

Cost Cutting Strategies Suggested by Families

1. Eliminate the Respite nursing component and instead replace it with a Flexible Hours Account that would allow families to use any unused hours as needed.

Current estimated cost of respite if all hours are used: \$5,712,000
(336 hours per child multiplied by 500 children at an average rate of \$34/hour)

Potential Savings: \$3,103,200

(assumes 60% of hours are used, which is the standard percentage of total nursing hours used currently)

2. Allow families to elect to have 0-25% of their child's hours replaced by homemaker services. A trained caregiver (parent or guardian) would need to be in the home to care for the child's medical needs while homemaker services are provided.

Current estimated cost of 25% of nursing care hours: \$15,819,582
Estimated cost if all families chose this option: \$6,979,227
Estimated cost if half the families chose this option: \$11,399,405
(Total cost of nursing care \$15,819,582 divided by average cost of \$34/hour and then multiplied by the average cost of homemaker services at \$15/hour.)

Potential Savings if all families chose this option: \$8,840,355

Potential savings if 50% of families chose this option: \$4,420,177

3. Rapid transition of children who are no longer eligible for waiver services off of the waiver, within three months of losing eligibility. Gradually reduce nursing hours by 25% the first month, 50% the second month, and 75% the third month.

Potential savings by reducing hours: \$510,310

Potential savings by ensuring children are removed from the waiver promptly: \$1,020,620

(Assumes 40 children leaving the waiver at an average nursing care cost of \$102,062 per year, reduced by 50% over three months. Assumes these 40 children would otherwise remain in the program for six months after losing eligibility.)

4. Reduce hospitalizations by 20% through a series of strategies:

- Use of telemedicine (cost=\$200,000 for four telemedicine nurses, with an additional one-time expense of \$500,000 for equipment)
- Targeted increases in nursing when needed (cost=\$360,000 for 20 emergency hours at 36/hour for 500 children)
- Purchase of private employer-based health insurance plans for families who cannot afford them (cost=\$240,000 for 20 families at \$1000/month)
- Improved care coordination (cost=\$250,000)

Potential savings: \$5,963,356

Potential increased cost: \$1,550,000

Net savings: \$4,413,356

5. Stratify payment based on need of the child. Children would be grouped into 4 categories based on need, and paid the same rate, regardless of what type of nurse was staffing the case. This would encourage the use of LPNs for simpler cases. Children would also receive a particular number of hours based on their group.

- Group 1: Stable children with lower levels of technology \$32/hour, 28-56 hrs/week
- Group 2: Children with tracheostomies and moderate levels of need \$34/hour, 56-84 hrs/week
- Group 3: All children with central lines or on ventilators \$36/hour, maximum of 70-112 hrs/week
- Group 4: Select group of children with extreme needs, \$38/hour, maximum of 84-140 hrs/week

Potential savings: \$7,001,560

Assumes 50 children in Group 1, 200 children in Group 2, 200 children in Group 3, and 50 children in Group 4, and assuming only 60% of shifts continue to be filled. Compares them to a group of 500 children at \$102,062 each.

6. Use of electronic medical records, increasing care coordination, and reducing costs for mailing and paperwork.

Potential savings: \$250,000

7. Oversight of durable medical equipment companies, with strict guidelines on rental payments, such as rental to purchase price. Also pilot a program for reuse of Medicaid-purchased items, including wheelchairs, standers, lifts, etc. Goal would be to reduce DME and supply costs by 30%.

Potential savings: \$2,492,763

TOTAL POTENTIAL SAVINGS: \$27,632,164