Six Themes from the Survey

• Aging and Disability Director Tenure Remains Short
• Agency Restructuring Slowed Compared to Past Years
• States Continue to Implement and Expand Managed Long-term Services and Supports
• Major Regulations are Significantly Impacting HCBS and LTSS Systems
• Service Demands Continue to Increase, Resulting in Strained Funding
• Elder Justice Services Remain a High Level of Need
Theme 1:

Aging and Disability Director Tenure Remains Short
Aging and Disability Directors are largely political positions

[Bar chart showing the percentage of directors appointed by different methods: Gubernatorial appointment, hired by higher ranking official within the agency/department, appointee of a board or commission, and other.]
Percentage of State Agency Staff Eligible for Retirement During the Next Five Years

Percent of States

- Less than 5%
- Between 5% and 10%
- Between 11% and 15%
- Between 16% and 25%
- More than 25%

Year:
- 2011
- 2012
- 2014
- 2015
Theme 2:

Agency Restructuring Slowed Compared to Past Years
Reorganizations focused on internal restructuring rather than large-changes
Populations Served by State Agencies

- Older Adults: 100%
- Individuals with Physical Disabilities: 80%
- Individuals with Intellectual/Developmental Disabilities: 30%
- Individuals with Traumatic Brain Injuries: 30%
- Individuals with Mental Illnesses: 10%
- Individuals with Substance Use Disorders: 10%
Roles of State Directors

(Percent of State Responses)

- Manage relationships (with aging and disability partners, legislators, other agencies): 100%
- Set state aging policy: 100%
- Set state disability policy: 33%
- Set state long-term services and supports policy: 59%
- Manage internal operations of State Agency: 96%
- Manage external operations of State Agency: 71%
- Strategic planning: 98%
- Other, please specify: 12%
Theme 3:

States Continue to Implement and Expand Managed Long-term Services and Supports
Medicaid Managed LTSS continues to expand

In Operation
Under consideration
Do not plan to implement

2014
2015
Current statewide MLTSS program

Current regional MLTSS program

Duals demonstration program only

MLTSS under consideration for 2016 or later

Sources: NASUAD Survey; Discussions with States; CMS data
State has an approved program and has begun delivery

State with approved proposal that has not begun delivery

State with demonstration proposal pending at CMS

State that has withdrawn demonstration proposal

*The Minnesota demonstration involves administrative alignment but does not include payment or service delivery innovations
Fewer States reported plans to expand MLTSS geographically
MLTSS still largely targets seniors and persons with physical disabilities

Populations included/proposed to be included in MLTSS

Number of States

- Older Adults
- Physical disabilities
- ID/DD
- Traumatic brain injuries
- Children with disabilities
- Behavioral health conditions
- Autism
- Other

Expansion of Existing Program
Planned Program
Current Program
MLTSS generally (but not always) focuses on fully integrated benefits

Percent of States including Selected Services in MLTSS

- Medicaid primary and acute care
- Medicaid home and community based services
- Nursing facility services
- Self-directed services
- Medicare primary and acute care services

<table>
<thead>
<tr>
<th>Service</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid primary and acute care</td>
<td>70%</td>
</tr>
<tr>
<td>Medicaid home and community based services</td>
<td>90%</td>
</tr>
<tr>
<td>Nursing facility services</td>
<td>80%</td>
</tr>
<tr>
<td>Self-directed services</td>
<td>60%</td>
</tr>
<tr>
<td>Medicare primary and acute care services</td>
<td>50%</td>
</tr>
</tbody>
</table>
States using varied strategies to coordinate care for dual eligibles

- Financial alignment demonstration
- Coordination between Medicare Advantage and Medicaid MCOs
- Fully integrated D-SNPs
- Other initiatives
Interest in PACE is growing

- Plan to add new sites: 15
- Do not plan to add sites: 20
- Additional sites under consideration: 7
Role of Community-Based Organizations in Existing MLTSS Programs

Percent of States with MLTSS

- Level of care assessment
- Enrollment broker
- Choice counseling
- Enrollee ombudsman
- Service planning
- Care coordination/case management

Level of care assessment: 30% (30% of States with MLTSS)
Enrollment broker: 0% (0% of States with MLTSS)
Choice counseling: 20% (20% of States with MLTSS)
Enrollee ombudsman: 10% (10% of States with MLTSS)
Service planning: 10% (10% of States with MLTSS)
Care coordination/case management: 20% (20% of States with MLTSS)
Theme 4:

Major Regulations are Significantly Impacting HCBS and LTSS Systems
CMS Proposed Managed Care Regulations

• Background: NPRM released on June 1, 2015; comment period ended July 27, 2015
• Sweeping modernization of regulations last promulgated in 2002
• CMS guided by 5 principles:
  – Alignment with Other Insurers
  – Delivery System Reform
  – Payment and Accountability Improvements
  – Beneficiary Protections
  – Modernizing Regulatory Requirements and Improving the Quality of Care
CMS Proposed Managed Care Regulations

• NASUAD members discussed concerns in information requirements; MLTSS provisions; network adequacy; quality; oversight and monitoring requirements; and beneficiary support.

• In most of these areas, CMS is imposing new and burdensome requirements on states, clearly tipping the balance away from state flexibility and towards national standardization.

• NASUAD’s primary focus for review and comment were the MLTSS sections which formalize the May 2013 CMS ‘guidance’ on MLTSS program design.
CMS Proposed Managed Care Regulations

- NASUAD submitted 18-page letter of comments, including the following:
  - Include NCI-AD as a quality of life measure in MLTSS quality measurements and broaden language to include non-medical measures appropriate for MLTSS
  - Remove a new ‘for cause’ reason for disenrollment when NF, residential or employment provider leaves MCO network
  - Request state flexibility in network adequacy standards and readiness reviews
  - Clarify permissible MLTSS quality activities for purposes of new MLR requirement
  - Less ambiguity around new requirement for stakeholder engagement
Current Status

• CMS is reviewing the more than 7,000 comments received

• Rule is expected to be finalized next spring

• Significant subregulatory guidance will have to be issued by CMS

• Compliance timeframes will be monitored closely
CMS HCBS Regulations

• Background: In January 2014, CMS released regulations that create new requirements for the provision of Medicaid HCBS services
  – The most significant provision is the requirement that all settings of HCBS services be “integrated into the community”
• The regulations required states to submit “transition plans” that discuss how they will come into compliance with the rule
  – March 17th was the CMS deadline for submission of statewide transition plans
  – 48 states and DC have submitted plans
    • CMS has begun review of the plans and has sent some follow-up letters requesting further clarification and information
    • No plans have been approved at this time
Current Status

- Many of the transition plans were process-oriented and did not include substantive information on setting compliance.
- Notably: CMS has performed on-site reviews of some settings (in North Dakota) and has determined:
  - Some residential settings on the grounds of an institution **ARE** allowable as HCBS, per the heightened scrutiny outcome.
  - Some day programs on the grounds of an institution **NOT** allowable as HCBS, per the review.
- CMS has expressed concern about whether states were identifying all of the settings presumed to be institutional in nature.
- NASUAD continues to work with CMS regarding concerns about existing services, including Adult Health, Assisted Living, and Dementia Care.
States using varied strategies to assess compliance

- Review of state regulations: 11
- Review of state licensure standards: 9
- Provider survey: 11
- MCO assessment of providers: 1
- Case manager on-site review: 4
- Survey of beneficiaries receiving services: 6
- Other: 3
Residential settings that may not meet requirements

- Assisted living facility
- Secure care facility
- Group home for individuals with ID/DD
- Group home for seniors
- Adult foster care provider
- Group home for individuals with physical disabilities
- Farmstead community for individuals with disabilities
- Gated community for individuals with disabilities
- Gated community for seniors
- Training center for individuals with disabilities
- Other
Day program settings that may not meet requirements

- Adult day services facility: 18
- Adult day health facility: 14
- Senior center: 1
- Habilitation/training center: 12
- Prevocational employment Center: 10
- Sheltered workshop: 14
- Educational facility: 2
- Behavioral health day program: 6
- Other: 2
DOL FLSA Regulations

- DOL released regulations changed the definition of “companionship” and limited the ability of third-party employers to claim exemption from FLSA
- Regulations were scheduled to become effective January 1, 2015; however, a Federal Judge placed the major portions of the rule under injunction
- DOL appealed and the injunction was lifted on Friday, August 21st
  - The rule will become effective shortly unless there is another appeal and a stay is granted during that appeal
- DOL previously asserted that states should have prepared for implementing the rule, and that they would not delay the effective/enforcement dates if the ruling is overturned
Theme 5:

Service Demands Continue to Increase, Resulting in Strained Funding
State Fiscal Conditions: Challenging

Change in Tax Revenue From Each State’s Peak Quarter, Adjusted for Inflation

- Select a state
- Select a state
- Select a state

50 States

- 50-state total
State Agencies Receiving Reduction in General Funds from their Legislature

- Reduction: 9
- No Reduction: 41
Improving Budgets Helped offset Sequestration

• In the 2014 survey, over 80 percent of states reported that they had offset some of sequestration’s impact
• In 2015, only 62 percent of states reported offsetting the impact of sequestration during FY2014
• 38 percent of states were not able to offset the loss
  – In 2014 64 percent of states reported did not believe they could offset the effects in 2014
  – Therefore, nearly half of the states that originally expected to make cuts were able to avoid enacting those reductions.
• However, the total number of states that were able to offset sequestration decreased from 2014->2015
States used various funding sources to offset sequestration

<table>
<thead>
<tr>
<th>Funding Sources</th>
<th>Number of States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used state funding to close the funding gap</td>
<td>25</td>
</tr>
<tr>
<td>Used local funding to close the gap</td>
<td>5</td>
</tr>
<tr>
<td>Used OAA transfer authority to allocate resources into the most necessary programs</td>
<td>10</td>
</tr>
<tr>
<td>Used carry-over funds from previous fiscal years</td>
<td>15</td>
</tr>
<tr>
<td>Relied on enhanced participant cost sharing to close the gap</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
</tr>
</tbody>
</table>
But…budgets are still tight

Programmatic Reductions under Consideration

- Delay implementation of new programs
- Limit services
- Limit enrollment
- Eliminate programs
- Eliminate services
- Leverage resources from other entities
- Reduce AAA and other local provider funding
- Freeze or reduce provider rates
- Increase participant cost-sharing
And...service demands continue to increase

Increased Demand for Services Since Sequestration Began
Service Reductions Occurred, but were not Widespread

<table>
<thead>
<tr>
<th>OAA Programmatic Changes Implemented by States</th>
<th>IIIB</th>
<th>IIIC1</th>
<th>IIIC2</th>
<th>IIIE</th>
<th>VII</th>
</tr>
</thead>
<tbody>
<tr>
<td>Served fewer people</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Closed the program to new clients</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Created new waitlists</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Eliminated waiting lists</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cut services</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Reduced the number of locations where the</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>program is provided</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closed the program</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Theme 6:

Elder Justice Services Remain a High Level of Need
Change in Adult Protective Services Funding Levels (since 2013)
Change in APS Staffing Levels
(Since 2013)

Percent of Responding States

- Increased
- Decreased
- Stayed the same

Bar chart showing the percentage of responding states for increased, decreased, and stayed the same staffing levels.
Change in APS Reports Since 2013

Percent of Responding States

- Self-neglect
- Neglect by others
- Physical abuse
- Emotional abuse
- Sexual abuse
- Financial abuse

- Increased
- Decreased
- Stayed the same
Reports of abuse  
Reports of neglect  
Reports of exploitation  
Substantiated reports of abuse  
Substantiated reports of neglect  
Substantiated reports of exploitation

Change in Reports made to State Long-term Care Ombudsmen
Update on State LTSS Programs
RI
AK
HI
State with a 1915(i) benefit in place

State plans to implement a 1915(i) in 2015 or later

A 1915(i) is under consideration

OR
NV
UT
AZ
SD
NE
KS
AR
LA
WI
IN
KY
TN
GA
SC
VA
ME
MS
AL
WV
CA
ID
MT
WY
NM
TX
ND
OK
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MA
RI
ME
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MA
GA
SC
VA
DE
NJ
DC
VT
NH
MA
MD
DE
NJ
DC
RI
CT

Status of State 1915(i) HCBS Benefit Packages

Source: NASUAD Survey; CMS Data; Kaiser Family Foundation
State with a 1915(k) benefit in place

State plans to implement a 1915(k) in 2015 or later

A 1915(k) is under consideration

Source: NASUAD Survey; CMS Data; Kaiser Family Foundation
Older Americans Act Takeaways
OAA Reauthorization

• Last reauthorization was in 2006; has been up for reauthorization since 2011.
• S. 192 (OAA reauthorization) was introduced early in session, and cleared out of the HELP committee unanimously in February;
• S. 192 is nearly identical to the OAA reauthorization from last session, except for the funding formula (discussed later);
• The Senate successfully passed the bill under unanimous consent (hotline).
Why the Time for Reauthorizing and Revitalizing the Older American Act is Now
FUNDING FOR SENIORS NOT KEEPING PACE

From 1980 to 2015

86% POPULATION INCREASE ADULTS 65+

64% FUNDING DECREASE AoA FUNDING
FUNDING FOR SENIORS NOT KEEPING PACE

Current Funding Levels Unable to Meet Increased Need

$8.33 PER ADULTS 65+ 1980

$1.05 PER ADULTS 65+ 2015
Funding Formula

- In 2006, the reauthorization included a “hold harmless” provision that protected states from losing OAA allocations due to demographic changes:
  - Concerns about changes to this formula have hampered prior reauthorization attempts
- Under the reauthorization, the OAA hold-harmless provisions would be eliminated & replaced with a compromise;
- Under the compromise, states could see a reduction in OAA funding
  - Any reductions would be limited to no more than 1% of the state allocation per year for 3 years
- We believe that some of the OAA “holds” are due to the funding formula changes
- On a February all-state call, NASUAD membership instructed staff to support passage while emphasizing the need for some changes
NASUAD OAA Priorities

- Appropriations for programs within OAA should be increased to adequately fund the growing need for services;
- Modernize funding for Title III nutrition services to remove the arbitrary allocations for congregate and home-delivered meals;
- Provide authorization for ongoing mandatory Aging and Disability Resource Centers funding that expired in FFY14;
- Allow states to establish their own mandates for adult protective services referrals in the Long-Term Care Ombudsmen program;
- Move the Senior Community Services Employment Program (SCSEP) from the Department of Labor to the Administration for Community Living; and
- Remove the Area Agency on Aging (AAA) first right of refusal policy.
MORE NEEDS TO BE DONE TO HELP SENIORS STAY HEALTHY

DENTAL CARE

16% of seniors have no natural teeth
800,000 ER visits for dental conditions per year
NO Medicare coverage for dental care
MORE NEEDS TO BE DONE TO HELP SENIORS STAY HEALTHY

COST OF FALL-RELATED INJURIES

$36 BILLION 2012

$60 BILLION PROJECTED 2020
MORE NEEDS TO BE DONE TO HELP SENIORS STAY HEALTHY

1 in 6 Seniors are threatened by hunger
For more information, please visit: www.nasuad.org

Or call us at: 202-898-2578