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To: 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

From: Brian Shoup
Administrator

Long Term Care Fiscal Update Memo #1

The purpose of this memo is to organize and update previously published Division of Long Term Care (DLTC) Bureau of Long Term Care Financing (BLTCF) memos to counties addressing preparedness for the transition to long term care reform and implementation.

This memo is #1 in a series of 4 memos and addresses the following:

Information and clarifies procedures regarding the Adult Protective Services (APS) allocation and the County Contribution under long-term care implementation identified by Wisconsin Statutes 46.281(4). Specifically this memo describes:

- The levels of funding provided to counties for APS and how the State will provide the APS funding.
- The Department Health Services' method for calculating the initial County Contribution amounts.
- Long-term County Contribution amounts as directed by Wisconsin Statutes 46.281(4), as amended by 2007 Wisconsin Act 20.
- The process by which counties may make payments to the Department for the County Contribution.

The process by which the State will provide funding for Adult Protective Services (APS)
Attachment A lists the 2006 Basic County Allocation (BCA) amount for each county and the APS allocation calculated as two percent of the county's 2006 BCA. The APS allocation is intended to fund ongoing county responsibilities for APS. These levels were determined as directed by Wisconsin Statutes 46.28, as amended by 2007 Wisconsin Act 20, and remain effective for counties that have already transitioned to long-term care as well as the counties that are planning to transition to long-term care.

The State will provide this new APS funding to a county based on the county's start date to begin transition to long-term care (a county's transition to long-term care begins when the first waiver recipient begins enrollment in a long-term care managed care organization (MCO) and/or Include, Respect, I Self-Select (IRIS). APS funding will be provided to a county as a separate addendum to the State-County contract, specific information regarding use of the APS funding can be found on Appendix O of the State and County Contract. Counties will claim this funding through the Community Aids Reporting System (CARS) on Profile # 312. The APS allocation does not require a county match. Expenses reported on this profile in excess of the contract award will roll to profile #561 (BCA) where payment shall be made in accordance with the established practice of that profile.

The APS allocation as shown on Attachment A is a full year allocation. The first year a county transitions to long-term care, funding will be prorated based on the start date to long-term care and the length of rollover. The APS allocation is effective immediately for those counties rolling over from waivers in one month and the APS allocation will be delayed for three months for any counties rolling over in six months.

Calculation of the County Contribution Amount

For year one, which is the 12-month period beginning when a county's first waiver recipient transitions to long-term care, a county's annual contribution will be pro-rated based on the county's approved enrollment plan. The Department will provide each county with the details of its calculated county contribution amount by that county's transition start date.

The Department will also monitor a county's actual transition of individuals from the waivers to ensure the county contribution that was initially calculated based on the enrollment plan is consistent with actual enrollment. This will help ensure an appropriate portion of county contribution remains with the county to support individuals who remain on the waivers while the county transitions to long-term care.

After year one, the ongoing annualized county contribution amount will be based on the annual contribution amount shown in Attachment B. That schedule reflects a buy-down formula, set in statute, to reduce **the county's on-going** contribution amount to no more than 22 percent of a county's CY 2006 BCA within five years of the county's transition start date. If the original county contribution is greater than 22 percent of the county's BCA, the contribution is adjusted to reflect the buy down formula and the county retains the difference. The amount referenced in year five is the finalized contribution that the county will be expected to pay annually.

Attachment B details the method the Department used for calculating the initial county contribution amounts identified by Wisconsin Statutes 46.281(4). Attachment C shows the total CY 2006 county contribution by county and underlying contribution amounts by waiver program used to calculate the contribution. This information is provided to facilitate county verification and understanding of the contribution amounts. Please also consider the following:

- County contribution amounts are based on CY 2006 year-end reconciliation, by waiver program, for Community Options Program (COP), and the Home and Community Based Waivers for adults and on the county-supported costs for COP-related targeted case management.
- The preliminary waiver county contribution was determined by subtracting state and federal reimbursement by program from the total expenses reported (HSRS and administration) in each program.
- Expenses for children who were served in the adult waivers and expenses for persons with mental illness, who are not otherwise in a target group, were subtracted from the preliminary contribution amounts. These expenses were subtracted because they are expected to continue for a county after long-term care implementation. Children served in the adult waivers and persons with mental illness, who are not otherwise in a target group, are not eligible for Family Care (FC)/IRIS.
- The contribution was further reduced by the amount of COP, family support and foster care continuation funds used to support the adult waiver programs.
- The final waiver county contribution is the amount a county would pay for waiver services with community aids and/or county levy.
- County support of COP-related targeted case management costs is added to a county's waiver contribution amount to equal the final contribution amount.

Long-term County Contribution Amounts as Directed by Wisconsin Statutes 46.28, as amended by 2007 Wisconsin Act 20

Wisconsin Statutes, as amended by 2007 Wisconsin Act 20, includes an incremental reduction for counties who were/are investing more than 22 percent of their CY 2006 BCA into the long-term care system. This plan reduces a county's contribution to the 22 percent level over a period of five years. The amount of contribution will not change for a county that is already contributing 22 percent or less. Attachment B shows, for each affected county, its annual county contribution amount, taking into account the annual reductions. Note: the implementation of this schedule for each county is depends on the date on which a Long Term Care MCO begins operations in that county. Attachment B shows a generic format, with amounts for Year 1, Year 2, etc.

Payment Options

Act 20 provides counties with two options for paying county contribution to the Department:

1. Through a reduction to their BCA contract; or
2. Through a direct payment (payment with a check) to the Department.

The Department will also make available a third payment method. A county can choose to direct the State to have its contribution netted from its monthly reimbursements for total state/county contract allocations in the CARS system. The contribution will be deducted from all state/county contract reimbursements in a given month or over multiple months as directed by the county. This approach avoids the need for the county to issue and submit a check to the Department.

In deciding its payment method, the county may wish to consider several factors.

First, for a small number of counties, the amount of the initial required contribution may exceed the county's BCA level. Counties choosing a reduction to their BCA contract need to take into account other obligations to their BCA amount, including the Wisconsin Medicaid Cost Reporting (WIMCR) program. The Department adjusts BCA contracts semi-yearly through the WIMCR program. In some counties the WIMCR adjustments may reduce the BCA during the year to less than the contribution amount. If a county chooses this option and the county's BCA is not sufficient to cover the contribution, the county will be responsible for paying the remaining balance of its contribution by check or by a reduction of the county's monthly reimbursement for state/county contract allocations.

Thirty days prior to a county's start date to transition, the Department will send a letter (Attachment D) to the county notifying them of the following information:

- The date when the first contribution payment will be due;
- The maximum amount of the first payment;
- When payments will be required after the first payment;
- How the payments will be recorded in CARS.

This letter will also:

- Give counties the opportunity to select the method of payment from the three options listed above; and
- Ask counties to indicate whether they will be paying in a lump sum or with quarterly payments.

This letter will need to be signed by a county representative and returned to the Department prior to a county's transition start date. This letter will serve as a binding agreement between the Department and the County in regard to collecting the county contribution.

Counties will have the opportunity to change payment methods annually and can do so by submitting written notice to the Department of Health Services (dhsdltcbfm@dhs.wi.gov). However, once a method is selected for a year, meaning each 12-month period following the county's transition start date, the method may not be changed mid-year.

Collection

The Department's goals in developing a method for collecting county contribution are to:

- Provide counties with ample time to address the required county contribution amounts in their county's budgeting process.
- Ensure sufficient funding remains with counties to serve individuals on the waivers until long-term care implementation is complete, while making sure that funding related to persons served in the new programs is transferred to the State for use in funding long-term care.
- Simplify the calculation of the contribution amount owed in year one by collecting the final

year-one contribution after a county's waiver transition is complete.

With these goals in mind, the Department will allow a county to make its first contribution payment in January of the calendar year following the start of long-term care in that county, or the month after the transition of waiver clients is completed, whichever is later. This will allow counties beginning their transition early in a calendar year to appropriately budget for the payments that must be made (in the subsequent year). This also allows counties beginning their transition late in the year, and whose transition spans calendar years, to complete the transition before making their initial payment.

Counties may pay their county contribution *in a lump sum*, in advance, for the year, or *on a quarterly basis*. A county may begin making its payments any time after its transition start date. However, by January of the calendar year following the transition start date, a county will be expected to have made the full payment of contribution for the prior calendar year. This payment will be pro-rated, based on the month that a county began its transition and how rapidly individuals enrolled from the waivers, as described above.

After this initial payment, it is expected that a county will do one of the following:

- Make a lump sum annual payment of the required county contribution by the anniversary of the initial start date of managed long term care; or
- Make quarterly payments of the required county contribution with the total annualized amount made by the county's anniversary date.

To help clarify, below is an example of how this would work for a transitioning county:

County A has a transition start date of April 1, 2015, and both an initial and ongoing annual county contribution of $12,000. County A's waiver rollover process will take six months.

- For the Year 1 Payment:
  County A could make the initial county contribution payment of $6,000 (nine months of long-term care x $1,000 per month = $6,000) any time before January 31, 2016. Note that the $6,000 amount is an absolute maximum and is not pro-rated for this example.

- For the Ongoing Payments, County A has two options:
  Option 1: County A would continue to make one lump sum payment to the Department annually, no later than July 30 of each calendar year, beginning with July 2016.

  Option 2: County A could begin making quarterly payments of $3,000 (4 x $3,000 = $12,000) in July 2016.

Please direct questions to The Bureau of Long Term Care Financing at dhsdltcbfm@dhs.wi.gov.