

STATE OF WISCONSIN
 Department of Health and Family Services
 Division of Long Term Care


DDES Info Memo Series 2007-12

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Index Title: LTC Fiscal Update Memo #2

To: Listserv

For: County Departments of Human Services Departments
 County Departments of Social Services Directors
 County 51 Directors
 County Fiscal Contacts
 County COP and Waiver Coordinators
 Human Service Area Coordinators
 Area Administrators
 Community Integration Specialists

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 Administrator

Subject: LTC Fiscal Update Memo #2

This informational memo clarifies the Department of Health and Family Services (DHFS) policy on approving the use of Community Options Program (COP) Risk Reserve and on awarding COP High Cost Funds as counties implement managed long-term care expansion.

COP Risk Reserve

Background

1999 Wisconsin Act 9 allows counties to establish a risk reserve with unspent COP (GPR) funds. In Family Care, a risk reserve is a key component of financial management. The COP risk reserve provision in Act 9 allows a similar financial management mechanism in the waiver programs. A county may use COP risk reserve funds to pay for unanticipated expenses in any of the Department's Home and Community Based Waiver (HCBW) programs. Unspent COP risk reserve funding may be carried forward each year. For further detail please refer to Informational Memo #140 dated March 31, 2000 which can be found on the Department's website at: http://dhfs.wisconsin.gov/dsl_info/

Policy

Counties have asked the Department to clarify allowable uses of COP Risk Reserve funds prior to, and during, a transition to Family Care. COP Risk Reserve may not be used to offset the required contribution of county funds under managed long term care expansion. However a county may use COP Risk Reserve for the following purposes:

1. To meet or contribute toward meeting risk reserve requirements associated with a contract between the Department and a county-based MCO.
 Note: COP Risk Reserve funds may not be used to meet risk reserve requirements for a private MCO;
2. To meet or contribute toward meeting risk reserve requirement of an MCO governed by a Family Care District or Long-Term Care District, as approved by county board resolution;

3. To pay COP administrative costs, as approved by the Department under s.46.27 (7)(fr);
4. To pay COP-allowable service costs for persons served through all waivers in the period prior to and/or during a county's transition to managed long-term care.
Note: A county may not use the COP risk reserve funds to replace the county's required managed long-term care contribution as coordinated with the approved managed long-term care enrollment plan. However, a county may use risk reserve funds to pay one-time expenses on behalf of current waiver participants or offset increases in locally supported expenses, such as those due to inflation or provider increases. Risk reserve funds, as COP funds, must be funding of last resort. DHFS will approve risk reserve expenditures only when a county provides reasonable documentation that other program funding is projected to be fully expended prior to the end of the year and un-reimbursed expenditures remain.
5. To pay COP-allowable service costs for persons in the children's long term care waivers and for individuals who have a mental illness and do not meet Family Care eligibility, after a county's adult waiver population has transitioned to managed long-term care.

Note: A transitioning county may request a special variance to carry forward the entire risk reserve to offset COP allowable costs in the year following transition to managed care. These carry-over funds could be used to support expenditures for home modifications, vehicle modification, adaptive equipment etc. that would have otherwise resulted in a COP high cost request for the remaining COP population. However, while the carryover of the risk reserve may exceed 15% of the post-transition COP allocation in this first year, the resulting balance at the close of the year may not exceed the 15% requirement.

6. To establish a COP risk reserve for COP eligible children and persons with a mental illness who do not transition to managed long-term care.

Note: Funds retained for the purpose of continuing a COP Risk Reserve for COP eligible children and persons with a mental illness may not exceed 15% of the county's remaining COP allocation level after current eligible COP and waiver participants have transitioned to managed long-term care.

COP High Cost Funds for Counties in Transition

Background

Within the statewide Community Options Program, the Department maintains a fund for exceptional needs of HCBW recipients. Exceptional funds are awarded to applicant counties for the improvement or expansion of long-term community support services for clients. Services may include: a) start-up costs for developing needed services for eligible target groups; b) home modifications for COP eligible participants and housing funding; c) purchase of medical services and medical equipment or other specially adapted equipment; and d) vehicle modifications. The exceptional needs (or high-cost) fund is maintained by the Department using COP and COP-W GPR funds allocated but not spent in the prior calendar year (s.46.27(7)(g), Wis. Stats.). Awards to counties are available only when COP under-spending is available.

Policy

A county planning to implement managed long-term care may continue to request COP High Cost funding under the current review process until the county's managed long-term care start date (the first date of enrollment for managed long-term care services in that county). To qualify for high cost funds, projects or services must be completed and paid in full prior to the date the consumer enrolls in managed long-term

care. The Department will recoup COP high cost funds from a county if the individual enrolls in managed long-term care prior to the date the project or service is complete and paid in full.

During the period when a county's waiver participants are dis-enrolling from the waiver and enrolling in managed long-term care, the Department will consider a county's COP High cost request only when consumer needs arise that are unexpected, services to meet those needs cannot be delayed, and other waiver funding is not available to support the cost. Again, COP High Cost funds may only be used for projects or services paid in full before an individual enrolls in managed long-term care.

We hope you find these clarifications helpful. If you have questions or concerns, please contact the following individuals:

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