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Date: February 11, 2015 DLTC Information Memo No. 2015-03

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Long Term Care Fiscal Update Memo #3

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 #3 in a series of 4 memos and clarifies the process by which funding will be determined and adjusted for the county's COP and Adult Home and Community Based Waiver (HCBW) programs as the county transitions to long-term care programs.

For counties transitioning to long-term care, the COP and waiver contracts will be reduced to reflect individuals who are no longer being served in these programs; and are instead being served through the long-term care programs.

The Department of Health Services (DHS) uses a series of assumptions to ensure appropriate funding is available as counties transition to long-term care programs. These assumptions include the following:

- All waiver funding currently used to support adults will transition to long-term care.
- A county "earns" approximately 1/12th of the state waiver allocations per month, per year.
- Final year-end reconciliation will adjust COP and waiver funding to ensure the initial funding was moved appropriately.
- Wisconsin Statutes 46.281(4), 2007 Act 20, changed the base year for the county contribution calculations from calendar year (CY) 2005 to CY 2006. When the county contribution was recalculated using the CY 2006 base, all local and/or state funds used to support children (persons under the age of 18 years old on December 31, 2006) was not included in the final calculations.
- COP funding identified with children and persons with mental illness who would not be eligible for managed care will remain with the county – see Fiscal Memo # 2 for calculation of the "leave back" of COP funds.

Background
Funding for CIP 1A, CIP 1B, CIP II, and COP Waiver programs is now treated as an allocation to counties. This change, which was effective January 1, 2008, allowed 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 where appropriate for each of the programs. Counties receive an allocation for each of the waiver programs based on the current number of approved slots they have, times the individual slot rate,

times the total number of days in the contract year. Transfers between 1A and 1B and/or 1B and ICF MR continue to need Department approval. Because the 1A program funds were moved from the State Center budget based on an individual's relocation from a long-term care bed, this funding remains tied to the State Center overall budget and must remain constant for the 1A community waiver program. For this reason, a county may not serve more participants in the CIP 1A program than the county's original approved "slots," meaning if a county was approved and allocated funding for five slots, a county may not serve more than five individuals within the CIP 1A program, but a county may serve fewer individuals to allow for care plan increased for existing 1A individuals. Additionally, slots approved for the ICF MR restructuring program are person-specific with marginal flexibility for use of that funding if the original individual no longer has need of the identified funding. Department approval is required if a county requests to use the funding for another individual. When this happens, the slot rate is adjusted to a predetermined benchmark rate. A county may not serve more individuals in the ICF MR program than they have approved slots, but the county may serve fewer individuals to allow for the increase in costs of care plans for the replacement slots.

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. 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.

Adjusting County Contracts

Waiver appendices' include contract language that addresses a county's transition to managed long-term care. The language states: "As the (waiver program name) participants transition into a long-term managed care program, 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 a long-term managed care program." The long-term managed care programs include IRIS, so waiver contract reductions also apply as persons opt to transition out of the traditional waivers (CIP, COP, etc.) to Include Respect, I Self-Direct (IRIS).

Initial calendar year waiver contracts will be reduced based on each county's transition date and the length of time over which a county will transition. For the waiver programs that are treated as an allocation, CIP 1A, CIP 1B regular, CIP 11, and COP-W, a county will earn 1/12 of the contract allocation for each full month that the county is responsible for the waiver participants. As counties begin the transition to the Family Care/IRIS programs, the monthly allocation will be reduced proportionately based on the county's transition start and roll over period. See example below:

Assumptions: Annual allocation 120,000

County earns 1/12 allocation monthly = 10,000

County transitions over 6 months = 1,667

County transitions participants evenly over the transition period (1/6 of the population per month)

All transitions occur on the first day of the month

County start date is July 1, last participant transitions Dec. 1.

Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
1,667	1,667,	1,667,	1,667,	1,667,	1,667	1,667	1,667	1,667	1,667	1,667	1,667	20,004
1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	20,004
1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	20,004
1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	20,004
1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	19,992
1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	1,666	19,992
10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Funding that remains with the county during the FC/IRIS transition												
10,000	10,000	10,000	10,000	10,000	10,000	8,334	6,668	5,001	3,334	1,667	0	85,004
Funding that is reduced and moved to the managed care/IRIS appropriations to support those individuals that have transitioned												
0	0	0	0	0	0	1,666	3,332	4,999	6,666	8,333	10,000	34,996

Contract adjustments for the Community Relocation Program, the Nursing Home Diversion program, the ICF MR program, the Money Follows the Person and the Family Care transfer contracts will occur during the year end reconciliation process to ensure that the Department commitments to support expenses for individuals in these programs is met.

During the year a county transitions to long-term managed care, 1/12th of the COP assessment and plans (sub allocation A) funding will be available for the period of time a county remains in legacy waiver status and the remainder will be moved to the long-term managed care funding pool. Additionally, 1/12th of the COP service funds (sub allocation B) that a county has used for the adult waivers, local and over match, or the COP DD spending cap, whichever is less, will be identified and used to identified service funds that will be moved to long-term managed care in accordance with the county's transition plan. (See example above.) This methodology will ensure that COP funding continues to be available for other target group obligations during the course of the year. Final contract adjustments will occur during the year-end reconciliation process. In the year a county transitions to long-term care, the county will not be eligible for COP carryover funds.

If you have questions regarding these policies or the fiscal impact of funding moves in light of your county's transition to long-term managed care, please contact the Bureau of Long Term Care Financing at DHSDLTCBFM@wisconsin.gov.