



Legislative Budget Commission

Health & Human Services Zero-Based Budgeting Subcommittee

**Monday, January 7, 2002
6:15 pm
412 Knott Building**

**Tom Feeney
Speaker**

**Sandy Murman
Chair**

AGENDA
JOINT LEGISLATIVE BUDGET COMMISSION
ZERO-BASED BUDGETING SUB-COMMITTEE
HEALTH & HUMAN SERVICES

MEMBERS: Senator Ron Silver, Chairman
Senator Rossin
Senator Durell Peaden
Representative Sandy Murman
Representative Evelyn Lynn
Representative Jerry Maygarden

DATE: Monday, January 7, 2002

TIME: 6:15 PM

PLACE: 412 Knott Building

I. Agency Presentation on Zero-Based Budgeting

Department of Elder Affairs

Department of Children and Family Services

Persons with Disabilities Program
Mental Health and Substance Abuse Program

Department of Veterans' Affairs

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Elder Affairs
Program:	Services to Elders Program
Service:	Comprehensive Eligibility Services

1. Should the state continue to perform this Service? YES NO

The Comprehensive Assessment and Review for Long Term Care Services (CARES) is a federally mandated pre-admission screening program for nursing home applicants to ensure medically appropriate nursing care. CARES assists the state in controlling the escalating cost of state and federal Medicaid nursing home expenditures by diverting applicants to less costly home and community based alternatives and by providing savings by avoiding the costs of nursing homes by moving residents out of nursing homes.

The purpose of the assessment is to identify the degree of frailty, establish appropriate level of care (medical eligibility for nursing home care), and recommend the least restrictive, most appropriate placement. Emphasis is on allowing people to remain in their homes by providing services or alternative community placements such as assisted living facilities. The assessments are performed by registered nurses and social workers who are state employees. Each assessment is reviewed by a physician. There is one activity for this service called Universal Frailty Assessment.

2. Are there any areas where performance is not meeting expectations for this service?

No, the Department has exceeded performance expectations and estimates that they will divert 23.5% (standard is 19.7%) of eligible nursing home recipients into the community in FY 2001-02. This has increased from 17.8% in FY 1999-00 to 22.7% in FY 2000-01.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Universal Frailty Assessment	\$11,198,292	X		X
Total Service	\$11,198,292			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

The activity is being recommended for continuation; however, it is recommended that the title be changed to "Long-Term Care Eligibility Screening."

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

The Department has reviewed and redesigned this activity by reducing the number of Continued Residency Reviews (CRRs) from a 20% sample to a 10% sample because the number of reviews of nursing home residents that resulted in diversions was so low.

The Department could increase the percentage of clients diverted by placing more of its CARES staff at hospitals (Upstreaming project). These outposted staff have proven to be successful at evaluating consumers most at risk of nursing home placement prior to being discharged from the hospital for possible community placement.

The final Medicaid eligibility determination is performed by staff in the Department of Children and Family Services. DOEA reported that there are delays with determining eligibility and that a more timely process for determining eligibility needs to be implemented. According to OPPAGA (preliminary draft Justification Review of DOEA, November 2001), a total of 1,274 clients as of August 2001 who applied for the Medicaid waiver program were waiting an average of 5.9 months for eligibility determination. It is recommended that DOEA work with DCF to improve the eligibility process.

Additionally, DOEA mentioned that there are various ways that elders access the system for services (i.e., CARES, Elder Helpline, or case managers). It is recommended that the Department review the cost-effectiveness of the current system compared to a single point of entry through the CARES unit (s. 430.704, F.S.).

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

The CARES program is meeting legislative expectations and has increased the number of clients diverted over the past three years primarily as a result of the Legislature authorizing 36 new positions to be outposted at hospitals, increased efficiency through the use of information technology, and collocating staff with financial eligibility staff in DCF.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds?

No. This activity is funded 25% state and 75% federal Medicaid (Title XIX).

- b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

None.

- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

N/A.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

N/A.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

Yes, the CARES program could be more efficient and effective in increasing diversion of nursing home eligibles to the community; however, the ability for CARES staff to divert is dependent upon the availability and accessibility of community-based services. Despite increases in funding for community-based services, community alternatives have not kept pace with the growing elder population. Additionally, external factors such as home care worker shortages and the medical community's use of institutional nursing home placement has limited CARES performance.

Current resources from state funded programs such as Community Care for the Elderly (CCE), Home Care for the Elderly (HCE), and the Alzheimer's Disease Initiative (ADI) could be transferred to the Medicaid Waiver programs and used as match to draw down additional federal Medicaid funds. Many of the individuals served by these programs are potentially Medicaid waiver eligible. The additional resources would enable more persons to be served and/or more services to be provided

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

The FY 2002-03 LBR included a transfer of \$41,859 in trust (OAA federal funds) from the CARES program to the LTC Ombudsman Council. This is necessary to correct an error in the budget recasting exercise. It is recommended that this transfer of funds be made. Modifying the funding for this activity would not affect services to the elderly.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

Yes. The pre-admission screening function is a federally mandated administrative requirement that is presently not included in Florida statutes. It is recommended that this activity be incorporated in Chapter 409, F.S., related to the Medicaid program.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?.

While some states privatize all or part of the CARES functions, OPPAGA's Justification Review of DOEA (December 2001) found no compelling reason to privatize. OPPAGA indicated that the current operations are successful and cost-effective and changing the administration might jeopardize success and increase costs rather than save costs. In addition to medical screenings, most other states do not screen for the purpose of diverting as the CARES staff in Florida does.

Florida has an experienced, stable workforce which has contributed to its success in diverting clients. CARES has a low unit cost of \$169.08 because the state pays lower salaries for nurses than private industry. However, the Department indicated in its LRPP that a feasibility study was planned in FY 2002-03 to assess the cost-effectiveness of privatizing part of the CARES program. It is recommended that a feasibility study be performed and submitted to the Legislature next year. If the study demonstrates cost-effectiveness, then DOEA estimates that 50 of the 197 CARES staff that perform medical reviews could potentially be privatized. DOEA states that the remaining staff are needed to ensure quality assurance and standardization of operations statewide.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

Based on this review, it became clear that there was no single state agency responsible for oversight of the long-term care system. Operational responsibility for planning and management is split between the following agencies:

Agency for Health Care Administration (AHCA) - licenses and inspects facilities; regulates nursing home capacity; and operates the Medicaid program that includes nursing homes and home and community-based waivers.

Department of Elder Affairs (DOEA) - operates a variety of elder programs; has rule-making authority for ALFs, AFCHs and hospices; and operates under an interagency agreement with AHCA the Aged/Disabled Medicaid waiver, ALF waiver and CARES preadmission screening program.

Department of Children and Families (DCF) - establishes Medicaid eligibility.

Although the system is fragmented, the OPPAGA Justification Review of DOEA (December 2001) found no compelling reason to transfer these programs to other departments. They stated that this would dismantle the department that was created by constitutional amendment in 1991 to focus exclusively on the needs of elders. Additionally, they felt that the move would not achieve any savings because the same level of services would need to be provided.

Because current state law divides responsibilities for long-term care between several departments, the following options have been proposed for consideration depending upon whether the Legislature determines that a single state LTC agency is viable and the degree of consolidation of LTC programs desired. If consolidation is not warranted, it is recommended that both DOEA and AHCA work together to improve program coordination, accountability, and management.

OPTION 1: Keep Current Department Structure (separate departments of DOEA and AHCA)

It is recommended that the Comprehensive Eligibility function remain in the DOEA. The Medicaid program has the ability to control the CARES operations through the current interagency agreement and has rule-making authority. If the program was transferred, this would result in over half of the positions being eliminated from DOEA (197 FTE compared to a total of 372 FTE) which would create a large hole in DOEA administration due to the loss of indirect earnings.

OPTION 2: Transfer Medicaid-related Functions to AHCA

It is recommended that the Comprehensive Eligibility function be transferred to AHCA in the Medicaid Office for the purpose of bringing together under one organization all functions related to the Medicaid program. The CARES function is a federally mandated Medicaid administrative requirement that was previously located in Medicaid within the old Department of Health and Rehabilitative Services (HRS). In 1989, the CARES program was transferred to the Aging & Adult Services Program Office in HRS. When DOEA was created in 1992, the CARES program remained in HRS but was eventually transferred to DOEA in 1995.

OPTION 3: Abolish DOEA, transfer all functions to AHCA, and establish an Office of Long-Term Care within AHCA

It is recommended that the Comprehensive Eligibility function be transferred to the LTC Office within AHCA.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Elder Affairs
Program:	Services to Elders Program
Service:	Consumer Advocate

1. Should the state continue to perform this Service? YES NO

The purpose of the Consumer Advocate Service is to ensure the security of vulnerable elders by providing a mechanism for elder Floridians to voice concerns and to have those concerns properly addressed. This service includes a time-limited complaint/investigation mechanism to assist in resolving grievances relating to nursing homes, assisted living facilities and adult family care homes and provides guardianship plans to protect assets and choices for vulnerable frail elders. The state has a responsibility to safeguard elders from abuse, exploitation, neglect and fraud whether at home, in the community, or in an institution. Consumer Advocate Services includes two activities: Long Term Care Ombudsman Council and the Public Guardianship Program. Both of these programs are administratively housed in the Department of Elderly Affairs (DOEA), but are independent of the program's control.

2. Are there any areas where performance is not meeting expectations for this service?

No, both the Long-Term Care Ombudsman Council and the Public Guardianship Program are meeting performance expectations by initiating investigations/service activity within 5 days in 90% of the complaints/cases.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Long-Term Care Ombudsman Council	\$2,503,240	X		X
2. Public Guardianship Program	1,285,508	X		X
Total Service	\$3,778,748			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

N/A

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

Long-Term Care Ombudsman Council – This activity was examined, evaluated, and supported by the Legislature last year and received an appropriation of \$948,782 (SB 1202) for increased ombudsman local councils, increased training, and travel reimbursement.

During the interim, the Senate Health, Aging, and Long-Term Care Committee performed a review of this program and prepared a report entitled “An Overview of the Long-Term Care and Managed Care Ombudsman Programs” (Interim Project Report 2002-137). The purpose of this review was to make recommendations for program improvements. The report recommended the following:

1. Retarget ombudsman investigations and training to emphasize the quality of life and reduce the emphasis on facility inspections that duplicate AHCA surveys.
2. Increase the maximum council size from 30 to 40.
3. Enhance training.
4. Coordinate ombudsman and related state agency operations.
5. Initiate a statewide public awareness campaign.
6. Improve data information systems.
7. Increase efforts in ALF quality.
8. Recruit multilingual ombudsmen.

SB 414 has been filed for the 2002 Legislative Session that incorporates some of these suggestions and it is recommended that they be implemented.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

Both the Long-Term Care Ombudsman Council and the Public Guardianship Program are meeting performance standards. Improvements in the efficiency and effectiveness in the LTCOC can be achieved by implementing the recommendations of the Senate Interim Project Report 2002-137, “An Overview of the Long-Term Care and Managed Care Ombudsman Programs” and SB 414.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds?

No, the LTCOC is partially funded from OAA funds and the General Revenue funds supplement that funding. The Public Guardianship Program is 100% funded from state funds (GR and Tobacco). There are no other trust funds.

- b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

Long-Term Care Ombudsman Council – no reductions were proposed.

Public Guardianship Program – both the LBR and the LRPP included a \$100,000 reduction from Tobacco Settlement Trust Funds in the Salaries and Benefits appropriation category for FY 2002-03 related to efficiencies created through the consolidation of responsibilities and more effective use of resources. It is recommended that this reduction be taken.

- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency’s missions and goals (if not previously listed in “b” above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

N/A

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

N/A

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No.

3.6 For each recommendation relating to an activity’s funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Long-Term Care Ombudsman Council – the FY 2002-03 LBR included a transfer of \$41,859 in trust (OAA federal funds) from the CARES program to the LTC Ombudsman Council related to Salaries and Benefits to accurately reflect expenditures. This was an error in the budget recasting exercise. It is recommended that this transfer be made. This has no impact on services to elders.

Public Guardianship Program - the FY 2002-03 LBR included a proposed reduction of \$100,000 in Tobacco Settlement Trust Funds related to efficiencies created through the consolidation of responsibilities and more effective use of resources. It is recommended that this transfer be made. This has no impact on services to elders.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

Yes. Statutory changes to ss. 400.0069, 400.0089 and 400.0091, F.S., have been proposed in SB 414 by the Senate Health, Aging and Long-Term Care Committee. The bill would implement recommendations made in the interim report and makes the following revisions:

- *Increases the maximum number of council members from 30 to 40.*
- *Requires the LTCOC to publish complaint information quarterly.*

- *Requires the LTCOC to give all volunteers and employees a minimum of 20 hours of training and 10 hours of continuing education annually.*

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

Long-Term Care Ombudsman Council – Yes. It is recommended that the quality of staff and volunteer training could be improved by contracting with a private provider. This is now possible because the LTCOC received an appropriation of \$948,000 under SB 1202 in FY 2001-02. The LTCOC concurs with this recommendation and intends to outsource this function.

In regards to managing the volunteers, it is recommended that the LTCOC continue to utilize government employees in each of the fourteen councils that will expand to 17 this year. Volunteers are used to identify, investigate, and resolve complaints made on behalf of residents of long-term care facilities. This activity had previously been privatized; however, in 1991 this function was converted from contract employees to career service staff after it was determined that the constant turnover made the function inefficient and more costly.

Public Guardianship Program – The department proposed privatization of the Second Judicial Circuit Office of the Public Guardian. This consists of 6 FTE and a budget of around \$320,000. It is recommended that this office be privatized because the privatization has the potential to attract funding from charitable contributions and foundations who cannot otherwise donate to a state agency. It is anticipated that increased private and local funding could expand the number of offices in the program and increase services. According to the department, a 5% reduction in general revenue and a 24% reduction in staff could be accomplished. This is the only remaining circuit that is not privatized.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

Based on this review, it became clear that there was no single state agency responsible for oversight of the long-term care system. Operational responsibility for planning and management is split between the following agencies:

Agency for Health Care Administration (AHCA) - licenses and inspects facilities; regulates nursing home capacity; and operates the Medicaid program that includes nursing homes and home and community-based waivers.

Department of Elder Affairs (DOEA) - operates a variety of elder programs; has rule-making authority for ALFs, AFCHs and hospices; and operates under an interagency agreement with AHCA the Aged/Disabled Medicaid waiver, ALF waiver and CARES preadmission screening program.

Department of Children and Families (DCF) - establishes Medicaid eligibility.

Although the system is fragmented, the OPPAGA Justification Review of DOEA (December 2001) found no compelling reason to transfer these programs to other departments. They stated that this would dismantle the department that was created by constitutional amendment in 1991 to focus exclusively on the needs of elders. Additionally, they felt that the move would not achieve any savings because the same level of services would need to be provided.

Because current state law divides responsibilities for long-term care between several departments, the following options have been proposed for consideration depending upon whether the Legislature determines that a single state LTC agency is viable and the degree of consolidation of LTC programs desired. If consolidation is not warranted, it is recommended that both DOEA and AHCA work together to improve program coordination, accountability, and management.

OPTION 1: Keep Current Department Structure (separate departments of DOEA and AHCA)

It is recommended that the Consumer Advocate function remain in the DOEA. This service is performing well and meeting performance expectations.

OPTION 2: Transfer Medicaid-related Functions to AHCA

It is recommended that the Consumer Advocate function remain in the DOEA as it is a non-Medicaid function.

OPTION 3: Abolish DOEA, transfer all functions to AHCA, and establish an Office of Long-Term Care within AHCA

It is recommended that this function be placed in the Office of Long-Term Care in AHCA. If the function is transferred to another entity, it is noted that the federal Older Americans Act requires an Ombudsman and requires assurances that there are no conflicts of interest (i.e., no direct involvement in the licensing or certification of long-term care facilities or of a provider of long-term care service, cannot have an ownership or investment interest in a long-term facility or service, cannot be employed by or participating in the management of a long-term facility, and cannot receive compensation from an owner or operator of a long-term facility).

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Elder Affairs
Program:	Services to Elders Program
Service:	Executive Direction and Support Services

1. Should the state continue to perform this Service? X YES NO

Executive Direction and Support Services are required inherently in any operational entity for proper management, oversight and coordinated planning for agency functions. This service provides accountability, maximizes resources, oversees the proper allocation and use of taxpayer dollars, emphasizes cost containment and ensures that linkages are established with other state agencies.

2. Are there any areas where performance is not meeting expectations for this service?

NO. The department has one of the lowest administrative cost percentages (2.7%).

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Executive Direction	740,624	X		
2. Finance and Accounting	930,557	X		
3. Planning and Budgeting	624,589	X		
4. Director of Administration	277,056	X		
5. Personnel Services / Human Services	163,028	X		
6. Inspector General	318,544	X		
7. General Counsel / Legal	443,017	X		
8. Legislative Affairs	221,031	X		
9. Procurement	191,265	X		
10. Communication / Public Information	488,029	X		
11. Property Management	422,800	X		
12. Contract Administration	439,561	X		
13. Disaster Planning and Operations	135,685	X		
14. Information Technology – Executive Direction	159,226	X		
15. Information Technology – Application Development/Support	191,965	X		
16. Information Technology – Network Operations	236,213	X		
17. Information Technology – Desktop Support	148,797	X		
Total Service	6,131,987			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

N/A

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

The Executive Direction and Support Services entity is impacted by recommendations included in the Home and Community Services document, as follows: Generally, the multi-level service delivery system needs improvement in the area of administrative and programmatic monitoring of contracted providers. DOEA is responsible for monitoring the 11 AAAs, the AAAs are responsible for monitoring the 54 lead agencies and direct service providers, and the lead agencies are responsible for monitoring the direct service providers. Apparently, there has been a history of weakness in this area as noted by the 1999 Auditor General Report as well as the recent September 2001 report. It was found that the monitoring procedures used by the AAA varied significantly; standard documentation was needed; there were weak financial controls, standard reporting of administrative costs was needed; and a standard unit cost methodology was needed. Additionally, DOEA had not always performed on-site monitoring of the AAAs. It is recommended that DOEA implement the recommendations of these reports to ensure that funds are spent appropriately and cost-effectively.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

N/A

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

Administrative activities are primarily split-funded between General Revenue and the Federal Grants Trust Fund. Federal earnings are currently maximized.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

No reductions to the Executive Direction/Support Services entity were proposed by the agency.

c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?.

The department currently contracts with the Department of Health for human resource management functions. It is possible that other administrative

activities of the Department of Elder Affairs such as Finance & Accounting and Property Management could be contracted with the larger health and human services agencies to avoid duplication of effort and allow the department to focus on administrative and programmatic monitoring of contract providers. Information technology functions could also be contracted with other agencies, either through the proposed State Technology Office structure, or a related agency such as the Agency for Health Care Administration.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

N/A

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

N/A

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

N/A

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended.

N/A

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

N/A

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

See 3.4 (c), above.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

See 3.4 (c), above

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

N/A

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

This entity would also be affected by the range of reorganization options discussed under the Home and Community Services. Depending on the option recommended by the Legislative Budget Commission, the entire administrative entity would need to be evaluated for reduction and/or modification based on the requirements of the remaining organization.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Elder Affairs
Program:	Services to Elders Program
Service:	Home and Community Services

1. Should the state continue to perform this Service? YES NO

The Department of Elder Affairs (DOEA) was created by constitutional amendment in 1991 to focus exclusively on the needs of elders. It is designated the state unit on aging as required by the federal Older Americans Act. DOEA administers elder programs through contracts with Area Agencies on Aging (AAAs), which are not-for-profit agencies and local governments in eleven Planning and Service Areas. The AAAs contract with 54 lead agencies, which either provide services directly or contract for services. This multi-level contracting structure includes more than 1,100 contracts with local service providers.

Home and Community Services are key services provided to allow elders to age in place and prevent a costly premature nursing home placement. The major focus is on providing services to elders at high risk of nursing home placement, because of their degree of frailty, that enable them to remain in their own home or use a less restrictive community alternative, such as assisted living facilities. Significant costs can be avoided when other community-based alternatives are used.

The following ten activities are included in this service:

Home and Community Services Diversions – Community Care for the Elderly (CCE), Consumer Directed Care, Home Care for the Elderly (HCE), and Medicaid Aged/Disabled Waiver.

Long-Term Care Initiatives – Community Diversion Pilot Project, the Program for All-Inclusive Care of the Elderly (PACE), and Social Health Maintenance Organization (SHMO) Demonstration.

Nutritional Services for the Elderly – Adult Care Food Program, Contracted Services (meals only), Local Services Programs (meals only), and Older Americans Act Programs (meals only).

Residential Assisted Living Support and Elder Housing Issues – Medicaid Assisted Living for the Elderly Waiver.

Housing, Hospice and End-Of-Life – Long-Term Care Regulation.

Assisted Living Facility/Adult Family Home Care Training – Long Term Care Regulation.

Supportive Community Care – Community Care Programs for the Elderly, Contracted Services (non-meals), Local Services Programs (non-meals), and Older Americans Act Programs (non-meals).

Self-Care – Intergenerational Pilot Projects, Senior Companion Program, and Volunteer and Community Services.

Early Intervention/Prevention – Crimes Against Elders, Emergency Home Energy Assistance for the Elderly, Health and Wellness Initiatives, Information and Referral, Medicare+Choice Health Insurance Education Counseling and Assistance (SHINE), Older Americans Act Programs, Osteoporosis Education and Screening, and Senior Community Service Employment Program.

Caregiver Support – Alzheimer’s Disease Initiative, and Caregiver Respite (Relief and Americorp).

2. Are there any areas where performance is not meeting expectations for this service?

*In general, the department is meeting its performance standards for this service. The overall measure is: “**Percent of most frail elders who remain at home or in the community instead of going into a nursing home.**” The actual for FY 1999-00 was 91.6% and the actual for FY 2000-01 was 96.8% (standard was 92.6%).*

Performance is not meeting expectations for the following measures:

Home and Community Services Diversions -

“Percent of Adult Protective Services (APS) referrals who are in need of immediate services to prevent further harm who are served within 72 hours.”

Actual for FY 2000-01 was 93.7% (standard was 95%). The standard for FY 2001-02 is 95%. According to the OPPAGA DOEA Justification Review dated December 2001, the DOEA had difficulty tracking and reporting information on these clients but is implementing initiatives to address these concerns.

“Percent of CARES imminent-risk referrals served.”

Actual for FY 1999-00 was 84%; actual for FY 2000-01 was 83.6% (standard was 90%); and the standard for FY 2001-02 is 90%. There is some concern with the recent data that indicates a decline in the percentage of persons at “imminent risk” of nursing home placement served in DOEA programs since this has the potential to affect nursing home admission patterns. According to OPPAGA (DOEA Justification Review dated December 2001), the Department identified three factors that hindered their ability to serve imminent-risk clients. First, some providers spent funds on existing clients and could not serve imminent-risk clients who were placed on waiting lists; second, some clients could not be located because they had been moved by their families or were hospitalized; and third, some providers may not be serving imminent-risk clients as high priority as required by contract.

Self-Care - Specific performance measures have not been established. The LRPP recommends the following:

“Percent of Elder Helplines with an excellent rating on the Elder Helpline evaluation instrument.”

“Percent of clients satisfied with the quality of insurance counseling and information received.”

Early Intervention/Prevention - Specific performance measures have not been developed. The LRPP recommends the following:

“Percent of Elder Helplines with an excellent rating on the Elder Helpline evaluation instrument.”

“Percent of clients satisfied with the quality of insurance counseling and information received.”

Caregiver Support – This activity substantially met legislative performance standards, however, the department fell slightly below the standard this past year for the following measure: “Percent of family and family-assisted caregivers who self-report they are very likely to provide care.” Actual for FY 1999-00 was 88.9%; actual for FY 2000-01 was 90.1% (standard was 92%). According to OPPAGA (DOEA Justification Review dated December 2001), several factors may prevent some caregivers from continuing to provide care. Caregivers are often frail spouses with their own physical and emotional problems, they often have high rates of depression, and their ability to care changes as the clients condition deteriorates.

Specific performance measures have not been developed for the Alzheimer’s Disease Initiative (ADI) although significant amounts of resources are devoted to this program. It is recommended that the department develop measures that assess the impact of services and the degree to which services are keeping people out of nursing homes.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	YES	NO	Modify
1. Home and Community Services Diversions	\$58,900,085	X		X
2. Long-Term Care Initiatives	214,182	X		X
3. Nutritional Services for the Elderly	51,007,858	X		X
4. Residential Assisted Living Support and Elder Housing Issues	23,978,879	X		X
5. Housing, Hospice and End-Of-Life	258,508	X		
6. ALF/AFCH Training	1,279,259	X		
7. Supportive Community Care	39,199,916	X		X
8. Self Care	644,998	X		
9. Early Intervention/Prevention	8,752,623	X		
10. Caregiver Support	13,660,606	X		X
Total Service	\$197,896,914			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Home and Community Services Diversions – It is recommended that this activity be continued, but broken down further and replaced with the following activities:

- Aged/Disabled HCBS Medicaid Waiver
- Consumer Directed Care (HCBS Medicaid Waiver)
- Community Care for the Elderly
- Home Care for the Elderly

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

Generally, the multi-level service delivery system needs improvement in the area of administrative and programmatic monitoring of contracted providers. DOEA is responsible for monitoring the 11 AAAs', the AAAs are responsible for monitoring the 53 lead agencies and direct service providers', and the lead agencies are responsible for monitoring the direct service providers. Apparently, there has been a history of weakness in this area as noted by the 1999 Auditor General Report, as well as the recent September 2001 AG report. It was found that the monitoring procedures used by the AAA varied significantly; standard documentation was needed; there were weak financial controls, standard reporting of administrative costs was needed; and a standard unit cost methodology was needed. Additionally, DOEA had not always performed on-site monitoring of the AAAs. It is recommended that DOEA implement the recommendations of these reports to ensure that funds are spent appropriately and cost-effectively.

The following recommendations are made by specific activity.

Home and Community Services Diversions - *It is recommended that increased efforts be made to divert nursing home recipients to cost-effective alternatives to nursing home placement. Improved monitoring and accountability of providers also needs to be implemented. The department is currently working on this and is trying to detect, much earlier, areas that need intervention and technical assistance.*

Long-Term Care Initiatives - *Additional efforts need to be made to develop alternative cost-effective long-term care initiatives that provide additional choices to elders.*

Nutritional Services for the Elderly - *The Department has made programmatic changes such as adding choice of providers, more menu options, nutritional counseling, and has added an OPS registered dietician for program policy and oversight. These initiatives should improve performance.*

Residential Assisted Living Support and Elder Housing Issues - *It is recommended that increased efforts be made to divert nursing home recipients to cost-effective alternatives to nursing home placement. Improved monitoring and accountability of providers also needs to be implemented.*

Early Intervention/Prevention - *The Department has re-engineered the correspondence tracking system in FY 2000-01 for information and referral and plans to re-engineer the policies and procedures statewide as well. DOEA has also*

implemented a consolidation plan for the Elder Helplines. Health and Wellness has not been re-engineered. The SHINE program has increased counselor training which has resulted in increased quality of information being provided to consumers.

Caregiver Support - The Department is in the process of redesigning this activity to be more comprehensive. New funding for the National Caregiver Support Program is enabling the department to try new innovative approaches to meet caregiver needs.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

Home and Community Services Diversions – Although this activity is generally meeting legislative expectations, increased efforts need to be made to divert more elders from nursing home placements to other community alternatives. There are numerous alternative placements to nursing homes that are in various stages of development and operation that need to be reviewed and evaluated as statutorily required. The costs for these alternatives, although lower than nursing home costs, vary widely and Florida may be paying too much for comparable services provided in different programs. It is recommended that current resources be used to expand the program by shifting state funds from other programs such as Community Care for the Elderly (CCE), Home Care for the Elderly (HCE), and Alzheimer’s Disease Initiatives (ADI) to be used as match for Medicaid Home and Community-Based Waiver programs.

Long-Term Care Initiatives – This activity is not meeting legislative expectations because the department has not implemented the program for All-inclusive Care for the Elderly (PACE) or the Social Health Maintenance Organization (SHMO). The PACE program recently received federal approval in December 2001 and is still waiting federal approval of the contract. These programs need to be reviewed.

Residential Assisted Living Support and Elder Housing Issues – Although this activity is generally meeting legislative expectations, it is recommended that more elders be diverted from nursing home placements through alternative placements such as ALFs. Current resources could be used to expand the program by shifting state funds from other programs such as CCE, HCE, and ADI to be used as match for the Assisted Living for the Elderly Waiver.

Housing, Hospice and End-Of-Life – Although this activity is meeting legislative expectations by performing policy development and rule promulgation, it is suggested that the rule for hospice be revised to incorporate changes in the law since 1997.

Assisted Living Facility/Adult Family Home Care Training – Although this activity is meeting legislative expectations by performing policy development and rule promulgation, it is suggested that the rules for ALFs, AFCHs, and ADCCs be revised to incorporate changes since October 1999.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds?

The majority of the General Revenue funds are used to match federal Medicaid (Title XIX), the Older Americans Act (OAA), and the Senior Companion Grant; therefore, state funds cannot be shifted to trust funds. Other state funds are used to fill gaps in federal service dollars such as local service programs, contracted services, and other state programs.

Home and Community Services Diversions/Caregiver Support - The state could maximize resources by transferring unmatched state funds from the Community Care for the Elderly (CCE), Home Care for the Elderly (HCE), and Alzheimer's Disease Initiative (ADI) to the Home and Community-Based Waiver to be used as match to draw down federal Medicaid funds. The state is using 100% state funds in these programs to fund services for elders who have either not applied for Medicaid or are waiting for a Medicaid eligibility determination. Many of these elders become Medicaid eligible. It is recommended that it be mandatory to apply for Medicaid in order to receive services. Only those individuals temporarily waiting for a Medicaid eligibility determination and elders not eligible for Medicaid should receive state-only funded services. Additionally, the CCE program should increase co-pays to help fund services.

Assisted Living Facility/Adult Family Home Care Training – State General Revenue funds could be shifted to trust funds, but an increase in ALF fees would be required.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

Home and Community Services Diversions – The LRPP proposed a total reduction of \$4,099,585 (\$3,674,096 GR). Of this amount, \$754,011 (or 8% savings) is proposed from the Aged and Disabled Medicaid Waiver as a result of case management capitated reimbursement. Another \$1,153,528 (or 2.5% savings) is proposed through lower unit costs from CCE and HCE rates as a result of the Area Agencies on Aging (AAA's) negotiating lower rates through the RFP process. Another \$2,192,046 is proposed to be saved through an increase in the co-pays for the CCE program. It is recommended that these reductions be explored as they have potential savings.

Additional reductions proposed in the 5% Target budget were a reduction of General Revenue of \$1.1 million and a transfer of GR from HCE and ADI of \$481,596 to be used as match for the Home and Community-based Waiver. The target budget also proposed that a portion (\$2.6 million) of the non-obligated funds for managed long-term care programs (PACE and SHMO) be reduced. It is recommended that these reductions be explored as they have potential savings.

Nutritional Services for the Elderly – The Schedule VIII B reflects a reduction of \$1,511,127 in trust funds. This relates to unfunded budget and it is recommended that this budget authority be reduced. This will not result in a reduction to the program.

Supportive Community Care – The LRPP proposed a total reduction of \$80,516 General Revenue from the Local Services programs, which represents a 2.5% savings in the unit cost as a result of the RFP process and use of audited actual costs. It is recommended that this reduction be explored as it has potential savings. Additionally, the LRPP and the Schedule VIII B proposed a reduction of \$357,000 General Revenue related to the Hill Burton Hospital in Walton County. This was intended as a one-year fixed capital request for non-recurring funds to convert the hospital to an ALF. DOEA is working on including this project as part of the Coming Home grant received through Robert Wood Johnson. Since these funds cannot be used as originally intended, it is recommended that this reduction be taken.

Caregiver Support – The LRPP proposed a reduction of \$194,798 in General Revenue, which is a 2.5% savings in the unit rate as a result of the AAAs negotiating lower rates through the RFP process. It is recommended that this reduction be explored as it has potential savings. An additional \$500,000 of General Revenue funds for the Caregivers Telehealth Pilot Project (University of Florida) funded through the CCE program is proposed for a reduction. It is recommended that this reduction be explored as DOEA states that grants through the University could fund the project.

The 5% Target budget proposed a reduction of \$2.7 million in General Revenue for Memory Disorder Clinics, the Brain Bank, and Alzheimer’s Disease Advisory Committee from the ADI program. This reduction is not recommended as the Memory Disorder Clinics are statutorily based and housed in hospitals that provide invaluable research and training. DOEA also proposed to transfer the ADI program’s respite care appropriation of \$7.8 million from the Caregiver Support activity to the Home and Community Services Diversions activity (CCE and Home and Community-based Waiver) and reduce General Revenue by \$874,498. This would generate additional federal Medicaid funds and allow non-Medicaid eligibles to continue to receive Alzheimer’s services. It is recommended that a portion of these funds be transferred to the Home and Community Based Waiver and be used as match to draw down federal Medicaid funds thereby maximizing resources.

- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency’s missions and goals (if not previously listed in “b” above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

N/A.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Savings can be achieved by transferring additional funds from CCE, HCE and ADI to the Home and Community-Based Waiver.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

Yes, funding enhancements for the Aged/Disabled Waiver and ALE waiver would provide more community alternative options to nursing home placement. This could be accomplished by transferring state funds from CCE, HCE and ADI to be used as match to draw down additional federal Medicaid funds.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Home and Community Services Diversions – It is recommended that a portion of the state funds from CCE, HCE, and ADI be transferred to the Medicaid Waiver which would expand services to the elderly. It is recommended that the budget for administrative oversight of the waiver, which is currently contracted by DOEA to the AAAs for Medicaid Waiver Specialists be transferred to AHCA. The transfer of funds to the waiver would have a positive impact on elders as this would enable an increase in services and/or elders receiving services. The transfer of the administrative oversight funds would not impact services to elders.

Long-Term Care Initiatives – Currently, this activity includes administrative resources that fund salaries, expenses, and OCO for three staff positions for the Managed Care Diversion project. Although the description of the activity states that the All-inclusive Care for the Elderly (PACE), the Social Health Maintenance Organization (SHMO) and the Community Diversion Pilot (Nursing Home Diversion) are included, resources for the services are actually budgeted in the Home and Community Services Diversions activity. It is recommended that this activity, including both the administrative and service dollars, be transferred to AHCA. This will also eliminate the “double budget” for the Community Diversion Pilot program. The transfer of funds will not impact services to elders.

Nutritional Services for the Elderly – It is recommended that the trust reduction of \$1,511,127 in unfunded budget be taken. This will not result in a reduction to the program and will not impact elders.

Residential Assisted Living Support and Elder Housing Issues - It is recommended that funds for the administrative oversight of the Assisted Living for the Elderly (ALE) Waiver currently contracted by DOEA to the AAAs for Medicaid Waiver Specialists be transferred to AHCA. The transfer of the administrative oversight funds would not impact services to elders.

Supportive Community Care – It is recommended that the reduction related to the Hill Burton Hospital in Walton County be made. This reduction will not impact services to elders.

Caregiver Support – It is recommended that some General Revenue from the Alzheimer's Disease Initiative (ADI) be transferred to the HCBS waiver and the ALE waiver to be used as match to draw down federal Medicaid funds. The transfer of funds to the waiver would have a positive impact on elders as this would enable an increase in services and/or elders receiving services.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

Yes, general statutory language is needed to ensure that Florida oversees, manages and operates cost-effective long-term care strategies since there is no single state agency responsible for oversight of the long-term care system. During the interim, the Senate Health, Aging, and Long-Term Care Committee performed a review of Long-Term Care Alternatives to Nursing Homes (Interim Project Report 2002-136). One of the recommendations was that an office needed to be established to oversee policy and operations of all long-term care services as well as all long-term care programs needed to be evaluated to determine their effectiveness and ensure that Florida is meeting the needs of the elderly in the most efficient manner possible. SB 526 has been filed for the 2002 Legislative Session that proposes to establish an Office of Long-Term Care Policy in the Executive Office of the Governor. This legislation as well as other options needs to be considered to improve Florida's long-term care system.

The following recommendations are proposed for specific activities.

Home and Community Services Diversions – DOEA proposed changes to s.430.204, F.S., related to the CCE program that require individuals in the program who are potentially Medicaid waiver eligible to apply for services. They also proposed that CCE eligibility be limited to a maximum of 60 days if the Medicaid eligibility process is not completed. It is recommended that these statutory changes be implemented.

Nutritional Services for the Elderly – There is no statutory authority related to the Adult Care Food Program (USDA), Contracted Services (meals only) and Local Services Programs (meals only). The General Appropriations Act is mentioned as the statutory authority for Contracted Services and Local Services. It is recommended that statutory changes be made to authorize these services.

Supportive Community Care - There is no statutory authority related to Community Care Programs for the Elderly (Duval and Dade), Contracted Services (non-meals), and Local Services Programs (non-meals). The General Appropriations Act is mentioned as the statutory authority. It is recommended that statutory changes be made to authorize these services.

Early Intervention/Prevention – There is nothing in the statutes related to Crimes Against Elders, Health and Wellness Initiatives, SHINE, or Osteoporosis Education and Screening. It is recommended that statutory changes be made to authorize these services.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

No.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

Approximately 94% of the programs administered by DOEA are outsourced. Services are provided primarily by not-for-profit agencies and local governments under contract through the eleven Area Agencies on Aging.

Assisted Living Facility/Adult Family Home Care Training - It is recommended that training of facility administrators/providers and their staff be outsourced. This training is currently performed by DOEA staff in each of its planning and service areas. Various associations already perform this testing function.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

Based on this review, it became clear that there was no single state agency responsible for oversight of the long-term care system. Operational responsibility for planning and management is split between the following agencies:

Agency for Health Care Administration (AHCA) - licenses and inspects facilities; regulates nursing home capacity; and operates the Medicaid program that includes nursing homes and home and community-based waivers.

Department of Elder Affairs (DOEA) - operates a variety of elder programs; has rule-making authority for ALFs, AFCHs and hospices; and operates under an interagency agreement with AHCA the Aged/Disabled Medicaid waiver, ALF waiver and CARES preadmission screening program.

Department of Children and Families (DCF) - establishes Medicaid eligibility.

Although the system is fragmented, the OPPAGA Justification Review of DOEA (December 2001) found no compelling reason to transfer these programs to other departments. They stated that this would dismantle the department that was created by constitutional amendment in 1991 to focus exclusively on the needs of elders. Additionally, they felt that the move would not achieve any savings because the same level of services would need to be provided.

Because current state law divides responsibilities for long-term care between several departments, the following options have been proposed for consideration depending upon whether the Legislature determines that a single state LTC agency is viable and the degree of consolidation of LTC programs desired. If consolidation is not warranted, it is recommended that both DOEA and AHCA work together to improve program coordination, accountability, and management.

OPTION 1: Keep Current Department Structure (separate departments of DOEA and AHCA)

Home and Community Services Diversions - It is recommended that the administrative oversight of the Aged/Disabled HCBS waiver be transferred to AHCA, Medicaid Office. AHCA currently has an interagency agreement with DOEA through contracts with the AAAs who employ Medicaid Waiver Specialists to administer, manage, and monitor the waivers. This transfer would consolidate the administrative management component

with the other functions and give AHCA direct control over waiver activities and operations. It would also ensure that these positions are spending 100% of their time on waiver functions and eliminate a potential conflict with the AAAs in performing other functions.

Long-Term Care Initiatives – It is recommended that the funds related to the Community Diversion Pilot Projects (Nursing Home Diversion), the All-inclusive Care for the Elderly (PACE) and the Social Health Maintenance Organization (SHMO) be transferred to AHCA, Medicaid Office. This transfer would consolidate long-term care initiatives designed to provide less costly alternatives to nursing homes in AHCA. This would eliminate the “double budget” for Nursing Home Diversion.

Residential Assisted Living Support and Elder Housing Issues - It is recommended that funds for the administrative oversight of the Assisted Living for the Elderly Waiver be transferred to AHCA, Medicaid Office. AHCA currently has an interagency agreement with DOEA through contracts with the AAAs who employ Medicaid Waiver Specialists to administer, manage, and monitor the ALE Waiver. This would consolidate the administrative management component with the other service functions and give AHCA direct control over waiver activities and operations.

Housing, Hospice and End-Of-Life - It is recommended that this activity (which consists of policy development and rule promulgation) be transferred to AHCA, Health Care Regulation. The Regulation Office is responsible for licensing and inspecting adult day care centers and hospices, as well as granting a certificate-of-need for hospices. The current governance structure is split between two state agencies and consolidating the program in AHCA would result in increased management accountability and improved performance.

Assisted Living Facility/Adult Family Home Care Training – It is recommended that this activity (policy development, rule promulgation and training) be transferred to AHCA, Health Care Regulation. The Regulation Office is responsible for licensing and inspecting assisted living facilities and adult family care homes. The current governance structure is split between two state agencies and consolidating the program in AHCA would result in increased management accountability and improved performance.

OPTION 2: Transfer of Medicaid-related functions to AHCA

Home and Community Services Diversions - It is recommended that funds for the Aged/Disabled HCBS Medicaid waiver be transferred to AHCA – Medicaid Office, which would eliminate the “double budget” for service dollars. Currently, the state dollars are allocated to the AAAs to manage along with the other funds for elder programs. This has enabled the program to control expenditures and provides incentives to the AAAs to manage waiver funds; otherwise, CCE funds would be reduced to cover any over-expenditure. According to AHCA, if the GR was transferred, they would probably have to do RFPs or sole source contracts and there are concerns with controlling expenditures. This may also be seen as taking money out of the aging system and giving it to other providers.

Residential Assisted Living Support and Elder Housing Issues - It is recommended that funds for the Assisted Living for the Elderly Waiver be transferred to AHCA – Medicaid

Office, which would eliminate the “double budget” for service dollars. See same explanation above for Home and Community Services Diversions, Aged/Disabled HCBS Medicaid waiver.

OPTION 3: Abolish DOEA, transfer all functions to AHCA, and establish an Office of Long-Term Care within AHCA

This would result in all LTC functions being housed within a single department. A separate LTC division within AHCA would be established to oversee the policy and operation of all long-term care services, collect data on long-term care, perform evaluations of the cost-effectiveness of various long-term care program, manage and operate all Medicaid long-term care waivers, and have responsibility for all non-Medicaid programs (i.e., OAA, CCE, HCE, ADI and other elderly programs). This would improve program coordination, accountability, and management.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

No.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

No.

Department of Elderly Affairs

Legislative Budget Commission
Zero-Based Budgeting
Subcommittee

On Health and Human Services

Preliminary Staff Recommendations

January 7, 2002

Elderly Affairs

Current Service Structure

- Comprehensive Eligibility Services (\$11.2m; 197 FTE)
- Home and Community Services (\$285.9m; 71 FTE)
- Consumer Advocate Services (\$3.8m; 28 FTE)
- Executive Direction and Support Services (\$7.1m; 78 FTE)

TOTAL: \$308m; 374 FTE

Comprehensive Eligibility Services Findings

- Total Budget: \$11.2m (\$3.0m GR; \$8.2m trust)
- CARES is performing well and exceeding legislative performance standards.

“Percent of elders CARES program determined eligible for nursing home placement who are diverted into the community”.

1999-00: Actual 17.8%; Standard 15.1%

2000-01: Actual 22.7%; Standard 16.8%

Comprehensive Eligibility Services Findings (continued)

- Florida has significantly expanded the role of CARES staff beyond medical screening to include diversion to alternative placements.
- No statutory authorization.
- The DCF eligibility process has experienced delays.
- No compelling reason to privatize CARES.

Comprehensive Eligibility Services Recommendations

- Change title of activity.
 - From: "Universal Frailty Assessment"
 - To: "Long-Term Care Eligibility Screening"
- Transfer \$41,859 in trust to LTC Ombudsman Council.
- Increase the nursing home diversion rate by transferring state funds from CCE, HCE and ADI to the Medicaid Waiver and outpost more of its CARES staff at hospitals.

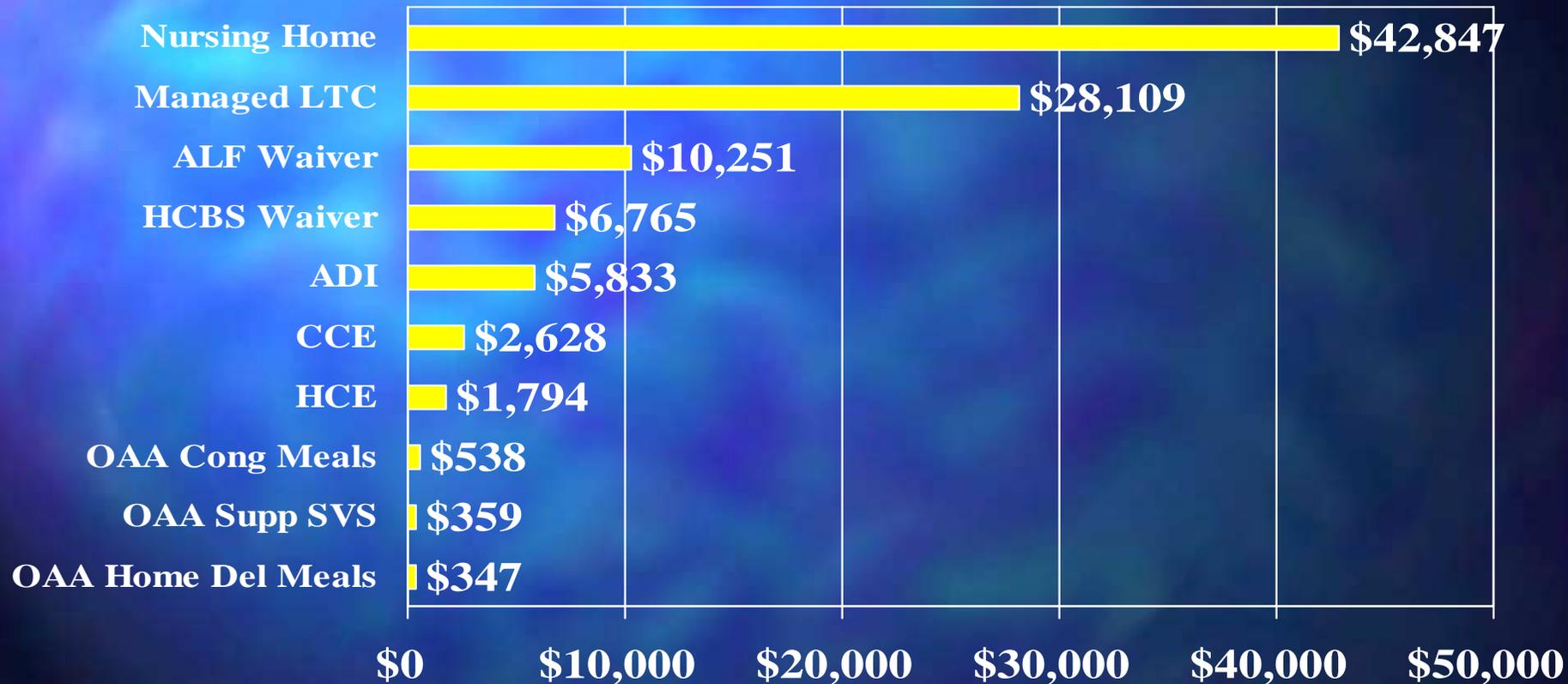
Comprehensive Eligibility Services Recommendations

- Create statutory authorization in Chapter 409.
- Assess the cost-effectiveness of using CARES as a single point of entry to access LTC services.
- Submit to the Legislature a report on the feasibility of privatizing various CARES functions.

Home and Community Services Funding

Activities	FTE	Total	State	Federal
Home & Comm Svs Diversions	7.0	\$137,150,511	\$91,792,169	\$45,358,342
LTC Initiatives	3.0	\$5,437,706	\$2,383,601	\$3,054,105
Nutritional Svs for the Elderly	8.5	\$47,755,902	\$71,800	\$47,684,102
Residential Assisted Living Support and Elder Housing Issues	0.0	\$28,461,489	\$12,468,326	\$15,993,163
Housing, Hospice and End-of-Life	3.5	\$258,508	\$156,949	\$101,559
ALF/Adult Family Home Care Trng.	12.0	\$1,279,259	\$1,279,259	
Supportive Community Care	11.5	\$30,609,937	\$9,251,155	\$21,358,782
Self-Care	6.0	\$913,478	\$130,227	\$783,251
Early Intervention/Prevention	17.0	\$11,674,494	\$377,358	\$11,297,136
Caregiver Support	2.0	\$22,382,190	\$13,619,883	\$8,762,307
TOTAL	70.5	\$285,923,474	\$131,530,727	\$154,392,747

DOEA Annual Program Costs FY 2000-01



Home and Community Services Findings

- No single state agency responsible for oversight of the LTC system.
- 94% of programs administered by DOEA are privatized.
- Multi-level service delivery system needs improvement.
- Alternative diversion projects/models are not regularly evaluated to determine cost-effectiveness.

Home and Community Services Findings

- Generally, performance standards are being met except for serving abused and neglected and imminent-risk clients.
- Performance measures were not developed for several activities.
- Maximization of state/federal funds under the HCB Waivers could expand services to the elderly.

Home and Community Services Recommendations

Home and Community Services Diversion

- Eliminate activity and replace with:
 - Aged/Disabled HCBS Waiver - \$79.2m
 - Consumer Directed Care - \$.7m
 - Community Care for the Elderly - \$45.7m
 - Home Care for the Elderly - \$11.5m
- Transfer administrative oversight of the Aged/Disabled Waiver to AHCA.
- Improve monitoring, oversight and accountability of providers.

Home and Community Services Recommendations

(continued)

- Maximize federal funds by transferring state funds from CCE, HCE and ADI to Medicaid Waivers to be used as match.
- Consider requiring AAA's to negotiate rates through the RFP process to lower unit costs.
- Increase co-pays for CCE.
- Revise CCE statute (s. 430.204, F.S.) to require Medicaid eligibility determination.

Home and Community Services Recommendations

(continued)

Long Term Care Initiatives

- Transfer activity to AHCA: Community Diversion Pilot (Nursing Home Diversion), PACE and SHMO.
- Reduce non-obligated PACE and SHMO funds.

Nutritional Services for the Elderly

- Add statutory language for the USDA food program, contracted services and local services meals programs.
- Delete \$1.5 million in unfunded trust.

Home and Community Services Recommendations

(continued)

Residential Assisted Living Support and Elder Housing Issues

- Transfer administrative oversight of the Assisted Living for the Elderly Waiver to AHCA.

Housing, Hospice and End of Life

- Transfer activity to AHCA (policy development and rule writing).
- Revise rules.

Home and Community Services Recommendations

(continued)

ALF/AFCH Training

- Transfer activity to AHCA (policy development, rule writing, and training).
- Outsource training of facility administrators/providers and their employees.
- Revise rules.

Home and Community Services Recommendations

(continued)

Supportive Community Care

- Add statutory language for Community Care Programs for the Elderly (Dade and Duval), contracted services, and local services for non-meals programs.
- Delete \$357,000 GR related to Hill Burton Hospital in Walton County.
- Consider requiring AAA's to negotiate rates through the RFP process to lower unit costs.

Home and Community Services Recommendations

(continued)

Early Intervention /Prevention

- Add statutory language for Crimes Against Elders, Health and Wellness Initiatives, SHINE, Osteoporosis, and Education and Screening.

Caregiver Support

- Transfer funds from ADI to HCBS Medicaid Waivers to maximize federal funds.
- Consider requiring AAA's to negotiate rates through the RFP process to lower unit costs.
- Develop performance measure for ADI.

Consumer Advocate Services Findings

Long-Term Care Ombudsman Council: \$2.5m (1.3m GR; \$1.2m Trust)

- Meets performance standards: initiates complaints within 5 working days in 90% of the complaints.
- Needs improvements in program efficiency and effectiveness (Senate Interim Report 2002-137).

Public Guardianship: \$1.3m (\$0.9 GR; \$0.4 Tobacco funds)

- Meets performance standards: initiates service activity within 5 days of receipt in 90% of the cases.
- Needs to perform a comprehensive review and evaluation of program.

Consumer Advocate Services Recommendations

Long-Term Care Ombudsman Council

- Need Statutory Changes (SB 414).
 - Increase council size from 30 to 40 members
 - Publish complaint information quarterly
 - Require a minimum of 20 hours of training and 10 hours of continuing education
- Outsource volunteer training function.
- Transfer \$41,859 in trust from CARES.

Consumer Advocate Services: Recommendations

Public Guardianship Program

- Privatize Second Judicial Circuit Office.
- Reduce Tobacco funds by \$100,000 through consolidation of responsibilities and more effective use of resources.

Executive Direction and Support Services

Findings

- Total Budget: \$7.1m (\$1.9 GR; \$5.2 Trust)
- DOEA has a low (2.7%) administrative cost percentage.

Recommendations

- Increase administrative and programmatic monitoring of contract providers.
- Consider contracting other administrative functions with larger HHS agencies.

Reorganization Options

Activities	Option 1 Keep Current DOEA/AHCA	Option 2 Transfer Medicaid Functions to AHCA	Option 3 Abolish DOEA Transfer to AHCA/LTC Office
CARES			
Eligibility Screening	DOEA	AHCA-Medicaid	AHCA – LTC Office
Home & Comm Svs			
Aged/Disab Waiver	DOEA - Services AHCA – Admin	AHCA-Medicaid	AHCA – LTC Office
Consumer Dir Care	DOEA	AHCA-Medicaid	AHCA – LTC Office
CCE	DOEA	DOEA	AHCA – LTC Office
HCE	DOEA	DOEA	AHCA – LTC Office
LTC Initiatives	AHCA – Medicaid	AHCA – Medicaid	AHCA – LTC Office

LTC Reorganization Options

Activities	Option 1 Keep Current DOEA/AHCA	Option 2 Transfer Medicaid Functions to AHCA	Option 3 Abolish DOEA Transfer to AHCA/LTC Office
Nutritional Svs	DOEA	DOEA	AHCA – LTC Office
ALE Waiver	DOEA - Services AHCA – Admin	AHCA-Medicaid	AHCA – LTC Office
Housing, Hospice, EOL	AHCA-Regulation	AHCA-Regulation	AHCA-Regulation
ALF/AFCH Training	AHCA-Regulation	AHCA-Regulation	AHCA-Regulation
Supportive Comm Care	DOEA	DOEA	AHCA – LTC Office
Self Care	DOEA	DOEA	AHCA – LTC Office
Early Intervention/ Prevention	DOEA	DOEA	AHCA – LTC Office
Caregiver Support	DOEA	DOEA	AHCA – LTC Office

LTC Reorganization Options

Activities	Option 1 Keep Current DOEA/AHCA	Option 2 Transfer Medicaid Functions to AHCA	Option 3 Abolish DOEA Transfer to AHCA/LTC Office
Consumer Advocate			
LTC Ombudsman Coun	DOEA	DOEA	AHCA – LTC Office
Public Guardianship	DOEA	DOEA	AHCA – LTC Office
Executive Direction & Support Services			
All Activities	DOEA	AHCA - Administration	AHCA – Administration

Department of Children and Family Services
Persons with Disabilities Program

Legislative Budget Commission
Zero-Based Budgeting Subcommittee
on Health and Human Services

Staff Recommendations
January 7, 2002

Persons with Disabilities Program Current Service Structure

- Developmental Services Public Facilities
- Home and Community Services
- In-Home Services to Disabled Adults
- Program Management and Compliance

Developmental Services Public Facilities: Findings

Activities	FTE	OPS	GR	TF	Total
Forensic Care	364.0	158.0	\$7,156,246	\$6,776,770	\$13,933,016
ICF/DD	3,298.5	4,441.0	\$72,939,776	\$68,078,200	\$141,017,976
Total Service	3,662.5	4,599.0	\$80,096,022	\$74,854,970	\$154,950,992

Developmental Services Public Facilities: Findings

- Serving clients in community settings is usually more cost effective, however, some individuals still require services institutions.
- Exceeded standard on one of two performance measures.
- There are opportunities for efficiencies, including outsourcing and organizational restructuring.

Developmental Services Public Facilities: Recommendations

- Continue the closure of Landmark.
- Adopt the department's proposed administrative efficiencies.
- Review current match policies to ensure maximization of federal funds.

Developmental Services Public Facilities: Options

- Consider combining developmental services institutions with mental health institutions as a single budget entity.

Home & Community Services: Findings

Activities	FTE	OPS	GR	TF	Total
Direct Client Supports	0.0	193.0	\$155,359,988	\$149,677,674	\$305,037,662
Private ICF/DD	0.0	0.0	\$55,000,000	\$106,068,964	\$161,068,964
Support Coordination	301.5	0.0	\$54,148,222	\$155,212,024	\$209,360,246
Total Service	301.5	193.0	\$264,508,210	\$410,958,662	\$675,466,872

Home & Community Services: Findings

- Program has more than doubled number served and increased the level of services (since 1997).
- Costs for key services have increased at very high rates.
- Although DCF has generally met or exceeded the performance measures, an ineffective needs assessment means program is unable to plan appropriate service at appropriate cost.

Home & Community Services: Findings

- Department has no control over rates set for private ICF/DD.
- Deficiencies were found in provider enrollment and billing processes.
- Direct Client Supports activity is too summarized.
- Statutes authorize research and education unit.

Home & Community Services: Recommendations

- Require a more effective needs assessment instrument. Set due date for current clients to be re-assessed.
- Change s. 393.064(4)&(5), F.S., to reflect research and education activities transferring to Children's Medical Services.
- Restructure direct client supports activity to new activities.

Home & Community Services: Activities Recommendation

- Daily Living
- Day Services
- Medical/Dental
- Residential Habilitation
- Respite Services
- Specialized Therapies/Assessments
- Supported Employment
- Supported Living
- Transportation

Home & Community Services: Options

- Consider requiring a plan with due date to implement direct provider billing and redefine support coordinator role.
- Consider giving DCF rule-making authority for punitive actions.
- Consider transferring direct provider enrollment to AHCA/Medicaid fiscal agent.
- Consider more appropriate performance measures.

Home & Community Services: Options

- Consider transferring Waiver services to AHCA, deleting “double budget,” and letting AHCA set rates.
- Consider transferring private ICF/DD facilities to AHCA and including caseload in estimating conference.
- Consider requiring co-payments from individuals with ability to pay.
- Consider amending Chapter 216, F.S., for Special categories definition.

Home & Community Services: Options

- Purchasing Strategies (Short-term)
- Limit Waiver reimbursement rates to the Medicaid State Plan rates.
- Purchase services in bulk where it fits clients' needs.
- Develop competitive bidding system.

Home & Community Services: Options

- Hard/Soft Limitations (Intermediate)
- Set in proviso a maximum number of new clients to be served with each new appropriation.
- Set maximum dollar amount an individual may receive.
- Provide an exception policy.

Home & Community Services: Options

- Managed Care System (Long-term)
- Implement pilot project in FY 2003-04.
- Evaluate over three years (at a minimum).

In-Home Services to Disabled Adults: Findings

Activities	FTE	OPS	GR	TF	Total
In-Home Supports	50.0	0.0	\$9,387,199	\$6,341,261	\$15,728,460

In-Home Services to Disabled Adults: Findings

- Allows disabled adults to remain at home rather than in nursing home.
- Service is meeting its performance standards.
- Department maximizes its use of federal funds and fees.
- In-Home Supports activity is too summarized.

In-Home Services to Disabled Adults: Findings

- Statutes authorize optional state supplementation (OSS) payments, but not case management.
- Further privatization is not feasible.
- Spina Bifida should be in more appropriate service.

In-Home Services to Disabled Adults: Recommendations

- Revise Chapter 409, F.S., to clarify department's authority on case management for OSS recipients.
- Transfer Spina Bifida funding to the DS Waiver in Home and Community Services and maximize federal earnings.
- Restructure In-Home Supports activity to new activities.

In-Home Services to Disabled Adults: Activities Recommendation

- Case Management
- Cystic Fibrosis
- Daily Living
- Home Care for Disabled Adults
- Medical/Dental
- Respite Care
- Specialized Therapies/Assessments
- Transportation

Program Management & Compliance: Findings

Activities	FTE	OPS	GR	TF	Total
Program Mgt & Compliance	228.5	0.0	\$9,735,257	\$4,076,718	\$13,811,975

Program Management & Compliance: Findings

- Service is meeting its performance standard.
- However, Auditor General concluded that monitoring of Waiver providers was deficient.
- There may be opportunity to increase federal share.
- Alternative funding strategy for contract management.

Program Management & Compliance: Recommendations

- Develop more meaningful performance measures for administrative and oversight activities.
- Review current billing practices to ensure maximization of federal funds.

Program Management & Compliance: Options

- Consider applying 5 percent surcharge to providers on all contracts.
- Consider converting 81 OPS staff to FTE positions.
- Consider re-evaluating Persons with Disabilities Program in another year.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Children and Family Services
Program:	Persons with Disabilities Program
Service:	Developmental Services Public Facilities

1. Should the state continue to perform this Service? X YES NO

Developmental Services Public Institutions can provide services for an estimated 1,419 individuals who meet the eligibility criteria for Intermediate Care Facility for the Developmentally Disabled (ICF/DD) level of care standard. These individuals are served in five facilities located around the state. These state operated facilities must meet licensure standards as established by state law and in accordance with federal Medicaid regulations. In the mid 1980s these facilities served up to 6,500 individuals. With the advent of the Home and Community Based Waiver program funded and regulated by Medicaid most developmentally disabled individuals are now receiving services in communities. However, some individuals with severe disabilities and possibly related behavioral problems still require services in state or publicly owned institutions. These facilities provide services that are much improved over the institutions of the past because these programs must meet Medicaid standards and licensure requirements. Although serving clients in community settings is frequently more cost effective, the lack of availability specific programming, support systems and specialized behavioral programs, as well as economic considerations, has perpetuated the demand for institutional care. Opportunities do exist to continue to phase down the number of public institutional beds and to eventually close additional facilities.

2. Are there any areas where performance is not meeting expectations for this service?

For Fiscal Year 2000-01, the Department of Children and Family Services had two outcome measures for this service. One measure related to the number of significant reportable events was reported and the department exceeded the reporting standard by having two less reportable events per 100 persons than anticipated. The other measure related to improved quality of life for individuals in the institution has not yet been reported by the department. The department will use an annual sample survey to determine the degree of compliance with the standard.

For Fiscal Year 2001-02, three outcome measures have been established. Two are the measures carried forward from FY 2001-02 and a new measure related to the percent of people on the waiting list who have received services within twelve months has been added with a standard of 100% compliance.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	FTE	YES	NO	Modify

1.Forensic Care	\$13,933,016	364.0	X		
2.Intermediate Care Facilities for the Developmentally Disabled	141,017,976	3,298.5	X		
Total Service	\$154,950,992	3,662.5			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

None.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

The department was cited in a November 2000 OPPAGA Report for not meeting resident safety standards. The department initiated quality improvement plans that incorporated tracking injuries, assessing causes and modifying practices which resulted in improved performance in some institutions. The department should ensure that all institutions implement these practices and improve overall client safety.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

Current funding levels need further review to determine if the maximum amount of federal match has been achieved. The department has also included in its FY 2002-03 Legislative Budget Request (LBR) and Long-Range Program Plan (LRPP) an issue to provide additional efficiencies in these programs.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds?

Generally, the department maximizes the use of state funds to draw down federal match. In the institutional programs it appears there may be some opportunity to gain slightly more federal match and the department should review current match policies for administration and services to make sure all federal funds are being maximized.

- b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

Community of Landmark Efficiencies

This issue proposes a reduction of 54 FTEs, \$82,800 in General Revenue and \$1,555,200 in the Operations and Maintenance Trust Fund for a total reduction of \$1,638,000 in this activity. This issue would transfer 36 residents from the Community of Landmark (COL) in the Developmental Services Public Facilities entity to the Developmental Services Home and Community-Based Services Waiver, and require these clients to receive services in the

community. It is proposed that 36 residents costing an average of \$75,000 per person annually be moved to community homes and be served by the Developmental Services Home and Community-Based Services Waiver. A transfer of \$34,500 General Revenue per person would be moved to the community where it could be matched with federal Medicaid funds by the Agency for Health Care Administration (AHCA) for waiver services. This represents the state's portion of the cost of services provided through the Developmental Services Home and Community-Based Services Waiver.

Efficiencies in Developmental Services Public Facilities

This issue proposes a reduction in this activity of \$4,740,909 to various services, excluding direct care, in the Developmental Services (DS) Public Facilities. The issue also proposes a reduction of 103 FTEs. State funds reduced in this issue total \$1,126,804 and trust funds total \$3,614,105. This issue reflects a proposed efficiency reduction in the operation of DS Public Facilities. In making reductions of this magnitude, careful consideration will need to be given during implementation of maintaining the appropriate licensure and certification, as well as the quality of life and care of the residents. Several institutions are included in this efficiency issue, including Taccachale (Alachua County), Gulf Coast Center (Lee County), and Sunland at Marianna (Jackson County).

- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

None.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

None.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

None.

3.5. For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

There do not appear to be any negative client or service impacts as a result of implementing the legislative budget request and long range program plan reduction recommendations. All clients would continue to receive services under the Medicaid Home and Community Based Services Waiver Program and both public and private ICF/DD services will remain available in the event a specific client must be re-

institutionalized. Also a slow deliberate phase down of Landmark Learning Center will allow for maximum client choice and appropriate placement.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

None at this time.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

None.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

Yes, the November 2000 OPPAGA Report states that an estimated one-third of the current state public institution population could be served in the community at significantly lower costs. The report states that institutional costs range from \$74,128 to \$149,095 while the community costs average \$18,075. It should be noted that more than 340 clients served in the community have costs in excess of \$77,000 per year as documented in the department's legislative budget request and long-range program plan for FY 2002-03. OPPAGA assessed the most likely opportunities for closing and determined that Landmark Learning Center in Dade County to be the best opportunity. This recommendation was based on an assessment of client considerations, cost considerations, economic considerations and performance considerations.

Moreover, some activities within the institutions are already outsourced. For example, Landmark Learning Center currently contracts for nursing, medical and therapy services, thus reducing the impact on current state employees. Although these contracts are more expensive than paying state employees, these health care contracts have improved the quality of care. In addition to health care services at Landmark, Gulf Coast Center (Fort Myers) has outsourced its pharmacy function. It is working so well that the department is recommending that the remaining institutions outsource pharmacy (see Efficiencies in DS Public Facilities issue above). There is one final area where the department is pursuing outsourcing—food service—which is part of the statewide privatization effort. The contract is currently under negotiation.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

Currently, the Department of Children and Families operates state institutions for the mentally ill and the developmentally disabled. Both types of facilities have a civil component and a forensic component. The developmental service facilities are nearly 100 percent funded from Medicaid with the exception of the forensic component. Medicaid guidelines require that specific licensure standards are met in developmental services facilities. Mental health facilities are not as dependent upon Medicaid reimbursement and only have to meet Medicaid standards in certain distinct parts of a facility. They do receive Medicaid disproportionate share

payments; However, these payments are based on the level of indigent care rather than as an individual entitlement.

Combing these programs may provide additional budget flexibility and may provide a more rational organizational structure. These facilities are under the control of the district where the facility is located. Clients may be admitted to these facilities from multiple districts and access to facilities might not be uniformly controlled. On the other side, the two programs serve clients with significantly different disabilities and frequently with different rehabilitation or habilitation goals. Diffusing the link between program policy and institutional operations may not be good public policy. This is especially true because institutional clients are transitioned back into the community when the community placement is a better choice for the client and when institutions are closed or phased down. The department has proposed an organizational structure that centralizes management of these statewide facilities under the Assistant Secretary for Operations rather than District Administration. This change must include mechanisms or organizational links to ensure the integration of program policy for both community services and institutional services. Combing these entities from a budget perspective will also expand the budget flexibility allowed under Chapter 216, Florida Statutes. The agency should clearly delineate how these institutions will be managed budgetarily.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

None.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

None.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Children and Family Services
Program:	Persons with Disabilities Program
Service:	In-Home Services for Disabled Adults

1. Should the state continue to perform this Service? X YES _____ NO

In-home supports include the provision of services to disabled adults ages 18-59 years old who have one or more permanent physical or mental limitations, which restrict their ability to perform normal daily living activities and impede their capacity to live independently or with relatives or friends without community-based services. In-home supports include Home Care for Disabled Adults, Community Care for Disabled Adults, Adult Cystic Fibrosis, and the Aged or Disabled Adult Home and Community-Based Services Waiver. One of the more important goals of this service is to allow disabled adults to remain in their own homes or the homes of a caregiver to prevent their placement in a nursing home or other institutional setting. It costs approximately \$2,900 annually to provide in-home supports as opposed to \$35,400 annually for nursing home care.

2. Are there any areas where performance is not meeting expectations for this service?

The outcome measure for In-Home Services for Disabled Adults is: “Percent of adults with disabilities receiving services who are not placed in a nursing home.” The standard set by the Legislature for this outcome measure is 99%. For fiscal year 2000-2001, 98.96% (4,469 of 4,516) of disabled clients who received in-home services were able to remain in their homes or homes of a caregiver rather than be placed in a nursing home. The department would have met the standard had they served two additional clients in private homes.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	FTE	YES	NO	Modify
1. In-Home Support	\$15,728,460	50.0	X		X
Total Service	\$15,728,460	50.0			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

There is one activity associated with In-Home Services for Disabled Adults, which includes several different programs, each with a slightly different service package and unit cost. Combining all of the programs into one activity renders the unit cost somewhat meaningless and makes it difficult to determine the efficiency and effectiveness of the activity.

➤ Consider the following proposed activities in lieu of In-Home Supports:

CURRENT

In-Home Supports

PROPOSED

Respite Care

Specialized Therapies/Assessments

Daily Living

Medical and Dental

Transportation

Case Management

Home Care for Disabled Adults

Cystic Fibrosis

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

None.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

Yes. See #2 above, as the service and activity are the same.

3.4. For each activity, identify potential and recommended reductions as follows:

a. Can any General Revenue be shifted to trust funds?

No, not without effecting client eligibility or services. In general, the department already maximizes its use of federal funds (both direct grants and indirect charges against federal grants) and the fees collected under this activity are minimal.

b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

Spina Bifida--This proposed reduction was part of the department's LRPP and eliminates \$344,609 in General Revenue funding for Spina Bifida clients. According to the Department all individuals with Spina Bifida are eligible to be served by the Developmental Services' Home and Community Based Waiver. The department recommended eliminating the Spina Bifida funding to meet their 5% target, however, they requested restoration of the funding in another budget issue in the Developmental Services' Home and Community Based Waiver.

Any reduction in this activity will have an impact on clients, either through changes in their eligibility or services. Because Spina Bifida clients are eligible for the Developmental Services' Home and Community Based Waiver, the

transfer of General Revenue to the waiver will maximize federal funding and allow the department to serve additional clients.

- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

None.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

- *Consider transferring a portion or all of the General Revenue in the Community Care for Disabled Adults category to the Medicaid Aged or Disabled Adults Waiver category. Since Medicaid Aged or Disabled Adults Waiver receives approximately 55% of its funding from the federal government, a General Revenue reduction of up to 55% in the Community Care for Disabled Adults category could be achieved without effecting the total number of clients served. **However, the financial eligibility requirements are stricter under the waiver and clients currently being served under the Community Care for Disabled Adults category could lose their services.***

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

No, however, the department should continue to improve the reliability and consistency of their program data as it relates to clients served, outputs, and reporting. This will enhance accountability and improve program efficiency and effectiveness.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

The recommendations should enhance accountability and provide more meaningful unit cost data. It will not have any direct effect on the customers in the program.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

Section 409.212, Florida Statutes, authorizes the department to provide optional state supplementation (OSS) payments to eligible clients, but does not authorize the department to provide case management to these clients. OPPAGA (Report No. 01-08, dated February 2001) recommended revisions to Chapter 409, F.S., to clarify the department's statutory authority regarding case management for OSS recipients.

- *Consider amending the OSS enabling statute to authorize the department to provide case management to OSS recipients and develop OSS case management rules.*

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

None.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

According to OPPAGA (Report No. 01-08, dated February 2001) further privatization of In-home Services for Disabled Adults is not currently feasible. Program services are currently provided by private agencies through contracts with the department. The remaining function, case management, is outsourced in 8 of the department's 15 service districts. Private case management is generally used in the predominantly urban areas of the state. Private agencies are generally reluctant to provide case management to clients in rural areas because the long distances they have to travel.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

Persons with Spina Bifida currently receive services through a special appropriation category in In-home Services for Disabled Adults. According to the department, all Spina Bifida clients are eligible for services under the Developmental Services' Home and Community Based Waiver.

- *Consider transferring \$344,609 in General Revenue for Spina Bifida from In-home Services for Disabled Adults budget entity to Home and Community Services budget entity. These funds could be included in the waiver, which would earned additional federal funding and allow the department to serve more clients.*

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

None.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

None.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Children and Family Services
Program:	Persons with Disabilities Program
Service:	Program Management and Compliance

1. Should the state continue to perform this Service? X YES _____ NO

The activities performed in this service relate to overall program management, policy development and policy implementation as well as administrative support. Staffing for the district offices which manage the program and contracts on a daily basis are also included in this service. The Persons with Disabilities Program is a \$860 million program which serves individuals with developmental disabilities on a statewide basis. Program management and compliance activities are necessary to ensure client access to services and to provide necessary internal controls over program utilization, program costs, contract management and program quality.

2. Are there any areas where performance is not meeting expectations for this service?

For Fiscal Year 2000-2001, the department had one outcome measure for this service.

- *Administrative cost as a percent of total program costs—The standard was .12% and the reported performance level was .17%.*

For Fiscal Year 2001-2002, the department had one outcome measure for this service.

- *Administrative cost as a percent of total program costs—The standard is proposed at a level of 2.14%. This increase from Fiscal Year 2001-02 represents the growth in the overall funding for the program and the related growth in the administrative costs of management, contracting and program oversight.*

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	FTE	YES	NO	Modify
1. Program Management and Compliance	\$13,811,975	228.5	X		
Total Service	\$13,811,975	228.5			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

None.

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

None.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

The current level of efficiency is acceptable, however, at some point the Legislature should establish more comprehensive and meaningful measures for administrative and management oversight activities. The Auditor General has expressed concern about the monitoring of contract waiver providers and that deficiency is addressed in Section 3.5.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds?

Currently, the department receives a 50 percent Medicaid administrative match on \$3.8 million of General Revenue expenditures for this activity. The department should review current administrative billing practices to determine if they are earning the maximum amount of Medicaid administrative funds. A brief comparison of the current billing to the total Medicaid funding for this program indicates there may be the opportunity to increase the federal share.

- b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

Alternative Funding Strategy for Contract Management—This reduction is \$299,675 in General Revenue (but about \$10 million in General Revenue for all programs departmentwide). The department proposes to reduce the need for General Revenue by assessing a surcharge up to 5 percent for all contract providers and shifting these costs to trust funds. The surcharge would be used to support department staff required to manage, administer and monitor contracted services. Any surcharge assessed to the providers, however, could more than likely mean some reduction in client services.

- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

None.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

None.

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

The latest Auditor General audit (September 2001—Report No. 00-038) concluded that the department's district monitoring of Waiver providers was deficient. The department responded with two FY 2002-2003 Legislative Budget requests: one to convert 81 Other Personal Services staff to full-time equivalent positions and one to increase the contract monitoring staff by 19. Although there is insufficient information in the requests to determine if workload standards are appropriate or justified, this issue should be addressed.

3.5. For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

None.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

None.

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so please explain.

None.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

None.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

None.

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

None.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

None.

Zero Based Budget Review Recommendations by Service & Activity - 2001

Agency:	Department of Children and Family Services
Program:	Persons with Disabilities Program
Service:	Home and Community Services

1. Should the state continue to perform this service? X YES _____ NO

The purpose of this service is to improve the quality of life for persons with developmental disabilities by allowing them to live dignified and reasonably independent lives in the least restrictive and most integrated environment suitable to their needs. Support coordination activity assists people in the identification of their needs and their preferences for services and supports. The Intermediate Care Facilities for the Developmentally Disabled (ICF/DD) activity is a Medicaid Optional State Plan benefit that offers 24-hour residential treatment to eligible individuals in privately-owned facilities regulated by the Agency for Health Care Administration (AHCA). Direct Client Supports activities are assistance provided to individuals and their families to keep persons with disabilities in their own homes, foster homes, group homes or residential rehabilitation facilities. Although this service is generally a cost-effective alternative to an institutional placement, there are individuals whose cost plans exceed the average cost of an institutional placement.

2. Are there any areas where performance is not meeting expectations for this service?

For Fiscal Year 2000-2001, the department had three outcome measures for this service.

- *Percent of people receiving home and community services with improved quality of life (13 out of 25 or greater on the Outcome Based Performance Measures Assessment at annual reassessment)—The target was 53%; actual performance was 57.18%. According to OPPAGA’s justification review (Report No. 00-17, November 2000), however, only 15 percent of the clients met the seven most important key indicators for achieving overall well-being (is free from abuse and neglect, is safe, is connected to support networks, is treated fairly, has the best possible health, experiences continuity and security, and exercises rights).*
- *Percent of people who are employed in integrated settings—The target was 26%; actual performance reported was 30.14%.*
- *Percent of people receiving private ICF/DD with improved quality of life—The department indicates that there were no funds appropriated to apply the survey instrument so the data was not collected.*

Although the department exceeded the standards on two measures, outcome measures that assess quality of life rather than program performance do not tell how well a service is meeting performance expectations. Therefore, for FY 2001-2002, the quality of life measure for private ICF/DDs was dropped and a performance measure was added: “Percent of people on the waiting list who receive services within 12 months.” The department is currently collecting data to establish a baseline standard.

- *Recommend adding service outcome measures that evaluate program performance rather than personal outcome measures. Department and legislative staff can develop other*

measures, such as those that may be required by the Health Information Portability and Accountability Act, during the 2002 regular session.

3. Based on the information provided, should each activity within this service continue to be performed by the state and, if continued, should funding be modified per questions 3.1 through 3.6?

Activities (Business Processes)	FY 01-02 Est. Exp.	FTE	YES	NO	Modify
1. Direct Client Supports (Supported Living; Group Homes; and Family Homes)	\$305,037,662			X	X
2. Support Coordination	209,360,246	301.5	X		X
3. Private Institutional Care Facility for the Developmentally Disabled	161,068,964		X		X
Total Service	\$675,466,872	301.5			

3.1 Provide detailed reasons for activities NOT being recommended for continuation.

Direct Client Supports—This activity is a summary of many activities authorized in Chapter 393, F.S. Combining all of the activities into one activity makes it difficult to use the information, including unit cost, to determine the efficiency and effectiveness of the activity.

- *Recommend assigning activities to be consistent with Chapter 393, F.S., and further recommend separating activities between children and adults.*

CURRENT

Direct Client Supports

PROPOSED

Day Services

Daily Living

Transportation

Respite Services

Residential Rehabilitation

Specialized Therapies/Assessments

Medical/Dental

Supported Living

Supported Employment

3.2 Are there any areas where the agency could improve performance by re-engineering any activity?

Support Coordination—Based on the September 2001 Auditor General audit (Report No. 02-038), a majority of the support coordinators in the sample did not submit timely billing or had inadequate documentation of services provided, which limits assurance that clients actually received services or received appropriate services. It also caused delays in data reporting and provider reimbursement. The audit recommends punitive actions such as nonpayment, probation and/or termination of the support coordinator agreement.

- *Consider requiring, in proviso, the department to develop a plan to implement direct provider billing, to redefine the role of support coordinators, and to set a due date for the plan.*

- Consider giving the department rule-making authority to implement punitive actions recommended by the Auditor General.

Private Institutional Care Facilities for the Developmentally Disabled—These facilities are treated like nursing homes and Medicaid rate increases occur about every six months based on cost reports. These increases are deducted from Waiver funding (which is usually more cost-effective).

- Consider transferring this activity to AHCA and include the caseload and costs in the Medicaid Estimating Conference.

3.3 For each activity recommended for continuation, is the current level of efficiency and effectiveness meeting legislative expectations? Describe those deficiencies. Can the deficiency be addressed using current resources?

The activity output measures assess the number of people served in different settings. For FY 2000-2001, the department is either meeting or exceeding the standards.

- *Number of people served in the community (not ICF/DD)—The target was 27,891; actual reported was 32,448.*
- *Number of people served in private facilities (ICF/DD)—The target was 2,084; actual reported was 2,084.*
- *Number of children and adults provided residential care (not ICF/DD)—The target was 5,300; actual reported was 5,312.*

There are no recommendations for adjusting the standards until additional information can be collected after some of the structural re-engineering has been implemented.

3.4. For each activity, identify potential and recommended reductions as follows:

- a. Can any General Revenue be shifted to trust funds?

In general, the department already maximizes its use of federal funds (both direct grants and indirect charges against federal grants). The department, however, has offered two issues in their FY 2002-2003 Legislative Budget Request to shift General Revenue to trust funds (see below).

Although there are no fees collected for the Waiver activities in this service, some individuals receive services based on their disability rather than their income or ability to pay. In contrast, there are some of the same services provided under the Medicaid State Plan such as transportation that require a co-payment from individuals with the ability to pay.

- *Consider requiring a co-payment for individuals with the ability to pay for services similar to those requiring co-payment provided under the Medicaid State Plan. This would require amending Chapter 393, F.S. and the Waiver.*

- b. List and describe all reductions listed in the 5% LRPP reduction list and the LBR Schedule 8B reduction list (if different). Explain in detail why any of these reductions should or should not be recommended.

Equalize Waiver Expenditures to the Average ICF/DD Costs—This reduction is \$2.5 million in General Revenue and \$3.2 million in trust funds. Federal guidelines allow states to choose whether to determine cost-effectiveness in the aggregate or to limit individual expenditures to the average ICF/DD expenditure for the state. Historically, Florida has chosen to determine cost-effectiveness in the aggregate, without limiting an individual's expenditures for Waiver services. Currently, there are 325 persons, who are not members of the Cramer class, receiving Home and Community Based Waiver services whose annual cost plans exceed the projected average ICF/DD cost. Each of the affected individuals would require due process notice and an opportunity for a hearing.

Special Projects—This reduction is \$2.5 million in General Revenue and \$50,000 in Tobacco funds for the elimination of any special projects that are contained in the department's budget. It is the department's intent to redirect these funds in the future to statewide critical projects rather than take them off the top, thereby, continuing to earmark them for the special projects. These recurring projects provide direct supports to about 90 clients across the state, have been appropriated by the Legislature and subjected to special projects criteria by the agency and the Governor's Office. Although they are appropriated to designated geographical areas, they can be considered part of a statewide service delivery system.

Optional Support Coordination—This reduction is \$631,402 in General Revenue and \$817,766 in trust funds. Support coordination is currently a required service under the Waiver. The department has estimated that up to 10% of the individuals (slightly more than 3,100) currently receiving Waiver funded services would choose to discontinue this service to move to a choice-based alternative. This proposal would allow the individual client or family to make the determination. This change would require a Waiver state plan amendment.

Personal Planning Guide—This reduction is \$1.25 million in General revenue and \$1.25 million in trust funds. The Personal Planning Guide is a proposed web-based, self-directed software application to be used by individuals with developmental disabilities, their families, service providers and the department. There are no immediate effects on clients since these funds are for the development of a software application. **This was a current year reduction in Special Session C.**

Reinvest Individual and Family Supports Funding to the Developmental Services Waiver—This reduction is \$18.1 million in General Revenue and \$753,171 in Tobacco funds. Assistance provided to developmentally disabled persons under the Home and Community Based Waiver is based on more stringent federal requirements—more disabling conditions and some income limitations—than state requirements for state-funded only services. Under this proposal, eligibility for state assistance for developmentally disabled persons would be restricted to the same criteria as the Waiver. The state would no longer provide services to 2,300 individuals who do not meet categorical or financial eligibility for Medicaid funded program options, or are eligible, but have refused Waiver services. This action would also require a statutory change to Chapter 393, F. S. **In Special Session C, the Legislature appropriated a modified version of this**

reduction—\$2.8 million in General Revenue was reduced in the state-funded only Individual and Family Supports; \$1.4 million was transferred to the Waiver to earn federal match; and the 130 individuals who are eligible for Waiver services, but refused them, will be transferred to the Waiver.

Alternative Funding Strategy for Contract Management—This reduction is \$281,467 in General Revenue (but about \$10 million in General Revenue for all programs). The department proposes to reduce the need for General Revenue by assessing a surcharge up to 5 percent for all contract providers. The surcharge would be used to support department staff required to manage, administer and monitor contracted services. Any surcharge assessed to the providers, however, could more than likely mean some reduction in client services.

- c. List the activities, or components thereof, which are least relevant to or least effective in accomplishing the agency's missions and goals (if not previously listed in "b" above). Should any funding for these activities be redirected to a higher priority activity within this agency or eliminated entirely?

None.

- d. For any LRPP reduction above that you recommend against adopting, develop alternative reduction options to achieve the 5% savings.

Choice and Control—This reduction is \$851,751 in General Revenue. Another pilot on the principles of self-directed care. This is a current year reduction in Special Session C.

As part of the Zero-Based Budgeting review process, the Legislature asked OPPAGA to perform a program review to determine the reasons for the program's rapidly rising costs, to assess the steps the department is taking to manage program costs, and to provide other short- and long-term implementation cost management options. Below are some of their proposals (based on preliminary discussions with OPPAGA staff on their draft report/December 2001—Report No. 01-XX).

Purchasing Strategies (Short-term Implementation)

- *Both the Medicaid State Plan and the Medicaid Waiver provide common services. The Waiver, however, reimburses some of the common services at a substantially higher rate. Consider limiting reimbursement rates to those in the Medicaid State Plan. The total estimated savings is \$3.9 million.*
- *The highly decentralized district system has resulted in widely inconsistent provider rates, which can be purchased in different increments of service such as by the hour, day or month. Annualized hourly rates cost more than daily or monthly rates and annualized daily rates cost more than monthly rates. Consider requiring the department to purchase services in bulk wherever the client's needs for services is such that it would be more economical. The total estimated savings is \$34.8 million.*
- *Consider requiring the department to develop a competitive bidding system to take advantage of the state's purchasing power.*

Hard/Soft Limitations (Intermediate Implementation)

Federal policy permits the states to limit both the number of clients served on the Waiver and the amount of services that can be provided to them. Implementation, however, is dependent on reliable data about client's needs and the cost for their services.

- *Consider setting, in proviso, a maximum number of new clients that can be served with each new appropriation of funds.*
- *Consider placing a limitation on the maximum dollar amount an individual may receive. Hard caps set nearer the institutional rate should enable the Waiver to meet the needs of more individuals. Require the department to develop a plan to cap per client spending based on level of need, report the plan results to the Legislature no later than November 1, 2002, and establish cost limitations for the 2003-04 fiscal year.*
- *Consider an exception policy (soft cap) for one-time equipment purchases or home renovations.*

Managed Care System (Long-term Implementation)

Capitated systems are being used in Florida and other states for adult and children's Medicaid medical services and behavioral health care. A few states, such as Michigan, have also applied managed care principles to developmental disabilities services. This new system would require a new Medicaid Waiver, reliable cost data about clients and their services, and identified and qualified providers.

- *Consider a pilot project that could be implemented in Fiscal Year 2003-04 with a minimum of three years to evaluate design concepts.*

3.5. Are there any funding enhancements which would significantly enhance the efficiency or effectiveness of the activities within this service?

None.

3.6 For each recommendation relating to an activity's funding level (whether to eliminate or modify) what are the consequences to the customers of each recommendation?

Information is provided above in #3.4.b.

4. Based on a review of statutory authorities for activities and the analysis of customer needs and quality of services provided, are any changes to statutes or other expressions of legislative intent recommended?

According to the most recent Auditor General audits (May 1999—Report No. 13470 and September 2000—No. 02-038) and OPPAGA reviews (February 2000—Report No. 99-31, November 2000—No. 00-17, December 2001—Report No. 01-XX), a major impediment to accurately planning for client needs and estimating the cost for those services is lack of a “needs assessment.” This creates an inefficient and/or ineffective use of the funds because there is no basis to determine that clients are receiving appropriate services at the appropriate cost.

- *Recommend requiring the department to adopt more effective methods for assessing client needs, and whether clients are at actual risk of institutionalization rather than at possible risk for institutionalization years in the future. This would require amending Section 393.065, F.S.*

5. Were there any areas in this service which consistently lack adequate information necessary to perform the zero based budget analysis? If so, please explain.

Problems with inadequate information are already addressed in #s 2, 3.1, and 3.3 above.

6. Is there any evidence that quality could be improved or costs reduced through outsourcing or privatizing all or part of the activities within this service?

The activities in this service are already largely outsourced. The department uses providers who are enrolled Medicaid Waiver providers or who have contracts with the department.

7. Should all or some of the tasks or functions within this activity be transferred to a more appropriate service or budget entity where a similar activity exists or to an entity that has a more compatible mission?

The Agency for Health Care Administration is the single state agency responsible for the Medicaid program. The Department of Children and Family Services (DCF), through an inter-agency agreement, manages the day-to-day operation of the Developmental Services Waiver. State law, s. 409.907(9), F.S., requires AHCA to either enroll a qualified provider, or deny a prospective provider's application if enrollment is not in the best interests of the program. Currently, the enrollment process is initiated in DCF and is completed in AHCA. Medicaid contracts with its fiscal agent to screen providers and enroll them within specific time frames. Other types of Medicaid providers rely on assistance from the fiscal agent if it is needed for help in completing the enrollment process. Committees involved in passage of House Bill 1415 and Senate Bill 1520 heard reports from providers that the application process has taken as long as six months. In addition, Medicaid receives an enhanced federal match rate on expenditures associated with the fiscal agent contract.

- *Consider transferring the provider enrollment process for the Medicaid Home and Community-based Waivers to the Medicaid Program and the contracted fiscal agent. This will result in more expeditious enrollment of providers, which will assure consumers more choice. Moreover, removing this task from largely general revenue funded district and headquarters staff will free up state resources.*
- *Consider transferring Medicaid Waiver services to AHCA and delete "double budget." In this option AHCA would set the Medicaid rates.*

8. Are any changes indicated to the mission statements and goals of the LRPP based on your review of statutory authorities and legislative intent for this service and its activities?

The prevention research and education activities established at the institution in Gainesville, sections 393.064(4)&(5), F.S., have been transferred to Children's Medical Services in the Department of Health. These sections should be amended to reflect that change.

9. Are there other recommendations at either the Service or Activity Level not addressed in the recommendations above?

In reviewing last year's actual expenditures, it appeared that some expenditures were not appropriate for client services special categories. For example, some expenditures in the

Individual and Family Supports category were for temporary state employees, office supplies and information technology equipment.

- *Consider amending “Special Categories” definition in Chapter 216, F.S., to prohibit Other Personal Services, related Expenses, Operating Capital Outlay, or any inappropriate expenditures in client services categories. This may also require object code edits at the Comptroller’s Office to prohibit inappropriate expenditures.*
- *Consider transferring OPS and related Expenses to appropriate categories. Based on Fiscal Year 2000-01 actual expenditures, the following are examples of the amounts for one service.*

<u><i>Transfer from</i></u>	<u><i>Transfer to</i></u>
<i>Individual & Family Supports</i>	<i>Other Personal Services</i>
<i>(\$914,208)</i>	<i>\$1,966,683</i>
<i>Home & Community Services Waiver</i>	<i>Expenses</i>
<i>(\$1,389,543)</i>	<i>\$336,978</i>

On November 1, 2001, DCF initiated a utilization management review based on medical necessity criteria and a prior authorization process for high-cost services (cost plans exceed \$74,000) with Maximus. It should be noted, however, that this review and new process is “after-the-fact” and cannot replace the more basic needs assessment.

- *Consider re-evaluating this program in another year when more and better cost and client data will be available.*

Status Report
Health and Human Services Subcommittee
Zero-Based Budgeting

Department of Children and Family Services
Persons with Disabilities Program
FY 2001-02
(November 8, 2001)

Reviewed Documents:

Staff reviewed the department's zero-based budgeting submission; Legislative Budget Request, OPPAGA reviews, Auditor General reviews, and the Long Range Program Plan (LRPP).

Conducted Meetings:

Staff met on Friday, October 5 at DCF to review three of the four service areas. A meeting on the fourth service (In-home Services to Disabled Adults) is scheduled for a later date. The department briefly discussed each service and an informal discussion and exchange of information occurred. Department staff were cooperative in sharing information and answering our questions. Additional follow-up information was requested.

Conducted Reviews:

Staff have been reviewing the information and materials provided by the department. There have been several follow-up discussions which resulted in modifications to the activity structure and funding levels that will be included in our recommendations. We have been working through the Guidelines for Service/Activity Review forms to help us structure our analysis. Staff is currently in the process of compiling and organizing the information to prepare our recommendations.

Present Recommendations:

Staff is on schedule to present consensus recommendations and policy options to the HHS Subcommittee. The ZBB Recommendations and Program Level Summary forms are being completed and staff will meet internally to review and discuss recommendations. Reports will be completed and a presentation package prepared.

**Zero Based Budgeting Analysis:
Mental Health and Substance Abuse Programs
Florida Department of Children and Families**

**Preliminary Report
to the
Joint Legislative Committee on ZBB**

MAXIMUS
HELPING GOVERNMENT SERVE THE PEOPLE®

January 7, 2002

Introduction

- Revised Preliminary Program Report**
- Overview of the Programs as Related to ZBB**
- Key Issues Relating to ZBB Analysis**
- Efforts that Will Improve Management and Reporting Capacity of the Programs**
- Preliminary Conclusions**
- Next Steps**

Revised Draft Report

- ❑ **We have revised the initial draft of the report and will use the revised version as the basis for this discussion**
- ❑ **Revisions included:**
 - **Some technical points raised by Legislative staff**
 - **Reframing the context of the report to reflect that data issues relate to difficulty of using program data for financial reporting purposes**
 - **Acknowledging and endorsing efforts by the Department to address the data and case management issues discussed in the report**

Overview of Programs as Related to ZBB

❑ Four Principal Components to Review

- Nature of the program and service
- Financial structure
- Program and service performance
- Continuation and financial recommendations

❑ Concerns Included

- Level of detail
- Sufficiency of financial information
- Linkage of data
- Organizational impact

Key Issues Relating to ZBB Analysis

- ❑ **Level of detail of program services and activities extremely broad**
- ❑ **Efforts toward integration of case and contract management impact both performance and management reporting**
- ❑ **Limited ability to state full costs**
- ❑ **Performance evaluation limited due to difficulty in evaluating true costs**

Improvement Efforts in Progress

- ❑ **DCF has recognized these problems and is working to address them. Examples include:**
 - **Suncoast Region experimentation with consolidated client case management**
 - **Coordination with Agency for Health Care Administration**
 - **Multi-district utilization management team in Districts 7, 12, 13, and 15**
 - **Proposed legislation to permit purchase of services in managed care environment**
- ❑ **Expectation that these efforts can significantly improve case management and, with it, management and financial reporting**

Preliminary Conclusions

- ❑ **At the level of detail submitted by the Programs, we recommend continuation of the services and activities**
- ❑ **Programs are essentially meeting performance standards; with improved case and contract management, the Programs should develop financial measures of efficiency and effectiveness**
- ❑ **Programs should continue efforts to re-engineer case and contract management; these efforts should drive review of Program organization and structure**

Preliminary Conclusions (con't)

- ❑ LRPP proposed reductions already included in the Department's budget; need for Department to revisit LRPP to reflect potential savings over time of enhanced case management.
- ❑ Programs need to restructure financial reporting to permit ZBB analysis at cost center level.
- ❑ Programs are already highly privatized; should evaluate current demonstration models to determine feasibility of expanded privatization of case management and program evaluation
- ❑ Programs are properly placed, except that consideration should be given to transferring SVPP to Corrections.

Next Steps

- Receive comments on this revised preliminary report**
- Receive comments from the Department**
- Review comments, conduct additional analyses as appropriate to address comments, and prepare final report**
- Prepare summary report identifying potential improvements to the ZBB process**



January 4, 2002

This report transmits the MAXIMUS project team's preliminary Zero Based Budgeting analysis of the Department of Children and Families' Mental Health and Substance Abuse Programs. The purpose of this report is to solicit legislative and Departmental comments prior to the completion of the analysis.

The operational issues which we observed in the Department cross through both the Substance Abuse and Mental Health programs and the services of each. While the individual service reports remark on these issues, the MAXIMUS project team felt that it would be appropriate to highlight those issues in this summary analysis. In this manner, we could focus future discussion on the improvement opportunities that the Legislature and the Department should pursue. This letter constitutes the analysis that accompanies our report, to be presented to the ZBB Committee on Monday, January 7, 2002.

PROJECT WORK ACTIVITY

Our project work activity has consisted of the following elements:

- We conducted a preliminary kickoff meeting with the Legislative staff and the principal management staff of the Department of

Children and Families and the program staff of the Substance Abuse and Mental Health Programs.

- We conducted individual and group interviews with those same persons as well as other operational staff in the Tallahassee office to gain an understanding of the work activities and outputs and the business processes of the two Programs.
- We met with program staff from the District 2 and 7 regional offices in order to gain an understanding of their responsibilities in the Substance Abuse and Mental Health programs.
- We collected and reviewed a variety of data pertaining to program activities, including:
 - Program ZBB submissions
 - Departmental Cost Allocation Plan
 - Departmental Cost Center inventory
 - Departmental LRPP Report
 - OPPAGA Reports
 - Contract listings
 - Departmental data collection and reporting requirements and contractor instructions
 - Cost center data providing contract and service unit activity
 - Various programmatic materials relating to program structure and operations
- We conducted several telephone interviews and live meetings with Departmental information management and reporting staff in order to identify issues relating to data integration.
- We discussed with legislative staff the budgetary implications of the State's midyear budget review process.
- Staff prepared and presented a mid-project status report for the ZBB committee.
- We had begun planning with Department management staff a procedure for obtaining district staff input on financial matters and the prioritization of program activity. Regretfully, however, this activity coincided with the State's special legislative sessions regarding the budget. As a result, we were unable to

proceed with the survey due to time and staffing constraints and limitations on Departmental staff travel.

- We prepared the Program Summaries and Zero Based Budget Review Recommendations and this transmittal overview.

During the course of this review, the State Legislature has met twice in special session to consider the State's current budget crisis. A key difficulty during that time period was the lack of availability of legislative and principal departmental financial staff due to the need to be attendant to the Legislature. We dealt with that issue through the use of frequent telephone and electronic communications.

OVERVIEW OF THE PROGRAMS AS RELATED TO THE ZBB PROCESS

The Review Recommendations for each service is based on nine questions to be addressed by the evaluation. Essentially, these questions divide into four components:

- The nature of the program and service
- The financial structure of the program and service
- Program and service performance
- Recommendations regarding continuation with or without modification.

The Review Recommendations report is attached to this report. In conducting our analysis of the programs and preparing the reports, we found certain commonalities relating each program and service that relate to the

evaluation of program efficiency and effectiveness and the adequacy of information to conduct a meaningful ZBB analysis. These commonalities impact the final report and recommendations. Therefore, we wish to present them to the Legislative Committee in a broader, narrative format in order to foster discussion on what we feel are principal ZBB issues within the Department of Children and Families' Programs of Substance Abuse and Mental Health.

Key relevant concerns include the following:

- Level of detail for appropriate cost center management.
- Sufficiency of financial information to determine actual programmatic costs.
- Linkage of data to generate meaningful management reporting information.
- Impact of the current organizational alignment of the Mental Health and Substance Abuse Programs and Department Districts on contract management.

To understand these issues it is important to place our comments in an appropriate context. The Programs of Mental Health and Substance Abuse have grown and developed in a manner consistent with most human services agencies. They began with, and maintain, a high client service focus. Administrative systems. In such an environment, management data collection is typically secondary and designed to comply with specific financial reporting requirements. In this environment, the Department is being asked

to convert data collected for one purpose to be transposed into a previously unintended format for analysis.

During our field reviews, we frequently asked for copies of management reports that would enable us to evaluate program delivery and accurate unit cost analysis. We found that, while the Department had an abundance of data, there were difficulties that impacted both the availability of specific data and the appropriate use of the data. These included Departmental comments that:

- The data collected are those required by various regulatory and policy bodies of state and federal government and were tailored for those specific purposes.
- Financial information is maintained at a level sufficient to comply with state legislative requests and the level of detail required by the State budget. While the Department collects detailed financial data, it does not aggregate the data in a way to link easily to program information.
- Because the data are captured for program specific purposes, they are not linkable to other departmental data sets.

While all of these are obligations that must be met by the Department and the programs, they do not easily transfer into an integrated management reporting system sufficient for ZBB analysis. The issues that we have identified for discussion relate to the Department's need for consolidated, meaningful management and financial reporting and the future development of appropriate economic efficiency and effectiveness measures.

KEY ISSUES RELATING TO ZBB ANALYSIS

In this section of the report, we present the key issues that the MAXIMUS project team believes that the Legislature and the Department need to address in the future. These include:

- The level of detail for financial reporting and budget management is at too broad a level for meaningful management and reporting in a ZBB model.
- Efforts toward integrated case and contract management will impact both performance and the ability to generate appropriate management reporting.
- The organization of the DCF and the way it has divided its budget results in a limited statement of program costs for Substance Abuse and Mental Health.
- Performance evaluation in the Substance Abuse and Mental Health programs is limited due to the difficulty in evaluating the true costs of service per unit service and generating effectiveness measures.

The rest of this section presents these issues, with emphasis on the data portion since it impacts all of the other issues.

1) The level of detail for financial reporting and budget management is at too broad a level for meaningful management and reporting.

This issue relates to several elements of this report. The first element is this immediate discussion on the adequacy of data for ZBB evaluation. In addition, the issue relates to the sufficiency of contract management and departmental organization and the capability to conduct meaning

comparative performance measurement, discussed in the following issue sections.

Tables One and Two, on pages 8 and 9, present the services and activities performed by the Substance Abuse and Mental Health Programs. As these tables show, the two programs report a total of eight services and twenty-three activities for the Substance Abuse and Mental Health programs combined. The services and activities listed are at a very high level of detail and accumulate many millions of dollars from smaller cost centers. In a zero based budget analysis, this level requires the analyst to address an extremely high level of decision making. If the analysis is to be meaningful, it is insufficient, for example, to ask whether Children's Detoxification should be eliminated since it is an integral component of the Substance Abuse program. Rather, the analysis needs to consider sub-elements of the activity and service, as to whether those activities should be continued or modified.

Table One Substance Abuse Program Services and Activities (Data taken from 2001-06 LRPP)						
Services and Activities	FTE		Clients		FY 2000-01 Est. Exp	FY 2001-02 Requested
	FY 00-01	FY 01-02	FY00-01	FY01-02		
Program Management	69	70			5,278,338	5,170,353
Children's Programs					58,505,188	52,863,756
Prevention			3,757	7,000	12,192,896	12,192,896
Detoxification			4,020	4,020	9,997,140	8,930,900
Treatment			5,429	5,429	36,315,152	31,739,960
Adult Programs					108,697,638	83,229,693
Prevention			53,000	53,000	5,327,392	5,077,392
Detoxification			23,000	23,000	14,058,300	11,688,242
Treatment			13,745	13,745	89,311,946	66,464,059
Total	69	70	102,951	106,194	172,481,164	141,263,802

Table Two Mental Health Program Services and Activities (Data taken from 2001-06 LRPP)						
Services and Activities	FTE		Clients		FY 2000-01 Est. Exp	FY 2001-02 Requested
	FY 00-01	FY 01-02	FY00-01	FY01-02		
Violent Sexual Predator					20,028,311	20,032,115
Program Administration	58	9			1,340,183	1,343,987
Assessment			4,750	4,894	2,200,000	2,200,000
Treatment			189	335	16,488,128	16,488,128
Adult Community Mental Health					203,056,826	255,803,477
Emergency Stabilization			34,382	40,303	60,622,890	68,607,828
Residential Care			5,039	6,699	26,564,837	39,327,543
Case Management			35,547	39,641	20,260,708	18,735,799
Outpatient Services			96,833	106,762	67,422,317	74,676,986
Community Support Services			3,698	5,071	9,841,582	15,333,247
Assertive Community Treatment Teams			800	1,814	18,344,492	39,122,074
Children's Mental Health					98,917,715	96,871,407
Emergency Stabilization			4,411	4,411	24,051,029	23,583,170
Case Management			16,250	16,938	3,226,787	1,931,460
Restoration Services			248	266	6,044,850	6,044,850
Residential Care			1,973	2,071	29,095,458	26,944,010
Residential Care					10,145,398	10,145,398
Outpatient Services			59,314	59,314	26,324,831	27,457,632
Community Support Services			136	824	29,362	764,887
Adult Mental Health Treatment Facilities					281,814,771	258,292,224
Civil Treatment	4003	3109	2,700	2,350	216,977,142	169,616,300
Forensic Treatment	1557	2005	1,605	1,841	64,837,629	88,675,924
Program Management	146	145			9,549,070	8,922,571
Total	5,764	5,268	267,875	293,534	613,366,693	639,921,794

The natural next level for such an analysis are the Department's cost centers. Tables Three and Four list a total of thirty-two cost centers used by DCF for Substance Abuse and Mental Health; of these, Substance Abuse uses

twenty-seven and Mental Health uses twenty-eight. The programs use twenty-three in common. These cost centers can cross over among the various services and activities. These cost centers would be an appropriate level for zero based budget analysis since they represent distinct work components rather than broad aggregation.

Table Three			
Substance Abuse Cost Centers			
Cost Center	Clients	Converted Service Units	Number of Contracts
Aftercare	2,780	25,504	37
Assessment	28,336	51,949	52
BHOS (Behav Hlth Over Srv)	300	25,683	2
Case Management	18,641	110,587	85
Crisis Stabilization	0	0	0
Crisis Support/Emergency	2,952	3,766	18
Day Care	197	9,166	8
Day/Night	4,062	142,997	45
In-Home & On-Site Services	4,648	109,666	52
Inpatient	0	0	0
Intensive Case Management	0	0	0
Intervention	31,563	190,256	94
Medical Services	8,716	37,182	47
Methadone Maintenance	1,918	350,130	16
Non-Contractual Services	0	0	0
Outpatient Detox	12	103	1
Outpatient-Group	171	2,704	3
Outpatient-Individual	43,629	573,889	105
Prevention/Intervention Day	2,581	183,506	32
Residential Level 1	2,090	64,250	17
Residential Level 2	7,575	383,953	62
Residential Level 3	778	54,913	14
Residential Level 4	1,068	57,564	18
Respite Services	24	676	1
Room & Board w/Sup (L-1)	3	66	1
Room & Board w/Sup (L-2)	6	263	1
Room & Board w/Supervision	430	23,023	11
Sheltered Employment	0	0	0
Substance Abuse Detox	19,539	106,181	39
Supported Employment	128	1,223	6
Supported Housing/Living	261	4,945	7
TASC (Tx. Alt. - Safe Cities)	31,871	118,072	43
Total	162,050	2,378,774	711

Table Four			
Mental Health Cost Centers			
Cost Center	Clients	Converted Service Units	Number of Contracts
Aftercare	46	85	2
Assessment	17,452	42,975	99
BHOS (Behav Hlth Over Srv)	2,710	278,079	53
Case Management	60,801	1,493,377	143
Crisis Stabilization	25,030	173,550	58
Crisis Support/Emergency	40,861	65,540	61
Day Care	111	9,203	4
Day/Night	12,067	969,804	94
In-Home & On-Site Services	33,575	1,032,265	133
Inpatient	4,663	37,644	11
Intensive Case Management	4,084	174,702	33
Intervention	9,381	75,507	65
Medical Services	105,256	183,489	138
Methadone Maintenance	0	0	0
Non-Contractual Services	492	19,923	4
Outpatient Detox	0	0	0
Outpatient-Group	2	14	2
Outpatient-Individual	80,398	576,211	136
Prevention/Intervention Day	82	997	2
Residential Level 1	3,722	169,741	45
Residential Level 2	1,862	244,310	72
Residential Level 3	1,195	191,970	51
Residential Level 4	1,064	218,285	27
Respite Services	155	12,870	4
Room & Board w/Sup (L-1)	1	30	1
Room & Board w/Sup (L-2)	15	436	1
Room & Board w/Supervision	1,296	153,304	30
Sheltered Employment	950	43,244	12
Substance Abuse Detox	0	0	0
Supported Employment	1,660	46,845	24
Supported Housing/Living	1,707	68,796	24
TASC (Tx. Alt. - Safe Cities)	0	0	0
Total	410,638	6,283,197	1,329

As indicated in the Service and Activity Recommendations, not all of the cost centers are relevant to all programs, services and activities. Still, we the matrix of the cost centers and services/activities would yield many evaluative units that could be analyzed with greater specificity.

The MAXIMUS project team attempted to conduct this ZBB analysis at this level of detail. The Department provided a master data report for each program that listed all contracts by cost center and the contracted units of service. However, we were unable to connect the unit of service contracts list with a listing of contracts by provider and dollar amount. There were several reasons:

- In some cases, the contract amounts are aggregated and not reported by cost center.
- There are multiple vendors and multiple contracts. For example, in District One, the Lakeview Center has three or four contracts (the data file lists both Lakeview Center and Lakeview Center, Inc.). It has client data relating to seven cost centers. There is no cross referencing of the contract and client service data in the information that the Department was able to provide to the MAXIMUS team.
- Upon our initial request for data that could link the contract budget and units of service data, the Department responded that some of the data were not available due to outstanding contract amendments.
- After restructuring and resubmitting the request, the project team was advised that the Department had attempted to create a linked database but was unable to do because the individual client data in the Department's data warehouse could not be linked due to the absence of key fields that would allow proper aggregation.
- Project staff met at length with program and data staff to explore other alternatives. The conclusion was that the data were structured for

specific reporting purposes, that program and management personnel maintained separate databases, and that linkage was not possible.

Table Five, on the following page, presents an example and notes on the difficulty in associating the data being used by the Department for analysis at the cost center level. This is based on an extended meeting with Department and MAXIMUS personnel to attempt both to understand and to resolve the issue.

Table Five
Example of Difficulty with Data Referencing

	Example One	Example Two
Information Constant for All Databases		
District	1	1
Provider Name	Lakeview	Lakeview
Provider Identification	11111	11111
Program	Adult Mental Health	Adult Mental Health
Performance Contract Exhibit A¹		
Cost Center	Residential	Residential
State Rate	250	250
Contact Hours	1000 ²	1000 ³
Data Warehouse⁴		
Units	900	2000
Unit Cost	2000	250
Total Cost	190,000	500,000
FLAIR Exhibit B		
Contract Amount Paid	\$250,000	\$250,000
Medicaid Procedure Code⁵		
<p>(1): Under performance contracting, the State cannot specify an exact rate and number of hours to purchase. DCF believes that such specifications would violate the State Constitution and interferes in the ability to negotiate contracts.</p> <p>(2): When considering 1000 hours versus the 900 shown in the data warehouse, this difference probably indicates a contract amendment by the provider and/or another service that was not originally planned for in the performance contract provided.</p> <p>(3): In this example, \$250,000 was paid by the State service contract and \$250,000 was paid by Medicaid. The data warehouse captures the total expenditures of the providers, regardless of the payment source while the DCF contract data captures only the service contract payment.</p> <p>Three factors that make Exhibit A and Data Warehouse data unequal are:</p> <ul style="list-style-type: none"> a) 25% of the total cost in the data warehouse may be for in-kind services. b) If the hospital has a drug unit, then the dollar amounts in the data warehouse reflect the co-pay as in-kind services. c) In the case of non-referrals (such as outpatient referrals) by DCF, the provider pays and the amounts become part of in-kind services. <p>(4): If the service is funded only by the State, then we can compare the data in the Performance contract with the data warehouse.</p> <p>(5): The Medicaid Procedure Code is not equal to cost centers and the Department is unable to track this back to units of service provided by Medicaid.</p>		

Absent the ability to link units of service with actual payments, it would be problematic to conduct a meaningful ZBB analysis of the Substance Abuse and Mental Health programs at the cost center level.

2) Efforts toward integrated case and contract management will impact both performance and the ability to generate appropriate management reporting.

The general thrust of this report is that difficulties in conducting a ZBB evaluation of the performance of the Substance Abuse and Mental Health programs relate to the accuracy and interaction of program data. This relates in part to the way in which the Department is organized and distributes management of its contracted services to the Districts. In reviewing the list of contracts for service for the two programs, the MAXIMUS project team observed the following:

- The Department currently has 1,208 contracts for service in the Substance Abuse and Mental Health programs combined, some covering multiple cost centers. This total represents 37.4 percent of all of the contracts administered by the Department
- Of the total contracts, there are 531 contractors, with an average of 2.27 contracts. There are some providers with as many as nine contracts.
- In 42 instances, the same provider has at least one contract for Substance Abuse services and at least one contract for Mental Health Services.
- 62 of the 531 contractors have contracts in two or more districts of the Department, with 19 contractors have contracts in at least three districts.
- The total overlapping contracts may be undercounted because some contractors appear to be operating in more than one district through

what appear to be localized names, indicating they are affiliated with a larger organization.

The significant division of the contract and data management responsibility relates to the large number of contracts, the diffusion with which they are negotiated and managed, and the separate reporting. This leads to several organizational and operational issues that the Department is attempting to address:

- At present, the Programs of Substance Abuse and Mental Health operate from a mixed organizational model. The two programs are separated and have their own program management at the central level. At the district level, the program staffs are still combined. At a time when the Department is seeking improved ways of contract management and integrated case management, this model could possibly result in operational difficulties. We suggest that the Department include organizational impacts in its evaluation of case and contract integration initiatives to determine whether the current model is effective in enabling such initiatives or whether a different model would be more beneficial in an integrated environment.
- The diffusion of contracts, combined with the data issues already discussed, lead to difficulty in evaluating client services and case management at the client level. There are several efforts to address this issue:
 - The Suncoast Region is currently experimenting with a consolidated client case management system. This evaluation should be followed closely, and the Department should begin to move as quickly as possible to expand consolidated case management.
 - The Agency for Health Care Administration has implemented a statewide utilization management program to achieve Medicaid behavior health budget reduction goals for non-HMO enrollees, being administered under contract by

First Mental Health, Inc., as the statewide utilization management contractor.

- DCF Districts 7, 12, 13, and 15 have formed a multi-district utilization management team, overseen by a committee of Substance Abuse and Mental Health program supervisors.
- In 2001, the Legislature adopted Senate Bill 1258, requiring the Department and Agency for Health Care Administration to work together to develop service delivery strategies that will improve the coordination, integration, and management of mental health and substance abuse services.
- The Department has proposed legislation that would permit the purchase of substance abuse services under a managed care environment and is evaluating various other efforts to improve case management and integration. The Department is also anticipating development of a demonstration Administrative Services Organization, to provide administrative management of the Department's contracted substance abuse services.

Because this engagement does not include operational analysis, the MAXIMUS team did not perform the analysis to make specific operational recommendations and cost benefit analyses on these initiatives. However, our experience in other organizations indicates that, with proper planning, these initiatives will have a significant impact, not just on the delivery of client services, but on the ability of the Department to implement improvements in management reporting.

3) The organization of the DCF and the way it has divided its budget results in a limited statement of program costs for Substance Abuse and Mental Health.

Accurate cost analysis of any program depends on both direct and indirect costs. Direct costs are those which are clearly attributable to the

operation of a program, such as employee and contract expenses for activities assigned on a full time basis to the program. Indirect costs are those which the Department incurs in a general administrative capacity that supports all of the programs and activities of DCF. An example of this would be the Department's administrative functions at both the central and district level.

The Department of Children and Families uses an indirect cost allocation plan to distribute its administrative costs. It does this with computer software acquired from MAXIMUS, using departmental staff to enter the data and to run the calculations. However, the District cost allocations are reported only at the program level for Substance Abuse and Mental Health, with the exception of the State mental health hospitals. In order to calculate accurately the cost of the programs and activities, those indirect costs need to be determined and assigned. The Program's ZBB submissions indicate the estimation of some indirect costs, but it is uncertain whether they incorporate the district administration of the programs as well.

4) Performance evaluation in the Substance Abuse and Mental Health programs is limited due to the difficulty in evaluating the true costs of service per unit service and generating effectiveness measures.

The DCF's performance reporting indicates that both the Substance Abuse and the Mental Health Programs are essentially meeting their performance standards. The performance data are presented in the Review Recommendations. The performance standards, though, reflect principally

work volumetrics. There are no program efficiency standards and only a few effectiveness measures. The Department is not unique in this regard; the current performance standards used by the Department largely reflect the state of the art for most State agencies throughout the country.

However, appropriate performance evaluation from a financial point of view needs to consider efficiency measures, particularly unit costs in order to compare performance, either internally, over time, or with other jurisdictions. These unit costs need to include all costs—both programmatic and administrative—in order to develop an accurate picture of performance efficiency. An enhanced performance management system would enable the Department to compare unit service costs by provider contract, among districts, and with other State entities. This would enable the Department to have measures that will allow the trending of costs over time as well as “snapshot” evaluations. As the Department develops its case and contract management systems, it should work with OPPAGA to redevelop performance measures around unit costs.

A second aspect of the performance measurement system is the lack of effectiveness measures. While there are a few such measures scattered throughout the programs, there is, for all practical purposes, no means of evaluating relative program effectiveness.

An example of a program effectiveness measure can be understood by considering an example in Children’s Substance Abuse Prevention. The

Department uses an outcome measure of the of Percentage of children at risk of substance abuse who receive target prevention services who are not admitted to substance abuse services during the 12 months after completion of prevention services, reporting a 95 percent performance. This measure has an underlying assumption that the 95% performance is based on the participation of the client in the prevention program, which may not be the case. In order to determine the true effectiveness of a prevention program, the Department needs to evaluate the number of participants who are not admitted to substance abuse services to a comparable peer group of potentially at-risk clients who do not participate in the program. The difference in non-admission is the true measure of the effectiveness of the prevention program. Once the comparative standard is set, the Department can evaluate program effectiveness at any point in time or changes in effectiveness over time.

As the Department moves toward more integrated case management, it is anticipated that the Department will develop the integrated data capacity that will enable performance evaluation techniques that at improved levels of efficiency and effectiveness analysis.

PRELIMINARY CONCLUSIONS

Based on the considerations discussed in this report, we conducted our ZBB analysis using the stated services and activities as submitted by the Mental Health and Substance Abuse programs. The Service and Activity

recommendations provide the detailed answers requested in the ZBB analysis, but those preliminary reviews are summarized as follows:

- **Service Continuation:** At the level of analysis possible, we recommend continued performance of the services of the programs.
- **Areas Where Performance Is Not Meeting Expectations:** With only a few exceptions, the Programs were achieving their performance standards. We are concerned that, in some cases, the same performance numbers were reported in different years, indicating either client case limits or repetitive reporting rather than specific performance standards.
- **Continuation of Activities:** At the level of analysis possible, we recommend continuation of all of the activities. While the State is in the process of closing the G. Pierce Wood Hospital, we believe that this closure will have an impact on other residential programs that may ultimately require expansion of those activities. That impact is not quantifiable at this time.
- **Areas Where Performance Could Be Improved by Re-engineering:** As discussed above, we believe that the Department should continue the re-engineering of its case management, contract management, and data management efforts. The Department is undertaking this initiative and can be expected to require additional Legislative support for both design and implementation costs as well as changes in contracting rules, i.e. moving from program contracts to managed care contracts.
- **Is Current Level of Efficiency and Effectiveness Meeting Legislative Expectations:** As noted, the programs are generally achieving their established performance standards. These standards, however, do not relate to calculable measures of efficiency or effectiveness. We recommend that, as the Department develops a more integrated case management system, it develop the reporting capacity to calculate appropriate efficiency and effectiveness measures.
- **Identification of Potential Reductions:** Absent appropriate efficiency and effectiveness measures, it is not possible to submit

specific recommendations. In preparing its, 5% LRPP reductions, the Department indicated that all possible reductions were already included in the FY 2001-02 budget. Beyond that, the Department did not identify any future year reductions.

- **Adequacy of Information Necessary to Perform the Zero Based Budget Analysis:** As discussed in this report, several joint efforts by the Department and the project team to develop budget and performance information at the cost center level resulted in a conclusion that, given current data structures, information could not be generated in a manner as to permit meaningful analysis that could be substantiated empirically.
- **Potentials for Outsourcing or Privatizing:** Both programs are highly privatized, with the exception of the operation of the State hospitals. We recommend that the Department consider the feasibility of private operation of remaining facilities. We also recommend that the Department consider expanded privatization of case management; the model for this are the current demonstration projects and the HCA Utilization Management project.
- **Possibility of Transfer to a More Appropriate Service or Budget Entity:** Generally, the services and activities are appropriately placed. The Legislature may wish to consider whether the Sexually Violent Predator Program might function more appropriately within the Corrections Department.
- **Changes to the LRPP Mission Statement and Goals:** The current mission statement and goals are appropriate. The Department may need to revisit its identification of possible future reductions based on assumptions around the potential benefits of the case management approach to services that it is considering.

NEXT STEPS

This document constitutes the preliminary report for the ZBB review of the Programs of Substance Abuse and Mental Health. The remaining steps in this process are as follows:

- Presentation of this preliminary report to the ZBB Committee and receive the Committee's comments and questions
- Receive and review comments and questions from the Department
- Adjust this report to address the comments and questions and prepare a final report accordingly.
- Prepare and submit an analytical report identifying any suggestions for the Zero Based Budgeting analysis process.

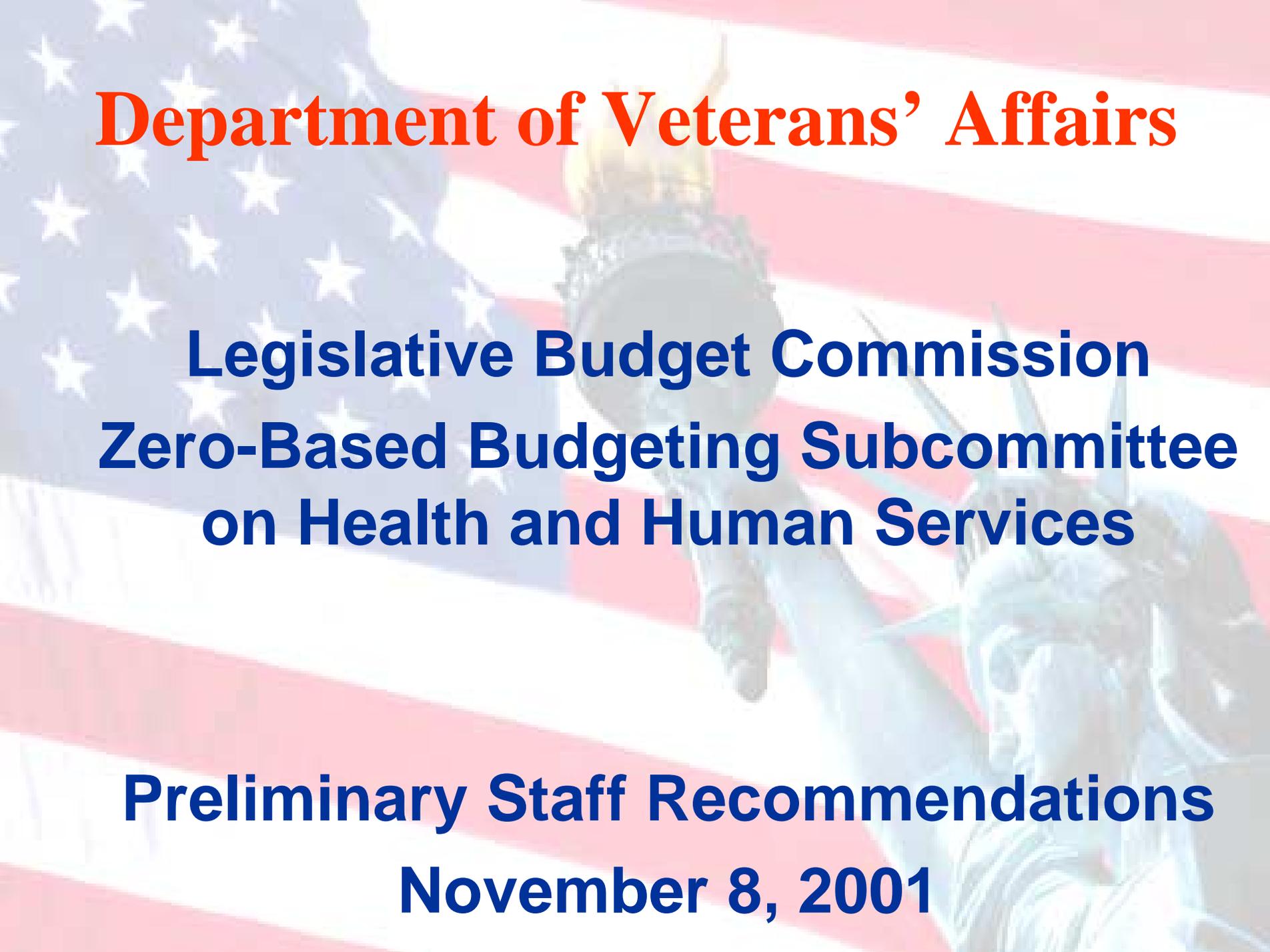
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In summary, we believe that the Department's heavy emphasis on private service provision is resulting in quality services to its clients and to Florida residents as represented in its performance standards. We believe that the Department can improve its services through continuation of its efforts in developing a consolidated case management system that will permit better tracking of clients and will assure an appropriate but not excessive level of client treatment and services. This should be accompanied by a redesign of the Department's contract management system that would provide more effective coordination of contracts and, through them, coordination of the case management. In doing this, the Department should

consider the feasibility of contracting the case management on a statewide basis. Finally, we expect that the changes in case management and contract management will result in an integrated data management system that will enable it to evaluate more meaningfully program efficiency and effectiveness.

In submitting this report, we would like to close by complimenting the staff with whom we have been working on this engagement. Ms. Marta Hardy and all of the Legislative staff with whom we have interacted have been very cooperative and supportive in providing information and access. The Department's efforts have been coordinated with Ms. Kristi Gilmore, who has worked diligently to assure that we receive access to Departmental staff and materials as needed. The individual staff members in each of the Programs and districts have made themselves available to us and have been dedicated in attempting to resolving some of the data issues that are discussed in this report.





Department of Veterans' Affairs

Legislative Budget Commission Zero-Based Budgeting Subcommittee on Health and Human Services

Preliminary Staff Recommendations

November 8, 2001



Veterans' Affairs

Current Service Structure

- **Veterans Homes**
- **Veterans' Claims**
- **Veterans' Field Services**
- **Executive Direction and Support**

Veterans' Homes: Findings

- **Veterans' Homes operations are funded from a Trust Fund that comprises:**
 - Resident co-payments
 - U.S. Veterans' Affairs per diem payments
 - Medicaid, Medicare, third-party insurance payments
 - Miscellaneous receipts
- **Minimal General Revenue is spent on the homes' operation.**
- **17.5% residents receive Medicaid funding as compared to 85% of private nursing home residents.**

Veterans' Homes: Findings

(Continued)

- **LBC approved outsourcing pilot in the Pembroke Pines State Veterans' Nursing Home.**
 - **Housekeeping and Laundry**
 - **Groundskeeping**
 - **Certified Nursing Assistants**
 - **Food Services (not implemented yet)**
- **Cost savings of approximately \$178,000 per year.**
- **No determination on Quality of Care through outsourcing has been made at this time.**

Veterans' Homes: Findings

(Continued)

- **Performance Data FY 2000-01 - Occupancy Rates for Homes in Operation 2 years or more \geq 85%.**

● Domiciliary Home – Lake City	84%
● Nursing Home – Daytona Beach	89%
● Nursing Home – Land O'Lakes	75% (Opened 4/99)
● Nursing Home – Pembroke Pines	N/A (Opened 6/01)

Update – Pembroke Pines

- Current residency 24.
- Low occupancy due to construction delays, administration problems and AHCA certification delays.

Veterans' Homes: Recommendations

- **Add New Activities:**
 - **Nursing Home, Panama City, Florida**
 - **Nursing Home, Port Charlotte, Florida**
- **Fund Shift from GR to Trust Fund - \$314,566**
 - **Daytona Beach NH Administrator Position – \$95,133**
 - **3 Professional Health Care Positions – \$219,433**
- **Department should update the Legislature on occupancy levels.**

Veterans' Homes: Recommendations

- **Address staffing levels as mandated in SB 1202 (Chapter 2001-45, Laws of Florida).**
- **Department should examine the possibility of using nursing internships in Veterans' Homes.**

Veterans' Claims: Findings

- **For minimal GR funding, Veterans' Claims staff:**
 - Provide counseling services to veterans and their dependents and survivors
 - Prepare, submit, and prosecute claims and appeals for state and federal entitlements, and
 - Assist with applications to correct military records.
- **This assistance provides:**
 - compensation,
 - hospitalization,
 - vocational training, and
 - other benefits and privileges

Veterans' Claims: Findings

- **Could quality be improved or costs reduced through outsourcing or privatization?**
 - **No. Working with federal employees provides direct access to and opportunity to determine the most effective way of presenting veterans' claims in order to achieve the greatest benefit.**
- **Could any General Revenue be shifted?**
 - **No. There is no federal reimbursement nor are fees collected from the veterans to perform this activity.**

Veterans' Claims: Recommendations

- **Combine Claims and Field Services into a new service titled “Veterans’ Benefits and Assistance”**
- **Change current outcome measure to a new measure that is currently being developed by OPPAGA and the Department.**
- **Performance measure data collection needs to be verified for accuracy/validity by the Department’s Inspector General.**

Field Services: Findings

- **Field Services staff provide benefits counseling to:**
 - All inpatients and outpatients in the U.S. Department of Veterans' Affairs at six medical centers and nine outpatient clinics in Florida,
 - Veterans in the Transitional Assistance Program.
- **Focuses on face-to-face assistance that staff provide to veterans and their families with originating, determining, verifying, tracking and obtaining:**
 - Treatment
 - Medications,
 - Prosthetics, and
 - Other financial benefits

Field Services: Findings

(Continued)

- **Could quality be improved or costs reduced through outsourcing or privatization?**
 - **No. Working with federal employees provides direct access to and opportunity to determine the most effective way of presenting veterans' claims in order to achieve the greatest benefit.**
- **Could any General Revenue be shifted?**
 - **No. There is no federal reimbursement and fees are not collected from veterans for this activity.**

Field Services: Findings

(Continued)

- Performance Measures FY 2000-01 - *Value of cost avoidance because of issue resolution (the dollar value of benefits received).*
 - Standard = \$4,773,600 Actual = \$16,012,031

Veterans' Field Services: Recommendations

- **Combine Claims and Field Services into a new service titled “Veterans’ Benefits and Assistance”**

Executive Direction and Support Services: Findings

- **Due to the limited number of administrative positions, further reducing positions would negatively impact performance.**
- **Some activities within EDSS should be transferred to realign activities with appropriate services.**
- **Performance Measures have not been developed for this service.**

Executive Direction and Support Services: Recommendations

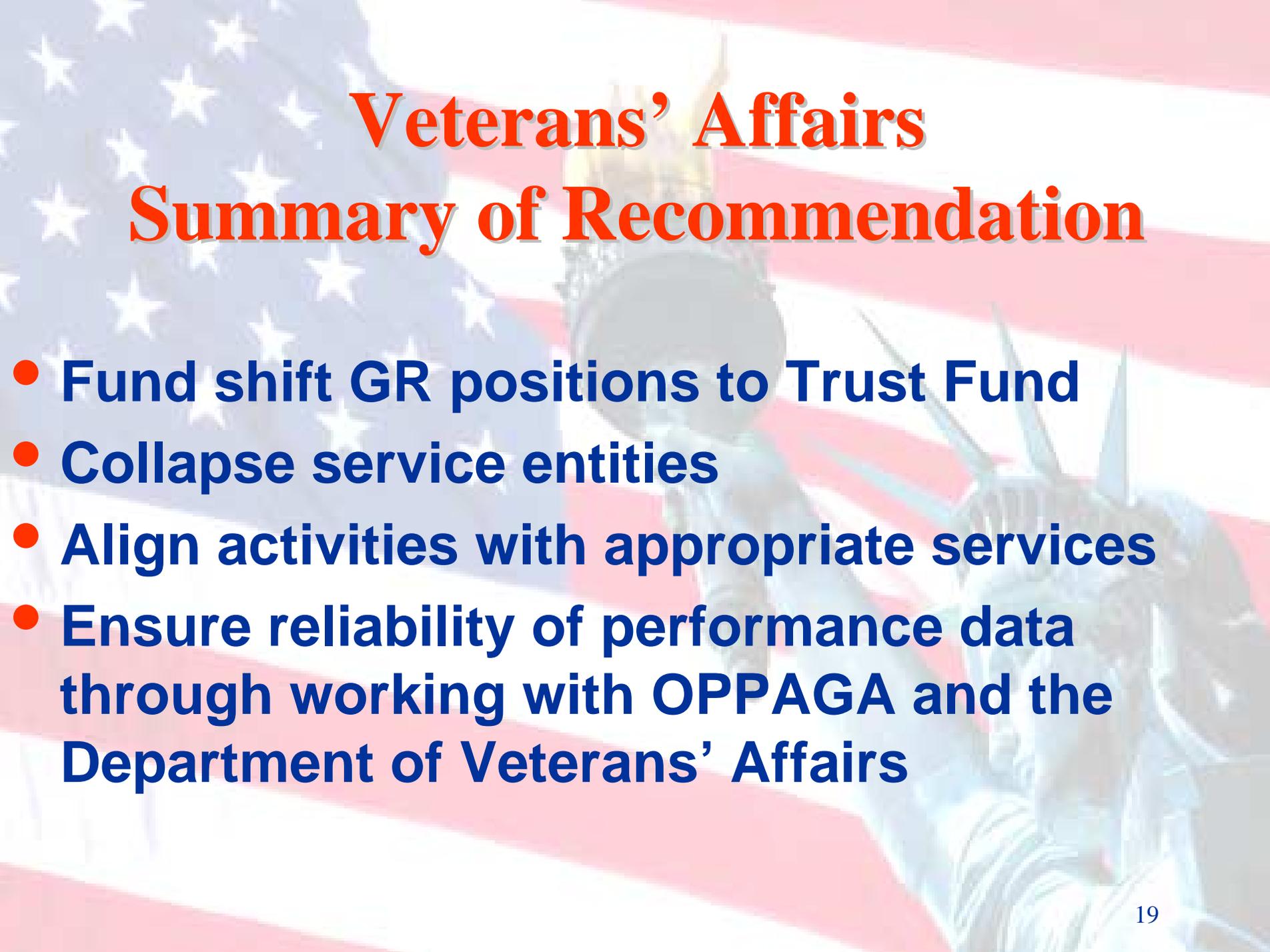
- **Transfer Activities to appropriate Service**
 - **Transfer Veterans' Education and Quality Assurance to Veterans' Benefits and Assistance and increase federal funding authorization by \$130,406 for 2 new FTEs.**
 - **Transfer 3 FTEs and \$219,714 from Executive Direction (Agency Head) to Veterans' Benefits and Assistance Service.**
 - **Transfer Director – Health Care Activity (3 FTEs and \$219,433) to Veterans' Homes Service.**

Veterans' Affairs

Proposed Service Structure

- **Veterans' Homes**
- **Veterans' Benefits and Assistance***
- **Executive Direction and Support**

***Combining Veterans' Field Services and Veterans' Claims into the Benefits and Assistance entity would more appropriately align the departmental functions, maintain consistency between expanded budget entity categories, and align budget authority delegation to simplify and improve accounting and budgeting functions.**



Veterans' Affairs

Summary of Recommendation

- **Fund shift GR positions to Trust Fund**
- **Collapse service entities**
- **Align activities with appropriate services**
- **Ensure reliability of performance data through working with OPPAGA and the Department of Veterans' Affairs**

