

Executive Summary

Like many other states, Florida faces a variety of challenges in serving individuals with developmental disabilities. These include difficulties managing funding for Home and Community-Based waiver services within a complex approval and delivery system that hinders consumer control. Another challenge is a growing wait list. Consistently running deficits means new funding has not been available to serve those waiting for services but must be used essentially to pay for services previously provided to current enrollees. In an effort to control deficits, new cost control measures were mandated that inadvertently made the system more complex and less able to respond to consumers' changing needs.

The Case for Individual Budgets

Individual budgeting is an approach to allocating funding within existing Agency resources for those services used by a consumer with a developmental disability. A mathematical formula (also known as an algorithm) is developed through statistical analysis to equitably distribute available funds based on historical funding patterns. This formula considers individual consumer characteristics which are statistically proven to correlate with costs and generates a budget amount for each person prior to the support planning process.

By determining the budget up front, many of the system controls that add complexity and frustration to consumers can be drastically reduced or eliminated. For instance, the prior service authorization process can be eliminated as it exists today. As budget amounts would be predetermined to fit APD's appropriation, there will be less need to intervene in the fine details of which services an individual chooses to purchase. The role of service review will shift to simply ensuring that health and safety are protected and that expenditures are in accordance with state and federal law.

A move to individual budgets would also fit well with other agency initiatives to simplify processes and improve efficiency. These initiatives should dramatically reduce the paperwork burdens on waiver support coordinators, allowing them to spend more time directly helping consumers. Their enhanced ability to provide person-centered planning and help consumers understand and access the array of supports available outside the waiver program should benefit consumers.

More specifically, consumers and families are expected to benefit from:

- Greater ability to choose services that matter to them, given their unique situations.
- Greater flexibility for consumers to respond to changing needs.
- Reduced bureaucracy and "red tape."

- Support coordinators freed to focus on providing help that makes a real difference.
- Confidence that their funding is equitable compared to other consumers who are similarly situated.
- Reduced likelihood of policy changes spurred by budget deficits that cause significant disruption.
- Security of a financially stable system that will be there to serve them down the road.
- Greater control over their lives.
- Greater opportunity for the Agency to use new funds to serve the wait list and meet consumers' changed needs rather than resolve deficits.

Benefits are expected to accrue to the State of Florida, the public, and policy makers as follows:

- Predictable spending that is within the Agency's budget.
- A system which requires less Legislative intervention.
- Having greater information about the needs of APD consumers who are waiting for waiver services and the funding required to serve them.
- Consumers and families who are more satisfied with the system of care.

A variety of other states use individual budgeting systems, and the federal government is encouraging more states to do so. APD has researched how other states design and implement individual budgeting systems to identify best practices. The Agency would continue actively pursuing knowledge to enhance Florida's individual budgeting system.

The Process

Agency staff conducted extensive research on individual budgets to learn about specific options and best practices. APD also used a variety of methods throughout the process to obtain input from the public.

While all of these methods provided APD with useful feedback, a formal iBudget Florida Stakeholders' Group was the primary means for receiving input. The Family Care Council Florida co-hosted the Stakeholders' Group, assisting in selecting the members and providing guidance on the content. Members represented self-advocates, families with loved ones receiving waiver services, families with loved ones on the wait list for waiver services, agency waiver support coordinators, independent waiver support coordinators, agency waiver service providers, solo waiver service providers, and advocacy organizations.

Due to the short timeframe for completing a very wide-ranging and in-depth report, APD was not able to gauge the level of stakeholder consensus on this final plan. Thus, participation in the stakeholder group does not indicate that a Stakeholder Group participant or the organization he or she represented supports all details of this plan. However, at the conclusion of the last of the

three stakeholder meetings, stakeholders expressed appreciation for the Agency's sincere efforts to gain their input and interest in continuing to partner with APD on iBudget even beyond the plan's submission, as much work still lies ahead.

APD engaged Dr. Xu-Feng Niu, Professor of Statistics at Florida State University, to develop and recommend options for an algorithm which is a key feature of any individual budget process. The agency also utilized free technical assistance from nationally-recognized experts that was provided through the federal Medicaid agency.

Plan Details

Algorithm

The recommended algorithm considers a consumer's age, living setting, the sum of scores from two sections of the Questionnaire for Situational Information (Behavioral and Functional) and scores from three individual questions (supports needed to transfer [Question 18], maintain hygiene [Question 20], and for self-protection [Question 23]).

APD proposes that individual budgets be redetermined on an as-needed basis; for example, if QSI results changed after a reassessment or a consumer turned 21. APD is hopeful that most consumers' budgets would change minimally from year to year.

Funding for Individuals with Extraordinary Needs

APD does not expect the algorithm to determine every consumer's budget. Some consumers have extraordinary needs that do not fit a formula. Also, all consumers are subject to unplanned, temporary service needs and changes in their personal circumstances that require reexamination of their budget. That change may be temporary or permanent. It may require a one-time expenditure or a permanent budget adjustment. Accordingly, the plan makes provision for these needs through reserving a portion of the overall agency budget. The agency proposes using a qualified actuary to establish the amount of required reserved funds.

Schedule

APD proposes to phase in individual budgets gradually. The Agency recommends an initial limited phase-in akin to a pilot to test iBudget processes. Data would be collected and refinements made to the iBudget systems. APD would then begin a broader phase-in, perhaps by APD service area. The Agency would also phase in individuals' budget amounts, perhaps along the lines of

Georgia's approach where the initial iBudget was 20% of the algorithm-determined amount and 80% of the previous year's budget, with the algorithm-determined percentage increasing the second year until it was 100% of the budget by the third year.

Impact Analysis

APD has conducted initial analyses of the impact of this algorithm on consumers. Based on certain assumptions about the Agency's appropriations and the amount of funds to reserve for individuals with exceptional, changed, and one-time needs, for the 19,000 consumers considered in this analysis¹, compared to adjusted FY08-09 expenditures,² 64% would be expected to experience increases in their budgets and 36% would be expected to experience decreases. APD would plan to phase in iBudgets to mitigate any reductions and allow consumers to plan for and adjust to any decreases or increases. APD is conducting a variety of other analyses to consider the impact of the algorithm.

Services Available

APD recommends adopting a modified version of a system proposed by Mercer Management Consulting. This system would group waiver services into eight (8) service families. Once approved for at least one (1) service within a service family, consumers would generally be able to add additional services within that family with little or no review, as long as those changes fit within the consumer's budget. Additionally, some existing similar services would be replaced by a single broader new service, enabling one worker to do a wider variety of tasks for a consumer. Finally, all services would be available to all waiver enrollees, in contrast to the current restrictions on services for consumers enrolled in Tier 4.

Service Review (Prior Service Authorization)

APD recommends adopting a system which involves graduated levels of review, ranging from no review for many service decisions to intensive review when health and safety is at critical risk or additional funding beyond that determined by the algorithm is requested. Reviews would be performed by a combination of area office staff, central office staff, and perhaps technical experts under contract

¹ Consumers excluded from this analysis are those whose expenditures were not considered in building the algorithm because they had fewer than 12 months' worth of services, triggered data accuracy audits, or had expenditures among the very lowest and highest roughly 4.7%. Criteria for evaluating consumers with exceptional needs for this analysis were those receiving intensive behavioral services or whose iBudgets were lower than their FY08-09 funding for certain core health and safety services, such as Residential Habilitation or nursing services; since each consumer's situation will be reviewed individually, these consumers may or may not receive exceptional need funding, and additional consumers may qualify.

² FY08-09 expenditures were adjusted to make them comparable by removing one-time expenditures and eliminated services and accounting for the deficit spending from that year.

with the Agency. Reviews would be performed for consumers in the following circumstances:

- First iBudget cost plan, whether new to the waiver or transitioning to an iBudget.
- Adding a new service family.
- Requesting to receive additional funding.
- Changes to certain services important to health and safety, such as Residential Habilitation, nursing services, behavioral services, or therapies.
- Changing the type of place where he or she lives.
- Experiencing challenges with self-direction.
- With previous or current forensic involvement.

Other changes, such as moving funds within or between service families for which a consumer is already approved, would require little or no review.

Waiver Support Coordination

APD recommends maintaining the current three (3) levels of support coordination—limited, full, and transitional—but renaming “transitional” support coordination to “enhanced” support coordination and revising the criteria for what options are available to which consumers.

- Children would receive funding in their iBudget for limited waiver support coordination, but could choose to use other funds in their iBudgets to receive full or enhanced waiver support coordination. APD is also recommending that consumers’ caregivers receive an orientation to iBudget and self-direction, and that children whose caregivers do not do so within six (6) months after transitioning onto an iBudget be required to have full waiver support coordination.
- Adults would receive funding in their iBudget for full support coordination, but most could choose to receive limited support coordination after a six-month transition period and after they or their caregivers received an orientation to iBudget and self-direction. They would also be able to use the excess funds for other services.
- Certain consumers would be required to receive full support coordination for at least a period of time. Examples include consumers who are adults newly-enrolled in the waiver or who have had forensic involvement.
- Consumers living in APD-licensed homes would be required to have full support coordination unless there is a friend or family member actively involved in the individual’s life.
- Consumers required to receive enhanced support coordination for a minimum period of time would include consumers discharged from an Intermediate Care Facility for the Developmentally Disabled (ICF/DD), from a forensic placement, or from foster care.

APD also recommends that waiver support coordinators continue performing certain general administrative tasks although the Agency hopes to significantly reduce the time and expenses associated with them. One change APD would consider is making a more meaningful distinction between limited waiver support coordination and full waiver support coordination since consumers would generally have greater ability to choose between them. Stakeholders, attendees at the recent presentations of the draft iBudget Florida plan, and APD staff identified a number of issues that would need to be addressed in these policies, and thus APD would explore them more fully with stakeholders before making final recommendations on this issue.

Needs Assessment

APD recommends maintaining the Agency's current approach to conducting needs assessments, where APD staff members trained and certified in administration of the Questionnaire for Situational Information (QSI) conduct the needs assessments rather than providers or waiver support coordinators. This protects the objectivity of the assessments. However, providers and waiver support coordinators are important sources of information for the needs assessment process, and APD would continue to encourage their involvement in that role.

Providers

APD proposes that providers continue to be limited to those who are enrolled in the Medicaid program (participants in the Consumer-Directed Care Plus [CDC+] program would still be allowed to use non-Medicaid-enrolled providers). APD is not recommending incorporating the flexibility for consumers to directly hire their own workers as is available under the CDC+ program.

iBudget and Consumer Directed Care Plus

APD recommends maintaining the CDC+ program as an option for its consumers. APD envisions that everyone—including participants in CDC+—would have their budgets determined through the individual budgeting process. Once the budgets are determined, however, CDC+ participants would follow the CDC+ program processes and policies rather than iBudget Florida processes and policies to select and manage their supports and services. However, CDC+ participants would be able to end their CDC+ participation and receive services using iBudget Florida processes and policies if they chose.

Quality Assurance and Quality Improvement

Quality assurance and quality improvement will be of even greater importance in a more self-directed system. APD is taking a broad approach to this issue, considering every stakeholder in its system as a partner in assuring and

improving quality. The Agency proposes using a variety of methods to do so, ranging from revising standards to providing training to consumers, families and waiver support coordinators to facilitating communications about potential problems to enhancing APD's response to any quality issues surfaced.

Implementation Issues for Consideration

Implementation issues to consider include the following:

- Individual budgets will not guarantee a fully funded system that all consumers feel is adequate to meet all needs. Consumers will have to set priorities and seek additional supports outside the Home and Community Based Services waiver. Reduced paperwork and administrative compliance activities will allow waiver support coordinators to become more active in assisting consumers. A process will exist to address substantial changes in a consumer's personal situation if additional funding is required
- The algorithm does not consider every possible variable that may affect an individual's need for services. Such comprehensiveness is impossible for any algorithm, given the variety of factors that impact a person's needs and the challenge of measuring them and translating them into variables in a formula. Some examples of factors that are theorized to impact a person's needs are the natural supports available to a consumer, the consumer's own goals and preferences for his or her life, and the availability of providers in an area. However, the recommended algorithm explains a large portion of the variability in funding patterns indicating that it captures much of what affects funding.
- A well-planned phase-in is necessary to minimize disruption for consumers and assure their health and safety.
- Some stakeholders have expressed concern that while individual budgets are designed to allocate available funds equitably, the budgets are not anchored in the true cost of care. APD did not evaluate provider rates during the development of the iBudget Florida plan. Providers have experienced rate reductions in recent years as the state has adopted measures to control deficits. Providers have admirably partnered with APD to continue serving the Agency's consumers in the face of great budget challenges. Provider rates will continue to be an issue regardless of how the state chooses to manage its waiver system.

While these are important issues, APD believes that they can be mitigated and that the overall outcomes of greater system simplicity, greater sustainability, more equitable funding, and increased self-direction are worthwhile.

Other Considerations

- Under individual budgeting, stakeholders strongly support moving from the four tier waiver system to one waiver. Stakeholders desire that the broad range of services be available to all consumers. Individual budgeting would allow that, since the person's individual budget limit would be the cost control mechanism rather than limiting the service array. In fact, it would be difficult to mesh a system of individual budgeting with the four tier waiver system as it exists today; the four tier waiver system would add great complexity without adding value. That is because individual budgeting should accomplish the same goals as the tiers, though in a more individualized manner that leads to greater consumer control. In some respects, individual budgeting is a refinement of the tier system in that it creates an individual tier for each consumer based on his or her individual characteristics.
- Most system changes would require federal government approval, requiring the Agency for Health Care Administration to submit an application for a waiver amendment or new waiver. Based on initial discussions with the federal government and other states' waivers approved by the federal government, APD believes the proposals contained in this plan have a good likelihood of being approved, but such approval is not guaranteed.
- Finally, while upon initial review the Agency believes these recommendations are feasible, upon actual implementation, issues may arise that require modification to these proposals. APD plans to continue working with stakeholders to examine and refine the recommendations.

Conclusion

In conclusion, an individual budgeting approach has the promise of making the system simpler, more sustainable, more equitable, and more supportive of self-direction. While there may be transitional issues to address, APD believes many can be mitigated through a careful phase-in. Consumers and families would benefit from having greater ability to choose services that fit their unique needs, more focused support from waiver support coordinators, less frustration from excessive red tape, and greater ability to control their own lives. By enhancing system sustainability, consumers will also benefit from a stronger system that can serve them now and into the future.

APD recognizes that this plan is only a first step. Much more analysis remains to be done, and many proposals require further development. Given the broad scope of this plan, the very short timeframe for its development, and the thorough and inclusive process the Agency has tried to use in developing it, this is not surprising. The Agency looks forward to continuing its research and analysis and

its dialogue with stakeholders about the ideas in the plan, since such work will ultimately benefit the consumers served.

Finally, it should again be pointed out that the iBudget Florida plan is not a panacea that addresses all stakeholder concerns and system problems. Under iBudget or any other system, issues such as the adequacy of overall system funding and provider rates will continue to be a recurring concern for stakeholders. The need for effective advocacy will endure. However, iBudget Florida could represent a significant improvement in system management that will benefit consumers, families, waiver support coordinators, providers, and the State of Florida as a whole.