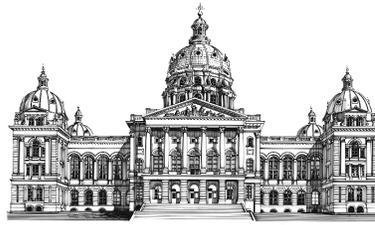


Iowa Legislative Fiscal Bureau



Dennis Prouty
(515) 281-5279
FAX 281-8451

State Capitol
Des Moines, IA 50319
September 20, 1993

Home And Community Based Waiver For Persons With Mental Retardation

ISSUE

The Home and Community Based Waiver for Persons with Mental Retardation (HCBS/MR waiver) was designed with an emphasis to move persons residing in institutional settings to home or community based settings to be cost effective, reduce institution populations, and provide services on a local level. It was anticipated that counties would experience a savings as this happened. It also is a tool to provide services to keep persons at risk of entering an institution in the home and community. At the present time, it appears the waiver has not been as effective in moving persons out of an institution, nor in saving county funds as had been anticipated.

AFFECTED AGENCIES

Department of Human Services (DHS)

CODE AUTHORITY

Senate File 2435, DHS Appropriations Bill, enacted by the 1990 General Assembly
House File 479, DHS Appropriations Bill, enacted by the 1991 General Assembly

BACKGROUND

The HCBS/MR waiver was designed and presented as a way to move clients from an institutional setting into home and community based care to be more cost effective for both the State and local communities. In a memo from DHS, dated March 8, 1991, it is stated:

- "It is important to note that the HCBS Medicaid Waiver, in order to be approved by the federal government, must be cost effective. Most of the people expected to be served under this waiver are already being served in more expensive and more restrictive environments (state hospital-schools, residential care facilities [RCF], intermediate care facilities [ICF]). These individuals would move to more appropriate environments. Even with the administration costs added in with the services costs, the proposal will still be cost effective."

In another undated document providing an overview of the HCBS/MR waiver, it is stated that the specific population to be targeted will:

I
S
S
U
E
R
E
V
I
E
W

- "...include persons residing in State Hospital Schools, Community Intermediate Care Facilities for the Mentally Retarded (ICF/MRs), nursing homes, ICF/MRs and foster care group homes at risk of institutionalization, and Model Waiver waiting list individuals."

The Model Waiver provides services for blind and disabled persons regardless of age, requiring the level of care provided in a skilled nursing facility (SNF), ICF, or ICF/MR.

In December 1992, the DHS provided the Legislative Fiscal Bureau with fiscal estimates regarding the HCBS waiver. They estimated that 630 people will be enrolled under the program by June 1994. Of these, 20 are expected to be State cases, where no county of legal settlement can be established, with the State responsible for full payment. Counties would be responsible for the nonfederal share of the waiver costs for the remaining 610 consumers. The DHS estimated that 10%, or 61 people, would be enrollees that were not receiving residential services before entering the waiver program. It was assumed the additional cost to the county for each individual would be \$9,889 per year, for a total additional FY 1994 county cost of \$603,214. The DHS estimated the remaining 549 people enrolled under the waiver would be coming out of an ICF/MR, and would save counties \$1,634 per person per year, or a total of \$896,901 savings in FY 1994. Using these assumptions, the DHS calculated the net total savings to all counties should be \$293,688, or an average savings of \$481 per person in FY 1994.

CURRENT SITUATION

Through July 1993, there are 148 persons enrolled under the waiver. Of these, 90 (60.8%) individuals had not previously received any residential services, while only 41 (27.7%) were previously in an institutional setting. In December 1992, the DHS was estimating the total number of enrollees not previously receiving any residential services would be 61 (10.0%).

If that trend continues, instead of only 61 people not receiving services before enrolling in the waiver, 371 will, at a cost per person of \$9,889, or a total FY 1994 cost of \$3,668,726. Only 239 persons would be coming out of an ICF/MR, saving the counties \$1,634 per person, or a total of \$390,464 in FY 1994. Using these assumptions, the total cost to counties will be \$3,278,272. This is an average cost per person of \$5,374 rather than a savings of \$481 per person as originally estimated by DHS for FY 1994.

ALTERNATIVES

The DHS should consider rewriting the rules to narrow the scope under which applications will be accepted to more closely match the original estimates that were developed and distributed.

The State could provide counties additional general funds for any additional costs to them caused by the HCBS/MR waiver that were not anticipated.

In the future, if additional waiver programs are developed, close attention should be given to the fiscal estimates developed by the DHS. Mechanisms to control costs at the local level should be written into the waiver request and the subsequent rules.

BUDGET IMPACT

The majority of the budget impact, if HCBS/MR waiver enrollment trends continue at its present pace, will be felt by counties. Already, Scott County supervisors have stated they will refuse to provide payment for services under this waiver (no persons from Scott County have been enrolled as of yet), and Woodbury County has passed a resolution stating that they will not provide payment

of the nonfederal share of costs for services provided under the waiver program (Woodbury county has 14 persons enrolled under the waiver, 10 of these were not previously receiving services). While this refusal to pay is not enforceable, it is indicative the counties view the HCBS/MR waiver program as a State mandate for which no additional supporting funding has been provided.

STAFF CONTACT: Alice Wisner (Ext. 14612)