Methodology for California Waiver Calculations - IHSS Waiver

Expenditures were obtained for recipients of the In-Home Supportive Services Residual Program for Fiscal Years 1999-00, 2000-01, 2001-02, and 2002-03. Expenditures consist of Residual Program expenditures, and impacted state plan services expenditures. It was determined that impacted state plan services are: personal care services (provided through the Personal Care Services Program or PCSP), durable medical equipment and home health agency services.

For the purposes of the data on these spreadsheets, the Department of Social Services (DSS) provided the IHSS PCSP and Residual Program expenditures. In addition, the DSS provided the list of enrollees for the Residual Program. Based on this list from DSS, the durable medical equipment and home health agency services were obtained from claims adjudicated by the Medi-Cal Fiscal Intermediary.

One group of recipients identified as part of the larger Residual population is the "Unknown" group. Recipients fall into this group for one of two reasons. The first set includes recipients who are, based on all case data in CMIPS, eligible for state plan services except they are coded "No" in the eligibility indicator field. It is believed that these "No" codings are incorrect and a review of the physical case data by county eligibility staff will result in an eligibility for state plan services. This is evidenced by the number of cases in this group dropping from almost 13,000 cases in 2001 to just over 3,000 in February 2004 as counties have received additional tools to help them identify cases that eligible for state plan services.

The remaining "Unknown" are recipients who have not identified a provider of service. One of the eligibility criteria for state plan services is an eligible enrolled provider. Until a recipient identifies a provider it is not possible to determine whether they will be served under the Residual program or qualify for state plan services. These recipients are new to the program and move to state plan services when they identify a provider and are never truly part of the Residual group.

The numbers of cases identified in the "Unknown" group is considered a transient group with new recipients moving into the group and then out to state plan services. As counties identify the coding errors and recipients identify a provider, the recipient is moved to the PCSP to receive state plan services. If payments have been issued under the Residual program, the county processes an adjustment transaction in CMIPS that retroactively adjusts the claim from Residual to PCSP state plan claiming.

In analyzing the historical Residual data compiled for the Budget Neutrality document it became evident that it was inappropriate to include this group as part of the Residual history. The CMIPS data used to compile the historical data is based on a "snapshot" of the caseload at the end of each month that reflects the status of the cases at that point in time. Including cases from the monthly snapshots for Residual that are later adjusted out of the Residual program and into state plan services creates an inaccurate picture of historical Residual caseload activity and incorrectly skews the trend rates.

Nicholson 5/10/04

For these reasons and in order to provide a more accurate picture of the Residual program caseload history, the "Unknown" group has been removed from the worksheet titled "IHSS Waiver Residual Services that Qualify for Waiver"; however, the "Unknown" worksheet has been included for informational purposes.

The applied member months trend rate shown without the "Unknown" group included provides a more accurate representation of the Residual program which has, in fact, had a very low growth rate over the last four years. Because the eligibility criteria will not change when the Residual group moves into the IHSS Plus Waiver Program, no large influx of newly identified eligible applicants is anticipated.

Analysis of the data that resulted in the applied PMPM trend rate of 16.30% indicates this rate is valid. The primary cause of this steep increase was new state legislation. In 1999 legislation permitted State participation in provider wages up to 50 cents per hour above minimum wage for wage increases negotiated prior to or during the 1999-2000 fiscal year. The impact of this legislation as well as the employer of record mandate discussed below is demonstrated on the budget neutrality worksheet in the 18.49% Total Cost Per Member Month increase from Fiscal Year 1999-00 to Fiscal Year 2000-01. Legislation was also passed in 1999 mandating that counties establish an employer of record for purposes of employer/employee relations including collective bargaining by January 1, 2003. Prior to January 1, 2003, wages were fixed at the state minimum wage which is $6.75 per hour. Although a mandate allowing counties to establish Public Authorities or Non-Profit Consortia to use for the same purposes had been in place since 1992, only a few counties had elected to do so prior to the 1999 legislation. After the rush, as the first counties established employers of record and raised wages through collective bargaining, the establishment of Public Authorities slowed for a period. This lull is reflected on the budget neutrality worksheet showing a Total Cost Per Member Month increase from Fiscal Year 2000-01 to Fiscal Year 2001-02.

In 2000, California enacted legislation to provide state participation in IHSS provider wages and benefits up to a maximum of $12.10 per hour. Currently, the state participates in wage costs up to $9.50 per hour and benefit costs up to 60 cents per hour. The legislation provides that state revenue triggers must be met before the state's participation in wages and benefits can increase.

This increased level of state participation combined with the impending deadline of January 1, 2003, resulted in an empirical spike from Fiscal Year 2001-02 to 2002-03. Through collective bargaining 35 counties have negotiated new wages which average $8.10 per hour. We expect the counties to continue to negotiate toward the $9.50 per hour maximum over the next five years. Additionally, there is a possibility that the state will meet the revenue trigger and raise its participation in wages to $10.50 per hour. Therefore the rate of 16.30% is expected to continue.