

After the Evaluation: Cash and Counseling's Policy Impact

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CCDE Required “1115” Waivers

- The Cash and Counseling Demonstration and Evaluation required special Medicaid research and demonstration “waivers.”
- Needed for direct “cash” payments. Also to allow spouses and parents of minors to be paid caregivers.
- “1115” waivers difficult to get. “Budget neutrality” requirement onerous; formula hard to negotiate. OMB must agree. Took two years (approved 10/98), even with considerable CMS assistance.

Centers for Medicare and Medicaid (CMS) Independence Plus Initiative

- In May 2002, just as early findings from AR becoming available, HHS Secretary Tommy Thompson announced CMS' "Independence Plus" Initiative, creating a new process to streamline approvals of waivers for states to offer "cash and counseling" alternatives to traditional Medicaid PCS/HCBS.
- CMS had some success with approving "c" waivers" in lieu of "1115" waivers. No "budget neutrality" requirement.

Independence Plus “c” waivers

- Independence Plus 1915 (c) waiver: a “stand-alone” waiver that enabled states to offer what CMS termed “budget-authority” self-direction.
- Over the next two years, seven states received these waivers.
- Most small, less than statewide, and MR/DD only.
- 2004 Independence Plus (Real Choice/Systems Change) grants also encouraged states to develop Independence Plus waiver applications and program infrastructure. <http://hcbs.org/files/130/6482/IPpaper.pdf>

Mainstreaming “Cash and Counseling” in HCBS Waivers

- By 2005, CMS had further simplified the “c” waiver approval process for self-directed services -- separate Independence Plus waiver no longer required.
- Major breakthrough – states could incorporate the “budget authority” (cash and counseling) option into any or all of their HCBS waivers.
- For states that could use “c” waivers instead of “1115” waivers, Medicaid legislative change no longer necessary. Many states have amended their “c” waiver programs to offer the option.

But “c” waivers could not always substitute for “1115” waivers

- Incorporating cash and counseling into a “c” waiver wouldn’t work for states where personal care was covered under the state plan, not waiver HCBS. (e.g. AR and NJ).
- A little over half the states provide personal care services under the optional state plan benefit.
- About half of all elderly and younger physically disabled adults who receive Medicaid-funded personal care are covered under state plan PCS, not HCBS waivers.
- Also would not work for states that gave program participants even a portion of their allowance “in cash” (AR, NJ, FL) or allowed spouses or parents of minor children to be paid caregivers (NJ, FL).

2005 Deficit Reduction Act

Removed Need for “1115” Waivers

- The goal of a successful “1115” demonstration is to get legislative change so that special research waivers are no longer needed.
- Terry Pratt (CMS) has pointed out that in the past three decades only three “1115” waiver programs involving long-term care have accomplished this goal: Medicaid hospice, PACE, and Cash and Counseling.
- The evaluation component of the Cash and Counseling demonstration was influential. House Energy and Commerce held hearings in June 2005 and Alliance for Health Reform sponsored a well-attended Hill briefing in July 2005.

DRA Enacted in November 2005

- The DRA included several provisions to promote expanded availability of Medicaid HCBS, generally, and consumer-directed services, in particular. Effective 1/1/2007.
- 1915 (j) “cash and counseling” service delivery option --- 5 states now have approved 1915 (j) state plan amendments: 3 CCDE states, OR, and AL.
- 1915 (i) HCBS state plan optional benefit, available to beneficiaries not eligible for institutions --- may be consumer-directed. Won’t work for “cash and counseling” but can work for consumer-directed mental health recovery.

CCDE States: Where are they Now?

- A successful demonstration & evaluation does not automatically translate to sustainability and growth.
- All three states experienced setbacks during the post-CCDE phase, particularly so in the immediate aftermath and prior to the DRA.
- CCDE states had to re-negotiate their “1115” waivers to drop random assignment. Barbara Phillips, former senior researcher at MPR worked with states and Ed Hutton at CMS to develop budget neutrality formula.

Successes and Challenges--AR

- Arkansas satisfied CMS measure of “budget neutrality” throughout the 9 years that Independent Choices operated under “1115” waivers.
- AR achieved \$1.86 million in savings during the first waiver period (1999-2003) and \$3.39 million in savings during the second waiver period (2004-2008).
- The take-up rate in AR grew from 4.6% of those eligible to 11% (largely through “word-of-mouth”).
- AR’s main setback was having to “de-certify” the larger of its two fiscal/counseling agencies shortly after the RWJF grant ended and build new support services infrastructure.

Successes and Challenges– N.J.

- New Jersey's Personal Preference program met budget neutrality throughout the 9 years under "1115" waiver authority, although savings were greater in earlier than in later years.
- When CCDE data collection ended, N.J. suspended enrollment pending renegotiation of the "1115" waiver to drop random assignment. This took almost three years.
- N.J.'s main challenge has been staff shortages: can only enroll 30 new program participants per month --- so there is typically a wait to get on the program.

Successes and Challenges-FL

- Florida struggled to meet the “1115” budget neutrality test with respect to costs for MR/DD children and adults. (The majority of Consumer Directed Care Plus participants were from the MR/DD waiver programs).
- CMS extended FL’s “1115” waiver after the evaluation ended and allowed control group members to access consumer-directed budgets – but FL was not allowed to enroll any new participants until CDC+ could demonstrate budget neutrality.
- Florida was not able to prove budget neutrality until 2007.

Successes and Challenges - FL

- FL's story illustrates the difficulty of rolling out a new program in the context of major changes affecting the entire ITC system. Costs in all Florida's MR/DD waiver programs (30,000+ average monthly caseload) grew by 256% from 1999-2000 through 2006-2007.
- Over time, cost increases were less in CDC+ than in the traditional HCBS "c" waivers from which participants came.
- In January 2008, the APD Administrator wrote to CDC Plus participants to thank them for using their funds prudently and she credited CDC + with having saved the state \$7.6 million over the previous five years.

Future of Cash and Counseling in Medicaid

- Medicaid no longer has federal statutory or regulatory barriers that prevent states from taking up the option.
- Most states use “c” waivers, fewer using DRA 1915 (j) option.
- New states still face implementation challenges and can benefit from the experience of the original and second generation replication states and from technical assistance available from Boston College.