Diversion Work Group Policy Priorities

Olmstead Advisory Committee Meeting, Diversion Work Group
March 3, 2006

The Diversion Work Group selected the following policies to present to Secretary Kim Belshé for her consideration at the March 2006 full committee meeting. The policies were selected using the following criteria:

1. Immediate, wide-ranging and direct impact on the State's implementation of Olmstead.
2. An opportunity to shift funds or to provide alternative funds for community-based services.
3. Immediate opportunity at the federal level for this policy initiative with the possibility of federal funding.
4. Immediate opportunity at the state level to build on this policy initiative, with possibility of state and/or alternative sources of funding.
5. A direct impact on current Health and Human Services Agency issues, i.e. something the Agency can influence.

After much deliberation, the members of the diversion work group identified the following policies as current priorities for Olmstead implementation in California based on the above criteria. The work group will continue to consider additional issues on an ongoing basis.

The policy priorities are categorized under broader issues identified by the work group, and are not presented in any particular order of importance.

ISSUE 1: *DEVELOPING A COMPREHENSIVE SERVICE DELIVERY SYSTEM THAT INTEGRATES SERVICES*

POLICY GOAL

To design a comprehensive assessment system and coordinated system of care that integrates the full continuum of both acute and long term care financing and service delivery that emphasizes home and community-based services in lieu of institutional placements.

PROBLEM

California's acute and long term care system has long been impacted by system fragmentation stemming from a multiplicity of funding streams, assessment procedures, and lack of coordination between the medical and social systems of care. This fragmentation can lead to higher-than-necessary rates of hospitalization, nursing home expenditures, with a lack of coordination between primary, acute, long term care systems.

BARRIERS

- Multiple funding streams and silos of services
- Lack of coordination between medical and social systems of care

DIVERSION WORK GROUP POLICY PRIORITIES:

1. Establish Home and Community-Based Services as Part of the State Medicaid Plan: Opportunities are presented by the Federal Deficit Reduction Act to develop home and community-based services that are part of the state Medicaid plan, rather than the waiver. The Deficit Reduction Omnibus Reconciliation Act of 2005 authorizes a new home and community-based services (HCBS) initiative. Under the Act, states will be able to submit a state plan amendment to cover home and community based services (HCBS), effective January 1, 2007. This new option will offer the flexibility of a 1915 (c) waiver and the benefits of using the state plan. The Act allows states for the first time to offer home and community-

based services under the state plan but with the flexibility available in 1915 (c) waivers. In addition, the Act separates the tie between HCBS and nursing home level of care. Under the Act, HCBS eligible individuals do not have to meet the level-of-care criteria for admission to a nursing home, a hospital, or an ICF-MR (Source: the National Academy for State Health Policy, January 2006). The Diversion Work Group recommends that the state monitor the implementation of this provision and analyze the potential for streamlining and integrating existing waivers into the state plan.

2. Address the Institutional Bias and Revisit California's Realignment System: The Work Group places a high priority on establishment of policy options that would address the institutional bias at the local level and provide incentives to counties for diversion and transition efforts. Under the current realignment system, counties are required to pay a 17.5% match for IHSS services, the state pays 32.5%, and the federal government pays 50%. For nursing facility services, however, counties do not pay a share-of-cost; the state pays 50% and the federal government pays 50% of the cost of services under Medicaid. This policy may give counties a fiscal incentive to institutionalize IHSS consumers, as the counties bear no financial responsibility for institutionalized consumers. The state could develop incentives for counties who work to transition people out of nursing homes as has been done in other states.

Other States

In Wisconsin, the state provides an incentive to counties that assist individuals in transitioning out of nursing facilities. The state adds an amount to the county's allocation of HCBS waiver funds for each occupied nursing facility bed closed in which the person moves into the community. The state increases the county's allocation by the amount necessary to meet the needs of each person who leaves a nursing facility while using the HCBS waiver funds. Once this person no longer needs waiver services, the funds will remain available for other people in that county who need home and community based services. This earmarked relocation funding is an incentive for counties to seek out people in institutions wishing to relocate. At the same time, the state budget for Medicaid nursing facility residents is reduced, so the result is a transfer of funds from nursing facilities to home and community-based services.

ISSUE 2: IMPROVING ACCESS TO AND INCREASING FUNDING FOR HOME AND COMMUNITY-BASED SERVICES

POLICY GOAL

To design a long term care system that prioritizes the delivery of home and community-based services over institutional care, and ensures that consumers and caregivers can access an array of services in the community.

PROBLEM

Consumers and caregivers often cannot access the necessary services and supports that promote community living, resulting in premature or unnecessary institutionalization.

BARRIERS

- Medicaid Institutional Bias: Medicaid law requires states to provide institutional services to all eligible persons as a mandatory benefit, and permits (but does not require) states to offer home and community-based services.
- Inadequate Funding Formulas: Resources dedicated to home and community-based services often cannot keep pace with increasing costs and static rate structures do not take into account
- Lack of Case Management Services Available on Statewide Basis: Case management assists consumers with accessing the services and supports that help them remain in the community. Medi-Cal does not offer case management as an optional state plan benefit; some home and community-based waivers offer these services, but the availability of services varies throughout the state.

DIVERSION WORK GROUP POLICY PRIORITIES

1. **Rate Reform for MSSP:** The Work Group supports rate reform for the MSSP program to adjust the funding formula and enable providers to keep up with rising program costs.

Background

Forty-one Multipurpose Senior Service Program (MSSP) sites provide social and health care management for frail elderly clients who are certifiable for placement in a nursing facility but who choose to live at home with MSSP support. The goal of the program is to prevent or delay premature nursing home placement of these very frail clients. The program has operated under a federal Medicaid 1915 (c) waiver since 1983. MSSP clients are 35% less costly to the State than those living in skilled nursing facilities (Under federal rules, cost must not exceed 95% of nursing home costs). The program can serve up to 11,789 clients per month.

Clients eligible for the program must be 65 years of age or older, live within a site's service area, meet Medi-Cal eligibility criteria, and be certified or certifiable for placement in a nursing facility. MSSP site staff make this certification determination based upon Medi-Cal criteria for placement. The services that may be provided with MSSP funds include the following:

- Adult Day Care / Support Center
- Housing Assistance
- Chore and Personal Care Assistance
- Protective Supervision
- Care Management
- Respite (includes supervision and care of a client while the family or other individuals who normally provide full-time care take short-term relief)
- Transportation
- Meal Services
- Social Services
- Communications Services

Need for Rate Reform: Administrative and waiver-related obstacles prohibit flexibility in how waiver funds are used in the program. The diversion work group supports reforming the MSSP rate structure to allow for increased flexibility and increased program effectiveness.

Additionally, MSSP programs report an urgent need for funding to enable sites to continue offering services to frail elders. MSSP has had one funding increase since its inception in 1983 whereas nursing facilities have received a rate increase each year resulting in a 96% increase over the past 15 years. An ever-increasing number of elders served by MSSP have very complex medical and psychosocial needs requiring an intense level of service. The ability of the program to continue to address these needs has been shrinking due to stagnant funding and annually increasing health care and labor costs.

2. Develop and Implement Two Diversion Pilot Programs: The Diversion work group supports the establishment of two pilot programs that would focus primarily on diverting individuals who are hospitalized and at risk of institutionalization.

Background

Individuals often cannot access home and community-based services in times of crisis, particularly after an acute care episode. Without connection to critical home and community-based services after an acute care episode, an individual is more likely to be placed in a nursing home. Or, for individuals who are admitted to nursing homes for a short-term stay, it is critical that there be access to and awareness of the necessary home and community-based services.

Without case management services facilitating a connection to critical home and community-based services, individuals in acute care hospitals and long-term care facilities often cannot access the services necessary to return home. Individuals and family members facing crisis-time decisions about acute care after-treatment frequently only learn of the details of institutional services and feel ill-equipped to investigate home and community-based services.

Establishing Diversion Pilot Projects and Acute Care Community Connections

The Diversion Pilot Programs could be established in two areas of the State, with the goal of providing connections to home and community-based services for hospitalized consumers who are hospitalized and at risk of long-term institutionalization. (Note: this concept was proposed in California's Real Choice Systems Change grant in 2005. The grant was not approved by the Centers for Medicare and Medicaid Services). The programs could provide a single point of contact and facilitate connections with existing home and community-based programs. The programs could also act as an educational resource for the local communities to provide information and referrals on home and community-based services *before* a crisis situation occurs.