

## **Appendix J: Cost Neutrality Demonstration**

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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 projections were increased from 345 to 350 days for waiver renewal years 2 through 5 based on length of stay data reported to CMS in the FY 09 CMS 372 lag report (350 days). This data came from ACS waiver enrollment span data for the period from 7/1/08 through 6/30/09 (waiver year 5).

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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:

Factor D is based on the average of the two most recent lag reports, FY06 and FY07. Service cost projections for waiver years 2, 3, 4, and 5 were increased by 1% per year, except cost increases for live in caregiver are not projected since this service is capped at \$650 per month and any increase would exceed the Community Supports Waiver cost plan cap.

- 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 the average of the two most recent lag report years, FY06, FY07. This value was increased by 4.25% per year for FY08, FY09 and waiver years 1 - 5 based on the average of the last four years of the Health Care Consumer Price Index (HCI) data. DDP believes these State Plan cost increases are conservative based on the Montana Medicaid Growth Data for all State Plan enrollees.

- 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 on the most recently available data, FY08, from Affiliated Computer Services, Inc (ACS). DDP believes ICF/MR costs are substantially higher than would be reflected in the average of the last two years of lag report data, FY06 and FY07. While the operating budget remained stable the last three fiscal years the number of individuals served was reduced. DDP projects a continued decline in the number of individuals served in the ICF/MR.

- 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 on the average of the two most recent years of ACS data, FY07 and FY08. This value was increased by 4.25% per year for FY08, FY09 and waiver years 1 - 5 based on the average of the last four years of the Health Care Consumer Price Index (HCI) data. DDP believes these State Plan cost increases are conservative based on the Montana Medicaid Growth Data for all State Plan enrollees.

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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
Day Habilitation
Homemaker
Live-in Caregiver (42 CFR §441.303(f)(8))
Personal Care
Residential Habilitation
Respite
Supported Employment
Personal Supports
Supports Brokerage
Adult Companion
Educational Services
Environmental Modifications /Adaptive Equipment/Specialized Medical Equipment and Supplies
Health/Health Maintenance/Safety Supports
Individual Goods and Services
Personal Emergency Response System (PERS)
Private Duty Nursing
Social, Leisure and Recreational Supports
Transportation

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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
<b>Day Habilitation Total:</b>						378602.05
Day Habilitation	one hour	71	262.94	20.28	378602.05	
<b>Homemaker Total:</b>						2062.90
Homemaker	one hour	3	38.74	17.75	2062.90	
<b>Live-in Caregiver (42 CFR §441.303(f)(8)) Total:</b>						0.00
Live-in Caregiver (42 CFR §441.303(f)(8))	day	0	0.00	0.01	0.00	
<b>Personal Care Total:</b>						1309.95
Personal Care	one hour	1	73.80	17.75	1309.95	
<b>Residential Habilitation Total:</b>						437194.81
Residential Habilitation	one hour	100	218.27	20.03	437194.81	
<b>Respite Total:</b>						197176.14
Respite	one hour	43	340.17	13.48	197176.14	
adult day care center	one hour	0	0.00	0.01	0.00	
<b>Supported Employment Total:</b>						187457.48
Supported Employment	one hour	60	93.71	33.34	187457.48	
<b>Personal Supports Total:</b>						0.00
Personal Supports	one hour	0	0.00	0.01	0.00	
<b>Supports Brokerage Total:</b>						0.00
Supports Brokerage	one hour	0	0.00	0.01	0.00	
<b>Adult Companion Total:</b>						72488.16
Adult Companion	one hour	18	226.88	17.75	72488.16	
<b>Educational Services Total:</b>						45635.05
Educational Services	course	41	1.97	565.00	45635.05	
<b>Environmental Modifications /Adaptive Equipment/Specialized Medical Equipment and Supplies Total:</b>						40950.00
Environmental Modifications /Adaptive Equipment/Specialized Medical Equipment and Supplies	mods/equip/supplies	13	1.26	2500.00	40950.00	
<b>Health/Health Maintenance/Safety Supports Total:</b>						90314.07
Health/Health Maintenance/Safety Supports	safety related items	81	2.63	423.95	90314.07	

<b>Individual Goods and Services Total:</b>						<b>0.00</b>
Individual Goods and Services	1 item	0	0.00	0.01	0.00	
<b>Personal Emergency Response System (PERS) Total:</b>						<b>16200.00</b>
Personal Emergency Response System (PERS)	one month	27	12.00	50.00	16200.00	
<b>Private Duty Nursing Total:</b>						<b>4320.14</b>
Private Duty Nursing	1/2 hour	4	67.46	16.01	4320.14	
<b>Social, Leisure and Recreational Supports Total:</b>						<b>217587.68</b>
Social, Leisure and Recreational Supports	outings	70	99.66	31.19	217587.68	
<b>Transportation Total:</b>						<b>271487.35</b>
Transportation (client driving related expenses)	2 driving related item	17	2.00	822.71	27972.14	
Transportation (ride)	one way ride	178	220.30	6.21	243515.21	
<b>GRAND TOTAL:</b>						<b>1962785.78</b>
Total Estimated Unduplicated Participants:						<b>320</b>
Factor D (Divide total by number of participants):						<b>6133.71</b>
Average Length of Stay on the Waiver:						<b>345</b>

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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
<b>Day Habilitation Total:</b>						<b>500806.04</b>
Day Habilitation	one hour	93	262.94	20.48	500806.04	
<b>Homemaker Total:</b>						<b>2776.88</b>
Homemaker	one hour	4	38.74	17.92	2776.88	
<b>Live-in Caregiver (42 CFR §441.303(f)(8)) Total:</b>						<b>0.00</b>
Live-in Caregiver (42 CFR §441.303(f)(8))	day	0	0.00	0.01	0.00	
<b>Personal Care Total:</b>						<b>1322.50</b>
Personal Care	one hour	1	73.80	17.92	1322.50	

<b>Residential Habilitation Total:</b>						578443.88
Residential Habilitation	one hour	131	218.27	20.23	578443.88	
<b>Respite Total:</b>						226855.97
Respite	one hour	49	340.17	13.61	226855.97	
adult day care center	one hour	0	0.00	0.01	0.00	
<b>Supported Employment Total:</b>						249262.04
Supported Employment	one hour	79	93.71	33.67	249262.04	
<b>Personal Supports Total:</b>						0.00
Personal Supports	hour	0	0.00	0.01	0.00	
<b>Supports Brokerage Total:</b>						0.00
Supports Brokerage	hour	0	0.00	0.01	0.00	
<b>Adult Companion Total:</b>						97576.55
Adult Companion	one hour	24	226.88	17.92	97576.55	
<b>Educational Services Total:</b>						60705.75
Educational Services	course	54	1.97	570.65	60705.75	
<b>Environmental Modifications /Adaptive Equipment/Specialized Medical Equipment and Supplies Total:</b>						54085.50
Environmental Modifications /Adaptive Equipment/Specialized Medical Equipment and Supplies	mods/equip/supplies	17	1.26	2525.00	54085.50	
<b>Health/Health Maintenance/Safety Supports Total:</b>						140783.90
Health/Health Maintenance/Safety Supports	safety related items	106	2.63	505.00	140783.90	
<b>Individual Goods and Services Total:</b>						0.00
Individual Goods and Services	item	0	0.00	0.01	0.00	
<b>Personal Emergency Response System (PERS) Total:</b>						21210.00
Personal Emergency Response System (PERS)	one month	35	12.00	50.50	21210.00	
<b>Private Duty Nursing Total:</b>						5454.14
Private Duty Nursing	1/2 hour	5	67.46	16.17	5454.14	
<b>Social, Leisure and Recreational Supports Total:</b>						288814.68
Social, Leisure and Recreational Supports	outings	92	99.66	31.50	288814.68	
<b>Transportation Total:</b>						359780.67

Transportation (client driving related expenses)	2 driving related item	22	2.00	830.93	36560.92	
Transportation (ride)	one way ride	234	220.30	6.27	323219.75	
<b>GRAND TOTAL:</b>					2587878.50	
Total Estimated Unuplicated Participants:					420	
Factor D (Divide total by number of participants):					6161.62	
Average Length of Stay on the Waiver:					350	

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**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
<b>Day Habilitation Total:</b>						505696.73
Day Habilitation	one hour	93	262.94	20.68	505696.73	
<b>Homemaker Total:</b>						2803.23
Homemaker	one hour	4	38.74	18.09	2803.23	
<b>Live-in Caregiver (42 CFR §441.303(f)(8)) Total:</b>						39000.25
Live-in Caregiver (42 CFR §441.303(f)(8))	day	5	365.00	21.37	39000.25	
<b>Personal Care Total:</b>						1335.04
Personal Care	one hour	1	73.80	18.09	1335.04	
<b>Residential Habilitation Total:</b>						584162.55
Residential Habilitation	one hour	131	218.27	20.43	584162.55	
<b>Respite Total:</b>						261740.40
Respite	one hour	54	340.17	13.74	252392.53	
adult day care center	one hour	4	340.17	6.87	9347.87	
<b>Supported Employment Total:</b>						251705.06
Supported Employment	one hour	79	93.71	34.00	251705.06	
<b>Personal Supports Total:</b>						83200.00
Personal Supports	hour	20	260.00	16.00	83200.00	

<b>Supports Brokerage Total:</b>						15264.00
Supports Brokerage	hour	40	20.00	19.08	15264.00	
<b>Adult Companion Total:</b>						98502.22
Adult Companion	one hour	24	226.88	18.09	98502.22	
<b>Educational Services Total:</b>						61312.11
Educational Services	course	54	1.97	576.35	61312.11	
<b>Environmental Modifications /Adaptive Equipment/Specialized Medical Equipment and Supplies Total:</b>						54626.36
Environmental Modifications /Adaptive Equipment/Specialized Medical Equipment and Supplies	mods/equip/supplies	17	1.26	2550.25	54626.36	
<b>Health/Health Maintenance/Safety Supports Total:</b>						142191.74
Health/Health Maintenance/Safety Supports	safety related items	106	2.63	510.05	142191.74	
<b>Individual Goods and Services Total:</b>						25000.00
Individual Goods and Services	year	50	1.00	500.00	25000.00	
<b>Personal Emergency Response System (PERS) Total:</b>						21424.20
Personal Emergency Response System (PERS)	one month	35	12.00	51.01	21424.20	
<b>Private Duty Nursing Total:</b>						5508.93
Private Duty Nursing	1/2 hour	5	67.47	16.33	5508.93	
<b>Social, Leisure and Recreational Supports Total:</b>						291656.98
Social, Leisure and Recreational Supports	outings	92	99.66	31.81	291656.98	
<b>Transportation Total:</b>						363238.89
Transportation (client driving related expenses)	2 driving related item	22	2.00	839.23	36926.12	
Transportation (ride)	one way ride	234	220.30	6.33	326312.77	
<b>GRAND TOTAL:</b>						2808368.68
Total Estimated Unduplicated Participants:						420
Factor D (Divide total by number of participants):						6686.59
Average Length of Stay on the Waiver:						350

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**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
<b>Day Habilitation Total:</b>						510587.41
Day Habilitation	one hour	93	262.94	20.88	510587.41	
<b>Homemaker Total:</b>						2831.12
Homemaker	one hour	4	38.74	18.27	2831.12	
<b>Live-in Caregiver (42 CFR §441.303(f)(8)) Total:</b>						39000.25
Live-in Caregiver (42 CFR §441.303(f)(8))	day	5	365.00	21.37	39000.25	
<b>Personal Care Total:</b>						1348.33
Personal Care	one hour	1	73.80	18.27	1348.33	
<b>Residential Habilitation Total:</b>						589881.22
Residential Habilitation	one hour	131	218.27	20.63	589881.22	
<b>Respite Total:</b>						264223.65
Respite	one hour	54	340.17	13.87	254780.53	
adult day care center	one hour	4	340.17	6.94	9443.12	
<b>Supported Employment Total:</b>						254222.11
Supported Employment	one hour	79	93.71	34.34	254222.11	
<b>Personal Supports Total:</b>						84032.00
Personal Supports	hour	20	260.00	16.16	84032.00	
<b>Supports Brokerage Total:</b>						36633.60
Supports Brokerage	hour	40	48.00	19.08	36633.60	
<b>Adult Companion Total:</b>						99482.34
Adult Companion	one hour	24	226.88	18.27	99482.34	
<b>Educational Services Total:</b>						61924.86
Educational Services	course	54	1.97	582.11	61924.86	
<b>Environmental Modifications /Adaptive Equipment/Specialized Medical Equipment and Supplies Total:</b>						55172.56
Environmental Modifications /Adaptive Equipment/Specialized Medical Equipment and Supplies	mods/equip/supplies	17	1.26	2575.75	55172.56	

<b>Health/Health Maintenance/Safety Supports Total:</b>						143613.52
Health/Health Maintenance/Safety Supports	safety related items	106	2.63	515.15	143613.52	
<b>Individual Goods and Services Total:</b>						25250.00
Individual Goods and Services	year	50	1.00	505.00	25250.00	
<b>Personal Emergency Response System (PERS) Total:</b>						21638.40
Personal Emergency Response System (PERS)	one month	35	12.00	51.52	21638.40	
<b>Private Duty Nursing Total:</b>						5562.08
Private Duty Nursing	1/2 hour	5	67.46	16.49	5562.08	
<b>Social, Leisure and Recreational Supports Total:</b>						294499.29
Social, Leisure and Recreational Supports	outings	92	99.66	32.12	294499.29	
<b>Transportation Total:</b>						366701.06
Transportation (client driving related expenses)	2 driving related item	22	2.00	847.62	37295.28	
Transportation (ride)	one way ride	234	220.30	6.39	329405.78	
<b>GRAND TOTAL:</b>						2856603.79
Total Estimated Unduplicated Participants:						420
Factor D (Divide total by number of participants):						6801.44
Average Length of Stay on the Waiver:						350

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**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
<b>Day Habilitation Total:</b>						515478.09
Day Habilitation	one hour	93	262.94	21.08	515478.09	
<b>Homemaker Total:</b>						2859.01
Homemaker	one hour	4	38.74	18.45	2859.01	
<b>Live-in Caregiver (42 CFR §441.303(f)(8)) Total:</b>						39000.25
Live-in Caregiver (42 CFR						

\$441.303(f)(8))	day	5	365.00	21.37	39000.25	
<b>Personal Care Total:</b>						1361.61
Personal Care	one hour	1	73.80	18.45	1361.61	
<b>Residential Habilitation Total:</b>						595599.90
Residential Habilitation	one hour	131	218.27	20.83	595599.90	
<b>Respite Total:</b>						266693.28
Respite	one hour	54	340.17	14.00	257168.52	
adult day care center	one hour	4	340.17	7.00	9524.76	
<b>Supported Employment Total:</b>						256739.16
Supported Employment	one hour	79	93.71	34.68	256739.16	
<b>Personal Supports Total:</b>						84864.00
Personal Supports	hour	20	260.00	16.32	84864.00	
<b>Supports Brokerage Total:</b>						21795.20
Supports Brokerage	hourly	40	28.00	19.46	21795.20	
<b>Adult Companion Total:</b>						100462.46
Adult Companion	one hour	24	226.88	18.45	100462.46	
<b>Educational Services Total:</b>						62543.99
Educational Services	course	54	1.97	587.93	62543.99	
<b>Environmental Modifications /Adaptive Equipment/Specialized Medical Equipment and Supplies Total:</b>						55724.13
Environmental Modifications /Adaptive Equipment/Specialized Medical Equipment and Supplies	mods/equip/supplies	17	1.26	2601.50	55724.13	
<b>Health/Health Maintenance/Safety Supports Total:</b>						145049.23
Health/Health Maintenance/Safety Supports	safety related items	106	2.63	520.30	145049.23	
<b>Individual Goods and Services Total:</b>						25500.00
Individual Goods and Services	year	50	1.00	510.00	25500.00	
<b>Personal Emergency Response System (PERS) Total:</b>						21852.60
Personal Emergency Response System (PERS)	one month	35	12.00	52.03	21852.60	
<b>Private Duty Nursing Total:</b>						5616.04
Private Duty Nursing	1/2 hour	5	67.46	16.65	5616.04	

<b>Social, Leisure and Recreational Supports Total:</b>						297433.28
Social, Leisure and Recreational Supports	outing	92	99.66	32.44	297433.28	
<b>Transportation Total:</b>						370166.75
Transportation (client driving related expenses)	2 driving related item	22	2.00	856.09	37667.96	
Transportation (ride)	one way ride	234	220.30	6.45	332498.79	
<b>GRAND TOTAL:</b>						2868739.00
Total Estimated Unduplicated Participants:						420
Factor D (Divide total by number of participants):						6830.33
Average Length of Stay on the Waiver:						350