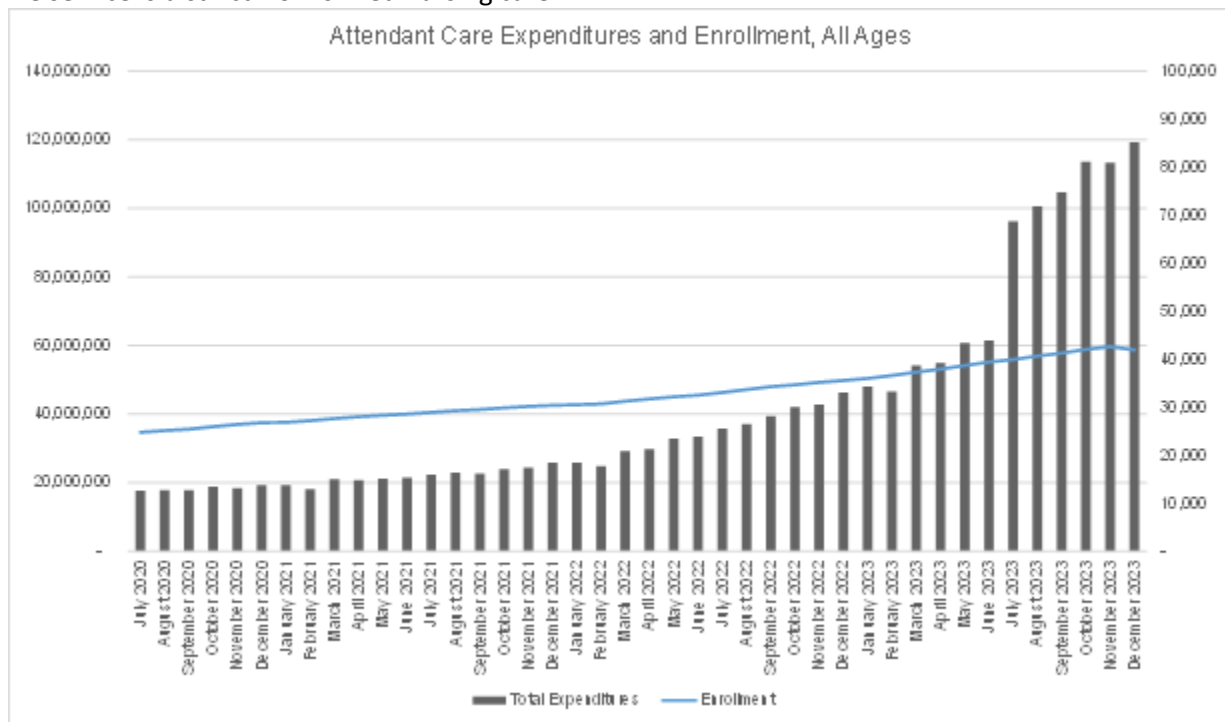


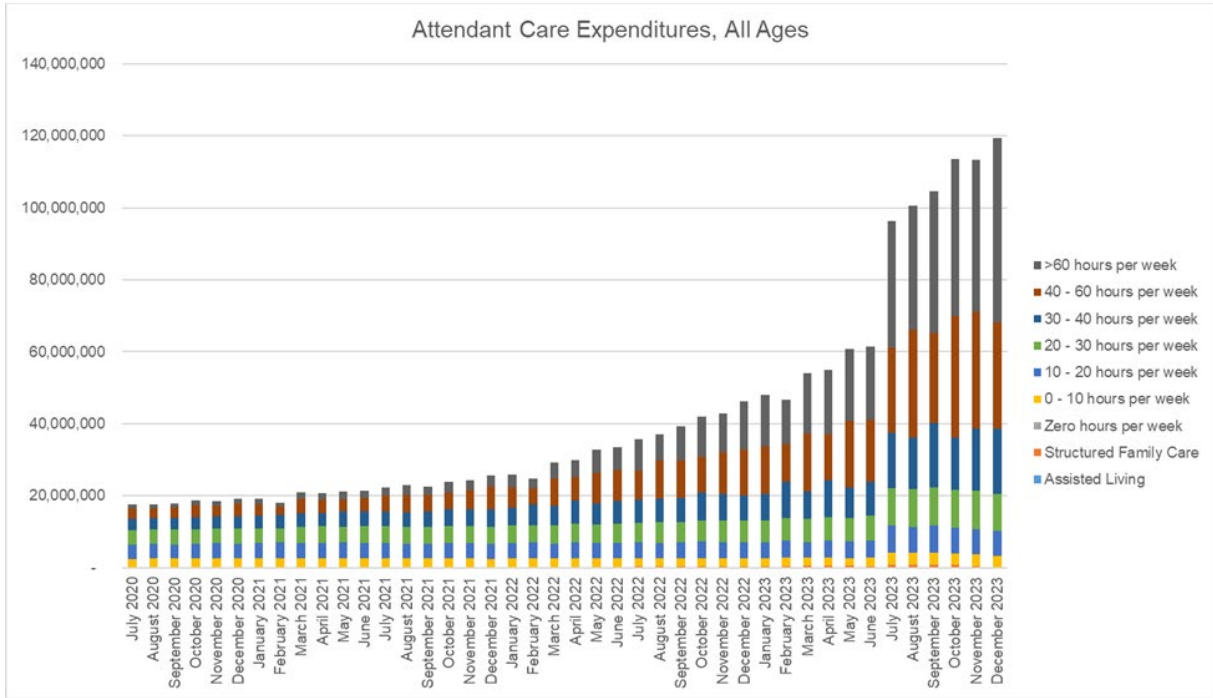
Indiana Family and Social Services Administration: Forecast Data and Medicaid Strategies

January 31, 2024

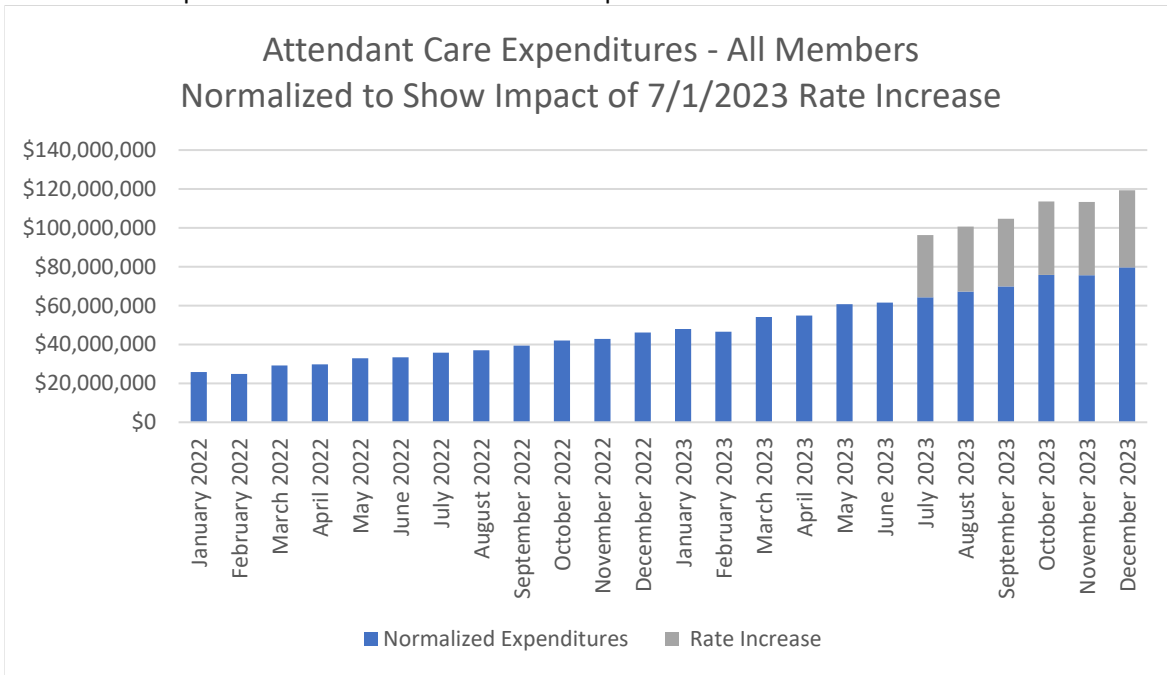
- In December 2023, the Family and Social Services Agency (FSSA) presented an updated Medicaid forecast reflecting unanticipated projected expenditure growth of more than \$900 million in state funding through July 2025.
- Since a variance of this magnitude and the current rate of Medicaid expenditure growth is unsustainable, the agency committed to bring forth measures that would mitigate the impact of the forecasted increased need in state funding.
- Overall, the [sustainability strategies the agency has outlined](#) are expected to result in \$300 million in state savings over the current biennium. Of that, \$27M is attributed to pausing the 2% rate index set to take place for certain providers this biennium.
- The remaining savings are generated through a focused set of updates to enrollment and utilization policies and processes to ensure Medicaid services are consistent with the needs of those served.
- As FSSA has previously communicated, the most significant increase in projected expenditures was seen in home- and community-based long-term services and supports, specifically within the Aged & Disabled (A&D) waiver.
- With this information, FSSA has been diligently reviewing waiver data, policies, and federally approved authorities.
- Expenditures for Attendant Care services on the A&D waiver are a key driver of the unanticipated cost growth. Attendant Care is a service where a caregiver provides direct, hands-on hourly care for activities of daily living. The service is distinct from skilled nursing care.



- The graph above shows an increase in enrollment on the A&D waiver by approximately 17,000 individuals from July of 2020 to December of 2023. It also shows dramatic increases in monthly Attendant Care expenditures from under \$20M a month to \$120M per month during this time.
- The expenditure growth is particularly notable for A&D waiver recipients receiving 40 or more hours of Attendant Care services per week, as depicted below. This growth in utilization outpaces growth in enrollment for this service.

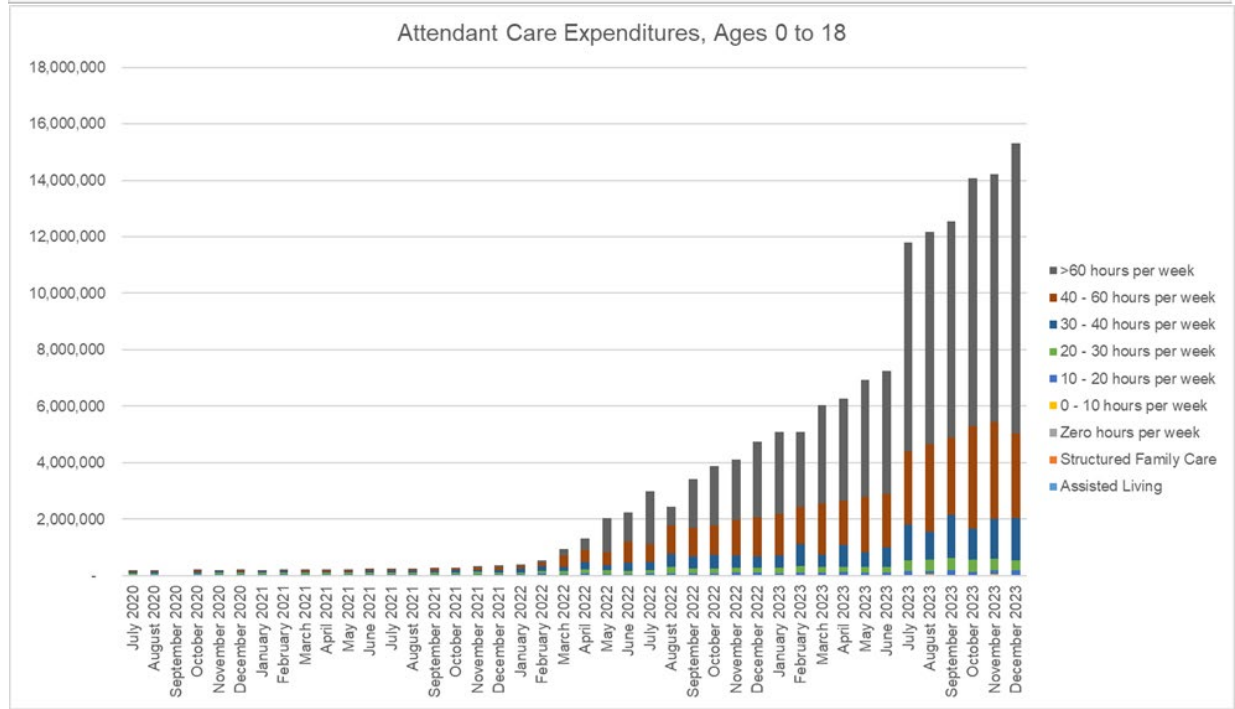
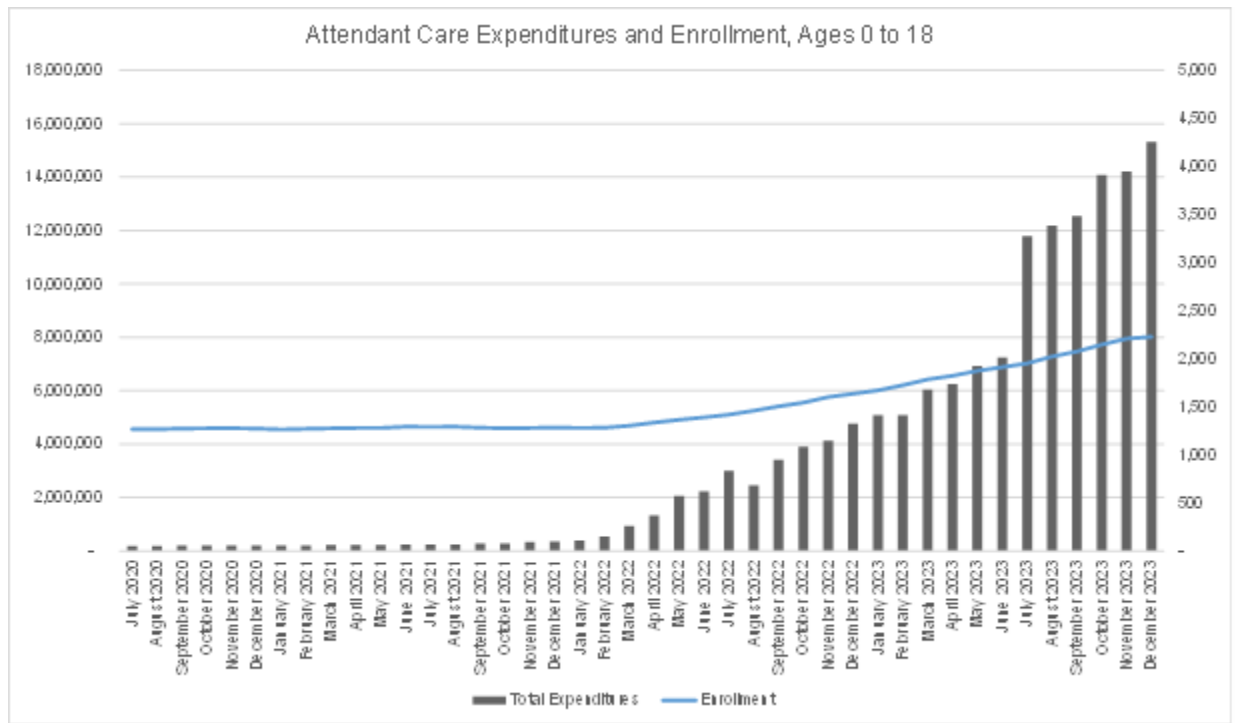


- At the current rate of growth, Attendant Care forecasted annual expenditures for SFY 2024 total \$1.36B, a significant increase from the \$569M in expenditures in SFY 2023. Even after normalizing for a July 1, 2023 rate increase, there remains a significant upward trend in utilization with monthly expenditures increasing by nearly 50% when comparing the last six months to the previous six months. When coupled with the rate updates, Attendant Care expenditures doubled over this same period.



- This Attendant Care growth trend has been particularly acute for the pediatric population both in the number of children accessing Attendant Care and the number of hours of Attendant Care utilized. By example, prior to

March 2022, 1% of children received more than 40 hours per week of Attendant Care. In December 2023, 71% of children receive more than 40 hours per week – or an average of 6 hours/day - of this service.



Bringing it all together – Why did FSSA identify certain strategies for implementation?

- Based upon the Attendant Care expenditures and a review of policy, operations, and trends, it was evident the rapid increase in Attendant Care utilization was a significant contributing factor of the forecast variance to address. These determinations were made, in part, through a review of 2020-22 communications about parents providing paid care to minor children. This informed the strategy to provide parents of minor children, and other

legally responsible individuals, a path to the more predictable and sustainable Structured Family Caregiving service.

- All A&D waiver strategies identified were specifically tailored to:
 - 1) address A&D waiver cost increases and the overall sustainability of the Medicaid program,
 - 2) meet federal requirements through appropriately obtained authority,
 - 3) maintain remaining enhanced federal funding through compliance with a federal maintenance of effort, and
 - 4) continue to provide valuable services and supports to waiver recipients.
- In weighing policy options to address drivers related to legally responsible individuals, there were three potential options:
 - FSSA could have immediately ceased the practice of legally responsible individuals providing Attendant Care, as it is not authorized in our current waivers and is causing such a significant and unanticipated fiscal impact.
 - FSSA could have proposed amending the waiver to permit the practice of legally responsible individuals providing Attendant Care. However, that would only be permissible under an extraordinary care definition that would reserve this option for those with the most significant needs, making the option inaccessible to many families currently using this practice.
 - Lastly, and what was ultimately selected in terms of a policy position, FSSA created a path with Structured Family Caregiving to allow all A&D waiver recipients to have paid caregiving delivered by a legally responsible individual in a fiscally sustainable manner. More information about the Structured Family Caregiving service is available [here](#).