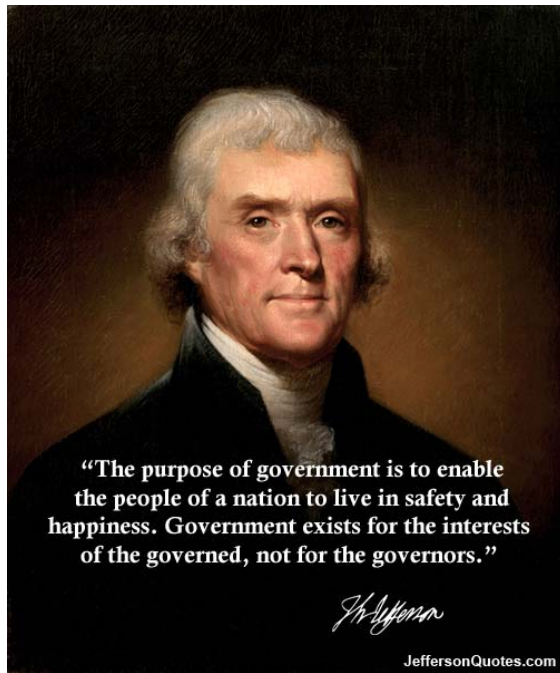


# Key Coalition of Alaska



## Legislative Platform & Priorities 2015





“The purpose of government is to enable the people of a nation to live in safety and happiness. Government exists for the interests of the governed, not for the governors.”

*Jefferson*

JeffersonQuotes.com



2015

## LEGISLATIVE PRIORITIES



### Priority I

Maintain the State's Commitment to Eradicate the Waitlist

### Priority II

Maintain the Integrity of the Medicaid Waiver System

### Priority III

Implement a Cost Savings Plan

### Support and Endorse

Support the recommendations contained in the "Report of the Comprehensive Autism Early Diagnosis and Treatment Task Force"

Develop, adopt and implement a Long Term Fiscal Plan for the State of Alaska consistent with the mandates of the state constitution and defined priorities



**“A compassionate government keeps faith with the trust of the people and cherishes the future of their children.”**

**Lyndon B. Johnson**

## Priority I:

### Maintain the State's Commitment to Eradicate the Waitlist

*“There is a significant return on investment in maintaining the State’s Commitment to take Individuals with Developmental Disabilities off the Waitlist for Home and Community-Based Services.”*

#### What are Developmental Disabilities?

Developmental disabilities include a diverse set of conditions that are recognized at birth or during childhood and alter the usual course of development. Common developmental disabilities include, but are not limited to, Down syndrome, intellectual disability, autism and cerebral palsy. These conditions have a wide array of physical and mental symptoms, which often make it difficult for individuals to obtain employment, live independently or complete activities of daily living such as eating, bathing and toileting, without assistance.

#### What is the Intellectual & Developmental Disabilities Waiver Program?

Home and Community-Based Waiver programs are Medicaid programs authorized by Title XIX of the Social Security Act that provide services in the home or local community for individuals who would otherwise require institutional care in costly intermediate care facilities for individuals with intellectual and developmental disabilities, nursing homes or hospitals. These programs serve a variety of targeted populations.

The Intellectual and Developmental Disabilities Program Waiver is administered by Senior and Disabilities Services, which is located within the Department of Health and Social Services. It covers services for children and adults with intellectual and developmental disabilities. Services are based on the needs of the individual, including but not limited to, services such as supported employment, respite care, in-home supports and residential supported living.

Costly institutional services **must** be provided if requested by the individual and/or their family. Less costly home and community-based waiver services are **not** an entitlement in Medicaid, yet the demand for home and community-based services has grown steadily throughout the decades and far outstrips the demand for institutional services.

#### What is the waitlist?

Medicaid allows states to maintain waiting lists for services when demand exceeds resources. Senior and Disabilities Services maintains a registry of individuals waiting for services. Currently, 662 Alaskans statewide are waiting for services while the average length of time on the waitlist is 3.4 years (*FY13 Registration and Review Report*). However, this does not necessarily mean that individuals get no services; many have very low scores and are receiving grant-funded services, early intervention, other Medicaid services, special education or other community supports. They may be on the waitlist for an extended period of time because their need for comprehensive services is not acute.

1,200 individuals were on the waitlist in FY06. Thanks to Senior and Disabilities Services' commitment to draw between 17-20 individuals a month off the waitlist, the number of Alaskans waiting for services has dropped dramatically. **However, the longer the 662 individuals sit on the waitlist, the more the cost to the State increases. Without supports, young people sit at home, losing all the skills they developed during their school years. Family members neglect their own health trying to "do it all," especially as they and their loved ones face the challenge of aging.**

#### **What is the State's Return on Investment in Continuing to Draw People Off the Waitlist?**

- **Cost savings to the State:** When services are provided in home and community-based settings, they cost \$75,246 compared to services provided in intermediate care facilities which cost \$121,205 (*Senior & Disabilities Services Report to the Legislature 1-30-15*). Services provided in home and community-based settings result in a **cost savings to the state of \$49,959**. **Note:** services **must** be provided in intermediate care facilities if requested by the individual and/or family.
- **Increased Family Income:** Having a child with developmental disabilities makes it more likely a parent will reduce his or her work hours or leave the workforce entirely. In many families caring for an individual with developmental disabilities, such caring consumes more than half of every dollar earned; two-thirds of caregivers report an average household income of less than \$15,000 while out-of-pocket costs to care for a child with developmental disabilities have been estimated at \$8,000 annually (Stabile, M and Allin, S. (2012). The economic costs of childhood disability. *The Future of Children*, 22(1) : 65-96)
- **Improved Caregiver Health:** Elderly caregivers without adequate support are 63% more likely to die within a four-year period compared to non-caregivers (Scultz, R., Beach, S.R. (1999). Caregiver as a risk factor for mortality: The caregiver health effects study. *Journal of the American Medical Association*, 282(23): 2215-19)
- **Increased Employment and Productivity:** Most adults with developmental disabilities want to be employed and to support themselves financially. Research shows that waiver-funded supported employment services result in more job placements, higher wages and work hours per week (Nord, D., Luecking, R., Mank, .D, Kiernan, W., and Wray, C. (2013) The state of the science of employment and economic self-sufficiency for people with intellectual and developmental disabilities. *Intellectual and Developmental Disabilities*, 51(5): 376-84.

**ACTION**  **Requested:**

**MAINTAIN THE STATE'S COMMITMENT TO DRAW 17-20 INDIVIDUALS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES OFF THE WAITLIST EACH MONTH.**

**Priority II:**  
Maintain the Integrity of the Medicaid Waiver System

*“There is also a fiscal savings/return on investment in Maintaining the Integrity of the Medicaid Waiver System.”*

**History of the Medicaid Waiver System in Alaska**

The Medicaid home and community-based services (HCBS) waiver program is Alaska’s major public financing mechanism for providing long-term care services in community settings. Waivers were implemented in Alaska in the mid 1990’s.

Authorized under section 1915(c) of the Social Security Act, Alaska uses HCBS waivers to serve a wide variety of populations experiencing disabilities including seniors; people with physical, intellectual/developmental disabilities (ID/DD); and children who are medically fragile and/or technology-dependent (such as ventilator dependent due to paralysis).




Under the waiver program, states are permitted to provide waiver services to individuals who require the level of care provided in institutional settings such as hospitals, nursing homes, or intermediate care facilities. The Federal Government partners with states to fund this program, providing approximately 50% of the cost.

State Consumer Satisfaction Surveys have shown that beneficiaries express a strong preference for waivers. Individuals choose to live in their own homes, assume valued roles in their communities, and exercise maximum control over daily life activities. As institutional costs continue to consume an increasing share of the Medicaid budget, waivers actually decrease costs for Alaska while enhancing beneficiary stability in the community.

Today, the waiver program in Alaska currently supports over 1900 individuals in cost effective, fiscally responsible community services while substantially bolstering local Alaskan economies.

**Current Risks to Waiver System Integrity**

**Alaska’s Medicaid Management Information System (MMIS)** – The State of Alaska’s 27 million dollar electronic conversion project with Xerox has created **significant** fiscal challenges for provider agencies. For example:

-  Service categories such as Group Day Habilitation, Group Supported Employment, Pre-Employment Services which became effective July 1, 2013 and would not pay in the old MMIS system were not resolved in the Health Enterprise release.
-  Payment rates do not always match the new rates as of July 1, 2013, nor do the rates match any previous rate for that provider agency.
-  Payments submitted for reimbursement are delayed and the payment received



frequently does not match the payment submitted, causing significant cash flow issues for agencies.

As a result of this failed state transition, agencies have experienced critical cash flow issues and by necessity have been forced to allocate additional resources to track the errors inherent in the billing system assuring that accurate reimbursement occurs. Extra personnel, time and expense, as well as a significantly increased workload, are some of the factors contributing to the current erosion of our community based agencies.

**Rate Structure** -- Waiver services are delivered in approved service categories such as group home, supported living, day habilitation, respite, supported employment, family habilitation, care coordination, with each category having an identified rate of reimbursement. Current waiver rates are based on years when rates were frozen (4 years of **no increases**). As a result, these rates do not reflect true and reasonable costs.

In addition, the Meyers-Stauffer study commissioned by the State of Alaska recommended the establishment of an Acuity Rate to account for waivers that are intense, either medically or behaviorally and actually negatively skew provider reimbursement. To date, there is still no such rate.

And, for every one dollar of GF cut from the Waiver program, another one dollar is lost in matching federal funds, doubling and compounding the fiscal effect of any projected cuts.

**New Regulations** – The Federal Government’s Center for Medicaid Services (CMS) has created new regulations for states to implement in order to receive the Federal match for Medicaid Waivers. The Department of Health and Social Services is submitting to CMS their plan for compliance with these regulations. The state plan will require provider agencies to make adjustments in how services are provided. There is no current plan to adjust rates for any state/federal changes that are mandated and passed through to our community providers.

**Unfunded mandates** – Provider agencies must comply with all regulatory and legislative mandates. In addition to the failure of the MMIS system conversion, this includes implementation of the Affordable Care Act and minimum wage increases mandated by the State of Alaska. These unfunded mandates, coupled with the instability of the reimbursement process, have put agencies at significant fiscal risk.

**ACTION**  **Requested:**

**DO NOT CUT/REDUCE SDS HOME AND COMMUNITY BASED WAIVER FUNDING FOR THE INTELLECTUAL & DEVELOPMENTAL DISABILITIES WAIVER.**



**Priority III:**  
Implement a Cost Savings Plan

*“There are savings evident with changes made to specific state regulations and in the implementation of CSHB 211.” ”*

**Create changes in law and regulation allowing for the re-use of durable medical equipment (DME) purchased via Medicaid programs.**

The Governor’s Council on Disabilities and Special Education has advocated for a change in regulation to allow for the re-utilization of specific durable medical equipment. This request is also included in their 2015 Legislative Priorities for the State of Alaska. The Key Coalition of Alaska agrees with the Council and includes this recommendation as an important component of its Cost Savings Plan.

Currently the State of Alaska prohibits the purchase of used equipment with Medicaid dollars, even though the Federal government allows such purchases. Many other states have implemented re-use systems with proven dollar savings. Alaska could easily replicate paradigms/models for re-use tailoring such a program to the uniqueness of our state.

This, in turn, would yield significant cost savings for, and within, the Medicaid program particularly in light of growing fiscal challenges.

**Create changes in state regulations to allow for the use of “telepractice” for HCBS waiver services.**

Alaska is clearly and significantly challenged by distinct geographical factors that combine to make service delivery extremely difficult and costly. Due to the rural and remote nature of so much of our state, alternate and innovative methods of meeting need are essential while maintaining fiscal responsibility.

Telepractice would benefit Alaskans in the delivery of services that are currently severely limited or cost prohibitive in rural and remote areas of our state. Telepractice would also significantly reduce the State of Alaska’s Medicaid costs while providing such critical services and supports.

And once again, the Federal Government does not prohibit telepractice. In fact, many professional licensing agencies encourage telepractice as a totally viable means of supporting individuals and families.

## **Implement the Employment First Act (CSHB 211)**

The State of Alaska recently chose to become an Employment First state with Legislative and Administrative support. This partnership was demonstrated by the passage of CSHB 211. The Implementation of this bill could easily result in cost savings for the state.

There is a wealth of knowledge and data extrapolated from other states and from a detailed history of employment in terms of disabilities. All longitudinal studies clearly show that employment for individuals experiencing disabilities:

- ✚ Increases the amount of contributing tax dollars
- ✚ Improves health, self-sufficiency, and quality of life

Meaningful employment for those with disabilities presents a real opportunity to lower/decrease overall Medicaid costs and reduce the potential need for state funded services otherwise required without meaningful employment opportunities and experience.

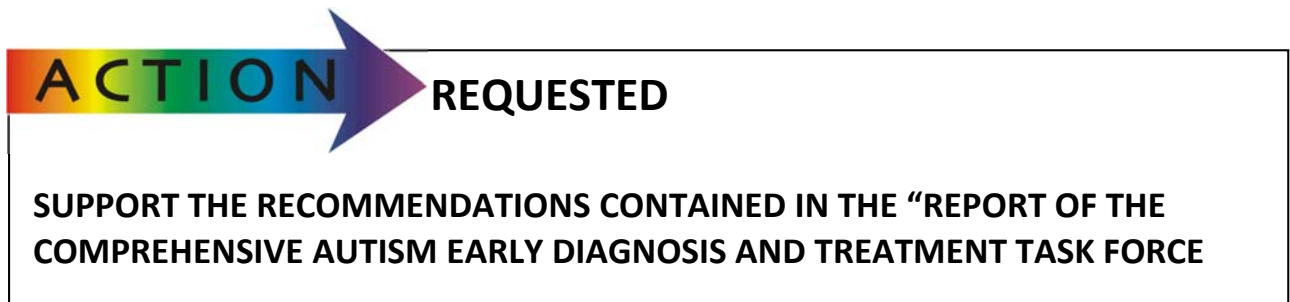
**ACTION**  **Requested:**

**IMPLEMENT THE COST SAVINGS PROPOSAL AS RECOMMENDED BY THE KEY COALITION OF ALASKA**

## The Key Coalition of Alaska Strongly Supports and Endorses the Following:

In a document dated January 20, 2015, Representative Dan Sadler and Senator Johnny Ellis (co-chairs) submitted a **“Report of the Comprehensive Autism Early Diagnosis and Treatment Task Force”** to the Alaska State legislature and to Governor Bill Walker. This was done and accomplished in accordance with Senate Bill 74 and House Bill 147. Recognizing the broader scope of challenges that Autism Spectrum Disorder (ASD) poses to the state, the Task Force prepared this report that included four specific elements:

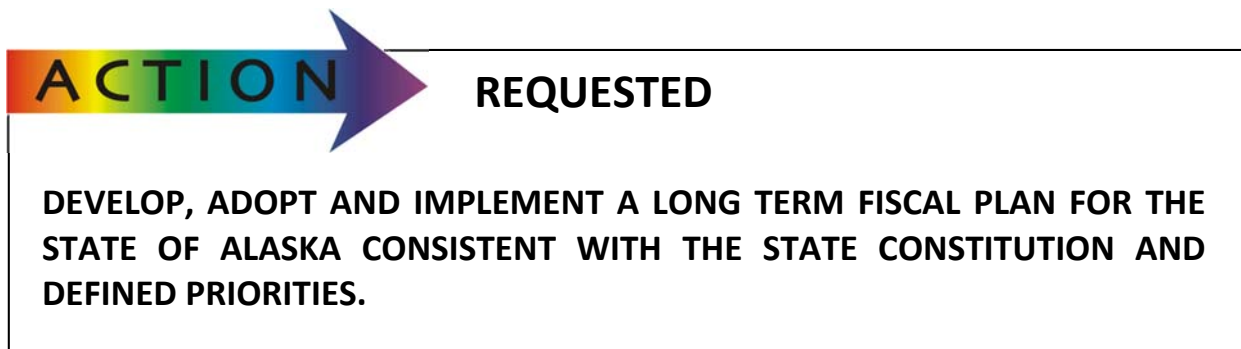
- I. Policy options to achieve a comprehensive autism spectrum disorder early diagnosis and treatment program that results in coverage to the greatest number of residents in the State of Alaska.
- II. Recommendations to the Legislature and to the Governor that include draft legislation required to achieve the policy options proposed by the Task Force.
- III. An evaluation of the fiscal effects of the Task Force’s policy options that includes a five-year projection of both public sector and private sector costs and expenditures.
- IV. An analysis of how the implementation of P.L. 111-148 (Patient Protection and Affordable Care Act) is expected to affect the options, recommendations and fiscal evaluations of the Task Force.



## The Key Coalition of Alaska Strongly Supports and Endorses the Following:

With current fiscal projections outlining a realistic scenario of potential years of decreased oil prices, per barrel, and with the State of Alaska's reliance on such sustained revenues, we now enter into a period of budgetary deficit. Although the state has short term resources to cover several years of decreased revenues, it does not have the long term capacity to weather a prolonged storm of reduced oil prices. The Key Coalition of Alaska would urge the Administration and the Legislature to consider the following:

- ✚ Prepare for an immediate future of decreased oil revenues
- ✚ Prioritize essential functions of government
- ✚ Base funding on outcome measures, consumer satisfaction and Alaska Constitutional mandates





“The future depends on what you do today.”

— Mahatma Gandhi