



# **2015 State of the States: Key Survey Takeaways**

December 8, 2015

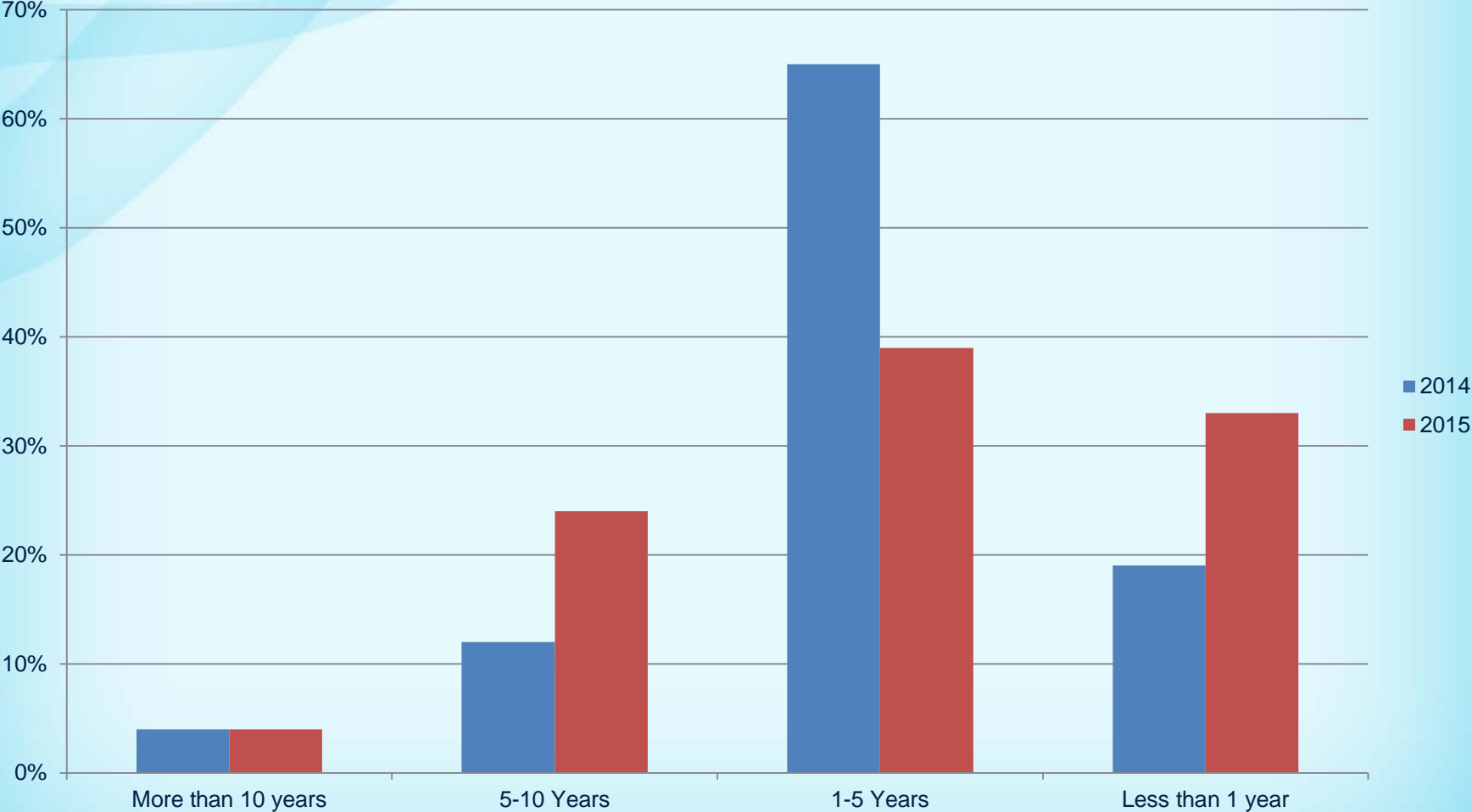
# Six Themes from the Survey

- Aging and Disability Director Tenure Remains Short
- Agency Restructuring Slowed Compared to Past Years
- States Continue to Implement and Expand Managed Long-term Services and Supports
- Major Regulations are Significantly Impacting HCBS and LTSS Systems
- Service Demands Continue to Increase, Resulting in Strained Funding
- Elder Justice Services Remain a High Level of Need

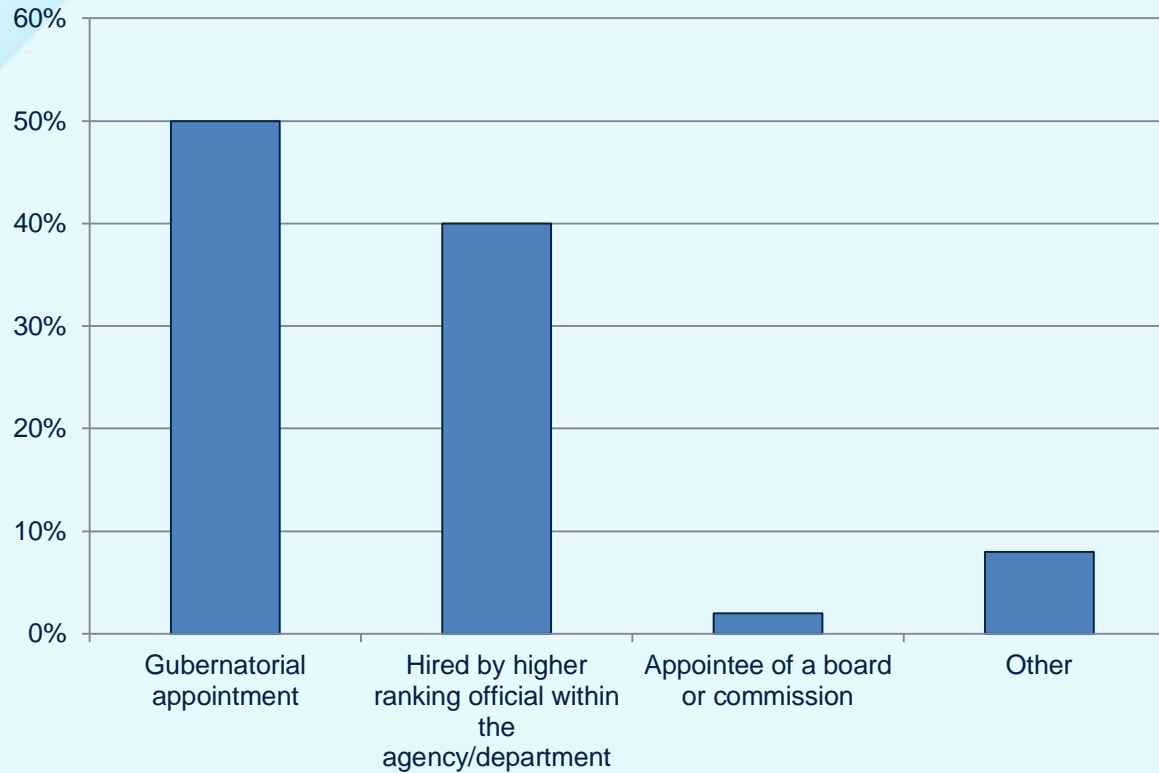
# Theme 1:

Aging and Disability Director Tenure Remains Short

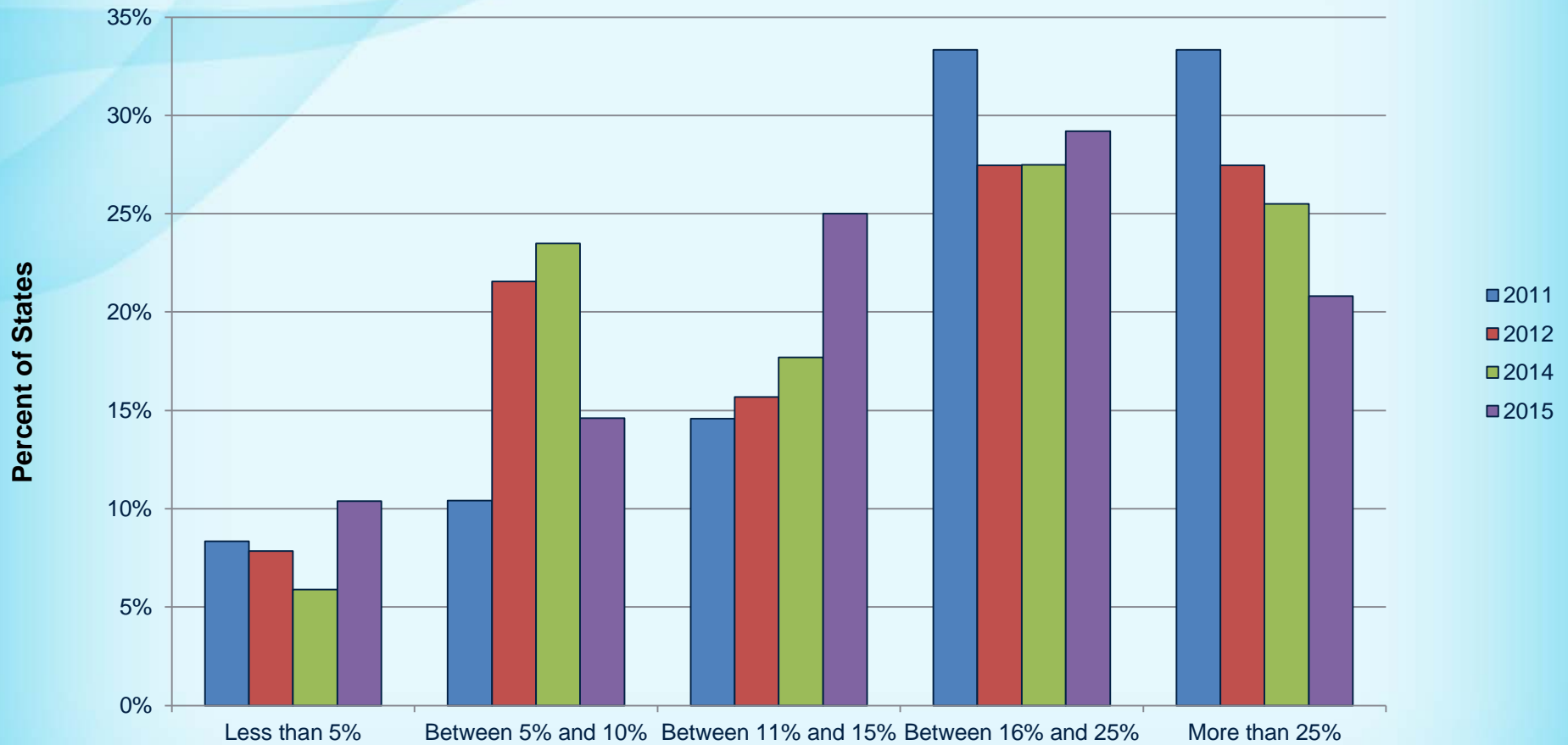
# Director Years of Service



# Aging and Disability Directors are largely political positions



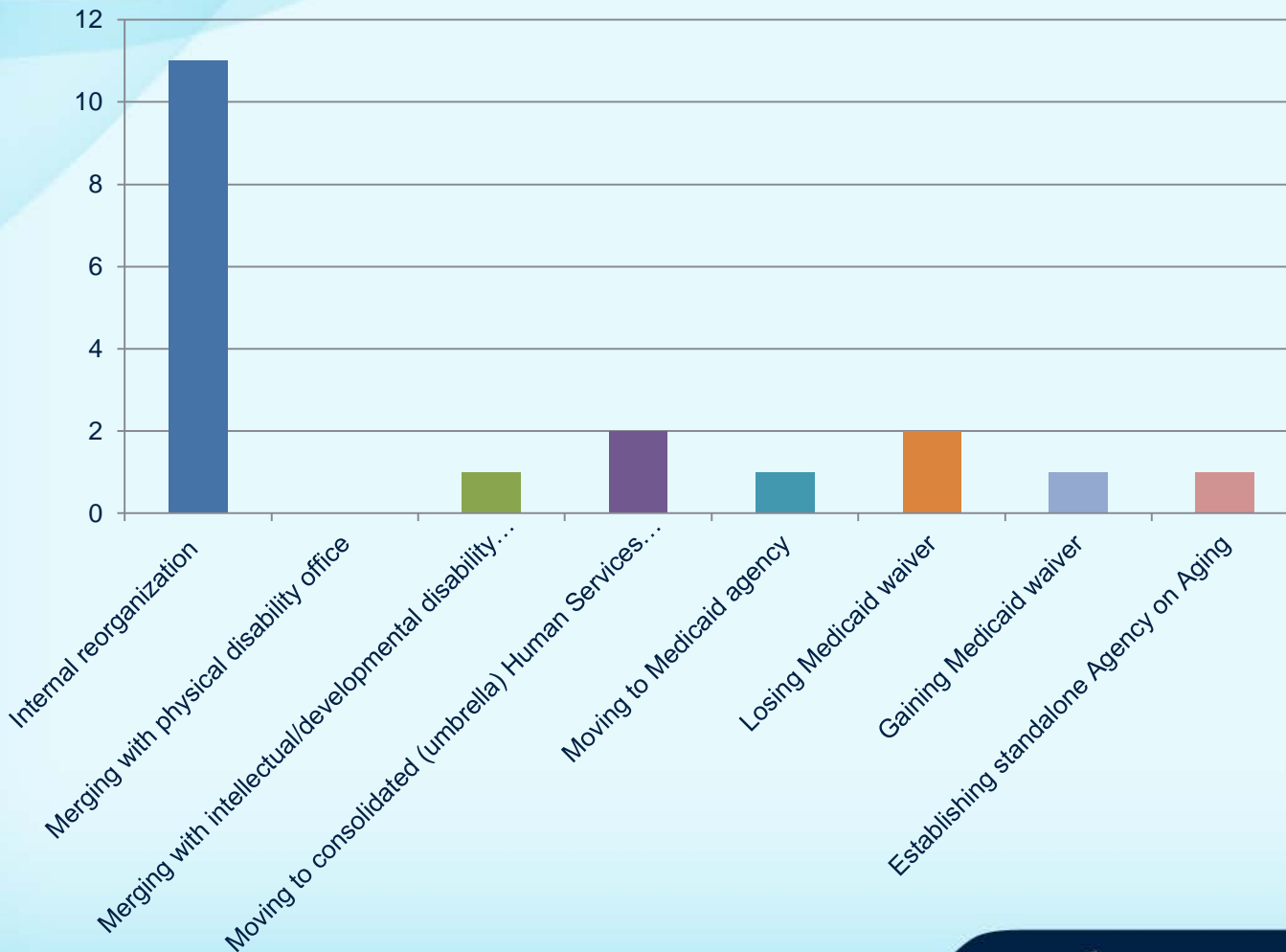
### Percentage of State Agency Staff Eligible for Retirement During the Next Five Years



# Theme 2:

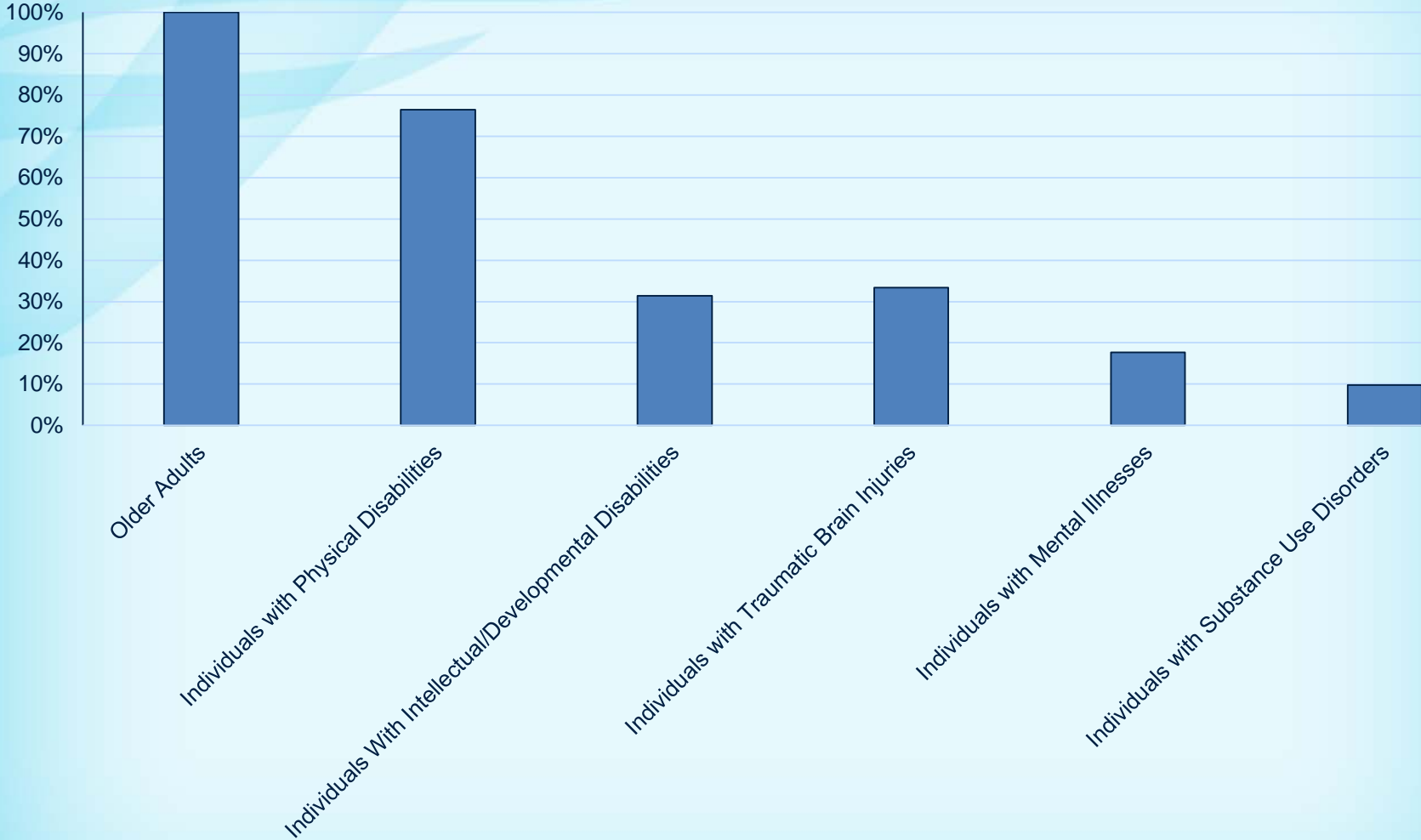
Agency Restructuring Slowed Compared to Past Years

# Reorganizations focused on internal restructuring rather than large-changes



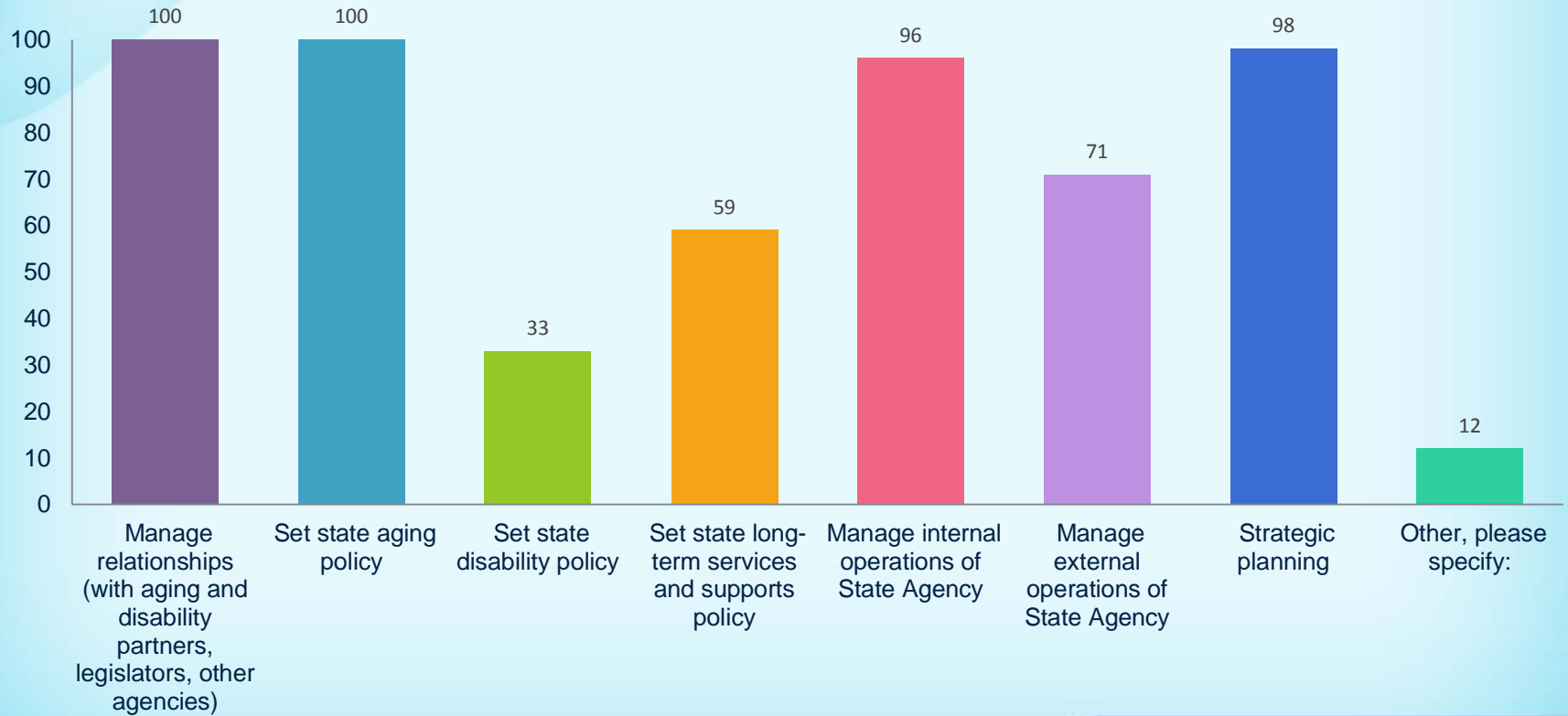


# Populations Served by State Agencies



# Roles of State Directors

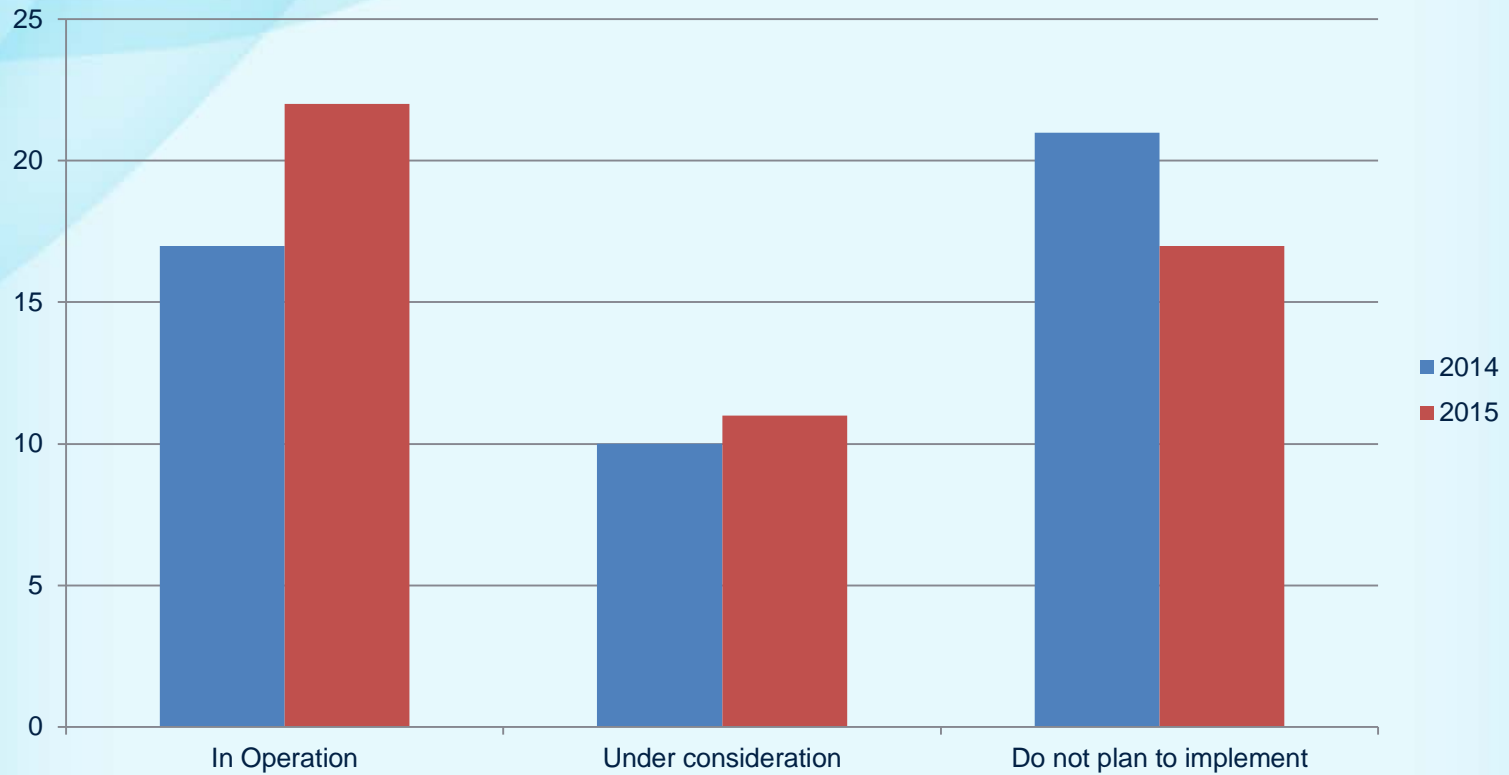
(Percent of State Responses)



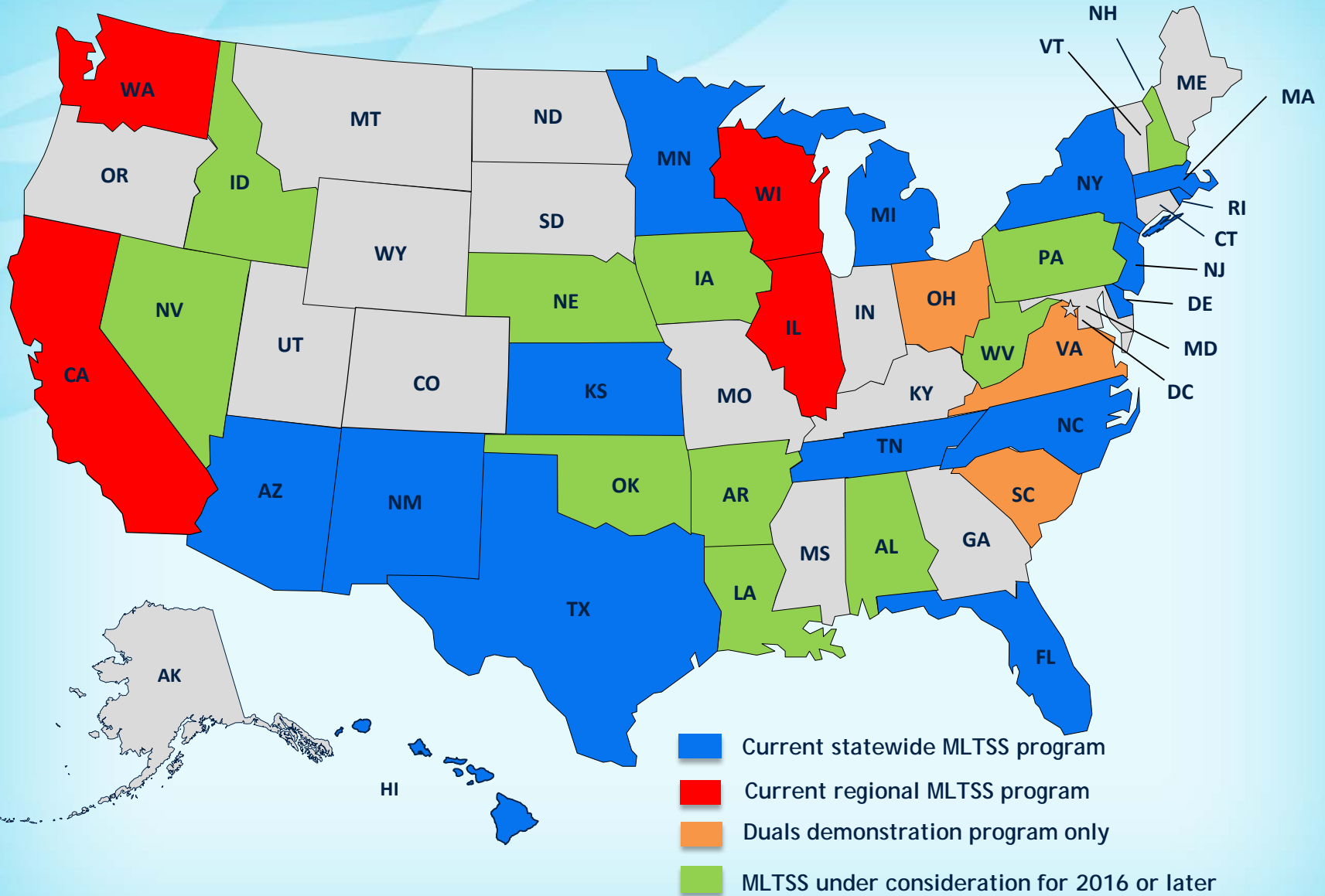
# Theme 3:

States Continue to Implement and Expand  
Managed Long-term Services and Supports

# Medicaid Managed LTSS continues to expand



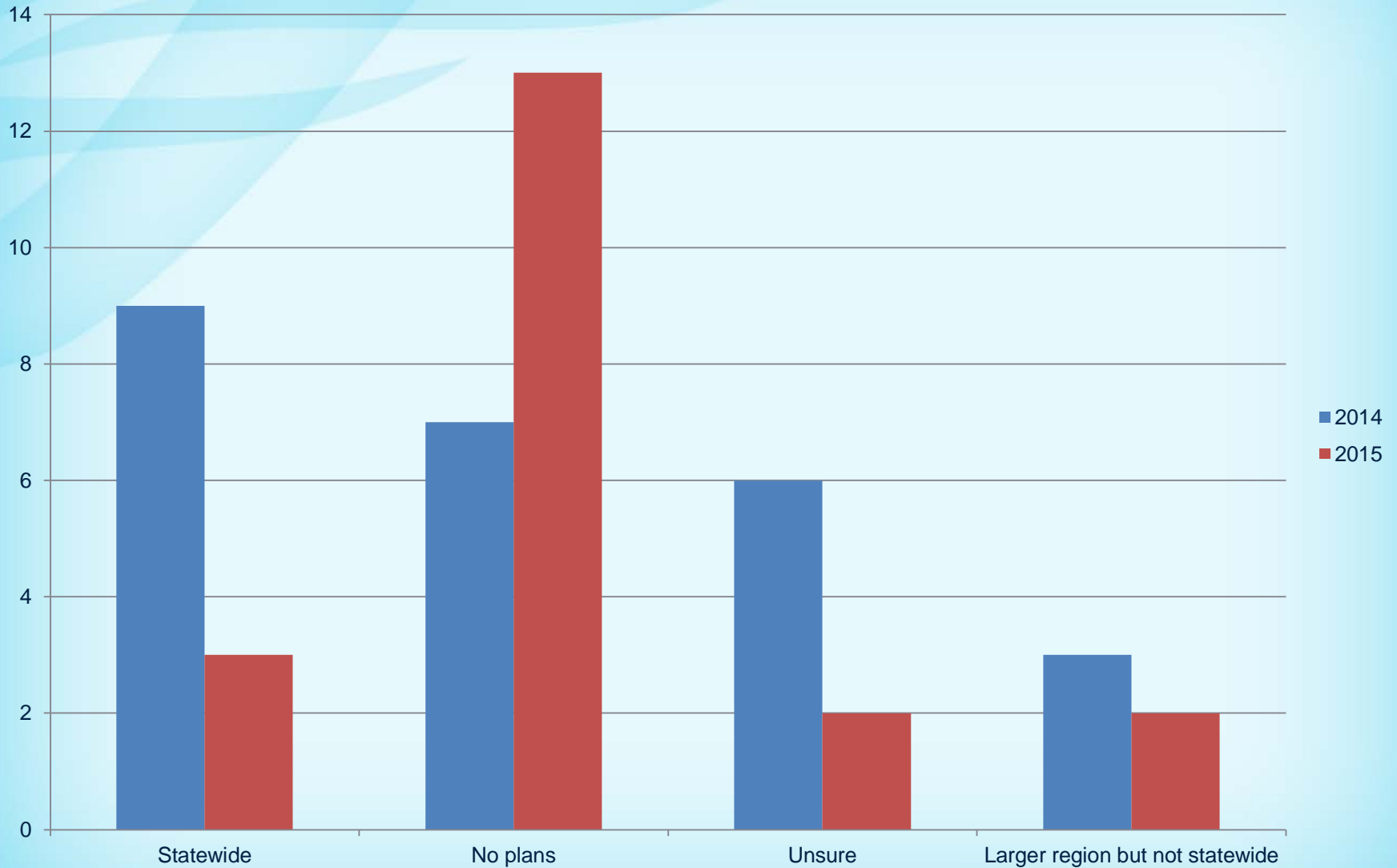
# MLTSS Programs - 2015



Sources: NASUAD Survey; Discussions with States; CMS data

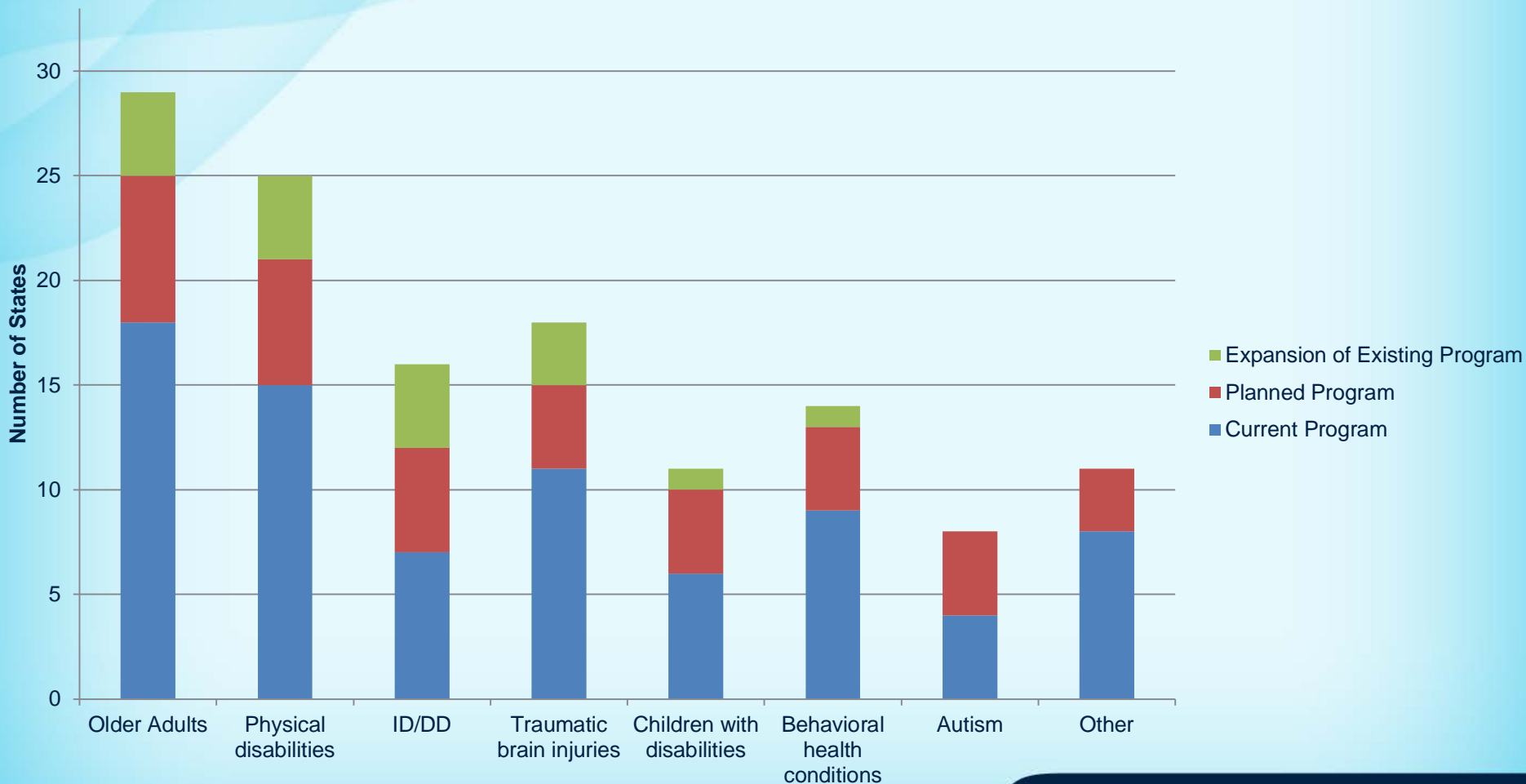


# Fewer States reported plans to expand MLTSS geographically



# MLTSS still largely targets seniors and persons with physical disabilities

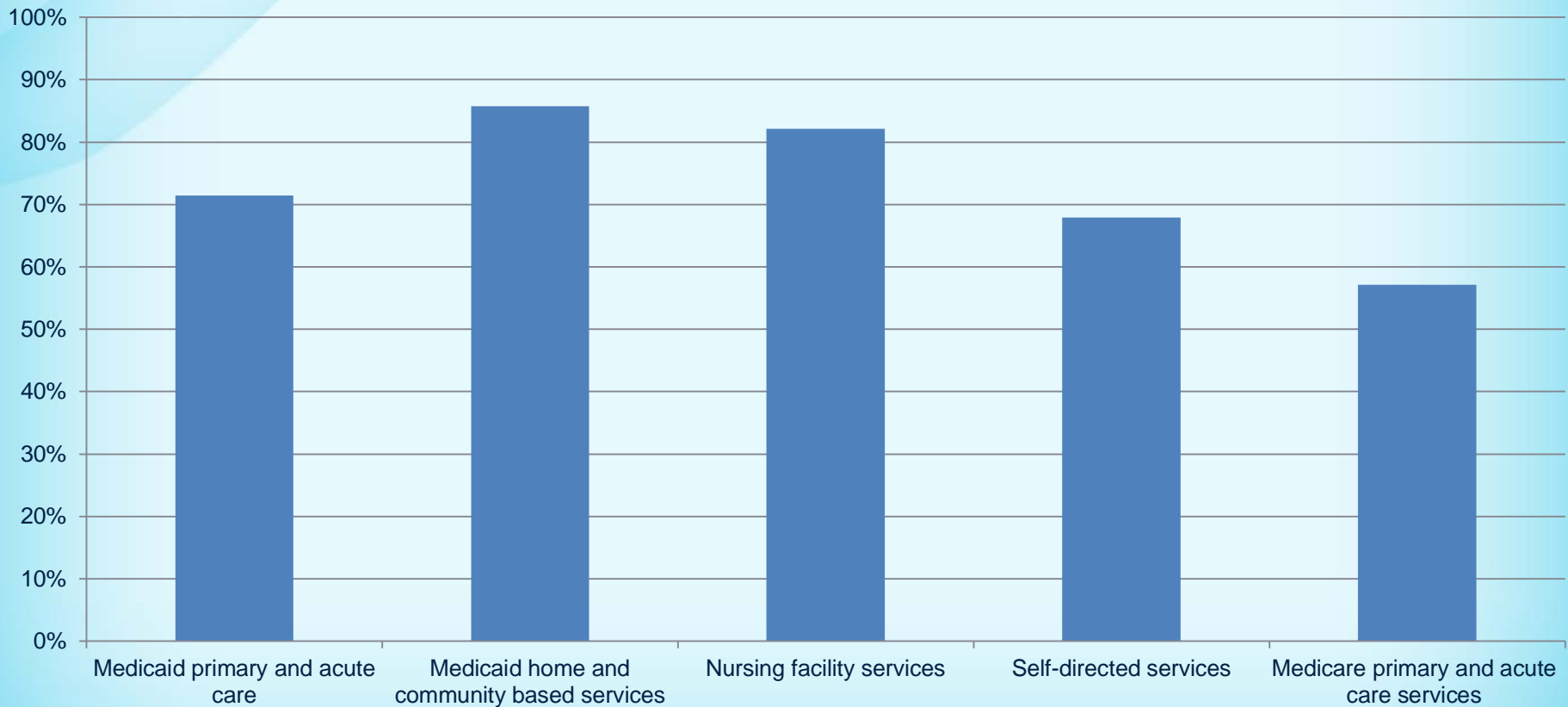
Populations included/proposed to be included in MLTSS



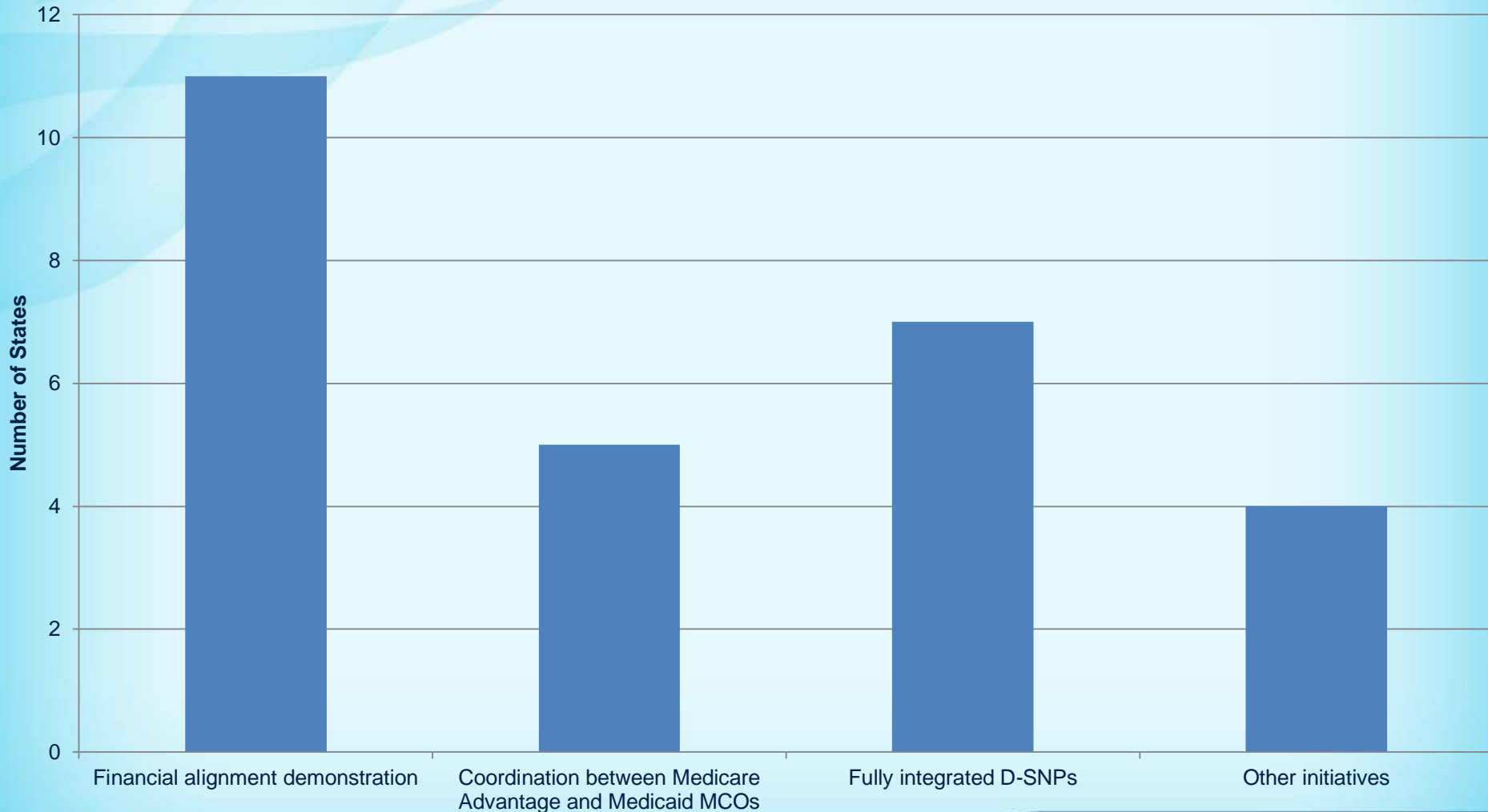


# MLTSS generally (but not always) focuses on fully integrated benefits

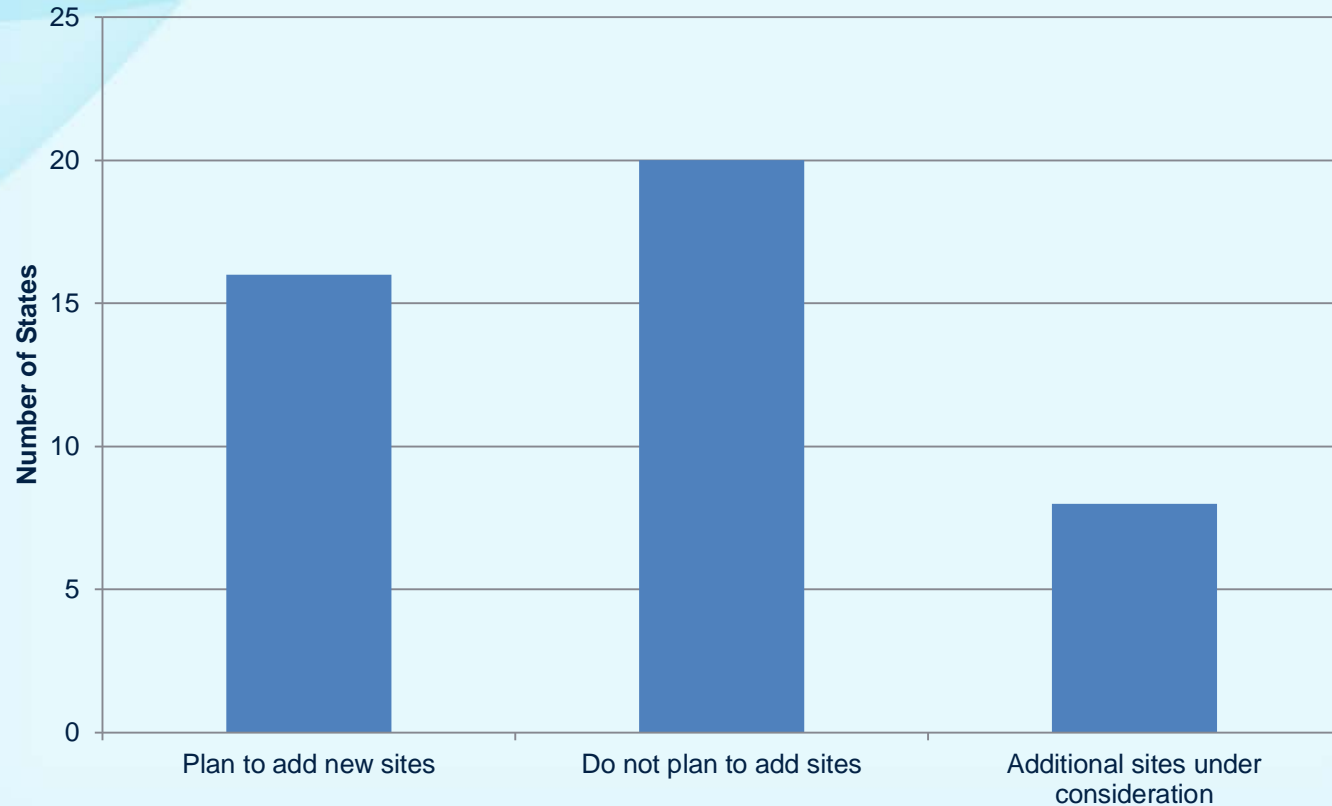
## Percent of States including Selected Services in MLTSS



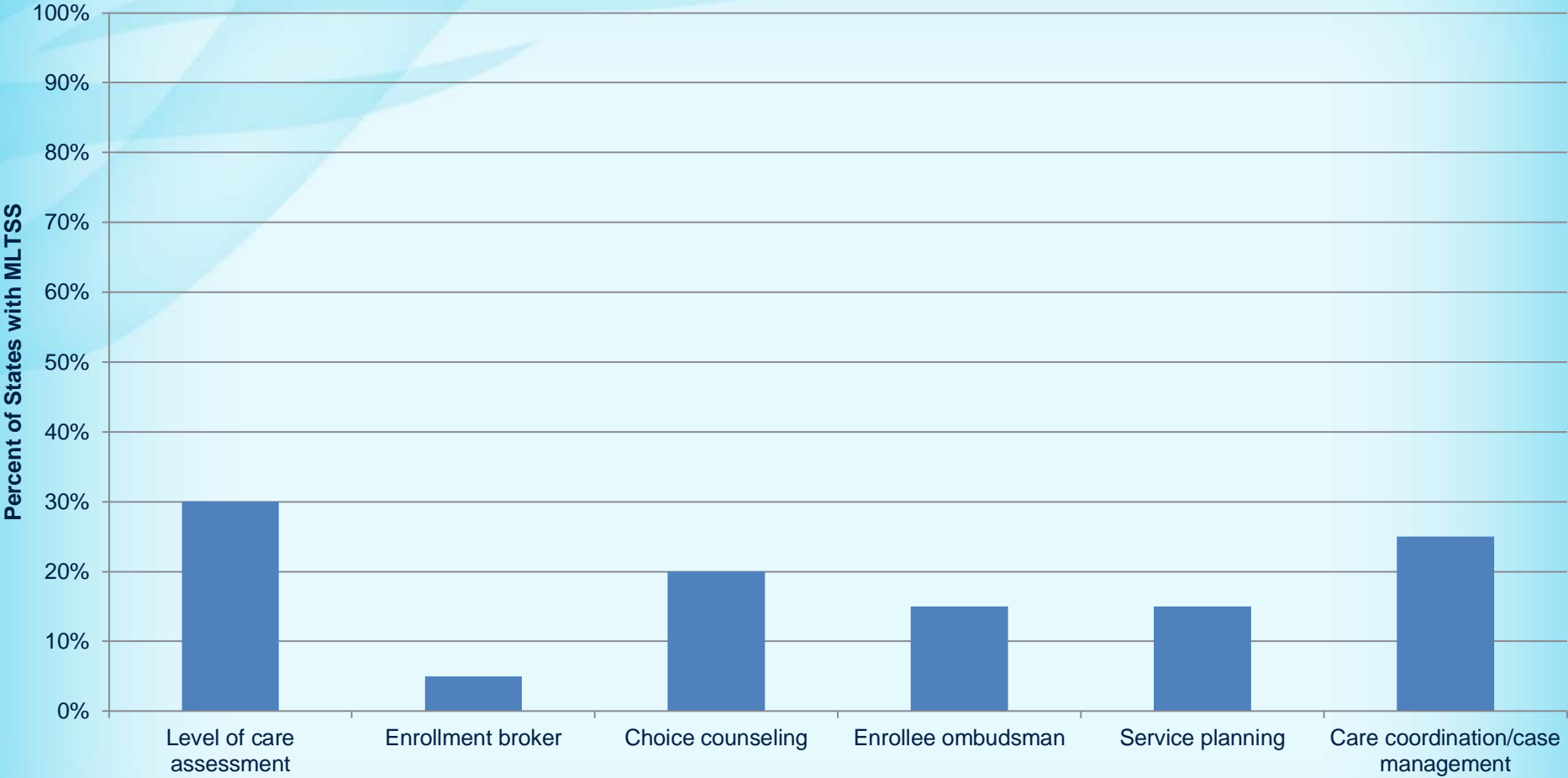
# States using varied strategies to coordinate care for dual eligibles



# Interest in PACE is growing



# Role of Community-Based Organizations in Existing MLTSS Programs



# Theme 4:

Major Regulations are Significantly Impacting  
HCBS and LTSS Systems

# CMS Proposed Managed Care Regulations

- Background: NPRM released on June 1, 2015; comment period ended July 27, 2015
- Sweeping modernization of regulations last promulgated in 2002
- CMS guided by 5 principles:
  - Alignment with Other Insurers
  - Delivery System Reform
  - Payment and Accountability Improvements
  - Beneficiary Protections
  - Modernizing Regulatory Requirements and Improving the Quality of Care

# CMS Proposed Managed Care Regulations

- NASUAD members discussed concerns in information requirements; MLTSS provisions; network adequacy; quality; oversight and monitoring requirements; and beneficiary support
- In most of these areas, CMS is imposing new and burdensome requirements on states, clearly tipping the balance away from state flexibility and towards national standardization
- NASUAD's primary focus for review and comment were the MLTSS sections which formalize the May 2013 CMS 'guidance' on MLTSS program design

# CMS Proposed Managed Care Regulations

- NASUAD submitted 18-page letter of comments, including the following:
  - Include NCI-AD as a quality of life measure in MLTSS quality measurements and broaden language to include non-medical measures appropriate for MLTSS
  - Remove a new ‘for cause’ reason for disenrollment when NF, residential or employment provider leaves MCO network
  - Request state flexibility in network adequacy standards and readiness reviews
  - Clarify permissible MLTSS quality activities for purposes of new MLR requirement
  - Less ambiguity around new requirement for stakeholder engagement



# Current Status

- CMS is reviewing the more than 7,000 comments received
- Rule is expected to be finalized next spring
- Significant subregulatory guidance will have to be issued by CMS
- Compliance timeframes will be monitored closely

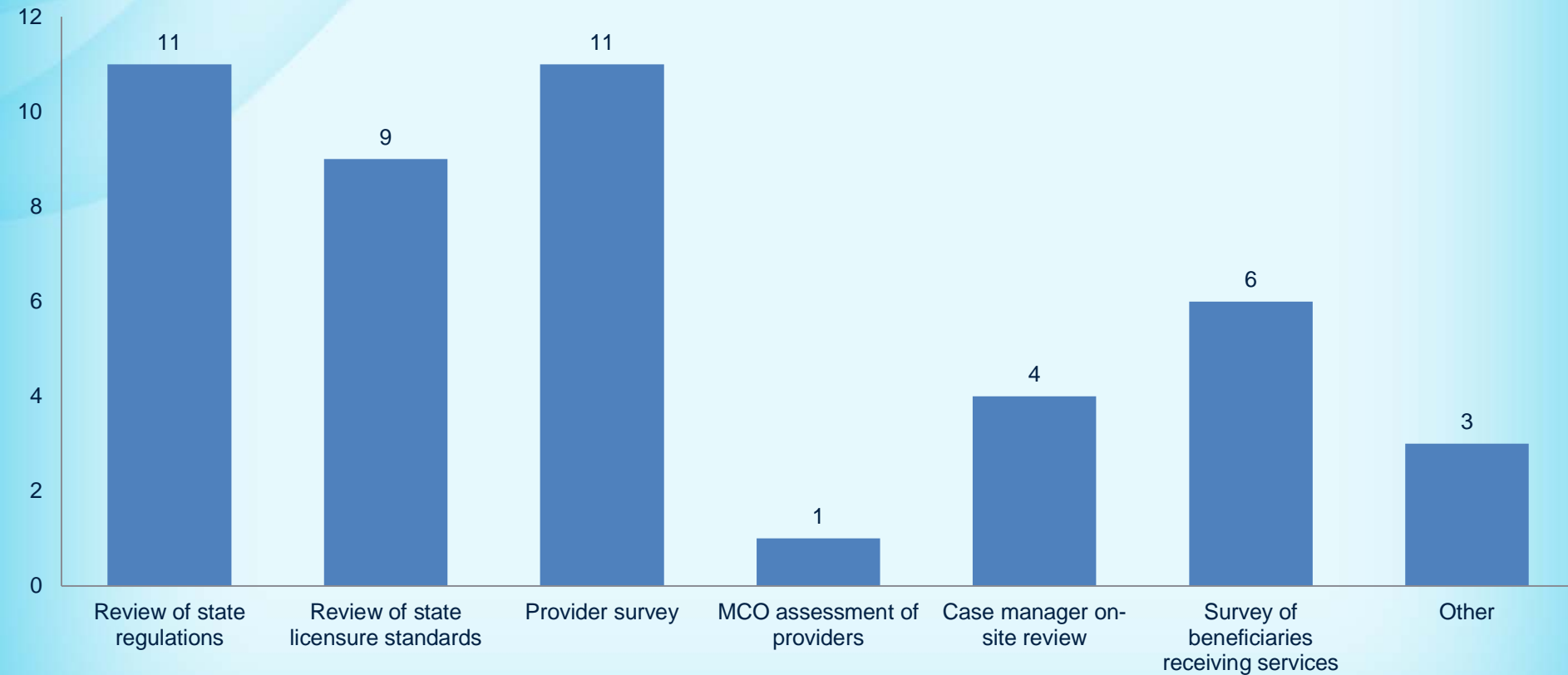
# CMS HCBS Regulations

- Background: In January 2014, CMS released regulations that create new requirements for the provision of Medicaid HCBS services
  - The most significant provision is the requirement that all settings of HCBS services be “integrated into the community”
- The regulations required states to submit “transition plans” that discuss how they will come into compliance with the rule
  - March 17<sup>th</sup> was the CMS deadline for submission of statewide transition plans
  - 48 states and DC have submitted plans
    - CMS has begun review of the plans and has sent some follow-up letters requesting further clarification and information
    - No plans have been approved at this time

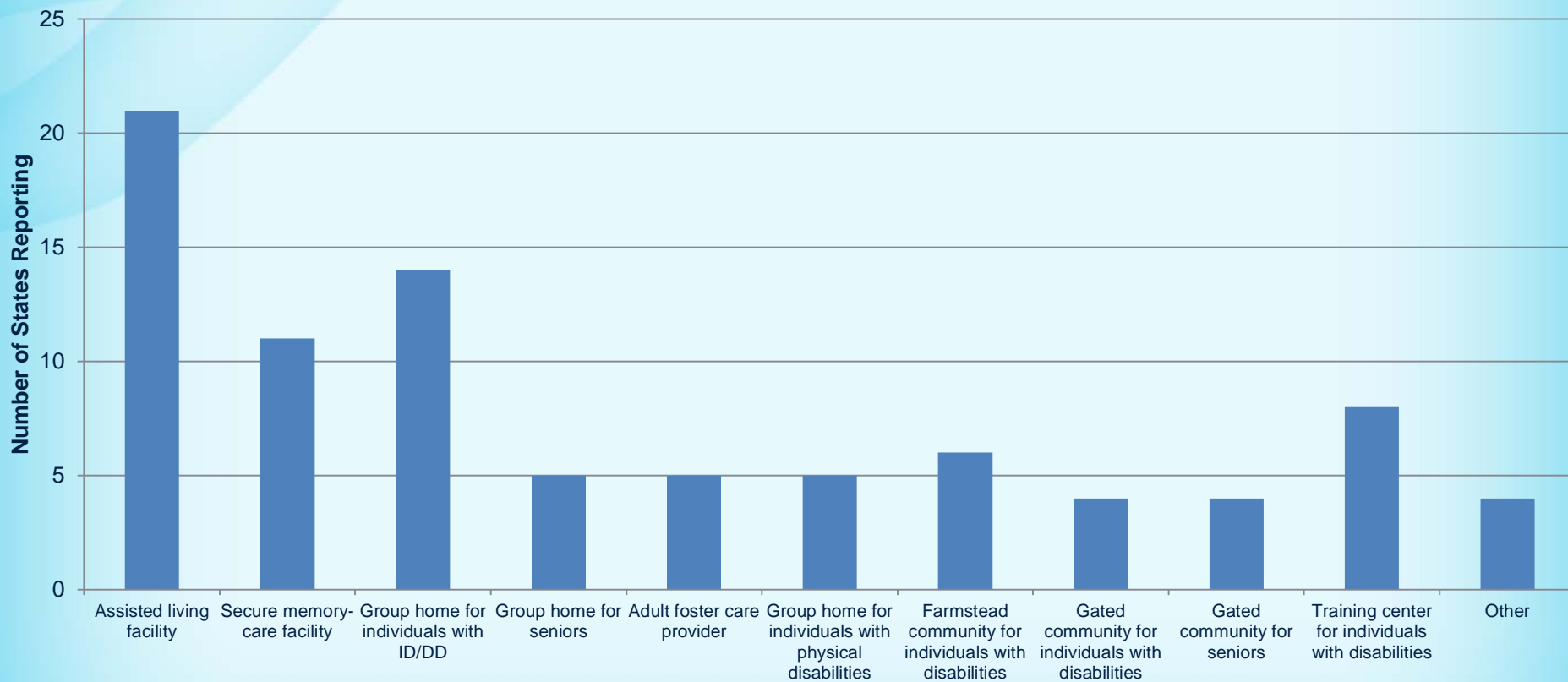
# Current Status

- Many of the transition plans were process-oriented and did not include substantive information on setting compliance
- Notably: CMS has performed on-site reviews of some settings (in North Dakota) and has determined:
  - Some residential settings on the grounds of an institution ARE allowable as HCBS, per the heightened scrutiny outcome
  - Some day programs on the grounds of an institution are NOT allowable as HCBS, per the review
- CMS has expressed concern about whether states were identifying all of the settings presumed to be institutional in nature
- NASUAD continues to work with CMS regarding concerns about existing services, including Adult Health, Assisted Living, and Dementia Care

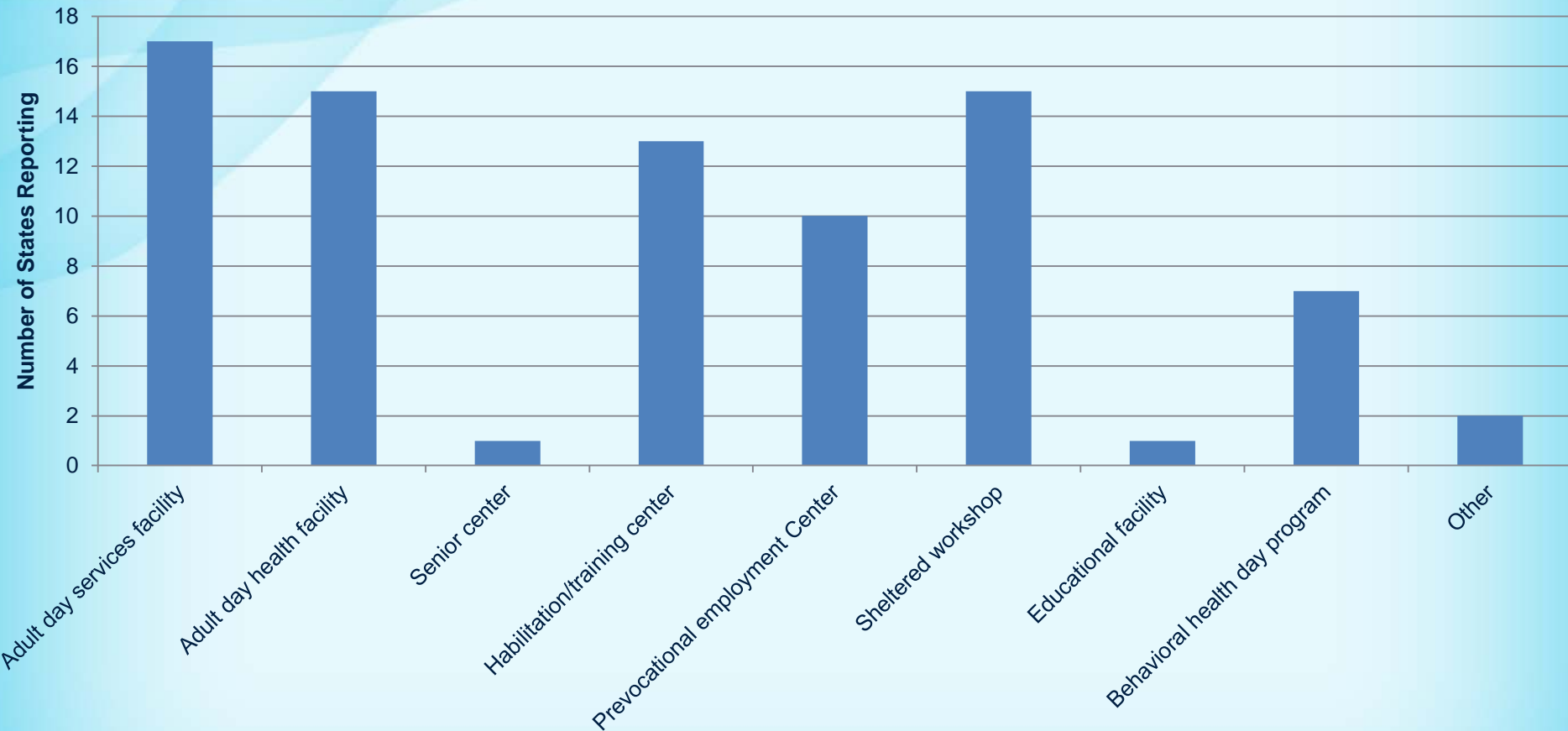
# States using varied strategies to assess compliance



## Residential settings that may not meet requirements



## Day program settings that may not meet requirements



# DOL FLSA Regulations

- DOL released regulations changed the definition of “companionship” and limited the ability of third-party employers to claim exemption from FLSA
- Regulations were scheduled to become effective January 1, 2015; however, a Federal Judge placed the major portions of the rule under injunction
- DOL appealed and the injunction was lifted on Friday, August 21<sup>st</sup>
  - The rule will become effective shortly unless there is another appeal and a stay is granted during that appeal
- DOL previously asserted that states should have prepared for implementing the rule, and that they would not delay the effective/enforcement dates if the ruling is overturned

# Theme 5:

Service Demands Continue to Increase, Resulting  
in Strained Funding



# State Fiscal Conditions: Challenging

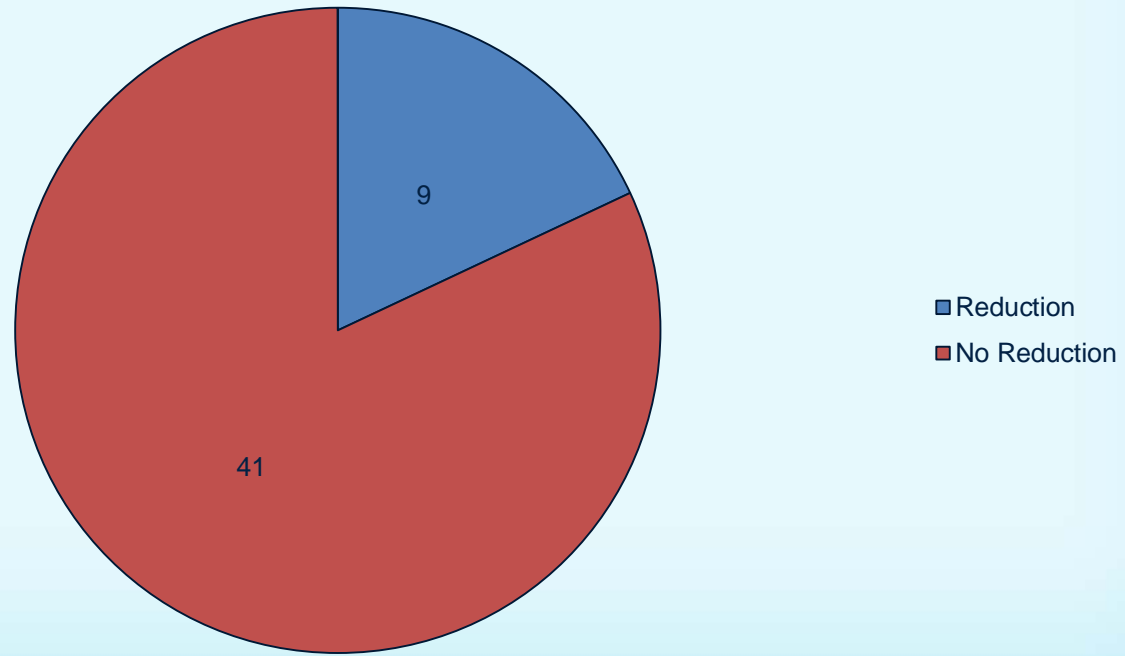
Change in Tax Revenue From Each State's Peak Quarter, Adjusted for Inflation

■ 50 States



# But Improving

## State Agencies Receiving Reduction in General Funds from their Legislature

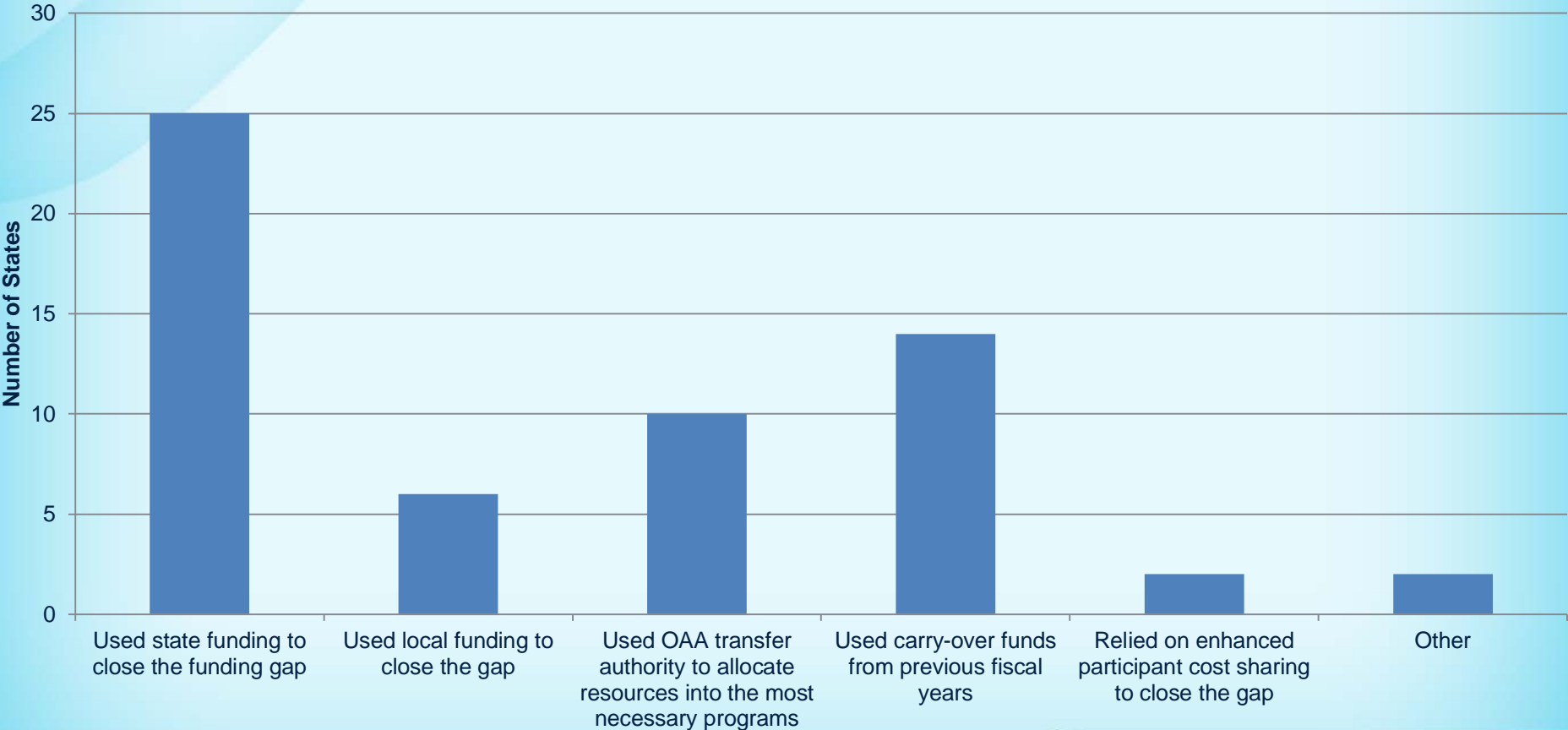


# Improving Budgets Helped offset Sequestration

- In the 2014 survey, over 80 percent of states reported that they had offset some of sequestration's impact
- In 2015, only 62 percent of states reported offsetting the impact of sequestration during FY2014
- 38 percent of states were not able to offset the loss
  - In 2014 64 percent of states reported did not believe they could offset the effects in 2014
  - Therefore, nearly half of the states that originally expected to make cuts were able to avoid enacting those reductions.
- However, the total number of states that were able to offset sequestration decreased from 2014->2015

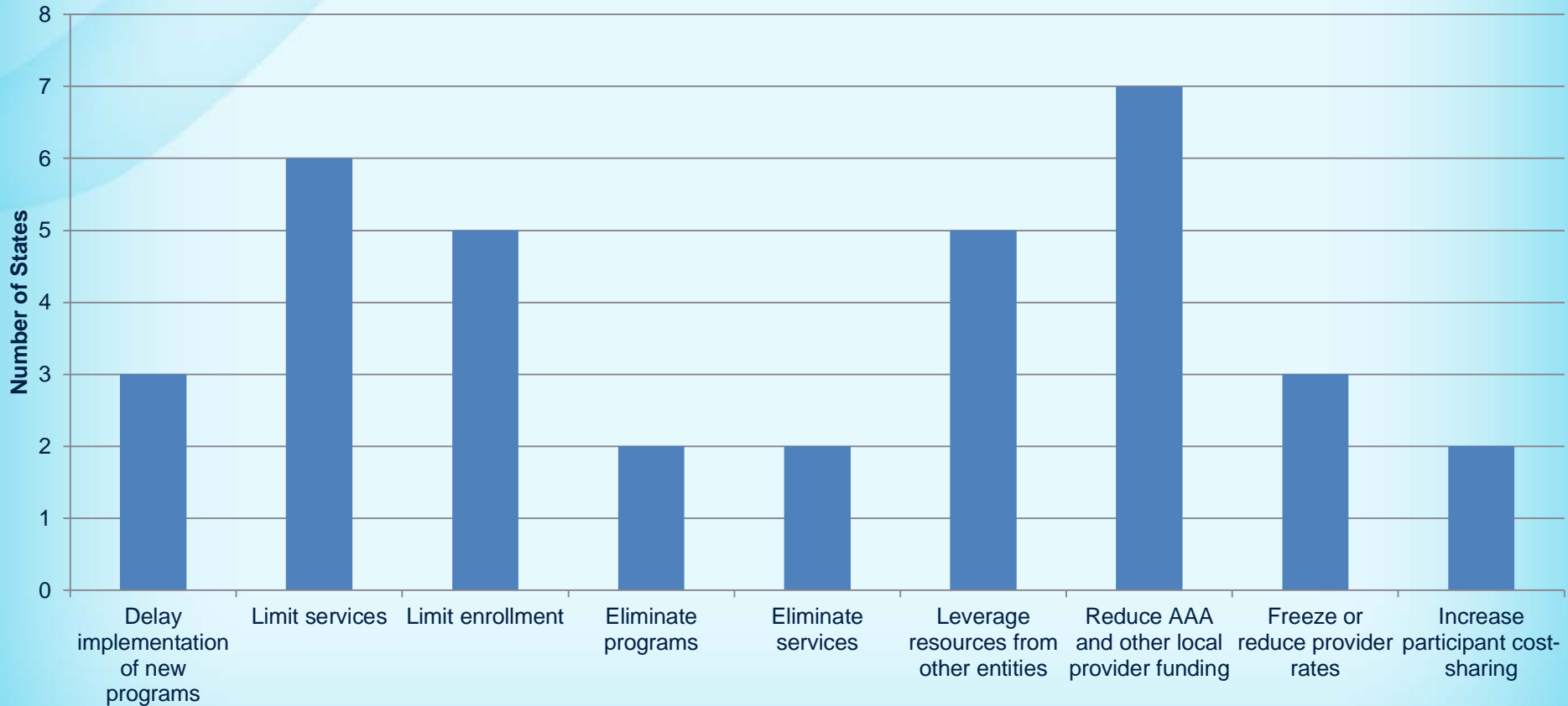
# States used various funding sources to offset sequestration

## Funding Sources the State Agencies Relied on to Close the Funding Gap caused by the Budget Control Act (FY2014)



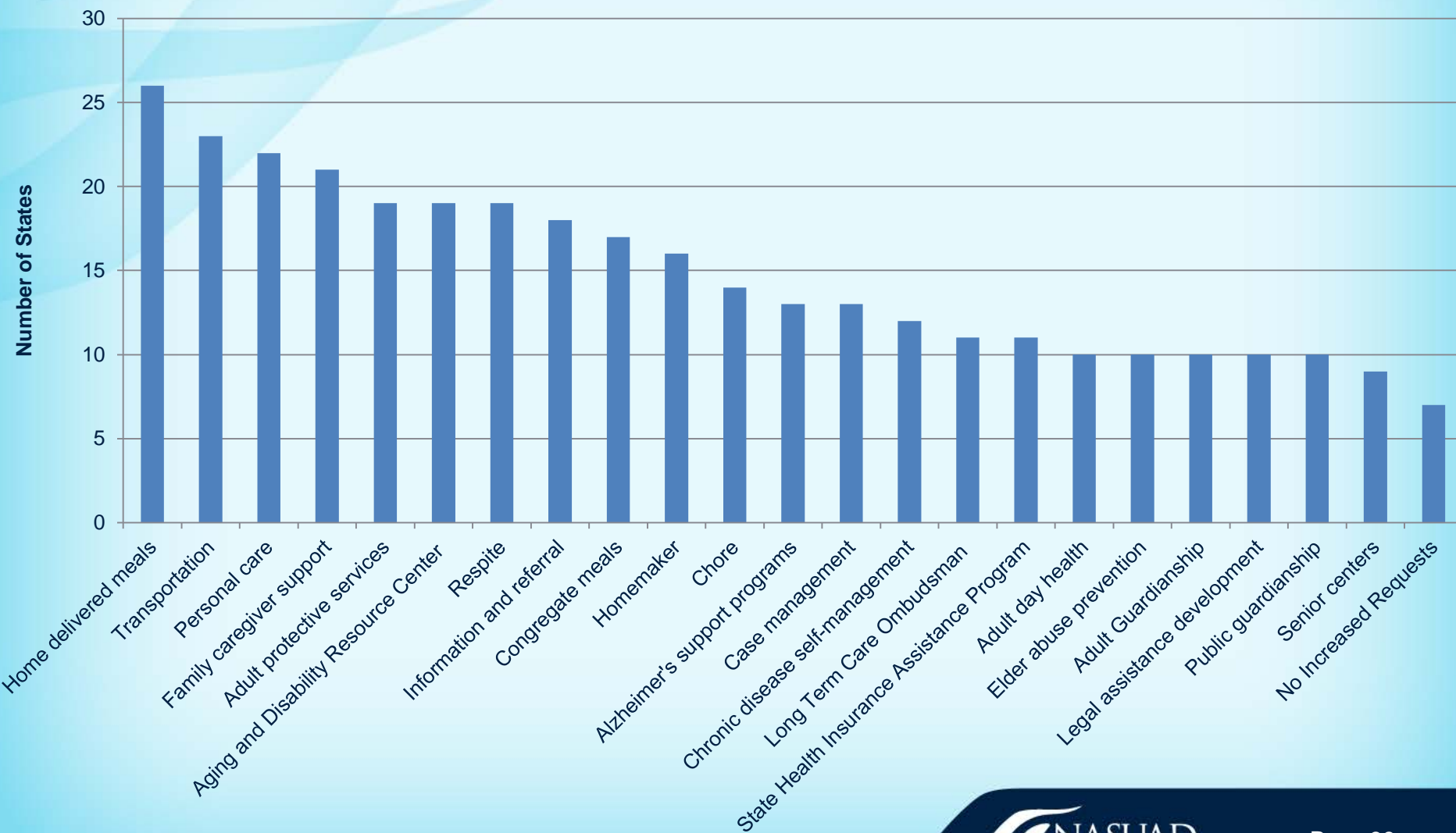
# But...budgets are still tight

## Programmatic Reductions under Consideration



# And...service demands continue to increase

## Increased Demand for Services Since Sequestration Began



# Service Reductions Occurred, but were not Widespread

OAA Programmatic Changes Implemented by States

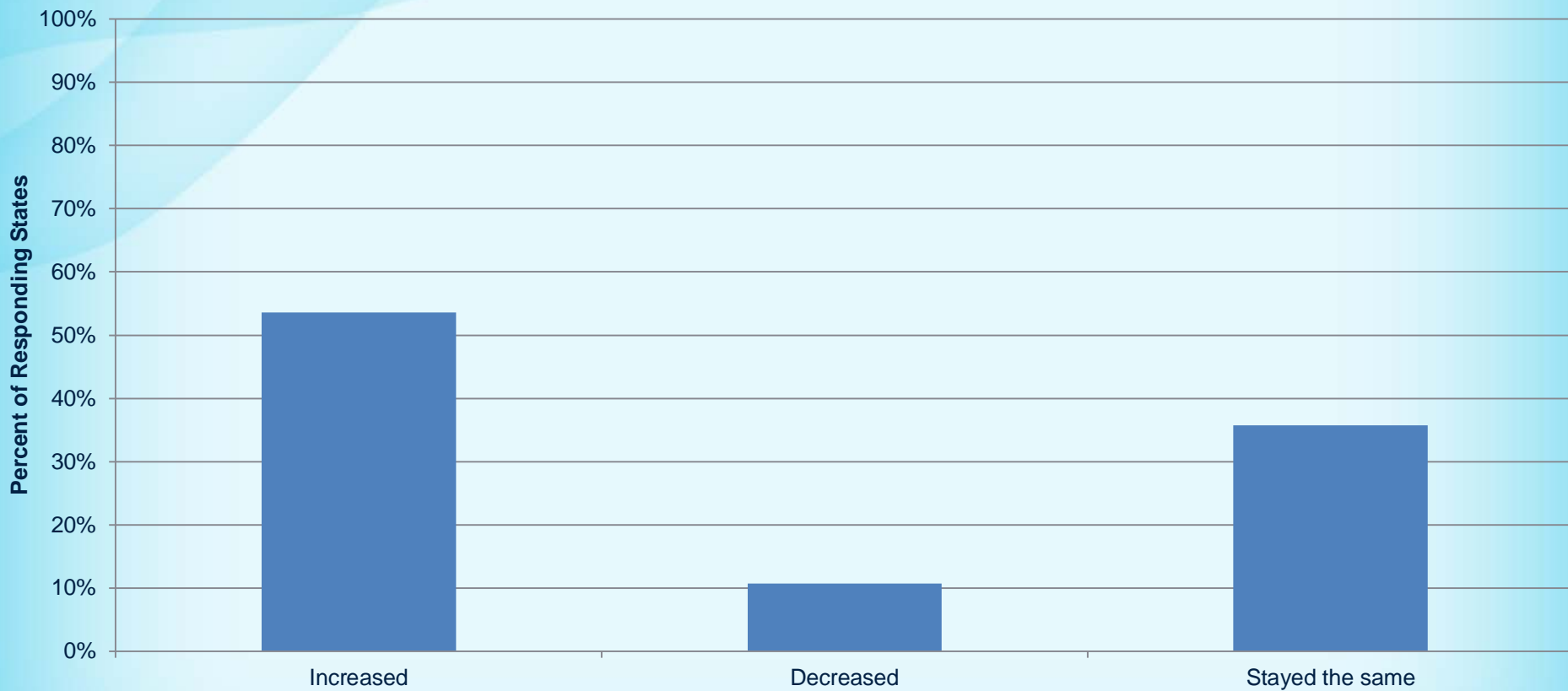
	IIIB	IIIC1	IIIC2	IIIE	VII
	# of States	# of States	# of States	# of States	# of States
Served fewer people	3	4	5	3	2
Closed the program to new clients	0	1	2	0	0
Created new waitlists	1	3	4	1	0
Eliminated waiting lists	0	0	0	0	0
Cut services	3	3	2	2	1
Reduced the number of locations where the program is provided	1	2	1	0	0
Closed the program	0	0	0	0	0

# Theme 6:

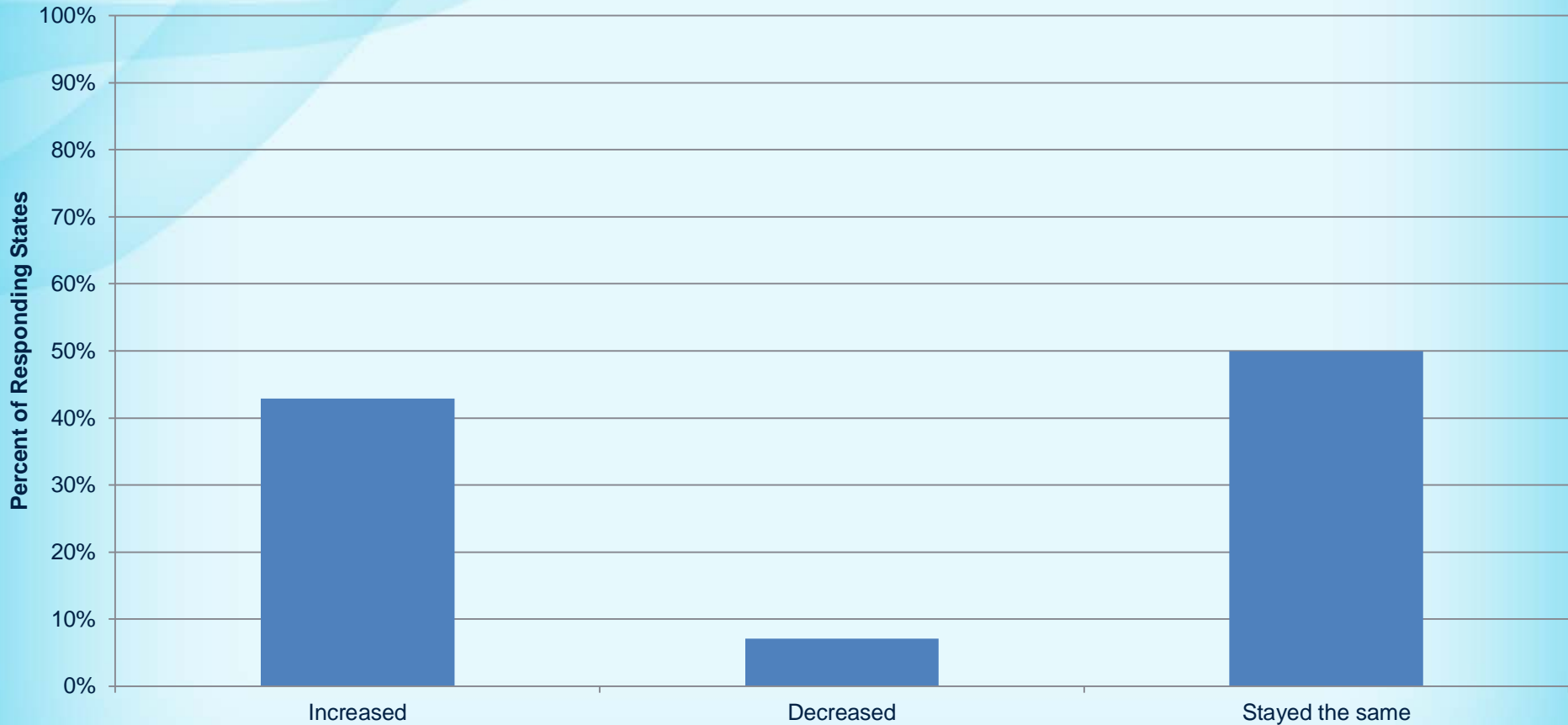
Elder Justice Services Remain a High Level of Need



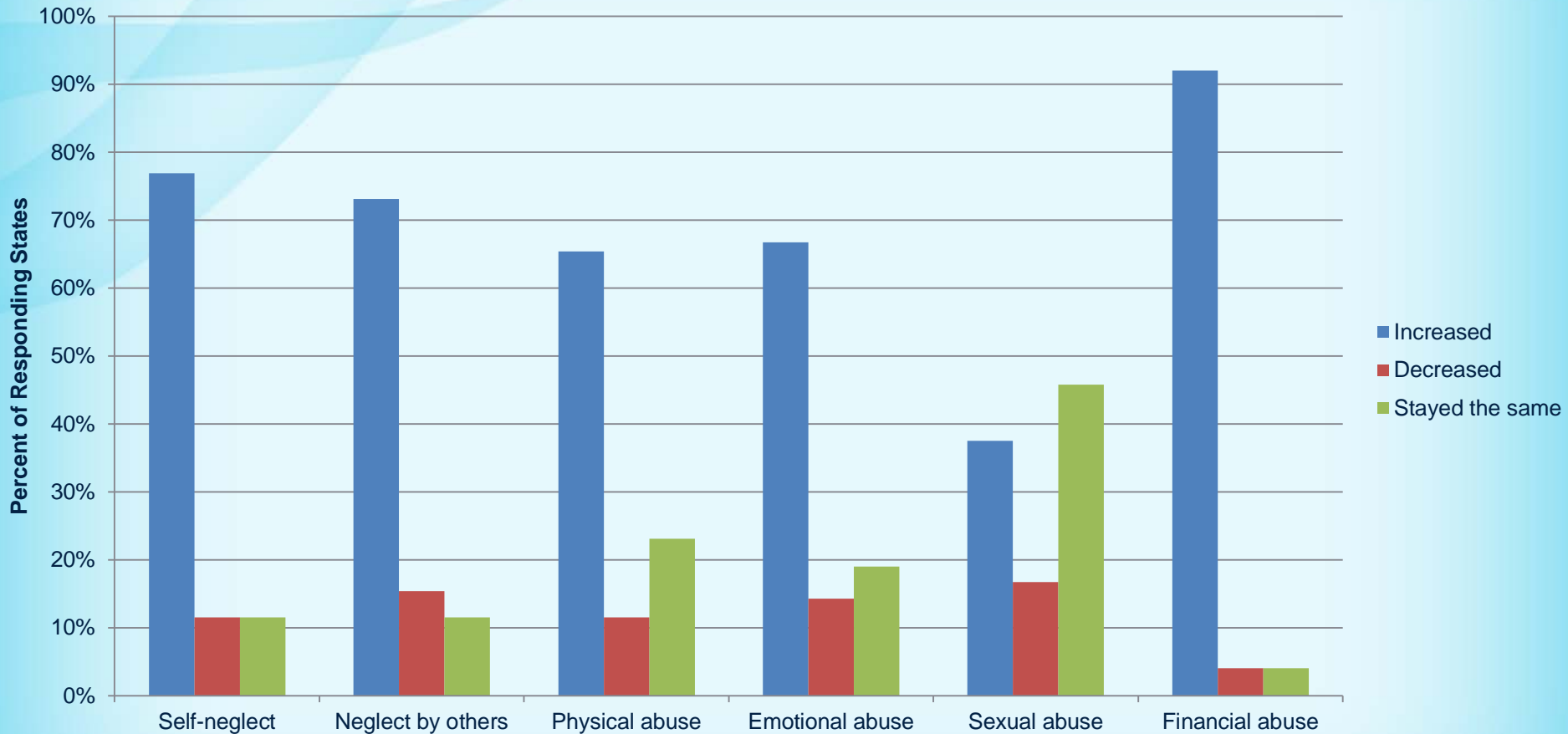
## Change in Adult Protective Services Funding Levels (since 2013)



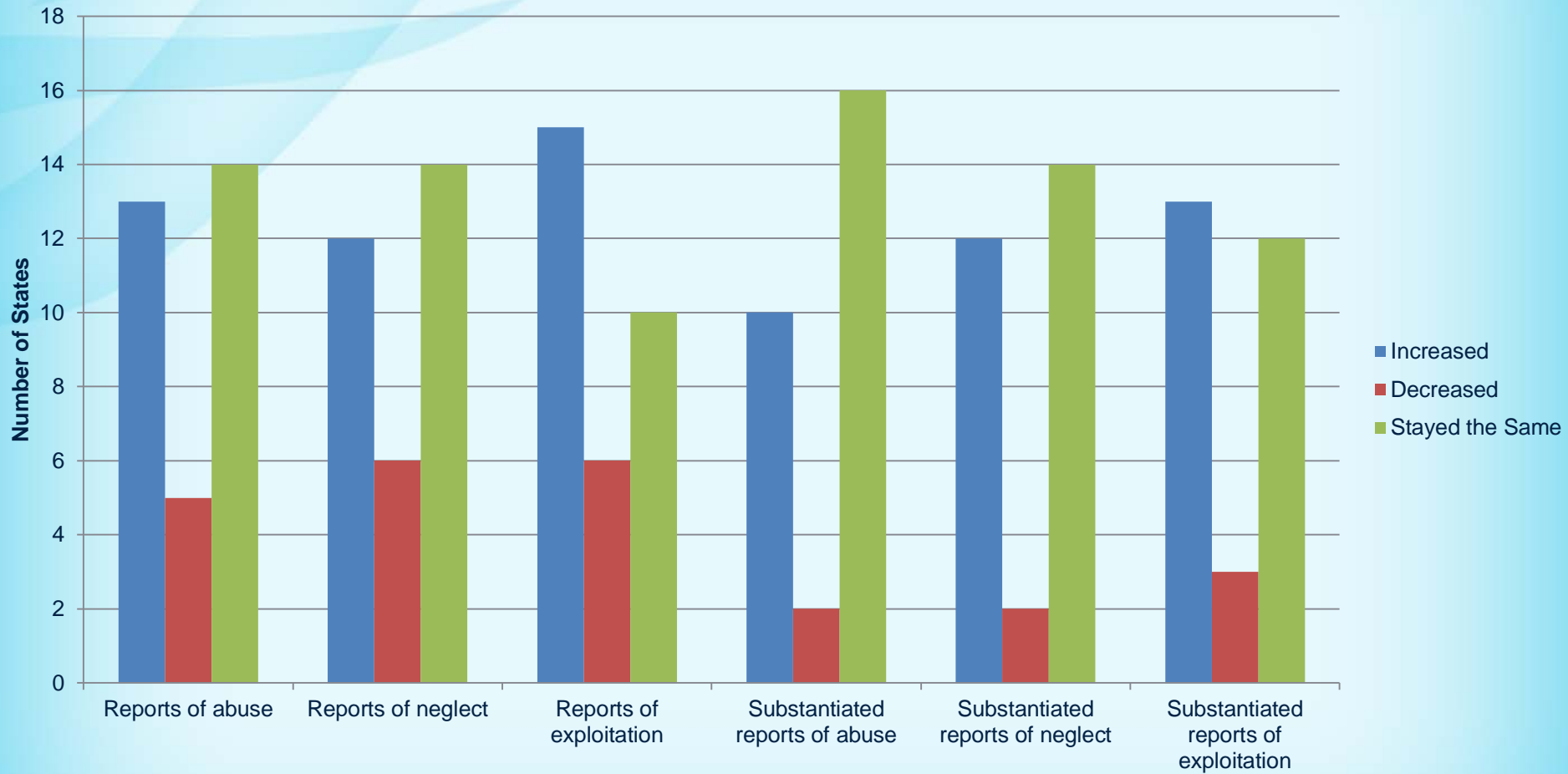
## Change in APS Staffing Levels (Since 2013)



## Change in APS Reports Since 2013

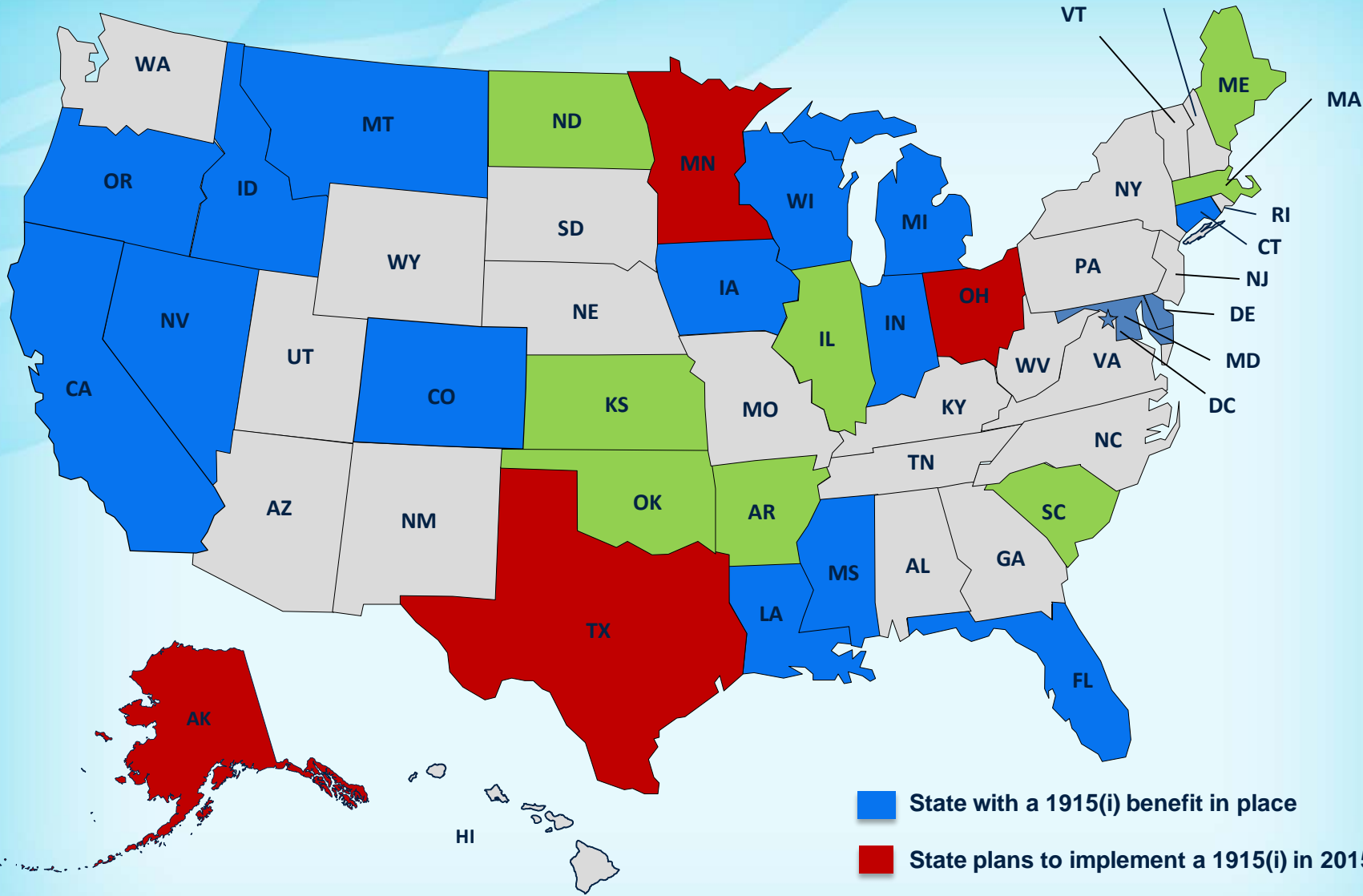


## Change in Reports made to State Long-term Care Ombudsmen



# Update on State LTSS Programs

# Status of State 1915(i) HCBS Benefit Packages

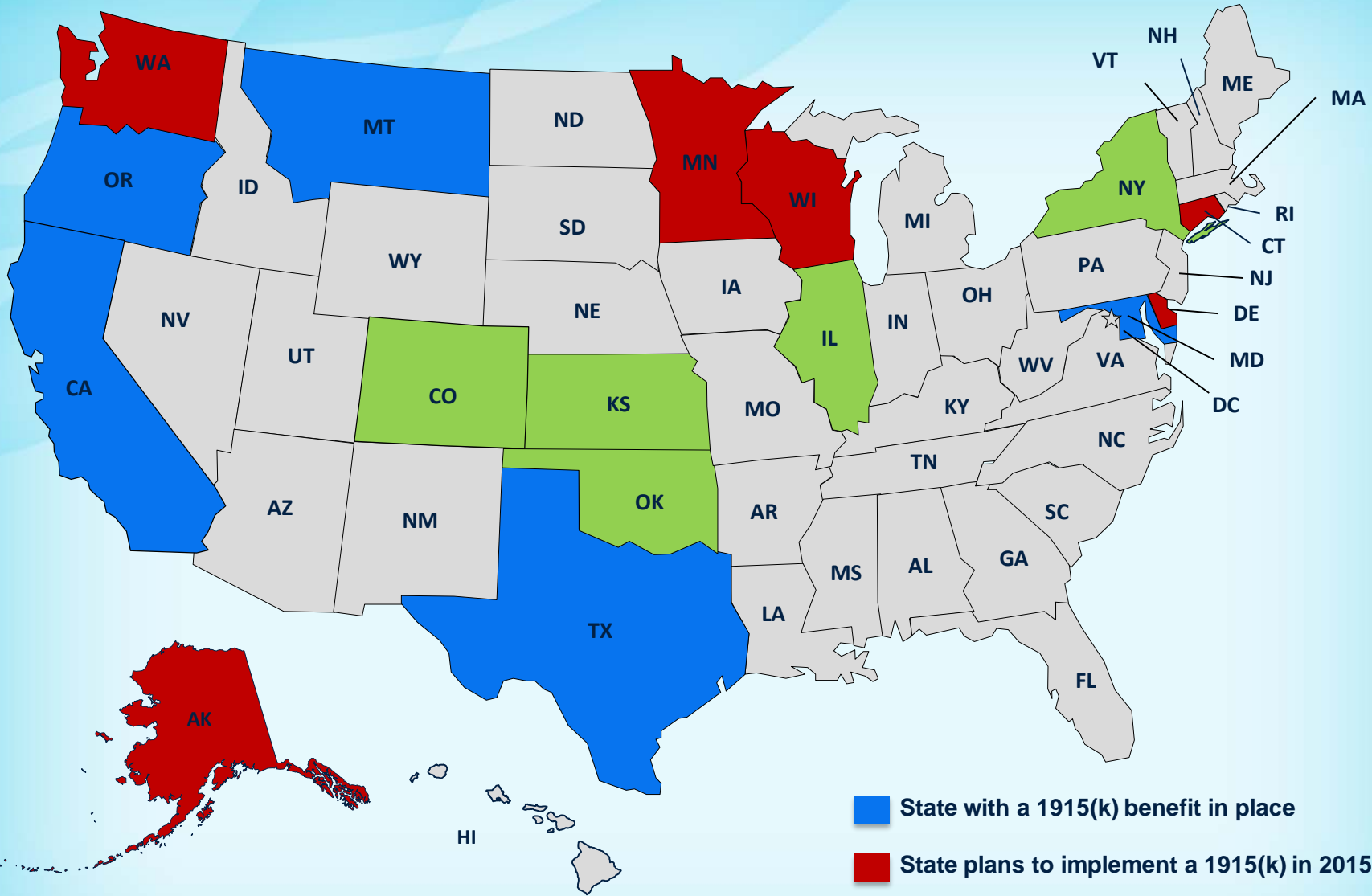





- State with a 1915(i) benefit in place
- State plans to implement a 1915(i) in 2015 or later
- A 1915(i) is under consideration

Source: NASUAD Survey; CMS Data; Kaiser Family Foundation



# Status of State 1915(k) Community First Choice Options



-  State with a 1915(k) benefit in place
-  State plans to implement a 1915(k) in 2015 or later
-  A 1915(k) is under consideration

Source: NASUAD Survey; CMS Data; Kaiser Family Foundation



For more information, please visit: [www.nasuad.org](http://www.nasuad.org)

Or call us at: **202-898-2578**