HEA 1391 Report, Part II
IHCA Public Testimony
Thursday, February 26, 2015
Zach Cattell, General Counsel, IHCA

Medicaid Reimbursement for Skilled Nursing Facility Care

- At the most basic level, members of the IHCA support a reimbursement system that is stable, predictable, and provides adequate reimbursement for the care of Indiana's most vulnerable and increasingly acute seniors and disabled.
- Indiana's current reimbursement methodology, while very complex, does reflect annual increases to the costs of providing care and services to Indiana's aged and disabled. It also adjusts cost based upon resident acuity. This acuity adjustment can go up or down, but often goes up as patient acuity is on the rise.
- The costs of care and services, however, are not recognized in full and there are a number of components to the reimbursement rate where costs are limited or completely disallowed. For example, Over the Counter (OTC) medications are required to be supplied to a resident at the facility's cost, but those medications can only be counted as an allowable cost if the medication is on the Medicaid OTC formulary. If the medication is not on the formulary, it is not an allowable cost no matter the medical necessity. There are many other examples of costs that are limited, disallowed, or otherwise reduced.
- Indiana also has one of the most robust pay-for-performance programs in the nation, the Value Based Purchasing program. A combination of survey inspections, staffing retention and turnover, and nursing hours per resident day can lead to an add-on of up to $14.30 ppd - approximately 8% of the average rate. This system should be continued, but refined to make it more effective with achieving desired high resident outcomes.
- Care models are changing. Residents are being admitted to nursing facilities later in life and with more complex medical conditions. Therapy services are an integral part to ensuring that a resident attains and maintains the highest practicable physical, mental, and psychosocial well-being. The goal to treat, rehabilitate, and return a resident to their home or other community based setting has been a goal, but is quickly becoming a top focus of policy makers across the country and here in Indiana.
- Discussions are occurring right now, contemporaneously with the development of this report, that are aimed at rebalancing Indiana's spend on long term services and supports so that a higher percentage is spent in home and community based services than are spent in that area today.
- In addition, another simultaneous discussion about improving our VBP add-on is taking place. The first meeting of the reconstituted Clinical Expert Panel meets tomorrow, February 27, 2015. Ensuring that the work of that panel focuses on simplification and operationalization of quality incentives is important to achieve change in a very complex resident care environment.
- As Indiana moves forward in exploring changes to reimbursement methodology, it should keep in mind the following:
    1. The Medicaid base rate must be adequate to ensure facility operations. Federal supplemental payment streams cannot be relied upon for long term planning.
    2. Frequent and periodic rebasing of rates based upon cost and acuity. Stagnation has been seen in other states that have set rates based on historical costs, but have failed to keep current rates in line with current costs.
    3. Simplification of reimbursement methodology.

4. Focus on quality outcomes, with an eye toward clinical outcomes, that can be operationalized by nursing facilities. If a measure for quality, or incentive to achieve that measure, cannot be operationalized then it will not meet the policy objective as facilities will struggle with implementation or, perhaps, ignore it all together.

Construction Management Policies

- Moratorium on construction of most new nursing facilities is necessary. Indiana is over-bedded at a time when nursing facility admissions are flat or declining, and when the state and federal governments are designing policies to ensure care is delivered in less expensive community based settings and only using skill nursing when absolutely necessary. Growth in the resident population due to the baby boomer generation is at least 10 years away, and by that time the care landscape will look entirely different than it does today.
- CON may not be the best tool, but it would allow for growth when necessary.
- SB 460 is being considered by the Indiana General Assembly and we encourage the administration's support of the bill.

Cost and Benefits to State Budget and Medicaid for Building Additional Nursing Facilities

- This agency, along with ISDH and OMB, already calculated an estimate on the impact to the Medicaid program for the growing capacity of skilled nursing services in Indiana – approximately $25M for every 4.4% decrease in occupancy. We do not expect resident volume or utilization to increase in the coming few years, and the baby boom generation will not hit for at least another 10 years and when it does it will be under significantly different reimbursement methodologies.
- Whatever the short term benefits may accrue to Indiana's budget through irresponsible growth in nursing facility capacity, the short, medium and long term negatives to existing providers and patients is paramount. We cannot ignore that existing providers care for the lion's share of Medicaid patients, whereas most new facilities cater to the highly profitable Medicare patient. This trend cannot continue for too long without further straining the already challenged labor market and resident population.
- Growth is being seen in the residential care (licensed assisted living), unlicensed assisted living, and Independent Living. Focusing state policy on the development of these community based settings and reimbursement for care at earlier points in time is important.

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February 24, 2015

Ms. Yonda Snyder
Director, Division of Aging
Indiana Family and Social Services Administration
402 W Washington Street
RM W454
Indianapolis, IN 46204

Dear Ms. Snyder,

Thank you for this opportunity to provide public comment regarding the Indiana long-term services and supports (LTSS) report required by HEA 1391 passed by the 2014 Indiana General Assembly. Indiana's Area Agencies on Aging (AAAs) desire to assist you and your team in any way possible regarding the successful completion of the analysis required by the report. We hope that you will not hesitate to call on us should further contribution be helpful.

Further below, and per HEA 1391, we will offer comment on the following:

1. A review of all current long term care services available in Indiana, including regulated and unregulated methods of service delivery.
2. An analysis of past policies implemented in Indiana and other states' approaches to serve individuals in a home and community based setting more efficiently and cost effectively, including through the use of emerging technologies, including telemedicine and remote patient monitoring.
3. An analysis of demographic trends by payor source, and demand and utilization of LTSS options statewide and by county or other geographic setting.
4. An analysis of program and policy options for LTSS where demand exceeds current capacity for providing the services.

However, we would first urge your consideration of six topic areas related to LTSS which represent significant opportunity areas for Indiana investment, coordination and collaboration, relative to increasing demand and currently existing or anticipated deficits in supply of these services and supports. We also believe these areas speak to the critical need for a robust ADRC and Options Counseling system. These areas include:

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1. Dementia- and Alzheimer's-related Services and Supports

According to the 2012 Behavioral Risk Factor Surveillance System conducted in Indiana, 11.5% of adults 45 and older reported that they were experiencing confusion or memory loss that was happening more often or was getting worse. Further, the Alzheimer's Association estimates that approximately 16% of persons with Alzheimer's disease live alone. A rough extrapolation of these population estimates for Indiana suggests a significant increase in Hoosiers living alone with cognitive impairments such as Alzheimer's and other dementia related conditions. These persons will not only pose a danger to themselves, but they will also more than likely have one or more other chronic conditions whose management will be exacerbated by dementia. This will also place an increasing strain on formal and informal caregivers.

Year	Indiana Population Estimate 45 +*	Memory Problems (11.5%)	Living Alone (16%)
2010	2,557,019	294,057	47,049
2025	2,953,718	339,678	54,348
2045	3,185,287	366,308	58,609

2. Caregiver Supports (AARP Economic Cost of Caregiving)

In its Economic Value of Caregiving Report, 2011 update, AARP estimates that 14% of Indiana's population is informally caregiving at any one time, and that 21% of the Indiana population is caregiving annually. With the projected increase in Indiana's older adult population, we will see a growing number of informal caregivers on whom Indiana's LTSS system rests. Support for these caregivers is crucial if Indiana is to appropriately care for its older adults and persons with disabilities. Following are some rough estimates of the numbers of Indiana caregivers through 2045.

Year	Indiana Total Population Estimate*	Number of Caregivers Any One Time (14.27%)	Number of Care Givers Annually (20.97%)
2010	6,483,802	925,103	1,353,317
2025	7,011,039	1,000,329	1,463,363
2045	7,407,660	1,056,918	1,546,147

3. Transportation

Availability of safe and affordable transportation is a critical component to aging in one's own home and community. However, according to the 2013 Indiana CASOA survey, fully one quarter of adults aged 60 and older had problems accessing safe and reliable transportation. At the same time, state appropriations to the Public Mass Transportation Fund have significantly decreased. Following are some rough estimates regarding older adults with transportation needs through 2045.

Year	Indiana Total Population Estimate 60+*	Problems with Transportation (25%)
2010	1,191,736	297,934
2025	1,737,640	434,410
2045	1,912,309	478,077

4. Older Adult Health Promotion and Prevention

The Affordable Care Act is changing the face of American healthcare. Payment reform measures seek to transform the healthcare system into one that maintains good health as opposed to one that fixes or ameliorates bad health. To this end, demand for prevention services will increase. These include the CDC's compendium of evidence-based health promotion interventions for older adults that address falls, diabetes, obesity, physical activity, arthritis, mental health and substance abuse, medication management, caregiving, etc. Further innovations in healthcare are targeted to preventing hospital and nursing facility admission and readmission.

At the same time, funding for health promotion for older adults is extremely limited. Only some interventions qualify for third-party reimbursement such as Medicare. Others must be funded through federal, state and private grants.

Prevalence data suggests an increasing demand for these services. For example, falls in Indiana area a major concern. CDC reports on falls prevalence suggest that the number fatal and non-fatal fall injuries in persons 60 years and older will increase over the next 20 years. Following are some rough estimates regarding the incidence of falls through 2045.

Year	Indiana Total Population Estimate 60+*	Non-Fatal Fall @ 4,863 per 100,000 rate	Fatal Fall @ 42.84 per 100,000 rate
2010	1,191,736	57,954	511
2025	1,737,640	84,501	744
2045	1,912,309	92,996	819

5. Elder Abuse, Neglect and Financial Exploitation

The 2010 National Elder Mistreatment Study estimated that 1 in 10 persons aged 60 and older will experience abuse or neglect and an estimated 5.2% will fall victim to financial exploitation. We applaud the Division of Aging's ongoing efforts to reform the Indiana Adult Protective Services system. We encourage continued outreach to and engagement of additional partners in promoting comprehensive elder justice initiatives, including follow-up to the statewide Elder Justice Convening that IAAAA co-sponsored with the Division of Aging with June 2014, and engagement of IAAAA's Senior Medicare Patrol program as a resource for the prevention of financial exploitation. Following are some rough population estimates regarding older adult abuse, neglect and financial exploitation through 2045.

Year	Indiana Total Population Estimate 60+*	Abuse and Neglect (10%)	Financial Exploitation (5.2%)
2010	1,191,736	119,174	61,970
2025	1,737,640	173,764	90,357
2045	1,912,309	191,231	99,940

6. Mental Health and Aging

The CDC published its State of Mental Health and Aging in America report in 2008, stating that 20% of adults aged 55 or older has a mental health concern. Given the new coverage parity requirements of third-party payors for physical and mental health services, and expansion of Medicaid and insurance coverage in general, payor sources for treatment services are now less of a concern. A major limiter of access to services, however, is that growth in the clinical workforce is not keeping pace with the needs of the population at large or related to the special needs of older adults. Following are some rough estimates regarding older adults with mental health concerns through 2045.

Year	Indiana Total Population Estimate 55+*	Mental Health Concern (20%)
2010	1,610,251	322,050
2025	2,142,279	428,456
2045	2,321,690	464,338

*Note: * all population estimates from Stats Indiana.*

We hope that highlighting the above topic areas in the HEA 1391 will help to raise awareness in the Indiana General Assembly of the challenges Indiana is facing in assuring appropriate support for its aging population over the next 20 years.

Per the requirements of HEA 1391, we offer the following comments in contribution to the analysis required by the report.

1. A review of all current long term care services available in Indiana, including regulated and unregulated methods of service delivery.

    - AAAs are aware of continuum of LTSS in Indiana, including home and community-based services (HCBS), family and informal caregiving, consumer directed care, adult family care, structured family care giving, assisted living and nursing facility.

- The HCBS that Indiana supports includes but is not limited to:
  - Adult Day Services
  - Adult Family Care
  - Assisted Living
  - Caregiver Support and Respite
  - Case Management
  - Consumer Directed Care
  - Elder Abuse Prevention
  - Emergency Response Systems
  - Financial/Resource Counseling
  - Home Health Services
  - Home Repair & Modifications
  - Housing Options
  - Information & Referral
  - Legal Assistance
  - Options Counseling
  - Secure Medication Dispensers
  - Structured Family Caregiving
  - Nutrition Services
  - Personal Attendant Care
  - Transportation
  - Vehicle Modifications

- Distribution of HCBS and other LTSS is uneven across the state because of lack of willing providers, third-party payors and/or other financial subsidies.
- AAAs are aware that unregulated service providers are trying to enter the marketplace in response to the increasing demand for LTSS. For example, not all assisted living facilities require licensing. Another concern is new providers that are unaware of regulations to which they may be subject. Finally, there are providers that will try to push on the boundary of regulation. These may all result in negative outcomes such as inappropriate assessment of needs and overall health and safety issues.
- For these same reasons, there is a movement within the adult day service industry to increase regulatory standards.
- There is concern regarding lack of standardization across the state regarding ombudsman services. We would appreciate your comments as to whether the new federal rule for ombudsman services will address this lack of standards.
- There is concern regarding lack of standardization and minimum professional requirements regarding adult guardianship services. We note that there are groups such as the National Guardianship Association that offer certification for individuals, suggest standards for agencies, etc. The Council on Accreditation offers an accreditation for guardianship services, however, we would not support a blanket requirement for full accreditation.
- There is concern regarding lack of regulation, or inconsistent regulations, regarding the reverse mortgage industry and other financial products that may target older adults. AAAs note that even family and friends can offer informal reverse mortgage relationships which would fly under the radar of regulation. While not all of these situations arise out of bad intentions, they do shed light on an area that may be ripe for the financial exploitation of seniors.

2. An analysis of past policies implemented in Indiana and other states' approaches to serve individuals in a home and community based setting more efficiently and cost effectively, including through the use of emerging technologies, including telemedicine and remote patient monitoring.

- Following are LTSS policies implemented in the past that are working well:
  - Implementation of the CHOICE program which can meet the needs of persons that are not as sick or poor as required by Medicaid Waiver.
  - The open waiting list status for the A&D Waiver.
  - The implementation of the Community Living Program pilot.
- Following are LTSS policies implemented in the past that worked well, but are not currently available:
  - Non-reversion of CHOICE funding in the state budget. This was effective for assuring continuity of care for consumers.
  - A&D Waiver match previously had its own line item in the state budget rather than a diversion of CHOICE funding. Restoration of the separate line item and leaving the CHOICE appropriation intact would increase opportunities for Hoosiers in need of LTSS that do not qualify for Medicaid Waiver.
  - In the past, there has been greater flexibility in management of the AAA budgets including a greater ability to move funds as needed to meet local demand.
  - In the past, AAAs were allowed to set rates for CHOICE services that were reflective of local conditions.
- Following are LTSS policies authorized but not fully implemented in Indiana:
  - Fully defined, supported and funded Options Counseling as a long-term care service is necessary to help consumers meet growing LTSS needs.
  - There is a consensus in Indiana that current requirements for nursing facility pre-admission screening are not fully realizing their potential for diversion to HCBS or reducing length of stay. Indiana AAAs fully support reform of the system into one that focuses on Options Counseling, including the sunset of pre-admission screening requirements in the Indiana Code at such time a robust Options Counseling is defined and implemented.
  - SEA 493 as passed 2003 Indiana General Assembly required an explicit calculation and re-investment of savings from diversion from nursing facility care into HCBS, but FSSA never fully implemented these requirements.
- Following are LTSS policies in other states which merit exploration to determine potential benefits for Indiana:
  - In California, LTSS ombudsmen have the ability to levy fines, putting more teeth into their role of ensuring regulatory compliance.
  - In Ohio, counties may impose a local property tax assessment for senior services. This results in more fully funded HCBS and greater AAA capacity for innovation.
  - In Oregon, there is a legal entitlement for HCBS on par with entitlement to nursing facility care.

- Following are services in support of LTSS that make use of technological advances which merit exploration to determine potential benefits for Indiana:
    - There is a market developing for a return to physician and advanced practice nurse "house calls" for medical evaluation and treatment. These are of great benefit to home-bound persons, persons located in rural areas and persons lacking transportation. In Indiana, a model targeted to older adults is found in Marion County's Eskanazi Health system: www.eskenazihealth.edu/our-services/senior-care/house-calls-for-seniors. This model is also being implemented through private practices in Indiana, but services seem to be limited to highly populated areas in Central and Northern Indiana.

3. An analysis of demographic trends by payor source, and demand and utilization of LTSS options statewide and by county or other geographic setting.

    - As described above, the entire healthcare system is transforming in response to the Affordable Care Act toward health maintenance and prevention. However, funding sources that support evidence-based older adult health promotion programs, such as Older Americans Act Title III-D, are limited. The new Title III-D requirements for highest-tier evidence-based programming further limits flexibility. We believe there are opportunities for partnerships with other state agencies such as the Indiana State Department of Health, and with organizations outside of state government such as health systems, that can enhance the capacity of the services Area Agencies on Aging are already providing around the state.
    - In the future, we believe that demand for services by a more affluent and educated population of older adults will increase relative to demand from lower-income older adults. However, the sources of funding flexible enough to serve a middle-income population, namely Title III and SSBG, are shrinking in Indiana.
    - As stated above, there are not enough providers and services of all types available in rural areas. Lack of flexibility to invest in alternatives that meet community needs contributes to this shortage. For example, aging policies regarding contract requirements, rate setting, requirements to be a Medicaid provider, etc., are often administered in a "one-size-fits-all" way that doesn't account for geographic differences, particularly the needs of rural areas.
    - We are aware there is a statewide shortage of facilities and providers for persons requiring a ventilator.
    - We are aware there is a statewide shortage of facilities and providers for persons with traumatic brain injury. Lack of promulgation of licensing standards by ISDH contributes to this shortage.

4. Program and policy options for LTSS in which demand exceeds current capacity for providing those services.

    - Fully defining, supporting and funding Options Counseling as a service would help to slow demand for other state funded services. Options Counselors across the state help to connect consumers with their own resources, family resources, and other community-based resources to meet their LTSS needs.

- Increased flexibility in funding and policy, both at the state level in the management of LTSS systems, and at the local AAA level in program and funding management, could serve to ameliorate unmet demand issues. Two examples at the state level that merit exploration include global budgeting between HCBS and institutional care for LTSS and shifting SSBG funding administration to FSSA so that it may more broadly benefit Hoosiers of all ages.
- The Community Living Program pilot addresses some of the concerns regarding flexibility, and we sincerely appreciate the full-hearted support the Division of Aging continues to show for the pilot.

Thank you again for inviting Indiana AAAs to be of assistance in completing the requirements of the HEA 1391 report. We hope the report serves to forward Indiana's climate for LTSS and look forward to the opportunities for ongoing innovation and collaboration that may result.

Respectfully submitted,

Kristen S. LaEace
CEO

LeadingAge™
Indiana

HEA 1391 Report, Part 2 Comments

Thank you for the opportunity to provide comments as you begin your work on the HEA 1391 Report, Part 2. LeadingAge Indiana, IHCA, and HOPE have been working with Medicaid on a 5-8 year plan for nursing home reimbursement and other components of the long term services and supports system in Indiana and have provided recommendations for consideration in this planning process. These recommendations address many of the issues identified for your recent public hearing and have been attached for your consideration.

As I understand the purpose of the hearings, the Division is interested in identification of any data sources, research, and other information that will help in addressing the issues identified and if there are any other areas that should be included for consideration.

Based on the areas noted in the public hearing notice, here are some resources that could be useful:

- http://www.leadingage.org/CAST.aspx - The Center for Aging Services Technology is part of our national affiliate, LeadingAge. The LeadingAge Center for Aging Services Technologies (CAST) is focused on development, evaluation and adoption of emerging technologies that will transform the aging experience. As an international coalition of more than 400 technology companies, aging-services organizations, businesses, research universities and government representatives, CAST works under the auspices of LeadingAge, an association of 5,500 not-for-profit organizations dedicated to expanding the world of possibilities for aging. They can be a great resource on the issues of telehealth and remote patient monitoring. I can connect them to you for any specific information you might need.
- http://www.leadingage.org/Center_for_Housing_Plus_Services.aspx - This is another center at LeadingAge dedicated to how affordable housing and services can be integrated. Changing the balance between institutional and home and community based services will require that affordable congregate senior housing is more available. These settings are not only attractive to seniors but also provide an efficient platform for service delivery. LeadingAge and LeadingAge Indiana represent the nonprofit HUD 202 affordable housing projects in the US and Indiana. I can connect you to resources at this center for more information, experiences in other states, and advice.

Other areas to specific attention or research would be:

- Eligibility determination for the Medicaid Waiver in assisted living. The time frame for eligibility needs to be a lot quicker through presumptive eligibility or other mechanisms. This is a particular need for persons who spend down in assisted living. Another option is

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determining if there is a way to pay back to the date of application for assisted living instead of the date of eligibility.

- You might look at the Housing with Services Establishment program in Minnesota for ideas on expanding options in congregate settings. I can put you in touch with staff at our affiliate in Minnesota.

- Scrapping preadmission screening and replacing it with a more targeted and effective options counseling approach will be critically important in rebalancing the system. While making people aware of the availability of options counseling while in the hospital is important, it is often too early to determine what setting will eventually be most appropriate for them. If they are going into a SNF for a Medicare stay, this seems to be the most appropriate time for targeted options counseling, especially for Medicaid beneficiaries.

I hope this is helpful and look forward to being part of the planning process. Please let me know how I can be of assistance.

Jim Leich, President/CEO
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Aging and In-Home Services of Northeast Indiana, Inc. (Area 3)
2927 Lake Avenue
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HEA 1391 Comment:

Aging & In-Home Services of Northeast Indiana, Inc encourages the funding of Indiana's Aging & Disability Resource Centers (ADRC) to allow for capacity building and development of a No Wrong Door (NWD) System. Often seniors, disabled individuals and their caregivers are left on their own to navigate confusing medical and long term services and supports systems (LTSS). The ADRC system offers unbiased information, referral, counseling, and assessment to these individuals so that they can make informed decisions. Indiana has long been on the forefront of the ADRC movement nationally. As Indiana's population ages, the volume of contacts to ADRCs is increasing. There is a need to add capacity to the ADRCs to assist consumers in interfacing with the LTSS system. Building ADRC capacity through upgrading skills, training, public outreach, and streamlined access to public programs will also move Indiana forward in the development of a NWD system and provide Indiana's residents the assistance needed to access LTSS programs.

Family Caregivers have long been the backbone of long-term care in the United States. The support provided to caregivers through the National Family Caregiver program and other LTSS programming has allowed caregivers to continue to provide caregiving for a longer period of time than if they did not have the support available. In turn, care recipients have been able to stay in the community for a longer period of time. Costs for caring for an individual in the community are significantly lower than the cost of institutionalization. Many evidenced based programs (EBP) that focus on supporting caregivers in the community have been developed. Promoting the adoption of EBP throughout Indiana's aging network provides optimal assistance to caregivers, proven outcomes and a higher quality of life for caregivers and care recipients. Please consider a statewide approach to offering EBP to caregivers to better meet their need for community resources and help reduce their stress related to caregiving.