

HR 5136



MICHAEL P. STARKOWSKI
Commissioner

STATE OF CONNECTICUT
DEPARTMENT OF SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

TELEPHONE
(860) 424-5053

TDD/TTY
1-800-842-4524

FAX
(860) 424-5057

EMAIL
commis.dss@ct.gov

December 15, 2008

Robert L. Genuario, Secretary
Office of Policy and Management
450 Capitol Avenue
Hartford, CT 06106

Dear Secretary Genuario:

In accordance with your September 5th transmittal regarding budget options, I am forwarding to you our reduction option proposals for the SFY 2010-2011 Biennial Budget.

Per your instructions, we have carefully reviewed our programs to identify areas of potential savings. The attached documents provide more detail on what the Department is proposing. Also included are two revenue options.

Thank you for your consideration of these proposals. I would appreciate the opportunity to discuss them with you at your convenience.

Sincerely,

Michael P. Starkowski
Commissioner

- Cc: Claudette Beaulieu, Deputy Commissioner
- Amalia Vazquez Bzydra, Deputy Commissioner
- James Wietrak, Acting Deputy Commissioner
- Walter Gaffney, Chief of Staff
- Geary Maher, OFA
- Spencer Cain, OFA
- John Bacewicz, OPM
- Sue Eccleston, OPM
- Steve Netkin, OPM
- Melissa McCaw, OPM
- Lee Voghel
- Michael Gilbert
- Kevin Carey
- Chris LaVigne
- David Weizenbaum
- Mari Spallone

25 SIGOURNEY STREET • HARTFORD, CONNECTICUT 06106-5033

An Equal Opportunity / Affirmative Action Employer
Printed on Recycled or Recovered Paper
www.ct.gov/dss

DEPARTMENT OF SOCIAL SERVICES SFY 2010 and 2011 BUDGET OPTIONS

Summary PA

REDUCTION OPTIONS		SFY 2010	SFY 2011
1	Allow Special Needs Trusts in State Supplement Program for Certain Boarding	(\$841,656)	(\$1,122,208)
2	Eliminate State-Funded Food Stamps	(\$266,225)	(\$281,830)
3	Eliminate the Before and After School Child Care Program	(\$247,410)	(\$247,410)
4	Limit Increase in State Supplement Disregard for Boarding Home Clients	(\$674,100)	(\$1,617,840)
5	Remove Standards Increase for PA Programs	(\$11,186,480)	(\$18,458,956)
6	Include Mental-health-related Classes of Drugs To the PDL	(\$1,933,821)	(\$1,933,821)
7	Require Prior Authorization On High Cost Items	(\$1,191,469)	(\$1,276,778)
8	Change Automatic Free-30 Day Fill for New Prescription Requiring PA to 15 Days	(\$600,000)	(\$600,000)
9	Change MAC Pricing From AWP-40% To AWP-50%	(\$2,000,000)	(\$2,000,000)
10	Review List of OTC Prescriptions for Covered Drugs	(\$775,000)	(\$775,000)
11	Remove 3% COLA from Nursing Homes, CDH and ICF-MR	(\$43,755,155)	(\$92,611,955)
12	Restore Delay of Payment To Nursing Homes At End of Year	(\$53,105,748)	\$0
13	Increase Co-pay On Non-formulary Drugs	(\$2,731,148)	(\$2,731,148)
14	Change Early Refill Criteria From 75% To 90%	(\$144,259)	(\$154,588)
15	Medicaid Non-payment for Certain Hospital Acquired Conditions (aka Never Events)	(\$144,741)	(\$148,823)
16	ConnPACE - Increase Annual Enrollment Fee From \$30 to \$50	(\$663,160)	(\$632,920)
17	ConnPACE - Require Clients To Enroll in Benchmark Plans	(\$525,972)	(\$1,048,718)
18	ConnPACE - Require a \$30 Fee For Non-formulary Drugs	(\$259,848)	(\$259,848)
19	ConnPACE - Make the Medicare Part D Asset Test Apply to ConnPACE	(\$19,116,959)	(\$20,531,944)
20	Duals - Discontinue Payment For Non-formulary Drugs	(\$23,602,098)	(\$23,602,098)
21	Duals - Require Clients to Enroll in Benchmark Plans	(\$442,608)	(\$894,412)
22	General Rx - Decrease Dispensing Fee by \$1.00	(\$4,133,908)	(\$4,317,995)
23	General Rx - Increase AWP Discount to -15%	(\$6,535,495)	(\$6,833,945)
24	Develop Independent Review of Financial Requirements for Selected DSS Programs	(\$4,975,000)	(\$1,229,000)
25	Charge \$25 Fee for Processing HUSKY B and Charter Oak Applications	(\$250,068)	(\$328,094)
26	Eliminate Self Declaration in HUSKY A	(\$2,000,000)	(\$2,000,000)
27	Fee increase for Non-TFA Clients in Child Care Subsidy Program (2% version)	(\$144,947)	(\$321,594)
28	Increase Premiums for HUSKY B	(\$1,046,000)	(\$1,068,590)
29	Infrastructure Improvements for Community Services to Prevent Institutionalization	\$165,817	(\$4,853,225)
30	Increase FRED Investigators	(\$3,449,167)	(\$7,049,861)
31	Close Child Care Subsidy PG 6 and PG 5 groups in SFY 2010	(\$502,001)	(\$1,071,160)
32	Eliminate Rate Increases for Boarding Homes	(\$4,537,963)	(\$9,490,181)
33	Reduction in Clinic Fee Schedules	(\$467,465)	(\$695,964)
34	Addition of Procedure code T1503 to Home Health Fee Schedule	(\$355,080)	(\$355,080)
35	Reduction in CT BHP rates	(\$1,248,249)	(\$1,354,897)
36	Reduction of High Outlier Methadone Maintenance Rates Under Medicaid FF	(\$192,758)	(\$276,203)
37	Revise Fee Structure for Physician Radiology (TOS 4) and Office (TOS 1)	(\$3,161,199)	(\$4,641,671)
38	Expand the PDL to Individuals in ConnPACE	(\$110,802)	(\$441,954)
39	Remove Inflation From Grant Accounts and Other Expenses	(\$2,821,726)	(\$3,799,374)
40	Reduce MCO Rate Increases to 2%	(\$25,672,950)	(\$60,792,894)

DEPARTMENT OF SOCIAL SERVICES SFY 2010 and 2011 BUDGET OPTIONS

41	Adjust Income and Asset Eligibility Requirements for Statewide Respite Care	(\$390,045)	(\$390,045)
42	Child Care "Quality" Reductions	(\$1,708,808)	(\$1,708,808)
43	Independent Living Centers	(\$679,911)	(\$689,430)
44	Employment Opportunities	(\$307,845)	(\$307,845)
45	Cost Savings in the Proposed HIV Waiver	(\$2,048,090)	(\$4,180,980)
46	HUSKY B Cost Sharing - Increase Pharmacy Co-Pays	(\$276,250)	(\$282,167)
47	CT ADRC: "CHOICES At Home" w/ SNF Savings	(\$934,200)	(\$934,200)
	Total Reduction Options	(\$231,991,967)	(\$300,345,454)
	REVENUE OPTIONS	SFY 2010	SFY 2011
1	Increase Capacity to Execute Capias Mitimus Orders in Title IV-D Child Supp	\$163,700	\$163,700
2	Charge \$25 Fee for child support Collections for Non-TFA Clients	\$122,097	\$176,046
	Total Revenue Options	\$285,797	\$339,746

Summary & P. 3

29-1

Option Concept Summary SFY 2010 & SFY 2011

Title: Infrastructure Improvements for Community Services to Prevent Institutionalization

Submitted by: David Parrella, Director of Medical Care Administration

Program: Medicaid

Legislation Required / Statutory Reference: 17b-342 (Connecticut Home Care Program for the Elderly); 17b-360 (Money Follows the Person)

Brief Description of Change: The segment of the Connecticut population age 85 and older is the fastest growing portion of the state population. In addition, there are more persons living longer with disabilities than at any point in our history. The urgent nature of the problem is multiplied by the aging baby boomer population. To sustain the potential growth in the population that will require state assistance with long term care, we must re-double our efforts to restructure the financing in our system away from institutional care in favor of lower cost home and community based options.

These options already exist in the home and community based waivers for the elderly, adults with disabilities, persons with acquired brain injuries, persons with developmental disabilities, etc. The list will be expanded in the future to serve persons with persistent mental illness, persons with autism, persons with HIV, etc. In addition, the Money Follows the Person program will begin to actually place current nursing facility residents into the community during SFY 2009. Applications will be available at the beginning of December, 2008, and applicants on Money Follows the Person will begin transitioning at the beginning of calendar year 2009.

However, these waivers are diagnosis specific and require the recipients to be at a nursing facility level of care in order to qualify for community services. What we need to move to is a more comprehensive approach that will intervene with a flexible benefit package for at-risk populations prior to or at the point of their application for nursing facility placement.

Up until the passage of the Deficit Reduction Act (DRA), there has not been a vehicle for states to receive Medicaid matching funds for community-based services delivered to persons with a broad spectrum of disability diagnoses. In addition, reimbursement issues associated with the nursing shortage have often made even state plan services for this population inaccessible.

Under this proposal, the Department would expand the options for community services in a number of ways with the goal of achieving a reduction of 200 nursing beds by the end of State Fiscal Year 2011. In order to achieve this goal as quickly as possible, the Department will use the flexibility in the State Plan process with the exception of one amendment to the existing

29-2

Connecticut Home Care Program. A new cross-disabilities waiver is also included here to reflect the overall coordination of these activities with the goals of Money Follows the Person.

Selected program components could be included as the required rebalancing goals in the Money Follows the Person Demonstration.

These program components include:

1. The adoption of the 1915(i) home and community based services state plan option to allow a targeted number of individuals with household incomes below 150% of the federal poverty level to receive home and community based services based on a functional assessment that does not have to meet the criteria for nursing home admission. Under the option that state can limit the number of individuals receiving the service and can define the functional criteria. Done appropriately, this option can largely replace new initiatives that require waiver approval for lower income populations (i.e. <150% FPL).
2. The adoption of the 1915(j) self-directed personal care assistance state plan option to allow individuals to hire and self-direct their home care personnel, including legally liable relatives. Expanded use of PCAs under this option will relieve the pressure on nursing shortages and increase the number of individuals who will not need to be considered for nursing home placement.
3. Under both options [1915(i) and 1915(j)], individuals would be eligible for home and community services as long as the plan of care that was developed clearly indicated that services delivered would forestall the need for nursing home placement by a minimum of six months.
4. The adoption of a strategy to address the direct workforce shortage includes targeted increases in reimbursement for certain services that play a key role in community based delivery system (i.e. adult day care, PCA, home health aide, etc.).
5. The addition of PCA services as a covered waiver service in the Connecticut Home Care Program for elders. Currently these services can be covered but only as a state-funded pilot program with no federal Medicaid match. It is estimated that \$100,000 will be needed to develop this waiver.
6. Expansion of the existing nursing facility transition program to include 5 additional full time staff (total 10) to focus on moving people back to the community during the first six months of admission to the nursing facility. The longer an individual is institutionalized the more difficult it is for the individual to return to the community. This critical task is to assist persons at risk of long term institutionalization in establishing services within the community to prevent them from entering a nursing home. Additional staff would support assessment of nursing facility residents after 45 days of nursing facility admission. Assessments would identify persons who are no longer at the nursing facility level of care and community options with transition plans for those who would like to receive care in the community as an alternative.

29-3

7. An additional \$1,000,000 in annual funding would be available for adult day care and other community services which would retain individuals in the community. The funding would be available for, but not be limited to, rate enhancements and innovative programming that would expand the number of individuals retained in their homes.

The Department will be reviewing, analyzing, and coordinating all of its waiver programs to develop a comprehensive set of services which utilizes community care as the basis for assisting the elderly through a restructured waiver system. Resources from all waiver programs will be reviewed and integrated to achieve a more cost effective service delivery system.

Current Policy: Current waivers have only limited opportunities for self-direction and do not include the flexibility inherent in the cash and counseling model.

Program Impact: The target for restructuring as a result of these efforts would be to reduce the Medicaid nursing home population by 200 beds by the end of SFY 2011.

Other Considerations (State Plan Amendment, Waiver required):

See above

Fiscal Impact:

	<u>SFY 2010</u>	<u>SFY 2011</u>
Costs:	\$165,817	
Savings:		(\$4,853,225)
Revenue Impact:	\$82,909	(\$2,426,661)

Potential Implementation Date: The Department will begin working on a delivery package once the option has been submitted to the legislature. By starting early, we would hope to have the nursing home diversion portion of the option implemented by January 1, 2010. Rate enhancements for community services can be increased effective January 1, 2010.

**Infrastructure Improvements for Community Services to Prevent Institutionalization
SFY 2010 & SFY 2011**

Calculation of Home Care Costs

Calculation of Nursing Facility Savings

Net Cost/(Savings)

Month	# of New PCA Clients	One Year Diversion Ends	Cumulative New PCA Clients	Cost per Month per Slt	Home Care Costs per Month	Community Svcs Rate Enhancement	Cost of Waiver	Total Cost per Month	Cumulative NF Diversions	Savings per Month per Slt	Total Savings	Net Cost/(Savings)
Jul 09	0	0	0									
Aug 09	0	0	0									
Sep 09	0	0	0									
Oct 09	0	0	0									
Nov 09	0	0	0									
Dec 09	0	0	0									
Jan 10	5	5	5	1,986	9,930	83,333	16,667	16,667	5.0	(6,644)	One month lag	16,667
Feb 10	5	5	10	1,986	19,860	83,333	16,667	19,860	10.0	(6,644)	(33,220)	76,670
Mar 10	5	5	15	1,986	29,790	83,333	16,667	29,790	15.0	(6,644)	(66,440)	53,220
Apr 10	5	5	20	1,986	39,720	83,333	16,667	39,720	20.0	(6,644)	(99,660)	29,830
May 10	5	5	25	1,986	49,650	83,333	16,667	49,650	25.0	(6,644)	(132,880)	6,440
Jun 10	5	5	30	1,986	59,580	83,333	16,667	59,580	30.0	(6,644)	(166,100)	(16,950)
Total SFY 2010					147,450		416,667	100,000	664,117			165,817
Jul 10	14	14	14	2,228	58,980	83,333		58,980	44.0	(7,049)	(199,320)	(57,007)
Aug 10	14	14	28	2,228	117,960	83,333		117,960	58.0	(7,049)	(310,156)	(126,787)
Sep 10	14	14	42	2,228	176,940	83,333		176,940	72.0	(7,049)	(408,842)	(196,255)
Oct 10	14	14	56	2,228	235,920	83,333		235,920	86.0	(7,049)	(507,528)	(263,779)
Nov 10	14	14	70	2,228	294,900	83,333		294,900	100.0	(7,049)	(606,214)	(331,273)
Dec 10	14	14	84	2,228	353,880	83,333		353,880	114.0	(7,049)	(704,900)	(398,757)
Jan 11	14	14	98	2,228	412,860	83,333		412,860	128.0	(7,049)	(803,586)	(466,251)
Feb 11	14	14	112	2,228	471,840	83,333		471,840	142.0	(7,049)	(902,272)	(533,745)
Mar 11	14	14	126	2,228	530,820	83,333		530,820	156.0	(7,049)	(1,000,958)	(601,239)
Apr 11	14	14	140	2,228	589,800	83,333		589,800	170.0	(7,049)	(1,099,644)	(668,733)
May 11	14	14	154	2,228	648,780	83,333		648,780	184.0	(7,049)	(1,198,330)	(736,227)
Jun 11	15	15	170	2,228	707,760	83,333		707,760	198.0	(7,049)	(1,297,016)	(803,721)
Total SFY 2011					2,699,160		1,000,000	3,699,160			(9,552,385)	(4,853,225)

Assumptions:
 200 persons will be diverted from nursing home care by the end of 2011.
 Nursing home diversions start in January, 2010.
 Nursing home diversions last for one year.
 Savings and costs are calculated using a one-month payment lag.

The average cost per month for home care is assumed to be \$1,986 in SFY 2010 and \$2,228 in SFY 2011.
 SFY 2009 - 12 prior months average: \$ 1,736
 SFY 2010 - 3% increase: \$ 1,986
 SFY 2011 - 3% increase: \$ 2,228

The average cost per month for a nursing facility is assumed to be \$6,644 in SFY 2010 and \$7,049 in SFY 2011.
 SFY 2009 - daily rate as of 11/28/08 Rate Promulgation System: \$ 193.43
 SFY 2010 - 3% rate incr plus 9.64% rebasing: \$ 218.44
 SFY 2011 - 3% rate incr plus 3% DR: \$ 231.74

SFY 2010 average monthly NF rate: \$ 6,644
 SFY 2011 - 3% rate incr plus 3% DR: \$ 7,049

SFY 2011 average monthly NF rate: \$ 7,049

29.4