

Appendix VII: Estimated Algorithm Impacts

ASSUMPTIONS USED FOR ESTIMATING PROPOSED ALGORITHM IMPACTS AND ALTERNATIVE ASSUMPTIONS

Appropriation for Waiver Services ¹		\$	831,943,225							
			ASSUMPTIONS USED IN APD IMPACT ANALYSES							
Funding Reserved for Temporary/Permanent Changed Needs ²	Percentage of Total Appropriation		3%	4%	5%	6%	7%	8%	9%	10%
	Dollar Amount	\$	24,958,297	33,277,729	41,597,161	49,916,594	58,236,026	66,555,458	74,874,890	83,194,323
Remaining Funds After Reserving for Changed Needs		\$	806,984,928	798,665,496	790,346,064	782,026,632	773,707,199	765,387,767	757,068,335	748,748,903
Funding for Waiver Support Coordination Services³		\$	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
One-time Expenditures⁴										
	Dental Services	\$	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
	Durable Medical Equipment	\$	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
	Environmental Accessibility	\$	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Total Reserved for One-Time Expenditures		\$	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Remaining Funds after Reserving for One-time Expenditures and Waiver Support Coordination Services		\$	766,984,928	758,665,496	750,346,064	742,026,632	733,707,199	725,387,767	717,068,335	708,748,903
Funding for Extraordinary Needs⁵		\$	230,000,000	230,000,000	230,000,000	230,000,000	230,000,000	230,000,000	230,000,000	230,000,000
Remaining Funding for iBudgets		\$	536,984,928	528,665,496	520,346,064	512,026,632	503,707,199	495,387,767	487,068,335	478,748,903

(1) This worksheet estimates APD appropriations for waiver services based on FY 2009-2010 funding and projected federal match percenta

(2) This analysis depicts the assumptions APD used in estimating algorithm impacts as well as some alternative assumptions. APD assumed that only 3% would set aside for changed needs based on expenditure history. APD will obtain an actuarial analysis of the amount of funding to be reserved for temporary/permanent changed needs, one-time expenditures, and extraordinary needs.

(3) To allow exploration of options for waiver support coordination services and because waiver support coordination is a required service, APD removed waiver support coordination funding from the model and will add back (4) these are estimated based on historical expenditures for consumers whose expenditures were in the highest or lowest 4.7% in Fiscal Year 2007-08, who were receiving intensive behavioral services, and whose expenditures for core services may lead them to require extraordinary need funding.

(5) These are estimated based on historical expenditures for consumers whose expenditures were in the highest or lowest 4.7% in Fiscal Year 2007-08, who were receiving intensive behavioral services, and whose expenditures for core services may lead them to require extraordinary need funding.

Estimated Impact of the Algorithm--iBudget Mean v. FY08-09 Adjusted Expenditure Mean by Age and Living Setting					
Age Group	Living Setting	Consumers	iBudget Mean (Average)	FY08-09 Adjusted Expenditure Mean (Average)	Difference
Adults	Family Home	7,194	\$14,751	\$13,938	\$813
	Independent & Supported Living	2,725	\$28,589	\$23,338	\$5,251
	APD-Licensed Foster/Group Home; non-APD-licensed congregate home	3,899	\$54,770	\$47,991	\$6,779
	Residential Habilitation Center	42	\$65,174	\$47,560	\$17,614
	Total	13,860	\$28,882	\$25,468	\$3,415
Children	Family Home	4,452	\$9,759	\$8,903	\$856
	Independent & Supported Living	82	\$22,229	\$24,933	(\$2,704)
	APD-Licensed Foster/Group Home; non-APD-licensed congregate home	602	\$41,271	\$51,178	(\$9,907)
	Residential Habilitation Center	4	\$70,336	\$97,197	(\$26,860)
	Total	5,140	\$13,696	\$14,178	(\$483)
Total	Family Home	11,646	\$12,843	\$12,013	\$830
	Independent & Supported Living	2,807	\$28,403	\$23,385	\$5,018
	APD-Licensed Foster/Group Home; non-APD-licensed congregate home	4,501	\$52,964	\$48,417	\$4,547
	Residential Habilitation Center	46	\$65,623	\$51,876	\$13,746
	TOTAL	19,000	\$24,774	\$22,414	\$236

NOTES:

- (1) These are ESTIMATED impacts based on assumptions APD has made regarding funding appropriated by the Legislature for waiver services and the funding required for one-time expenditures, individuals with changed needs, and individuals with extraordinary needs. APD will obtain an actuarial review of the allocation of funding for individuals with extraordinary needs, changed needs, and one-time needs, which may lead to different results than depicted here.
- (2) This analysis assumes full implementation. However, APD is proposing a phase-in approach where some, if not all, individuals are transitioned gradually to their iBudgets. Thus any reductions or increases would be gradual.
- (3) These are averages of the estimated impacts. Impacts by individual will vary.
- (4) Consumers excluded from these analyses are those whose expenditures were not considered in building the algorithm because they had fewer than 12 months' worth of services, triggered data accuracy audits, or had expenditures among the very lowest and highest roughly 4.7%. There are also consumers who have extraordinary needs so unusual that models cannot and are not intended to predict their needs. APD intends to have a systematic review process to determine whether extraordinary need funding is appropriate. Thus some consumers who might be considered to have extraordinary needs were excluded from this analysis (those receiving intensive behavioral services or whose iBudgets were lower than their FY08-09 funding for certain core health and safety services, such as Residential Habilitation or nursing services; since each consumer's situation will be reviewed individually, these consumers may or may not receive extraordinary need funding). However, other consumers included in this analysis may also have extraordinary needs and eventually receive additional funding for that purpose. For example, children who do not live in a family home received disproportionately more decreases than increases compared to other groups; each child in this situation would be evaluated carefully to see whether he or she qualified for additional funding. Note that all requests for additional funds would receive thorough review.
- (5) FY08-09 expenditures were adjusted to make them comparable by removing one-time expenditures and eliminated services. Neither FY08-09 expenditures or the model prediction include waiver support coordination funding or residential habilitation geographic differentials, which will be added back in at current rates. FY08-09 expenditures were also adjusted to account for the deficit spending from that year.

Estimated Impact of the Algorithm		
Change Range	Number of Clients	Percent
Increase less than 5%	853	4.5%
Increase 5%-10%	664	3.5%
Increase 10%-25%	1,868	9.8%
Increase 25%-50%	2,230	11.7%
Increase 50%-75%	1,395	7.3%
Increase 75%-100%	913	4.8%
Increase more than 100%	4,166	21.9%
Decrease less than 5%	767	4.0%
Decrease 5%-10%	2,339	12.3%
Decrease 10%-25%	305	1.6%
Decrease 25%-50%	2,270	11.9%
Decrease 50%-75%	1,070	5.6%
Decrease 75%-100%	160	0.8%
TOTAL	19,000	100.0%

NOTES:

- (1) These are ESTIMATED impacts based on assumptions APD has made regarding funding appropriated by the Legislature for waiver services and the funding required for one-time expenditures, individuals with changed needs, and individuals with extraordinary needs. APD will obtain an actuarial review of the allocation of funding for individuals with extraordinary needs, changed needs, and one-time needs, which may lead to different results than depicted here.
- (2) This analysis assumes full implementation. However, APD is proposing a phase-in approach where some, if not all, individuals are transitioned gradually to their iBudgets. Thus any reductions or increases would be gradual.
- (3) Consumers excluded from this analysis are those whose expenditures were not considered in building the algorithm because they had fewer than 12 months' worth of services, triggered data accuracy audits, or had expenditures among the very lowest and highest roughly 4.7%. There are also consumers who have extraordinary needs so unusual that models cannot and are not intended to predict their needs. APD intends to have a systematic review process to determine whether extraordinary need funding is appropriate. Thus some consumers who might be considered to have extraordinary needs were excluded from this analysis (those receiving intensive behavioral services or whose iBudgets were lower than their FY08-09 funding for certain core health and safety services, such as Residential Habilitation or nursing services; since each consumer's situation will be reviewed individually, these consumers may or may not receive extraordinary need funding). However, other consumers included in this analysis may also have extraordinary needs and eventually receive additional funding for that purpose. Note that all requests for additional funds would receive thorough review.
- (4) Increases and decreases are determined by comparing the algorithm prediction under certain assumptions to adjusted FY08-09 expenditures. FY08-09 expenditures were adjusted to make them comparable by removing one-time expenditures and eliminated services. Neither FY08-09 expenditures nor the model prediction include waiver support coordination funding or residential habilitation geographic differentials, which will be added back in at current rates. FY08-09 expenditures were also adjusted to account for the deficit spending from that year.

Estimated Impact of the Algorithm - Change vs. Adjusted FY2008-08 Expenditures by Age and Living Setting										
Age Group	Living Setting	Change	Consumers	Percent of Total Consumers in Sample	Change	Consumers	Percent of Total Consumers in Sample	Change	Consumers	Percent of Total Consumers in Sample
Adults	Family Home	Increase	4,458	23.5%	Decrease	2,736	14.4%	Total	7,194	37.9%
	Independent Living/Supported Living	Increase	1,943	10.2%	Decrease	782	4.1%	Total	2,725	14.3%
	APD-Licensed Foster/Group Home; non-APD-licensed congregate home	Increase	2,807	14.8%	Decrease	1,092	5.7%	Total	3,899	20.5%
	Residential Habilitation Center	Increase	39	0.2%	Decrease	3	0.0%	Total	42	0.2%
	Total	Increase	9,247	48.7%	Decrease	4,613	24.3%	Total	13,860	72.9%
Children	Family Home	Increase	2,656	14.0%	Decrease	1,796	9.5%	Total	4,452	23.4%
	Independent Living/Supported Living	Increase	39	0.2%	Decrease	43	0.2%	Total	82	0.4%
	APD-Licensed Foster/Group Home; non-APD-licensed congregate home	Increase	145	0.8%	Decrease	457	2.4%	Total	602	3.2%
	Residential Habilitation Center	Increase	2	0.0%	Decrease	2	0.0%	Total	4	0.0%
	Total	Increase	2,842	15.0%	Decrease	2,298	12.1%	Total	5,140	27.1%
All	Family Home	Increase	7,114	37.4%	Decrease	4,532	23.9%	Total	11,646	61.3%
	Independent Living/Supported Living	Increase	1,982	10.4%	Decrease	825	4.3%	Total	2,807	14.8%
	APD-Licensed Foster/Group Home; non-APD-licensed congregate home	Increase	2,952	15.5%	Decrease	1,549	8.2%	Total	4,501	23.7%
	Residential Habilitation Center	Increase	41	0.2%	Decrease	5	0.0%	Total	46	0.2%
	TOTAL	Increase	12,089	63.6%	Decrease	6,911	36.4%	Total	19,000	100.0%

NOTES:

- (1) These are ESTIMATED impacts based on assumptions APD has made regarding funding appropriated by the Legislature for waiver services and the funding required for one-time expenditures, individuals with changed needs, and individuals with extraordinary needs. APD will obtain an actuarial review of the allocation of funding for individuals with extraordinary needs, changed needs, and one-time needs, which may lead to different results than depicted here.
- (2) This analysis assumes full implementation. However, APD is proposing a phase-in approach where some, if not all, individuals are transitioned gradually to their iBudgets. Thus any reductions or increases would be gradual.
- (3) Consumers excluded from these analyses are those whose expenditures were not considered in building the algorithm because they had fewer than 12 months' worth of services, triggered data accuracy audits, or had expenditures among the very lowest and highest roughly 4.7%. There are also consumers who have extraordinary needs so unusual that models cannot and are not intended to predict their needs. APD intends to have a systematic review process to determine whether extraordinary need funding is appropriate. Thus some consumers who might be considered to have extraordinary needs were excluded from this analysis (those receiving intensive behavioral services or whose iBudgets were lower than their FY08-09 funding for certain core health and safety services, such as Residential Habilitation or nursing services; since each consumer's situation will be reviewed individually, these consumers may or may not receive extraordinary need funding). However, other consumers included in this analysis may also have extraordinary needs and eventually receive additional funding for that purpose. For example, children who do not live in a family home received disproportionately more decreases than increases compared to other groups; each child in this situation would be evaluated carefully to see whether he or she qualified for additional funding. Note that all requests for additional funds would receive thorough review.
- (4) Increases and decreases are determined by comparing the algorithm prediction under certain assumptions to adjusted FY08-09 expenditures. FY08-09 expenditures were adjusted to make them comparable by removing one-time expenditures and eliminated services. Neither FY08-09 expenditures or the model prediction include waiver support coordination funding, which will be added back in at current rates. FY08-09 expenditures were also adjusted to account for the deficit spending from that year.

Two-Year Phase In Schedule: Annual Budget Amounts						
Adjusted FY0809 Expenditures	50% iBudget/50% Prior FY Expenditures	100% iBudget*	20% iBudget/80% Prior FY Expenditures	40% iBudget/60% Prior FY Expenditures	60% iBudget/40% Prior FY Expenditures	100% iBudget*
\$762	\$4,040	\$7,317	\$2,073	\$3,384	\$4,695	\$7,317
\$861	\$4,755	\$8,650	\$2,419	\$3,976	\$5,534	\$8,650
\$937	\$6,561	\$12,185	\$3,187	\$5,436	\$7,686	\$12,185
\$1,022	\$5,332	\$9,642	\$2,746	\$4,470	\$6,194	\$9,642
\$1,893	\$3,938	\$5,983	\$2,711	\$3,529	\$4,347	\$5,983
\$2,062	\$8,212	\$14,363	\$4,522	\$6,982	\$9,443	\$14,363
\$2,173	\$7,014	\$11,856	\$4,109	\$6,046	\$7,983	\$11,856
\$2,237	\$2,461	\$2,685	\$2,326	\$2,416	\$2,506	\$2,685
\$3,487	\$9,432	\$15,377	\$5,865	\$8,243	\$10,621	\$15,377
\$3,872	\$6,021	\$8,169	\$4,732	\$5,591	\$6,450	\$8,169
\$3,924	\$6,438	\$8,952	\$4,930	\$5,935	\$6,941	\$8,952
\$4,377	\$5,374	\$6,371	\$4,776	\$5,175	\$5,573	\$6,371
\$5,566	\$7,469	\$9,372	\$6,327	\$7,088	\$7,850	\$9,372
\$6,138	\$14,448	\$22,758	\$9,462	\$12,786	\$16,110	\$22,758
\$6,946	\$9,657	\$12,368	\$8,030	\$9,115	\$10,199	\$12,368
\$7,444	\$10,202	\$12,960	\$8,547	\$9,650	\$10,754	\$12,960
\$7,865	\$6,037	\$4,208	\$7,134	\$6,402	\$5,671	\$4,208
\$9,474	\$16,054	\$22,633	\$12,106	\$14,738	\$17,370	\$22,633
\$10,185	\$16,125	\$22,065	\$12,561	\$14,937	\$17,313	\$22,065
\$11,379	\$10,338	\$9,296	\$10,963	\$10,546	\$10,129	\$9,296
\$11,467	\$13,159	\$14,851	\$12,144	\$12,821	\$13,497	\$14,851
\$11,679	\$7,242	\$2,805	\$9,904	\$8,129	\$6,355	\$2,805
\$11,868	\$13,755	\$15,642	\$12,623	\$13,378	\$14,132	\$15,642
\$11,999	\$17,316	\$22,633	\$14,126	\$16,252	\$18,379	\$22,633
\$13,375	\$18,356	\$23,338	\$15,367	\$17,360	\$19,353	\$23,338
\$16,330	\$18,414	\$20,499	\$17,164	\$17,998	\$18,831	\$20,499
\$19,641	\$13,684	\$7,728	\$17,258	\$14,876	\$12,493	\$7,728
\$19,765	\$32,374	\$44,983	\$24,809	\$29,852	\$34,896	\$44,983
\$21,163	\$34,169	\$47,175	\$26,366	\$31,568	\$36,770	\$47,175
\$22,706	\$29,430	\$36,155	\$25,396	\$28,086	\$30,775	\$36,155
\$23,102	\$17,424	\$11,745	\$20,831	\$18,559	\$16,288	\$11,745
\$26,999	\$19,109	\$11,219	\$23,843	\$20,687	\$17,531	\$11,219
\$27,290	\$26,564	\$25,839	\$27,000	\$26,710	\$26,419	\$25,839
\$29,050	\$35,302	\$41,555	\$31,551	\$34,052	\$36,553	\$41,555
\$29,879	\$32,427	\$34,975	\$30,898	\$31,917	\$32,937	\$34,975
\$30,306	\$26,200	\$22,094	\$28,663	\$27,021	\$25,379	\$22,094
\$33,316	\$47,419	\$61,521	\$38,957	\$44,598	\$50,239	\$61,521
\$33,745	\$52,238	\$70,731	\$41,142	\$48,539	\$55,936	\$70,731
\$34,711	\$48,123	\$61,535	\$40,076	\$45,441	\$50,806	\$61,535
\$39,311	\$37,016	\$34,722	\$38,393	\$37,475	\$36,557	\$34,722
\$43,646	\$34,745	\$25,844	\$40,086	\$36,525	\$32,965	\$25,844
\$45,437	\$47,226	\$49,015	\$46,153	\$46,868	\$47,584	\$49,015
\$45,900	\$34,267	\$22,633	\$41,247	\$36,593	\$31,940	\$22,633
\$48,637	\$52,055	\$55,473	\$50,005	\$51,372	\$52,739	\$55,473
\$51,323	\$45,562	\$39,801	\$49,019	\$46,714	\$44,410	\$39,801
\$52,462	\$56,411	\$60,360	\$54,041	\$55,621	\$57,201	\$60,360
\$54,575	\$51,991	\$49,406	\$53,541	\$52,508	\$51,474	\$49,406
\$73,107	\$68,991	\$64,876	\$71,460	\$69,814	\$68,168	\$64,876
\$74,480	\$70,337	\$66,194	\$72,823	\$71,166	\$69,508	\$66,194
\$79,675	\$75,697	\$71,719	\$78,084	\$76,493	\$74,901	\$71,719

(1) These are ESTIMATED impacts based on assumptions APD has made regarding funding appropriated by the Legislature for waiver services and the funding required for one-time expenditures, individuals with changed needs, and individuals with extraordinary needs. APD will obtain an actuarial review of these assumptions, which may lead to different results than depicted here.

(2) Some consumers receiving reductions under this analysis may have extraordinary needs and receive additional funding for that purpose. Note that all requests for additional funds would receive thorough review.

(3) This analysis presents just two phase-in schedules. Other phase-in schedules and approaches are possible.

(4) FY08-09 expenditures were adjusted to make them comparable by removing one-time expenditures and eliminated services. Neither FY08-09 expenditures or the model prediction include waiver support coordination funding or residential habilitation geographic differentials, which will be added back in at current rates. FY08-09 expenditures were also adjusted to account for the deficit spending from that year.