



WASHINGTON STATE'S
Department of Social and Health
Services—Aging and Disability
Services Administration

Ten Percent Reduction Exercise
Stakeholder Discussion

September 28, 2011



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AGENDA

- **Background and Decision-Making Principles: MaryAnne Lindeblad**
- **Budget Options Review: Division Directors**
- **Questions**
- **Next Steps: MaryAnne Lindeblad**



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The 2012 Budget Historical Context

- Since September 2008, Washington State has faced a deficit of more than \$7.5 billion in state revenues.
- At the same time, many demographic and economic factors have affected the cost of services or the number of persons requiring services.
- The combination of deficits in state revenue collections, caseload growth, and higher than average inflationary costs have resulted in the need for reductions totaling over \$10 billion general fund-state in the last three years alone.



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Today's Reality

- The September 15 revenue forecast projects an additional shortfall of \$1.4 billion for the 2011-13 biennium
- In anticipation, the Governor asked each state agency to submit proposals to reduce the 2011-13 biennial budget by up to an additional 10 percent
- For DSHS, that equates to \$573 million General Fund – State and over \$300 million General Fund - Federal.
- **M1** ADSA's contribution of that reduction is \$411 million, General Fund – State.
- The Governor has called for a Special Session of the Legislature on November 28th.



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Slide 4

M1

Need to insert ADSA's share

MURPHDK, 9/27/2011

The DSHS Story

- **SM2** Since July 1, 2009, DSHS has reduced spending by \$2.2 billion in general fund-state and general fund-federal dollars.
- Over 90 percent of this reduction has been to services and programs.
- Due to increased demand for services and growing caseloads, payments to providers and clients have increased since 2008, while all other DSHS costs decreased by over 10 percent.
- During this time period, the DSHS Administration and Support Services reduced costs by over 29 percent.
- Since July 1, 2008, the number of people working at DSHS has been reduced by 2,902 – over 14 percent. Management positions have been reduced by almost 20 percent.



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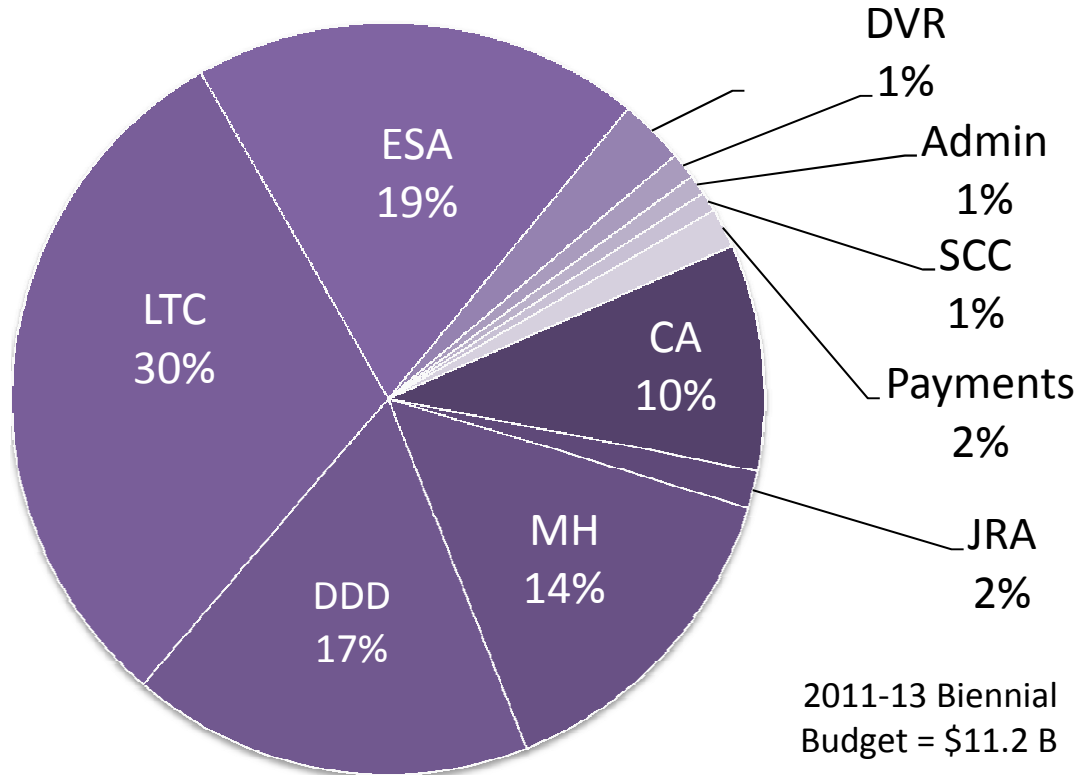
Slide 5

M2

We need an ADSA version of this slide.

MURPHDK, 9/27/2011

The DSHS Story – Today’s Budget



Program	GFS	Other
CA	604	487
JRA	174	6
MHD	890	708
DDD	1,013	914
LTC	1,595	1,805
ESA	1,006	1,146
ASA	152	163
DVR	22	105
Admin	50	46
SCC	95	-
Payments	130	60
Grand Total	5,731	5,440

*Dollars in millions



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Most of ADSA's funding is used for direct services, and federal match doubles impacts for Medicaid.

ADSA 2011-13 Budget GF-S Portion Only (\$3.5 Billion)*

Community-
Based Services,
72%



Selected large programs – GF-S only:

In-Home Personal Care: \$729 M, 21%

Nursing Homes:

\$466 M, 13%

State Hospitals and RHCs:
8%

\$286 M, about

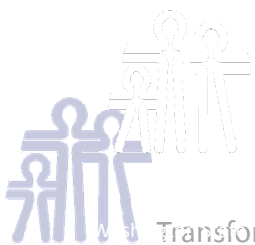
Institutions, 21%



Eligibility, Case
Management,
QA, 5%

\$174 Million

\$50
Million
Program Support,
1.4%



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& Health Services

Department of Social & Health Services

| One Department, One Vision, One Mission, One Core Set of Values

| Fall 2011

What We Have Tried to Protect ...

- Programs to encourage permanency for children in out of home situations
- Programs which encourage independence for clients with functional or developmental disabilities
- Assistance for families struggling in the current economic climate
- Invest in community services and supports for clients with developmental disabilities
- Invest in core services in long term care which enable individuals to remain in their own homes for as long as possible.



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But A Ten Percent Reduction Makes That Difficult

- We tried to be forward-thinking with an eye toward avoiding future costs by making investments now
- We tried to and keep a level playing field by maintaining consistent eligibility standards in all settings
- At this level, however, principled approaches eventually give way to simple arithmetic
- Many of the more drastic options you will hear about move us away from the values that bring us all to work every day
- Some of the options you will hear about are there simply because they are something we can cut rather than something that is mandated by law.



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Long-Term Care

➤ **Eliminate Nursing Home Rate Add-ons** – End rate adds for nurse wage increases, increased support staff wages/benefits and for taking acute clients. (\$16.0M) Total, (\$8.0M) GF-S

➤ **Adult Family Home Oversight and Fee** – Increase to cover the entire cost of licensing and oversight. \$2.8M Total Funds, (\$1.3) GF-S

Eliminate Assisted Living Capital Add-on – End the rate add to Assisted Living (AL) facilities with more than 60% Medicaid occupancy. Affects 35% of AL facilities. (\$3.8M) Total, (\$1.9M) GF-S

➤ **Eliminate Adult Day Health** – Provides day program, nursing, and rehabilitative services . 1,000 people affected. (\$8.1M) Total, (\$4.1) GF-S.



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Long-Term Care

➤ **Major Eligibility Reduction** – Functional eligibility standards for Medicaid personal care, home and community-based long-term care waivers and nursing home facilities will be changed to a single, higher level, so that only people needing extensive assistance with activities such as bathing, mobility, personal hygiene and eating will qualify for services. (\$249.8M) Total, (\$124.9) GF-S. 17,000 people (29% of current caseloads) will lose eligibility:

- 11,700 in homecare
- 1,000 in adult family homes
- 1,000 in boarding homes
- 2,700 in assisted living
- 450 in nursing homes



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Developmental Disabilities

- **Suspend Individual and Family Support Services** – Provides respite, therapies, adaptive equipment, medical, dental, nursing and other services for 1,000 people with DD or their families. (\$8.4M) Total, (\$8.4M) GF-S

- **Major Eligibility Reduction** – Higher functional standards for Medicaid personal care eligibility mean 3,000 people (48% of current DD levels) will lose eligibility. Higher functional eligibility standards for home and community-based service (HCBS) waivers mean only high need individuals retain service. 5,700 people (46% of current levels) will lose services. Combined, includes:
 - 4,800 living at home with family members
 - 1,600 with supported living or group home services
 - 1,300 living on their own or with Alternative Living services
 - 950 living in adult family homes or boarding homes
 - 100 people in RHCs, under 100 in other settings



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(\$159.1M) Total, (\$79.5M) GF-S



Mental Health

- **RSN Payments** - Regional Support Network (RSN) Medicaid rates reduced to the lower bound of the actuarially set rate ranges (approximately a 4% reduction) and RSN Funding for respite, clubhouse, and supported employment is eliminated for adults. (\$27.3M) Total, (\$13.6M) GF-S.
- **Community Redesign** - The number of RSNs reduced from 13 to between four and six, resulting in administrative savings. (\$3.0) Total, (\$1.8) GF-S.
- **Hospital Re-sizing** – 52 residents of Western State Hospital who do not have a primary psychiatric diagnosis (those with dementia and traumatic brain injury) will be moved, with additional supports, to nursing homes or adult family homes with Medicaid funding. The cost savings will come from the closure of two WSH wards that would no longer be necessary. (\$2.6) Total, (\$5.1) GF-S.



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Mental Health

- **Community Based Mental Health Services as an Alternative to Hospitalization** – Community resources would be built for approximately 120 people currently residing in state psychiatric hospitals. Cost savings from closure of four civil wards that would no longer be necessary. A phased and coordinated process will redirect service capacity to community based mental health prior to reduction in state hospital capacity. \$(8.0) Total, (\$8.4M) GF-S.

- **Major Eligibility/Program Reductions** –
 - RSN non-Medicaid funding reduced by 3%. Priority for use of remaining funds would be: crisis response, involuntary commitment, emergency hospitalization, and residential support services. (\$6.5M) Total, (\$6.5M) GF-S.



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Mental Health

- **Major Eligibility/Program Reductions (continued)–**
 - **Changes in the RSN eligibility standards and benefits package -**
Eligibility standards will be changed for community based mental health services. 7,100 adults have a diagnosis that is associated with a lower level of need. Approximately half may lose RSN services. In addition, benefit levels will be redesigned to meet cost reduction targets effecting approximately 29,000 individuals and may include the following:
 - ✓ Service levels at lower frequency statewide, corresponding to diagnosis (A- Level or B-Level), using a standardized tool .
 - ✓ Some consumers discharged earlier from services.

(\$109.2) Total, (\$54.6M) GF-S



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Alcohol and Substance Abuse

➤ **Major Adult Services Program Reduction** – Alcohol and substance abuse treatment services for adults are eliminated except for priority populations: pregnant and parenting women, some criminal justice clients, and services for problem gambling. An estimated 55,000 adults will lose services that include:

- Outpatient treatment
- Intensive inpatient treatment
- Long term residential treatment
- Recovery houses
- Involuntary treatment services

(\$93.8) Total, (\$72.6) GF-S



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QUESTIONS AND NEXT STEPS



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