



Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

December 27, 2011

Michael Marshall
Secretary of Senate
State Capitol
LOCAL

Charlie Smithson
Chief Clerk of the House
State Capitol
LOCAL

Dear Mr. Marshall and Mr. Smithson:

This report to the General Assembly was prepared pursuant to the directive contained in Senate File 2267.

Iowa Medicaid Enterprise (IME) staff was tasked with making recommendations to the Iowa Legislature regarding funding of Home and Vehicle Modification (HVM) services under the Elderly Waiver (EW) through the HCBS program. **HVM services are those physical modifications to the member's home or vehicle that allow members to reside safely in their own homes so that they are not placed in nursing facility care at Medicaid expense.** Examples of HVM would include items such as bathroom modifications for safety bars, wheelchair lifts for vans, wheelchair ramps into the home, etc.

To complete this report, the IME staff convened a committee comprised of provider representatives who serve the elderly population throughout Iowa.

2010 Census Data

The recent release of 2010 census data indicates that:

- Nearly 15% of Iowans are over age 65: 5th highest percentage in the nation
- Nearly 2.5% of Iowans are over age 85: tied for highest percentage in the nation

As Iowans age, they experience increased need for services that will allow them to remain in their own homes longer and more safely.

Background

The Iowa Medicaid program includes seven Home and Community Based Waivers (HCBS). The HCBS Waivers are all designed to provide supportive services that allow an individual to remain in their own home rather than having to be served in an institution. The services include assistance with bathing and dressing, meal preparation and delivery, services that allow a person to be safe (such as personal alarms in case of falls), HVM, and individual supports for persons with disabilities, such as employment supports. All seven provide similar types of services, but the specific types of services covered and limits on the benefit

vary by waiver due to the needs of the population served and historical policy and budget decisions. The five waivers that include HVM are described below:

- Elderly Waiver (EW) serves members over age 65 who meet the criteria for nursing facility admission. This population can include members from other waivers once that member reaches age 65.
- Intellectual Disability (ID) Waiver serves members with a diagnosis of mental retardation or a related condition.
- Brain Injury (BI) Waiver serves members with a diagnosis of a brain injury and are under age 65.
- Ill & Handicapped (I&H) Waiver serves members who are blind or disabled and are under age 65.
- Physical Disability (PD) Waiver serves members who have a physical disability, are blind or disabled, and are under age 65.

Five of the waivers include coverage for HVM. The coverage for HVM varies in each waiver. The chart below shows the coverage and limitations in each of the waivers where HVM is included:

Chart Comparing HVM under the HCBS Waivers

Waiver	Yearly HVM Maximum	Lifetime HVM maximum	*Encumber of 12 months?	**Number of HVM units paid	**Average cost per unit	**Number of Members Enrolled	Maximum monthly funding per waiver member
Elderly	None	\$1,010.00	Not allowed	484	\$251.94	11,881	\$1,117.00 NF \$2,631.00 SNF
Intellectual Disability	None	\$5,050.00	Not needed	130	\$1,578.00	11,674	No monthly maximum
Brain Injury	\$6,060.00	None	Allowed	88	\$2,384.00	1,223	\$2,812.00
Ill & Handicapped	\$6,060.00	None	Allowed	282	\$2,191.00	2,913	\$904.00 NF \$2,631.00 SNF \$3,203.00 ICF/MR
Physical Disability	\$6,060.00	None	Allowed	80	\$1,261.00	1,052	\$659.00

*Encumber = to spread the cost of a modification over a 12 month time period. If the cost of the modification plus the regular monthly services exceeds the waiver maximum, then the modification cannot be funded. But if there is room in the monthly budget to allow for a portion of the modification charges, then encumberment would allow for the modification.

** Data from 7/1/10-6/30/11

Current Status of HVM

Currently 5 of the 7 waivers include coverage for HVM, but the yearly or lifetime maximums vary greatly between the waivers. (Please refer to the above chart for specifics.)

- Three waivers have no lifetime maximums and allow up to \$6,060 of HVM per year that the member is enrolled in the waiver.
- The ID Waiver has no yearly maximum but does allow a lifetime maximum of \$5,050.
- HVM under the EW is funded at a far lower rate than the other waivers with a lifetime maximum of only \$1,010.
 - Because of the lower amount of funding, Iowa seniors do not have equal access to modification services that would otherwise be available to them under the other waivers.
 - Without these services, many of these members may require nursing facility placement at Medicaid expense.

Waiver Prior Authorization

At the earlier direction of the Legislature, the IME instituted a prior authorization process for all HVM to be purchased through HCBS. During this authorization process, the IME staff reviews the member's needs, the proposed modification, and submitted bids to ensure that the services to be provided are:

- Medically necessary,
- Covered under HVM, and
- Cost effective.

This process has been very beneficial in making sure that needs are met in the most cost effective manner.

Elderly Waiver HVM Purchases

Data indicates that Elderly Waiver members request modifications that are of a lower cost than those requested under the other waivers. (Please see above chart.) Under the Elderly Waiver, requests for services costing around \$1,000 (close to the lifetime limit of \$1,010) are not uncommon. The average HVM cost per HVM request is \$251.94.

HVM services most frequently requested through Elderly Waiver include:

- Ramps for use with wheelchairs and walkers
- Internal and external railings
- Bathroom modifications, grab bars, high rise toilets, bath tub cuts, walk in showers, hand held shower heads, bath chairs and toilet safety frames

National Initiatives regarding HCBS

Several current national initiatives also have input into the discussion of low funding for EW HVM.

- The Olmstead Act requires states to put into place more services that can allow individuals to stay at home instead of requiring institutional care. The State of Iowa

is actively undertaking steps to increase those services needed to allow individuals to remain part of their local community.

- The federal Centers for Medicare and Medicaid Services (CMS) are also stressing the Rebalancing Incentive Program as a way to help fund states who are striving to reduce the number of facility placements.

Recommendations

The committee is making the following recommendations:

- The IME staff should initiate a rules change to the Iowa Administrative Code that would allow HVM to be encumbered under the Elderly Waiver. Encumbrment allows the cost of a modification to be spread over a 12 month time period and is currently used for the other waivers with monthly waiver maximums. This recommendation would allow modifications that are under the EW lifetime threshold to be undertaken more quickly and with less administrative burden on provider and state staff. This recommendation is expected to have a minimal impact on the costs to the waiver, as many of these items are already approved by the department through exception to policy. This action can be initiated even if the lifetime maximum remains at \$1,010.00 and does not require legislative action.
- Legislative action to increase the lifetime funding level for HVM under the Elderly Waiver to \$5,050.00. This increase would allow many more members to access those modifications that would allow them to remain in their own homes. The committee felt there was no need for EW members to have access to the BI, I&H, and PD yearly maximum of \$6,060.00 per year. The HVM needs of most EW members do not rise to this amount of expense.

Cost Estimate

The IME has estimated the annual cost of this change to be between \$169,720 (state funds) to \$355,428 (state funds). This estimate is based on the following assumptions:

- The recommended increased cap of \$5,050 is equal to the current lifetime cap in the Intellectual Disabilities waiver. The utilization and cost of services under this waiver is a valid point of comparison.
- The average cost per unit paid under the ID waiver is \$1,578.00.
- The workgroup heard commentary by some stakeholders that case managers may not be offering the service to members because of the low limit. We assume that if the limit were increased significantly, as recommended, the usage of the service would increase by 50% to 100%.
 - Cost for EW HVM in FY 2011 was \$121,939.
 - If the number of units paid increases by 50% and 25% of the total units are paid at the ID waiver rate, the estimated yearly cost to EW would be \$422,925 (total funds); \$169,720 (state funds).

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- If the number of units paid increases by 100% and 50% of the total units are paid at the ID waiver rate, the estimated yearly cost to EW would be \$885,691 (total funds), \$355,428 (state funds).

Sincerely,



Jennifer Davis Harbison
Policy Advisor

cc: Governor Terry E. Branstad
Senator Jack Hatch
Senator David Johnson
Representative David Heaton
Representative Lisa Heddens
Legislative Services Agency
Kris Bell, Senate Majority Staff
Josh Bronsink, Senate Minority Staff
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