State of Connecticut
Department of Developmental Services

Dannel P. Malloy
Governor

Morna A. Murray, J.D.
Commissioner

Jordan A. Scheff
Deputy Commissioner

DEPARTMENT OF DEVELOPMENTAL SERVICES TESTIMONY TO APPROPRIATIONS COMMITTEE HEALTH SUBCOMMITTEE WORKGROUP

March 19, 2015

Co-Chairs: Senator Terry Gerratana & Representative Patricia Dillon

We appreciate the opportunity to discuss Governor Malloy's recommended budget for Fiscal Years 2016 and 2017 as it relates to the Department of Developmental Services (DDS). We have included the following information in response to questions posed at the Appropriations Committee Public Hearing on March 6, 2015:

Voluntary Services Program:
As of March 2015 there were 543 individuals receiving services through the DDS Voluntary Services Program (VSP). In order to be eligible for DDS VSP an individual must have intellectual disability or autism and a co-occurring mental health diagnosis, as well as the presence of challenging behaviors. These cognitive, psychiatric, and behavioral issues must substantially interfere with the child's functioning, such as limiting their participation in daily activities, hindering their developmental progress, or disrupting their interpersonal relationships. While VSP is intended to be an in-home support program, in some cases, out-of-home supports are funded. Attached is a chart indicating the number of individuals served and average costs by setting. Please note that this chart is reflective of all children served in VSP in FY15 (partial or full year). Children age out of the DDS VSP program when they turn 21.

DDS referenced a FY16 reduction of $19,732,592 to the VSP account in our budget testimony. This amount did not include the $900,000 reduction in the Personal Service account for 15 case management positions associated with this program and a $270,430 reduction in VSP caseload. Together, this totals the $20.9 FY15 reduction to VSP referred to in the OFA budget sheet.

The impact of this proposed reduction will be a reduction in direct services. We are currently in the process of reviewing our options for how to implement the reductions. There are currently a specific number of reserved slots for VSP on DDS waivers therefore waiver capacity would have to be reduced through a waiver amendment to the federal Centers for Medicare and Medicaid Services (CMS). Individuals would have the right to a fair hearing conducted by the Department of Social Services (DSS). The majority of individuals in DDS VSP are receiving waiver services through one of three DDS waivers (Comprehensive, IFS, or Autism). Therefore, a reduction to the VSP account would result in a correlated reduction in federal reimbursement for the cost of waiver services which is currently 50%.

Phone: 860 418-6000 ◆ TDD 860 418-6079 ◆ Fax: 860 418-6001
460 Capitol Avenue ◆ Hartford, Connecticut 06106
www.ct.gov/dds ◆ e-mail: ddsct.co@ct.gov

Appendix F of the DDS Waiver Application addresses participant rights: Waiver Participants whose services are suspended, reduced or terminated must be provided the opportunity to request a Fair Hearing under 42 CFR Part 431, Subpart E. Any time access to a Home and Community-Based Services (HCBS) waiver or services are denied, reduced, or terminated, the participant and his or her legal representative are notified by the DDS Waiver Services Unit through a Notice of Denial of Home and Community Based Services Waiver Services. Each notice includes a Department of Social Services (DSS) Request for an Administrative Hearing for the DDS HCBS Waiver Program form.

Voluntary Services Program:

March 2015					
Residential Setting	**# Served**	**Total Annual Authorizations**	**Estimated Average Cost per Person**	**Estimated Utilization**	**Estimated Total FY2015 Annual Cost**
Group Home	62	$ 9,488,196	$ 153,035	100%	$ 8,548,270
Continous Residential Supports	19	$ 3,825,654	$ 201,350	100%	$ 3,736,308
Community Companion Home	3	$ 123,111	$ 41,037	100%	$ 117,090
Family Home	471	$ 22,938,892	$ 48,703	60%	$ 13,177,362
Hospital Facility	1	$ 242,282	$ 242,282	100%	$ 191,834
Independent Living	0	$ -	$ -	60%	$ -
Private Residential School	29	$ 5,643,288	$ 194,596	100%	$ 5,559,943
Pending	1	$ 41,363	$ 41,363	100%	$ 41,363
Allowance for Utilization Impact (Utilization is based on last years percentage which we anticipate will increase slightly)					$227,415
Fiscal Intermediary Admin Fee					$526,740
Grand Total	**586**	**$ 42,302,786**			**$32,126,325**
Age Outs as of 3/19/15	**43**				
Currently Serving	**543**				
Remaining FY15 Age Outs	**13**				

Birth-to-Three Program:
The federal Centers for Medicare and Medicaid Services (CMS) is a shift from its current method of payment for IDEA Part C services. These changes include a change to the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) and a change from an inclusive monthly rate paid for services to a fee-for-service rate.

In the current Certified Public Expenditures reimbursement methodology, DDS pays service providers for 100% of the services rendered and then bills the federal government for the federal portion (50% of the monthly rate) which is deposited directly to the state's General Fund. The decision by CMS to require billing changes through the Medicaid system and the state's decision

to change the Medicaid reimbursement methodology is independent of the proposal to move Birth-to-Three from DDS to the Office of Early Childhood (OEC). The Birth-to-Three billing system is scheduled to change as required by CMS and the State of Connecticut whether Birth-to-Three transfers to OEC or were to remain at DDS.

Approximately 60 percent of children who are eligible for Birth-to-Three services are Medicaid eligible, with some programs having a higher percentage of Medicaid eligible children than others based on geographic areas of the state. Providers are currently paid 30 days in arrears for all children receiving services, regardless of insurance, based on a capitated rate for all required Part C services and supplemental fee-for-service rates for more intensive services. The Department of Administrative Services (DAS) connects with the Birth-to-Three data system and directly bills Medicaid using a bundled rate with very little interaction with the providers other than their entry of data into the Birth-to-Three data system.

While much is still unknown about the actual process or rates that will be put in place, Birth-to-Three providers are basing their concerns on what Medicaid has historically excluded from coverage. The elimination of payment for some services could result in the reduction of staff and a change in services delivered. In addition to lost revenue from the change in payment structure, Birth-to-Three providers anticipate increased infrastructure costs to implement direct billing for children eligible for Medicaid due to the change in reimbursement methodology. They are greatly concerned that the state is not anticipating paying them for those IDEA services that are not covered by Medicaid.

DDS will continue to participate in conversations with DSS and OEC to address the concerns and questions of Birth-to-Three providers related to the timing and details of the required billing changes.

Cost of Services: Private and Public

Aside from operating the Southbury Training School, DDS's five regional centers, 67 public community living arrangements or group homes and a limited number of public day programs, the vast majority of DDS residential and day services are provided by private providers.

As of December 2014, 16,293 total individuals with intellectual disability (21,498 including 5,205 in Birth-to-Three programs) were eligible for DDS services. 8,803 individuals receive residential supports. Of these, 9.5% are supported directly by DDS, 0.9% are supported by another state agency, and 89.6% are supported through private providers, residential schools, or self-directed services.

- Southbury Training School – 100% public, 0% private
- Regional Centers – 100% public, 0% private
- Community Living Arrangement (group homes) – 8.9% public, 91.1% private
- Continuous Residential Supports – 0% public, 100% private
- Community Companion Homes – 0% public, 100% private
- Long-term care facilities – 0% public, 100% private

10,669 individuals receive employment/day supports. Of these, 2.7% are supported directly by DDS, 94.3% are supported through private providers or self-directed services, and 2.9% are competitively employed in the community (no supports).

- Individual Supported Employment – 0% public, 100% private
- Group Supported Employment – 2.7% public, 97.3% private
- Sheltered Workshops – 5.3% public, 94.7% private
- Day Support Option – 3.8% public, 94.2% private
- Adult Day Health – 0% public, 100% private
- Individual Day Supports – 0% public, 100% private

DDS fully appreciates that valid cost comparison data is important and necessary to facilitate meaningful discussions about the provision of services and supports in every available setting.

In the last two weeks we have compiled the most accurate cost information we have available. In an effort to provide an 'apples to apples' comparison, we have removed costs that the state will incur regardless of whether individuals are served in a public or private setting. I have provided the chart below for your review comparing annual costs of services between public and private residential settings. These numbers are still in draft format, but show a far more apples to apples comparison than previous data has demonstrated. Costs included are direct care salaries, direct program operating costs, fringe (for current service costs), and administrative and general costs allocated to the setting. Costs excluded are room and board, fringes (allocated to prior service cost), SWCAP, fair rent, moveable depreciation, payments and associated fringe for Retirement Incentive Program, day program costs, and transportation. The one exception to this is for STS and the Regional Centers, where day program costs are rolled into the total cost.

ANNUAL COSTS OF SERVICE ***(draft figures)***	
CLA – Private	$131,459
CLA – Public	$300,545
Regional Centers (average)	$377,117
Southbury Training School	$262,401

Very often we are asked about this comparison to identify potential savings if we were able to simply end public services and privatize them. Another way to gain that same perspective is to look at it from the bottom up.

Given the legacy system of reimbursements to private providers, wherein providers receive different rates of reimbursement depending on when they entered the system, it is difficult to offer a current direct comparison of private and public wage and salary information. However, DDS has engaged in a rate transition process in order to equalize the rates paid for like services over a seven year transition period. The process began on January 1, 2012 for providers of day and employment services and January 1, 2015 for providers of residential services. Based on the methodology for these rates, a comparison of wages for direct support staff is: on average, $25.45 public, $14.42 private.

You will notice that we have focused these cost comparison efforts on residential services. DDS directly provides only limited day services and in-home supports. We will be happy to provide similar cost comparisons for those services in the future, but felt that it was critical to focus our time in the last two weeks on residential services, which captures the vast majority of direct public support dollars.

Early Childhood Autism Waiver (ECAW):
The ECAW waiver is designed to serve 30 children ages three and four years who are diagnosed with Autism Spectrum Disorder and who have significant deficits in adaptive behaviors as well as severe maladaptive behaviors. Services are designed to improve skills in receptive and expressive communication, social interaction and activities of daily living, while reducing the inappropriate or problematic behaviors often associated with autism, using training techniques based on applied behavioral analysis. Of the 30 children currently enrolled on the ECAW, 26 would be eligible for EPSDT. Of the 12 children on the ECAW waiting list, nine would be eligible for EPSDT. Some children may not be eligible due to Medicaid income limits. Under the ECAW, children receive up to 11.5 hours per week of combined Clinical Behavioral Supports and Life Skills Coach services. ECAW waiver services are capped at $30,000. Under

EPSDT, children up to age 21 can receive up to 25 hours per week of medically necessary Clinical Behavioral Supports and Technician services. DDS used the service type of 'life skills coach' because it was already in existence and closest to what the bachelor's-level person would do under the supervision of a Board Certified Behavior Analyst. In this case Life Skills Coach and Behavioral Technician are the same service type.

Autism Division Waiting List:
The current Waiting List for the DDS Autism Spectrum Disorder Services Division is 560 individuals (as of 3/17/15). Note: some of the individuals under 21 may be eligible for EPSDT services, if they are Medicaid eligible.

Age	**#**
Under 18	290
18-21	109
22-29	129
30+	32
Total	**560**

Southbury Training School (STS):
DDS will continue to promote the transitioning of individuals from STS to the community pursuant to the Messier Settlement Agreement. DDS staff work continuously with individuals and families at STS to explore and pursue residential options in the community. There have been a total of 47 individuals who have moved into the community from STS since the commencement of the Settlement Agreement in November of 2010. At this time, there are approximately 40 individuals actively planning to move into the community.

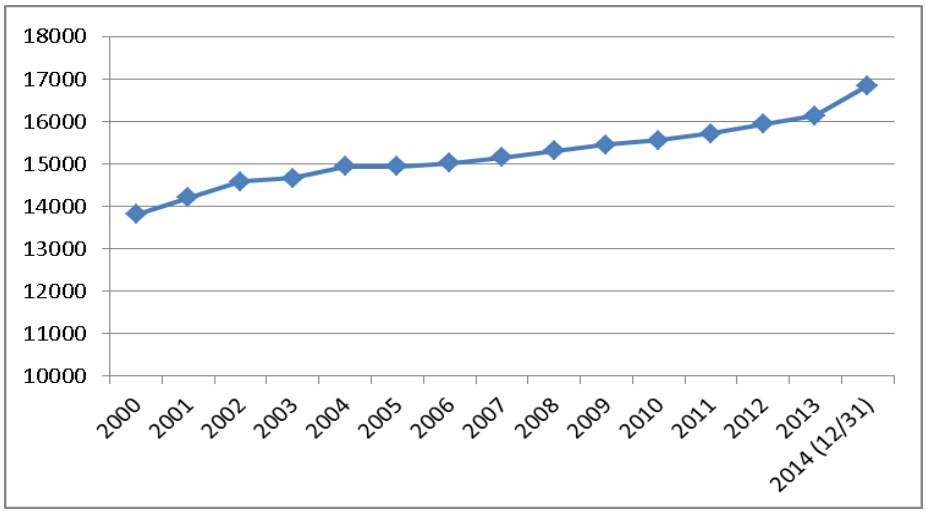
This issue of the Southbury Training School and its eventual closure is very complex and I can assure you that DDS is committed to fully exploring it from all angles, in a timely and thoughtful way that will include representation from all key stakeholders. The closure of STS is not likely to produce any significant short-term savings. However, there may be the potential for long-term savings and part of the analysis I will oversee will include a very thorough financial analysis of both the costs of closure and any anticipated future savings. This type of analysis of costs and savings has not yet been done and simply cannot be seen in a comparison of overall residential costs. There are substantial cost implications associated with developing an infrastructure to accommodate a parallel service system in the community. Transition costs need to be accurately assessed and budgeted for.

DDS population and service trends:
The chart below reflects the number of individuals eligible for DDS from 2000-2014. These numbers include the Autism Spectrum Disorder Services Division Waiting List, but do not include the Birth-to-Three Program. For 2014, the time period was extended out to 12/31/14.

TOTAL

Residential Category	Year														
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (12/31)
24 Hour Group Living	3309	3382	3434	3456	3478	3568	3618	3682	3719	3784	4072	4176	4208	4326	4448
Community Care Homes	580	573	570	566	565	542	538	518	499	501	497	479	458	469	453
Fam Home w/ Res Supports	23	107	126	138	153	283	520	827	1036	1319	1321	1324	1374	1348	1482
Fam Home w/o Res Supports	6574	6751	7036	7090	7345	7193	6986	6746	6693	6499	6581	6670	6850	7080	7647
Long Term Care	425	432	422	430	435	418	436	434	420	423	444	432	424	433	394
Other	147	146	157	160	144	152	123	108	123	129	116	152	167	90	110
Own Home w/ Res Supports	1366	1448	1442	1467	1477	1507	1555	1615	1631	1682	1401	1364	1359	1278	1325
Own Home w/o Res Supports	357	361	408	391	382	343	321	306	308	270	298	313	344	440	393
Regional Center	272	272	264	258	265	267	266	268	263	244	236	227	212	191	183
Residential Schools	76	96	102	106	103	98	105	117	118	117	144	145	136	124	88
Southbury Training School	683	639	619	605	589	572	550	526	497	480	450	429	401	361	317
TOTAL	13812	14207	14580	14667	14936	14943	15018	15147	15307	15448	15560	15711	15933	16140	16840

DDS Total Eligible Individuals 2000-2014



Impact of Employment and Day Supports reductions:
Employment/day services for high school graduates are not funded in either year of the biennium.

Update on the Rate Setting Transition for Day and Residential Services:
Private providers have historically negotiated separate rates of reimbursement for services (referred to as legacy rates). Following recommendations from a 2005 legislative rate study committee, DDS began a rate transition process to equalize rates for like services. The rates are tied to the Level of Need (LON) Assessment system (referred to as LON-based rates). This process began on January 1, 2012 for providers of day or employment services, and January 1, 2015 for providers of residential services, specifically of Community Living Arrangement (CLA) and Continuous Residential Supports (CRS) settings.

The transition for day and employment services began its third year on July 1, 2014. This required a transition of $1/7^{th}$ of the difference between the LON-based rates and the legacy rates for all providers. The transition for CLA and CRS settings began with a half-year shift on January 1, 2015. This required a transition of 3% of each provider's difference between the LON-based rates and the legacy rates. Training for the CLA and CRS transition was held in December 2014 for all providers of these services.

As noted, the vast majority of day, employment and residential services are provided by private providers. Therefore, DDS understands the importance of engaging the provider community in assessing how the rate transition process will impact services. The Department will be convening a working group comprised of DDS staff, private provider representatives, and financial consultants to review the proposed CLA/CRS LON-based rates. The working group will consider the current LON-based rate structure and reimbursement amounts, discuss possible alternative transition strategies to ensure that providers are able to continue to deliver high quality services and supports to individuals and then make a recommendation to the Commissioner.