

Office of Developmental Programs'
Proposal for Performance-Based Contracting

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Office of Developmental Programs

House Human Services Committee

Informational Hearing

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pennsylvania
DEPARTMENT OF HUMAN SERVICES

Good morning, Chairman Kinsey, Chairman Heffley, committee members, and staff. My name is Kristin Ahrens, and I have the privilege of serving as the Deputy Secretary for the Office of Developmental Programs (ODP) within the Department of Human Services (DHS). I appreciate the opportunity to testify today regarding the ODP's proposed changes to the administration of residential services for people with intellectual disabilities and autism (ID/A) in the Consolidated and Community Living home and community-based waivers.

Overview

ODP is pursuing systems change to improve the quality and sustainability of services. Over the last year, ODP sought broad stakeholder input on the approach to systems change with extensive stakeholder outreach and a public comment period on a [Concept Paper in June 2023](#).

ODP is applying for a statewide 1915(b)(4) Selective Contracting waiver for residential services, including Residential Habilitation, Supported Living, and Life Sharing, which are currently offered in the Consolidated and Community Living 1915(c) Waiver programs. ODP intends to implement this change in residential services in January 2025. ODP will also seek a 1915(b)(4) Selective Contracting waiver for supports coordination in the Medicaid State Plan, Consolidated, Person/Family Directed Support and Community Living Waivers for anticipated implementation in January 2026. From here on, this program will be referred to as **performance-based contracting**. I will focus my comments on residential services since the proposed changes available for public comment as of April 20, 2024, through June 4, 2024, are related to residential services.

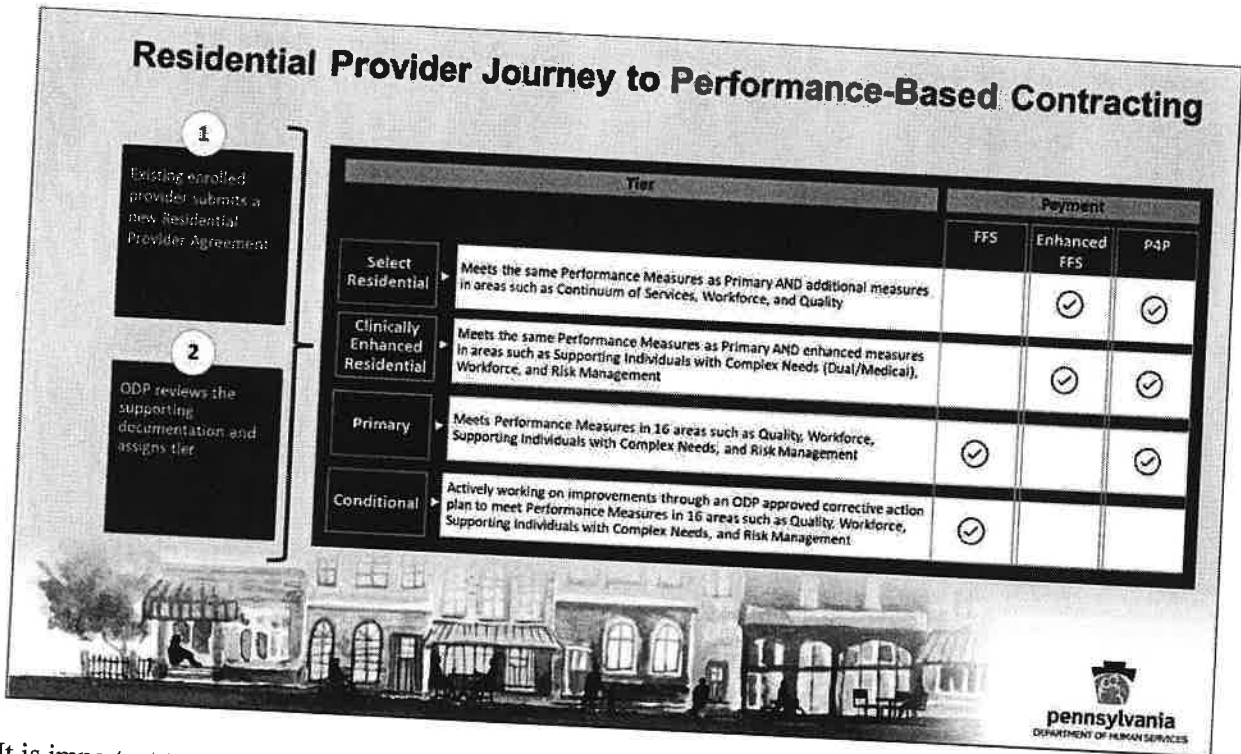
The Centers for Medicare and Medicaid Services (CMS) describes the 1915(b)(4) waiver as follows: "Section 1915(b) of the Social Security Act gives the Secretary of Health and Human Services the discretion to waive a broad range of requirements included in Section 1902 of the Act as may be necessary to enable a State to implement alternative delivery mechanisms for its Medicaid program." "[S]ubsection (b)(4) permits a State to restrict the provider from whom Medicaid beneficiaries receive services as long as such restrictions do not substantially impair access to services of adequate quality

where medically necessary. This statutory authority (as well as implementing regulations at 42 CFR §431.55) can be used in both fee-for-service as well as managed care arrangements.”¹

It has been brought to my attention that there are comparisons being drawn to other states use of the 1915(b)(4) authority and I do want to be very clear that there are three primary distinctions that are critical. First, ODP will be applying the selective contracting authority only to two services areas, residential and supports coordination. Second, ODP will continue to administer ID/A services in partnership with county/administrative entities. Third, ODP is not creating a comprehensive, risk-based managed care plan.

ODP will use performance-based contracting to establish performance standards and use of value-based payment for residential services. The basic structure of the proposed performance-based contracting is that residential service providers will be evaluated on the published performance measures and assigned a tier. The four-tier structure that will be implemented is designed to ensure continuity of care for individuals, support capacity building and quality improvement across all residential providers, and identify and encourage top performing providers through aligning payment with performance. The below chart describes the four tiers and the opportunities for value-based payment available to providers by tier.

¹ Preprint Overhaul Instructions – Outline (medicaid.gov)



It is important to remember that ODP is implementing this change in administration of services only for residential services and supports coordination. Additionally, this change does not alter the delegated roles and responsibilities of counties/administrative entities in the administration of ODP services.

Objectives

ODP is implementing performance-based contracting for multiple reasons – each of which come back to the people we serve. The values and recommendations set forth and adopted by ODP’s Information Sharing and Advisory Committee (ISAC) in the Everyday Lives document, as well as goals around service sustainability, quality improvement, improving clinical capacity to serve individuals with complex needs, and implementing strategies that support workforce stability and growth are all key drivers of this initiative.

Individuals and families deserve the highest quality service. Residential services in ODP’s program average \$205,000 (FY22-23) per person, per year. Review of data and trends related to licensing, incident management, abuse and neglect, health disparities, and employment all illustrate opportunities to

improve service delivery to Pennsylvanians with ID/A. Providers should be held to performance standards that continuously improve quality and support individual outcomes. Currently the payment for residential services is the same whether the quality of the service provided is poor or excellent. Individuals and families waiting for services deserve a system that administers cost-effective services which will ultimately enable more people to receive services. Studies of cost patterns illustrates that promoting alternative residential options and employment are cost effective. Finally, individuals and families should also have transparent and accessible information to inform provider selection. ODP will publish the provider tier classifications to allow individuals and families to have an informed choice of providers.

ODP must make program changes to address sustainability and workforce issues. Currently over 13,000 individuals are on a waiting list, 4,500 of them adults in emergency status, for ODP Home and Community-Based Services (HCBS) and there is a Direct Support Professional (DSP) vacancy rate of 23%². ODP's service delivery model must evolve to meet the needs of individuals served by ODP in more cost-effective ways that also reduce the burden on traditional staffing models and stabilize the workforce while providing greater opportunities for inclusion for individuals receiving services. Some examples of performance standard areas aimed at addressing sustainability and workforce issues in the system are below:

- **Continuum of Residential Services:** The tier structure and pay-for-performance opportunities incentivize expansion of Life Sharing and Supported Living as alternatives to Residential Habilitation in a licensed home. Ensuring individuals have options to be supported in Life Sharing and Supported Living is essential. These models of service are less restrictive, less costly, receive greater satisfaction ratings from individuals and families, and generally require less traditional staffing than Residential Habilitation in a licensed community home.
- **Credentialing:** The tier structure and pay-for-performance opportunities incentivize credentialing of direct support professionals and frontline supervisors (FLS). Primary providers will be expected to develop a plan and report on progress with DSP and FLS credentialing. Select and Clinically Enhanced providers will have benchmarks and provide attestations committing to percentage increases of staff that must be credentialed by December 31, 2025. Professionalization of the workforce by implementing competency-based credentialing will improve the quality of

² Center for Healthcare Solutions *ID/A Benchmark Compensation Survey June 2023*

services. Credentialing creates opportunities for standardization of staff training which will result in portability of staff training; has been shown to improve retention and job satisfaction; and results in the development of a more direct connection between wages, skills, knowledge, and ethics.

ODP must make changes to build necessary clinical capacity to meet the needs of Pennsylvanians with ID/A. The acuity of support needs of individuals who receive HCBS from ODP has been increasing over time and is expected to continue to increase. Performance-based contracting will address this through building clinical capacity and staff training. Some examples of performance standard areas aimed at addressing clinical capacity issues in the system are below:

- Clinical teams: Residential providers must demonstrate that the agency has integrated behavioral supports through the use of employed or contracted licensed clinicians and behavioral support professionals and demonstrate that training and support are routinely provided in homes to individuals and teams. For primary providers, there is no change from current practice. For Select and Clinically Enhanced providers, there are new expectations and enhanced funding for the amount of direct provision of behavioral support provided to individuals and their teams. Residential providers should have clinical teams in place that ensure individuals live in homes that provide therapeutic and restorative environments.
- Trauma and crisis intervention training: Residential providers of all tiers must demonstrate capacity to anticipate and de-escalate crisis situations when possible and, when not, to respond swiftly and effectively to crises. The expectations vary by tier with the highest expectations for Clinically Enhanced providers. Residential providers should have organizational approaches and comprehensive staff training on evidence-based trauma informed care and crisis response so they will be able to meet the needs of the individuals they serve and minimize the use of restrictive procedures. If staff must use restrictive procedures, staff must be trained in procedures that use physical intervention or restraint as a last resort.

Performance Standards

Performance-based contracting will be launched with quality measures and a pay for performance (P4P) structure that supports the sustainability and long-term vision of the system. Providers will be evaluated in the following performance areas:

- Continuum of services
- Workforce
- Supporting individuals with complex needs
- Referral and discharge practices
- Data management
- Risk management

- Individual employment
- Use of remote support technology
- Regulatory compliance
- Community integration
- Quality
- Administration

There are specific measures associated with each performance area. Some measures are applicable to all providers, some are applicable to only Select and/or Clinically Enhanced providers and some measures for Select and Clinically Enhanced providers are in-lieu-of a measure for the Primary providers.

In terms of phasing in the new expectations, it is important to understand that many performance measures reflect current requirements (incident management, health risk screening, behavioral support, follow-up post hospitalization and employment). For Primary providers in many areas this will not result in a change. For some measures there will be new reporting requirements for Primary providers (example, employment). For many of these current requirements (incident management, health risk screening, etc) Select and Clinically Enhanced providers will have performance targets they must meet to qualify for the Select and Clinically Enhanced tier. Because Select and Clinically Enhanced providers will be receiving enhanced rates, they will be held to a higher standard.

For the new performance standards that begin January 1, 2025, the performance measures rely heavily on attestations, demonstration of data use, and reporting requirements for the first contract cycle (January 1, 2025-June 30, 2026). These new measures are generally aimed at capacity building and have value-based payment opportunities through pay for performance and enhanced rates to support providers with implementation (examples, credentialing, use of remote technology).

Continuity of Care

As ODP transitions to performance-based contracting, it is essential that disruptions in residential services and supports coordination are avoided. To support **continuity of care**, ODP intends to contract with all

providers that are enrolled immediately preceding the 1915(b)(4) waiver effective date. Individuals will be able to remain in their homes served by their current residential provider.

Value-Based Payment

The Governor's Proposed Budget for FY24-25 includes \$50M (\$22.455M) of the requested funding in ID/A Waiver to support value-based payments in performance-based contracting in the form of enhanced rates for Select and Clinically Enhanced providers and P4P for targeted areas. P4P provides added incentive payments to providers that deliver high-quality and cost-efficient care. P4P payments will be made to eligible residential service providers who meet or exceed performance targets in various areas, including staff credentialing, employment, and reporting on use of technology. When implemented, these payments will be in addition to the established rates for each tier and will be made if performance outcomes are achieved. P4P measures will be available in the following performance areas:

- Continuum of residential services
- Workforce
- Individual employment
- Use of remote support technology
- Community inclusion

Some capacity building will begin prior to implementation of performance-based contracting on January 1, 2025, to invest in provider preparedness for the shift to performance-based contracting. Additional P4P payments will be phased in based on milestones and outcomes achieved by the provider.

Provider Support

Provider Support for transition to performance-based contracting includes training, technical assistance and pay-for-performance opportunities aimed at building capacity. ODP is developing a Residential Provider Preparedness Toolkit that will include a self-assessment to be used as a resource to ensure a smooth transition to and successful engagement with Performance-Based Contracting. The toolkit will include:

- Self-assessment tool
- Detailed performance standards and metrics
- Information on available data, data dashboards, and queries
- Methodologies for measuring each standard

ODP has scheduled provider preparedness forums in June. Additionally quarterly provider forums are scheduled to review and discuss performance metrics.

Stakeholder Engagement

Stakeholder engagement that was foundational to the development of these proposed systems changes dates back to the development of the ISAC Recommendations and Strategies in 2016, which was updated in 2019. Many of the activities targeted through performance-based contracting are rooted in the strategies identified by ISAC to support the vision of Everyday Lives. In April 2023, ODP presented the concept of performance-based contracting and high-level design ideas to ISAC. After discussion with ISAC and multiple presentations to stakeholder groups, in June 2023, ODP published a concept paper outlining proposed changes to solicit stakeholder input. ODP received comments from 311 unique individuals or organizations, which resulted in revision to the concept and guided the subsequent focused work of the external stakeholder workgroup, the Residential Strategic Thinking Workgroup (RSTG).

The RSTG was formed in 2017 to address specific issues related to quality. The work pre-pandemic culminated in the 2019 Improving the Quality of Residential Services Report. ODP reconvened the RSTG with the following objectives: (1) to develop performance standards to inform residential provider tiers; (2) to develop specific performance metrics for residential services; and (3) to recommend performance areas for application of P4P. The group was instrumental in addressing concerns and issues raised during the public comment period on the concept paper as well as raising and addressing operational considerations.

Conclusion

We must address challenges facing the ID/A services system. There are significant workforce, sustainability, and access issues that impact the quality of service delivery. ODP has engaged stakeholders in multiple forums and formats to design a systems change that will work for the Commonwealth and will improve the quality of services. We are currently in a public comment period for the proposed changes and ODP is eager for stakeholder feedback to strengthen the waiver applications that will be submitted to CMS. Implementing performance-based contracting for residential services beginning in 2025 and supports coordination services in 2026 sets Pennsylvania on a path to aggressively tackle the challenges in front of us today and build an ID/A services system that will provide high quality, sustainable services in the future.

Appendix: Residential Strategic Thinking Workgroup Membership

Name	Organization	Role/Representing
Ami Harris	SAM Inc	Supports Coordination
Becky Cunningham	Arc of Centre County	Residential Services Provider
Jennifer Garman	Disability Rights Pennsylvania	Advocate
Jamie Henry	Southern Alleghenies Service Management Group	Administrative Entity
Janice Knowlton	Access Services	Residential Services Provider
Nancy Murray	Arc of Greater Pittsburgh	Advocate/Family Member
Ruth Seigfried	InVision Services	Residential Services Provider
Sara Drob	UCP of NE Pennsylvania	Residential Services Provider
Peggy Van Schaik	Community Services Group	Residential Services Provider
Kathy McHale	SPIN	Residential Services Provider
Brenda Bulkoski	Allegheny County	Administrative Entity
Greg Wellems	Keystone Human Services	Residential Services Provider
Linda Washington-Brown	Horizon House	Residential Services Provider
Adrienne Hill	Quality Progressions	Supports Coordination
GN Janes	Valley Community Services	Residential Services Provider
Mike Bomberger		Self-advocate
Francine Hogan	PA Family Network	Family
Ed Picchiarini	Arc Human Services	Residential Services Provider
Oren Kern	Lifesteps	Residential Services Provider
Katey Burke	Institute on Disabilities, Temple University	Researcher/Quality Management
Tanya Schoeffling	Bucks County	Administrative Entity

Human Services Committee: Informational Meeting

ODP's Proposal for Performance-Based Contracting

Acronyms Relevant to this Subject

- Administrative Entity (AE)
- Alternative Payment Method (APM)
- Autism Spectrum Disorder (ASD)
- Centers for Medicare and Medicaid Services (CMS)
- Community Participation Supports (CPS)
- Competitive Integrated Employment (CIE)
- Direct Support Professional (DSP)
- Electronic Health Records (EHRs)
- External Administrative Vendor (EAV)
- Fee For Service (FFS)
- Front-Line Supervisor (FLS)
- Home and Community-Based Services (HCBS)
- Independent Monitoring for Quality (IM4Q)
- Information Sharing and Advisory Committee (ISAC)
- Intellectual Disability/Autism (ID/A)
- Intellectual and Development Disability (I/DD)
- Intermediate Care Facility (ICF)
- Long-Term Services and Supports (LTSS)
- Managed Care Organizations (MCOs)
- Needs Group (NG)
- Office of Vocational Rehabilitation (OVR)
- Pay For Performance (P4P)
- Person/Family Directed Support (P/FDS)
- Personal Assistance Services (PAS)
- Positive Behavioral Interventions and Supports (PBIS)
- QM (Quality Management)
- Quality Assessment & Improvement (QA&I)
- Supports Coordination (SC)
- Supports Coordination Organization (SCO)