How will non-Medicaid housing supports be funded under a PACE-like pilot?
 - How do we overcome the medical bias of a medical centered PACE-like system in order to maintain a person-centered focus on supports?
 - How will interest in pilot projects be coordinated?

- What will be the formal process for selecting entities who want to participate in this phase?

E. What would be the impacts of the potential funding models on services which funding has, in the past, directly connected to facility-based costs/budgets (e.g. ICFs, IRAs, CRs, Day Tx, Wrkshps, Ctr-based Day Hab, Free-standing Respite)?

- a. In order to ensure that individuals have continued access to facility-based legacy programs, the capitation payment may need to be adjusted to account for the differential costs of these programs, at least on a transitional basis.
- b. Facility-based programs can be more costly than more community-based alternatives, even after factoring in administrative and transportation-related economies of scale. A capitation payment driven by the needs assessment may not fully account for these additional costs, thus potentially driving deficits in facility-based programs and services to currently served individuals. Moreover, to the extent that providers have significant property commitments and cannot sell or terminate leases on property, insufficient funding could compromise their fiscal viability and continued provision of service. The FSDT recognizes that OPWDD may need to support facility-based programs on at least a transitional basis, potentially requiring an adjustment to the capitation payment level.
- c. *Key issues identified:*
 - Will provisions be made for financing “bricks and mortar” facilities that have received Prior Property Approval (PPA)?
 - Will capital reimbursement be included in the capitation rate?

Transitional issue identified:

- How will OPWDD support “PPA commitments” with discrete funding until the approval term ends?

F. Under what parameters would it be appropriate to consider direct financial incentives (e.g., "pay for performance") as a means to promote waiver goals and desired outcomes?

- a. Direct financial incentives may be considered for DISCOs and service providers that provide high quality services. Conversely, those that do not meet established standards may be subject to financial disincentives/penalties.
- b. Any financial incentives/disincentives should support the work of the other design teams and be transparent to the public. This information, as well as performance data, will assist individuals in making informed choices about the supports and services they need and promote healthy competition within the provider community.

Factors that may influence the provision of incentives/disincentives include performance in the following areas:

- Ability to transition from the fee-for-service environment quickly
- Support for person-centered, self-directed services
- Performing above the established standards
- Achieving a high level of customer satisfaction through achievement of valued outcomes
- Workforce quality

Conversely, in the event that a DISCO or service provider does not meet established standards, financial disincentives/penalties may be applied.

c. Key issues identified:

- Would the DISCO be the sole recipient of fiscal incentives/disincentives or will the service providers also share in the fiscal adjustment?
- Will the financial incentive funds be additive, or will funds be withheld for this purpose?
- Will there be incentives for workforce quality and individualized and person-centered supports?

Fiscal monitoring and reporting and information technology

A. How will we measure whether resource distribution strategies are equitable and support person-centered principles?

- a. DISCOs will be expected to meet or exceed the established standards or criteria in these areas. Compliance will be monitored via performance and satisfaction reporting and quality management techniques.
- b. While DISCOs will have the flexibility to direct resources to meet the needs of the individuals they serve, the needs assessment-driven capitation payment will provide a useful benchmark for the DISCOs' resource allocation approach. In addition, DISCOs will be held to performance standards under their service agreement/contract with OPWDD. These performance standards will address resource allocation and delineate program and service expectations including, but not limited to, person-centered planning, achievement of valued outcomes, and availability of choice.
- c. *Key issues identified:*
 - Will the State establish standards governing subcontracting and payments to network providers?
 - How will individuals move between DISCOs?
 - Will there be an annual period of enrollment like for health insurance where people can change DISCOs?
 - What requirements will be in place to guarantee independence of those who complete the assessments from those who accept reimbursement or provide services based on the assessment results?
 - How often will an individual be reevaluated with the new assessment tool, and how quickly will this be reflected in the capitation rate?
 - Who will bear the cost of administering the needs assessment tool?
 - Will there be an administrative cap on DISCOs to guarantee a certain percentage of the per-member-per-month capitation payment is applied to services?

Transitional issues identified:

- Will individuals who are currently being served need to be reevaluated with the new assessment tool prior to enrolling in the People First Waiver?
- How will the needs assessment tool be phased in as a resource distribution tool?

- How will resource distribution address situations where the independently administered needs assessment tool identifies that an individual is receiving more services than necessary to support their current needs?

B. How will we monitor the success and effectiveness of our global/overall efforts and specific targeted efforts to achieve efficiencies and to achieve sustainable growth?

- a. OPWDD will monitor the number of people served and their average costs and compare these figures to a “baseline” projection to quantify the fiscal effectiveness of the People First Waiver.
- b. Information system technologies will be needed to collect and track information necessary for developing and monitoring capitation payments. The key data elements and trends that should be tracked include, but are not limited to, the Medicaid rate of growth, per capita and gross Medicaid spending, and statistics specific to the number of individuals served and their relative levels of need.

With respect to targeted efforts, any demonstrations/pilot projects will include the requirement to monitor and evaluate the success and effectiveness of these efforts.

c. *Key issues identified:*

- How will the State monitor the effectiveness of the DISCO, and will the results of the monitoring be accessible to the public?
- How will the People First Waiver affect those individuals currently awaiting services (i.e., registration list)?

Transitional issue identified:

- What regulatory requirements will be in place during the transition for both new and legacy services?

C. How should we measure the breadth, adequacy, and capacity of our provider/service delivery networks?

- a. All DISCOs will be expected to meet established standards, and OPWDD will use tools such as the National Core Indicators and customer satisfaction reporting to monitor performance relative to those standards.
- b. The established standards for DISCOs will be identified in the Request for Application (RFA) process. In turn, OPWDD should give preference to DISCOs with networks that are able to accommodate the full spectrum of individual needs, including cultural competence. Key indicators of success may include, but are not limited to, the demonstrated flexibility to adapt supports and services as individuals' needs change, frequency of out-of-network service use, capacity to accommodate growth, and response time for initial and follow-up services.
- c. *Key issues identified:*
 - How do we ensure the DISCO reimbursement to network providers is adequate to support their operations?
 - What efforts will be made to enhance choice in rural areas?
 - How will the People First Waiver ensure the appropriate level of diversity?

Transitional issue identified

- What service/program reporting will be required during the transition period?

D. What information technology tools and infrastructure can we use to support our efforts?

- a. The FSDT recommends adoption of standardized information technology systems across and within all DISCOs.
- b. Standardized information technologies will allow for direct comparisons of measures across DISCOs and will facilitate the DISCO's own monitoring of network provider performance. A uniform system also supports secure portability of medical records and funds, information sharing among care coordination team members, access to a standard menu of reports, consistent documentation templates, and utilization of a standardized, equitable assessment tool that generates a capitation rate.

c. *Key issue identified:*

- Who will bear the cost for information technologies needed to support the People First Waiver?

Transitional issue identified:

- How do we incorporate or retire current legacy information systems?

E. What recommendations and strategies can we look at to redirect the overall time and resources spent on provider compliance efforts to person-centered service provision?

- a. The FSDT recommends that Federal and State laws and regulations be reviewed for opportunities to streamline compliance related procedures and paperwork.
- b. For example, to promote a shared living structure, State labor laws and regulations should be reviewed. OPWDD should also re-examine its requirements for fiscal and other reporting to eliminate redundancy and unnecessary administrative effort.

Moreover, the shift from a fee-for-service structure to a capitation rate system will allow for a shift in resources from compliance activities to more person-centered service provision. DISCOs will ultimately be responsible for balancing outcomes, service provision and needs versus wants for each individual they serve.

c. *Key issue identified:*

- Identification of federal regulations waived and state laws and regulations that may need to be amended and/or repealed.

Transitional issue identified:

- How will regulations be transitioned from the current system to the People First Waiver?

IV: Follow-up Design Questions –

- What will the future role of the State be, and will it continue to be a direct provider of services?

APPENDIX A

List of Design Team Members

Tina Chirico – *Anderson Center for Autism/ Financial Managers Association of New York State*

Henry Hamelin – *OPWDD, Upstate Staff*

Steve Holmes – *Self Advocacy Association of New York State*

Jay Kiyonaga – *OPWDD Co-Facilitator*

Al Kaplan – *AHRC New York City*

John Kemmer – *NYSARC, Inc.*

Anne Klingner – *Mental Health Association Employee/Parent*

David Liscomb – *Jefferson Rehabilitation Center/Self Advocate*

Dr. Keith McGriff – *DePaul Developmental Services/Parent*

Ramon Rodriguez – *Home Helpers & Direct Link of Amsterdam*

Michael Rogers – *Co-Facilitator/Self Advocate*

Pat Sarli – *OPWDD, New York City Staff*

Jeff Sinsebox – *People Rebuilding and Living in Dignity*

Seth Stein – *Alliance of Long Island Agencies, Inc.*

Louis Tehan – *Upstate Cerebral Palsy*

OPWDD Design Team Staff / Technical Advisors

Steve Barmash – *Technical Advisor*

Chester Finn – *Technical Advisor*

Deborah Franchini – *Design Team Staff*

Eric Harris – *Technical Advisor*

Amy Murrisky – *Design Team Staff*

APPENDIX B

Design Team Charter

Develop financial strategies that will facilitate the outcomes of the People First Waiver while preserving existing resources and achieving sustainable growth to continue to serve people with developmental disabilities.

- Examine recent trends in service use and Medicaid expenditures for individuals with developmental disabilities
- What are the constraints on future expenditure growth?
- What are the best strategies for reconciling continued growth in service demand with the known fiscal restraints?
- How will we seize the advantages of improved care coordination, health homes, and person-centered principals to make our service system more efficient and fiscally sustainable while enhancing quality of care?
- Are there opportunities to seek efficiencies and sustain funds through improved coordination among payers (especially with Medicare) or through other strategies?

Support person-centered principles and People First Waiver goals by distributing financial resources rationally, equitably, and efficiently.

- What are the advantages and disadvantages of potential models for modernizing and restructuring reimbursement and flow of funds so that the focus is on individual needs and goals rather than facilities and program expenditures?
- How should reimbursement be structured under the models we examine for the 1115 waiver?
- How should the 1115 waiver support experiments and demonstrations?
- How can OPWDD structure a PACE-like pilot/demonstration with capitation payments?



- What would be the impacts of the potential funding models on services which funding has, in the past, been directly connected to facility-based costs/budgets (e.g. ICFs, IRAs, CRs, Day Tx, Wrkshps, Ctr-based Day Hab, Free-standing Respite)?
- Under what parameters would it be appropriate to consider direct financial incentives (e.g., "pay for performance") as a means to promote waiver goals and desired outcomes?

Fiscal monitoring and reporting and information technology

- How will we measure whether resource distribution strategies are equitable and support person-centered principles?
- How will we monitor the success and effectiveness of our global/overall efforts and specific targeted efforts to achieve efficiencies and to achieve sustainable growth?
- How should we measure the breadth, adequacy, and capacity of our provider/service delivery networks?
- What information technology tools and infrastructure can we use to support our efforts?
- What recommendations and strategies can we look at to redirect the overall time and resources spent on provider compliance efforts to person-centered service provision?

APPENDIX C

Resources Used

| Design Team Resources/Recommended Reading Materials for the Fiscal Sustainability Design Team | | |
|--|---|---|
| Topic | Source | Web Address |
| Program for All-Inclusive Care for the Elderly (PACE) – General Information | National PACE Association | http://npaonline.org |
| Care Management Definition and Framework | Center for Health Care Strategies, Inc. (CHCS) | http://www.chcs.org/usr_doc/Care_Management_Framework.pdf |
| Partnering with Health Homes and Accountable Care Organizations | National Council for Community Behavioral Health | http://www.uclaisap.org/Affordable-Care-Act/assets/documents/health%20care%20reform/Integration/Partnering%20With%20Health%20Homes%20and%20ACOs.pdf |
| State Research | CMS Waiver Documents | http://www.cms.gov/MedicaidStWaivProgDemoPGI/MWDL/list.asp |
| Arizona State Research | Arizona Health Care Cost Containment System (AHCCCS)- Medicaid Administration | http://www.azahcccs.gov/shared/about.aspx?ID=ALTCS |



| | | |
|-------------------------------|--|---|
| Arizona State Research | CMS Arizona Documents | http://www.cms.gov/MedicaidStWaivProgDemoPGI/MWDL/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=2&sortOrder=ascending&itemID=CMS028619&intNumPerPage=10 |
| Arizona State Research | The Division of Developmental Disabilities | https://www.azdes.gov/developmental_disabilities/ |
| North Carolina State Research | North Carolina Division of Medical Assistance Waiver | http://www.ncdhhs.gov/dma/lme/MHWaiver.htm |
| North Carolina State Research | North Carolina Division of Mental Health, Developmental Disabilities and Substance Abuse Services Waiver | http://www.ncdhhs.gov/mhddsas/waiver/index.htm |
| North Carolina State Research | Waiver Amendment proposal 4/1/11 | http://www.ncdhhs.gov/dma/lme/NCInnovations1915cAmend4.pdf |
| Vermont State Research | Public Hearing PowerPoint Presentation | http://ovha.vermont.gov/global-commitment-to-health/global_commitment_to_health_interview_3-14-05.pdf |
| Vermont State Research | Vermont State System of Care Plan for Developmental Disabilities Services FY 2012 – FY 2014 | http://dail.vermont.gov/dail-whats-new/draft-state-system-of-care-plan-for-developmental-disabilities-services-fy12-fy14 |
| Vermont State Research | State of Vermont Overview of Developmental Disability Services | http://ddas.vermont.gov/ddas-programs/programs-dds/programs-dds-default-page |



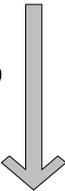
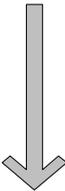
| | | |
|--------------------------|--|---|
| Wisconsin State Research | CMS documents | http://www.cms.gov/MedicaidStWaivProgDemoPGI/MWDL/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=2&sortOrder=ascending&itemID=CMS047939&intNumPerPage=10 |
| Wisconsin State Research | Family Care Evaluation | www.legis.wisconsin.gov/lab/reports/11-5full.pdf |
| Wisconsin State Research | Wisconsin Department of Health Services, Family Care | www.dhs.wisconsin.gov/lcicare/ |
| Wisconsin State Research | Functional Assessment Tool | http://www.dhs.wisconsin.gov/forms/FO/f00366.pdf |
| Wisconsin State Research | IRIS (self-directed service) | www.dhs.wisconsin.gov/bdds/iris/index.htm |

APPENDIX D

Proposed Financial Platform

Federal Oversight - CMS

State Oversight - DOH & OPWDD

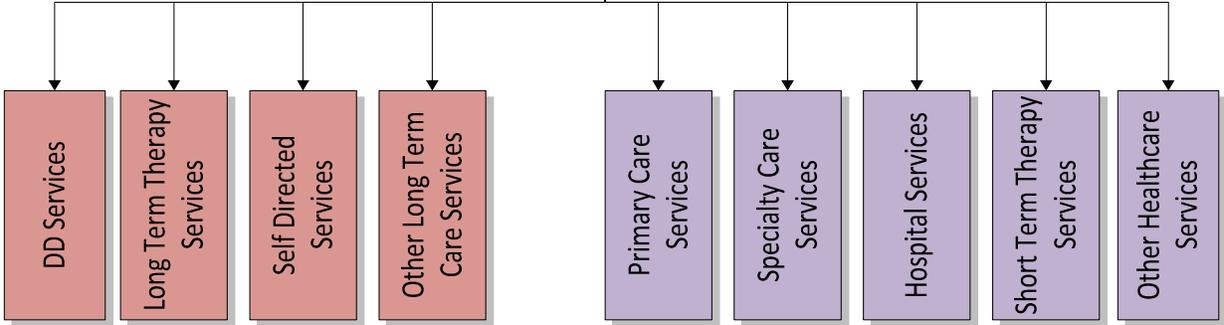


Medicaid Funds & State Funds
Capitation Revenue Determined by a Needs Assessment Tool(s)

Medicare Funds

Developmental Disabilities Individual Support & Care Coordination Organization (DISCO)
Not-for-Profit, Fiscal Intermediary that Assumes Financial Risk and Provides Support & Care Coordination

- ✓ *Receives all payments and may be direct service provider(s) and/or subcontract all needed services*
- ✓ *May be a comprehensive care entity or a long term care entity with a contractual agreement with a health care entity*



DD/Long Term Care Services

All Other Healthcare Services

← (may be not-for-profit or for profit) →

APPENDIX E

Definitions of Terms

Capitation: A payment methodology where providers of service are paid a contracted rate for each individual for which the provider is responsible, referred to as "per-member-per-month" rate. The capitation payment will be received as long as the provider meets its quality and service expectations, regardless of the specific number or nature of services provided to any given individual.

Developmental Disabilities Individual Support & Care Coordination Organization (DISCO): Is a not-for-profit organization that functions as a fiscal intermediary (see below), assumes risk, and provides support and care coordination. In addition to those core functions, a DISCO may be any of the following:

Comprehensive Care entity: An organization that provides the full range of services needed by the individuals it serves including developmental disabilities services, long-term care services and health care services. Such an entity need not be the direct service provider for all services required by every individual, but would have the capacity to directly provide services across the broad spectrum of service needs.

Health Care entity: An organization that provides a full range of necessary acute medical services such as primary care, specialty care and hospital services.

Long-Term Care entity: An organization that provides a variety of clinical and non-clinical services such as long-term therapies, developmental disabilities services, home health personal care, and residential services, with a focus on helping individuals to function at their highest level of independence.

Fiscal Intermediary: An entity that receives the capitation payment, manages funds and payment of claims, and conducts reimbursement review and medical coverage review.

Health Home: Person-centered systems of care focusing on care coordination for individuals with chronic conditions that facilitate access to and coordination of the full array of primary and acute physical health services, behavioral health care, and long-term community-based services and supports improving health care quality and clinical outcomes as well as the patient care experience, while also reducing per capita costs through more cost-effective care.

PACE: A capitation benefit for frail elderly persons authorized by the Balanced Budget Act of 1997, which features a comprehensive service delivery system and integrated Medicare and Medicaid financing.