



STATE OF WASHINGTON

December 24, 2014

The Honorable Troy Kelley
Washington State Auditor
P.O. Box 40021
Olympia, WA 98504-0021

Dear Auditor Kelley:

Thank you for the opportunity to review and respond to the State Auditor's Office (SAO) performance audit report, "*New Freedom Consumer-Directed Services*." The Office of Financial Management worked with the Department of Social and Health Services (DSHS) to provide this joint response.

We appreciate your thorough review and analysis of the New Freedom Consumer-Directed Services waiver. The SAO team explored a wide breadth of aspects related to the New Freedom program, resulting in actionable and insightful recommendations. The data related to consumer satisfaction and comparison of health outcomes and costs is especially helpful as DSHS develops and implements the Medicaid Community First Choice Option (CFCO) program.

Moving forward, DSHS will apply the lessons learned from New Freedom to implementation of the CFCO program. We will continue to offer New Freedom in King and Pierce counties while implementing CFCO in state fiscal year 2016. This will allow us to act on recommendations to increase enrollment, and leverage New Freedom care consultants' experience with client-directed services.

The Department views the New Freedom program as an important option because it offers a broader range of services and the flexibility to decide how those services can be purchased and used to best meet eligible clients' individual needs.

DSHS policy is that New Freedom is a choice for anyone eligible and interested in this model. All clients newly enrolled in the Community Options Program Entry System (COPES) waiver must sign an acknowledgement of services form that lists both COPES and New Freedom as potential service options. DSHS staff strive to fully inform individuals of all service options when they are initially determined eligible for services and also at annual reassessments.

We acknowledge that individuals accessing services for the first time receive a high volume of information and material; however, that is, quite frankly, the result of the great work Washington State has done in procuring so many different types of services from which to choose. As

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mentioned in our audit response, we will continue to ensure that New Freedom is clearly explained and offered to eligible clients in an effort to increase program enrollment. We will also promote best practices and continue to use New Freedom care consultants to train case managers statewide on how to help clients take advantage of the flexibility afforded by the CFCO program.

Sincerely,



David Schumacher, Director
Office of Financial Management



Kevin W. Quigley, Secretary
Department of Social & Health Services

cc: Joby Shimomura, Chief of Staff, Office of the Governor
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OFFICIAL STATE CABINET AGENCY RESPONSE TO THE PERFORMANCE AUDIT ON NEW FREEDOM CONSUMER-DIRECTED SERVICES – IT BENEFITS LONG-TERM CARE CLIENTS BUT PRESENTS OPERATIONAL CHALLENGES – DECEMBER 24, 2014

This coordinated management response to the State Auditor’s Office (SAO) performance audit report received on December 8, 2014, is provided by the Office of Financial Management and the Department of Social and Health Services (DSHS).

SAO PERFORMANCE AUDIT OBJECTIVES:

The SAO sought to provide policymakers and DSHS with information on the performance of consumer-directed long-term in-home care programs in Washington. They evaluated the effectiveness of the New Freedom pilot program as an alternative to the Community Options Program Entry System (COPES) in-home model by asking these questions:

1. Are New Freedom participants satisfied with the program?
 2. How does New Freedom compare to the COPES in-home program in terms of participant health outcomes and costs to the state?
 3. What lessons have we learned from the pilot implementation of New Freedom?
 4. What challenges exist in expanding New Freedom and/or other consumer-directed long-term care programs?
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SAO Finding 1: New Freedom participants take advantage of the program’s benefits, and give the program high marks.

SAO Finding 2: New Freedom and COPES in-home services produce comparable participant health outcomes at a similar cost.

SAO Finding 3: New Freedom’s participant-directed service budget model is not suitable for all long-term care clients and creates unique operational challenges.

SAO Finding 4: DSHS has an opportunity to put into practice the lessons learned from New Freedom.

SAO Recommendation 1: Build flexibility into the Community First Choice Option (CFCO) program by allowing clients to use some personal care hours each month to purchase eligible services, training, and devices to assist with activities of daily living.

STATE RESPONSE: The State is consulting with the federal Centers for Medicare and Medicaid Services (CMS) to build a flexible Community First Choice Option (CFCO) program model that will allow clients to use some personal care hours each month to purchase eligible services, training, and devices to assist with activities of daily living.

Action Steps and Time Frame

- Conclude design consultations with CMS. *By January 31, 2015.*
 - Complete the CFCO State Plan Amendment and submit to CMS. *By February 15, 2015.*
 - Complete responses to CMS inquiries and requests for revisions. *By April 30, 2015.*
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SAO Recommendation 2: Continue efforts to increase New Freedom enrollments in King and Pierce counties until the Community First Choice Option (CFCO) consumer-directed care program is evaluated. Determine if the demand for services unique to New Freedom and New Freedom enrollment levels warrant continuing the program.

STATE RESPONSE: Efforts to increase enrollment in the waiver were in place at the time of the audit. DSHS will continue to offer the New Freedom waiver as a service option to all eligible clients during their initial assessment and annual reassessments. The New Freedom waiver was recently submitted to CMS for an additional five-year renewal period and evaluation of the program and program enrollment is ongoing.

Action Steps and Time Frame

- ▶ Meet with field staff to discuss the audit results and emphasize strengthening efforts to increase waiver enrollment. *By February 15, 2015.*
 - ▶ Track and trend enrollment numbers at the end of each New Freedom waiver year, which occurs each February. *Ongoing.*
 - ▶ Track and analyze data on the purchase of goods and services that are not available in COPES or CFCO and determine their significance to program outcomes. *By September 2016.*
 - ▶ Determine whether program data warrants continuation of New Freedom waiver. *By January 2017.*
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SAO Recommendation 3: To increase New Freedom enrollments in King and Pierce counties:

- Focus efforts on informing new long-term care clients about New Freedom benefits and participant responsibilities.
- Share successful practices for identifying and converting clients in other programs who can benefit from New Freedom.

STATE RESPONSE: Efforts to provide information to all new and current long-term care clients about New Freedom benefits and participant responsibilities were in place at the time of the audit and will continue. DSHS will develop a mechanism to share best practices for promoting enrollment in the New Freedom waiver.

Action Steps and Time Frame

- ▶ Gather and compile successful practices from DSHS' Home and Community Services Division (HCS) and Area Agency on Aging staff. *By March 31, 2015.*
 - ▶ Disseminate information to field staff through training. *By August 31, 2015.*
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SAO Recommendation 4: Use New Freedom care consultants' experience with consumer-directed care to train case managers statewide on how to help clients take advantage of the increased flexibility under Community First Choice Option (CFCO).

STATE RESPONSE: DSHS will incorporate the knowledge gained by New Freedom care consultants into training for case managers on how best to support clients with the flexibility of the CFC program.

Action Steps and Time Frame

- ▶ Develop CFC training curriculum. *By March 31, 2015.*
- ▶ Deliver CFC training to field staff. *By June 30, 2015.*