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INTRODUCTION

The Department of Aging and Disability Services' (DADS) mission is "to provide a comprehensive array of aging and disability services, supports and opportunities that are easily accessed in local communities." DADS provides a continuum of long-term services and supports for older Texans and individuals with disabilities, licenses and certifies providers of these services and monitors compliance with regulatory requirements. Services are provided through the agency's Access and Intake, State Supported Living Center and Regulatory divisions.

The involvement of stakeholders and coordination with other health and human services agencies are critical to fulfilling the agency's mission. Through this interaction, DADS is better equipped to achieve our shared goals to enhance quality of life and improve services.

PREPARING FOR THE AGING OF TEXANS

Texas' aging population directly affects DADS service delivery. In 2015, the population of Texans 60 years or older is estimated to be 4.6 million, or 16.7 percent of the total population. By 2020, the projection is 5.7 million, or 18.5 percent of the population. By 2040, the projection is 9.7 million, or 21.4 percent. To address this major shift, DADS continues to develop and implement initiatives and programs, including building community capacity to serve persons who are aging or who have disabilities, promoting wellness and increasing access to informal caregiver services.

CONTINUUM OF SERVICES AND SUPPORTS

DADS is responsible for ensuring that a continuum of services and supports is available for individuals with physical as well as intellectual and developmental disabilities (IDD). Individuals facing physical disabilities are provided with options ranging from home-based Primary Home Care (PHC) and Community Attendant Services (CAS) to services in nursing facilities. Individuals with IDD are offered assistance that ranges from community-based services in home-based settings, small group home settings from 3-6 beds and more intensive services in the 13 state supported living centers (SSLC). The agency must be flexible in meeting the needs of, and providing choices for, those it serves, and it must provide those services efficiently so the greatest number of individuals are served within available resources.

One of the agency's most significant responsibilities is the assurance of the health and safety of persons receiving services in both facility- and community-based settings that it operates, contracts with or regulates.

SB 643, 81st Legislature, Regular Session, 2009, provided a framework for the protection and care of individuals with IDD served by public and private providers and in both facility- and community-based settings.

In addition, SCR 77, 81st Legislature, Regular Session, 2009, approved the state's settlement agreement with the U.S. Department of Justice (DOJ), which provides a comprehensive framework for improvements in each of the SSLCs. In January 2010, court-approved independent monitors began semi-annual reviews of each SSLC to measure compliance with the agreement. These reviews are ongoing.

The most recent reports detailing each SSLC's compliance with the settlement agreement can be found on the DADS website. As stipulated in § III.Q of the settlement agreement, the independent monitors in July 2014 also provided the parties and the court an assessment of the status of compliance with each substantive provision of the settlement agreement.

COMMUNITY-BASED SERVICES

In the past 15 years, Texas has seen a dramatic expansion of community-based services, which are critical to allowing older Texans and those with disabilities to achieve and maintain independence and community integration. Demand for services outpaces available funding, despite generous increases from the Legislature in recent sessions. More than 82,400 individuals are enrolled in DADS and STAR+PLUS waiver programs; however, about 113,000 individuals are on interest lists and can wait

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as long as 11 years for requested assistance.

Analyzing and anticipating trends in demand for community programs is essential to meeting future needs. DADS and stakeholders have identified emerging issues in the provision of services, including the need to develop system-wide capacity to serve persons with high behavioral health and/or intensive medical needs. DADS has included several major initiatives to further expand community capacity in its legislative appropriation request to the 84th legislature.

IMPROVING LOCAL ACCESS TO LONG-TERM SERVICES AND SUPPORTS

At the local level, long-term services and supports are administered by multiple agencies with varying intake, assessment and eligibility processes, making it challenging for individuals to identify which services are available and where to obtain them. DADS continues to work with its partners in the state's 39 Local Intellectual Disability Authorities and 28 Area Agencies on Aging to coordinate these services. An emerging focus has been to expand the state's network of aging and disability resource centers (ADRCs) to develop a more streamlined "no wrong door" access system for persons seeking services. DADS is expanding the ADRC initiative to include statewide coverage of this integrated "no wrong door" approach.

REGULATORY SERVICES

DADS affects the lives of more than 682,000 Texans through regulation of the state's nursing facilities, adult daycare providers, assisted living facilities, intermediate care facilities for persons with intellectual disabilities, home health and hospice agencies and community-based services for persons with intellectual disabilities provided through the Home and Community-based Services and Texas Home Living Medicaid waiver programs. DADS conducts routine regulatory inspections and complaint investigations in each of these settings to ensure that individuals receive high-quality services and are protected from abuse, neglect, and/or exploitation.

OPPORTUNITIES FOR BEST PRACTICES AND INNOVATION

The DADS LAR represents a comprehensive approach to meeting the present and future needs of Texans across the array of services, based on input from the DADS Advisory Council and stakeholders. DADS seeks to use information gathered from its regulatory, contracting and direct service operations as well as extensive input from stakeholders to best structure efficient and effective service delivery systems for Texans who are aging or who have disabilities. We request sufficient funding to maintain our current services and improve our systems to meet the state's future growth, being mindful of the state's finite resources.

BASELINE REQUEST

The FY2016–17 baseline request will serve an estimated 142,611 Texans, with 121,692 served in community settings. The baseline request totals almost \$8.2 billion in all funds (AF) over the biennium, \$3.4 billion in general revenue-related funds (GRR). This is a reduction of \$3.5 billion in AF from the FY2014-15 base budget of \$11.7 billion. The biennial GRR reduction is \$1.4 billion, from a base of \$4.8 billion, largely due to individuals receiving or slated to receive Community-Based Alternatives (CBA), nursing facility (NF), or Medically Dependent Children Program (MDCP) services through STAR+PLUS Medicaid managed care at HHSC instead of DADS.

The funding request for DADS has been significantly affected by the expansion of STAR+PLUS managed care over the past six years. The phased movement of CBA into STAR+PLUS has shifted a substantial portion of DADS clients with physical disabilities to HHSC over that time period. In March 2015, the provisions of Senate Bill 7, 83rd Legislature, Regular Session, 2013, will be evident as NFs move into Medicaid managed care. SB 7 also lays out a schedule for piloting and moving most of the remaining DADS Medicaid waiver programs to STAR+PLUS in future years. MDCP, for example, is slated to move to HHSC in September 2016. Each successive expansion of Medicaid managed care has moved an increasing number of individuals previously served by DADS to HHSC services.

In accordance with the instructions, the base request does not include approximately \$53.5 million in GR to serve individuals who are currently receiving services or are

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expected to receive services by the end of FY2015. Continuing services to these individuals will be addressed in our exceptional items.

EXCEPTIONAL ITEMS

DADS programs touch the lives of numerous Texans, many of whom will require long-term services and supports to achieve or maintain their independence or protect their health and safety. This exceptional item request is made to better serve individuals in the models of care they seek. This request attempts to address these needs, while recognizing the reality of the state's fiscal constraints.

The DADS FY2016–17 biennial exceptional item request includes nine items totaling \$532.3 million in GR and \$1.3 billion in AF. It affects the entire range of the agency's functions and responsibilities. Several of the items relate to developing new or expanding existing options for individuals in need of complex medical and behavioral services in community-based settings. The request also provides the 13 state supported living centers (SSLCs) with much-needed resources. Under the request, additional funding is also provided to strengthen the agency's regulatory functions.

MAINTENANCE OF CURRENT SERVICE LEVELS

DADS has two exceptional items associated with maintaining expected service levels. These items total approximately \$77.2 million in GR and \$167.4 million in AF. These funds would be used to continue services to eligible individuals and prevent deficits in agency entitlement and waiver programs.

* Caseload – In order to continue services to individuals receiving assistance in the FY2014–15 biennium, DADS requests \$53.5 million in GR and \$112.0 million in AF. This amount is necessary to annualize appropriations primarily for persons to be served in non-entitlement programs expected to be served at the end of FY2015. The FY2014–15 appropriations bill included funding to expand community-based services and assumed the steady ramp-up of those services over the biennium. Failure to recognize all who are receiving services at the end of the fiscal biennium could result in the loss of services for some individuals, particularly persons enrolled in the HCS program, receiving services on August 31, 2015.

* Cost Trends – Client-related increases in cost and acuity are expected to trigger a need for approximately \$23.7 million in GR and \$55.4 million in AF over the next biennium. The majority of these funds are tied to increases in DADS entitlement programs, over which the agency has minimal discretion in service provision. This estimate was based on cost increases observed in the current biennium of up to 4 percent in some of the agency's largest programs. The lack of funding for this item could result in expenditure deficits in entitlement programs.

REDUCING COMMUNITY WAIVER PROGRAM INTEREST LISTS

DADS has two exceptional items totaling approximately \$336.3 million in GR and \$810.8 million in AF focused on providing community-based services to individuals with intellectual and developmental disabilities (IDD). Taken together, these programs would potentially serve more than 16,600 individuals in the community. These items were heavily supported by agency stakeholders and the DADS Council and represent best practices found in Texas and other states.

* Community Expansion – This item would result in an increase of 15,145 in DADS slots for community-based services. The targeted decrease in individuals on community-based care interest lists will come as the result of new Medicaid waiver and non-Medicaid slots over the biennium. This reduction will cost approximately \$305.0 million in GR and \$725.7 million in AF. For STAR+PLUS CBA and DBMD, this amount represents full funding of those interest lists. For HCS, MDCP, Texas Home Living, CLASS, and Title XX services, funding would serve 20 percent of the estimated number of eligible individuals on the interest lists who would likely accept services. Finally, the interest lists for In-Home and Family Support and IDD community services would see a reduction of 10 percent from FY 2014-15 levels. The request includes funding for acute care, drug and administrative costs at HHSC, as well as long-term care and administrative costs at DADS.

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* Promoting Independence Slots – Experience has shown that there is an increasing demand by individuals for community-based services. To fully comply with federal statutory expectations set out in the 1999 Olmstead litigation, Texas has made tremendous investment in community care in previous biennia. To continue this momentum, DADS requests \$31.2 million in GR and \$85.1 million in AF to fund 500 slots for individuals moving from large and medium-sized Intermediate Care Facilities for Individuals with an Intellectual Disability (ICFs/IID), 216 slots for children aging out of foster care, and 400 crisis slots for people at imminent risk of entering an ICF/IID. This item also includes 120 slots for moving individuals with IDD from state hospitals and 25 slots for DFPS children transitioning from a general residence operations facility.

ENHANCING COMMUNITY IDD SERVICES FOR PERSONS WITH COMPLEX MEDICAL AND/OR BEHAVIORAL NEEDS

While Texas has invested a great deal in community-based care for persons with intellectual or developmental disabilities, options for community-based services for persons with complex medical and/or mental health issues remain a significant challenge. This fact has been noted by numerous stakeholders as well as Texas Sunset Commission staff this year. To address this issue, DADS is requesting \$41.1 million in GR and \$58.3 million in AF to expand crisis respite and behavioral intervention programs, targeted services for persons with medical or psychological needs, an increased ICF and HCS rate to encourage the active treatment of these issues, and more intensive service coordination for SSLC residents transitioning to the community. These state funds will be leveraged with local dollars to further increase benefits for individuals with a dual diagnosis or critical medical care issues.

COMPLYING WITH FEDERAL PASRR REQUIREMENTS

In an effort to comply with federal Preadmission Screening and Resident Review (PASRR) requirements applying to all persons who have an intellectual or developmental disability who are entering or seeking admission to an NF, DADS is requesting \$43.3 million in GR and \$117.7 in AF for the FY 2016-17 biennium. Roughly one-half of this funding would be used to create 1,300 HCS and 200 TxHmL slots to be used by individuals moving or being diverted from an NF. These program expansions further support the state's promoting independence initiative through expansion of specialized community-based care for individuals with an intellectual or developmental disability. The expenditure of these funds, however, is largely offset by the amount that HCS and TxHmL slots will lower expected new NF admissions for the biennium. This item also contains funds to provide the federally mandated full range of specialized services and intensive service coordination to eligible individuals in NFs or who have recently transitioned from a nursing facility to a community setting. Proper screening and the provision of specialized services are essential to the state's compliance with federal PASRR requirements.

PROTECTING VULNERABLE TEXANS AND IMPROVING SSLC OPERATIONS

DADS is requesting approximately \$32.3 million in GR and \$153.8 million in AF to improve the agency's guardianship, respite, and ombudsman services, as well as increase the HCS funding limit for dental expenditures, install sprinkler systems in small HCS homes required by recently expanded life safety code requirements, and further strengthen the agency's ability to regulate the growing programs it oversees. Significant efforts also will be made to upgrade facilities, vehicles, and quality improvement programs at the SSLCs.

* Protecting Vulnerable Texans – In this request, DADS would utilize approximately \$21.2 million in GR and \$41.8 million in AF to make changes within the agency to maintain the safety of individuals receiving DADS care. Hiring additional staff in the DADS guardianship program, increasing the number of assisted living facility contract ombudsmen, and expanding the agency's Lifespan Respite Care program are all necessary to keep pace with the increasing demands of an expanding long-term care service delivery system in the state. Also under this item, the HCS funding limit for dental expenses would be increased from \$1,000 to \$2,000 per individual per year to fund the increasing cost of routine and specialized dental services for persons in this waiver program; assistance would be provided to small HCS facilities for fire sprinkler systems required by a recent increase in requirements in the life safety code designed to better protect occupants from the risk of fire; and increased staff necessary to continue the agency's statutorily mandated regulatory activities in programs that continue to expand in relation to the growing number of persons who are aging or who have disabilities in Texas.

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* Improving Support for SSLC Residents – Texas’ 13 SSLCs serve approximately 3,400 individuals per month and include facilities for medical services, therapy, vocational programs, and other services. Residential and programming support buildings range in age from 35 years for many and some as old as 100 years. This item requests \$11.2 million in GR and \$112 million in AF, including \$94 million in bond proceeds, to make necessary life safety repairs and renovations at SSLCs. This amount would also finance a 10-year replacement plan for vehicles used to transport individuals, make further quality improvement efforts, and finance a possible reclassification of Qualified Intellectual Disabilities Professionals (QIDP).

The insufficiency of trained and tenured staff who provide direct clinical support for residents adversely affects all SSLCs. This has been a central theme of the reports from the independent monitors who evaluate efforts to achieve compliance with the settlement agreement with the U.S. Department of Justice. The requested reclassification of QIDPs correlate with an HHS enterprise effort to increase salaries for registered and vocational nurses as well as direct support professionals and other positions experiencing high turnover.

AGING AND DISABILITY RESOURCE CENTER (ADRC) IMPROVEMENTS

Finally, DADS is requesting \$2.2 million in GR and AF to support the addition of a veterans’ resource navigation specialist at each of Texas’ 22 ADRCs. These specialists would ensure veterans seeking services have streamlined access to the complex systems of benefits and programs to which they are entitled. These resource navigators will work with existing veteran support systems to provide information, referral, and assistance to veterans regarding VA benefits, healthcare systems, and military support referral sources.

HHSC’s LAR and the HHS consolidated budget will include several DADS-related items. These include enterprise-level information technology projects and much-needed salary increases for nurses, SSLC direct support professionals, custodians, laundry workers, and food service workers, where turnover has reached very high levels.

We appreciate your consideration of our Legislative Appropriations Request and look forward to working with the 84rd Legislature to address the needs of Texas’ citizens who are aging or have disabilities.