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Selective Contracting through 1915(b)(4)

Office of Developmental Programs

April 18, 2023

Recommendation 13: Evaluate Future Innovations Based on Everyday Lives Principles

- Future consideration of service models and reimbursement strategies must be based on the principles of person-centered planning, individual choice, control over who provides services and where, and access to/full engagement in community life.
- Innovative approaches should be evaluated based on the recommendations of Everyday Lives, including: employment, recognizing and supporting the role of families, and meeting the diverse needs of all individuals.
- Stakeholders should be fully engaged in designing, implementing and monitoring the outcomes and effectiveness of innovative service models and service delivery systems.

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Principles

Consideration of new service delivery systems or payment models such as managed care, accountable care organizations, medical homes or pay for performance must include the following:

1. Adherence to the values and principles of *Everyday Lives*.
2. Engagement of stakeholders, including individuals and self-advocates with disabilities, family members, county governments, providers, and advocates in designing, implementing and monitoring the outcomes.
3. Recognition that payment models assume that individuals and self-advocates with ID/A require supports across the lifespan, that their needs are not episodic or time-limited, but are on-going and ever changing throughout life. Investment in skill development and job placement and training may not realize savings for a number of years into the future.

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Principles (cont.)

4. Recognition that while individuals and self-advocates with ID/A have medical, mental health, and dental needs that require medical services, the goal of home and community-based services is to enable people to live and engage in community life.
5. Incorporation of the Federal Home and Community Based Services rule, which requires person-centered planning, individual choice and control over who provides services and where, and supports access to the greater community and full engagement in community life.
6. Adoption of a performance evaluation system founded in the principles of *Everyday Lives* and the Home and Community Based Services Rule.
7. Recognition that most individuals and self-advocates with ID/A are supported by their families throughout life. An effective service system respects the valued role of families and understands that supporting families is critical to achieving good outcomes for individuals and self-advocates with disabilities.

What Problem(s) Needs Solving?

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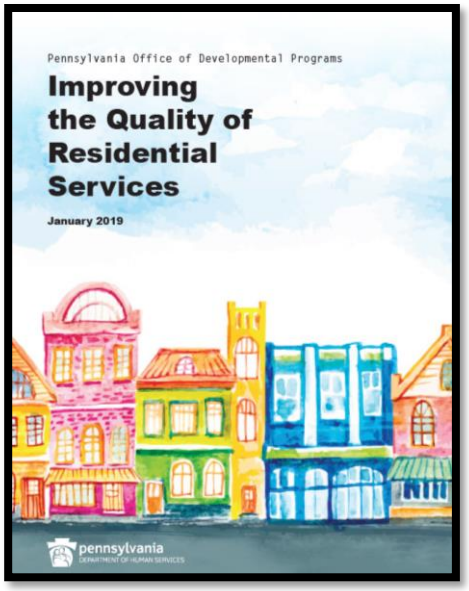
Changing Population:
Higher Acuity of Support Need

- 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	Physical Disabilities	Health Conditions
✓ Trauma ✓ Mood/Anxiety disorders ✓ Psychotic disorders ✓ Neurodiversity/Autism Spectrum Disorder	✓ Mobility Impairment ✓ Dysphagia: swallowing difficulties ✓ Neurologic: low muscle tone, seizures ✓ Communication challenges, including deaf/hard of hearing and visual impairments	✓ 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

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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

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Overview of Current Models

- **Administrative Services Organization** - State contracts with an ASO to perform administrative functions related to the delivery of services to individuals with I/DD, such as provider enrollment, provider relations, care coordination, utilization management (UM), and quality management. The State generally remains responsible for certain administrative functions such as contracting with providers, claims payment, and fair hearings.

- **Health Home -** An optional Medicaid State plan benefit that permits states to establish Health Homes to coordinate care for individuals who have chronic conditions. Health Home providers are expected to operate under a "whole-person" philosophy and integrate and coordinate all primary, acute, BH, and LTSS to treat the whole person.

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Overview of Current Models (cont.)

- **Mainstream MCOs** - The State contracts on a capitated basis with MCOs that provide comprehensive services, including both non-long-term services and supports and long-term services and supports (LTSS), to various Medicaid populations including individuals with I/DD

- **Specialized Plans (could be MCOs, prepaid inpatient health plans [PIHPs], or prepaid ambulatory health plans [PAHPs]**) - The State contracts on a capitated basis with plans that have experience with the I/DD population (e.g., include providers or governmental entities) to provide services, including LTSS, to individuals with I/DD. The State often contracts with one plan per geographic area.

- **Selective Contracting -** State selectively contracts with providers to deliver specified services for individuals with I/DD

Selective Contracting Waivers

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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?

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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

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Supported Living

Provided to participants who live in a private residence (i.e., apartment, single family home, townhome, etc.) that is ***owned, leased, or rented by the participant*** or provided for the participant's use via a Special or Supplemental Needs trust.

Needs Groups: 1–4

Approved Program Capacities: 1–3 people

Life Sharing

A residential setting (i.e., apartment, single family home, townhome, etc.) located in ***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*** and shares the participant's home as their primary residence.

This is a provider agency managed service.

Needs Groups: 1–4

Approved Program Capacities: 1–2 people

Licensed Residential Habilitation/Group Settings

A licensed, provider-owned, leased, or rented setting in which a participant resides.

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".

Needs Groups: 1–4+

Approved Program Capacities: 1–4 people

Unlicensed Residential Habilitation/Group Settings

An unlicensed, provider-owned, leased, or rented setting in which a participant resides.

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.

Approved Program Capacities: 1–3 people

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.

1 2 3 4

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

Supports Coordination Services

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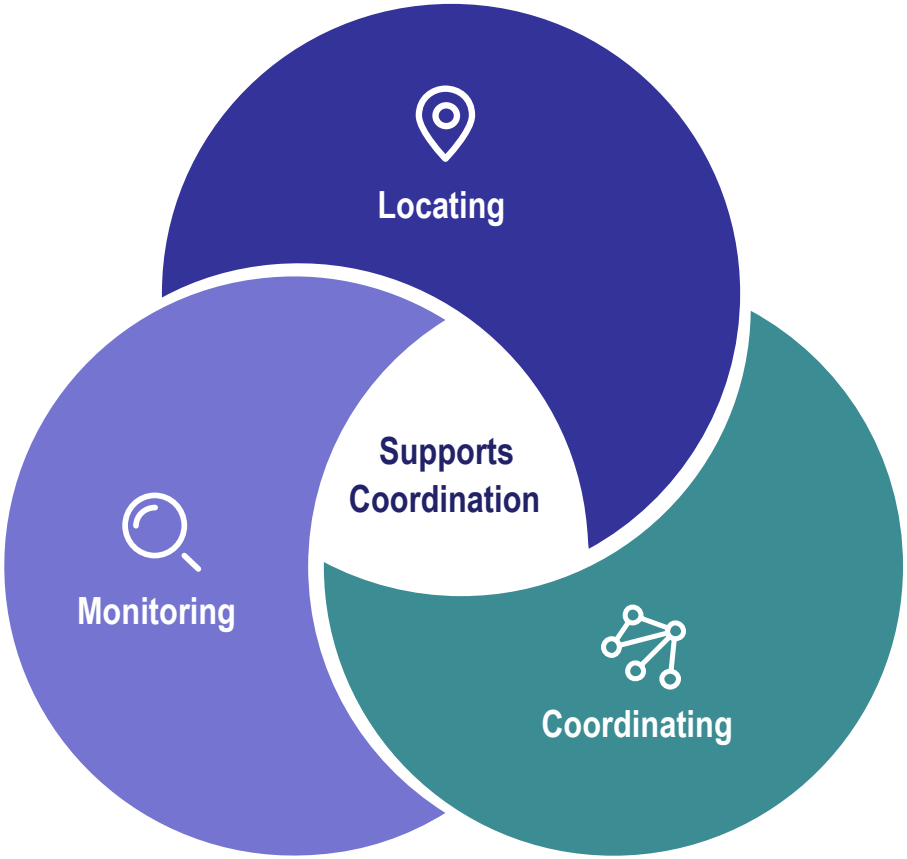

Supports Coordination is provided for all waiver participants and all participants eligible for targeted services management.

Everyday Lives — Key Values

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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

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Key Drivers to Achieve Objectives

SCOs and provider quality	Integration of behavioral supports	Supports are integrated	People experience more independence	Supports are person centered Individuals have a variety of choices
Entities practice a culture of quality	Providers have clinical teams	Entities focus on wellness	Day and employment supports are customized	Engagement and support of families
Strong entity leadership	Provider staff have clinical experience	Entities develop specialties (staff are specialists)	Greater use of enabling technology	SCO use of technology equals more personal engagement
Providers offer a full continuum of supports	Entities leverage community partnerships	Providers and SCOs are creative (not merely relying on traditional 24-hour services)	Focus is on community integration and developing community resources	Providers recognize ability of individuals (strength-based planning)
SCOs embrace role as arm of ODP		Use and measurement of behavioral supports outcomes		LifeCourse is fully practiced
Training and mentoring transcends the classroom				

Program Changes

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- **Implement Selective Contracting**
- **Improve Professional Standards**
- **More Focus on QA&I Practice Versus Policy**
- **Use Financial Assumptions to Support Capacity Building**
- **Implement Enterprise Case Management Solution**

Future State

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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 the 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

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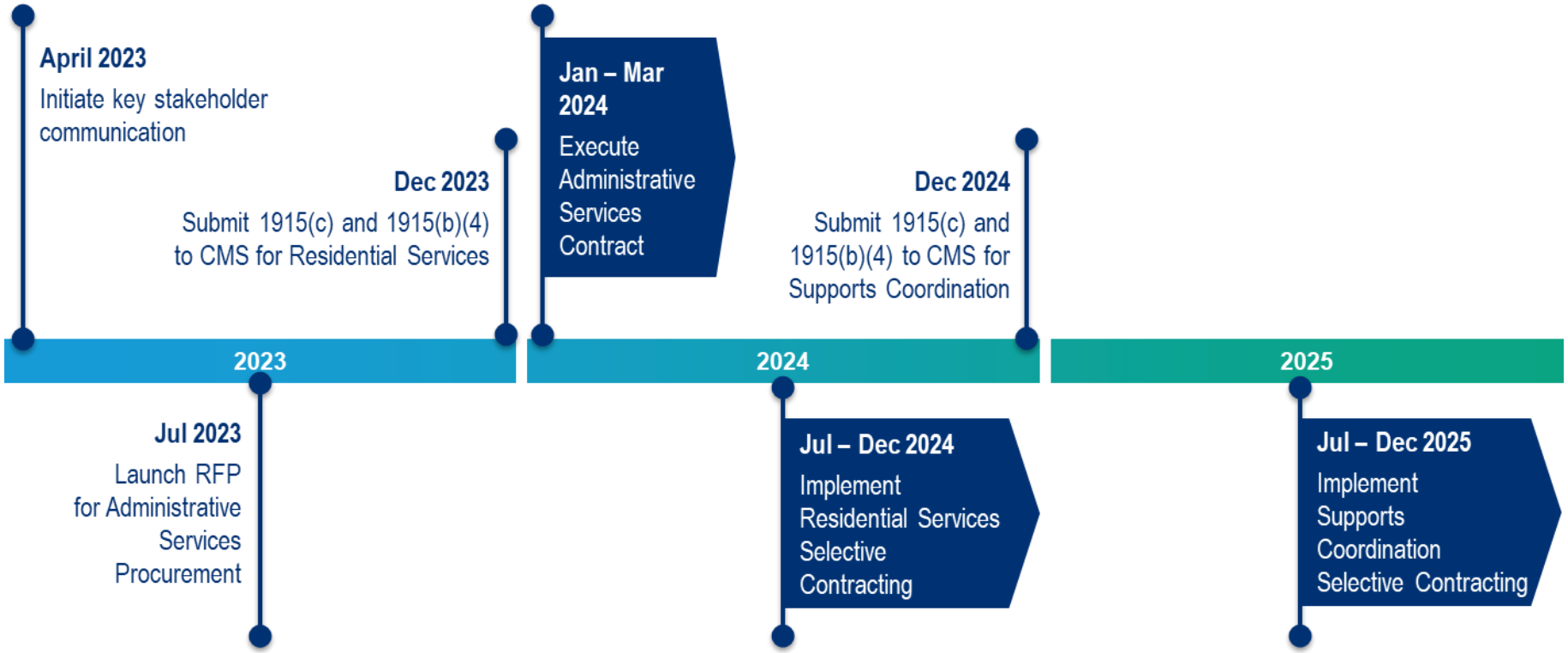

How Will You Be Involved?

- **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?

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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.
- Evaluating plan against recommendation 13 principles.

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Questions?