



**Senate Finance Committee
Testimony of John L. Martin, Director
Ohio Department of Developmental Disabilities
May 10, 2011**

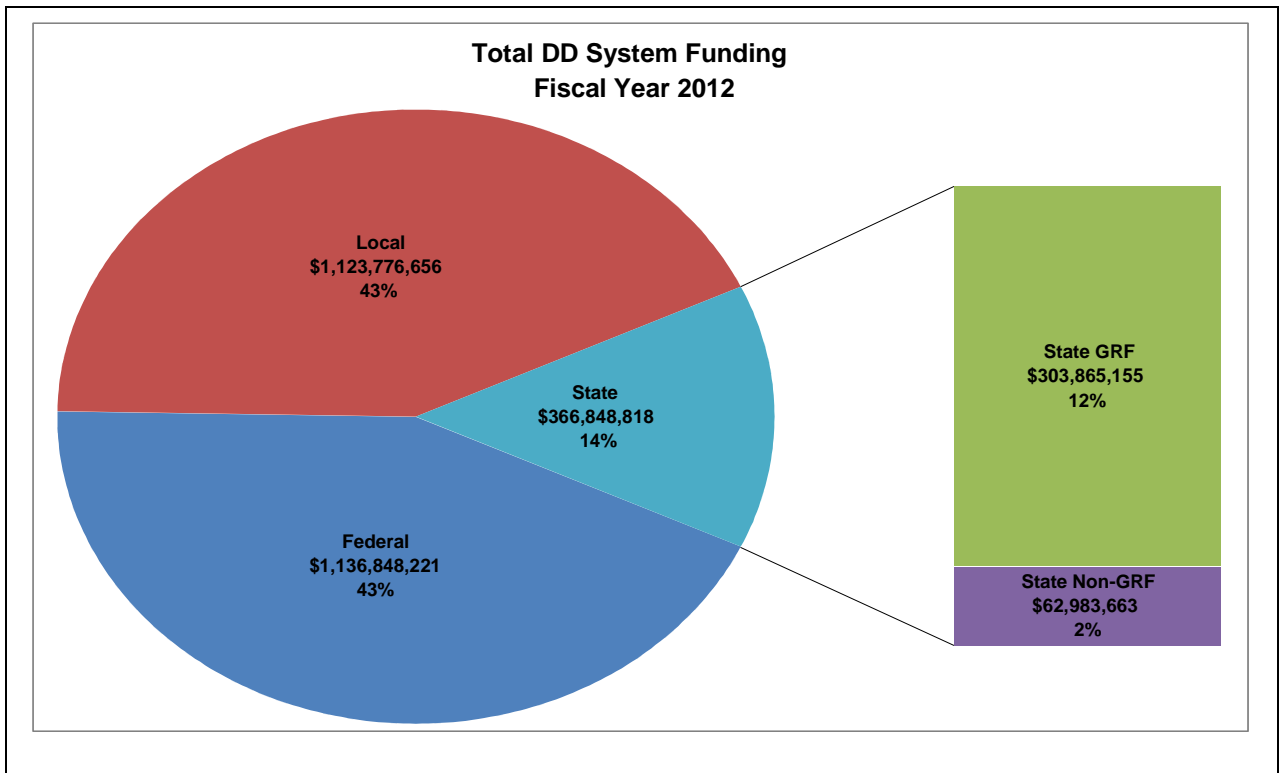
Chairman Widener, Ranking Member Skindell, and members of the Finance Committee, I appreciate the opportunity to speak with you today about the work of the Ohio Department of Developmental Disabilities (DODD) and the 2012 and 2013 operating budget recommendations. As discussed in our panel presentation earlier today, DODD supports the efforts of the Office of Health Transformation in streamlining Ohio's health care and human services *to provide better health, better care and cost savings through improvement*. Our budget recommendations reflect our ongoing and proposed initiatives to support critical services that provide effective service, rebalance long-term care, encourage improvement initiatives and collaboration, and streamline Medicaid services. I look forward to explaining these proposals and our programs in further detail and then answering any questions you have.

First, I'd like to take moment to thank our stakeholders, not only for their ongoing contribution to the DD system, but also their active participation in the legislative process for this budget. Among the primary assets to our success as agency are the collaboration and participation of our stakeholders, including county boards, provider associations, and local and state advocacy groups. These stakeholders have all played a significant role in shaping the service delivery system supported by this budget.

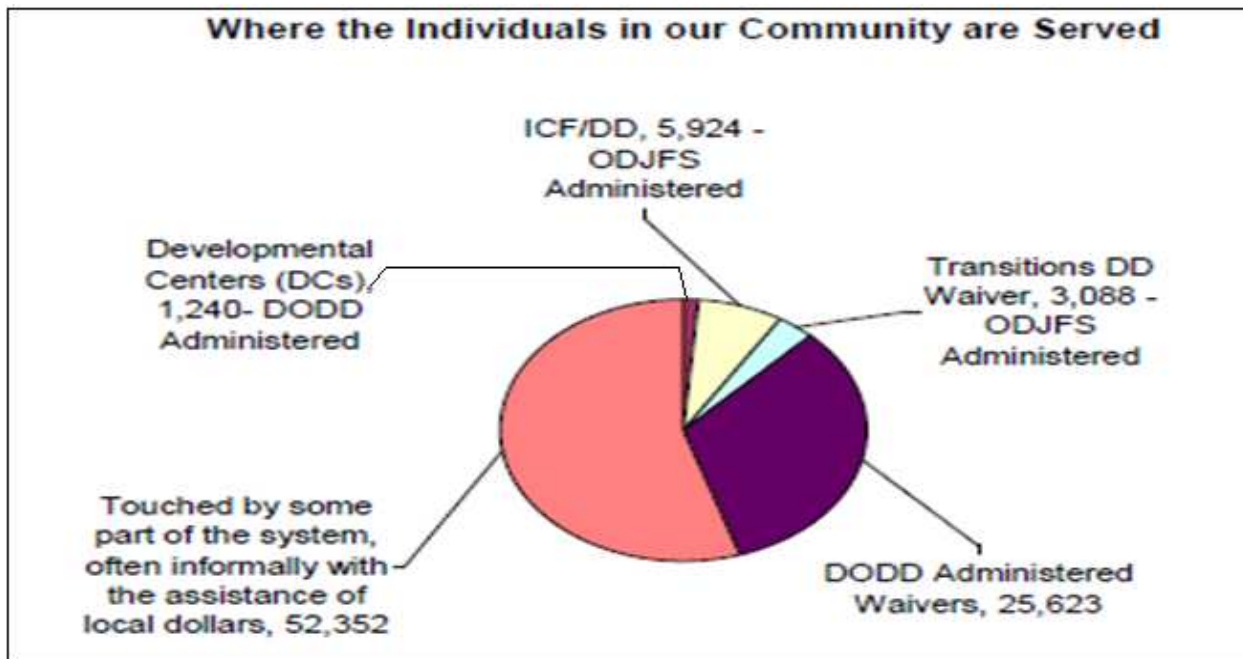
I. INTRODUCTION

Let me move on to an overview of the department and the services it provides. Ohio's DODD system supports approximately 80,000 citizens and their families. Our services assure individual health and safety, foster community participation, and promote employment opportunities. DODD's role is to provide leadership, oversight, and funding for 88 county boards, hundreds of providers, and thousands of individuals and families.

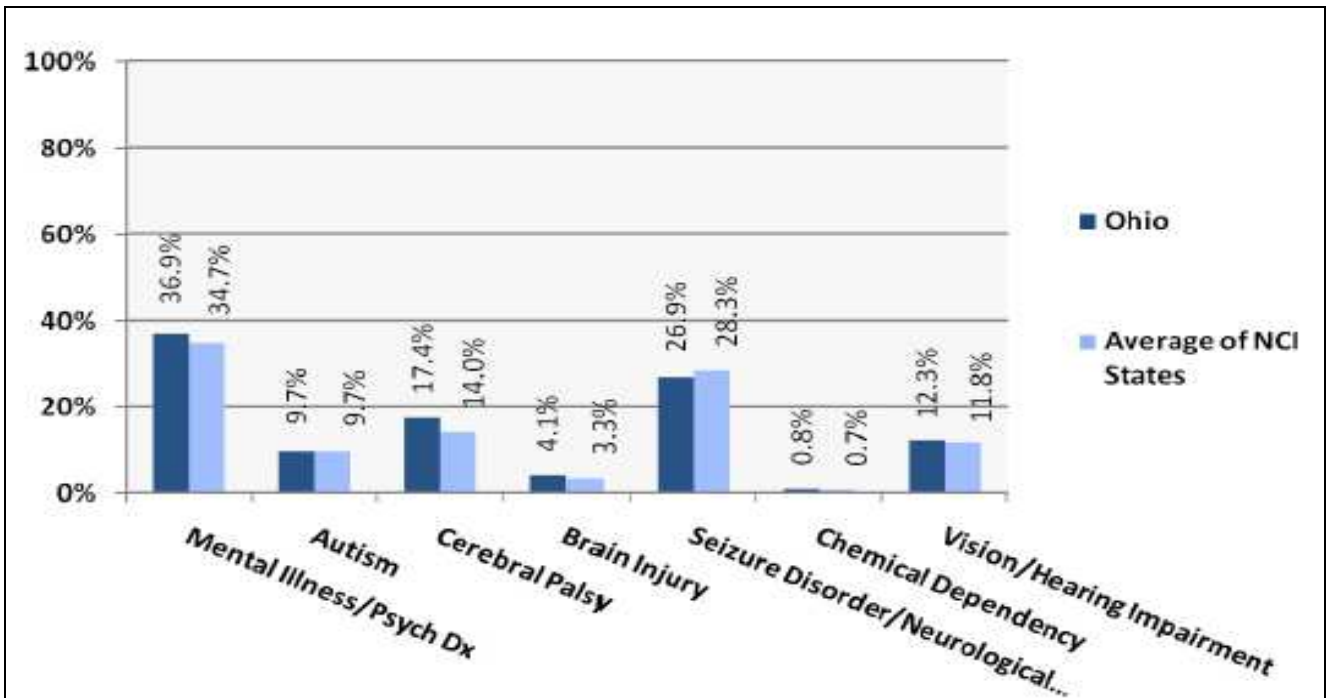
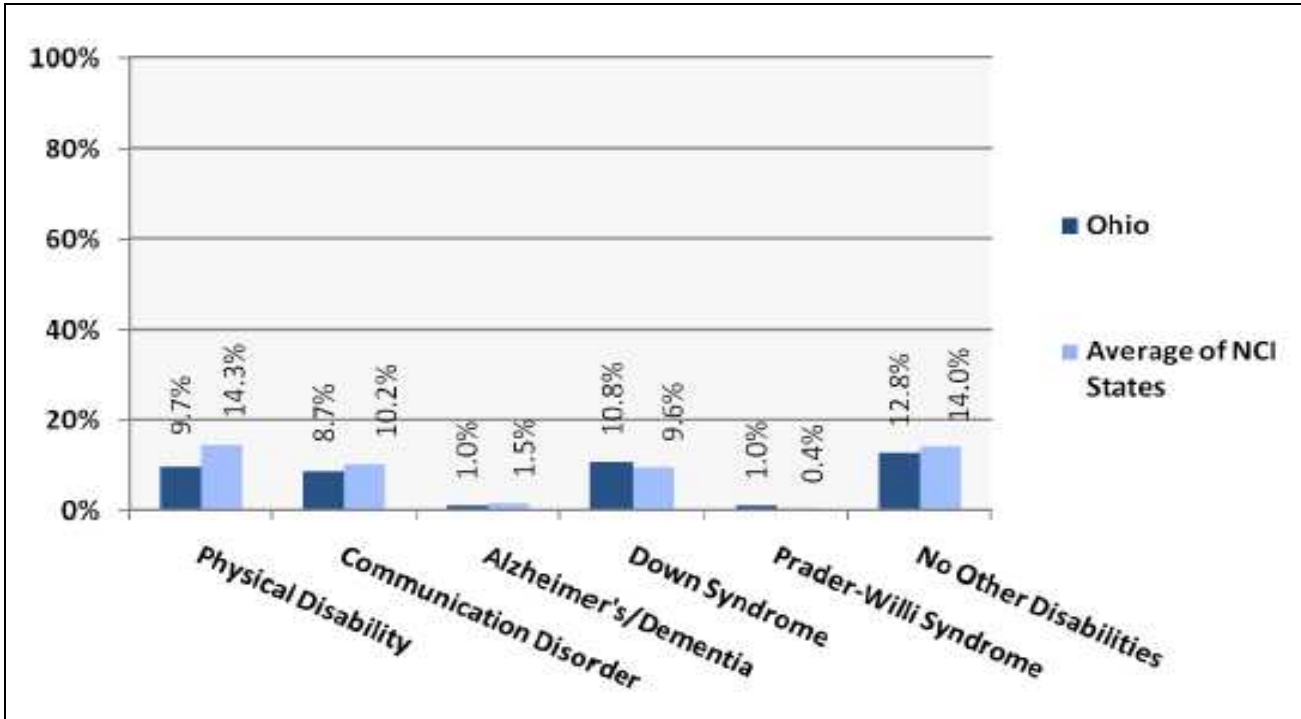
Our system is supported by a unique combination of local, state, and federal dollars (pictured below). The uniqueness lies in the significant role local dollars play in our system. With the passage of HB 94 ten years ago, these local dollars were able to be used to leverage federal dollars enabling significant growth in our system.

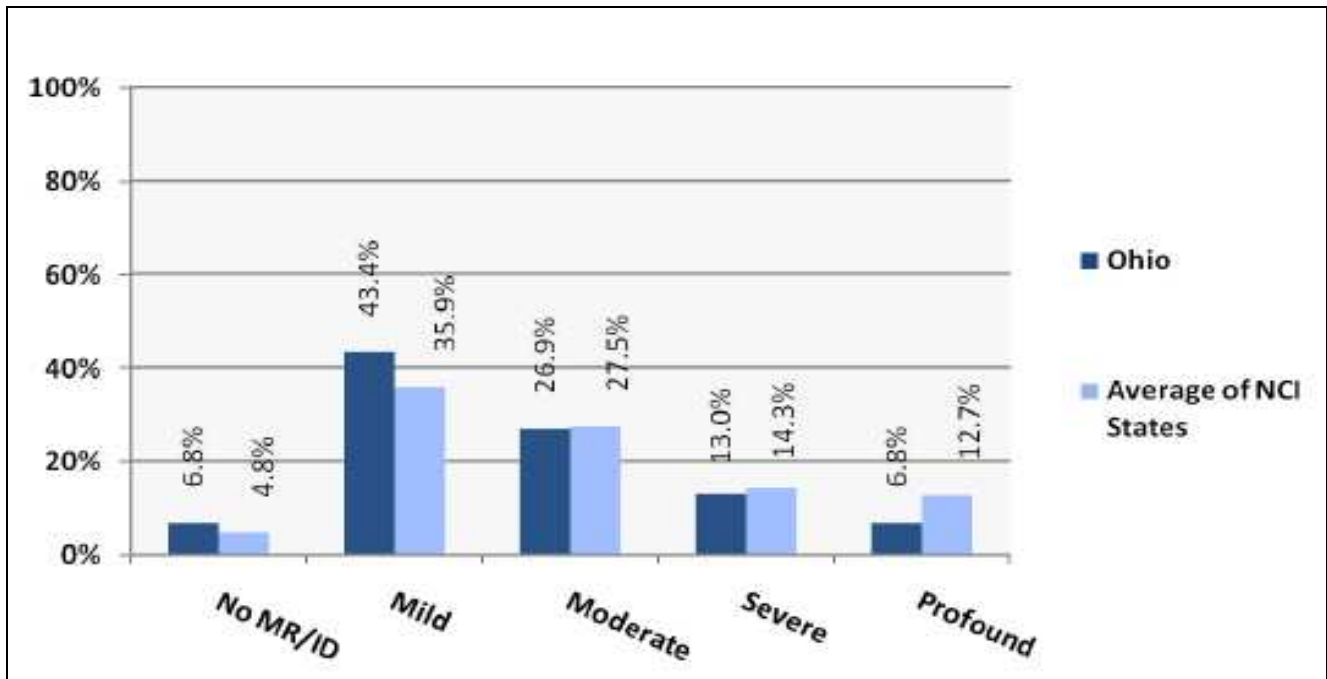


This budget, when combined with the programs funded for individuals with developmental disabilities within the Department of Job and Family Services (ODJFS), supports thousands of jobs, both in the public and private sectors. These dedicated, caring professionals enable people to achieve success and improve the quality of life for individuals, families, and Ohio's communities. The chart below provides an overview of this combined service delivery system and the individuals served by its various parts.



Before getting into our budget recommendations, it is important to have an understanding of the individuals served by our system. Although we like to focus on abilities rather than disabilities, the following charts point out the diversity of our community. This represents just a small portion of the data collected annually in the National Core Indicators (NCI) project that compares Ohio to national norms.





II. BUDGET RECOMMENDATIONS

Our budget for fiscal years 2012 and 13 provides funding in three major categories: waiver match, county board subsidies, and state operated developmental centers (DCs). Smaller categories include central office costs and funding for guardianship services. The implications of the FY 12 and 13 budget recommendations on these categories, as well as associated policy initiatives are detailed below. You will note our budget work attempts to balance the challenging financial situation in which the state finds itself, while preserving services to some of the state’s most vulnerable citizens.

A. Sustainability in the Waiver Program

As seen in chart 2 of the previous section, Ohio relies heavily on waivers as the most significant part of our service delivery system. Given that more than half the cost of these 25,000 plus waivers are federally funded, Ohio has adopted a strategy of maximizing enrollment on the Medicaid Home and Community Based Services (HCBS) waivers. In the last biennium, DODD recognized that Ohio would be facing budget challenges as the increase in EFMAP ended and the economy continued to struggle. To meet that challenge and in collaboration with the developmental disability community leaders and stakeholders we developed recommendations to ensure the fiscal sustainability of HCBS. Those recommendations, submitted to ODJFS in December 2009, are the basis for the waiver projects that I will discuss in my testimony today. The recommendations fall into two categories: Cost containment initiatives under the Individual Options (IO) waiver and development of a new cost capped self-directed waiver.

1. Cost Containment Initiatives under the Individual Options Waiver

The DODD is particularly pleased that we are avoiding any funding reductions for waivers, the largest portion of our budget. However, cost containment is important, as this is an extremely tight budget with no room for error. Initiatives include deploying new services under the IO waiver program, including adult family living, additional respite services, and remote monitoring. Adult family living is an alternative service model that has simplified reimbursement and paperwork requirements, which can save money and allow individuals to live at home. Likewise new and more flexible respite services will also allow an individual to remain at home longer, which in turn saves money.

Remote monitoring reduces the need for an on-site provider, which gives individuals more freedom and can reduce expenditures. DODD received CMS approval for the IO waiver changes last week.

In a typical year, we would expect to see utilization increase by about 1.5%, something the flat budget being proposed cannot accommodate. To control this “cost creep” we plan to encourage and support a 3% voluntary reduction in utilization. The new services described above are tools that will help utilization reduction. The second method will be to encourage families and individuals to work with county boards and providers to determine when and where utilization reduction is appropriate. Thirdly, we will be examining the most expensive waiver recipients (the top 5%) to better understand the reasons for the high costs and to determine if less costly alternatives exist. Lastly, we will be proposing to CMS a small pilot project to test reducing utilization by increasing the size of the billing unit, thereby reducing administrative overhead and creating more flexibility to control utilization. Our experimentation with this project will help determine if this method can have positive statewide implications.

2. Proposed Cost Capped Self-Directed Waiver—More Flexibility for Those Served

The IO waiver does not have a cost cap, meaning whenever an individual is given a waiver, the state or the county board takes on significant financial risk. Yet some 27,000 individuals are on waiting lists for waiver services around the state. In order to have more cost contained ways to respond to these needs, Ohio is working on a new flexible, cost effective waiver alternative. DODD has submitted an application to CMS for a new self-directed waiver called the SELF that will have a cap of \$25,000 for children and a cap of \$40,000 for adult enrollees. Recognizing this waiver has fewer dollars for services than the IO waiver, it has much more flexibility for families and individuals to tailor services to fit their needs. It also contains specialized services to assist children with intense behavior needs. This combination of fewer dollars with increased flexibility gives the system fiscally safe and predictable ways to expand services in a tight economy.

B. Rebalancing Long Term Care

This budget contains two efforts to rebalance our waiver and ICF/DD programs. DODD has maintained access to specialized services offered in the ten DCs, but continues the reduction of census that we began in 2008. In this budget, DODD will continue to reduce census by 90 people per year. The current average daily census for the DCs is 1240 individuals and by the end of the biennium, the average daily census will be approximately 1083 individuals. The budget includes funding to supply matching funds necessary to provide waiver services for people who may leave a DC and choose to enroll on a HCBS waiver. The budget language also includes a temporary waiver provider rate increase for one year to help cover the cost of transition. This rebalancing mechanism is essential to accomplish these transitions, while minimizing cost shifting to county boards. Continued transition of individuals from DCs and integrating them into community settings conforms to the US Supreme Court’s *Olmstead* decision for states to have a comprehensive, effective working plan for residents to move to less restrictive settings. DODD’s proposed budget anticipated that by the end of the biennium, we will have reduced the DC cost by more than \$16 million in GRF through this effort.

In the 2010-11 budget, we included language that enabled ICF/DDs to place people on the IO waiver if they closed their entire facility. In order to make this option more attractive, we proposed new language in this budget that eliminates this requirement. Instead, DODD with the support of ODJFS will support closing a part of a facility without closing the entire facility. This more flexible partial conversion will accommodate up to 200 beds being converted from the ICF/DD program to the waiver program over the biennium. This is a voluntary initiative, and DODD is beginning to gather information from providers so that we can learn the interest level and capacity of anticipated reductions.

C. Subsidy Support for County Boards

The budget recommendation reduces the combined subsidy line items by 30% in 2012 and 26% in 2013. These reductions occur in line item 322-501, County Board subsidies, and line item 322-451, Family Support. The County Board subsidies line item (322-501) is used for county board operations, supported living, and service and support administration and is reduced by 34% in 2012 and 29% in 2013. The Family Support (322-451) subsidy supports activities and services that help families offset some of the costs they incur when caring for individuals with developmental disabilities in the family home. This budget recommends reducing this line item by 10% in 2012 and 2013. Services provided by this program may include respite care, family counseling, training and education, adaptive equipment, and home modifications.

The Tax Equity (322-503) subsidy provides funding to tax poor county boards to help equalize local tax levy revenues. These funds can be used only for Medicaid waiver match. The goal of this subsidy is to help Ohio meet the federal requirement that waiver services be available statewide, regardless of a county's ability to raise sufficient local levy funds. No reduction was made to this line item.

Subsidy funds make up an estimated 8% of overall county board spending. However, the county-to-county differences are significant – and the overall impact of these reductions will vary as well. For example, in 2008 subsidy funds in 18 counties made up more than 15% of their overall expenditures. The highest proportion was 32% of overall expenditures, and the lowest proportion was 2%.

In order to assist with managing these reductions, the budget contains language giving the Director the ability to work with the county boards to determine how best to allocate these subsidy dollars.

D. Guardianship Services

GRF line item 320-412 Protective Services enables DODD to contract with the Advocacy and Protective Services Incorporated (APSI) to provide guardianship services to individuals with developmental disabilities. APSI serves more than 4,600 people in Ohio, and is the only not-for-profit organization that provided guardianship services statewide for individuals with developmental disabilities. We recommend reducing this line item in FY 2013 by 10%, which will allow APSI sufficient time to implement a strategic plan, which is currently under development.

E. Local Projects

DODD is supporting a number of local projects that will result in efficiencies at the local level, and I will highlight a few here. Eighteen county boards in the southeast region of the state are working together to standardize their practices in the areas of intake, assessment, service planning, and monitoring. DODD has engaged these counties as full partners in developing information technology to support more efficient business practices.

DODD is supporting counties interested in sharing resources to develop more family focused approaches for working with children with autism and social behavioral challenges. The Play and Language for Autistic Youngsters (P.L.A.Y.) project involves nine counties; DODD is funding a person to conduct train-the-trainer sessions. The trainers work with families on how to interact and work with their children. This technique is less costly than center-based approaches.

F. Language Changes

The DODD budget has a number of language changes proposed and I would like to highlight a few of those changes.

1. Tax Equity

DODD and the county boards have agreed to create a new formula for the tax equity line item. With this formula, funds will be distributed to the counties with the lowest per capita tax capacity whose cumulative population covers 30% of the state's total population.

2. Waiver Waiting List and Waiver Floors

County boards maintain separate waiting lists for each of our waivers. This results in administrative complexity because individuals can be on both waiting lists and in more than one county. Currently, county boards are also required to maintain a minimum number of enrollees for each waiver. As proposed, budget language streamlines waiting lists and consolidates waiver floors.

3. Innovative Pilot Projects

This language gives the Director the ability to pilot innovative projects without changing rules and statutes to determine if the projects save money and/or reduce administrative complexity.

III. STREAMLINING DD PROGRAMS

A. Consolidation of all DD Programs Under DODD

As I shared with your colleagues in the House, I am the only DD Director in the nation who holds a cabinet level position, yet DODD does not have all DD programs within our agency. This means that individuals with developmental disabilities, their families, and caregivers must navigate a system of services that include some programs administered by ODJFS and others administered by DODD. The current structure makes it difficult to align policies and set priorities across these programs, and can result in confusion and barriers for individuals who want to move from one service to another. In this budget, the Governor's Office of Health Transformation has proposed moving the ICF/DD program and ODJFS Transitions waiver to DODD. We have begun meeting with ODJFS to plan for the transition. The transition of the ICF/MR program in particular has generated a lot of stakeholder interest, and that's as it should be for us to assure we implement the best solutions for the DD community. The ICF/MR program is a critical component of the Developmental Disabilities system that supports some of Ohio's most vulnerable citizens—and protecting those citizens is our number one job. DODD is hopeful that the many conversations related to this transition can be addressed through the budget process.

B. Consolidation of Medicaid Funding in One Line Item

Historically, DODD has had four different GRF line items for Medicaid funded programs, waiver match in two line items, waiver match for the Martin settlement, and the match for DCs. DODD proposes consolidating all of its Medicaid funding into one line item to facilitate the movement of residents of state-operated DCs to waiver programs to better absorb fluctuations in individual waiver programs, and to provide improved Medicaid spending transparency. DODD will be able to track the expenditures for waivers and DCs separately through the State's accounting system, OAKS. In order to combine these line items, DODD must eliminate language that states there must be a separate Martin line item but will remain committed to those individuals enrolled through the Martin settlement.

GRF line item 322-413, Residential and Support Services is consolidated into the County Board subsidy, and the match for waivers related to the Sermak settlement is consolidated into the new Medicaid match

line item.

IV. CONCLUSION

Ohio's developmental disabilities system includes interested and engaged individuals and families, the communities they live and work in, much-needed tax-payer support through state and federal funds and local property tax revenues, innovative private and public service providers, thousands of dedicated direct support professionals and unpaid family caregivers, and department staff who provide leadership, coordination, and administrative support.

Together, each and every day, Ohio's developmental disabilities system runs by bringing together these diverse community members, our funding and payment systems, protection and oversight mechanisms, and our shared commitment to improving access, quality, and cost. All of what we do, regardless of which part we play in the system, is governed by a common bond we share with one another -- what we are about is the well-being, aspirations, and contributions of more than 80,000 individuals as they help themselves make the best use of their unique attributes, skills, talents, and capabilities.

On behalf of the developmental disabilities community, I want to thank you for your leadership and support for the people needing services and supports. We know that in this very tight budget, it is impossible to fund many worthy things. For example, our budget recommendations do not address increasing the pay of direct support professionals, or meeting all the needs of those on waiting lists. These are difficult choices. That is why we have been working so hard together to implement consensus-driven changes to adjust, improve, and simply make the best use of available resources. Our budget proposal requests funding and language changes we feel are crucial to continue the work that goes with our daily responsibilities to tens of thousands of Ohio citizens, as well as to help us become more efficient as we strive to meet growing needs for services, even as state funding continues to fall.

Thank you for the opportunity to present this testimony and I welcome your questions.