

**DHS BUDGET REQUEST FOR FY 2016-2017**  
(\$ Amounts in Thousands)

Page # of Governor's Executive Budget:  
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**APPROPRIATION:**  
Long-Term Care Managed Care

**I. SUMMARY FINANCIAL DATA**

	<u>2014-2015 Actual</u>	<u>2015-2016 Available</u>	<u>2016-2017 Budgeted</u>
State Funds	\$99,868	\$116,133	\$136,214
Federal Funds Total	\$125,242	\$131,872	\$146,594
Federal Sources Itemized			
<i>Medical Assistance - Long-Term Care Managed Care</i>	<u>\$125,242</u>	<u>\$131,872</u>	<u>\$146,594</u>
<b>Total</b>	<b>\$225,110</b>	<b>\$248,005</b>	<b>\$282,808</b>

**IA. REQUESTED SUPPLEMENTALS (Included above)**

State Funds	\$0
Federal Funds	<u>\$0</u>
<b>Total</b>	<b>\$0</b>

II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)		APPROPRIATION: Long-Term Care Managed Care			
	2014-2015 Actual	2015-2016 Available	2016-2017 Budgeted	Change Budgeted vs. Available	Percent Change
<b>PERSONNEL</b>					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
<b>Total Personnel</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>OPERATING</b>					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
<b>Total Operating</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>FIXED ASSETS</b>					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
<b>Total Fixed Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>GRANT &amp; SUBSIDY</b>					
State Funds	\$99,868	\$116,133	\$136,214	\$20,081	17.29%
Federal Funds	\$117,756	\$129,879	\$146,594	\$16,715	12.87%
Other Funds	\$0	\$0	\$0	\$0	0.00%
<b>Total Grant &amp; Subsidy</b>	<b>\$217,624</b>	<b>\$246,012</b>	<b>\$282,808</b>	<b>\$36,796</b>	<b>14.96%</b>
<b>NONEXPENSE</b>					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
<b>Total Nonexpense</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>BUDGETARY RESERVE</b>					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$7,486	\$1,993	\$0	(\$1,993)	-100.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
<b>Total Budgetary Reserve</b>	<b>\$7,486</b>	<b>\$1,993</b>	<b>\$0</b>	<b>(\$1,993)</b>	<b>-100.00%</b>
<b>UNCOMMITTED</b>					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
<b>Total Uncommitted</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>OTHER</b>					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
<b>Total Other</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>
<b>TOTAL FUNDS</b>					
State Funds	\$99,868	\$116,133	\$136,214	\$20,081	17.29%
Federal Funds	\$125,242	\$131,872	\$146,594	\$14,722	11.16%
Other Funds	\$0	\$0	\$0	\$0	0.00%
<b>Total Funds</b>	<b>\$225,110</b>	<b>\$248,005</b>	<b>\$282,808</b>	<b>\$34,803</b>	<b>14.03%</b>

**APPROPRIATION:**  
Long-Term Care Managed Care

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016 Estimated</u>
State Funds	\$0	\$0	\$0

IV. COMPLEMENT INFORMATION	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>2016-2017 Budgeted</u>
<b>State/Federally Funded</b>			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
<b>Federally Funded</b>			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
<b>Other Funded</b>			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
<b>Total</b>			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
<b>Benefit Rate</b>	N/A	N/A	N/A

**V. DERIVATION OF REQUEST / LEGISLATIVE CITATIONS / DISBURSEMENT CRITERIA**

**Derivation of Request:**

Estimated expenditures are based on the projected number of recipients in the Living Independence for the Elderly (LIFE) program, the length of care for those recipients and the average cost per month of their services.

Detail on the appropriation is outlined in Section VI entitled "Explanation of Changes" on the next page.

**Legislative Citations:**

62 P.S. § 201; 42 U.S.C. §§ 1395eee and 1396u-4; 42 CFR Part 460

**Disbursement Criteria:**

The provider of service must be enrolled in the Medical Assistance program and the service must be a covered Medical Assistance benefit. The recipient of the service must be deemed eligible to receive Medical Assistance benefits and the reimbursement of the covered services must be in accordance with promulgated fee schedules/ rates of reimbursement established for the service.

**VI. EXPLANATION OF CHANGES**  
(\$ Amounts in Thousands)

**APPROPRIATION:**  
Long-Term Care Managed Care

	<u>State \$</u>	<u>Federal \$</u>	<u>Other \$</u>	<u>Total \$</u>
<b>GRANT &amp; SUBSIDY</b>				
1. Provides for the annualization of users entering the program in Fiscal Year 2015-2016:	\$5,896	\$6,442	\$0	\$12,338
2. Provides for the two percent increase in rates from \$3,717.08 for Dual Eligible and \$4,905.08 for Medical Assistance (MA) Only in Fiscal Year 2015-2016 to \$3,791.42 for Dual Eligible and \$5,003.18 for MA Only in Fiscal Year 2016-2017:	\$3,694	\$3,279	\$0	\$6,973
3. Impact of the loss of enhanced Federal funding associated with the Balancing Incentive Program which expired on September 30, 2015:	\$2,265	(\$2,265)	\$0	\$0
4. Provides for the impact of the change in the Federal Medical Assistance Percentage (a decrease from 52.01 percent to 51.78 percent, effective October 1, 2016). Full-year blended rate decreases from 51.9625 percent to 51.8375 percent:	\$361	(\$361)	\$0	\$0
5. Reflects the non-recurring roll forward of costs from Fiscal Year 2014-2015 to Fiscal Year 2015-2016:	(\$1,030)	\$0	\$0	(\$1,030)
Subtotal Grant and Subsidy:	<u>\$11,186</u>	<u>\$7,095</u>	<u>\$0</u>	<u>\$18,281</u>
<b>FISCAL YEAR 2016-2017 INITIATIVES</b>				
<b>GRANT &amp; SUBSIDY</b>				
1. Community Opportunities				
A. To provide home and community-based services to 600 additional older Pennsylvanians in Fiscal Year 2016-2017:	\$7,376	\$7,989	\$0	\$15,365
2. Community Expansion				
A. To provide Living Independence for the Elderly (LIFE) program services in five additional counties:	<u>\$1,519</u>	<u>\$1,631</u>	<u>\$0</u>	<u>\$3,150</u>
Subtotal Fiscal Year 2016-2017 Initiatives	<u>\$8,895</u>	<u>\$9,620</u>	<u>\$0</u>	<u>\$18,515</u>
<b>BUDGETARY RESERVE</b>				
1. Impact of excess Federal appropriation authority in Fiscal Year 2015-2016:	<u>\$0</u>	<u>(\$1,993)</u>	<u>\$0</u>	<u>(\$1,993)</u>
<b>TOTAL</b>	<u><u>\$20,081</u></u>	<u><u>\$14,722</u></u>	<u><u>\$0</u></u>	<u><u>\$34,803</u></u>

**Long-Term Care Managed Care  
Fiscal Year 2016-2017 Governor's Executive Budget  
Fiscal Year 2015-2016**

	<b>Total \$</b>	<b>Federal \$</b>	<b>State \$</b>	<b>Unduplicated Users</b>	<b>Expansion Users</b>	<b>Total Users</b>	<b>Cost Per User</b>
JULY 2015	\$19,093,357	\$9,895,835	\$9,197,522			5,036	\$3,791.37
AUGUST	\$19,246,487	\$9,962,178	\$9,284,309			5,085	\$3,784.95
SEPTEMBER	\$19,115,376	\$9,905,567	\$9,209,809			5,098	\$3,749.58
OCTOBER	\$19,508,738	\$10,146,502	\$9,362,236			5,167	\$3,775.64
NOVEMBER	\$19,948,595	\$10,375,885	\$9,572,710			5,201	\$3,835.53
DECEMBER	\$19,977,693	\$10,371,530	\$9,606,163			5,279	\$3,784.37
JANUARY 2016	\$20,584,056	\$10,705,768	\$9,878,288	5,279	50	5,329	\$3,862.65
FEBRUARY	\$20,777,188	\$10,806,216	\$9,970,972	5,279	100	5,379	\$3,862.65
MARCH	\$20,970,321	\$10,906,664	\$10,063,657	5,279	150	5,429	\$3,862.65
APRIL	\$21,163,453	\$11,007,112	\$10,156,341	5,279	200	5,479	\$3,862.65
MAY	\$21,356,586	\$11,107,560	\$10,249,026	5,279	250	5,529	\$3,862.65
JUNE	\$20,902,922	\$11,208,008	\$9,694,914	5,279	300	5,579	\$3,862.65
<b>Total PROMISe Expenditures</b>	<b>\$242,644,772</b>	<b>\$126,398,825</b>	<b>\$116,245,947</b>			<b>5,299</b>	<b>\$3,815.89</b>
Roll Forward from FY 2014-2015	\$1,029,850	\$0	\$1,029,850				
Retroactive Rate Adjustment	\$2,337,805	\$1,215,892	\$1,121,913				
<b>Subtotal</b>	<b>\$246,012,427</b>	<b>\$127,614,717</b>	<b>\$118,397,710</b>				
<b><u>FY 2014-2015 PRR/Initiatives</u></b>							
Balancing Incentive Program	\$0	\$2,264,710	(\$2,264,710)				
Uncommitted	\$1,992,573	\$1,992,573	\$0				
<b>TOTAL PROGRAM REQUIREMENT</b>	<b>\$248,005,000</b>	<b>\$131,872,000</b>	<b>\$116,133,000</b>				
Act 10-A of 2015		\$131,872,000	\$116,133,000				
Surplus / (Deficit)		\$0	\$0				

**Long-Term Care Managed Care  
Fiscal Year 2016-2017 Governor's Executive Budget  
Fiscal Year 2016-2017**

	<b>Total \$</b>	<b>Federal \$</b>	<b>State \$</b>	<b>Unduplicated Users</b>	<b>Expansion Users</b>	<b>Total Users</b>	<b>Cost Per User</b>
JULY 2016	\$22,177,713	\$11,534,629	\$10,643,084	5,579	50	5,629	\$3,939.90
AUGUST	\$22,374,708	\$11,637,086	\$10,737,622	5,579	100	5,679	\$3,939.90
SEPTEMBER	\$22,571,704	\$11,739,543	\$10,832,161	5,579	150	5,729	\$3,939.90
OCTOBER	\$22,768,699	\$11,789,632	\$10,979,067	5,579	200	5,779	\$3,939.90
NOVEMBER	\$22,965,694	\$11,891,636	\$11,074,058	5,579	250	5,829	\$3,939.90
DECEMBER	\$23,162,689	\$11,993,640	\$11,169,049	5,579	300	5,879	\$3,939.90
JANUARY 2017	\$23,359,684	\$12,095,644	\$11,264,040	5,579	350	5,929	\$3,939.90
FEBRUARY	\$23,556,679	\$12,197,649	\$11,359,030	5,579	400	5,979	\$3,939.90
MARCH	\$23,753,674	\$12,299,653	\$11,454,021	5,579	450	6,029	\$3,939.90
APRIL	\$23,950,670	\$12,401,657	\$11,549,013	5,579	500	6,079	\$3,939.90
MAY	\$24,147,665	\$12,503,661	\$11,644,004	5,579	550	6,129	\$3,939.90
JUNE	\$24,869,075	\$12,879,245	\$11,989,830	5,579	600	6,179	\$3,939.90
<b>Total PROMISe Expenditures</b>	<b>\$279,658,654</b>	<b>\$144,963,675</b>	<b>\$134,694,979</b>			<b>5,904</b>	<b>\$3,939.90</b>
<b><u>FY 2016-2017 PRR/Initiatives</u></b>							
Community Expansion	\$3,149,264	\$1,630,689	\$1,518,575				
<b>TOTAL PROGRAM REQUIREMENT</b>	<b>\$282,807,918</b>	<b>\$146,594,364</b>	<b>\$136,213,554</b>				

## **LONG-TERM CARE MANAGED CARE**

### **PROGRAM STATEMENT**

The Long-Term Care Managed Care program appropriation provides comprehensive care and integrated care management for acute, behavioral health, and long-term services and supports to older Pennsylvanians. The program in Pennsylvania is referred to as Living Independently for the Elderly (LIFE), formerly known as the Long-Term Care Capitated Assistance Program and nationally known as the Program of All Inclusive Care for the Elderly (PACE). Participants are assessed to determine if they are both medically and financially eligible for Medical Assistance (MA) nursing facility benefits and to determine if they can be safely served in the community before they can enroll in LIFE.

As the number of Pennsylvanians needing both home and community-based services and nursing facilities is increasing, the necessity to realign the supply of services and funding has become increasingly evident. The goal of the LIFE program is to offer residents a choice in where they receive long-term living services, while providing high-quality care in a clinically appropriate and cost-effective environment. The following are key components of rebalancing: assist and transition nursing facility residents wishing to leave a facility-based care setting in returning to their home or community, align the supply of nursing facility beds with demand, ensure consumers currently enrolled or who qualify for long-term living services meet the defined eligibility criteria, and ensure that resources are optimized to serve the maximum number of consumers with high-quality care.

The Office of Long-Term Living will continue to implement a number of nursing facility alternatives to enable MA recipients to obtain services in the least restrictive environment. These alternatives are designed to strengthen both informal and formal community support systems and to attempt to decrease the emphasis on the use of nursing facility services by providing access to home and community-based services.

The LIFE program is uniquely designed to provide elderly participants, who would otherwise have few alternatives to nursing facility placement, a comprehensive array of services administered through an interdisciplinary care team. The LIFE program supports the ongoing community residence of the participants. Service integration through an interdisciplinary care team, along with funding integration through Medicare and Medicaid, allows the care team to directly manage delivery of services and funds. The LIFE program uses person-centered plan of care, in which the member has an active role in planning services. There are currently 19 LIFE providers within Pennsylvania operating 35 sites and providing services to nearly 5,900 participants. This is not including alternative care sites.

### **FISCAL YEAR 2016-2017 INITIATIVE – COMMUNITY OPPORTUNITIES**

Pennsylvania citizens overwhelmingly state that they would prefer to receive long-term services and supports in a home and community-based setting rather than an institutional setting. Toward that end, a significant investment has been made in home and community-based services, greatly expanding the number of people who can be served in their home. This initiative proposes to provide home and community-based services to an additional 600 older Pennsylvanians in Fiscal Year 2016 – 2017.

### **FISCAL YEAR 2016-2017 INITIATIVE – COMMUNITY EXPANSION**

Provides for expansion of the LIFE program for an additional 173 new program participants in Montgomery, Perry, and the Northwest service area which includes Crawford, Warren, and Mercer Counties.