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ECI Funding Methodology Webinar

March 29, 2018

Agenda

- Welcome
- Funding Methodology Overview
- Contract Committee
- Q and A





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Current ECI Allocation Methodology

March 29, 2018

Current Methodology Overview

- Contract number of children
- Allocation of Medicaid appropriations
- Allocation of cost reimbursement contract funds
- Locally collected funds



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Contract Number of Children

Primary Factor Enrollment (slots)

Contract Number of Children

1. Census data – county or zip code, age 0-3 growth rate
2. Calculate contractor's average enrollment for March and April of current fiscal year
3. Multiply average enrollment by the contractor's growth rate for number of children gained or lost
4. Add to the average enrollment for contractor's preliminary number of children



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Contract Number of Children

5. Sum preliminary number of children across contractors
6. Calculate variance from legislative target
7. Adjust contractor's growth rate by the variance
8. Multiply average enrollment by adjusted growth rate
9. Add to average enrollment for contractor's contract number of children



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Example - Stellar ECI

- Average March and April enrollment rounded: 242
- Average of March and April growth rate: 15.63%
- Rounded to 38 new children
- Statewide exceeds legislative target: .98%
- Adjust the increase to legislative target
- Rounded to 35 new children
- New contract number: 277



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Example - Stellar ECI

- 242 – March/April enrollment
- $242 \times 15.63\% = 38$
- $242 + 38 = 280$
- $280 \times .98\% = 3$
- $38 - 3 = 35$
- 35 new children
- $242 + 35 = 277$
- 277 – new contract number of children



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Medicaid Appropriations

State Match Only:

Medicaid Administrative Claiming (MAC)

Targeted Case Management (TCM)

Specialized Skills Training (SST)

MAC Allocation

1. Public entities only
2. Sum all public contractors' statewide total most recent fully paid fiscal year (earned)
3. Adjusted to appropriation of the upcoming contract year:
 - a. Appropriation divided by statewide total paid
4. Sum contractor's paid amount most recent fully paid fiscal year
5. Adjustment times contractor's paid amount



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Example – Stellar ECI

1. Statewide paid in FY 2015: \$5,937,280
2. 2017 Appropriation: \$5,204,705
 - 87.66%
3. Stellar's MAC money for MAC activities performed in FFY 2015: \$72,457
4. MAC allocation for 2017 contract: \$63,516



Example – Stellar ECI

- $\$5,204,705 / \$5,937,280 = 87.66\%$
- $\$72,457 \times 87.66\% = \$63,516$
- $\$63,516$ – MAC allocation



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Number of Medicaid Children

1. Contractor Medicaid percentage - Average of first 2 quarters of current fiscal year
2. Apply percentage to proposed contract number of children

Example – Stellar ECI

- 2016 Medicaid %: 56.9%
- New number of children: 277
- **Number of Medicaid children: 158**



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TCM Allocation

1. Divide statewide TCM appropriation by statewide number of Medicaid children
2. Multiply by contractor's number of Medicaid children

Example – Stellar ECI

- State match appropriation: \$20,736,163
- Statewide number of Medicaid children: 16,346
- $\$20,736,163 / 16,346 = \$1,268.57$
- \$1,268.57 per Medicaid child
- $\$1,268.57 \times 158 = \$200,434$
- **TCM allocation: \$200,434**



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SST Allocation

1. Divide statewide SST appropriation by statewide number of Medicaid children
2. Multiply by contractor's number of Medicaid children

Example – Stellar ECI

- State match appropriation: \$34,110,690
- Statewide number of Medicaid children: 16,346
- $\$34,110,690 / 16,346 = \$2,086.79$
- \$2,086.79 per Medicaid child
- $\$2,086.79 \times 158 = \$329,713$
- **SST allocation: \$329,713**



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Total Medicaid Match

Sum of contractor's MAC, TCM, and SST allocations

Funding application letter -

Medicaid Funding included in State Appropriations



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Example - Stellar ECI

MAC allocation: \$63,516

TCM allocation: \$200,434

SST allocation: \$329,713

**Medicaid Funding included in State
Appropriations: \$593,663**





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Cost Reimbursement

Non-Medicaid Appropriations

Temporary Assistance for Needy Families (TANF)

Part C, Part B, and Foundation School Funds

Estimated Need

1. Based on budget and number prior to mid-year adjustment
2. Sum contractor's current year budgeted cost reimbursement, MAC, TCM, and SST
3. Divide by current year contract number of children
4. Multiply by proposed number of children



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Example – Stellar ECI

- Current cost reimbursement, MAC, TCM, SST: \$1,423,024
- Current number of children: 235
- Current cost per child: \$6,055.42
- New number of children (slide 8): 277
- **New estimate of need: \$1,677,351**



Adjust to Appropriations

1. Sum all contractors' estimated need
2. Divide total state appropriations by statewide need
3. Multiply by contractor's estimated need



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Example – Stellar ECI

- Statewide need: \$143,765,782
- Appropriation: \$140,462,790
- $140,462,790 / \$143,765,782 = 97.7\%$
- Stellar's estimate of need: \$1,677,352
- $\$1,677,352 \times 97.7\% = \$1,638,773$
- **Stellar's adjusted need: \$1,638,773**



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Preliminary Cost Reimbursement

Contractor's adjusted need minus contractor's total Medicaid match (i.e. MAC, TCM, SST)

Example – Stellar ECI

- Adjusted need: \$1,638,773
- Medicaid match (slide 18): \$593,663
- Preliminary Cost Reimbursement: \$1,045,110



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Cost per Child Standard Deviation (SD)

1. Divide by proposed number of children
2. Calculate statewide standard deviation of 1.25
3. Identify corresponding dollar amount
4. Compare to all contractors' cost per child
5. If $< SD$ of 1.25, then multiply proposed number of children by the corresponding dollar amount
6. Otherwise, use preliminary cost reimbursement



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Example – Stellar ECI

- Cost Reimbursement: \$1,045,110
- Cost per child: \$3,772.96
- Standard deviation corresponds to: \$2,317.75
- Post SD Cost Reimbursement: \$1,045,110



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Cost per Child Standard Deviation (SD)

- Standard Deviation Varies Each Year
- Depends on the differences in the values of each contractor's cost per client.
- In this example SD - \$661
- Average cost per child - \$3,144
- $\$3,144 - (\$661 \times 1.25) = \$2,317$



Adjusted to Appropriations

1. Sum all contractors' post SD cost reimbursement
2. Sum all contractors' preliminary cost reimbursement
3. Divide preliminary sum by SD cost reimbursement (amount change)
4. Multiply contractor's preliminary cost reimbursement

Funding application letter –

ECI Contract Amount



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Example – Stellar ECI

- Statewide post SD cost reimbursement: \$81,435,854
- Statewide preliminary cost reimbursement: \$80,411,232
 - 98.74%
- Stellar's post SD cost reimbursement: \$1,045,109
- **ECI Contract Amount: \$1,031,941**



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Total Appropriations

Sum Medicaid Funding included in State Appropriations amount and ECI Contract Amount

Funding application letter -

Total Appropriation Allocation



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Example – Stellar ECI

- Medicaid Funding included in State Appropriations (slide 18): \$593,664
- ECI Contract Amount (slide 28): \$1,031,941
- Total Appropriation Allocation: \$1,625,605



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Locally Collected Funds

Billing, Contributions, & Donations

Not Included in Allocation

- Medicaid collections in addition to TCM and SST
- Third party and family payments
- Locally collected funds requirement





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Contract Committee

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34

Membership

Participant Name	Title	Agency
Patty Swords	ED	BACH
Amy Spawn	ED	Warren Center
Elise Hough	CEO	Easter Seals Greater Houston
Lou Mangold	CFO	Easter Seals Rehab
Jana Simpson	CFO	Helen Farabee
Marlene Hollier	PD	The Harris Center
Christie Shaw	PD	West Texas Centers
Laura Kender	PD	MHMR Tarrant Co.
Stella Moreno	PD	ESC Region 19



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Q and A

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Thank You

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