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	21749.28	6520.00	28269.28	221438.00	5649.00	227087.00	198817.72
2	40649.37	6651.00	47300.37	225867.00	5762.00	231629.00	184328.63

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)
3	41342.76	6784.00	48126.76	230384.00	5877.00	236261.00	188134.24
4	23173.26	6919.00	30092.26	234992.00	5994.00	240986.00	210893.74
5	43012.78	7058.00	50070.78	239692.00	6114.00	245806.00	195735.22

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	110	110
Year 2	60	60
Year 3	60	60
Year 4	110	110
Year 5	60	60

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.

The average length of stay (ALOS) is projected at 335 days. Reconciled enrollment span data for the period (1/1/09-12/31/09) is not conclusive in terms of current projections. Service utilization increased by a factor of 250% per child during the period from 1/1/10-12/31/10), the first full year of service enrollment, but enrollment span data for this period has not been reconciled at this time. Given these considerations, the current enrollment span projection of 335 days per child will be adjusted in a future waiver amendment request if future MMIS data indicates adjustments in waiver span ALOS projections are necessary.

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:

Factor D unit of service projections are based on service utilization based on data available from AWACS for the period from 1/1/10 through 12/31/10. Factor D projections were reduced in accordance with less than expected utilization of services. Turnover was somewhat higher than expected; 55 individuals were projected to be served and 57 individuals were served in the period from 1/1/10-12/31/10. For this resaon, the projected unduplicated client count was increased to 60 persons per year. Rates paid for services are based on the current DDP rates manual. Factor D values were increased by 2% per year for years 1 through 5 of the renewal period.

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' costs were based on ACS data extracted from the MMIS for the period of 1/1/09-12/31/09, as reported in the Year 1 0667 Waiver CMS 372 report. These costs were increased by 2% per year for years 1 through 5 of the renewal period. Increases in Montana Medicaid reimbursement rates for medically necessary services have lagged behind increased health costs for services in the private sector; for this reason the projected increases for D' are projected at 2% per year.

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 ACS data, extracted from the MMIS for the period from 1/1/09 through 12/31/09. All Factor G values were increased by 2% per year for years 1 through 5 of the renewal period.

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 ACS data, extracted from the MMIS for the period from 1/1/09 through 12/31/09. All Factor G' values were increased by 2% per year for years 1 through 5 of the renewal period. Increases in Medicaid rates for medically necessary services have lagged behind increased health costs for services in the private sector; for this reason the projected increases for D' are projected at 2% per year.

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	
Children's Autism Training	
Respite	
Waiver Funded Children's Case Management (WCCM)	
Adaptive Equipment/Environmental Modifications	
Occupational Therapy	
Physical Therapy	
Speech Therapy	
Transportation	
Individual Goods and Services	
Program Design and Monitoring	

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
Children's Autism Training Total:						1248733.20
Children's Autism Training	hour	110	494.00	22.98	1248733.20	
Respite Total:						74128.54
Respite	hour	83	66.90	13.35	74128.54	
Waiver Funded Children's Case Management (WCCM) Total:						496254.00
Waiver Funded Children's Case Management (WCCM)	15 minutes	110	292.00	15.45	496254.00	
Adaptive Equipment/Environmental Modifications Total:						14670.04
Adaptive Equipment/Environmental Modifications	one mod or item	22	1.54	433.00	14670.04	
Occupational Therapy Total:						746.22
Occupational Therapy	hour	6	1.54	80.76	746.22	
Physical Therapy Total:						746.22
Physical Therapy	hour	3	3.08	80.76	746.22	
Speech Therapy Total:						723.17
Speech Therapy	hour	6	2.15	56.06	723.17	
Transportation Total:						8918.70
Transportation	mile	42	685.00	0.31	8918.70	
Individual Goods and Services Total:						90700.00
Individual Goods and Services	year	100	1.00	907.00	90700.00	
Program Design and Monitoring Total:						456800.52
Program Design and Monitoring	hour	110	79.60	52.17	456800.52	
				GRAND TOTAL:		2392420.62
				Total Estimated Unduplicated Participants:		110
				Factor D (Divide total by number of participants):		21749.28
				Average Length of Stay on the Waiver:		183

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
Children's Autism Training Total:						1274198.40
Children's Autism Training	hour	60	906.00	23.44	1274198.40	
Respite Total:						74773.80
Respite	hour	45	122.00	13.62	74773.80	
Waiver Funded Children's Case Management (WCCM) Total:						504950.40
Waiver Funded Children's Case Management (WCCM)	15 minutes	60	534.00	15.76	504950.40	
Adaptive Equipment/Environmental Modifications Total:						14851.20
Adaptive Equipment/Environmental Modifications	one mod or item	12	2.80	442.00	14851.20	
Occupational Therapy Total:						700.39
Occupational Therapy	hour	3	2.80	83.38	700.39	
Physical Therapy Total:						770.43
Physical Therapy	hour	3	3.08	83.38	770.43	
Speech Therapy Total:						686.16
Speech Therapy	hour	3	4.00	57.18	686.16	
Transportation Total:						9236.80
Transportation	mile	23	1255.00	0.32	9236.80	
Individual Goods and Services Total:						92675.00
Individual Goods and Services	year	55	1.00	1685.00	92675.00	
Program Design and Monitoring Total:						466119.60
Program Design and Monitoring	hour	60	146.00	53.21	466119.60	
GRAND TOTAL:						2438962.18
Total Estimated Unduplicated Participants:						60
Factor D (Divide total by number of participants):						40649.37
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
Children's Autism Training Total:						1296486.00
Children's Autism Training	hour	60	906.00	23.85	1296486.00	
Respite Total:						76969.80
Respite	hour	45	122.00	14.02	76969.80	
Waiver Funded Children's Case Management (WCCM) Total:						509756.40
Waiver Funded Children's Case Management (WCCM)	15 minutes	60	534.00	15.91	509756.40	
Adaptive Equipment/Environmental Modifications Total:						15153.60
Adaptive Equipment/Environmental Modifications	one mod or item	12	2.80	451.00	15153.60	
Occupational Therapy Total:						714.42
Occupational Therapy	hour	3	2.80	85.05	714.42	
Physical Therapy Total:						1309.77
Physical Therapy	hour	5	3.08	85.05	1309.77	
Speech Therapy Total:						699.84
Speech Therapy	hour	3	4.00	58.32	699.84	
Transportation Total:						9525.45
Transportation	mile	23	1255.00	0.33	9525.45	
Individual Goods and Services Total:						94545.00
Individual Goods and Services	year	55	1.00	1719.00	94545.00	
				GRAND TOTAL:		2480565.48
				Total Estimated Unduplicated Participants:		60
				Factor D (Divide total by number of participants):		41342.76
				Average Length of Stay on the Waiver:		335

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Program Design and Monitoring Total:						475405.20
Program Design and Monitoring	hour	60	146.00	54.27	475405.20	
			GRAND TOTAL:			2480565.48
			Total Estimated Unduplicated Participants:			60
			Factor D (Divide total by number of participants):			41342.76
			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

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Children's Autism Training Total:						1322092.20
Children's Autism Training	hour	110	494.00	24.33	1322092.20	
Respite Total:						79403.61
Respite	hour	83	66.90	14.30	79403.61	
Waiver Funded Children's Case Management (WCCM) Total:						521307.60
Waiver Funded Children's Case Management (WCCM)	15 minutes	110	292.00	16.23	521307.60	
Adaptive Equipment/Environmental Modifications Total:						15584.80
Adaptive Equipment/Environmental Modifications	one mod or item	22	1.54	460.00	15584.80	
Occupational Therapy Total:						801.57
Occupational Therapy	hour	6	1.54	86.75	801.57	
Physical Therapy Total:						801.57
Physical Therapy	hour	3	3.08	86.75	801.57	
Speech Therapy Total:						
			GRAND TOTAL:			2549058.45
			Total Estimated Unduplicated Participants:			110
			Factor D (Divide total by number of participants):			23173.26
			Average Length of Stay on the Waiver:			183

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
						767.42
Speech Therapy	hour	6	2.15	59.49	767.42	
Transportation Total:						9767.52
Transportation	mile	42	684.00	0.34	9767.52	
Individual Goods and Services Total:						113800.00
Individual Goods and Services	year	100	1.00	1138.00	113800.00	
Program Design and Monitoring Total:						484732.16
Program Design and Monitoring	hour	110	79.60	55.36	484732.16	
				GRAND TOTAL:		2549058.45
				Total Estimated Unduplicated Participants:		110
				Factor D (Divide total by number of participants):		23173.26
				Average Length of Stay on the Waiver:		183

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

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Children's Autism Training Total:						1349215.20
Children's Autism Training	hour	60	906.00	24.82	1349215.20	
Respite Total:						80099.10
Respite	hour	45	122.00	14.59	80099.10	
Waiver Funded Children's Case Management (WCCM) Total:						530262.00
Waiver Funded Children's Case Management (WCCM)	15 minutes	60	534.00	16.55	530262.00	
						15765.12
				GRAND TOTAL:		2580766.55
				Total Estimated Unduplicated Participants:		60
				Factor D (Divide total by number of participants):		43012.78
				Average Length of Stay on the Waiver:		335

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Adaptive Equipment/Environmental Modifications Total:						
Adaptive Equipment/Environmental Modifications	one mod or item	12	2.80	469.20	15765.12	
Occupational Therapy Total:						750.96
Occupational Therapy	hour	3	2.80	89.40	750.96	
Physical Therapy Total:						826.06
Physical Therapy	hour	3	3.08	89.40	826.06	
Speech Therapy Total:						728.16
Speech Therapy	hour	3	4.00	60.68	728.16	
Transportation Total:						10102.75
Transportation	mile	23	1255.00	0.35	10102.75	
Individual Goods and Services Total:						98340.00
Individual Goods and Services	year	55	1.00	1788.00	98340.00	
Program Design and Monitoring Total:						494677.20
Program Design and Monitoring	hour	60	146.00	56.47	494677.20	
GRAND TOTAL:						2580766.55
Total Estimated Unduplicated Participants:						60
Factor D (Divide total by number of participants):						43012.78
Average Length of Stay on the Waiver:						335