

Agency for Persons with Disabilities Budget Update

June 30, 2005

Recent newspaper stories have pressed the issue that the Agency for Persons with Disabilities (APD) will return a budget surplus for the 2004-05 fiscal year ending 30 June 2005 while a waiting list for services remains. To date, published stories have failed to disclose all relevant facts related to the issue. In response, the following information has been compiled to answer as many pertinent questions as possible.

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History

In October 2004, APD became an agency separate from the Department of Children and Families, specifically tasked with serving the needs of Floridians with developmental disabilities. Prior to that time, it existed as the Developmental Disabilities Program.

Since 1999, funding for developmental disabilities has increased 144 percent. This is due to the unprecedented leadership of Governor Jeb Bush and generous support from the Florida Legislature.

In years past, funding for DD increased annually, but so did costs. The program was unable to move individuals from the wait list to services because the costs of services for those already on the waiver were increasing, consuming any budget increase. This was not the intent of the Legislature.

The Agency received direction from the Legislature to contract an independent study of rates and to develop a uniform rate structure. The Agency contracted with Mercer and a rate structure was established and implemented during the 2003-04 fiscal year. The Legislature also included the following proviso language:

"The implementation of the standardized reimbursement rate system for current consumer services shall not exceed \$8.6 million in state funds on an annual basis. *If at any time, based on the analysis of the Department, the implementation of the standardized reimbursement rate system is expected to exceed this appropriated amount, the Department shall implement provider rate reductions within 30 days in order to remain within the appropriation.*"

In November 2003 the Agency projected a budget shortfall of approximately \$30 million dollars. At that time, Mercer was consulted and the rates of two of the thirty-four available services were adjusted. The result was that the Agency finished the fiscal year within .002 percent of budget. A large part of that turnaround is due to rate stabilization.

The program has gone from perennial budget deficits to last year's budget precision.

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Maximus

For the past three years, APD has contracted Maximus Inc. to conduct Prior Service Authorizations.

Any implication that Maximus is paid for denying services is false and misleading. The primary function of Prior Service Authorizations conducted by Maximus is to optimize services to individuals, not to reduce expenditures. The state entered into a contract with Maximus for a set amount. The contract was structured at a fixed amount specifically to exclude any financial incentive for Maximus to deny services. Cost plans reviewed by Maximus are analyzed by interdisciplinary teams of certified physicians, dentists, registered nurses, certified behavior analysts, psychologists and qualified mental retardation specialists (QMRPs) and based on reports from personnel who have examined clients, their families, and their situations first hand. As of January 2005, three in four cases reviewed by Maximus have been approved for all services requested.

The process of Prior Service Authorizations and Maximus in particular have been the targets of much criticism in the discussion of budget issues while the two main factors involved have gone largely ignored.

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Front-End Edits

The state has begun to utilize technology to screen the billing process in a system of "front-end edits." Claims for compensation for Medicaid services are screened by the Gatekeeper system, which identifies inaccurate or incomplete data before claims are paid. The current fiscal year is the first in which this system has been used. The Agency went to great lengths to provide Direct Provider Billing training to ensure providers and support coordinators would be prepared for this new system. While Maximus has conducted Prior Service Authorizations for three years, this is the first year Gatekeeper has been in use and the results have been significant.

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New Waiver - FSL

Additionally, in the 2004 Legislative session, the Agency was funded to begin a new program, the Family and Supported Living (FSL) waiver. The program was fully funded at the beginning of the current fiscal year. In order to begin utilizing the new waiver, clients had to be recruited and educated for services under FSL. The process of bringing the number of clients within FSL to approximately 1,900 (just below capacity) required a significant amount of time (the first three quarters of the year), resulting in a one-time occurrence in which there were not enough clients in the waiver for enough time to fully utilize the annual appropriation for the program.

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Current Situation

The combination of these factors as first-year implementations has contributed to the budget anomaly the Agency is currently experiencing. We must also take under consideration that Medicaid service providers have up to twelve months to bill for services, shifting to the next fiscal year obligation for services provided in the current year.

The Agency has received proviso from the Legislature that any recurring surplus for the next fiscal year must be used to reach the waiting list. However, any projected surplus for the current year must be kept in context. Clients moved from the wait list to services must continue to receive services regardless of future budgetary conditions.

APD places a very high priority on reaching persons on the wait list. We are pleased to have already begun the process of contacting the next 1250 people on the list and anticipate that we will soon begin to contact an additional 1250.

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This Agency exists to serve persons with developmental disabilities. There is no desire to withhold services for any monetary concern and there is no incentive to return a surplus. To the contrary, we have a mission, goal and aspiration to serve as many needy Floridians with disabilities as possible.

As an agency of the State of Florida and a conduit of both state and federal funds, we must act within the mandate, directions and restrictions set forth by the bodies which govern us. We are grateful for the funding and support of the Florida Legislature. We are, however, bound to proviso and statutory governance.

While APD would like to use any unspent funding to serve those on the wait list, we must be mindful that the projected surplus amount is likely a one-year anomaly brought about by the first-year implementations of the new waiver and the system of front-end edits, compounded by the extended allowable billing time for Medicaid services. We must be careful that we remain within the fiscal restraints of future appropriations and recurring surplus amounts.

The Senate has requested a report from the Office of Program Policy Analysis and Government Accountability. We look forward to the results of their study. Should it reveal any ways in which the Agency may better deliver services to persons with developmental disabilities, we will use it as an opportunity to adjust our practices to benefit those we serve.

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