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DLTC Information Memo 2015-02

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 #2

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

This memo is #2 in a series of 4 memos and addresses the impact of long-term care implementation on a County's Community Options Program (COP).

When counties transition to long-term care, the COP and waiver contracts will be adjusted to reflect individuals who are no longer being served in these programs, and are instead being served through the long-term care programs. This memo explains the methodology that will be used to calculate the COP funds remaining with a county after transition to long-term care, the policy on approving the use of COP Risk Reserve, and on awarding COP High Cost Funds as counties implement long-term care.

Calculating the COP That Will Remain with the County after Transition

The Department's intent is to maintain COP funding identified for children and persons with mental illness during and after the transition.

- While the County Contribution was calculated using the base year of calendar year 2006, the COP funding to remain with the county after the transition will be the average spending for the two years prior to the county's transition date, of the COP service expenses associated with persons who do not meet the Family Care (FC) target groups; i.e. COP-eligible persons who have a serious mental illness, alcohol and/or drug abuse condition, but are not waiver eligible, and COP-eligible children.
- The Department will use the county's COP and waiver expenditure data as entered into the Human Service Reporting System (HSRS) to determine the level of COP spending used to support individuals who do not meet the FC target groups in each of the two years prior to the county's transition.
- Seven percent will be added to the spending level in each year to allow for administrative costs.
- In addition, ten percent of the county's COP base assessment and plan allocation will remain with the county. This amount is based on the statewide average of the assessment and plan funding used for

the target populations not eligible for FC (persons under age 18 and persons with a severe mental illness).

- Assessment and plan funding is not part of the service allocation. All persons who receive COP funding must have had a COP assessment and plan (or equivalent) prior to receiving the COP service funds.
- The final amount of COP that will be left with the county after the transition will be equal to the average of the funds expended for children and persons with severe mental illness of the two years' prior to the county's transition to the new long-term care.

COP Risk Reserve

Background

Wisconsin Statute 46.27 (7)(fm) and (fr), as amended by 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. The amount of funding maintained in a risk reserve may not exceed 15 percent of the county's base COP and COP-Waiver GPR allocation or 750,000 whichever is less. The COP risk reserve must be maintained in an interest bearing escrow account with a financial institution that is held separately from the county's investment pool of funds. For further details, please contact the [Bureau of Long Term Care Financing](#).

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 implementation. However, a county may use COP Risk Reserve for the following purposes:

- To meet or contribute toward meeting risk reserve requirements associated with a contract between the Department and a county-based managed care organization (MCO).

Note: COP Risk Reserve funds may not be used to meet risk reserve requirements for a private MCO;

- To meet or contribute toward meeting risk reserve requirements of an MCO governed by a FC District or Long-Term Care District, as approved by county board resolution;
- To pay COP administrative costs, as approved by the Department under s.46.27 (7)(fr);
- To pay COP-allowable service costs for persons served through all waivers in the period prior to, and/or during, a county's transition.

Note: A county may not use the COP risk reserve funds to replace the county's required long-term care contribution as coordinated with the approved 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. The Department of Health Services (DHS) 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 unreimbursed expenditures remain.

- To pay COP-allowable service costs for persons in the Children's Long-Term Care (CLTS) waivers and for individuals who have a mental illness and do not meet long-term care eligibility, after a county's adult waiver population has transitioned.

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.

- To establish a COP risk reserve for COP-eligible children and persons with a mental illness who do not transition.

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 percent of the county's remaining COP allocation level after current eligible COP and waiver participants have transitioned out of HCBS.

COP High Cost Funds for Counties in Implementing Long Term Care

Background

Within the statewide COP, the Department maintains a fund for exceptional needs of COP and 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:

- Start-up costs for developing needed services for eligible target groups;
- Home modifications for COP-eligible participants and housing funding;
- Purchase of medical services and medical equipment or other specially adapted equipment; and
- 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 long-term care may continue to request COP High Cost funding under the current review process until the county's long-term care start date (the first date of enrollment for 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 first consumer enrolls in long-term care. The Department will recoup COP high cost funds from a county if the individual enrolls in 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 disenrolling from the waiver and enrolling in 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.

If you have questions or concerns, please contact the Bureau of Long Term Care Financing at dhsdltcbfm@dhs.wi.gov