

Appendix J: Cost Neutrality Demonstration

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

Composite Overview. Complete the fields in Cols. 3, 5 and 6 in the following table for each waiver year. The fields in Cols. 4, 7 and 8 are auto-calculated based on entries in Cols 3, 5, and 6. The fields in Col. 2 are auto-calculated using the Factor D data from the J-2-d Estimate of Factor D tables. Col. 2 fields will be populated ONLY when the Estimate of Factor D tables in J-2-d have been completed.

Level(s) of Care: Hospital

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 (Col 7 less Column4)
1	10485.11	14294.00	24779.11	7740.00	30608.00	38348.00	13568.89
2	11120.14	15009.00	26129.14	8128.00	32138.00	40266.00	14136.86
3	12031.26	15759.00	27790.26	8534.00	33745.00	42279.00	14488.74
4	12843.28	16547.00	29390.28	8960.00	35432.00	44392.00	15001.72
5	14005.52	17374.00	31379.52	9418.00	37204.00	46622.00	15242.48

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J-2: Derivation of Estimates (1 of 9)

- 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:	
		Hospital	
Year 1	1570	1570	
Year 2	1570	1570	
Year 3	1570	1570	
Year 4	1570	1570	
Year 5	1570	1570	

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J-2: Derivation of Estimates (2 of 9)

- 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-a.

The ALOS based on the number from the 2011 lag report.

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J-2: Derivation of Estimates (3 of 9)

- 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:

Unduplicated # of users for each service was based on increased legislative appropriations for years one and two. An increase of 3% was added to unduplicated users for each years 3-5. The average annual number of units per recipient was based on the expenditures from the MMIS system divided by the rate for each service to obtain the total number of units used, this was then divided by the number of recipients to obtain the average number of units used per recipient.

- 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:

This was based on the lag report for year 2011. An inflation factor of 5% was assumed for all following years. The state does not include prescription drug costs in its estimate for D'.

- 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:

This was based on actual expenditures from the MMIS for kids under 18 currently in MHI's. An inflation factor of 5% was assumed.

- 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:

This was based on actual State Plan expenditures from the MMIS for kids under 18 currently in MHI's. The main expense included in Factor G' not seen in Factor D' is the inpatient expenses provided by Psychiatric Medical Institutions for Children. Due to the PMIC expenses, Factor G' is actually higher than Factor D'. An inflation factor of 5% was assumed.

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J-2: Derivation of Estimates (4 of 9)

Component management for waiver services. If the service(s) below includes two or more discrete services that are reimbursed separately, or is a bundled service, each component of the service must be listed. Select "manage components" to add these components.

Waiver Services	
Family and Community Support service	
Respite	
Environmental modifications and adaptive devices,	
In-home family therapy	

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J-2: Derivation of Estimates (5 of 9)

- d. Estimate of Factor D.

i. **Non-Concurrent Waiver.** Complete the following table for each waiver year. Enter data into the Unit, # Users, Avg. Units Per User, and Avg. Cost/Unit fields for all the Waiver Service/Component items. Select Save and Calculate to automatically calculate and populate the Component Costs and Total Costs fields. All fields in this table must be completed in order to populate the Factor D fields in the J-1 Composite Overview table.

Waiver Year: Year 1

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Family and Community Support service Total:						2501780.18
Family and Community Support service	15 Min	1117	179.04	12.44	2487846.74	
Therapeutic Resources	Per Unit	236	3.00	19.68	13933.44	
Respite Total:						7558018.40
ICF/MR	15 Min	5	576.00	4.57	13161.60	
Child Care Center	15 Min	46	2200.00	4.85	490820.00	
Home Care Agcy & Non-Facility, Basic Individual	15 Min	917	768.00	5.02	3535365.12	
Home Care Agcy & Non-Facility, Group	15 Min	628	1312.00	4.05	3336940.80	
HHA Basic Individual	15 Min	24	1068.00	7.09	181730.88	
Environmental modifications and adaptive devices, Total:						206767.36
Environmental modifications and adaptive devices,	Per Unit	54	1.46	2622.62	206767.36	
In-home family therapy Total:						6195060.96
In-home family therapy	15 Min	1406	132.00	33.38	6195060.96	
GRAND TOTAL:						16461626.90
Total Estimated Unduplicated Participants:						1570
Factor D (Divide total by number of participants):						10485.11
Average Length of Stay on the Waiver:						260

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J-2: Derivation of Estimates (6 of 9)

d. Estimate of Factor D.

i. Non-Concurrent Waiver. Complete the following table for each waiver year. Enter data into the Unit, # Users, Avg. Units Per User, and Avg. Cost/Unit fields for all the Waiver Service/Component items. Select Save and Calculate to automatically calculate and populate the Component Costs and Total Costs fields. All fields in this table must be completed in order to populate the Factor D fields in the J-1 Composite Overview table.

Waiver Year: Year 2

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Family and Community Support service Total:						2626466.38
Family and Community Support service	15 Min	1117	179.04	13.06	2611839.10	
GRAND TOTAL:						17458623.63
Total Estimated Unduplicated Participants:						1570
Factor D (Divide total by number of participants):						11120.14
Average Length of Stay on the Waiver:						260

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Therapeutic Resources	Per Unit	236	3.00	20.66	14627.28	
Respite Total:						8110052.00
ICF/MR	15 Min	5	576.00	4.80	13824.00	
Child Care Center	15 Min	46	2200.00	5.09	515108.00	
Home Care Agcy & Non-Facility, Basic Individual	15 Min	917	768.00	5.51	3880450.56	
Home Care Agcy & Non-Facility, Group	15 Min	628	1312.00	4.26	3509967.36	
HHA Basic Individual	15 Min	24	1068.00	7.44	190702.08	
Environmental modifications and adaptive devices, Total:						217105.65
Environmental modifications and adaptive devices,	Per Unit	54	1.46	2753.75	217105.65	
In-home family therapy Total:						6504999.60
In-home family therapy	15 Min	1406	132.00	35.05	6504999.60	
GRAND TOTAL:						17458623.63
Total Estimated Unduplicated Participants:						1570
Factor D (Divide total by number of participants):						11120.14
Average Length of Stay on the Waiver:						260

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J-2: Derivation of Estimates (7 of 9)

d. Estimate of Factor D.

i. Non-Concurrent Waiver. Complete the following table for each waiver year. Enter data into the Unit, # Users, Avg. Units Per User, and Avg. Cost/Unit fields for all the Waiver Service/Component items. Select Save and Calculate to automatically calculate and populate the Component Costs and Total Costs fields. All fields in this table must be completed in order to populate the Factor D fields in the J-1 Composite Overview table.

Waiver Year: Year 3

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Family and Community Support service Total:						2855859.30
Family and Community Support service	15 Min	1150	180.00	13.72	2840040.00	
Therapeutic Resources	Per Unit	243	3.00	21.70	15819.30	
Respite Total:						8758146.44
GRAND TOTAL:						18889071.46
Total Estimated Unduplicated Participants:						1570
Factor D (Divide total by number of participants):						12031.26
Average Length of Stay on the Waiver:						260

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
ICF/MR	15 Min	6	576.00	5.04	17418.24	
Child Care Center	15 Min	47	2200.00	5.35	553190.00	
Home Care Agcy & Non-Facility, Basic Individual	15 Min	944	768.00	5.78	4190453.76	
Home Care Agcy & Non-Facility, Group	15 Min	646	1312.00	4.47	3788557.44	
HHA Basic Individual	15 Min	25	1068.00	7.81	208527.00	
Environmental modifications and adaptive devices, Total:						236403.32
Environmental modifications and adaptive devices,	Per Unit	56	1.46	2891.43	236403.32	
In-home family therapy Total:						7038662.40
In-home family therapy	15 Min	1449	132.00	36.80	7038662.40	
GRAND TOTAL:					18889071.46	
Total Estimated Unduplicated Participants:					1570	
Factor D (Divide total by number of participants):					12031.26	
Average Length of Stay on the Waiver:						260

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J-2: Derivation of Estimates (8 of 9)

d. Estimate of Factor D.

i. Non-Concurrent Waiver. Complete the following table for each waiver year. Enter data into the Unit, # Users, Avg. Units Per User, and Avg. Cost/Unit fields for all the Waiver Service/Component items. Select Save and Calculate to automatically calculate and populate the Component Costs and Total Costs fields. All fields in this table must be completed in order to populate the Factor D fields in the J-1 Composite Overview table.

Waiver Year: Year 4

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Family and Community Support service Total:						3086013.00
Family and Community Support service	15 Min	1184	180.00	14.40	3068928.00	
Therapeutic Resources	Per Unit	250	3.00	22.78	17085.00	
Respite Total:						9466469.36
ICF/MR	15 Min	6	576.00	5.30	18316.80	
Child Care Center					604758.00	
GRAND TOTAL:					20163947.45	
Total Estimated Unduplicated Participants:					1570	
Factor D (Divide total by number of participants):					12843.28	
Average Length of Stay on the Waiver:						260

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
	15 Min	49	2200.00	5.61		
Home Care Agcy & Non-Facility, Basic Individual	15 Min	972	768.00	6.06	4523765.76	
Home Care Agcy & Non-Facility, Group	15 Min	665	1312.00	4.69	4091931.20	
HHA Basic Individual	15 Min	26	1068.00	8.20	227697.60	
Environmental modifications and adaptive devices, Total:						173052.57
Environmental modifications and adaptive devices,	Per Unit	57	1.00	3036.01	173052.57	
In-home family therapy Total:						7438412.52
In-home family therapy	15 Min	1449	132.00	38.89	7438412.52	
GRAND TOTAL:					20163947.45	
Total Estimated Unduplicated Participants:					1570	
Factor D (Divide total by number of participants):					12843.28	
Average Length of Stay on the Waiver:						260

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J-2: Derivation of Estimates (9 of 9)

d. Estimate of Factor D.

i. Non-Concurrent Waiver. Complete the following table for each waiver year. Enter data into the Unit, # Users, Avg. Units Per User, and Avg. Cost/Unit fields for all the Waiver Service/Component items. Select Save and Calculate to automatically calculate and populate the Component Costs and Total Costs fields. All fields in this table must be completed in order to populate the Factor D fields in the J-1 Composite Overview table.

Waiver Year: Year 5

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Family and Community Support service Total:						3338794.32
Family and Community Support service	15 Min	1220	180.00	15.12	3320352.00	
Therapeutic Resources	Per Unit	257	3.00	23.92	18442.32	
Respite Total:						10236147.24
ICF/MR	15 Min	6	576.00	5.56	19215.36	
Child Care Center	15 Min	49	2200.00	5.90	636020.00	
Home Care Agcy & Non-Facility, Basic Individual	15 Min	1002	768.00	6.37	4901944.32	
GRAND TOTAL:					21988670.99	
Total Estimated Unduplicated Participants:					1570	
Factor D (Divide total by number of participants):					14005.52	
Average Length of Stay on the Waiver:						260

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Home Care Agcy & Non-Facility, Group	15 Min	685	1312.00	4.93	4430689.60	
HHA Basic Individual	15 Min	27	1068.00	8.61	248277.96	
Environmental modifications and adaptive devices, Total:						188080.79
Environmental modifications and adaptive devices,	Per Unit	59	1.00	3187.81	188080.79	
In-home family therapy Total:						8225648.64
In-home family therapy	15 Min	1536	132.00	40.57	8225648.64	
GRAND TOTAL:						21988670.99
Total Estimated Unduplicated Participants:						1570
Factor D (Divide total by number of participants):						14005.52
Average Length of Stay on the Waiver:						260