

*Building Sustainable Service Systems  
State Government After the Great Recession*

**North Carolina Advancing Strong Leadership  
Durham, North Carolina  
Feb. 24, 2011**

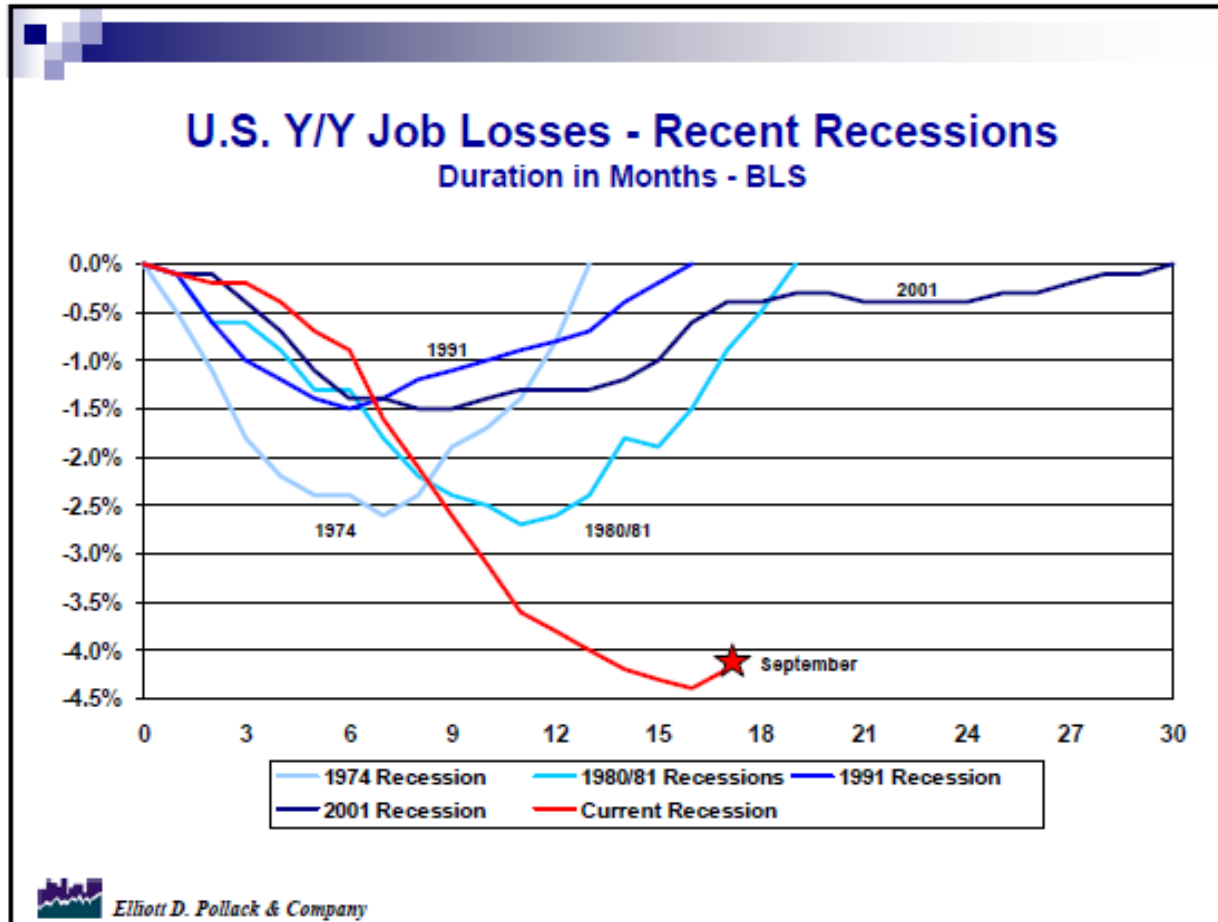
**Nancy Thaler, Executive Director  
National Association of State Directors of Developmental Disabilities Services  
NASDDDS**

---

# *Four Big Drivers of Change*

- The Recession - unemployment
- The National Budget Deficit - spending more money than we have adds to our problems
- The National Debt - owing money means we don't have any left for services
- Aging Baby Boomers - increasing demands puts pressure on budgets

# The Worst Recession



December 2010  
14.5 million  
people were  
unemployed.  
(9.4%)

2010  
1 million new  
jobs created.

We need  
14 million jobs!

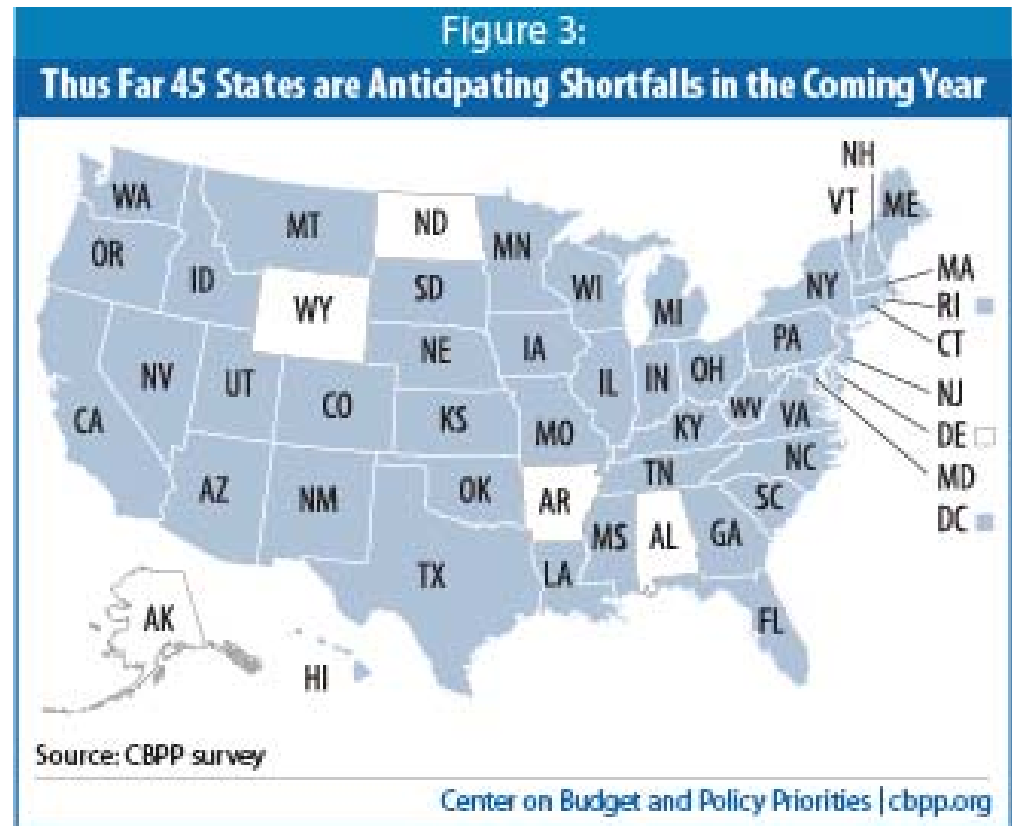
# The Worst Recession

## Fiscal year 2010

**46 states** have addressed or face budget shortfalls

## Fiscal year 2011

**36 states** have estimated gaps



---

# *THE WORST RECESSION*

Governor Chris Gregoire

Washington



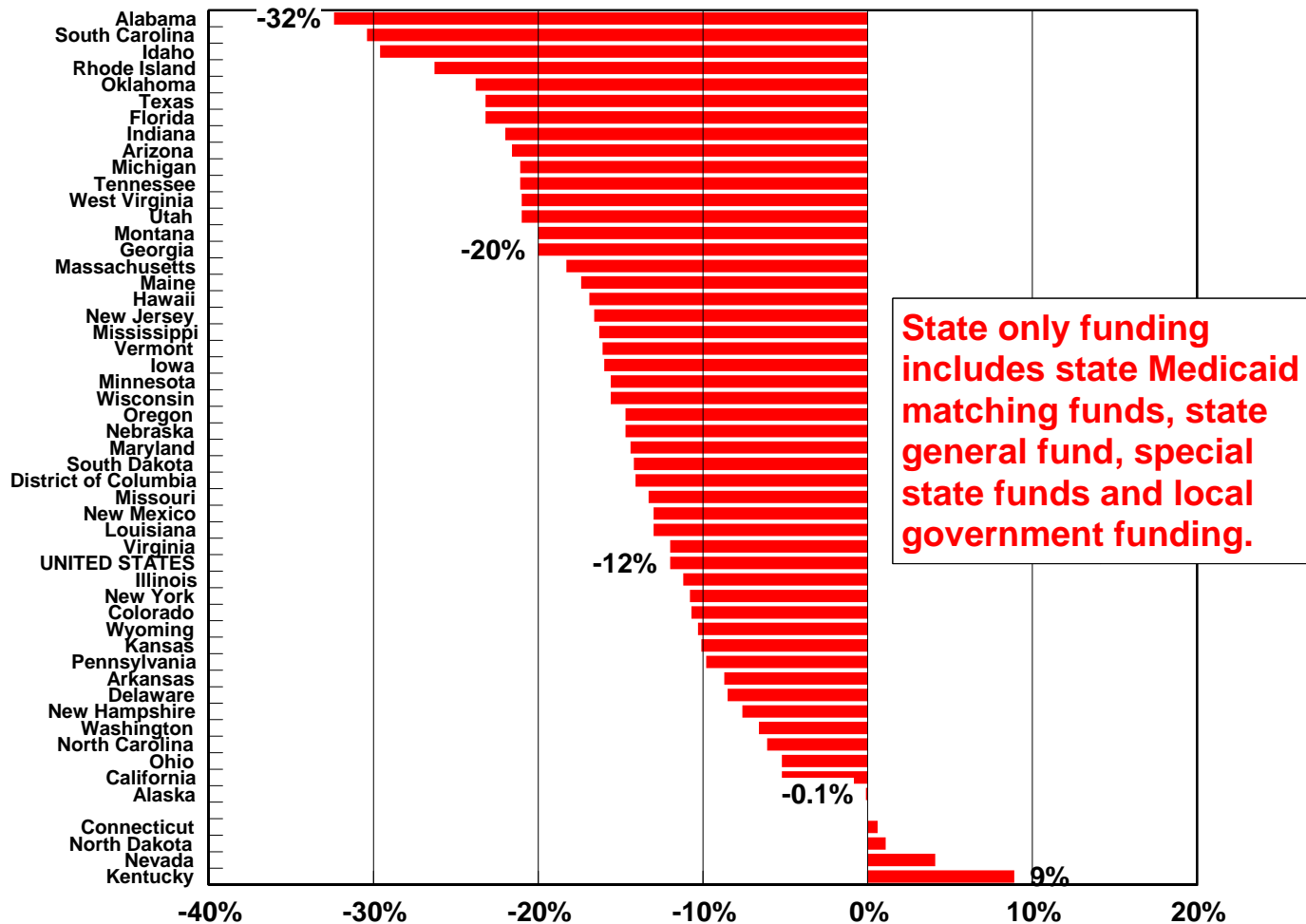
*“IT’S DIFFICULT TO SUPPORT SOMETHING THAT GOES AGAINST ALL WE HAVE ACCOMPLISHED OVER THE PAST SIX YEARS. BUT THESE ARE THE CIRCUMSTANCES WE FIND OURSELVES IN, AND WE HAVE BEEN LEFT WITH FEW OPTIONS.”*

# State Government After the Great Recession

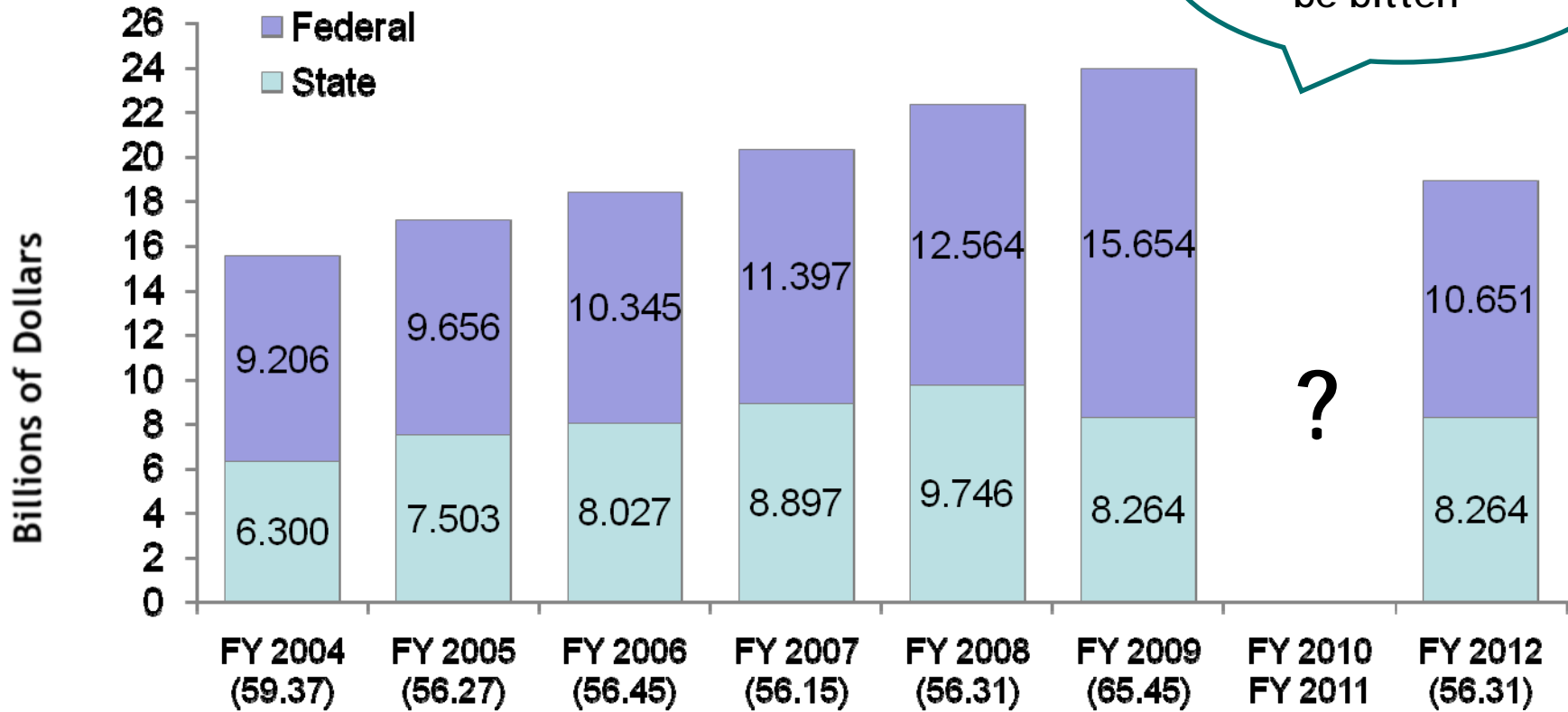


- ❑ Home and community based services - 29 states plus D.C. are cutting for people who are elderly or have disabilities
- ❑ Public employees are seeing cuts to their pension benefits and even their unions: Wisconsin; Michigan; Oregon; Illinois; NY etc...
- ❑ Medical
  - Nevada and Texas lawmakers have studied abolishing Medicaid altogether
  - Arizona has federal approval to eliminate 280,000 people from the rolls
- ❑ Governors have rejected major federal transportation projects: New Jersey, Wisconsin, Florida
- ❑ Education
  - 33 states and D.C. are cutting aid to K-12 schools
  - School districts in 44 states have furloughed teachers
  - Hawaii went to a four day school week
  - California cut tuition to universities over 30%

# REDUCTIONS IN STATE ONLY FUNDING: FY2009



# *This Year the Stimulus Funds Will be Gone*



"This is the year the bullet must be bitten" \*

\* Warren Deschenaux, the Maryland Legislature's top fiscal analyst.

---

*What kind of cuts have you experienced in your state?*

---

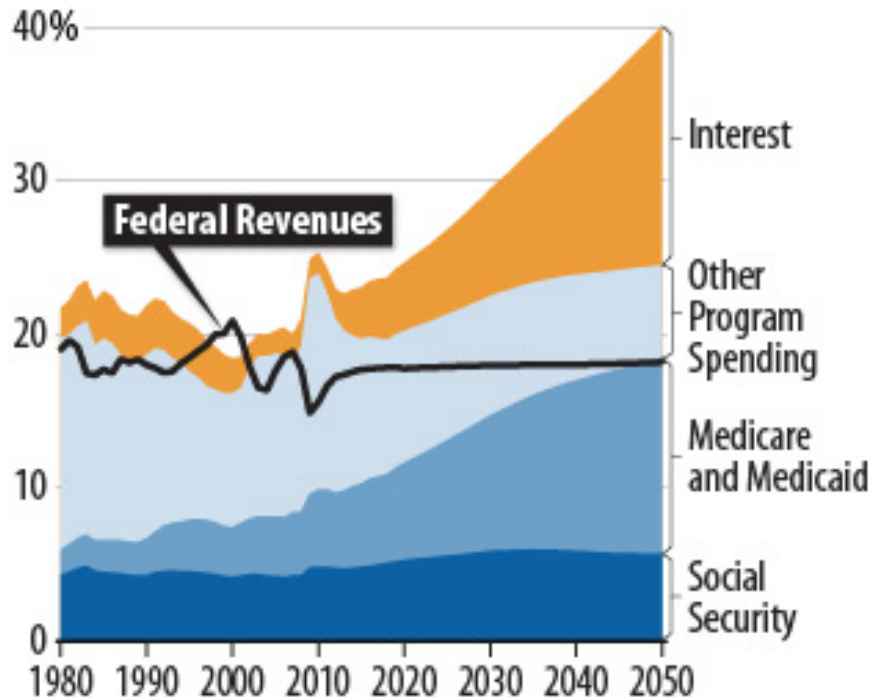
# *The Other Three Big Drivers of Change*

- Annual Budget Deficits
- The National Debt
- Aging Baby Boomer

# The National Budget Deficit

## Medicare and Medicaid Expected to Rise Rapidly, Other Programs (Except Social Security) to Shrink

Spending and Revenues as a Share of GDP



Source: CBPP projections based on CBO data.

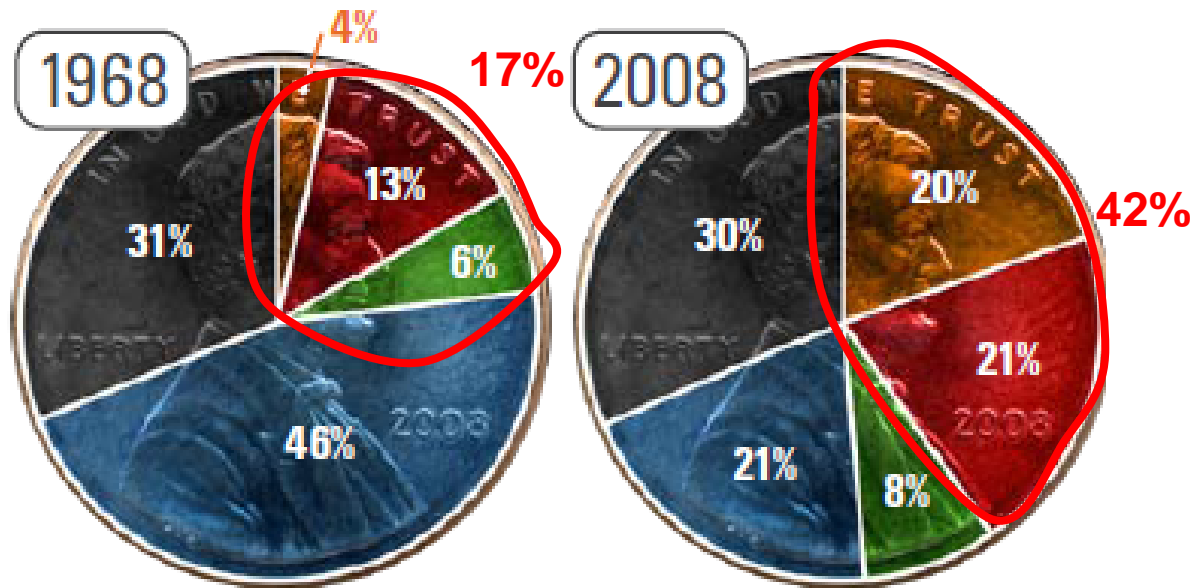
Center on Budget and Policy Priorities | [cbpp.org](http://cbpp.org)

We are spending more money than we are taking in.

# The National Budget Deficit

COMPOSITION OF FEDERAL SPENDING (% OF TOTAL SPENDING)

SOURCES: OMB, CBO

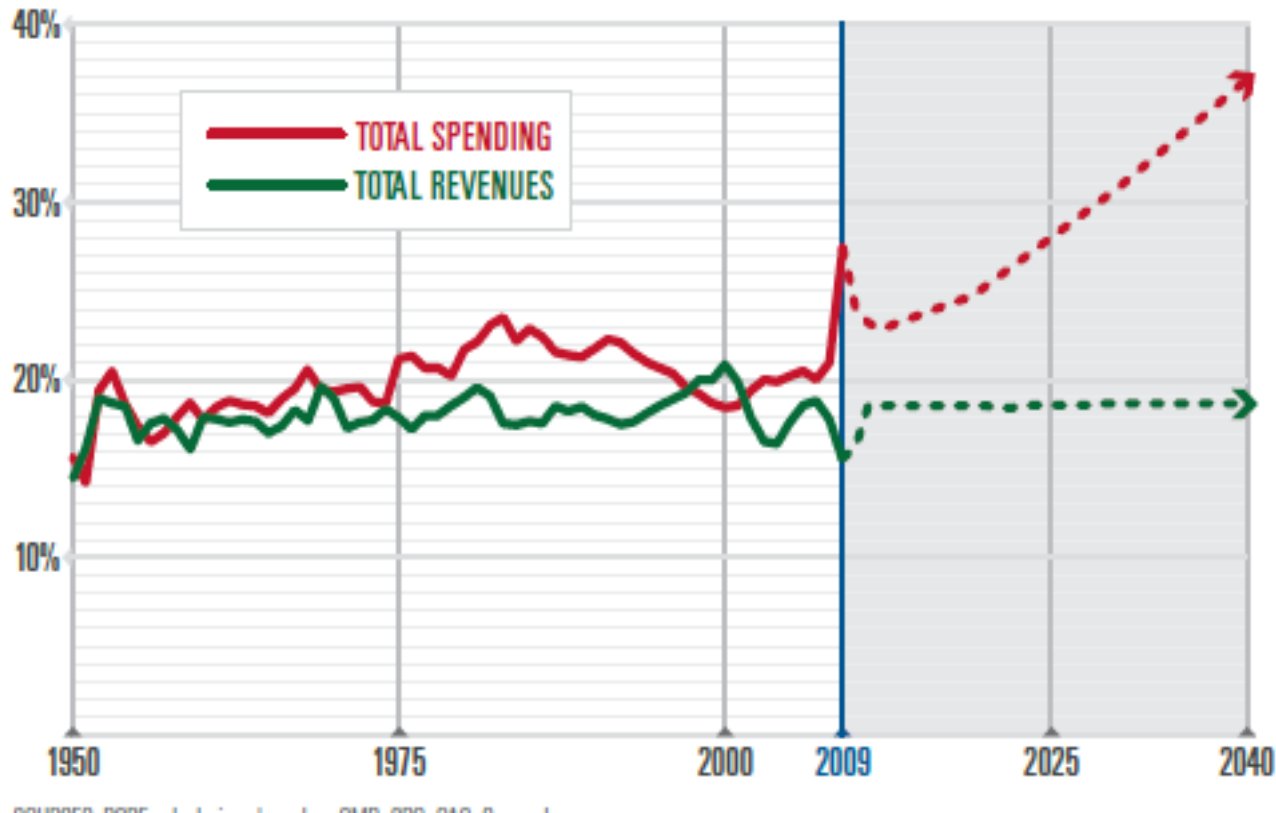


- Medicare and Medicaid
- Social Security
- Net Interest
- Defense
- All Other Programs

The biggest problems are Medicare and Medicaid

# *The National Budget Deficit is Unsustainable*

FEDERAL SPENDING AND REVENUES (% OF GDP)



# *The Meaning of the National Debt*

*Borrowing because we spend more than we have.*

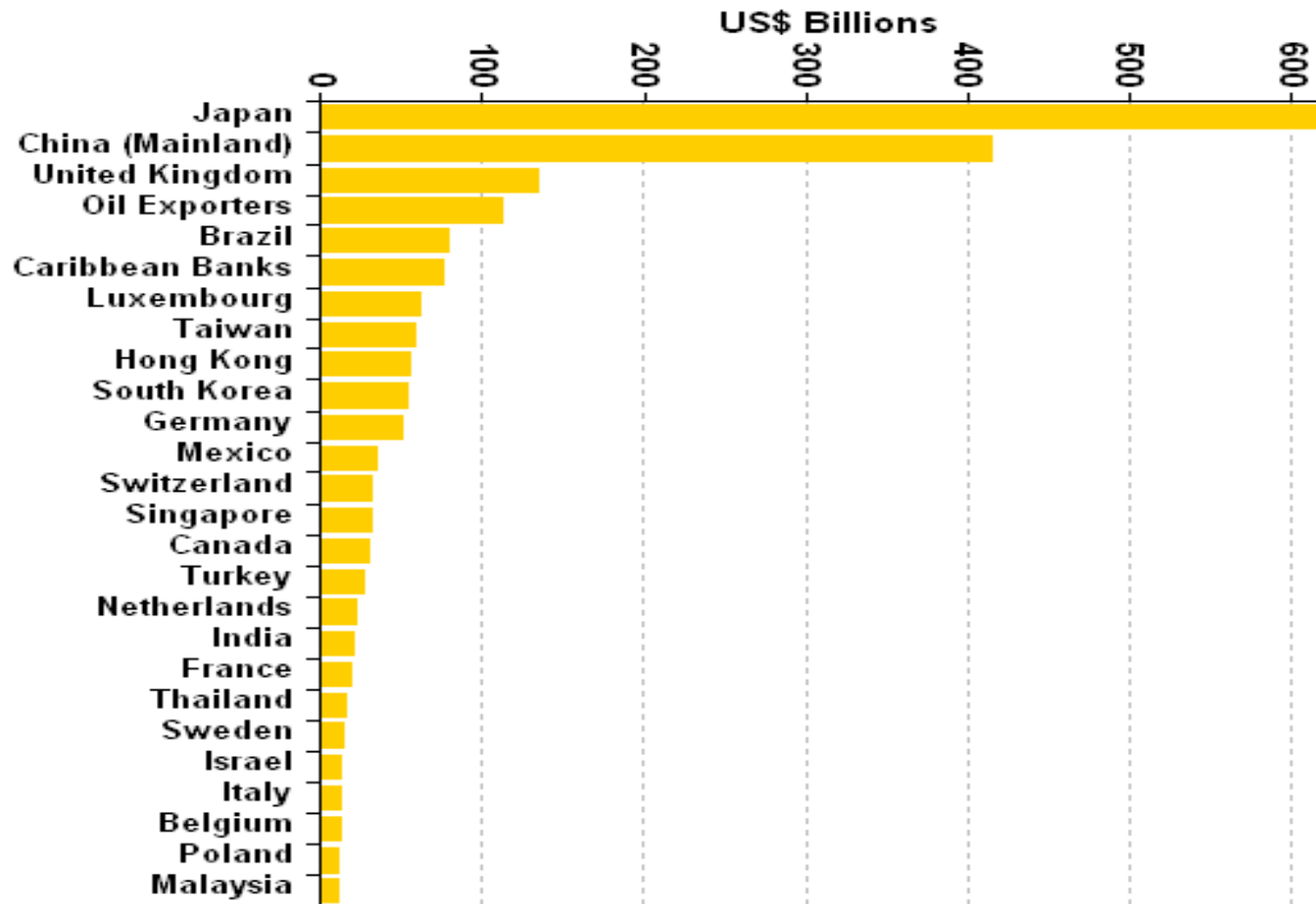


NY City 6<sup>th</sup> Avenue

- The Outstanding Public Debt as of 1/10/11  
**\$14,143,221,267,488.30**
- Each citizen's share of this debt is **\$45,611.63**
- The National Debt has continued to increase an average of **\$4.13 billion per day** since September 28, 2007!

[http://www.brillig.com/debt\\_clock/](http://www.brillig.com/debt_clock/)

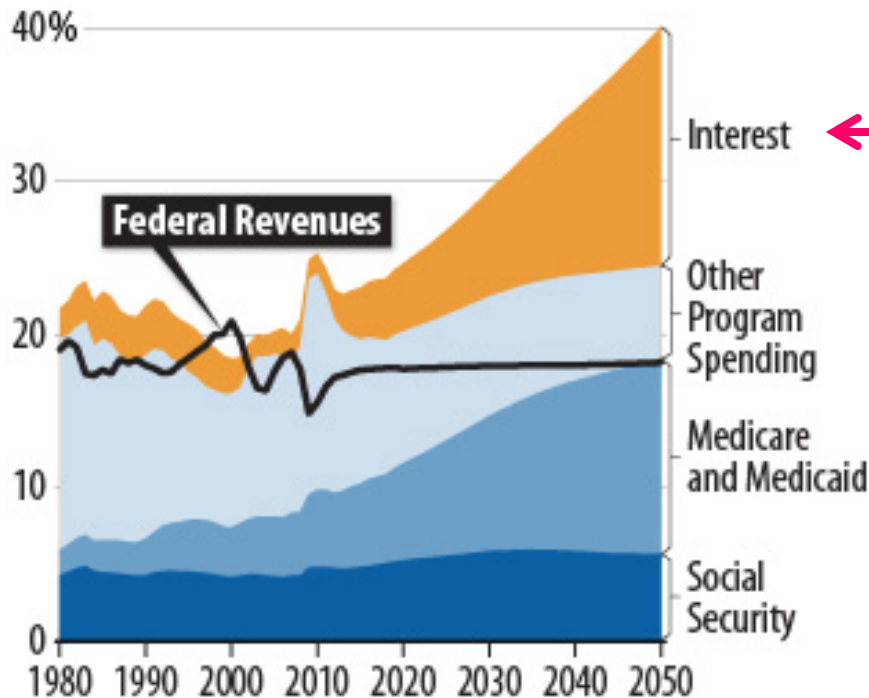
# *We Owe a Fortune to Other Countries*



# The National Budget Deficit

## Medicare and Medicaid Expected to Rise Rapidly, Other Programs (Except Social Security) to Shrink

Spending and Revenues as a Share of GDP



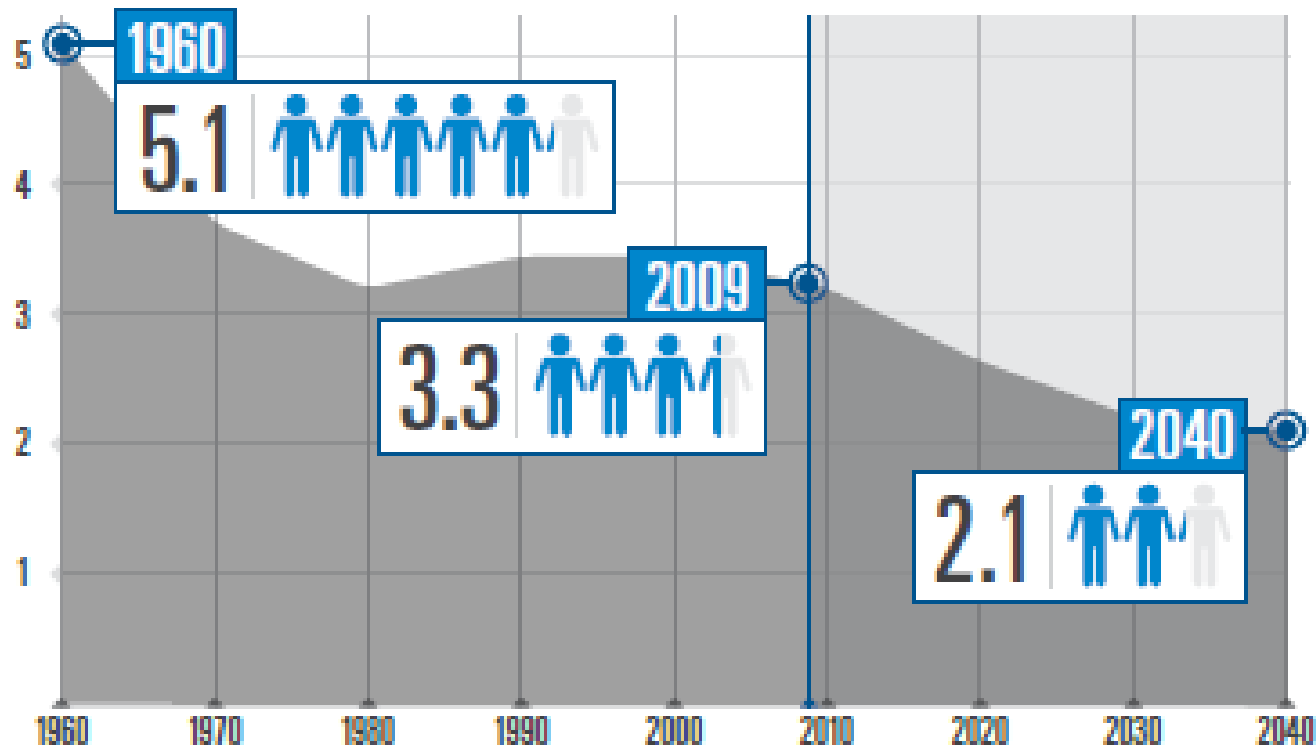
← Interest on our debt takes money that could be used for services.

Source: CBPP projections based on CBO data.

Center on Budget and Policy Priorities | [cbpp.org](http://cbpp.org)

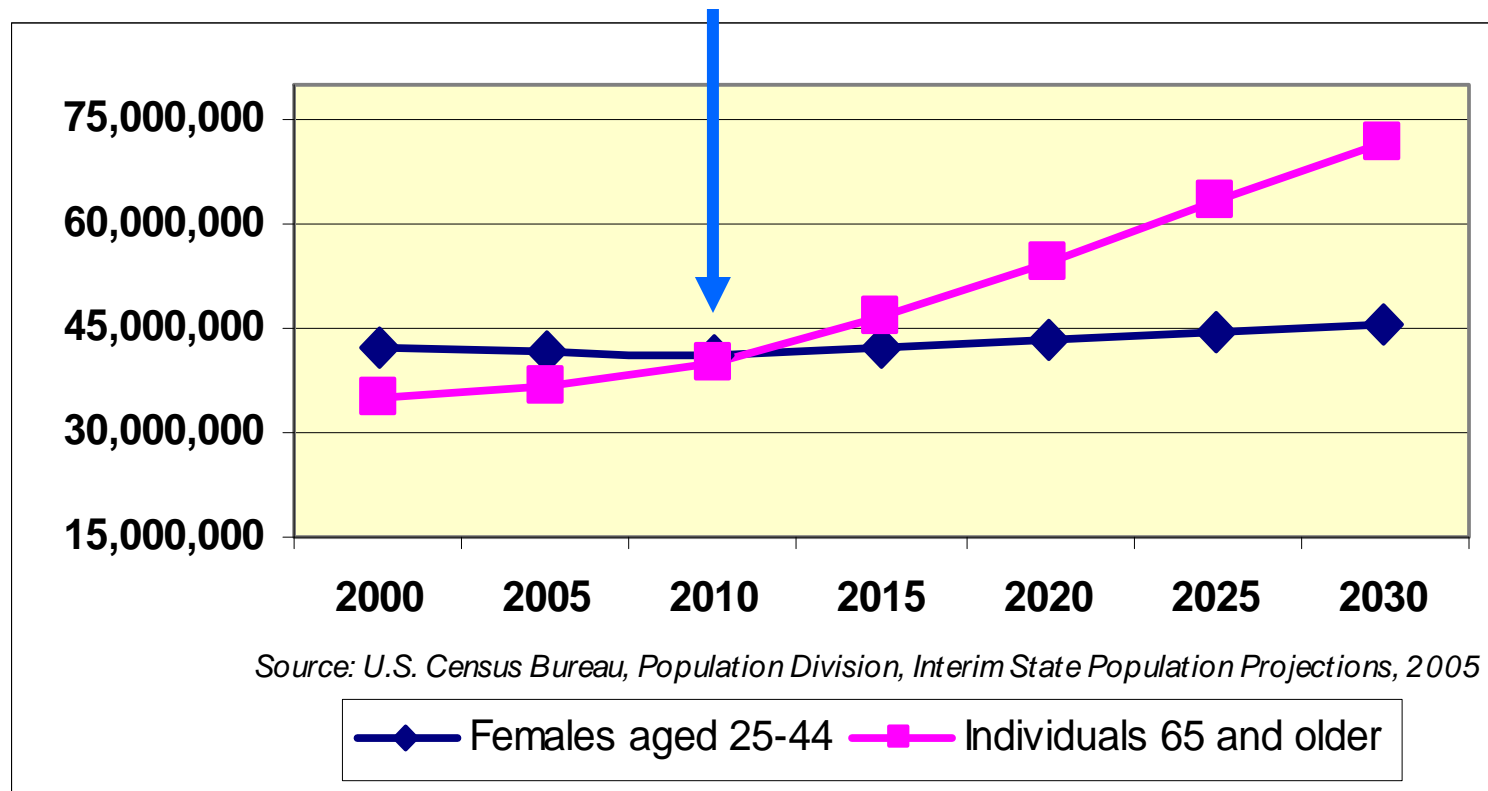
# Aging Baby Boomers – Not Enough Workers

## COVERED WORKERS PER SOCIAL SECURITY BENEFICIARY



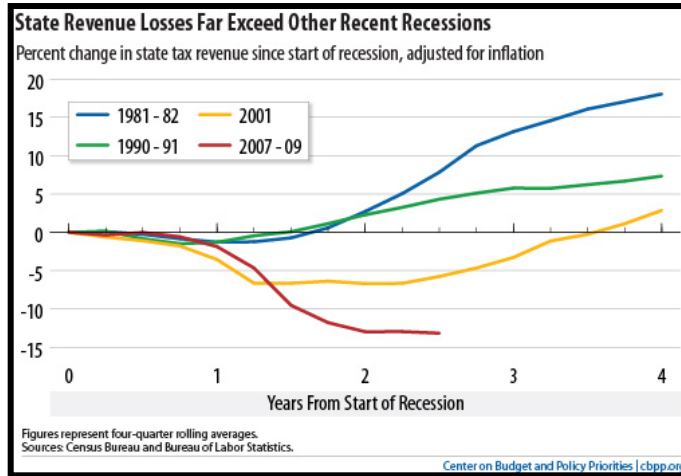
SOURCE: Social Security Administration

# Demographic Shift- Not Enough Workers to Take Care of the Baby Boomers

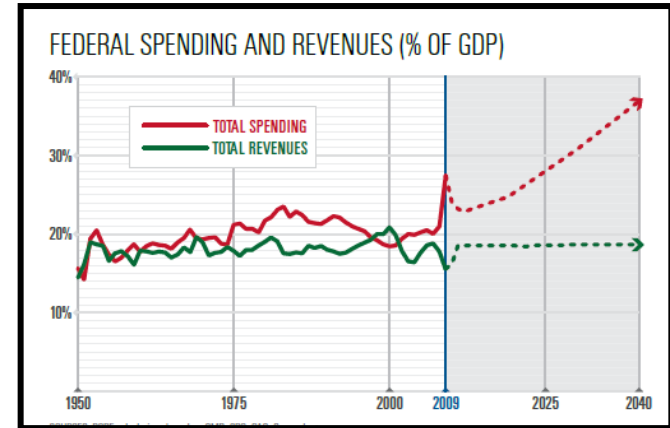


# Today's Realities

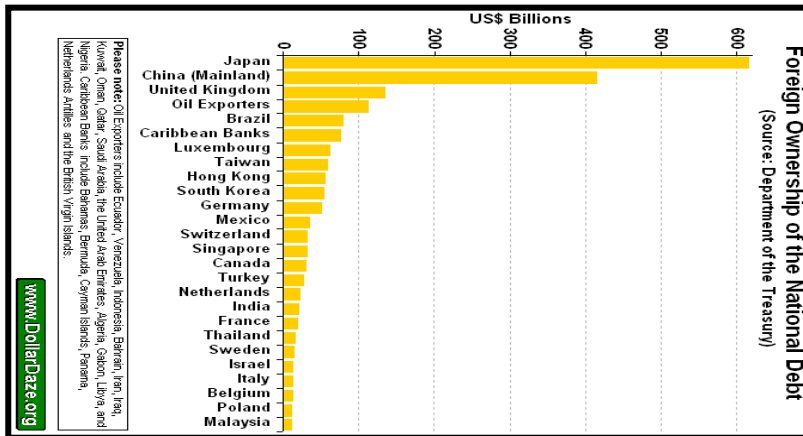
## Recession



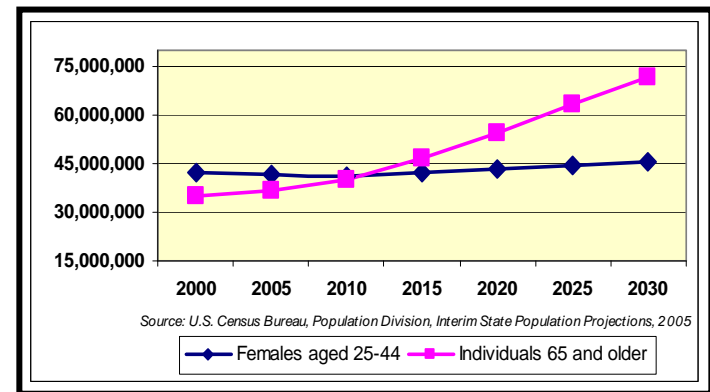
## Budget Deficits



## National Debt



## Baby Boomers



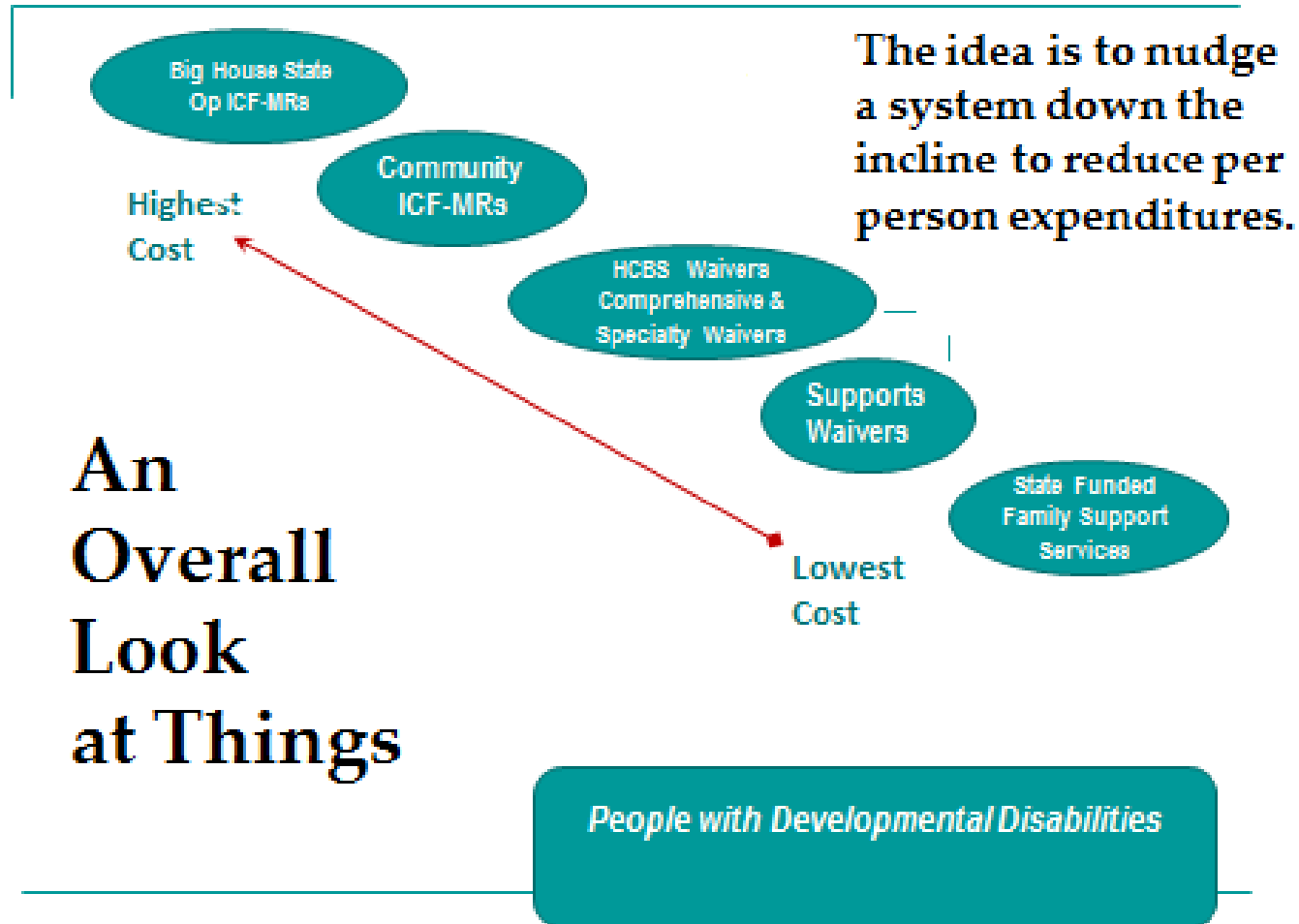
# *People are Still on Waiting Lists*

<b>Residential Services Recipients</b>		

---

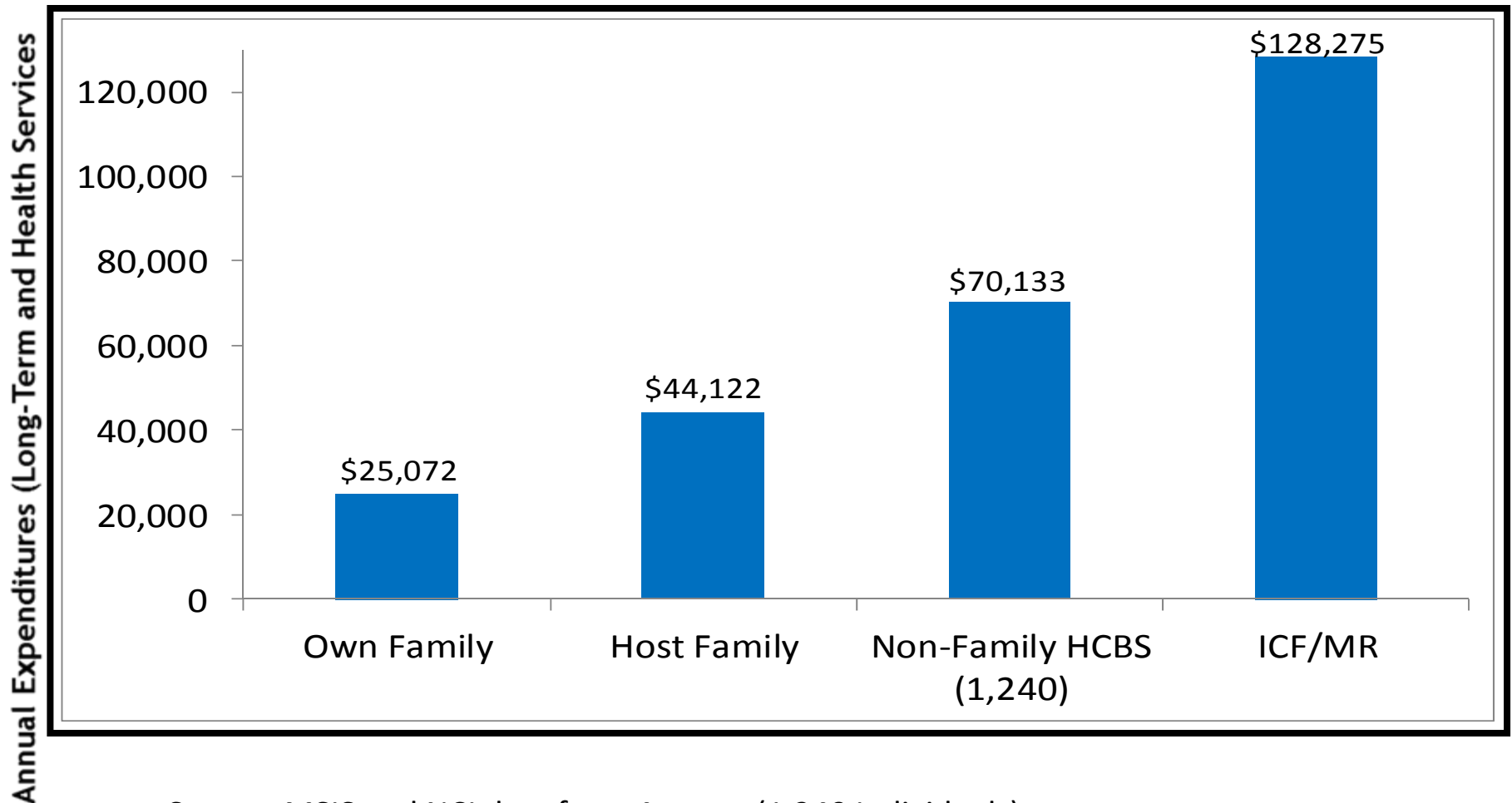
# **So What Are States Doing About It?**

# Nudging the System



John Agosta, Human Services Research Institute

# *An Economic No Brainer*



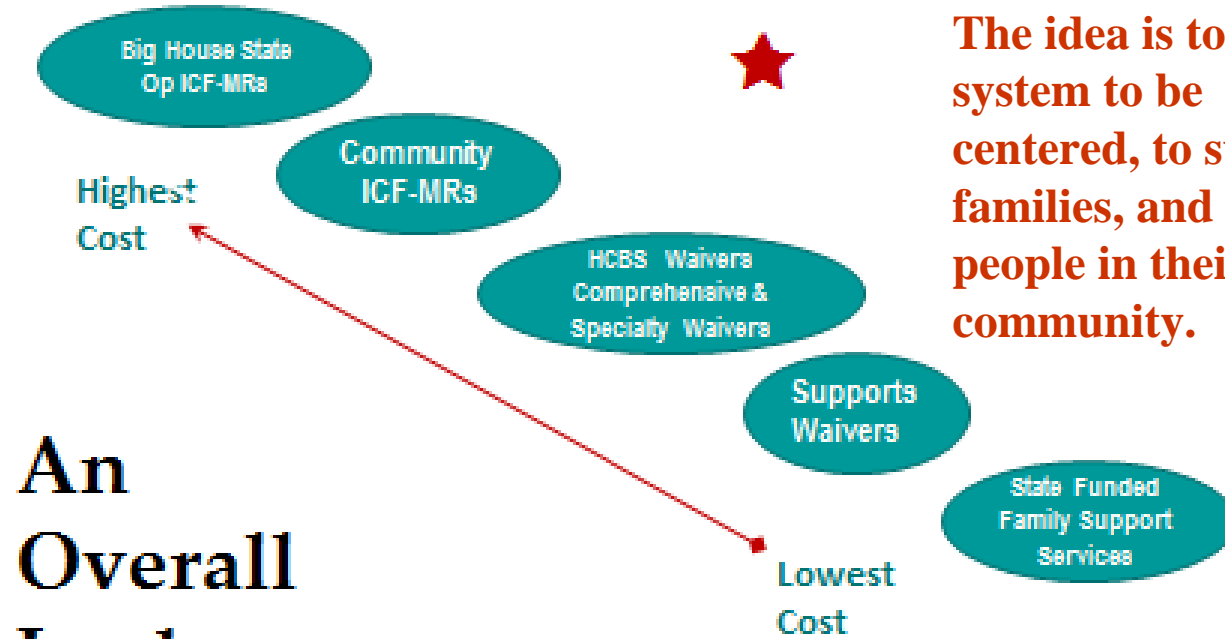
Source: MSIS and NCI data from 4 states (1,240 Individuals)

Charlie Lakin UMinn RTC on Community Living/ICI

# *How Many People Could We Serve?*

Type of Service	Cost per Person	Cost to Serve the Waiting List	People Served with \$5 M
ICF/MR	\$128,275	\$15,761,149,250	39
Non-family HCBS	\$70,133	\$8,617,241,710	71
Host Family	\$44,122	\$5,421,270,140	113
Own Family	\$25,072	\$3,080,596,640	200

# Nudging the System

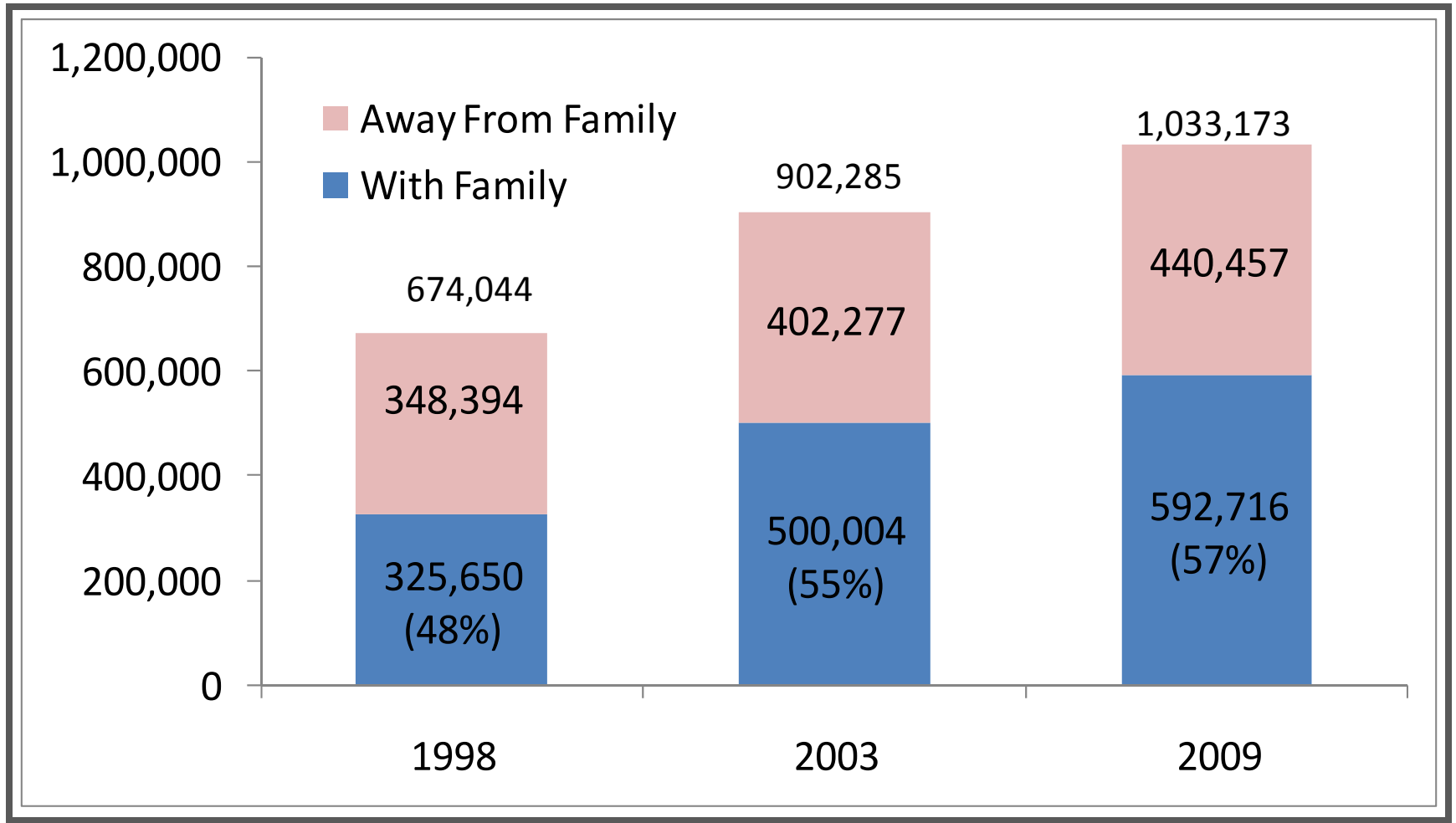


The idea is to nudge a system to be person-centered, to support families, and involve people in their community.

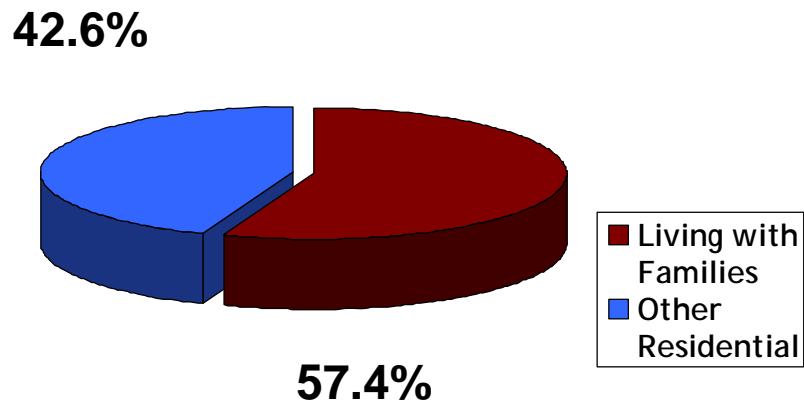
An Overall Look at Things

*People with Developmental Disabilities*

# *Change Underway for the Past Decade*



# North Carolina / US



Arizona 85.6%  
Calif. 70%  
Florida 71%  
Idaho 75%  
N.J. 70%  
S.C. 73%

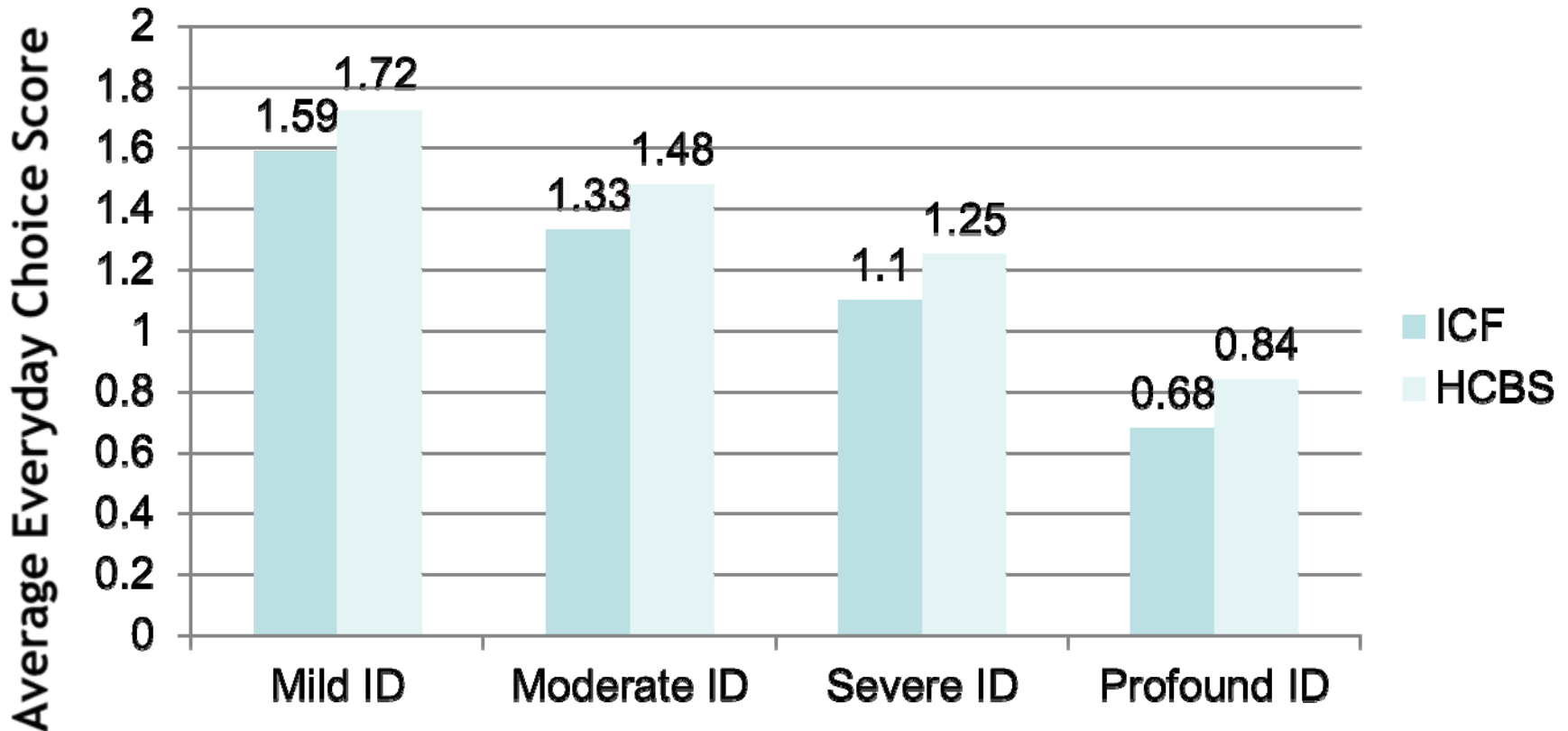
**North Carolina 59.5%**

**14,694 with families**

**24,707 residential services**

**Source: UMN RTC/ICI**

# *The Shift from ICF/MR to HCBS Is Associated with Better Outcomes:*



**Choice of daily schedule, use of free time, use of own money**

---

# What States are Doing?

- Supports Waivers
  - Individual Resource Allocation
  - Managed Care
-

# States are Implementing Supports Waivers

---

# States are Implementing Individual Resource Allocations with Consumer-Directed Options

- Individual Resource Allocation

- Equity and Fairness
- Predictable costs

Colorado, Georgia, Louisiana, Oregon Wyoming, Conn.
---

- Consumer-Directed Services

- Hire and Fire Staff
- Hire relatives
- Control a budget

- Thirteen states offered individual budgets and consumer control statewide for at least some individuals in Jan. 2009

# Managed Care - an Administrative Vehicle to Reset Systems

## Reasons

- **Controls Cost**
  - State shares financial risks with the contractors
- **Improves Quality**

**How? One entity is responsible for cost and quality:**

- Institutional, state plan & HCBS are combined under one manager
- Services are aligned with need
- Services better coordinated
- Business processes are aligned to achieve desired outcomes
- Contracts with MCOs can focus on outcomes as well as cost

---

# What to Do No Matter What Solution You Choose

- ❖ Make Person-centered practices the foundation of everything you do system wide
- ❖ Promote employment & help people build financial assets
- ❖ Support self advocacy networks to strengthen self-determination
- ❖ Support family/caregiver networks to strengthen self-reliance
- ❖ Promote wellness and help people monitor their health

---

# What to Do No Matter What Solution You Choose

## ❖ Support families

- Think about families broadly – grandparents, aunts, uncles, siblings, cousins and people who “are like family”
- Provide family support services – respite, training, counseling
- Help them do financial planning
- Create and maintain family support networks
- Pay relative caregivers
- Create a 24 hour help line for families
- Make crisis intervention reliable and helpful

# What to Do No Matter What Solution You Choose

- ❖ Build strong support coordination – small ratios and training in family dynamics and self advocacy
- ❖ Innovate
  - ❖ Self directed services
  - ❖ Individual budgets
- ❖ Create real life options for people who have no family
  - ❖ Shared living – people living together sharing life experiences and expenses
- ❖ Reduce dependence on services that are costly or don't work
  - 24 staffed residential
  - Sheltered work

---

# North Carolina's Strong Foundation

## ■ Person Centered Practices

- PCP format for HCBS Service;
- Require twelve (12) hours of Person Centered Thinking training from a credentialed Person Centered Thinking trainer in delivering Community Support Team services, Day treatment and intensive In-home services;
- Require Person Centered Thinking (12 hours) PCP Instructional Elements (3 hours

## ■ National Core Indicators

- Enables tracking system performance & outcomes from year to year; benchmarking against performance levels achieved in other states.

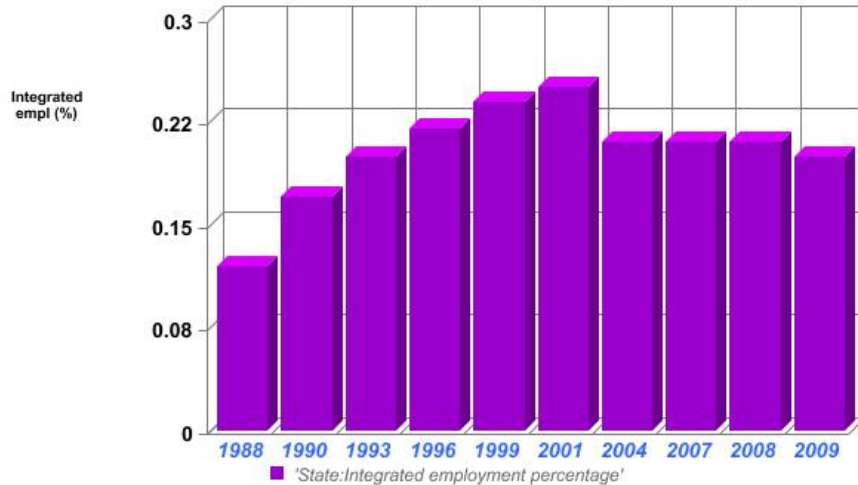
---

# North Carolina's Strong Foundation

- DHHS 1915 b/c Waiver
  - Provides uniform management of Medicaid & state funded services; allows for additional consumer services to be funded from savings.
- Community Care of North Carolina
  - Heavy emphasis on care coordination, disease and care management and quality improvement

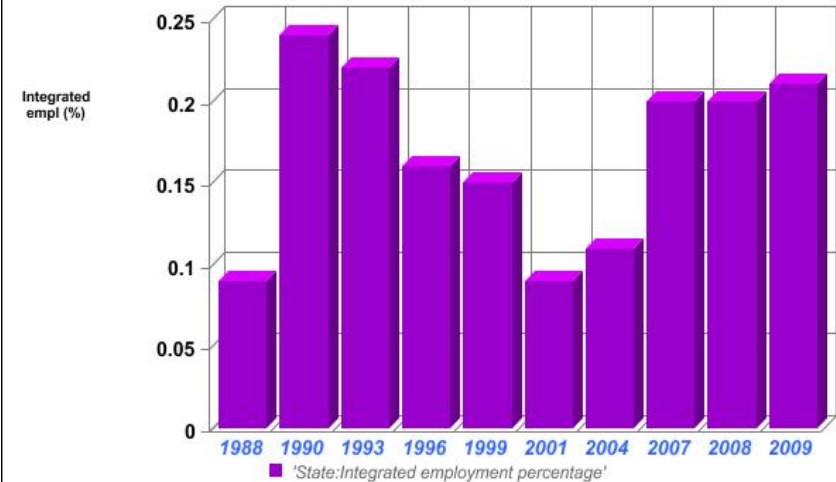
# North Carolina's Strong Foundation

State Trends: State IDD Agencies  
State:U.S. Total  
Integrated employment percentage



## Employment

State Trends: State IDD Agencies  
State:North Carolina  
Integrated employment percentage



States that report over 40% in integrated employment services:

CT-54 %

LA-47 %

NH-46%

OK-60 %

WA-88 %

---

**Nancy Thaler**  
**Executive Director**  
**National Association of State Directors of Developmental Disabilities Services**  
**113 Oronoco Street**  
**Alexandria, VA 22314**  
**703-683-4202**  
**[nthaler@nasddds.org](mailto:nthaler@nasddds.org)**

