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| LOCAL COMMISSIONERS MEMORANDUM |  
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DSS-4037EL (Rev. 9/89)

Transmittal No: 93 LCM-57

Date: June 1, 1993

Division: Health and Long  
Term Care

TO: Local District Commissioners

SUBJECT: Chapter 59 of the Laws of 1993: Personal Emergency Response  
Services (PERS) and Shared Aide Cost Savings Targets

ATTACHMENTS: Attachment A: Example of Cost Savings Target Calculation  
(Available On-Line)

The purpose of this transmittal is to advise you of the formula developed in compliance with Chapter 59 of the Laws of 1993 for assigning each social services district a cost savings target to be achieved through the implementation of PERS and shared aide. Chapter 59 of the Laws of 1993 requires the Department to develop State share cost savings targets for PERS and shared aide services for each social services district for State fiscal year 1993-94. The statewide target is \$27 million State share. In accordance with the statute, the Department consulted with commissioners of the social services districts and their representatives concerning the methods to be employed in determining the district-specific targets and the factors utilized in establishing the targets. As required by the statute, these factors include:

- a. the district's plans, current caseload and caseload profiles;
- b. proportion of historical expenditures for each district for personal care and home health services; and
- c. status of current PERS and shared aide program implementation plans.

The factors identified by the legislation to be taken into consideration in allocating PERS and shared aide savings were grouped into two broad categories:

- a) historical costs and size of the personal care and home health care programs, and;
- b) potential efficiency gains from PERS and shared aide.

A number of elements in the two broad categories were considered in developing the allocation formula.

1. The elements of the first category (historical costs and size) were:

- a) Each district's percentage share of total statewide personal care expenditures for calendar year 1992. (Attachment A, Line A2)
- b) Each district's percentage share of the total statewide number of personal care recipients for whom the expenditures in a) were paid. (Attachment A, Line A4)
- c) Each district's percentage share of the total statewide personal care hours utilized during Federal Fiscal Year 1991. (Attachment A, Line A6)
- d) Each district's percentage share of total statewide home health care expenditures for calendar year 1992. (Attachment A, Line A8)
- e) Each district's percentage share of the total statewide number of home health care recipients for whom the expenditures in d) were paid. (Attachment A, Line A10)

The average of these five elements represents the relative size of the personal care and home health care programs of each district. The final savings target is proportional to this average after an adjustment was made for potential efficiency gains from PERS and shared aide.

2. The second broad category in determining the savings allocation was the potential efficiency gain from PERS and shared aide. Since there is no statewide data on potential client participation and the anticipated reduction in hours of service, a composite efficiency score was developed using information about district PERS and shared aide activities and average personal care hours per client per month. The elements were scored as follows:

Element	Score
a) Presence of a PERS plan	.5 (Attachment A, Line B1)
b) Absence of a PERS plan	1.0
c) Presence of a PERS rate	.5 (Attachment A, Line B2)
d) Absence of a PERS rate	1.0
e) Presence of a shared aide plan or exemption	.5 (Attachment A, Line B3)
f) Absence of a shared aide plan or exemption	1.0
d) average personal care hours/recipient/month	0 to 3 (Attachment A, Line B4 and B5)

Hours/recipient/month	Score
>121	3
78-121	2
50-77	1
<50	0

For each district, the element was scored depending on the average hours of service per recipient per month and whether the district had submitted the required plan and rates and a composite score was developed.

3. Relative personal care and home health care program size determined in 1) was multiplied by the composite efficiency score determined in 2) to obtain the district's factor of proportionality to total target. (Attachment A, Part C)
4. The relative factor of proportionality was obtained by dividing the district factor of proportionality to total of all factors. (Attachment A, Part D)
5. The total cost savings target of \$26.9 million State share was multiplied by each district's relative factor of proportionality to obtain that district's specific cost savings target. (Attachment A, Part E)

An example of the calculation of the target is contained as Attachment A to this LCM.

Districts will be individually notified of their targets. Any district desiring a more detailed explanation of the allocation formula should contact Mr. Richard Alexander at the number listed in the contacts section of this transmittal.

Districts which fail to develop and implement PERS and/or shared aide plans and do not achieve targeted savings will be subject to the Department's interception of audit recoveries in an amount sufficient to reimburse the State for the difference between the State share of savings actually achieved by the district and 50 percent of the district's State share cost savings target. For example, if a district's share of the \$27 million statewide target was \$500,000 State share and actual district savings totalled \$200,000, the district would be fiscally liable for the difference between the actual savings and fifty percent of its share of the statewide target (\$250,000), or \$50,000. If a county's actual savings exceeded the fifty percent level, no financial liability would remain for a district's failure to realize its total savings target.

In determining if a district has met its assigned target, the following will be considered:

- a. Savings will be considered for both personal care and home health services so long as they are the result of the use of PERS and/or shared aide.
- b. The time period for calculating savings began 4/1/93.

In order to ensure the timely determination of cost savings resulting from this action, it may be necessary for districts to provide additional information to the Department. A transmittal on reporting requirements will be issued separately. In the interim, districts may wish to investigate the availability of information concerning the use of PERS and shared aide services by recipients of home health agency recipients. Districts are reminded that transmittal 92 ADM-4, Development and Implementation of Shared Aide Programs, contains specific reporting requirements for reporting on the provision of shared aide services.

On or before March 1, 1994, the Department will notify districts of the progress made toward reaching their district-specific targets. This report will include information on the amount of any intercepted funds or payments of recoveries to the state general fund which may occur as a result of the district failing to meet the target. Any district which believes that the potential intercept or payment is incorrect may request the commissioner to review the intercept or payment determination by filing a written request for the review with the commissioner within ten days of receipt of the report. If the review indicates that substantial progress towards meeting the target has been made or that the amount of the intercept or payment was incorrect, repayment will be authorized. In accordance with the statute, such repayment, where required, shall be made no later than June 30, 1994.

Date: June 1, 1992

Trans. No. 93 LCM-57

Page No. 5

Questions concerning this transmittal should be directed to Mr. Richard Alexander at 1-800-342-3715, extension 3-5506, or directly at (518) 473-5506. Questions concerning PERS should be directed to Mr. Donald Dwyer at 1-800-342-3715, extension 3-5616, or directly at (518) 473-5616. Questions concerning shared aide services should be directed to Mr. Frederick Waite at 1-800-342-3715, extension 3-5490, or directly at (518) 473-5490.

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Gregory M. Kaladjian  
Acting Commissioner

Example of Cost Savings Target Calculation

Part A - Average Size of home care services program (personal care and home health agency services combined).

Factors	Statewide	County A.
1. Total PCS Dollars	\$1,382,218,066	\$1,819,423
2. % of Statewide Total PCS dollars	100%	0.13%
3. Total PCS Recipients	86,761	335
4. % of Statewide Total PCS Recipients	100%	0.39%
5. Estimated Total PCS Hours	146,162,914	234,818
6. % of Statewide Total Estimated PCS Hours	100%	0.16%
7. Total Home Health Agency (HHA) Dollars	\$377,136,739	\$636,605
8. % of Statewide Total HHA Dollars	100%	0.17%
9. Total HHA Recipients	89,776	425
10. % of Statewide Total	100%	0.47%
11. Average Size	100%	0.26%

The average size of the district's home care services program is derived by averaging the percents found in lines 2, 4, 6, 8, and 10.

Part B. - Calculation of Potential Efficiency Gain.

Factors	County A.
1. Presence/Absence of a PERS plan	0.5
2. Presence/Absence of a PERS rate	0.5
3. Presence/Absence of a shared aide plan or exemption	0.5
4. Average PCS hours/recipient/month	58.41 hrs/mo.
5. Average PCS hours/recipient/month converted to a score (0-3)	1.00
6. Composite efficiency score	2.5

Lines 1, 2, 3, and 5 are added to obtain a composite efficiency score. Scores may range from 1.5 to 6.

Part C. - Factor of Proportionality to Total Assessment

The factor of proportionality to total assessment is obtained by multiplying the average size of the program found in Part A, line 11 by the composite efficiency score found in Part B, line 6. For County A this computation is as follows;

$$0.26\% \times 2.5 = .00650$$

Part D. - Relative Factor of Proportionality

The relative factor of proportionality is obtained by dividing the individual district factor of proportionality by the sum of all district factors of proportionality statewide.. The sum of all district factors of proportionality statewide is 4.21289. The computation for County A. is as follows;

$$.00650/4.21289 = .0016 = .16\%$$

Part E. - Cost Savings Target

The cost savings target for a district is obtained by multiplying the Statewide cost savings target by the district specific relative factor of proportionality. For County A. this computation is as follows;

$$\$26,900,000 \times .16\% = \$42,161$$