



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #521

COP and Other Community-Based Long Term Care Programs (DHFS -- Family Care and Other Community-Based Long-Term Care Programs)

[LFB 2001-03 Budget Summary: Page 411, #2 and #3]

CURRENT LAW

There are a number of programs that provide a comprehensive set of community-based services to persons who are at risk of entering a nursing home. Under the medical assistance (MA) program, there are five state-funded home and community-based waiver programs. There are several programs because each target group has different service needs and certain MA waiver programs are tied to the closing of nursing home beds. Persons with developmental disabilities are served by the community integration program IA (CIP IA) and community integration program IB (CIP IB). Both programs provide the same services -- the difference is that the CIP IA supports services for individuals who are relocated from the three state Centers for the Developmentally Disabled and requires a bed closure and budget reduction at a Center.

Persons who are elderly or physically disabled are served by two MA waiver programs - the community integration program II (CIP II) and the community options program waiver (COP-W). Both programs provide the same services -- the difference is that the CIP II program requires a nursing home bed closure to create a new slot. The final MA waiver program is the Brain Injury Waiver (BIW), which funds services for persons who are diverted or relocated from institutions that provide post acute rehabilitation care.

The COP-R program is state-funded only and is the most flexible of the several community-based, long-term care programs. COP-R can be used to serve five different target groups -- the elderly, physically disabled, developmentally disabled, persons with chronic mental illness and persons with Alzheimer's disease. Persons with chronic mental illness and individuals in the early stages of Alzheimer's disease are only eligible for COP-R and cannot

access the MA waiver programs, nor are they eligible for MA-funded nursing home care. The eligibility rules for COP-R are somewhat more flexible than the MA waiver programs and COP-R is more flexible in the types of covered services. COP-R is often used to fill gaps in the MA waiver programs, such as funding services not supported under the MA waivers. Also, if the state's per diem payments are insufficient to pay for all the costs of care, counties use COP-R funds to support excess waiver costs. Further, counties use COP funds to support the 41% match for local matched CIP IB slots. Although COP-R is state funded only, some of the uses of COP by counties generate federal matching funds, as in the case of locally matched CIP IB slots.

In addition to the COP and MA waiver programs, there are several long-term care managed care pilot programs that are significant, but limited to certain parts of the state. First, there is the Family Care pilot program, which serves the elderly, physically disabled and developmentally disabled in four counties (Fond du Lac, Portage, La Crosse, and Richland) and serves the elderly in one county (Milwaukee). In addition, the program for all inclusive care for the elderly (PACE) and the Wisconsin partnership program (WPP) provide both acute health and long-term care services to elderly and disabled persons who are eligible for nursing home care. There are PACE/WPP sites serving the following counties: Milwaukee, Dane, Eau Claire, Chippewa, Clark and Dunn Counties.

Table 1 provides a summary of all the state-funded, comprehensive, community-based long-term care programs. Table 1 indicates the target groups of each program and whether slots under that program require a closure of a nursing home bed. In addition, Table 1 provides estimates for the number of slots supported under each program and total estimated expenditures for 2000-01. Since a portion of the funding for Family Care is derived from transfers from COP and MA waiver programs, the estimated number of slots and expenditures for those programs has been reduced to reflect those transfers. The estimated number of CIP IB slots includes locally matched CIP IB slots. There are 5,470 locally-matched slots for which the county pays the required state match for MA using COP-R funds, community aids or local property taxes. Since counties use their COP-R funds for the local match, the locally match CIP IB participants are represented in part in the COP-R numbers and, as a result, there is some duplication of participants. Of the \$140,966,500 amount identified for CIP IB, \$94,522,400 represents the federal matching funds for locally matched CIP IB slots.

TABLE 1

Community-Based Long-Term Care Programs

<u>Program</u>	<u>Target Groups</u>				<u>Tied to Nursing Bed Closure</u>	<u>Estimated Slots June, 2001</u>	<u>Estimated Expenditures 2000-01</u>
	<u>Elderly & Physically Disabled</u>	<u>Developmentally Disabled</u>	<u>Chronic Mental Illness/ Alzheimer</u>	<u>Brain Injured</u>			
MA Waivers							
CIP II	X				Yes	2,301	\$44,651,600
COP-W	X				No	6,777	76,060,100
CIP IA		X			Yes	1,080	62,662,900
CIP IB		X			No	7,432	140,966,500
BIW				X	No	208	14,715,800
COP-R	X	X	X	X	No	6,077	\$64,593,400
Family Care	X	X			No	3,324	\$50,287,700
PACE/WPP	X				No	<u>1,569</u>	<u>\$48,171,000</u>
						28,768	\$502,109,000

GOVERNOR

COP. Provide \$1,336,300 in 2001-02 and \$1,343,000 in 2002-03 to fully fund COP slots that were created in 2000-01. 1999 Wisconsin Act 9 created 581 new COP slots that were phased-in during the 2000-01 fiscal year and, as a result, the full annualized cost of these slots is not included in the base budget. Federal matching funds for COP-waiver slots are included as part of the MA base reestimate.

CIP II & CIP IB Slots. Provide \$5,728,300 (\$2,362,900 GPR and \$3,365,400 FED) in 2001-02 and \$11,456,600 (\$4,746,500 GPR and \$6,710,100 FED) in 2002-03 to fund 60 new CIP IB slots and 686 new CIP II slots that will be phased-in over the 2001-02 fiscal year.

CIP IA. Increase the maximum reimbursement rate for persons who are relocated from state Centers for the Developmentally Disabled to the community under the CIP IA program, from the current rate of \$190 per day, to \$200 per day for placements made in state fiscal year 2001-02 and to \$225 per day for placements made in 2002-03. In addition, increase the budget reductions at the state Centers to the same amounts which, in combination with the CIP IA rate increase, would be cost neutral. [This item is not addressed in this paper.]

Family Care. Provide \$7,719,700 (\$4,078,100 GPR, \$12,118,300 FED, and -\$8,476,700 PR) in 2001-02 and \$11,224,600 (\$6,763,800 GPR, \$12,927,500 FED, and -\$8,476,700 PR) in 2002-03 to fund projected enrollment increases in the current Family Care CMO sites and to fund costs of Family Care resource centers and state administration. [This item is not addressed in this paper.]

PACE/WPP. Provide \$6,245,300 (\$2,774,900 GPR and \$3,470,400 FED) in 2001-02 and \$13,633,400 (\$5,975,400 GPR and \$7,658,000 FED) in 2002-03 to fund projected growth in enrollment and anticipated increases in contract costs. [This item is part of the MA base reestimate.]

DISCUSSION POINTS

1. Table 2 provides a history of funding for community-based long term care programs over the last five years.

TABLE 2

**Community-Based Long-Term Care Program Expenditures
1995-96 to 2000-01**

<u>Program</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01 (estimated)</u>
CIP II	\$24,283,400	\$27,798,600	\$30,053,100	\$29,793,300	\$37,012,600	\$44,651,600
COP-W	56,421,900	57,839,000	58,720,300	77,621,200	86,119,200	76,060,100
CIP IA	35,431,500	41,845,600	50,429,700	55,636,900	62,900,500	62,662,900
CIP IB	69,622,800	84,731,100	118,490,400	119,543,200	142,980,500	140,966,500
BIW	1,526,900	4,273,600	7,332,100	10,155,200	11,663,600	14,715,800
COP-R	56,531,400	59,380,400	60,688,000	68,126,400	68,499,600	64,593,400
Family Care	0	0	0	0	6,973,600	50,287,700
PACE/WPP	8,737,900	12,982,900	18,769,300	27,230,200	37,272,600	48,171,000
Personal Care / Home health	<u>91,165,200</u>	<u>101,415,700</u>	<u>117,605,500</u>	<u>127,162,000</u>	<u>137,244,200</u>	<u>165,945,100</u>
Total	\$343,721,000	\$390,266,900	\$462,088,400	\$515,268,400	\$590,666,400	\$668,054,100
% increase		13.5%	18.4%	11.5%	14.6%	13.1%

2. There is no single, centralized list of persons who are waiting for services under the community-based, long-term care programs except there is a list compiled by DHFS of persons waiting for COP services. Table 3 indicates the number of persons on the COP waiting list over the last five years. The number identified for calendar year 2000 excludes 2,798 individuals in Family Care counties, since it is expected that all persons on waiting lists in the Family Care counties will be served during calendar year 2001. On December 31, 1999, there were 8,308 persons on waiting lists in non-Family Care counties. The number on waiting lists in non-Family Care counties increased to 9,202 on December 31, 2000.

TABLE 3

**Number of Persons on County COP Waiting Lists
1996 to 2000**

<u>December 31 of</u>	<u>Number</u>
1996	8,270
1997	9,189
1998	10,879
1999	11,353
2000	9,202

The waiting list figure for CY 2000 does not include 2,798 persons in family care counties since they are expected to be served in 2001.

3. Although Table 3 indicates that the statewide total number of persons on waiting lists decreased last year, this reduction has been concentrated in a limited number of counties. For most counties, the number of persons on waiting lists has increased.

4. Providing additional funding to the COP program or MA waiver programs would help address waiting lists in counties not served by the pilot programs. Also, if Family Care expands to other counties, there would be additional funding that could be transferred to support the expansion of Family Care.

5. If the Committee wished to provide additional funding to reduce waiting lists for long-term care services, it would need to decide which programs to expand. Since the CIP IA and CIP II programs are tied to nursing home bed closures, the choice is essentially between the COP-R, COP-W, CIP IB and BIW programs.

6. One piece of information that pertains to the allocation of any additional funding is the composition of the COP waiting list. On December 31, 2000, the total waiting list (excluding Family Care counties) included 9,202 individuals, of which 3,066 (33%) were elderly, 2,805 (30%) were developmentally disabled, 2,665 (29%) were physically disabled, 417 (5%) were chronically mentally ill, and 249 (3%) were persons with alcohol or drug abuse problems

7. Since 30% of the persons on waiting lists are developmentally disabled, increasing the CIP IB program and the COP-W program may be appropriate. Increases in these programs would ensure that state funds would be augmented by federal matching funds. If the portion of any additional funding for the developmentally disabled is delivered through the CIP IB program, then any funding increases to the COP program might be provided on a 85% COP-W and 15% COP-R split. This would provide some funding for the chronically mentally ill and persons with drug abuse problems (8% of the COP waiting list) and would provide some flexible funding for the counties for

gaps not covered under the MA waiver programs.

8. If funding is targeted for the COP program alone, the split between COP-W and COP-R might be 60% COP-W and 40% COP-R, since 60% of the COP is represented by elderly and physically disabled individual while the includes groups that cannot be served by COP-W.

9. Because of its flexibility, the COP-R program can be used to support persons and services that cannot be supported under the MA waiver programs. COP-R funds can also be used by counties to support costs in the MA waiver programs that are in excess of the state reimbursement rate.

10. The BIW program has not received any slot increases for several years. It is difficult to serve these individuals under other waivers because of their higher costs. The BIW program provides a relatively higher reimbursement rate because of the high costs of providing services to persons enrolled in the program.

CIP II & CIP IB Slots Tied to Bed Closures

11. The Governor's recommended increase for 686 new CIP II slots and 60 new CIP IB slots in 2001-02 is tied to nursing home bed closures. In the past, it has been the practice to create new CIP II slots when a nursing facility bed closes and to create a new CIP IB slot when a bed at an intermediate care facility for the mentally retarded (ICF-MR) closes. The rationale is that the elimination of a nursing home bed would reduce nursing home costs under MA, and an additional CIP II or CIP IB slot would provide a community slot in its place.

12. Although the Governor's budget provides a number of slots related to bed closings, the number of slots is less than the number of bed closings that have, and are expected to occur. The decision may reflect several concerns. First, some of the bed closures involve empty beds and, as a result, there may not be any nursing home bed savings to fund the additional community slot. Also, there is uncertainty in the number of future bed closures. Further, because of the unusual number of bed closures in 1999-00 and 2000-01, there would be a large number of slots to create when there is a lack of available funds.

13. There were 480 nursing facility bed closures in 1999-00 and 2000-01 for which CIP II slots were not created, since sufficient funding was not budgeted for that many bed closures. In addition, DHFS anticipates that there will be 675 bed closures in 2001-02. DHFS also estimates that there would be an additional 630 bed closures in 2002-03 as well as 60 ICF-MR bed closures in 2002-03. If new slots were provided for all the bed closures projected by DHFS, an additional 480 CIP slots in 2001-02 and another 620 CIP slots and 60 CIP IB slots in 2002-03 would be needed. Funding needed to support these additional slots would be \$3,572,300 (\$1,473,600 GPR) in 2001-02 and \$12,385,500 (\$5,139,700 GPR) in 2002-03.

14. A CIP II slot is essentially the same as a COP-W slot, since both programs serve the same target groups (elderly and physically disabled persons) and provide the same services. The difference between creating CIP II slots that are tied to bed closures and providing new COP-W

slots is in the allocation of the slots. CIP II slots are allocated to the counties in which the bed closure occurred or to the county that serves a person relocated from that closed bed. In contrast, new COP slots would be allocated to all counties.

Funding of PACE/WPP Programs

15. The Governor’s budget recommends a significant increase in funding for the PACE/WPP partnership programs. The percentage increase in funding is 13.0% the first year and 22.8% in the second year. Since these programs serve a limited area, it may be appropriate to reduce this funding, and instead, use the funding for slots in COP or MA waiver programs that serve all parts of the state. If the funding increase for PACE/WPP were limited to 8% per year, this would reduce GPR costs by \$986,500 in 2001-02 and \$4,406,100 in 2002-03.

ALTERNATIVES TO BASE

A. COP Funding

1. Approve the Governor’s recommendation to provide \$1,336,300 in 2001-02 and \$1,343,000 in 2002-03 to fully fund community option program (COP) slots that were created in 2000-01.

Alternative A1	GPR
2001-03 FUNDING (Change to Base) [Change to Bill]	\$2,679,300 \$0]

2. In addition to the funding provided under the Governor’s recommendation, increase funding for the COP program as indicated in one of the options shown below, based on a 60% COP-W and 40% COP-R split.

	<u>New Slots</u>		<u>2001-02</u>		<u>2002-03</u>		<u>Biennium</u>	
	<u>2001-02</u>	<u>2002-03</u>	<u>GPR</u>	<u>FED</u>	<u>GPR</u>	<u>FED</u>	<u>GPR</u>	<u>FED</u>
a.	100	100	\$403,900	\$186,700	\$1,082,000	\$548,000	\$1,485,900	\$734,700
b.	300	300	1,211,800	560,000	3,246,000	1,644,000	4,457,800	2,204,000
c.	500	500	2,019,600	933,300	5,410,000	2,740,100	7,429,600	3,673,400
d.	1,000	1,000	4,039,200	1,866,500	10,819,900	5,480,000	14,859,100	7,346,500
e.	2,000	2,000	8,078,300	3,733,000	21,639,800	10,960,000	29,718,100	14,693,000
f.	4,500	4,500	18,176,300	8,399,400	48,689,600	24,660,100	66,865,900	33,059,500

3. In addition to the funding provided under the Governor’s recommendation, increase funding for the COP program as indicated in one of the options shown below, based on a 85% COP-W and 15% COP-R allocation.

	New Slots		2001-02		2002-03		Biennium	
	2001-02	2002-03	GPR	FED	GPR	FED	GPR	FED
a.	100	100	\$329,700	\$257,700	\$859,600	\$760,200	\$1,189,300	\$1,017,900
b.	300	300	989,000	773,200	2,578,800	2,280,700	3,567,800	3,053,900
c.	500	500	1,648,300	1,288,600	4,298,000	3,801,200	5,946,300	5,089,800
d.	1,000	1,000	3,296,700	2,577,200	8,596,200	7,602,600	11,892,900	10,179,800
e.	2,000	2,000	6,593,500	5,154,500	17,192,300	15,205,100	23,785,800	20,359,600
f.	3,000	3,000	9,890,200	7,731,700	25,788,400	22,807,600	35,678,600	30,539,300

B. CIP II and CIP IB Funding for Nursing Home Bed Closures

1. Approve the Governor's recommendation to provide \$2,362,900 GPR and \$3,365,400 FED in 2001-02 and \$4,746,500 GPR and \$6,710,100 FED in 2002-03 to fund 60 new CIP IB slots and 686 new CIP II slots that will be phased-in over the 2001-02 fiscal year.

Alternative B1	GPR	FED	TOTAL
2001-03 FUNDING (Change to Base)	\$7,109,400	\$10,075,500	\$17,184,900
<i>[Change to Bill]</i>	\$0	\$0	\$0]

2. Modify the Governor's recommendation by providing an additional \$2,174,800 GPR and \$3,066,100 FED in 2002-03 to support an additional 620 CIP II slots and 60 CIP IB slots in 2002-03 for anticipated nursing home bed closures in 2002-03.

Alternative B2	GPR	FED	TOTAL
2001-03 FUNDING (Change to Base)	\$9,284,200	\$13,141,600	\$22,425,800
<i>[Change to Bill]</i>	\$2,174,800	\$3,066,100	\$5,240,900]

3. Modify the Governor's recommendation by providing an additional \$1,473,600 GPR and \$2,098,700 FED in 2001-02 and \$5,139,600 GPR and \$7,245,900 Fed in 2002-03 to support an additional 480 CIP II slots in 2001-02 and an additional 620 CIP II slots and 60 CIP IB slots in 2002-03 for anticipated nursing home bed closures in 2001-02 and 2002-03.

Alternative B3	GPR	FED	TOTAL
2001-03 FUNDING (Change to Base)	\$13,722,600	\$19,420,100	\$33,142,700
<i>[Change to Bill]</i>	\$6,613,200	\$9,344,600	\$15,957,800]

C. Additional CIP IB Funding

1. Provide increased funding and slots for the CIP IB program, as indicated in one of the following options:

	New Slots		2001-02		2002-03		Biennium	
	2001-02	2002-03	GPR	FED	GPR	FED	GPR	FED
a.	20	20	\$72,800	\$103,600	\$219,600	\$310,900	\$292,400	\$414,500
b.	40	40	145,500	207,300	439,200	621,800	584,700	829,100
c.	60	60	218,300	310,900	658,800	932,700	877,100	1,243,600
d.	80	80	291,100	414,600	878,400	1,243,700	1,169,500	1,658,300
e.	100	100	363,800	518,200	1,098,100	1,554,600	1,461,900	2,072,800
f.	200	200	727,700	1,036,400	2,196,100	3,109,100	2,923,800	4,145,500
g.	300	300	1,091,500	1,554,600	3,294,200	4,663,200	4,385,700	6,218,300

2. Maintain current law.

D. Additional BIW Funding

1. Provide increased funding for new slots under the BIW program as indicated in one of the options below:

	New Slots		2001-02		2002-03		Biennium	
	2001-02	2002-03	GPR	FED	GPR	FED	GPR	FED
a.	5	5	\$72,800	\$103,700	\$223,400	\$316,200	\$296,200	\$419,900
b.	10	10	145,600	207,400	446,700	632,500	592,300	839,900
c.	15	15	218,400	311,000	670,100	948,700	888,500	1,259,700
d.	20	20	291,200	414,700	893,500	1,264,900	1,184,700	1,679,600
e.	25	25	364,000	518,400	1,116,800	1,581,100	1,480,800	2,099,500

2. Maintain current law.

E. Funding for the PACE/WPP Programs

1. Maintain the funding recommended by the Governor in the MA base reestimate for the PACE/WPP programs.

2. Delete \$986,500 GPR and \$1,405,100 FED in 2001-02 and \$4,406,100 GPR and \$6,211,600 FED in 2002-03 from funding for the PACE/WPP programs to limit the increase in total funding to 8% in each year rather than 13.0% and 22.8%.

Alternative B2	GPR	FED	TOTAL
2001-03 FUNDING (Change to Base)	\$4,916,000	\$6,953,400	\$11,869,400
[Change to Bill]	- \$5,392,600	- 7,616,700	- \$13,009,300

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