Technical Advisory Group Literature Review

Colorado's Department of Health Care Policy and Financing (Department), in collaboration with stakeholders, has developed new processes for eligibility determination, needs assessment, and support planning for all individuals seeking or receiving Long-Term Services and Supports (LTSS). As part of the new system, **Optumas** is assisting the Department in the development of a Person-Centered Budget Algorithm (PCBA). When developing an assessment-informed prospective budget methodology, it is helpful to review resources that describe the foundations, rationale, and steps taken in the development of similar methodologies.

While the PCBA will be unique to Colorado, similar tools have been developed and implemented by states for many years. While the literature review below is not intended to be close to exhaustive, it provides foundational information on best practices and lessons learned in other states. The Department requested **Optumas** include documentation of other states' experiences that reflect the positive *and* the more challenging aspects of developing and implementing resource allocation algorithms. The links to cited literature in this document are live. These sources are also included in the companion Excel spreadsheet, which contains summaries of each source as well. The few sources that cannot be easily accessed via a link have been included with the distribution of this document.

Optumas has organized these sources into two broad categories: 'Structural' and 'State' sources. The 'Structural' category provides perspective on guiding principles and considerations for assessment-informed prospective budget methodologies, while the 'State' category provides specific implementation examples and useful lessons. Each source shares useful information although many sources have overlapping key points.

Structural Sources

The practice of developing a resource allocation algorithm to serve as a component of budget determination should include a review of available literature, as well as a commitment to consistency with best practices. The concept behind individualized resource allocation models has been established for over a decade, with best practices indicating that the use of prospective budgeting and statistical regression from assessment data are ideal (**Reference #2 – What is a Funding Formula?**). There are currently 31 states using assessment-informed budget methodologies to distribute funds (**Ref. #8 - Making Self-Direction a Reality: Using Individual Budgets to Promote Choice, Control, and Equity**). This provides a broad base of resources from which recommendations can be incorporated into the CO PCBA development process.

The process of developing a resource allocation algorithm should engage stakeholders, use assessment data that reliably indicate individuals' needs, and follow an iterative process (**Ref. #3 - Developing Individual Budgets and Reimbursement Levels Using the Supports Intensity Scale**). In addition, the process should be consistent for all involved and allow individual choice and involvement (**Ref. #4 - Participant-Centered Planning and Individual Budgeting**). The implementation of individual budgeting must be data based (**Ref. #5 - Individual budgeting in state‑financed developmental disabilities**

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services in the United States [attached]) and data should be reviewed for validity, consistency, and reliability (**Ref. #16 - Are You in Need of Validation? Psychometric Evaluation of Questionnaires Using SAS®**). Additionally, consideration must be given in interpreting outputs based on whether an individual is an adult or child (**Ref. #15 - Examining the Impact of Individual Variables on Support Needs and Underlying Relationships Between Adults' and Children's Versions of the Supports Intensity Scale**).

The emphasis in development of these allocation processes should be on person-centered planning and self-directed care (**Ref. #6 - Using Individual Budgets Allocations to Support People with Intellectual and Developmental Disabilities**). Part of this emphasis necessitates a clear exceptions process for individuals outside the scope of the algorithm (**Ref. #7 - Taking It to the Next Level: Using Innovative Strategies to Expand Options for Self-Direction**). Because resources are finite, the budget allocation methodology should be developed in a way that is consistent with policy goals and equitable to the individual (**Ref. #12 - How Support Needs Can Be Used to Inform the Allocation of Resources and Funding Decisions**). Through a person-centered approach, participants can have more control of their lives and opportunities to use resources in ways that enhance their experiences and allow them to participate in their communities (**Ref. #11 - Personal Support Budgets as a Means for Promoting Self-Direction: Balancing Ideology with Fiscal Discipline within a Life Course Framework**).

State Sources

Colorado

A summary of individualized funding allocations research and how it might be applied to Colorado was prepared by Human Services Research Institute (HSRI) in 2019. This document discusses individual budget methodologies and their relationship to the new assessment (**Ref. #14 – Review of Methodologies Applying Assessment Results to Inform Individualized Funding Allocations** [Attached]).

Louisiana

Louisiana selected the Supports Intensity Scale (SIS) to be used for individual support planning and resource allocation but determined that additional items needed to be captured to accurately assess support needs. As a result, Louisiana supplemented the SIS with a state-specific complement called LA PLUS. The individual resource allocation methodology was developed using assessment data from 700 individuals on waivers, 300 in ICFIDs, and 300 in large developmental centers. Regression analyses were used to determine predictive variables which accounted for 82.3% of the variance in service costs. Later, an additional 900 assessments were used to provide representative data from all regions of the State. (**Ref. #19 - Individual Resource Allocation in Louisiana**)
(**Ref. #18 - Resource Allocation Information** [Helpful Information on the Resource Allocation Process links])

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Minnesota

In 2017, the Minnesota Department of Human Services (MN DHS) commissioned studies to reconfigure their waivers and develop an individual budget model for individuals who receive Home- and Community-Based Services (HCBS). An individual budget model composed of three provisional frameworks was recommended. These frameworks covered:

> • Support range descriptions, which help describe the framework overall so stakeholders can understand it better.
>
> • Support range criteria, which describe how assessment and support planning data are used to group people with similar support needs into a support range.
>
> • Service mixes, which are used to develop funding amounts that differ based on where people live and their support range determinations.

In total, MN DHS developed 35 budget ranges (rather than specific budgets) that could be assigned to adults.
(**Ref. #1 - Legislative Report: Waiver Reimagine Project**)

Mississippi

In 2011, Mississippi did not have a person-centered team planning process and had no objective method for determining individual service need. Mississippi began the process of transitioning to a new system with the intent of creating a fair and equitable process that was person-centered and sustainable while adequately supporting community-based service access. The new system established support levels for individuals. Data later indicated that support levels were sound with few minor changes needed as part of the iterative algorithm development process.
(**Ref. #9 - Establishing Personal Supports Budgets for People with Intellectual and Developmental Disabilities: Methods and State Experiences**)

New Jersey

New Jersey developed the New Jersey Comprehensive Assessment Tool (NJ CAT) for use as a needs-based assessment specific to the state population. This assessment is used by the Division of Developmental Disabilities as a tool to determine eligibility and support needs, which are based on self-care, behavioral, and medical needs.
(**Ref. #20 - NJCAT Assessment Information**)

New Mexico

In March 2014, shortly after New Mexico implemented a process in which the SIS alone was used to establish group assignments with suggested services and proposed budgets, advocacy groups filed a motion for a preliminary injunction against the State. In this injunction, they asked the U.S. District Court for the District of New Mexico to order the State to return the Developmentally Disabilities (DD) Waiver program to the status quo that existed prior to implementation of the SIS, including an order prohibiting

the State from terminating or reducing any DD Waiver services until the State provided recipients with notice and a fair hearing. Advocacy groups argued that crucial elements of determining resource need fell outside the scope of what the SIS could capture (**Ref. #21 - Waldrop v. New Mexico**).

It is **Optumas'** position that no assessment tool can fully capture the resource needs of an individual. Any assessment-informed model, including the PCBA, must be used as a component in a larger person-centered planning process. Any implementation of the PCBA as the sole determinant by which individuals' resource needs are allocated would be inappropriate and incongruous with the way the model is being developed.

North Carolina

In 2011, the General Assembly in North Carolina mandated a major restructuring of the service system for individuals with mental illness, substance abuse disorders, and intellectual and developmental disabilities, resulting in the Innovations Plus system. The Innovations Plus system was designed to align individuals' needs with budget amounts. The Innovations Plus system process included setting goals, collecting data, establishing budget levels, validating results, and accounting for infrastructure requirements.
(**Ref. #10 - Allocating Resources and Setting Individual Support Budgets**)
(**Ref. #13 - Establishing a Resource Allocation Model For Service Recipients With Intellectual and/or Developmental Disabilities**)

Washington

Washington aimed to develop an assessment process that was consistently applied across all clients in the State. A statistical review of assessment data was used to make determinations about service levels. Washington ultimately determined the small sample size captured was insufficient for clear and distinct classifications. After implementation, service levels showed excellent reliability and validity, but Washington determined that additional items needed to be captured to supplement the SIS. It is worth noting that the Washington model was reviewed as part of the Bolton Actuarial Report prepared for the Department in 2019. In the report, Bolton estimates the costs of applying Washington's Needs-Based Criteria to segments of the population served by the Department.
(**Ref. #17 - Washington's Residential Resource Allocation Model**)