

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

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H80

APPROPRIATION:
Home and Community-Based Services

I. SUMMARY FINANCIAL DATA	2014-2015 Actual	2015-2016 Available	2016-2017 Budgeted
State Funds Total	\$335,700	\$400,750	\$458,025
State Sources Itemized			
<i>Home and Community-Based Services (General Fund)</i>	\$132,951	\$255,441 ¹	\$312,160
<i>Home and Community-Based Services (Tobacco Settlement Fund)</i>	\$40,172	\$39,641	\$40,197
<i>Home and Community-Based Services (Lottery Fund)</i>	\$162,577	\$105,668 ²	\$105,668
Federal Funds Total	\$393,544	\$453,537	\$495,637
Federal Sources Itemized			
<i>MA - Home and Community-Based Services (General Fund)</i>	\$345,906	\$410,575 ³	\$452,472
<i>MA - Community Services (Tobacco Settlement Fund)</i>	\$47,638	\$42,962	\$43,165
Total	\$729,244	\$854,287	\$953,662
IA. REQUESTED SUPPLEMENTALS (Included above)			
State Funds		\$13,996	
State Sources Itemized			
<i>Home and Community-Based Services (General Fund)</i>		\$28,996	
<i>Home and Community-Based Services (Lottery Fund)</i>		(\$15,000)	
Federal Funds Total		\$20,225	
Federal Sources Itemized			
<i>MA - Home and Community-Based Services (General Fund)</i>		\$20,225	
Total		\$34,221	
¹ Includes a recommended supplemental appropriation of \$28.996 million. Act 10-A of 2015 provided \$226.445 million for this program in Fiscal Year 2015-2016.			
² Reflects a recommended appropriation reduction of \$15.000 million. Act 10-A of 2015 provided \$120.668 million for this program in Fiscal Year 2015-2016.			
³ Includes a recommended supplemental appropriation of \$20.225 million. Act 10-A of 2015 provided \$390.350 million for this program in Fiscal Year 2015-2016.			

II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)		APPROPRIATION: Home and Community-Based Services			
	2014-2015 Actual	2015-2016 Available	2016-2017 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Operating	\$0	\$0	\$0	\$0	0.00%
FIXED ASSETS					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
State Funds	\$335,700	\$400,750	\$458,025	\$57,275	14.29%
Federal Funds	\$393,544	\$453,537	\$495,637	\$42,100	9.28%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Grant & Subsidy	\$729,244	\$854,287	\$953,662	\$99,375	11.63%
NONEXPENSE					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Nonexpense	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Budgetary Reserve	\$0	\$0	\$0	\$0	0.00%
UNCOMMITTED					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Uncommitted	\$0	\$0	\$0	\$0	0.00%
OTHER					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Other	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$335,700	\$400,750	\$458,025	\$57,275	14.29%
Federal Funds	\$393,544	\$453,537	\$495,637	\$42,100	9.28%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$729,244	\$854,287	\$953,662	\$99,375	11.63%

APPROPRIATION:
Home and Community-Based Services

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	2013-2014	2014-2015	2015-2016 Estimated
State Funds	\$124	\$0	\$0

IV. COMPLEMENT INFORMATION	12/31/2014	12/31/2015	2016-2017 Budgeted
State/Federally Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Federally Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Other Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Total			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Benefit Rate	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 Pennsylvania Department of Aging (PDA) 60+ Waiver program, the length of care for those recipients and the cost per month of Waiver services.

Detail on the appropriation is outlined in Section VI entitled "Explanation of Changes" on the following pages.

Legislative Citations:
 62 P.S. § 201 (General Fund)
 35 P.S. § 5701.101 et seq. (Tobacco Settlement Fund)
 35 P.S. § 5701.503 (Lottery Fund)

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: Home and Community-Based Services			
	State \$	Federal \$	Other \$	Total \$
GENERAL FUND				
GRANT & SUBSIDY				
1. Provides for the annualization of Home and Community-Based Waiver recipients entering the program in Fiscal Year 2015-2016:	\$16,686	\$18,095	\$0	\$34,781
2. Provides for an increase in Home and Community-Based Waiver monthly cost per consumer from \$2,408.22 in Fiscal Year 2015-2016 to \$2,514.11 in Fiscal Year 2016-2017:	\$19,531	\$20,247	\$0	\$39,778
3. Provides for the annualization of the addition of Personal Assistant Services and Respite Care Overtime Rates, effective January 1, 2016:	\$1,013	\$1,094	\$0	\$2,107
4. Impact of the loss of enhanced Federal funding associated with the Balancing Incentive Program which expired on September 30, 2015:	\$8,212	(\$8,212)	\$0	\$0
5. Provides for an increase in Tobacco Settlement funding available in Fiscal Year 2016-2017:	(\$556)	(\$603)	\$0	(\$1,159)
6. 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:	\$1,213	(\$1,213)	\$0	\$0
7. Reflects the non-recurring Enrollment Fee disallowance in Fiscal Year 2015-2016. The one-time enrollment fee was duplicative of the costs claimed under Service Coordination. The Department of Human Services is currently in the process of revising the enrollment intake process which includes moving to an Independent Enrollment Broker to standardize the process:	(\$657)	\$0	\$0	(\$657)
8. Reflects the non-recurring roll forward of costs from Fiscal Year 2014-2015 to Fiscal Year 2015-2016:	(\$9,105)	(\$9,965)	\$0	(\$19,070)
Subtotal Grant & Subsidy	\$36,337	\$19,443	\$0	\$55,780
FISCAL YEAR 2016-2017 INITIATIVES				
GRANT & SUBSIDY				
1. Community Opportunities				
A. To provide home and community-based services to 2,304 additional older Pennsylvanians in Fiscal Year 2016-2017:	\$17,930	\$19,420	\$0	\$37,350
2. Community HealthChoices				
A. Impact of the transition from multiple fee-for-service delivery systems to a consolidated, capitated, managed long-term services and supports system called Community HealthChoices. This system will be implemented in the Southwest Region of the Commonwealth beginning January 2017:	\$2,452	\$2,634	\$0	\$5,086
Subtotal Fiscal Year 2016-2017 Initiatives	\$20,382	\$22,054	\$0	\$42,436
TOTAL GENERAL FUND	\$56,719	\$41,497	\$0	\$98,216

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

APPROPRIATION:
 Home and Community-Based Services

	<u>State \$</u>	<u>Federal \$</u>	<u>Other \$</u>	<u>Total \$</u>
TOBACCO SETTLEMENT FUND				
GRANT & SUBSIDY				
1. The Fiscal Year 2016-2017 Governor's Executive Budget recommends that \$40.197 million be allocated from the Tobacco Settlement Fund to provide supplemental funding to the Home and Community-Based Services appropriation, an increase of \$0.556 million from the Fiscal Year 2015-2016 amount:	<u>\$556</u>	<u>\$603</u>	<u>\$0</u>	<u>\$1,159</u>
TOTAL TOBACCO SETTLEMENT FUND	<u>\$556</u>	<u>\$603</u>	<u>\$0</u>	<u>\$1,159</u>
TOTAL	<u>\$57,275</u>	<u>\$42,100</u>	<u>\$0</u>	<u>\$99,375</u>

Home and Community-Based Services
Fiscal Year 2016-2017 Governor's Executive Budget
Fiscal Year 2015-2016

	Total \$	Federal \$	State \$	Unduplicated Users	Expansion Users	Total Users	Cost Per User
JULY 2015	\$74,764,191	\$38,824,238	\$35,939,953			27,789	\$2,690.42
AUGUST	\$75,334,702	\$39,118,878	\$36,215,824			27,762	\$2,713.59
SEPTEMBER	\$52,551,394	\$27,312,154	\$25,239,240			27,502	\$1,910.82
OCTOBER	\$74,589,186	\$38,859,294	\$35,729,892			28,710	\$2,598.02
NOVEMBER	\$70,217,831	\$36,602,699	\$33,615,132			27,564	\$2,547.45
DECEMBER	\$63,008,672	\$32,770,810	\$30,237,862	28,710	192	28,902	\$2,180.08
JANUARY 2016	\$63,427,248	\$32,988,512	\$30,438,736	28,710	384	29,094	\$2,180.08
FEBRUARY	\$81,247,271	\$42,256,706	\$38,990,565	28,710	576	29,286	\$2,774.27
MARCH	\$64,264,398	\$33,423,913	\$30,840,485	28,710	768	29,478	\$2,180.08
APRIL	\$64,682,974	\$33,641,615	\$31,041,359	28,710	960	29,670	\$2,180.08
MAY	\$82,845,251	\$43,087,815	\$39,757,436	28,710	1,152	29,862	\$2,774.27
JUNE	\$65,519,546	\$34,076,716	\$31,442,830	28,710	1,344	30,054	\$2,180.06
Subtotal PROMISe Program Expenditures	\$832,452,664	\$432,963,350	\$399,489,314			28,806	\$2,408.22
Roll Forward from FY 2014-2015	\$19,069,438	\$9,964,919	\$9,104,519				
Enrollment Fee Disallowance	\$657,157	\$0	\$657,157				
Money Follows the Person	\$0	\$1,300,000	(\$1,300,000)				
Personal Assistant Services / Respite Care Overtime Rate	\$2,107,445	\$1,096,082	\$1,011,363				
Subtotal	\$854,286,704	\$445,324,351	\$408,962,353				
<i>FY 2014-2015 PRR/Initiatives</i>							
Balancing Incentive Program	\$0	\$8,212,078	(\$8,212,078)				
Subtotal	\$854,286,704	\$453,536,429	\$400,750,275				
Transfer to Tobacco Settlement Fund	(\$82,602,626)	(\$42,961,626)	(\$39,641,000)				
Transfer to Lottery Fund	(\$105,668,000)	\$0	(\$105,668,000)				
Total Program Requirement	\$666,016,078	\$410,574,803	\$255,441,275				
Act 10-A of 2015		\$390,350,000	\$226,445,000				
Surplus/(Deficit)		(\$20,224,803)	(\$28,996,275)				

Home and Community-Based Services
Fiscal Year 2016-2017 Governor's Executive Budget
Fiscal Year 2016-2017

	Total \$	Federal \$	State \$	Unduplicated Users	Expansion Users	Total Users	Cost Per User
JULY 2016	\$67,842,080	\$35,284,666	\$32,557,414	30,054	192	30,246	\$2,243.01
AUGUST	\$93,098,580	\$48,420,571	\$44,678,009	30,054	384	30,438	\$3,058.63
SEPTEMBER	\$68,703,396	\$35,732,636	\$32,970,760	30,054	576	30,630	\$2,243.01
OCTOBER	\$94,273,094	\$48,814,608	\$45,458,486	30,054	768	30,822	\$3,058.63
NOVEMBER	\$69,564,712	\$36,020,608	\$33,544,104	30,054	960	31,014	\$2,243.01
DECEMBER	\$69,995,370	\$36,243,603	\$33,751,767	30,054	1,152	31,206	\$2,243.01
JANUARY 2017	\$96,034,865	\$49,726,853	\$46,308,012	30,054	1,344	31,398	\$3,058.63
FEBRUARY	\$70,856,686	\$36,689,592	\$34,167,094	30,054	1,536	31,590	\$2,243.01
MARCH	\$71,287,344	\$36,912,587	\$34,374,757	30,054	1,728	31,782	\$2,243.01
APRIL	\$71,718,002	\$37,135,581	\$34,582,421	30,054	1,920	31,974	\$2,243.01
MAY	\$98,383,893	\$50,943,180	\$47,440,713	30,054	2,112	32,166	\$3,058.63
JUNE	\$72,603,435	\$37,594,059	\$35,009,376	30,054	2,304	32,358	\$2,243.76
Subtotal PROMISe Program Expenditures	\$944,361,457	\$489,518,544	\$454,842,913			31,302	\$2,514.11
Money Follows the Person	\$0	\$1,300,000	(\$1,300,000)				
Personal Assistant Services / Respite Care Overtime Rate	\$4,214,889	\$2,184,893	\$2,029,996				
Subtotal	\$948,576,346	\$493,003,437	\$455,572,909				
<i>FY 2016-2017 PRR/Initiatives</i>							
Community HealthChoices	\$5,085,573	\$2,633,310	\$2,452,263				
Transfer to Tobacco Settlement Fund	(\$83,361,676)	(\$43,164,676)	(\$40,197,000)				
Transfer to Lottery Fund	(\$105,668,000)	\$0	(\$105,668,000)				
Total Program Requirement	\$764,632,243	\$452,472,071	\$312,160,172				

HOME AND COMMUNITY-BASED SERVICES

PROGRAM STATEMENT

The Home and Community-Based Services (HCBS) appropriation provides alternative services to individuals, who are otherwise medically and financially eligible for nursing facility services, when they choose this alternative over institutionalization. Individuals are assessed to determine if they are both medically and financially eligible for Medical Assistance (MA) nursing facility benefits before they can enroll in HCBS.

As the number of people needing both HCBS and nursing homes has grown, the need to realign both the supply of services and the funding that supports them has become increasingly evident. The goal is to offer participants a choice in where they receive long-term living services while providing high-quality care to individuals in a clinically appropriate and cost-effective environment. The following are key components of rebalancing: assist and transition nursing home residents wishing to leave a facility-based care setting in returning to their home or community, align the supply of nursing home beds with need, ensure consumers currently enrolled or qualified for long-term living services meet the established 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 consider 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.

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 2,304 older Pennsylvanians in Fiscal Year 2016 – 2017.

FISCAL YEAR 2016-2017 INITIATIVE – COMMUNITY HEALTHCHOICES

The 2016 Fiscal Year budget provides for the implementation of Community HealthChoices (CHC) to improve health outcomes. The Department of Human Services and the Pennsylvania Department of Aging will continue the combined three-year implementation of a managed long-term services and supports program for older Pennsylvanians and adults with physical disabilities - CHC. This program will ensure that one entity is responsible for coordinating the physical health and long-term services and support needs of participants to improve care coordination and health outcomes while allowing more individuals to live in their community. Community HealthChoices will be implemented in three phases. Phase one will be implemented January 2017, in the Southwest region. Phase two will be implemented January 2018 in the Southeast region. The final phase three will be implemented January 2019 in the Northwest, Lehigh-Capital, and Northeast regions.

Benefits of implementing the CHC program include the following:

- **Enhanced opportunities for community-based living.** Managed long-term services and supports will improve person-centered service planning and, as more community-based living options become available, the ability to honor participant preferences to live and work in the community will expand. Performance incentives built into the program's quality oversight and

payment policies will stimulate a wider and deeper array of home and community-based services options.

- **Strengthened coordination of long-term services and supports and other types of health care, including all Medicare and Medicaid services for dual eligible individuals.** Better coordination of Medicare and Medicaid health services and long-term services and supports will make the system easier to use and will result in better quality of life, health, safety, and well-being.
- **Enhanced quality and accountability.** CHC – managed care organizations will be accountable for outcomes for the target population and responsible for the overall health and long-term support for the whole person. Quality of life and care will be measured and published, giving participants the information they need to make informed decisions.
- **Advance program innovation.** Greater creativity and innovation afforded in the program will help to increase community housing options, enhance the long-term services and supports direct care workforce, expand the use of technology and expand employment among participants who have employment goals.
- **Increase efficiency and effectiveness.** The program will increase the efficiency of health care and long-term services and supports by reducing preventable admissions to hospitals, emergency departments, nursing facilities and other high-cost services and by increasing the use of health promotion, primary care and home and community-based services.

When fully implemented, the CHC will serve an estimated 450,000 individuals, including 130,000 older persons and adults with physical disabilities who are currently receiving long-term services and supports in the community and in nursing facilities. CHC - Managed Care Organizations will be accountable for most Medicaid-covered services, including preventive services, primary and acute care, long-term services and supports (home and community-based services and nursing facilities), prescription drugs, and dental services. Participants who have Medicaid and Medicare coverage (dual eligible participants) will have the option to have their Medicaid and Medicare services coordinated by the same Managed Care Organization.

This initiative builds on the Commonwealth's past success in implementing the country's most extensive network of Programs of All-inclusive Care for the Elderly (called LIFE, Living Independence for the Elderly, in Pennsylvania), which will continue to be an option for eligible persons, and its Home and Community-Based Services waiver programs. It also builds on the Commonwealth's experience with HealthChoices, a statewide managed care delivery system for children and adults. Behavioral health services will continue to be provided through the Behavioral Health Services HealthChoices (Behavioral Health - Managed Care Organizations). CHC - Managed Care Organizations and Behavioral Health - Managed Care Organizations will be required to coordinate services for individuals who participate in both programs.