

January 23, 2008

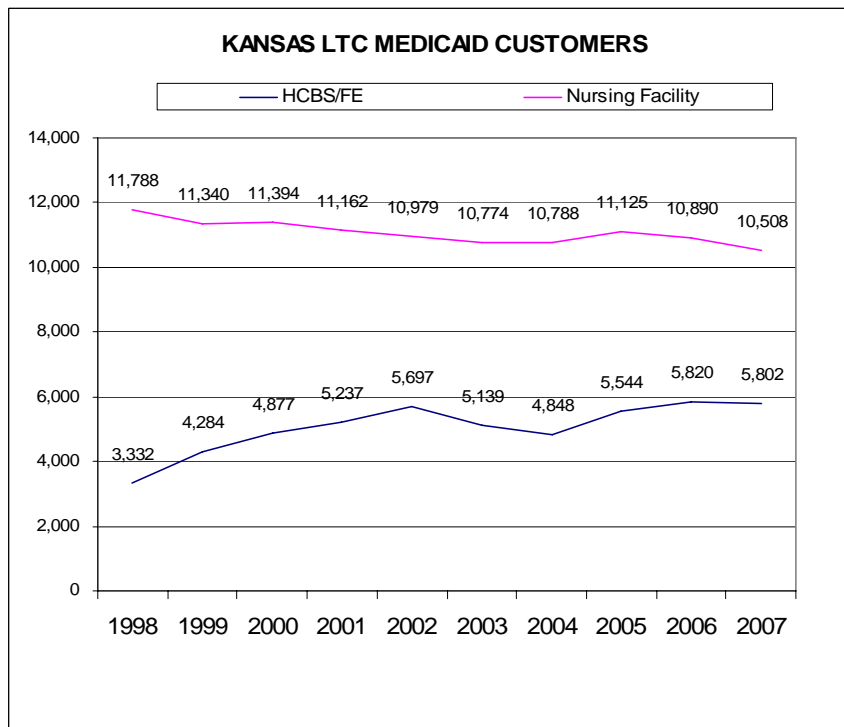
TO: House Appropriations  
FROM: Secretary Kathy Greenlee  
Bill McDaniel, KDOA Commissioner of Program and Policy  
RE: Follow-up Response to the Joint Meeting of House Appropriations and Senate Ways and Means

The following information is provided in response to questions asked during the Dec. 17 joint meeting of the House Appropriations and Senate Ways and Means committees.

**Trends over the past 10 years in:**

- Number of NF placements
- Number of HCBS-FE recipients

The chart below shows the average number of nursing home residents and HCBS-FE participants from state fiscal year (SFY) 1998 through 2007. In SFY 2003 and 2004, the HCBS-FE caseload dropped while the nursing home caseload increased. This was the result of implementing a waiting list for HCBS-FE services. The program has been fully funded since that time and there have been no waiting lists.

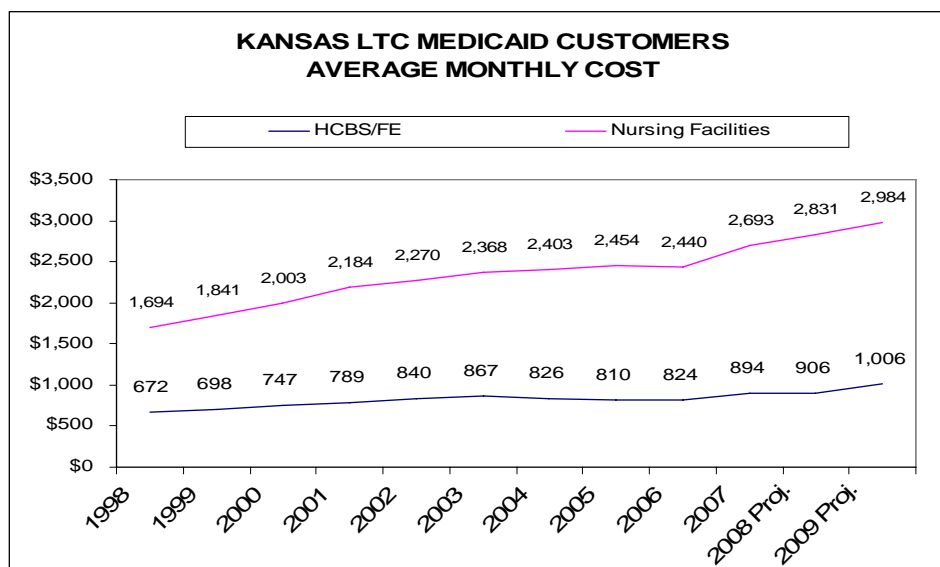


State Fiscal Year	Annual NF Expenditures	Percent	Annual HCBS-FE Expenditures	Percent
1998	\$239,672,873	89.9%	\$26,884,055	10.1%
1999	250,548,241	87.5%	35,898,475	12.5%
2000	273,874,014	86.2%	43,707,935	13.8%
2001	292,510,306	85.5%	49,585,203	14.5%
2002	299,032,025	83.9%	57,459,600	16.1%
2003	306,121,773	85.1%	53,474,142	14.9%
2004	311,088,473	87.3%	45,076,565	12.7%
2005	327,814,229	85.9%	53,877,188	14.1%
2006	318,884,833	84.7%	57,562,192	15.3%
2007	339,593,261	84.5%	62,264,557	15.5%
2008 Proj.	352,500,000	84.3%	65,804,513	15.7%
2009 Proj.	365,000,000	82.4%	77,894,261	17.6%

**Provide information on the per/person costs associated with KDOA’s Enhancement #1. What is saved per/person?**

*KDOA Enhancement #1 – Expand Attendant Care Services to (a) include an increase to support 12 hrs of care in the community and (b) provide non-medical/companion assistance to functionally and/or cognitively impaired adults.*

The attached chart on the following page shows the actual average monthly Medicaid payment for nursing home care and HCBS-FE services from SFY 1998 through 2007 and the projections through 2008 and 2009. In SFY 2007, the HCBS-FE program saved \$125.3 million by serving seniors in the community versus nursing homes. Based on projections for SFY 2009, the savings increase to \$153.1 million, even while including the cost of the enhancements for the additional four hours of attendant care per day and adding companion services.



## Potential Nursing Home Cost Savings in SFY 2007

	Monthly	Annual
Nursing Home Average Cost Per Resident	\$2,693	\$32,316
HCBS-FE Average Cost Per Customer	894	<u>10,728</u>
Average Annual HCBS-FE Savings Per Customer		21,588
Average HCBS-Caseload in SFY 2007		<u>5,802</u>
Total Potential Annual Savings		\$125,253,576

## Potential Nursing Home Cost Savings in SFY 2009 with 12 Hours of Care and Companion Services

	Monthly	Annual
Nursing Home Average Cost Per Resident	\$2,984	\$35,808
HCBS-FE Average Cost Per Customer	1,006	<u>12,072</u>
Average Annual HCBS-FE Savings Per Customer		23,736
Average HCBS-Caseload in SFY 2007		<u>6,452</u>
Total Potential Annual Savings		\$153,144,672

*Note: All HCBS-FE customers are eligible for nursing home services. The potential savings above are realized because customers are choosing to remain in the community versus moving to a nursing facility. The additional attendant care hours and adding companion services may result in more seniors choosing to remain in their homes utilizing HCBS-FE services rather than go to a nursing facility. The impact is a further reduction in the nursing home caseload and associated costs.*

### **Does the agency have a mechanism to assure the money allocated for increases in provider rates are paid to the staff actually doing the work? Does KDOA track the hourly wage paid to providers?**

The approved HCBS-FE waiver has three distinct attendant care services and rates. The services are Level 1 attendant care services, Level 2 attendant care services and self-directed attendant care services. Provider-directed Level 1 services are non-hands-on such as housekeeping, cooking, shopping etc. Provider-directed Level 2 services are hands-on such as bathing, feeding, toileting, etc. Self-directed services may include both Level 1, non hands-on services, and Level 2, hands on service.

The provider directed Level 1 attendant care services has a maximum hourly rate of \$13.24. The provider directed Level 2 attendant care services has a maximum hourly rate of \$14.64. The self-directed attendant care services have a maximum hourly rate of \$12.44. Again, the lower maximum hourly rate for self-directed attendant care is for both hands-on and non hands-on services. A family member providing hands on care is only going to receive the maximum of \$12.44 versus \$14.64 that an agency directed provider can receive. The KDOA pays the attendant care rates based on the services received by the HCBS-FE customer.

### **Please provide additional information on the Program of All Inclusive Care for the Elderly (PACE), i.e., trends growth, cost/client.**

The chart on the next page shows the PACE growth and the average Medicaid monthly participant payment since the inception of the first program in September 2002. Via Christi opened the first PACE site to serve Sedgwick County. The original number of slots for Via Christi was 200. The 2006 legislature approved an additional 75 slots for Via Christi and 75 slots

for a new PACE site in Topeka operated by Care Connections. Care Connections began serving participants in Topeka/Shawnee County and the six surrounding counties in February 2007.

The PACE programs receive Medicaid capitated rates and Medicare pays based on each participant's risk score. The Medicaid capitated rates are negotiated at no more than 95% of what would have paid through fee for service or other reimbursement provisions. PACE can be viewed as a managed long-term care payment methodology.

The PACE services are based on a wellness model in which the program attempts to keep participants in the community. PACE must provide all Medicaid and Medicare services. For example, the Medicaid rate covers the cost of nursing home services if that level of care is needed.

Both KDOA and the Kansas Health Policy Authority (KHPA) participate in the PACE program. The KDOA is responsible for PACE participants aged 65 or older and KHPA is responsible for those aged 55 through 64. The KDOA pays for approximately 70% of the Medicaid cost and the KHPA pays approximately 30%. Please note the monthly Medicaid cost dropped in 2006 with the implementation of the Medicare Part D pharmacy program.

State Fiscal Year	PACE: Participants Enrolled	PACE: Average Monthly Medicaid Cost per participant	HCBS-FE Average Monthly Medicaid Cost per participant	NF: Average Monthly Medicaid Cost per participant
2003: Via Christi	62	\$2,376	\$867	\$2,368
2004: Via Christi	116	\$2,440	\$826	\$2,403
2005: Via Christi	162	\$2,381	\$810	\$2,454
2006: Via Christi	199	\$2,129	\$824	\$2,440
2007: Combined Via Christi and CARE Connections	213	\$1,913	\$894	\$2,693

**Will a PACE model of care fit in a very rural environment? Are there plans to issue an RFP for a rural PACE pilot?**

There have been past discussions about a PACE site serving Northwest Kansas. However, there has been no formal request to consider funding a project. Five of the seven counties served by Care Connections (excluding Douglas and Shawnee counties) are rural in nature.