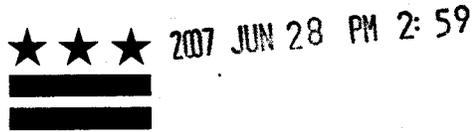


GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Chief Financial Officer



Natwar M. Gandhi  
Chief Financial Officer

CHAIRMAN GRAY

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** JUN 28 2007

**SUBJECT:** Fiscal Impact Statement – “Participant Centered Services for Medicaid Elderly and Persons with Physical Disabilities Waiver Amendment Approval Resolution of 2007”

**REFERENCE:** Draft Bill - No Number Available

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**Conclusion**

Funds are sufficient in the FY 2007 budget and the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed resolution. The cost of the proposed service is an on-going expense under the Medicaid 1915 (c) Waiver, which is included in the baseline budget for the Department of Health (DoH) Medical Assistance Administration (MAA). No additional staff or resources will be required.

**Background**

The proposed resolution would authorize the Department of Health, Medical Assistance Administration to modify the Medicaid Elderly and Persons with Physical Disabilities Waiver (“Waiver”) to add consumer directed care as a new service. This modification would also require approval by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

The Waiver, in effect in the District since 1999, serves individuals with physical disabilities between the ages of 18 and 64 and persons 65 years and older who have a nursing home level of care who wish to live at home and receive home and community based services rather than institutional care. The addition of consumer directed care as a new service is designed to assist individuals in directing and managing their own care. Consumer directed care will offer participants more choice and control over the management of their services and how those

services are provided. This new service would be an addition to the eight traditional services currently authorized in the Waiver.

*The following section provides a more detailed background on the proposed resolution and the Elderly and Physical Disabilities (EPD) Waiver.*

### **1915 (c) Elderly and Physical Disabilities (EPD) Waiver**

The Waiver was implemented on January 4, 1999. MAA submitted a request to the Centers for Medicare and Medicaid Services (CMS) on October 1, 2001 to renew the Waiver and to expand the Waiver to include individuals with physical disabilities. MAA received approval, on August 8, 2002 from CMS for the renewed Waiver to include home and community-based services (HCBS) to the elderly and individuals with physical disabilities ages 18-64. The State Plan Amendment (SPA) that exercises the 300% SSI eligibility option was approved by CMS on June 5, 2002 and subsequently approved by the Council of the District of Columbia on October 18, 2002.

Consumer directed care (now participant centered service) and assisted living were planned services pending CMS formal approval. Formal approval was granted for the assisted living service in January 2007 and was added to the Waiver. The assisted living service will begin once the Health Regulation Administration promulgates Assisted Living Facilities Rules in July 2007.

A modification was made to the contract to incorporate Assisted Living and the development of a tiered rate methodology and cost estimates. Additional meetings were held with national and regional assisted living experts and with a technical assistance group of providers, advocates and government staff in which an all inclusive daily rate was favored over the tiered rate methodology. Assisted living services are part of the existing Waiver and as such are bound by the CMS approved Waiver ceilings for numbers of enrolled persons and amount of money expended.

It is estimated that the participant centered service will be available by the end of 2007 fiscal year pending CMS approval. The Waiver year nearly coincides with the calendar year January through December. The 2007 Waiver year will allow up to 1,700 persons for all nine services. The current active census is 1,391 persons in the Waiver. With the continued growth of the Waiver and the two new services of assisted living and participant centered service added to the Waiver it is anticipated that approximately 200 individuals can be added to the assisted living service in 2008, and 50 persons in participant centered service totaling approximately 1,900 persons for all nine services in 2008.

**Assisted Living Service (ALS)** – is defined as a service in which typically older persons can live in an environment and have access to and receive all of the services that they need in order to maintain as much independence as possible. The resident's choice for independence must be balanced against the safety of the resident and other persons in a District ALS approved and licensed facility. The Health Regulation Administration is responsible for all licensing of ALS facilities.

**Participant Centered Service (PCS)** – is defined as a Waiver service that permits a person with a disability in the EPD Waiver the opportunity to select and train their workers; direct and manage their own care; and control their budget. There are four distinct components in the PCS:

1. **Attendant Care** – Permits participants to recruit, select, hire, manage and dismiss their own workers to provide personal care, homemaker, chore, and respite services.
2. **Participant-Directed Goods and Services** – Permits participants to purchase services, equipment or supplies to address their personal care needs.
3. **Supports Brokers** - Includes an array of participant-directed support activities to ensure the ability of the participating individuals to successfully self-direct. Individuals will have freedom to choose from any qualified and enrolled provider. Trained and certified supports brokers may be independent or affiliated with an agency. The supports broker will also assist the participant to develop a person-centered service and supports plan (plan of care). The supports broker service replaces the traditional case management service.
4. **Financial Management Services (FMS)** – Includes financial, employer, payroll and other functions related to hiring and paying workers and the purchasing of participant-directed goods and services. FMS offers two options: 1) Agency with Choice (Agency is common-law employer) and 2) Fiscal Employer Agent (participant is common-law employer). Entities must be certified (meet minimum qualifications and be certified review) by the office to perform the tasks.

### **Financial Plan Impact**

Funds are sufficient in the FY 2007 budget and the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed resolution. The cost of the proposed service is an on-going expense under the Medicaid 1915 (c) Waiver, which is included in the baseline budget for the Department of Health (DoH) Medical Assistance Administration (MAA).

The amendment of the Waiver application does not change the "C" (number of individuals who can be enrolled) and "D" (average annual cost per waiver enrollee) values as approved in the initial waiver application.

Overall, there will be some minor modifications to the Waiver as separate reimbursement rates must be established for the participant centered service as compared to the other EPD services. However, there will be no major increases in the reimbursement rate. ALS and PCS enrollment will be staggered and added to the existing 1,391 EPD customers. There will be no changes to the approved per capita expenditures for the remaining years in the approved waiver period as set forth in the attached CMS approval. District Local costs will be covered by appropriated funds included in the baseline budget for MAA.

The Honorable Vincent C. Gray

FIS: "Medicaid Elderly and Persons with Physical Disabilities (EPD) Waiver Services Participant Centered Service Amendment Approval Resolution of 2007"

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<b>Estimated Revenue Impact to the Financial Plan*</b> (in Millions)						
	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Total</b>
<b>Local Share</b>	\$0.66	\$1.31	\$1.38	\$1.45	\$1.52	<b>\$6.32</b>
<b>Federal Share</b>	\$1.53	\$3.07	\$3.22	\$3.38	\$3.55	<b>\$14.75</b>
<b>Total Cost of Services</b>	\$2.19 (100 persons)	\$4.38 (200 persons)	\$4.60 (200 persons)	\$4.83 (200 persons)	\$5.07 (200 persons)	<b>\$21.07</b>

\* Assumes 5% annual inflation beginning in FY 2009