PREMIUMS AND COST-SHARING FOR FAMILIES OF CHILDREN ENROLLED IN HOME AND COMMUNITY-BASED SERVICES WAIVERS

Report submitted by:

Agency for Health Care Administration

In consultation with:

Agency for Persons with Disabilities

and

Department of Children & Families

As required by s. 409.906(13)(d), Florida Statutes

June 30, 2012

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EXECUTIVE SUMMARY

Section 409.906(13)(d), Florida Statutes, requires the submission of a report by June 30, 2012, addressing the estimated operational cost and the estimated revenues to be collected from the implementation of a premium and cost-sharing system for parents of children served through a Home and Community-Based Services (HCBS) waiver when the adjusted family income is greater than 100% of the Federal Poverty Level. In addition, the statute requires the Agency for Health Care Administration (AHCA) to request federal approval to develop such a system and provides the Department of Children and Families (DCF) authority to collect parental income information. Section 393.0661(7), F.S., requires the Agency for Persons with Disabilities (APD) to collect premiums and cost-sharing pursuant to s. 409.906(13)(d), F.S.

Population

Eight HCBS waivers serve children under age 18 in Florida: the Model Waiver; the Project AIDS Care Waiver; the Familial Dysautonomia Waiver; and the programs for individuals with Developmental Disabilities, including the four tier waivers, and Individual Budgeting (iBudget Florida) Waiver. As of May 1, 2012, these waivers served 3,164 children.

Approaches for Collecting Revenues

There are two main approaches to collecting revenues from parents of children served by HCBS waivers. The first is to collect premiums and/or cost-sharing.[1] The second is to collect "parental fees". A parental fee is a "premium" collected from certain parents with children enrolled in waiver programs. There is no explicit federal authority for parental fees. States which currently collect parental fees established their programs prior to the passage of the Deficit Reduction Act (DRA) and negotiated them individually with the federal government. Since it is unknown whether the Centers for Medicare and Medicaid Services (CMS) would approve a parental fee program, this report will primarily evaluate premiums and cost-sharing as specifically provided for under the DRA.

Federal Requirements

The DRA allows states to make payment of premiums a condition of Medicaid eligibility and payment of cost-sharing a condition of receiving services. In addition, it allows states to vary the premiums and cost-sharing charged based on income, eligibility category, and type of service. However, a premium and cost-sharing system may violate maintenance of effort requirements found in the Patient Protection and Affordable Care Act. The maintenance of effort requirements vary depending on the nature of the waiver, its date of initial approval, its renewal dates, and the specifics of the proposed premium and cost-sharing system. AHCA has been in lengthy correspondence with CMS to determine the specific maintenance of effort requirements for each waiver serving children, with the latest communication received on June 21, 2012. This correspondence is still onging since additional clarifications are needed from CMS.

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[1] A premium is an enrollment fee or similar charge, such as a monthly fee. Cost-sharing may be a deductible, coinsurance or copayment.

- A *deductible* is a specified dollar amount paid for all services rendered during a specific time period (e.g., per month or year) before health insurance (e.g., Medicaid) begins to pay for care.
- *Coinsurance* is a specified percentage of the cost or charge for a specific service rendered.
- A *copayment* is a specified dollar amount for each item or service delivered.

Other key provisions of federal law are the following:

- Federal law specifies populations subject to premiums and cost-sharing. Under federal and state law, some families of children must be exempted from either cost-sharing or premiums, or from both.
- Federal approval of a Medicaid State Plan Amendment is required to implement premium collection and/or cost-sharing. Modifications must be made to the 1915(c) HCBS waivers as well.
- States may use a family's gross income or other alternative way of counting income for purposes of determining the amount of premiums and cost-sharing. The aggregate amount of premiums and cost-sharing for all individuals in the family enrolled in Medicaid cannot exceed 5% of that family's income.
- Any premiums or cost-sharing collected from a family must be proportionately applied to the federal portion of service costs and the state portion of service costs according to the Federal Medical Assistance Percentage (FMAP) applicable for that fiscal year. The Medicaid FMAP for FY 2012-2013 is 57.73 percent. This means 57.73 percent of any revenue collected would be applied to the federal portion of program cost and 42.27 percent of any revenue collected would be applied to the state portion of the program cost.

Projected Costs and Revenues

Implementation costs stem from the need to update information technology systems to maintain data on charges and payments. Costs would also be incurred to collect income information from families and determine their payment amounts, process payments, and address families who are not paying or are claiming hardship. Additional funding for copying, mailing, and other communications expenses is required.

The amount of revenue the state could collect depends on several factors. These include (1) the number of eligible children on the waiver for whom premiums and cost-sharing may be collected; (2) the family incomes of these children; (3) whether the state chooses to assess voluntary premiums exclusively (if allowed by the federal government), cost-sharing exclusively, or both voluntary premiums and cost-sharing; (4) the design of the sliding scale, particularly the maximum percentage of family income that may be charged by income level; (5) the amount of uncollectible fees; and (6) the FMAP in effect.

Analysis

Due to two important issues, the state may not be able to successfully implement a premium and cost-sharing system for children at this time:

- **Limited or negative net revenues:** The children enrolled in HCBS waivers are disproportionately older, with fewer individuals of any age enrolling in the Developmental Disabilities waivers (which serve the vast majority of children enrolled in HCBS waivers) in recent years. The result is that in future years, there will be fewer children who could potentially be subject to premiums or cost-sharing. That, coupled with the other factors listed above, leads to projections indicating that the costs of collection would, in most years, exceed the revenue collected (see Table 1 and Appendix IV). Note that these projections assume that revenues are collected on a sliding scale from families with income at 150% of the Federal Poverty Level and above (perhaps from cost-sharing, or from a voluntary premium); however, these revenues may be difficult to collect, as is explained immediately below.

- **Limitations on collection of revenue due to maintenance of effort requirements:** The May 21, 2012, clarification received from the Centers for Medicare and Medicaid Services specified the conditions under which waivers serving children would not be subject to maintenance of effort requirements in the Patient Protection and Affordable Care Act. The clarification indicated MOE would apply to amendments to the waivers, but MOE would not apply if the waiver were modified at the time of renwal. A further clarification received from CMS on June 21, 2012, indicates waivers which were renewed after March 23, 2010, are not subject to MOE. This means the state may seek approval of an amendment to make premium payments a condition of eligibility for those waivers renewed after March 23, 2010. In the May 21, 2012, clarification, CMS noted that the Individualized Budgeting (iBudget Florida) waiver could be no more restrictive than the waiver from which the individuals are transferring. In light of the June 21, 2012, clarification, this raises questions about whether the iBudget Florida waiver could be amended at or after renewal to require premium payment as a condition of eligibility. Note that the state may impose a cost-sharing system without violating maintenance of effort requirements, but such a system will be more difficult to successfully implement.

Table 1

Projected Revenue for Premium Collection

Fiscal Year	Projected Number of Individuals Subject to Premium Collection/Cost -Sharing	Projected Total Revenues (*After Allowing for Uncollectible Amounts*)	Projected Revenues Applied to Federal Portion	Estimated Revenue after Uncollectibles and Application of Revenue to the Federal Portion of Service Costs	Projected Costs-Non-Recurring	Projected Costs-Recurring	Net Revenues
2013-14	944	$291,622	$168,353	$123,269	$ 76,875	$184,842	($138,448)
2014-15	755	$481,369	$277,894	$203,475	--	$166,104	$37,371
2015-16	589	$346,536	$200,055	$146,481	--	$150,297	($3,816)
2016-17	463	$289,423	$167,084	$122,339	--	$137,812	($15,473)
2017-18	420	$244,249	$141,005	$103,244	--	$127,437	($24,193)
2018-19	397	$237,143	$136,902	$100,240	--	$123,419	($23,179)
2019-20	377	$228,710	$132,034	$96,676	--	$121,081	($24,406)
2020-21	354	$220,007	$127,010	$92,997	--	$119,010	($26,013)

Risks and Challenges of Implementation

Risks and challenges of implementation include:

- Delay in receiving federal approval, or receiving denial;
- Family resistance;
- Provider resistance; and
- Potential increase in rates of institutionalization because in an institutional setting families can receive Medicaid services for their children without paying a premium and/or co-payments.

Conclusion

Thus policymakers face the following questions:

- Depending on the policy goals being pursued, does a premium collection or cost-sharing system make sense in light of the declining number of children under 18 served by waivers, limits on revenue collected, and the costs of implementation?
- If the state chose to pursue a premium collection and cost-sharing system, the questions to be considered are:

- Should the state apply for authority to implement a voluntary premium collection system and/or a cost-sharing system (despite the operational challenges), or both, as allowed under the DRA; or a parental fee approach?
- What should be the design of the sliding fee scale?

If the goal is to collect revenues to fund home and community-based waiver services, due to the limited revenue projected, the agencies do not recommend pursuing a premium collection and cost-sharing system for that purpose.

OVERVIEW

Section 409.906(13)(d), Florida Statutes, requires the Agency for Health Care Administration (AHCA) to request federal approval to develop a system to require payment of premiums or other cost-sharing for parents of children served through a Home and Community-Based Services (HCBS) waiver when the adjusted family income is greater than 100% of the Federal Poverty Level. The statute provides the Department of Children and Families (DCF) authority to collect parental income information. Section 393.0661(7), F.S., requires the Agency for Persons with Disabilities (APD) to collect the premiums and cost-sharing pursuant to s. 409.906(13)(d), F.S.

Additionally, the statute requires the submission of a report by June 30, 2012, addressing the estimated operational cost of implementing the premium and cost-sharing system and the estimated revenues to be collected. This report is submitted to fulfill the requirement in s. 409.906(13), F.S., and discusses these issues further. The report reviews the waivers affected, federal requirements for premium and cost-sharing systems, the estimated revenue, and the projected operational costs of implementation.

Waivers Serving Children

Table 2 depicts the HCBS waivers providing services to children under age 18 in Florida and the number of children enrolled as of May 1, 2012:

Table 2

HCBS Waivers Providing Services to Children

Waiver	Number of Children Enrolled as of May 1, 2012
Developmental Disabilities (Tiers 1-4 and Individual Budgeting)	3,140
Familial Dysautonomia	6
Model	4
Project AIDS Care	14
TOTAL	***3,164***

Note, however, that under state statute and federal law, the families of some children would be exempt from premium collection, cost-sharing, or both, as discussed on page 11, *Populations Subject to Premiums and Cost-Sharing.*

Main Approaches to Collecting Revenues

There are two main approaches to collecting revenues from parents of children served by HCBS waivers. The first is to collect premiums and cost-sharing under the specific authority in Section 1916A of the Social Security Act, known as the Deficit Reduction Act (DRA).

- A premium is an enrollment fee or similar charge, such as a monthly fee.
- Cost-sharing may be a deductible, coinsurance or copayment.
    - A *deductible* is a specified dollar amount paid for all services rendered during a specific time period (e.g., per month or year) before health insurance (e.g., Medicaid) begins to pay for care.
    - *Coinsurance* is a specified percentage of the cost or charge for a specific service rendered.
    - A *copayment* is a specified dollar amount for each item or service delivered.

The second is to collect “parental fees”. A parental fee is a “premium” collected from certain parents with children enrolled in waiver programs. There is no explicit federal authority for the collection of parental fees. States which currently collect parental fees established their programs prior to the DRA’s passage and negotiated them individually with the federal government.[2] It is unknown whether the Centers for Medicare and Medicaid Services (CMS) would approve a parental fee program now that the DRA establishes a specific system for collecting premiums and cost-sharing.[3] In light of these issues, this report will primarily evaluate premiums and cost-sharing as specifically provided for under the DRA.

Issues for Consideration

The factors for evaluating the feasibility of premium collection and cost-sharing include:

- **Ability to meet federal requirements:** For premium collection and cost-sharing, the federal government has outlined specific policy and process requirements that states must meet. These include limitations on which families may be assessed premiums or cost-sharing and the maximum amounts of income which may be charged. Additionally, under the Patient Protection and Affordable Care Act, states are subject to maintenance of effort requirements. Any premium collection or cost-sharing system must meet those requirements, or the state will forfeit federal funding.
- **Potential revenues:** The amount of revenues the state would collect depends on several factors. These include: (1) the number of children enrolled on waivers who are eligible under categories from whom premiums, cost-sharing, or both may be collected; (2) the incomes of the families of these children; (3) whether the state chooses to assess exclusively premiums, exclusively cost-sharing, or both premiums and cost-sharing; (4) the design of the sliding scale, particularly the maximum amount of fees that may be charged by income level; and (5) the amount of uncollectible fees.
- **Application of revenues:** Any premiums or cost-sharing collected from a family would be proportionately applied to the federal portion of service costs and the state portion of service costs according to the Federal Medical Assistance Percentage (FMAP) applicable for that fiscal year.
- **Potential costs:** Costs would be incurred in updating information technology systems to maintain data on family income, charges, and payments and hiring contractors or staff to collect income information from families, determine their payment amounts, process payments, and work with families who are not paying or are claiming hardship. Also, funding would be required for copying, mailing, and other communications expenses.

[2] In 2007, CMS approved a children’s support waiver requested by Illinois that provides for parental fees. Illinois is in the same CMS region with Minnesota, which has collected parental fees since the late 1960’s and has had CMS approval of a parental fee program for over 20 years. Illinois reports that its parental fee system is not yet operational. Also note that the approval of Illinois’ waiver occurred prior to the 2010 passage of the Patient Protection and Affordable Care Act which imposed new maintenance of effort requirements that must be considered in the approval of any new fee programs.

[3] Questions have been presented to CMS about implementing a “parental fee program”. In lieu of a premium which would affect eligibility, Florida is considering pursing collection of a fee from parents based on the family income. The payment or non-payment of the fee would not affect Medicaid eligibility of the child or enrollment in the HCBS waiver. The amount of the fee collected annually would not exceed the Medicaid reimbursements for waiver services (an annual reconciliation would assure this). In addition, the federal share of any fees collected would be returned to CMS. This model is based on research of programs in other states. AHCA staff asked CMS to let us know if there is any conflict with federal law or regulations with this model. In turn, CMS has responded with additional questions about the concept.

FEDERAL REQUIREMENTS FOR PREMIUM COLLECTION AND COST-SHARING

Section 1916A of the Social Security Act added by the Deficit Reduction Act (DRA)[4] provides states with flexibility to increase consumer involvement in health care decisions and save Medicaid funds by requiring patients to contribute to the cost of their care. The law provides two specific payment mechanisms: premiums and cost-sharing.

The DRA allows states to make payment of premiums a condition of Medicaid eligibility and payment of cost-sharing a condition of receiving services, as long as maintenance of effort requirements imposed in other federal laws are met. In addition, it allows states to vary the premiums and cost-sharing charged based on income, eligibility category, and type of service.

Maintenance of Effort Requirements

A primary consideration in implementing a premium collection system is the Maintenance of Effort (MOE) requirement found in Section 1902(gg) of the Social Security Act. With certain exceptions, as a condition of receiving federal Medicaid funding, states must maintain Medicaid eligibility standards, methodologies, and procedures that are no more restrictive than those in effect on March 23, 2010 (the date of enactment of the Patient Protection and Affordable Care Act.) For children, the MOE requirement is in effect until September 30, 2019. Based on August 5, 2011 guidance issued by the Centers of Medicare and Medicaid Services and CMS MOE clarification received as recently as June 21, 2012, regarding Home and Community Based Waiver Premium and Cost Sharing, it is AHCA staff's understanding that MOE does not apply to a 1915 (c) program renewed since March 23, 2010. This means the State may request an amendment to impose premiums if the waiver was renewed after March 23, 2010. For 1915(c) waivers renewed prior to March 23, 2010, MOE does apply, which prohibits the state from instituting a new requirement for premium payment as a condition of Medicaid eligibility. Program modifications that do not directly affect eligibility are not subject to the eligibility MOE requirements until the time of renewal, or thereafter. Program modifications that would not directly affect eligibility include imposition or increase of co-payments or co-insurance with respect to a covered service. These topics are addressed in the CMS State Medicaid Director Letters #09-005 dated August 19, 2009, #11-001 dated February 25, 2011, and #11-009 dated August 5, 2011. In light of the June 21, 2012, clarification that allows the State to amend waivers renewed after March 23, 2010, it is not clear if the Individual Budgeting (iBudget Florida) waiver can be amended to allow for premium collection for children transferring from a waiver that is amended to allow for premium collection and not require premium payment for children transferring from a waiver that was not renewed after March 23, 2010.

Table 3 lists the state's waivers, whether they are subject to MOE under the Patient Protection and Affordable Care Act, and if subject to MOE, the renewal dates at which the state could request to impose premiums.

[4] The federal regulations governing premium collection and cost-sharing under the Deficit Reduction Act are 42 CFR 447.62 through 447.90; these updated regulations were published in the Federal Register on May 28, 2010.

Table 3

HCBS Waivers Serving Children - Subject to Maintenance of Effort (MOE) Requirements

WAIVERS	NOT SUBJECT TO MOE Renewed after March 23, 2010 (Can request amendment to impose premiums as condition of eligibility.)		SUBJECT TO MOE Initiated or renewed prior to March 23, 2010. (Cannot amend to charge premiums until next renewal.)		Initiated after March 23, 2010 (Awaiting CMS MOE clarification.)	NOTES
	Last Renewal Date	Next Renewal Date	Last Renewal Date	Next Renewal Date	Date of Initiation	
Developmental Disabilities Tier 1	N/A	N/A	July 1, 2008	N/A*	N/A	*These individuals are transitioning to iBudget Florida by July 1, 2013.
Developmental Disabilities Tier 4	N/A	N/A	October 1, 2008	N/A*	N/A	*These individuals are transitioning to iBudget Florida by July 1, 2013
Developmental Disabilities Tiers 2 and 3	February 14, 2011	N/A*	N/A	N/A	N/A	*These individuals are transitioning to iBudget Florida by July 1, 2013
Familial Dysautonomia	N/A	N/A	January 1, 2010	January 1, 2015	N/A	
Individual Budgeting (iBudget Florida)	N/A	N/A	N/A	N/A	March 15, 2011	Because of the May 21, 2012 response from CMS which indicated the IBudget Florida waiver cannot be more restrictive than the existing HCBS waiver the individuals are transitioning from, it is unclear whether the iBudget Florida waiver could be amended at or after renewal to require premium payment as a condition of eligibility. AHCA is seeking further clarification.
Model	July 1, 2010	June 30, 2015	N/A	N/A	N/A	
Project AIDS Care	N/A	N/A	January 1, 2010	January 1, 2013	N/A	

Populations Subject to Premiums and Cost-Sharing

Some families of children are exempt from premiums, cost-sharing, or both.

- **Children exempt from both premiums and cost-sharing:** Children who are eligible under any of the Medicaid mandatory coverage groups, in foster care, or eligible for adoption subsidy are exempt from premium collection and cost-sharing provisions. The mandatory coverage groups include:
  - Children in families eligible for low-income assistance (requires income below the temporary cash assistance income limit, approximately 20% of the Federal Poverty Level);
  - Children eligible for Supplemental Security Income, or SSI (requires meeting income limit for SSI, which is approximately 74% of the Federal Poverty Level);
  - Children under the age of six in families with income below 133 percent of the Federal Poverty Level; and,
  - Children from age 6 to 18 in families with income below 100 percent of the Federal Poverty Level.

Additionally, s. 409.906(13)(d), F.S., exempts from any premium collection or cost-sharing those children of families whose adjusted gross income is below 100% of the Federal Poverty Level.

- **Children subject to premiums, cost-sharing, or both:** The DRA allows premiums and cost-sharing for some children in families with income above the Federal Poverty Level, provided the children are not in an exempt category (in other words, they are in the Medicaid Waiver Assistance [MWA] aid category for children who can qualify for Medicaid due to their disability and based on higher income limits):

  - Children in families with family income between 100 and 150 percent of the Federal Poverty Level may not be charged premiums for waiver services without special permission from the federal government. However, they may be charged cost-sharing.
  - Children whose families have income above 150 percent of the Federal Poverty Level may be charged both premiums *and* cost-sharing.

  Note that the aggregate premiums and cost-sharing for any non-exempt family (both families with income between 100% and 150% of Federal Poverty Level and families with income above 150% of Federal Poverty Level) cannot exceed 5% of that family's income without special permission from the federal government. This information is summarized in Table 4 below.

Table 4

Allowable Premiums and Cost-Sharing

Type of Charge	Income up to 150% of the Federal Poverty Level	Income Greater than 150% of the Federal Poverty Level
Premiums	Not allowed	Allowed
Cost-Sharing	Up to 10% of the cost of the service	Up to 20% of the cost of the service
Maximum amount of premiums and cost-sharing for all family members	5% of family's income	5% of family's income

Process for Gaining Federal Approval

Federal approval of a Medicaid State Plan Amendment is required to implement premium collection and/or cost sharing. The State Plan Amendment must include specific information about:

- Which families will be charged premiums or cost-sharing;
- How family income is determined;
- The amounts of the premiums or cost-sharing;
- The mechanisms for collection;
- Any criteria for exempting families from premiums or cost-sharing;
- How the state identifies whether cost-sharing for a specific item or service may be imposed;
- How the state determines whether the provider may require the beneficiary to pay the cost-sharing charge as a condition of receiving the service; and,
- The process by which a family may request a reassessment of the family's income.

The state must also amend the 1915(c) HCBS waivers, to include the premium and cost-sharing provisions.

Determining Family Income

Federal regulations allow states to use a family's gross income or other alternative method of counting income. The state must specify in its State Plan Amendment the methodology used to determine family income, including what disregards (if any) are applied.[5] The DRA allows states to count parental income in determining premiums and cost-sharing, even though it may not be used in eligibility determination.

Five Percent Limit on Aggregate Liability: Requirement for State Tracking and Notification to the Provider and Family

The aggregate amount of premiums and cost-sharing for all individuals in the family enrolled in Medicaid cannot exceed 5% of a family's income. If the system places families at risk of reaching the total aggregate limit for premiums and cost-sharing under Medicaid, the state must develop a mechanism to track incurred premiums and cost-sharing. In addition, the state must have the ability to notify the family and providers when the limit has been reached for that family and services are no longer subject to premiums and cost-sharing requirements.

Impact on Federal Matching Funds

Any premiums or cost-sharing collected from a family would be proportionately applied to the federal portion of service costs and the state portion of service costs according to the FMAP applicable for that fiscal year. The state statute does not indicate the fund to which the state share of the premiums or cost-sharing would be deposited.

Parental Fee Approach

As previously discussed, other states have adopted a parental fee as a method for parents to share in the cost of their children's care. The parental fees in Minnesota and Kansas are similar to premiums. Minnesota's sliding scale features a maximum payment of 13.5% of a family's adjusted gross income (there are several income disregards). Kansas's sliding scale has a maximum payment of about 3% of a family's adjusted gross income. Seeking to institute a parental fee remains an option for Florida; however, approval is uncertain as discussed previously.

[5] A disregard is income deducted from gross income; e.g., the SSI program has a general income disregard of $20.

ESTIMATED COSTS AND TIMEFRAME FOR IMPLEMENTATION

Costs would be incurred in updating information technology systems to maintain data on charges and payments and hiring contractors or staff to collect income information from families, determine their payment amounts, process payments, and address families who are not paying or are claiming hardship. Also, funding would be required for copying, mailing, and other communications expenses.

- **Information technology systems:** The information technology systems which may require updating include the Florida Medicaid Management Information System (FMMIS), administered by AHCA; the FLORIDA eligibility system, managed by DCF; and the Allocation, Budget, and Contracts (ABC) and iBudget Florida systems, maintained by APD. The nature of the changes depends on which elements of the premium collection and cost-sharing system are assigned to specific agencies.

    - If DCF collects income information from families, the FLORIDA system will need reprogramming to collect and store family income information, which is not currently collected for families of individuals in the MWA category who would be subject to premiums, cost-sharing, or both. A data exchange between the FLORIDA system and APD's systems will be needed to provide income information to APD.
    - In the case of cost-sharing, APD's iBudget Florida system will need updating to reflect the varied rates paid to providers based on the cost-sharing to which a family is subject.
    - If cost sharing is implemented, FMMIS will require reprogramming to indicate when a family has reached the limit for collections.
    - APD will need to modify its systems to calculate and manage payments, unless this function is contracted out.
    - If the state is granted permission in the future to require payment of premiums and Medicaid eligibility is terminated due to non-payment of premiums, all systems will need to be able to exchange information about changes in eligibility.

- **Staffing or contractors for collecting income information from families, determining their payment amounts, collecting payments, and addressing non-payment or hardship requests:** These functions could be performed with state employees or outsourced. Conversations with state staff in Minnesota, which collects parental fees, indicate that the collection system requires year-round effort. In the spring after tax returns are filed, income information is collected; payment notices are mailed in early summer; reconciliation of payments against actual charges occurs in the late summer and early fall; communications with families who are failing to pay begin in the fall; and addressing the issues of those who refuse to provide income information, have changes in income, are requesting hardship considerations, or request fair hearings occur throughout the year. Minnesota has a staff of six to manage collections from approximately 8,000 payors. Depending on the number of families of children served by HCBS waivers and the number subject to collection, two to three staff would be needed if all functions are performed in house. Only one additional in-house staff would be needed if most functions were outsourced, since contractors would be performing a portion of the work; the one staff member would manage the contract, lead policy development, address requests for hardship consideration, and generally support the contractor's work.

- **Copying, mailing, and other expenses:** These result from the activities listed above.

Due to the operational challenges presented by cost-sharing (collection of coinsurance, copayments, or deductibles) and federal maintenance of effort requirements, the following analysis presents the costs of a system which involves collecting voluntary premiums exclusively. This assumes the federal government approves such a system. In an effort to minimize the non-recurring costs associated with systems programming, the following analysis is based on a system where APD collects income information rather than DCF. This avoids the need to reprogram the FLORIDA system, but necessary programming can be built into the FLORIDA Replacement System targeted for January 1, 2014. If any of these assumptions were changed, the costs of the system would likely increase significantly (for instance, if the state were granted permission to end eligibility in cases of non-payment of premiums). The estimated costs are summarized in Table 5 and detailed in Appendix IV.

Table 5

Projected Implementation Costs

Contract Out	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Estimated Annual Contract Cost	$125,624	$107,224	$ 91,702	$ 79,441	$ 69,254	$ 65,309	$ 63,013	$ 60,980
State Agency Staff (1 FTE)	$ 56,910	$ 56,910	$ 56,910	$ 56,910	$ 56,910	$ 56,910	$ 56,910	$ 56,910
Estimated Annual Program Costs	$ 2,308	$ 1,970	$ 1,685	$ 1,460	$ 1,273	$ 1,200	$ 1,158	$ 1,120
TOTAL	$184,842	$166,104	$150,297	$137,812	$127,437	$123,419	$121,081	$119,010
In-House	**FY 13-14**	**FY 14-15**	**FY 15-16**	**FY 16-17**	**FY 17-18**	**FY 18-19**	**FY 19-20**	**FY 20-21**
Estimated Annual Contract Cost:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State Agency Staff (3 FTE until FY17-18, when reduces to 2 FTE)	$166,313	$166,313	$166,313	$166,313	$110,341	$110,341	$110,341	$110,341
Estimated Annual Program Costs	$ 28,538	$ 24,358	$ 20,832	$ 18,047	$ 15,733	$ 14,836	$ 14,315	$ 13,853
TOTAL	$194,851	$190,671	$187,146	$184,361	$126,074	$125,177	$124,656	$124,194

Note that under APD's cost allocation methodology, the state non-match and match percentage for any positions would be about 90.5 percent, that is, 90.5 percent State Funds or General Revenue. Besides reprogramming systems, hiring staff or contractors, establishing procedures, and providing for expenses, before the state may collect any premiums or cost-sharing, the agencies involved must request and obtain federal approval, adopt required rules, and obtain families' income information, calculate their payments, and notify them of their payment amounts.

The high-level timeframe for these activities is estimated to be as depicted in Table 6 below. However, timelines may be extended depending on the length of time required for the federal government's approval of the state's application for authority, the nature of the reprogramming of the Information Technology (IT) systems and any challenges to proposed rules.

Table 6

High-Level Implementation Timeline

Time Period	Activities
1st Q FY2012-13	Apply for federal authority; finalize overall system design
2nd Q FY2012-13	Receive federal authority; begin rule promulgation; determine IT system requirements
3rd Q FY2012-13	Reprogram IT systems; arrange for staff/contracts; revise/establish operating procedures; develop materials
4th Q FY2012-13	Reprogram IT systems; train staff and/or begin contractors' work; communicate with families
1st Q FY2013-14	Collect income information from families
2nd Q FY2013-14	Establish payment amounts and notify families
3rd Q FY2013-14	Begin collecting premiums and/or cost-sharing
4th Q FY2013-14	Collect updated income information and recalculate payment amounts for the next fiscal year

ESTIMATED REVENUES TO BE COLLECTED

The amount of revenues the state may collect depends on several factors. These include: (1) the number of eligible children enrolled in waivers for whom premiums and cost-sharing may be collected; (2) the family incomes of these children; (3) whether the state chooses to assess voluntary premiums exclusively (if allowed by the federal government), cost-sharing exclusively, or both voluntary premiums and cost-sharing; (4) the design of the sliding scale, particularly the maximum percentage of family income that may be charged by income level; (5) the amount of uncollectible fees; and (6) the FMAP in effect. These factors are discussed in detail below.

- **Number of children enrolled in waivers who are eligible under categories from which premiums and cost-sharing may be collected:** This number is affected by two issues.
    - The number of children enrolled in waivers. Appendix III displays the number of children by age enrolled in each waiver. The table reveals that most children are in the Developmental Disabilities waivers. It also reveals fewer younger children are enrolled in Developmental Disabilities waivers compared to the number of older children, likely a result of the small numbers of individuals of any age newly enrolling in the Developmental Disabilities waivers in recent years. The result is that, in future years, there will be fewer children who could potentially be subject to premiums and/or cost-sharing.

    - The second issue, discussed earlier, is that federal regulations require the state to exempt the families of children in certain mandatory coverage groups from payment of any premiums or cost-sharing. The result of these regulations is that only children in what is known as “MW A status“ children not eligible for one of the other Medicaid coverages, who are eligible due to their disability and the need for institutional care—are potentially eligible for premium collection, cost-sharing, or both. The number of children determined to be in MW A status as of May 1, 2012, is indicated in the chart presented in Appendix III.
- **The family incomes of these children:** Incomes are dictated by such factors as economic conditions, the choice of career, and the family’s availability for employment, given the demands of caring for a child with a disability. Federal and state law only allow for payments to be required if the family’s income is above 100% of the Federal Poverty Level, which varies based on household size (see Appendix II). Because family income is not considered in determining waiver eligibility for children, this information is not currently collected. However, the agencies were able to access income data for a subset of the families of eligible children, which was used to generate estimates of revenue.
- **Whether the state chooses to assess voluntary premiums exclusively (if allowed by the federal government), cost-sharing exclusively, or both voluntary premiums and cost-sharing:** As discussed previously, under federal law, there are limitations on the types of charges that may be assessed, depending on the family’s income and maintenance of effort requirements. Note that cost-sharing presents significant operational challenges due to the need to calculate individual amounts due by service, the collection by providers, and the determination of adjusted rates. However, since the state may not even request permission to charge premiums to families who are below 150% of the Federal Poverty Level, choosing not to adopt cost-sharing would limit the state’s revenue from such a system.
- **The design of the sliding scale, particularly the maximum amount of income that may be charged by income level:** Federal law limits the amount of premiums and cost-sharing collected to a maximum of 5% of a family’s income.

However, the state law requires a sliding scale, so maximum collection levels would vary by income. Decisions about the percentage payment by income level would affect revenue.

- **The amount of uncollectible revenue:** Some families will not pay the amount owed, therefore some revenue would be uncollectible. The amount of uncollectible revenue would affect the total amount collected. For example, Minnesota has experienced about a 25% uncollectible rate.
- **The application of revenue to costs:** Any premiums or cost-sharing collected from a family would be proportionately applied to the federal portion of service costs and the state portion of service costs according to the FMAP applicable for that fiscal year. The state budgeted blended FMAP rate for fiscal year 2012-13 is 57.73%.

Based on these factors, the agencies have projected revenue, beginning in mid-FY 2013-14, which is when a premium collection and cost-sharing system could begin based on the timeline presented above. A detailed spreadsheet is included as Appendix IV. Revenue was calculated based on actual income data for a sample of families enrolled in the Developmental Disabilities waivers and the portion of recipient children whose families would be eligible for collection. A sliding scale was developed, and the assumptions that collections were based on that scale. The revenue collections are based on charging premiums exclusively and assumed that Medicaid eligibility would not be ended if premiums were unpaid. Assumptions also included a 25% uncollectible rate and continuation of the current FMAP. Additional assumptions are listed on the spreadsheet in Appendix IV.

A summary of estimated revenues, estimated costs of collection, and estimated net proceeds is depicted by year in Table 7.

Table 7

Projected Revenue for Premium Collection

Fiscal Year	Projected Number of Individuals Subject to Premium Collection/Cost -Sharing	Projected Total Revenues (*After Allowing for Uncollectible Amounts*)	Projected Revenues Applied to Federal Portion	Estimated Revenue after Uncollectibles and Application of Revenue to the Federal Portion of Service Costs	Projected Costs-Non-Recurring	Projected Costs-Recurring	Net Revenues
2013-14	944	$291,622	$168,353	$123,269	$ 76,875	$184,842	($138,448)
2014-15	755	$481,369	$277,894	$203,475	--	$166,104	$37,371
2015-16	589	$346,536	$200,055	$146,481	--	$150,297	($3,816)
2016-17	463	$289,423	$167,084	$122,339	--	$137,812	($15,473)
2017-18	420	$244,249	$141,005	$103,244	--	$127,437	($24,193)
2018-19	397	$237,143	$136,902	$100,240	--	$123,419	($23,179)
2019-20	377	$228,710	$132,034	$96,676	--	$121,081	($24,406)
2020-21	354	$220,007	$127,010	$92,997	--	$119,010	($26,013)

STATE IMPLEMENTATION

Risks and challenges of implementation include:

- **Delay in receiving federal approval, or receiving denial:** Federal approval is required for premium collections, cost-sharing, or parental fees. Given the declining number of children served by waivers, the longer the delay, the lower the amount of revenue that would be collected.
- **Family resistance**: Families may perceive that they already bear additional costs due to caring for a child with a disability and may resist (or refuse) payment of premiums or cost-sharing.
- **Provider resistance:** If providers perceive there are increased administrative requirements, they may oppose implementation. Cost-sharing could require additional responsibilities of providers for implementation, since they must determine the amount to be collected prior to providing a service, collect it, and account for it.
- **Potential increased institutionalization:** Since parents may choose an institutional setting, which would not require the payment of fees, charging premiums or cost-sharing may encourage parents to choose an institutional setting for their children at a higher cost to the state rather than waiver services. Note that fees, however, would be only one of many elements that would factor into such a decision.

CONCLUSION

Due to two important issues, the state may not be able to successfully implement a premium and cost-sharing system for children at this time:

- **Limited or negative net revenues:** The children enrolled in HCBS waivers are disproportionately older, with fewer individuals of any age enrolling in the Developmental Disabilities waivers (which serve the vast majority of children enrolled in HCBS waivers) in recent years. The result is that in future years, there will be fewer children who could potentially be subject to premiums or cost-sharing. That, coupled with the other factors detailed earlier in the report, leads to projections indicating that the costs of collection would in most years exceed the revenue collected, as displayed in Table 1 and presented in more detail in Appendix IV. Note that these projections assume that revenues are collected on a sliding scale from families with income at 150% of the Federal Poverty Level and above (perhaps from cost-sharing, or from a voluntary premium).

- **Limitations on collection of revenue due to maintenance of effort requirements:** The May 21, 2012, clarification received from the Centers for Medicare and Medicaid Services specified the conditions under which waivers serving children would not be subject to maintenance of effort requirements in the Patient Protection and Affordable Care Act. The clarification indicated MOE would apply to amendments to the waivers, but MOE would not apply if the waiver were modified at the time of renewal. A further clarification received from CMS on June 21, 2012, indicates waivers which were renewed after March 23, 2010, are not subject to MOE. This means the state may seek approval of an amendment to make premium payments a condition of eligibility for those waivers renewed after March 23, 2010. In the May 21, 2012, clarification, CMS noted that the Individualized Budget (iBudget Florida) waiver could be no more restrictive than the waiver from which the individuals are transferring. In light of the June 21, 2012, clarification, this raises questions about whether the iBudget Florida waiver could be amended at or after renewal to require premium payment as a condition of eligibility. Note that the state may impose a cost-sharing system without violating maintenance of effort requirements, but such a system will be more difficult to successfully implement, as described in more detail below.

Based on the discussion above, policymakers face the following questions:

- Depending on the policy goals that are intended, does a premium collection or cost-sharing system make sense in light of the declining number of children served by waivers, limits on revenues collected, and the costs of implementing a system?
- If the state pursues a premium collection and cost-sharing system, among the questions would be:
    - Should the state apply for authority to implement a voluntary premium collection system (if allowed under maintenance of effort regulations) and/or a cost-sharing system (despite the operational challenges), or both, or a parental fee approach?
    - What charges or level of collections should be assessed by income level?

Given these questions, the need for additional clarification from the federal government about regulations affecting the state's ability to impose a premium and cost-sharing system, and the projected negative net revenues from a premium and cost-sharing system, the state has not yet requested federal approval for such a system.

If the goal is to collect revenues to fund home and community-based services, due to the projected limited net revenues, the agencies do not recommend pursuing a premium collection and cost-sharing system for that purpose.

APPENDIX I

STATE STATUTES REQUIRING PREMIUMS AND COST-SHARING

Section 409.906(13)(d), F.S.:

(13) HOME AND COMMUNITY-BASED SERVICES.—
(d) The agency [Agency for Health Care Administration] shall request federal approval to develop a system to require payment of premiums or other cost sharing by the parents of a child who is being served by a waiver under this subsection if the adjusted household income is greater than 100 percent of the Federal Poverty Level. The amount of the premium or cost sharing shall be calculated using a sliding scale based on the size of the family, the amount of the parent's adjusted gross income, and the federal poverty guidelines. The premium and cost-sharing system developed by the agency shall not adversely affect federal funding to the state. After the agency receives federal approval, the Department of Children and Family Services may collect income information from parents of children who will be affected by this paragraph. The agency shall prepare a report to include the estimated operational cost of implementing the premium and cost-sharing system and the estimated revenues to be collected from parents of children in the waiver program. The report shall be delivered to the President of the Senate and the Speaker of the House of Representatives by June 30, 2012.

Section 393.0661(7), F.S.:

(7) The agency [the Agency for Persons with Disabilities] shall collect premiums or cost sharing pursuant to s. 409.906(13)(d).

APPENDIX II

2012 FEDERAL POVERTY GUIDELINES BY HOUSEHOLD SIZE AND 5% PAYMENT AMOUNTS*

		Persons in Family/ Household	1	2	3	4	5	6	7	8
Percent of Federal Poverty Level	100%	Annual Income	$11,170	$15,130	$19,090	$23,050	$27,010	$30,970	$34,930	$38,890
		5% of Annual Income	$559	$757	$955	$1,153	$1,351	$1,549	$1,747	$1,945
	150%	Annual Income	$16,755	$22,695	$28,635	$34,575	$40,515	$46,455	$52,395	$58,335
		5% of Annual Income	$838	$1,135	$1,432	$1,729	$2,026	$2,323	$2,620	$2,917
	200%	Annual Income	$22,340	$30,260	$38,180	$46,100	$54,020	$61,940	$69,860	$77,780
		5% of Annual Income	$1,117	$1,513	$1,909	$2,305	$2,701	$3,097	$3,493	$3,889
	250%	Annual Income	$27,925	$37,825	$47,725	$57,625	$67,525	$77,425	$87,325	$97,225
		5% of Annual Income	$1,396	$1,891	$2,386	$2,881	$3,376	$3,871	$4,366	$4,861
	300%	Annual Income	$33,510	$45,390	$57,270	$69,150	$81,030	$92,910	$104,790	$116,670
		5% of Annual Income	$1,676	$2,270	$2,864	$3,458	$4,052	$4,646	$5,240	$5,834
	400%	Annual Income	$44,680	$60,520	$76,360	$92,200	$108,040	$123,880	$139,720	$155,560
		5% of Annual Income	$2,234	$3,026	$3,818	$4,610	$5,402	$6,194	$6,986	$7,778
	500%	Annual Income	$55,850	$75,650	$95,450	$115,250	$135,050	$154,850	$174,650	$194,450
		5% of Annual Income	$2,793	$3,783	$4,773	$5,763	$6,753	$7,743	$8,733	$9,723

***Premiums and cost-sharing cannot exceed 5% of a family's adjusted gross income without special permission from the federal government.

APPENDIX III

NUMBER OF CHILDREN ENROLLED IN HOME AND COMMUNITY-BASED SERVICES WAIVERS IN FLORIDA BY AGE AS OF MAY 1, 2012

	Waiver									
	Developmental Disabilities		Familial Dysautonomia		Model		Project AIDS Care			
Age	Total	MWA	Total	MWA	Total	MWA	Total	MWA	**Total**	**Total MWA**
3	0	0	0	0	0	0	0	0	0	0
4	4	3	0	0	0	0	0	0	4	3
5	7	1	0	0	0	0	0	0	7	1
6	13	6	0	0	0	0	0	0	13	6
7	17	9	0	0	0	0	0	0	17	9
8	27	15	0	0	0	0	1	0	28	15
9	58	30	0	0	0	0	0	0	58	30
10	70	40	1	1	0	0	0	0	71	41
11	91	36	0	0	0	0	0	0	91	36
12	194	94	0	0	0	0	0	0	194	94
13	372	200	0	0	0	0	1	0	373	200
14	475	253	0	0	3	3	2	0	480	256
15	576	308	1	1	0	0	2	1	579	310
16	646	339	2	2	0	0	3	1	651	342
17	590	291	2	0	1	1	5	0	596	292
Total	**3,140**	**1,625**	**6**	**4**	**4**	**4**	**14**	**2**	**3,164**	**1,635**

Medicaid Waiver Assistance [MW A] is an aid category for children who qualify for Medicaid due to their disability and is based on higher income limits. Note that some children in the MWA category may have family incomes below 150% of the Federal Poverty Level, which makes them, exempt from premiums.

APPENDIX IV

Estimated Revenues and Costs of Implementation

Premiums and Cost-Sharing - Revenue Projections for 0% to 5% Sliding Scale (1)

Estimated Developmental Disabilities, Familial Dysautonomia (FD), Model, and Project Aids Care (PAC) Waivers Child MWA Population

	Age Under 18 (FY2013-14)		Age Under 18 (FY 2014-15)		Age Under 18 (FY 2015-16)		Age Under 18 (FY 2016-17)		Age Under 18 (FY 2017-18)		Age Under 18 (FY 2018-19)		Age Under 18 (FY 2019-20)		Age Under 18 (FY 2020-21)	
Data Compiled by Fiscal Year for Estimated MWA Child Enrollees Above Federal Poverty Level (FPL):	Estimated Revenues--1/2 Year *(2,3)*	Estimated Number of MWA Child Enrollees Above FPL *(4)*	Estimated Revenues *(2, 3)*	Estimated Number of MWA Child Enrollees Above FPL *(4)*	Estimated Revenues *(2, 3)*	Estimated Number of MWA Child Enrollees Above FPL *(4)*	Estimated Revenues *(2, 3)*	Estimated Number of MWA Child Enrollees Above FPL *(4)*	Estimated Revenues *(2, 3)*	Estimated Number of MWA Child Enrollees Above FPL *(4)*	Estimated Revenues *(2, 3)*	Estimated Number of MWA Child Enrollees Above FPL *(4)*	Estimated Revenues *(2, 3)*	Estimated Number of MWA Child Enrollees Above FPL *(4)*	Estimated Revenues *(2, 3)*	Estimated Number of MWA Child Enrollees Above FPL *(4)*
COST SHARING: Income Sample MWA (DD Waiver) *(5)*	$ -	58	$ -	37	$ -	24	$ -	16	$ -	9	$ -	6	$ -	3	$ -	1
COST SHARING: Remaining MWA Population (DD Waiver)	$ -	180	$ -	112	$ -	65	$ -	36	$ -	20	$ -	14	$ -	6	$ -	2
TOTAL - COST SHARING:	**$ -**	**238**	**$ -**	**149**	**$ -**	**89**	**$ -**	**52**	**$ -**	**29**	**$ -**	**20**	**$ -**	**9**	**$ -**	**3**
PREMIUMS: Income Sample MWA (DD Waiver) *(6)*	$ 88,585	148	$ 136,127	114	$ 73,950	73	$ 47,094	41	$ 21,353	28	$ 13,373	18	$ 6,968	11	$ 3,310	6
PREMIUMS: Remaining Population MWA (DD Waiver)	$ 230,208	407	$ 323,702	285	$ 176,172	174	$ 95,927	81	$ 39,082	48	$ 23,831	28	$ 13,199	20	$ 5,253	8
TOTAL - PREMIUMS:	**$ 318,793**	**555**	**$ 459,829**	**399**	**$ 250,122**	**247**	**$ 143,021**	**122**	**$ 60,435**	**76**	**$ 37,204**	**46**	**$ 20,167**	**31**	**$ 8,563**	**14**
FD/Model/PAC Waivers	**$ 8,994**	9	**$ 7,844**	6	**$ 477**	2	**$ 477**	2	**$ 477**	2	**$ 477**	2	**$ 309**	**1**	**$ -**	0
TOTAL:	**$327,787**	**802**	**$467,673**	**554**	**$250,599**	**338**	**$143,498**	**176**	**$60,912**	**107**	**$37,681**	**68**	**$20,476**	**41**	**$8,563**	**17**
Bring Forward TOTAL Projected Collections:	**$ 327,787**	802	**$ 467,673**	554	**$ 250,599**	338	**$ 143,498**	176	**$ 60,912**	107	**$ 37,681**	68	**$ 20,476**	41	**$ 8,563**	17
ADD - Projected **Cost Sharing** Collections NEW Enrollment - MWA/DD Waiver Children (Cumulative):	**$ -**	39	**$ -**	54	**$ -**	66	**$ -**	76	**$ -**	83	**$ -**	87	**$ -**	89	**$ -**	89
ADD - Projected **Premium** Collections NEW Enrollment - MWA/DD Waiver Children (Cumulative):	**$ 61,042**	103	**$ 170,231**	144	**$ 209,779**	178	**$ 240,730**	204	**$ 263,084**	223	**$ 276,840**	235	**$ 281,998**	239	**$ 281,998**	239
ADD - NEW Enrollment - FD, MODEL, PAC Waivers (Cumulative) *(7)*:	0	0	3,922	3	1,670	7	1,670	7	1,670	7	1,670	7	2,472	8	2,781	9
TOTAL PROJECTED ANNUAL COLLECTIONS/TOTAL PROJECTED ENROLLMENT:	**$388,829**	**944**	**$641,826**	**755**	**$462,048**	**589**	**$385,898**	**463**	**$325,665**	**420**	**$316,190**	**397**	**$304,946**	**377**	**$293,342**	**354**
Percent Increase/Decrease (Compare Annual Collections and Enrollment to previous year):	N/A	N/A	65%	-20%	-28%	-22%	-16%	-21%	-16%	-9%	-3%	-5%	-4%	-5%	-4%	-6%
Estimated Revenue at 75% Collection Rate *(8)*:	$291,622		$481,369		$346,536		$289,423		$244,249		$237,143		$228,710		$220,007	
Application of Revenue to the Federal Portion of Service Costs Based on FMAP	$168,353		$277,894		$200,055		$167,084		$141,005		$136,902		$132,034		$127,010	
Estimated Revenue after Uncollectibles and Application of Revenue to the Federal Portion of Service Costs *(9)*:	**$123,269**		**$203,475**		**$146,481**		**$122,339**		**$103,244**		**$100,240**		**$96,676**		**$92,997**	
Estimated Cost of Collections (recurring) *(11)*:	($184,842)		($166,104)		($150,297)		($137,812)		($127,437)		($123,419)		($121,081)		($119,010)	
Estimated Cost of Collections (non-recurring) *(10)*:	($76,875)		$0		$0		$0		$0		$0		$0		$0	
Total Estimated Cost of Colletions (recurring & non-recurring)	**($261,717)**		**($166,104)**		**($150,297)**		**($137,812)**		**($127,437)**		**($123,419)**		**($121,081)**		**($119,010)**	
NET REVENUE/DEFICIT	**($138,448)**		**$37,371**		**($3,816)**		**($15,473)**		**($24,193)**		**($23,179)**		**($24,406)**		**($26,013)**	

(1) Collection of premiums and cost-sharing under the 2005 federal Deficit Reduction Act is capped to no more than 5% of a family's adjusted gross income. Collections through an alternative means (parental fees) may exceed that cap, but approval of such a program by the federal government is uncertain.

(2) Estimated MWA Child Population used in this analysis based on numbers derived during Fiscal Year 2011-2012.

(3) Revenues based on a sliding scale up to 5% (the maximum amount of a family's income that can be charged in premiums and/or cost sharing in most cases based on federal regulations). The following sliding scale was used: 0% to 100% = 0%; 101% to 175% = 0.5%; 176% to 275% = 1%; 276% to 375% = 2%; 376% to 475% = 3%; 476% to 575% = 4%; 576% and Above = 5%. Projections assume no growth in incomes.

(4) Assumes Federal Maintenance of Effort (MOE) requirements under the Patient Protection and Affordable Health Care Act allow voluntary premiums.

(5) The law prohibits charging premiums or other cost-sharing to families under 100% of poverty level, or to individuals who are in mandatory coverage groups. Individuals enrolled in the MWA category are not a mandatory coverage group.

(6) Income sample is from families who had applied for Florida KidCare and reported income as part of that process. KidCare requires submission of data on gross income, not adjusted gross income (AGI).

(7) Assumed that new enrollees are added as current enrollees age out.

(8) Minnesota, which operates a parental fee program, experiences an uncollectible rate of about 25%.

(9) Projections based on current blended FMAP federal share of 57.73%. This rate will change in the future.

(10) Recurring costs include staff and contractors to implement the program. Please see Appendix V for details.

(11) Non-recurring costs include re-programming of IT systems to collect information about family income and track payments.

(12) If current enrollment trends continue, the number of enrollees under 18 will stabilize around 2020. Currently, only a small number individuals under age 18 are joining the DD waiver, and only if they are in crisis or are foster children.

***Note: Projected cost sharing/premium collections for new enrollment are calculated based on the averaged results of the cost sharing and premium collections for the MWA/DD population above FPL.**

Estimated Cost - Parental Premium - Recurring Contractual and Staff Costs

CONTRACT OUT			FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Projected Total Number of Children Enrolled in Waivers			3,471	2,962	2,533	2,194	1,913	1,804	1,741	1,685
Projected Total Number of Families with Premiums			923	788	674	584	509	480	463	448
Contract (1)			26.59%	26.60%	26.61%	26.62%	26.61%	26.61%	26.59%	26.59%
Type of Cost	**Per Unit**	**Calculation**								
Application:	**$20.00**	*times # children enrolled in waivers*	$69,420	$59,240	$50,660	$43,880	$38,260	$36,080	$34,820	$33,700
Monthly processing fee:	**$4.95**	*times # families w/premiums x 12*	$54,826	$46,807	$40,036	$34,690	$30,235	$28,512	$27,502	$26,611
Per item fee:	**$0.1244**	*times # families w/premiums x 12*	$1,378	$1,176	$1,006	$872	$760	$717	$691	$669
Estimated Annual Contract Cost:			**$125,624**	**$107,224**	**$91,702**	**$79,441**	**$69,254**	**$65,309**	**$63,013**	**$60,980**
Staff (2)										
Agency	**# of Staff**	**Division**								
APD	**1**	*Administrative Services*	$56,910	$56,910	$56,910	$56,910	$56,910	$56,910	$56,910	$56,910
PROGRAM OPERATION COSTS										
Application Packets/Postage (1 mailout):			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Notice of Premiums/Follow-ups (4 mailouts):			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Additional Communication Costs(3):			$2,308	$1,970	$1,685	$1,460	$1,273	$1,200	$1,158	$1,120
Copying/Printing Other Documents:			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Estimated Annual Staff & Operation Costs:			**$59,218**	**$58,880**	**$58,595**	**$58,370**	**$58,183**	**$58,110**	**$58,068**	**$58,030**
TOTAL - CONTRACT OUT:			**$184,842**	**$166,104**	**$150,297**	**$137,812**	**$127,437**	**$123,419**	**$121,081**	**$119,010**

IN HOUSE			FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Projected Total Number of Children Enrolled in Waivers			3,471	2,962	2,533	2,194	1,913	1,804	1,741	1,685
Projected Total Number of Families with Premiums			923	788	674	584	509	480	463	448
Staff (2)										
Agency	**# of Staff**	**Division**	** Staff are reduced from 3 to 2 positions as number of children eligible for collection declines.*							
APD	**3**	*1 Operations/ 2 Revenue**	$166,313	$166,313	$166,313	$166,313	$110,981	$110,981	$110,981	$110,981
PROGRAM OPERATION COSTS (4)										
Application Packets/Postage (1 mailout)(4):	***$4.10***	*times # children enrolled in waivers*	$14,231	$12,144	$10,385	$8,995	$7,843	$7,396	$7,138	$6,909
Notice of Premiums/Follow-ups (4 mailouts)(5):	***$2.50***	*times # families with premiums x 4*	$9,230	$7,880	$6,740	$5,840	$5,090	$4,800	$4,630	$4,480
Additional Communication Costs(5):	***$2.50***	*times 50% of families with premiums x 2 mailouts*	$2,308	$1,970	$1,685	$1,460	$1,273	$1,200	$1,158	$1,120
Copying/Printing Other Documents(6):	***$1.00***	*times # families with premiums x 3*	$2,769	$2,364	$2,022	$1,752	$1,527	$1,440	$1,389	$1,344
Estimated Annual Staff & Operation Costs:			**$194,851**	**$190,671**	**$187,146**	**$184,361**	**$126,713**	**$125,817**	**$125,295**	**$124,833**
TOTAL - IN HOUSE (7)			**$194,851**	**$190,671**	**$187,146**	**$184,361**	**$126,713**	**$125,817**	**$125,295**	**$124,833**

(1) Based on KidCare contract costs.
(2) See staff detail spreadsheet for class titles, salaries, and other personnel-related costs.
(3) For instance, this may include correspondence with families who have unusual issues or claiming hardship. Estimated as described in (4).
(4) Estimated based on $0.10/page, mailings averaging 20 pages, $0.20/envelope, at about 6 oz. mailing rate for an envelope (about $1.90).
(5) Estimated based on $0.10/page, mailings averaging 10 pages, $0.20/envelope, at about 3 oz. mailing rate for an envelope (about $1.30)
(6) Calculated at 10 pages times $0.10/page.
(7) In-house costs do not include estimates for contracting out operational activities.

**NOTE: Projected total number of families with premiums is calculated against current projected enrollment, based on average percentages from the revenue/costs impact study.*

Select Positions/Classifications for Parental Premium Collections Unit

Staff for In-House Operations

							BASE +10% Salaries + Est. Benefits*					
									FY13-14 through FY16-17		FY17-18 through FY20-21	
CLASS TITLE	APD Division	PG	General Description (paraphrased from DMS Classification Data)	Biweekly Min	Biweekly Max	Biweekly +10%	Annual Salary (Base + 10%)	Est. Benefit Package	TOTAL	TOTAL GR ASSUMING 9.5% Federal Match	TOTAL	TOTAL GR ASSUMING 9.5% Federal Match
Government Analyst I	Operations	22	Professional work providing management services to improve management capabilities and operational procedures.	$ 1,402.60	$ 2,399.88	$ 1,542.86	$ 40,114.36	$ 16,045.74	$ 56,160.10	$ 50,824.89	$ -	$ -
Government Operations Consultant II	Admin/ Revenue	23	Independent and complex administrative and consultative work providing technical, operational and management coordination.	$ 1,486.92	$ 2,569.84	$ 1,635.61	$ 42,525.91	$ 17,010.36	$ 59,536.28	$ 53,880.33	$ 59,536.28	$ 53,880.33
Government Operations Consultant I	Admin/ Revenue	21	Administrative and consultative work providing assistance and resolution of technical, operational and management issues.	$ 1,326.98	$ 2,248.95	$ 1,459.68	$ 37,951.63	$ 15,180.65	$ 53,132.28	$ 48,084.71	$ 53,132.28	$ 48,084.71
							TOTAL PERSONNEL COSTS:		$ 168,828.66	$ 152,789.94	$ 112,668.56	$ 101,965.04

OTHER COSTS	(Per Employee)	AMOUNT	GR AMOUNT Assuming 9.5% Federal Match	AMOUNT	GR AMOUNT Assuming 9.5% Federal Match
Expenses (1)	$ 3,500.00	$ 10,500.00	$ 9,502.50	$ 7,000.00	$ 6,335.00
OCO (2)	$ 1,000.00	$ 3,000.00	$ 3,000.00	$ 2,000.00	$ 2,000.00
HR Assessmt.	$ 376.00	$ 1,128.00	$ 1,020.84	$ 752.00	$ 680.56
TOTAL OTHER COSTS:		$ 14,628.00	$ 13,523.34	$ 9,752.00	$ 9,015.56
TOTAL In-House:		$ 183,456.66	$ 166,313.28	$ 122,420.56	$ 110,980.60

Limited Staff for Oversight/Contract

							BASE +10% Salaries + Est. Benefits			
									FY13-14 through FY20-21	
CLASS TITLE	APD Division	PG	General Description (paraphrased from DMS Classification Data)	Biweekly Min	Biweekly Max	Biweekly +10%	Annual Salary (Base + 10%)	Est. Benefit Package	TOTAL	TOTAL GR ASSUMING 9.5% Federal Match
Government Operations Consultant I	Admin/ Revenue	21	Administrative and consultative work providing assistance and resolution of technical, operational and management issues.	$ 1,326.98	$ 2,248.95	$ 1,459.68	$ 37,951.63	$ 15,180.65	$ 53,132.28	$ 48,084.71
							TOTAL PERSONNEL COSTS:		$ 53,132.28	$ 48,084.71

*Of the total salary, benefit and expense amounts, 19% would be applicable to the Medicaid Administrative grant which woud receive a 50/50, (State/Federal) split.

(1) Expenses cover office supplies, computer, telephones (desktop and cell), collocated costs such as lease, copying, etc. This estimate does not cover mailouts, operating materials or IT expenses.

(2) OCO is generally not eligible for federal match.

OTHER COSTS	(Per Employee)	AMOUNT	GR AMOUNT Assuming 9.5% Federal Match
Expenses (1)	$ 3,500.00	$ 7,000.00	$ 6,335.00
OCO (2)	$ 1,000.00	$ 2,000.00	$ 2,000.00
HR Assessmt.	$ 376.00	$ 752.00	$ 680.56
TOTAL OTHER COSTS:		$ 9,752.00	$ 8,825.56
TOTAL Contract Oversight:		$ 62,884.28	$ 56,910.27