

Health and Human Services Commission
Medicaid Reform Strategies for Texas

Strategy	Global Budgeting Approaches to Long-term Supports and Services: The Vermont Approach
Background:	<p>Vermont's "Choices for Care" is an 1115 Medicaid waiver demonstration program that began operating in October 2005. The waiver limits or "caps" the amount of federal funding available over five years but gives the state more flexibility in how it spends its funds. In effect, the waiver turns federal Medicaid funding for long-term supports and services (the waiver includes both nursing facility care and home care) into a block grant for the state.</p> <p>The Choices for Care program provides long-term care to eligible people over age 65 and people with physical disabilities age 18 or older. The Choices for Care program does not include individuals with intellectual or developmental disabilities who are seeking services in an Intermediate Care Facility for Persons with Mental Retardation (ICF/MR).</p> <p>Under regular Medicaid, federal law requires that anyone functionally and financially eligible for nursing facility care is entitled to receive coverage for their care in a nursing facility; but there is no such federal entitlement to home care. The Choices for Care program provides a Medicaid entitlement based not on the location of care (e.g., in an institution or the community) as under existing eligibility criteria, but on individuals' level of need.</p> <p>Under the Choices for Care program, the Department of Disabilities, Aging, and Independent Living, which administers the program, created three beneficiary groups.</p> <ol style="list-style-type: none"> 1. A Highest Need group is entitled to either nursing facility or home and community-based services (HCBS) care. The functional eligibility threshold is higher than it was under the previous Medicaid program requirements. 2. A High Needs group that receives services as funds are available but is not automatically entitled to services. 3. A Moderate Needs group that includes people who do not meet nursing facility or HCBS waiver criteria but are at risk of admission to a nursing facility. This group also receives services only if funding is available. <p>All enrollees have individualized service plans designed to protect their health and welfare. The program operates as a managed care program but Medicaid providers are not capitated and providers are not at-risk financially. As the state transitioned to the waiver program, all Medicaid recipients previously in nursing facilities and home- and community-based care were automatically enrolled in Choices for Care and continue to receive services. Currently over 4,000 people are participating in</p>

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	Choices for Care. In December 2006, 99 people were on the Choices for Care waiting list. ¹							
Other States:	See Above. States using a global budgeting approach also include Washington and New Jersey.							
Application to Texas – Advantages & Disadvantages:	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> • Provides additional opportunities to access community-based services. • Individuals have a choice at the front door to remain in the community. This reduces the need for a Money Follows the Person (MFP) process and concomitant relocation services (e.g., relocation specialists); this also helps the individual to keep intact their housing and other community supports. • Provides opportunities to deliver long-term services and supports in a less costly service array; creates a high-level triage system to ensure services/supports for those with the most need. <p><u>Disadvantages:</u></p> <ul style="list-style-type: none"> • The Vermont Choices for Care program is only an entitlement for those determined to be in the Highest Needs group. Vermont made its medical necessity criteria more stringent in order to implement the waiver. If Texas considers a similar program, depending on how Texas might establish new medical necessity criteria to implement the program, a number of individuals on the Community-based Alternatives’ (CBA) interest list (approximately 45,000) might not qualify for this entitlement category. • In Vermont, the state decertified nursing facility beds as a way to help manage the program costs. In Texas, nursing facility providers may object to the decertification of beds. 							
Meets Medicaid Reform Goal(s):	Cost Reduction or Avoidance	X	Maximizes federal funds		Improves Program Sustainability		Consumer Choice/Responsibility	X
	Reduces Number of Uninsured		Supports Private Market Coverage		Improves Quality		Improves Access	X
	Benefit Options							
Populations Affected:	Individuals seeking long-term services and supports in either a nursing facility setting or in the community. If Texas chooses to include individuals who meet an ICF/MR level of care, then this initiative would impact individuals with an intellectual and/or developmental disability.							
General Revenue	The impact on General Revenue (GR) will depend on the demand for program							

¹ Information from *OLR Research Report*, Helga Niesz (January 5, 2007).

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Impact:	<p>services. If there is a tremendous increase in the demand for community-based services from individuals who are currently on the CBA interest list, and who would never have gone into a nursing facility even to access to MFP, there could be a negative impact on GR.</p> <p>However, there may be a positive impact on GR if there is an overall effort to better educate individuals about long-term services and support options, keep individuals in the community, and subsequently serve individuals with less costly community options. There may be an opportunity to keep costs neutral and yet serve a larger population; this is the premise of the Vermont program.</p> <p>There may be start-up costs associated with this program as the state grandfathered individuals who are in the current programs under their eligibility criteria.</p> <p>Additional impact to individuals receiving services as discussed above.</p>					
Other Considerations	Stand Alone Option	X	This Option should be considered in conjunction with other Medicaid Reform Strategy(ies)			X
	<p>Texas would need to recalibrate its medical necessity criteria and establish levels of long-term services and supports.</p> <p>Texas would need to develop an effective pre-admission screening process to help individuals make more informed choices.</p>					
State and Federal Approval(s) Required:	Federal	1115 Waiver	X	State	Rules	
		Other Waiver(s), [LIST]			Legislation	
		State Plan Amendment				
Implementation Considerations & Timeframes:	<p><u>Affected Stakeholders</u></p> <ul style="list-style-type: none"> All current advocate, consumer, provider, and community-based organizational stakeholders. Individuals utilizing long-term supports and services programs. <p><u>Systems & Resource Considerations</u></p> <ul style="list-style-type: none"> Systems development to manage the program. Development of an 1115 Waiver (1-2 years) and related program development and implementation. <p><u>Other Considerations</u></p> <ul style="list-style-type: none"> As an alternative, a related initiative could be developed to provide more education, in particular to hospitals on Community Attendant Services and Primary Home Care for individuals after they have an acute hospital visit. This would be part of a diversion currently not in place in Texas and in 					

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	<p>combination with Texas' Money Follows the Person programs would achieve some of the goals of the Vermont program by making more services available in the community.</p> <p><u>Implementation Timeframes (in months)</u></p> <ul style="list-style-type: none">• 24-36 months