Testimony Before
U.S. Senate Finance Committee
Dirksen Senate Office Building
Washington, D.C.
September 25, 2007

by

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Senator Baucus, Senator Grassley, and members of the Finance Committee. My name is Kevin W. Concannon and I appear before you today as the Director of the Iowa Department of Human Services. The Iowa Department of Human Services has the lead state responsibility for operating the Medicaid and SCHIP programs, TANF, Child Care Assistance, Child Welfare, Child Support Recovery, Mental Health and Mental Retardation Services, Food Stamps, and Emergency Services. Iowa DHS operates nine (9) state institutions, four psychiatric hospitals, two resource centers for people with mental retardation, two state institutions for juvenile offenders, and a special treatment center for chronic sexual offenders. We also maintain field offices in each of Iowa's 99 counties and, over the course of a year, directly provide services to 997,000 Iowans on an unduplicated basis, approximately one third of our population.

I am pleased to be here today to offer testimony regarding Iowa's myriad efforts and initiatives developed over a period of years to provide alternatives to institutional care. Currently Iowa operates seven (7) Home and Community-Based Waiver services focused on the following categories or conditions: AIDS/HIV waiver, Traumatic Brain Injury waiver, Elderly Services waiver, Ill and Handicapped waiver, services to people with mental retardation, physical disability services, and a Children's Mental Health waiver. The waivers for Elderly, Ill and Handicapped, and Mental Retardation serve the largest number of people (approximately 18,000 of the 23,000 people served in Iowa's HCBS waivers.)

The number of Iowans served has grown over the years from 1984 to the present with intermittent state efforts to reduce or eliminate waiting lists. No waiting list exists in the Elderly Services waiver, a small waiting list in Mental Retardation, and new appropriations represent specific effort to reduce waiting in our Children's Mental Health waiver.

Enrollment has grown by 10%-12% annually since 2003 and expenditures have grown from $176 million in 2003 to $348 million in 2007, or approximately 15% annually. As allowed by CMS, Iowa has enrollment and expenditure caps in the waiver programs. The caps are largely due to state budget constraints. However, enrollment, utilization, and expenditures have grown steadily demonstrating Iowans overwhelming choice to live in the community and the state's commitment to providing and promoting these options.

Iowa is also committed to innovative approaches that promote independence. Iowa implemented a "self direction" option called "The Consumer Choices Option." This allows Medicaid waiver consumers, who choose to do so, to manage their own services and providers. Members are given a budget equal to their need from which to purchase services that most fit their needs and choices. The budget is managed by a fiscal agent, Iowa's largest credit union is providing services statewide. There is an Independent

Support Broker who provides direct assistance. Among its many features, Consumer Choices may allow relatives to be reimbursed for care.

I would like to draw the Committee's attention to our most recent Iowa developments in this HCBS sphere. 1) The introduction of the Iowa Consumer Choices Option, initiated statewide on July 1, 2007, and a choice to any person enrolling in any of Iowa's six HCBS waivers; 2) The implementation of the Iowa Children's Mental Health waiver which allows parents who previously needed to relinquish custody in order to qualify for mental health care to now access such publicly supported care; 3) Iowa's award of a CMS grant in the category of "Money Follows the Person" to provide non-institutional choices to current residents of ICF/MRs over a five year period and; 4) Iowa's utilization of the Deficit Reduction Act provision which allows states to implement a Medicaid State Plan Amendment targeted at replacing "Adult Rehabilitation Services" with a State Plan Amendment entitled "Habilitation Services". This provision better suits the population previously served under Adult Rehabilitation without the requirement of being at risk of institutional level of care in order to qualify.

I. We are very enthusiastic about our Iowa Consumer Choices option available to all Home and Community-Based Services' waiver enrollees. "Cash and Counseling" is often the shorthand characterization of this option to set aside Medicaid funds in a financial institution (Iowa Credit Union) to provide Financial Management Services alongside the services of an Independent Support Broker which allows the consumer to directly contract with individual providers or organizations for care. Consumer choice, autonomy, appropriate service responsiveness, are all enhanced by this choice. As of this date, some 250 Iowans are taking this option which is expected to grow to match the percentages seen in other states which pioneered this option. It is about choice, quality, and autonomy and also may lend itself to more rural areas where health workforce shortages exist in the health workforce.

II. Children's Mental Health – Iowa sought this waiver in combination with proposed changes in our law to help parents secure mental health care for their children without the anguish and terrible dilemma of "custody relinquishment" still required in one-half of the states in the United States when parents are either not poor enough to qualify for Medicaid or SCHIP and who do not have adequate mental health private insurance. Iowa implemented in July 2006 and this current year will double the number of children and families so served.

III. Iowa's "Money Follows the Person Grant" from CMS is focused on our population with Mental Retardation who reside in Intermediate Care Facilities (ICF/MR) for people with mental retardation, both public and private. Iowa currently has the sixth or seventh highest rate of ICF/MR usage. Over five years we will be utilizing these enhanced dollar resources to provide and expand community choices for current ICF/MR residents in keeping with the Olmstead Supreme Court Decision.

IV. Deficit Reduction Act. Iowa Habilitation Services. Beginning in 2001, and previous to DRA, Iowa operated the Adult Rehabilitation Option (ARO) to attempt to address the needs of the Chronically Mentally Ill in the community. Iowa was one of the first states to have its ARO program audited by the Office of Inspector General (OIG). The audit found some services provided were not rehabilitative, which resulted in a six million dollar payback. The key problem for Iowa and many other states was that there wasn't a way under Medicaid to meet the long-term habilitative needs of the Chronically Mentally Ill, as there are for other populations under the HCBS waivers. This is because in order to be eligible for HCBS waiver services, the member must meet an 'institutional level of care' (meaning nursing facility, ICF/MR or hospital). Most of the time, the CMI population does not meet this level of care, but still has a very real need for the type of community services provided under the waivers. Section 6086 of the DRA gave states, for the first time, the opportunity to provide long-term 'habilitative' community services. The key difference between the DRA and the HCBS waivers is that home and community based services can now be provided to individuals based on their meeting functional or needs based criteria -- without needing to meet an institutional level of care.

Iowa redesigned the former ARO program and replaced it with a 'Remedial Services Program', which uses a medical model that also fits with CMS proposed regulations, and the new Habilitation Services program under the DRA. Iowa developed our needs based eligibility criteria in collaboration with CMS. Habilitative services are available to any Medicaid recipient who demonstrates 'risk factors' and a need for services that are typically associated with a chronic mental illness. Services include home-based habilitation, day habilitation, pre-vocational services and supported employment.

V. Finally, I wish to point out Iowa's efforts to assure quality in Home and Community Based Services (HCBS) programs. We have been strengthening the program(s) and Iowa's systemic ability to assure quality, especially so over the past three years. Iowa has redesigned our Quality Assurance/Quality Improvement system for the HCBS, and Habilitation Services in ways that integrate all aspects of CMS's Quality Framework. Our plan is called Inclusion through Quality (IQ). CMS has approved the new system submitted in section H of the waiver application and has worked with Iowa to assure the implementation is occurring.

Thank you for the opportunity to brief you on some of the activities and initiatives in Iowa's Medicaid system. I would be pleased to answer questions from the Committee.

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