State of Wisconsin
Department of Health Services

Scott Walker, Governor
Dennis G. Smith, Secretary

August 31, 2012

Senator Kathleen Vinehout
Co-Chair, Joint Legislative Audit Committee
Room 316 South, State Capitol
P.O. Box 7882
Madison, WI 53708-7882

Representative Samantha Kerkman
Co-Chair, Joint Legislative Audit Committee
Room 315 North, State Capitol
P.O. Box 8952
Madison, WI 53708-8952

Dear Senator Vinehout and Representative Kerkman:

This letter and the attached report are in response to the Legislative Audit Bureau's (LAB) comprehensive evaluation of the Family Care program dated April 2011, and its final recommendation that the Department of Health Services provide certain information to the Joint Legislative Audit Committee by August 31, 2012.

As stated in our response to the evaluation, the Department of Health Services is committed to ensuring that the Family Care program demonstrates excellence in ensuring access to quality, cost-effective, long-term care services for the elderly and persons with disabilities, and that the Managed Care Organizations (MCOs) which administer services, have sound program and financial management practices.

The LAB report highlighted the need for additional oversight and monitoring of certain aspects of the Family Care program. The Department concurred with the recommendations and submitted responses to the initial ten recommendations on September 1, 2011. This report provides the Department's response on the current status of the program, including changes in participation rates and costs, as well as a description of initiatives that strengthen the cost-effectiveness and fiscal sustainability of the Family Care program.

In closing, I would like to express the Department's appreciation to the Legislative Audit Bureau management and staff for their efforts and recommendations to improve the management and oversight of the Family Care program.

Sincerely,

Dennis G. Smith

Dennis G. Smith

Attachments

Report to the Joint Legislative Audit Committee on the Status of the Family Care Program

August 31, 2012

Introduction

In its evaluation of the Family Care program, which was released in April 2011, the Legislative Audit Bureau (LAB) identified critical questions about the ongoing fiscal sustainability and cost-effectiveness of the Family Care program. The LAB recommended that the Department of Health Services provide additional information to the Joint Legislative Audit Committee on the status of the program by August 31, 2012, including data on participation and program costs and the impact of any changes enacted as part of the 2011-13 biennial budget or administrative changes implemented by the Department.

This report provides an update on several program and financial areas raised in the Family Care evaluation, along with data on enrollment and expenditures, and initiatives the Department is pursuing to strengthen and improve the efficiency and sustainability of Wisconsin's Family Care and other long term care programs. The analyses and information provided as part of this report were critical in understanding the strategic approach and options to improve the fiscal sustainability of these LTC programs.

Therefore, the report also provides analysis and information, including:

- Detailed Cost Analysis of Family Care
- Cost-Effectiveness Analysis of Long Term Care (LTC) Programs
- Profile of People Waiting for Long Term Care Programs
- Wisconsin's Family Care Program: Lifting the Temporary Caps and Putting the Program on the Path to Long Term Sustainability
- 2011-13 Long Term Care Sustainability Plan
- Family Care Financial Summary (Ending March 31, 2012) [For more reports, see: http://www.dhs.wisconsin.gov/LTCare/ProgramOps/fiscal/financialsummaries.htm]
- Historical Data on LTC Expenditures and Enrollment

Update on Financial and Program Measures

As indicated in April 2011 and in our subsequent report to the Committee on September 1, 2011, the Department is committed to ensuring that the Family Care program demonstrates excellence in providing access to quality, cost-effective long term care services for the elderly and persons with disabilities, that persons are provided choice and the ability to self-direct their care, and that the managed care organizations (MCOs) which administer services have sound program and financial management practices.

Over the past year, we have continued to see progress with respect to the financial solvency position of the MCOs and the ability of MCOs to offer cost-effective services within the capitation rates provided by leveraging person-centered supports that allow members to live and work in the most integrated settings in their communities. The following sections highlight the

analysis of expenditures and of the cost-effectiveness of the Family Care program, supported by the data and experience of the program in the past year.

- ***Detailed Cost Analysis of Family Care.*** The Department's analysis shows that service delivery improvements aimed at helping people remain in their own homes for longer periods of time are central to financially sustaining the State's long-term care system, while also honoring the strong preference that most have to live in their own homes among family and friends. The cost implications for Wisconsin's system of care are enormous, given that 35% to 50% of each managed care organization's membership resides in residential or institutional settings. The cost of care for people living in residential or institutional settings is significantly higher than for those who reside in their home or apartment. Depending upon the target groups, costs are, on average, 2 to 3 times higher for people who are not living at home.

- ***Cost –Effectiveness Analysis of LTC Programs.*** The Department also studied the total cost to the Medicaid program of serving individuals in three long-term care programs: Family Care; IRIS; and the "legacy" home and community-based waiver programs.

  - The total costs were studied for each person enrolled in each program and were further subdivided into two major subsets of cost:
    - Those costs covered by the long term care program (or "program costs"); and
    - Those costs that were covered by the Medicaid State Plan, or "the card," but which were associated with program enrollees (also known as "carve out" costs).

  - Of the three programs, Family Care was the most cost-effective LTC program. For calendar year 2010, the average per member per month (PMPM) costs were $3,188 PMPM for Family Care, $4,159 PMPM for IRIS; and $3,761 for legacy waivers (CIP/COP).

  - The cost differences highlight opportunities to make the State's long term care system more cost-effective and fiscally sustainable in the future, leveraging strategies to help people remain healthy and cared for in the most integrated settings in their home and community.

- ***Profile of People Waiting for LTC Services.*** The Department completed a two-part analysis of people waiting for publicly-funded long term care programs in November 2011. The results of the survey show that:

  - 81% of individuals live in their own home, apartment, or a relative's home

  - Most individuals want to stay where they currently reside once they enroll in a long term care program

  - The top three services requested by those on the wait list include:
    - Laundry or chore services
    - Personal care services (bathing, dressing, eating, toileting, grooming, etc.)
    - Transportation services

- ***Temporary Enrollment Cap and LTC Sustainability Initiatives.*** The 2011-13 biennial budget, 2011 Wisconsin Act 32, created a temporary enrollment cap on Wisconsin's Family Care and related long term care programs; the cap was in place from July 1, 2011 through April 3, 2012.

The attached paper provides a comprehensive description of what individuals experienced during the time of the cap, our efforts to expedite enrollment once the cap was lifted, our strategies to build on the health care services and LTC supports provided during the period of the cap, and the LTC sustainability initiatives designed to generate savings and strengthen Family Care and our related programs in 2011-13 and in the future.

The Department continues to implement the Long Term Care Sustainability Plan, which includes:

- Reducing utilization of high cost residential settings;
- Improving program integrity, accountability, and self-direction in the IRIS program;
- Preventing nursing home and hospital stays with better medication management;
- Supporting the ability of people to relocate from nursing homes to the community;
- Promoting evidence-based models regarding chronic disease self-management, falls prevention, and Alzheimer's care; and
- Improving employment supports and transitions for young adults with disabilities.

❖ ***Recent Enrollment and Capitation Data.*** As of March 1, 2012, the statewide number of individuals reported to be waiting for our long-term care programs, was 6,263. The waiting list declined to 4,177 by the end of June. Based on information individuals provided to ADRCs, the reasons for leaving the waiting list were categorized as follows:

- 1,704 (40.8%) have enrolled into managed long-term care or IRIS
- 1,157 (27.7%) left or not yet enrolled for various reasons (not reached 18 years of age; awaiting SSI determination; or awaiting their start date in IRIS)
- 743 (17.8%) voluntarily declined services
- 391 (9.4%) were no longer financially eligible or no longer functionally eligible
- 182 (4.4%) left due to a move, death, or data entry error

As of the end of August, the wait list is now at 1,452; these individuals are in counties that are in the three-year phase-in to entitlement. A total of 19 people are in the process of eligibility determination and enrollment in entitlement counties.

Legislation lifting the cap, 2011 Act 127, became effective April 3, 2012. The cost to remove the Family Care enrollment cap is lower than previously estimated and the waiting list for long term care programs has also declined significantly. The Department's current estimate for lifting the cap in the 2011-13 biennium is $46.9 million GPR.

The new estimate reflects updated information on enrollment and costs. The average per member per month (PMPM) cost for new enrollees since April has also been lower than projected.

It is too early to discern the post-Act 127 enrollment and cost trends in the Family Care program.

- Enrollment levels for the last two quarters have not been finalized. In addition to people enrolling off waiting lists as the result of Act 127, several hundred individuals leave the program for various reasons in any given month. For this reason, it will take additional months before the enrollment figures have been finalized.

- The more moderate PMPM costs reflect the enrollment of individuals from the wait list that have never been enrolled in legacy waiver programs combined with the projected acuity of that member. However, actual expenditure data in the coming months will be needed to finalize these projections.

❖ ***MCO Financial Solvency.*** The financial solvency of the MCOs has improved significantly since the time of the LAB evaluation.

- As of March 2012, MCO working capital increased by $46 million compared to the first quarter of 2011.
- Restricted reserves are fully funded by eight of the nine Family Care MCOs.
- The MCO solvency fund, which is a pooled and segregated fund, is within $340,000 of full funding with eight of nine MCOs currently meeting the requirements. Overall MCOs have funded 95% of their solvency fund requirement.
- MCOs that do not meet capital requirements are under fiscal corrective action that requires monthly financial reporting.

❖ ***Family Care Capitation Rates.*** Family Care is expected to generate a savings of 15%, on average over time, compared to the higher cost legacy waiver system based on the experience of the pilot MCOs.

- A primary goal of Family Care is to support member outcomes while making sure public money is used in the most efficient way possible. MCOs work with members to develop an individually-tailored care plan that meets their members' outcomes. Being cost-effective means using the least costly options that are efficient and effective in supporting a member's outcomes.
- Another goal of Family Care is to purchase services cost-effectively. Over the past year, MCOs have worked to improve transparency, equity, objectivity, and alignment of provider rates with both costs and acuity of their members.
    - Under legacy waivers, payments to providers were not based on the functional needs of members and often varied widely for individuals with similar needs, even within a county or region.
    - In contrast, Family Care payments reflect each member's functional needs and acuity and the alignment of payments to ensure that providers serving people with similar needs are paid similar rates, which increases the equity of payments among providers.
- Family Care is structured to leverage innovation and market competition to support people in their own homes and/or with family, where they are best able to be involved with their community. The LTC Sustainability Initiatives, along with many MCO initiatives and best practices, are building upon existing efforts to further strengthen and support the ability of people to live safely and independently in their own homes or apartments.
- Changes in capitation rates show that:

- As of March 2012, the average capitation revenue decreased by 0.3% on a PMPM basis, relative to the first three months of 2011.

- The average per member per month (PMPM) cost has declined in each of the past two years, from $2,997 in 2010, to $2,897 in 2011 and $2,887, to date, in 2012.

❖ ***MCO Procurement.*** The Wisconsin Department of Health Services (DHS) has released a request for proposals from entities seeking certification by DHS to contract as managed care organizations (MCOs) for the delivery of the Family Care and Family Care Partnership programs in five regions of the state.

One of the LTC sustainability initiatives is to increase choice within geographic service regions by having a choice of managed care organizations available to enrollees. This RFP is designed to increase choice and competition in additional counties and geographic service regions.

❖ ***Historical Data on LTC Expenditures and Enrollment.*** This section provides detailed expenditure and enrollment data for the State's LTC programs, including home and community-based waiver programs and nursing home care. The data and graphs show that:

- Medicaid expenditures on LTC programs have declined as a proportion of overall Medicaid expenditures in the last decade, falling from 53% in SFY 02 to 43% in SFY 11, and the average growth rate in LTC spending was also more moderate than overall Medicaid spending during this time.

- Since SFY 02, LTC spending for institutions, such as nursing homes and ICFs, have declined from 62% of the budget to 31%, while spending for Family Care and community services has grown from 38% to 69% of LTC expenditures.

- After the significant increase in enrollment with expansion in 2010, Family Care PMPM costs have fallen in the past two years.

- While the people eligible for LTC programs has increased somewhat since SFY 04, enrollment has been driven by enrolling people in Family Care and IRIS who were previously on the wait list.

- Over the last decade, expenditures for Medicaid LTC programs have transitioned from primarily fee-for-service payments for institutional services, such as nursing homes, to managed care programs that enable people to live in their own homes and community-based settings.

- The majority of individuals enrolled in a LTC program reside in a community-based setting or their own homes. A key to ensuring cost-effectiveness and fiscal sustainability is to strengthen supports to ensure that people are safely cared for in their own homes as long as possible.

REPORT TO THE JOINT LEGISLATIVE AUDIT COMMITTEE ON FAMILY CARE
AUGUST 31, 2012

DETAILED COST ANALYSIS OF FAMILY CARE

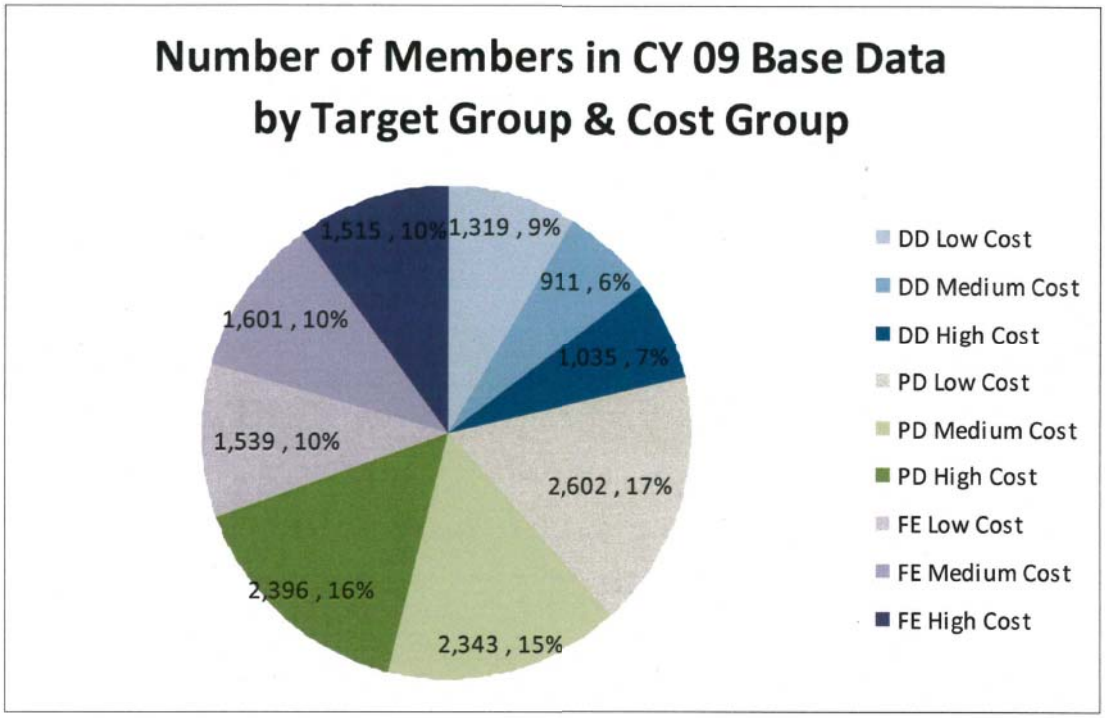
SUMMARY OF THE DATA

- The data tables below have been assembled to describe the service utilization and costs associated with several different cohorts of Family Care enrollees.
- The tables were assembled by analyzing Family Care experience from CY 2009, cost information that was used to establish the CY 2011 capitation rates for the program.
- Those base data, by design, contain what is considered to be "benchmark" information from: (i) the original five pilot counties; and (ii) the initial program expansion to Kenosha and Racine Counties.
- Data are not included from the other expansion counties or MCOs for two reasons. First, the time line associated with this project required that the actuaries leverage data that were already available. Second, those costs are still in a transition period from the higher cost legacy waiver system to the lower cost managed care environment.
- As such, the charts below reflect what a fully managed system will look like after a transition period (of 3-5 years), during which the Department expects savings of 15%, on average, to be achieved by each the Family Care MCOs. It is important to note that these savings vary widely, depending upon the county/region of the state, and the structure of the service delivery that had been operating under the legacy waiver system.

ORGANIZATION OF THE DATA

- For purposes of understanding various subgroups, the data below have been stratified by target group: Frail Elder (FE), Physical Disability (PD), and Developmental Disability (DD).
- Further, because the Legislative Audit Bureau has identified high cost enrollees, and the funding thereof, to be a central issue for the Department to address, three different cost cohorts have been assembled within each target group.
- The cost groups were developed by the Department's actuarial firm, after inspection of the cost distribution associated with each target group, and are defined as follows:

Cost Group – Based on PMPM			
	Low	Mid	High
Developmental Disability	$0 - 2,000	$2,000 - $4,700	$4,700 +
Physical Disability	$0 - 1,200	$1,200 - $2,600	$2,600 +
Frail Elderly	$0 - 1,500	$1,500 - $2,800	$2,800 +



This pie chart shows the distribution of the 15,261 individuals included in the CY 2009 base data across the nine cohorts used in this analysis.

- The cost data are displayed below as a series of nine distinct service arrays for each of these cohorts.
- Additional service array data are presented to address two other cohorts of interest:
  (1) Users of residential and/or institutional services, versus non-users; and
  (2) Members with different counts of service types, in addition to care management.
- There are dozens of services that fall within the Family Care benefit package, a combination of what were formerly: (i) state plan services; and (ii) waivered services.
- For purposes of this presentation, a specific grouping of services under broad categories is used.

  This includes the following broad service categories:
  - Adaptive Equipment
  - Adult Day Activities
  - Case Management
  - Habilitation/Health
  - Home Care
  - Home Health Care
  - Housing
  - Institutional Care
  - Residential Care
  - Respite Care
  - Transportation
  - Vocational

- Coding practices at the local level affect the presentation of care costs and service utilization. For example, respite care is often billed, paid, and subsequently coded by the MCOs under a Supportive Home Care category, which would appear within these data tables within the broader Home Care category.

DETAILED COST ANALYSIS OF FAMILY CARE

- To provide a point of departure for reviewing the nine individual cost cohorts, the following table displays the target group-specific cost averages for the entire set of CY 2009 base data (i.e., PMPM costs across both the pilot MCOs *and* the initial Family Care expansion to Kenosha and Racine Counties, by type of service).

Service Category	Grand Total DD	PD	Elderly
Enrolled Months	35,995	70,966	43,194
Family Care Services			
Adaptive Equipment	$ 54	$ 89	$ 58
Adult Day Activities	$ 272	$ 34	$ 45
Case Management	$ 372	$ 357	$ 313
Habilitation / Health	$ 20	$ 32	$ 12
Home Care	$ 365	$ 599	$ 454
Home Health Care	$ 44	$ 91	$ 45
Housing	$ 1	$ 2	$ 1
Institutional	$ 159	$ 439	$ 612
Residential Care	$ 1,702	$ 465	$ 721
Respite Care	$ 53	$ 6	$ 6
Transportation	$ 150	$ 52	$ 40
Vocational	$ 256	$ 5	$ 1
Total Family Care Services	$ 3,450	$ 2,172	$ 2,309
Room and Board			
Room and Board - Collections	$ (291)	$ (112)	$ (199)
Room and Board - Costs	$ 305	$ 109	$ 202
Total Room and Board	$ 14	$ (3)	$ 2
Grand Total	$ 3,464	$ 2,168	$ 2,312
Composite PMPM		$ 2,520	

- Importantly, these target group definitions are *not* age-based. If an individual is elderly and also has a disability, then the person retains a disability status because the cost profile does not necessarily change with the target group administrative classification (i.e., age group).
- Service costs and utilization vary by target group, but residential care, home care, and care management are among the top five service categories for each target group.
- The following pages examine the cost cohorts by target group (DD, then PD, then FE).
- Those data are followed by a comparison of the services that are used by persons in residential and/or institutional settings, relative to those who are not living in substitute care.
- The final two pages show the distribution of members by the number of services they are receiving (in addition to care management), and the service arrays associated with low-, medium, and high-users of the care management service.

DEVELOPMENTAL DISABILITY TARGET GROUP
COST GROUPS & PROPORTION OF MEMBER MONTHS IN WHICH A SERVICE WAS USED

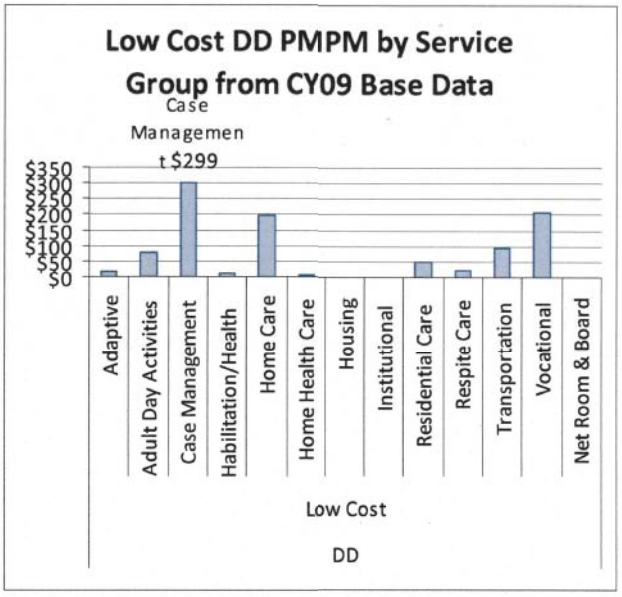
NOTE: CHARTS ASSOCIATED WITH THE DEVELOPMENTAL DISABILITY DATA APPEAR ON THE NEXT PAGE

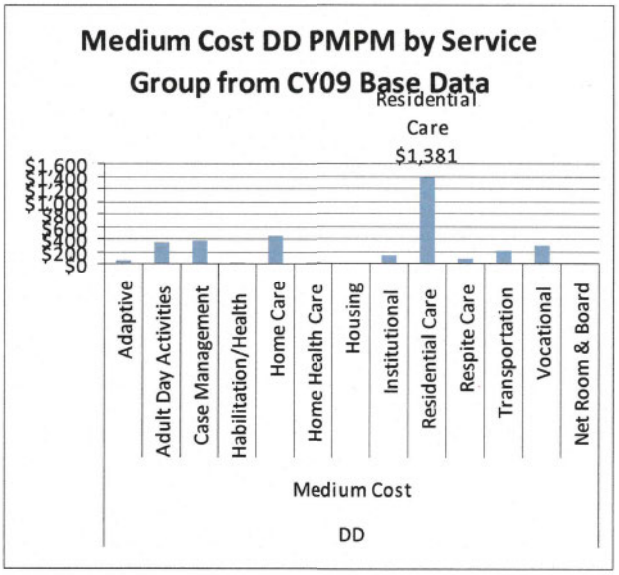
- Low cost group
  - PMPM service costs: The highest is $299 for case management, with about $200 PMPM for each of home care & vocational as well.
  - Service use: Services with the highest percentages of member months in which the services were used, other than care management, are transportation, vocational, & home care.

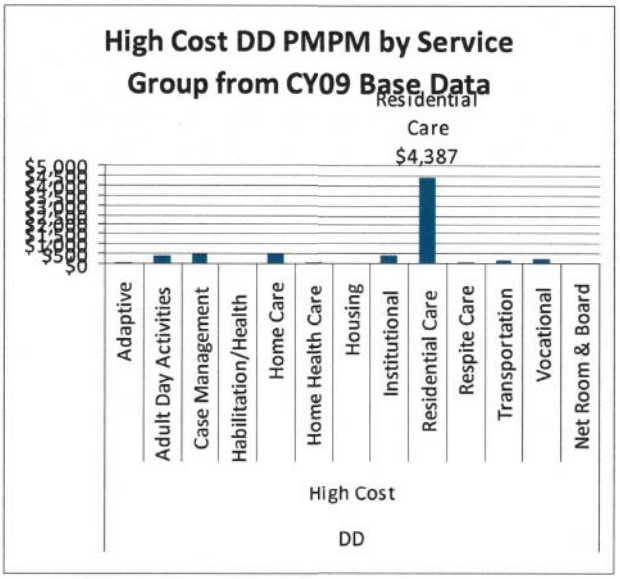
- Medium cost group
  - PMPM service costs: The highest is $1,381 for residential, with about $400 PMPM for home care, and care management, vocational, adult day activities, and transportation all coming in between $200-$400 PMPM.
  - Service use: Residential and transportation are used in over 60% of member months, and adult day activities, vocational, home care, and adaptive equipment are all in the 30-50% range.

- High cost group
  - PMPM service costs: The highest by far is residential at $4,387 PMPM; case management, adult day activities, home care, and institutional are all between $400-$500 PMPM.
  - Service use: Over 80% of member months have residential service utilization; adult day activities, adaptive equipment, and transportation are used in about 40-50% of member months.

- Comparison/Summary: The major cost difference between these cohorts is in residential costs. The primary cost center for persons in the low cost group are case management, home care, and vocational services, while costs for residential services increase in the medium cost group and are significantly higher for the high cost group. Service use mirrors this pattern, with primarily home care, vocational, and transportation used by lower cost members, increasing residential utilization within the medium cost group (in addition to other services), and the greatest residential service utilization among high cost members.


Low Cost DD PMPM by Service Group from CY09 Base Data
Case Management $299
$350
$300
$250
$200
$150
$100
$50
$0
Adaptive
Adult Day Activities
Case Management
Habilitation/Health
Home Care
Home Health Care
Housing
Institutional
Residential Care
Respite Care
Transportation
Vocational
Net Room & Board
Low Cost DD


Medium Cost DD PMPM by Service Group from CY09 Base Data
Residential Care $1,381
$1,600
$0
Adaptive
Adult Day Activities
Case Management
Habilitation/Health
Home Care
Home Health Care
Housing
Institutional
Residential Care
Respite Care
Transportation
Vocational
Net Room & Board
Medium Cost DD


High Cost DD PMPM by Service Group from CY09 Base Data
Residential Care $4,387
$5,000
Adaptive
Adult Day Activities
Case Management
Habilitation/Health
Home Care
Home Health Care
Housing
Institutional
Residential Care
Respite Care
Transportation
Vocational
Net Room & Board
High Cost DD

PHYSICAL DISABILITY TARGET GROUP
COST GROUPS & PROPORTION OF MEMBER MONTHS IN WHICH A SERVICE WAS USED

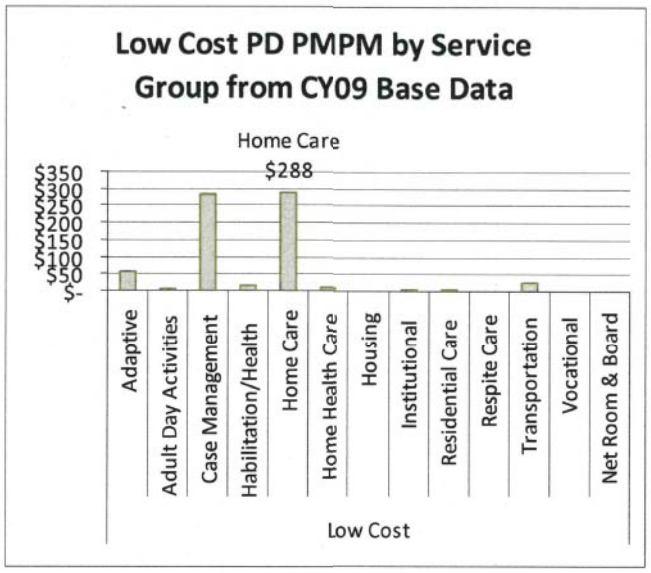
NOTE: CHARTS ASSOCIATED WITH THE PHYSICAL DISABILITY DATA APPEAR ON THE NEXT PAGE

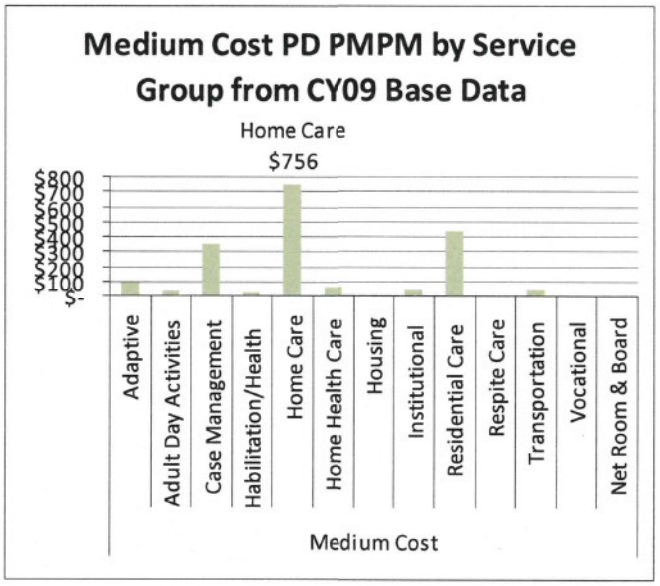
- Low cost group
  - PMPM service costs: The highest is home care at $288, closely followed by case management; all other PMPM service costs are <$100.
  - Service use: About 70% of member months have home care utilization; adaptive equipment is at nearly 60%, and transportation around 30%.

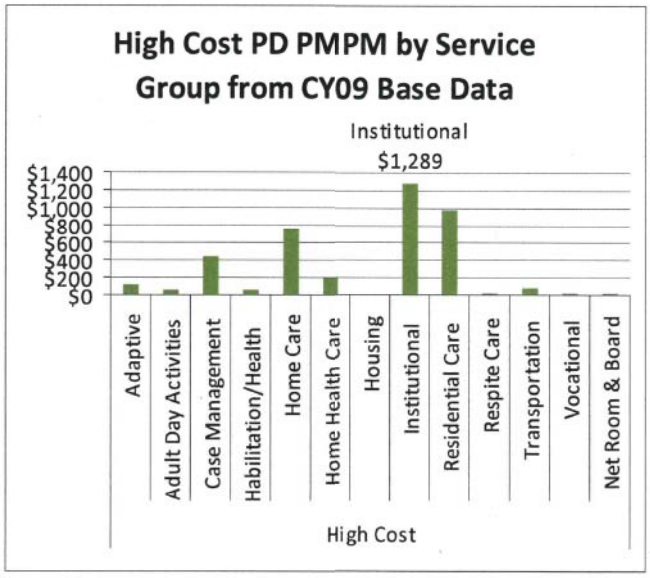
- Medium cost group
  - PMPM service costs: The highest is home care here too, with a higher PMPM of about $756. The residential PMPM is around $400, and case management is between $300 and $400.
  - Service use: About 70% of member months have home care utilization; adaptive equipment is between 60-70%, transportation between 30-40%, and residential care just over 20%.

- High cost group
  - PMPM service costs: The highest is institutional services at $1,289, with the residential PMPM following closely at just under $1,000.
  - Service use: About 30% of member months have institutional service use, and 30-40% have residential; adaptive equipment is just over 50%, and transportation around 40%. Home care use is lower than in other PD cost groups- it is used in about 40% of member months here.

- Comparison/Summary: The major cost differences between groups here are in home care versus residential or institutional services. The main cost and main service used for low cost members is home care; home care costs increase in the medium group and some of those members also have residential costs; and among high cost members, institutional and residential services are the most expensive.


Low Cost PD PMPM by Service Group from CY09 Base Data
Home Care
$288
$350
$300
$250
$200
$150
$100
$50
$-
Adaptive
Adult Day Activities
Case Management
Habilitation/Health
Home Care
Home Health Care
Housing
Institutional
Residential Care
Respite Care
Transportation
Vocational
Net Room & Board
Low Cost


Medium Cost PD PMPM by Service Group from CY09 Base Data
Home Care
$756
$800
$700
$600
$500
$400
$300
$200
$100
$-
Adaptive
Adult Day Activities
Case Management
Habilitation/Health
Home Care
Home Health Care
Housing
Institutional
Residential Care
Respite Care
Transportation
Vocational
Net Room & Board
Medium Cost


High Cost PD PMPM by Service Group from CY09 Base Data
Institutional
$1,289
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
Adaptive
Adult Day Activities
Case Management
Habilitation/Health
Home Care
Home Health Care
Housing
Institutional
Residential Care
Respite Care
Transportation
Vocational
Net Room & Board
High Cost

FRAIL ELDERLY TARGET GROUP
COST GROUPS & PROPORTION OF MEMBER MONTHS IN WHICH A SERVICE WAS USED

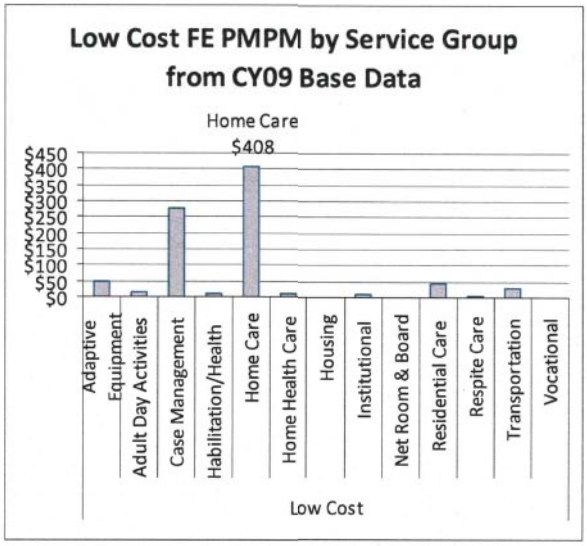
NOTE: CHARTS ASSOCIATED WITH THE FRAIL ELDERLY DATA APPEAR ON THE NEXT PAGE

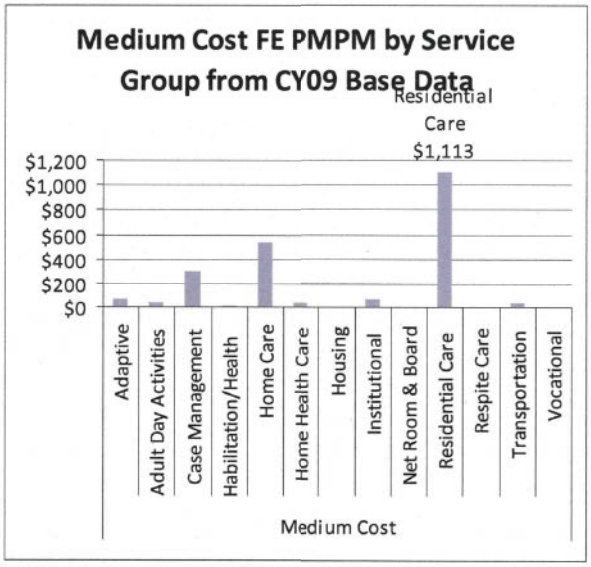
- Low cost group
  - PMPM service costs: The highest is home care at $408, followed by case management at $275; all other services are <$100 PMPM.
  - Service use: Home care is used in nearly 80% of member months, and adaptive equipment in about 60%; transportation is used in nearly 30% of member months.

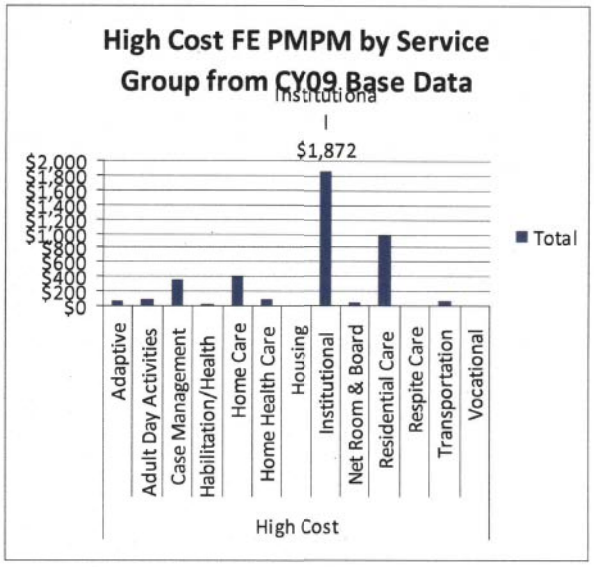
- Medium cost group
  - PMPM service costs: The highest is residential care at $1,113, followed by home care around $500; case management is around $300 PMPM, and other services are <$100 PMPM.
  - Service use: Residential is used in 50-60% of member months, and home care in 40-50%; transportation is used in 20-30% of member months.

- High cost group
  - PMPM service costs: The highest is institutional at $1,872, followed by residential at just under $1,000. Home care is just over $400 PMPM, and case management just under. Other services are still <$100 PMPM.
  - Service use: Residential is used in just over 40% of member months, and institutional just under 40%; adaptive equipment is also used in just over 40% of member months. Transportation is used in about 30% of member months, and home care in about 20%.

- Comparison/Summary: The major cost differences between groups here are also home care versus residential or institutional services. The main cost and main service used for low cost members is home care; for medium cost members it is residential; and for high cost members it is institutional with high costs remaining for residential as well. Service use also follows this pattern, with home care the most-used service in the low cost group, residential in the medium cost group, and both residential and institutional among the more used services for the high cost group.


Low Cost FE PMPM by Service Group from CY09 Base Data
Home Care
$408
$450
$400
$350
$300
$250
$200
$150
$100
$50
$0
Adaptive Equipment
Adult Day Activities
Case Management
Habilitation/Health
Home Care
Home Health Care
Housing
Institutional
Net Room & Board
Residential Care
Respite Care
Transportation
Vocational
Low Cost


Medium Cost FE PMPM by Service Group from CY09 Base Data
Residential Care
$1,113
$1,200
$1,000
$800
$600
$400
$200
$0
Adaptive
Adult Day Activities
Case Management
Habilitation/Health
Home Care
Home Health Care
Housing
Institutional
Net Room & Board
Residential Care
Respite Care
Transportation
Vocational
Medium Cost

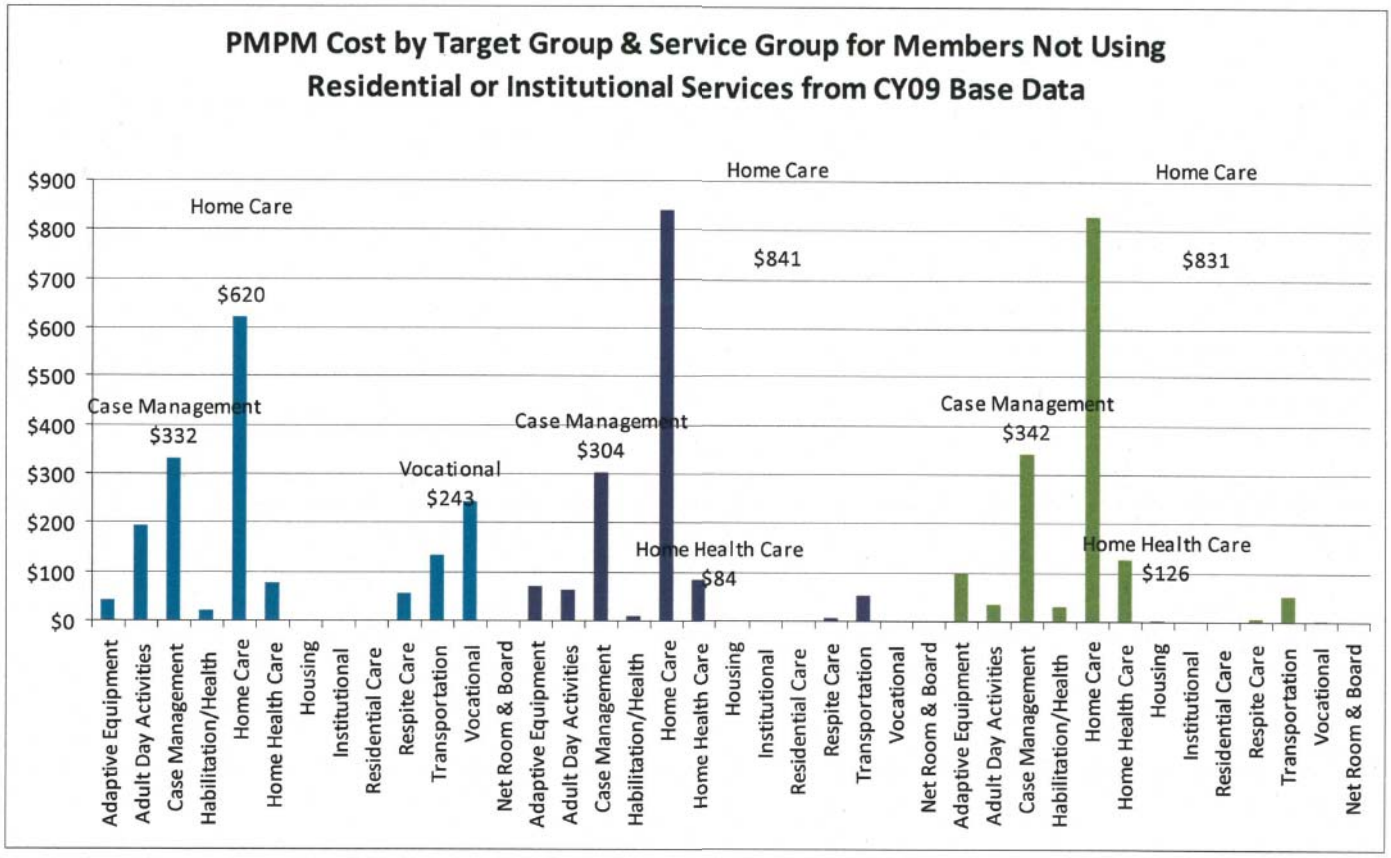

High Cost FE PMPM by Service Group from CY09 Base Data
Institutional
$1,872
$2,000
$1,800
$1,600
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
Total
Adaptive
Adult Day Activities
Case Management
Habilitation/Health
Home Care
Home Health Care
Housing
Institutional
Net Room & Board
Residential Care
Respite Care
Transportation
Vocational
High Cost

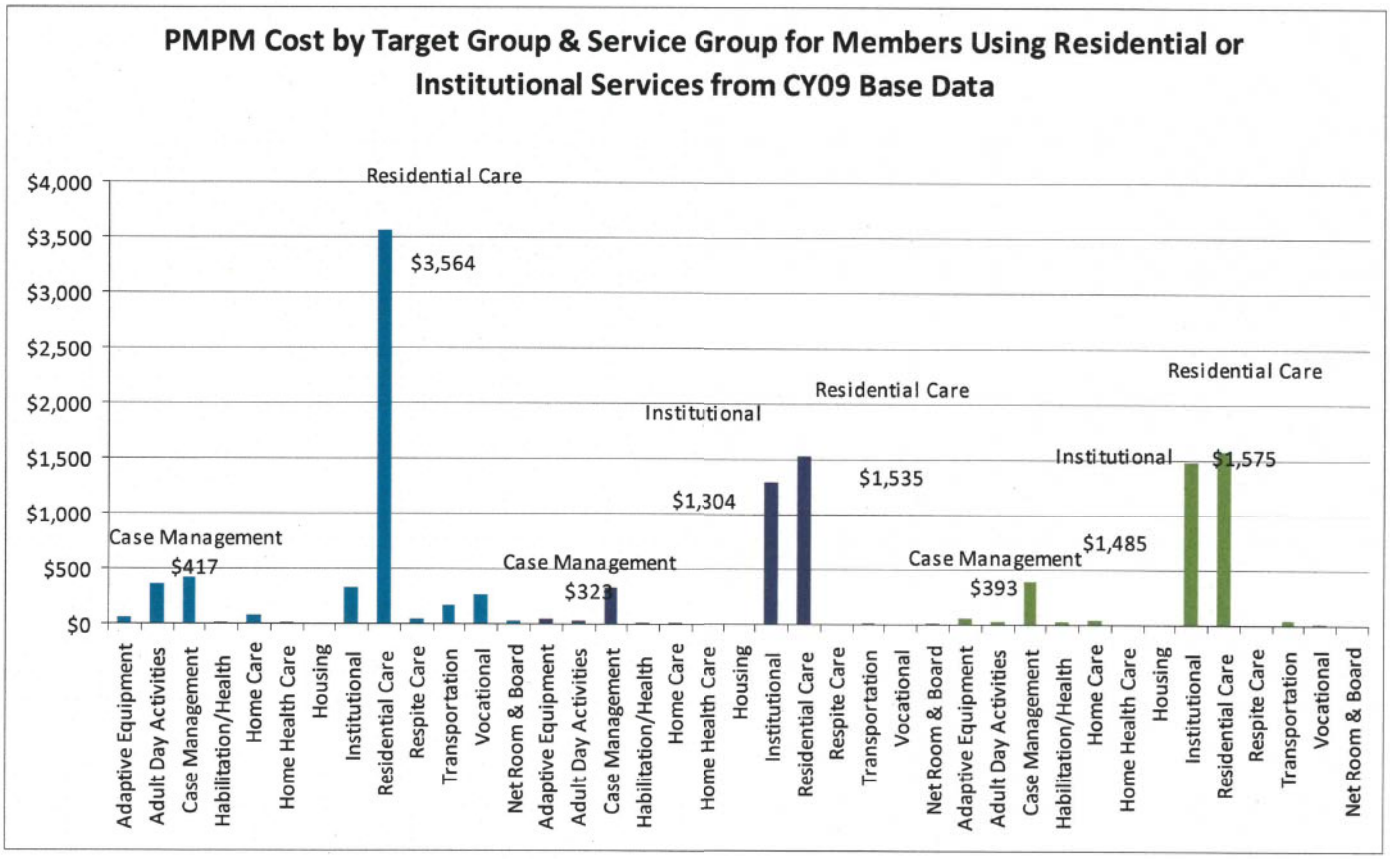
RESIDENTIAL & INSTITUTIONAL COHORTS' SERVICE COSTS/UTILIZATION

NOTE: CHARTS RELATED TO RESIDENTIAL AND INSTITUTIONAL DATA APPEAR ON THE NEXT PAGE

- PMPM Service Costs for Members *not* using Residential or Institutional Services
  - DD: Main cost is home care at $620 PMPM. Case management is $332 PMPM, and vocational follows at $243 PMPM.
  - FE: Main cost is home care at $841 PMPM. Case management is $304 PMPM, followed by home health care at $84 PMPM.
  - PD: Main cost is home care at $831 PMPM. Case management is $342 PMPM, followed by home health care at $126 PMPM.
  - Comparison: All three target groups have the highest PMPM service costs for home care among those who do not use residential or institutional services. For FE & PD members, these costs are in the $800-$850 PMPM range, with small PMPM costs for other services, the next highest after case management being home health care. For DD members, the home care PMPM is somewhat lower at $620 PMPM, but there are higher PMPM for a number of other services, including vocational, adult day activities, & transportation. Each group has case management costs in the $300-$350 PMPM range.

- PMPM Service Costs for Members using Residential or Institutional Services
  - DD: Highest cost by far is residential at $3,564. Case management is $417 PMPM, and the next highest PMPMs are adult day activities, institutional, and vocational services.
  - FE: Main PMPM costs are split between residential at $1,535 and institutional at $1,304. Case management is $323 PMPM, and PMPM costs for other services are fairly low.
  - PD: Main PMPM costs are split between residential at $1,575 PMPM and institutional at $1,485 PMPM. Case management is $393 PMPM, and PMPM costs for other services are also fairly low.
  - Comparison: Among members using residential or institutional services, DD members' PMPM costs are primarily residential while FE & PD costs are split between residential & institutional. DD members also have greater PMPMs for other services like vocational and adult day activities as compared to other target groups.


PMPM Cost by Target Group & Service Group for Members Not Using Residential or Institutional Services from CY09 Base Data
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
Home Care
$620
Case Management
$332
Vocational
$243
Case Management
$304
Home Care
$841
Home Health Care
$84
Case Management
$342
Home Care
$831
Home Health Care
$126
Adaptive Equipment
Adult Day Activities
Case Management
Habilitation/Health
Home Care
Home Health Care
Housing
Institutional
Residential Care
Respite Care
Transportation
Vocational
Net Room & Board


PMPM Cost by Target Group & Service Group for Members Using Residential or Institutional Services from CY09 Base Data
$4,000
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
Residential Care
$3,564
Case Management
$417
Case Management
$323
Institutional
$1,304
Residential Care
$1,535
Case Management
$393
Institutional
$1,485
Residential Care
$1,575
Adaptive Equipment
Adult Day Activities
Case Management
Habilitation/Health
Home Care
Home Health Care
Housing
Institutional
Residential Care
Respite Care
Transportation
Vocational
Net Room & Board

DETAILED COST ANALYSIS OF FAMILY CARE

NUMBER OF SERVICES USED (I.E., SERVICES UNDER MANAGEMENT)

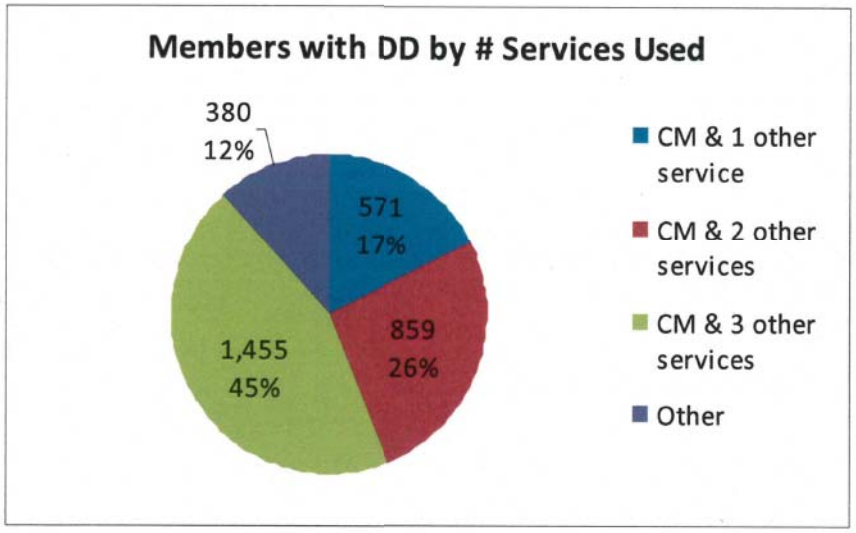
NOTE: CHARTS RELATED TO SERVICES USED APPEAR ON THE NEXT TWO PAGES

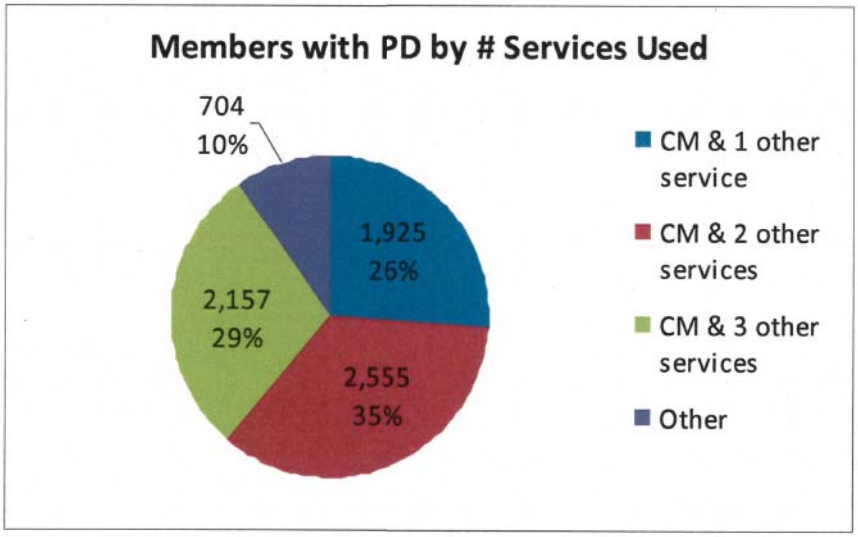
- Number of Services Used by Target Group
  - DD
    - Largest group is care management plus three other services at 45%
    - 26% used care management and two other services, 17% used care management and one other service, and 9% used only care management.
  - PD
    - Largest group is care management plus two other services at 35
    - 29% used care management and three other services, 26% used care management plus one other service, and 8% used only care management
  - FE:
    - Largest group here is care management plus two others services at 36%
    - 33% used care management and only one other service, 22% used care management and three other services, and 7% used only care management.

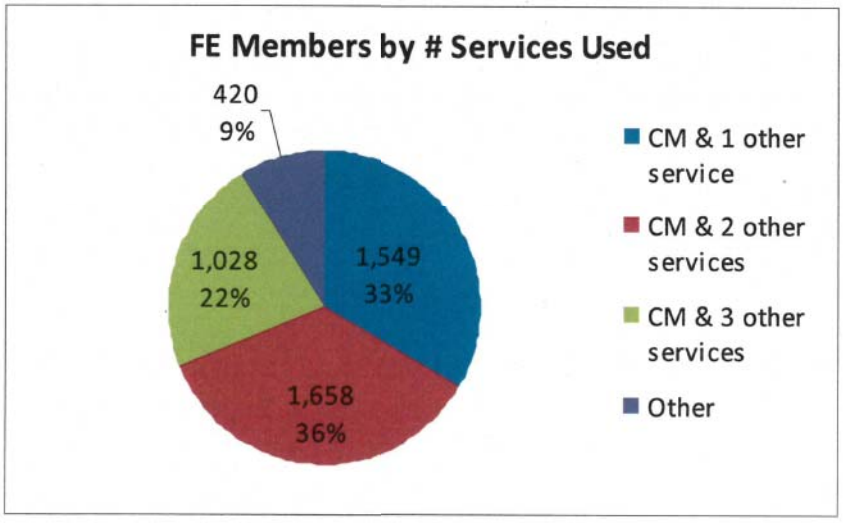
  - Comparison: In all target groups, most members use care management plus one, two, or three other services; less than 10% used either only care management, or more than three other services. More DD members used care management and three other services than any other target group at 45%. The FE target group had more members using care management and only one other service than any other target group at 33%, but still had the plurality of its members in the care management plus two services group (36%).

- Services used by members using only care management and one service:
  - Most commonly used "other services" in each target group were residential, institutional, or home care.
  - For DD, the highest percentage of those using only one other service used residential care at 34% of member months in the group
  - For PD, the highest percentage of those using only one other service used home care at 39% of PD member months in the group.
  - For FE, the highest percentage of those using only one other service used residential care at 35% of member months in the group.

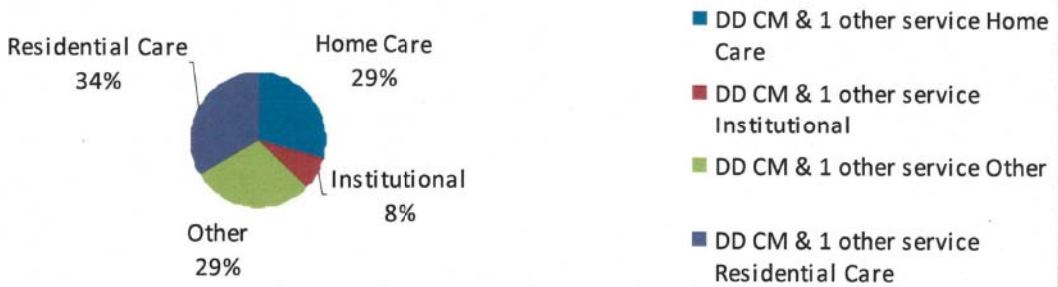
- Care management costs for members using only care management:
  - DD members with only care management had a PMPM of $333.
  - PD members with only care management had a PMPM of $346.
  - FE members with only care management had a PMPM of $356.


Members with DD by # Services Used
380
12%
571
17%
859
26%
1,455
45%
CM & 1 other service
CM & 2 other services
CM & 3 other services
Other


Members with PD by # Services Used
704
10%
1,925
26%
2,157
29%
2,555
35%
CM & 1 other service
CM & 2 other services
CM & 3 other services
Other

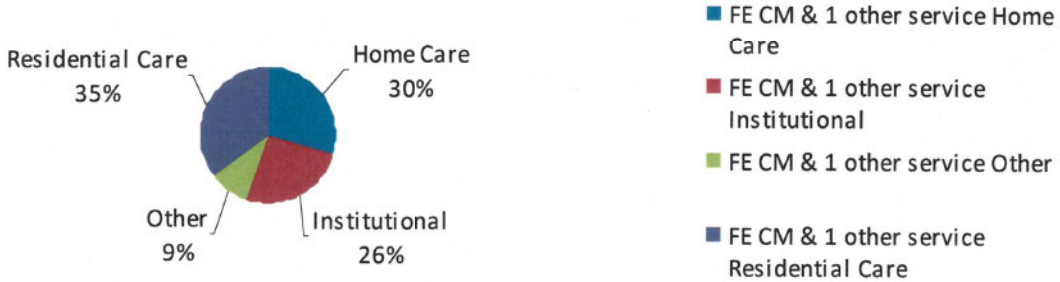

FE Members by # Services Used
420
9%
1,549
33%
1,028
22%
1,658
36%
CM & 1 other service
CM & 2 other services
CM & 3 other services
Other

Services Used by Members with DD Using only Care Management and One Other Service
(as a % of member months in which one service was used)



Services Used by Members with PD Using only Care Management and one Other Service
(as a % of member months in which one service was used)

Services Used by FE Members Using only Care Management and One Other Service
(as a % of member months in which one service was used)



REPORT TO THE JOINT LEGISLATIVE AUDIT COMMITTEE ON FAMILY CARE
AUGUST 31, 2012

COST-EFFECTIVENESS ANALYSIS OF LONG TERM CARE (LTC) PROGRAMS

DATA SET #1: ENROLLMENT AND COST SUMMARIES, BY PROGRAM

- This set of four tables displays cost information by:
  - Program (Family Care, IRIS, Legacy Waivers, which include the Community Integration Program (CIP) & Community Options Program (COP)
  - LTC service region (color coded to correspond to the DLTC map)
  - Number of counties in the region
  - Proportion of statewide coverage in a given region
  - Number of member months
  - Total cost of serving the membership (i.e., primary, acute, and waiver)and the average costs for each program
  - Target group-specific presentations of the data are also included as additional exhibits.

- Aggregate totals for CY 2010 across all of the programs, statewide, are as follows:
  - Participants (12/10): 40,049
  - Member months: 455,601
  - Total Cost: $1,530,457,316
  - Average Cost: $3,359 PMPM

- Based on actual costs (i.e., costs that have not been adjusted for the acuity of the membership), the data generally display Family Care as the lowest cost program, the legacy waivers as the moderate cost program, and IRIS as the highest cost program.

- This low-to-high cost ordering holds at the total program level and for both disability groups.

- The frail elderly population displays a different pattern. For this target group, the membership in the county-administered, legacy waiver program has the lowest cost, IRIS is the moderate cost program, and Family Care is the higher cost program.

- An important difference between the program structures is that Family Care serves persons who are residents in nursing homes or ICFs-MR. The Family Care cost data therefore contain significant institutional expenditures ($92+ million, 0r 8.6% of the total), whereas the other two programs do not have institutional residents within their purview or institutional costs in their program's data.

- The same data have also been risk adjusted. A summary table is included in this set.

- The same relationships appear in the risk adjusted data as in the non-risk adjusted data. In general, the cost differences are lower when the costs are risk adjusted.

Cost-Effectiveness Analysis of LTC Programs
Data Set #1

Family Care Program				
Participants as of Dec. 2010	Proportion of Statewide Coverage	CY10 Member Months	Total Costs	Average Cost
3,687	11.8%	31,371	$ 99,994,129	$ 3,187.43
3,323	10.6%	37,103	$ 107,488,561	$ 2,897.04
8,761	28.0%	96,226	$ 279,974,674	$ 2,909.56
2,751	8.8%	30,531	$ 96,274,659	$ 3,153.39
1,799	5.8%	18,392	$ 53,848,353	$ 2,927.88
2,136	6.8%	24,267	$ 84,020,817	$ 3,462.37
5,677	18.2%	64,145	$ 223,325,129	$ 3,481.57
1,202	3.8%	12,341	$ 52,233,011	$ 4,232.52
1,920	6.1%	21,478	$ 73,481,462	$ 3,421.17
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
31,256	100.0%	335,853	$ 1,070,640,796	$ 3,187.82

IRIS Program				
Participants as of Dec. 2010	Proportion of Statewide Coverage	CY10 Member Months	Total Costs	Average Cost
341	11.6%	2,279	$ 10,116,556	$ 4,439.45
177	6.0%	1,559	$ 5,670,597	$ 3,638.37
938	31.9%	7,498	$ 28,321,664	$ 3,777.43
129	4.4%	1,062	$ 4,353,954	$ 4,099.71
120	4.1%	877	$ 4,014,589	$ 4,575.31
144	4.9%	1,036	$ 4,232,314	$ 4,085.46
485	16.5%	4,190	$ 21,234,157	$ 5,067.25
332	11.3%	3,061	$ 12,270,749	$ 4,008.97
269	9.1%	2,192	$ 8,588,108	$ 3,918.42
5	0.2%	52	$ 180,770	$ 3,480.01
3	0.1%	24	$ 129,434	$ 5,415.33
2,943	100.0%	23,829	$ 99,112,891	$ 4,159.30

Waiver / FFS Program				
Participants as of Dec. 2010	Proportion of Statewide Coverage	CY10 Member Months	Total Costs	Average Cost
2,422	41.4%	39,972	$ 143,060,989	$ 3,579.03
14	0.2%	184	$ 534,586	$ 2,905.36
19	0.3%	7,637	$ 33,747,434	$ 4,418.94
375	6.4%	4,495	$ 13,091,297	$ 2,912.41
12	0.2%	1,163	$ 3,477,350	$ 2,989.98
11	0.2%	154	$ 417,445	$ 2,710.68
21	0.4%	476	$ 1,243,057	$ 2,611.46
7	0.1%	99	$ 574,251	$ 5,800.51
20	0.3%	240	$ 553,405	$ 2,305.85
2,116	36.2%	31,529	$ 136,978,935	$ 4,344.54
833	14.2%	9,969	$ 27,024,881	$ 2,710.89
5,850	100.0%	95,918	$ 360,703,628	$ 3,760.54

d to the State Map of Family Care Regions found in Appendix 1 of this document.

Enrollment and Cost Summary by Program

Developmental Disability Population

	Family Care Program					
Region	# of Counties	Participants as of Dec. 2010	Proportion of Statewide Coverage	CY10 Member Months	Total Costs	Average Cost
Pink	13	1786	13.5%	15,383	$ 59,492,363	$ 3,867.51
Tan	8	1356	10.3%	15,959	$ 55,931,980	$ 3,504.65
Olive	1	2140	16.2%	19,341	$ 83,312,159	$ 4,307.54
Green	5	1216	9.2%	14,243	$ 50,908,789	$ 3,574.30
Gray	8	823	6.2%	8,863	$ 26,696,415	$ 3,012.25
Orange	2	1043	7.9%	12,382	$ 50,403,367	$ 4,070.63
Teal	11	3168	24.0%	36,631	$ 145,226,981	$ 3,964.59
Red	5	753	5.7%	8,778	$ 40,724,084	$ 4,639.12
Blue	11	902	6.8%	10,387	$ 39,867,672	$ 3,838.07
Yellow	2	n/a	n/a	n/a	n/a	n/a
White	7	n/a	n/a	n/a	n/a	n/a
Total	72	13,187	100.0%	141,968	$ 552,563,810	$ 3,892.18

	IRIS Program					
Region	# of Counties	Participants as of Dec. 2010	Proportion of Statewide Coverage	CY10 Member Months	Total Costs	Average Cost
Pink	13	211	14.7%	1,418	$ 7,029,736	$ 4,957.60
Tan	8	100	7.0%	884	$ 4,153,142	$ 4,696.61
Olive	1	258	18.0%	1,809	$ 8,895,427	$ 4,916.13
Green	5	71	5.0%	620	$ 3,565,694	$ 5,747.26
Gray	8	68	4.8%	520	$ 2,468,216	$ 4,744.97
Orange	2	77	5.4%	526	$ 2,724,305	$ 5,181.61
Teal	11	299	20.9%	2,574	$ 14,077,955	$ 5,470.23
Red	5	191	13.3%	1,795	$ 9,484,456	$ 5,282.46
Blue	11	150	10.5%	1,288	$ 6,526,533	$ 5,067.92
Yellow	2	3	0.2%	33	$ 157,213	$ 4,767.59
White	7	3	0.2%	24	$ 129,434	$ 5,415.33
Total	72	1,431	100.0%	11,492	$ 59,212,111	$ 5,152.57

	Waiver / FFS Program					
Region	# of Counties	Participants as of Dec. 2010	Proportion of Statewide Coverage	CY10 Member Months	Total Costs	Average Cost
Pink	13	1,305	38.7%	21,350	$ 93,291,309	$ 4,369.62
Tan	8	2	0.1%	35	$ 124,441	$ 3,555.46
Olive	1	7	0.2%	5,773	$ 25,092,264	$ 4,346.49
Green	5	190	5.6%	2,269	$ 8,877,005	$ 3,912.30
Gray	8		0.0%	554	$ 1,514,814	$ 2,734.32
Orange	2	2	0.1%	26	$ 86,358	$ 3,321.47
Teal	11		0.0%	126	$ 354,291	$ 2,811.83
Red	5		0.0%	6	$ 16,452	$ 2,741.99
Blue	11	2	0.1%	31	$ 71,913	$ 2,319.77
Yellow	2	1,565	46.5%	19,315	$ 99,147,723	$ 5,133.20
White	7	295	8.8%	3,510	$ 14,537,361	$ 4,141.70
Total	72	3,368	100.0%	52,995	$ 243,113,933	$ 4,587.49

Note: The colors referenced correspond to the State Map of Family Care Regions found in Appendix 1 of this document.

Enrollment and Cost Summary by Program

Physical Disability Population

	Family Care Program					
Region	# of Counties	Participants as of Dec. 2010	Proportion of Statewide Coverage	CY10 Member Months	Total Costs	Average Cost
Pink	13	907	9.0%	7,335	$ 20,404,597	$ 2,781.93
Tan	8	1118	11.1%	11,893	$ 29,815,564	$ 2,506.99
Olive	1	4501	44.5%	52,286	$ 139,028,686	$ 2,659.02
Green	5	627	6.2%	6,171	$ 18,663,313	$ 3,024.20
Gray	8	493	4.9%	4,500	$ 13,800,273	$ 3,066.52
Orange	2	628	6.2%	7,069	$ 21,355,652	$ 3,020.90
Teal	11	1090	10.8%	11,625	$ 37,416,562	$ 3,218.53
Red	5	274	2.7%	1,958	$ 6,807,359	$ 3,477.04
Blue	11	467	4.6%	4,886	$ 17,710,706	$ 3,625.08
Yellow	2	n/a	n/a	n/a	n/a	n/a
White	7	n/a	n/a	n/a	n/a	n/a
Total	72	10,105	100.0%	107,723	$ 305,002,711	$ 2,831.36

	IRIS Program					
Region	# of Counties	Participants as of Dec. 2010	Proportion of Statewide Coverage	CY10 Member Months	Total Costs	Average Cost
Pink	13	85	8.5%	556	$ 2,374,777	$ 4,267.82
Tan	8	44	4.4%	337	$ 993,520	$ 2,949.40
Olive	1	434	43.6%	3,521	$ 13,043,431	$ 3,704.96
Green	5	42	4.2%	323	$ 591,451	$ 1,828.81
Gray	8	32	3.2%	262	$ 1,376,092	$ 5,255.67
Orange	2	55	5.5%	415	$ 1,383,762	$ 3,338.05
Teal	11	133	13.4%	1,176	$ 6,216,116	$ 5,284.78
Red	5	96	9.6%	866	$ 2,036,596	$ 2,352.25
Blue	11	73	7.3%	594	$ 1,593,359	$ 2,681.61
Yellow	2	1	0.1%	6	$ 10,319	$ 1,705.84
White	7	-	0.0%	-	$ -	$ -
Total	72	995	100.0%	8,056	$ 29,619,422	$ 3,676.75

	Waiver / FFS Program					
Region	# of Counties	Participants as of Dec. 2010	Proportion of Statewide Coverage	CY10 Member Months	Total Costs	Average Cost
Pink	13	495	34.7%	8,055	$ 25,924,879	$ 3,218.48
Tan	8	10	0.7%	125	$ 349,415	$ 2,795.32
Olive	1	12	0.8%	1,863	$ 8,651,978	$ 4,644.11
Green	5	80	5.6%	932	$ 2,051,861	$ 2,201.57
Gray	8	11	0.8%	417	$ 1,434,894	$ 3,440.99
Orange	2	9	0.6%	128	$ 331,087	$ 2,586.61
Teal	11	21	1.5%	316	$ 810,732	$ 2,565.61
Red	5	6	0.4%	81	$ 486,438	$ 6,005.41
Blue	11	18	1.3%	203	$ 471,434	$ 2,322.33
Yellow	2	551	38.6%	6,599	$ 24,720,987	$ 3,746.17
White	7	213	14.9%	2,508	$ 6,520,111	$ 2,599.73
Total	72	1,426	100.0%	21,227	$ 71,753,816	$ 3,380.31

Note: The colors referenced correspond to the State Map of Family Care Regions found in Appendix 1 of this document.

Enrollment and Cost Summary by Program

Frail Elderly Population

	Family Care Program					
Region	# of Counties	Participants as of Dec. 2010	Proportion of Statewide Coverage	CY10 Member Months	Total Costs	Average Cost
Pink	13	994	12.5%	8,654	$ 20,097,169	$ 2,322.28
Tan	8	849	10.7%	9,251	$ 21,741,017	$ 2,350.25
Olive	1	2120	26.6%	24,599	$ 57,633,829	$ 2,342.92
Green	5	908	11.4%	10,116	$ 26,702,558	$ 2,639.59
Gray	8	483	6.1%	5,029	$ 13,351,665	$ 2,655.12
Orange	2	465	5.8%	4,815	$ 12,261,799	$ 2,546.40
Teal	11	1419	17.8%	15,889	$ 40,681,585	$ 2,560.42
Red	5	175	2.2%	1,605	$ 4,701,568	$ 2,929.95
Blue	11	551	6.9%	6,205	$ 15,903,085	$ 2,562.78
Yellow	2	n/a	n/a	n/a	n/a	n/a
White	7	n/a	n/a	n/a	n/a	n/a
Total	72	7,964	100.0%	86,163	$ 213,074,275	$ 2,472.93

	IRIS Program					
Region	# of Counties	Participants as of Dec. 2010	Proportion of Statewide Coverage	CY10 Member Months	Total Costs	Average Cost
Pink	13	45	8.7%	304	$ 712,043	$ 2,339.38
Tan	8	33	6.4%	337	$ 523,935	$ 1,552.80
Olive	1	246	47.6%	2,168	$ 6,382,806	$ 2,944.60
Green	5	16	3.1%	118	$ 196,810	$ 1,665.18
Gray	8	20	3.9%	95	$ 170,282	$ 1,784.15
Orange	2	12	2.3%	96	$ 124,247	$ 1,299.13
Teal	11	53	10.3%	441	$ 940,086	$ 2,133.26
Red	5	45	8.7%	400	$ 749,697	$ 1,876.35
Blue	11	46	8.9%	310	$ 468,216	$ 1,511.68
Yellow	2	1	0.2%	13	$ 13,238	$ 1,024.54
White	7	-	0.0%	-	$ -	$ -
Total	72	517	100.0%	4,282	$ 10,281,359	$ 2,401.31

	Waiver / FFS Program					
Region	# of Counties	Participants as of Dec. 2010	Proportion of Statewide Coverage	CY10 Member Months	Total Costs	Average Cost
Pink	13	622	58.9%	10,567	$ 23,844,800	$ 2,256.53
Tan	8	2	0.2%	24	$ 60,729	$ 2,530.38
Olive	1		0.0%	1	$ 3,191	$ 3,190.99
Green	5	105	9.9%	1,294	$ 2,162,431	$ 1,671.12
Gray	8	1	0.1%	192	$ 527,642	$ 2,748.14
Orange	2		0.0%	-	$ -	$ -
Teal	11		0.0%	34	$ 78,034	$ 2,295.12
Red	5	1	0.1%	12	$ 71,361	$ 5,946.74
Blue	11		0.0%	6	$ 10,059	$ 1,676.44
Yellow	2		0.0%	5,615	$ 13,110,225	$ 2,334.86
White	7	325	30.8%	3,951	$ 5,967,408	$ 1,510.35
Total	72	1,056	100.0%	21,696	$ 45,835,880	$ 2,112.64

Note: The colors referenced correspond to the State Map of Family Care Regions found in Appendix 1 of this document.

Enrollment and Cost Summary by Program

Risk Adjusted Rates by Program

Region	Average Cost DD	PD	FE
Family Care Program	$ 3,892.18	$ 2,831.36	$ 2,472.93
IRIS Program	$ 5,152.57	$ 3,676.75	$ 2,401.31
Waiver / FFS Program	$ 4,587.49	$ 3,380.31	$ 2,112.64

Region	Risk-Adjusted Average Cost DD	PD	FE
Family Care Program	$ 3,892.18	$ 2,831.36	$ 2,472.93
IRIS Program	$ 4,538.93	$ 3,459.71	$ 2,406.69
Waiver / FFS Program	$ 4,537.30	$ 3,404.77	$ 2,325.31

DATA SET #2: ACTUAL EXPERIENCE BY PROGRAM, SERVICE, AND REGION

- This set of tables displays the same cost data as were displayed in Set #1, by program and by service line.

- Detailed exhibits by program, service region, and service line are also included, so that MCOs / legacy waiver counties / Individual Consultants can be compared.

- Total costs are displayed for each program in two major subsets:
    1. Those costs covered within the program, and
    2. Those costs that were covered by the Medicaid State Plan, or "the card."

- Some of the major cost differences that appear across programs are related to benefit package differences, or program design differences.

- For example, Home Care covered under the State Plan is a significant cost center for IRIS and the Legacy Waiver programs but is covered by the Family Care program.

- Program costs for Family Care were roughly $2,905 PMPM, while program costs for IRIS enrollees were $2,375 PMPM, and program costs for the legacy waivers were $2,620 PMPM.

- "Carve out" costs for Family Care enrollees were $280 PMPM, while State Plan service costs for IRIS enrollees were $1,785 and $1,140 for enrollees in the legacy waivers.

CY 2010 Per Member Per Month Costs

Summary of 2010 Actual Experience, by Program and Service

	FAMILY CARE			IRIS			LEGACY WAIVER		
	Grand Total			Grand Total			Grand Total		
	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	141,968	107,723	86,163	11,492	8,056	4,282	52,995	21,227	21,696
State Encounter Plan Services									
Adaptive Equipment	49.32	101.44	58.45	47.41	40.96	8.39	19.10	42.86	29.55
Adult Day Activities	342.82	39.55	30.41	295.60	17.77	24.55	37.94	39.29	15.86
Case Management	342.47	404.12	341.99	20.37	0.86	-	252.90	254.48	260.14
Habilitation / Health	28.51	55.19	15.07	50.71	10.69	1.27	20.28	19.99	5.23
Home Care	348.19	565.27	360.80	1,903.01	943.19	827.40	599.40	675.70	364.06
Home Health Care	103.22	145.02	48.38	158.12	185.37	91.71	3.76	19.78	7.62
Housing	1.10	0.97	0.27	1.55	-	0.03	1,037.95	14.77	11.15
Institutional	81.00	377.51	464.37	-	-	-			
Other	-	0.01	-	152.19	68.03	13.84			
Residential Care	1,866.86	594.58	948.10	120.49	1.56	17.63	1,079.10	552.43	807.88
Respite Care	36.29	7.79	7.11	215.08	15.73	11.87	26.83	8.36	4.71
Transportation	125.26	61.42	32.69	162.11	45.60	28.49	168.81	26.68	8.59
Vocational	292.54	10.68	1.18	160.55	0.69	-	227.50	15.66	0.08
Total State Encounter Plan Services	3,617.57	2,363.54	2,308.80	3,287.19	1,330.44	1,025.18	3,473.57	1,669.99	1,514.86
Room and Board									
Room and Board - Collections	(292.93)	(127.90)	(263.81)	-	-	-			
Room and Board - Costs	323.18	137.37	303.32	319.79	-	12.82	(2.63)	(16.76)	(26.23)
Total Room and Board	30.25	9.46	39.52	319.79	-	12.82			
Encounter Total	3,647.83	2,373.00	2,348.31	3,606.98	1,330.44	1,038.00	3,470.94	1,653.23	1,488.63
Composite Encounter PMPM		2,905.55			2,375.77			2,620.29	
	DD	PD	FE	DD	PD	FE	DD	PD	FE
State FFS Plan Services									
Inpatient	56.07	169.44	38.23	127.06	191.09	82.59	42.55	230.04	39.76
Nursing Home	16.91	13.61	24.88	14.26	35.32	99.19	41.93	101.81	167.31
Dental	8.51	9.53	5.67	8.35	10.42	8.11	6.94	7.39	3.58
Drug	90.59	108.77	9.77	170.84	142.34	13.04	85.29	153.84	18.87
Outpatient	25.58	67.50	16.32	43.17	94.02	24.39	25.29	86.66	23.96
Home Care				993.81	1,621.51	1,038.86	810.86	841.37	268.38
Other	46.70	89.50	29.75	188.10	251.61	97.13	103.69	305.97	102.14
FFS Total	244.36	458.36	124.62	1,545.59	2,346.30	1,363.31	1,116.55	1,727.08	624.01
Composite FFS PMPM		282.28			1,783.54			1,140.25	
Total Encounter + FFS PMPM		3,187.82			4,159.30			3,760.54	

Note: Details about the services that are within a Program's benefit package are detailed in Appendix 2 of this document.

DATA SET #3: HIGH COST PARTICIPANT COST ANALYSIS IN FAMILY CARE

- These tables expand on the analysis provided in the Legislative Audit Bureau's (LAB) report, providing additional information about these Family Care enrollees.

- In their report, the LAB made the following observations:
  - "The number of developmentally disabled participants with higher-cost needs has increased significantly since June, 2006."
  - "In FY 009-10, high-cost participants represented 16.9 percent of MCOs' caseloads."
  - "Individuals with developmental disabilities represented 74.2% of high-cost Family Care participants in FY 2009-10."

- The LAB studied roughly 5,254 enrollees, and LAB staff shared this list of enrollees with DHS. It was provided to the Department's actuarial firm to support this analysis.

- These tables show the number of high cost enrollees in Family Care, the proportion within each target group and "originating group" that are high cost, and the cost difference between the various sub-groups.

- The five pilot counties generally had fewer higher cost enrollees, as a proportion of total enrollment, than did the legacy waiver counties into which the program expanded. 71% of the program's high cost enrollment had very recently been served in the legacy waiver programs.

- This relationship held for both of the disabled cohorts, and for the program as a whole. Likely due to the inclusion of the institutional service within Family Care, the pilot counties had a greater proportion of high cost frail elders (4.5% compared to 3.4%) than did the counties into which the program expanded.

- High cost persons that had been previously served in the five pilot counties had total services costs that were 14.9% lower than high cost individuals who had recently been served in the legacy waiver programs. The cost difference between the low cost groups was 2%.

- The key LTC service areas in which the cost differences appear are:
  - Residential (both disabled groups)
  - Institutional (all target groups)
  - Adult day activities (all target groups)
  - Home care & home health (all target groups)

- The primary and acute care service areas where the cost differences appear are:
  - Inpatient hospital (all target groups)
  - Pharmacy (both disabled groups)
  - Outpatient clinic (all target groups)

Family Care - High Cost Participant Cost Analysis

Percentage of High-Cost Individuals			
Target Group	Pilot	Legacy	Total
Developmental Disability	26.6%	35.0%	33.0%
Physical Disability	7.1%	13.6%	9.0%
Frail Elderly	4.5%	3.4%	4.0%
Total	10.0%	23.4%	16.8%

High-Cost Enrollees: PMPM Difference			
Target Group	Pilot	Legacy	Total
Developmental Disability	$6,846.38	$7,308.58	-6.3%
Physical Disability	$5,863.23	$7,789.33	-24.7%
Frail Elderly	$4,825.33	$5,413.28	-10.9%
Total	$6,214.38	$7,301.81	-14.9%

Non-High-Cost Enrollees: PMPM Difference			
Target Group	Pilot	Legacy	Total
Developmental Disability	$2,138.52	$2,166.30	-1.3%
Physical Disability	$2,265.49	$2,510.84	-9.8%
Frail Elderly	$2,278.03	$2,342.66	-2.8%
Total	$2,250.10	$2,296.50	-2.0%

Family Care - High Cost Participants

Summary of FY09 and FY10 Claim and Eligibility Data

	High Cost			Non-High Cost			% Difference		
	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	65,583	16,486	5,601	133,151	165,860	134,574			
State Encounter Plan Services									
Adaptive Equipment	95.54	194.56	92.06	27.05	87.41	56.09		123%	64%
Adult Day Activities	551.11	115.08	96.14	196.41	27.72	33.39	181%		
Case Management	435.11	552.16	465.61	336.98	381.65	332.09	29%	45%	40%
Habilitation / Health	61.71	121.94	40.69	15.42	32.58	13.10			
Home Care	579.09	1,230.63	954.08	283.19	541.44	373.51	104%	127%	155%
Home Health Care	240.16	672.46	212.56	37.62	75.34	42.91		793%	
Housing	2.71	1.13	0.88	0.22	1.78	0.48			
Institutional	168.23	1,232.54	1,878.44	40.94	296.34	414.34		316%	353%
Other	-	-	-	-	0.00	-			
Residential Care	4,119.04	1,572.86	905.70	533.86	414.79	837.27	672%	279%	8%
Respite Care	39.21	33.92	12.41	41.74	5.54	6.05			
Transportation	126.17	101.17	70.47	128.51	50.89	33.70	-2%	99%	
Vocational	289.63	38.57	12.69	324.83	6.86	1.11	-11%		
Total State Encounter Plan Services	6,707.71	5,867.03	4,741.71	1,966.78	1,922.34	2,144.06	241%	205%	121%
Room and Board									
Room and Board - Collections	(519.43)	(198.84)	(162.14)	(174.72)	(113.99)	(244.88)	197%	74%	-34%
Room and Board - Costs	681.67	274.34	297.27	188.23	119.41	283.28	262%	130%	5%
Total Room and Board	162.24	75.49	135.13	13.51	5.42	38.40			
Encounter Total	6,869.95	5,942.53	4,876.84	1,980.28	1,927.76	2,182.46	247%	208%	123%
Composite Encounter PMPM		6,568.23			2,022.94				
	DD	PD	FE	DD	PD	FE	DD	PD	FE
State FFS Plan Services									
Inpatient	65.86	258.35	49.74	34.93	118.90	35.37	89%	117%	41%
Nursing Home	32.79	23.12	37.78	3.15	8.68	18.15			108%
Dental	9.73	10.61	7.13	7.63	8.76	5.55			
Drug	142.45	178.47	13.31	63.68	93.84	12.94	124%	90%	3%
Outpatient	20.50	67.23	14.51	13.89	43.07	10.98	48%	56%	32%
Other	76.95	239.25	44.52	55.36	133.54	40.99	39%	79%	9%
FFS Total	348.26	777.03	166.99	178.65	406.79	124.00	95%	91%	35%
Composite FFS PMPM		417.31			248.96				
Total Encounter + FFS PMPM		6,985.54			2,271.90				

Note: Details about the services that are within a Program's benefit package are detailed in Appendix 2 of this document.

DATA SET #4: INDIVIDUALS WITH MENTAL HEALTH NEEDS IN FAMILY CARE

- The policy issues of whether, and how, Family Care serves persons with mental illness, and the broader question of how the long-term care system and mental health system interface with one another, are long-standing ones.

- This table displays the Family Care program information for two subgroups, persons who have an identified mental health diagnosis (as reflected on the LTC functional screen) and those who do not:
  - MH diagnosis: 12.4% of enrolled months
  - No MH diagnosis: 87.6% of enrolled months

- An alternative way of analyzing this issue is to review the level of mental health need identified on the LTC functional screen. This measure shows a much higher level of need:
  - MH need: 51.2% of enrolled months
  - No MH need: 48.8% of enrolled months

- The cost data in this table are based on the first definition above (i.e., presence of a mental health diagnosis).

- The cost data show significant differences between the two cohorts:

  1. The long-tem care costs are 16% greater for persons with a mental health diagnosis. There is a similar pattern across target groups.

     - Care management, institutional services, and residential services are the areas showing the largest differences.

  2. The state plan service costs are 143% greater for persons with a mental health diagnosis. This difference is much stronger for the developmentally disabled target group.

     - Pharmacy and inpatient costs are the biggest drivers, although all categories show some differences.

- The total costs are 26% greater for persons with a mental health diagnosis.

Using Functional Screen Data, Family Care Members Identified as Individuals Diagnosed with Mental Illness

Summary of FY09 and FY10 Claim and Eligibility Data

	Mental Illness			Non-Mental Illness			% Difference		
	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	23,482	29,910	11,378	175,253	152,436	128,797			
State Encounter Plan Services									
Adaptive Equipment	26.82	70.70	47.68	52.71	102.28	58.40	-49%	-31%	-18%
Adult Day Activities	235.97	39.97	51.27	323.84	34.77	34.54	-27%		
Case Management	459.48	466.41	386.25	357.29	383.46	333.11	29%	22%	16%
Habilitation / Health	42.12	74.26	36.12	29.17	34.07	12.27			
Home Care	408.57	393.19	232.90	377.12	645.06	411.17	8%	-39%	-43%
Home Health Care	73.46	63.58	45.80	108.61	142.23	50.04	-32%	-55%	-8%
Housing	7.45	2.86	0.91	0.18	1.49	0.46			
Institutional	187.72	414.66	550.77	68.91	374.37	465.95	172%	11%	18%
Other	-	-	-	-	0.00	-			
Residential Care	2,306.44	869.11	1,250.97	1,638.01	450.89	803.70	41%	93%	56%
Respite Care	26.92	7.91	9.27	42.78	8.14	6.05			
Transportation	97.71	64.78	39.06	131.76	53.60	34.82	-26%	21%	
Vocational	241.62	12.92	4.75	322.81	9.10	1.30	-25%		
Total State Encounter Plan Services	4,114.28	2,480.35	2,655.76	3,453.20	2,239.46	2,211.81	19%	11%	20%
Room and Board									
Room and Board - Collections	(367.87)	(200.51)	(341.21)	(277.84)	(106.19)	(232.77)	32%	89%	47%
Room and Board - Costs	450.21	231.60	404.45	337.78	114.15	273.18	33%	103%	48%
Total Room and Board	82.34	31.10	63.24	59.94	7.96	40.41	37%		
Encounter Total	4,196.62	2,511.44	2,719.00	3,513.14	2,247.42	2,252.22	19%	12%	21%
Composite Encounter PMPM		3,158.85			2,734.71				
	DD	PD	FE	DD	PD	FE	DD	PD	FE
State FFS Plan Services									
Inpatient	120.30	182.23	63.64	35.06	121.56	33.50	243%	50%	90%
Nursing Home	54.09	13.21	21.46	7.42	9.35	18.71			15%
Dental	14.74	13.81	9.22	7.46	7.97	5.30			
Drug	242.68	225.32	20.77	69.18	77.19	12.27	251%	192%	69%
Outpatient	35.88	55.01	12.36	13.42	43.34	11.02	167%	27%	12%
Other	118.55	215.86	60.73	54.97	128.82	39.40	116%	68%	54%
FFS Total	586.24	705.44	188.18	187.51	388.23	120.20	213%	82%	57%
Composite FFS PMPM		571.36			235.55				
Total Encounter + FFS PMPM		3,730.21			2,970.25				

Note: Details about the services that are within a Program's benefit package are detailed in Appendix 2 of this document.

DATA SET #5: IRIS DATA BY ENROLLMENT DATE

- The IRIS program has an Individual Budget Allocation (IBA) method that was substantially changed in July 2010.

- This action was taken based on concerns that the original IBA method was resulting in excessive budgets, coupled with enrollees' spending that was quite close to the budget allocation amount.

- The adjustment to the IBA method resulted in the identification of two separate and distinct "groups" within the program, the Pre-July 2010 Group (with higher IBA amounts) and the Post-July 2010 Group (with IBA amounts better aligned with Family Care program benchmarks).

- Due to the timing of this change, in 2010 most of the current program enrollees were a part of the Pre-July 2010 Group.

- The attached table displays IRIS cost data in the aggregate and by the two groups. The data are from CY 2010, in which 95% of the member months were in the Pre-July 2010 Group. (With low enrollment, the Post- July 2010 Group cost data may not yet be stable.)

- The long-term care costs (i.e., those covered by IRIS) are substantially different across the two groups, with the Post-July 2010 Group's costs roughly 25% lower.

- The costs of the state plan services are roughly 5% higher for the Post-July 2010 Group.

- The overall cost is roughly 10% lower for Post-July 2010 Group than for the Pre-July 2010 Group.

- These cost differences are largely driven by the IRIS program costs associated with the developmentally disabled target group. The total costs for the other two target groups are somewhat higher for the Post-July 2010 Group.

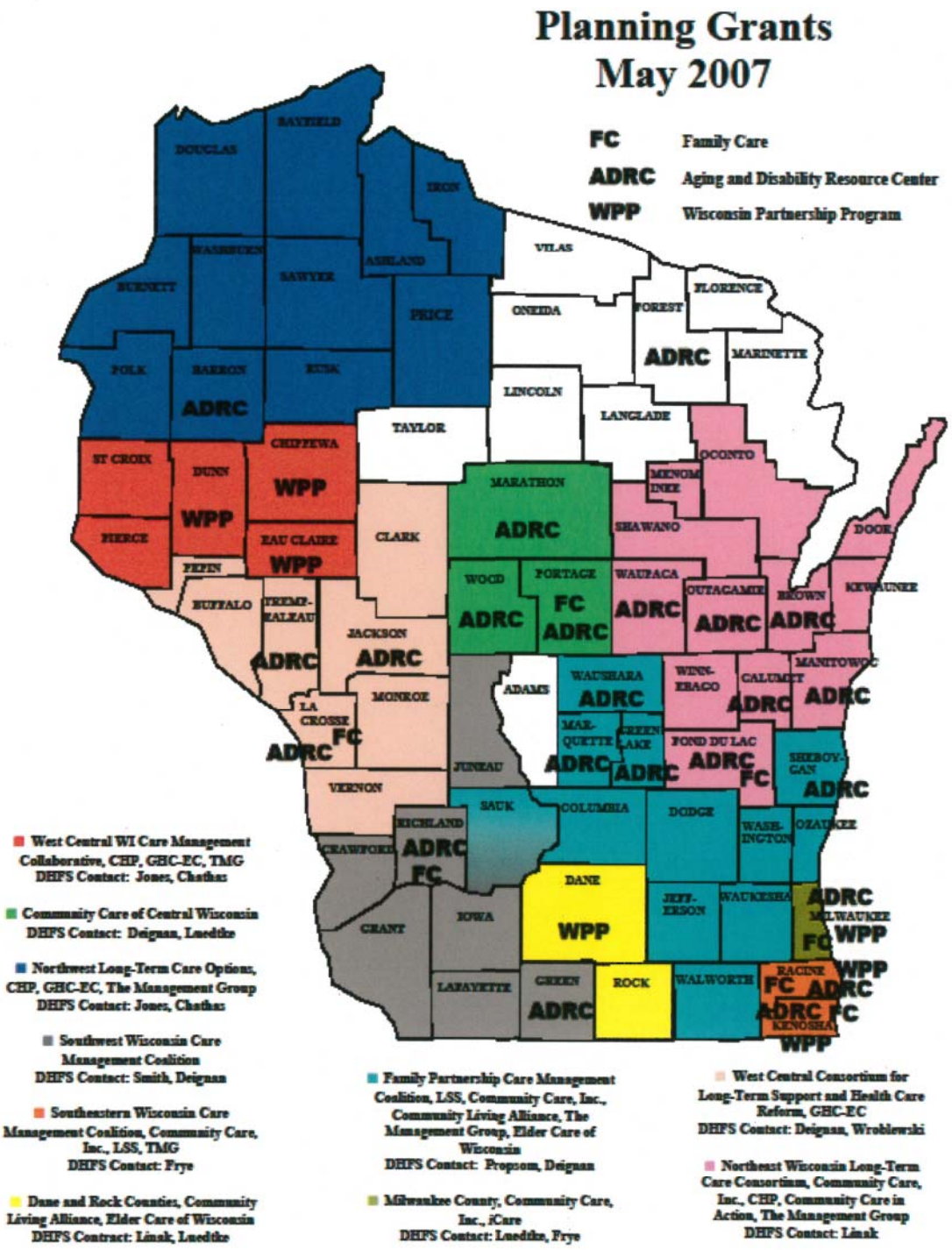
CY10 IRIS Per Member Per Month Costs

Summary of 2010 Actual Experience by IRIS Group

	All IRIS Participants			Pre-July 2010 Group			Post-July-2010 Group		
	Grand Total			Grand Total			Grand Total		
	DD	PD	FE	DD	PD	FE	DD	PD	FE
Exposure Months	11,492	8,056	4,282	11,015	7,567	3,977	477	489	305
State Encounter Plan Services									
Adaptive Equipment	47.41	40.96	8.39	46.27	42.88	8.33	73.85	11.24	9.14
Adult Day Activities	295.60	17.77	24.55	293.94	18.33	24.03	334.02	9.02	31.39
Case Management	20.37	0.86	-	19.70	0.92	-	35.96	-	-
Habilitation / Health	50.71	10.69	1.27	50.76	11.09	1.17	49.38	4.63	2.53
Home Care	1,903.01	943.19	827.40	1,921.72	942.69	835.22	1,470.98	950.83	725.37
Home Health Care	158.12	185.37	91.71	162.50	191.76	93.19	57.17	86.46	72.33
Housing	1.55	-	0.03	1.40	-	0.03	5.17	-	-
Institutional	-	-	-	-	-	-	-	-	-
Other	152.19	68.03	13.84	153.67	69.84	13.64	117.93	40.14	16.46
Residential Care	120.49	1.56	17.63	116.58	0.79	14.13	210.77	13.36	63.33
Respite Care	215.08	15.73	11.87	218.77	16.08	10.72	129.98	10.36	26.87
Transportation	162.11	45.60	28.49	162.47	46.69	26.41	153.83	28.66	55.65
Vocational	160.55	0.69	-	161.97	0.74	-	127.63	-	-
Total State Encounter Plan Services	3,287.19	1,330.44	1,025.18	3,309.73	1,341.79	1,026.88	2,766.68	1,154.71	1,003.06
Room and Board									
Room and Board - Collections	-	-	-	-	-	-	-	-	-
Room and Board - Costs	319.79	-	12.82	322.58	-	12.45	255.17	-	17.58
Total Room and Board	319.79	-	12.82	322.58	-	12.45	255.17	-	17.58
Encounter Total	3,606.98	1,330.44	1,038.00	3,632.32	1,341.79	1,039.33	3,021.85	1,154.71	1,020.64
Composite Encounter PMPM		2,375.77			2,406.88			1,823.44	
	DD	PD	FE	DD	PD	FE	DD	PD	FE
State FFS Plan Services									
Inpatient	127.06	191.09	82.59	127.33	153.69	78.43	120.85	769.99	136.87
Nursing Home	14.26	35.32	99.19	14.01	22.17	53.75	20.11	238.93	691.82
Dental	8.35	10.42	8.11	8.27	10.63	8.38	10.09	7.04	4.56
Drug	170.84	142.34	13.04	168.20	137.87	12.10	231.74	211.46	25.35
Outpatient	43.17	94.02	24.39	42.82	89.18	24.91	51.18	168.88	17.62
Home Care	993.81	1,621.51	1,038.86	1,002.78	1,671.78	1,068.45	786.67	843.34	652.83
Other	188.10	251.61	97.13	187.87	238.46	96.00	193.60	455.22	111.96
FFS Total	1,545.59	2,346.30	1,363.31	1,551.28	2,323.79	1,342.02	1,414.24	2,694.87	1,641.01
Composite FFS PMPM		1,783.54			1,773.52			1,961.27	
Total Encounter + FFS PMPM		4,159.30			4,180.40			3,784.71	

Note: Details about the services that are within a Program's benefit package are detailed in Appendix 2 of this document.

Appendix 1 – Planning Grants



Cost-Effectiveness Analysis of LTC Programs

Appendix 2 - Explanation of Benefit Packages

← Family Care Partnership, & PACE (Program of All Inclusive Care for the Elderly) →			
IRIS ↓		Medicaid Card Services - Acute/Primary	Medicare Card Services
← Family Care →			
Home and Community-Based Waiver Services/IRIS Services Medicaid Card Services - LTC services			
Adaptive Aids (general and vehicle) Adult Day Care Care/Case Management (including Assessment and Case Planning) Communication Aids/Interpreter Services Community Support Program (not included in IRIS) Consumer Education and Training Counseling and Therapeutic Resources Daily Living Skills Training Day Services/Treatment Home Modifications Housing Counseling Meals: home delivered Personal Emergency Response System Services Prevocational Services Relocation Services Residential Services: Certified Residential Care Apartment Complex (RCAC) Community-Based Residential Facility (CBRF) Adult Family Home Respite Care (for care givers and members in non-institutional and institutional settings) Supported Employment Supportive Home Care Vocational Futures Planning **Additional IRIS Specific Benefits** Customized Goods and Services Support Broker	Alcohol and Other Drug Abuse Day Treatment Services (in all settings) Durable Medical Equipment, except for hearing aids and prosthetics (in all settings) Home Health Medical Supplies Mental Health Day Treatment Services (in all settings) Mental Health Services, except those provided by a physician or on an inpatient basis Nursing Facility (all stays including Intermediate Care Facility for People with Mental Retardation (ICF/MR) and Institution for Mental Disease) Nursing Services (including respiratory care, intermittent and private duty nursing) and Nursing Services Occupational Therapy (in all settings except for inpatient hospital) Personal Care Physical Therapy (in all settings except for inpatient hospital) Specialized Medical Supplies Speech and Language Pathology Services (in all settings except for inpatient hospital) Transportation: Select Medicaid covered (i.e., Medicaid covered Transportation Services except Ambulance and transportation by common carrier) and non-Medicaid covered.	Physician services Laboratory and x-ray services Inpatient hospital Outpatient hospital services EPSDT (under 21) Family planning services and supplies Federally-qualified health center services Rural health clinic services Nurse midwife services Certified nurse practitioner services Medical care or remedial care furnished by licensed practitioners under state law Prescribed drugs Diagnostic, screening, preventive and rehabilitation services Clinic services Primary care case management services Dental services, dentures Physical therapy and related services Prosthetic devices, eyeglasses TB –related services Other specific medical and remedial care Inpatient mental health Chiropractic services Podiatry services Outpatient mental health Outpatient substance abuse Outpatient surgery Ambulance services Emergency care Urgent care Diagnostic services Outpatient prescription drugs Hearing services Vision services	Medicare Part A (Hospital) Medicare Part B (Medical) Medicare Part D (Prescription Drugs) Ambulance services Ambulatory surgical centers Anesthesia Blood Bone mass measurement Durable medical equipment, supplies and prosthetics Cardiac rehab Chiropractic services Diabetes supplies Diagnostic tests, x-rays and lab services Physician services Emergency and urgent care services Home health care in certain situations Hospice care Inpatient hospital care Inpatient mental health care Outpatient mental health care Outpatient hospital services, including outpatient surgery Limited skilled nursing facility care Physical/speech/occupational therapy Podiatry services Prescription drugs, including drugs under Medicare Part A, Part B, and Part D **Partnership has a small drug co-pay, PACE has no co-pay** Certain preventive tests Certain dental, hearing and vision services Respite care Substance abuse treatment (outpatient)