



Dannel P. Malloy
Governor

State of Connecticut
Department of Developmental Services



Morna A. Murray, J.D.
Commissioner

Jordan A. Scheff
Deputy Commissioner

**DEPARTMENT OF DEVELOPMENTAL SERVICES TESTIMONY
BEFORE THE APPROPRIATIONS COMMITTEE**

February 18, 2016

Good afternoon Senator Bye, Representative Walker, Senator Kane, Representative Ziobron and members of the Appropriations Committee. I am Morna A. Murray, Commissioner of the Department of Developmental Services (DDS) and I am grateful for the opportunity to come before you today to testify on [**H.B. No. 5044**](#) **AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES FOR THE FISCAL YEAR ENDING JUNE 30, 2017** and discuss the activities and progress DDS has made during the past year, as well as the challenges we face in the fiscal year ahead.

As we all know, Connecticut is facing a new economic reality. It is a time of great transition and I appreciate the assistance and support of key stakeholders as DDS navigates this transition. This requires a new look at how we all do business; and in DDS's case, how we deliver services to highly vulnerable persons in the most efficient and innovative ways possible in an era of significant fiscal constraints.

The mission of DDS is to partner with the individuals we support and their families, to support lifelong planning and to join with others to create and promote meaningful opportunities for individuals to fully participate as valued members of their communities. DDS supports more than 16,000 individuals with intellectual disability and other developmental disabilities across their lifespan after last year's transition of the Birth-to-Three Program to the Office of Early Childhood.

Before I get into the specifics of the Governor's proposed budget adjustments for FY17, I would like to talk about some of the recent successes at DDS that have positively affected the lives of many individuals who we support. DDS, along with its many public and private partners, has developed a strong system of person-centered supports. DDS currently operates five Home and Community-Based Services (HCBS) Waivers (including one which has been proposed for elimination) and last year added four new services (assisted technology, peer support, shared living and training and counseling for an unpaid caregiver) to expand options for families.

During FY 2015, the department generated approximately \$477.2 million in federal Medicaid reimbursement (regular reimbursement totaled \$544.1 million minus \$70.0 million in retroactive rate adjustments). The HCBS waiver program allows for federal reimbursement for the majority of essential DDS services. As of June 30, 2015, the department provided services to a total of 9,602 individuals through all its waiver programs. The breakdown of federal revenue sources is as follows: DDS HCBS Waivers – \$375.7 million; ICF/IID - \$94.4 million; and Targeted Case Management – \$7.4 million.

DDS continues to prioritize the transition of individuals from Southbury Training School (STS) to the community, pursuant to the Messier settlement agreement, and in this past year a new Remedial Expert, Ms. Melanie Reeves Miller, has been appointed to oversee this process. The current census at STS is 263, a decrease of about 50 individuals from this time last year. Per the settlement agreement, DDS staff work continuously with individuals and families at STS to explore and pursue residential options in the community. The number of individuals who moved to the community from STS in FY15 was 18 and an additional 21 moved in FY16. We are projecting 17 community placements in FY17. At this time, my staff is working collaboratively with OPM to develop a plan to implement closure of Southbury Training School, DDS's five Regional Centers, and other DDS public facilities, pursuant to last December's Deficit Mitigation Plan. This plan will be completed, in accordance with the legislative mandate, by December 31, 2016.

DDS provides residential supports to more than 8,700 individuals (940 in public settings, 6,206 in private, 1,211 self-directed, and 364 in private Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs) which are funded by DSS). In addition to the individuals at STS and the regional centers, individuals with intellectual disability reside in apartments, their own homes, family homes, community companion homes (CCHs), continuous residential supports (CRSs), and in 861 Community Living Arrangements (CLAs), or "group homes" that DDS licenses, funds, or directly operates (798 private, 63 public). These individuals live and work, go to school, and enjoy the many opportunities that Connecticut communities provide. The Centers for Medicare and Medicaid Services (CMS) Home and Community-Based Services final regulations set forth new requirements in 2014 under which states may provide home and community-based long-term services and support with a very strong emphasis on community integration and person-centered planning. The guidance on implementation of these requirements continues to evolve and CMS has currently set 2019 as a final year for compliance.

In addition to these accomplishments, the following are focused changes DDS has made over the last 12 months and continue to work toward – changes that are pertinent to our conversation today. These changes are designed to make the delivery of services more efficient and streamlined and to enable our most important staff, DDS direct care workers, to focus on what is truly important – the support of individuals with intellectual and developmental disabilities.

Upon becoming Commissioner, I began a comprehensive assessment of the functions and operation of DDS, utilizing LEAN practices and with the assistance of a state-approved LEAN vendor. The following is a brief summary of changes and accomplishments during the past 12 months:

1. Integrating management and key functions at Central Office into a team-based structure for purposes of streamlining communication, cross-training and much-needed integration of critical functions, particularly, service delivery, fiscal, IT, and data collection;
2. Flattening of the organization and integration of the DDS regions into Central Office leadership and management. Our operations across regions are more consistent and streamlined and pursuant to organizational and strategic LEAN principles DDS has adopted a "team" mentality which has contributed to greater cross-functionality of services as well as a transparent and consumer-friendly business environment at DDS, which is increasingly apparent to the individuals we support, their families, and providers;
3. Strong, top-down emphasis on managing overtime, that has led to more than \$3 million in savings in overtime in the last 12 months;
4. Introduction of a project management approach to the analysis and resolution of ongoing challenges in the administration and operation of DDS, resulting in increased involvement of stakeholders and marked efficiency and effectiveness of problem-solving.

DDS continues to use LEAN practices in projects on a daily basis, including current and future projects, such as:

1. Implementing a fully electronic contracting process, including collaborations with the Office of the Attorney General and DAS BizNet staff;
2. Streamlining and modernizing the Medicaid Provider Enrollment Process necessary for the smooth processing of claims in collaboration with the DSS Medical Billing Unit;
3. Identifying additional respite options for individuals;
4. Reviewing waiting and planning list definitions; and
5. Reducing administrative burdens for private providers.

Before I turn to a discussion of our core services in the context of the Governor's proposed budget, I would like to acknowledge DDS' core constituencies, namely: (1) individuals supported by DDS and their families; (2) private providers; and (3) state workers. We are prioritizing the needs of our core constituencies in very intentional and effective ways:

1. DDS has emphasized a need for streamlined and consistent operations between our Central Office and the regions, with Central Office setting direction for service delivery in the field. Central Office leadership is focused on ensuring that the regions receive the support needed to identify and prioritize the barriers that are impacting service delivery expansion or enhancement of key services in their geographic area and to assist the regions to develop, implement, and evaluate effective solutions to address identified needs. While we have always focused on the needs of consumers and families, we have a stronger emphasis on communication and coordination with families.
2. DDS has created a new and genuinely collaborative partnership with our private providers. We now hold quarterly provider meetings, which any provider is welcome to attend. These meetings have had record attendance and productive discussions on agenda items set by the providers. This forum provides a key opportunity for the department to listen and respond to provider questions and concerns.
3. DDS is collaborating with the Office of Labor Relations to mitigate the impacts of planned residential conversions and consolidations on our staff.

DDS continues its work on the Waiting List initiative for individuals with elderly caregivers and has made greater progress than anticipated, as detailed below. However, it has become apparent that the current waiting and planning list distinctions may be confusing. With that in mind, DDS has a project underway to review current Residential Waiting List and Planning List definitions to ensure that the criteria and data is clear to all stakeholders. The Arc-CT and a family representative have been invited to participate with DDS on this project. The current residential waiting and planning list data as of December 31, 2015 is as follows:

Residential Waiting List: 18 Emergency and 645 Priority 1 for a total of 663

Other Residential Needs List: 14 Emergency and 254 Priority 1 for a total of 268

Residential Planning List: 883 Priority 2 and 265 Priority 3 for a total of 1148

In FY 2015, 163 individuals came off the residential waiting list including 83 with funding from the Waiting List Initiative for individuals with elderly caregivers and 80 without funding from this initiative.

To date, 117 individuals have had residential supports start and five more have plans to start this fiscal year (FY16) with funding from the waiting list initiative for individuals with elderly caregivers.

DDS Core Services

Turning to the specific components of the Governor's proposed budget adjustment, I will discuss the proposals in the context of DDS's most fundamental core services. The supports DDS provides to individuals can be divided very generally into residential and day/employment services. Within these broad residential and day service categories are additional supports needed to assist consumers in enjoying lives that are as full, integrated, and independent as possible. Such supports may include:

1. 24-hour out-of-home residential supports;
2. Intermittent individualized home supports;
3. Support for age outs;
4. Services for high school graduates;
5. Group and individualized day options;
6. Group and individualized supported employment options;
7. Self-directed services;
8. Behavioral services for children and adolescents with intellectual disability and a co-occurring mental health diagnosis; and
9. Case management.

As you know, the Governor is proposing to consolidate proposed funding into a single operating account, reflecting a need for greater flexibility to effectively manage in this new environment to assure the greatest provision of services for the individuals we serve. To that end, commissioners will have the latitude to implement budget adjustments in a wholly transparent way. OPM will be setting up an online reporting system which will allow commissioners to post detailed, meaningful and timely information on all spending and budgeting, as we focus agency resources on our core services.

DDS Community Residential Services

The Governor's proposal will transition funding for DDS Community Residential services to the Department of Social Services. The proposal does not purport to transition residential *services*. Services will continue to be administered and provided by DDS, including activities such as determination of eligibility, qualification of providers and assuring quality services, and working with individuals and families to determine appropriate levels of support and staffing. It is the Medicaid *functions* such as rate setting, claiming and payments that will be transitioned to DSS.

This proposal has my strong support. Its successful implementation will allow DDS to focus on the heart of what we do – service delivery. I am aware of the fact that DDS is essentially moving from a “fee-for-person” model to a “fee-for-service” model, and this is neither easy nor simple. Developing a system of rates that will support a high quality continuum of supports is the foundation of this transition. Streamlining and easing the complications of our current rate-setting and payment system is something we all want and which is long overdue. We want to make it easier and less cumbersome for providers to do their work.

This transition is a positive step. Finding ways to increase support of the private provider community along the way must also be a priority, so that they are ready and able to support the increasing number of individuals who will be served in these settings.

In order to understand the residential services transition proposal for what it is *and* what it is not, it is essential to understand the way residential services are currently provided and billed for at DDS. Medicaid waivers for states are administered by the CMS. Like most states delivering intellectual and developmental disability (IDD) services, Connecticut operates under an “umbrella” type Medicaid waiver known as the Home and Community-Based Services (HCBS) waiver. The HCBS waiver is a way for Connecticut to

receive partial Medicaid reimbursement for providing community-based programs and supports designed to enable individuals to leave institutional settings, or to prevent their placement into institutional settings in the first place. Because the reimbursement is received through the Medicaid program, a person must be eligible for and enrolled in Medicaid to participate. The DDS waivers provide in-home, employment vocational, and family support services for individuals who live in their own or a family home, or in licensed settings.

DDS (through DSS) currently operates five waivers:

1. Comprehensive Supports waiver;
2. Individual and Family Support waiver;
3. Employment and Day Support waiver;
4. Autism Waiver; (Note: This waiver will be transitioned to DSS under the Governor's Proposal.)
5. Early Childhood Autism Waiver: (Note: This waiver will be eliminated as redundant to the new CMS federal mandate for Autism Spectrum Disorder services under Medicaid's Early and Periodic Screening, Diagnosis and Treatment (EPSDT) provision. EPSDT services under Medicaid are mandated for anything deemed "medically necessary" for Medicaid recipients under the age of 21.)

With respect to the proposed transition of funding to DSS, these residential services fall under the Comprehensive Supports Waiver and the Individual and Family Support (IFS) Waiver. As part of DSS's responsibility as the Single State Medicaid agency, DSS oversees DDS's operation of the waivers. Our agencies currently cooperate in the operation of the waivers under a Memorandum of Understanding that delineates each department's responsibilities. By participating in these waiver programs, DDS is able to offer individuals more options for supports and services and the state is eligible for Medicaid reimbursement of approximately 50 percent of the cost of these services and supports. Both waivers set specific dollar limits of services and supports that can be offered based on an individual's assessed level of need.

The agency has received many questions about the proposal for moving Community Residential Services to a managed fee-for-service structure. It is important to remember that "managed fee-for-service" is not new, it describes the way much of Connecticut's services under Medicaid are currently administered. Applying this to DDS residential services means that we will be looking at consistent ways of claiming federal reimbursement, rate-setting, and paying providers. Transitioning fiscal and process functions related to these activities will allow DDS to keep its focus where it belongs, on services. This will address multiple goals administratively and free DDS from unnecessary Medicaid process functions better suited to the state's Medicaid agency. All policy decisions regarding our community residential services will remain with DDS.

Currently, key staff from DDS, DSS, and the Office of Policy and Management (OPM) are creating an interagency working group that will examine and make recommendations regarding all aspects of this transition. I am very encouraged by the commitment of the administration, OPM and dedicated staff to ensure this transition is successful and productive. I encourage all stakeholders to weigh in with questions to the working group as we go about developing and implementing a significant change in business practice for the agency, the individuals we support and private providers. While we have not finalized a proposed rate structure, such a structure would encompass the need for flexibility in a 24/7 residential service model. This will differ from the contract-based system that is currently in place. The rates will reflect acuity (as DDS's Level of Need (LON) system presently does), and may consider other factors such as geographical factors that may impact the cost of care.

Residential Conversions and Community Integration

DDS is undertaking several initiatives that further streamline our residential services in keeping with our goals of both managing within budgetary constraints and increased community integration wherever possible. These initiatives include the conversion of public Community Living Arrangements (CLAs) and the consolidation of several cottages at Southbury Training School and units at DDS Regional Centers. In FY15 and to date in FY16, DDS has consolidated six units at STS, four CLAs and 1 regional center unit. Underway in FY16 are the consolidations of two additional regional center units, one CLA and the conversion of seven CLAs.

The proposed budget adjustment requires the conversion of 10 public CLAs, seven (7) have already begun and three (3) more are in planning stages. The Governor proposed a total of thirty (30) CLA conversions through the end of FY17.

It is important to note that conversions do not displace individuals from their homes. The conversions allow for individuals to stay together in their homes and receive quality care from the private sector. These individuals are free to move into alternative community-based settings, if they so choose. In order to assure the best interests of all parties, DDS works with individuals, families, current staff and private providers to accomplish a careful and smooth transition of service delivery within the existing home. We pledge to work with all individuals, families and state employees to provide the least disruptive transition possible.

Additionally, the Governor has proposed:

1. The establishment of an Intellectual Disabilities Partnership (IDP). Building upon the success of the Behavioral Health Partnership in improving health and cost outcomes for children and adults in need of publicly-provided and funded behavioral health services, the Governor is proposing a similar model to address the many challenging issues related to service provision for individuals with intellectual disability. DDS, DSS and OPM will be tasked with, among other things, (1) developing a continuum of services between in-home supports and residential placement that would allow DDS the flexibility to match consumer needs with the most appropriate residential setting, (2) exploring options for private pay and other third party payments, (3) developing supportive housing models tailored to persons with intellectual disability, (4) exploring the potential for management of services by an administrative services or managed care organization and (5) developing strategies to address and fund the DDS waiting list. As happened with the Behavioral Health Partnership, it is anticipated that these changes will bring greater focus and attention to this important area and ultimately result in the development of a broader array of services and I look forward to this important collaborative.
2. The proposed transfer of the Division of Autism Spectrum Disorder Services and the change in lead agency status to DSS to reflect the implementation of the federal mandate requiring states to cover autism services under Medicaid. This reflects a change in state focus - both in terms of the potential numbers of consumers supported and funding levels - to DSS. As part of this new mandate, DSS has the responsibility to certify Medicaid providers, disseminate information about available services, set rates, review care plans, coordinate with the administrative services organization (ASO) and provide quality assurance and quality management responsibilities, for what we all imagine will someday be a very large program (potentially thousands of children under the age of 21). DDS currently performs those functions for the lifespan waiver but it is very small compared to the program at DSS. So, in line with the Governor's desire to reduce duplication and focus on core services, it makes sense to consolidate this work under DSS.

To support this change, four positions and their related funding are proposed to be transferred to DSS as well as almost \$2.1 million that supports the lifespan waiver and the feasibility study initiatives. This funding was spared across the board reduction in the current budget adjustments. We are still working to finalize the number of staff that support autism programs in DDS and will assure that the appropriate number of staff transfer to DSS.

3. The elimination of the Early Childhood waiver to reflect duplicative coverage of services under the Medicaid state plan amendment;
4. Acceleration of the transition time for providers with residential vacancies from 60 days to 30 days.

Finally, the Governor's proposal includes an across-the-board reduction of 5.75% to all agency operating accounts, with the exception of the Community Residential Services account (reflected in the DSS budget). The annualization of deficit mitigation savings and budgeted lapses combined with the 5.75% across the board reduction reduces funding to DDS by \$55.9 million from the original FY17 appropriation. These reductions will be challenging but DDS will manage them by focusing on core services and continuing to increase efficiencies and other cost-saving measures. DDS will prioritize residential and day services to our consumers, continued community integration, and thoughtful reduction of capacity in public facilities. To that end, we have assembled a team of DDS leadership to assess and analyze how the department might achieve these savings with minimal disruption to individuals and their families.

In summary, DDS appreciates Governor Malloy's commitment to the many important recommendations in our budget and I understand that the legislature has a difficult task ahead of it. I fully appreciate the constraints Connecticut is facing in the coming fiscal year and look forward to developing long term solutions for meeting the many needs of the individuals supported by DDS.

As always, I want to state publicly that the staff at DDS are extraordinarily committed and mission-driven. Many DDS staff have spent decades providing quality services to individuals with intellectual disability and do everything they can to solve problems and provide individuals with much-deserved opportunities. I commend these staff members, they have my utmost respect, and I am honored to work with them. I also have firsthand knowledge of the many private providers and their staff who dedicate their lives every day to supporting persons with intellectual and developmental disabilities. I want to convey my thanks to these providers and their staff members for all they do and the exceptional care that they provide.

Together, we have a responsibility to come up with workable solutions while balancing many equally important competing and compelling needs. I look forward to embarking on this challenge with each of you. Citizens with intellectual and developmental disabilities in Connecticut deserve no less. Thank you again for the opportunity to offer testimony on Governor Malloy's proposed budget adjustments for FY17. I would be happy to answer any questions that you have for me at this time, and look forward to working with all of you throughout the legislative session.