



**Health
Care
Payment
Improvement
Initiative**

Building a healthier future for all Arkansans

Community First Choice Option

CFCO overview

July 11, 2014

Over 14,000 individuals are currently served by Home and Community-Based (Waiver) services (HCBS)

Current Situation

Program focus	Population ¹	Client Needs	Profiles of an individual
Individuals of all ages with developmental disabilities	<ul style="list-style-type: none"> • 4,173 served • 2,800 on waitlist due to cap 	<ul style="list-style-type: none"> • Supportive Living² • Assistive technology and adaptive equipment³ • Relief care services • Consultation services • Positive behavior support services • Specialized medical supplies 	<p>Stacy is 14 years old and lives in Jonesboro. She has a developmental disability and a mental illness. She requires support to address behavior issues and adaptive living skills so that she can stay at home with her family</p>
Elderly persons with physical, cognitive or medical conditions	<ul style="list-style-type: none"> • 7,318 served 	<ul style="list-style-type: none"> • Attendant care and supports⁴ • Home delivered meals • Relief care services • Adult Day Care/Adult Day Healthcare • Adult Family Home 	<p>Joseph is 76 years old and lives in Cabot. He has Parkinson's disease. He requires attendant services and meals delivered 5 days a week so that he can remain in his home and be more independent</p>
Adults with physical disabilities	<ul style="list-style-type: none"> • 2,690 served 	<ul style="list-style-type: none"> • Attendant care and supports⁴ • Assistive technology and adaptive equipment³ • Case Management and Counseling Support 	<p>Dennis is 32 years old and lives in Hope. He had a motor vehicle accident and is readjusting to life at home. He needs assistance in accomplishing tasks of daily living so that he can continue to live in his own home</p>

1. Arkansas DHS. 2013 Statistical report. March 2014

2. Services and supports may include assistance in developing skills necessary for independent living and non-medical transportation

3. Similar services and supports include technology and equipment, personal emergency response systems, environmental modifications and vehicle modifications

4. Care and supports may include personal care, companion care, attendant care, and home maker

Through CFCO, Arkansas can choose a cost effective option to deliver HCBS

CFCO is an attractive option

Program provides a new funding source for existing services

- State will benefit from 6% improvement to Federal match rate for the duration of the program¹

Program does not create new/open eligibility

- Program relies on existing state plan eligibility categories and rules. Individual must be:
 - Eligible for medical assistance
 - Meet institutional level of care (ILOC)
 - Any current rules regarding transfer of assets, home equity and estate recovery remain in place

CFCO has appropriate cost controls

- Eligibility criteria for Medicaid program within State plan and Waivers
- ILOC definition
- Independent standardized assessment to determine services
- Control over the package of services and benefit limits

Benefits of CFCO

CFCO is projected to save \$365M of State General Revenue (SGR) over the next 12 years²

CFCO will fill service gaps and enhance payment improvement initiative

Eliminates DD waitlist

- Program provides HCBS services to the 2,800 individuals on waitlist

Improves integration of HCBS

- Individuals with disabilities receive services in the most integrated care settings

Avoid *Olmstead* litigation and enforcement³

- U.S. Department of Justice (DOJ) and advocacy groups have brought litigation in other states to enforce *Olmstead* decision and eliminate unnecessary institutionalization of individuals with disabilities
- Adverse decisions in litigation resulted in years of court oversight in other states and frequently forced very expensive remedies on state programs by court appointed monitors

1. Medicaid Program; Community First Choice Option (CMS-2337-F)

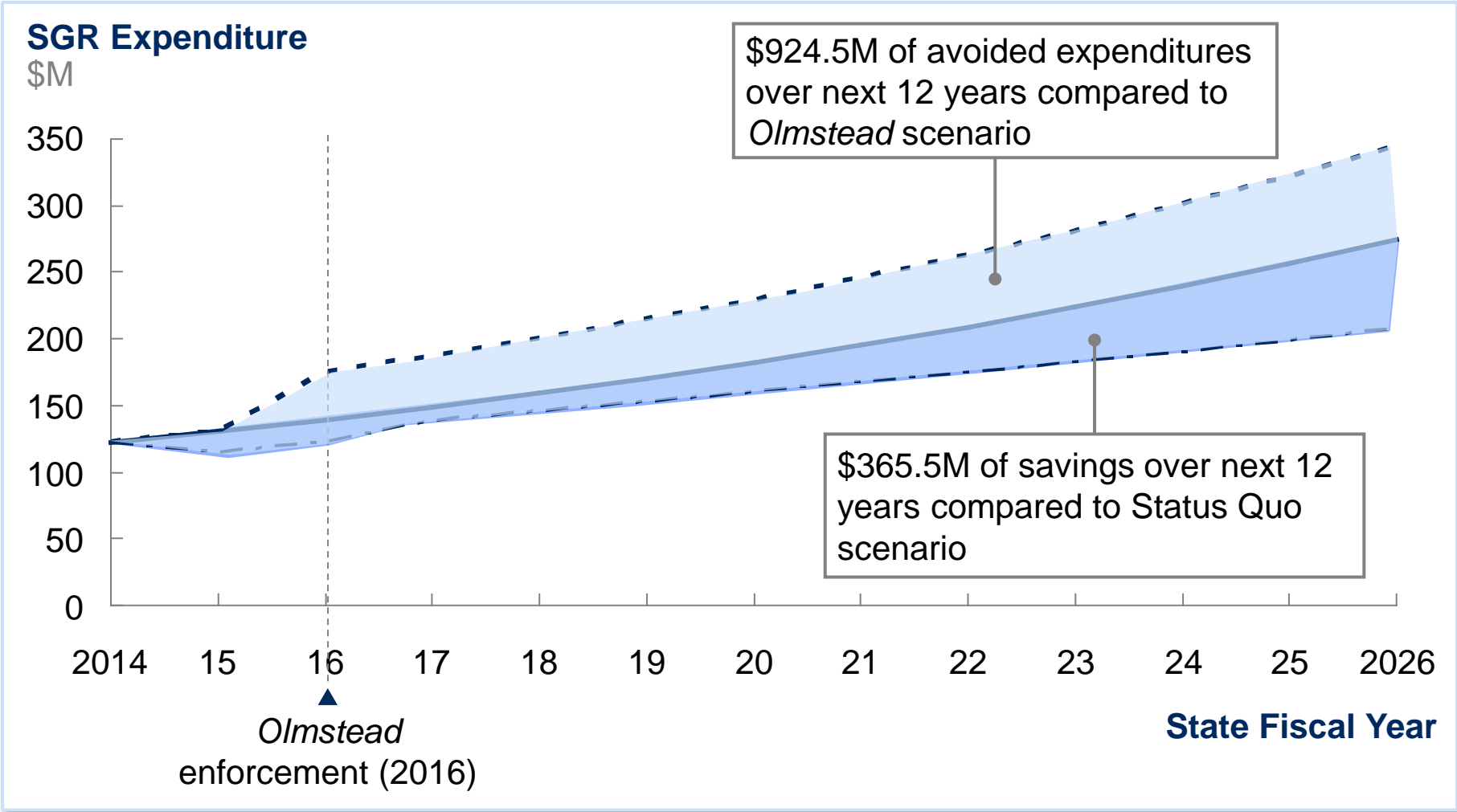
2. FMS Analysis. Jul 10, 2014

3. *Olmstead* mandates that persons with disabilities receive services in most integrated, least restrictive setting. DOJ previously filed suit against AR alleging State failed to i) provide services to individuals with DD in the most integrated setting appropriate for care and ii) manage the waiver waiting list in a manner that provided community service options for people on waiting lists at risk of institutionalization

Projected State General Revenue (SGR) expenditures for HCBS services under three scenarios

\$M spend

— Status Quo - - - CFCO Implementation - - - Olmstead enforcement



Source: FMS Analysis. Analysis of Net Effect of CFCO Program on State General Revenue, Jul 10 2014

Appendix: Analysis of HCBS expenditures to State General Revenue (SFY 2014-2026)

\$M spend

	State Fiscal Year													Total
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
A Status Quo	121.7	130.2	139.4	149.1	159.6	170.7	182.7	195.5	209.2	223.8	239.5	256.2	274.2	2,451.7
B Scenario: CFCO Implementation	121.7	114.6	123.3	139.3	146.6	154.0	161.2	168.2	175.5	183.1	191.1	199.4	208.2	2,086.1
C Scenario: Olmstead enforcement	121.7	130.2	174.8	187.0	200.1	214.1	229.1	245.1	262.3	280.7	300.3	321.3	343.8	3,010.6
Cost Savings for CFCO from Status Quo (A-B)	0.0	15.6	16.1	9.9	12.9	16.8	21.5	27.3	33.7	40.7	48.4	56.8	66.0	365.5

Source: FMS Analysis. Analysis of Net Effect of CFCO Program on State General Revenue, Jul 10 2014

FMS Key Assumptions: A) current Federal match rate is 70.7%, annual HCBS growth rate is 10% to SFY2014 and 7% thereafter due to Payment Improvement Initiative and population growth . B) Federal match increases by 6% for duration of CFCO, individuals on waitlist are enrolled in HCBS in SFY2015-16. C) Olmstead enforcement in 2016, Federal match rate remains at 70.7%, annual HCBS growth rate is 10% to SFY2014 and 7% thereafter due to Payment Improvement Initiative and population growth