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-2d Estimate of Factor D tables. Col. 2 fields will be populated ONLY when the Estimate of Factor D tables in J-2d have been completed.

Level(s) of Care: ICF/MR

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	37213.05	6919.54	44132.59	131209.64	5106.74	136316.38	92183.79
2	38327.31	7127.13	45454.44	135145.93	5259.94	140405.87	94951.43
3	39474.28	7340.94	46815.22	139200.31	5417.74	144618.05	97802.83
4	40662.07	7561.17	48223.24	143376.32	5580.27	148956.59	100733.35
5	41882.44	7788.00	49670.44	147677.61	5747.68	153425.29	103754.85

Appendix J: Cost Neutrality Demonstration

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 Number Unduplicated Number of Participants (from Item B-3-a)	Distribution of Unduplicated Participants by Level of Care (if applicable)
		Level of Care:
		ICF/MR
Year 1	2300	2300
Year 2	2300	2300
Year 3	2300	2300
Year 4 (renewal only)	2300	2300
Year 5 (renewal only)	2300	2300

Appendix J: Cost Neutrality Demonstration

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.

Average length of stay projections are unchanged from those approved for the previous five year renewal period for this Waiver. CMS approval for the Department's Waiver renewal request was granted by Alex Trujillo, Regional Administrator, in a letter dated June 24, 2003.

Appendix J: Cost Neutrality Demonstration

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:

All values approved for year 5 of the 0208.90R2.03 Waiver amendment request were increased by 3% annually for the 5 year waiver renewal period effective 7/1/08 through 6/30/13.

These projections are reasonable, based on significant increases in reimbursements to providers for direct care staff salary enhancement following the 2007 Legislative Session.

At the current time, efforts are underway to redesign the AWACS billing and payment system to enable billing and payment by discrete waiver service category. At the same time, the system must also accommodate the billing and payment methods being developed under the rates methodology project, due for statewide implementation on 7/1/08.

The AWACS rewrite process is complex and labor intensive, but eventually the need for the Annual Expenditure Report (AER) process will be circumvented by the new billing and payment system. It is difficult to project a date when AWACS will "stand alone" and the AER process will not be required at that time.

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:

All values approved for year 5 of the 0208.90R2.03 Waiver amendment request were increased by 3% annually for the 5 year waiver renewal period effective 7/1/08 through 6/30/13.

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:

All values approved for year 5 of the 0208.90R2.03 Waiver amendment request were increased by 3% annually for the 5 year waiver renewal period effective 7/1/08 through 6/30/13.

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:

All values approved for year 5 of the 0208.90R2.03 Waiver amendment request were increased by 3% annually for the 5 year waiver renewal period effective 7/1/08 through 6/30/13.

Appendix J: Cost Neutrality Demonstration

J-2: Derivation of Estimates (4 of 9)

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
Supported Employment
Transportation
Individual Goods and Services
WCCM- Waiver-funded Children's Case Management
Environmental Modifications/Adaptive Equipment

Homemaker
Personal Care
Respite
Psychological Services
Private Duty Nursing
Assisted Living
Adult Foster Support
Day Habilitation
Occupational Therapy
Caregiver Training and Support
Respiratory Therapy
Speech Therapy
Community Transition Services
Adult Companion Services
Physical Therapy
Dietician
Residential Habilitation
Meals

Appendix J: Cost Neutrality Demonstration

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
Supported Employment Total:						**2530720.64**
Supported Employment	one hour	329	224.00	34.34	**2530720.64**	
Transportation Total:						**3562607.88**
Transportation	one way ride	1703	468.00	4.47	**3562607.88**	
Individual Goods and Services Total:						**506814.00**
Individual Goods and Services	year	525	1.00	965.36	**506814.00**	
WCCM- Waiver-funded Children's Case Management Total:						**1383768.14**
WCCM- Waiver-funded Children's Case Management	hour	438	79.20	39.89	**1383768.14**	
Environmental Modifications/Adaptive Equipment Total:						**261701.37**

Environmental Modifications/Adaptive Equipment	one mod or item	111	1.00	2357.67	261701.37	
Homemaker Total:						165397.44
Homemaker	hour	87	104.00	18.28	165397.44	
Personal Care Total:						36742.80
Personal Care	one hour	6	335.00	18.28	36742.80	
Respite Total:						1593189.00
Respite	one hour	459	260.00	13.35	1593189.00	
Psychological Services Total:						2131.65
Psychological Services	one hour	9	5.00	47.37	2131.65	
Private Duty Nursing Total:						161743.12
Private Duty Nursing	1/2 hour	44	242.00	15.19	161743.12	
Assisted Living Total:						115575.00
Assisted Living	day	5	335.00	69.00	115575.00	
Adult Foster Support Total:						298098.28
adult foster supports	month	11	12.00	2062.04	272189.28	
residential training supports	hour	5	260.00	19.93	25909.00	
Day Habilitation Total:						19948111.68
Day Habilitation	hour	1568	609.00	20.89	19948111.68	
Occupational Therapy Total:						871.95
Occupational Therapy	hour	5	3.00	58.13	871.95	
Caregiver Training and Support Total:						1450113.19
Caregiver Training and Support	hour	459	79.20	39.89	1450113.19	
Respiratory Therapy Total:						472.96
Respiratory Therapy	hour	2	4.00	59.12	472.96	
Speech Therapy Total:						685.44
Speech Therapy	hour	3	4.00	57.12	685.44	
Community Transition Services Total:						32469.72
Community Transition Services	one placement	12	1.00	2705.81	32469.72	
Adult Companion Services Total:						336809.00
Adult Companion Services	hour	55	335.00	18.28	336809.00	
Physical Therapy Total:						

						18678.24
Physical Therapy	hour	14	24.00	55.59	18678.24	
Dietician Total:						116.60
Dietician	hour	1	4.00	29.15	116.60	
Residential Habilitation Total:						53163440.97
Residential Habilitation	hour	1851	1399.00	20.53	53163440.97	
Meals Total:						19750.25
Meals	meal	13	295.00	5.15	19750.25	

GRAND TOTAL:	**85590009.33**
Total Estimated Unduplicated Participants:	**2300**
Factor D (Divide total by number of participants):	**37213.05**
Average Length of Stay on the Waiver:	335

Appendix J: Cost Neutrality Demonstration

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
Supported Employment Total:						2606627.52
Supported Employment	hour	329	224.00	35.37	2606627.52	
Transportation Total:						3666218.40
Transportation	one way ride	1703	468.00	4.60	3666218.40	
Individual Goods and Services Total:						522018.00
Individual Goods and Services	year	525	1.00	994.32	522018.00	
WCCM- Waiver-funded Children's Case Management Total:						1425395.66
WCCM- Waiver-funded Children's Case Management	hour	438	79.20	41.09	1425395.66	
Environmental Modifications/Adaptive Equipment Total:						269552.40
Environmental						

Modifications/Adaptive Equipment	one mod or item	111	1.00	2428.40	269552.40	
Homemaker Total:						170373.84
Homemaker	hour	87	104.00	18.83	170373.84	
Personal Care Total:						37848.30
Personal Care	hour	6	335.00	18.83	37848.30	
Respite Total:						1640925.00
Respite	hour	459	260.00	13.75	1640925.00	
Psychological Services Total:						2195.55
Psychological Services	hour	9	5.00	48.79	2195.55	
Private Duty Nursing Total:						166641.20
Private Duty Nursing	1/2 hour	44	242.00	15.65	166641.20	
Assisted Living Total:						119042.25
Assisted Living	day	5	335.00	71.07	119042.25	
Adult Foster Support Total:						307043.80
adult foster supports	month	11	12.00	2123.90	280354.80	
residential training supports	hour	5	260.00	20.53	26689.00	
Day Habilitation Total:						20549706.24
Day Habilitation	6 hours	1568	609.00	21.52	20549706.24	
Occupational Therapy Total:						898.05
Occupational Therapy	hour	5	3.00	59.87	898.05	
Caregiver Training and Support Total:						1493736.55
Caregiver Training and Support	hour	459	79.20	41.09	1493736.55	
Respiratory Therapy Total:						487.12
Respiratory Therapy	hour	2	4.00	60.89	487.12	
Speech Therapy Total:						705.96
Speech Therapy	hour	3	4.00	58.83	705.96	
Community Transition Services Total:						33443.76
Community Transition Services	one placement	12	1.00	2786.98	33443.76	
Adult Companion Services Total:						346942.75
Adult Companion Services	hour	55	335.00	18.83	346942.75	
Physical Therapy Total:						19239.36

Physical Therapy	hour	14	24.00	57.26	19239.36	
Dietician Total:						120.08
Dietician	hour	1	4.00	30.02	120.08	
Residential Habilitation Total:						54768961.35
Residential Habilitation	hour	1851	1399.00	21.15	54768961.35	
Meals Total:						4690.50
Meals	meal	3	295.00	5.30	4690.50	

GRAND TOTAL:	**88152813.65**
Total Estimated Unduplicated Participants:	**2300**
Factor D (Divide total by number of participants):	**38327.31**
Average Length of Stay on the Waiver:	335

Appendix J: Cost Neutrality Demonstration

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
Supported Employment Total:						2684745.28
Supported Employment	hour	329	224.00	36.43	2684745.28	
Transportation Total:						3777798.96
Transportation	one way ride	1703	468.00	4.74	3777798.96	
Individual Goods and Services Total:						537678.75
Individual Goods and Services	year	525	1.00	1024.15	537678.75	
WCCM- Waiver-funded Children's Case Management Total:						1468063.87
WCCM- Waiver-funded Children's Case Management	hour	438	79.20	42.32	1468063.87	
Environmental Modifications/Adaptive Equipment Total:						277638.75
Environmental Modifications/Adaptive Equipment	item or mod	111	1.00	2501.25	277638.75	

Homemaker Total:						**175440.72**
Homemaker	hour	87	104.00	19.39	**175440.72**	
Personal Care Total:						**38973.90**
Personal Care	hour	6	335.00	19.39	**38973.90**	
Respite Total:						**1689854.40**
Respite	hour	459	260.00	14.16	**1689854.40**	
Psychological Services Total:						**2261.25**
Psychological Services	hour	9	5.00	50.25	**2261.25**	
Private Duty Nursing Total:						**171645.76**
Private Duty Nursing	½ hour	44	242.00	16.12	**171645.76**	
Assisted Living Total:						**122610.00**
Assisted Living	day	5	335.00	73.20	**122610.00**	
Adult Foster Support Total:						**316260.84**
adult foster supports	month	11	12.00	2187.62	**288765.84**	
residential training supports	hour	5	260.00	21.15	**27495.00**	
Day Habilitation Total:						**21170399.04**
Day Habilitation	hour	1568	609.00	22.17	**21170399.04**	
Occupational Therapy Total:						**925.05**
Occupational Therapy	hour	5	3.00	61.67	**925.05**	
Caregiver Training and Support Total:						**1538450.50**
Caregiver Training and Support	hour	459	79.20	42.32	**1538450.50**	
Respiratory Therapy Total:						**501.76**
Respiratory Therapy	hour	2	4.00	62.72	**501.76**	
Speech Therapy Total:						**727.08**
Speech Therapy	hour	3	4.00	60.59	**727.08**	
Community Transition Services Total:						**34447.08**
Community Transition Services	one placement	12	1.00	2870.59	**34447.08**	
Adult Companion Services Total:						**357260.75**
Adult Companion Services	hour	55	335.00	19.39	**357260.75**	
Physical Therapy Total:						**19817.28**
Physical Therapy	hour	14	24.00	58.98	**19817.28**	

Dietician Total:						123.68
Dietician	hour	1	4.00	30.92	123.68	
Residential Habilitation Total:						56400377.22
Residential Habilitation	hour	1851	1399.00	21.78	56400377.22	
Meals Total:						4832.10
Meals	meal	3	295.00	5.46	4832.10	

GRAND TOTAL:	**90790834.02**
Total Estimated Unduplicated Participants:	**2300**
Factor D (Divide total by number of participants):	**39474.28**
Average Length of Stay on the Waiver:	335

Appendix J: Cost Neutrality Demonstration

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 *(renewal only)*

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Supported Employment Total:						2765073.92
Supported Employment	hour	329	224.00	37.52	2765073.92	
Transportation Total:						3889379.52
Transportation	one way ride	1703	468.00	4.88	3889379.52	
Individual Goods and Services Total:						553806.75
Individual Goods and Services	year	525	1.00	1054.87	553806.75	
WCCM- Waiver-funded Children's Case Management Total:						1512119.66
WCCM- Waiver-funded Children's Case Management	hour	438	79.20	43.59	1512119.66	
Environmental Modifications/Adaptive Equipment Total:						285968.19
Environmental Modifications/Adaptive Equipment	item or mod	111	1.00	2576.29	285968.19	
Homemaker Total:						180688.56

Homemaker	hour	87	104.00	19.97	180688.56	
Personal Care Total:						40139.70
Personal Care	hour	6	335.00	19.97	40139.70	
Respite Total:						1739977.20
Respite	hour	459	260.00	14.58	1739977.20	
Psychological Services Total:						2329.20
Psychological Services	hour	9	5.00	51.76	2329.20	
Private Duty Nursing Total:						176756.80
Private Duty Nursing	1/2 hour	44	242.00	16.60	176756.80	
Assisted Living Total:						126295.00
Assisted Living	day	5	335.00	75.40	126295.00	
Adult Foster Support Total:						325748.28
adult foster supports	month	11	12.00	2253.29	297434.28	
residential training supports	hour	5	260.00	21.78	28314.00	
Day Habilitation Total:						21810190.08
Day Habilitation	hour	1568	609.00	22.84	21810190.08	
Occupational Therapy Total:						952.80
Occupational Therapy	hour	5	3.00	63.52	952.80	
Caregiver Training and Support Total:						1584618.55
Caregiver Training and Support	hour	459	79.20	43.59	1584618.55	
Respiratory Therapy Total:						516.80
Respiratory Therapy	hour	2	4.00	64.60	516.80	
Speech Therapy Total:						748.92
Speech Therapy	hour	3	4.00	62.41	748.92	
Community Transition Services Total:						35480.52
Community Transition Services	one placement	12	1.00	2956.71	35480.52	
Adult Companion Services Total:						367947.25
Adult Companion Services	hour	55	335.00	19.97	367947.25	
Physical Therapy Total:						20412.00
Physical Therapy	hour	14	24.00	60.75	20412.00	
Dietician Total:						127.40

Dietician	hour	1	4.00	31.85	127.40	
Residential Habilitation Total:						58083584.07
Residential Habilitation	hour	1851	1399.00	22.43	58083584.07	
Meals Total:						19894.80
Meals	meal	12	295.00	5.62	19894.80	

GRAND TOTAL:	**93522755.98**
Total Estimated Unduplicated Participants:	**2300**
Factor D (Divide total by number of participants):	**40662.07**
Average Length of Stay on the Waiver:	335

Appendix J: Cost Neutrality Demonstration

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 *(renewal only)*

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Supported Employment Total:						2848350.40
Supported Employment	hour	329	224.00	38.65	2848350.40	
Transportation Total:						4008930.12
Transportation	one way ride	1703	468.00	5.03	4008930.12	
Individual Goods and Services Total:						570423.00
Individual Goods and Services	year	525	1.00	1086.52	570423.00	
WCCM- Waiver-funded Children's Case Management Total:						1557563.04
WCCM- Waiver-funded Children's Case Management	hour	438	79.20	44.90	1557563.04	
Environmental Modifications/Adaptive Equipment Total:						294547.38
Environmental Modifications/Adaptive Equipment	item or mod	111	1.00	2653.58	294547.38	
Homemaker Total:						186117.36
Homemaker	hour	87	104.00	20.57	186117.36	

Personal Care Total:						**41345.70**
Personal Care	hour	6	335.00	20.57	**41345.70**	
Respite Total:						**1792486.80**
Respite	hour	459	260.00	15.02	**1792486.80**	
Psychological Services Total:						**2398.95**
Psychological Services	hour	9	5.00	53.31	**2398.95**	
Private Duty Nursing Total:						**182080.80**
Private Duty Nursing	1/2 hour	44	242.00	17.10	**182080.80**	
Assisted Living Total:						**130080.50**
Assisted Living	day	5	335.00	77.66	**130080.50**	
Adult Foster Support Total:						**335516.48**
adult foster supports	month	11	12.00	2320.89	**306357.48**	
residential training supports	hour	5	260.00	22.43	**29159.00**	
Day Habilitation Total:						**22469079.36**
Day Habilitation	hour	1568	609.00	23.53	**22469079.36**	
Occupational Therapy Total:						**981.45**
Occupational Therapy	hour	5	3.00	65.43	**981.45**	
Caregiver Training and Support Total:						**1632240.72**
Caregiver Training and Support	hour	459	79.20	44.90	**1632240.72**	
Respiratory Therapy Total:						**532.32**
Respiratory Therapy	hour	2	4.00	66.54	**532.32**	
Speech Therapy Total:						**771.36**
Speech Therapy	hour	3	4.00	64.28	**771.36**	
Community Transition Services Total:						**35480.52**
Community Transition Services	one placement	12	1.00	2956.71	**35480.52**	
Adult Companion Services Total:						**379002.25**
Adult Companion Services	hour	55	335.00	20.57	**379002.25**	
Physical Therapy Total:						**20758.08**
Physical Therapy	hour	14	24.00	61.78	**20758.08**	
Dietician Total:						**131.24**
Dietician	hour	1	4.00	32.81	**131.24**	

Residential Habilitation Total:						**59818581.90**
Residential Habilitation	hour	1851	1399.00	23.10	**59818581.90**	
Meals Total:						**22204.65**
Meals	meal	13	295.00	5.79	**22204.65**	

GRAND TOTAL:	**96329604.38**
Total Estimated Unduplicated Participants:	**2300**
Factor D (Divide total by number of participants):	**41882.44**
Average Length of Stay on the Waiver:	335