

AGING & PEOPLE WITH DISABILITIES

LIVE-IN SERVICE OPTION

Background

Numerous parties requested various statistics around APD's live-in service option. Among others, the questions include:

- How much did the cost of the live-in service option increase?
- How much are the individuals' services costing when they are transitioned out of the live-in service option into hourly services?
- What are the savings APD has generated thus far from its live-in transition efforts?
- How much additional could be saved under various scenarios?

As with most things, the answers are complicated. Small changes in details/assumptions have big impacts on how a specific question is answered. This paper intends to provide high-level answers to the most frequently asked questions.

Other Key Facts

The information below is intended to provide answers to the most frequently asked questions on relevant statistics in the live-in service option.

- In July 2015, APD was serving 1,987 individuals in the live-in service option.
- In May 2016, APD was serving 711 (64% decrease) individuals in the live-in service option.
- In December 2015, live-in cases were averaging \$4,013.52 per month (fully loaded including taxes, benefits and other costs).
- In January 2016, live-in costs increased to \$6,869.35 (+71.1%) due to implementation of new DOL Fair Labor Standards Act (FLSA) regulations.
- We performed additional analysis to generate overtime costs at the Homecare Worker level. We determined, using actual claims data, that an average overtime inflation factor of 127.63% should be applied to average live-in costs.

- This brings the likely January 2016 live-in cost to \$8,503.84, 112% higher than the December 2015 levels.
- We have performed analysis of individuals who were transitioned from the live-in service option to the hourly service option during the months of September 2015-April 2016.
- As of May 2016, the average remaining live-in consumer was receiving 486.2 hours at a cost of \$8,328.22 (with OT applied). For individuals that have transitioned to the hourly service option, they were receiving an average of 165.46(-66%) hours at a cost of \$3,134.68 (-62%).

Spring 2016 Caseload

In spring 2016, DHS’ Office of Forecasting, Research and Analysis began to see the effects of policy changes APD was implementing in live-in service option. The live-in caseload forecast was adjusted to 1,474 individuals for 2015-2017 and 1,048 individuals for 2017-2019. The total need, which includes those who had already transitioned to the hourly service option, is illustrated in the table below. In other words, it includes not only the direct costs of the live-in service option as well as the cost of individuals who had transitioned into the hourly service option.

	2015-17 Biennium	2017-19 Biennium
Biennial Forecasted Caseload	1,474	1,048
Total Fund Cost	\$300,747,711	\$294,792,555
General Fund Cost	\$93,231,790	\$91,385,692

Fiscal #1- Existing APD Policies

Due to the cost and concerns about long-term sustainability, APD aggressively reduced the live-in caseload (even more quickly than the spring forecast) to ensure that only individuals with the highest need, were approved. As a result, the live-in caseload decreased dramatically resulting in a biennial average of 871 individuals in 2015-2017. Without further policy changes and a traditional 3%

monthly attrition rate, we estimate the biennial average live-in caseload for 2017-2019 will be 235 individuals. Again, while not specifically reflected in the caseload figures, the cost includes individuals transitioned to the hourly service option.

The following table illustrates those effects:

	2015-17 Biennium	2017-19 Biennium
Estimated Biennial Average Caseload	871	235
Total Fund Cost	\$206,742,126	\$173,811,662
General Fund Cost	\$64,090,059	\$53,881,615

→ APD's management of these services has resulted in projected savings of \$29.1M GF in the 15-17 biennium and \$37.5M GF in the 17-19 biennium.

Fiscal #2- Twelve-month wind-down beginning January 1, 2017

APD was asked to price the impact of a 12-month wind-down of the live-in service option beginning January 1, 2017. This builds upon the assumptions in **Fiscal #1**. Again, while not reflected in the caseload number of the chart, the cost includes the individuals transitioned to the hourly program.

The following table illustrates those effects:

	2015-17 Biennium	2017-19 Biennium
Estimated Biennial Average Caseload	858	28
Total Fund Cost	\$205,499,040	\$148,473,774
General Fund Cost	\$63,704,702	\$46,026,870

→ By winding down this service option over this 12-month period, an additional \$385K GF in 15-17 and \$7.8M GF in 17-19 is saved.

Fiscal #3- Six-month wind-down beginning January 1, 2017

APD was asked to price the impact of a 6-month wind-down of the live-in service option beginning January 1, 2017. Again, while not reflected in the caseload number of the chart, the cost includes the individuals transitioned to the hourly program.

The following table illustrates those effects:

	2015-17 Biennium	2017-19 Biennium
Estimated Biennial Average Caseload	836	0
Total Fund Cost	\$203,520,073	\$144,446,778
General Fund Cost	\$63,091,222	\$44,778,501

→ By winding down this service option over this 6-month period, an additional \$1M GF in 15-17 and \$9.1M GF in 17-19 is saved. This option saves a total of \$30,140,568 in 15-17 and \$46,607,191 in 17-19.

Disclaimer:

The data and figures provided in this paper are a mix of actual hard data and reasonable estimates. APD has confidence in the overall accuracy of the estimate but deviations are certain to occur as actual experience will differ slightly from assumptions.

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