



## THE ARC OF TENNESSEE

A statewide organization on intellectual and developmental disabilities

December 17, 2007

Stephen H. Norris, Deputy Commissioner  
Department of Finance and Administration  
Division of Mental Retardation Services  
Andrew Jackson Building, 15<sup>th</sup> Floor  
500 Deaderick Street  
Nashville, Tennessee 37243

Re: Reimbursement Reduction Actions by the Division of Mental Retardation Services

Dear Mr. Norris:

The Board of Directors of The Arc of Tennessee is writing in response to the actions of the Division of Mental Retardation Services outlined in a memorandum sent to service providers on December 6, 2007. In this letter you invited suggestions to decrease costs without sacrificing the quality of the Statewide Home and Community Based Medicaid Waiver services

It is the belief of The Arc of Tennessee Board of Directors that the new practice of reducing all provider payments, including those for residential and day services, therapies, and independent support coordination, will severely hamper the Division in building and sustaining a viable system that meets the health and safety needs of individuals served through the HCBS waiver. We are especially concerned about the following:

- 1) Any arbitrary reduction in the number of one- and two-person homes will result in many people being uprooted from their homes and required to accept housemates who may not be of their choosing.
- 2) Providing all nursing services through a managed care organization for the sole purpose of reducing waiver spending without considering the individual needs of the persons supported will result in a much higher risk for harm for those who require nursing. Nursing services for individuals with the most critical needs should continue under the DMRS waiver to ensure their health and safety. Home health care agencies often do not provide staff who are familiar with individuals' specific needs and have a history of a high incidence of "no shows" for assigned shifts or visits, resulting in the lack of continuity of care. This move could also result in longer hospitalizations as individuals wait for the approval of nursing services and the assignment of a nurse, potentially raising the costs of health care for all citizens in Tennessee.
- 3) The reductions of therapy services without consulting the family members, health care professionals or the individuals receiving the services places people at risk for harm and may result in higher waiver costs if functional needs are not met.
- 4) Reducing or eliminating Special Needs Adjustments without evaluating the current funding system to determine if new rates are needed can lead to people not receiving the supports that they need. Special Needs Adjustments should be

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time limited with justification required at the end of each authorization to determine if the adjustment is needed for another time period.

- 5) Providers cannot provide quality care without a predictable budget from month to month and reimbursement for paying for what people need. There is an identified need to increase provider capacity in Tennessee. However, this policy will be a barrier and a disincentive to meeting that need.

The Arc of Tennessee Board of Directors proposes alternative actions that could yield similar cost savings without reducing quality, as follows:

- 1) Immediately communicate with families, provider agencies, and independent support coordinators the need to reduce costs for the HCBS Medicaid Waiver. Outline what is needed in cost reductions; communicate a target reduction, if possible, for the individual cost plan as well as how families, providers, and ISC's can achieve the target; and transmit the changes to Case Managers/Plan Reviewers for approval.
- 2) Once the process outlined above is complete, cease the practice of reducing provider payments based on the expenditures and the target budget of \$202.00 per person per day communicated in a recent DMRS Advisory Committee meeting. Providers should be paid now so that DMRS can draw down federal participation on these payments. Any cut in payments should be completed prospectively rather than retrospectively.
- 3) Evaluate current provider rates based on a methodology that can be communicated to providers and service recipients, promote understanding of how rates are calculated, and provide guidance in how to develop program models based on the rates. Some services that are currently under-funded, such as day services and agency provided PA services, may need rate increases. It is our understanding that many providers are currently using revenues from residential rates to offset the costs of these supports.
- 4) The Division should evaluate its administrative expenses and implement cost reductions in areas that do not directly affect services to maintain the health and safety of the individuals who need supports.
- 5) Finally, should the Division rewrite any of the current three HCBS Medicaid Waivers for people with intellectual disabilities, it must seek input from representatives of the family, provider and ISC communities to assure that waiver changes do not threaten the health and safety of those who depend on those services and supports.

The Arc of Tennessee stands ready to assist you and DMRS to maintain affordable, quality services and to participate in finding solutions to the crisis in our state.

Sincerely,



Ruth Roberts, President  
The Arc of Tennessee  
Board of Directors