

# MERCER GOVERNMENT HUMAN SERVICES CONSULTING

## INTELLECTUAL/DEVELOPMENTAL DISABILITIES (ID/DD)

Intellectual/developmental disabilities (ID/DD) programs across the country are at a crossroads. State officials are being pressured to reconsider enrollment and eligibility criteria at a time when many states are addressing challenges with their budgets. There are also demands for improved government-sponsored programs, such as relief from high-cost prescription medications. Administrators and public-policy officials are facing demands from consumers and advocacy groups to implement more creative systems that allow consumers more control, such as consumer-directed services and individualized budgets. The Centers for Medicare and Medicaid Services (CMS) is enforcing new federal requirements for Medicaid waiver programs. All of these demands are increasing the challenges of state ID/DD programs.

States currently spend most of their ID/DD dollars using fee for service, but 10 states are using managed care and at least 9 states are planning to transition people with ID/DD to integrated managed care programs to coordinate their acute medical care, behavioral health services, and long-term services and supports. Medicaid managed care is serving various population groups in one form or another and is present in virtually all states.

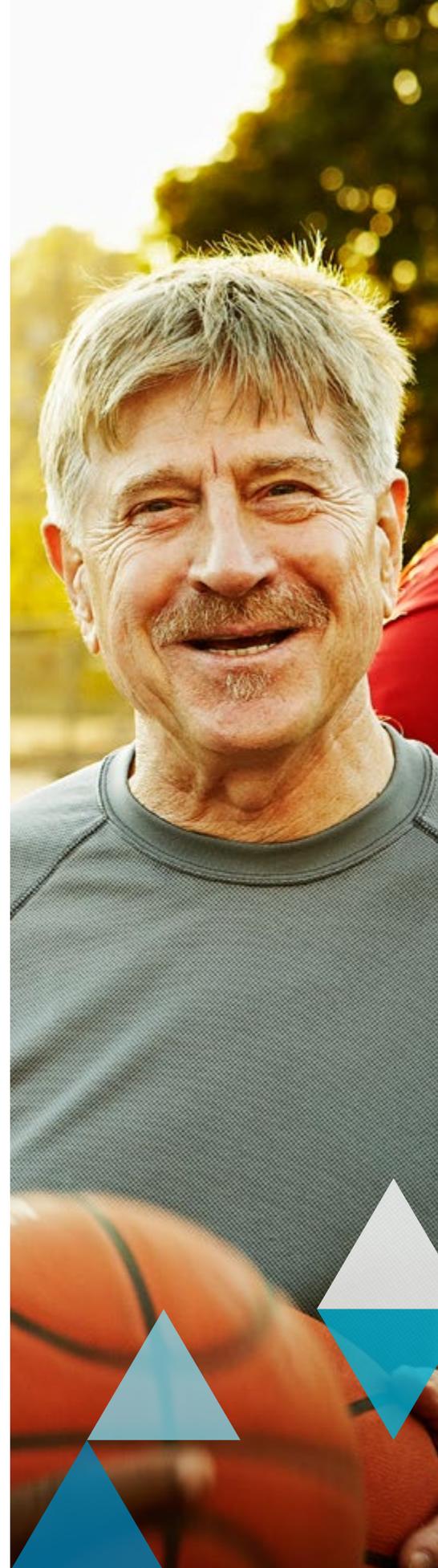
To address the issue of increased costs, states are downsizing institutional programs, outsourcing services such as case management, and developing waivers that capitate individuals' costs or limit the number of enrollees. States also must comply with CMS expectations

to improve access to services for all enrolled individuals, encourage self-directed services, comply with the Home and Community-Based Services (HCBS) final rule, and support quality outcomes for eligible persons. The HCBS waiver programs within each state are being closely reviewed prior to renewal to ensure that the services promote individual choice and increase individual control over resources, and that all services and supports are provided in safe environments.

Mercer Government Human Services Consulting (Mercer) assists states in evaluating federal compliance; developing and evaluating reform initiatives; linking strategic planning and policy changes to financial outcomes; and reviewing, revising, and establishing reimbursement methodologies and rates. Mercer has assisted many states in complete system reform, which integrates all functional areas, including person-centered planning, provider rate development, program design, procurement, performance-based contracting, staff training and development, systems enhancements, conversion from fee-for-service to a managed care delivery system, and budgeting and fiscal analyses.

Mercer has also assisted states in transforming specific segments of their programs, such as:

- Strategic program planning.
- Assessment development for allocating public funds to individuals and families.



- Review of individual and family budget systems for self-determination.
- Actuarial rate setting and analysis.
- Assessment of program quality, outcomes, and operations.
- CMS waiver development.
- Integration of public-funding streams.
- Provider-network development.
- Statutory compliance monitoring.
- Request-for-proposal development.
- Vendor evaluation, selection, and negotiation.
- Risk assessment.
- Sampling and statistical modeling.

## MOVING TO MANAGED CARE USING AN 1115 WAIVER TO REFINANCE, REPAIR, AND TRANSFORM A STATEWIDE SYSTEM CASE STUDY

### Situation

A state ID/DD department was facing intense pressure from its stakeholders to make its patchwork of multiple waivers understandable and respond to continuous pressure to serve its large and growing waiting list. Simultaneously, state leaders wanted support coordination to inform and provide participants and their families' with information about their funding and array of services. The situation was amplified because of projected caseload growth without additional funding from the legislature, growing costs, 20 or more waiver fixes that each cost additional dollars, and individuals who had never received supports or services. The department of the state was leading the movement to managed care as soon as possible.

### Challenge

The department wanted to expand and integrate the range of service offerings without waiver silos and improve and coordinate the efforts of its network of providers while creating a more flexible and understandable consumer-driven approach. The ID/DD department wanted to improve behavioral support services, resolve gaps in the system, reduce the waitlist, review compensation to providers, and integrate services (including acute, behavioral, HCBS, and institutional services) without increasing overall costs while simplifying administration.

Mercer was called to assist in program design and development of a fair and equitable reimbursement-rate system that was consumer-driven, as well as a fair and equitable means of allocating resources using a level or tier system informed by the Supports Intensity Scale (SIS).

As an ongoing project, the state needs to shift spending by managing acute medical care, prescription drug, and institutional costs while also integrating case management and its behavioral health system to support the needed improvements. CMS must be convinced to help the state move toward an 1115 waiver to allow the state to meet these challenges and find a sustainable funding strategy for the next 10 years.

### Action

Mercer is approaching the challenge by bringing together former CMS staff, experienced managed care managers, ID/DD specialists and actuaries, and compensation specialists to work with the state. A standard rate schedule informed by the SIS is being developed based on the compensation costs for

direct-care staff. Mercer is designing a resource-allocation protocol for the distribution of state funds and an individual and family budgeting tool to serve as the basis for purchasing services using the standard rate schedule. Individuals in the half-dozen ID/DD waiver programs, fee-for-service Medicaid, waitlists, and other programs were carefully counted and multi-year history and projection of the state's new architecture were created for review with state leaders.

As a final step, using this robust information, Mercer is helping the department develop a compelling presentation for CMS for an 1115 demonstration waiver.

### Result

The proposed system transformation and reform will allow users to customize services while compensating the service network fairly and assigning resources more efficiently. The state agency plans to implement the new system and the resource-allocation protocol without waiver silos pending CMS approval. The state is planning on moving from a situation of eternal crisis to an example of what carefully managed Medicaid ID/DD services can provide. Together, these tools allow the state to control expenditures by allowing for caseload growth while controlling budget growth. The stakeholder groups are actively involved in the new program design and are committed long term to the system changes.

For more information, please contact a Mercer representative at one of the following offices:

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