



# Bending the Health Care Cost Curve in New York State:

## Rebalancing Long-Term Care

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Prepared by The Lewin Group



# Acknowledgements

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# Overview

The following high-level implementation plan is presented as a follow-up to the New York State Health Foundation's (NYSHealth's) July 2010 report, "Bending the Health Care Cost Curve in New York State: Options for Saving Money and Improving Care." The report was designed to inform a State-level discussion of health care savings opportunities in New York, and outlines the estimated impact of 10 scenarios that could help to contain escalating health care costs in New York State over the next decade while also improving health care quality.

While the report demonstrates that New York State's health care cost curve can be bent through policy options that better coordinate care and improve health care outcomes, significant effort on the part of a variety of stakeholders is required to actually achieve these savings. With the assistance of a Technical Advisory Panel, four of the modeled scenarios were selected for high-level planning to identify the action steps, timeframes, and resources required for implementation. The following four scenarios were selected based on a combination of their savings potential, feasibility, and impact on quality of care:

- ▶ **Expanding Palliative Care.** Require hospitals to establish a palliative care program to promote better coordinated, higher value care where appropriate.
- ▶ **Integrating Care for Dual Eligibles.** Enroll New York's Medicaid/Medicare dual eligibles into a fully integrated coordinated care setting.
- ▶ **Adopting Bundled Payment Methods.** Make prospective payments for entire episodes of care, potentially encompassing inpatient care, physician services while hospitalized, and post-acute care services, including short-term rehabilitation and home health care.
- ▶ **Rebalancing Long-Term Care.** Restructure New York State's Medicaid programs for long-term care, examining both residential and community-based settings for a large population of beneficiaries with extensive functional and cognitive impairments, and behaviorally and medically complicated needs.

With the exception of the managed care for the dual-eligible population scenario, each of these opportunities can be advanced by the State of New York through the Medicaid and the State employee benefit programs, with minimal Federal involvement other than routine program oversight. While more significant savings are associated with adoption of these scenarios beyond these State-operated programs, implementation by New York State is a major first step toward more widespread adoption. In the case of managed care for the dual-eligible population, however, full implementation of the modeled scenario requires a change to Federal Medicare statute, which guarantees "freedom of choice" under the Medicare program.

For each of the four scenarios, we convened a group of stakeholders that included New York State officials, policy experts, and representatives of payers, providers, and patients. Stakeholders were not asked to endorse any of the scenarios, but were asked to comment on implementation requirements necessary to achieve each of the scenarios. Those involved in the planning process acknowledged that implementation of these scenarios will require a great deal of effort.

It is our hope that the following implementation plans can serve as a roadmap for policymakers seeking to contain costs while improving care coordination and quality. Achieving substantial improvement in the delivery of health care is neither quick nor easy, and requires active participation by government, providers, and payers working together, and not shifting costs. The potential improvements in efficiency and quality of care associated with these initiatives make it worthwhile to initiate implementation efforts as soon as possible.

# Rebalancing Long-Term Care Implementation Plan

## SCENARIO SUMMARY

This policy scenario, as modeled, includes implementation of the following steps to modernize New York's long-term care system:

- ▶ Enhance New York State's Aging and Disability Resource Centers (ADRCs) to add more proactive and consistent intervention in critical pathways to institutions across the State and to create a single point of entry into the State's long-term care system.
- ▶ Complete the development of a single, standardized, automated assessment, service plan, and authorization process that could be applied to both nursing home and community residents (allowing for comparisons across groups).
- ▶ Develop data capability and report production to inform day-to-day program management and to provide information for decision makers' long-range planning.
- ▶ Develop rate and fee systems for both institutional and community-based long-term care services that work in concert to promote the State's goal of providing services in the least expensive and most appropriate settings.
- ▶ Institute an aggressive diversion and transition program to avoid institutionalization and assist nursing home residents wishing to return to the community.

Potential savings estimates from this option range from \$0.3 billion to \$1.02 billion for Medicaid over the 10-year period from 2011 to 2020. However, while the modeled scenario focuses on Medicaid beneficiaries, the target of a rebalancing effort could include those at risk of spending down to Medicaid in addition to those individuals who are already Medicaid-eligible.

Unlike implementation plans for other scenarios, which have a defined timeframe, this option lays out a series of activities and approaches to reshape the long-term care system without a set end date, as individual elements "go live" and continue to be refined throughout the process. We expect that once the necessary tools for this option have been developed and incorporated into operating procedures, State officials and other stakeholders will undertake efforts to continually improve New York's long-term care system.

## CURRENT ENVIRONMENT

Approximately 250,000 individuals receive Medicaid-funded long-term care services in New York. Of these individuals, 80,000—or 32%—receive care in nursing facilities while the balance receives care in a community setting. At one time New York State was ahead of the curve in the development of a balanced long-term care system, receiving, for example, the nation's first 1915(c) waiver for the Long Term Home Health Care Program. However, New York State has not achieved the same potential that other states have in addressing the continuum of need.

At present, there is no single organizational unit within New York that has comprehensive responsibility for long-term care budgets, policies, and programs. Instead, a number of entities share responsibility for the long-term care system, including both the New York State Department of Health and the State Office for the Aging. Because long-term care cuts across so many different areas (e.g., medical care, housing, transportation), it may be impractical to consolidate all responsibilities into one area. However, enhanced communication and collaboration are likely

## Rebalancing Long-Term Care Implementation Plan *(continued)*

to improve the care delivery system and maximize consumers' ability to access care in the most appropriate and least restrictive settings. New York's Most Integrated Setting Coordinating Council is a vehicle for coordinating some of this activity.

A variety of programs exist for individuals receiving long-term care services, some of which are well aligned with the objectives of this scenario. In total, Medicaid beneficiaries currently receive long-term care services through 12 distinct programs, including several community-based programs that promote diversion from and alternatives to institutional care. Eligibility for these programs has historically been determined at the county level, but the State is gradually taking over these determinations.

The New York State Department of Health is also developing a standardized assessment tool known as the Uniform Assessment Tool (UAT) to evaluate patient care needs for Medicaid recipients living in community-based settings. The UAT is intended to replace various other assessment tools that are currently in use, including the Patient Review Instrument (PRI). A request for proposals (RFP) to implement the UAT was issued in August 2010 and the RFP calls for both beta and pilot testing. The use of the tool for purposes such as program eligibility, determining payment levels and quality scores will be determined based on the results of the various testing. Once the tool is validated and tested, the first phase is to use the tool, which is based on the interRAI, as an assessment of individuals' needs. In addition, long-term care services also often need to be quickly accessed following an acute care episode, and the State is applying for a grant to evaluate the hospital discharge process to promote more effective continuity of care.

Aging and Disability Resource Centers (ADRCs) have been established in 54 of New York's 58 jurisdictions (New York City and several counties have not yet established an ADRC). Known collectively as "New York Connects," the ADRCs seek to:

- 1) create consistent, consumer-friendly, and seamless access to information, assistance, and services regardless of funding source; and,
- 2) coordinate aging, disability, Medicaid, and other systems to utilize resources more effectively and meet consumer needs more quickly.

New York Connects administers a grant program known as the "Community Living Program," which targets individuals at risk of spending down to Medicaid and, thus far, has demonstrated success in reducing the need for the Medicaid program. New York Connects has also organized community Long-Term Care Councils to identify and analyze needs in the delivery system, develop strategies to meet community needs, solicit input from key stakeholders, encourage collaboration, and serve as a catalyst to advance change.

The State is also considering an initiative known as the "Compact for Long Term Care" that would allow participants to make an asset pledge and then receive Medicaid-funded long-term care services without having to deplete all of their resources. Details of the program have not been completely worked out.

A variety of provisions in the Patient Protection and Affordable Care Act (PPACA) support rebalancing long-term care. Language in the PPACA emphasizes Congress' sense that Medicaid dollars should be used more consistently to support home- and community-based services. One provision creates the Community First Choice Option, which provides a Medicaid State Plan

## Rebalancing Long-Term Care Implementation Plan *(continued)*

option to offer community-based attendant services and supports with a 6% increase in the Federal matching rate. Another creates options to provide additional home- and community-based services through the Medicaid State Plan rather than through a waiver. The Community Living Assistance Services and Support (CLASS) Act, effective January 1, 2011, creates a national voluntary long-term care insurance program for community-based supports. Funding for the “Money Follows the Person Rebalancing Demonstration,” in which New York participates, was extended through 2016. PPACA appropriates \$10 million dollars for each of Federal fiscal years 2010 through 2014 to carry out ADRC initiatives. In addition, rules to prevent the impoverishment of a spouse whose husband or wife seeks Medicaid coverage were extended to home- and community-based service recipients in the same manner as for nursing home residents.

### **OBSTACLES TO IMPLEMENTATION**

While there is general agreement regarding the potential benefits of this scenario, a number of obstacles stand in the way of full implementation. Many of these obstacles have arisen because the long-term care system has evolved over many years with changing priorities and perspectives shaping decisions. As a result, the existing long-term care system is fragmented, and there is a lack of global oversight to ensure coordinated efforts and a lack of a uniform data system to facilitate information sharing across programs.

There also appear to be a variety of overlapping programs, a lack of understanding about what programs are available, delays and inconsistencies across the State in the eligibility and care determination processes for Medicaid programs, and inconsistencies in the degree to which programs are utilized. For example, while community-based options are common downstate, nursing facility care is often a far more likely option for rehabilitative services in upstate communities where home health providers may have less capacity and, therefore, less ability to accept patients. It is possible that some of these concerns may be mitigated by an impending State takeover of eligibility determination.

Several stakeholders expressed concern over the concept of a “single point of entry” to the long-term care system, citing the potential for inappropriate delays in access to services. Rather, a “no wrong door” approach was suggested, connecting an individual to services regardless of where the individual encounters the system. While it is essential that a focused rebalancing effort include a mechanism to ensure coordination and consistency in eligibility and care determinations, steps should be taken to ensure that this mechanism does not have the unintended consequence of delaying placement or restricting options.

A variety of other potential obstacles exist. For example, an insufficient workforce for community-based services may necessitate steps to increase the number of qualified providers. A lack of affordable housing may limit community-based options. Stakeholders also point to a lack of respite funding, adequate discharge planning, and a capital budget to support development of community-based services, and misaligned provider incentives across the continuum of care. There is also considerable diversity among home- and community-based providers. Many home care providers, for example, are very small and, thus, have limited resources. A high degree of cooperation among multiple entities is required to address these challenges, including those responsible for housing, transportation, etc. Finally, while rebalancing efforts are intended to improve access to appropriate and desirable care settings, such initiatives are sometimes portrayed as attempting to limit access to needed care for cost reduction purposes.



## Rebalancing Long-Term Care Implementation Plan *(continued)*

### **ACTION PLAN**

#### **Program Design**

The variety of programs and stakeholders that comprise New York State's long-term care delivery system necessitate the development of a clear strategic agenda to reform the system. Implementation of a rebalancing effort involves a wide variety of programs, stakeholders, and activities that cannot all be done simultaneously. It will be important, therefore, to continually prioritize activities based on a clear agenda and to continue to develop the program over time.

#### **New York State Department of Health Activities**

- ▶ Determine the universe of stakeholders that need to be included. At a minimum, stakeholders should include:
  - New York State Department of Health
  - New York State Office for the Aging
  - New York State Division of Housing and Community Renewal
  - Administrators for other services, such as transportation
  - Provider representatives/associations for the entire range of long-term care providers, including non-medical providers (e.g., transportation)
  - Patient advocates
- ▶ Involve other stakeholders should issues arise that would benefit from their participation:
  - Centers for Medicare and Medicaid Services (CMS)
  - Acute care providers
  - New York State Office of Mental Health
  - Office of Persons with Developmental Disabilities
- ▶ Consider using an outside facilitator to ensure the process moves forward, as a number of stakeholders will have competing priorities.
- ▶ Consider organizing a conference where stakeholders can react to proposed approaches.
- ▶ Identify all State statutes, regulations, waiver provisions, and State Plan sections that would need to be amended.
  - Identify overlaps in services that may prevent coordination (e.g., multiple services both include case management, which could prevent a patient from accessing them simultaneously).

#### **New York State Department of Health Activities Informed by Stakeholder Group**

- ▶ Assess the baseline of provider capacity.
- ▶ Identify existing gaps in community services and other possible incentives for inappropriate institutionalization.
  - Build on work started by community councils.
  - Determine whether perceived gaps are real or missed linkages.
  - Consider role of caregivers and volunteers.

## Rebalancing Long-Term Care Implementation Plan *(continued)*

- ▶ Determine whether additional/modified funding is required to support affordable housing and other appropriate supports/services (transportation, assisted living, adult homes, etc.).
- ▶ Identify inconsistencies in the interpretation and application of regulatory and other guidance.
- ▶ Develop strategic agenda to overcome systematic barriers.
  - Develop specific measurable goals for rebalancing and a timeline for realizing them.
  - Determine the appropriateness of a phased approach for option implementation.
- ▶ Engage CMS where appropriate to discuss and negotiate needed changes to waiver authority and State Plan sections.
  - Include Administration on Aging as appropriate.
- ▶ Assess/enhance single, standardized, automated assessment, service plan, and authorization process (requires partnership, coordination, and common protocols).
  - Build on Uniform Assessment Tool development efforts.
- ▶ Assess adequacy of current data capability and report production.
  - Define components required for a more robust/coordinated reporting system.
  - Develop timeline for implementation of enhancements.
- ▶ Identify related PPACA opportunities, such as a Federal Medical Assistance Percentage increase for ADRCs, single assessments, conflict-free case management, and the Community First Choice Option, and determine their potential to contribute to rebalancing.
- ▶ Review existing payment methodologies, including payment adequacy and connection to quality, and consider changes required to incentivize appropriate community-based care over institutionalization (e.g., increased financial risk for providers/consumers).
  - Consider strategies to support nursing facilities that “right size.”
  - Consider the cost to providers of implementing the Uniform Assessment Tool.
- ▶ Review county funding structure to determine adequacy for expanded ADRC role.
- ▶ Assess workforce reimbursement and development efforts.
- ▶ Assess baseline of current provider capacity and other needs to move forward.
- ▶ Identify actions as needed to ensure that adequate providers are available to meet needs of transitioning and growing population.
- ▶ For providers, assess/develop guidelines for discharge planning and personal assumption of risk, and the manner in which expectations are regulated.
- ▶ Consider the impact of the evolving nursing facility model to become more home-like, including the concepts of self-determination and calculated risk.
- ▶ Develop/implement process to identify institutional residents who could be transitioned to the community, potentially building on existing models.
- ▶ Enhance quality assurance efforts.
- ▶ Assess adequacy of hospital and long-term care institutional discharge planning processes.



## Rebalancing Long-Term Care Implementation Plan *(continued)*

- ▶ Determine whether changes in scope of practice are necessary to enhance delivery of community-based care and delivery of long-term care in congregate care settings.
- ▶ Determine whether to focus rebalancing efforts regionally (e.g., in areas where nursing facilities account for a greater proportion of spending).

### **Implementation**

#### **New York State Department of Health Activities**

- ▶ Draft and implement proposed regulatory changes as necessary.
- ▶ Identify opportunities to free up resources through enhanced program coordination.
- ▶ Modify rate and fee systems as necessary.
- ▶ Implement informational/campaign materials for providers to make them aware of changes to the current system and additional resources developed.
- ▶ Implement Uniform Assessment Tool and use results to modify/improve admission criteria, rate and fee setting approaches, quality, etc.
- ▶ Update long-term strategic and short-term tactical plans to promote continuous improvement.

#### **ADRC Activities**

- ▶ Develop and conduct a consumer education campaign to make beneficiaries and their families aware of the services and resources available to them.
- ▶ Expand capabilities to provide more comprehensive services to consumers.

#### **Provider Activities**

- ▶ Modify discharge procedures to align with program objectives.
- ▶ Implement new policies and procedures.
- ▶ Determine whether to expand service offerings (e.g., non-institutional in addition to nursing facility care).

### **Required Resources**

#### **New York State**

- ▶ Staff/other resources to develop systems and conduct required training.
- ▶ Staff/other resources to implement and oversee increased data- and report-related capabilities.

#### **Counties/ADRCs**

- ▶ Additional staff required to provide more proactive intervention.

#### **Providers**

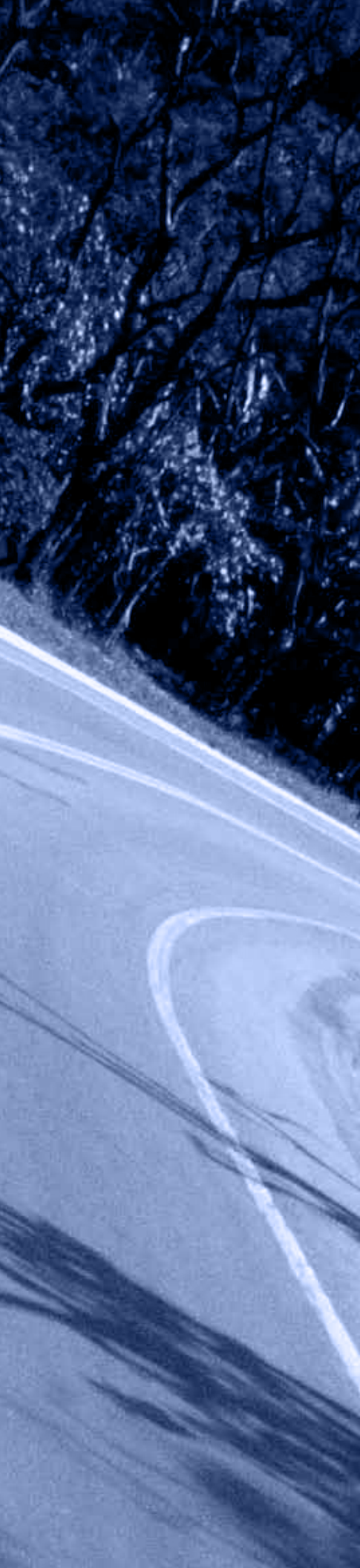
- ▶ Staff /other resources to develop and implement systems and procedures to support rebalancing efforts.

# Rebalancing Long-Term Care Implementation Plan *(continued)*

| ESTIMATED TIMELINE FOR REBALANCING LONG-TERM CARE   |                |                |                |                |                |                |                |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Policy Option:<br>Rebalancing Long-Term Care  | 2010           | 2011           |                |                |                | 2012           |                |                |                | 2013           |                |                |                |
| ACTION STEP   | Q4             | Q1             | Q2             | Q3             | Q4             | Q1             | Q2             | Q3             | Q4             | Q1             | Q2             | Q3             | Q4             |
| Work with stakeholders to develop a strategic agenda and prioritize activities  | Program Design | Program Design |                |                |                |                |                |                |                |                |                |                |                |
| Identify all Federal and State statutes/regulations/waiver provisions that need to be amended   | Program Design | Program Design | Program Design |                |                |                |                |                |                |                |                |                |                |
| Assess baseline of provider capacity  | Program Design | Program Design | Program Design |                |                |                |                |                |                |                |                |                |                |
| Assess adequacy of hospital and long-term care institutional discharge planning processes   | Program Design | Program Design | Program Design |                |                |                |                |                |                |                |                |                |                |
| Assess/enhance and pilot single, standardized, automated assessment tool  | Program Design | Program Design | Program Design | Program Design | Program Design | Program Design | Program Design |                |                |                |                |                |                |
| Assess adequacy of current data capability and report production  |                | Program Design | Program Design | Program Design |                |                |                |                |                |                |                |                |                |
| Review/modify county funding structure to determine adequacy for expanded ADRC role   |                | Program Design | Program Design | Program Design |                |                |                |                |                |                |                |                |                |
| Determine whether additional/modified funding is required to support affordable housing   |                | Program Design | Program Design | Program Design |                |                |                |                |                |                |                |                |                |
| Review existing payment methodologies and consider changes  |                | Program Design | Program Design | Program Design | Program Design |                |                |                |                |                |                |                |                |
| Develop rate and fee systems for institutional and community-based long-term care services  |                |                | Program Design | Program Design | Program Design | Program Design | Program Design | Program Design |                |                |                |                |                |
| Identify actions required to ensure adequate provider capacity  |                |                | Program Design | Program Design |                |                |                |                |                |                |                |                |                |
| Engage CMS where appropriate to discuss and negotiate needed changes  |                | Program Design | Program Design | Program Design | Program Design | Program Design | Program Design | Program Design |                |                |                |                |                |
| Draft and implement proposed changes  |                |                |                | Implementation | Implementation | Implementation | Implementation |                |                |                |                |                |                |
| Develop/implement process to identify institutional residents who could be transitioned to community  |                |                |                |                | Implementation | Implementation |                |                |                |                |                |                |                |
| Assess/develop guidelines for discharge planning and personal assumption of risk  |                |                |                |                | Implementation | Implementation |                |                |                |                |                |                |                |
| Modify discharge procedures to meet program requirements  |                |                |                |                |                | Implementation | Implementation |                |                |                |                |                |                |
| Enhance quality assurance efforts   |                |                |                |                |                |                | Implementation | Implementation |                |                |                |                |                |
| Determine whether changes in scope of practice are necessary to enhance delivery of community-based care and delivery of long-term care in congregate care settings |                |                |                |                |                |                |                | Implementation | Implementation |                |                |                |                |
| Develop informational/campaign materials for providers  |                |                |                |                |                |                |                |                | Implementation | Implementation |                |                |                |
| Develop/conduct consumer education campaign   |                |                |                |                |                |                |                |                |                | Implementation | Implementation | Implementation |                |
| Implement various changes in tools, activities, approaches, etc.  |                |                |                | Implementation | Implementation | Implementation | Implementation | Implementation | Implementation | Implementation | Implementation | Implementation | Implementation |

 Program Design  
 Implementation

Continuing into future →



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