

Appendix J: Cost Neutrality Demonstration

Appendix J-1: Composite Overview and Demonstration of Cost-Neutrality Formula

Composite Overview. Complete the following table for each year of the waiver.

Level(s) of Care (<i>specify</i>):			ICF-MR				
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
Year	Factor D	Factor D'	Total: D+D'	Factor G	Factor G'	Total: G+G'	Difference (Column 7 less Column 4)
1	\$41,620	\$11,981	\$53,601	\$106,108	\$5,546	\$111,654	\$58,053
2	\$43,434	\$13,035	\$56,469	\$109,292	\$6,093	\$115,385	\$58,916
3	\$45,590	\$14,235	\$59,825	\$112,570	\$6,702	\$119,272	\$59,447
4	\$47,714	\$15,562	\$63,276	\$115,948	\$7,381	\$123,329	\$60,053
5	\$49,960	\$17,032	\$66,992	\$119,426	\$8,139	\$127,565	\$60,573

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Appendix J-2 - Derivation of Estimates

- a. Number Of Unduplicated Participants Served.** Enter the total number of unduplicated participants from Item B-3-a who will be served each year that the waiver is in operation. When the waiver serves individuals under more than one level of care, specify the number of unduplicated participants for each level of care:

Table J-2-a: Unduplicated Participants			
Waiver Year	Total Unduplicated Number of Participants (From Item B-3-a)	Distribution of Unduplicated Participants by Level of Care (if applicable)	
		Level of Care:	Level of Care:
Year 1	625		
Year 2	635		
Year 3	640		
Year 4 (renewal only)	645		
Year 5 (renewal only)	650		

- b. Average Length of Stay.** Describe the basis of the estimate of the average length of stay on the waiver by participants in Item J-2-d.

The average length of stay for the waiver is 324 days.

This figure is actual average length of stay for waiver participants from April 2006 through March 2007.

- c. Derivation of Estimates for Each Factor.** Provide a narrative description for the derivation of the estimates of the following factors.

- i. Factor D Derivation.** The estimates of Factor D for each waiver year are located in Item J-2-d. The basis for these estimates is as follows:

CMS 372 reports serve as the base data. The data has been projected to each renewal year utilizing service-level trend information from the most recent behavioral health managed care rate setting (for rates effective April 1, 2007). The managed care organization has also provided utilization estimates by service during the renewal period which were considered alongside the rate setting trends. There are also a few new services for which utilization estimates were the basis for the cost projections. In some cases, such as Financial Supports and Community Guide, the State expects there will be increasingly higher utilization as more waiver recipients choose to self-direct their services. Thus, the percentage of people utilizing these services is expected to increase over the five year renewal period.

- ii. Factor D' Derivation.** The estimates of Factor D' for each waiver year are included in Item J-1. The basis of these estimates is as follows:

The State utilized the most recent detailed managed care experience data available to identify other behavioral health costs for waiver participants. This data represented services rendered from April 1, 2005 through March 31, 2006 and was projected to each renewal year utilizing service-

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level trend information from the most recent behavioral health managed care rate setting (for rates effective April 1, 2007). This data includes the cost of short term institutionalizations for individuals that returned to the waiver program.

The State also utilized fee-for-service (FFS) data to summarize the historical physical health costs for the waiver participants. This data represented services rendered from April 1, 2005 through March 31, 2006 and was also projected to each renewal year.

Pharmacy costs were adjusted to account for reduced Medicaid expenditures as a result of Medicare Part D effective January 1, 2006. Pharmacy costs were estimated based on expenses incurred by waiver recipients after January 1, 2006.

- iii. **Factor G Derivation.** The estimates of Factor G for each waiver year are included in Item J-1. The basis of these estimates is as follows:

The State utilized the most recent detailed managed care experience data available for ICF-MR costs for individuals in the Piedmont area. This data represented services rendered from April 1, 2005 through March 31, 2006 and was projected to each renewal year utilizing service-level trend information from the most recent behavioral health managed care rate setting (for rates effective April 1, 2007). This data includes individuals that may have entered the facility while they were a waiver recipient, but never returned to the waiver.

- iv. **Factor G' Derivation.** The estimates of Factor G' for each waiver year are included in Item J-1. The basis of these estimates is as follows:

The State utilized the most recent detailed managed care experience data available to identify other behavioral health costs for institutionalized individuals. This data represented services rendered from April 1, 2005 through March 31, 2006 and was projected to each renewal year utilizing service-level trend information from the most recent behavioral health managed care rate setting (for rates effective April 1, 2007).

The State also utilized fee-for-service (FFS) data to summarize the historical physical health costs for individuals residing in ICF-MR facilities. This data represented services rendered from April 1, 2005 through March 31, 2006 and was also projected to each renewal year.

Pharmacy costs were adjusted to account for reduced Medicaid expenditures as a result of Medicare Part D effective January 1, 2006. Pharmacy costs were estimated based on expenses incurred by ICF-MR recipients after January 1, 2006.

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ii. Estimate of Factor D – Concurrent §1915(b)/§1915(c) Waivers. Complete the following table for each waiver year.

Waiver Year: Year 1						
Waiver Service	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
	Check if included in capitation	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
Assistive Technology: Communication	<input checked="" type="checkbox"/>		12	1	\$2,359.70	\$28,316
Natural Supports Education	<input checked="" type="checkbox"/>		6	426	\$9.45	\$24,154
Crisis Continuum	<input checked="" type="checkbox"/>		8	705	\$6.41	\$36,152
Day Supports	<input checked="" type="checkbox"/>		221	3,599	\$4.71	\$3,746,235
Home and Community Supports	<input checked="" type="checkbox"/>		396	5,178	\$5.16	\$10,580,518
Community Integration	<input checked="" type="checkbox"/>		33	1,305	\$16.17	\$696,361
Assistive Technology: Equipment and Supplies	<input checked="" type="checkbox"/>		49	9	\$254.35	\$112,168
Assistive Technology: Home Modifications	<input checked="" type="checkbox"/>		1	1	\$1,538.31	\$1,538
Specialized Consultation Services	<input checked="" type="checkbox"/>		16	15	\$19.89	\$4,774
Assistive Technology: Vehicles	<input checked="" type="checkbox"/>		3	1	\$6,114.76	\$18,344
Financial Supports	<input checked="" type="checkbox"/>		55	14	\$107.16	\$82,513
Community Guide	<input checked="" type="checkbox"/>		55	207	\$9.64	\$109,751
Respite	<input checked="" type="checkbox"/>		338	1,130	\$4.12	\$1,573,593
Community Transition	<input checked="" type="checkbox"/>		11	1	\$3,214.84	\$35,363
Supported Employment	<input checked="" type="checkbox"/>		67	1,537	\$8.60	\$885,619
Residential Supports	<input checked="" type="checkbox"/>		182	360	\$122.52	\$8,027,510
Individual Goods and Services	<input checked="" type="checkbox"/>		55	4	\$224.64	\$49,421
GRAND TOTAL:						\$26,012,333
Total: Services included in capitation						\$26,012,333
Total: Services not included in capitation						0
TOTAL ESTIMATED UNDUPLICATED PARTICIPANTS (from Table J-2-a)						625
FACTOR D (Divide grand total by number of participants)						\$41,620
Services included in capitation						\$41,620
Services not included in capitation						\$0
AVERAGE LENGTH OF STAY ON THE WAIVER						324

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Waiver Year: Year 2						
Waiver Service	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
	Check if included in capitation	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
Assistive Technology: Communication	<input checked="" type="checkbox"/>		12	1	\$2,430.49	\$29,166
Natural Supports Education	<input checked="" type="checkbox"/>		6	435	\$9.73	\$25,395
Crisis Continuum	<input checked="" type="checkbox"/>		8	719	\$6.60	\$37,963
Day Supports	<input checked="" type="checkbox"/>		220	3,669	\$4.71	\$3,801,818
Home and Community Supports	<input checked="" type="checkbox"/>		402	5,278	\$5.16	\$10,948,261
Community Integration	<input checked="" type="checkbox"/>		36	1,330	\$16.65	\$797,202
Assistive Technology: Equipment and Supplies	<input checked="" type="checkbox"/>		50	9	\$261.98	\$117,891
Assistive Technology: Home Modifications	<input checked="" type="checkbox"/>		1	1	\$1,584.45	\$1,584
Specialized Consultation Services	<input checked="" type="checkbox"/>		16	16	\$20.49	\$5,245
Assistive Technology: Vehicles	<input checked="" type="checkbox"/>		3	1	\$6,298.21	\$18,895
Financial Supports	<input checked="" type="checkbox"/>		112	14	\$110.38	\$173,076
Community Guide	<input checked="" type="checkbox"/>		112	211	\$9.93	\$234,666
Respite	<input checked="" type="checkbox"/>		343	1,152	\$4.24	\$1,675,377
Community Transition	<input checked="" type="checkbox"/>		22	1	\$3,311.28	\$72,848
Supported Employment	<input checked="" type="checkbox"/>		68	1,567	\$8.85	\$943,021
Residential Supports	<input checked="" type="checkbox"/>		185	367	\$126.20	\$8,568,349
Individual Goods and Services	<input checked="" type="checkbox"/>		112	5	\$231.38	\$129,573
GRAND TOTAL:						\$27,580,329
Total: Services included in capitation						\$27,580,329
Total: Services not included in capitation						\$0
TOTAL ESTIMATED UNDUPLICATED PARTICIPANTS (from Table J-2-a)						635
FACTOR D (Divide grand total by number of participants)						\$43,434
Services included in capitation						\$43,434
Services not included in capitation						\$0
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Waiver Year: Year 3						
Waiver Service	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
	Check if included in capitation	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
Assistive Technology: Communication	<input checked="" type="checkbox"/>		13	1	\$2,503.40	\$32,544
Natural Supports Education	<input checked="" type="checkbox"/>		6	443	\$10.02	\$26,633
Crisis Continuum	<input checked="" type="checkbox"/>		8	733	\$6.80	\$39,875
Day Supports	<input checked="" type="checkbox"/>		217	3,740	\$4.71	\$3,822,542
Home and Community Supports	<input checked="" type="checkbox"/>		405	5,381	\$5.16	\$11,245,214
Community Integration	<input checked="" type="checkbox"/>		39	1,356	\$17.15	\$906,961
Assistive Technology: Equipment and Supplies	<input checked="" type="checkbox"/>		50	9	\$269.84	\$121,428
Assistive Technology: Home Modifications	<input checked="" type="checkbox"/>		1	1	\$1,631.99	\$1,632
Specialized Consultation Services	<input checked="" type="checkbox"/>		16	16	\$21.10	\$5,402
Assistive Technology: Vehicles	<input checked="" type="checkbox"/>		3	1	\$6,487.15	\$19,461
Financial Supports	<input checked="" type="checkbox"/>		170	15	\$113.69	\$289,910
Community Guide	<input checked="" type="checkbox"/>		170	216	\$10.23	\$375,646
Respite	<input checked="" type="checkbox"/>		346	1,174	\$4.37	\$1,775,111
Community Transition	<input checked="" type="checkbox"/>		34	2	\$3,410.62	\$231,922
Supported Employment	<input checked="" type="checkbox"/>		68	1,597	\$9.12	\$990,396
Residential Supports	<input checked="" type="checkbox"/>		187	374	\$129.98	\$9,090,541
Individual Goods and Services	<input checked="" type="checkbox"/>		170	5	\$238.32	\$202,572
GRAND TOTAL:						\$29,177,789
Total: Services included in capitation						\$29,177,789
Total: Services not included in capitation						\$0
TOTAL ESTIMATED UNDUPLICATED PARTICIPANTS (from Table J-2-a)						640
FACTOR D (Divide grand total by number of participants)						\$45,590
Services included in capitation						\$45,590
Services not included in capitation						\$0
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Waiver Year: Year 4 (Renewal Only)						
Waiver Service	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
	Check if included in capitation	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
Assistive Technology: Communication	<input checked="" type="checkbox"/>		13	1	\$2,578.51	\$33,521
Natural Supports Education	<input checked="" type="checkbox"/>		6	452	\$10.32	\$27,988
Crisis Continuum	<input checked="" type="checkbox"/>		8	747	\$7.00	\$41,832
Day Supports	<input checked="" type="checkbox"/>		215	3,813	\$4.71	\$3,861,234
Home and Community Supports	<input checked="" type="checkbox"/>		409	5,485	\$5.16	\$11,575,763
Community Integration	<input checked="" type="checkbox"/>		41	1,382	\$17.67	\$1,001,218
Assistive Technology: Equipment and Supplies	<input checked="" type="checkbox"/>		50	9	\$277.93	\$125,069
Assistive Technology: Home Modifications	<input checked="" type="checkbox"/>		1	1	\$1,680.95	\$1,681
Specialized Consultation Services	<input checked="" type="checkbox"/>		16	16	\$21.74	\$5,565
Assistive Technology: Vehicles	<input checked="" type="checkbox"/>		3	1	\$6,681.77	\$20,045
Financial Supports	<input checked="" type="checkbox"/>		228	15	\$117.10	\$400,482
Community Guide	<input checked="" type="checkbox"/>		228	220	\$10.54	\$528,686
Respite	<input checked="" type="checkbox"/>		349	1,197	\$4.50	\$1,879,889
Community Transition	<input checked="" type="checkbox"/>		46	2	\$3,512.94	\$323,190
Supported Employment	<input checked="" type="checkbox"/>		69	1,628	\$9.39	\$1,054,797
Residential Supports	<input checked="" type="checkbox"/>		188	382	\$133.88	\$9,614,726
Individual Goods and Services	<input checked="" type="checkbox"/>		228	5	\$245.47	\$279,836
GRAND TOTAL:						\$30,775,523
Total: Services included in capitation						\$30,775,523
Total: Services not included in capitation						\$0
TOTAL ESTIMATED UNDUPLICATED PARTICIPANTS (from Table J-2-a)						645
FACTOR D (Divide grand total by number of participants)						\$47,714
Services included in capitation						\$47,714
Services not included in capitation						\$0
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Waiver Year: Year 5 (Renewal Only)						
Waiver Service	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
	Check if included in capitation	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Total Cost
Assistive Technology: Communication	<input checked="" type="checkbox"/>		13	1	\$2,655.86	\$34,526
Natural Supports Education	<input checked="" type="checkbox"/>		6	461	\$10.63	\$29,403
Crisis Continuum	<input checked="" type="checkbox"/>		8	762	\$7.21	\$43,952
Day Supports	<input checked="" type="checkbox"/>		212	3,887	\$4.71	\$3,881,247
Home and Community Supports	<input checked="" type="checkbox"/>		412	5,592	\$5.16	\$11,888,145
Community Integration	<input checked="" type="checkbox"/>		44	1,409	\$18.20	\$1,128,327
Assistive Technology: Equipment and Supplies	<input checked="" type="checkbox"/>		51	10	\$286.27	\$145,998
Assistive Technology: Home Modifications	<input checked="" type="checkbox"/>		1	1	\$1,731.38	\$1,731
Specialized Consultation Services	<input checked="" type="checkbox"/>		16	17	\$22.39	\$6,090
Assistive Technology: Vehicles	<input checked="" type="checkbox"/>		3	1	\$6,882.22	\$20,647
Financial Supports	<input checked="" type="checkbox"/>		288	15	\$120.61	\$521,035
Community Guide	<input checked="" type="checkbox"/>		288	224	\$10.85	\$699,955
Respite	<input checked="" type="checkbox"/>		352	1,220	\$4.63	\$1,988,307
Community Transition	<input checked="" type="checkbox"/>		58	2	\$3,618.33	\$419,726
Supported Employment	<input checked="" type="checkbox"/>		69	1,660	\$9.68	\$1,108,747
Residential Supports	<input checked="" type="checkbox"/>		190	389	\$137.90	\$10,192,189
Individual Goods and Services	<input checked="" type="checkbox"/>		288	5	\$252.83	\$364,075
GRAND TOTAL:						\$32,474,101
Total: Services included in capitation						\$32,474,101
Total: Services not included in capitation						\$0
TOTAL ESTIMATED UNDUPLICATED PARTICIPANTS (from Table J-2-a)						650
FACTOR D (Divide grand total by number of participants)						\$49,960
Services included in capitation						\$49,960
Services not included in capitation						\$0
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