



MacDonald Training Center, Inc.

***Position Paper on Traditional Managed Care
for Individuals with Developmental Disabilities in the State of Florida***

June 15, 2013

Emotions in the developmental disabilities (DD) community have been heightened as a direct result of the issue of traditional managed care ⁽¹⁾ being raised during the 2013 legislative session. For many, this issue has come down to choosing between a system driven by APD using iBudgets or one driven by traditional managed care.

For MacDonald Training Center (MTC), the issue is simply one of responding to change. Change that will likely result in traditional managed care becoming our new reality.

As a long standing member of the DD service provider community, we have chosen to author this paper to clarify our position on this critical and sensitive issue.

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From the moment the issue of traditional managed care for individuals with developmental disabilities emerged as a possibility, MTC has stood in vehement opposition. To this day we view the concept as being antithetical to our mission of *empowering people with disabilities to lead the lives they choose*.

We are also an organization that has been successful in pursuing our mission by accepting and responding to reality. We understand that change is inevitable. We view it as a force to be managed and influenced...not avoided.

It is apparent to us the traditional DD service system has become antiquated and therefore imperiled. We view the prospects of managed care as a new reality to which we must adjust. A new reality that compels us to take actions that will position MTC to manage and influence change in a manner that will bring that change into alignment with our mission.

To that end we have established our position based on the following four factors.

⁽¹⁾ For the purpose of this paper *traditional managed care* is defined as a capitated rate reimbursement service system managed by PSN's and/or MCO's that assumes the financial risk of providing care.

1. iBudget Florida, as currently being implemented by the Agency for Persons with Disabilities (APD), is unsustainable.

As conceived, individualized budgeting is a noble attempt to efficiently and effectively fund the service needs of individuals with developmental disabilities. As implemented, it has been reduced to a methodology employed by APD to ration services for the sole purpose of backing into its legislative appropriation...an appropriation that has been reduced by \$84 million over the last five years as a direct result of APD's persistent failure to manage its budget.

Having chosen to solve its own problems at the expense of individuals with developmental disabilities, APD has pushed the system of quality services beyond the tipping point.

Prior to the implementation of iBudget Florida, MTC was supplementing 22% of the cost of services. Since the implementation, that percentage has increased to 30%. After six years of extensive cost containment initiatives which included stagnant wages, loss of benefits, layoffs and a deteriorating infrastructure, we must now deal with an additional \$360K in cuts. At MTC we realized this scenario is not the exception but the rule.

Providers of quality services have a choice of following APD's lead, or continuing to provide vital services that for decades were deemed "medically necessary" until APD decided it was fiscally inconvenient to do so.

For those of us who provide quality services there is only one choice. We will continue to meet the needs of the people we serve until either fiscal integrity is restored by APD or our resources are depleted.

As quality providers perish, the supplemental funding they generated will be lost, resulting in an even greater statewide deficit which will compound and accelerate the current crisis. Yet, unless otherwise incentivized, it is difficult to believe that APD will pursue any course other than the status quo.

2. The chances of APD acquiring the requisite tools and core competencies to successfully implement a viable service system that can compete with a traditional manage care model are remote.

We live in a high tech world of instant information. Yet APD possesses no database that can generate the requisite data and facts essential to building and managing an efficient and effective contemporary service delivery system.

When asked to share data relative to the actual cost of care for each individual they fund, they have none. When asked to produce the rate setting methodology used to justify the new rate for live-in in-home support services, they have none. When asked to produce data needed to generate actuarially sound rates...they have none.

Lacking fundamental data and facts, APD is in no position to champion a convincing argument to the Florida legislature justifying an increase in funding necessary to enable individuals with developmental disabilities to purchase the vital services they need.

A reading of APD's *2011-2014 Strategic Plan* reveals no strategies on how to address any of the abovementioned issues. The concept of increasing productivity by moving to a capitated rate model is found nowhere. As written, this strategic plan sentences individuals with developmental disabilities, as well as the entire DD community, to a future that disincentives innovation and rewards complacency.

3. The DD service provider community must get in front of and remain in front of this issue or forfeit the service system to managed care organizations (MCO's).

It was just a few years ago that a for-profit MCO attempted to usurp the DD service provider community by attempting to have pro traditional managed care legislation passed through the Florida legislature. That should have been a wake-up call. Since then MCO's doing business in Florida have had their eyes on the 30,000 individuals being served by APD.

If the DD service provider community is to remain competitive we must begin creating viable provider service networks (PSN's) that can compete with the MCO's. PSN's owned and operated by DD service providers will redirect profits from shareholders to services. This is essential if we are to succeed in ensuring quality services in a traditional managed care environment.

The creation of a PSN can take years and requires \$5M to \$6M of venture capital. To ensure choice, Florida will need a minimum of two PSN's...preferably three or four. After years of cuts in funding by APD, the DD service provider community is capital poor making the creation of PSN's even more challenging...if not impossible.

In its current state, the DD service provider community is woefully unprepared to respond to the threats presented by the nationwide shift to traditional managed care. To provide services in a traditional managed care system, DD service providers must obtain new licenses, certifications and accreditations prior to being credentialed by a PSN or an MCO. As the result of our membership in the Atlantic Gulf Alliance (AGA) ⁽²⁾ we have discovered the hard way that this is a long and arduous process.

Many DD service providers that have been providing adult day training (ADT) for decades are having to take more than a year to be licensed, certified and credentialed to provide adult day care (ADC) under the new managed long term care (MLTC) program. Additionally, the nursing, behavioral and therapeutic services we provide require accreditation from one of three accrediting bodies ⁽³⁾; none of which are currently used by the vast majority of DD service providers.

⁽²⁾ The Atlantic Gulf Alliance, Inc. is a not-for-profit organization currently comprised of 20 DD service providers created to assist its membership in obtaining the necessary licensures, certifications, accreditations and organizational skill sets necessary for competing in a traditional managed care service environment.

⁽³⁾ The three accrediting bodies recognized by the Agency for Health Care Administration (AHCA) are: The Joint Commission (TJC), the Accreditation Commission for Health Care (ACHC) and the Community Health Accreditation Program (CHAP). The Commission on Accreditation of Rehabilitation Facilities (CARF) is not recognized.

Conversely, MCO's are ready, willing and able to assume the management of services right now. They have large networks of credentialed providers that are capable of meeting many, if not most, of the service needs of the people we serve. At both the national and state level there is a discernable trend toward the convergence of services for individuals with developmental disabilities and seniors in long term care.

We must act now or forfeit the service system to MCO's.

4. An ardently pro-managed care Florida Legislature will be making the final decision.

Regardless of what the DD community likes, dislikes, wants or doesn't want, the Florida Legislature will ultimately make the final decision after having already transitioned 95% of all Medicaid services to a comprehensive traditional managed care model.

The legislature has given APD until June 30, 2014 to balance its budget. During the 2014 session the legislators will once again be making a decision on APD's future. What they will once again see is an agency that:

- has a history of huge budget surpluses and deficits,
- can only balance its budget by denying vital services to their constituents,
- does not have the capacity to generate valid data with which to make informed decisions, and
- has a strategic plan that addresses none of the above.

Soon the legislature will recognize and accept the reality of APD's limited capabilities. This will occur when it begins to ask simple questions such as...when was the last time APD presented hard data and facts on:

- an individual's actual cost of care based on a valid assessment process,
- the percentage of that cost of care that is covered by natural supports,
- an analysis of the service needs of individuals on the waiting list,
- the actual cost of serving all the individuals on the waiting list,
- a comprehensive plan on how to serve individuals on the waiting list without gutting current services,
- authoritative studies on how Florida compares to other states that have been successful in serving their DD populations, and
- strategies that may be employed to reduce excessive and redundant paperwork while effectively utilizing new technologies to enhance productivity and efficiencies?

Those who can answer the above questions will control the future of services to individuals with developmental disabilities in Florida.

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