

**New CMS Waiver
Application
as a Catalyst
for Systems Change**

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Reinventing Quality

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Topics

- Why a new waiver application?
- Development of the new application
- Overview of the new application

■ New HODD Waiver Quality Life Cycle

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**Why a New
Application?**

Reasons to Update the HCBS Waiver Application

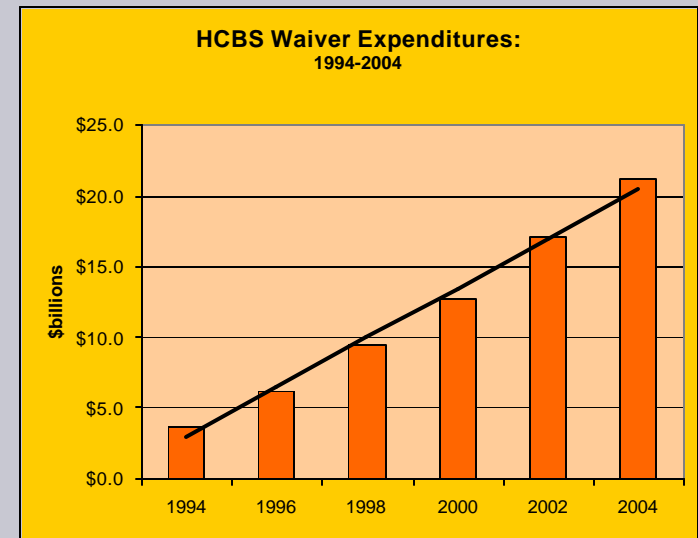
- **Catch up with policy changes**
standard waiver application last updated in 1995
- **Incorporate self-direction features** of the Independence Plus application
- **Implement the 2003 CMS commitments**

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

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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 - State Collaboration

- 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

Dec. '03: 1st meeting with state associations

Aug. '04: 1st draft issued for comment

Oct. '04: 2nd meeting with state associations

Mar. '05: Draft 2, instructions, technical guide for comment

April '05: 3rd meeting with state associations

May '05: Version 3.2 made available for state use

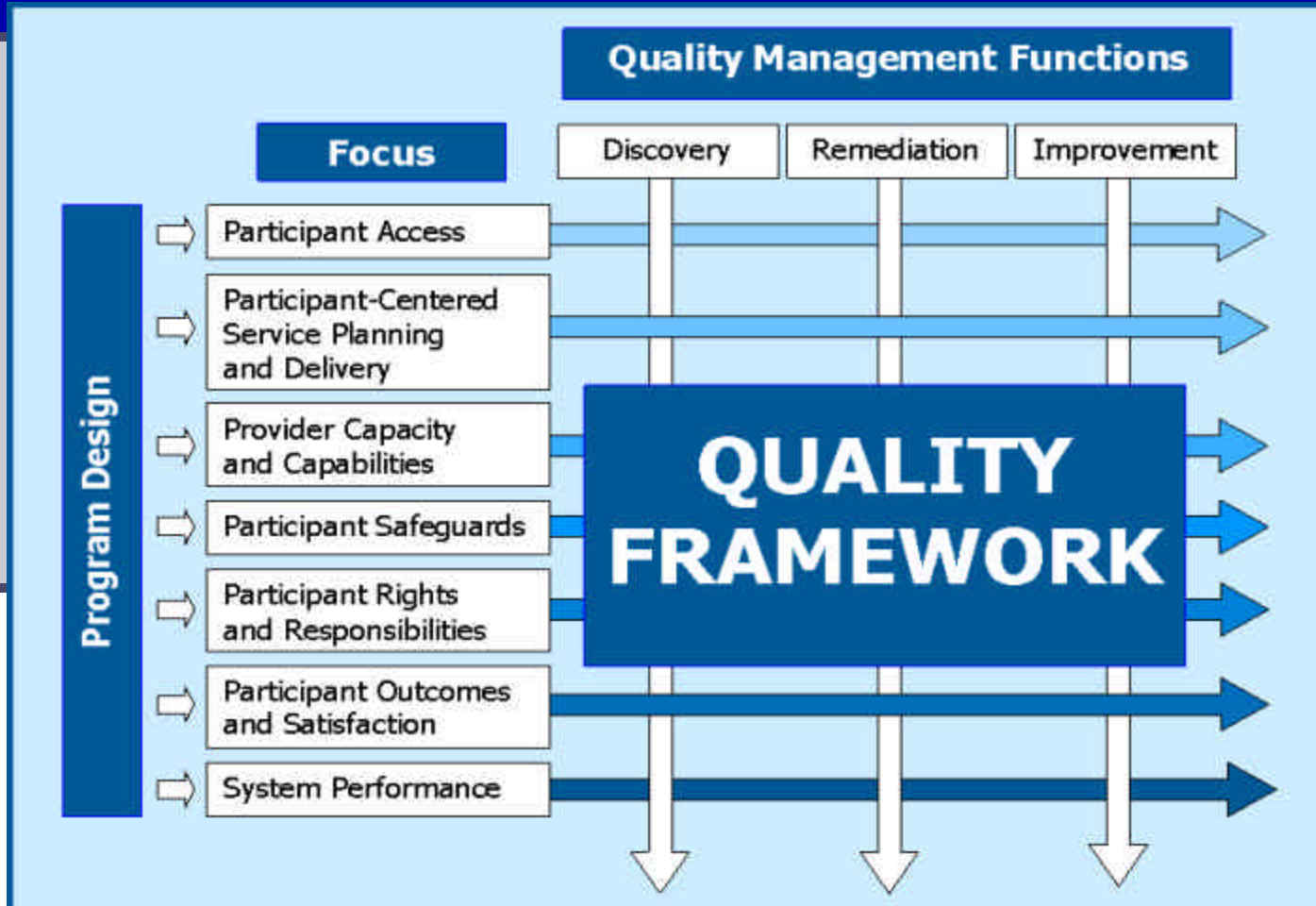
May-Oct '05 Additional revisions/fine-tuning; address state comments

July-Sept '05 Six State/RO training sessions

Nov

June

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
- <http://www.hcbs.org/moreInfo.php/nb/doc/1470>
- 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

Overview

- 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?

Appendix E

- 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


- How will the state monitor its compliance with waiver assurances?
- Who is involved in quality management?
- What information will the state compile about performance?
- How will the state remediate problems and identify opportunities for quality improvement?

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**

GAO Report & Senators Grassley and Breaux June 2003

- 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

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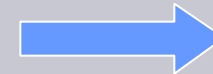
CMS Action Plan to Transform Oversight

- 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



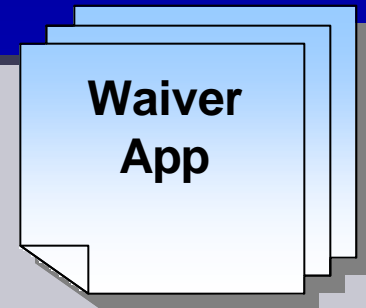
Past Approach ... CMS conducted inspections

- 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

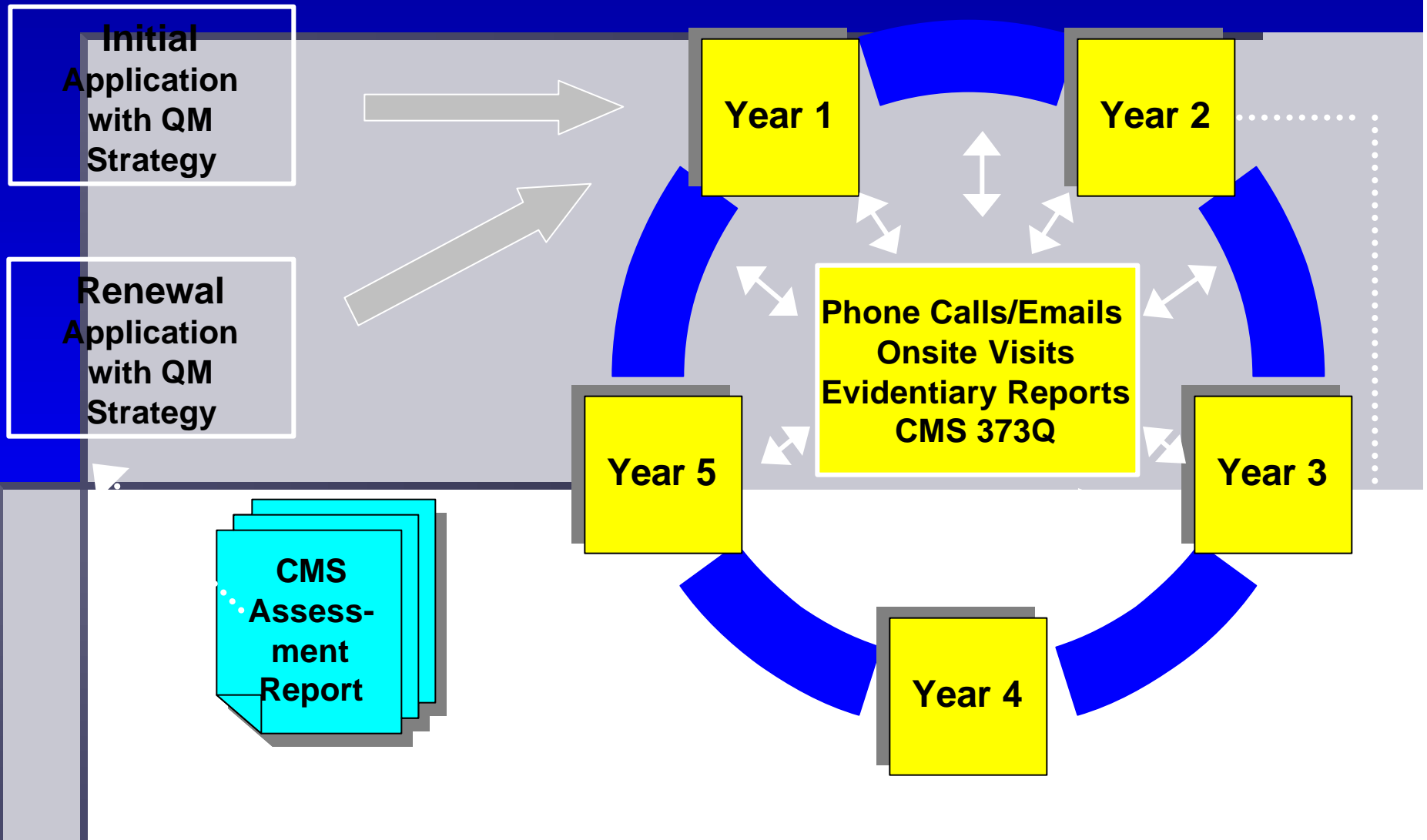


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The HCBS Waiver Quality Life Cycle

State Submits to CMS

CMS ↔ State Ongoing Communication




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?