Kansas

Sam Brownback, Governor

Date: January 23, 2012

To: Senator Vicki Schmidt, Chairwoman
Public Health and Welfare Committee
Senator Carolyn McGinn, Chairwoman
Ways and Means Committee

From: Kansas Department of Social and Rehabilitation Services
Kansas Department on Aging

Re: Additional Information Requested

FMS Rate Implementation

Financial Management Services is a federally mandated, new way of paying for self-directed consumers receiving Home and Community Based Services. Kansas was required to separate and standardize the payment to the direct care worker and the payment to the payroll agent, now called the FMS provider. Previous to this, Kansas would reimburse payroll agents in one lump sum, with no standardization of how much was taken out for administering the payroll and how much was given to the direct care worker.

During your committee meeting on January 19, 2012, your committee requested information regarding the pay rates for the administration of FMS. Herein, when FMS is written it refers to Agency with Choice Financial Management Services. Those services include costs of providing information and assistance to customers.

The Kansas Department of Social and Rehabilitation Services and the Kansas Department on Aging engaged with stakeholders since 2009 to determine a rate for the FMS providers. Meanwhile, FMS implementation was delayed and last January the new Secretaries of Social and Rehabilitation Services and Aging analyzed the payment rates.

During this analysis a Myers and Stauffer study was finalized, this study specifically showed how much these services would cost in Kansas. The Secretaries also looked for national studies and guidance from Centers for Medicaid and Medicare Services to determine a fair pay rate for the administration of FMS. The administrative FMS rate is also approved by CMS in our HCBS waiver application process.

National study

The national average rate for FMS providers is $98.10 per customer per month. This study done by the Westchester Consulting Group and Susan Flanagan, took time to specifically look at Kansas' system. When talking to Ms. Flanagan, as recently as November, she stood by the national average rate of $98.10 per customer per month and also stated she thought it that was a fair rate for the Kansas FMS providers.

Myers and Stauffer study
With the information collected in the Meyers and Stauffer study from March of 2011, FMS (payroll) providers in Kansas would break even at $100 per customer per month. This study found that a majority of HCBS payroll providers have a higher administrative cost than those outside of the HCBS payroll industry. Although the study could not definitively say why these costs were higher, one consideration they gave was because "the payroll agents within the HCBS industry are providing more services." The study also cited responses from payroll agents who admitted to using the profits from their payroll agent functions to pay for other administrative services in their company.

After analyzing these studies the Secretaries feel confident that the rate of $115 per customer per month is a sufficient rate for Kansas providers. There are also providers who believe $115 per customer per month is a fair rate for the administration of FMS.

Provider inclusion is something the Department of Social and Rehabilitation Services and the Department on Aging always strive to improve upon.

There was also a request for the per capita FMS administrative rate; unfortunately these studies cannot be broken down on a per capita basis.

Electronic visit verification/KS AuthentiCare system implementation

KS AuthentiCare is Kansas' electronic visit verification system. This system is an electronic time clock for direct care workers of HCBS customers. It requires a direct care worker to call a toll-free number to clock in and clock out each day they work. This system replaces paper based time keeping sheets and interfaces with accounting software.

The KS AuthentiCare system was implemented on January 9, 2012, with an option for January 16, 2012 for providers who needed or wanted an extra week. This flexibility was given due to a two day delay in the soft "go live" of the software.

During the period of November 28 to December 9, 2011, Financial Management Service (FMS) providers had the opportunity to attend one of 10 statewide trainings offered by First Data, the contractor that manages the AuthentiCare system. Staff from the Department on Aging and the Department of Social and Rehabilitation Services attended each of the trainings to monitor and answer technical questions related to programs using AuthentiCare. Post training, providers were to prepare direct care workers for use of the Interactive Voice Response (IVR) (phone-in) system and were given the opportunity to log in to and practice using the web-based system prior to implementation. First Data, the system vendor, has provided and continues to provide daily conference calls for providers to answer questions, provide technical assistance, and address concerns. Concurrently, First Data has met daily with representatives of KDOA, SRS, KDHE and HP, the State's fiscal agent. As issues arise, they become action items for First Data that are reviewed and addressed with State staff the next day.

Since the system was implemented, the daily total number of calls received through the IVR system has increased to over 11,000 calls. First Data has shared that most issues reported have been related to user error. Certain other issues, such as the difficulty by some workers with hearing the phone system's recorded message and the possible use of additional languages with IVR are being addressed by First Data.

There have been no reports of any adverse impact on services provided to consumers or payments to providers related to the implementation of the KS AuthentiCare system. Conference calls with providers and State staff will continue as needed to facilitate the flow of information and quick resolution of concerns and issues as they arise.

Self Direction and MFP: Key Components and Issues

Presented at:

2011 MFP Summit: Advancing Community Living Through Systems Transformation

Presented by:

Susan A. Flanagan, M.P.H., Ph.D.
The Westchester Consulting Group

October 18, 2011
Baltimore, MD

I. What are Self-directed Services?

- ***Self-directed services (SDS***) - home and community-based services (HCBS) that help individuals of all ages with disabilities and chronic conditions have choice and control over the services and supports they receive and the organizations and individuals who provide them and maintain their independence.

- SDS driven by the Independent Living Movement.

- Every state and the District of Columbia has either implemented or is in the process of implementing at least one self-directed service program.

I. What are Self-directed Services? (continued)

- SDS represents a paradigm shift in the way HCBS are delivered.

  - Based on premise that the individual knows best about his/her needs and how they should be addressed.

  - Individual-driven rather than provider-driven. Individual is free to plan his/her own life.

  - Emphasizes individual choice and control while acknowledging risks.

I. What are Self-directed Services? (continued)

- Individual designs their service and spending plans (i.e., individual budget) using a self-directed approach.
- SDS programs provide a variety of supports tailored to achieve individual's goals.
- Those who provide SDS are accountable to the individual and representative, when appropriate.

II. What are Commonly Used Terms Related to Provision of SDS?

- *SDS* sometimes referred to as (1) *consumer-directed* or (2) *participant-directed services*.
- Individuals receiving SDS sometimes referred to as (1) *consumers*, (2) *individuals*, or (3) *participants.*
- *Common law employer* sometimes referred to as *employer of record*.

II. What are Commonly Used Terms Related to Provision of SDS? (continued)

- *Information and Assistance (I&A)* supports and the individuals/organizations that provide them sometimes are referred to as (1) support brokerage/ broker, (2) service or support coordination/ coordinator, (3) consultant, (4) counselor, (5) care advisor, (6) skills trainer or (7) case management/manager.

- *Financial Management Service* supports and organizations that provide them sometimes are referred to as (1) fiscal intermediary, (2) fiscal agent, (3) fiscal management provider, (4) financial manager or (5) payroll agent.

III. What are the Key Components of SDS?

- In general, a program may be self-directed if the individual or his/her representative is responsible for:

  - Developing a person-centered plan and individual budget;
  - Recruiting and selecting/hiring his/her HCBS worker;
  - Orienting and training his/her HCBS worker;
  - Determining his/her support worker's duties and work schedule;
  - Supervising his/her HCBS worker(s);
  - Managing his/her HCBS worker's payroll (or having an entity to perform the task on the individual's behalf);
  - Reviewing the performance of his/her HCBS worker; and
  - Discharging his/her HCBS worker, when necessary.

III. What are the Key Components of SDS? (continued)

- CMS affords states two basic self direction opportunities that may be made available under a Medicaid HCBS waiver.
  - Employer Authority
  - Budget Authority
- Under *Employer Authority* the individual may act as the common law employer or a co-employer and is supported to recruit, hire/select, supervise and discharge their HCBS workers.

III. What are the Key Components of SDS? (continued)

- Under *Budget Authority* the individual has authority and accepts the responsibility to manage an individual-directed budget.

  - Depending on level of budget authority offered under a Medicaid HCBS waiver, individuals may make decisions about purchasing individual-directed waiver goods and services authorized in their waiver service plan and to manage the funds included in their individual-directed budget.

III. What are the Key Components of SDS? (continued)

- Two types of supports must be made available to facilitate individuals' use of SDS.
  - Information and Assistance (I&A) in Support of Self Direction
  - Financial Management Services (FMS)

III. What are the Key Components of SDS? (continued)

- *Information and Assistance in Support of Self Direction* supports are made available to assist individuals in managing their waiver services.

  - The type and extent of supports that must be available depends on nature self-directed options afforded under the HCBS waiver.

III. What are the Key Components of SDS? (continued)

- *Financial Management Services (FMS)* are provided primarily to:
  - Process HCBS workers payroll and related employment taxes and manage the receipt of worker's compensation insurance policies and premium payment for individuals; and
  - Make financial transactions on behalf on an individual who is exercising budget authority.
- However, depending on a state's SDS program, additional FMS-related supports may be available.

III. What are the Key Components of SDS? (continued)

- When an individual using SDS is the *common law employer* of his/her HCBS workers, the *Government or Vendor Fiscal/ Employer Agent FMS* is used.

- When an individual using SDS is a co-employer of his/her HCBS worker with an agency-based provider, the *Agency with Choice FMS* is used.

IV. Research Findings Related to SDS

- An independent evaluation of the *Cash & Counseling Demonstration Program* found:

  - Health and Welfare
    - Same or better health outcomes
    - Very few incidents of reported abuse, neglect or exploitation

  - Service Use
    - Modest increase in obtaining equipment
    - Individuals more likely to obtain services they need
    - Need not cost more

IV. Research Findings Related to SDS (continued)

- Caregiver Reaction
  - More satisfied with care arrangement
  - Expressed less emotional strain
  - Most felt well-trained to perform duties

- Positive Influence on Quality of Life
  - Increased satisfaction
  - Enhanced feeling of safety

- Improves Access to Services
  - Participating individuals receive necessary services
  - Reduces unmet needs

IV. Research Findings Related to SDS (continued)

- Promotes Life in the Community
  - Shown to reduce nursing facility placements even more than traditional services

V. Some Preliminary Findings of the NRCPDS National Survey of Publicly-funded Participant-directed Service Programs

- From 2001 to 2010, the number of PDS programs surveyed increased from 139 to 240 (42% increase)
- In 2010:
  - All states have implemented, or are in the process of implementing, at least one PDS program; number of programs/state range from 1-10; 23 states administer 3-5 programs
  - Approximately 747,000 individuals using PDS; (65% increase over 2001)
  - Majority of programs serve 1,000 – 5,000 individuals
    - Average number of individuals served: 1,110
  - 100 percent of programs offer employer authority while 88 percent of programs offer budget authority

V. Some Preliminary Findings of the NRCPDS National Survey of Publicly-funded Participant-directed Service Programs (cont'd)

- Populations served by PDS programs in 2010
  - Elders (20%; 30 programs reporting)
  - Adults w/ physical disabilities (11%; 17 programs reporting)
  - Elders and adults w/ physical disabilities (35%; 54 programs reporting)
  - Adults with ID/DD, MH, HIV/AIDS (13%; 20 programs reporting)
  - Children (9%; 14 programs reporting)
  - All ages (12%; 19 programs reporting)

V. Some Preliminary Findings of the NRCPDS National Survey of Publicly-funded Participant-directed Service Programs (cont'd)

- Funding Sources for Publicly-funded PDS
  - Medicaid major funding source (77% State Plan and Waiver)
  - 11% State Revenues
  - 7% Veterans Administration
  - 3% Other (i.e., tobacco funds, gaming revenue)

V. Some Preliminary Findings of the NRCPDS National Survey of Publicly-funded Participant-directed Service Programs (cont'd)

- Use of Financial Management Services
  - 189 PDS programs (79%) reported using FMS
  - 62 percent of Medicaid PDS programs provide FMS as administrative function
  - 38 percent of Medicaid PDS programs provide FMS as service function
  - 58 percent of PDS programs (n=110) use Vendor F/EA FMS
  - 12 percent of PDS programs (n=22) use Government F/EA FMS

V. Some Preliminary Findings of the NRCPDS National Survey of Publicly-funded Participant-directed Service Programs (cont'd)

- 21 percent of PDS programs (n=40) use Agency with Choice
- 11 percent of PDS programs (n=20) use "Other Models" (i.e., Fiscal Conduit, Section 3401(d)(1) statutory employers, public authorities)
- Thirty (30) distinct FMS providers were identified in 33 states
- Estimated average Government/Vendor Fiscal/Employer Agent FMS per member per year costs: $1,136.16 ($94.68/month)
- Estimated average Agency with Choice FMS per member per year costs: $1,177.35 ($98.10/month)

VI. Self Direction and the Patient Protection and Affordable Care Act

- Provisions of Patient Protection and Affordable Care Act that Address Self Direction

  - 2401 Community First Choice Option
  - 2402a: Common Framework Supporting Self Direction
  - 2403: Money Following the Person
  - 2405 ADRC Expansion
  - Title VII: Class Act

- AoA LTSS Workforce Development Initiative

VII. MFP Demonstration's Original Intent Related to Self Direction

- Offered applicants preference
- Encouraged innovation
  - Implement SDS under new DRA of 2005 authorities
  - Implement with new target populations (i.e., mental health)
- Required Description of Self Direction Opportunities Offered in Operational Protocol
  - List programs offering self direction
  - Describe I&A and FMS offered
  - Describe procedure for voluntary and involuntary transfers to and from SDS
  - Describe monitoring/tracking process to be used for individuals

VIII. Common "Themes" Under MFP and Self Direction

- Both all about Choice and Control
  - MFP shifts control from institutions to the community
  - SDS shifts control from the provider to the individual
- Both directed by individual with the assistance of a representative when appropriate
- Both Offer Flexible Service Package
  - MFP offers an array of services and supports not previous provided
  - SDS offers greater variety of services and supports delivered in a non-traditional manner

VIII. Common "Themes" Under MFP and Self Direction (continued)

- Both Strengthen Responsibility and Confidence to Live in Community
  - Both offer customized supports to individuals
- Both Make Necessary Supports Available
- Both Require Individual and System Safeguards to be in Place
- Medicaid Provider Agreements Waived Under MFP

IX. Questions?

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