



Bureau of Legislative Research

# Arkansas Health Care Reform Task Force: TSG Status Update # 4

Arkansas Medicaid Long Term Care, Developmentally Disabled, Waiting List Cost Data, and facts about Community First Choice option

September 16, 2015

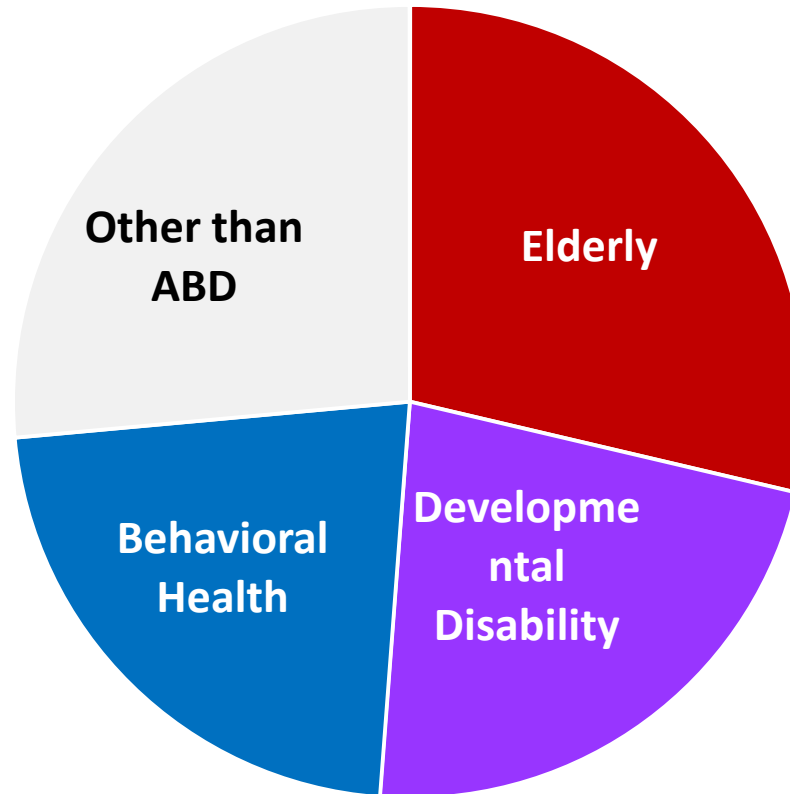
# Executive Summary

- Costs of care for the Long Term Supports and Services (LTSS) (Aged, Blind and Disabled (ABD), including Behavioral Health and all associated medical (Halo)) account for **74%** of traditional Medicaid, yet fall outside Person-Centered Medical Home or Episodes of Care
- Arkansas places heavy reliance on both elder and DD institutional care, which even including halo costs is **2-3 times the cost** of Home and Community Based Care (HCBC) alternatives
- RSPMI is **heavily used** by a few beneficiaries who claim over \$100 a day, for a total of \$31.5MM. This does not reduce inpatient (IP) Psych claims

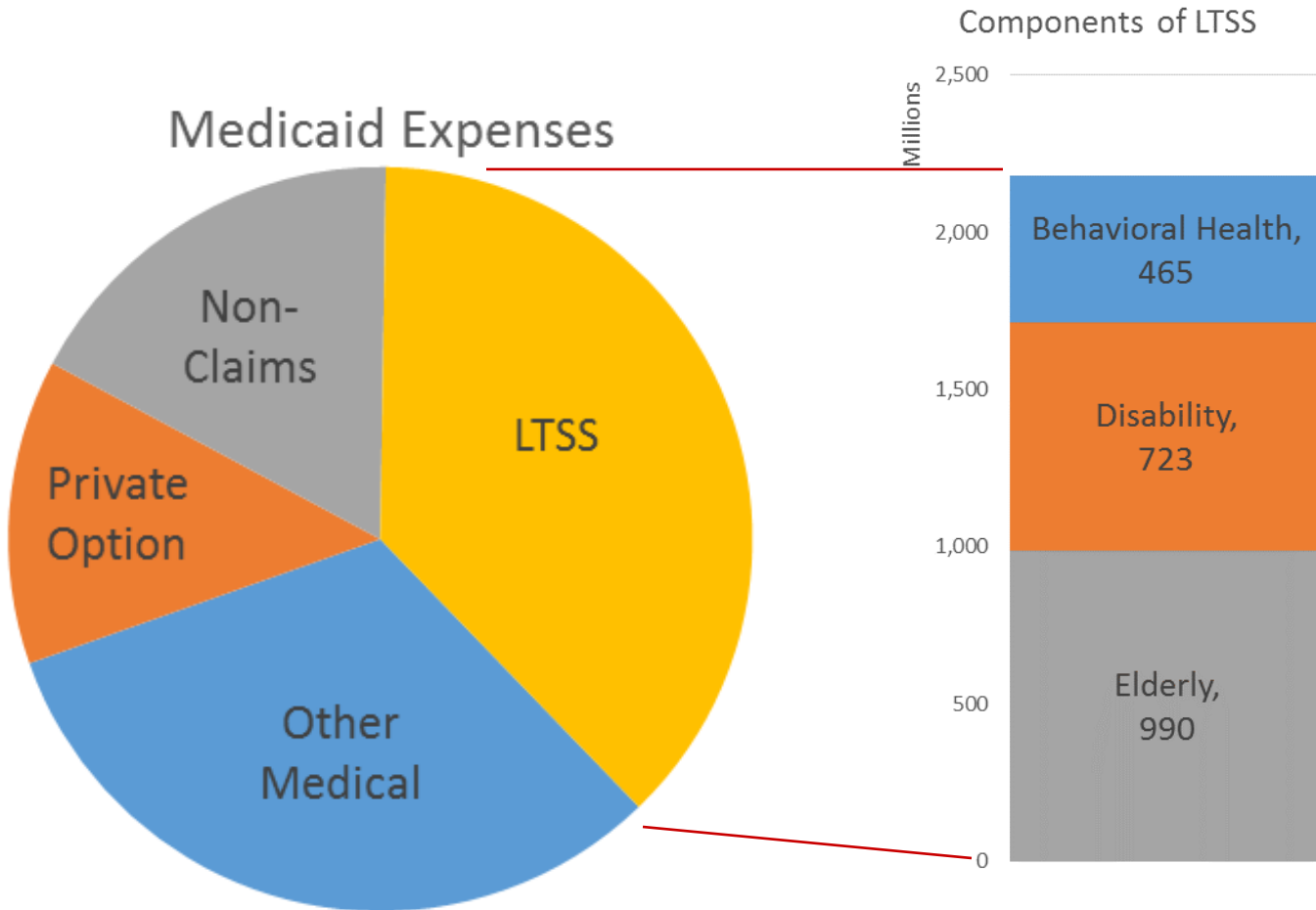
# ABD Costs Including Halo Are 74% of Traditional Medicaid

|  | Direct Program Costs | Halo Effect   | Total           | Percent of Claims |
|--|----------------------|---------------|-----------------|-------------------|
| Elderly  | \$989,580,886        | \$163,729,046 | \$1,153,309,933 | 29%               |
| Developmentally Disabled                         | \$723,493,917        | \$183,455,886 | \$906,949,803   | 23%               |
| Behavioral Health                                | \$464,686,509        | \$433,988,499 | \$898,675,008   | 22%               |
| Sum of Aged, Blind and Disabled                  |                      |               | \$2,958,934,744 | <b>74%</b>        |
| All Claims (without Private Option or contracts) |                      |               | \$4,023,136,382 | 100%              |

# ABD Direct and Halo Costs 74% of Traditional Medicaid



# Nearly Half of Medicaid is for Long Term Services and Support (LTSS)\*

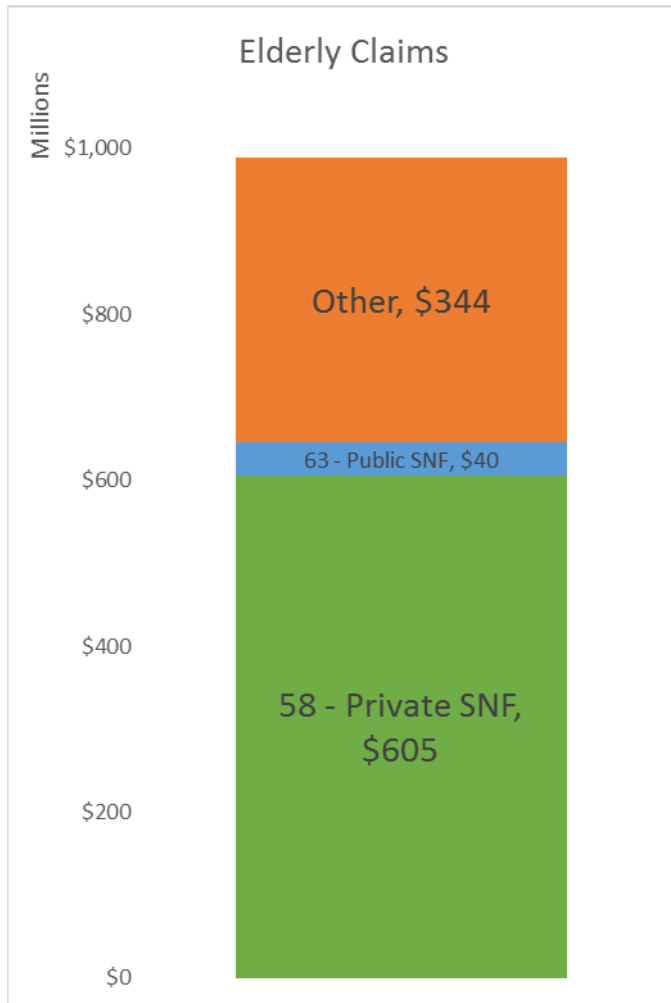


\*Includes Institutional and HCBS

# Eldercare

- Elder care including Halo is \$1.2 billion, 29% of Medicaid
- 65% of Elder LTSS is for Nursing Homes
- Depending on Elder program, Halo Costs add 10-60% in other medical costs
- Nursing home costs are over 3x waiver costs per person
- Even after adding halo costs, Waiver Beneficiaries across the board, including those in the assisted living waiver claim less than half of institutional beneficiaries

# Elderly Care is Largely for Private Nursing Homes



|  |                      |
|--|----------------------|
| 58 - Private SNF                               | \$605,391,718        |
| 53 - Personal Care - Regular                   | \$98,025,956         |
| 97 - Elders Choices Waiver                     | \$53,130,713         |
| 63 - Public SNF                                | \$39,695,754         |
| H2 - Nursing Home Hospice                      | \$29,971,174         |
| 59 - Private SNF Crossover                     | \$24,963,236         |
| L4 - APD Agency Attendant Care, Co Employee    | \$23,085,386         |
| L1 - APD Attendant Care                        | \$21,072,004         |
| I0 - Independent Choices Treatment Elderly     | \$19,961,565         |
| AL - Assisted Living Facility                  | \$17,809,236         |
| 24 - Home Health Services                      | \$16,791,790         |
| SR - AR Seniors                                | \$7,422,863          |
| PP - PACE                                      | \$6,387,966          |
| 73 - Private Duty Nursing EPSDT                | \$6,025,448          |
| H1 - Hospice                                   | \$5,947,011          |
| 94 - EPSDT Prosthetic Device                   | \$5,714,592          |
| 74 - Private Duty Nursing Services             | \$3,063,530          |
| I9 - Independent Choices C/FI                  | \$1,862,990          |
| C3 - CSMT Age 60 and Older                     | \$1,678,375          |
| I8 - Independent Choices FMS Services          | \$1,326,548          |
| I2 - Independent Choices New Trtmnt Elderly    | \$193,673            |
| AX - Extension of 3 Prescriptions for Assisted | \$59,359             |
| <b>Total</b>                                   | <b>\$989,580,886</b> |

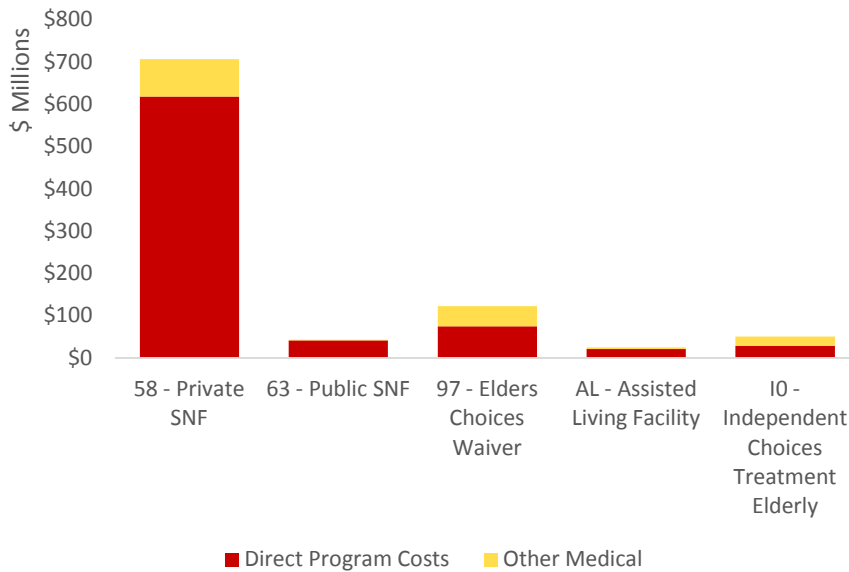
Note: TSG analysis of data covering calendar 2014

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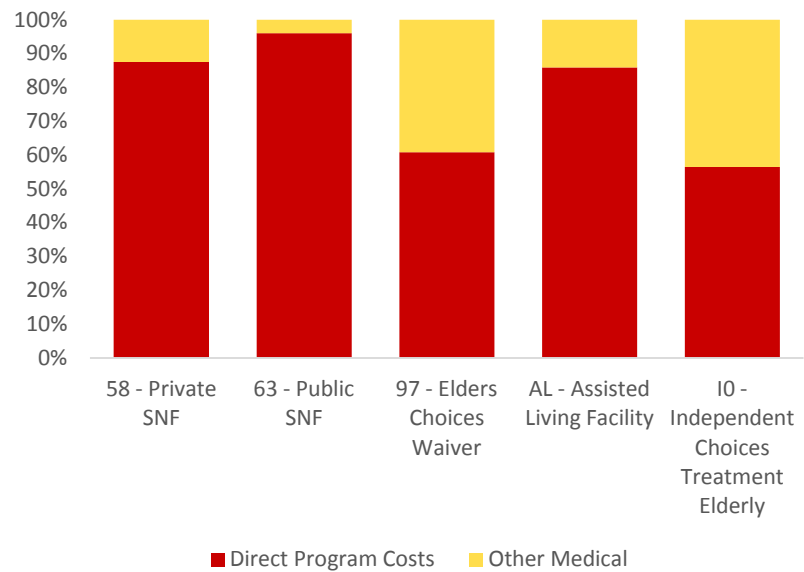
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# Halo Effect Accounts for Significant Costs for in Each Type of Elder LTSS

Elder Care Program Costs



Elder Care Program Costs



Note: TSG analysis of data covering calendar 2014



# Average Number of Elders in Care on Any Given Month Billing Medicaid

|  | Average<br>2014 | Member<br>Months |
|--|-----------------|------------------|
| 2014 Elder Headcount (mid-month)           |                 |                  |
| H1 - Hospice                               | 140             | 1,679            |
| 59 - Private SNF Crossover                 | 1,582           | 18,982           |
| H2 - Nursing Home Hospice                  | 604             | 7,248            |
| 63 - Public SNF                            | 237             | 2,848            |
| 58 - Private SNF                           | 11,544          | 138,530          |
| 97 - Elders Choices Waiver                 | 4,661           | 55,931           |
| 10 - Independent Choices Treatment Elderly | 1,853           | 22,230           |
| 53 - Personal Care - Regular               | 11,674          | 140,092          |
| AL - Assisted Living Facility              | 775             | 9,299            |

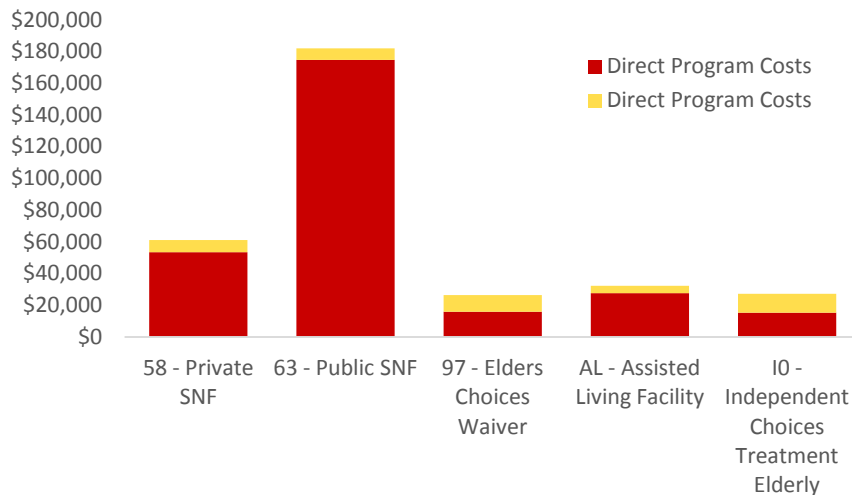
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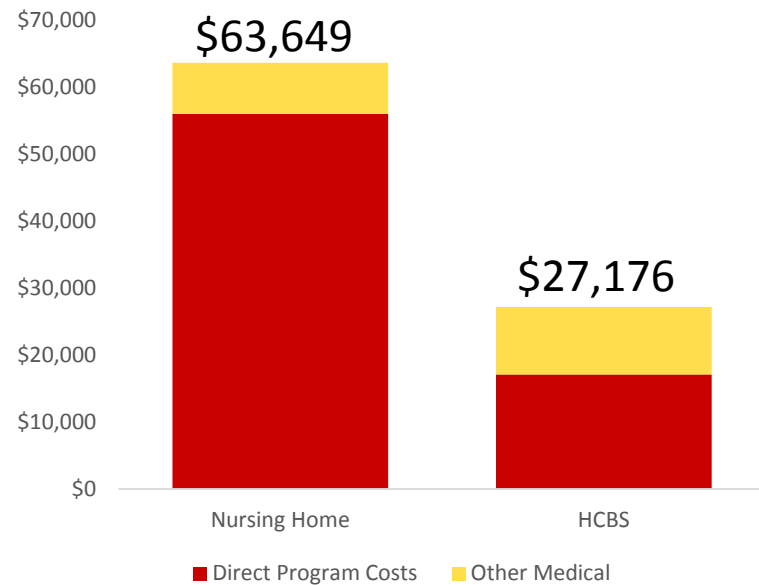
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# Nursing Home Costs are Twice as Much as HCBS

Elder per Capita Care Program Costs



Per Capita Elder Care Costs: Nursing Home compared to HCBS



Note: TSG analysis of data covering calendar 2014

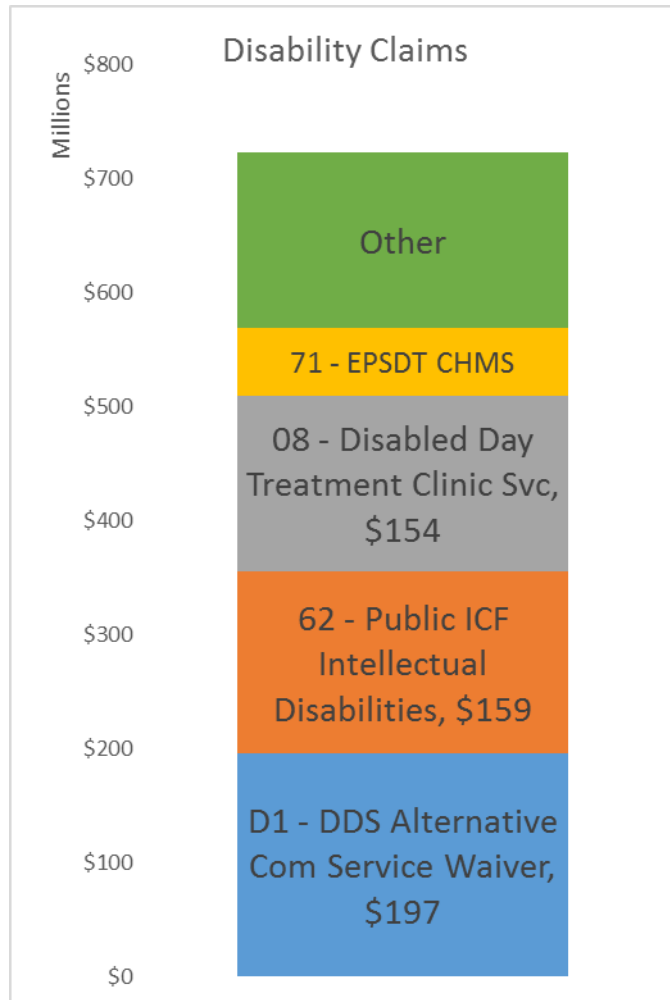
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# Developmental Disabilities

- DD beneficiaries account for \$900 million, 23% of traditional Medicaid
- Institutional DD including Halo effect costs Medicaid 2 – 3 times the cost of each HCBS program
- Of that \$900 Million, approximately \$190 million is spent on Children's services

# Disability Includes Many Services for the Physically and Cognitively Disabled



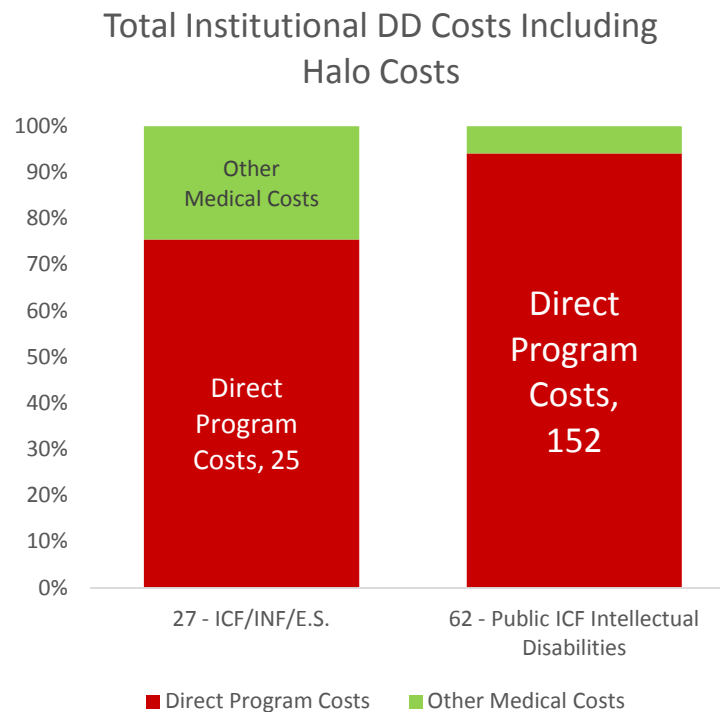
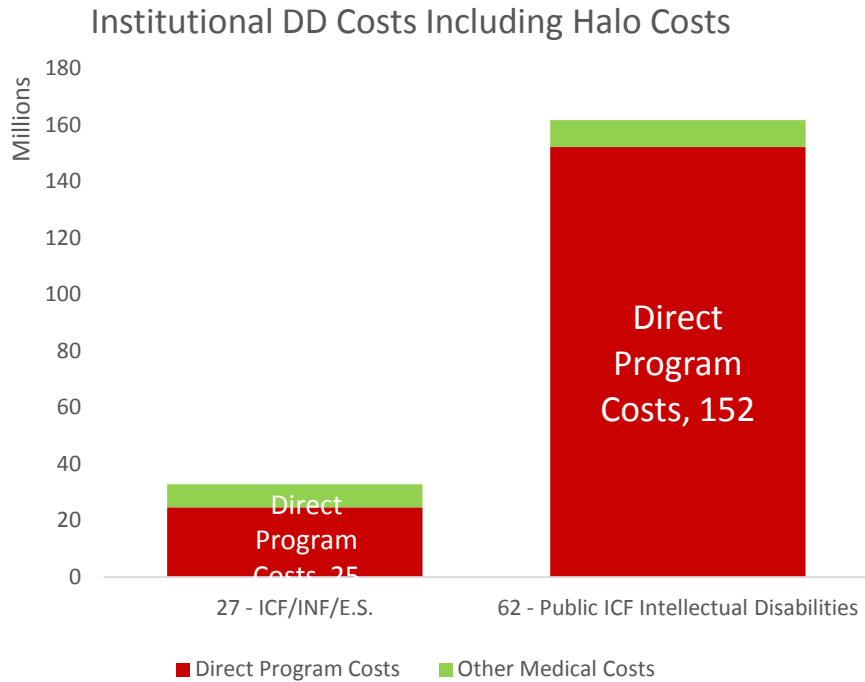
|   |               |
|---|---------------|
| D1 - DDS Alternative Com Service Waiver     | \$196,507,980 |
| 62 - Public ICF Intellectual Disabilities   | \$158,927,868 |
| 08 - Disabled Day Treatment Clinic Svc      | \$154,045,712 |
| 71 - EPSDT CHMS                             | \$59,971,536  |
| 27 - ICF/INF/E.S.                           | 24,594,450    |
| 15 - EPSDT Screening                        | 18,511,306    |
| E4 - Speech and Language Therapy - CHMS     | 16,084,798    |
| T7 - DDTCS Transportation                   | 15,502,254    |
| E3 - Occupational Therapy - CHMS            | 12,873,920    |
| E2 - Physical Therapy - CHMS                | 11,201,996    |
| D7 - Rehab Services School Based CHMS       | 9,917,245     |
| C7 - Speech and Language Therapy School Ba  | 9,345,225     |
| C6 - Occupational Therapy School Based Only | 8,085,287     |
| C5 - Physical Therapy School Based Only     | 4,583,060     |
| 14 - EPSDT Immunizations                    | 4,180,774     |
| I1 - Independent Choices Trtmnt Young Disab | 3,254,075     |
| AW - Autism Intensive Intervention Provider | 2,711,720     |
| 95 - EPSDT Orthotic Appliances              | 2,442,558     |
| D3 - Developmental Rehab Services           | 1,783,671     |
| D4 - DYS Rehab Services                     | 1,712,937     |
| 88 - Inpatient AR Teaching Crossover        | 1,649,498     |
| 72 - EPSDT Podiatry                         | 1,396,968     |
| C9 - Personal Care - School Based           | 1,124,608     |
| 93 - EPSDT DMS Expansion                    | 1,050,666     |
| RC - RSPD/ Residential Rehab Center         | 832,738       |
| T4 - TCM/DYS                                | 741,476       |
| I3 - Independent Choices New Trtmnt Yng Dsl | 384,601       |
| 80 - Therapy School District/ Esc Group     | 74,989        |
|   | 723,493,917   |

Note: TSG analysis of data covering calendar 2014

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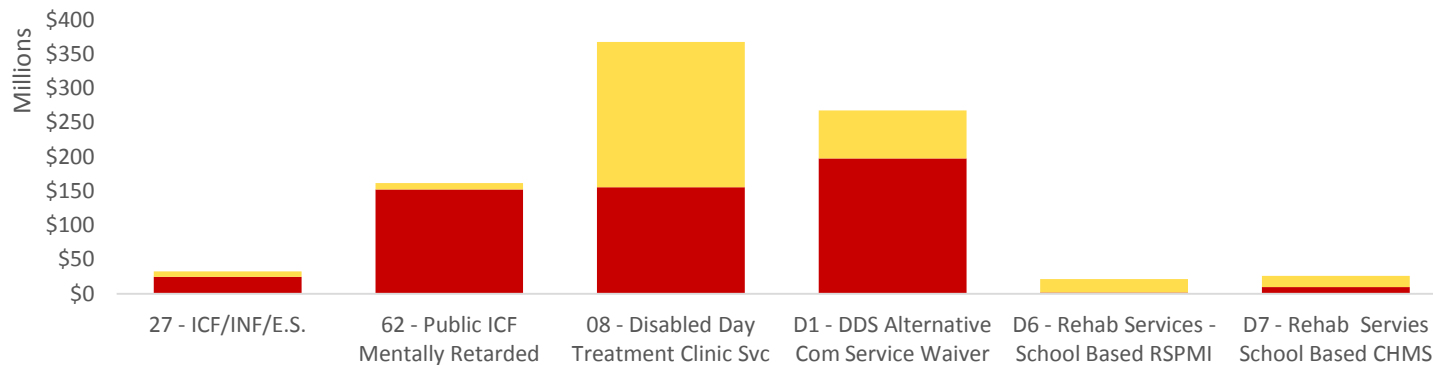
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# Institutional DD: Direct and Halo Costs

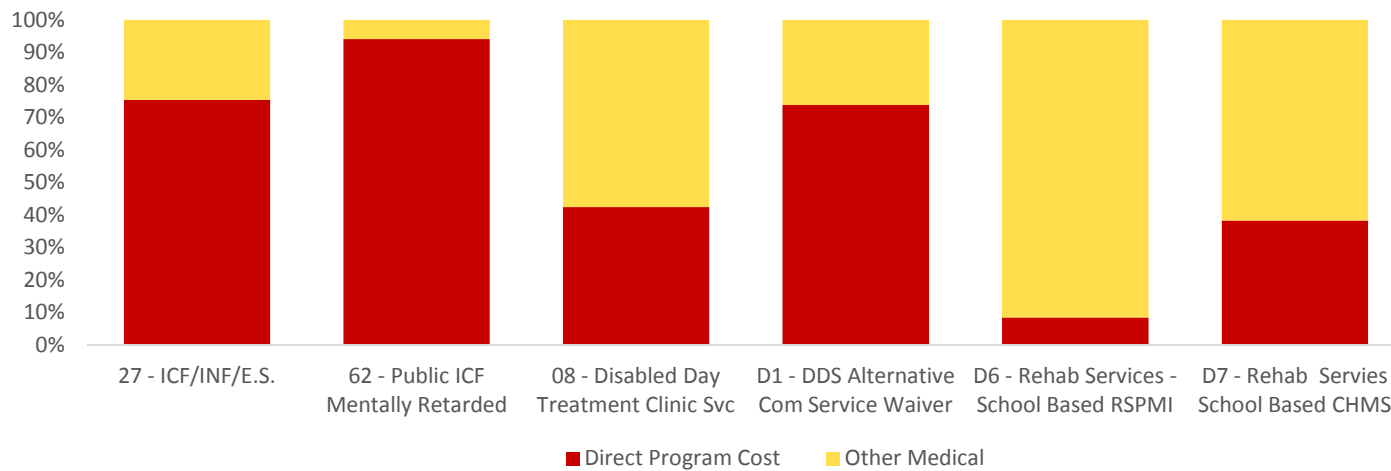


# DD HCBS: Direct and Halo Costs by Program

DD Program Costs



DD Program Costs



■ Direct Program Cost    ■ Other Medical

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# Average Number of People in DD Care on Any Given Month Billing Medicaid

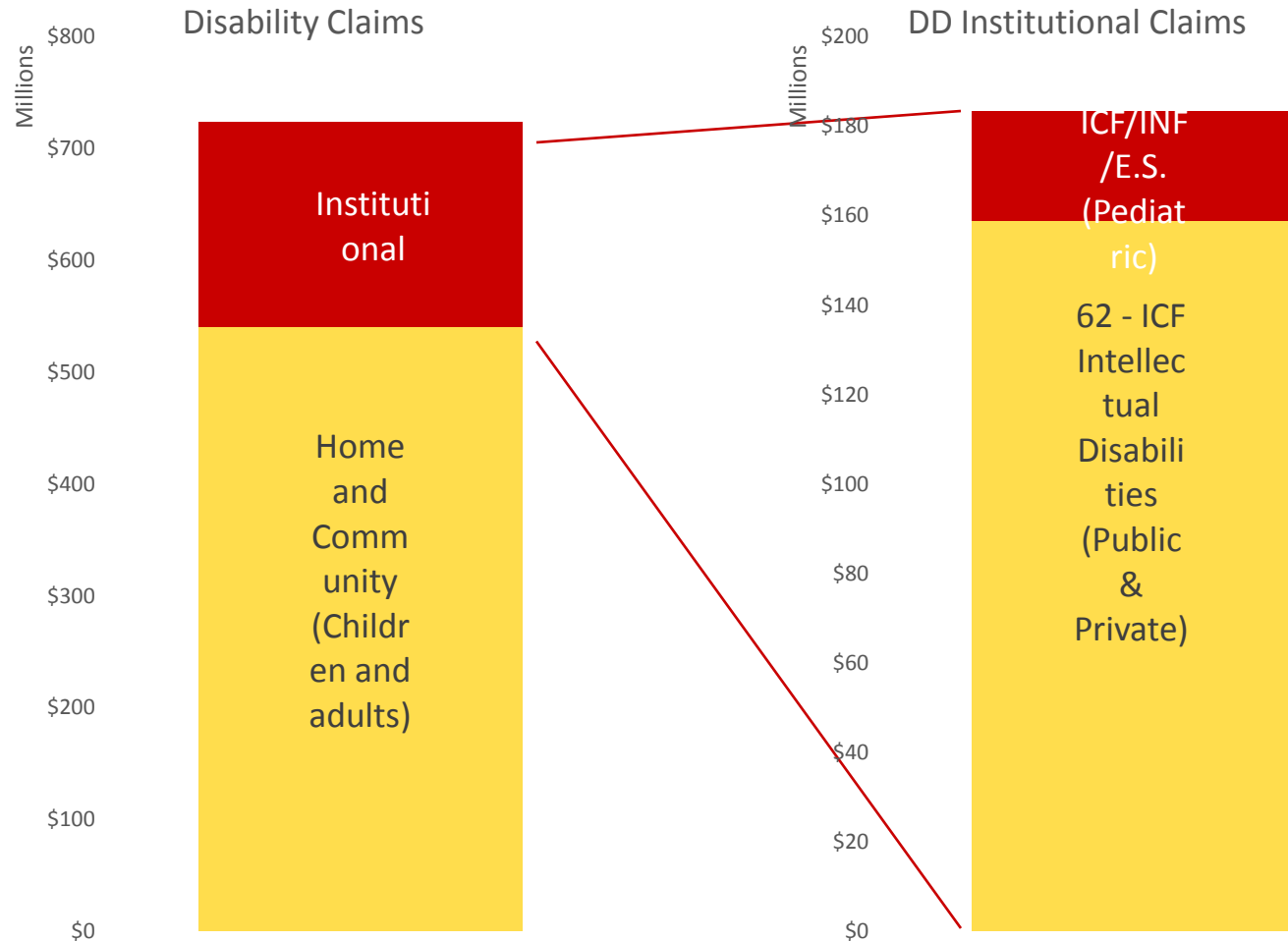
|  | Average 2014 | Member Months |
|--|--------------|---------------|
| DD Waiver--headcount                     |              |               |
| 08 - Disabled Day Treatment Clinic Svc   | 10,122       | 121,463       |
| 71 - EPSDT CHMS                          | 4,262        | 51,144        |
| D1 - DDS Alternative Com Service Waiver  | 3,886        | 46,634        |
| D6 - Rehab Services - School Based RSPMI | 482          | 5,783         |
| D7 - Rehab Services School Based CHMS    | 573          | 6,307         |
| E7 - Speech and Language Therapy - RSPMI | 25           | 252           |
|  |              |               |
| 2014 Headcount                           | Average 2014 | Member Months |
| 27 - ICF/INF/E.S. - Pediatric            | 202          | 2,418         |
| 62 - ICF Intellectual Disabilities       | 1,238        | 14,853        |
| Total Institutional                      | 1,439        | 17,271        |

Note: TSG analysis of data covering calendar 2014

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# Public and Private Institutions (ICF/DD) Account for 25% of All DD Cost Including Children and Adults



Note: TSG analysis of data covering calendar 2014

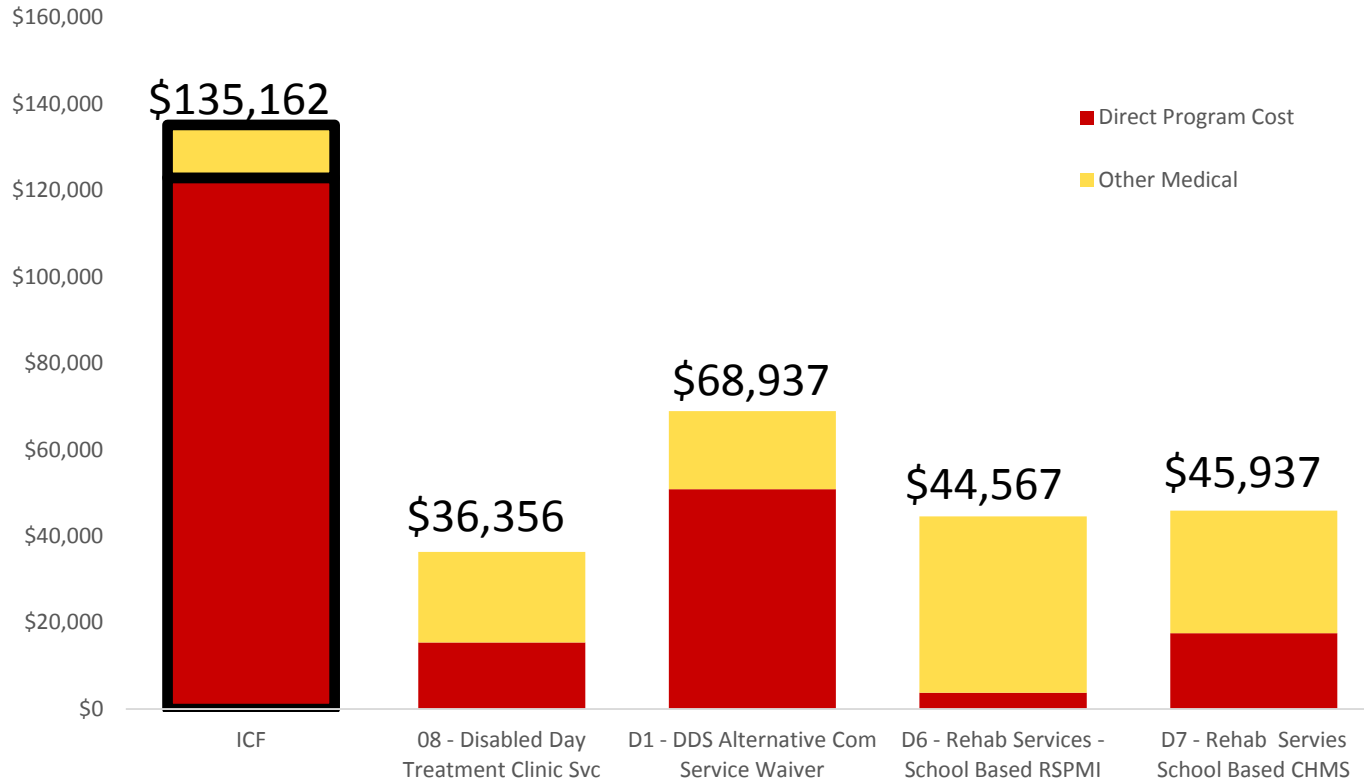
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# Institutional DD with Direct Costs and Halo Costs are Twice HCBS

Per Capita DDCosts: ICF/DD compared to HCBS



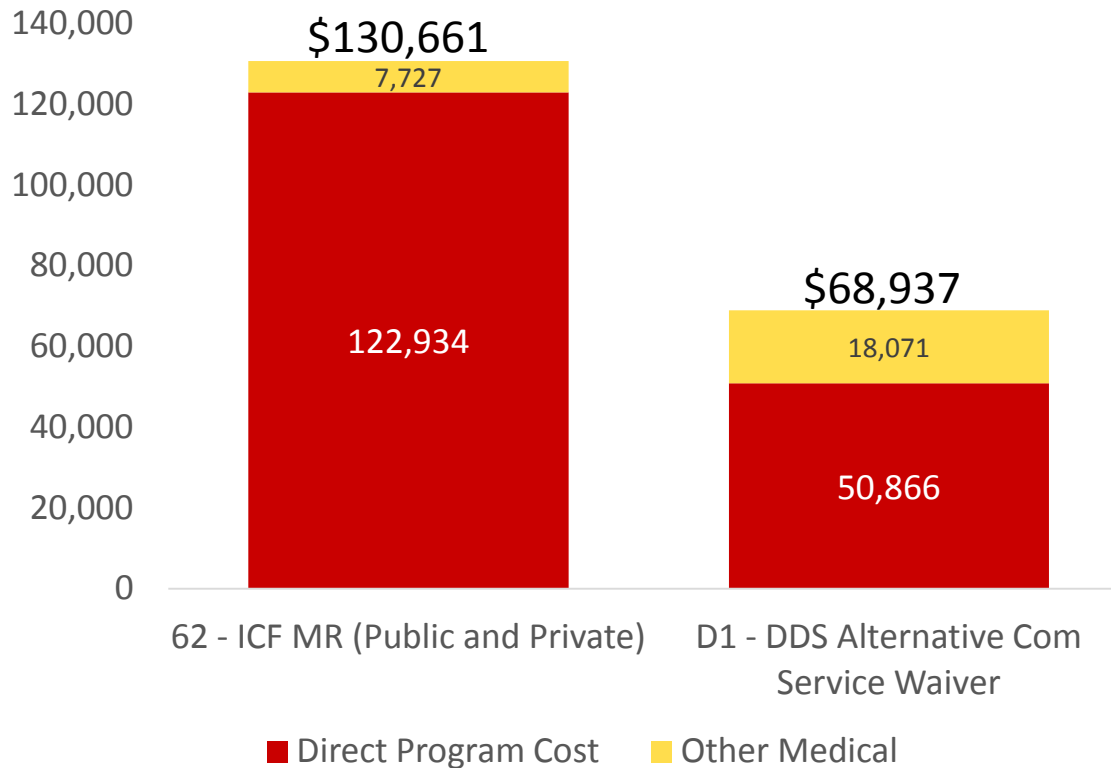
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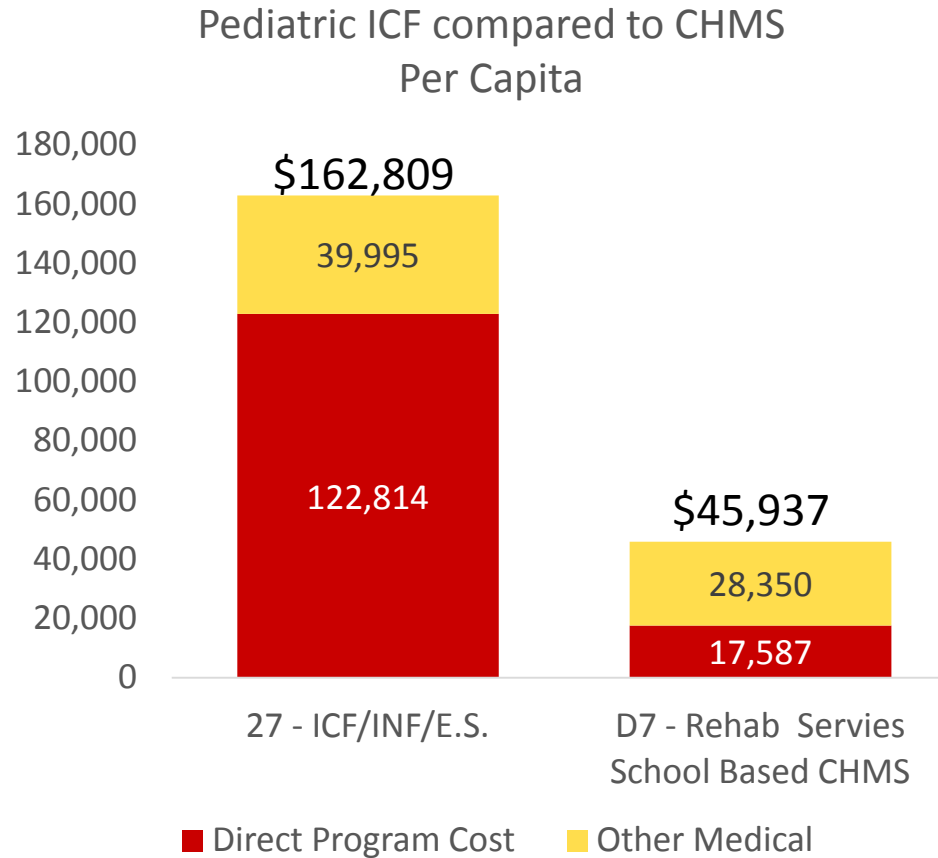
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# Comparing per Person Adult ICF to Community Waiver

ICF/MR compared to Community Waiver--Per Capita

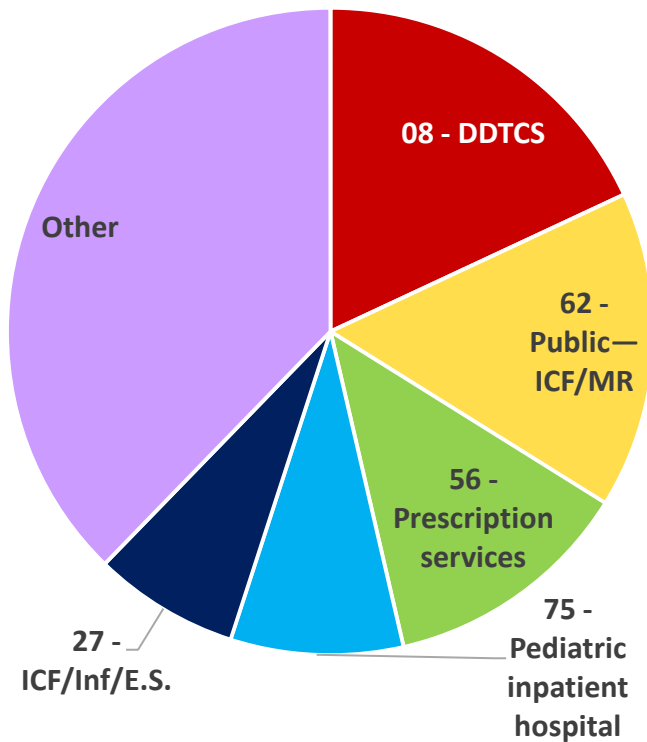


# Comparing per Person Pediatric ICF to CHMS



# There are 2,640 people on the Adult DD Waitlist. Many are Receiving Some Services

Medicaid Claims for Wait-listed Beneficiaries

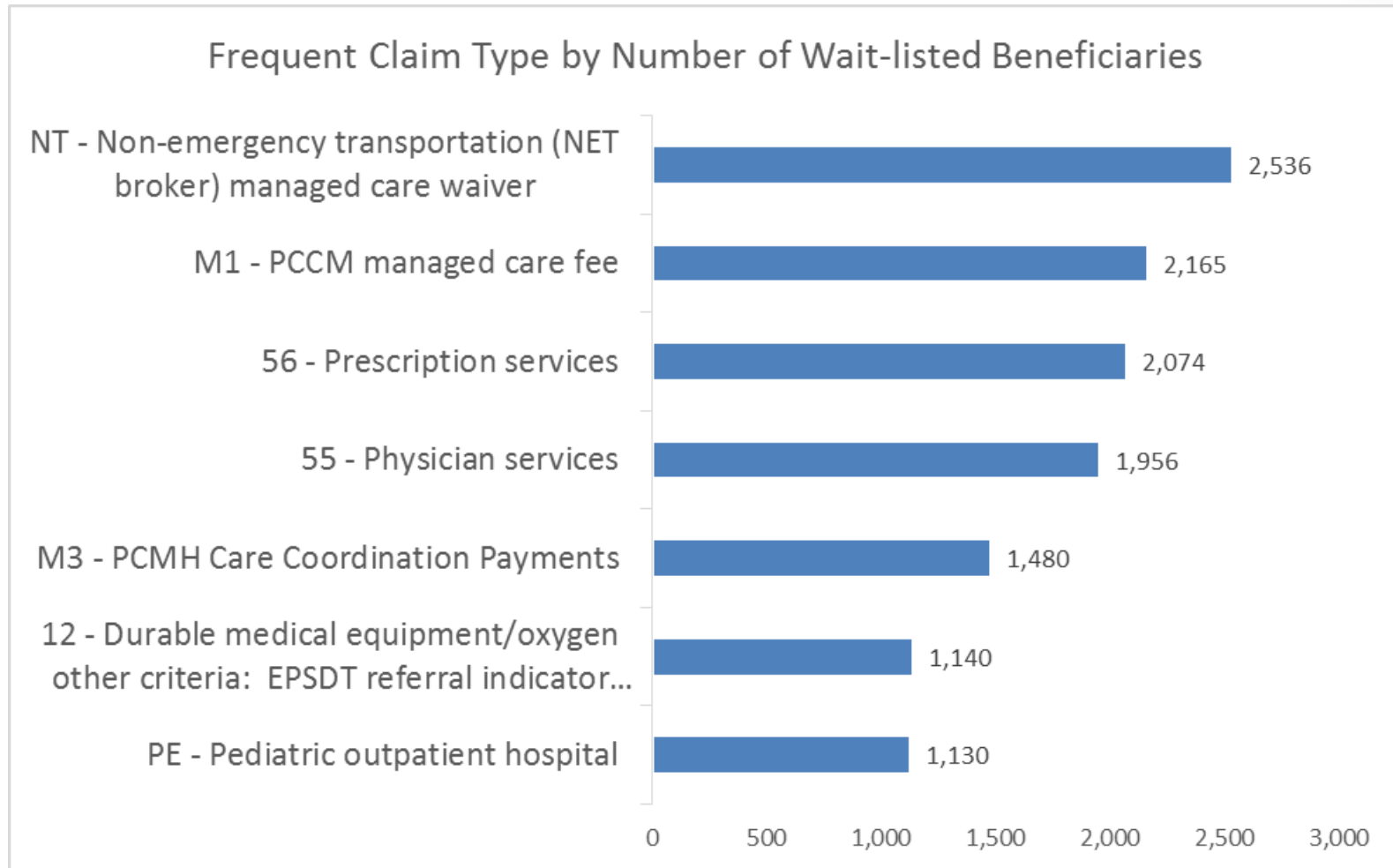


|   | Claims Total      | Beneficiaries |
|---|-------------------|---------------|
| 08 - DDTCS                                  | 5,776,912         | 779           |
| 62 - Public—ICF/MR                          | 5,065,694         | 52            |
| 56 - Prescription services                  | 3,997,213         | 2,074         |
| 75 - Pediatric inpatient hospital           | 2,754,106         | 193           |
| 27 - ICF/Inf/E.S.                           | 2,331,912         | 31            |
| 73 - Private duty nursing EPSDT             | 1,249,047         | 21            |
| 12 - Durable medical equipment/oxygen       | 1,121,738         | 1,140         |
| T7 - DDTCS transportation                   | 904,083           | 425           |
| L4 - APD Agency Attendant Care, Co-Employer | 888,025           | 42            |
| B5 - Speech and Language Therapy General    | 765,035           | 491           |
| 33 - Inpatient Psychiatric U21              | 718,402           | 47            |
| 53 - Personal Care - Regular                | 668,448           | 231           |
| Other                                       | 5,753,848         |               |
| <b>Total</b>                                | <b>31,994,462</b> | <b>2,640</b>  |

Note: TSG analysis of data covering 1/1/2014-6/30/2015: annualized by 12/18 months

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# Most Frequent Types of Claims for Wait-Listed Beneficiaries



Note: TSG analysis of data covering 1/1/2014-6/30/2015

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# Example of Waitlist Beneficiary Claims

|   |                    |
|---|--------------------|
| 12 - Durable medical equipment/oxygen other criteria: EPSDT referral indicator equals no. | \$7,125.36         |
| C5 - Physical Therapy School Based Only   | \$6,760.16         |
| C6 - Occupational Therapy School Based Only   | \$5,147.20         |
| 56 - Prescription services  | \$5,135.88         |
| C7 - Speech and Language Therapy School Based Only  | \$4,330.24         |
| 08 - DDTCS  | \$1,266.36         |
| 95 - Orthotic appliances EPSDT. Other criteria: TOS = 6                                   | \$1,066.90         |
| 55 - Physician services   | \$543.65           |
| PE - Pediatric outpatient hospital  | \$503.00           |
| 70 - Surgery  | \$383.36           |
| 02 - Ambulance  | \$322.75           |
| T1 - TCM/CMS  | \$268.36           |
| 04 - Audiologist – General  | \$109.23           |
| 80 - Therapy school district/ESC group  | \$98.88            |
| NT - Non-emergency transportation (NET broker) managed care w aiver                       | \$76.01            |
| 51 - Outpatient hospital  | \$61.57            |
| M3 - PCMH Care Coordination Payments  | \$57.18            |
| 15 - EPSDT screenings With Other Criteria:  | \$56.41            |
| M1 - PCCM managed care fee  | \$54.00            |
| 14 - EPSDT immunizations with Other Criteria:   | \$9.56             |
|   | <b>\$33,376.06</b> |

|   |                    |
|---|--------------------|
| L1 - APD Attendant Care   | \$23,677.92        |
| 08 - DDTCS  | \$12,783.60        |
| 12 - Durable medical equipment/oxygen other criteria: EPSDT referral indicator equals no. | \$2,871.30         |
| T7 - DDTCS transportation   | \$2,460.60         |
| L6 - APD Counseling Case Management   | \$1,190.00         |
| 45 - Oral surgery—physicians codes  | \$611.80           |
| 54 - Physician crossovers   | \$231.28           |
| NT - Non-emergency transportation (NET broker) managed care w aiver                       | \$138.34           |
| 44 - Optometrist/ocularist  | \$49.22            |
| 16 - Eyeglasses   | \$25.00            |
| 49 - Other practitioner crossovers  | \$19.75            |
|   | <b>\$44,058.81</b> |

# Key Facts to Consider When Allocating Funds for Wait List Removal

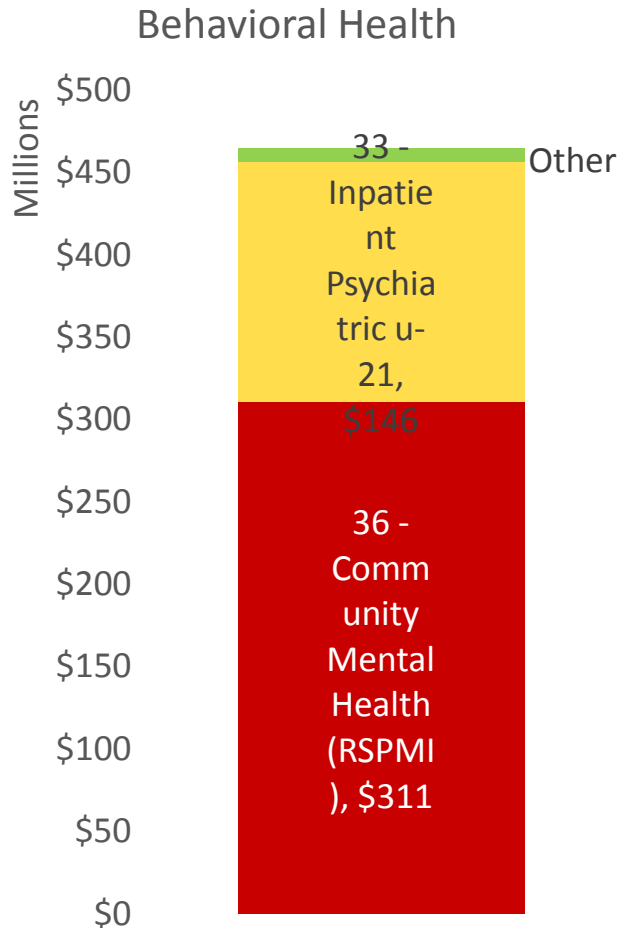
- Ensure that funding requested takes into consideration the cost of community services that are already being rendered
- Ensure that payment for “supportive living” is appropriate
- Ensure right service, right time and right place – reason why the standardized assessment is so important to the entire LTSS system
- Question whether the 20% administrative costs for providers is appropriate – (incentives not always aligned with needs)
- Can the 4265 Waiver cap be eliminated under a more global Section 1115 Waiver without costing more
- Global 1115 Waiver could integrate “supportive living” and “supportive employment” with flexibility to meet needs

# Behavioral Health

- RSPMI and Inpatient Psych account for \$900 million, 22% of traditional Medicaid
- Total claims for RSPMI are twice those for In-Patient Psych, although average RSPMI claims are less than 1/10<sup>th</sup> average In-Patient Psych claims
- RSPMI is not a tradeoff for In-Patient Psych. Actually, high RSPMI is connected with even higher In-Patient Psych
- A few beneficiaries account for a large share of RSPMI



# Behavioral Health is Largely RSPMI and Inpatient Psych (under 21)



## Behavioral Health

|  |               |
|--|---------------|
| 36 - Community Mental Health (RSPMI)       | \$310,700,134 |
| 33 - Inpatient Psychiatric u-21            | \$145,777,457 |
| 81 - Psychologist                          | 1,760,192     |
| L6 - APD Counseling Case Management        | 1,751,957     |
| D6 - Rehab Services - School Based RSPMI   | 1,643,147     |
| 32 - Inpatient Psychiatric Crossover u-21  | 1,527,431     |
| L2 - APD-Environmental Adaptations         | 753,915       |
| 82 - Therapy Individual/Regular Crossover  | 324,484       |
| SO - Sexual Offender Program               | 146,952       |
| L5 - APD Traditional Agency Attendant Care | 146,646       |
| SA - Substance Abuse Treatment Services    | 77,408        |
| T6 - School-Based Mental Health Services   | 38,516        |
| E7 - Speech and Language Therapy - RSPMI   | 38,270        |

## Calendar 2014

|                      |
|----------------------|
| \$310,700,134        |
| \$145,777,457        |
| 1,760,192            |
| 1,751,957            |
| 1,643,147            |
| 1,527,431            |
| 753,915              |
| 324,484              |
| 146,952              |
| 146,646              |
| 77,408               |
| 38,516               |
| 38,270               |
| <b>\$464,686,509</b> |

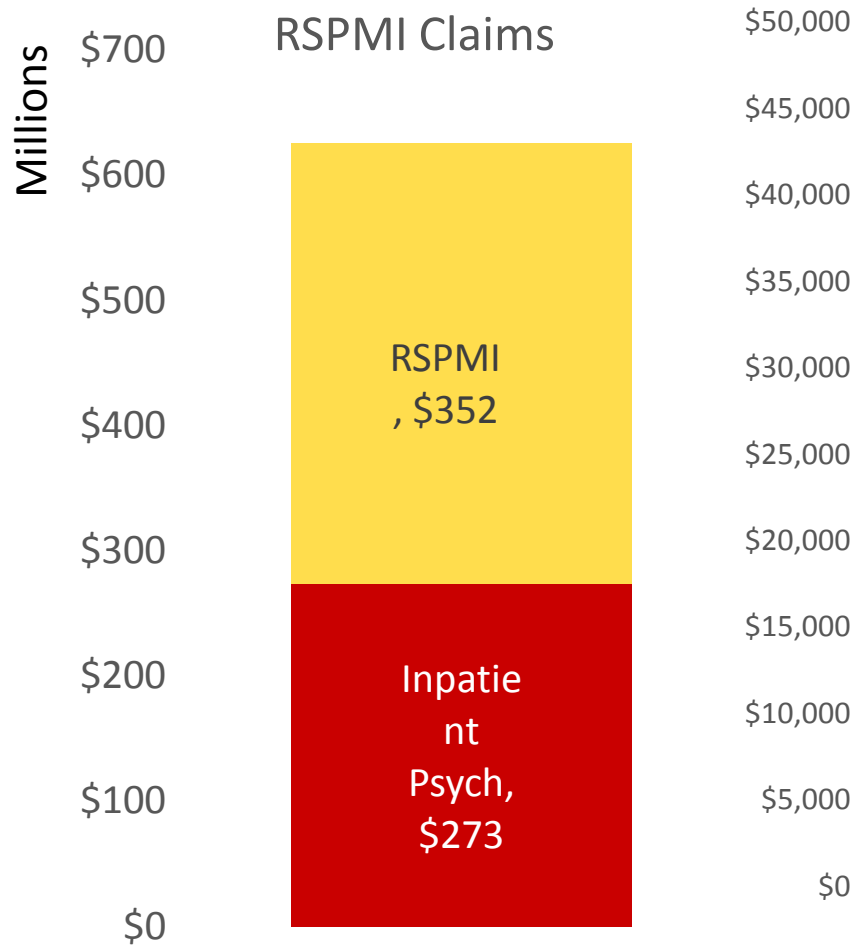
Note: TSG analysis of data covering calendar 2014

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# While More is Claimed for RSPMI, Average Inpatient Psych is Much Higher

Total Inpatient Psych and RSPMI Claims

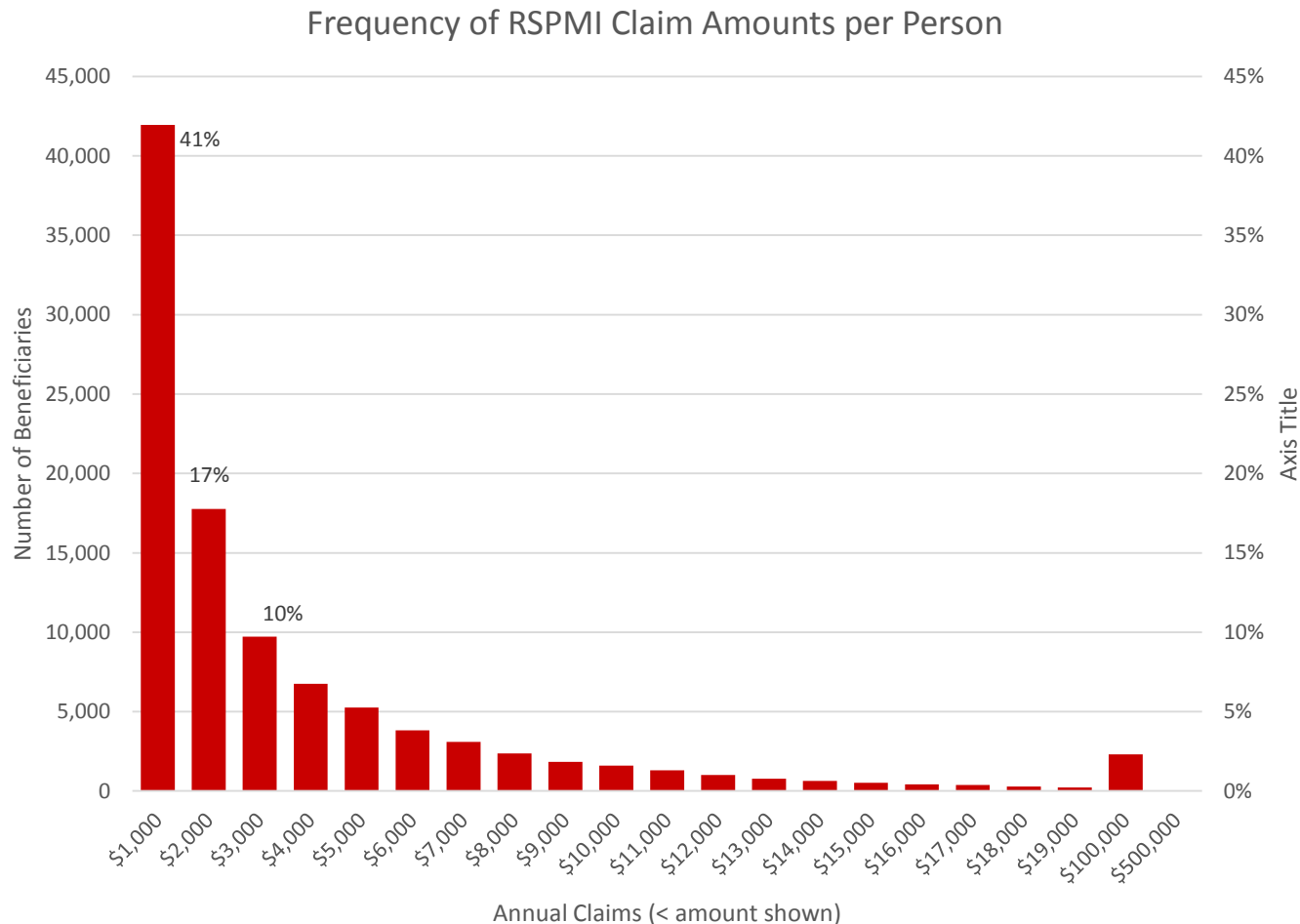


Average Claims per Person



Note: TSG analysis of data covering calendar 2014

# Most Beneficiaries Claimed Less than \$1,000 in 2014 for RSPMI



Note: TSG analysis of data covering calendar 2014

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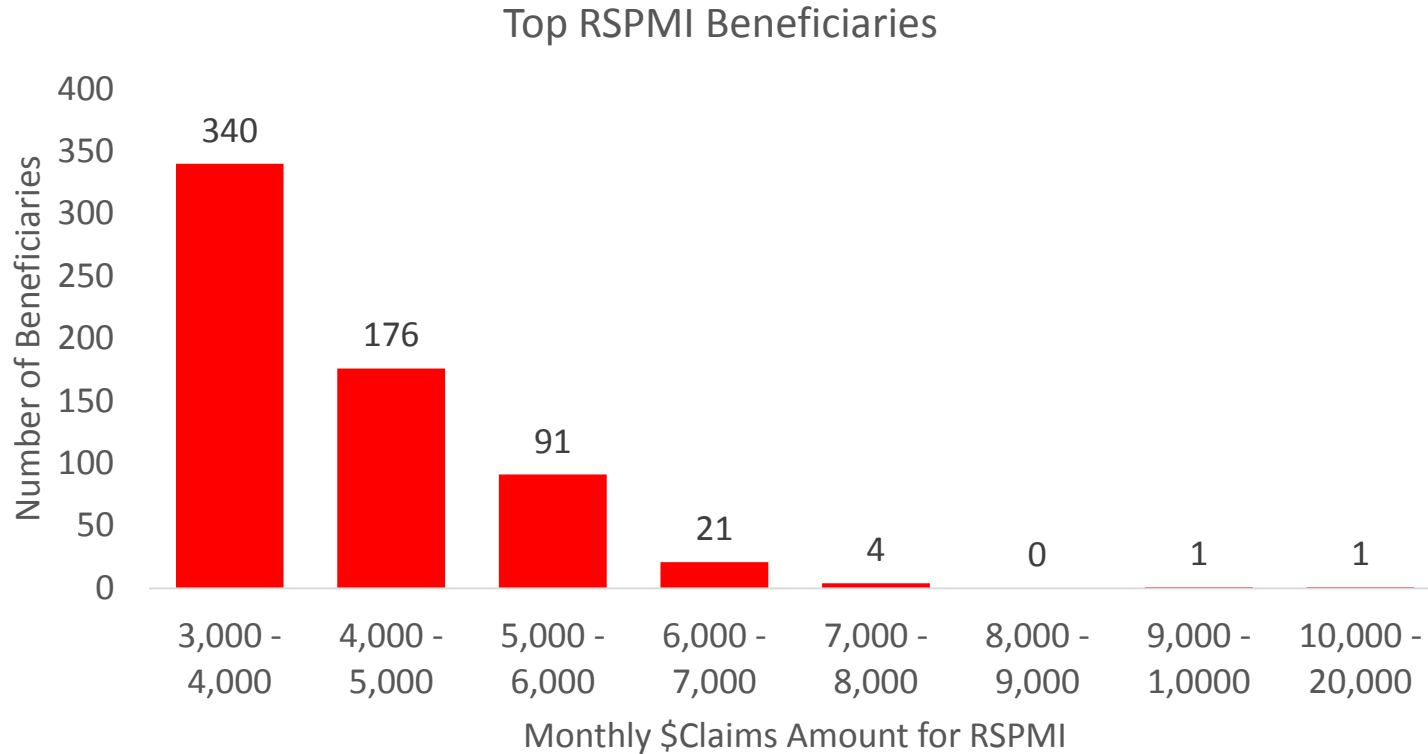
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# Top Quartile RSPMI Beneficiaries Claim 75% of RSPMI and 56% of IP Psych

|                 | Average Claims Amount |                       |                       | Total of Claims |      |              |    |               |     |
|-----------------|-----------------------|-----------------------|-----------------------|-----------------|------|--------------|----|---------------|-----|
|                 |                       |                       |                       | Overall         |      | 1st Quartile |    | 4th Quartile  |     |
|                 | Overall Average       | 1st Quartile of RSPMI | 4th Quartile of RSPMI | Amount          | %    | Amount       | %  | Amount        | %   |
| RSPMI           | \$3,878               | \$281                 | \$11,587              | \$351,570,340   | 100% | \$6,382,127  | 2% | \$262,621,236 | 75% |
| Inpatient Psych | \$44,900              | \$105                 | \$47,083              | \$273,351,105   | 100% | \$9,913,512  | 4% | \$152,312,848 | 56% |

Low-level RSPMI beneficiaries use little IP Psych;  
High-level RSPMI beneficiaries claim a lot of IP Psych

# 634 Beneficiaries Claim More than \$100 RSPMI per Day, Totaling \$32 MM



Note: TSG analysis of data covering calendar 2014

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# Community First Choice Option: 1915 (k): ACA Section 2401

- Optional new state flexibility in providing HCBS services
- CFCO is a state plan amendment resulting in an entitlement
- Provides states enhanced 6% FMAP for “amounts expended under section 1915 (k)”
- Is not a “pass” on Olmstead related requirements
- No prohibition from individuals receiving 1915 (c), Money Follows the Person, and CFC services at the same time

# Community First Choice Option

- Permits states to combine three 1915 (c) waiver populations under 1915 (k) state plan amendment
- Maintenance of Effort in first year must maintain same amount or exceed spending in prior 12 month period before CFCO start date
- CMS estimated 25 states would choose CFCO option; to date 6 states have started CFCO
- SPAs do not expire; to change or eliminate an existing SPA requires a modified SPA request for CMS approval
- CMS must submit evaluation report on the effectiveness, impact, and comparative costs of CFCO to Congress on 12/31/15
- States can design HCBS services similar to CFCO under an 1115 waiver that does not result in a new entitlement (e.g. TennCare)

# States that have implemented CFCO

- California: 7/1/2013: Limits services to 283 hours per month
- Maryland: 1/1/2014: Cost caps on non-HCBS services (home delivered meals; assistive technology, environmental assessments)
- Montana: 10/1/2013: Limits attendant services to 84 hours every two weeks; IADL services not to exceed 1/3<sup>rd</sup> total CFC hours or 10 hours per two week period; skills acquisition not to exceed 25 hours every three months
- Oregon: 7/1/2013: Cost caps on home modifications and assistive technology; 18 outcome measures



# States that have implemented CFCO

- Washington: 8/30/2015: Functional eligibility for Personal Care is higher; reinvest savings to address DD waiting list
- Texas: 6/1/2015: Retained existing Personal Care and 1915 (c) waivers for I/DD population; persons receiving HCBS (c) services through Star Plus managed care ineligible for CFCO