

# **Selective Contracting through 1915(b)(4)**

Office of Developmental Programs  
April 2023

# What Problem(s) Needs Solving?



**pennsylvania**  
DEPARTMENT OF HUMAN SERVICES



# Changing Population: *Higher Acuity of Support Need*

- Increasing acuity of support needs
  - Mental/behavioral health
  - Medical
  - Aging
- 36% of people using residential Habilitation in NG4
- Need for better medical and behavioral support, supportive therapeutic settings

## Behavioral Health

- ✓ Trauma
- ✓ Mood/Anxiety disorders
- ✓ Psychotic disorders
- ✓ Neurodiversity/Autism Spectrum Disorder

## Physical Disabilities

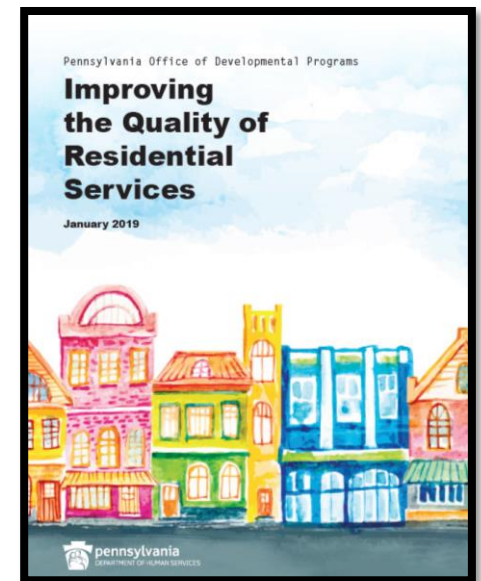
- ✓ Mobility Impairment
- ✓ Dysphagia: swallowing difficulties
- ✓ Neurologic: low muscle tone, seizures
- ✓ Communication challenges, including deaf/hard of hearing and visual impairments

## Health Conditions

- ✓ Diabetes
- ✓ Respiratory
- ✓ Heart Disease
- ✓ Age related conditions: falls, dementia, and changes in metabolism

# Quality Concerns

- **Residential** 36% increase in enforcement actions from 2019 to 2022
  - Due to scope and severity of violations, ODP banned new admissions and prohibited opening of new service locations in 17 cases.
  - Average of 9.5 violations per inspection, up from 7.7 in 2019.
- **Examples:**
  - Findings of **improper medication administration more than doubled between 2019 and 2022**
  - Findings of **failure to provide health services** rose from a total of 108 instances in 2019 to 160 through August 1, 2022.



## Quality Concerns (cont.)

- **Supports Coordination** - Increased Directed Corrective Action Plans, Enforcement

*Examples:*

- *Central and SE regions, adherence rate of 78% and 75% to **individual monitoring** by SCs.*
  - *Incident response (SC): Includes measures to identify and report abuse, neglect, and exploitation; monitoring the implementation of corrective action; and following up on corrective action. FY21–22 rates are 41%, 85%, and 83%, respectively.*
- **CPS and Residential**  
“in” the community ≠ integrated/included

## Environmental Scan: I/DD Delivery System

- Conducted an overview of the different **delivery system models** used throughout the nation to provide HCBS for individuals with I/DD.
- Most states with a model other than traditional FFS use a specialized plan, three states have selective contracting, and one state currently uses an administrative services organization (ASO) model.
- The environmental scan focused on states providing HCBS to individuals with I/DD in a capitated managed care program or alternative model

# Selective Contracting Waivers



ODP is interested in pursuing two statewide 1915(b)(4) selective contracting waivers for select services currently offered through targeted services management and in the following 1915(c) waiver programs:

- **Consolidated**
- **Community Living**
- **Person/Family Directed Support (P/FDS)**

The services that will be included are:

- **Residential Services**
- **Supports Coordination**

The target implementation is Q1-2 FY24-25 for Residential Services and Q1-2 FY25-26 for Supports Coordination.

# What is a 1915(b)(4) waiver?

## A. Statutory Authority

1. **Waiver Authority.** The State is seeking authority under the following subsection of 1915(b):

1915(b) (4) - FFS Selective Contracting program

2. **Sections Waived.** The State requests a waiver of these sections of 1902 of the Social Security Act:

- a.  Section 1902(a) (1) - Statewideness  
b.  Section 1902(a) (10) (B) - Comparability of Services  
c.  Section 1902(a) (23) - Freedom of Choice  
d.  Other Sections of 1902 – (please specify)

## B. Delivery Systems

1. **Reimbursement.** Payment for the selective contracting program is:

- the same as stipulated in the State Plan  
 is different than stipulated in the State Plan (please describe)

2. **Procurement.** The State will select the contractor in the following manner:

- Competitive procurement  
 Open cooperative procurement  
 Sole source procurement  
 Other (please describe)

## C. Restriction of Freedom of Choice

1. **Provider Limitations.**

- Beneficiaries will be limited to a single provider in their service area.  
 Beneficiaries will be given a choice of providers in their service area.

(NOTE: Please indicate the area(s) of the State where the waiver program will be implemented)

**ODP will use the 1915(b)(4) to waive “Freedom of Choice,” (choice among every “willing and qualified provider”)**





- ODP must ensure an adequate network of providers**
- ODP will ensure participants have choices of SCOs and residential providers**



## Advantages of Selective Contracting

- Can be used with existing 1915(c) waivers
- Allows ODP to move beyond contracting with any “willing and qualified” provider, and instead requires providers to meet specific criteria set by ODP.
- Clarifies state expectations and provider requirements, characteristics required of providers, and outlines quality and care coordination standards.
- Allows ODP flexibility to use alternative payments and to link payments to outcomes, to further drive quality service provision.
- Allows for continuity of care.

# Residential Services included in Selective Contracting

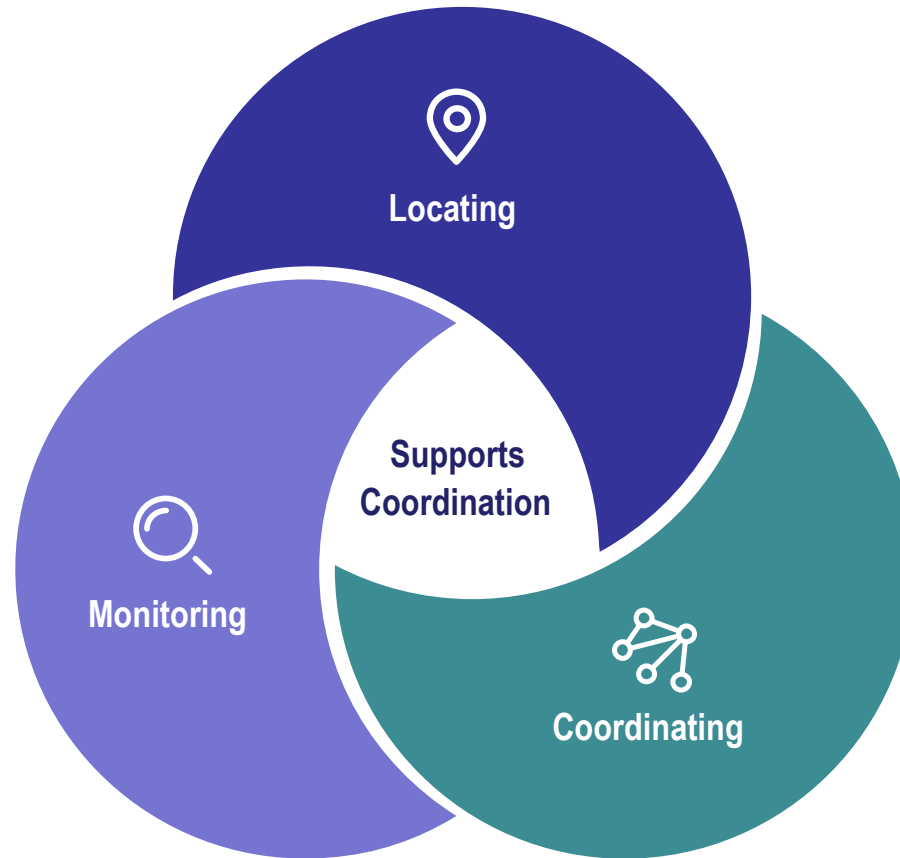
 <h3>Supported Living</h3> <p>Provided to participants who live in a private residence (i.e., apartment, single family home, townhome, etc.) that is <b>owned, leased, or rented by the participant</b> or provided for the participant's use via a Special or Supplemental Needs trust.</p> <p><b>Needs Groups:</b> 1–4 <b>Approved Program Capacities:</b> 1–3 people</p>	 <h3>Life Sharing</h3> <p>A residential setting (i.e., apartment, single family home, townhome, etc.) located in <b>the private home of a host family or private home of the participant where a host family who is not related to the participant moves into the participant's home</b> and shares the participant's home as their primary residence.</p> <p>This is a provider agency managed service.</p> <p><b>Needs Groups:</b> 1–4 <b>Approved Program Capacities:</b> 1–2 people</p>	 <h3>Licensed Residential Habilitation/Group Settings</h3> <p><b>A licensed, provider-owned, leased, or rented setting in which a participant resides.</b></p> <p>A Community Home is defined in regulations (55 Pa. Code Chapter 6400) as, "A building or separate dwelling unit in which residential care is provided to one or more individuals with an intellectual disability or autism".</p> <p><b>Needs Groups:</b> 1–4+ <b>Approved Program Capacities:</b> 1–4 people</p>	 <h3>Unlicensed Residential Habilitation/Group Settings</h3> <p><b>An unlicensed, provider-owned, leased, or rented setting in which a participant resides.</b></p> <p>The 55 Pa. Code § 6400.3(f)(7) licensing regulations exclude Community Homes that serve three or fewer individuals with an intellectual disability or autism 18 years of age or older who need a yearly average of 30 hours or less of direct staff contact per week per home.</p> <p><b>Approved Program Capacities:</b> 1–3 people</p>
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This service will support individuals to acquire, maintain, or improve skills necessary to live more independently and be more productive and participatory in community life.



\*Some Residential Habilitation/Group homes with 5-8 individuals have been grandfathered in.

# Supports Coordination Services



Supports Coordination is provided for all waiver participants and all participants eligible for targeted services management.

# Selective Contracting Objectives

- **Improving quality** through
  - focus on key/pivotal service areas
  - developing class of “Preferred Providers” using new performance metrics
  - aligning payment with outcomes by using “Pay for Performance”








Targeted percentage of individuals with I/DD receiving HCBS statewide express satisfaction with preferred providers of Residential Services by July 1, 2025



Targeted percentage of individuals with I/DD receiving HCBS statewide express satisfaction with preferred providers of Supports Coordination by July 1, 2026

# Key Drivers to Achieve Objectives

 <p><b>SCOs and provider quality</b></p>	 <p><b>Integration of behavioral supports</b></p>	 <p><b>Supports are integrated</b></p>	 <p><b>People experience more independence</b></p>	 <p><b>Supports are person centered</b> <b>Individuals have a variety of choices</b></p>
<ul style="list-style-type: none"> <li>Entities practice a culture of quality</li> <li>Strong entity leadership</li> <li>Providers offer a full continuum of supports</li> <li>SCOs embrace role as arm of ODP</li> <li>Training and mentoring transcends the classroom</li> <li>Workforce recruitment and retention</li> </ul>	<ul style="list-style-type: none"> <li>Providers have clinical teams</li> <li>Provider staff have clinical experience</li> <li>Entities leverage community partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Entities focus on wellness</li> <li>Entities develop specialties (staff are specialists)</li> <li>Providers and SCOs are creative (not merely relying on traditional 24-hour services)</li> <li>Use and measurement of behavioral supports outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Day and employment supports are customized</li> <li>Greater use of enabling technology</li> <li>Focus on community integration and developing community resources</li> <li>Staff are credentialled</li> </ul>	<ul style="list-style-type: none"> <li>Engagement and support of families</li> <li>SCO use of technology equals more personal engagement</li> <li>Providers recognize ability of individuals (strength-based planning)</li> <li>LifeCourse is fully practiced</li> </ul>

# Program Changes



**Implement  
Selective  
Contracting**



**Improve  
Professional  
Standards**



**More Focus on  
QA&I Practice  
Versus Policy**



**Implement  
Enterprise  
Case  
Management  
Solution**



**Use Financial  
Assumptions  
to Support  
Capacity  
Building**



**Implement  
Workforce  
Support  
Strategies**

# Future State

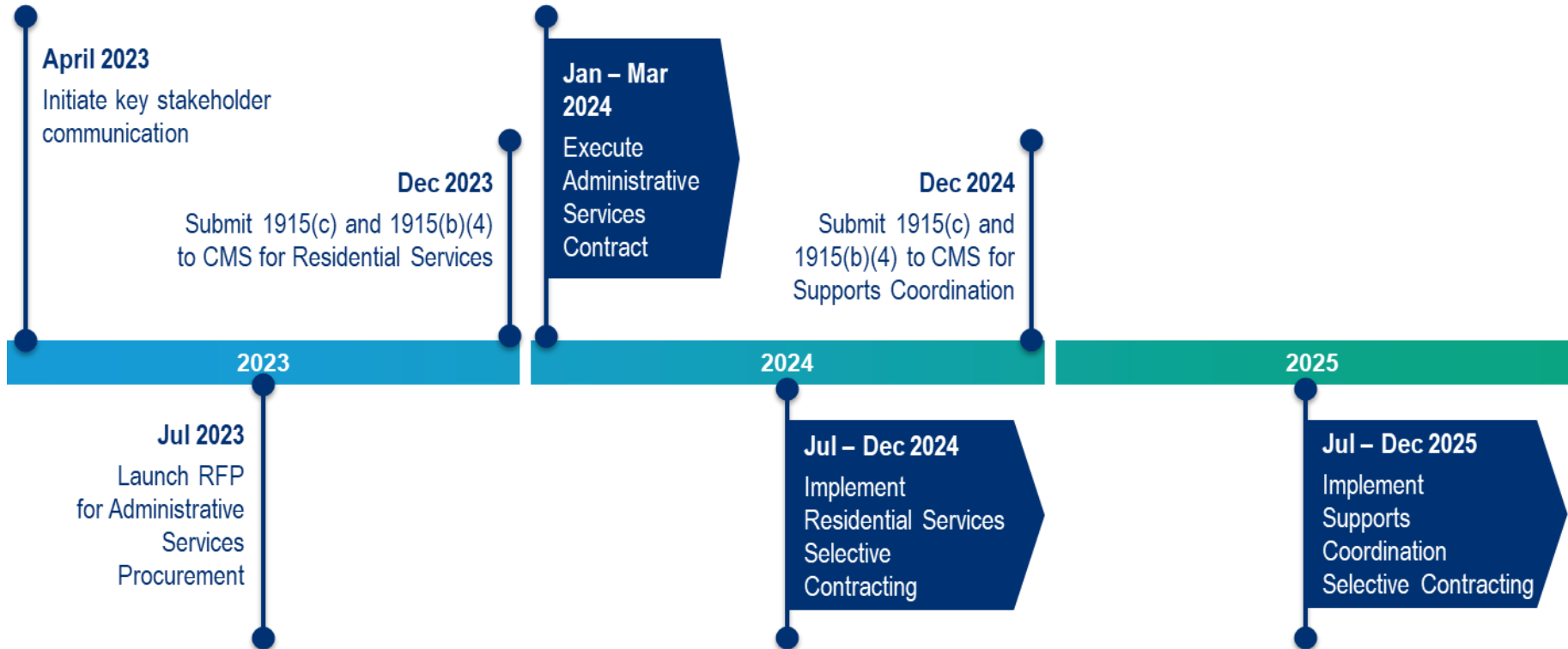
## What will stay the same?

- ODP will continue to operate its existing 1915(c) waivers.
- Existing county-based Administrative Entities (AEs) will continue all current delegated functions.
- Individuals will continue to receive Supports Coordination and Residential Services by providers of their choosing.
- ODP will continue to drive the provision of quality services.

## What is changing?

- Two new 1915(b)(4) waivers will be implemented. These allow states to selectively contract for designated services.
- ODP will contract with an External Administrative Vendor (EAV) who will assist in data collection, analysis and reporting for administration of the selective contracting program.
- Providers of Supports Coordination and Residential Services will be required to meet specific quality metrics in order to maintain contracts.
- Payment will be tied more to quality and outcomes.
- Opportunities for streamlined oversight for excellent performers

# ODP Selective Contracting High-Level Timeline





## How Will You Be Involved?

- **Concept Paper for Public Comment:** ODP will release a concept paper for public comment
- **Stakeholder engagement activities:** ODP is planning a number of different meetings with stakeholder groups. There will be additional updates and communication around program design after today's meeting.
- **Surveys:** ODP may also use surveys in order to solicit feedback on the move toward selective contracting.

# What's Next?

This work is still conceptual. ODP will need your help to make it a reality. Some areas ODP will seek input on include:

- Establishing performance metrics to support different payment options, including alternative payment arrangements, and streamlining of oversight.
- Evaluating and developing operational implementation activities.
- Developing a transition plan.
- **Recommendation 13: Evaluate Future Innovations Based on Everyday Lives Principles**

