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# **Zero-Based Budgeting Review**

## **Final Subcommittee Recommendations for Health & Human Services**



**To:** Legislative Budget Commission  
**From:** Senator Ron Silver, Chairman  
Zero Based Budgeting Subcommittee on Health and Human Services  
**Subject:** Zero Based Budgeting Review Final Subcommittee Recommendations  
**Date:** January 10, 2002

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The Zero Based Budgeting Subcommittee on Health and Human Services of the Legislative Budget Commission has completed its review of the Departments of Children and Family Services (Developmental Services Program and Mental Health and Substance Abuse Program), Elderly Affairs and Veterans' Affairs. To develop these recommendations the subcommittee held four public meetings, reviewed agency data and staff analyses, heard testimony from department officials, and in the case of the Department of Children and Family Services (Mental Health and Substance Abuse Program), reviewed analyses and recommendations from an outside consultant, MAXIMUS, Inc.

The agencies reviewed were very responsive to the Subcommittee's questions and requests for information. As a result, we believe the review resulted in recommendations that will improve the overall efficiency and effectiveness of state government.

The attached document contains an Executive Summary of the Final Recommendations adopted by the Zero-Based Budgeting Subcommittee on Health and Human Services for your consideration. Also included in the report are Staff Recommendations by Service, which are the detailed zero based budget review recommendations prepared for each agency by Legislative staff and MAXIMUS, Inc. The Committee used these staff recommendations as a basis for its final recommendations.

Attachment

# **Zero Based Budgeting Review**

**FINAL**

## **Recommendations for Health and Human Services**

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## **Department of Elder Affairs**

The department's mission is to advocate and serve Florida's elders; to promote and implement long-term care policies and procedures that are elder-friendly; and to plan, coordinate, administer and initiate programs and services that empower elders and their caregivers to age in place, with dignity, security, purpose and in an elder-friendly environment. Our review consisted of analyzing information submitted by the Department which included ZBB documentation, the legislative budget request, and the department's long-range program plan; coordinating meetings and telephone conversations with Department staff; reviewing base budget data, statutes, inspector general and auditor general reports. The Office of Program Policy Analysis and Government Accountability (OPPAGA) was also consulted to discuss OPPAGA's program evaluation and justification review of the Department of Elder Affairs' Services to Elders Program.

The Department has met or exceeded most of its performance expectations as set by the Legislature with the exception of serving abused and neglected and imminent-risk clients. In FY 2000-01, providers only served 93.7% (standard is 95%) of the clients referred from DCF - Adult Protective Services within 72 hours who were in need of immediate services to prevent further harm. Providers only served 83.6% (standard is 90%) of the clients that CARES staff determined to be at imminent risk of entering or staying in a nursing home. Performance measures need to be developed for the Self-Care and Early Intervention/Prevention activities. Also, specific performance measures need to be developed for the Alzheimer's Disease Initiative that assess the impact of services and the degree to which services are keeping people out of nursing homes.

Administrative costs were found to be low with an overall 2.7% administrative cost percentage. The department should consider contracting additional administrative functions (currently contract human resources) with other larger HHS agencies, which would allow the department to focus on administrative and programmatic monitoring of contract providers.

Overall, our review recommends improving monitoring, oversight and accountability of contract service providers; maximizing federal funds by transferring a portion of state funds in the Community Care for the Elderly (CCE), Home Care for the Elderly (HCE), and Alzheimer's Disease Initiative (ADI) to the Medicaid home and community-based waivers; revising certain statutes to comply with recommendations; reducing funds in certain programs that will not affect services to elders; and referring the issues related to the transfer of various long-term care functions to the Agency for Health Care Administration to the Health and Human Services Task Force for further study. The Legislative Budget Commission recommends that the Legislature continue the services of the Department of Elder Affairs with the following recommendations.

### **Comprehensive Eligibility Services**

1. Change the title of the activity from "Universal Frailty Assessment" to "Long-Term Care Eligibility Screening."
2. Transfer \$41,859 in Trust Funds to the Consumer Advocate - Long Term Care Ombudsman Council as identified in the Long Range Program Plan.
3. Create statutory authorization in Chapter 409 for the pre-admission screening function.
4. Assess the cost-effectiveness of using CARES as a single point of entry to access long term care services, as directed in s. 430.704, F.S., by June 30, 2002.

## **Home and Community Services**

### ***Home and Community Services Diversion Activity***

5. Eliminate this activity and replace it with the following four activities:
  - a. Aged/Disabled HCBS Waiver
  - b. Consumer Directed Care
  - c. Community Care for the Elderly
  - d. Home Care for the Elderly
6. Refer the issues related to the transfer of administrative oversight of the Aged/Disabled Waiver to the Agency for Health Care Administration to the Health and Human Services Task Force for further study.
7. Improve monitoring, oversight and accountability of service providers.
8. Maximize federal funds by transferring some state funds from CCE, HCE and ADI to Medicaid Waivers to be used as match. (This recommendation was implemented during the 2001 Special Session C.)
9. Consider requiring AAA's to competitively negotiate rates to lower unit costs as identified in the Long Range Program Plan.
10. Revise CCE statutes (s. 430.204, F.S.) to require application for Medicaid eligibility determination and limit CCE services to 60 days if Medicaid eligibility application is not completed.

### ***Long Term Care Initiatives Activity***

11. Refer the issues related to the transfer of this activity (Nursing Home Diversion, PACE and SHMO) to the Agency for Health Care Administration to the Health and Human Services Task Force for further study.
12. Reduce non-obligated PACE and SHMO funds. (This recommendation was implemented during the 2001 Special Session C.)

### ***Residential Assisted Living Support and Elder Housing Issues Activity***

13. Refer the issues related to the transfer of administrative oversight of the Assisted Living for the Elderly (ALE) Waiver to the Agency for Health Care Administration to the Health and Human Services Task Force for further study.

### ***Housing, Hospice and End of Life Activity***

14. Refer the issues related to the transfer of this activity which consists of policy development and rule making to the Agency for Health Care Administration to the Health and Human Services Task Force for further study.
15. Revise/update rules in accordance with a schedule developed in conjunction with the Executive Office of the Governor.

### ***ALF/AFCH Training Activity***

16. Refer the issues related to the transfer of this activity which consists of policy development, rule making, and training to the Agency for Health Care Administration to the Health and Human Services Task Force for further study.
17. Outsource training of facility administrators/providers and their employees.
18. Revise/update rules in accordance with a schedule developed in conjunction with the Executive Office of the Governor.

***Supportive Community Care Activity***

19. Delete \$357,000 GR related to the Hill Burton Hospital in Walton County as identified in the Long Range Program Plan. (This recommendation was implemented during the 2001 Special Session C.)
20. Consider requiring AAA's to competitively negotiate rates to lower unit costs as identified in the Long Range Program Plan.

***Self-Care Activity***

21. Adopt performance measures recommended in the Long Range Program Plan.

***Early Intervention /Prevention Activity***

22. Adopt performance measures recommended in the Long Range Program Plan.

***Caregiver Support Activity***

23. Transfer funds from Alzheimer's Disease Initiative (ADI) to Medicaid waivers to maximize federal funds. (This recommendation was implemented during the 2001 Special Session C.)
24. Consider requiring AAA's to competitively negotiate rates to lower unit costs as identified in the Long Range Program Plan.
25. Develop performance measures for ADI that assess the impact of services and the degree to which services are keeping people out of nursing homes.

**Consumer Advocate Services**

***Long-Term Care Ombudsman Council Activity***

26. Develop statutory changes (as included in SB 414) resulting from Senate Interim Project Report 2002-137, "An Overview of the Long-Term Care and Managed Care Ombudsman Programs.
27. Outsource volunteer training function.
28. Transfer \$41,859 in Trust funds from CARES as identified in the Long Range Program Plan.

***Public Guardianship Program Activity***

29. Reduce Tobacco funds by \$100,000 through consolidation of responsibilities and more effective use of resources as identified in the legislative budget request.

## **Executive Direction and Support Services**

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

## **Department of Children and Family Services Persons with Disabilities Program**

The program's mission is to serve persons with disabilities to live dignified and reasonably independent lives in the least restrictive and most integrated environment suitable to their needs. Our evaluation comprised review of agency data, review of Auditor General audits and OPPAGA reports, staff analyses, and interview of department staff. Based on this information, it is apparent that the program requires substantial re-engineering. Therefore, most of the recommendations are policy related rather than budget based. Our review recommends, however, a reduction of 76 FTE and \$6,378,909 in budget authority. The Legislative Budget Commission recommends that the Legislature continue the services of the Persons with Disabilities Program with the following recommendations.

### **Developmental Services Public Facilities**

- 1) Recommend continuing the closure of the Landmark facility in a slow, deliberate phase down that will allow for maximum client choice and appropriate placement. For Fiscal Year 2002-03, this means a reduction of 54 FTE, \$82,800 in General Revenue and \$1,555,200 in trust funds.
- 2) Recommend reviewing current match policies to maximize the use of federal funds.
- 3) Recommend adopting the department's proposed efficiencies while maintaining appropriate licensure and certification, as well as quality of life and care of the residents. The department proposes the reduction of 103 FTE, \$1,126,804 in General Revenue and \$3,614,105 in trust funds.
- 4) Recommend creating a new program titled "Institutional Facilities" with two new services—Developmental Services Public Facilities and Adult Mental Health Treatment Facilities.

### **Home and Community Services**

- 5) Recommend developing a more effective needs assessment instrument that must be validated. Current clients must be assessed by January 1, 2003, and a random sample of clients shall be reviewed by an independent contractor for validity.
- 6) Recommend amending s. 393.064(4)&(5), F.S., to reflect the transfer of the research and education activities to Children's Medical Services in the Department of Health.
- 7) Recommend restructuring the Direct Client Supports activity to be consistent with authorized services in Chapter 393, F.S., and separating activities between adults and children. The proposed activities are Daily Living, Day Services, Medical/Dental, Respite Services, Residential Habilitation, Specialized Therapies/Assessments, Supported Employment, Supported Living, and Transportation.
- 8) Recommend developing more meaningful performance measures that reflect program performance by the 2003 Legislative Session.

- 9) Recommend requiring, in proviso, the department to develop a plan to implement direct provider enrollment and direct provider billing and to redefine the role of the support coordinator. The plan will be due July 15, 2002.
- 10) Recommend giving the department rule-making authority to implement punitive actions against contract providers for non-compliance, as recommended by the Auditor General's September 2001 report (No. 02-038).
- 11) Recommend transferring the private institutional care facilities for the developmentally disabled activity to the Agency for Health Care Administration, and including caseload and expenditures in the Medicaid Estimating Conference.
- 12) Refer issue related to the transfer of all Medicaid services to the Agency for Health Care Administration to the Health and Human Services Task Force for further study.
- 13) Recommend requiring, in proviso, the department to develop a plan to implement cost management strategies as proposed in OPPAGA's Draft December 2001 report (No. 01-XX). The plan will be due July 15, 2002.
- 14) Recommend amending the "Special Categories" definition in Chapter 216, F.S., to prohibit inappropriate expenditures in client service categories. Recommend transferring budget authority from special categories to Other Personal Services and Expenses.
- 15) Recommend re-evaluating this service in another year when better cost and client data will be available.

#### **In-Home Supports for Disabled Adults**

- 16) Recommend revising Chapter 409, F.S., to clarify the department's authority on case management for OSS recipients.
- 17) Recommend transferring Spina Bifida funding (\$344,609 in General Revenue) from In-Home Services to Disabled Adults budget entity to the Home and Community Services budget entity, and including the funding in the Developmental Services Home and Community Services Waiver to maximize federal earnings.
- 18) Recommend restructuring the In-Home Supports to Disabled Adults activity to new activities to better determine effectiveness and efficiency. The proposed activities are Case Management, Cystic Fibrosis, Daily Living, Home Care for Disabled Adults, Medical/Dental, Respite Care, Specialized Therapies/Assessments, and Transportation.

#### **Program Management and Compliance**

- 19) Recommend developing more meaningful performance measures that reflect program performance by the 2003 Legislative Session.
- 20) Recommend reviewing current match policies to maximize the use of federal funds.
- 21) Recommend converting 81 OPS staff to FTE positions, as recommended in the department's FY 2002-03 Legislative Budget Request.

## **DEPARTMENT OF CHILDREN AND FAMILIES**

### **Substance Abuse and Mental Health Programs**

#### **Overview of the Substance Abuse Program**

The mission of this program is to provide substance abuse services to residents of the State of Florida. This includes the provision, essentially through contracts with private service providers, for both adult and juveniles. For each client category, the Program provides emergency intervention and detoxification services, residential treatment, and outpatient treatment. The Program also provides prevention programs for persons at risk of substance abuse.

The Program is meeting or exceeding its performance standards as established by the State Legislature. The Program's legislatively reported performance standards include some measures of programmatic effectiveness, which the Program is achieving. The established performance standards do not include efficiency measures, which would be appropriate within a ZBB analysis. While the DCF captures significant amount of programmatic and financial data, the Department's current data structures are not designed to accumulate information in a manner that is conducive to a comprehensive zero based budgeting review. This is a problem of which the Department is aware; it anticipates that its plans for changes in its system of care will result in data integration that will enable more detailed analyses in the future.

Overall, we conclude that this program is operating within its Legislative mandate for specific service delivery.

#### **Overview of the Mental Health Program**

The Mental Health Program is responsible for providing mental health services to State residents. As with Substance Abuse, these services are provided through a series of contracts with private providers. Mental Health services include Adult and Children's Mental Health, Institutional Care, and a Sexually Violent Predator Program.

Generally, the Program is meeting or exceeding its performance standards as established by the State Legislature. The Department has outcome, output, and input measures for its performance review. The outcome measures need to be more closely linked to the Program's cost data in order to produce meaningful effectiveness data. The Department is aware of this need and is working to address it.

Overall, we conclude that the Program is operating within its Legislative mandate for specific service delivery.

#### **Issues Common to Both the Mental Health and Substance Abuse Programs**

Because of the history and evolution of the Substance Abuse and Mental Health programs, many of the client service and administrative issues relate in common to both. Of particular note is the potential for the development of a managed care system of providers for mental health and substance abuse.

In 1999 OPPAGA issued Report 99-09 (*Justification Review of the Alcohol, Drug Abuse and Mental Health Program within the Department of Children and Families*). This report raised several issues that are common to both Programs. Among these are:

- Problems with coordination for clients treated by more than one service provider and clients in more than one state program, reducing program effectiveness.
- Use of unit cost contracts with service providers, which OPPAGA felt did not provide a financial incentive for providers to reduce expenses.
- Need to improve procedures for monitoring contracts, including more effective assessment of provider care quality, use of more appropriate contract performance measures, and the need to generate better information for management reporting purposes.

The same report noted that the Legislature has authorized, and the Department has implemented, several demonstration projects using managed care concepts, including local provider networks that will provide comprehensive care across agencies and a case management process that is independent of service providers. To date, these initiatives have been limited in scope. A previous managed care project, which was limited to Medicaid eligible mental health clients, demonstrated that managed care has potential for reducing costs and improving client outcomes.

The ZBB review of the Programs indicates that the Department is working to address each of the issues identified by OPPAGA, but that the issues have not yet been resolved.

## **Recommendations**

Based on the review of the Substance Abuse and Mental Health Programs, we submit the following recommendations for Legislative consideration:

### **Adult Mental Health Treatment Facilities**

- 1) Recommend that the Department review the service system re-design that resulted from the closure of G. Pierce Wood and determine how the statewide extension of this redesign would impact the operation of the State's other mental health facilities.
- 2) Recommend that the Program investigate opportunities for the privatization of services at the Department's other mental health institutions.

### **Adult Community Mental Health Services**

- 3) Recommend that the Department undertake an evaluation on the impact of institutional closings on the ability to provide assistance with housing to an expanded service population resulting from de-institutionalization.

### **Violent Sexual Predator Program**

- 4) Recommend that DCF and the Department of Corrections review the care and treatment of sexually violent predators to determine if Corrections should assume a

more prominent role in the treatment of those individuals and to determine ways to reduce the overall cost of the treatment. Report to be submitted by July 15, 2002.

### **System of Care (Substance Abuse and Mental Health)**

- 5) Recommend that the Department continue its efforts to develop managed care mechanisms, for example, provider networks, to address:
  - a. Improvement in the collection of client data, including:
    - i. Collection of data necessary to develop accurate and appropriate rates for use in managed care contracts.
    - ii. Identification of the mix of services that result in the best client outcomes, and to determine the cost of those services.
  - b. Complementary contracting, using Medicaid, General Revenue, and Block Grant funding, including clear stipulations about which services will be paid by which funding sources.
  - c. Assessment of which districts would be appropriate for managed care contracts, and the evaluation of such contracting on the Department's administration of provider contracts.
  - d. Linking Mental Health and Substance Abuse services while ensuring that:
    - i. the Mental Health Program addresses recovery services.
    - ii. the Substance Abuse Program enhances aftercare services.
    - iii. both the Mental Health Program and Substance Abuse Program integrate behavioral health care and child welfare.
    - iv. Promotion of self-directed care.

### **Performance Measures (Substance Abuse and Mental Health)**

- 6) Recommend developing more meaningful performance measures that reflect program performance by the 2003 Legislative Session.
- 7) Recommend that DCF continue developing procedures to link the costs of services to outcomes, including:
  - a. Refining linkages of various information systems (data integration), i.e., FLAIRS.
  - b. Modifications to the contract processes and rule development to capture costs and outcomes.

## Department of Veterans' Affairs

The Department's mission is to help Florida veterans, their families and survivors to improve their health and economic well being through quality benefit information, advocacy, education and long term health care services. Our review process consisted of analyzing information submitted by the Department of Veterans' Affairs that included ZBB recommendations, the legislative budget request and the department's long-range program plan; coordinating meetings and telephone conversations with Department staff; reviewing base budget data, statutes, inspector general and auditor general reports. The Office of Program Policy and Governmental Accountability (OPPAGA) was also consulted to discuss OPPAGA's preliminary performance reviews for the Department.

The department exceeded performance expectations as set by the Legislature for both occupancy rates for the various veterans' nursing homes and in the value of cost avoidance due to issue resolution (the dollar value of benefits received); however, the benefits received are not necessarily entirely attributable to state performance since other factors influence the number of claims submitted. The Department failed to reach their performance measure on an increase (over baseline) in the number of veterans' complete "ready to rate" claims. The Department indicated that changes in the U.S. Department of Veterans' Affairs' adjudication procedures requiring medical examinations be performed prior to claim submission delayed processing time. Discussions with Department staff and OPPAGA indicate that new performance measures should be addressed for inclusion in the FY 2002-03 General Appropriations Act. Also, data collection needs to be verified for accuracy/validity by the Department's Inspector General.

Administrative costs were found to be in line with other state agencies; however, due to a limited number of administrative positions within the Department, further reduction of positions would negatively impact its performance.

Overall, our review recommends shifting funds and positions from recurring General Revenue to Trust; collapsing two service entities into one to simplify departmental accounting and budgeting functions; aligning activities with the appropriate services; and requesting improved performance measures and outcomes be developed by the Legislature, OPPAGA, and the Department of Veterans' Affairs during the 2002 Legislative Session. The Legislative Budget Commission recommends that the Legislature continue the services of the Department of Veterans' Affairs with the following recommendations.

### Veterans' Homes

- 1) Recommend approval to add new activities:
  - Nursing Home, Panama City, Florida
  - Nursing Home, Port Charlotte, Florida
- 2) Recommend approval for a fund shift from general revenue to trust - \$314,566
  - Daytona Beach NH Administrator Position – \$95,133
  - 3 Professional Health Care Positions – \$219,433

**(This recommendation was implemented during the 2001 Special Session C.)**
- 3) Recommend that the Department update the Legislature quarterly on occupancy levels for new homes coming on-line.

- 4) Recommend that the Legislature address staffing levels as mandated in SB 1202 (Chapter 2001-45, Laws of Florida).
- 5) Recommend that the Department examine the possibility of using nursing home internships in Veterans' Homes and report the results to the Legislature.
- 6) Recommend that the Legislature amend Chapter 296, F.S, to address the disposition of interest earned on Residents' Deposits Trust Fund balances, as recommended by the Auditor General.

### **Veterans' Claims**

- 7) Recommend combining Veterans' Claims and Veterans' Field Services into a new service titled "Veterans' Benefits and Assistance."
- 8) Recommend new outcome measure related to the claims rating process be developed by the Legislature in consultation with the Department and OPPAGA
- 9) Recommend performance measure data collection be verified for accuracy/validity by the Department's Inspector General.

### **Veterans' Field Services**

- 10) Recommend combining Veterans' Claims and Veterans' Field Services into a new service titled "Veterans' Benefits and Assistance."

### **Executive Direction and Support Service**

- 11) Recommend the transfer of activities to appropriate services and align positions with correct activities.
  - 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.