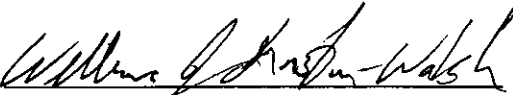
 <b>COMMONWEALTH OF PENNSYLVANIA</b> <b>DEPARTMENT OF AGING</b> <b>Harrisburg, PA 17101</b>	<b>PENNSYLVANIA DEPARTMENT OF AGING</b>	
	<b>1. File Number:</b>  APD # 07-01-06	<b>2. Disposition:</b>  Replaces APD#03-01-03
	<b>3. Issuance Date:</b>  August 28, 2007	<b>4. Effective Date:</b>  August 28, 2007
	<b>5. Program Area: OPTIONS</b>	
	<b>6. Origin:</b>  Bureau of Home & Community Based Services	<b>7. Contact:</b> Quality & Compliance Division (717) 772-0204

**AGING PROGRAM DIRECTIVE**

**SUBJECT: INCREASE IN CURRENT SERVICE PLAN COST CAP FOR OPTIONS**

**TO:** EXECUTIVE STAFF  
 AREA AGENCY ON AGING DIRECTORS  
 PENNSYLVANIA ASSOCIATION  
 OF AREA AGENCIES ON AGING

**FROM:**   
 William Johnston-Walsh  
 Deputy Secretary  
 Pennsylvania Department of Aging

**PURPOSE:** The purpose of this Aging Program Directive is to set forth the new rate for the individual cost capitation for OPTIONS consumers.

**BACKGROUND:** A workgroup comprised of Pennsylvania Department of Aging (PDA, Department of Public Welfare (DPW) and Area Agency on Aging (AAA) staff has been meeting on a bi-weekly basis since October 2006, to clearly, define and update issues pertinent to Chapter Two (Care Management) of the Home and Community Based Services Procedures Manual. Part of Chapter Two addresses cost capitation for consumers who are Nursing Facility Ineligible (NFI) and Nursing Facility Clinically Eligible (NFCE). This pertains only to OPTIONS and does not include Medicaid Funded PDA Waiver, Home Delivered Meals, Assessments, Care Management, Family Caregiver Support Program (FCSP) and Protective Services (PS). This workgroup has put forth the recommendation that PDA consider raising the OPTIONS cost cap to keep in pace with inflation that has occurred since the implementation of cost sharing in 2003.

Since the inception of APD #03-01-03, there have been no increases in the monthly service plan cost cap which is currently \$625.00. This cost cap can be exceeded with appropriate justification and approval from the Department. Cost sharing at 50% of the service plan is applied to any service plan that exceeds \$625.00.

In evaluating the needs of this population, it has become evident that they are becoming a more medically compromised group due to many reasons, primarily due to people living longer and therefore living with more progressive and debilitating illnesses such as arthritis, osteoporosis, Alzheimer's Disease and a steady decline in Chronic Heart Failure (CHF) and Chronic Obstructive Pulmonary Disease (COPD). Premature hospital discharges have also played a significant part in regard to this issue.

**CONTENT:**

It is understood that AAAs have funding issues, however, in fairness to consumers, the cap must also reflect the cost of living increases in the past four years. AAAs who have the means to increase when the consumer's needs are increasing should be able to do so. Many AAAs have utilized the Cost of Living Allowance (COLA) as a means of increasing Provider rates resulting in lesser service to the consumers. Every time there is an increase in the cost of service due to increase in health care costs (such as workers' salary), because of the cap there will be a corresponding decrease in consumers' care plans or an increase in the consumers' cost share.

<u>COLA/Year</u>	<u>Previous Year Cap</u>		<u>COLA</u>		<u>CAP Increase</u>
1.4% for 2003	\$625.00	+	1.40%	=	\$633.75
2.1% for 2004	\$633.75	+	2.1%0	=	\$647.06
2.7% for 2005	\$647.06	+	2.7%0	=	\$664.53
4.1% for 2006	\$664.53	+	4.10%	=	\$691.78
3.3%for 2007	\$691.78	+	3.30%	=	<b><u>\$714.60</u></b>

Keeping in pace with inflation will provide OPTIONS consumers the opportunity to maintain the original level of service without having to pay an increase in cost share when the cost of the care plan is increased due to inflation rather than an increase in service. It is expected that this increase will not be automatic increase for all OPTIONS consumers, however lessen the burden for consumers that are near the cost cap.

Effective the date of issuance of this Directive, the cost capitation for OPTIONS consumers for the program year 2007-08 will be increased to \$714.60 per month.

It should be noted that any time the service plan cap is exceeded due to an increase in consumers' needs, the service plan request must be approved locally and must be discussed and reviewed with the Quality and Compliance Specialist before implementation.