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## Report Highlights

# Utilization, Cost, and Quality of Care in Medicaid Intermediate Care Facilities for Individuals with Developmental Disabilities

Audit Control # 40130060

Performance Audit Services • September 2014

## Why We Conducted This Audit

Louisiana is in the planning stages for developing Medicaid managed care for recipients of long-term care services. The purpose of this report is to provide information on the current utilization, cost, and quality of care in Medicaid intermediate care facilities for individuals with developmental disabilities (ICFs/DD) to evaluate the future impact of managed care in these areas.

## What We Found

As of May 2014, Louisiana offered ICF/DD services at 524 facilities, all of which participate in the state's Medicaid program. These 524 facilities had a total of 5,810 licensed beds. As of June 2014, there were 4,789 filled beds. During fiscal year 2013, private ICFs/DD received approximately \$247.4 million or 7% of the total Medicaid budget for private providers.

### Utilization

- **The majority of ICFs/DD have six licensed beds or fewer and are 100% occupied.** Of the 524 facilities, 300 (57.2%) have six licensed beds or fewer, while 212 (40.5%) have 7-15 licensed beds, and 12 (2.3%) have 16 or more beds. As of May 2014, 337 (64.3%) of 524 ICFs/DD were 100% occupied. From fiscal years 2011-2014, ICF/DD filled beds have decreased from 5,082 to 4,789.
- **71.1% of all private ICF/DD residents were assigned to either a "limited" or "extensive" level of care as of April 2014.** Individuals residing in private facilities complete the Inventory for Client and Agency Planning assessment to determine the level of care required, which in turn is used to set the daily rate paid to the provider for that individual.
- **Louisiana's use of ICFs/DD exceeds national benchmarks.** According to an October 2013 American Health Care Association report, Louisiana had the fifth highest number of ICFs/DD in the country. Since August 2006, DHH has closed or downsized the public facilities it operated from nine to one. However, nationally, Louisiana still ranked sixth highest in total number of beds and residents. As of November 2012, Louisiana ranked behind the rest of the nation in the use of home and community-based services.

### Cost

- **During fiscal years 2011 through 2013, ICFs/DD in Louisiana received approximately \$1.3 billion in Medicaid payments.** DHH pays private ICFs/DD a daily specific rate for each individual living in an ICF/DD. Daily rates are calculated based on several cost components, including direct care, care related, administrative/operating, capital, and a provider fee.
- **ICFs/DD have been subject to rate cuts over the past six fiscal years.** Overall, from fiscal years 2007 to 2014, ICF/DD daily rates have increased 3.0%, equivalent to a \$4.71 increase in seven years. However, after an 8.9% increase in fiscal year 2008 to an average daily rate of \$168.57, the average daily rate across all ICF/DD settings has since fallen to a low of \$159.53. As of April 1, 2014, the most recent rate change has been a rate increase of \$1.85 to compensate providers for an increase in the provider fee.
- **Although ICF/DD rates are supposed to be rebased every three years, the last time ICF/DD rates were rebased, or increased, was in fiscal year 2008.**

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# Utilization, Cost, and Quality of Care in Medicaid Intermediate Care Facilities for Individuals with Developmental Disabilities

- **In 2014, the public will vote on a constitutional amendment that will lock ICF/DD rates into their current amount (which is among the lowest in last six fiscal years).** ICFs/DD do not currently benefit from a trust fund that supplements daily rates, like the Medicaid Trust Fund for the Elderly does for nursing facilities. Act 439 of the 2013 Regular Legislative Session requires voters to decide whether the Louisiana Medical Assistance Trust Fund will be created as a constitutional fund which will be used to fund ICFs/DD and other providers. According to DHH, there are no current plans to comprehensively adjust ICF/DD rates should this constitutional amendment pass in November 2014.

## Quality of Care

- **From state fiscal year 2011 through 2013, Louisiana ICFs/DD were cited for 2,996 deficiencies, approximately 1,000 per year.** Of these, 355 (11%) of the total deficiencies cited in these three fiscal years were repeat deficiencies. The most frequently cited deficiency was providers not paying for required services, such as medical supplies, resulting in quality of care issues.
- **During state fiscal years 2011 through 2013, Louisiana ICFs/DD were assessed 39 sanctions, totaling approximately \$64,000 in fines.** Of the 39 assessed sanctions, 37 (94.9%) of 39 sanctions addressed issues that threatened the health, safety, or welfare of a resident, and two (5.1%) of the 39 sanctions addressed issues where a substantial probability that death or serious harm to a resident would result if the condition remained uncorrected.
- **There are no national benchmarks that specifically address ICF/DD quality. However, Louisiana’s overall performance ranking in external studies is comparable to other states and national data.** According to a 2014 United Cerebral Palsy report, Louisiana ranked 12th overall across five different areas and was recognized as the second most improved state in terms of its overall ranking, rising from 44th to 12th overall in seven years. However, this analysis is not limited to ICFs/DD since it includes all individuals with developmental disabilities in Louisiana.

**State Comparison of Medicaid Programs Serving Individuals with Developmental Disabilities - Calendar Year 2014**

State	Promoting Independence	Tracking Health, Safety, and Quality of Life	Keeping Families Together	Promoting Productivity	Reaching Those in Need	Overall
Louisiana	41st	7th	2nd	24th	28th	12th
Alabama	27th	2nd	11th	48th	38th	19th
Texas	47th	20th	16th	43rd	51st	50th
Arkansas	50th	13th	48th	42nd	34th	45th
Mississippi	51st	20th	40th	39th	46th	51st

**Source:** Prepared by legislative auditor’s staff using data from the United Cerebral Palsy’s *The Case for Inclusion 2014* report.

In addition, the American Health Care Association (AHCA) analyzes state ICF/DD survey data submitted to Centers for Medicare and Medicaid Services, including factors related to ICF/DD quality such as use of restraints, medications to control behavior, and investigations of abuse/neglect. While AHCA does not include benchmarks, overall, Louisiana’s data is comparable to national data.

- **Currently, quality data for private ICFs/DD is collected by Health Standards through monitoring surveys. However, DHH does not compile this data to compare quality among ICFs/DD.** OCDD does measure quality for the one public ICF/DD it operates through analysis of resident outcomes and staffing. Since DHH will be required to measure ICF/DD quality data with the implementation of managed long-term care according to OCDD, the agency should determine whether existing Health Standards data could be collected and analyzed to measure private ICF/DD quality.