

FY13 Reversion from the DOH Budget for the Medicaid Waiver Programs

Each year, the state legislature appropriates the state general fund to pay for waiver expenditures for the Developmental Disabilities, Medically Fragile and Mi Via Waiver program operated by the Department of Health (DOH). The nature of how people enter the program and use services can result in the DOH reverting money to the general fund from the waiver appropriation. For Fiscal Year 13 the total reversion amount is projected to be \$4.5 million.

Background

In FY13, DOH made new allocations based on an estimated full year SGF cost of approximately \$22,000 per person. Assuming \$22,000 in state general fund match per person, \$7.2 million is required to serve 328 individuals for a full year, each year they remain on the waiver.

In FY 13, \$2.7 million in new funding was appropriated for waiver services. This appropriation supported services to approximately 145 individuals from the Central Registry. Through program reform efforts, including better management of attrition, DOH was able to offer services to an additional 183 individuals. The total number of individuals allocated in FY 13 was 328. This was the largest annual allocation in more than a decade. The number of new allocations from program sources other than a new appropriation compounded the impact from “ramp-up” and typical underutilization leading to a larger than average reversion.

Factors Contributing to the Reversion

1. Entry into services took longer than in previous fiscal years (approximately \$3,600,000)

In FY13, of the 328 individuals allocated, only 245 had a least one paid claim against their approved budget in FY13 and no one was in services for a full year. On average, new allocations were in services 187 days compared to 346 for individuals on the waiver for one full year and 360 days for individuals on the waiver two or more years. The average cost per day for new allocations was \$111 compared to \$177 for individuals on the waiver for one full year and \$203 for individuals on the waiver for two or more years

- Issues impacting start time in FY13:
 - Centers for Medicare and Medicaid Services (CMS) delay in approval of the waiver amendment. The amendment was submitted in March 2012. Approval was anticipated by June 30, 2012; however the amendment was not approved until March 2013. DOH and HSD were hesitant to move people into the program without CMS approval. However, in the fall of 2012 the state decided to move forward, even if federal funds were in question. Many individuals who might have entered services in July/August 2012 didn't enter until October/November 2013.

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- Delays related to systemic issues with processing of Medicaid approval for people entering the DD/MF waivers from another Medicaid program such as the Personal Care Option.
- Rather than offering waiver services to all 328 individuals at once, allocation groups were staggered as funds were identified from program reform.

2. Utilization/Attrition (approximately \$300,000)

- Even when newly allocated people are in service for a full 12 months, their annual average cost is less than for existing waiver participants in Mi Via and DDW.
- New allocations that result from attrition result in a temporary reduction in the need for funding from the base budget. On average new participants cost only \$111 per day while the average cost for the person they are replacing was \$203 per day.
- Once the new participants are in service for two years the full funding of \$203 per person per day will be needed to support them.
- In FY13, more people left the waiver than in previous years. DOH has adjusted allocations in FY14 to address this change by allocating 15 additional people to the allocation group.

3. More Individuals Selecting Mi Via (approximately \$600,000)

- Out of the 328 FY13 allocations, 128 individuals selected Mi Via.
- At the time, the FY13 cost projections were made, DOH did not anticipate the growth in the number of individuals selecting services from Mi Via rather than the traditional DD waiver.
- In FY 13, the average cost per year for Mi Via in FY13 was approximately \$11,000 in SGF compared to \$22,000 for the traditional DDW.
- As a result, state general fund cost for new allocations that selected Mi Via totaled approximately \$1.4 million, instead of the \$2.8 million projected when DDSD determined the initial number of allocations to make in FY13.
- DOH used \$800,000 to fund a portion of the FY13 allocation group; however, the full impact of more people choosing Mi Via in FY13 was not recognized until final analysis of the projected reversion occurred.

Full funding will be needed in future fiscal years to serve people allocated in FY13

- In FY13, the cost for the 245 new allocations that began services was \$1,577,115 in state general funds. However, a full year of services for this group in FY14 is projected to cost \$4.0 million in state general funds. In addition, the remaining 83 individuals allocated in FY13 that did not have a claim until FY14 are projected to cost an additional 1.5 million

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in state general fund. The difference between \$5.5 million projected for FY14 and the \$1,577,115 spent on this allocation group in FY13 is due to the "ramp up" effect for new allocations and accounts for \$3.9 million of the reversion.

- The remaining \$600, 000 of the reversion came from the unrecognized Mi Via savings; however, \$800,000 of the Mi Via savings will be spent as a result of the number of allocations made in FY13. This will not result in FY14 overspending due to the expected ramp up effect for the FY14 allocation group. In fact, DDS is proceeding to add another 50 allocations for FY14 in anticipation of continued trend in increased selection of Mi Via at a lower state general fund cost.

FY14 Allocations

DOH plans to move at least 465 people who are currently on the waiting list into services in FY14. To date, DOH has issued 570 Letters of Interest in calendar year 2103 to individuals next in line on the waiting list. The goal for this mailing is allocation to 385 new waiver participants.

- As of November 1, 2013: Forty nine (49) people from this allocation group have started services

At this time DOH is sending an additional 60 Letters of Interest and allocating several individuals through the expedited process, with a goal of adding 50 more people to the program.

DOH is in process of allocating 401 people:

- 209 from new appropriation (\$4,600,000)
- 176 from Mi Via shift, underutilization, ramp up
- 50 from program reform and attrition
- 15 expedited

DOH projects at least 15 additional expedited allocations will be needed this year bringing the FY14 total to 465.