

Exhibit A

Chapter 1: Overview and Rationale

A. Statement of the Problem

The Independent Choices demonstration project described in this application will allow Oregon to assess the benefits of allowing selected Medicaid consumers to arrange and purchase their own long-term care services. At present, these services are arranged for consumers by government case managers in all service options.

Since 1981, when the nation's first Home and Community Based Services waiver was approved, Oregon has strived to build a long-term care delivery system that offers service alternatives that are designed to increase or maintain consumer independence while providing needed services in a cost-effective manner. Medicaid funded long-term care services began with a single delivery system: the nursing facility. Over time, it became evident that many consumers could be better and more cost effectively served in alternate environments. The Oregon long-term care system focuses on consumer choice, and works to maximize the independence, dignity and autonomy of the Oregon long-term care consumer to the extent possible given program limitations. SDSD has actively partnered in the development of additional community-based care alternatives, which include assisted living facilities, adult foster care, residential and specialized care facilities, and in-home care. During 1997, more than 63 percent of Oregon's Medicaid long-term care consumers were served in the community, making Oregon first in the nation in this respect.

The impairment level of consumers served in the community has increased dramatically during the past 17 years. As measured by the SDS Client Assessment Profile Tool (the CAPS 360), consumers at all levels of impairment reside in nursing facilities, in community-based care settings, and in their own homes.

Service Priority¹ Level	Clients in nursing facilities	Clients in substitute homes	Clients receive in- home services
1 to 3	6,185	6,214	4,363
4 to 6	225	860	1,122
7 to 9	133	296	710
10 to 13	110	597	2,391
13 through 17	113	610	2,325

Consumers have grown more sophisticated, and more able to voice their preferences about choice of living situation and choice of caregiver. In 1989, responsibility for Medicaid funded long-term care services for adults under 65 with physical disabilities was moved to the then Senior Services Division, which became the Senior and Disabled Services Division (SDSD). Since that time, younger adults with physical disabilities have repeatedly shared their belief that existing long-term care systems are unnecessarily paternalistic and restrictive, and tend to marginalize persons with physical disabilities.

Independent Choices represents Oregon’s desire to continue promoting consumer independence and self-determination by offering consumers an additional service option. Development of the Independent Choices concept began in 1993 at the request of division consumers and their advocates. Representatives of the community of younger adults with physical disabilities have extensively participated in the design of the project itself; and are represented on the project Steering Committee. SDSD has also obtained support for the Independent Choices project from both senior and disability advisory councils and other advocates, has thoroughly discussed this approach with local partners, and has presented its plan to the State legislature. SDSD’s Independent Choices demonstration proposal is funded by the Robert Wood Johnson Foundation, as part of its’ national grants program *Independent Choices: Enhancing Consumer Direction for People with Disabilities.*

¹ The service priority level is a measure of priority for Title XIX services based on a person’s functional impairments as measured by the SDS CAPS 360. Level 1 is high; a client must be dependent in mobility, eating, toileting and cognition. Level 17 is the lowest; the client needs assistance in bathing or dressing. All levels are cumulative; a person assessed as a priority level 15 has all the needs of levels 16 and 17 as well. (OAR 411-15-000 through 411-15-100.)

B. Overview of Service Options Currently Available

SDSD's in home care program serves more than 9,000 people in their own homes using client employed providers (CEP). In the CEP option, a government case manager assesses a client's ability to perform activities of daily living, to self-manage and to address health and safety concerns. While the client and the case manager jointly consider and discuss the feasibility of the CEP option, the case manager has both the final authority and responsibility to determine if the CEP program is better for the client than a substitute home or a nursing facility. The employment relationship between the client and the provider is that of an employer with an employee. By law, however, government staff takes an active role in determination of provider duties, assists in the recruitment and selection process, and directly pays the provider at hourly rates that are pre-determined by the State.

The CEP program certainly enhances the choices available to Oregon's Medicaid clients by allowing the option of remaining in their own homes to the frail elderly and to adults with physical disabilities. Yet, the program has its limitations. Government case managers follow Administrative law to determine what tasks need to be performed, how long those tasks will take, and what the rate of pay will be. For example, Oregon Administrative Rules require that a person with "minimal assistance" needs in housekeeping, for example, be allotted no more than five hours of CEP time per month in housekeeping activities. One of those housekeeping activities is vacuuming, which must be done according to administrative policy, twice a week for 15 minutes each time. As is easily seen, this "one size fits all" approach does not take into account individual preferences or needs that may vary over time.

Consumers have argued that State mandated pay rates detract from their ability to employ and retain skilled caregivers. Oregon's hourly wage for CEPs currently averages \$6.50 per hour. There are no wage increases allowed for longevity, superior performance, or acquisition of additional skills. Nor do caregivers receive any fringe benefits, save one 24-hour respite period per full month worked under very limited circumstances. While Oregon's economy is undergoing a process of gradual deceleration after three years of very rapid growth, job growth remains very strong by historical standards. Shortages of unskilled and semi-skilled laborers are

anticipated to continue². SDDS and AAA local offices have encountered difficulties in recruitment and retention of providers in a market where fast food restaurants are able to pay higher hourly wages and offer their employees fringe benefits. Consumers state that this difficulty in recruitment has led to hiring of less desirable providers, increasing the vulnerability of the consumer.

SDDS proposes to implement the Independent Choices program to continue Oregon's tradition of innovation and responsiveness to consumer desires. Independent Choices provides selected Medicaid long-term care consumers with maximum flexibility, greater autonomy and increased decision-making power. It represents the next step in Oregon's efforts to promote independence and self-determination.

Oregon's Independent Choices model differs from its Client Employed Provider Program in the degree of consumer control and autonomy that the program proposes to implement. Consumers who desire to participate, and who meet program selection criteria, will be directly paid the funds necessary to arrange for needed long-term care services. Assistance with the fiscal and legal responsibilities of being an employer will be available through a variety of sources. Oregon will hold consumers responsible for those legal and fiscal responsibilities and accountable for use of the cash payment that they will receive.

Oregon wants to test the Independent Choices model as an addition to its existing service options. Consumers who choose the Independent Choices option maximize flexibility and self-direction by taking responsibility for arranging, directing and purchasing their own care without some of the limitations imposed by categorical and procedural requirements. They will receive assistance and training in assessing their needs, and counseling about available long-term care service alternatives, accessing and successfully using those services, and functioning as employers. Consumers will make their own arrangements with service providers, and will pay providers directly from the service allocation provided. Independent Choices will allow consumers considerably more flexibility in putting together a plan of services than do existing service options, including the Client Employed Provider Program.

² Oregon Economic and Revenue Forecast, Volume XVIII, No.1, March 1998, Oregon Department of Administrative Services

SDSD believes that the Independent Choices option will best meet the needs of a small number of consumers, we believe that for that small number this option can best meet their desire to function in the most self-directed way that is possible. For these consumers SDSD believes that Independent Choices has the potential to (1) increase independence; (2) improve satisfaction with long-term care services and (3) improve the quality of both the consumer's life and of the care received.

This consumer-directed model of long-term care fits well with the philosophy and mission of SDSD. The SDSD mission states:

As partners in our communities, we will provide leadership for seniors and persons with disabilities through programs that enhance independence, dignity, choice and individual well-being.

Consumer interest in the Independent Choices demonstration project is most often expressed by the community of younger, often catastrophically physically disabled consumers. SDSD informally surveyed 1,760 clients at the three Independent Choices partner sites who are receiving in-home care services. Clients were provided with a brief overview of the project proposal and asked if they would be interested in participation. 853 persons responded. Their responses are summarized below.

Respondent Age	Total respondents	Indicated interest in program	Not interested in program
Under 65	402	54%	46%
65 to 74	176	30%	70%
75 to 84	199	11%	89%
85 plus	76	2%	98%
	853		

Survey response, certainly among younger adults with physical disabilities, reinforces SDSD’s belief that these consumers will gravitate towards the Independent Choices demonstration, with its increased focus on self-direction. Many consumers in this group indicate a desire to reduce their reliance on family members and professional case managers and arrange, pay for and manage their care services and care attendant. The Independent Choices demonstration will allow consumers to exercise that control. SDSD believes that the Independent Choices service option will tend to integrate the consumers that it serves with the larger society, through increased self-reliance and self-determination, rather than marginalize them through dependence on the government bureaucracy for daily needs.

Oregon recognizes that consumers vary in their desire and ability to self-direct care and to take control of managerial tasks. Addition of Independent Choices to Oregon’s existing service option provides SDSD consumers with a range of self-directed service choices which will better allow consumers to match personal preference to long-term care program options available.

Chapter 2: Demonstration Design

A. Specific Objectives

The Independent Choices demonstration project will allow Oregon to test the following hypotheses:

Global Hypothesis:

Independent Choices provides an addition to existing long-term care service options that empowers consumers to direct their own care, and to purchase services that enhance their independence, dignity, choice and individual well-being.

Consumer-based Hypotheses:

Consumers' involvement in development of a self-directed care plan, and in the control and management of that plan will lead to improved consumer satisfaction with long-term care services.

Consumers will experience greater independence due to their ability to participate in the care decision-making process by choosing, accessing and purchasing long-term care services.

Consumers will experience an overall improvement in the quality of their lives due to their ability to design and direct long-term care services.

System-based Hypothesis:

Consumers who participate in the Independent Choices program and direct and manage their long-term care services will be able to purchase more individualized support, care and services than is possible under the traditional case management delivery system.

B. The Independent Choices Program

SDSD intends to expand the Independent Choices option to the entire state as soon as necessary resource and referral linkages can be built. We initially propose to implement Independent Choices through three partner agencies - the Clackamas Area Agency on Aging, serving southeastern metropolitan Portland; the Rogue Valley Council of Governments, serving Jackson and Josephine counties in southern Oregon, and the Coos Multi-Services Office of SDSD, serving Coos and Curry counties on the southern Oregon coast.

Partner Sites

The chart below offers some pertinent information about the demographic of each of the three Independent Choices partner sites.

	Clackamas AAA	Rogue Valley Council of Governments	Coos-Curry Multi-Services Office
Governance	County administers and staffs Title XIX programs and eligibility	County administers; State staffs Title XIX programs and eligibility	State staffs and administers Title XIX programs and eligibility
Region served	Clackamas County	Jackson and Josephine Counties	Coos and Curry Counties
Average number of people provided Title XIX services/month	2,450	2,785	3,000
Average number provided in-home services per month	685	816	425
Population (1995)	316,460	236,947	84,023
Population over 65³	11.6%	17.3%	20.0%
Per capita personal income (1995)⁴	\$25,237	\$18,447	\$18,385
Poverty rate (1990)	6.0%	12.7%	14.4%

SDSD believes that the willingness of these three partner sites to participate in the Independent Choices demonstration allows us to evaluate the replicability of the model statewide prior to statewide implementation. For example, the Independent Choices partner sites allow the model to be tested in both urban and rural settings. We have assumed that success of the model will depend on the existence of an extensive consumer support network, our partner site choices will allow us to test both development and continued viability of the support network in major metropolitan areas and

³ USA Counties Report, United States Census Bureau

⁴ Regional Economic Information System, Bureau of Economic Analysis

in small towns. The model depends on the ability of consumers to locate providers who are able and willing to perform personal care attendant services. Our choice of partner sites will allow us to test the efficacy of the model both in areas experiencing prolonged economic growth and in areas experiencing prolonged economic downturns. Finally, our choice of partner sites will allow us to test whether the success of the model varies dependent on the governance structure of the local partner site.

Project Overview

Eligible Project Participants

Project participants must meet the requirements of OAR 411-15-015, by which SDSO establishes priority levels within which to manage its limited resources. These requirements include financial eligibility, functional eligibility and community-based care services eligibility. Project participants must also meet specific project criteria, discussed below.

1. Financial Eligibility Criteria

All participants in the Independent Choices demonstration project must meet Oregon's financial eligibility for Medicaid long term care services which is 300 percent of the SSI Federal Benefit Rate (FBR).

2. Functional Eligibility Criteria

Functional eligibility criteria for the demonstration project will be the same as that used for other Oregon long-term care consumers. Oregon ranks persons into priority levels (1) through (17) based on their needs for assistance in six activities of daily living - mobility, eating, toileting, cognition, bathing and dressing. Functional reassessments are generally completed not less frequently than annually. For purposes of the Independent Choices demonstration, functional reassessments of both project consumers and of associated comparison groups will be completed on a semi-annual basis.

3. Eligibility for Community-Based Care Services

Project participants must be eligible to receive nursing facility or community-based care services under the same criteria as other Oregon

consumers. The consumer must be age 18 or older; must be eligible for Title XIX; must be documented as eligible for services through the Home and Community-Based Services Waiver; and must meet the functional impairment level within the service priority level.

4. *Specific Project Criteria*

a. Living Situation: Through its Home and Community-Based Services Waiver, SDSA offers services to clients in a variety of settings. These include both community residential services and in-home services. Consumers who participate in the demonstration project must either be current recipients of in-home services, or must be eligible to receive in-home services under Oregon law. (A client who lives in a community based care facility is not eligible to receive in-home services under Oregon law; therefore, clients receiving services in community-based care facilities will be precluded from demonstration project participation.) Furthermore, services currently received must be provided through the Client Employed Provider (CEP) program, or the new participant must have the ability and willingness to receive services through that program.

b. Cachment area: At project inception, participants' primary residence must fall within the boundaries of the three Planning and Service Areas served by the Clackamas Area Agency on Aging (AAA), the Coos/Curry County AAA or the Rogue Valley Council of Governments. This requirement will be removed if the project expands to be offered statewide.

c. Characteristics of persons who will be self-selected to participate: Project participants must possess a demonstrated ability, individually or through a willing representative, to appropriately assess and plan for the adequate provision of services necessary for the participants' care. Participants who are not able to self-direct care, but who have a surrogate decision maker who is able and willing to assume this responsibility, may participate in the project.

d. Use of surrogates: Oregon's long experience with its' Client Employed Provider program reinforces our belief that most of the consumers who will be eligible for Independent Choices participation are competent to manage their own care services in a trustworthy

and effective way. Some consumers, however, may prefer to function with the assistance of a relative or friend. Other consumers, with decision-making impairments, might not be able to plan and assess their own care needs. The planning process may be delegated, at that point, to a surrogate decision-maker.

Some project requirements will be different based on a recipient's status as a consumer or as a surrogate decision-maker. These differences are noted throughout the remainder of this chapter. If a difference is not specifically noted, the term "consumer" refers to both consumers and to surrogate decision-makers.

e. Partner site maximum enrollments: SDSD plans to limit project enrollment at each partner site to no more than 100 consumers.

Eligible Providers

1. Client Employed Provider Program

Services within the existing CEP program are provided by private individuals, employed and directly supervised by the client, who have demonstrated their capability to perform the tasks that are authorized through direct observation, formal training, life experiences or a previous employment experience. Case management staff is responsible for assuring the CEPs ability to perform or assist with any activity of daily living (ADL) need and his or her competency to provide or assist with instrumental ADL needs. Case management staff is responsible for verification that the care provided meets the identified needs. CEPs are subject to a criminal records check under Oregon law. If a record of a potentially disqualifying crime is revealed by the records check, the Division can choose to allow the applicant to function as a CEP if SDSL determines that the history does not indicate a likelihood of behavior that could potentially endanger the client.

SDSL reserves the right to terminate CEPs if violations of protective service and abuse laws occur; fiscal improprieties occur; services are not provided as required; the CEP does not have the skills to adequately or safely provide services; or new criminal convictions come to the attention of the Division.

While relatives can be employed as CEPs, payments for in-home services are not intended to replace the resources available to a client from their natural support system of relatives, friends, and neighbors. Only to the extent that such resources are not available, not sufficient, or cannot be developed to adequately meet the needs of the client is payment by the Division be considered or authorized. Care plans are based upon the least costly means of providing adequate care.

Spouses cannot be employed as Client Employed Providers under the Home and Community-Based Services Waiver.

2. Independent Choices Demonstration Project

Services within the demonstration project will be provided by private individuals, employed and directly supervised by the client, who have demonstrated their capability to perform the tasks that are authorized through direct observation, formal training, life experiences or a previous employment experience. Project consumers, with the assistance of local office case management staff, will be responsible for assuring the provider's ability to perform or assist with any activity of daily living (ADL) need and his or her competency to provide or assist with instrumental ADL needs. Consumers, with the assistance of local case management staff, will be responsible for verification that the care provided meets the identified needs.

A provider's criminal record may be checked by SDS/AAA staff at the discretion of the project consumer. Any expense associated with the record check will be borne by SDS, as it is in the CEP program. If a record of a potentially disqualifying crime under existing Oregon law is revealed by the records check, the consumer may choose to hire the applicant in his or her sole discretion.

SDS will reserve the right to terminate Independent Choices providers if violations of protective service and abuse laws occur or if fiscal improprieties occur. If new criminal convictions come to the attention of the Division, the Division will make that information available to the project participant.

Consumers may choose to employ relatives as providers. However, payments for services are not intended to replace the resources available to consumers from their natural support system of relatives, friends, and neighbors. Independent Choices service payments can only be made to the extent that such resources are not available, not sufficient, or cannot be developed to adequately meet the needs of the consumer. Care plans will be based upon the least costly means of providing adequate care.

Spouses will not be employed as providers under the Independent Choices demonstration. Surrogate decision makers will not be eligible to be employed as providers by the consumer for whom they function as surrogate.

Participant Screening

Consumers

Consumers who continue to self-select into Independent Choices will be asked to provide verification of their ability to assess and plan for provision of services by providing evidence of maintenance of a stable living situation and of basic utility needs.

In developing a mechanism by which to screen for a consumer's ability to manage a limited allowance, the project Steering Committee attempted to balance the need for ensuring reasonable use of public funds with its wish not to be overly intrusive, and with its recognition that project consumers will, most likely, have spent some length of time in very modest financial circumstances prior to project participation. We believe that we have developed criteria by which an objective decision of whether a consumer demonstrates the ability to assess and plan for provision of services can be made. These include managing money so that shelter and utility needs are met. Participants must demonstrate management skills through maintenance of a stable living condition, defined as continuous tenancy in a single residence over a three-month period. (This requirement can be waived if moves are prompted by health issues or "no fault" situations.) Continuous tenancy must be proven by supplying documentation verifying payment to local office staff. As is the case with the existing in-home services program, consumers will only be eligible to participate in the Independent Choices project if services are provided in their primary residence - i.e., one that they own or rent. (For example, while a consumer who lived with her family in a home owned by the family is not eligible to receive services under the in-home program, and would therefore not be eligible to participate in the Independent Choices demonstration.) Participants must also demonstrate their ability to handle basic utility payments by supplying documentation of payments to local office staff. Oregon is developing a simple questionnaire for partner sites to use in assessment of the consumer's ability to participate in the project.

Surrogates

Oregon feels that the screening process for surrogate decision makers must be more burdensome in order to protect the public interest. Surrogate decision makers will be asked to allow the Division to request a credit check. If a surrogate refuses his or her permission, project

participation will be denied. Project staff and the steering committee are developing criteria for review of a potential surrogate's credit history.

Surrogate decision makers, other than immediate family members of the consumer, will also be required to submit to a criminal record check. If a surrogate is found to have a record of conviction of a potentially disqualifying crime, the project Steering Committee shall decide whether mitigating circumstances exist that allow the individual to function as a surrogate without endangering the consumer.

Establishment and Payment of Service Allocation

SDSD views the Independent Choices project, as stated earlier, as an addition to its in-home services program that will allow clients more flexibility as they make lifestyle and long-term care choices. Since the project is an addition to the in-home services program and closely related to the Client Employed Provider (CEP) program, SDSD proposes to set the service payment amount in the same manner in which a service payment is calculated for CEP services. This reimbursement methodology will also allow the Division to ensure that the project is budget neutral when compared to current in-home services offered under the Section 1915(c) waiver.

After an initial assessment of a project consumer is completed or after the semi-annual reassessment, local office project staff will determine whether the project consumer needs “minimal”, “substantial” or “full” assistance for Activity of Daily Living (ADL) and self-management tasks. “Minimal Assistance” means the client is able to perform a majority of a task, but requires some assistance. (OAR 411-30-002(23)) “Substantial Assistance” means a client can perform only a small portion of a task and requires assistance with the majority of a task. (OAR 411-30-002(34)). “Full Assistance” means that a client is unable to do any part of an activity of daily living or task; i.e. it must be done entirely by someone else. (OAR 411-30-002(14)). Category assignment of minimal, substantial or full, is based on client needs, as assessed through the CAPS 360 tool. Assignment to the proper category is made through the automated computer system.

Administrative Rule 411-30-070 (1) authorizes monthly ADL hours as follow:

Task	Minimal assistance	Substantial assistance	Full assistance
Eating	5 hours	20 hours	30 hours
Dressing	5 hours	15 hours	20 hours
Bathing/ Personal Hygiene	10 hours	15 hours	25 hours
Mobility	10 hours	15 hours	25 hours

Bowel and Bladder Cognition	10 hours	20 hours	25 hours
	5 hours	10 hours	20 hours

Section (2) of the same rule authorizes maximum monthly hours for self-management tasks.

Task	Minimal Assistance	Substantial Assistance	Full Assistance
Medication management	2 hours	4 hours	6 hours
Transportation or Escort	2 hours	3 hours	5 hours
Meal preparation			
Breakfast	4 hours	8 hours	12 hours
Lunch	4 hours	8 hours	12 hours
Dinner	8 hours	16 hours	24 hours
Shopping	2 hours	4 hours	6 hours
Housecleaning	5 hours	10 hours	20 hours

The Division sets service payment rates for community based care providers under the authority of OAR 461-155-270. In-home service payments rates, as of March 1998, are \$6.50 per hour for minimal and substantial assistance hours, and \$ 6.72 per hour for full assistance hours. These service payment rates are scheduled to increase by a 3 percent cost of living adjustment effective for service on and after July 1, 1998. Actions taken by the 1997 Legislative Assembly require that hourly rates for the CEP program be \$1.30 per hour higher than Oregon minimum wage by April 1999. Oregon’s minimum hourly wage will increase to \$6.50 per hour effective January 1, 1999; consequently, all assistance hours allocated under the rules described above will be paid at least \$7.50 per hour.

Project staff will apply the category of need determined through the CAPS 360 assessment to project consumers, and use that need category to determine service hours available for ADL and self-management tasks (OAR 411-30-070 (1) and (2))

Within the CEP program, the Division pays the employer FICA share of 7.65 percent of wage (OAR 411-30-060(10)(b)(A)). Service payments to Independent Choices participants will be increased by this amount, that would otherwise be paid by the Division, so that project participants can correctly make required FICA contributions on behalf of their employees. Service payments to Project participants will also be increased by the employer share of Unemployment Tax that the Division currently pays in the CEP program. (OAR 411-30-060(10)(b)(B)).

This process will be used both for clients currently receiving in-home services under the Section 1915(c) waiver who choose to participate in Independent Choices and for new clients who opt to participate in the Independent Choices program directly after establishing eligibility.

SDSD proposes to make service payment allocations directly available to consumers and their surrogates on a prospective basis -- that is, at the beginning of the month in which services under this waiver are to be rendered. Payments will initially be made once a month, on the first day of the month. (SDSD would like to offer participants the opportunity to receive payments twice a month, on the first day of the month and on the 16th day of the month. Systems required to implement that change are not anticipated to be available at the time that the project is implemented.) Payments must be made directly to the participant's or surrogate's Independent Choices checking account. Oregon is negotiating a pro bono arrangement through a consumer bank located in all parts of the state.

Provider Payment

Providers will submit invoices to the project consumer in order to be paid for services. Consumers will be provided with a sample format to be used in documenting provider work hours. Consumers will pay all of their providers directly. Consumers will be responsible for deducting the appropriate taxes from their provider's pay checks, calculating employer payroll taxes, and remitting those taxes to the state and federal government.

Payment Accountability

Uses of Cash

Project staff analyzed service payments being made to providers in the existing CEP program at the three partner sites through 1997. The results are summarized below.

	Average hours	Minimum	Maximum
Authorized hours	58.66	1.0	399.0
Hourly Wage	\$5.83	\$2.79	\$8.04
Total Payment	\$280.94	\$ 5.53	\$ 1,518.50

As mentioned above, a known problem within the CEP program has been the low wage rates paid by the Division. We anticipate that most Independent Choices consumers will use their new control to increase the hourly wage that is paid, enhancing their ability to access quality and continuity of care, and that the entire service payment will be used to pay the provider wage.

If, however, a consumer is able to accumulate cash, the cash can be held in a contingency fund as long as the consumer designates a purpose for the use of the funds, and has agreement from the local project staff. Oregon anticipates that very few consumers will be able to accumulate cash. Funds may be accumulated to cover future expenses that do not have another funding source and that will support the consumer's ability to remain as independent as possible. Funds will accumulate in the Independent Choices account until enough money has accumulated to meet the purpose designated by the consumer. At the conclusion of the demonstration project, any accumulated cash that has not been designated

for contingency fund use will be returned to the State of Oregon. Monthly amounts accumulated by project participants will not negatively impact future service payment allowances.

Surrogate decision makers will not be permitted to accumulate cash, since we feel that this ability may have an adverse effect on the quality of care provider and services that surrogates arrange. Monthly amounts accumulated by surrogates will be used to offset future month's service payments. If a surrogate decision maker accumulates cash in two consecutive months, local office project staff will re-evaluate consumer care needs and surrogate fitness through direct interviews.

Oregon will request that the Independent Choices service payment to consumers, and any resulting contingency fund accumulation, be exempt from assessment as either an income source or as an asset for Title XIX programs, SSI, food stamps and other Federal programs based on income and/or assets.

Monitoring

As mentioned earlier, consumers and surrogates will be required to use a pro bono checking account through a local bank for deposit of the Independent Choices service payment, and for all associated provider payments or contingency fund purchases.

Consumers must additionally agree, as a condition of project participation, that transaction records and statements of this account will be made available to local office staff at any time that the account is overdrawn, or on demand. (Bank staff will notify local office staff in case of a participant overdraft.) Consumers who become overdrawn must additionally attend a community budget management training that will be selected by local office staff. SDSA Central Office Audit Unit staff will randomly sample representative Independent Choices participant accounts on a monthly basis to ensure compliance with the terms and conditions of the project.

Surrogates will agree, as a condition of project participation, that statements of their Independent Choices account will be forwarded to Audit Unit staff monthly for review.

Both consumers and surrogates will be informed of these conditions at the mandatory training sessions that are required for project participation. These conditions will also be made part of individual project participation agreements.

Resources Available to Consumers

Oregon believes that the strength of its Independent Choices Project design is found in the breadth and diversity of resources that will be available to project consumers to assist them in fulfilling their responsibilities as consumers of long-term care, as employers, and as recipients of State and Federal taxpayer funded service allocations.

Project staff has concentrated over the past few months in developing a network of community resources available in each of the three partner site locations. These community resources are available to work with project consumers on either a pro bono basis or at greatly reduced cost. Community resources identified to date include:

Training on fiscal and legal obligations of small employers

Small Business Development Centers exist throughout Oregon as affiliates of the regional community college district or of the State System of Higher Education. The mission of these centers is the growth of small business and entrepreneurship, in order to generate new employment opportunities and increased business tax revenue within their regions.

Center management has confirmed their willingness to custom design courses for Independent Choices participants covering such topics as: legal and fiscal responsibilities of employers; budgeting for expenditures related to in-home care; record-keeping responsibilities of employers; employer payroll obligations and provider selection through the interview process. All courses would be available at local sites, and would also be made available through videotape and other accessible formats.

Tax preparation

The American Association of Retired Persons (AARP) offers a program throughout Oregon that provides free tax preparation counseling to low and middle income individuals and households. The AARP service is run in conjunction with Oregon's Retired Senior Volunteer Program. AARP has indicated its willingness to work in partnership with SDSD to develop training to meet the needs of Independent Choices program participants.

Employment and care giver performance

There are five active Independent Living Centers operating in Oregon. One of these, HASL, primarily serves persons with disabilities who live in Jackson and Josephine counties, one of the three Independent Choices partner sites.

HASL has indicated its interest in developing a training curriculum for participants, on a one-on-one basis, that deals with the supervisory skills that participants will need to perform to function as employers: recruiting caregivers, interviewing and selection, hiring, performance evaluation, retention and terminating providers. The HASL center is also interested in development of best practice instructions for providers on the ADL tasks. The Center is also willing to serve as a lending library on film, audio-tape materials and written materials relating to consumer direction, provider relations, care giving, legal and fiscal compliance issues.

Provider recruitment

Senior Citizens Councils in various areas of the state have indicated their willingness to develop programs matching pre-screened and interviewed care providers with project participants. These programs have been available to private pay consumers for several years; Medicaid long-term care consumers have been unable to take advantage of the programs because of the low hourly wage level authorized by the State for CEP payment. (The Senior Councils concentrate their efforts on attracting providers with experience of providing care; such individuals generally receive a higher hourly wage than that authorized by the Division.) Independent Choices project participants may use their pre-determined service allocations to pay a provider a higher hourly wage than that authorized by the Division, and may be more able to access the registries maintained by the Senior Councils.

Participant tools

Project staff is developing an extensive manual for participants which will provide information, instructions and procedures in the areas of service need assessment, job description development, recruitment and selection of providers, developing provider work agreements, and development of an emergency back-up attendant network. The manual will also contain information, forms and instructions on the steps involved to both become established as an employer, and to perform those legal and fiscal obligations required of employers. Manuals will also contain lists and contact people for community resources available both regionally and statewide. These manuals will be made available to all project participants as a hands-on resource, and will be introduced at the mandatory training sessions. The project participant manual will also be found on SDSD's Internet site (www.sdsd.hr.or.us), and can be made available in other accessible formats, as needed.

Project Enrollment Process

1. Clients already receiving traditional services through the Client Employed Provider (CEP) program at one of the three partner sites received a brief explanation of the project in July 1997, along with a questionnaire about training needs. These clients are also being re-informed about the project at their annual care reviews by their case manager. New consumers are informed when they meet with a case manager for initial assessment and care plan development.

2. Oregon plans a series of informational meetings with interested consumers at each partner site during 1998. Prior to these meetings, project staff will meet with community partners and local resources, to confirm agreements about the role to be played by each.

The format of the informational meetings has been designed by project staff in conjunction with partner site consumers and staff. In these meetings, consumers will be introduced to the consumer direction concept and to the Independent Choices project. They will be informed of both their legal and fiscal requirements as program participants, and will be introduced to available community resource partner agencies.

3. Case management staff will initiate contact with consumers who self-report as interested in Independent Choices. Case managers will schedule home visits with potential participants to provide an in-depth description of the Independent Choices project and of consumer responsibilities under the project.

4. Consumers and/or surrogates who continue to self-select into Independent Choices will be asked to provide verification of their ability to assess and plan for provision of services by providing evidence of maintenance of a stable living situation and of basic utility needs. As discussed earlier, different verification processes apply to consumers and to surrogates.

In all cases in which a consumer might not be allowed to participate in the project, the decision not to allow consumer enrollment will be made by a partner site team. Team composition is still to be determined, but might likely include the site service coordinator, site management, a nurse, and a representative from the local Disability Services/Senior Advisory Council.

The decision not to allow project participation can be appealed through the usual hearing mechanisms.

Surrogate decision makers may also appeal partner site team decisions to deny functioning as a surrogate. Actions that surrogates must take as a condition of project participation cannot be appealed.

5. Consumers and surrogates who continue to self-select into Independent Choices will attend mandatory training. Mandatory training will include issues around finding, hiring, supervising and firing personal care attendants; state and federal tax responsibilities; applicable state law regarding providers; required documentation; development of a budget and other accountability issues. Consumers will also be provided with written information about the Independent Choices resource and referral network. (Resource and referral network information will also be made available in alternate formats.)

6. Local site service coordinators will inform consumers of their acceptance into the Independent Choices Project. In conjunction with service coordination staff, consumers will negotiate and execute a Participation Agreement, and define an initial household budget.

7 Assessment of self-perceived locus of control and health status will be completed at project implementation and semi-annually thereafter. The assessment questionnaire is being developed by staff of the Institute of Aging at Portland State University. Project participants will be required to complete the assessment questionnaire as a condition of participation. Questionnaires will be returned directly to the University for data analysis. Non-treatment group members will be over-sampled for purposes of completion of the assessment questionnaire. Again, questionnaires will be returned directly to the University.

8. Both project participants and non-treatment group participants will be assessed at project implementation and semi-annually thereafter.

Oregon plans that the functional assessment for both groups will be performed by SDSD/AAA case management staff using the SDSD Client Assessment Profile System tool (the CAPS 360). This tool is used for all long-term care clients served by SDSD, in both institutional and community settings.

Maintaining Project Enrollment

As mentioned above, both consumers and surrogates will negotiate and execute a Participation Agreement as a condition of Independent Choices project participation. Participation Agreements for consumers will be distinct from those of surrogate decision-makers, which will include the requirements discussed above.

Consumers and surrogates may be removed from project participation if he or she fails to adhere to the terms of the Participation Agreement. More specifically, consumers must:

Project Requirements - Consumers

1. Attend a mandatory training session after enrollment, but before receipt of a service payment, that discusses the Independent Choices program and the responsibilities of a consumer or surrogate who participates in the program.
2. Demonstrate continued money management skills.

Basic life needs must continue to be met. A consumer can demonstrate that shelter needs are met through continued maintenance of a stable living situation. Managing money so that utility needs are met can be demonstrated through verification by the partner sites that the consumer's basic utility bills, (electricity, water and gas) are either current or that a payment plan is being followed.

Consumers will also be required to make payment to their providers. Consumers will be required to agree, as a condition of project participation, that they will perform all legal and fiscal requirements of employers. SDSO will require that consumers agree in writing with providers about pay periods, rates of pay and pay dates. SDSO will also suggest, but not require, that consumers use this written agreement as a vehicle to define working conditions and other terms of employment. Consumers will be provided with sample working agreements defining pay dates and terms, conditions of employment and reasons for dismissal as part of their consumer resource manual.

If a provider complains to a local partner site Independent Choices worker that he or she has not been paid by a project consumer, partner site staff will contact the consumer and request copies of legally required time records, and of the canceled check or pay receipt detailing the wage payment. Failure to provide the requisite documentation will be grounds for project disenrollment. Consumers will be required to supply project staff with names and addresses of their providers as a condition of participation.

Local office project staff will mail non-payment complaint procedures to each provider.

Central Office Audit Unit staff will verify, through random audits, that consumers are meeting the legal and fiscal responsibilities of employers. Failure to meet these requirements is grounds for project disenrollment.

3. Demonstrate that personal care needs are met

We anticipate informal contact between project consumers and local office project staff on a frequent basis, but no less than once every two months during the first full year of consumer enrollment. This will be a “check-in” call; local office staff will discuss needed resources and steer participants towards assistance if needed. Local office staff will be encouraged to follow up on statements that need further explanation through home visits.

4. Consumers must choose and direct the activities of personal caregivers in a manner that avoids unnecessary risk of medical care or hospitalization due to poor care or neglect.

Valid community complaints of self-neglect or abuse that can be documented may be a ground for removal from the project. Partner sites will use the same review processes currently used for Protective Services interventions.

5. Consumers must maintain a separate bank account for deposit of the Independent Choices service payment. As a condition of participation, consumers will agree to use of the pro bono account for both receipt of the Independent Choices payment and its subsequent disbursement to providers or to purchase needed supplies or equipment. Consumers will additionally agree that transaction records and statements of this account will be made available to local office staff at any time that the account is overdrawn, or on demand. (Bank staff will notify local office staff in case of a participant overdraft.) Consumers who become overdrawn must additionally attend a community budget management training that will be selected by local office staff.

Consumers must additionally agree that all records of their Independent Choices account will be made available to Audit Unit staff on demand.

6. Consumers must meet all legal requirements of employers. These include, but are not limited to:

- hiring, supervising and paying employees (providers);
- keeping all records required of small employers by Internal Revenue Service and Oregon State Department of Revenue rules;
- withholding all required payroll taxes from their employee's wages and depositing those funds for later transmittal in their Independent Choices account;
- completing all filings required of employers of domestic workers by federal, state and local governments; and
- transmitting all withheld payroll taxes to the appropriate agencies in a timely manner.

7. Consumers must agree to participate in all project assessment activities.

Project Requirements - Surrogates

1. Submit to, and satisfactorily pass, a required credit and criminal records check.
2. Attend a mandatory training session after enrollment, but before receipt of a service payment, that discusses the Independent Choices program and the responsibilities of a consumer or surrogate who participates in the program.
3. Demonstrate continued money management skills.

Basic life needs of the consumer must continue to be met through the surrogate. Audit Unit staff will routinely review records of the Independent Choices account maintained by the surrogate on the consumer's behalf to demonstrate that shelter and utility bills are current.

Surrogates must make payment to the consumer's care provider(s). Surrogates are required to agree, as a condition of project participation, that they will perform all legal and fiscal requirements of employers on behalf of the project consumer. SDSD will require that surrogates agree in writing with providers about pay periods, rates of pay and pay dates. SDSD will also suggest, but not require, that this written agreement be

used as a vehicle to define working conditions and other terms of employment.

If a provider complains to a local partner site Independent Choices worker that he or she has not been paid by a surrogate, partner site staff will contact the surrogate to request copies of legally required time records, and of the canceled check or pay receipt detailing the wage payment. They will also contact the Audit Unit to ask that a full review of the Independent Choices account be completed. Failure to provide the requisite documentation will be grounds for project disenrollment. Surrogates will be required to supply project staff with names and addresses of providers as a condition of participation. Local office project staff will mail non-payment complaint procedures to each provider.

Central Office Audit Unit staff will verify yearly that surrogates are meeting the legal and fiscal responsibilities of employers on behalf of project consumers. Failure to meet these requirements is grounds for project disenrollment

4. Demonstrate that personal care needs of the project consumer are met.

We anticipate contact between project consumers, surrogates and local office project staff on a frequent basis, but no less than monthly during the first full year of consumer enrollment. This will be a “check-in” call; local office staff will discuss needed resources and steer participants towards assistance if needed. Local office staff will be encouraged to follow up on statements that need further explanation through home visits.

5. Surrogates must choose and direct the activities of consumer caregivers in a manner that avoids unnecessary risk of medical care or hospitalization due to poor care or neglect.

We anticipate contact between project consumers, surrogates and local office project staff on a frequent basis, but no less than monthly during the first full year of consumer enrollment. This will be a “check-in” call; local office staff will discuss needed resources and steer participants towards assistance if needed. Local office staff will be encouraged to follow up on statements that need further explanation through home visits.

Valid community complaints of self-neglect or abuse that can be documented will be grounds for removal of a surrogate from the project. Partner sites will use the same review processes currently used for Protective Services interventions.

6. Surrogates must maintain a separate bank account on behalf of the project consumer for deposit of the Independent Choices service payment. As a condition of participation, surrogates will agree to use of the pro bono account for both receipt of the Independent Choices payment and its subsequent disbursement to providers or to purchase needed supplies or equipment. Surrogates will agree that any accumulated cash at month end will be used to offset subsequent State payments, and will additionally agree that transaction records and statements of this account will be provided to the Central Office Audit Unit staff monthly.

7. Surrogates must perform all legal requirements of employers on behalf of project consumers. These include, but are not limited to:

- hiring, supervising and paying employees (providers);
- keeping all records required of small employers by Internal Revenue Service and Oregon State Department of Revenue rules;
- withholding all required payroll taxes from their employee's wages and depositing those funds for later transmittal in their Independent Choices account;
- completing all filings required of employers of domestic workers by federal, state and local governments; and
- transmitting all withheld payroll taxes to the appropriate agencies in a timely manner.

Surrogates must agree to a full review of their legal records by Audit Unit staff yearly or on demand.

8. Surrogates must agree to participate in all project assessment activities.

Disenrollment

Consumers and surrogates can be removed from the Independent Choices project voluntarily or involuntarily.

SDSD anticipates that a small number of consumers and surrogates will voluntarily opt out of the Independent Choices demonstration project after some period of participation. For example, a senior who decides to participate when first assessed as eligible might choose to opt out some time later if the demands of tasks required by the project became too onerous. In these cases, the consumer or surrogate will provide 30 day notice to the local office of her intent to discontinue project participation, and the consumer will be reinstated into the long-term care option of her choice.

We anticipate that a small number of project consumers will prove themselves to be unable to self-direct purchase and payment of long-term care and that a small number of surrogates will prove to be incapable of acting in the best interests of project consumers. Persons who abrogate the terms of their Participation Agreement will be involuntarily terminated from the Independent Choices project.

As conceived and designed, the Independent Choices program will be available as an addition to the in-home services currently offered by SDSD. Project consumers who move from their own homes to substitute homes or into nursing facilities will no longer be eligible for project participation.

In all cases in which a consumer might be removed from project participation, the decision to remove the consumer will be made by a partner site team. Team composition is still to be determined, but might likely include the site service coordinator, site management, a nurse, and a representative from the local Disability Services/Senior Advisory Council.

The decision to remove a consumer from the project can be appealed through the usual hearing mechanisms.

If removed from the project, a consumer can again participate after satisfaction of the demonstrated abilities for enrollment for either a 6 or a 12 month period, if in a living situation that is eligible for project participation.

Decisions to remove surrogate decision makers will also be made by a partner site team. The decision to remove a surrogate can also be appealed, unless the surrogate refuses to perform a task that is a condition

of participation. Once removed from the project, surrogates are not again eligible to serve as surrogate decision makers for project consumers.

Chapter 3 Administration of the Waiver

This chapter has four sections addressing:

Background

Structure of SDSD

Proposed Demonstration Personnel

Timelines and Workplan

1. Background

The Department of Human Resources (DHR) is Oregon's Medicaid Single State Agency. The Department includes eight offices and divisions:

Senior and Disabled Services Division (SDSD) manages eligibility, service coordination and authorization for long-term care delivery for aged, blind, and disabled individuals eligible for Medicaid. The Division provides services through its 67 local offices within Oregon. Some of the service delivery offices are managed by local government (Area Agencies on Aging); others are managed by the State of Oregon. More than 1,300 state and local government employees are engaged in providing direct services.

Oregon Revised Statute 410.070 created the Senior and Disabled Services Division to administer laws and programs relating to social, health and protective services to elderly persons and disabled persons.

By statute, the Division serves as the central state agency with primary responsibility for the planning, coordination, development and evaluation of policy, programs and services for elderly persons and disabled persons in Oregon; functions as the designated state unit on aging; receives and disburses all federal and state funds allocated to

the division; processes fiscal and client data for all area agencies; conduct regulatory functions with regard to program operation; and provides rules for standard rate setting and quality assurance.

Office of Medical Assistance Programs (OMAP) administers the state's Medicaid program and the Oregon Health Plan demonstration project. OMAP is the Medical Assistance Unit within the single state agency (DHR).

Office of Alcohol and Drug Abuse Programs (OADAP) is responsible for design, development, and implementation of statewide programs for alcohol and drug abuse prevention and treatment.

Health Division (HD) is responsible for planning, development, and implementation of statewide health programs including funding for county health departments, maternal and child health programs, food and nutrition programs, communicable disease programs, environmental health programs, and school based health programs.

Adult and Family Services Division (AFS) manages eligibility, support services, and third party liability for Temporary Assistance to Needy Families (TANF) and the Poverty Level Medical program.

The Office of Services to Children and Families (SCF) delivers or purchases child protective services, including arranging for Medicaid eligibility for children in foster care, and coordinates and plans for services for children at risk.

Mental Health and Developmental Disabilities Services Division (MHDDSD) is responsible for institutional and community based service delivery for persons with serious mental illness and developmental disabilities. The Division also is responsible for Title XIX planning and service delivery of long-term care for these populations.

Vocational Rehabilitation Division (VRD) is responsible for financing and delivering services to individuals with disabilities including services to assist individuals in preparing for, obtaining, and maintaining employment.

2. Senior and Disabled Services Structure

The Senior and Disabled Services Division Central Office was realigned effective July, 1997. The realignment had several goals: 1) to demonstrate value; 2) to promote quality; 3) to develop resources; 4) to advance disability issues; 5) to enhance early intervention and 6) to promote independence. The major functions needed to achieve these goals, SDSD's mission and its statutory requirements were identified. Functions were assigned to one of five Central Office Sections.

The following organizational charts illustrate the realigned Central Office configuration.

3. Demonstration Personnel

In order to achieve the demonstration, a breadth of abilities and experiences will be needed. SDSD and its AAA partner sites have drawn on the abilities of the project Steering Committee over the past three years in development of the Independent Choices project. The Steering Committee constitutes the core project management team, and will call upon other resources from within SDSD, the partner sites and the Department of Human Resources depending on the issue at hand. Members of the Project Steering Committee include:

Project Steering Committee:

Julia Huddleston, Manager, Rate Setting and Audit Unit, SDSD

Ms. Huddleston has been employed by the Division for two years as manager of its Rate Setting and Audit Unit, responsible for ensuring the cost-effectiveness of service payments in both nursing facilities and community based care. Prior to coming to SDSD, Ms. Huddleston's employment was in the employee benefits field, providing administrative and actuarial consulting services for more than 15 years. Ms. Huddleston is a Masters' degree candidate at the Portland State University School of Business Administration.

Ms. Huddleston will function as Independent Choices Project Team Leader and is responsible to ensure the consistency of project implementation in the three partner sites; to ensure that all state and federal legal requirements are met; to oversee all resource contracts entered into by SDSD for project purposes; to oversee the independent evaluation contract and to supervise the Central Office project staff.

Each partner site Independent Choices program will be managed locally. Designated site managers and lead staff include:

Clackamas Area Agency on Aging

Vickie Palmer, Program Manager

Ms. Palmer's experience spans 25 years. She has worked extensively with Oregon's Medicaid in-home services, as a case manager and as a case manager supervisor since 1990. Ms Palmer was a member of the workgroup that successfully recommended extensive changes to the administrative rules governing in-home services. She has been a key member of the Independent Choices development team since the early 1990s.

Coleen Hoffman, Lead Case Manager

Ms. Hoffman has 23 years of case management experience, the last 14 of which have been with Clackamas County's in-home services program for elderly Medicaid clients and for Medicaid clients with physical disabilities. She has worked extensively with, and advocated for, consumers' rights to creative and self-directed service planning. Ms. Hoffman is lead case manager for the County unit that will provide coordination services to project participants.

Rogue Valley Council of Governments

Karen Hampton, Supervisor

Ms. Hampton has been employed by the Rogue Valley Council of Governments as a program supervisor within its Senior Services Office since 1996. From 1988 through 1994, Ms. Hampton was lead attorney at the Legal Aid Offices in Klamath County, Oregon. Ms. Hampton possesses both a law degree and a master's degree in public administration. Her 10 years experience dealing with client related Medicaid issues provide a valuable sounding board for project decisions.

Coos Multi-Services Office

Karen Snyder, District Manager

Ms. Snyder has been involved with social services for more than 25 years. The first 13 years, she was involved in agencies that serve children, including Children's Services Division. Since 1984, Ms. Snyder has been a manager for SDSD. There have been many changes during the past 14 years, but the mission of independence and dignity has continued. To Ms. Snyder, the ability to assist people to remain where they want to live is a wonderful part of what we do.

Greg Russo, Supervisor

Greg Russo has been involved in social services for 9 years. He began as a Food Stamp eligibility worker, then became a case manager prior to entering management. Over the years, he has become firmly convinced that the services SDSD provides have a profound effect on the client self concept and their outlook for the future.

Other Steering Committee members are:

Jeanette Toninato, Manager, Field Operations Unit, Field Services Section, SDSD

Ms. Toninato's social services career spans more than 20 years. She has experience of almost all direct service positions, having started as an eligibility worker, and progressed through supervisory and management positions in field offices. Ms. Toninato has been manager of the Field Operations Unit since 1996, and supervises eight district offices and their associated staff. As a district manager, Ms. Toninato has been involved in the development of the Independent Choices project since its beginning.

Laurie Sitton, Advocate

Ms. Sitton is a long term care client with quadriplegia who resides in a specialized living center in Portland. She is a Master's degree candidate in Urban and Regional Planning at Portland State University. Ms. Sitton serves on the Oregon Disabilities Commission as a member of its Services and Accessibility Committees and has served as chair of the City-County Advisory Committee on the Disabled. Ms. Sitton is a member of the

Vocational Rehabilitation Division Advisory Council, and was appointed by the Governor to serve as a member of the Medicaid Long-Term Care Quality and Reimbursement Advisory Council. She has worked in the development of the Independent Choices project since Oregon began its planning and development process.

Other Project Staff:

Judith Bernstein, Service Coordinator, SDSD

Ms. Bernstein has over 20 years experience with non-profit, governmental and private agencies in program development, evaluation and administration. Her focus in these programs has been towards planning services for the elderly and for persons with physical and developmental disabilities. Ms. Bernstein has also implemented gatekeeper projects for Oregon Area Agencies on Aging, and has experience in partnership development between businesses, community agencies and government.

Ms. Bernstein's responsibilities include development of the resource and referral networks, consumer outreach, and communications.

Kush Shrestha, Senior Researcher, SDSD

Mr. Shrestha has a Ph.D. in Demography and Research Methods and Statistics. He brings a combination of academic and program evaluation to the Independent Choices project. As SDSD's Senior Researcher, he is involved in impact studies of the Title XIX long-term care programs in Oregon from both a program and cost effectiveness perspective. Mr. Shrestha also has experience in local program development and implementation evaluation through prior employment with the United Nations Population Fund, as well as the Muncie, Indiana Area Agency on Aging. Mr. Shrestha has taught undergraduate courses in social research methodology and social statistics at Bowling Green State University in Ohio and at Western Oregon State University.

Mr. Shrestha is responsible for liaison activities with the Portland State University Institute on Aging. Mr. Shrestha will also be responsible, in conjunction with DHR Office of Information Services staff, for development of data collection systems as related to cost and caseload data.

Evaluation

Evaluation of the Oregon Independent Choices demonstration project will be independently conducted by the Institute on Aging of Portland State University, under contract with SDSO. (Terms of the contract are still under negotiation).

Stephen J. March, Ph.D., Program Director of the University's Senior Adult Learning Center will direct the evaluation, with oversight provided by Margaret B. Neal, Ph. D., Acting Director of the Institute on Aging and Professor, Department of Urban Studies and Planning. Brief curriculum vita for both Dr. March and Dr. Neal are found in Appendix B to this application.

4. Timelines and workplan

The proposed start date for the Independent Choices demonstration is February, 1999. A proposed timeline, showing completed tasks, is included.

INDEPENDENT CHOICES PROJECT TIMELINE

June, 1998

- | | |
|---|-----------------|
| 1. Complete development of project standards | completed |
| 2. Develop OARs | |
| Eligibility Rule | completed |
| Enrollment Rule | completed |
| Surrogates | in-process |
| Setting Payment Allocations | in-process |
| Monitoring and Reporting | in-process |
| Cash Accumulations | in-process |
| Disenrollment Rules | in-process |
| 3. Rules reviewed | September, 1998 |
| 4. Rules filed | November, 1998 |
| 5. Training and resource development/ consumer track | |
| 1. Identification of existing resources to be included | completed |
| 2. Identify curriculum for "basic training" for clients | completed |
| 3. Identify components of optional client training | completed |
| 4. Identify community resources | completed |
| 5. Develop community information meetings | in-process |
| 6. Community Information meetings | Fall, 1998 |
| 7. Develop curriculum for basic | Fall, 1998 |

- | | | |
|-----|--|------------------|
| | training meetings | |
| 8. | Deliver initial client basic training | January, 1999 |
| 6. | Training development / case manager track | |
| | 1. EDTU educated about project | completed |
| | 2. Identify basic training curriculum | in-process |
| | 3. Develop basic training | July, 1998 |
| | 4. Approval of basic training | August, 1998 |
| | 5. Deliver initial case manager training | Fall, 1998 |
| 7. | Develop communication materials | |
| | 1. Brochure | completed |
| | 2. Project Summary | completed |
| | 3. Client training and resource manual | in-process |
| | 4. Case manager working procedures | August, 1998 |
| | 5. Alternative formats | Fall, 1998 |
| 8. | Computer system changes | |
| | 1. Change order written | completed |
| | 2. Change order prioritized | completed |
| | 3. Change order implemented | December, 1998 |
| | 4. Changes tested | January, 1999 |
| 9. | Evaluation | |
| | 1. Formalize relationship with subcontractor | in-process |
| | 2. Assessment instrument developed | September, 1998 |
| | 3. Assessment instrument/client communications reviewed and approved | November, 1998 |
| 10. | Enrollment | December/January |
| 11. | Comparison groups created | |
| | December/January | |
| 12. | Baseline data collection | January/February |
| | 1. 360 assessment | |
| | 2. Sub contractor assessment | |
| 13. | Waiver approved | |

14. Enroll clients

1st of month after
approval

Chapter 4 **Evaluation**

Evaluation of the Oregon Independent Choices demonstration project will be independently conducted by the Institute on Aging at Portland State University, under the contract with SDSD.

Consumer-Based Hypotheses And Variables

The Independent Choices (IC) model is predicated upon empowering consumers through self-directed long-term care plans and purchasing services. Such empowerment is expected to enhance their independence, dignity, choice and well being. The specific consumer-based hypotheses' outcomes may be summarized as:

1. Consumer involvement in developing a self-directed service plan and controlling the implementation and management of the plan will lead to improved consumer satisfaction with long-term care services.
2. Consumers will experience greater independence due to their ability to participate in the care decision-making process by choosing, accessing and purchasing long-term care services.
3. Consumers will experience an overall improvement in the quality of their lives due to their ability to design and self-direct long-term care services.

Thus, the dependent variables necessary to evaluate these outcomes are to be gathered from the consumers, both the Independent Choice participants and non-IC consumers. The measures selected will match appropriate measures currently being collected in other demonstration projects, such as the "Independent Choices" project, as well as drawing on instruments currently in use by the University of Maryland and Mathematical for the "Cash and Counseling" project (October 1997 draft) in four other states or other similar evaluation projects and from generally acceptable standardized scales. Some standardization and replication will potentially allow for meta-analysis (United States General Accounting Office, 1992) of all of the consumer-choice-based alternative projects to ascertain on a larger scale, the key variables that may contribute to

success in such approaches. Both dependent and independent variables listed will test the consumer-based hypotheses perspectives.

System-Based Hypotheses

The Independent Choices model is predicated on consumer outcomes, there is an expected system-based outcome as well.

Consumers who participate in the Independent Choices program, directing and managing their own long-term care services, will be able to purchase more individualized support, care and services than those under the traditional case management service delivery system.

Under the system-based hypothesis, outcomes are measured in terms of whether or not participating consumers were able to purchase individualized support, care and services, which they could not have under the traditional case management system. For example, the IC consumer might use the service allocation money to purchase a microwave oven, which could enable the consumer to prepare or reheat foods without the help of a caregiver.

Research Design & Methods

Organizational Capacity

The evaluation of the hypotheses will be conducted independently by the Institute on Aging at Portland State University. Portland State University (PSU) is Oregon's urban public university located in downtown Portland, Oregon, the State's largest metropolitan area. Portland State is Oregon's urban university, responding to the special needs and interests of the greater Portland area and the region. One of the eight universities and colleges of the Oregon University System, PSU has nearly 18,000 students enrolled in programs at the baccalaureate, master's and doctoral levels.

The Institute on Aging (IOA) is a multi-discipline research and training unit housed within the College of Urban and Public Affairs at PSU. The College of Urban and Public Affairs offers Ph.D. programs in public administration and policy, regional science, and urban studies. In addition, a multi-

disciplinary Graduate Certificate in Gerontology may be earned through the IOA. Established in 1969, the purposes of the IOA are: (1) to design, carry out, and facilitate research on adult development and aging; (2) to develop training for persons interested in gerontological careers; and (3) to provide services to the community in the form of short-term training and technical assistance and by sponsoring specific service organizations for the aged. Of particular concern are the social issues, problems, policies, and programs that affect the quality of life for our rapidly aging population.

The professional staff at the IOA possesses a broad range of research, training, and public service skills. In addition, faculty affiliates come from departments and schools throughout the University, including psychology, sociology, economics, speech communication, urban studies, public administration and social work. Over the years, numerous private and public sources have supported research at the IOA, including the Administration on Aging, the National Institute on Aging, the Public Health Service, the AARP Andrus Foundation, the National Science Foundation, the Social Security Administration, the Meyer Memorial Trust, and local and state agencies. Faculty research interests include such topics as development and evaluation of long-term care policy and programs, family caregiving and work-family balance, social networks and widowhood, diversity in aging, housing environments, development and evaluation of training for health professionals, and planning for the aging of the baby-boom generation and beyond.

Research Design

The project, as designed, envisions a quasi-experimental Multiple-Group Time Series Design (Spector, 1981; Campbell & Stanley, 1963) consisting of a treatment group (those participating in the Independent Choices program) and a non-treatment comparison group matched on characteristics from eligible non-participants. The Independent Choices demonstration will be at three sites. The quasi-experimental design is necessary because of the voluntary participation in the Independent Choices program. This necessitates a non-random assignment of cases. This is a strong design when care is taken in matching of treatment (participating) and non-treatment (non-participating) cases.

In addition to matching on client characteristics using SDSD's Client Assessment and Planning System (CAPS 360), eligible non-participants who have been assessed equivalent on the basis of that assessment can be further matched. A pretest, created from the dependent variables below, will also allow for matching on well-being, locus of control, satisfaction and other pertinent variables. Careful selection of the non-treatment comparison group will control for selection bias in subject assignment. It may also provide a means of controlling for, or analysis of subject attrition. The two-group design allows for analysis using *t-tests and analysis of variance (ANOVA)*. The time-series design may also be analyzed using- *multivariate analyses of variance (MANOVA)* (Spector, 1981; Iversen & Norpoth 1987). These are standard statistical methods used for testing between group differences.

Non-participants will be oversampled by a factor of three (an initial oversample of five times may be used depending on response rates; response rates in Oregon have traditionally been relatively good in our experience, exceeding 50% with accurate population data which the state necessarily maintains) (March, 1997; Blackmer & March. 1996). SDSD anticipates 120 participants in the treatment group which would result in approximately 360 in the non-treatment group (with an initial pre-test of up to 600). This large oversample can compensate for attrition and non-participation among the non-IC population. These instruments will be completed by the care receivers or their designated proxy and mailed directly to the Institute on Aging offices in Portland, Oregon.

Dependent Variables

The primary evaluation of the Independent Choices program is based on client outcomes. These include independence or locus of control, client or consumer satisfaction and quality of life. Besides adaptation of instruments and scales currently in use nationally, some measures for dependent variables may be incorporated from the following:

- **Independence or Locus or Control:** Some health-related measures that will be selected from as a proxies for independence include:
 - a. who they receive their services from
 - b. services being purchased

- **Client Satisfaction:** Some client satisfaction measures for evaluation purposes:
 - a. satisfaction with services provided by service providers
 - b. satisfaction with services of case managers
 - c. satisfaction with IC training materials
 - d. overall satisfaction with SDSD program(s)
 - e. satisfaction with community based resources
 - f. quality of life
 - g. reasons for dropping out (if dropped out)
 - h. burden of responsibility for employing/managing caregivers

- **Quality of Life:** Including perceived health status:
 - a. perceived health status Items
 - b. unmet need and satisfaction with care
 - c. consumer as employer; responsibilities and burden
 - d. fiscal impact and responsibilities

Independent Variables

The Independent Variables include factors that might affect the outcome or dependent variables. They include such things as client characteristics, case manager characteristics, site or locations characteristics, and treatment differences. They will be selected from the following:

- Client Characteristics:
 - a. CAPS 360 assessment (SDSD), including current and prior services
 - b. additional client and surrogate characteristics and baseline information
- Site-location Characteristics & Community Resources:
 - a. employment or unemployment rate (Oregon Employment Division)
 - b. services availability (SDSD, AAA, other)
 - c. cost of living rates or scales (as available Oregon Employment Div.)
- Treatment or Implementation Differences:
 - a. review implementation to ascertain other possible site or location treatment or implementation differences that may affect outcomes (through case manager interviews).
 - b. attrition rates and types due to locational differences (as collected)

In addition, the system-based hypothesis thus requires additional outcome variables:

Dependent Variables (system based): In this analysis the outcome variables are measurements of services received:

- Client use and evaluation of services:
 - a. service utilization by participants and non-participants
 - b. evaluation of those services, particularly the individualized nature in comparison to those arranged in the case management system
 - c. case manager's evaluation of performance of program in serving clients
 - d. evaluation of training, materials and resources

Data Collection

The CAPS 360 assessment instrument is collected at regular six-month intervals by SDSD case managers. This data collection is conducted currently and will continue for treatment, non-treatment, and other SDSD clients; there will be no change in that process. The pre-test, and six-month follow-up will be conducted by mail. The completed questionnaires will be sent directly to the Institute on Aging at Portland State University. SDSD will not be informed of individual participation or non-participation in the evaluation, and in no way will that information be used in any way which could identify individuals or used to determine eligibility for any benefits.

The current time period anticipated for the evaluation project is three years (plus four additional months allowing for startup and final reporting period). That would indicate seven data collections in the period of evaluation (pre-test, plus six six-month follow-ups in the period from January 1999 through April 2002).

Data Analysis

Data Analysis will be conducted at Portland State University's Institute on Aging. The State of Oregon's SDSD data will be downloaded from the state's mainframe database of files containing the CAPS 360 and relevant data for matching of the control and treatment groups, as well as the time series follow-up interval data collection which is regularly collected by case managers. The CAPS 360 instrument is used for case management and pre-admission screening, and is used in regular periodic intervals (six months). Demographic data, such as age, marital status, living situation, legal care responsibility, income, financial resources and social support are gathered. Items related to the individual's particular situation and condition are included in the tool, such as activities of daily living (ADLs), medical diagnosis (based on the International Classification of Diseases, or ICD codes), information on instrumental activities of daily living (IADLS) and mental health needs. In addition, preventative health needs and rehabilitative and restorative therapies are also noted and tracked, as well as outcomes. Taken in concert, these variables allow for careful matching of Independent Choices participants and non-participants on a myriad of aspects.

Survey instruments completed by the IC participants, the non-treatment comparison group individuals and case managers will be collected and entered into databases at the Institute on Aging. Secondary data, such as site/location cost of living data will be gathered and coded to the respective Individual data. Analysis will be conducted on personal computers using *SPSS for Window*. Statistical analyses appropriate to the data will include ANOVA, MANOVA, and t-tests for some analyses.

Human Subject Protection

In response to federal mandate, Portland State University, like all other research universities, has established a committee, the Human Subjects Research Review Committee (HSRRC), to review and evaluate all proposed research that uses human subjects. This review is to insure that risks to human subjects are minimized, benefits of the research outweigh risks, the sample selection is equitable, and, subjects are fully informed about the research and voluntarily consent to participate, and this consent is documented. The Institute on Aging is dedicated to complying with both the letter and the spirit of the guidelines. Participation in the survey portion of the research is voluntary and will not be individually reported to SDSD or in analyses.

Chapter 5 Cost and Caseload

Rationale for the Demonstration

SDSD proposes to implement the Independent Choices program to continue Oregon's tradition of innovation and responsiveness to consumer desires. Independent Choices provides selected Medicaid long-term care consumers with maximum flexibility, greater autonomy and increased decision making power. It represents the next step in Oregon's efforts to promote independence and self-determination.

Oregon wants to test the Independent Choices model as an addition to its existing service options. Consumers who choose the Independent Choices option maximize flexibility and self-direction by taking responsibility for arranging, directing and purchasing their own care without some of the limitations imposed by categorical and procedural requirements. They will receive assistance and training in assessing their needs, and counseling about available long-term care service alternatives, accessing and successfully using those services, and functioning as employers. Consumers will make their own arrangements with service providers, and will pay providers directly from the service allocation provided. Independent Choices will allow consumers considerably more flexibility in putting together a plan of services than do existing service options, including the Client Employed Provider Program.

Current Program and Proposed Demonstration

Current Program

The State of Oregon currently provides in-home services under its Section 1915(c) waiver to 10,911 persons per month. In-home services are designed to reduce or prevent inappropriate institutionalization by maintaining, strengthening or restoring an individual's functioning. The services within this program are provided by individuals who have demonstrated their capability to perform the authorized tasks through direct observation, formal training, life experiences or employment records, as specified by current Oregon administrative law.

All services provided include the provision of non-medical transportation necessary for implementation of the care plan. In-home services may be provided on an hourly or live-in basis. The care includes providing or assisting with:

1. Activities of Daily Living (ADL) Care: eating/nutrition, dressing, bathing/personal hygiene, mobility, bowel and bladder and behavior.
2. Instrumental Activity of Daily Living (IADL) Care: medication management, transportation, meal preparation, shopping, laundry and housekeeping.

An RN consultant is utilized as needed for instruction, training and ongoing reassessment of those clients who are dependent in any ADL.

In-home services may be provided by contracts with agencies employing and supervising home care specialists, or by client-employed providers (CEP) who are private individuals, employed and directly supervised by the client, and who have demonstrated the skills necessary to meet the individual client's needs. The case manager is responsible for verifying that the provider has the training, education and experience required to perform the tasks.

The case manager is also responsible for ensuring the caregiver's ability to perform or assist with any ADL need, and his or her competency to provide or assist with IADL needs. When clients need assistance with ADLs or IADLs, the case manager is responsible for verifying that the care provided meets the identified needs. The case manager may obtain the services of a professional service contract registered nurse to observe, instruct and evaluate a provider. CEPs are subject to a criminal records check, conducted by SDSD employees, at SDSD expense.

Providers sign an enrollment agreement with the Division and all payments to providers are made through the State's Medicaid Management Information System (MMIS), which retains a record of all provider payments.

During the month of December, 1997, 9,181 persons received in-home services through Client Employed Providers.

Proposed Demonstration

The State of Oregon proposes to provide in-home services under a Section 1115 waiver for its Independent Choices demonstration project. The State plans to initial limit enrollment to no more than 100 persons at each of three partner sites or 300 in total. After the first year of project operation, Oregon will evaluate the appropriateness of the program for statewide implementation. For purposes of this demonstration, statewide enrollment will be capped at 100 persons in each of 20 AAA districts or 2,000 persons in total.

In-home services are designed to reduce or prevent inappropriate institutionalization by maintaining, strengthening or restoring an individual's functioning. Services within the Independent Choices program will be provided by individuals screened and selected by consumers on the basis of training and experience.

Project participants must ensure that services provided include the provision of non-medical transportation necessary for implementation of the care plan. Services under the demonstration may be provided on an hourly or live-in basis. The care includes providing or assisting with:

1. Activities of Daily Living (ADL) Care: eating/nutrition, dressing, bathing/personal hygiene, mobility, bowel and bladder and behavior.
2. Instrumental Activity of Daily Living (IADL) Care: medication management, transportation, meal preparation, shopping, laundry and housekeeping.

An RN consultant may be utilized as needed for instruction, training and ongoing reassessment of those clients who are dependent in any ADL.

Services under the Independent Choices program must be provided by caregivers who are private individuals, employed and directly supervised by the client. Project participants agree to be responsible for verifying that the provider has the training, education and experience required to perform the tasks. Participants will also assume the responsibility for ensuring the caregiver's ability to perform or assist with any ADL need, and his or her competency to provide or assist with IADL needs. Project participants will be required to maintain hourly pay records that the Division may audit on

demand. These hourly pay records must clearly verify that the care being provided meets the identified care need.

Participants may obtain the services of a professional service contract registered nurse to observe, instruct and evaluate a provider. The Division shall, at the participant's sole discretion, perform a criminal records check for a caregiver at the Division's expense.

Service allocations shall be paid to participants prospectively through the MMIS. MMIS shall retain a record of all participant payments. Payments must be made directly to the participant's or surrogates Independent Choices checking account. Oregon is negotiating a pro bono arrangement through a consumer bank located in all parts of the state. Consumers must additionally agree, as a condition of project participation, that transaction records and statements of this account will be made available to local office staff at any time that the account is overdrawn, or on demand. (Bank staff will notify local office staff in case of a participant overdraft.) Consumers who become overdrawn must additionally attend a community budget management training that will be selected by local office staff. SDSD Central Office Audit Unit staff will randomly sample representative Independent Choices participant accounts on a monthly basis to ensure compliance with the terms and conditions of the project.

Surrogates will agree, as a condition of project participation, that statements of their Independent Choices account will be forwarded to Audit Unit staff monthly for review.

Budget Neutrality

Services to be Cashed Out for the Demonstration

Oregon proposes to pay project participants a service allocation, calculated in the method described below, for the following services that are included as part of the state's Section 1915(c) waiver, dated October 1, 1996. A copy of the waiver is attached as Appendix C.

1. Transportation, as defined on page 28.
2. In-Home Services, as defined on page 37.

Project participants continue to be eligible, under terms of the Section 1915(c) waiver, for the following services, which will not be cashed out.

1. Respite care, as defined on page 18.
2. Environmental accessibility adaptations, as defined on page 27.
3. Personal Emergency Response Systems, as defined on page 30.

Service Costs for Demonstration Participants

The Senior and Disabled Services Division believes that the Independent Choices demonstration will be budget neutral since service allocations to project participants will be calculated and capped in the same way in which service allocations for In-Home Services are currently calculated and capped for purposes of Oregon's Section 1915(c) waiver.

Briefly,

1. All project participants, both at inception of the project and over the length of the demonstration, will meet all functional and financial eligibility requirements to receive services under Oregon's Community Based Care Services waiver.
2. Project participants must additionally meet the requirements of the In-Home Services Program. (See Appendix A, which is current Oregon Administrative Rule regarding the In-Home Services program.) Project participants must be served within the Client Employed Provider (CEP)

portion of that program, or must have both the ability and the willingness to receive needed care through that program.

3. SDSD will calculate service payment amounts under the Independent Choices demonstration in the same manner in which a service payment is calculated for CEP services. This reimbursement methodology allows the Division to ensure that the project is budget neutral when compared to current in-home services offered under the Section 1915(c) waiver.

4. Maximum hours of service authorized for project participants will be based on assignment of care needs as minimal, substantial or full, as assessed through the CAPS 360 tool. Assignment to the proper category is made through the automated computer system. This same system to assign maximum authorized hours is used in the CEP program.

5. Hours are assigned in the Independent Choices project based on Oregon Administrative Rule 411-30-070 (1). This rule is more commonly used to assign hours of service in the CEP program.

6. Service payment rates for community based care providers are set by the Division, on a statewide basis, under the authority of OAR 461-155-270. To set the Independent Choices service allocation, the Division will use the same hourly wages as would be paid under the CEP program. As of July 1998, these rates are \$6.50 per hour for minimal and substantial assistance hours, and \$6.72 per hour for full assistance hours.

7. Project staff will apply the category of need determined through the CAPS 360 assessment to project consumers, and use that need category to determine service hours available for ADL and self-management tasks. Those hours will then be multiplied by the appropriate hourly wage to set the base Independent Choice allotment. (OAR 411-30-070 (1) and (2)) *This base allotment will exactly equal the direct wage payment that the Division makes on behalf of a comparable client under the CEP program.*

8. In the CEP program, the Division pays the employer FICA share of 7.65 percent of the wage (OAR 411-30-060(10)(b)(A)). Base Independent Choices allotments will be increased by this amount allowing project participants to correctly make required FICA contributions on behalf of their employees. Base allotments to project participants will also be increased by the employer share of Unemployment Tax that the Division currently

pays in the CEP program. (OAR 411-30-060(10)(b)(B)). *The base allotment, plus the fringe benefit additions, will exactly equal the direct wage payment plus fringe benefits that the Division makes on behalf of a comparable client under the CEP program.*

9. CEP program payments are also increased by the cost of non-medical transportation that allows the client to gain access to community services, activities and resources specified by the plan of care. Project staff will increase service allotments to participants by the payment that would be made for care plan related mileage under the CEP program. *Again, the base allotment, plus the fringe benefit additions, plus the mileage payments will exactly equal the direct wage payment plus fringe benefits plus mileage that the Division makes on behalf of a comparable client under the CEP program.*

This process will be used both for clients currently receiving client employed provider under the Section 1915(c) waiver who choose to participate in Independent Choices and for new clients who opt to participate in the Independent Choices program directly after establishing eligibility.

Uses of the Cash Benefit

SDSD anticipates that most Independent Choices consumers will use their cash payment received to increase caregiver hourly wages to more than the level currently paid by the Division. Consumers believe that the ability to increase provider pay enhances the consumer's ability to access quality and continuity of care. Data on provider wages will be collected as part of the monitoring function performed by the Central Office Audit Unit for both consumers and for surrogate decision makers, and forwarded to Institute on Aging project staff.

Consumers able to accumulate cash may hold that cash in a contingency fund as long as the consumer designates a purpose for the use of the funds, and has agreement from the local project staff. Funds may be accumulated to cover future expenses that do not have another funding source and that will support the consumer's ability to remain as independent as possible. Funds will accumulate in the Independent Choices account until enough money has accumulated to meet the purpose designated by the consumer. At the conclusion of the

demonstration project, any accumulated cash that has not been designated for contingency fund use will be returned to the State of Oregon. Monthly amounts accumulated by project participants will not negatively impact future service payment allowances. Growth and use of consumer contingency funds will be routinely monitored by Audit Unit staff, and reported to Institute on Aging staff for additional analysis.

Surrogate decision makers will not be permitted to accumulate cash, since we feel that this ability may have an adverse effect on the quality of care provider and services that surrogates arrange.

Data Sources

Oregon plans to use its Medicaid Management Information System to provide routine reporting on both treatment and comparison group participants.

Service plan hours and payments for both treatment and comparison group participants are tracked using the “In-Home Authorization and RN Plan of Care” form 546, a copy of which is found in the Appendix. Data from this form is then entered directly by the worker into the MMIS. Project staff is working with DHR Office of Information Services to add unique identifiers for treatment and comparison group participants to the MMIS. These identifiers will be transparent to partner site workers, but will allow comparative data to be accurately provided to Institute on Aging staff.

Oregon will request that the Independent Choices service payment to consumers, and any resulting contingency fund accumulation, be exempt from assessment as either an income source or as an asset for Title XIX programs, SSI, food stamps and other Federal programs based on income and/or assets.

As previously stated, enrollment in the demonstration will initially be limited to 300 participants in the treatment group, and 300 participants in the comparison group. The expenditure limit for participants in both the treatment and comparison groups will be established prospectively, using the allocation method discussed above. Expenditure limits for both groups will be examined semi-annually on a retrospective basis. Participants in the comparison group will continue to receive identified Medicaid services as usual under the Home and Community Based Waiver Program. The

State will be at risk for treatment group expenditures that exceed the previously identified payment limits.

Oregon requests that the Health Care Financing Administration enforce budget neutrality over the life of the demonstration, rather than on an annual basis.

Administrative Costs

Oregon believes that over the life of the demonstration, the Independent Choices program will have no impact on administrative costs when considered in relation to administrative costs under current waived programs.

The Medicaid Management Information System will be used to collect data on per capita and aggregate service costs in both the treatment and comparison groups.

Many of the indirect costs of program administration for project participants are also incurred for participants in the waived CEP program. For example, Oregon provides assessment, care planning, on-going case management and quality assurance oversight for all recipients under its section 1915(c) waiver. Oregon will use historical data concerning these costs for recipients under the 1915(c) waiver to establish an expenditure limit for Independent Choices participants. The State will be at risk if demonstration program expenditures exceed this limit. The State will review aggregate data for the Home and Community Based Waiver administrative costs annually, and if necessary, adjust the expenditure cap for the Independent Choices demonstration accordingly.

Grant funding provided by the Robert Wood Johnson Foundation is being used by Oregon to develop the community resources that will be available to project participants. Oregon intends that, after initial development of these resources is complete, the resources will be self-supporting and available to project participants on a participant-funded basis.

Research Costs

Grant funding provided by the Robert Wood Johnson Foundation is being used by Oregon to develop and implement the project evaluation through Portland State University.

Exhibit 5.1 illustrates Oregon's In-Home Services Programs during the period from the Federal Fiscal Year starting October 1, 1996 through the FFY ending September 30, 2001.

In-Home Services include both the Client Employed Provider Program and the In-Home Agency Services Program. Costs and caseload through the period are illustrated for both.

Cost growth is based on historic averages for both programs. The cost per case shown for the Client Employed Provider Program is based on the weighted average cost per case for live-in and hourly care.

	FFY 96-97	FFY 97-98	FFY 98-99	FFY 99-00	FFY 00-01
In-Home Services					
Projected Annual Expense	\$64,657,033	\$ 82,053,977	\$91,720,556	\$106,879,142	\$121,546,291
In-Home Agency					
Cases	1,344	1,344	1,344	1,344	1,344
Cost Per Case	\$1,025.83	\$1,056.59	\$1,088.30	\$1,120.95	\$1,154.60
Total Funds	\$1,378,710	\$1,420,055	\$1,462,672	\$1,506,551	\$1,551,786
Client Employed Provider Program					
Cases	12,278	13,742	15,381	17,215	19,268
Cost Per Case	\$5,153.80	\$5,867.70	\$5,868.14	\$6,120.98	\$6,227.66
Total Funds	\$63,278,323	\$80,633,922	\$90,257,884	\$105,372,591	\$119,994,505

Exhibit 5.2 demonstrates cost of the Client Employed Provider Program, based on historic data on both the live-in and hourly programs. Caseload growth is forecasted based on trending over the most recent 24 month period. Cost per case has been forecasted anticipating legislatively mandated increases in provider wages, increasing impairment (and consequently greater service need) of clients and inflationary increases.

	FFY 96-97	FFY 97-98	FFY 98-99	FFY 99-00	FFY 00-01
Client Employed Provider Program					
Cases	12,278	13,742	15,381	17,215	19,268
Live-In	1,989	2,048	2,107	2,186	2,216
Hourly	10,289	11,694	13,274	15,029	17,052
Cost Per Case*	\$5,153.80	\$5,867.70	\$5,868.14	\$6,120.98	\$6,227.66
Live-In	\$8,661.36	\$8,988.96	\$9,291.12	\$9,388.32	\$9,718.92
Hourly	\$3,770.88	\$4,095.72	\$4,535.28	\$4,821.36	\$4,947.24
FICA/UI	\$590.76	\$1,042.92	\$681.36	\$719.64	\$731.64

* Averages include costs of non-medical transportation included as part of service plan

Exhibit 5.3 is based on data from the three Independent Choices partner site location from January, 1997 through May, 1998.

<u>Service Type</u>	<u>Number of Clients</u>	<u>Percentage</u>
Client Employed Provider - Hourly	1,565	88.9
Client Employed Provider - Live In	124	7.0
Respite Companion*	15	0.9
Spousal Pay **	56	3.2
	1,760	100.0

* will not be cashed out in demonstration

** not eligible for demonstration participation

Partner site authorized hours

	<u>Average hours</u>	<u>Minimum</u>	<u>Maximum</u>
Authorized hours	58.66	1.0	399.0
Hourly Wage	\$5.83	\$2.79	\$8.04
Total Payment	\$280.94	\$ 5.53	\$ 1,518.50

Chapter 6 **Public Input**

Public input and consensus building have been a key part of the design of the Independent Choices project for the past few years.

SDSD's design process began in 1994, when a workgroup of SDSD and Area Agency on Aging (AAA) staff, representatives of the Oregon Disabilities Commission, members of local Disability Services Advisory Councils and consumers began to meet to draft a proposal for the Robert Wood Johnson Foundation's "Cash and Counseling" initiative.

Prior to submission of a Letter of Intent to participate in the Cash and Counseling initiative, the Division, as required by Oregon Administrative Rule, presented the project to the Legislative Assembly for its approval to participate. Oregon's participation was approved in November 1995.

While Oregon was not asked to participate in the Cash and Counseling initiative, the workgroup continued to meet and refine the Oregon cash and counseling initiative towards the Foundation's Independent Choices initiative. The group expanded at that time to include consumer, advocate and provider representatives from the Medicaid Long-Term Care Quality and Reimbursement Advisory Council (MLTCQRAC), a group created in 1995 to advise the Division Administrator on issues related to Medicaid reimbursement. Representatives are appointed by the Governor, the President of the Senator, the Speaker of the House, the Governor's Commission on Senior Services and the Oregon Disabilities Commission.

Each of the three partner sites has created an advisory group of consumers to review project staff efforts in resource development and communications. These advisory groups normally consist of representatives of the local Disability Services Advisory Council and the local Senior Advisory Council, as well as clients who have expressed an interest in the program.

A Project Steering Committee meets regularly to discuss operational issues. The Steering Committee includes partner site staff and management, SDSD project staff, management and consumers.

Project presentations have been made to the 1997 annual meeting of the Oregon Association of Area Agencies on Aging, the statewide Disability Services Advisory Council, the Governor's Commission on Senior Services, the MLTCQRAC, and the state association of Independent Living Councils. Consumer informational meetings are planned for later in 1998 at each of the three partner sites. Meetings of the groups mentioned in this paragraph, as well as those of the Project Steering Committee, are open to members of the public.

Finally, at least 30 days prior to project implementation, the Division will provide formal notice of the Independent Choices project, and receive and act on public comment, in accord with Oregon's administrative procedures act.

Chapter 7 **Waivers Requested**

The State of Oregon requests a Medicaid research and demonstration waiver under the authority of Section 1115(1) of the Social Security Act. Oregon requests this waiver for an initial period of 3 years. This waiver is requested to test a new reimbursement method for in-home services, referred to in this application as the “Independent Choices Project”. Oregon requests waiver of the sections of the Act listed below:

Section 1902(a)(1) regarding Statewideness, to permit Oregon to initially operate the Independent Choices demonstration within an area that does not include all political subdivisions.

Section 1902(a)(10)(B) regarding Comparability, to permit the provision of services under the demonstration that will not otherwise be available under the State Plan. Benefits may vary in amount, duration and/or scope by individual based on assessed need.

Section 1902(a)(10)(C)(i) regarding Income and Resource Rule, to permit the exclusion of payments received under the Independent Choices demonstration from the income and resource limits established under Federal and Oregon law for Medicaid eligibility. Project participants will also be permitted to accumulate cash in a separate account for needed contingencies.

Section 1902(a)(27) regarding Provider Agreements, to permit the provision of care by individuals who have not executed a Provider Agreement with the Division.

Section 1902(a)(32) regarding direct payments to providers, to permit payments to be made directly to project participants or their beneficiaries.

Section 1902(a)(37)(B) regarding Payment Review, since prepayment review will not be available for disbursements by individual participants to their providers.

Waiver services will not be furnished to individuals who are inpatients of a hospital, nursing facility, intermediate care facility for the mentally retarded,

adult residential care, specialized living services or residential care facilities.

Oregon additionally requests that, under the authority of section 1115(a)(2) of the Social Security Act, the following expenditures made by Oregon for the costs identified below (which may not otherwise be included as a matchable expenditure under section 1903) shall, for the duration of the project, be regarded as expenditures under Oregon's Title XIX plan:

1. Expenditures to employ members of a participant's family as caregivers.
2. Expenditures regarding payment for the provision of services to recipients. Specifically, payment will be provided to recipients prior to delivery of services.
3. Expenditures to provide non-traditional services that are presently not included as optional State Plan services under Title XIX; i.e. to provide for optional training and fiscal intermediary services.