

HF921 - 0 - "Vacant Bed Treatment Modified For Payments"

Chief Author: **Debra Kiel**
 Committee: **Health and Human Services Finance**
 Date Completed: **02/28/2017**
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	200	255	138	135	
Total	-	200	255	138	135	
Biennial Total			455			273

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Travis Bunch Date: 2/28/2017 12:54:37 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	200	255	138	135	
Total	-	200	255	138	135	
	Biennial Total		455		273	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	200	255	138	135	
Total	-	200	255	138	135	
	Biennial Total		455		273	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
	Biennial Total		-		-	

Bill Description

Section one allows Intermediate Care Facilities for Persons with Developmental Disabilities (ICF/DD) providers to count vacant beds as reserved beds when determining occupancy rates and eligibility for payment of a therapeutic leave day.

Section two appropriates funds to the commissioner of human services to conduct a study on consolidating the four disability home and based-services waivers into one program. The total appropriated is \$72,000 in FY 2018 and \$105,000 in FY 2019. The unencumbered balance in the first year does not cancel but is available in the second year. By January 15, 2019, the commissioner will submit recommendations for the consolidation of the four waivers into one program to the chairs and ranking minority members of the legislative committees over health and human services.

Assumptions

Increase in Paid Days: Allowing ICF/DD providers to count all vacant beds as reserved beds for the purpose of determining eligibility for payment of therapeutic leave days will increase the number of paid days for these facilities.

Increase in ICF/DD Spending: In 2002, DHS conducted a full audit of payments to facilities for therapeutic leave days. Based on data from this audit, it is estimated that allowing facilities to count vacant beds as reserved beds to determine eligibility for payment of a leave day will increase MA expenditures for ICF/DD services by 0.224 percent.

Effective Date: July 1, 2017

Payment Delay: This assumes a 30 day payment factor to account for the fact that MA pays for services retrospectively.

State Share: For services to residents in larger ICFs/DD, the State share is 90% of the non-federal share. Based on the February 2017 Forecast, the overall State share of MA payments for ICF/DD is 47.6 percent.

County Share: Counties pay 10% of the Medical Assistance cost of placements that exceed 90 days in ICF/DD facilities of seven or more beds, so this bill will increase county payments. This translates to roughly 2.4 percent of total ICF/DD payments.

Waiver Consolidation Study: The appropriation set forth in the language is not enough to cover the cost of this study. The study includes contracting costs for working with focus groups of stakeholders, analyzing disability waiver program costs for program eligibility, reviewing programs in other states, analyzing federal requirements, reviewing options for consolidation plans and proposing a transition plan. A business analyst will be involved in the study in SFY 19 to assess the impact and work needed in the MMIS system to consolidate the waivers.

CSA Admin costs are one-time for FY2018-19 biennium.

Expenditure and/or Revenue Formula

Section one:	FY2018	FY2019	FY2020	FY2021
Total MA spending for ICF/DD	131,834,183	130,419,555	128,447,387	126,447,065
Percentage increase in total spending due to increased leave day payments	0.22%	0.22%	0.22%	0.22%
30 day payment factor	92%	100%	100%	100%
Total annual impact	271,716	293,236	288,802	284,305
Federal Share	135,858	146,618	144,401	142,152
State Share (47.6%)	129,411	139,646	137,527	135,385
County Share	6,447	6,972	6,874	6,767

Admin costs for section two:

State Budget(000's)	SFY 2018	SFY 2019
CSA Admin	110	140
FFP	(39)	(49)
Systems State Share		24
Net State Costs	72	115

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	33LF	ICF/DD Reserved Bed Therapeutic	129	140	138	135
GF	15	CSA Admin Contract	110	140	0	0
GF	REV1	FFP @ 35%	(39)	(49)	0	0

GF	11	Systems 50% State Share	0	24	0	0
		Total Net Fiscal Impact	200	255	138	135
		Full Time Equivalents	0	0	0	0

Long-Term Fiscal Considerations

Allowing all vacant beds to be counted as reserved beds would increase ICF/DD spending by 0.22 percent for all subsequent years after FY2021.

Local Fiscal Impact

Counties pay 10% of the Medical Assistance cost of placements that exceed 90 days in ICF/DD facilities of seven or more beds, so this bill will increase county payments. Counties are expected to pay roughly 2.4 percent of total ICF/DD payments. The increased county costs would be roughly \$6,450 in FY2018 and grow to \$6,771 by FY2021.

References/Sources

DHS Audit of Payments to Facilities
 CSA Research
 February 2017 forecast

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