New CMS Waiver Application as a Catalyst for Systems Change

Gary Smith
HSRI
Reinventing Quality
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Topics

- Why a new waiver application?
- Development of the new application
- Overview of the new application
- New HCBS Waiver Quality Life Cycle
Why a New Application?
Reasons to Update the HCBS Waiver Application

- Catch up with policy changes .... standard waiver application last updated in 1995
- Incorporate self-direction features of the Independence Plus application
- Implement the 2003 CMS commitments to GAO & Senators Grassley and Breaux:
  - Communicate CMS expectations for quality
  - Require states to describe quality features
Update ...

- Program growth and complexity compels a different approach to CMS management of HCBS waiver programs
- New application is cornerstone for this change
Waiver Facts ... program growth

- Nearly 300 HCBS waivers
- Over 1,000,000 participants
- 2004 HCBS Waiver Spending: $21.2 B
- 7.5% of total Medicaid spending
- 24% of all Medicaid long-term services spending
- 67% of all Medicaid comm. services spending
HCBS Waiver Funding Underpins Developmental Disabilities Community Services

- 2004: 425,000 participants (v. 291,000 in 2000)
- Total spending: $15.5 billion (v. $9.6 billion in 2000)
Program Complexity

- Waivers serve diverse target groups
- Varied state service delivery systems
- Principal state tool to meet rising demand for long-term services and supports
- Waiver is linchpin of system rebalancing
Waiver Application
Redesign Goals

- Obtain a more complete picture of waiver service delivery design
- Establish clear pathways for participant direction of waiver services
- Support redesigned CMS approach to quality oversight of waivers
- Provide states with improved and expanded technical guidance
Goals

- Promote greater consistency in CMS review of waiver applications
- Adopt explicit CMS waiver review criteria
- Provide for the submission of waiver applications and subsequent amendments via the web
Development of the New Application
CMS invited the active participation of state associations in new application development.

Associations:
- National Association of State Units on Aging
- NASDDDS
- National Association of State Medicaid Directors
- National Association of State Head Injury Administrators
Two Year Effort

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tr>
<td>Dec. '03</td>
<td>1st meeting with state associations</td>
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<tr>
<td>Aug. '04</td>
<td>1st draft issued for comment</td>
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<td>Oct. '04</td>
<td>2nd meeting with state associations</td>
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<tr>
<td>Mar. '05</td>
<td>Draft 2, instructions, technical guide for comment</td>
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<td>April '05</td>
<td>3rd meeting with state associations</td>
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<tr>
<td>May '05</td>
<td>Version 3.2 made available for state use</td>
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<tr>
<td>May-Oct '05</td>
<td>Additional revisions/fine-tuning; address state comments</td>
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<tr>
<td>July-Sept '05</td>
<td>Six State/RO training sessions</td>
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<tr>
<td>June</td>
<td>Development of web-based application starts</td>
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Step One: Adopting the HCBS Quality Framework
Development entailed ...

- Preparing many drafts of the application
- Addressing hundreds of comments and questions
- Resolving dozens of policy questions
- Major commitment by CMS to maintain an open process
Current Status

- Version 3.3 + Instructions/Technical Guide released in November 2005
- Site has:
  - Application
    - Instructions/Technical Guide
    - CMS Instrument for Reviewing Waivers
Future Steps

- Finalize and implement web-based application
- Ongoing clarification/modification based on state/CMS experience with the new application
- Furnish additional technical guidance to states
Overview of New Application
New application requires states to provide more information upfront about WAIVER DESIGN

Goal: application wraps around the information that CMS needs in order to review and approve

Reduce CMS requests for additional information
Most important changes

- Participant direction in any waiver – no need to operate dedicated self-direction waiver
- Greater stress on critical quality dimensions
  - Service planning processes
  - Monitoring service plan implementation
  - Participant safeguards
- Instructions/technical guidance more extensive than ever before
Structure of Application

- Request for waivers + 10 appendices
- Appendix A: Waiver administrative structure –
  - Who is responsible for waiver operations?
  - Managing state agency
  - How does the Medicaid agency oversee waiver operations?
  - Role of contractors
  - Role of local/regional agencies
Appendix B: Participant Access and Eligibility

- Who does the waiver serve?
- What is the target population?
- How many people will be served?
- Medicaid eligibility groups served
- Waiver enrollment process

Change: provides states additional tools to manage waiver openings (e.g., reserved capacity)
Appendix C: Waiver Services

- What services are offered?
- What limitations (if any) are there on services?
- Does the state provide for paying legally responsible individuals to furnish services?
- Does the state provide for paying relatives/legal guardians?
- Does the state have a method for allocating waiver dollars to individuals?
Appendix C ...

- Expanded number of “core service definitions”
- Clarifies basic coverage policies
- States can cover transition costs for people moving out of any congregate living arrangement, not just “institutions”
- Adds coverage of individually-directed goods and services
- States can support self-employment
## Appendix D: Participant-Centered Planning and Service Delivery

- How are individuals and families supported to lead the service planning process?
- How does the service planning process take into account assessed needs and participant preferences?
- How are participant risks addressed?
- How is service delivery monitored, including participant health and welfare?
Appendix E: Participant-Directed Services

- No need to operate separate waiver in order to implement self-direction
- Self-direction can be incorporated into any waiver
- States may apply for Independence Plus designation
- Instructions/technical guide include criteria for I/P designation
Appendix E ....

- Does the waiver provide for people to direct some or all of their waiver services?
- What services can people self-direct?
- What are dimensions of self-direction?
- Can people hire staff? (Employer Authority)
- Do people have authority over a budget? (Budget Authority)
- How are people supported to direct their services?
Establishes that states must make supports available to people who self-direct.

Recognizes that information and assistance in support of participant direction can be provided in a variety of ways.

Clarifies coverage of financial management services.
Appendix F: Participant Rights

- How are people informed about their Medicaid appeal rights?
- Does the state provide other avenues to address participant complaints/problems?
Appendix G: Participant Safeguards

- How does state identify and address critical incidents and events?
- What are the state’s policies concerning the use of restraints and restrictive interventions?
- What are the state’s policies concerning medication management and administration?
## Appendix H: Quality Management Strategy

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<th>Question</th>
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<td>How will the state monitor its compliance with waiver assurances?</td>
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<td>Who is involved in quality management?</td>
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<td>What information will the state compile about performance?</td>
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<td>How will the state remediate problems and identify opportunities for quality improvement?</td>
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Appendix I: Financial Accountability

- Payment mechanisms
- Safeguards concerning payments
- Federal requirements concerning matching funds
Appendix J: Cost-Neutrality Demonstration

- Does the waiver meet statutory requirements concerning cost neutrality?
Transformation of CMS Oversight: Focus on Quality
Oversight hit/miss

Waiver applications and annual waiver reports contain little, if any, detailed information about service quality

No minimum level of routine reporting from states to HHS/CMS

State quality assurance systems and federal oversight of Medicaid HCBS waivers must improve.
**CMS Action Plan to Transform Oversight**

- CMS agreed with the need to transform HCBS waiver oversight
- Provide states with improved guidance regarding HCBS quality management
- Require states to submit more specific information about their quality management system prior to waiver approval
Past Approach ... CMS conducted inspections

- Waiver application had little information about quality management
- CMS staff did an on site inspection... once every three - five years
  
  Small sample (<25) of people in systems with 25,000 – 50,000 people
The New Approach ... CMS evaluates information from states

- States describe all components of the program in the application...including state oversight functions and responsibilities
- States monitor individuals & fix problems
- States analyzes data from oversight
- States make changes to policy & practices – system level remediation and quality improvement
- States report quality management results annually
- CMS maintains an ongoing dialogue with states and look for evidence of state oversight
The HCBS Waiver Quality Life Cycle

State Submits to CMS

CMS → State Ongoing Communication

- Initial Application with QM Strategy
- Renewal Application with QM Strategy
- CMS Assessment Report
- Phone Calls/Emails
- Onsite Visits
- Evidentiary Reports
- CMS 373Q
- Renewal Application with QM Strategy
- CMS Assessment Report
Linchpin - Quality Management Strategy

- How will the state monitor that it is meeting waiver assurances?
- What discovery tools will it use?
- What evidence/data will the state compile to measure performance?
- What mechanisms will the state use to remediate system-level problems and identify opportunities for quality improvement?
- QMS recognizes that quality management is dynamic and that states may need time to develop additional tools
Transformation

- Responsibility clearly lodged with the state
- Application provides essential information about quality processes and quality management strategy
- CMS Role: continuously monitor state evidence concerning performance during the period that the waiver is in effect
Application as Catalyst for System Change
Key points ...

- New application focuses on DESIGN – how the waiver functions in support of participants
- Intended to promote dialogue about design by requiring more robust information about how the waiver will function
- Instructions/technical guidance intended to demystify waivers and CMS expectations, not only for states but other stakeholders as well
Critical questions

- How have stakeholders been involved in waiver design?
- Does waiver design stress participant-centered planning and service delivery?
- Does the waiver promote participant choice?
- Are the services offered appropriate to the needs of the target population?
Critical questions

- Does the waiver incorporate opportunities for self-direction?
- Does the QMS provide for meaningful stakeholder involvement in assessing waiver performance and identifying opportunities for improvement?
- Does the QMS provide for communicating information about performance to stakeholders?