



STATE OF MARYLAND

DHMH

Maryland Department of Health and Mental Hygiene

Larry Hogan, Governor - Boyd Rutherford, Lt. Governor - Van Mitchell, Secretary

October 30, 2015

The Honorable Edward J. Kasemeyer
Chair
Senate Budget & Taxation Committee
3 West Miller Senate Office Bldg.
Annapolis, MD 21401-1991

The Honorable Maggie McIntosh
Chair
House Appropriations Committee
121 House Office Bldg.
Annapolis, MD 21401-1991

Re: 2015 Joint Chairmen's Report (p. 78) – Report on Community First Choice Program and Community Options Waiver

Dear Chairmen Kasemeyer and McIntosh:

In keeping with the requirements of the 2015 Joint Chairmen's Report (p. 78), enclosed is the Department of Health and Mental Hygiene's report on the Community First Choice Program and consolidated Community Options waiver. This report addresses the number of program participants being served by Community First Choice and Community Options and the distribution of participants by Resource Utilization Group (RUG); the budget ranges for each RUG in Community First Choice and Community Options; a comparison of RUG budgets to spending on plans of service for calendar years 2013 and 2014; the extent to which approved plans of service vary from the RUG budget by RUG category; and the number and dollar-value of expectations being granted from the RUG budget by RUG category.

Thank you for your consideration of this information. If you have questions or need more information on the subjects included in this report, please contact Allison Taylor, Director of Governmental Affairs at (410) 767-6480.

Sincerely,

Van T. Mitchell
Secretary

Enclosure

cc: Shannon McMahan
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Community First Choice and Community Options Report October 2015

The 2015 Joint Chairmen's Report (pg. 78) directed the Department of Health and Mental Hygiene (DHMH) to submit a report on the implementation of the Community First Choice (CFC) Program and the consolidated Community Options (CO) waiver. Specifically, the committees requested the Department to:

- detail the number of program participants being served by CFC and CO and the distribution of CFC and CO participants by Resource Utilization Group (RUG);#
- discuss the budget ranges for each RUG in CFC and CO;#
- compare the RUG budgets to spending on plans of service for calendar 2013 and 2014; #
- outline the extent to which approved plans of service vary from the RUG budget by RUG category; and #
- detail the number and dollar value of exceptions being granted from the RUG budget by RUG category.

It is important to note that RUG budgets for calendar 2013 are not included in this report as previous waiver programs did not use the RUG budget methodology. This is a new procedure for the CFC program that was implemented in January 2014.

Background

The Medicaid Program has offered home and community-based services as an alternative to nursing facility placement for many years. In 2014, numerous changes occurred across the home and community-based service system in order to streamline existing programs, expand services to eligible individuals, and to maximize available federal funding opportunities.

On January 6, 2014, the Living at Home Waiver and the Waiver for Older Adults were merged into the Home and Community-based Options Waiver and the new Community First Choice program began. By merging the waivers, Medicaid was able to standardize services, rates, and provider enrollment, as well as streamline administrative processes. The CFC program was implemented at the same time in order to expand the services available to Medicaid recipients in the community as well as take advantage of enhanced federal funding.

The CFC option was created by the Affordable Care Act and offered by the Centers for Medicare and Medicaid Services (CMS). Maryland's program offers all mandatory and optional services allowable under the program, including personal assistance services, emergency back-up systems, transition services, and items that substitute for human assistance. The State collects an enhanced match on these services for the duration of the program.

In order to maximize the enhanced federal match, the State consolidated similar services from three existing programs (services previously covered through the Living At Home Waiver and Waiver for Older Adults, as well as services covered through the State Plan personal care option for individuals needing a nursing facility level of care) and now offers them through CFC. This

included removing CFC services from other programs to prevent duplication. These changes allow for a more seamless experience for applicants and participants who may move between programs by the standardization of rates, provider qualifications, and regulations across programs. Historically, there was a large discrepancy in the amount of services received by a participant based on the program in which they were enrolled. Waiver participants traditionally received higher amounts of service than participants of the State plan personal care program, despite having similar needs. One goal of the CFC program conversion was to eliminate this discrepancy and allocate funds more equitably between all participants.

CO waiver participants receive their personal assistance services through the CFC program and are included in all descriptions of the CFC program, process, and the charts below. There is no separate data for CO participants as the RUGs budgets only apply to CFC services.

CFC Plans of Service and Budgets

In the CFC program, each applicant and participant is assessed using a core standardized assessment instrument that has been tested for reliability and validity. This tool is called the interRAI-Home Care or interRAI-HC. This tool uses a statistically validated algorithm to group people with similar needs into RUGs, similar to the groupings used for nursing facility residents. However, these RUGs and the interRAI-HC tool are specifically designed for community-based services.

The interRAI-HC groups people into 23 acuity groups, which have been consolidated down to 7 recommended budget groups. The available budget for the program has been equitably distributed across the acuity groups based on the assessed needs of the participants. The budgets are not intended to prescribe a number of services or hours of services for each participant, but serve only to distribute available funding across the population based on level of need. The table below describes the recommended budget for each group.

RUGs-Based Flexible Budget

Group	Annual Recommended Budget
Group 1	\$8,544
Group 2	\$16,571
Group 3	\$23,066
Group 4	\$31,072
Group 5	\$35,409
Group 6	\$44,647
Group 7	\$78,269

This recommended flexible budget is designed to give participants with similar needs a starting point for requesting services. However, this is not a budget cap or absolute limitation. Participants use a person-centered planning process to develop a plan of service that reflects their

strengths, goals, risks, services, and providers. All plans of service are reviewed and approved by the Department before implementation.

Any plan of service submitted with a budget above the recommended flexible budget requires an exceptions form with an explanation and any additional documentation for the need for services above the flexible budget. Exceptions are reviewed and approved as part of the overall plan of service approval process.

Comparison of RUG Budgets

The tables below outline the number of people who were assigned to each budget group, the budget that was recommended for that group, the average budget that was approved for people in that group, and the average per person difference between the recommended budget and approved budget.

Table 1 includes all current participants of the programs, regardless of their program of origin. Table 2 breaks out spending between the waiver group (CO with CFC) with historically higher spending, and the State plan personal care group with very low historic spending in the legacy program. The CFC-only group also includes people who are new to services. Table 2 shows that the waiver group continues to outspend those with similar needs in other groups, as their pre-existing services were considered and maintained during the transition to CFC.

Please note that since the program conversion and implementation of the CFC program did not occur until January 6, 2014, there are no data on calendar year 2013. The legacy programs – the Living at Home waiver, State plan personal care program and the Waiver for Older Adults – did not use the RUG budget methodology as this is a new procedure for the CFC program.

During calendar 2014, we did not collect data on the number of individual exception requests. Exceptions are considered as part of an overall plan of service. Exceptions are not approved and denied individually; the entire plan of service is considered and reviewed as a whole.

Table 1. Comparison of Average RUG and POS Budgets by RUG (n=8,108)

RUG	People	RUG Budget	Average CFC Flexible Budget	Difference
Group 1	2,055	\$8,544	\$16,285	\$7,741
Group 2	1,764	\$16,571	\$25,001	\$8,430
Group 3	1,734	\$23,066	\$31,945	\$8,879
Group 4	1,675	\$31,072	\$44,915	\$13,843
Group 5	695	\$35,409	\$46,345	\$10,936
Group 6	177	\$44,647	\$48,095	\$3,448
Group 7	8	\$78,269	\$49,147	(\$29,122)

Table 2. Comparison of Average RUG and POS Budgets by RUG and Program

CFC Only (n =4,042)				CO with CFC (n =3,823)		
RUG	RUG Budget	Average CFC Flexible Budget	Difference	RUG Budget	Average CFC Flexible Budget	Difference
Group 1	\$8,544	\$11,733	\$3,189	\$8,544	\$27,176	\$18,632
Group 2	\$16,571	\$18,257	\$1,686	\$16,571	\$34,566	\$17,995
Group 3	\$23,066	\$23,462	\$396	\$23,066	\$40,996	\$17,930
Group 4	\$31,072	\$31,196	\$124	\$31,072	\$52,436	\$21,364
Group 5	\$35,409	\$31,616	(\$3,793)	\$35,409	\$55,255	\$19,846
Group 6	\$44,647	\$35,818	(\$8,829)	\$44,647	\$55,922	\$11,275
Group 7	\$78,269	\$31,442	(\$46,827)	\$78,269	\$66,851	(\$11,418)