

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: Nursing Facility

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	16115.99	1775.41	17891.40	34399.08	3113.82	37512.90	19621.50
2	16571.21	1847.49	18418.70	35795.68	3240.24	39035.92	20617.22
3	17068.65	1922.50	18991.15	37248.99	3371.79	40620.78	21629.63
4	17580.00	2000.55	19580.55	38761.30	3508.69	42269.99	22689.44
5	18107.92	2081.77	20189.69	40335.00	3651.14	43986.14	23796.45

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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:	
		Nursing Facility	
Year 1	800		800
Year 2	1000		1000
Year 3	1000		1000
Year 4	1000		1000
Year 5	1000		1000

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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 on the waiver is estimated to be 240 days. This average was calculated as days of eligibility from the MMIS segments, using the Medicaid DSS (BusinessObjects). These numbers were determined by

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- 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 derived from current reporting of expenditures from the Medicaid DSS (BusinessObjects) and consideration of previous waiver estimates of utilization and growth rates.

- 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' was computed based on what was done in prior years. Using the market basket forecasts and the related DDS report of all waiver eligible recipients annual expenditures were extracted from the decision

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 computed based on the average annual expenditures for nursing home recipients that were extracted from the decision support system (DSS) component of the MMIS. Using the average annual

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' was derived using the same methodology as in prior years. It was computed based on the average annual expenditures for nursing home recipients that were extracted from the decision support system (DSS)

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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	
Extended Medicaid State Plan Prescription Drugs	
Living Choices Assisted Living Services	
Pharmacist Consultant Services	

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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
Extended Medicaid State Plan Prescription Drugs Total:						257697.00
Extended Medicaid State Plan Prescription Drugs	1 Month	100	9.00	286.33	257697.00	
Living Choices Assisted Living Services Total:						12527918.30
Tier Level 1	1 Day	266	230.00	62.98	3853116.40	
Tier Level 2	1 Day	241	230.00	67.06	3717135.80	
Tier Level 3	1 Day	216	230.00	72.76	3614716.80	
Tier Level 4	1 Day	77	230.00	75.83	1342949.30	
Pharmacist Consultant Services Total:						107180.00
Pharmacist Consultant Services	1 Day	100	230.00	4.66	107180.00	
GRAND TOTAL:						12892795.30
Total Estimated Unduplicated Participants:						800
Factor D (Divide total by number of participants):						16115.99
Average Length of Stay on the Waiver:						240

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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
Extended Medicaid State Plan Prescription Drugs Total:						331785.00
Extended Medicaid State Plan Prescription Drugs	1 Month	125	9.00	294.92	331785.00	
Living Choices Assisted Living Services Total:						16129023.70
Tier Level 1	1 Day	333	230.00	64.87	4968393.30	
Tier Level 2	1 Day	301	230.00	69.08	4782408.40	
Tier Level 3	1 Day	270	230.00	74.94	4653774.00	
Tier Level 4	1 Day	96	230.00	78.10	1724448.00	
Pharmacist Consultant Services Total:						110400.00
Pharmacist Consultant Services	1 Day	100	230.00	4.80	110400.00	
GRAND TOTAL:						16571208.70
Total Estimated Unduplicated Participants:						1000
Factor D (Divide total by number of participants):						16571.21
Average Length of Stay on the Waiver:						240

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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
Extended Medicaid State Plan Prescription Drugs Total:						341741.25
Extended Medicaid State Plan Prescription Drugs	1 Month	125	9.00	303.77	341741.25	
Living Choices Assisted Living Services Total:						16613293.30
Tier Level 1	1 Day	333	230.00	66.82	5117743.80	
Tier Level 2	1 Day	301	230.00	71.15	4925714.50	
Tier Level 3	1 Day	270	230.00	77.19	4793499.00	
Tier Level 4	1 Day	96	230.00	80.45	1776336.00	
Pharmacist Consultant Services Total:						113620.00
Pharmacist Consultant Services	1 Day	100	230.00	4.94	113620.00	
GRAND TOTAL:						17068654.55
Total Estimated Unduplicated Participants:						1000
Factor D (Divide total by number of participants):						17068.65
Average Length of Stay on the Waiver:						240

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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
Extended Medicaid State Plan Prescription Drugs Total:						351990.00
Extended Medicaid State Plan Prescription Drugs	1 Month	125	9.00	312.88	351990.00	
Living Choices Assisted Living Services Total:						17111218.00
Tier Level 1	1 Day	333	230.00	68.82	5270923.80	
Tier Level 2	1 Day	301	230.00	73.28	5073174.40	
Tier Level 3	1 Day	270	230.00	79.51	4937571.00	
Tier Level 4	1 Day	96	230.00	82.86	1829548.80	
Pharmacist Consultant Services Total:						117070.00
Pharmacist Consultant Services	1 Day	100	230.00	5.09	117070.00	
GRAND TOTAL:						17580278.00
Total Estimated Unduplicated Participants:						1000
Factor D (Divide total by number of participants):						17580.00
Average Length of Stay on the Waiver:						240

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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
Extended Medicaid State Plan Prescription Drugs Total:						362553.75
Extended Medicaid State Plan Prescription Drugs	1 Month	125	9.00	322.27	362553.75	
Living Choices Assisted Living Services Total:						17624842.50
Tier Level 1	1 Day	333	230.00	70.89	5429465.10	
Tier Level 2	1 Day	301	230.00	75.48	5225480.40	
GRAND TOTAL:						18107916.25
Total Estimated Unduplicated Participants:						1000
Factor D (Divide total by number of participants):						18107.92
Average Length of Stay on the Waiver:						240

Waiver Service/ Component	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Tier Level 3	1 Day	270	230.00	81.89	5085369.00	
Tier Level 4	1 Day	96	230.00	85.35	1884528.00	
Pharmacist Consultant Services Total:						120520.00
Pharmacist Consultant Services	1 Day	100	230.00	5.24	120520.00	
GRAND TOTAL:						18107916.25
Total Estimated Unduplicated Participants:						1000
Factor D (Divide total by number of participants):						18107.92
Average Length of Stay on the Waiver:						<input type="text"/>