State Reflections and Recommendations

BALANCING INCENTIVE PROGRAM

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Introduction

In July 2015, the Mission Analytics team conducted interviews with state Balancing Incentive Program directors and managers to better understand Program impacts. In hour-long interviews, state personnel were asked to expand upon the perceived impact of the Program on their state's community-based long-term services and supports (LTSS) systems and the challenges they encountered during the Program. The interviews followed a specific protocol, located in the appendix of this document. After recording and transcribing the interviews, the Mission Analytics team grouped responses by question across states to identify common themes.

This "State Reflections and Recommendations" report synthesizes the state perspectives captured in the interviews and presents recommendations with each finding. The team encourages the Centers for Medicaid and Medicare Services (CMS) and the wider public to consider these recommendations when developing future initiatives to support state balancing efforts.

Overview of the Program

To improve access to Medicaid-funded community LTSS, 18 states participated in the Balancing Incentive Program, which ended September 30, 2015. Through the Program, authorized by Section 10202 of the Affordable Care Act (2010), states received enhanced Federal Medical Assistance Percentage (FMAP) on eligible community-based services. In exchange, the states were required to:

- Undertake three key structural changes: a No Wrong Door (NWD) system, use of a Core Standardized Assessment (CSA), and conflict-free case management
- Spend Program funds to enhance community LTSS
- Meet the "balancing benchmark," i.e., spend a certain percentage of total LTSS dollars on community LTSS (25 percent or 50 percent depending on the 2009 starting point)

The Program aimed to increase the percentage of total LTSS dollars spent on community LTSS by promoting direct investment in service expansion and more streamlined and coordinated processes for accessing services through structural changes.

The NWD system is expected to have the greatest impact on community LTSS access

According to the states, of the three structural changes, the NWD system is expected to result in the greatest change in access to community LTSS. Of the 18 participating states, 13 characterized the NWD system as having a "significant" impact on the state's processes; 4 of the 5 remaining states reported a moderate impact because streamlined processes existed in the state before the Balancing Incentive Program was implemented. States **cited three main features** of their NWD systems that support individuals in receiving appropriate services in an efficient manner: more entry points, a streamlined referral process, and increased awareness.

- **More entry points**: States developed NWD physical locations, websites, and toll-free numbers to help individuals get more information on, and enroll in, community LTSS. Mississippi established a network of Mississippi Access to Care (MAC) centers where individuals can receive information and referrals. In Massachusetts, more than 380 partner agencies have joined the state's NWD system. Missouri and Texas highlighted the importance of their new websites and toll-free numbers in connecting individuals to services. Other strategies that states have used to inform individuals about the services available include consumer-facing portals, provider directories, and application assistance.
- **Streamlined referral process**: States reported that they developed more streamlined referral processes, resulting in beneficiaries gaining access to services in a timelier manner. Through the Program, Ohio removed programmatic silos, which had resulted in many individuals ending up in long-term care institutions. Additionally, many states cited the importance of information technology (IT) infrastructure in improving access to community LTSS. Automated assessments and case management systems—which have been implemented in states such as Connecticut, Mississippi, New Hampshire, and Ohio—allow partner agencies to share functional and financial information in real time and track the progress of individuals moving through the NWD system.
- **Increased awareness:** States reported that outreach and education efforts increased awareness of community LTSS and bolstered the usage and effectiveness of the NWD systems. Through reaching out to specific populations, such as service members, veterans, and their families (New Hampshire), or placing advertisements in frequented locations such as movie theaters (Georgia), states saw engagement from the community through increased traffic to their toll-free numbers and NWD websites.

State Recommendations

- **Continue to support NWD system development and enhancements.** Although NWD systems are up and running in many states, much work remains in terms of automating and marketing the systems. CMS should establish check-ins with states to keep tabs on their progress and provide support as needed.
- **Create new grant opportunities to fund NWD improvements.** As the Balancing Incentive Program funding ends, CMS should consider creating additional grant opportunities to help sustain this structural change.

The CSA: complete overhaul in some states, minor change in others

Half of the participating states reported that the implementation of the CSA had a significant impact on the state's processes for accessing community LTSS. Interestingly, the other half reported only a minor change, primarily because they continued to use existing instruments with minor modifications. States that reported a significant impact adopted entirely new instruments under the Program. These states indicated that **standardizing and automating needs assessments often yields more accurate results, which then leads to better care plans.** Arkansas—which is adopting the interRAI across populations—sees "great value in having common data elements across various agencies/divisions."

Several states that adopted new instruments under the Program stated that plans to do so had already been in the pipeline. However, **the Program provided the motivation to move forward more quickly.** For example, although the Illinois legislature had voted to replace the 20-year-old determination of need instrument, the Program provided the impetus to actually adopt a Universal Assessment Tool. Illinois believes that the new assessment instrument will have a significant impact because the tool provides a more holistic approach to determining need, which will result in better referrals. Kentucky also used the Program as an opportunity to replace a long-standing instrument with the Kentucky Home Assessment Tool (K-HAT), which is based on an assessment developed in Wisconsin.

The states that reported low impact still felt positive about the Program's effects. Maine, for example, reported that the Program was a "great push" to add an employment question to its assessment. Although already a priority for the state, this addition would have happened at a slower pace without the Program. Similarly, New York reported that the CSA requirement had a low impact because the state was "already on the way to creating standardized assessment tools with a core data set." However, the state added that the **resources provided by the Program have helped to expedite the automation process.**

Whereas states were positive about the "standardization" aspect of the CSA requirement, they provided **mixed reviews of the required domains and topics.** One state reported that this requirement was more of a hurdle than an aid because standardization imposed additional requirements for the selection process. Others felt that the domains provided good guidelines for determining whether potential instruments were sufficiently comprehensive.

State Recommendations

States have found that standardized and automated assessments led to more accurate plans of care. CMS should provide incentives for states to adopt valid, reliable, standardized, and automated instruments, particularly for states that continue to use homegrown assessments.

Mitigation strategies helped states meet the conflict-free case management requirements

On the whole, the conflict-free case management structural change had a "moderate" to "low" impact, primarily because **states were already in compliance with requirements before they participated in the Balancing Incentive Program.** This was because CMS allowed states to use "mitigation strategies"—or processes that reduce the impact of conflict—instead of requiring complete separation between community LTSS service provision and eligibility determination/care plan development. The states that reported low impact (half of the states) essentially used the Program as an impetus to examine their current practices. For example, Maryland reported that, in most cases, the state was entirely conflict free, and where conflict existed, mitigation strategies were already in place. The Program simply encouraged the state to review processes to "ensure conflict was not rising." Pennsylvania also reported that "the Program helped reinforce the importance of the work already being done."

Five states indicated a moderate impact because the conflict-free case management requirement strengthened existing systems and introduced new mitigation strategies in areas with potential risk. Ohio and New Jersey, for example, reported that the **conflict-free language in their contracts with managed care organizations would not have existed without the Program.** Illinois also reported that this Program requirement resulted in the introduction of new mitigation strategies, such as the audit of Universal Assessment Tool findings. Arkansas hoped to see more significant change to the state's system but faced **limitations due to the lack of providers in rural areas**, which resulted in the state relying heavily on mitigation strategies.

The states that reported a significant change typically implemented the ideal form of conflict-free case management by creating a complete separation between functions. For example, Mississippi had been aware of the potential for conflicts of interest within agencies that provide community LTSS but had lacked the resources to create a conflict-free system. The state reported that **the Program facilitated this change not only by providing funding but also by requiring case management agencies to stop providing direct community LTSS.** A significant change was also reported in Iowa, which thoroughly reviewed its current processes, identified best practices, and incorporated them into state regulations.

State Recommendation

CMS should provide states **additional support** to meet stricter conflict-free case management requirements under other Medicaid authorities. As complete separation was a challenge for many states, CMS may need to **provide financial incentives** for continued work in this area.

Cross-collaboration across agencies strengthened Program efforts

States indicated that coordination and collaboration among partner agencies were a driver of change and an outcome of the Program itself. Many states indicated that a major challenge was the siloed nature of many state agencies. However, several states found that **the Program brought agencies together and broke down these siloes.** In Maryland, the Program provided an opportunity for different agencies to come together and identify bottlenecks in the enrollment processes and develop more streamlined approaches. New York reported that the Program pushed agencies to remove siloes by encouraging them to coordinate how Balancing Incentive Program funds were used and facilitating identification of improvements in access and coordination of community LTSS among state service delivery systems.

Alignment of multiple grant initiatives and goals throughout the state also drove deeper change. Similar to many states, Ohio participated in two grants with complementary goals—the Balancing Incentive Program and the Money Follows the Person (MFP) Rebalancing Demonstration Grant. Having both programs under the same state director helped reduce overlap and maximize the potential of each program's funds. As a result, divisions were able to work more closely together. New Hampshire participated in the Balancing Incentive Program and the Aging and Disability Resource Center (ADRC) grant funded by the Administration for Community Living. These two grants promoted improved communication across departments and partners.

Strong leadership played an essential part in unifying agencies and pushing initiatives forward. Ten states indicated that departmental leadership proved invaluable in leading these efforts. **A division or department director who supported the Program helped bring agencies together, which created partnerships and pooled resources to achieve common goals.** In addition, eight states noted that support at the executive level, particularly the governor's office, helped them move forward more easily with their Program plans. Support at the executive and legislative levels also indicated an alignment in the state agenda toward enhancing community LTSS even before the state entered the Program. States without departmental or executive support often struggled to advance Program plans.

State Recommendations

- **Put forth initiatives and grants that promote cross-agency collaboration.** Grants and initiatives that tackle cross-departmental goals facilitate collaboration across the board. By requiring states to develop detailed Memorandums of Understanding, CMS can encourage agencies to work more closely together with defined roles.
- **Engage leadership at the executive and legislative levels.** CMS should require agency leaders be involved so that ambitious initiatives have sufficient support to succeed.

States funded initiatives that were likely to be sustainable

On the whole, states expected that the initiatives funded by the Program would have a strong impact. States appreciated the flexibility to spend money where it was needed, making adjustments as programs roll out. In addition, because states typically funded only activities they could maintain once the Program funds end, the states believed the activities would be sustainable. States used a variety of strategies to achieve sustainability:

- **States that funded direct service expansion** reported overwhelmingly that their state legislatures and executive branches supported the continuation of those services using state funds.
- **States that knew they could not sustain direct services** after the end of the Program channeled funds to structural changes. Nevada used funds for IT projects, such as developing the informational website and the Level I screen. Maine also moved maintenance costs into existing contracts to avoid sustainability issues with new infrastructure.
- States also reported that IT investments made by the Program are generally sustainable because they replace legacy systems, which have their own maintenance costs. In addition, by **leveraging multiple sources of funding**, including ADRC grants and MFP funds, states expanded the scope of their IT systems. For example, Texas and Connecticut used Enhanced Funding for Eligibility and Enrollment Systems—the 90/10 match—to reduce the overall cost of the IT systems and improve sustainability.
- **Some states used Program funds to implement pilots** as a means of testing innovative approaches without committing to long-term costs. If the pilots are successful, Program teams can make the financial case for continuing the Program initiative.

State Recommendations

- **Provide states with flexibility in using funds.** Providing states with spending flexibility is a good investment for CMS given that states will fund activities that will result in the greatest impact and receive financial support when grant funding ends.
- **Encourage pilot testing.** Encourage states to take risks and test innovative models by using funds to develop and implement pilot programs.
- **Coordinate with other federal grant opportunities.** By encouraging states to leverage other grant funds, CMS can promote more effective program models and sustainability.

States struggled to implement program requirements within the given deadlines

A significant obstacle for states was the Balancing Incentive Program's requirement to implement all structural changes by the Program's end date of September 30, 2015. At least eight states noted that having more time to implement the changes would have been helpful. Five states mentioned that they would have applied to the Program earlier to give themselves more time to implement the structural changes. States struggled to meet deadlines for the following reasons:

- The complexity and scope of **IT system changes** led states to take more time than initially anticipated in their work plan. In some cases, states switched vendors halfway through the implementation of their systems because the original vendors were unable to complete the agreed-upon projects. These vendor changes led to delays. When asked what the states would have done differently, they indicated that they would have pushed their procurement processes more assertively or made their requests for proposals more specific.
- **Changes in state Program staff** often meant a break in institutional memory, which slowed activities. States that experienced these transitions expressed that they should have brought on a dedicated project manager sooner to provide program continuity.
- **Changes in leadership at the executive and legislative levels can jeopardize Program efforts.** One state reported that a legislative taskforce enacted in 2015 to review the state's Medicaid program may result in reforms to the state's LTSS initiatives funded through the Program. Another state expressed concerns that the state's fiscally conservative environment calls into question the sustainability of Program-funded initiatives. Although these changes are beyond the control of state Program staff, they can have a serious impact on Program activities and impacts.

State Recommendations

- **Allow states additional time to implement requirements but provide incentives to finish early.** For future grants, CMS should consider giving states longer implementation periods from the time of onset, acknowledging that unforeseen challenges can derail activities despite the best of intentions. However, to motivate states to work efficiently, CMS should provide incentives for finishing early, such as additional grant funding.
- **Continue to consider state context and scope of activities when evaluating state performance.** When developing methods for evaluating and measuring state performance, CMS should consider state-specific factors that affect the scope of the activities states undertake.

The balancing benchmark helped states focus their efforts

States agreed that the **percentage of total LTSS dollars spent on community LTSS serves as a meaningful measure of a state's balancing progress.** This percentage encompasses all community LTSS, not just individuals served through waivers, and is easy for states, stakeholders, and federal agencies to calculate and interpret. In addition, states appreciate having a benchmark to help them focus their efforts and engage with CMS. For many states, achieving the benchmark was not just about meeting a federal requirement; it **provided an opportunity to celebrate their successful programs.**

States reported mixed information on how they plan to continue evaluating their balancing efforts. Connecticut, Kentucky, Maine, and Ohio have set new targets, ranging from 60 percent to 90 percent. Other states hope to continue incrementally increasing their percentage. Pennsylvania calculates spending percentages separately for elderly populations and younger adults with physical or developmental disabilities to target disparities across populations.

States also expressed the **importance of looking beyond expenditures at other measures of progress.** Arkansas, Kentucky, and Nevada are monitoring the number of waiver slots available to individuals. Similarly, Iowa and Nevada are assessing the total number of people who receive some type of community LTSS.

State Recommendations

- **Now that many states have met the benchmark or plan to do so soon, consider raising the bar.** The lack of a unified vision across states for how to move forward implies that CMS can continue to provide support in this area. A revised benchmark should depend on the "optimal" level of community LTSS expenditures relative to institutional expenditures, as some individuals may have needs that can be met only in institutional settings.
- **Establish new non-financial measures.** The number of transitions and diversions, individuals receiving services, service profiles, and health outcomes are example measures that CMS can adopt to support states in monitoring efforts.
- **Engage with states on new measures through interactive mechanisms.** The annual LTSS expenditure and 372 reports, developed by CMS in partnership with Truven Health Analytics, provide important information to states on balancing progress. However, data in these reports are often several years old and do not always trigger meaningful state engagement. CMS should develop mechanisms that provide continuous, timely feedback to states.

The Program was only one component of larger systems transformations

Although the Program officially ended on September 30, 2015, **states are far from being done.** States are committed to finishing the structural changes of the Program. Activities include finalizing IT systems, expanding CSAs to cover additional populations, and launching marketing campaigns to promote awareness of new programs and entry points.

States are also continuing larger efforts to reduce institutional expenditures. All Balancing Incentive Program states participate in the Money Follows the Perform program to facilitate community transitions. In addition, Massachusetts implemented a duals demonstration and administers two integrated care plans for elders. The effect of new initiatives, program development and expansion, a strong ADRC network, payment reforms and other broad-based policy initiatives have resulted in increased community LTSS utilization, spending and transitions. These changes have also resulted in closures of nursing facilities as well as deliberative "smart closures" of institutions serving people with intellectual and other developmental disabilities. Mississippi is encouraging nursing facilities to repurpose themselves into community-based programs to move the needle on community versus institutional expenditures.

Despite these plans, states acknowledge challenges given much of the "low hanging fruit" has been picked. New Jersey reported that it "may be harder to rebalance beyond the 50 percent benchmark because it may be difficult to move [the] remaining people out of nursing facilities." This is especially true for the frail and elderly population. Whereas states have made considerable progress creating community options for individuals with intellectual and developmental disabilities (ID/DD) and physical disabilities, states are still struggling to develop community options for older adults. States also reported that their efforts are hindered by a lack of housing options for individuals moving out of institutions and strong nursing facility associations that lobby for higher rates and actively market their services.

State Recommendations

- **Provide financial incentives for continued rebalancing efforts.** CMS can offer additional grant opportunities or financial incentives, such as enhanced FMAP, to continue states' balancing momentum. Efforts can address disparities in expenditures across LTSS populations, including individuals with physical disabilities, mental health conditions, and ID/DD and older adults. Programs could also create incentives to divert individuals from institutional settings as well as to continue transitions by making the MFP program permanent. Finally, states would appreciate technical and financial assistance to encourage institutions to repurpose themselves into providers of community LTSS.
- **Bolster housing options.** CMS should explore ways to support state investments in housing and closely coordinate efforts with the U.S. Department of Housing and Urban Development.
- **Make community LTSS a Medicaid entitlement.** The most straightforward approach, suggested by multiple states, is to change Medicaid law so the long-term care benefit does not have an institutional bias. CMS should request that Congress amend the law accordingly; eligible individuals could choose between community and institutional LTSS.

Conclusions and Recommendations Table

Conclusions	Recommendations
The NWD system is expected to have the greatest impact on community LTSS access.	• Continue supporting NWD system development and enhancements. • Create new grant opportunities to fund NWD improvements.
The CSA: complete overhaul in some states, minor change in others.	• Focus federal efforts on promoting the automation and standardization of assessments.
Mitigation strategies helped states meet the conflict-free case management requirements.	• Provide states with additional support and financial incentives to meet stricter conflict-of-interest requirements.
Cross-collaboration across agencies strengthened Program efforts.	• Put forth initiatives and grants that promote cross-agency collaboration. • Engage leadership at the executive and legislative levels.
States funded initiatives that were likely to be sustainable.	• Provide states flexibility in using funds to promote effectiveness, innovation, and sustainability. • Encourage pilot testing.
States struggled to implement Program requirements within the given deadlines.	• Allow states additional time to implement the requirements but provide incentives to finish early. • Continue to consider state context and scope of activities when evaluating state performance.
The balancing benchmark helped states focus their efforts.	• Consider raising the benchmark to push states further. • Establish new measure in addition to spending. • Engage with states on new measures through interactive mechanism.
The Program was only one component of larger systems transformations.	• Provide financial incentives for continued rebalancing efforts. • Bolster housing options. • Make community LTSS a Medicaid entitlement.

Appendix: Interview Protocol

Specific to Program Funds and Activities

1. How would you characterize the impact of each of the BIP structural changes on your state's processes for accessing community LTSS—significant change, moderate change, or slight change? Why?

    a. NWD System

    b. CFCM

    c. CSA

2. What specific aspects of your state's BIP-supported initiatives (e.g., structural changes or initiative funded through the Program) will have the greatest impact on improving beneficiary access to community LTSS?

3. What were the main drivers of the change (e.g., influx of funds, leadership of the BIP team, and leadership at the executive/legislative level)? Please explain.

4. What were some of the specific challenges that you faced in meeting BIP requirements including each structural change?

    a. NWD System

    b. CFCM

    c. CSA

5. Looking back, what would you have done differently?

6. What is on your "wish list" that is not getting implemented? Why?

7. What is left to accomplish? What are your next steps in accomplishing these remaining activities? What challenges do you foresee?

8. Are you concerned about the sustainability of any of the BIP-funded activities? Which ones and why?

General State Context

1. What are your goals for the "balancing benchmark"?

2. What other metrics do you use to measure the success of your balancing efforts?

3. How can you achieve these goals? Who will "carry the torch"?

4. What policy change(s) would help you meet your goals?

5. What are the major challenges your state faces in increasing your percentage of total LTSS spent on community LTSS?