



Intellectual and Developmental Disabilities Waiver Redesign Project

Actuarial Analysis and Findings

Draft Cost Model– May 15, 2019

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Purpose

The Colorado Department of Health Care Policy and Financing (the Department) engaged Bolton Health Actuarial, Inc. (Bolton) to complete cost impact analyses associated with combining the current Home and Community-Based Supported Living Services (SLS) and Developmental Disabilities (DD) waivers into a single waiver serving individuals with Intellectual and Developmental Disabilities (IDD). This presentation summarizes the results of the analyses and describes the assumptions underlying each scenario modeled.

Specifically: Develop a Cost Model that can be used to evaluate multiple scenarios.

Must include: Number of Support Levels; SPALs; Dollar Limits by Support Level; Unit Limitations; Mutually Exclusive Services; New Services; Rates; Caseload

Goals

The Department provided the following goals as guiding principles for combining the HCBS-SLS and DD waivers:

- 1. People getting the right service, right amount, at the right place, and right time.**
- 2. Minimizing member disruption.**
- 3. Improving the current waiver where possible. For example, more flexible additional services.**

In addition, the Department's leadership has made a commitment to stakeholders stating:

"The waiver redesign work will not result in a reduction of resources available to people currently receiving services."

Model Development

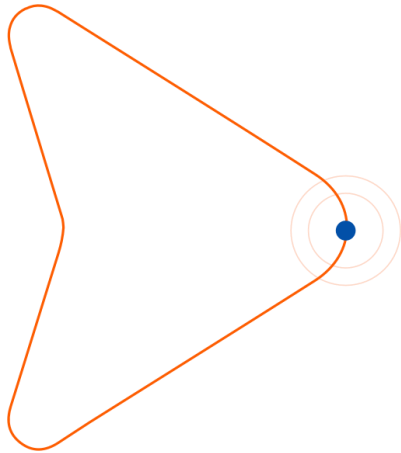
The Model is broken into two modules to allow maximum flexibility while maintaining a manageable size

1) Support Level Module

- **This Module summarizes member level data and SIS assessment data for the purposes of defining Support Levels and determining which individuals qualify for Daily Supports (i.e. ResHab)**

2) Cost Module

- **This Module utilizes the results from the Support Level Module to summarize Claims and PAR data by the newly defined Support Levels.**
- **The Claims and PAR data are adjusted to reflect the user inputs which produces the total projected cost for each modeled scenario.**



Support Level Module

Support Level Module

Step 1 – Defining Support Levels

- **Model can be refined to include up to 7 support levels**
- **Based on SIS assessment scores**

**Using current HCPF criteria to define support levels 1-7 (7 being exceptional)*

Step 2 – Defining Daily Support Needs

- **Daily Support Needs is the indicator used to determine who is eligible for Residential Habilitation Services (ResHab)**
- **Washington was chosen as a starting point for the Colorado algorithm**
 - Only existing combined waiver methodology
 - Utilizes SIS assessment data
 - Appropriate needs based criteria

Support Level Module

Step 2 – Defining Daily Support Needs

The Washington Algorithm determines an individual has Daily Support Needs as:

- Meets Daily Support Needs Requirement, or
- Meets Mid-Frequency Support Needs and additional Medical/Behavioral requirements

Washington Algorithm to define Daily Support Needs

- Member meets any one of the following:

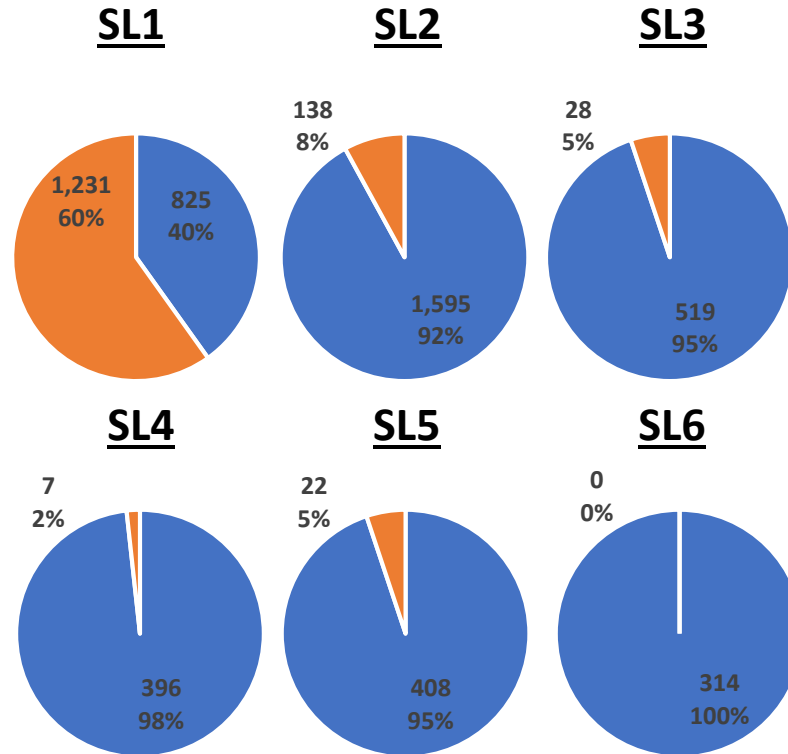
Washington Daily Supports Needs			
SIS Activity	Minimum Type Score	Minimum Frequency Score	Minimum Daily Support Time
A2: Bathing and taking care of personal hygiene and grooming needs	2 Verbal /Gesture Prompt	3 At least once a day, but not hourly	1 Less than 30 minutes
A3: Using the toilet	2 Verbal /Gesture Prompt	3 At least once a day, but not hourly	1 Less than 30 minutes
A4: Dressing	2 Verbal /Gesture Prompt	3 At least once a day, but not hourly	1 Less than 30 minutes
A6: Eating food	2 Verbal /Gesture Prompt	3 At least once a day, but not hourly	1 Less than 30 minutes
A9: Using currently prescribed equipment or treatment	2 Verbal /Gesture Prompt	3 At least once a day, but not hourly	1 Less than 30 minutes
E1: Taking medication	2 Verbal /Gesture Prompt	3 At least once a day, but not hourly	1 Less than 30 minutes
E2: Ambulating and moving about	3 Partial Physical Assistance	3 At least once a day, but not hourly	1 Less than 30 minutes
E3: Avoiding health and safety hazards	1 Monitoring	3 At least once a day, but not hourly	1 Less than 30 minutes
OR			
Any combination of 3 of the SIS activities listed above	1 Monitoring	3 At least once a day, but not hourly	1 Less than 30 minutes

Support Level Module - Assumptions

Step 2 – Defining Daily Support Needs

- **The Department does not have specific targeted additional assessments beyond the SIS 3A/3B (Exceptional Medical/Behavioral Support Needs).**
 - Because these targeted assessments are not available to determine the behavioral and medical needs criteria that are combined with the mid-frequency supports to determine ResHab eligibility, The Daily Supports shown in the previous slide are the only criteria currently utilized.
- **Using this methodology results in 74% of current SLS members being flagged as eligible for ResHab services.**

Support Level Module – SLS Results

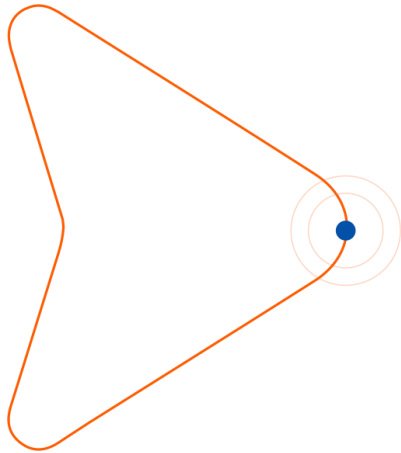


*Non-ResHab Eligible

*ResHab Eligible

Support Level Module – Summary

- Bolton designed the Model to be flexible for future adaptations as necessary, for the Department's ongoing use in redesigning IDD waiver services.
- The Model allows the Department to select the questions to be considered, change the type, frequency, and time requirements both independently by service as well as in total.
 - **The Model allows the Department to select the minimum criteria for determining Daily Supports Needs (i.e. ResHab eligibility).**
 - (Daily only, Mid-Freq only, or Both).
 - *Bolton's modeling currently utilizes Daily only to determine ResHab eligibility (See Slide 7)*



Cost Module

Cost Module - Scenarios

- Do Nothing (Baseline)
 - **This scenario reflects the SLS and DD waivers would remain in their current state**
- Combine Waivers
 - **This scenario assumes that the SLS waiver population that is determined to have Daily Supports Needs will gain access to ResHab**
 - **The DD waiver population would gain access to services covered under the SLS waiver such as Hippotherapy, Massage, and Movement Therapy**
- Combine Waivers Added Services
 - **This scenario builds on the previous scenario and adds the following services:**
 - Behavioral Risk Assessments
 - Caregiver Education & Training
 - Chore Services
 - Intensive Supports (Site Based)
 - Intensive Supports (In Home)
 - Intensive Supports (Short Term)
 - Acupuncture
 - Chiropractic
 - Electronic Support Systems
 - Medication Reminder Systems

Cost Module – Scenarios (cont.)

Combine Waivers Added Services and Remove Service Limits

This scenario includes the added services from the previous scenario for the combined populations.

In addition, service specific unit limits are removed for the following:

- Behavioral Counseling
- Behavioral Consultations
- Behavioral Line Staff
- Behavioral Assessments
- Non-Medical Transportation

Cost Module

Data

- Output from Support Level Module
- Detailed Claims Data (FY17/18)
- Member Prior Authorization Request (PAR) data
- FY17/18 Rates

Inputs

- Completion
- Rates
- Own-Wage Elasticity
- Service Limits
- Utilization Shifts
- New Services
- Individual Support Plan Budgets (aka SPALs)

Cost Module - Continued

Utilization and Cost are adjusted for the following:

- **Completion (incurred but not paid)**
 - Estimated that completed FY17/18 total SLS expenditures are \$71,922,388 and total DD waiver expenditures are \$417,392,483.
- **New rates (using rates effective 3/1/19)**
 - Increase in rates applied to FY17/18 completed claims results in an overall increase of \$32,550,290.
- **Own-Wage elasticity assumptions**
 - Own-Wage elasticity addresses the increase in supply of labor (providers) given an increase in reimbursement rates.
 - The Department assisted Bolton in the identification of services that are believed to have a shortage of qualified providers.
 - Based on research, Bolton estimated there would be a 0.5% increase in utilization for every 1% increase in rates for the services identified.
 - The resulting increase in estimated cost due to the Own-Wage assumptions is \$3,786,456

Cost Module - Continued

Utilization and Cost are adjusted for the following:

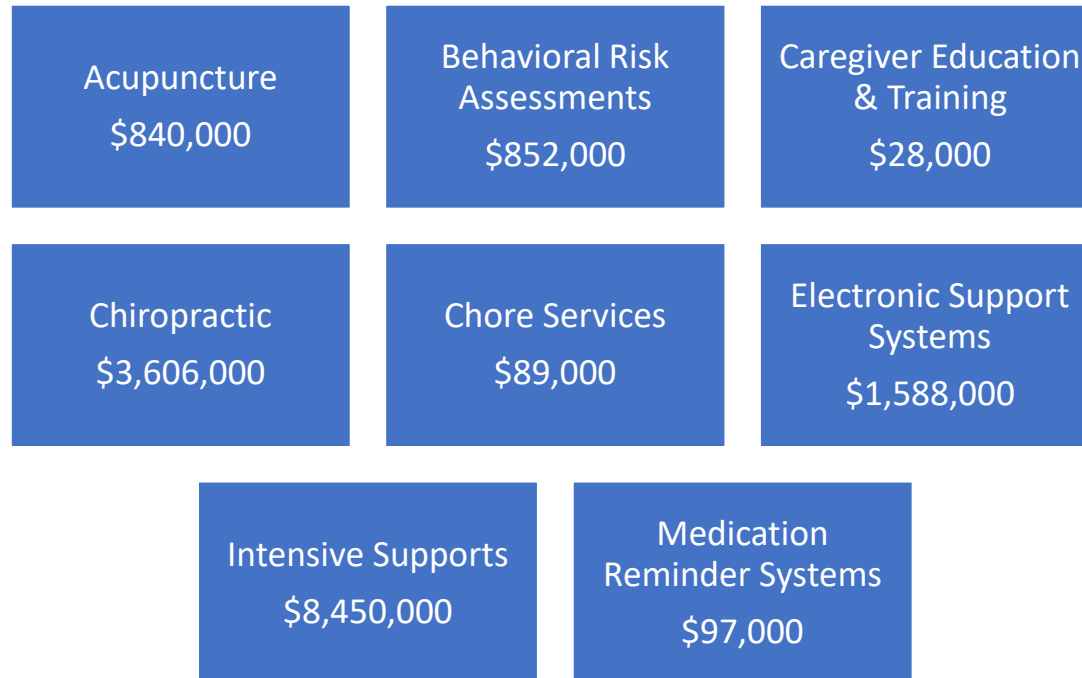
- **Scenario Assumptions (Combine Waivers)**
 - The Combined Waiver cost development assumes that all SLS members meeting the Daily Supports Needs Criteria would elect to utilize ResHab services and supports (at their existing Support Level). Their Personal Care Services costs are replaced (offset) with average ResHab costs for DD members within the same Support Level. All mutually exclusive services are adjusted.
 - The Combined Waiver cost development also assumes that DD members will utilize Hippotherapy, Movement Therapy, and Massage at consistent with the SLS population within the same Support Level.

Cost Module - Continued

Utilization and Cost are adjusted for the following:

- **Scenario Assumptions (Added Services)**

- The cost of added services is based on research from other states and data provided by the Department for other Colorado waivers and pilot programs.



Cost Module - Continued

Utilization and Cost are adjusted for the following:

- **Scenario Assumptions (Remove Service Limits)**
 - The cost of removing service limits is developed using elasticity factors for each service type.
 - Bolton developed these factors comparing the member claims and PAR data. The factors represent the estimated change in utilization given a 1% change in service limits.
 - Because the services will be unlimited, there is a maximum set that reflects the point at which utilization will no longer increase. This maximum was calculated to be 15%.

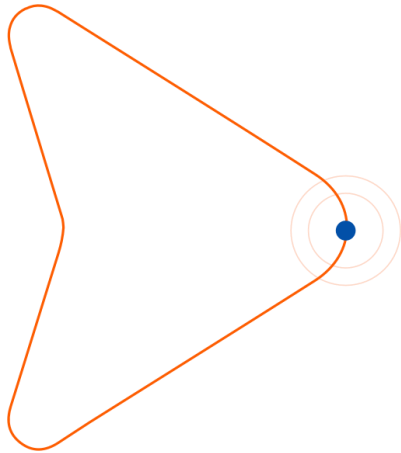
Cost Module - Continued

Determining Individual Support Plan Budgets (aka SPALs)

- **The Model utilizes PAR (actual Member identified needs) data to inform setting budget limits**
 - Budgets can be set for up to four combinations of service categories plus an overall waiver cap
 - Budgets can be set for ResHab eligible and non-ResHab eligible populations independently
- **The SPAL is set at the 90th percentile of all members spend.**
- **The SPAL is currently set by Support Level independently for members who meet the Daily Supports Needs Criteria and those that do not.**
- **There are currently two SPALs for each individual, one for Core services and one for Ancillary services**
 - **Core** services include: Personal Care; Basic & Enhanced Homemaker; Mentorship; Supported Community Connections; Specialized Habilitation; Prevocational Services; Job Coaching, Placement, and Development, ;Residential Habilitative Services; Behavioral Supports; Respite (Individual, Group, Camp); Non-Medical Transportation; and Transition Services
 - **Ancillary** services include: Assistive Technology; Hippotherapy; Massage; Movement Therapy; Recreational Facility Fees/Passes; Personal Emergency Response Systems; Specialized Medical Equipment/Supplies; Disposable Supplies; Vision; Dental; and Hearing

Cost Module – Results

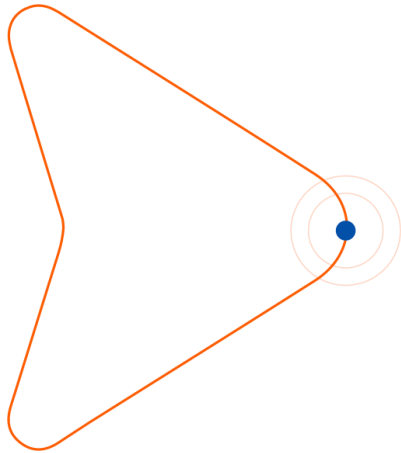
Summary of Scenarios				
	Do Nothing	Combine Waivers	Combine Waivers Added Services	Combine Waivers Added Services Remove Service Limits
Starting Costs	\$531,877,051	\$531,877,051	\$531,877,051	\$531,877,051
Access to services from each waiver	\$0	\$151,623,826	\$151,623,826	\$151,614,887
New Services	\$0	\$0	\$15,551,999	\$15,551,999
Remove Service Limits	\$0	\$0	\$0	\$4,309,347
<u>SPAL Impact</u>	<u>(\$2,296,685)</u>	<u>(\$943,219)</u>	<u>(\$1,227,555)</u>	<u>(\$1,234,862)</u>
Total Cost for Existing Population	\$529,580,366	\$682,557,658	\$697,825,321	\$702,118,422
<i>Difference</i>	<i>n/a</i>	<i>\$152,977,291</i>	<i>\$168,244,955</i>	<i>\$172,538,056</i>
<u>DD Waitlist Estimated Cost</u>	<u>\$132,291,643</u>	<u>\$52,471,912</u>	<u>\$53,719,355</u>	<u>\$54,114,407</u>
Total Cost for All Populations	\$661,872,009	\$735,029,570	\$751,544,677	\$756,232,829
<i>Difference</i>	<i>n/a</i>	<i>73,157,560</i>	<i>89,672,668</i>	<i>94,360,820</i>



Conclusion

Conclusion

- The scenarios in this report represent the estimated costs of consolidating the SLS and DD waiver populations, adding new services, removing service unit limits, and incorporating the estimated costs for eliminating the DD waiver waitlist.
- The transition of SLS members to a ResHab setting is the largest component of the additional cost (\$148,844,484).
- The Department should consider performing case studies which will allow them to further refine the Daily Support Needs requirements, if appropriate. This may also assist in the identification of SLS members that would choose the ResHab setting.
- The Department may want to consider collecting additional data or metrics regarding caregiver capacity, exceptional medical and behavioral support needs, and living arrangements.



Questions?