

Appendix J: Cost Neutrality Demonstration

J-1: Composite Overview and Demonstration of Cost-Neutrality Formula

Composite Overview. Complete the fields in Cols. 3, 5 and 6 in the following table for each waiver year. The fields in Cols. 4, 7 and 8 are auto-calculated based on entries in Cols 3, 5, and 6. The fields in Col. 2 are auto-calculated using the Factor D data from the J-2-d Estimate of Factor D tables. Col. 2 fields will be populated ONLY when the Estimate of Factor D tables in J-2-d have been completed.

Level(s) of Care: ICF/IID

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
Year	Factor D	Factor D'	Total: D+D'	Factor G	Factor G'	Total: G+G'	Difference (Col 7 less Column4)
1	80604.00	5678.00	86282.00	89071.14	2821.24	91892.38	5610.38
2	80604.00	5778.00	86382.00	89961.85	2849.45	92811.30	6429.30
3	80604.00	5880.00	86484.00	90861.47	2877.95	93739.42	7255.42
4	80604.00	5984.00	86588.00	91770.09	2906.73	94676.82	8088.82
5	80604.00	6090.00	86694.00	92687.79	2935.79	95623.58	8929.58

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J-2: Derivation of Estimates (1 of 9)

- a. **Number Of Unduplicated Participants Served.** Enter the total number of unduplicated participants from Item B-3-a who will be served each year that the waiver is in operation. When the waiver serves individuals under more than one level of care, specify the number of unduplicated participants for each level of care:

Table: J-2-a: Unduplicated Participants

Waiver Year	Total Unduplicated Number of Participants (from Item B-3-a)	Distribution of Unduplicated Participants by Level of Care (if applicable)	
		Level of Care:	
		ICF/IID	
Year 1	295		295
Year 2	295		295
Year 3	295		295
Year 4	295		295
Year 5	295		295

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J-2: Derivation of Estimates (2 of 9)

- b. **Average Length of Stay.** Describe the basis of the estimate of the average length of stay on the waiver by participants in item J-2-a.

The average length of stay is estimated based on the actual length of stay for individuals who received Waiver Child Group Home services as reported on the CMS 372 reports and current data. Due to the small size of this waiver, the ALOS can fluctuate from year to year.

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J-2: Derivation of Estimates (3 of 9)

- c. **Derivation of Estimates for Each Factor.** Provide a narrative description for the derivation of the estimates of the following factors.

- i. **Factor D Derivation.** The estimates of Factor D for each waiver year are located in Item J-2-d. The basis for these estimates is as follows:

Estimates are based on a historical average percent of change, comprised of rate increases and case mix changes of current utilization and costs among children enrolled in the Children’s Residential Waiver. Factor D is based on analysis of data for FY2010 through FY2014 (estimated) costs for children who received waiver services in a Child Group Home. For each year, the next change varied from a positive 4% to a negative 3%, with one year appearing to be an anomaly with a 16% increase. Consequently, in estimating projections for the next five years, the year in which the 16% increased occurred, is being excluded in the analysis of the past five year trend. The result of the calculations trends a modest 1% increase above the Waiver Year 4 level.

- ii. **Factor D' Derivation.** The estimates of Factor D' for each waiver year are included in Item J-1. The basis of these estimates is as follows:

Factor D' is based on analysis of data for FY2011 through FY2015 (estimated) Medicaid ancillary costs for children who would be receiving waiver services in a home environment. The 1.77% increase is based upon the historical average percent of change, which is comprised of rate increases and case mix changes for FY2011 through FY2015 (estimated).

- iii. **Factor G Derivation.** The estimates of Factor G for each waiver year are included in Item J-1. The basis of these estimates is as follows:

Factor G is based upon historical data for FY2010 through– FY2014 (estimated) and includes data for all age groups. Factor G estimated for FY2011 through – FY2015 is based upon historical percent changes trended forward for all years. The average historical percent change was less than 1%.

- iv. **Factor G' Derivation.** The estimates of Factor G' for each waiver year are included in Item J-1. The basis of these estimates is as follows:

Factor G' is based upon historical Medicaid Ancillary services for those individuals in an ICFMR setting for FY2010 – FY2014 (estimated). The data incorporates individuals of all age groups. Factor G' estimated for FY2011 through – FY2015 is based upon historical percent changes trended forward for all years. The average historical percent change was 1.37%.

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Component management for waiver services. If the service(s) below includes two or more discrete services that are reimbursed separately, or is a bundled service, each component of the service must be listed. Select “*manage components*” to add these components.

Waiver Services	
Child Group Home	
Adaptive Equipment	
Assistive Technology	
Behavior Intervention and Treatment	

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J-2: Derivation of Estimates (5 of 9)

d. Estimate of Factor D.

i. **Non-Concurrent Waiver.** Complete the following table for each waiver year. Enter data into the Unit, # Users, Avg. Units Per User, and Avg. Cost/Unit fields for all the Waiver Service/Component items. Select Save and Calculate to automatically calculate and populate the Component Costs and Total Costs fields. All fields in this table must be completed in order to populate the Factor D fields in the J-1 Composite Overview table.

Waiver Year: Year 1

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Child Group Home Total:						23502650.00
Child Group Home	Day	295	310.00	257.00	23502650.00	
Adaptive Equipment Total:						1000.00
Adaptive Equipment	Per Item	10	1.00	100.00	1000.00	
Assistive Technology Total:						2500.00
Assistive Technology	Per Item	10	1.00	250.00	2500.00	
Behavior Intervention and Treatment Total:						271950.00
Behavior Intervention	Hour	185	21.00	70.00	271950.00	
GRAND TOTAL:						23778100.00
Total Estimated Unduplicated Participants:						295
Factor D (Divide total by number of participants):						80604.00
Average Length of Stay on the Waiver:						310

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J-2: Derivation of Estimates (6 of 9)

d. Estimate of Factor D.

i. **Non-Concurrent Waiver.** Complete the following table for each waiver year. Enter data into the Unit, # Users, Avg. Units Per User, and Avg. Cost/Unit fields for all the Waiver Service/Component items. Select Save and Calculate to automatically calculate and populate the Component Costs and Total Costs fields. All fields in this table must be completed in order to populate the Factor D fields in the J-1 Composite Overview table.

Waiver Year: Year 2

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Child Group Home Total:						23502650.00
Child Group Home	Day	295	310.00	257.00	23502650.00	
Adaptive Equipment Total:						1000.00
Adaptive Equipment	Per Item	10	1.00	100.00	1000.00	
Assistive Technology Total:						2500.00
Assistive Technology	Per Item	10	1.00	250.00	2500.00	
Behavior Intervention and Treatment Total:						271950.00
Behavior Intervention	Hour				271950.00	
GRAND TOTAL:						23778100.00
Total Estimated Unduplicated Participants:						295
Factor D (Divide total by number of participants):						80604.00
Average Length of Stay on the Waiver:						310

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
		185	21.00	70.00		
GRAND TOTAL:						23778100.00
Total Estimated Unduplicated Participants:						295
Factor D (Divide total by number of participants):						80604.00
Average Length of Stay on the Waiver:						310

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J-2: Derivation of Estimates (7 of 9)

d. Estimate of Factor D.

i. Non-Concurrent Waiver. Complete the following table for each waiver year. Enter data into the Unit, # Users, Avg. Units Per User, and Avg. Cost/Unit fields for all the Waiver Service/Component items. Select Save and Calculate to automatically calculate and populate the Component Costs and Total Costs fields. All fields in this table must be completed in order to populate the Factor D fields in the J-1 Composite Overview table.

Waiver Year: Year 3

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Child Group Home Total:						23502650.00
Child Group Home	Day	295	310.00	257.00	23502650.00	
Adaptive Equipment Total:						1000.00
Adaptive Equipment	Per Item	10	1.00	100.00	1000.00	
Assistive Technology Total:						2500.00
Assistive Technology	Per Item	10	1.00	250.00	2500.00	
Behavior Intervention and Treatment Total:						271950.00
Behavior Intervention	Hour	185	21.00	70.00	271950.00	
GRAND TOTAL:						23778100.00
Total Estimated Unduplicated Participants:						295
Factor D (Divide total by number of participants):						80604.00
Average Length of Stay on the Waiver:						310

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J-2: Derivation of Estimates (8 of 9)

d. Estimate of Factor D.

i. Non-Concurrent Waiver. Complete the following table for each waiver year. Enter data into the Unit, # Users, Avg. Units Per User, and Avg. Cost/Unit fields for all the Waiver Service/Component items. Select Save and Calculate to automatically calculate and populate the Component Costs and Total Costs fields. All fields in this table must be completed in order to populate the Factor D fields in the J-1 Composite Overview table.

Waiver Year: Year 4

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Child Group Home Total:						23502650.00
Child Group Home	Day	295	310.00	257.00	23502650.00	
Adaptive Equipment Total:						1000.00
Adaptive Equipment	Per Item	10	1.00	100.00	1000.00	
Assistive Technology Total:						2500.00
Assistive Technology	Per Item	10	1.00	250.00	2500.00	
Behavior Intervention and Treatment Total:						271950.00
Behavior Intervention	Hour	185	21.00	70.00	271950.00	
GRAND TOTAL:						23778100.00
Total Estimated Unduplicated Participants:						295
Factor D (Divide total by number of participants):						80604.00
Average Length of Stay on the Waiver:						310

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J-2: Derivation of Estimates (9 of 9)

d. Estimate of Factor D.

i. Non-Concurrent Waiver. Complete the following table for each waiver year. Enter data into the Unit, # Users, Avg. Units Per User, and Avg. Cost/Unit fields for all the Waiver Service/Component items. Select Save and Calculate to automatically calculate and populate the Component Costs and Total Costs fields. All fields in this table must be completed in order to populate the Factor D fields in the J-1 Composite Overview table.

Waiver Year: Year 5

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Child Group Home Total:						23502650.00
Child Group Home	Day	295	310.00	257.00	23502650.00	
Adaptive Equipment Total:						1000.00
Adaptive Equipment	Per Item	10	1.00	100.00	1000.00	
Assistive Technology Total:						2500.00
Assistive Technology	Per Item	10	1.00	250.00	2500.00	
Behavior Intervention and Treatment Total:						271950.00
Behavior Intervention	Hour				271950.00	
GRAND TOTAL:						23778100.00
Total Estimated Unduplicated Participants:						295
Factor D (Divide total by number of participants):						80604.00
Average Length of Stay on the Waiver:						310

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
		185	21.00	70.00		
GRAND TOTAL:						23778100.00
Total Estimated Unduplicated Participants:						295
Factor D (Divide total by number of participants):						80604.00
Average Length of Stay on the Waiver:						310