September 21, 2012

Family and Social Services Administration – FY14-15 Overview

This letter accompanies the budget submission of the Family and Social Services Administration (FSSA) for the FY14-15 biennium.

FSSA vision: to lead the future of healthcare in Indiana by being the most effective health and human services agency in the nation.

FSSA facilitates the delivery of health and human services to one of every six Hoosiers through a variety of programs and funding sources. The financial strategy of the agency leverages state General Fund appropriations with matching federal funds to improve and expand services to eligible Indiana citizens in need.

FY14-15 Budget Overview

FSSA is organized into five care divisions plus administrative support:
- Care divisions
  - Office of Medicaid Policy and Planning
  - Division of Disability and Rehabilitative Services
  - Division of Aging
  - Division of Family Resources
  - Division of Mental Health and Addiction
- Administrative support functions
  - Executive office
  - General counsel
  - Communications
  - Technology services
  - Resource management
  - Contract management
  - Financial and accounting
  - Audit

Office of Medicaid Policy and Planning (OMPP)

OMPP mission statement: provide leadership, creative and strategic planning, and implementation of health programs that provide access to services for eligible individuals and that influence positive outcomes for over one (1) million Hoosiers.

To accomplish the mission, OMPP follows these three guiding principles: members first, fiscal stewardship, and consistency across the Medicaid system, including policy, operations, new program design, and implementation.

OMPP accomplishments in the FY12-13 biennium
- Planning, development, and implementation of the Affordable Care Act's (ACA) mandatory requirements, including provider enrollment and program integrity initiatives
- Planning and development of agency wide migration from ICD 9 (International Classification of Diseases 9) to ICD 10
- Intensive planning and release of RFP for a new Medicaid Management Information System (MMIS)
  - Current system is approximately 20 years old and will not accommodate changes required by the ACA
- Successful procurement of a new Pharmacy Benefit Manager
- Approval and implementation of the Hospital Assessment Fee. This program is estimated to bring in additional revenue to the State (Approximately $90-$95M annually)
- Successful implementation of Health Information Technology (HIT) Phase II payments to eligible providers
  - Eligibility criteria includes: adoption of the electronic health record (EHR) systems and demonstration of meaningful use of EHR such as e-prescribing, electronic exchange of health care information, and transmittal of clinical quality measures
  - Total payments for May 2011-Aug 2012 equals $75,316,454
- Successful procurement of enterprise wide data warehouse
- Successful implementation of a new program integrity, state of the art, algorithm based system
  - During FY12, twenty three providers were put on payments suspension compared to zero in FY11
  - Prepayment reviews were increased by approximately 38%
  - Potential recoveries from overpayments increased from $.07M in FY11 to $2.4M in FY12

OMPP significant initiatives for FY14-15
- Begin implementation of the new MMIS with completion date of 2015
- Integration of MMIS with the new eligibility system and data warehouse system
- Testing and implementation of ICD 10
- Implement e-prescribing statewide

- Move from federal 209b status to 1634 for Supplemental Security Income (SSI)/Social Security Disability Insurance (SSDI) population: elimination of spend down
- Explore options and pilot a new program to address healthcare cost and outcomes for 220,000 Aged, Blind, and Disabled Medicaid enrollees

Division of Disability and Rehabilitative Services (DDRS)

DDRS mission statement: facilitate effective partnerships to enhance the quality of life for the people we serve in the communities and pursuits of their choice.

DDRS's vision is guided by principles of self advocacy and self direction, quality integration through quality outcomes, and work first as key to a meaningful day. DDRS facilitates the delivery of support services to children under the age of three with learning delays and disabilities, to eligible individuals with cognitive disabilities, to the blind and visually impaired, to the deaf and hard of hearing, and to those who can benefit from vocational rehabilitation services. DDRS also administers the Social Security Disability Determination Bureau.

DDRS accomplishments in the FY12-13 biennium
- Bureau of Developmental Disability Services (BDDS):
  - Created a more accurate and meaningful database of those waiting for waiver services through efforts to contact each individual waiting for waiver services
  - Consolidated the three waiver waitlists into one wait list. The Family Supports Waiver is the entry point for waiver services
  - Received federal approval for the Family Supports Waiver (formerly Support Services Waiver). Case management is now a waiver service, a residential service has been added, and the cap has increased. The new waiver became effective September 1, 2012.
  - Received federal approval for the Community Integration and Habilitation Waiver (formerly the Developmental Disabilities Waiver and the Autism Waiver). Case management is now a waiver services, and access is based on emergency needs criteria. The new waiver became effective September 1, 2012.
  - Began equalized assessments in Supervised Group Living (SGL) settings, which will eventually lead BDDS to more effectively change the rate structure within SGL settings and assist with conversions from SGL settings to waiver settings
- First Steps:
  - Met its FY12 budget, which represents approximately a $17M reduction in expenditures from FY10

- o Implemented a new cost participation schedule and tax intercept policy
  - o Issued RFP for the System Point of Entries (SPOEs) to improve services and reduce costs
- Vocational Rehabilitation Services (VRS):
  - o Realized cost savings by reviewing the manner by which Vocational Rehabilitation (VR) supports individuals to attend post secondary education
  - o VR offices realized cost-savings through the centralized printing/mailing and scanning/indexing initiative by configuring IRIS and contracting with Pitney Bowes
- Indiana's Disability Determination Bureau (DDB):
  - o Continued to be national leader in productivity with the fastest application processing times and highest accuracy rates in the Chicago Region

DDRS significant initiatives for FY14-15
- Bureau of Developmental Disability Services (BDDS):
  - o Continue efforts to convert Supervised Group Living settings into waiver settings
  - o Implement new provider reimbursement methodology, which encourages employee and consumer stability and consumer employment outcomes
  - o Continue to realize cost savings (potentially $2M) through the changes recently implemented in State Line Services and the Omnibus Budget Reconciliation Act (OBRA)
  - o Continue to improve the integrity of the wait list for the Family Supports Waiver while creating real movement into services within budget constraints. BDDS plans on making significant strides in eliminating the wait list for waiver services in the next two years, with a goal to eliminate the wait list in four to five years by adding these individuals to the Family Supports Waiver.
- Continue to keep First Steps' budget balanced within the existing state appropriation
- Implement the Balancing Incentives Program
  - o Federal grant awarded in September
  - o Will increase the FMAP by 2% as Indiana seeks to expand home and community based services to 50% of LTC expenditures
  - o These processes will further our goal of no-wrong-door or single entry point for clients as they seek services

Division of Aging (DA)

DA mission statement: to promote health maintenance and facilitate the delivery of a broad array of cost-efficient, quality supports for older Hoosiers.

DA establishes and monitors programs that serve the needs of Indiana seniors. The division's overarching vision is to re-define long-term care for consumers and providers. The DA focuses on home- and community-based services for the elderly and disabled and is also responsible for nursing home reimbursement policy.

DA Accomplishments in the FY12-13 biennium
- Home and Community Based Service Programs:
  - The number of clients served in HCBS has continued to grow, and efforts are continuing to rebalance Long Term Care Services and Supports (LTSS) towards non institutional care
    - Served 44.6% of Long Term Care (LTC) recipients in Home and Community Based settings (approximately 23,300 clients)
    - Implemented efforts to eliminate the wait list include releasing 3,900 slots in FY12 compared to 1,572 slots released in FY11
    - Goal is to eliminate wait list for waiver services by end of 2012
    - Developed incentives for the Area on Aging Agencies (AAAs) who manage the wait list to improve the validity of wait list numbers so more than 70% of targeted individuals need and want services. This effort will expedite the process for clients to receive services.
- Nursing Facility Programs:
  - Phase II has been implemented, and the impact continues to be monitored
    - Facility report card scores continue to improve
    - The quality assessment fee for nursing facilities has been maximized, which will generate approximately $75M in additional payments for quality to nursing facilities
  - Phase III has been designed and is progressing towards implementation with a planned effective date of July 1, 2013
  - 450B process moving to electronic submission
    - The facility application and approval process has been streamlined, and electronic transmission is being piloted
  - Money Follows the Person (MFP)
    - State is meeting its benchmarks in transitioning clients from institutional to non-institutional settings
    - 693 clients transitioned to date, and the agency is ahead of schedule to have 775 transferred by December 31, 2012

Division of Aging Significant Initiatives for FY 14-15
- Home and Community Based Services Programs:
  - Continue expansion of HCBS for the Aged and Disabled populations, specifically targeting new persons entering the LTSS system
  - Institute a revised screening and counseling program, combined with nursing facility level of care review for persons in institutional settings, assuring that persons have the knowledge and opportunity to be served in the most appropriate setting based on their specific needs and desires

- Evaluate the need for additional quality assurance outcome measures for the HCBS clients
- Nursing Facilities:
  - Implement Phase III quality measurement criteria
  - Develop criteria for Phase IV of the Nursing Home Value Based Purchasing reimbursement policy
- Implement the Balancing Incentives Program
  - Federal grant awarded in September
  - Will increase the FMAP by 2% as Indiana seeks to expand home and community based services to 50% of LTC expenditures
  - These processes will further our goal of no-wrong-door or single entry point for clients as they seek services

Division of Family Resources (DFR)

DFR mission statement: Provide the necessary tools to strengthen families through services that focus on self-sufficiency, family support, and preservation.

The Division administers cash assistance, child care assistance, SNAP Benefits, employment, and training services for low-income clients as well as establishing Medicaid eligibility throughout the state.

DFR accomplishments in the FY12-13 biennium
- Child Care and Development Fund (CCDF):
  - Supported approximately 36,000 children a month through the CCDF voucher program
  - Completed year three of administering Indiana's statewide quality rating and improvement system, Paths to QUALITY™
    - Currently over 88% of licensed centers, 58% of licensed homes, and 11% of unlicensed registered ministries are enrolled in the voluntary system
    - Over 84,000 children are enrolled in a Paths to QUALITY provider
  - 18,717 families received assistance with locating child care last year through enhanced referrals for families seeking child care for infants and toddlers or special needs children as well as referrals for Spanish speaking families
- Temporary Assistance to Needy Families (TANF):
  - Achieved steady decreases in cash assistance payments and caseloads in the Temporary Assistance to Needy Families (TANF) program as TANF recipients find employment and increase earnings through the IMPACT program
  - Increased the work participation rates for IMPACT individuals
  - Implementation of the applicant job search program
- SNAP (Food Stamp Program):
  - Application processing timeliness improved to 94% based upon statistics provided by USDA/FNS

- o Successful transition to 30 day application processing
- o Development and approval by USDA/FNS of the Recipient Integrity State Plan focusing on efforts to eliminate fraud in the program
- o Implemented application to facilitate emergency SNAP services in the event of a disaster. This was leveraged for the southern Indiana tornadoes disaster as well as for power outages related to Allen County storms.
- Hybrid Initiative implemented statewide:
  - o All regions implemented as of February 2012
  - o Key metrics continue to improve:
    - backlog continues to drop
    - timeliness keeps improving
    - FNS award of $1.6M bonus in 2011 recognized improvements in SNAP error rates & operations

DFR Significant Initiatives for FY14-15
- Child Care and Development Fund (CCDF):
  - o Continue to maintain participation in Paths to QUALITY at over 85% of Licensed Centers and to increase participation for Licensed Homes to over 60%
  - o Continue to increase the number of unlicensed registered ministries who improve the quality of care through attainment of the Voluntary Certification Program (VCP) and participation in Paths to QUALITY
  - o At least 20% of all Paths to QUALITY facilities will increase their rated quality level by at least one level
- Temporary Assistance to Needy Families (TANF):
  - o Decrease total amount of cash payments and caseloads by increasing the work participation rates for IMPACT individuals
  - o Implement a tracking system for ensuring that TANF payees are not accessing TANF benefits in prohibited locations, and referring individuals to the county prosecutor when appropriate
- SNAP (Food Stamp Program):
  - o Implement the outreach plan, as submitted and approved by USDA/FNS, to partner with Indiana 211 and Feeding Indiana's Hungry (FIsH)
  - o Develop a plan to provide employment and training services in partnership with Work One to the Able Bodied Adult without Dependents population
  - o Increase the number of Farmer's Markets that receive EBT
- Indiana Client Eligibility System(ICES):
  - o Assist in the development of requirements for a new eligibility system to replace ICES
- Hybrid Implementation:
  - o Continue improvement in the areas of customer service, timeliness, and quality

Division of Mental Health and Addiction (DMHA)

DMHA mission statement: To ensure that Indiana citizens have access to quality mental health and addiction services that promote individual, family, and community resiliency and recovery.

The Division of Mental Health and Addiction (DMHA) sets care standards for the provision of mental health and addiction services to Hoosiers.. The division certifies all community mental health centers, addiction treatment services, and managed care providers. DMHA provides funding support for mental health and addiction services to target populations with financial need through a network of managed care providers, and administers federal funds earmarked for substance abuse prevention projects. DMHA operates six psychiatric hospitals (Larue D. Carter Memorial Hospital, Evansville Psychiatric Children's Center, Evansville State Hospital, Logansport State Hospital, Madison State Hospital, and Richmond State Hospital).

DMHA Accomplishments in the FY 12-13 Biennium
- State Operated Facilities (SOFs):
  - Transition of addiction services and patients to the community was completed by June 2011, resulting in an annualized savings of $15M beginning in FY12
  - Implemented efficiencies at SOF facilities via contracting/outsourcing
    - Aramark food service contract = $1.6M savings annually
    - Partnering with DOC to use offender labor for maintenance and laundry services
- Partnerships:
  - Submitted a combined Mental Health and Addiction SAMHSA Block Grant application (Mental Health and Substance Abuse Treatment, Substance Abuse Prevention, and Mental Health Promotion). DMHA's block grant priorities are as follows: mental health promotion and addiction prevention, integration of primary and behavioral health, safe and affordable housing, and recovery supports.
  - In partnership with OMPP, developed and submitted a 1915(i) State Plan Amendment (SPA) to the Center for Medicare and Medicaid Services (CMS). This SPA is designed to meet the needs of individuals with serious mental illness to receive service via a habilitative approach to care.
  - Developed a partnership with OMPP, Indiana State Department of Health (ISDH), Indiana Housing and Community Development Administration (IHDCA), Corporation for Supportive Housing (CSH), and community stake holders to develop housing vouchers for safe affordable housing for individuals with mental health and/or co-occurring disorders (mental health and substance use).
- Federal Grants:
  - Screening, Brief Intervention, and Referral to Treatment (SBIRT) Grant:

- DMHA received a five-year, $8.33M, federal SAMHSA grant proposing to serve approximately 100,000 individuals in primary healthcare settings that will identify and intervene early with persons experiencing potential and actual substance use disorders
    - The CAPRTF demonstration Grant ends on September 30, 2012, after five very successful years. Over 1,500 children were enrolled with approximately $36M in paid claims. This equates to an estimated program savings of $107M since inception, when comparing the cost of placing children in a Psychiatric Residential Treatment Facility (PRTF) to the cost of community based care through the CA-PRTF.
    - Children served under the CA-PRTF had a 71% improvement in at least one area of functioning compared to children in treatment as usual with 55% improvement
- Access to Recovery:
    - Successful implementation of $12M federal grant to provide recovery services to persons with addictions
- Worked with providers to develop a revised continuum of care to reflect federal and state priorities
- Targeted funding to Community Mental Health Centers to enhance community services and reduce long-term care in state hospitals

DMHA Significant Initiatives for FY 14-15
- Continue to develop community treatment and housing services for persons with mental illness to reduce reliance on long-term care in a state hospital
- Focus addiction prevention and treatment efforts toward youth drug and alcohol use and toward prescription drug abuse
- Implement the 1915(i) state plan amendment for both adult and children mental health consumers who can best be served using a habilitation approach. The 1915(i) State Plan will be an alternative to Medicaid Rehabilitation Option (MRO) services for adults with high levels of need and who will require on-going supportive services to remain in the community of their choice.
- Publish new rules related to certification and licensure of service providers that will streamline the certification process and support performance based contracting
- Implement the Balancing Incentives Program
    - Federal grant awarded in September
    - Will increase the FMAP by 2% as Indiana seeks to expand home and community based services to 50% of LTC expenditures
- These processes will further our goal of no-wrong-door or single entry point for clients as they seek services
- Continue to identify areas of efficiency at SOFs

FSSA Overall Initiatives for FY 14-15
Continuing to meet the health and human services needs of Indiana's population within a fiscally responsible balanced budget will always be challenging. Numerous program enhancements, improvements, and efficiencies have been identified and implemented, and the agency is committed to making additional improvements and modifications to meet these challenges in the next biennium.

Change Packages Included in Submission

Non-Medicaid Change Packages
- Increase in Seriously Mentally Ill (SMI) appropriation
  - With the decrease in cigarette tax revenue, DMHA has seen a decrease in their overall SMI funding and is requesting funding to get back to their full appropriation amount.
  - Increase funding to provide State match for new 1915i Waiver
- Increase in DMHA Child Psychiatric fund to provide State match for the new 1915i Waiver.
- Increase in the Substance Abuse Treatment fund for new program initiatives within the Division of Mental Health and Addiction.

Medicaid Change Packages
- Change packages will be included in both the Medicaid Assistance and Medicaid Administrative fund to cover the forecasted increased Medicaid expenditures based on normal growth in the Medicaid program along with the woodwork effect anticipated under the Affordable Care Act.
- Under the Affordable Care Act there are multiple scenarios which we are able to provide information on upon request.

Sincerely,

Michael Gargano,
FSSA Secretary