

# Seniors and People with Disabilities Division

January 23-24, 2007

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## DIVISION OVERVIEW

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SPD provides services to seniors, adults with physical disabilities, and children and adults with developmental disabilities through long-term care programs, financial assistance programs and through the administration of the Older Americans Act.

Individuals who need long-term care have impairments that prevent them from meeting basic needs. For seniors and people with physical disabilities, this means limitations in activities of daily living (ADLs) such as bathing, mobility, dressing, eating, personal hygiene or cognition. For people with developmental disabilities, this may mean limitations in ADLs, but also may mean limitations in self-direction, self-sufficiency and learning.

Long-term care services in Oregon are provided to eligible individuals in three primary categories – In-home services, non-institutional care and institutional care.

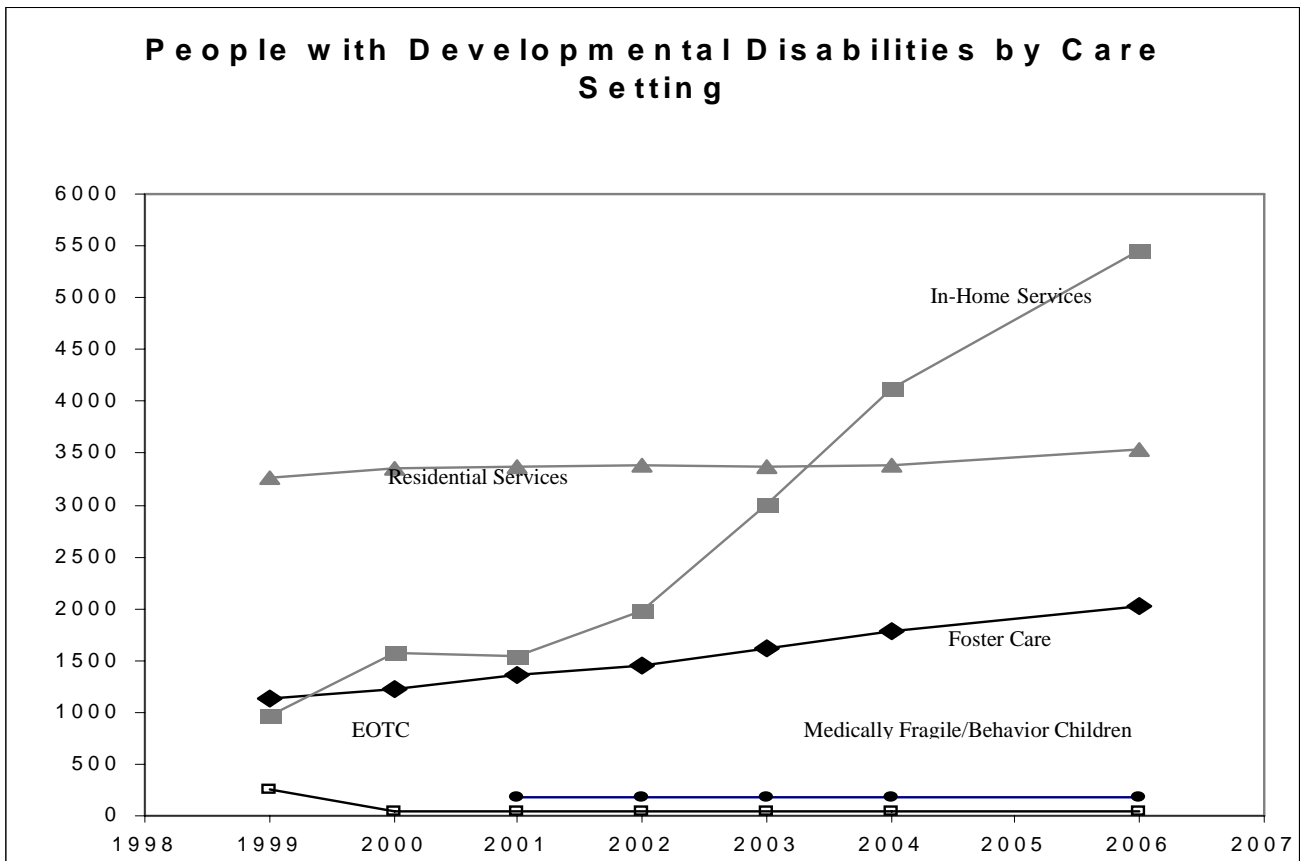
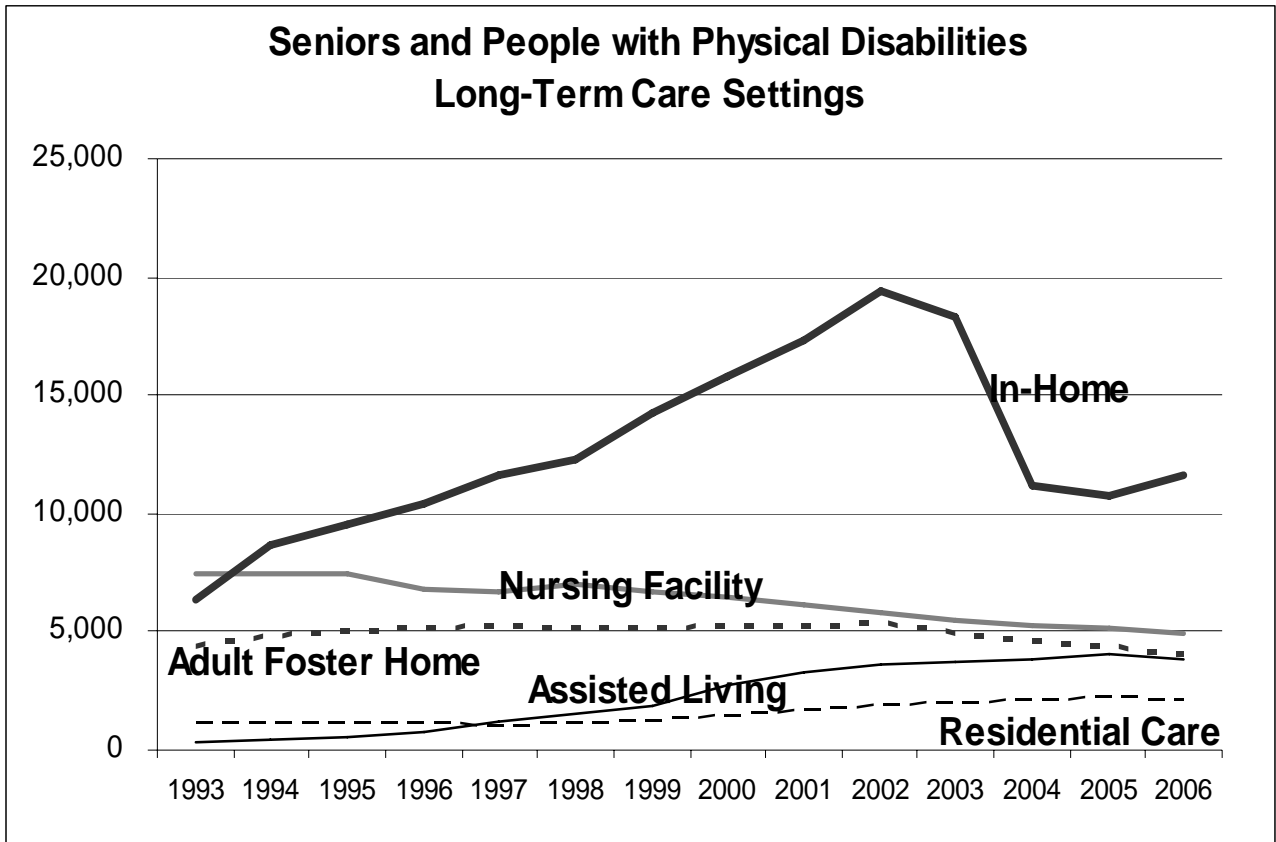
In-home services include personal care, chore services and other supports that help individuals stay in their own homes. The largest program for seniors and people with physical disabilities is the Home Care Worker program. For people with developmental disabilities, the largest is Adult Support Services created by the Staley settlement. Other programs include Oregon Project Independence, Family Support and Independent Choices.

Community-based services include a variety of community settings and options to meet individuals' needs. Services are provided to eligible individuals in licensed care facilities such as adult foster homes, children's foster homes and assisted living facilities.

Institutional care includes nursing facilities and the Eastern Oregon Training Center.

A variety of financial assistance programs help people meet their daily needs. Individuals must meet income and other criteria for each program. Programs include the Oregon Supplemental Income Programs, Medicare Buy-in, Employed Persons with Disabilities, and eligibility determinations for food benefits and the Oregon Health Plan.

The Older Americans Act provides federal funding for local support programs for individuals age 60 and over. The purpose of the Act is to provide innovative services that empower older people and contribute to their independence, safety and dignity. SPD is responsible for statewide planning and coordination of these programs. Services are delivered locally through Area Agencies on Aging (AAAs) to meet the needs of each specific community.



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## *SERVICE DELIVERY*

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SPD delegates responsibility for programs for people with developmental disabilities to counties or regions. Local oversight responsibilities include planning and resource development, negotiation and monitoring of contracts and subcontracts, and documentation of service delivery to comply with state and federal requirements. Counties also are responsible for case management services, evaluation and coordination of services, and quality assurance services. Quality assurance activities are aimed at improving the quality of services and ensuring that services comply with state and federal requirements and adult protective services laws.

ORS Chapter 410 allows AAAs to choose to serve seniors, or seniors and people with disabilities. It also allows AAAs to choose between administering only the Older Americans Act and Oregon Project Independence programs or also administering Medicaid programs. AAAs are designated as Type A (providing only Older Americans Act and Oregon Project Independence services) and Type B (providing Medicaid services in addition to OAA and OPI ). In areas where the AAA chooses not to administer Medicaid services, DHS has offices that serve seniors and people with disabilities.

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## *OUTCOMES*

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Oregon leads the nation in developing an array of community options for seniors, people with physical disabilities and people with developmental disabilities. These options help meet the specific needs of each individual at the same time they save limited state resources. For seniors and people with physical disabilities, caseloads continue to grow in these settings while remaining fairly static in institutions. For people with developmental disabilities, there has been a dramatic decline in the number of people in institutions in Oregon and a corresponding increase in community settings.

Oregon has led the nation, since 1981, in the development of lower-cost alternatives to institutional (nursing facility) care. Home and community-based alternatives to nursing facility care emphasize independence, dignity and choice, and offer needed care and supports at lower cost than medical models. Although state Medicaid funding in Oregon for 2005 was almost equally split between nursing facilities, community facilities and home care, more than 80 percent of clients received services in their own homes or in their communities.

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## *HISTORY OF THE PROGRAMS*

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States traditionally have provided services to seniors, people with physical disabilities and people with developmental disabilities in institutional settings such as nursing facilities and intermediate care facilities for the mentally retarded. In fact, the Fairview Training Center was opened in 1908, providing the first state-funded services to people with developmental disabilities. With the passage of the federal statute creating Medicaid, the state began to pay for nursing facilities services for eligible individuals in the 1960s.

However, it was clear that people wanted to remain with their families, in their own homes or at least in their own communities for as long as possible. During the past 35 years, Oregon has worked to help people remain as independent as possible in their own communities, rather than placing people who need assistance in facilities.

In the early 1980s Oregon applied for, and received, the first demonstration waiver that allowed the state to use Medicaid funds to provide Medicaid long-term care services outside an institution. In 1981 the Oregon Legislature mandated that the state work to empower seniors, keep them as independent as possible and develop alternative care settings. The 1991 Legislature mandated a similar philosophy for people with physical disabilities.

Like most other states, Oregon historically maintained a waiting list for services for people with developmental disabilities due to funding limitations. Throughout the 1980s and 1990s Oregon received waivers that allowed services for unique groups of people, including children with developmental disabilities. When the state settled the Staley lawsuit in February 2000, it agreed to a phase-in of community services for adults with developmental disabilities guaranteeing access for thousands of individuals.

After years of expanding caseloads, the department was forced in 2002 and 2003 to eliminate programs and services to selected groups of people. In 2003, to balance the state's budget, the Legislature approved eliminating services to approximately 4,874 seniors and people with physical disabilities who did not meet more limited eligibility criteria.

The U.S. District Court granted final approval in 2004 to a modification of the Staley lawsuit settlement agreement. The modification extended the final implementation from June 30, 2007, to June 30, 2011, and slowed the pace of service expansion. It was sought as a way to help address the state's budget issues.

Since 2003 DHS has continued to aggressively manage caseloads and ensure consistency across the state. DHS has intensified its efforts to work with local offices to ensure that clients' needs are met while providing stewardship over state resources.

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### ***MAJOR CHANGES DURING 2005-2007***

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The Deficit Reduction Act of 2005 (DRA) provides new alternatives to states to realign their long-term care systems to tie to discrete client needs. Four alternatives have emerged:

*Money Follows the Person grants* – The Money Follows the Person grant cycle allows states to submit proposals that relocate clients from institutional to community-based services. The federal share during the 12 months following the relocation is higher than the standard program match. Oregon submitted a Money Follows the Person grant request to relocate approximately 800 seniors and people with disabilities from institutions to community settings during the next five years. While not chosen as part of the initial group of 17 states announced by CMS January 12, 2007, the application is still part of a competitive group of 21 additional states. Announcements about this group are anticipated in late March.

*Long-term care insurance partnership* – States can seek federal approval to exempt the estate of a Medicaid recipient from estate recovery up to specified limits if the person buys and uses long-term care insurance under a partnership plan. DHS and the Department of Consumer and Business Services are partnering in support of SB 191, which changes Oregon law to allow the state to offer partnership plans. Aggressive promotion of partnership plan sales could help mitigate future growth in people accessing publicly funded long-term services.

*Expanded access to home and community-based services* – New section 1915(i) of the Social Security Act allows states to offer home and community-based services as a state plan option, tied to a person's level of need rather than institutional eligibility. In turn, states can more tightly restrict institutional eligibility and correspondingly restrict waived community services to only those people with higher acuity need.

*Self-directed personal assistance services* – New section 1915(j) of the Social Security Act allows states to broadly implement programs to cash out clients' Medicaid benefits, allowing them to self-direct and pay for their own services. Oregon's Independent Choices program is a small pilot demonstration of this concept, more well-known nationally as the Cash and Counseling option.

With the exception of Senate Bill 191 to allow participation in long-term care insurance partnership plans, none of these options is presently included in the Governor's Recommended Budget. SPD is actively exploring the benefits of each, and may submit Medicaid waiver or state plan changes during the 2007-2009 biennium.

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## **PERFORMANCE MEASURES AND PROGRESS**

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Five performance measures relate directly to SPD.

*People with disabilities in community settings* – This measure ties to the DHS goal that "People are living as independently as possible" and tracks progress in providing the supports needed to allow people with developmental disabilities to live integrated lives in their communities. DHS has met or exceeded its target for the past five years.

Continued success will rely on the preservation and enhancement of policy and funding structures that contribute to maintenance and improvement of efforts to provide in-home services to people with developmental disabilities, and continued attention to the impact of aging family caregivers and their needs.

*Seniors living outside of institutions* – The number of seniors who live outside of nursing facilities ties to the department's goal that people live as independently as possible. DHS strategy continues to emphasize maintaining seniors in their home communities, outside of institutions, to the maximum extent possible. DHS continues to maintain the lowest overall institutionalization rate of seniors among all 50 states.

Continued success will require DHS to devise strategies to meet accelerated hospital discharges, due to Medicare payment methodologies, through enhancement of departmental nursing facility diversion and relocation efforts.

*SPD clients, with a goal of gainful employment, who are employed* – This measure tracks SPD’s progress in removing the barriers that exist to the gainful employment of people with physical disabilities. The measure ties to the department’s high-level outcome to reduce the number of Oregonians living in poverty.

SPD continues to meet its target. When comparing employment data from the Employed Persons with Disabilities program with other Medicaid buy-in programs in the nation, Oregon’s program ranks fourth highest in average earnings and is in the top 10 for enrollment per capita. Continued success is dependent on easing of the tight employment market, and continued budgetary support.

*Average monthly earnings of SPD clients with developmental disabilities* – This measures SPD’s progress in expanding competitive employment opportunities available to people with developmental disabilities. Like the measure above, this measure ties to the department’s high-level outcome to reduce the number of Oregonians living in poverty.

SPD has not met its target since 2001. Paid employment opportunities have diminished, and the stability and capacity of provider organizations that work to develop employment have been compromised by budgetary constraints leading to flat funding. SPD is working actively with its community partners to preserve and grow the state’s employment infrastructure, and is participating in a four-year Medicaid Infrastructure grant, funded by CMS, to increase competitive employment opportunities for people with developmental disabilities.

*Re-abuse of seniors and people with disabilities* – SPD tracks the percentage of SPD clients re-abused within 12 months of a determination of abuse to monitor progress toward the DHS goal that “People are safe.” Two separate populations are tracked – seniors and people with physical disabilities, and people with developmental disabilities.

The target percentage – 5 percent or less – has been met and exceeded for seniors and people with physical disabilities. Increased public awareness and changes to the training curriculum of local protective services investigators have contributed to the success.

Re-abuse of people with developmental disabilities has not met its target, again due in part to provider agency funding shortfalls and increasing employee turnover. SPD plans additional training for protective services investigators and for brokerage staff. SPD also plan to emphasize research and program development focusing on abuse prevention.

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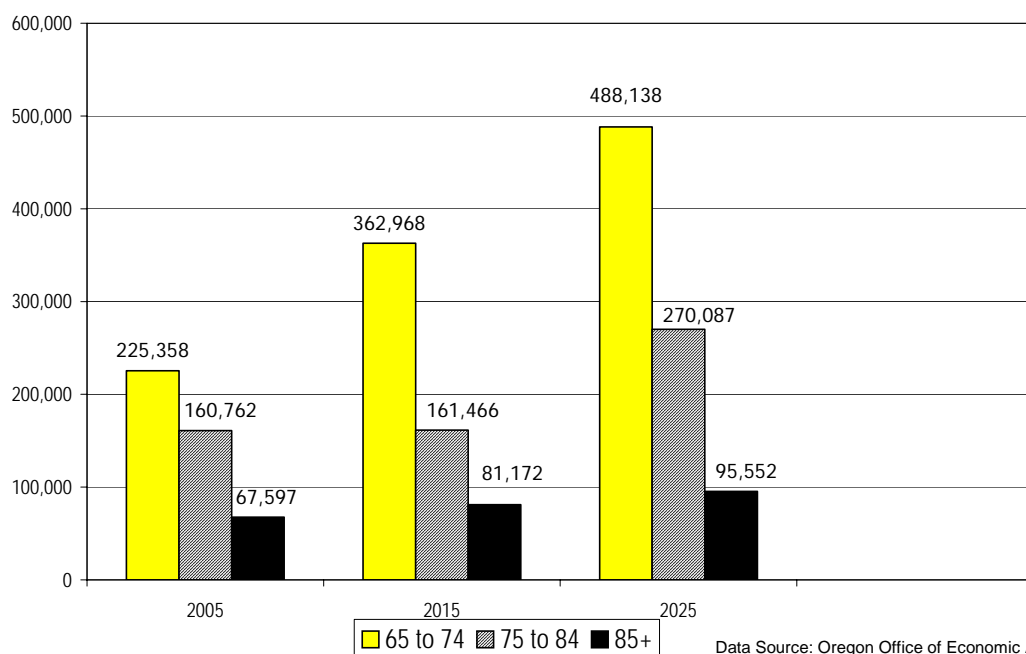
## **OUTSTANDING ISSUES**

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### ***Long-range plan***

At the Governor’s direction, DHS began a long-range planning process in 2005 that focused on the need to maintain services to seniors and people with disabilities while ensuring sustainable growth within existing revenues. Workgroup participants issued a draft report that focused on key strategy areas of research and data, healthy living and supportive communities, and planning for individual needs, Medicaid long-term services and the specific needs of people with disabilities. A final report on the initial findings of the workgroup is expected in spring 2007.

### Oregon's - Age 65 Plus Population 2005 to 2025



#### *Nursing facility provider taxes*

The 2003 Legislature imposed a long-term care facility assessment on Oregon nursing facilities that is used to provide enhanced Medicaid reimbursement to nursing facilities that serve Medicaid clients. Assessment revenues currently fund 25 to 30 percent of Medicaid nursing facility reimbursement. The nursing facility assessment is set to sunset June 30, 2008. The federal government just decreased the maximum assessment a state can impose from 6 percent to 5.5 percent. Facilities cannot afford to lose the revenue stream; neither can the state afford the additional General Fund expenditures that will result from a cost shift.

#### *Developmental disability system and providers*

Service provider entities, which provide direct care to individuals with developmental disabilities, are experiencing problems attracting and maintaining an adequate work force of qualified direct care staff. There also continues to be erosion in the adequacy of service rates. The cumulative effect of these trends threatens the stability of the private provider system and the county-based case management system. These trends also continue to create an increased demand in the crisis back-up system (diversion) that ensures clients are healthy and safe.

#### *Children in nursing facilities*

Approximately 70 Oregon children with developmental disabilities live in several pediatric nursing units in Oregon. Many of these children could live in their own homes or in their communities with

appropriate care and supports. SPD is working closely with families, nursing facilities and community providers to transition these children back to their communities whenever possible.

### *Eastern Oregon Training Center*

As the number of people living at Eastern Oregon Training Center declines, the per-person cost of operating and maintaining the institution increases. The Governor's Recommended Budget includes a proposal to transition the remaining 40 residents to community programs.

### *Independent assessments and rate restructuring*

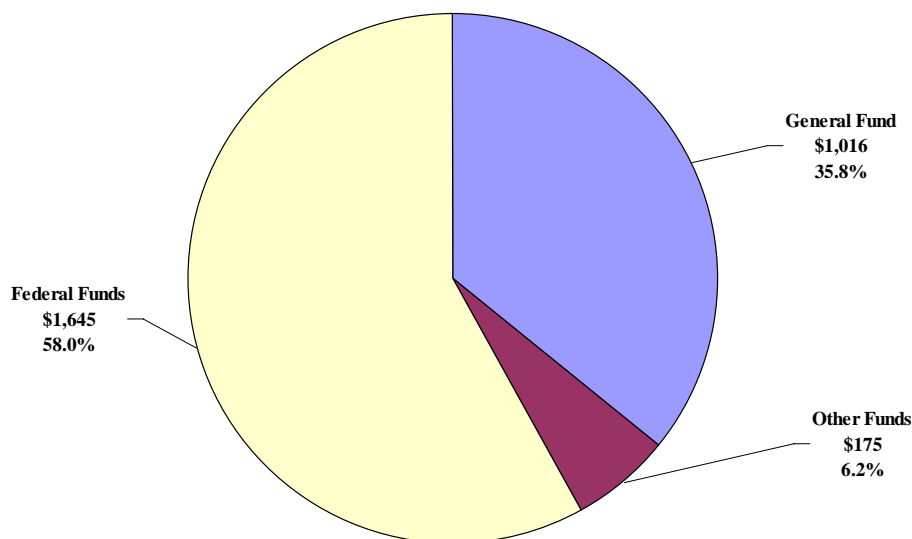
Using a \$2.44 million, five-year Federal System Transformation Grant, SPD has initiated a project to develop and test a new system for funding of 24-hour comprehensive services to individuals with developmental disabilities. The project's goal is to replace the current 25-year-old slot-based system with a new system that will establish individual budgets for some 3,500 consumers and standardize rates for services delivered by community providers.

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## **BUDGET OVERVIEW**

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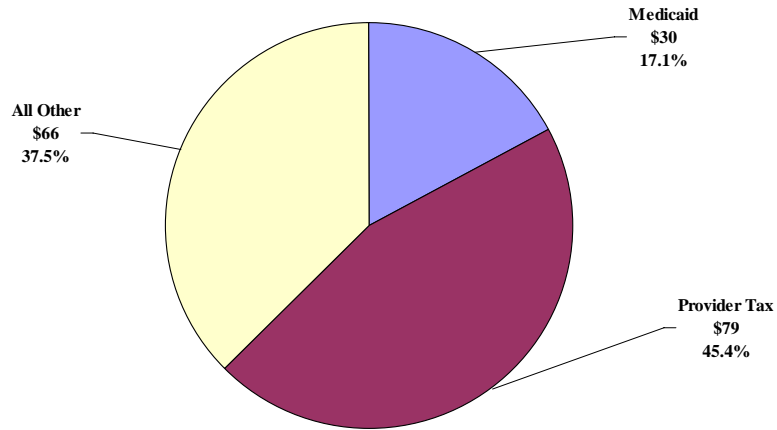
**Seniors and People with Disabilities Division (SPD)  
Major Revenue Sources  
2007-09 Governor's Recommended Budget  
\$2,836,466,358**



*note: graphed dollars are in millions*

*Source: 2007-09 GRB (Orbits - unaudited)*

**Seniors and People with Disabilities Division (SPD)  
Major Other Funds Revenue Sources  
2007-09 Governor's Recommended Budget  
\$175,173,804**

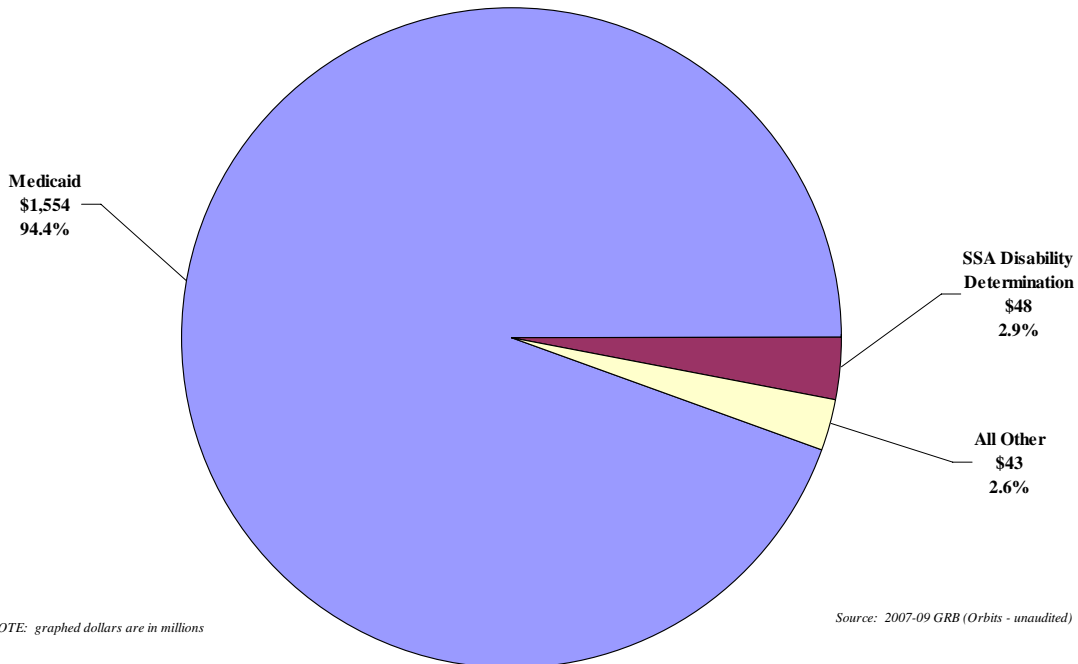


*note: graphed dollars are in millions*

*Source: 2007-09 GRB (Orbits - unaudited)*

**Seniors and People with Disabilities Division (SPD)  
Major Federal Funds Revenue Sources  
2007-09 Governor's Recommended Budget**

**\$1,645,249,330**



*NOTE: graphed dollars are in millions*

*Source: 2007-09 GRB (Orbits - unaudited)*