



Healthcare Council

Tuesday, January 8, 2008
10:45 AM
Morris Hall

The Florida House of Representatives

Healthcare Council

Marco Rubio
Speaker

Aaron Bean
Chair

A G E N D A

January 8, 2008
10:45 a.m. – 12:00 Noon
Morris Hall

- I. Opening Remarks by Chair
- II. Update on Financial Status of the Agency for Persons with Disabilities
Jim DeBeaugrine, Deputy Director of Budget and Planning
- III. Budget Workshop
Representative Aaron Bean, Chair
- IV. Closing remarks
- V. Adjournment

**Update on Financial Status of the Agency for Persons with
Disabilities**

**Jim DeBeaugrine, Deputy Director of Budget and Planning
Agency for Persons with Disabilities**



agency for persons with disabilities

State of Florida

Agency for Persons with Disabilities

Update to House Healthcare Council

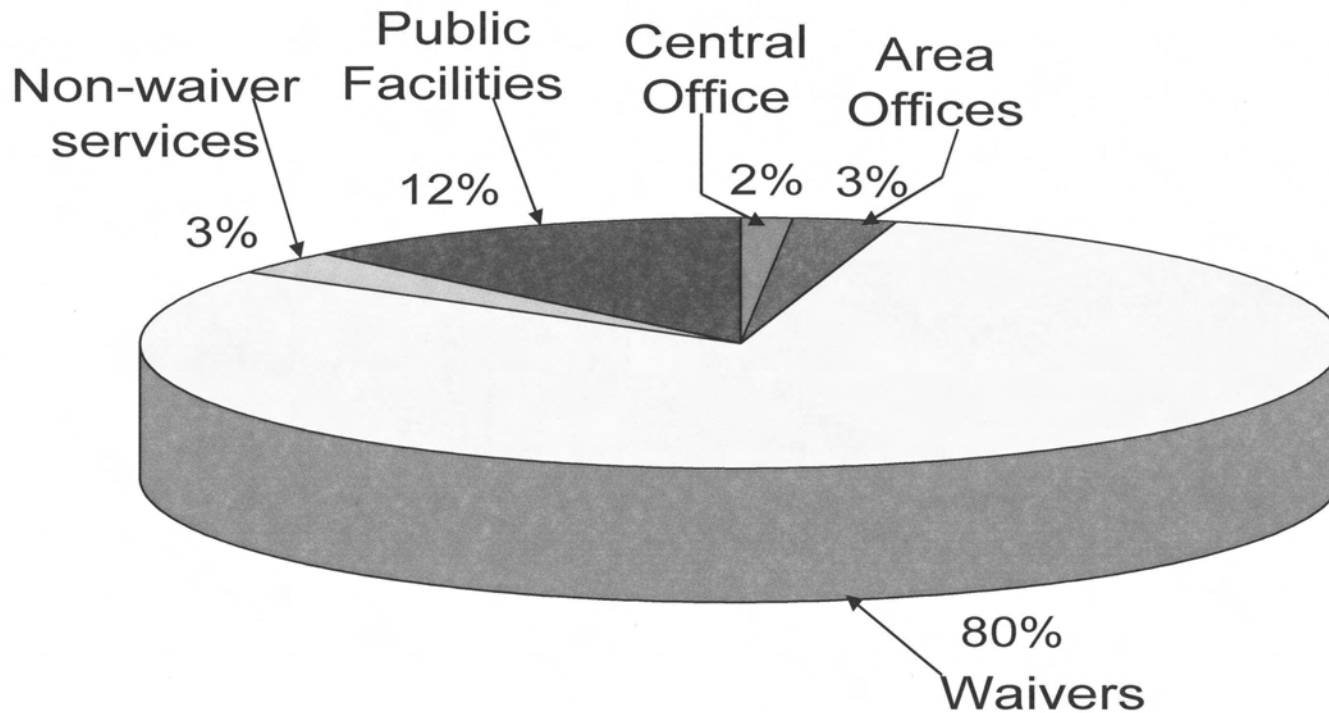
January 8, 2008

Charlie Crist, Governor

Jane E. Johnson, Director



**Agency for Persons with Disabilities - FY 2007-08
Appropriations by Major Function
(total = \$1.2 billion)**





WAIVER EXPENDITURES - OVERVIEW SINCE 1999

Year	Expenditures	Waiver Enrollment (July 1)	Average expenditures per enrollee	¹Waiting list (July 1)
FY 1999-00	216, 546,132	13,854	15,631	700
FY 2000-01	388,390,633	21,890	17,743	2,233
FY 2001-02	494,157,399	24,639	20,056	6,152
FY 2002-03	573,997,902	24,386	23,538	9,575
FY 2003-04	654,819,891	24,223	27,033	12,474
FY 2004-05	642,128,574	23,970	26,789	15,278
FY 2005-06	727,271,063	24,067	30,219	14,629
FY 2006-07	861,829,604	25,318	34,040	11,927
FY 2007-08	927,119,541	25,282	36,671	15,003

¹Does not include those on FSL Waiver waiting for enrollment on HCBS Waiver



WAIVER TRENDS AND IMPLICATIONS

- Healthy expenditure growth since FY 1999-00 has largely gone to increase the cost of serving existing recipients.
- This leads to the current, paradoxical situation where both expenditures and the wait list are at or near historically high levels.
- Unless utilization growth moderates or substantial financial investments are made, expect continued deficits and growth in the waiting list.



Utilization Growth in the Home and Community Based Services Waiver

FY 2005-06	13.06%
FY 2006-07	11.20%
FY 2007-08	12.25%

- **If current trends continue, the Legislature will need to provide roughly \$100 million per year to continue services to existing enrollees.**
- **An additional \$60 million would be necessary to keep the waiting list from growing larger. ***
- **An additional \$320 million would be necessary to serve the remaining individuals on the wait list.***

**Based on current average expenditure amounts for HCBS and FSL waivers and current average growth of waitlist. Assumes all waitlist individuals would accept enrollment offers.*



Controlling utilization growth

- **Some utilization growth is expected since the waiver serves a very stable cohort of individuals who are getting older along with their caregivers.**
- **SB 1124 provides for freezing cost plans and implementation of a four-tier system with expenditure caps.**
- **During the special session, the Legislature approved the use of state employees to conduct needs assessments.**
- **The agency is planning to use individual budgets based on the new needs assessment as an additional means of controlling utilization.**
- **Despite the policy changes implemented pursuant to SB 1124, deficits are projected for FY 2007-08, 2008-09 and 2009-10.**



Legislative Funding Decisions

- Legislature provided \$116 million to cover expected deficit in Developmental Disabilities Home and Community-Based Service waiver for FY 2007-08
- This represents a 15 percent increase in waiver funding
- Additional \$57 million provided for FY 2006-07 in the FY 2007-08 General Appropriations Act to partially offset FY 2006-07 deficit



Financial outlook for APD waivers FY 2007-08 – FY 2009-10

	FY 2007-08	FY 2008-09	FY 2009-10
Available appropriations	883,111,552	821,993,037	821,993,037
Projected expenditures prior to effect of new policies	967,117,570	1,057,274,164	1,180,715,992
Estimated impact of SB 1124 and SB 4C	(39,998,029)	(180,814,238)	(194,583,491)
Projected cost of rule challenge settlement	1,600,000		
Surplus/(deficit)	(45,607,989)	(52,866,889)	(162,539,464)
Projected Family and Supported Living surplus	24,752,742	19,218,881	14,208,224
Projected June 30 balance	(20,855,247)	(35,248,008)	(149,931,240)

Additional detail available in attachment.



Financial outlook – important considerations/unknowns

- **Current 4% release hold-back**
- **Future utilization growth**
- **Decisions by Federal government**
- **Effects of litigation**
- **Cost shifting – replacing limited or eliminated services with other services**
- **Whether \$107 million (10%) projected savings from the four-tier system will materialize as expected in FY 2008-09**
- **Current gap of roughly 20% between cost plans and actual expenditures may limit the effect of freezing cost plans**
- **Legislative funding and policy decisions**



Future service demand will increase pressure to increase waiver budget

- **Given prevalence rates of 1.5%, an estimated 270,000 Floridians have a developmental disability. Approximately 47,000, or 17% are known to the Agency for Persons with Disabilities (receiving services or on the wait list).**
- **Population growth in Florida has moderated, but is projected to continue at just over 2% per year through 2010.**
- **An estimated 60,000 individuals with a developmental disability live with a caregiver over the age of 60, second only to California.**
- **Recent advances in medical technology have increased life expectancy so that individuals with developmental disabilities are routinely living into retirement age themselves.**
- **As with all Floridians, service needs become greater as people age.**
- **The waiting list is currently growing at an average of 255 per month since July 2006.**



Planning for current and future service demand

- **All individuals on the waitlist will be surveyed to collect basic demographic and service need information.**
- **In addition, the Agency will conduct a full needs assessment on a statistically valid, random sample of individuals on the waitlist.**
- **The Agency will use this information to develop a plan to address the needs of individuals on the waitlist.**
- **The Agency is also exploring other ways to categorize and display waitlist data to improve its usefulness as an indicator of future resource needs.**



Additional cost savings/utilization control options

- **Additional provider rate reductions**
- **Limit eligibility**
- **Create additional “supports waivers” that provide more limited service packages than the standard Home and Community Based Services waiver**
- **Additional service limits or outright elimination**
- **Utilize services under the Medicaid state plan when appropriate**
- **Create mechanisms and incentives for identifying and utilizing natural and community supports**
- **Improve fraud prevention and recoupment efforts**



SB 1124 – Implementation Status



SB 1124 – Service Limits

- Personal Care Assistance (PCA) – limited to 180 hours per month and rate modifiers eliminated for PCA (**\$2.3 million savings**)
 - ❖ Status – implemented August 1 and October 1, 2007
- Limited Support Coordination for children living in their own home on all waivers (**\$1.7 million savings**)
 - ❖ Status – implemented August 1, 2007
- Supported Living Coaching limited to 20 hours per month when in-home supports are present (**\$4.4 million savings**)
 - ❖ Status – implemented August 1, 2007



SB 1124 – Residential Habilitation

- A consolidated Residential Habilitation Rate structure was developed and implemented on 12/1/07 (\$11.4 million savings).
- Emergency rule implementing the new rates challenged at Division of Administrative Hearing.
- Agency settled with plaintiffs and implemented a new emergency rule effective January 1, 2008. This will reduce savings by \$1.6 million.
- Agency moving forward with permanent rule that will supersede emergency rule which is in effect for 90 days.
- Separate lawsuit pending in the circuit court against revised rates.



SB 1124 – Service Eliminations

- APD, in conjunction with AHCA, submitted a revision to the Medicaid waiver to the Federal government in June 2007 to eliminate services in accordance with SB 1124:
- Chore, Non-residential Support Services, and Homemaker Services (**\$12.7 million savings**)
- Massage Therapy and Psychological (IQ) Testing (**\$2.2 million savings**)
- The Federal government approved these changes and the eliminations were effective 12/01/07.



SB 1124 4-Tiered Waiver System

- APD in conjunction with AHCA submitted two new waivers to establish Tiers 2 and 3 to the Federal government.
 - ❖ Tier 1 – Current DD/HCBS waiver modified for intense needs
 - ❖ Tier 2 – Capped at \$55,000
 - ❖ Tier 3 – Capped at \$35,000
 - ❖ Tier 4 – Capped at \$14,792
- Implementation is projected for 2008 pending Federal approval.
- Estimated savings of \$107 million in FY 08-09
- The “clock” has stopped on Federal review of the new waivers required to implement tiers 2 and 3.



SB 1124 - Assessment Process

- APD will implement a revised standardized needs assessment process in January 2008. Individuals receiving residential habilitation services will be assessed first.
- Field-testing for the assessment instrument has been completed and an automated system to support the process went into production on January 2, 2008.
- All people receiving services and on the waitlist will be assessed over a three-year period.
- APD has hired OPS employees to conduct assessments. Training on the instrument and to obtain acceptable inter-rater reliability is ongoing.



SB 1124 – Other Actions Taken

- APD in conjunction with AHCA submitted and received approval from CMS to change the support/cost plan system to limit changes to cost plans except for significant changes in condition or circumstance that impact health or safety.
- Crisis clients are only being served if funding is available through attrition.
- Support plans submitted by Waiver Support Coordinators that are not in compliance with the Agency's rules, policies, and procedures are identified to Area office intervention.



Waiver Cost Plan Before/After SB 1124

Current Plan - \$67,017

- Waiver Support Coordination
- Adult Day Training
- Consumable Medical Supplies
- Skilled Nursing
- Transportation
- **Supported Living Coaching
-25 hours per month**
- In Home Support Daily
- Medication Review
- **Chore**

After Changes – \$64,633

- Waiver Support Coordination
- Adult Day Training
- Consumable Medical Supplies
- Skilled Nursing
- Transportation
- **Supported Living Coaching
- 20 hours per month**
- In Home Support Daily
- Medication Review



Waiver Cost Plan Before/After SB 1124

Current Plan – \$63,925

- Waiver Support Coordination
- Respite
- Consumable Medical Supplies
- **Personal Care Assistance – 60 hours per week**
- Medication Review

After Changes – \$52,491

- Waiver Support Coordination
- Respite
- Consumable Medical Supplies
- **Personal Care Assistance – 180 hours per month**
- Medication Review



Other initiatives to reduce costs and control utilization



SB 2C

- Reduced rates paid to waiver support coordinators while allowing for increased maximum caseloads (\$2.2 million savings)
- Reduced personal care assistance rates by 4% (\$1.7 million savings)
- These changes effective January 1, 2008.



Individualized Budgets

- The waiver will be fundamentally restructured by establishing consumer budgets based on the results of the needs assessment and other cost factors.
- Individualized budgets will add additional structure to the tiered waiver system and additional controls on utilization growth.
- Individualized budgets will allow clients flexibility in use of available funds to achieve more consumer direction.
- Individualized budgets will be reviewed and updated every 3 years unless there is a significant change.



Other APD Initiatives

- Implemented a recoupment policy for providers failing to comply with waiver billing and monitoring requirements.
- Working closely with AHCA Medicaid Program Integrity to better identify and pursue suspected fraud.
- AHCA will begin covering PCA services for individuals 21 and under through state plan.



Other APD Initiatives

- Developing proposals to consolidate and update existing prior service authorization contracts to reduce contract costs and more effectively control utilization.
- Implementing more effective internal business processes to track and update spending forecasts on a regular schedule to more quickly identify and correct problematic spending patterns.
- Re-evaluating current quality assurance process to ensure appropriate focus on natural community supports and provide more relevant and practical information to management and policy makers.
- The executive management team of the agency has brainstormed several ideas to achieve cost savings and has established a workgroup to review and develop plans to implement them.
- The agency is considering additional provider rate reductions to address the short-term deficit.



Summary

- Substantial progress has been made in managing the waiver despite legal and logistical challenges.
- For FY 2007-08, the projected deficit is \$20 million, approximately 80% less than FY 2006-2007.
- The extent to which SB 1124 and agency initiatives will affect utilization growth is unknown at this time. Several months of additional data are needed before definitive conclusions will be possible.
- The agency will continue to closely monitor overall expenditures and track the impact of recently implemented cost containment strategies.
- The agency will maintain regular communication with the Legislature concerning expenditure trends as they develop.

THANK YOU



agency for persons with disabilities

State of Florida

Any Questions?

FY 2007-08 Financial Outlook for Agency for Persons with Disabilities Waivers

	General Revenue	Trust	Total
1 Available appropriations	380,532,767	502,578,785	883,111,552
2 Projected expenditures prior to effect of new policies	416,730,961	550,386,609	967,117,570
3 Estimated impact of SB 1124 and SB 2C	(17,235,150)	(22,762,878)	(39,998,029)
4 Projected cost of settlement	699,040	900,960	1,600,000
5 Surplus/(deficit)	(19,662,084)	(25,945,906)	(45,607,989)
6 Projected Family and Supported Living surplus	10,665,956	14,086,786	24,752,742
7 Projected June 30 balance	(8,996,128)	(11,859,120)	(20,855,247)

FY 2008-09 Financial Outlook for Agency for Persons with Disabilities Waivers

	General Revenue	Trust	Total
1 Available appropriations	366,115,699	455,877,338	821,993,037
2 Projected expenditures prior to effect of new policies	470,909,913	586,364,251	1,057,274,164
3 Estimated impact of SB 1124 and SB 2C	(80,534,662)	(100,279,576)	(180,814,238)
4 Surplus/(deficit)	(24,259,552)	(30,207,337)	(54,466,889)
5 Projected Family and Supported Living surplus	8,560,090	10,658,791	19,218,881
6 Projected June 30 balance	(15,699,463)	(19,548,545)	(35,248,008)

** Appropriations and expenditures adjusted for expected change in Federal Financial Participation rate.*

FY 2009-10 Financial Outlook for Agency for Persons with Disabilities Waivers

	General Revenue	Trust	Total
1 Available appropriations	366,115,699	455,877,338	821,993,037
2 Projected expenditures prior to effect of new policies	525,890,903	654,825,089	1,180,715,992
3 Estimated impact of SB 1124 and SB 2C	(86,667,487)	(107,916,004)	(194,583,491)
4 Surplus/(deficit)	(73,107,717)	(91,031,747)	(164,139,464)
5 Projected Family and Supported Living surplus	6,328,343	7,879,881	14,208,224
6 Projected June 30 balance	(66,779,374)	(83,151,866)	(149,931,240)

* Appropriations and expenditures adjusted for expected change in Federal Financial Participation rate.

	Activity	Implementation	Application sent to Federal government for approval (or anticipated)	Response received from Federal government (or anticipated)	Notice of rule development published/ anticipated to be published (actual text of new rule does not have to be published during this phase)	Notice of proposed rule making published/anticipated to be published (actual text of proposed rule noticed)	Public hearing(s)/workshop on proposed rule	11/26/07 status of rule development (e.g. have there been challenges, requests for hearing, etc.)	Rule formally adopted (or anticipated)	Other implementation activities
1	Agency to use valid and reliable needs assessment instrument (existing law prior to SB 1124)	1/1/2008	NA	NA	12/7/2007	1/1/2008	12/21/2007 for proposed rule development phase; February 2008 for hearing if requested after rule is noticed.	No challenges to date. Limited assessments have been completed on certain individuals receiving residential habilitation to verify that they meet criteria for receiving service in excess of 8 hours.	March 2008	New validated instrument developed and in limited use; user acceptance testing being done on automated system to support new assessment process five months ahead of schedule; will deploy newly authorized OPS staff to conduct needs assessments starting January 1, 2008, all will receive training and must maintain inter-rater reliability in order to conduct assessments.
2	Supported living coaching services - limit to 20 hours per month for persons who also receive in-home supports	8/1/2007	NA	NA	7/27/2007	1/1/2008	8/15/2007 workshop on proposed rule development; January 2008 if hearing requested for proposed rule itself	No challenges to date. Implementation has begun since specifically required by law. Rule amendment is to modify waiver handbook for convenience of stakeholders.	March 2008	Currently monitoring to verify that cost plans have been revised and that providers are not billing in excess of limit.
3	Limited support coordination services for children under age 18 living in their family home	8/1/2007	NA	NA	7/27/2007	12/31/2007	8/15/2007 workshop on proposed rule development; January 2008 if hearing requested for proposed rule itself	No challenges to date. Implementation has begun since specifically required by law. Rule amendment is to modify waiver handbook for convenience of stakeholders.	March 2008	Currently monitoring to verify that cost plans have been revised and that providers are not billing in excess of limit. Limited support coordination policy expanded to FSL waiver and CDC+ effective 10/1/07.
4	Personal care assistance services limited to 180 hours per month except for persons with intensive needs; eliminate rate modifiers	8/1/2007 for rate modifier elimination; 10/1/2007 for 180 and 300 hour limitations	NA	NA	7/27/2007	12/31/2007	8/15/2007 workshop on proposed rule development; January 2008 if hearing requested for proposed rule itself	The one challenge, the London law suit, has been dismissed. Implementation has proceeded concurrent with rule promulgation.	March 2008	APD and AHCA involved in discussion to transfer PCA for children to state plan; have developed agreement that AHCA will pay for hours in excess of 180 for children under EPSDT.
5	Residential habilitation services limited to 8 hours per day except for persons with intensive needs or certain behavioral issues; consolidate res hab rates	12/1/2007	NA	NA	2/1/2008	2/1/2008	February 2008	Emergency rule filed on 11/30/2007. Several providers and individuals sued to obtain an injunction that would prevent the new rates from taking effect. In addition, the Florida Association of Rehabilitation Facilities filed an administrative challenge to emergency rule rates. Settlement of that challenge resulted in new emergency rule in effect until April 1, 2008.	Revised emergency rule effective January 1, 2008 supersedes emergency rule that took effect December 1, 2007. Revised rule anticipated to be in effect for 90 days. Final rule anticipated to be adopted in March 2008. See Note D of Memo - JN	Revised policy distributed to stakeholders who have provided additional input. Revised emergency rule anticipated to reduce savings by \$1.6 million.

	Activity	Implementation	Application sent to Federal government for approval (or anticipated)	Response received from Federal government (or anticipated)	Notice of rule development published/ anticipated to be published (actual text of new rule does not have to be published during this phase)	Notice of proposed rule making published/anticipated to be published (actual text of proposed rule noticed)	Public hearing(s)/workshop on proposed rule	11/26/07 status of rule development (e.g. have there been challenges, requests for hearing, etc.)	Rule formally adopted (or anticipated)	Other implementation activities
6	Consolidated rates for intensive behavioral residential habilitation services	3/1/2008	NA	NA	Decision pending	Decision pending	Decision pending	NA	Decision pending	Projected implementation date of March 1, 2008. Unique procedure codes secured for this service for better tracking and analysis of cost. Codes to be implemented 10/1/07.
7	Chore, non-residential support services and homemaker services to be eliminated; in-home support definition expanded to provide for alternative	12/31/2007	DD Waiver amended for eliminated services and sent to CMS on 7/17/07.	10/22/2007	7/27/2007	12/31/2007	8/15/2007 workshop on proposed rule development; January 2008 if hearing requested for proposed rule itself	Revised rule currently routing AHCA. No challenges to date.	February 2008	Federal permission received by APD on October 22, 2007 to eliminate the services. APD in the process of providing consumer notification. Expected implementation date of 12/1.
8	Massage therapy and psychological assessments to be eliminated	12/31/2007	DD Waiver amended for eliminated services and sent to CMS on 7/17/07.	10/22/2007	7/27/2007	12/31/2007	8/15/2007 workshop on proposed rule development; January 2008 if hearing requested for proposed rule itself	Revised rule currently routing AHCA. No challenges to date.	February 2008	Federal permission received by APD on October 22, 2007 to eliminate the services. APD in the process of providing consumer notification. Expected implementation date of 12/1.
9	Agency to conduct supplemental cost plan reviews of persons whose cost plans have increased by more than 8% during either of two preceding years to determine medical necessity.	Decision pending	NA	NA	NA	NA	NA	NA	NA	Rulemaking not required. Data has been developed for this requirement, however, the APD has delayed implementation. The agency is currently monitoring to verify that cost plans have been revised and that providers are not billing in excess of limits. APD will consider implementing this requirement as a monitoring procedure when all changes have been implemented.
10	Authorization to extend current support plans for one year; exception for significant life changes	1/1/2008	5/16/2007	8/3/2007	7/27/2007	12/31/2007	8/15/2007 workshop on proposed rule development; January 2008 if hearing requested for proposed rule itself	Revised rule currently routing AHCA. No challenges to date.	February 2008	Federal permission received 8/03/07. The revised language limiting cost plan changes has been put into rule and is currently under promulgation. Expected implementation date of 12/1.
11	New enrollment to HCBS waiver limited to crisis clients and subject to sufficient funds being made available through attrition	Ongoing	NA	NA	NA	NA	NA	NA	NA	Agency monitoring monthly disenrollment and admissions.
12	Agency to identify and resolve issues relating to support plans and cost plans that are not in compliance with rules, policies and procedures.	Ongoing	NA	NA	NA	NA	NA	NA	NA	Agency's PSA contractor continues to do ongoing monitoring of support and cost plans. Area offices are notified and take action when errors are found

	Activity	Implementation	Application sent to Federal government for approval (or anticipated)	Response received from Federal government (or anticipated)	Notice of rule development published/ anticipated to be published (actual text of new rule does not have to be published during this phase)	Notice of proposed rule making published/anticipated to be published (actual text of proposed rule noticed)	Public hearing(s)/workshop on proposed rule	11/26/07 status of rule development (e.g. have there been challenges, requests for hearing, etc.)	Rule formally adopted (or anticipated)	Other implementation activities
13	Implement four-tiered waiver system	7/1/2008	9/9/2007 (tiers 2 and 3). Any necessary revisions to Tiers 1 and 4 will be sent to CMS after Tiers 2 & 3 approved.	Anticipated response on Tiers 2 & 3 due from CMS in early December if no actions taken to "stop clock" in review process.	12/7/2007	January 2008	12/21/2007 for proposed rule development phase; February 2008 for hearing if requested after rule is noticed.	No challenges to date.	April 2008	Application for the new Tiers 2 and 3 waivers sent for Federal approval on September 9, 2007. Clock stopped on Federal approval process to allow time to answer questions. APD is drafting procedures for Tier assignment that will include a recommended Tier level when the consumer is assessed beginning January 1, 2008.
14	Consumer directed option to correspond to four tiers	Implementation plan being developed to better identify dates and strategies for implementation of individualized budgets.	Decision pending	Decision pending	Decision pending	Decision pending	Decision pending	NA	Decision pending	The current consumer directed options, such as choice of providers, will continue to be available once tiers are implemented. Consumer direction will be strengthened in the revised waivers through development of individual budgets and the ability for the consumer to move funding within a budget allocation for certain services. APD is beginning to develop prototypes for tier assignment and the individual budget process.

Budget Workshop

Representative Aaron Bean, Chair

Healthcare Council

Hypothetical Household Budget

	Annual Salary and Routine Spending	1X Bonus or Savings and Extra Spending	Cash Balance
Funds as of December 31, 2007	(1,093.90)	1,890.10	796.20
Funds as of January 1, 2008		796.20	
Estimated Earnings	26,512.90	370.20	26,883.10
Estimated Spending	(27,115.00)	(200.20)	(27,315.00)
Funds Available for 2008	(602.10)	966.40	364.30
Essential Needs 2008	(1,050.80)	(629.50)	(1,680.30)
How things look for the year	(1,652.90)	336.90	(1,316.00)

Florida's Financial Outlook

(in millions)

	Recurring	Nonrecurring	Total
Ending Balance FY 07/08	(1,093.9)	1,890.1	796.2
Beginning Balance FY 08/09		796.2	
Estimated Revenue FY 08/09	26,512.9	370.2	26,883.1
Recurring Base Expenditures & Error Reserve FY 08/09	(27,115.0)	(200.2)	(27,315.0)
Funds Available Above Base FY 08/09	(602.1)	966.4	364.3
Essential Funding Issues FY 08/09	(1,050.8)	(629.5)	(1,680.3)
Ending Balance/Deficit FY 08/09	(1,652.9)	336.9	(1,316.0)

Draft Criteria for Reviewing Base Budget

Activities/functions greater than \$1,000,000

Activities/functions with no value analysis in the last five years

Activities/functions outside an agency's core mission

Activities/functions with documented performance concerns

Activities/functions without statewide impact or broad public benefit