

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  
Children's Services Specialists

From: Sinikka Santala  
Administrator

Subject: LTC Fiscal Update Memo #8

The purpose of this memo is to clarify and reiterate information previously provided to counties regarding the use of State General Purpose Revenue (GPR) allocations for eligible waiver costs during the period of transition into Family Care.

**BACKGROUND**

As previously detailed in LTC Fiscal Update Memo #1, funding for CIP 1A, CIP 1B, BIW, CIP II, and COP waiver programs are now treated as an allocation to counties. This change, effective January 1, 2008, allows counties greater flexibility in the use of their funding for the adult long-term care waiver programs by no longer limiting counties to serve only the same number of persons as slots allocated for each of the programs. Counties receive an allocation for each of the waiver programs based on the current number of slots that they have, the rate for each of these slots, and the total number of days in the contract year.

A county's allocation for any of the waiver programs can increase or decrease throughout the calendar year based on waiver activity. For example, if a county has a new relocation under CIP 1A or ICF-MR restructuring, the allocation for the corresponding waiver would be increased. Similarly, if a county has someone vacate a BIW slot, that waiver's allocation would be decreased. Allocation increases and decreases will continue to occur as they have in the past, and are calculated based on the number of people added to (or removed from) the waiver, their rate, and the number of days remaining in the calendar year.

By removing slot restrictions, counties gain flexibility within the programs. Counties are no longer required to request changes between slots to fill vacant slots within programs, are not held to the current "slot value," and do not need to return funding for unused days. Instead, if counties have allowable expenses reported in HSRS for the program, they will be paid up to the amount of their allocations. However, this does *not* mean that the entire allocation may be spent, if the county is also transitioning to Family Care. It should also be noted that transfers between waiver programs (such as a transfer between CIP 1A and CIP IB) still require Department approval.

**TRANSITIONING TO FAMILY CARE**

Waiver contract language addressing the transition to managed long-term care states: "As the (waiver program name) participants transition into managed long-term care, a county's (waiver program name) allocation will be reduced to reflect individuals who are no longer being served under the (waiver program name), and are instead being served through the Family Care program." These LTC waiver contract reductions also apply as persons opt to transition out of the traditional LTC waivers (CIP, COP, etc.) to the new Self-Directed Supports (SDS) waiver.

Waiver contracts will be reduced after counties complete the transition of waiver participants into Family Care, allowing the programs to remain fully-funded during the transition period and facilitating an accurate settlement process that will be based on the county's actual transition experience. The Family Care funding model assumes that the county fully supports locally-funded waiver clients until their transfer into Family Care (a "maintenance of effort" during the transition process). Accordingly, the waiver contract reduction performed after the county's transition of waiver participants is complete will take into account both the speed of the county's transition and the existing mix of State-funded and locally funded participants.

While the county currently receives waiver funding from the State in the form of an allocation, the amount of the allocation is determined by calculating the number of people served in State slots, times their individual rates, times the number of days in one year. In order to ensure that counties receive an appropriate level of support for the number of State-supported slots over the period of transition without requiring fiscal staff to track member-by-member transitions to Family Care over the estimated six-month waiver participant enrollment period, post-transition contract reductions will be estimated *using the entire waiver participant pool*, and assuming county maintenance of effort.

The adjustment method identifies the total number of people (both State and locally funded) being served under each waiver at the beginning of the transition, and divides the entire GPR allocation amount by the total number of people and the number of days in a year (366 in CY08) to determine an average GPR allocation per diem. Contract reductions calculated after the transition of all waiver participants will be equal to this per diem, times the number of individuals leaving that waiver program, times the number of days remaining in the year. This method will ensure that that the county receives a stable and proportional amount of GPR for State-supported waiver participants over the course of the transition, without requiring the county to track which enrollees are supported by State versus local funding.

**EXAMPLE**

County A participates in the CIP 1B waiver. At the beginning of the county's transition to Family Care, there are 6 individuals in CIP 1B State-supported slots, each having a daily rate of \$200. The county's calendar year allocation from the State for CIP 1B is \$439,200 (6 participants times \$200 per day times 366 days in 2008). The county also serves 6 individuals in locally-supported CIP 1B slots, each having a daily rate of \$100. Assuming a maintenance of effort, the county would expect to budget \$219,600 for these individuals in 2008 (6 participants times \$100 per day times 366 days in 2008). Given these assumptions, the county could expect the following costs for 2008, before transition to Family Care:

<b>Month</b>	<b>Enrollees</b>	<b>Cost - State</b>	<b>Cost - Local</b>	<b>Total</b>
January	12	\$37,200	\$18,600	\$55,800
February	12	\$34,800	\$17,400	\$52,200
March	12	\$37,200	\$18,600	\$55,800
April	12	\$36,000	\$18,000	\$54,000
May	12	\$37,200	\$18,600	\$55,800
June	12	\$36,000	\$18,000	\$54,000
July	12	\$37,200	\$18,600	\$55,800
August	12	\$37,200	\$18,600	\$55,800
September	12	\$36,000	\$18,000	\$54,000
October	12	\$37,200	\$18,600	\$55,800
November	12	\$36,000	\$18,000	\$54,000
December	12	\$37,200	\$18,600	\$55,800
		\$439,200	\$219,600	\$658,800

Beginning in January, County A transitions to Family Care. The transition plan assumes that 1/6 of the waiver participants will enroll in managed care each month, effective the first of the month. In this example, as one-half of the waiver participants are State-funded and one-half are locally-funded, the enrollment plan assumes that

half of each month's Family Care enrollees will come from State-supported slots, and half from county supported slots. During transition, the county's CIP 1B anticipated cost plan will now look like this:

<b>Month</b>	<b>Waiver Enrollees</b>	<b>Family Care Enrollees</b>	<b>Cost (State)</b>	<b>Cost (Local)</b>	<b>Cost (Family Care)</b>	<b>Total</b>
January	10	2	\$31,000	\$15,500	\$9,300	\$55,800
February	8	4	\$23,200	\$11,600	\$17,400	\$52,200
March	6	6	\$18,600	\$9,300	\$27,900	\$55,800
April	4	8	\$12,000	\$6,000	\$36,000	\$54,000
May	2	10	\$6,200	\$3,100	\$46,500	\$55,800
June	0	12	\$0	\$0	\$54,000	\$54,000
July	0	12	\$0	\$0	\$55,800	\$55,800
August	0	12	\$0	\$0	\$55,800	\$55,800
September	0	12	\$0	\$0	\$54,000	\$54,000
October	0	12	\$0	\$0	\$55,800	\$55,800
November	0	12	\$0	\$0	\$54,000	\$54,000
December	0	12	\$0	\$0	\$55,800	\$55,800
			\$91,000	\$45,500	\$522,300	\$658,800

After the county has finished enrolling their CIP 1B waiver participants in Family Care, the Department will then reduce the county's contract to reflect the fact that the waiver is no longer providing services for these individuals. Under the formula, the Department looks at the total number of people (both State and locally funded) being served under each waiver at the beginning of the transition, divides the entire GPR allocation amount by the total number of people and the number of days in a year (366 in CY08) to determine an average GPR allocation per diem, and then reduces contracts by an amount equal to the per diem times the number of individuals leaving that waiver program, times the number of days remaining in the year. This calculation for County A is shown in the following table.

<b>Month</b>	<b>Waiver Enrollees</b>	<b>Family Care Enrollees</b>	<b>Total Waiver Allocation (Pre-adjustment)</b>	<b>Per Diem Calculated Adjustment to Contract</b>	<b>Total Waiver Allocation (Post-adjustment)</b>
January	10	2	\$37,200	-\$6,200	\$31,000
February	8	4	\$34,800	-\$11,600	\$23,200
March	6	6	\$37,200	-\$18,600	\$18,600
April	4	8	\$36,000	-\$24,000	\$12,000
May	2	10	\$37,200	-\$31,000	\$6,200
June	0	12	\$36,000	-\$36,000	\$0
July	0	12	\$37,200	-\$37,200	\$0
August	0	12	\$37,200	-\$37,200	\$0
September	0	12	\$36,000	-\$36,000	\$0
October	0	12	\$37,200	-\$37,200	\$0
November	0	12	\$36,000	-\$36,000	\$0
December	0	12	\$37,200	-\$37,200	\$0
			\$439,200	-\$348,200	\$91,000

Consequently, County A's CIP 1B contract will be updated in July to provide an allocation of \$91,000 under the county's CIP 1B waiver to reflect the State's share of costs required to support waiver enrollees during the transition into managed care. County A would have been expected to contribute \$45,500 of local funding during

the transition to support locally-funded waiver slots (rather than their full annual commitment of \$219,600 under this example).

If you have questions regarding the fiscal impact of funding moves in light of your county's transition to Family Care, please contact a member of the Fiscal Management and Business Services Section:

- Rebecca Hotynski, Fiscal Unit Supervisor – (608) 264-9870 or [Rebecca.Hotynski@dhfs.wisconsin.gov](mailto:Rebecca.Hotynski@dhfs.wisconsin.gov)
- Sue Liegel for COP and COP-W – (608) 266-9755 or [Susan.Liegel@dhfs.wisconsin.gov](mailto:Susan.Liegel@dhfs.wisconsin.gov)
- Lisa Kelly for CIP II – (608) 267-3659 or [Lisa.Kelly@dhfs.wisconsin.gov](mailto:Lisa.Kelly@dhfs.wisconsin.gov)
- Karla Meyer for CIP I or BIW – (608) 266-0071 or [Karla.Meyer@dhfs.wisconsin.gov](mailto:Karla.Meyer@dhfs.wisconsin.gov)
- Bill Lorenz for CLTS – (608) 261-6751 or [WilliamA.Lorenz@dhfs.wisconsin.gov](mailto:WilliamA.Lorenz@dhfs.wisconsin.gov)