

**Office of Health Transformation**  
**Enhance Community Developmental Disabilities Services**

**Governor Kasich's Budget:**

- *Provides more choices for Ohioans with developmental disabilities.*
- *Invests \$316 million over two years in DD system redesign.*
- *Downsizes institutions to reflect increased demand for community services.*
- *Supports community employment for anyone who wants to work.*

**Background:**

Ohio has a strong tradition of providing services for individuals with developmental disabilities. This tradition led parents, advocates and local communities during the 1950s, 60s and 70s to develop segregated schools in their communities when there were no other education options, sheltered workshops when there were no other employment options, and large institutions when there were no other residential service options. In an effort to keep individual services and supports connected to local communities, County Boards of Developmental Disabilities – consisting mostly of family members – were established to administer and later fund local programs. Today, Ohio's County Boards play a much more significant role in funding the system than their counterparts in other states, and account for approximately 70 percent of all local DD funding nationally. As a result, the challenges and opportunities of system change in Ohio are unique and will require an Ohio solution.

After investing early in what came to be viewed as “institutional” services, Ohio took historic steps in 2001 to increase access to less restrictive Home and Community-Based Services (HCBS). This change was controversial – individuals, advocates, County Boards, and private providers all expressed concern that too much change too fast could put individuals at risk. But they also saw that system redesign would enable thousands more Ohioans to leave or avoid institutions and instead live and work in the community. Redesigned local levy dollars leveraged for use as Medicaid match enabled an incredible growth in home and community-based services with little additional state funding. All of this was accomplished via a ten-year stakeholder plan that put the state on a steady course toward system transformation. As a result, today 29,000 more Ohioans with developmental disabilities live and work in the community with the support of waiver services.

**First Four Years:**

Governor Kasich's first Jobs Budget (enacted in 2011) continued the system transformation that began in 2001, and gave the Ohio Department of Developmental Disabilities (DODD) more authority to design and control programs that allow people with disabilities to move seamlessly

from one setting to another. It moved two programs from Medicaid to DODD: Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs) and the Transitions DD (TDD) Waiver. It authorized DODD to implement additional services under the Individual Options (IO) Waiver program and create a new participant-directed Self-Empowered Life Funding (SELF) Waiver program. The budget also continued the process of downsizing state-operated institutions, and transitioning more individuals from ICFs into other community settings.

Governor Kasich's Jobs Budget 2.0 (enacted in 2013) focused on further downsizing ICFs by providing a financial incentive for private ICF providers to convert institutional beds into HCBS waiver services, and increased rates for providers serving former residents of institutions. The Governor's second budget also increased access to autism services, authorized several programs to eliminate barriers to employment, and created a presumption that all individuals with developmental disabilities are capable of community employment.

As a result of these reforms, Ohio is providing more choices for individuals with developmental disabilities who want to live at home or in other community settings. The number of Ohioans with access to home and community based services is increasing (from 5,661 in 2001 to 35,107 in 2015) and the number residing in state-operated institutions is decreasing (from 1,992 in 2001 to less than 870 by June 2015). This represents great progress, but challenges remain. For example, Ohio continues to have significantly more people living in large private institutions than other states, including residents who are waiting for home and community-based services. In addition, recent changes in federal HCBS guidelines may disqualify some of the settings that Ohio relies on today (e.g., sheltered workshops) from future federal funding.<sup>1</sup>

Continued pressure to downsize or eliminate institutional settings, particularly from Disability Rights Ohio and the U.S. Department of Justice, has reawakened many of the same fears that threatened to undermine reform in 2001. In response to that and other challenges facing the system, in 2013 DODD convened a Strategic Planning Leadership Group comprised of individuals, families, providers, County Boards and state officials to identify benchmarks for system change. The Group clearly understands that changing too quickly could jeopardize health and safety, as well as not respect individual and family choices; and changing too slowly could withhold opportunities for full community participation and not respect individuals waiting for that opportunity. The Group's benchmarks<sup>2</sup> take these views into account, and sequence major policy changes and costs over a ten-year timeframe.

### **Executive Budget Proposal and Impact:**

The Executive Budget invests \$316 million (\$120 million state share) over the next two years to increase opportunities for people with disabilities to live and work in the community. The goal is to try to honor the choices of individuals and help those who wish to move into the community to do so, and allow those who wish to remain in their current setting to do so. The

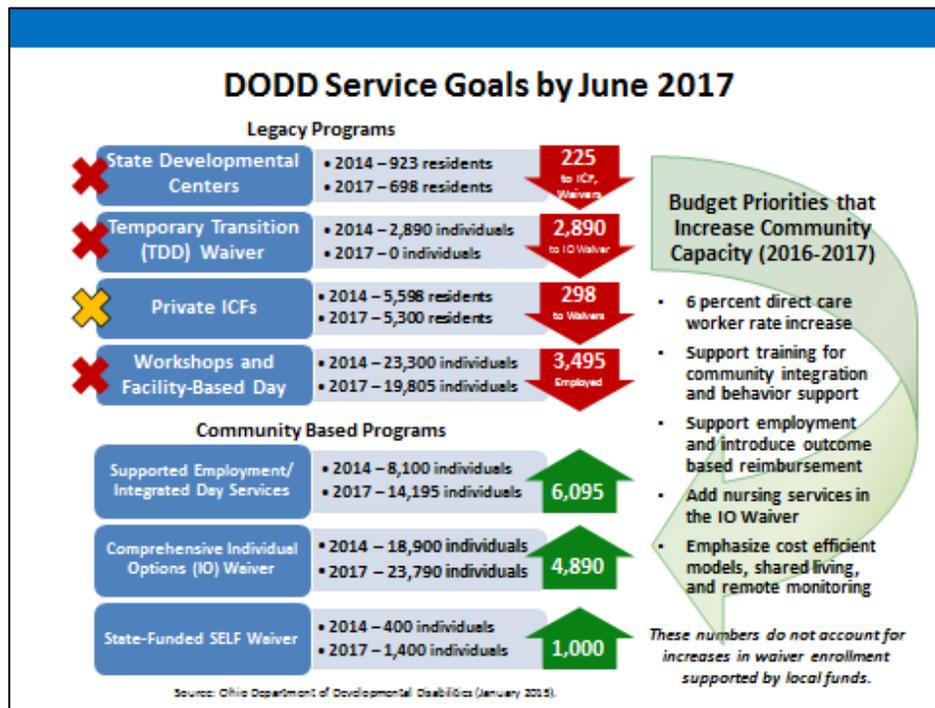
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<sup>1</sup> Ohio's [draft plan](#) to comply with new federal HCBS requirements (December 15, 2014).

<sup>2</sup> Strategic Planning Leadership Group's [recommendations](#) (December 2014).

scale of change proposed, which is based on the benchmarks established by the Strategic Planning Leadership Group, is transformational not incremental. For example, over the next two years enrollment in state Developmental Centers, private ICFs, and temporary transitions waivers (Transitions DD Waiver) is estimated to decrease by 3,413 individuals as waiver enrollment grows to serve an additional 5,890 individuals in community settings (Figure 1). The number of individuals served in workshops and facility-based day settings is estimated to decrease 3,495 as participation in supported employment and integrated day services increases by 6,095 individuals. These numbers do not account for increases in waiver enrollment supported by local funds.

Figure 1.



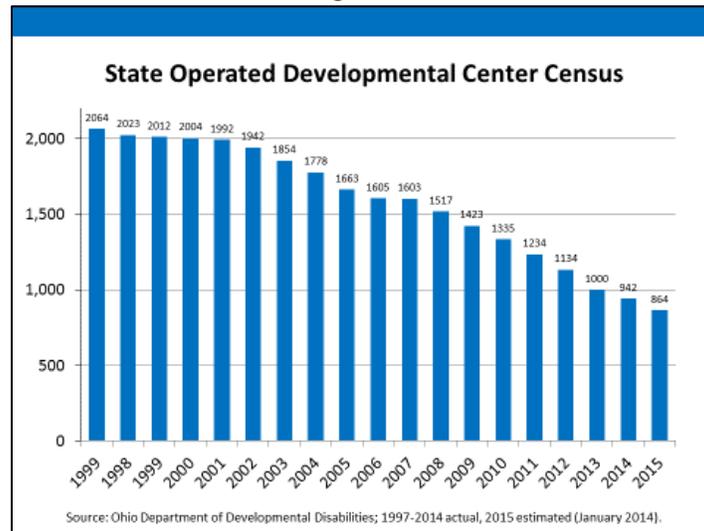
The financial resources necessary to achieve these gains represent the most significant health and human services investment in the Executive Budget. It continues the trend to downsize state-operated Developmental Centers and large private ICFs, convert ICF-funded beds into HCBS waivers, and expand community employment opportunities. Overall, these initiatives increase total DODD system spending \$88 million in 2016 and \$229 million in 2017. The state share increases \$34 million in 2016 and \$86 million in 2017. These amounts, as well as the cost of each of the reforms described below, are summarized at the end of this paper (Tables 1 and 2). As each initiative is implemented, funding may fluctuate based on the options individuals actually select.

## STATE INSTITUTIONS

By June 2015, the census at state operated Developmental Centers (DCs) will be approximately 864 individuals, 30 percent less than four years ago (Figure 2). DODD has developed a

comprehensive discharge planning process and face-to-face follow up for any person who is discharged from a DC to make sure they are doing well in the community. Additionally, DODD has used technology, including tele-medicine, to support individuals and families, thereby limiting the need for the more extensive services provided by the DCs. DODD will continue to reduce the census at the DCs by approximately 90 individuals each year, with funding for these individuals redirected to the HCBS waiver program or small ICFs.

Figure 2.



The challenge now is the inefficiency of operating the same ten centers with significantly fewer residents in each. The average cost per bed has climbed from \$161,838 in 2010 to \$201,254 in 2014. This situation is no longer sustainable, and puts all of the centers at risk. The Strategic Planning Leadership Group recommended closing all ten DCs in the next ten years. The Kasich Administration has not adopted that position, but the number of DCs needs to be evaluated, and decisions made in the near future.

### PRIVATE INTERMEDIATE CARE FACILITIES

Governor Kasich’s Jobs Budget 2.0 (enacted in 2013) transferred the operation of the ICF program from Medicaid to DODD. After the transfer, DODD began a process to encourage both the conversion of ICF homes to waiver homes, and the downsizing of large ICFs (9 or more beds). DODD secured a commitment from providers to downsize or convert 1,200 beds over five years. The Executive Budget focuses additional reforms on large ICFs, both reducing the number of people who live in them and offering community-based alternatives:

- Provide incentives to downsize private ICFs.** The Executive Budget authorizes DODD to pay a flat rate for those residents residing in an ICF with less profound disabilities than other residents. The savings from this provision, along with additional dollars, will be used to support individuals with significant needs, provide for a modest rate increase, and cover transition costs when a large ICF downsizes. The total cost of these incentives

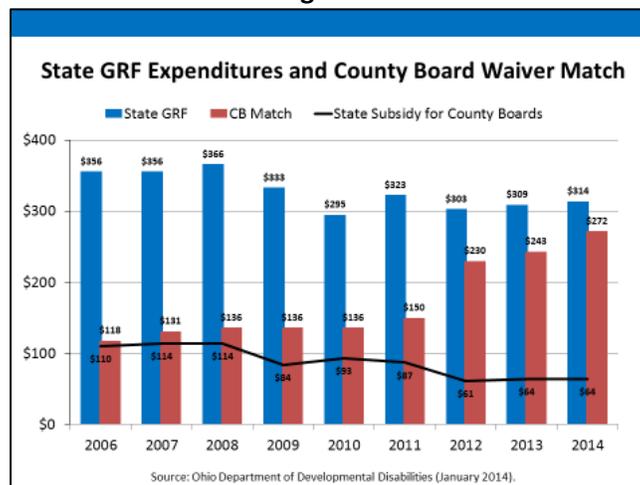
is \$7.2 million (\$2.7 million state share) in 2016 and \$17.2 million (\$6.5 million state share) in 2017.

- **Assist with conversion from ICF to waiver through rental assistance and purchase of ICF beds.** The Executive Budget, for the first time, gives DODD the authority to offer rental assistance for individuals leaving ICFs, and buy back ICF beds, strengthening community living. This provision costs \$2.1 million (\$1 million state share) in 2016 and \$4.1 million (\$1 million state share) in 2017.
- **Limit access to large ICFs (exceeding 8 residents).** The Executive Budget closes the front door on large ICFs in January of 2016 while at the same time expanding opportunities for individuals to live in the community. For the first time, the Executive Budget will specifically allocate waivers to divert ICF admissions, and allocate waivers for individuals who want to leave an ICF (described below under HCBS waivers).
- **Provide system transformation supports.** The Executive Budget incents person-centered planning, integrated day services, and integrated employment. This provision costs \$3.3 million state share per year in 2016 and 2017.
- **Provide objective options counseling.** DODD will contract with an independent third party to explain the option of a waiver to guardians and individuals in ICFs. This provision costs \$0.2 million state share per year in 2016 and 2017.

### HOME AND COMMUNITY-BASED SERVICES WAIVERS

Thanks mainly to the availability of local tax levy dollars, Ohio has been able to continue to add individuals to DODD waiver programs even through the recession (Figure 3). As a result, over the past four years, Ohio has added approximately 2,000 individuals per year to DODD waiver programs. However, the capacity of the local system to add waivers is not infinite.

Figure 3.



Despite significant gains, there are more than 22,000 Ohioans with immediate needs on waiting lists, 8,000 of whom live with an aging caregiver, and 1,000 of whom will lose the support of their primary caregiver in the next year. In addition, new federal guidelines increasingly emphasize the importance of community integration and employment, and seek to separate the role of person-centered plan development from service provision (most County Boards do both). With the new federal guidelines in mind but, more importantly, in response to the urgent need to reduce waiting lists for home and community based services, the Executive Budget:

- ***Increases rates for providers serving the most complex individuals.*** The Executive Budget continues the Kasich Administration's policy objective favoring community-based services as an alternative to institutionally based care. Established in House Bill 482 (MBR), the budget extends a \$2.08 per hour rate increase for HCBS waiver providers if the individuals they are serving were residents of a public hospital, Developmental Center, or converted ICF immediately prior to enrollment in the waiver. An additional behavior support rate modification of \$2.52 per hour provides funding for the implementation of behavior support plans by staff who have the level of training necessary to implement the plans and who are working under the direction of licensed or certified personnel or other professionals who have specialized training or experience with implementing behavior support plans. A nursing service will be added to the IO Waiver to provide direct services from a licensed nurse to individuals with complex medical needs who require skilled care. This service will be offered in conjunction with the array of health-related supports currently available through the waiver by appropriately-trained, unlicensed personnel. This provision costs \$10.5 million (\$4.0 million state share) in 2016 and \$37.0 million (\$14 million state share) in 2017.
- ***Increases Homemaker Personal Care (HPC) waiver provider rates 6 percent.*** This rate increase will provide a more stable, consistent workforce by reducing the turn-over rate of direct care staff. This provision costs \$28.0 million (\$10.5 million state share) in 2016 and \$56.0 million (\$21.1 million state share) in 2017.
- ***Provides additional state funding for IO and SELF waivers to bring down waiting lists.*** This funding will enable individuals across the state currently on the waiting list for home and community-based services to access services. This provision costs \$6.3 million (\$2.3 state share) in 2016 and \$35.9 million (\$13.5 state share) in 2017.
- ***Converts Transitions Developmental Disability (TDD) waivers to permanent IO waivers.*** All individuals currently enrolled in the TDD Waiver will have the opportunity to enroll in the IO Waiver through which they may receive services that promote and enhance community integration. This provision costs \$14.5 million (\$5.4 state share) in 2016 and \$29.6 million (\$11.1 state share) in 2017.
- ***Provides additional state funding for IO waivers to avoid ICF admissions, and to give individuals in ICFs a choice to leave.*** The Executive Budget, for the first time,

specifically will allocate waivers to divert ICF admissions, providing more individuals with the opportunity to live in the community. It also allocates waivers for individuals who want to leave an ICF. This provision costs \$13.2 million (\$5.0 state share) in 2016 and \$42.0 million (\$15.8 state share) in 2017.

- **Submits a plan to reduce conflict of interest in the waiver program.** A plan to address conflict of interest in the waiver program has been submitted to CMS. There are no cost implications this biennium.
- **Develops a daily rate to reduce administrative complexity.** Using a cost projection tool to establish a consistent daily rate for services provided to an individual will reduce the need for frequent adjustments to payment authorizations and for frequent claims adjustments by providers. There are no cost implications this biennium.

## EMPLOYMENT SERVICES

Ohio currently ranks 6<sup>th</sup> in the nation for enrollment in day services and 8<sup>th</sup> in the nation for integrated employment services, per capita. In March 2012, Governor Kasich signed an Executive Order establishing the Employment First initiative to provide individuals with developmental disabilities the skills and support they need to obtain meaningful work. Since then, DODD: created a partnership with Opportunities for Ohioans with Disabilities to fund 25 vocational rehabilitation counselors dedicated solely to serving individuals with developmental disabilities, giving priority to those served in segregated settings; developed online benefits and work incentives calculators for job seekers and their families; offered free web-based and in-person competency-based supported employment training for providers; implemented dual certification for vocational rehabilitation and developmental disability providers to ensure continuity in service delivery; engaged system transformation experts to consult with facility-based agencies to transition from segregated to integrated services; and contracted with national experts to develop a new waiver reimbursement system that provides financial incentives for incent integrated employment and integrated day services. As the next steps to build on these efforts, and based on benchmarks established by the Strategic Planning Leadership Group, the Executive Budget will:

- **Replace workshops and facility-based day services with new service models that promote community employment and integrated day services.** DODD will provide leadership to establish a new array of community employment and integrated day services, and establish a prolonged timeframe to transition individuals from sheltered workshops and facility-based day settings to community employment and integrated day settings. This provision costs \$3.0 million state share per year in 2016 and 2017.

Updated February 2, 2015

**Table 1. Ohio Department of Developmental Disabilities Medicaid Spending (All Funds in millions)**

<b>All Funds</b>	<b>2012</b>	<b>SFY 2012</b>	<b>SFY 2013</b>	<b>SFY 2014</b>	<b>%</b>	<b>SFY 2015</b>	<b>%</b>	<b>SFY 2016</b>	<b>%</b>	<b>SFY 2017</b>	<b>%</b>	<b>SFY 2016/17</b>
<b>Baseline Total</b>		\$ 1,482	\$ 2,151	\$ 2,301	7.0%	\$ 2,402	4.4%	\$ 2,531	5.4%	\$ 2,658	5.0%	\$ 5,189
<b>Executive Budget Reforms: Medicaid</b>												
Increase HPC waiver provider rates 6 percent								\$ 28.0		\$ 56.0		\$ 84.0
Increase rate for provider serving most complex individuals								\$ 10.5		\$ 36.8		\$ 47.3
Add IO and SELF waivers to bring down waiting lists								\$ 6.3		\$ 35.9		\$ 42.2
Convert transitions waivers to IO waivers								\$ 14.5		\$ 29.6		\$ 44.1
Add IO waivers to avoid ICF admissions and give people choice to leave								\$ 13.2		\$ 42.0		\$ 55.2
Incentives to downsize private intermediate care facilities (ICFs)								\$ 7.2		\$ 17.2		\$ 24.4
<b>Subtotal</b>								<b>\$ 80.0</b>		<b>\$ 218.6</b>		<b>\$ 297.2</b>
<b>Executive Budget Reforms: Non-Medicaid</b>												
Replace workshops and facility based day services with new service models								\$ 3.0		\$ 3.0		\$ 6.0
ICF bed buy-back and rental assistance								\$ 2.1		\$ 4.1		\$ 6.2
Provide options counseling								\$ 0.2		\$ 0.2		\$ 0.4
System transformations								\$ 3.3		\$ 3.3		\$ 6.6
<b>Subtotal</b>								<b>\$ 8.5</b>		<b>\$ 10.5</b>		<b>\$ 19.2</b>
<b>Executive Budget</b>		\$ 1,482	\$ 2,151	\$ 2,301	7.0%	\$ 2,402	4.4%	\$ 2,619	9.0%	\$ 2,884	10.1%	\$ 5,503
Note: SFY 2012-2014 are actual and SFY 2015 is an estimate Totals may not add due to rounding.												

**Table 2. Ohio Department of Developmental Disabilities Medicaid Spending (State Share of General Revenue Funds in millions)**

All Funds	SFY 2012	SFY 2013	SFY 2014	%	SFY 2015	%	SFY 2016	%	SFY 2017	%	SFY 2016/17
<b>Baseline Total</b>	\$ 222	\$ 434	\$ 436	0.3%	\$ 445	2.2%	\$ 456	2.4%	\$ 461	1.2%	\$ 917
<b>Executive Budget Reforms: Medicaid</b>											
Increase HPC waiver provider rates 6 percent							\$ 10.5		\$ 21.1		\$ 31.6
Increase rate for provider serving most complex individuals							\$ 4.0		\$ 14.0		\$ 18.0
Add IO and SELF waivers to bring down waiting lists							\$ 2.3		\$ 13.5		\$ 15.8
Convert transitions waivers to IO waivers							\$ 5.4		\$ 11.1		\$ 16.5
Add IO waivers to avoid ICF admissions and give people choice to leave							\$ 5.0		\$ 15.8		\$ 20.8
Incentives to downsize private intermediate care facilities (ICFs)							\$ 2.7		\$ 6.5		\$ 9.2
<b>Subtotal</b>							<b>\$ 30.0</b>		<b>\$ 82.0</b>		<b>\$ 112.0</b>
<b>Executive Budget Reforms: Non-Medicaid</b>											
Replace workshops and facility based day services with new service models							\$ 3.0		\$ 3.0		\$ 6.0
ICF bed buy-back and rental assistance							\$ 1.0		\$ 1.0		\$ 2.0
<b>Subtotal</b>							<b>\$ 4.0</b>		<b>\$ 4.0</b>		<b>\$ 8.0</b>
<b>Executive Budget</b>	\$ 222	\$ 434	\$ 436	0.3%	\$ 445	2.2%	\$ 490	10.0%	\$ 547	11.7%	\$ 1,037

Note: SFY 2012-2014 are actual and SFY 2015 is an estimate Totals may not add due to rounding.