

**The Florida Senate**  
**PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Children, Families, and Elder Affairs Committee

BILL: CS/SB 1826

INTRODUCER: Children, Families, and Elder Affairs Committee and Senator Gaetz

SUBJECT: APD and AHCA Pilot Projects

DATE: April 10, 2007                      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Ray	Jameson	CF	Fav/CS
2.			HP	
3.			HA	
4.				
5.				
6.				

**I. Summary:**

The bill directs the Agency for Persons with Disabilities (APD or “the agency”) and the Agency for Health Care Administration (AHCA) to establish pilot projects for Area One (Escambia, Santa Rosa, Okaloosa, and Walton Counties) Area 13 (Marion, Lake, Sumter, Citrus, Hernando Counties) and parts of the SunCoast Region (Pasco, Hillsborough, Manatee, Sarasota and Desoto Counties, however specific areas of the Suncoast region were not noted) of APD to demonstrate strategies and methods for provision of a community-based services waiver program authorized under s. 409.906(13), F.S., by July 1, 2007.

The proposed strategies and methods include:

- Utilization of a valid needs assessment of client level of need;
- Setting rates for services commensurate with assessed level of need;
- Encouraging use of community/informal supports and services rather than those provided via state sources; and
- Having APD area offices implement utilization control measures to ensure cost predictability and controlling annual costs.

The bill provides that the utilization control measures, implemented by the APD area offices would place the responsibility for service authorization, rate setting, care management, and care monitoring on the area office.

The bill provides that APD would be required to submit an implementation status report on March 1, 2008, and periodically thereafter.

The bill provides that each pilot program be reviewed annually to determine the efficacy of continuation.

This bill creates an undesignated section of the Florida Statutes.

## **II. Present Situation:**

In October 2004, APD became an agency separate from the Department of Children and Families (DCF), specifically tasked with serving the needs of Floridians with developmental disabilities. Prior to that time, APD existed as the Developmental Disabilities Program within DCF.

"Developmental Disability" is a broad term that refers to a variety of conditions that interfere with a person's ability to function in everyday activities. Chapter 393, F.S., defines developmental disabilities as spina bifida, autism, cerebral palsy, Prader-Willi syndrome, and mental retardation. The agency supports persons with developmental disabilities in living, learning, and working in their community.

The Developmental Disabilities Family and Supported Living (FSL), and Home and Community-Based Services (HCBS) Waivers are Medicaid programs that provide home and community-based supports and services to eligible persons with developmental disabilities living at home or in a home-like setting in order to prevent institutionalization. These waivers are funded by the federal Centers for Medicare and Medicaid Services, and matching state dollars. Currently, APD administers the Medicaid HCBS and FSL Waivers.

Each client served through APD undergoes a yearly assessment in cooperation with his or her Waiver Support Coordinator (WSC). The WSC assists the client with his or her support plan which identifies the services needed and creates a cost plan based on the requested services and established rates. The cost plan goes through a prior authorization process for approval from one of two private contractors.<sup>1</sup> The WSC is responsible for assisting the client to obtain needed services.

The agency's service delivery system is similar to a managed care approach. The agency uses an assessment process, as directed in s. 393.0661(a), F.S., including the Individual Cost Guidelines (ICG), to help identify consumer service needs. At this time, APD is reviewing alternative assessment instruments and processes.

### **Area One Pilot History**

The Area One rate-tier structure was developed and implemented as a predictable cost model approach in 1999-2000. This approach for service delivery ended with the agency's

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<sup>1</sup> The agency has the statutory authority to contract for the determination of medical necessity in the prior service authorization process pursuant to s. 393.0661(1)(b), F.S., and was directed in proviso language in the 2004-2005 General Appropriation Act to "expand the third party prior services authorization program to review all individual support and cost plans for the Home and Community Based Waiver."

implementation of the Mercer Rate Structure in 2003, setting uniform rates for services statewide.

Major premises of the Area One approach included:

- Use of a level of care determination (assessment) process to identify a level of care necessary for the client;
- Application of a tiered rate structure in which higher payments for persons with more complex needs were provided; and
- Local management of waiver budgets through service authorization and other utilization control measures.

According to APD, when compared to other areas, per client utilization in Area One at that time was among the lowest in the state. However, the lower per client utilization may have been impacted by the somewhat rural geographical make-up of the area, subsequently impacting the number of available waiver services providers. It was reported that persons with very complex, and more costly, needs would often relocate to other areas in the state to access necessary residential services. The area does not have any intensive behavioral residential providers, one of the most costly services the agency provides. Currently, there are 1,485 APD clients receiving either HCBS or FSL waiver services in Area One, and 907 persons on the APD waiver waitlist in Area One.

### **Area Thirteen Pilot History**

The Area Thirteen predictable cost modeling approach was developed and implemented in 1999-2000. This approach for service delivery ended with the agency's redesign efforts and implementation of the Mercer Rate Structure in 2003, setting uniform rates for services statewide.

Major premises of the Area Thirteen approach included:

- Identification of a client profile based on assessment across adaptive, behavioral and physical challenges.
- Linking client profile to identified services/costs profile for persons with similar challenges in order to increase services cost predictability.
- Local management of waiver budget through services authorization and other utilization control measures.

At the time the Area Thirteen pilot was implemented, the area was given the latitude to fully identify waiver costs associated with serving the area's entire waiver caseload. Area Thirteen was also able to identify associated costs for serving those persons on the waitlist in the area. According to APD, although the model was able to more accurately predict costs for waiver services delivery, the identified costs were greater than the waiver allocation for the area, subsequently requiring additional funding from the Central Office to the area to address its waiver budget deficit. There are currently 1,736 APD clients receiving either HCBS or FSL waiver services in Area Thirteen. There are 936 persons currently on the APD waitlist in Area Thirteen.

### **III. Effect of Proposed Changes:**

The bill provides for the establishment of Home and Community-Based Waiver pilot projects.

The bill provides that APD and AHCA establish pilot projects which will demonstrate strategies and methods for providing services to clients with developmental disabilities who are currently served through the home and community-based services waiver program authorized under s. 409.906(13), F.S., by July 1, 2007. The bill provides that the pilot projects document client outcomes through a valid needs assessment, set rates based on level of need, and encourage the use of community-centered services and supports. It is unclear what client outcomes are to be documented. It is unclear what is meant by rate setting. For example, it could mean a recipient-specific expenditure limit, a traditional provider fee list, a capitated payment, or other fee structure.

The bill provides for the implementation of strong utilization control in order to ensure predictable and controlled costs and provides that Medicaid service delivery, including, but not limited to, service authorization, fee setting, care management, and monitoring be managed through the local APD area office. The pilot projects will require training in utilization of the assessment tool for the APD Area One, Area Thirteen, and parts of the Suncoast region office staff.

The bill provides that APD submit a report detailing the progress, strategies, modes used, and recommendations for the pilot projects to the Executive Office of the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Health and Human Services Appropriations Committees of the Legislature by March 1, 2008, and periodically after.

The bill provides that the pilot projects are limited to Area One, Area Thirteen, and parts of the Suncoast region of APD. Further expansion of these pilot projects will require legislative approval.

The bill provides for an annual review of each pilot program to determine the efficacy of continuation.

The bill will take effect upon becoming law.

### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill will require APD to effectuate a contract amendment with their two prior service authorization (PSA) entities.

Clients in Area One, Area Thirteen, and parts of the Suncoast region of APD would not be served in the same manner as those clients in the rest of the state.

C. Government Sector Impact:

The fiscal impact of this bill cannot be determined at this time. Estimating a fiscal impact would require obtaining the valid assessment tool contemplated in this proposal, applying the tool to a representative sample, determining the modified rate structure, and subsequently identifying cost plans and related total costs.

Additionally, the cost savings from retracting PSA would likely be offset by increased APD area office workload of review of the individual HCBS and FSL waiver plans. Additional fiscal considerations include:<sup>2</sup>

- General Revenue funding would need to be used rather than the waiver if quick implementation is required. This may prevent the Agency from drawing federal match in Medicaid dollars, subsequently increasing the state's share for service delivery in pilot areas, when compared to like-services delivery in areas remaining under the current waiver structure.
- The bill may require the purchase of a new assessment tool (SIS) rather than working with tools already available to the Agency.
- Additional staff would be required to process payments with new budget entities.
- Additional staff would be required to conduct required medical necessity reviews. The current gatekeeper and direct provider billing system may not be feasible.

**VI. Technical Deficiencies:**

None.

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<sup>2</sup> APD Staff, *SB 1826 Bill Analysis*, March 1, 2007, pg. 4.

**VII. Related Issues:**

The bill provides that the pilot projects will demonstrate “strategies and methods” for the provision of community-based care to clients with developmental disabilities, currently served through Medicaid home and community-based services and family and supported living services. It is unclear what these “strategies and methods” are and what they are intended to accomplish.

The bill provides that the pilot projects shall document “client outcomes associated with the use of a valid needs assessment.” It is unclear whether it is the goal of the pilot projects to measure increased client outcomes or the needs assessment tool.

The bill provides that the pilot projects shall implement “strong financial controls” in order to ensure predictable and controlled annual costs. Currently, client cost plans must undergo a prior service review by a private contractor. It is unclear how the financial control would be handled with the removal of the PSA.

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## **VIII. Summary of Amendments:**

None.

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This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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