Oregon
Theodore R. Kulongoski, Governor

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January 8, 2010

The Honorable Carolyn Tomei
900 Court Street NE, H-279
H-178 State Capitol
Salem, OR 97301

Dear Chair Tomei:

NATURE OF THE REPORT

A budget note attached to Senate Bill 5529 and passed by the 2009 Legislature, directed the Department of Human Services (DHS) to work with its local offices, Area Agencies on Aging (AAA), and program stakeholders to review how Oregon Project Independence (OPI) services can be delivered more effectively in Oregon's long-term care system. DHS was required to provide a report to the Legislature on any changes proposed or implemented from this review, including any administrative savings and the number of individuals who would be served under the 2009-2011 funding allocation.

AGENCY ACTION

The Department, the AAAs and other stakeholders developed questions in four key program areas of the OPI program that served as a catalyst for discussion at local focus group meetings and at statewide stakeholder meetings. A website was developed providing background information and inviting comment; an online survey was made available to staff at both AAA and DHS offices, for interested parties and the public. In addition, a random sample telephone survey of OPI program participants was conducted to determine satisfaction level with the services. In all, over 700 Oregonians from all areas of the state participated in the OPI discussion for this budget note.

Common themes that emerged based on the input can be summarized into the following areas:

1) **Statewide Consistency:** Although the majority of comments emphasized the need for local flexibility and control they stated that there should be statewide consistency in the area of core services offered and those core services should include home care, personal care, case management and home-delivered meals.

2) **Participant Cost Sharing:** Respondents felt that liquid assets should be considered in determining participant cost sharing.

3) **Program Focus:** Generally people felt that OPI should remain a preventive service to people who need a minimal amount of supplemental in-home support to avoid more costly alternatives that may result in spend-down to Medicaid.

4) **Funding:** Overwhelmingly people expressed the need for OPI to be adequately funded with a dedicated source of funding. Additionally, they felt that persons with disabilities should be provided access to OPI.

ACTION REQUESTED

Enclosed is a copy of the full report that includes the Department's recommendations for changes to the OPI program. The Department was further directed to share its findings with the appropriate interim legislative committee. A presentation of the preliminary findings of this report took place on November 18, 2009 before the Senate Interim Human Services and Rural Health Committees and the House Interim Human Services Committee. If you have any questions, please call James Toews, Director of the Division of Seniors and People with Disabilities at 503-945-5858

LEGISLATION AFFECTED

None at this time.

Sincerely,

Jim Scherzinger
Deputy Director of Finance

Enclosure

cc: The Honorable Peter Courtney, Co-Chair Interim Ways and Means
The Honorable Dave Hunt, Co-Chair Interim Ways and Means

House Human Services Committee Members
Senate Human Services and Rural Health Policy Committee Members

Sandy Thiele-Cirka, Legislative Committee Staff
Sheila Baker, Legislative Fiscal Office
Blake Johnson, Budget and Management

Oregon Project Independence Budget Note Report

January 2010

By:
DHS Seniors and People with Disabilities

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Oregon Project Independence

Oregon Project Independence (OPI) is a state-funded in-home services program. The program was established in 1975 as a safety net for older Oregonians who were not eligible or receiving Medicaid services, but needed in-home supports to remain independent and in their own homes. OPI is dependent upon legislative action each biennium for funding. Because the OPI program does not have a dedicated source of state funds it must vie for general fund support every two years. Its fate is usually not determined until the end of the session; this was again the case for the 2009-2011 budget.

In passing the 2009-2011 OPI funding appropriation, the Legislature directed the Seniors and People with Disabilities Division (SPD) of the Oregon Department of Human Services (DHS) to work with its local offices, Area Agencies on Aging (AAA), and program stakeholders to review how OPI services can be delivered more effectively in Oregon's long-term care system. DHS was required to provide a report to the Legislature on any changes proposed or implemented from this review, including any administrative savings and the number of individuals who would be served under the 2009-2011 funding allocation.

2009 Legislative budget note

During the 2009 legislative session SPD was directed to review how OPI services can be delivered more effectively as part of Oregon's long-term care system. This budget note reads as follows:

> "The Seniors and People with Disabilities Division is to work with its local offices, Area Agencies on Aging, and other program stakeholders to review how Oregon Project Independence services, given the limited funds available, can be delivered more effectively as part of Oregon's long-term care system. The agency is to report to the appropriate interim policy committees, before January 1, 2010, on this review, any changes proposed or implemented as a result of the review, any potential administrative savings and the number of persons expected to be served in the Oregon Project Independence program within the 2009-11 program funding allocation."

Budget note strategy

SPD, the AAAs and other stakeholders developed questions in four key program areas that served as the catalyst for discussion at local focus group meetings and at statewide stakeholder meetings. A website was developed providing background information and inviting comment; an online survey was made available to staff at both AAA and SPD offices, interested parties and the public. In addition, a random sample telephone survey was conducted to determine satisfaction level with the program by the program recipients. In all, over 700 Oregonians participated in the OPI discussion for this budget note, from all areas of the state. For a detailed description of the stakeholder input please go to:
http://www.oregon.gov/DHS/spwpd/oaa/opi/index.shtml

Input/summary results

The four key areas on which the discussion centered were:

- Core services;
- Statewide standardization;
- Client cost sharing and goals; and
- Goals and focus of OPI.

Core services: A review of the services currently being offered produced surprising consensus that while there is a need for all services, case management, home care, personal care and home delivered meals are essential and ranked the highest among the stakeholders. The OPI program has always offered the AAAs the option to request approval at the local level for "Other Services as approved by DHS"; strong support was expressed for the continuation of this option.

Core services: SPD recommends:

- Defining case management, home care, and personal care as core services that should be available to all OPI clients throughout the state. While SPD agrees home delivered meals should be available statewide, these services should be provided using Older Americans Act funding, thereby preserving OPI funds for essential in-home services.
- Clarifying the four components of case management per OAR 411-032-0000(11) and revising the rule to include that case management is fundable for only cases receiving core services. Other funding sources

exist for non-service case management outside the framework that is OPI and should be used.

- Updating administrative rule to prioritize services by allocation; i.e., 50 percent home care/personal care, 30 percent case management, 10 percent administration and 10 percent other services, as approved by DHS. This will ensure funding is prioritized to provide home care and personal care services to OPI clients. For a complete breakdown of 2007-2009 OPI expenditures by service please go to: http://www.oregon.gov/DHS/spwpd/oaa/opi/index.shtml

Statewide standardization: Strong sentiment was expressed to maintain maximum local autonomy, whenever possible; however, support in varying degrees was given for standardization for the following:

- Statewide policy on wait lists, which all AAAs have for the program, with prioritization for services based on need and resources (including natural supports).
- Statewide fee collection policy, with acknowledgement that some local collection efforts lack the "teeth necessary" to cut services for non-payment.
- Maximum number of service hours given to individuals receiving OPI; the number most frequently cited was 25 hours per month. It was thought that by limiting services hours, more individuals could be served and that maximum hours would provide a built in limitation for those who need more than the program could offer.

Statewide standardization: SPD recommends:

- Implementing a statewide fee collection policy to be incorporated into OAR 411-032.
- Developing a statewide wait list policy with due diligence that recognizes both need and available resources.
- Implementing a statewide 25 hour per month maximum service plan, which would nurture the preventative, healthy living component of the OPI program and emphasize its non-Medicaid place in Oregon's Long-Term Services plan. The state would need to address the consumers already in service, which have hours that exceed the 25 hours per month.
- Adopting annual performance measures that support the current OPI goals of maximizing independence, optimizing personal supports and reducing risk of institutionalization through a review of the elements that evidence program efficacy. By utilizing a two-pronged

measurement system that both indicates level of customer satisfaction and tracks reasons for leaving the OPI program we will be able to identify successes and challenges and be better able to plan for future need.

Client cost sharing: The discussion around client cost sharing centered on both assets and estate claims. Strong support was seen for some form of asset test, either for purposes of eligibility determination or incorporated into annual sliding fee scale at the time of assessment. The estate claim discussion was mixed; almost equal support was given for and against implementation. Because an estate claim comes at an administrative cost to the Oregon taxpayer and the total dollar amount of the average OPI service, it was determined the program would see no long range benefit to this approach.

Client cost sharing: SPD recommends:

- Align eligibility to target individuals who are most at risk of spending down into the Medicaid program. Such individuals have been identified in the Project 2020 proposal, currently under consideration by Congress, as having income equivalent to 300 percent of SSI with assets equivalent to a six-month nursing facility stay (private pay rate). This would mean a monthly income of approximately $2,000 for an individual with assets of approximately $40,000.
- Introduce a statutory language change to remove the requirement of an annual fee.
- Maintaining the existing policy of no estate claim, based on the administrative burden to the state in relationship to the limited state expenditures on OPI clients.

Goals/focus of OPI:

OPI is currently framed by four goals in OAR 411-032-0001. The goals are as follows:

(1) Promote quality of life and independent living among seniors and people with physical disabilities;

(2) Provide preventive and long-term care services to eligible individuals to reduce the risk for institutionalization and promote self-determination;

(3) Provide services to frail and vulnerable adults who are lacking or have limited access to other long-term care services; and

(4) Optimize eligible individuals' personal and community support resources.

In response to the question "Are these goals still relevant?", the overwhelming majority stated they are except language such as "frail" and "vulnerable" are less apt today than at the time they were established. It was also noted that goals one, two and four are directed toward independence and prevention while goal three harkened back to a time when nursing facilities were the only option. Discussion focused on how a re-design of the OPI program could fit with the demographic "tsunami" of baby boomers and how the needs of that demographic must shape the direction of the program. It was noted in every forum, on most surveys and through all venues that younger persons with disabilities should either be incorporated into the OPI program or should be removed from statutory language.

Goals/focus of OPI: SPD recommends:

- Revise statutory language to emphasize the "preventive" nature of OPI.
- Remove statutory language that qualifies that people living with disabilities can be served only by OPI if funds are available and open the program to serve people with disabilities.

Administrative cost savings

The budget note required SPD to identify possible administrative savings. As a result of implementation of the SPD recommendations:

- Preventive services are less costly;
- Eligibility based on income and liquid asset criteria;
- Statewide fee collection policy will increase fee collection;
- Case management limited to only service cases;
- Redistribution of expenditure allocation.

2009-2011 projected rate of participation

Oregon's rate of participation in the OPI program has always been less than the need presented, as evidenced by the wait lists maintained at all 17 AAAs. State funding has remained flat while costs to provide services and staff salaries have increased. Oregon has stretched to provide services to approximately 3,000 Oregonians for many years and Oregon's senior population is projected to double by 2030. OPI's current allocation for 2009-2011 is $13.2 million. Implementing changes to the program this biennium

may result in a slight increase in numbers of clients served but significant increases will not be seen without a stable and dedicated funding source that takes into account actual increases in the numbers of Oregonians who are (or soon will be) 60. This reality does not take into account the increase in numbers that will be seen when younger persons with physical disabilities are included in the equation.

OPI and the future of Oregon's long-term services system

Oregon has been preparing for the demographic changes through strategic planning efforts for the last several years. These efforts have helped focus the states energy on critical building blocks to a future system that serves all seniors and people with physical disabilities regardless of income. The result has been a series of federal grants concentrated on single points of entry with person centered services, information and assistance on long-term care, evidence-based prevention and health promotion, hospital discharge planning and nursing facility diversion services. Utilizing the federal funding, Oregon is beginning to develop prototype services that could be expanded statewide as additional federal or state funds become available.

Oregon has received federal grants in the last year that will move the state forward on the goals described above. They are:

- Centers for Medicare and Medicaid Services/Real Choices Systems Change hospital discharge planning and Aging and Disability Resource Center Development;
- Administration on Aging and Disability Resource Center Planning Grant;
- Alzheimer's Demonstration, focused on family caregivers of people with dementia; and
- Evidence-Based Health Promotion including chronic disease self-management falls prevention and physical activity.

Aging and Disability Resource Centers (ADRC)

SPD proposes reframing the OPI program under the umbrella of the ADRC. The ADRC is part of a national effort to provide information and assistance on long-term services. Key elements of the ADRC model include:

- A Central Information Center which will provide information and referral on a broad array of resources and services,

- Local Assistance Centers with local Assistance Center options counselors who will function as community-based "navigators, offering, access to state funded long-term care and financial assistance programs, short term case management, access to emergency and adult protective services and public education."
- An expanded set of direct services available statewide will include in-home services (OPI), caregiver support services, healthy living options counseling, resources and services, financial planning and personal responsibility resources, volunteer services and evidence-based prevention services including chronic disease management and falls prevention.

Underlying the model is SPD's overall philosophy of person-centered services and supports which involves providers and consumers in a process of shared decision-making. Consumers are enabled to make informed decisions about balancing what is important to them (e.g., independent living in the community) and what is important for them in order to achieve it.

ADRCs as a single entry point for services are a major component of the Project 2020 proposal that has been introduced in Congress. Project 2020 proposes to invest in the preventive services of the aging network by providing federal funds to states to implement its three major components: Single Entry Points (ADRCs), Evidenced-Based Healthy Living, and Nursing Home Diversion. OPI fits within the Nursing Home Diversion component of Project 2020 and should Project 2020 be enacted, Oregon could capture federal funds for OPI at a matching percentage of 68.10 percent (federal) and 31.90 percent (state).

In conclusion, SPD plans to convene an OPI rules workgroup in 2010 to consider rule changes to implement the recommendations outlined in this report.

Background information on the OPI program

History of OPI

In 1975, prior to home and community-based waivers, when care for the elderly was synonymous with nursing facility care, HB 2163 was passed, establishing Oregon Project Independence. The program officially began in 1976 with 11 services authorized, most of which we still offer today. OPI was the first program of its kind in the nation to provide a safety net for people who were not eligible or receiving Medicaid, with the added goal of preventing people from entering nursing facilities. It is often thought OPI paved the way for a national discourse on alternatives to nursing facility care. The program was and remains a state-funded program.

Today OPI still serves seniors who have too many assets to qualify for Medicaid and yet, can remain in their own home with limited in-home assistance. When Medicaid rule revision necessitated restricting service for service priority levels (SPL) exceeding 13, OPI continued to serve SPLs 14-18. For over 40 years this program has prevented many Oregonians from entering the more costly Medicaid system by keeping them healthier longer and assisting them stretch their resources throughout their long-term care needs.

To qualify for OPI an individual must be 60 years or older (or be under 60 and diagnosed with Alzheimer's or a related dementia); must not be receiving Medicaid except food stamps or assistance with Medicare premiums; and must require long-term care services as defined by SPLs 1-18 in Oregon's long-term care Medicaid program.

OPI services

OPI Services are determined at the local level by the 17 Area Agencies on Aging (AAAs) from the following list of authorized services:

- Case management;
- Home care (housekeeping);
- Personal care (such as bathing assistance);
- Home delivered meals;
- Assisted transportation (escort services);
- Chore services (such as major home clean up);
- Home health (wound care);
- Respite;

- RN services;
- Adult day service;
- Money management; and
- Long-term care planning.

By choosing from an array of services and by not requiring that all of the services be provided in every area of the state, AAAs are able to identify services in their local communities where there is the most need and can tap into local resources to provide services when they are available through another local program.

Client profile

Current Oregon ACCESS data provides us with information about those who are receiving OPI services. Approximately one-third of all recipients are age 60-74 (30 percent), another third are 75-84 (37 percent) and the final third (32 percent) are age 85 or older. Of those recipients, 76 percent are female, 24 percent are male and 81 percent live alone.

Just over half of the clients (59 percent) have an income between 100 and 200 percent of federal poverty level ($868-1,734/mo) and pay for OPI services on a sliding fee scale. Thirty-four percent have incomes below poverty ($867) and pay a $5 annual fee for authorizing services. Only 7 percent have incomes exceeding 200 percent of FPL ($1,735/mo); these people pay the full cost of the in-home services received.

Studies have shown the capacity to perform activities of daily living (ADLs) has broad implications for an individual's ability to self direct health and safety concerns and to live independently in one's home. OPI clients are assessed on a scale from 1-18 for functional ability, 1 being the least independent and 18 being the most independent. This scale allows us to provide an objective measure of an individual's degree of limitation in six areas of ADLs: eating and dressing, mobility and bathing, elimination and cognition. Over half (56 percent) of Oregon's OPI clients have a functional ability of 14 or greater. One fourth (24 percent) of the OPI clients are assessed at levels 10-13 and 17 percent are assessed at levels 3-10. At this time there are no clients receiving OPI at assessed levels of 1 or 2 but that does happen from time to time. Just as AAAs determine which services to provide; they also determine at the local level which SPLs they can serve, depending on resources and availability of services in each of the 17 regions.

Customer satisfaction survey

SPD pulled a random sample of OPI clients for a brief consumer phone survey in October 2009. Four questions were posed to the consumers:

- Are you satisfied with the person who comes to help you in your home? (98 percent - yes)
- To what extent do your services help you? (98 percent - they help a lot)
- If you did not receive services would you be able to stay in your home? (41 percent- yes; 33 percent - no; and 21 percent - maybe. These maybes were qualified answers that indicated they did not have a fall-back option)
- How helpful is your case manager? (85 percent said "very helpful"; 8 percent said "helpful"; 2 percent said "sometimes helpful" and 5 percent marked "other" with comments that were not favorable)

While the official responses were favorable, the comments received and noted were more interesting than the responses themselves. These comments are captured at: http://www.oregon.gov/DHS/spwpd/oaa/opi/index.shtml

Medicaid and OPI

Eligibility for Medicaid in-home services is based upon income and asset limitations as well as functional limitations related to activities of daily living based upon SPD's service priority levels (SPL 1-13). The services available offer access to choice of service providers and the degree of self direction a client may want to exercise. Services authorized are based upon functional needs, natural supports available, and the degree of choice and self direction of caregivers desired by the client. Some clients living in their own homes are provided 24/7 care if they qualify for it and service providers are available to meet their needs in that setting. Other community-based care settings are also available such as adult foster homes, assisted living, residential, and nursing facilities. Medicaid also provides the full complement of the Oregon Health Plan-plus (OHP) program health benefits.

Medicaid long-term services are by federal design, entitlement programs. As such, in order to be eligible a client must meet very limited income and asset tests. Clients receiving care in facilities are able to keep a small monthly personal incidental allowance, and the rest of their income is applied to the cost of their care. Depending upon their income, some of those in their own homes are required to contribute a portion of their monthly income toward

the cost of the services they receive. Additionally, after the death of a client served under these programs and that of their spouse if applicable, the state files a claim against any estate that exists at that point for up to the total amount of services and benefits received.

On average, the cost per case for Medicaid in-home services is $1,273 per month. The state general fund portion is approximately $509. The average cost of Medicaid nursing facility care for a similar client is approximately $6,500 per month. None of these figures include the cost of any OHP medical or health benefits provided.

In contrast, OPI eligibility is based upon being 60 years of age or older or having a dementia-related diagnosis and meeting functional impairment criteria (SPL 1-18). Recipients cannot be receiving Medicaid benefits other than assistance with Medicare premiums and food stamps. There are no income or asset limitations and there is no estate claims recovery. A statewide sliding fee scale is utilized to determine if a monthly fee for services is required of the client, however, a large proportion of clients receive their services at no cost due to low available income. The program is restricted by funding limitations and as a result a very limited array of services and hours of service are available in most areas of the state. The focus of OPI is to provide services that will allow a client to remain living as independently as possible in their own home for as long as possible. Presently, the average state cost for OPI client services ranges between $200-250 per month. Utilizing the OPI program frequently results in the delay or prevention of the need to utilize more expensive Medicaid program services and OHP.