

# The **Sunrise** Group

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## **The Managed Care Transition**

**By: Les Leech Jr.**

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# [ The Sunrise Group ]

***A private, charitable organization, comprised of various private, not-for-profit corporations that offers assistance and support to people with developmental disabilities.***

# *Mission Statement*

**To provide people with disabilities  
the assistance and support  
necessary to enable them to live  
valued lives in the community.**



# ***FYI.....***

- ***SUNRISE*** is one of the largest, private, not-for-profit organizations serving people with developmental disabilities in the United States.
- ***SUNRISE*** has transformed the lives of thousands of people with developmental disabilities. In 1976, we served 55 individuals; today, we serve over 2,500 individuals and provide employment opportunities to more than 3,500 people in seven states.
- ***SUNRISE*** has been recognized as a leader for its advocacy efforts on behalf of people with developmental disabilities at local, state and national levels.

# *Services we provide....*

- Residential
- Supported Employment
- Supported Living
- Adult Day Centers
- Elder Care



Placing **People** Who Care,  
**Every** Hour of **Every** Day

## *New Challenges: The State*

- **2011 Statewide Medicaid Managed Care Program**
- **Two programs in existence (Long Term Care & Managed Medical Assistance )**
- **Combines Five Community Based Services**



## *New Challenges: The Numbers*

- **Operational by 2014**
- **1.6 Million to be moved by Jan 2013**
- **30,000 D.D. patients exempted**
- **Largest movement in Florida History**



## ***New Challenges: Providers***

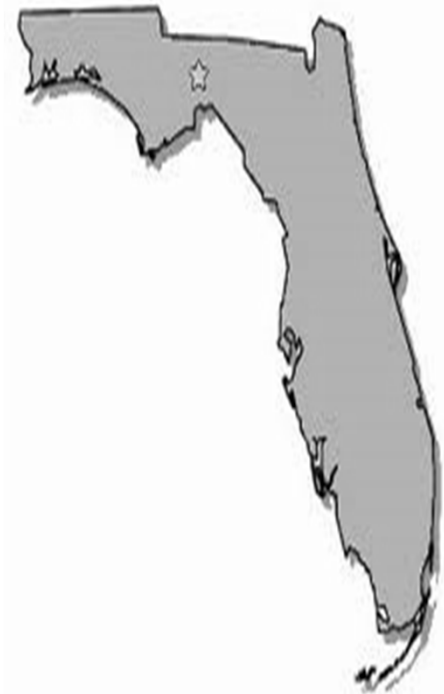
- **Health Maintenance Organizations (HMO)**
- **Provider Service Networks (PSN)**
- **Services are currently provided on a Fee for Service or Capitated basis**
- **Offering Long Term care combined with Medical Assistance is the solution**





# *State Benefits...*

- Creates cost containment
- Transfers financial responsibility
- Improved analytics
- Stabilizes services
- Increases quality of care
- Administrative savings



# *Our Approach...*

- **Florida has no definition of “Long term care provider”**
- **There are no models to “copy”**
- **Creating a successful model will position Sunrise as the leader.**



# Compliance and the Transition to Managed Care

- **The Regulatory Landscape**
- **Identify and Define Risks**
- **Assign a Compliance Officer**



# Compliance and the Transition to Managed Care

- Establish Governance and Oversight
  
- Develop a Compliance Charter



# Compliance and the Transition to Managed Care

- Operations Partnering With Compliance
- Top Down Support



# Compliance and the Transition to Managed Care

- **IMPLEMENTING THE 7 ELEMENTS OF AN EFFECTIVE COMPLIANCE PROGRAM.**
  - **OVERSIGHT & DELEGATION**
  - **DEVELOPING A CODE OF CONDUCT & OTHER POLICIES**
  - **CREATING AWARENESS**
  - **ASSESSING COMPLIANCE**



# Compliance and the Transition to Managed Care

- **IMPLEMENTING THE 7 ELEMENTS OF AN EFFECTIVE COMPLIANCE PROGRAM.**
  - **DEVELOPING A REPORTING MECHANISM**
  - **ESTABLISHING RESPONSE & PREVENTION OUTCOME MECHANISM**
  - **ENFORCEMENT & DISCIPLINE Operations Partnering With Compliance**



# WHAT ARE SOME OF THE COMPLIANCE RISKS FOR MANAGED CARE?

- **Quality of Care**
- **Billing**
- **Documentation**





# **Do the Right Thing!**

- **Gain Support**
- **Ensure checks and balances**
- **Establish policies and procedures**
- **Promote transparency**



# WHAT ARE SOME OF THE COMPLIANCE RISKS FOR MANAGED CARE?

Questions?



# Beyond Managed Care The Third Wave Paradigm

By

Dennis Felty, President  
Keystone Human Services

April 23, 2013



KEYSTONE  
HUMAN SERVICES

*“Advancing the Human Spirit”*

# Keystone Human Services

## Our Mission

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Create opportunities for growth and meaningful life choices so that all people can be valued, contributing members of their community.

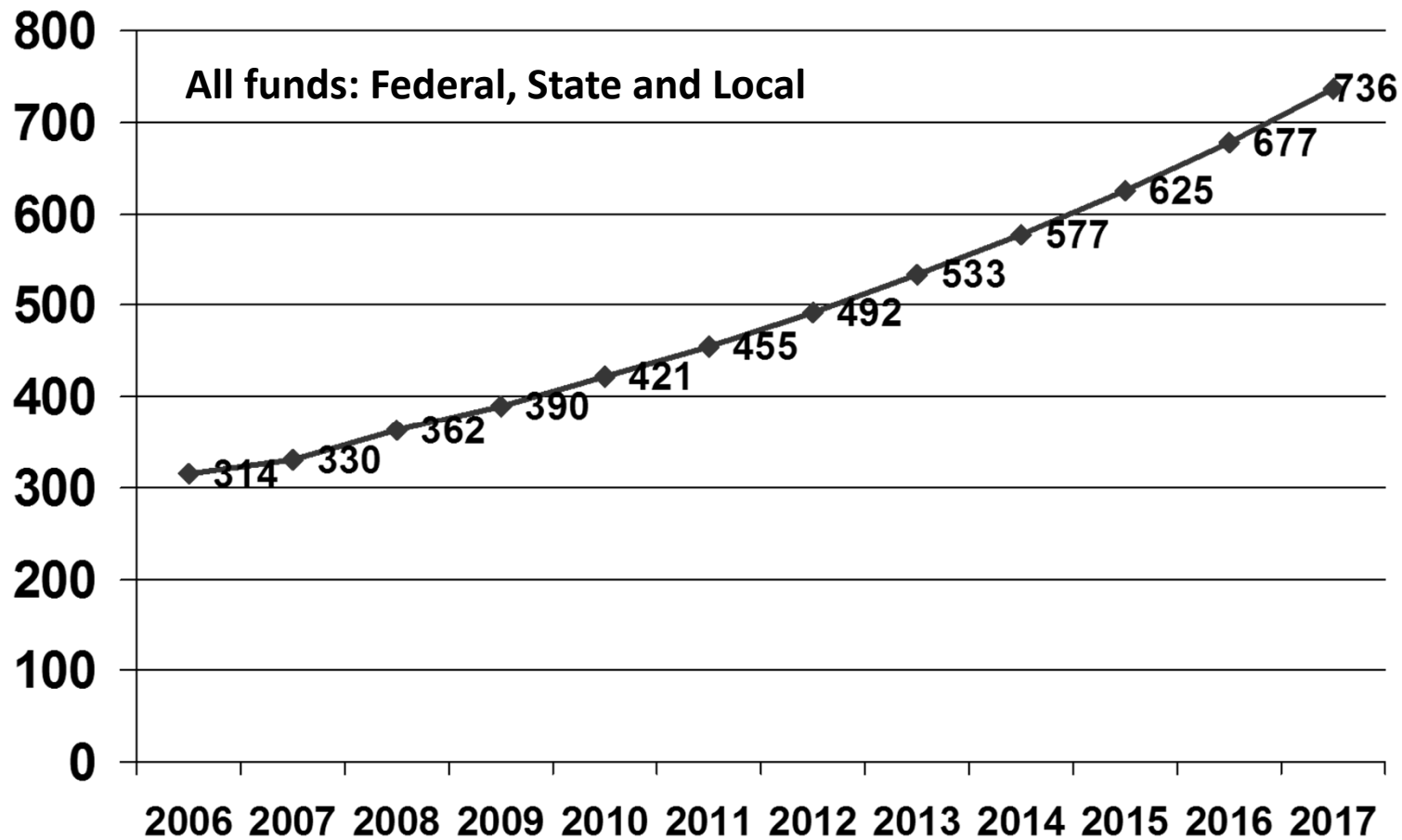


# Keystone at a Glance

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- **COMMUNITY BASED** – A 501C3 non profit organization celebrating 40 years of service
- **SERVICES** - Comprehensive services in autism, intellectual disability, mental health, early intervention, children & youth and family services
- **GEOGRAPHIC** – Pennsylvania, Delaware, Maryland, Connecticut, Russian Federation and Republic of Moldova
- **RESOURCES** - \$140,000,000 in revenue and 3,075 Employees supporting our Mission

# Medicaid Total Spending Projected to Double to Over \$700 Billion in Ten Years: 2007 - 2017



Source: Health Management Associates estimates based on data from CBO and CMS, 2007.

# PROGRESSION OF FUNDING METHODS

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1. Program Funding – grants used to fund a program or service (1970)
2. Fee for service – negotiated unit rate
3. Fee for service cost based – allowed costs/units = rate (1980)
4. Fee for service – state set fee schedule = rate (1990)
5. Capitated actuarially based = (PM/PM)
6. Capitated actuarially based with a cap on retention and reinvestment of savings

# FEE FOR SERVICE PARADIGM

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- Fee for service - production of service units
- Compliance focus on the quality of the transaction
- Highly defined service codes - Commodification
- Individual need must accommodate and/or fit into service offerings
- Utilization driven incentives
- Highly structured, high cost service models
- Exclusion of natural capacity of community and family
- Exclusion of technology and innovation
- Complex systems, regulation and licensing demands
- Very expensive infrastructure (audit trail for each ¼ hour encounter)
- Rigid structures and processes
- External case management and authorizations
- Authorizations that may tend to accommodate peak demand
- Minimal integration across systems
- Authorizations may not accommodate real needs



# Commodification

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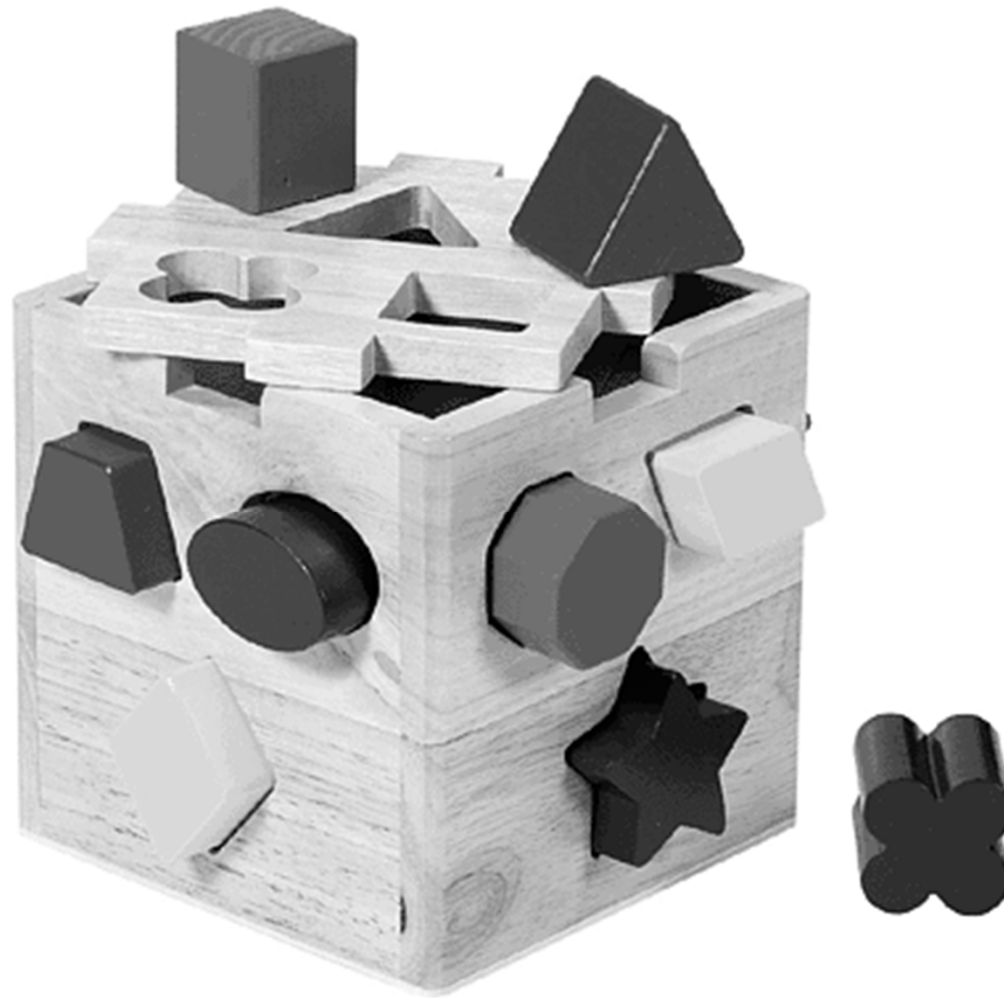
The process of defining service activities as standard replicable units with extensive measurable; specifications, standards, conditions and accountabilities.

# THE FUTURE OF FEE FOR SERVICE

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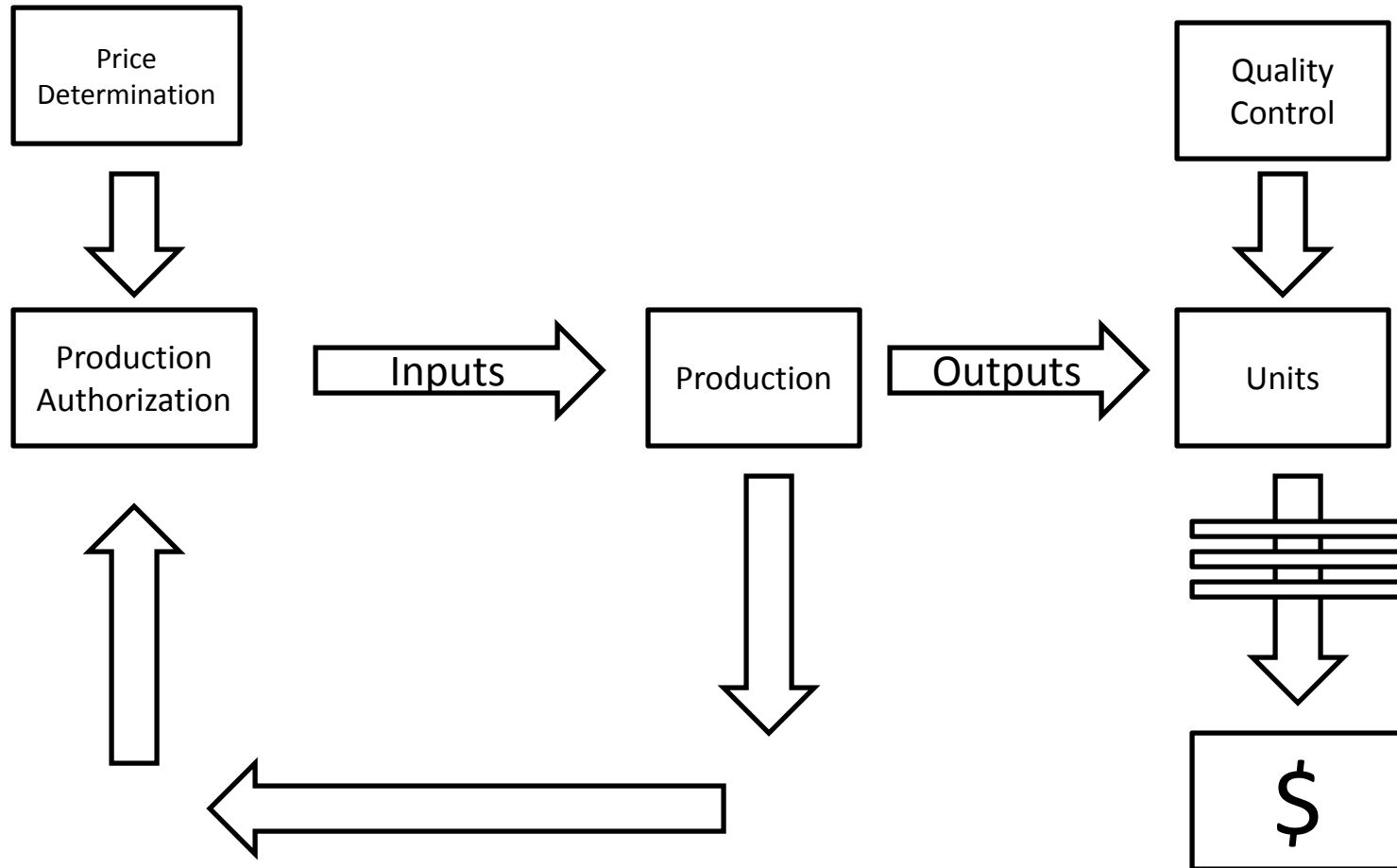
- Continuous movement to state set fees
- Rates below the cost of providing the service
- Increased restrictions on authorizations
- Increased regulation
- Limits on duration and intensity
- Slot management of residential services
- Increased service Commodification
- Retroactive rate changes
- Dynamic audit functions
- Mid contract change in terms
- High utilization factors in rate determination
- Pressure for industry consolidation
- Increased restrictions on allowed costs
- Non recognition of administrative costs
- Decreasing COLA factors
- Decreasing Margin factors
- Increased “Complexification”

# Service Commodification



# HUMAN SERVICE PRODUCTION SYSTEM

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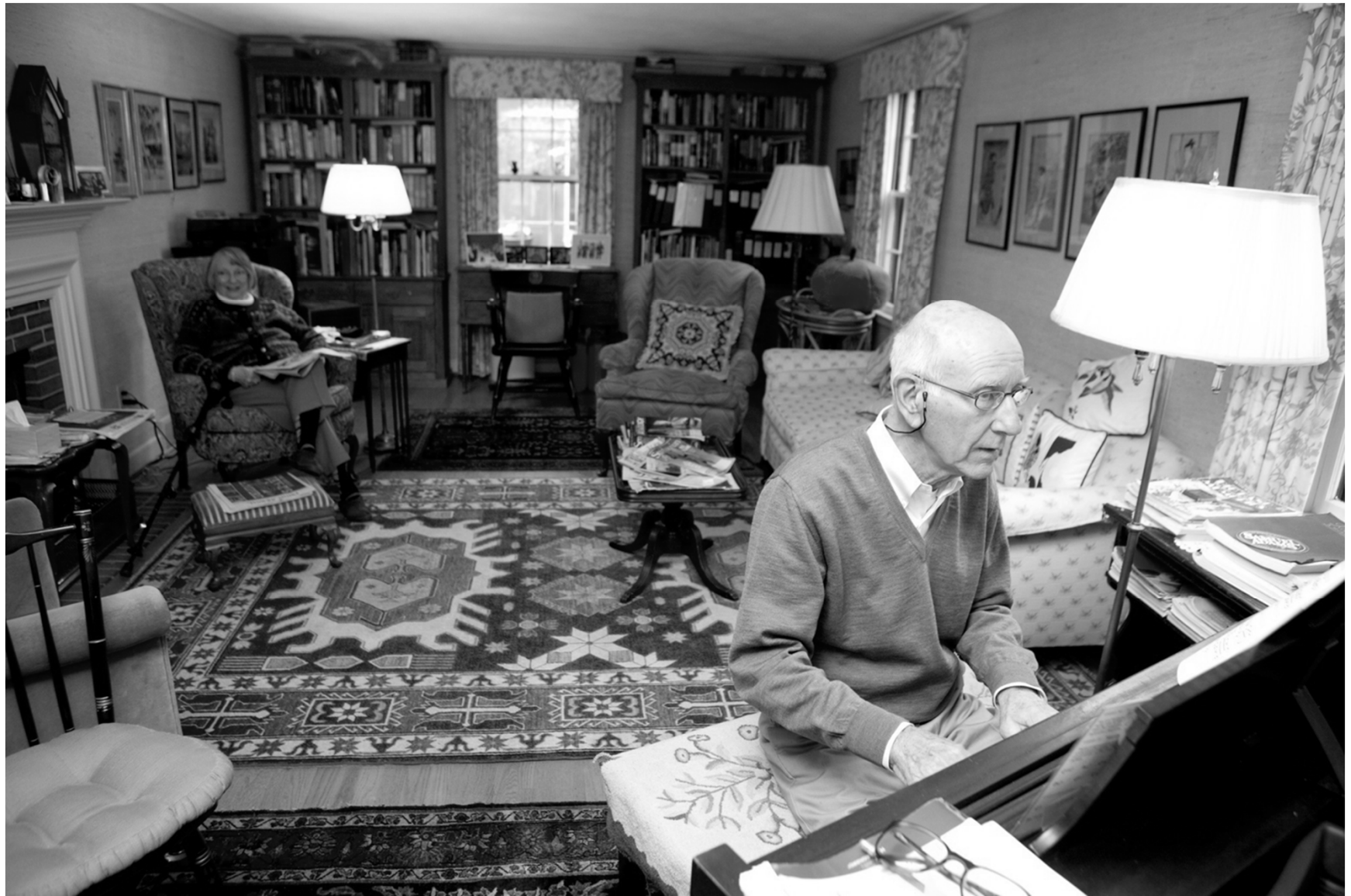


# SLOT MANAGEMENT PARADIGM FOR COMMUNITY RESIDENTIAL SERVICES

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1. Operates like a hotel with a fixed number of beds at a defined location
2. Utilization can never exceed approved bed capacity
3. Each slot is managed as a stand alone program
4. No opportunity to manage residential resources as a system
5. Powerful disincentives to transition to more effective service models
6. Choice is severely limited
7. One's home may be lost during extended inpatient care
8. Resources are locked up within tens of thousands of silos
9. Resources are typically committed to meet peak demand
10. Slots can emerge as the de facto option of choice







**“You'll be coughing up money for some time.”**

New Yorker Book of Doctor Cartoons

# SYSTEM COMPLEXITY

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We are creating systems that are so complex that only a small number, and in some cases not one, individual understands all the components of the system and their inherent interactivity. The outcome is unintended consequences that frequently overwhelm intended benefits and make it impossible to carry out our mission.



## ADULT COMMUNITY AUTISM PROGRAM (ACAP)

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ACAP is a fully integrated, comprehensive system of care for adults with Autism Spectrum Disorder (ASD). The program incorporates vocational, residential, behavioral, social, health, recreational, transportation, therapeutic, spiritual, educational, crisis, in-home support and independent living aspects of participants' lives.

# ADULT COMMUNITY AUTISM PROGRAM (ACAP)

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The ACAP model offers a very powerful alternative to both the fee for service system and the traditional managed care structure. This model defines a comprehensive, highly integrated system of care that can accommodate very complex needs and access a full range of individualized supports, clinical options and dynamic deployment of resources within an environment of high levels of accountability.

# ADULT COMMUNITY AUTISM PROGRAM A FULLY DISINTERMEDIATED SYSTEM

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ACAP is a fully disintermediated program, meaning there is no “middle man”. The contract is directly between Keystone Human Services and the Department of Public Welfare.

Because the provider is both the risk bearing entity as well as the direct provider of services there are no intermediary overhead costs or costs relating to profit, assuring that maximum resources are available for services.



**“The ringing in your ears - I think I can help.”**

# ADULT COMMUNITY AUTISM PROGRAM A POWERFUL COST EFFECTIVE SYSTEM

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The ACAP model makes effective use of innovation, technology and the natural resources in the community and family. The ACAP model dynamically deploys resources and supports on a real time basis.

We believe the ACAP model has the promise of significant cost savings that would be available for reinvestment when compared to traditional fee for service and managed care systems.

# ADULT COMMUNITY AUTISM PROGRAM BROAD APPLICABILITY

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The ACAP model is a fully approved CMS Waiver and has broad applicability to autism, intellectual disabilities, behavioral health, aging, children and youth and criminal justice services.

# ADULT COMMUNITY AUTISM PROGRAM (ACAP) FINANCING STRUCTURE

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1. Uses the CMS fully approved Prepaid Inpatient Hospital Health Plan authority
2. Funding consists of a single “per member per month” payment
3. Internal case management, ISP development and service authorizations
4. 3% cap on profit
5. Savings over 3% cap become reinvestment for expanded services
6. Authority to fund risk reserves out of operations
7. Rate set on data from cost report to assure actuarial soundness – (A-122)

## Uniqueness of the ACAP Model

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1. One agency responsible and one agency accountable
2. Capitated with defined funder liability
3. Comprehensive, highly integrated services to include health care
4. Evidence based best practice
5. Disintermediated
6. Compliance focus on quality data and outcomes



# EMERGENT HUMAN SERVICE PARADIGM

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- Focus on the person, not human service unit production
- Capitated funding – aligning risk and authority to manage service resources and outcomes
- Comprehensive services and supports
- Flexible and responsive
- Highly Individualized
- Compliance focus on quality data and outcomes
- Highly credentialed clinical staff & effective clinical models
- Focus on growth and capacity building vs. utilization
- Dynamic deployment of resources as people’s needs change
- Extensive range of service models
- Extensive use of natural capacity of community and family
- Extensive use of technology
- Minimal regulation and licensing demands
- Moderate infrastructure cost
- Highly integrated across service systems and needs
- Cost reporting with limits on profits and option of reinvestment
- Annual third party audit of quality and outcome data
- Integrated service management includes outpatient physical health services and costs



# THIRD WAVE PARADIGM

## LIFE SPAN SERVICES

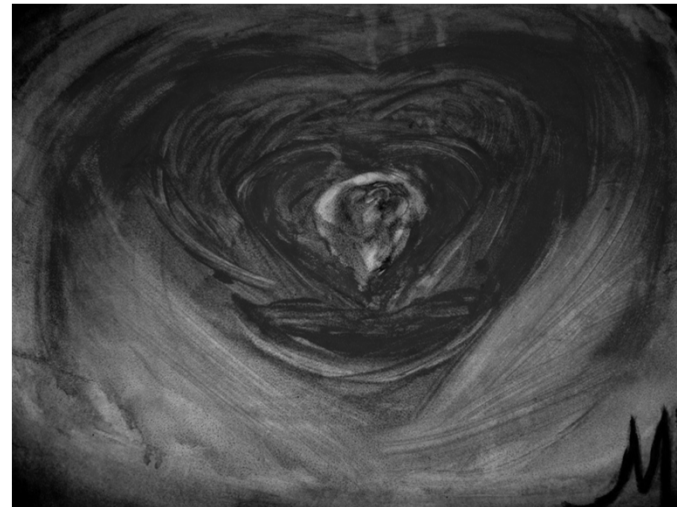
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1. People will live within the context of their extended family and many individuals will return home from structured residential programs
2. The family will be defined as a broad family constellation comprised of up to several hundred individuals and insitu structures will emerge as a preferred option
3. Natural resources such as neighbors, community, schools, churches, synagogues and mosques will expand capacity and options
4. Parent headed households will be supported to maximize sustainability
5. Technology, robotics, communication systems, dynamic monitoring and virtual support networks will expand options and capacity
6. Financing will integrate risk functions and service delivery within highly integrated delivery systems
7. Person Centered Planning will be based on a life span perspective with a focus on quality of life and personal choice

# THIRD WAVE PARADIGM COMPLIANCE IMPLICATIONS

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1. Transaction based compliance functions will disappear
2. Compliance will focus on service impact on quality of life
3. Quality of life outcomes will be measured and reported
4. Quality and outcome data will be subject to an annual third party audit
5. Quality and outcome data must be relevant and meaningful
6. Financial, quality and outcome data will be published in an annual report



# THIRD WAVE PARADIGM

## COMPLIANCE FOCUS ON QUALITY & OUTCOMES

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1. Homes are secure and support a quality life experience
2. ISPs are relevant, valid and are carried out in a timely basis
3. Enrolled Members have their relevant needs met and receive services that are effective
4. Enrolled Members receive quality health care on a timely basis
5. Enrolled Members are free from rights violations, assault, neglect and abuse
6. Enrolled Members stay out of the criminal justice system
7. Enrolled Members stay out of inpatient psychiatric services
8. Enrolled Members do not experience addiction and suicide rates greater than in a matched population
9. Families and enrolled members are satisfied with their services
10. Enrolled members participate in a meaningful and relevant day activity (work)
11. Enrolled members engage in relevant citizen participation activities
12. Enrolled members maintain connections with friends and family
13. Enrolled members exercise choice within the system to include outcomes
14. Data on incident management to include outcomes
15. Data on appeals to include enrolled member and family satisfaction and outcomes
16. Longitudinal data on disenrollments and member status
17. Multi year data on internal cost trends and transition to more efficient models
18. Multi year data on comprehensive system costs and cost trends

# THIRD WAVE PARADIGM

## WPHS

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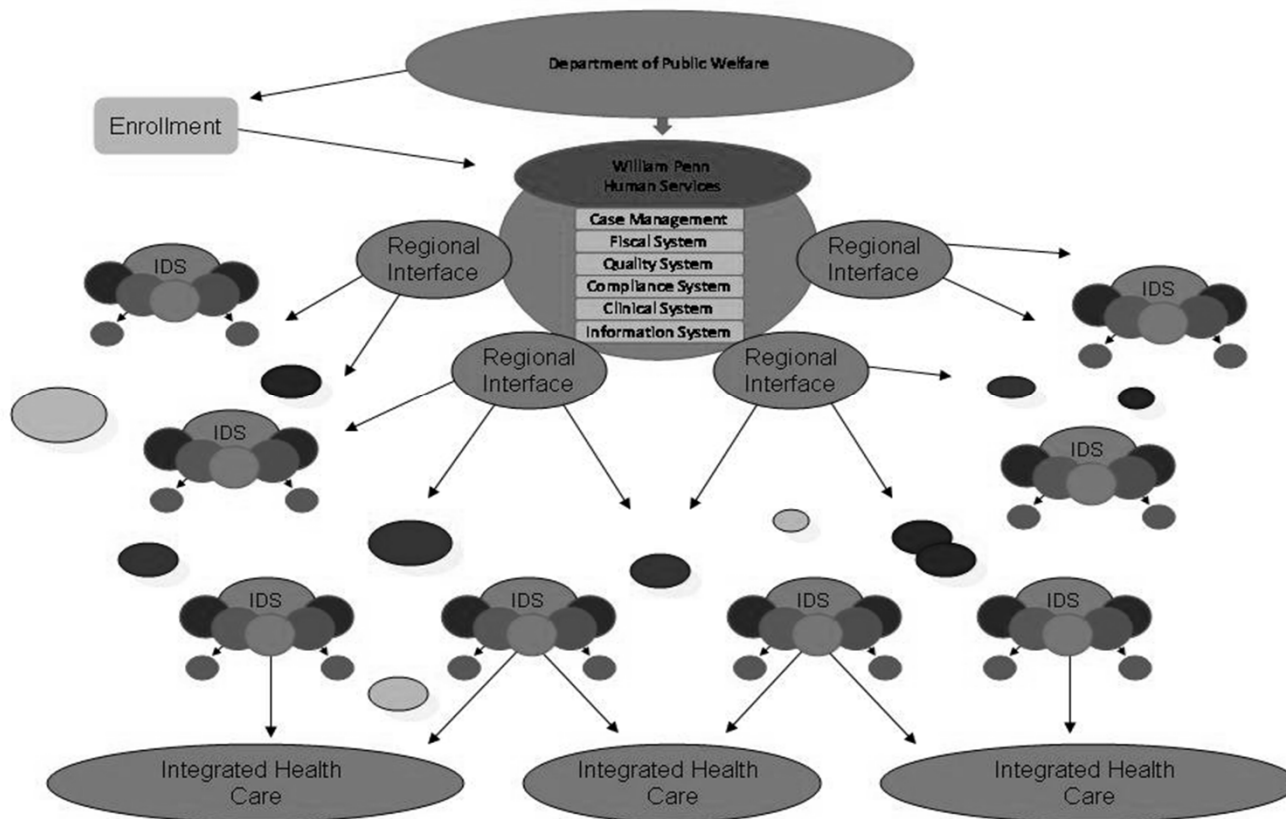
1. Comprehensive state wide network
2. PM/PM capitation – defined funder liability
3. Disintermediated (provider owned MCO)
4. Full integration of risk function and service delivery
5. Credentialed ISP process
6. No reject no eject
7. Cost based rate for outlier enrollments
8. Negotiated outcomes and quality goals
9. Personal advocates
10. Seamless & timely appeal process
11. External investigation of serious incidents
12. Third party audit of quality and outcome data
13. Profits capped to include annual cost report (Federal Circular A-122)
14. Savings over profit cap treated as reinvestment with right of first refusal
15. Enrolled members have choice of network members
16. Extensive use of technology and natural resources



# THIRD WAVE PARADIGM

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## William Penn Human Services Large Scale Implementation



# THIRD WAVE PARADIGM

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The third wave paradigm will offer enduring, highly individualized services that help people with disabilities to be valued, fully participating members of society.

# Questions and Discussion

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