

Analysis

Item 15: Department of Human Services

Intellectual and Developmental Disabilities

Analyst: Laurie Byerly

Request: Acknowledge receipt of a report on agency efforts to curb costs and manage the Intellectual and Developmental Disabilities' budget.

Analysis: The budget report for SB 5526, the primary 2017-19 budget bill for the Department of Human Services (DHS), included a budget note directing DHS to report, at each interim meeting, on efforts to curb costs in the Intellectual and Developmental Disabilities (IDD) program.

The program's 2017-19 budget included a \$12 million General Fund reduction that was initially expected to be met by implementing a new assessment tool and other actions. Because associated savings were taking longer than expected, in February 2018 the Legislature approved a revised plan to meet the target. The plan spends less on housing maintenance contracts and rent subsidies; reduces ability to respond to volatility in cost per case; and leverages enhanced federal match for system work. This last component required federal approval and has been delayed. However, IDD still expects to meet the reduction target through some caseload and cost per case savings.

The program continues to work on federal waiver changes, strategic planning, legal issues, and other efforts to help address budget sustainability. The Oregon Needs Assessment (ONA) was implemented in a limited capacity starting July 1, 2018. Under agreement arising from a lawsuit, current use of the ONA does not affect rates, or the number of service hours approved for individuals. Work on how to group people according to need levels and assign corresponding rates or service hours is ongoing; the program expects to have enough assessment data available by the end of 2019 to begin aligning in-home service hours with need.

DHS is working with stakeholders on these and other initiatives, including a strategic plan that was finalized in spring 2018. The plan includes five strategic goals, with program sustainability and person-centered services as key considerations.

Legislative Fiscal Office Recommendation: Acknowledge receipt of the report.

15
Department of Human Services
Brickman

Request: Report on the implementation progress of the Office of Developmental Disabilities Services, Legislatively directed budget reductions and other actions to ensure long-term sustainability of the Intellectual/Developmental Disabilities (I/DD) program, as required by a Senate Bill 5526 (2017) Budget Note.

Recommendation: Acknowledge receipt of the report.

Discussion: During the 2017 Legislative Session, the budget report for Senate Bill 5526 included the following Budget Note directed to the Department of Human Services (DHS):

“The recommended budget includes a generic program reduction of \$12 million General Fund in lieu of more specific actions to curb program costs. While the Department has been working on sustainability options to offset program growth (primarily driven by the Community First Choice Option or “K Plan”) over the past two years, the results of that work has been met with a lukewarm response by the Legislature. Recently, it appears there might be other, more tenable program modification alternatives that would, however, require additional time to develop with and receive approval from the federal Medicaid authority. DHS is directed to pursue these alternatives, take management actions to suppress program spending, and implement the new assessment/planning process currently under development, no later than June 1, 2018. At each interim meeting, the Department will provide a status update on both these efforts and the program’s budget.

The program is hoping to achieve budget savings without having to make changes to the parental income disregard” or other eligibility criteria. However, if the target cannot be met by other actions, the program should consider and bring forward eligibility changes for legislative review and approval during the 2017-19 biennium. In addition, prior to taking any action that would close state operated residential facilities, the Department will report on its plan for that closure at the appropriate interim meeting; along with budget impacts, the report will include a description of how the closure will affect residents ,providers, and employees.”

This is the Department's sixth interim report on these issues. The Department last presented a report to the Emergency Board in September 2018, which was added to the consent agenda. Prior to the 2017 Legislative Session, the Department was working under a Budget Note within their 2015-17 budget (House Bill 5026 (2015)) and a Budget Note in Senate Bill 5701 (2016) to address sustainability of this program, as well as in the Aging and People with Disabilities (APD) program, and to cap the growth of these programs at 10 percent. DHS contracted with The Lewin Group to produce an independent study for potential recommendations to make both the APD and the I/DD programs more sustainable.

During the 2015-17 biennium, changes were made to both programs to address sustainability. In September 2016, a reduction in the hours assessed for I/DD clients was implemented, for which a lawsuit was brought against the Department. In July 2017, the Department restored the reductions made and the judge in the case approved the stay on the case through June 2018, while DHS works with Disability Rights Oregon and other stakeholders to implement a new

single assessment tool. The Department currently uses several assessment tools for the different services a person may use.

As previously reported, plans to help address the sustainability of the program involves the development of one uniform assessment tool, the Oregon Needs Assessment (ONA) for potential I/DD clients, called the Compass project. The Department contracted with Mission Analytics for development of this tool and launched a pilot in 2016-17. Once completely implemented, the goal is for ONA to be used to establish service level groups within the I/DD client population, which will help the authorization of service amounts and rates.

Subsequent to November 2017, a group of stakeholders asked, and the Department agreed to contract with a university to review the reliability and validity of the analysis Mission Analytics completed for the ONA. This review was completed by the Oregon Health and Sciences University (OHSU). OHSU determined the approach used to develop the ONA and the testing methodology used by Mission Analytics Group, Inc. “were rooted in best practice and were appropriate.” OHSU noted concerns on reliability of the ONA for use with children, but recommends DHS address the gap through continuing quality assurance checks during the implementation. DHS implemented the ONA in a limited capacity beginning July 1, 2018. The ONA is being conducted for all individuals receiving Medicaid funding for I/DD services. The ONA does not impact the rates or the amount of in-home service hours individuals may receive. The Department continues to work with the Human Services Research Institute (HSRI) to develop the framework for developing the process of grouping people, through using the ONA, into service levels and allocating in-home hours.

The Department also submitted amendments to the Centers for Medicare and Medicaid Services (CMS) to streamline its Waiver programs into separate adult and children waivers, effective July 1, 2018. This will allow for a more simplified approach to developing services to children and adults in the future.

With respect to providing an update on actions the Department has taken to meet the legislatively directed generic \$12 million General Fund reduction for this program, the Department has identified and implemented several actions to reach the target. Some of those actions are one-time in nature (i.e. cost per case savings) and will not necessarily extend into the 2019-21 biennium. The actions are:

- \$1.3 million reduction in rent subsidies and Developmentally Disabled Community Housing contracts, based on the lack of need for these services;
- \$10.7 million in combined cost per case and/or caseload savings and receiving better federal match on certain activities.

DHS worked with a facilitator to develop a “strategic vision” for the I/DD service delivery system. The plan became final during the Spring of 2018. The plan outlines the mission, values and goals for the next two to five years.



Oregon

Kate Brown, Governor

Department of Human Services

Office of the Director

500 Summer St. NE, E-15

Salem, OR 97301

Voice: 503-945-5600

Fax: 503-581-6198

October 29, 2018

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048



Re: Update on 2017-19 Legislatively Adopted Budget (LAB) and 2017 Budget Note

Dear Co-Chairpersons:

Nature of the Report

The DHS Office of Developmental Disabilities Services (ODDS) is presenting this update to the Emergency Board on the progress to implement ODDS budget, legislatively directed budget reductions, and other actions to ensure long-term sustainability of the I/DD program.

Budget Note:

Intellectual and Developmental Disabilities - The recommended budget includes a generic program reduction of \$12 million General Fund in lieu of more specific actions to curb program costs. While the Department has been working on sustainability options to offset program growth (primarily driven by the Community First Choice Option or "K Plan") over the past two years, the results of that work have been met with a lukewarm response by the Legislature. Recently, it appears there might be other more tenable program modification alternatives that would, however, require additional time to develop with and receive approval from the federal Medicaid authority. DHS is directed to pursue these alternatives, take management actions to suppress program spending, and implement the new assessment/planning process currently under development, no later than June 1, 2018. At each interim meeting, the Department will provide a status update on both these efforts and the program's budget.

The program is hoping to achieve budget savings without having to make changes to the "parental income disregard" or other eligibility criteria. However, if the target cannot be met by other actions, the program should consider and

"Assisting People to Become Independent, Healthy and Safe"

bring forward eligibility changes for legislative review and approval during the 2017-19 biennium. In addition, prior to taking any action that would close state operated residential facilities, the Department will report on its plan for that closure at the appropriate interim meeting; along with budget impacts, the report will include a description of how the closure will affect residents, providers, and employees.

Agency Actions

Over the past several years ODDS has been working with its stakeholders to develop and implement strategies to stabilize and improve the I/DD service delivery system. The strategies have been aimed at achieving a more objective, transparent, and equitable use of resources to meet the needs of individuals with I/DD while achieving long-term sustainability for the overall system. These actions also fulfill legislative directives to develop a single needs assessment, bend the cost curve for the I/DD program, as well as respond to the C.S. v Saiki Lawsuit filed by the Disability Rights Oregon (DRO).

In April 2017, Disability Rights Oregon and the Oregon Department of Human Services requested, and the court granted, a six-month stay of DRO's lawsuit against DHS and ODDS. The parties also agreed to the terms of a preliminary injunction that prevents ODDS from using the Adult Needs Assessment (ANA) and Child Needs Assessment (CNA) to reduce authorized in-home service hours prior to levels authorized as of November 1, 2016. The stay has been continued since it was entered, and the parties have updated the court at six month intervals. The next status report is due December 10, 2018. The stay means the lawsuit is on hold while ODDS continues its work with stakeholders and DRO to develop and implement an improved functional needs assessment and service planning process.

Compass Project

ODDS continues work on the Compass project that includes implementation of the new Oregon Needs Assessment (ONA) and an improved service planning process.

ODDS implemented the Oregon Needs Assessment in limited capacity starting July 1, 2018. At the present time, the ONA does not impact the rates, or the amount of in-home service hours individuals receive. ODDS continues work with the Human Services Research Institute (HSRI) on developing the framework for the ONA to group people according to their level of need and to assign rates or service hours.

The ONA is now being conducted for all individuals receiving Medicaid funded services through ODDS. The initial assessments will be conducted through the end of fiscal year 2019. Once a sufficient amount of data is gathered, ODDS and its contractor will work with stakeholders to establish how the ONA will allocate in-home hours. A second record review, tentatively scheduled for early 2019, will look at how the ONA will identify in-home service hours by level of need. This work is slated to be completed in the second half of 2019.

Waiver and K-Plan Amendments

Early in 2018 ODDS submitted necessary amendments to the Centers for Medicare and Medicaid Services (CMS) to restructure the ODDS Waiver programs into adult and children waivers effective July 1, 2018. CMS has approved these changes. This new structure will simplify and streamline the federal authorities under which I/DD services are provided in Oregon and will allow ODDS to tailor services to children and adults in the future.

Legislatively Directed Budget Actions

The budget approved by the Subcommittee contained specific program reductions in Package 801. ODDS has implemented all the directed budget actions as reported previously.

Additional Management Actions for the Generic Reduction of \$12 Million GF

The legislature directed ODDS to implement a budget reduction of \$12.0 million General Fund through management actions, implementing a new assessment tool, and taking other steps to curb cost growth. ODDS identified the following management and additional actions to achieve the \$12 million GF reduction target:

- \$1.3 million in the Rent Subsidy and DD Community Housing contracts. This reduction does not impact the Fairview Trust or total funding available in the Trust. Increases in these contractual amounts were included in CSL for the 17-19 build. That additional funding is not expected to be needed in 17-19.
- \$10.7 million in combined cost per case and/or caseload savings and better federal match on certain activities.

ODDS expected to receive approximately \$6 million in enhanced federal match for eXPRS system work in 2017-2019 biennium. Following discussions with CMS, these savings are now expected to be achieved at a later date. Despite this delay, ODDS is still planning to achieve \$12 million GF reduction target.

Strategic Plan

In the Fall of 2017, ODDS engaged a contracted strategic planning facilitator to work with stakeholders on developing and articulating a strategic vision for the I/DD service delivery system. The contractor held multiple facilitated discussions and worked with ODDS and stakeholders over the course of seven months. In Spring of 2018, ODDS finalized the strategic plan. The plan outlines the ODDS Mission, Vision, Values and Goals for next 2-5 years and supports additional steps to improve the overall service system for Oregonians with intellectual and developmental disabilities. ODDS Strategic Plan can be accessed here:

<https://www.oregon.gov/DHS/SENIORS-DISABILITIES/DD/Compass/Oregon-IDD-System-Strategic-Plan.pdf>

Action Requested

Acknowledge receipt of report.

Legislation Affected

None.

If you have any questions, please contact Lilia Teninty at 503-945-6918.

Sincerely,



Eric Luther Moore
DHS Chief Financial Officer

cc: Ken Rocco, Legislative Fiscal Office
Laurie Byerly, Legislative Fiscal Office
George Naughton, Department of Administrative Services
Cathleen Connolly, Department of Administrative Services
Tamara Brickman, Department of Administrative Services