

**HF481 - 1A - "Personal Care Assistant Prog Modifications"**

Chief Author: **Debra Kiel**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **03/22/2017**  
 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.

<b>State Cost (Savings)</b>	Biennium			Biennium		
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
<b>General Fund</b>	-	129	6,488	15,568	24,220	
<b>Total</b>	-	<b>129</b>	<b>6,488</b>	<b>15,568</b>	<b>24,220</b>	
<b>Biennial Total</b>			<b>6,617</b>		<b>39,788</b>	

<b>Full Time Equivalent Positions (FTE)</b>	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	1.5	3	3	2
<b>Total</b>	-	<b>1.5</b>	<b>3</b>	<b>3</b>	<b>2</b>

**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: 3/22/2017 11:44:33 AM  
 Phone: 651 201-8038      Email: travis.bunch@state.mn.us

**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.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	129	6,488	15,568	24,220	
<b>Total</b>		<b>-</b>	<b>129</b>	<b>6,488</b>	<b>15,568</b>	<b>24,220</b>
<b>Biennial Total</b>			<b>6,617</b>		<b>39,788</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	129	6,488	15,568	24,220	
<b>Total</b>		<b>-</b>	<b>129</b>	<b>6,488</b>	<b>15,568</b>	<b>24,220</b>
<b>Biennial Total</b>			<b>6,617</b>		<b>39,788</b>	
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>			<b>-</b>		<b>-</b>	

**Bill Description**

This fiscal note incorporates amendment A-1. The amendment restructures the bill but does not have a fiscal impact to the original bill as introduced.

Section 1 adds the definition of “complex personal care assistance services.” The services are for people who qualify for more than 10 hours of personal care assistance per day. Also the amendment changes the language to state that the personal care attendant is qualified to provide complex personal assistance services under subdivision 11, paragraph (d).

Section 3 outlines the requirements of a personal care assistant needed to be qualified to provide complex personal care assistance services.

Section 4 in the A-1 amendment (M.S. 256B.0659 17a is amended) defines that the rate paid for complex personal care assistance services be paid at 120 percent of the rate paid for personal care assistant services.

Section 5 amends subdivision 21 to require a provider to have documentation that training requirements have been completed by any PCA providing complex PCA services when submitting claims for those services.

**Assumptions**

1. Effective Date: This bill is effective July 1, 2017. However, this bill will require federal approval and system changes. These changes will delay the implementation of the payment rate proposed in the bill until July 1, 2018. The author was notified of this change.

2. Programs/services affected:

- a. Personal Care Assistance (PCA) provided through fee-for-service and managed care.
- b. Personal Care Assistance paid through the waivers provided through the Disability and Elderly waiver programs
- c. Personal Care Assistance provided through the Alternative Care Program
- d. Community First Services and Supports (CFSS) Under current law, the Personal Care Assistance program will transition to CFSS. The February, 2017 Forecast assumes that this transition will begin July, 2019. CFSS will use the same service rates as the PCA program, so the increase in this bill will also be carried into this program. Consumer Supported Grants (CSG) and Consumer Directed Community Support (CDCS) are not affected because there is no reference to these programs in the language.

3. Eligible participants: a person who qualifies for ten hours or more of personal care assistance services per day and receives services from a PCA who has successfully completed the nursing assistant training requirement. In SFY 15, 2,900 recipients were authorized for 10 or more hours a day of personal care services.

4. Qualified personal care assistants: There is a phased in factor applied to the number of workers who are qualified to

account for the time it will take for the workers to become certified. It is assumed there are currently no PCA workers on the registry list. Additionally cost and length of nursing assistant training will be a barrier to some workers, therefore it is anticipated that only 75% of workers serving people with complex needs will qualify for the higher rate. The development of an alternative comparable state approved training would reduce these barriers and increase the percentage of qualified workers.

5. **Rate for Complex PCA services:** Subdivision 17A of this bill sets the rate of complex PCA services at 120% of the rate paid for personal care assistance services. As of July 1, 2017, the rate for PCA services is \$4.28 per 15 minute unit, which equates to \$17.11 per hour. With the rate differential, complex PCA services will have a rate of \$5.14 per 15 minute unit, which equates to \$20.54 per hour.

6. **Utilization:** Projections for amount of service that will be paid at a higher rate are based on historical spending of participants who are currently authorized for 10 or more hours of service. In FY 15, this represented 26% of current PCA spending.

7. **Managed Care trends:** Estimates of eligible participants in Managed Care are based on the historical spending of fee-for-service recipients over 65 years who were authorized for 10 or more hours of PCA services per day. Currently, 30% of spending in the PCA program was through managed care.

8. **Systems Impact:** Implementing an enhanced rate will require changes to MMIS. MMIS will need to be modified to establish a differential rate and verify the individual is authorized for 10 or more hours of service. The systems also need to include an edit against the worker file to verify that the person providing services has completed the required training.

9. **Administrative Impact:** The activities outlined in this bill require administrative efforts beyond existing resources. The bill places additional requirements on the PCA worker that will need to be implemented and monitored by provider enrollment. The two FTEs in Health Care, starting in March 2018, will document the training requirements on the worker file, train and give technical assistance to providers on the new billing process and rules and complete additional required reporting and auditing for PCA claims. The cost for these two FTE's is the state share only as these staff work on MMIS. Additionally, one temporary FTE in Community Supports starting in FY 2018 is needed for 3 years to operationalize activities such as securing the state plan amendment, modifying manuals, providing training and communications to providers and managing systems development.

10. **State Share:** This analysis uses the weighted average state share across the affected programs. The state share for the programs affected is as follows:

- a. State Plan PCA: 50%
- b. Extended PCA paid through waiver programs: 50%
- c. CFSS: The state share of CFSS is less than 50%, as most services will receive an enhanced federal match of 56%

11. **Implementation and Payment Effect:** The payment rate increase in this bill would be delayed for 12 months to allow for federal approval and system changes. Federal approval will be required before implementation because this creates a new tiered rate structure. A 30 day payment delay after the effective date is also included to account for the fact that fee-for-service payments in Medical Assistance are made retrospectively, versus the managed care payment timing.

**Expenditure and/or Revenue Formula**

<b>Rate Increase for Complex PCA</b>		<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
1	Total Spending for PCA, CFSS, Extended PCA, AC-PCA	0	1,111,783,120	1,321,153,135	1,412,016,530
2	State Share of Spending	0	538,610,336	598,037,507	623,338,964
3	Percentage of spending eligible for complex rate	25.7%	25.8%	25.8%	25.9%
4	State Share Total Eligible Spending	0	138,760,055	154,404,261	161,468,006
5	Rate Increase for Complex PCA	20%	20%	20%	20%
6	Increase in State Share of PCA payments	0	\$ 27,752,011	\$ 30,880,852	\$ 32,293,601
7	Percentage of qualified PCAs to provide eligible service	0%	25%	50%	75%
8	Implementation and Payment Delay	0%	92%	100%	100%
9	<b>Total State Cost of Rate Increase</b>	-	<b>6,359,836</b>	<b>15,440,426</b>	<b>24,220,201</b>

		<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>Administrative Cost</b>					
	Health Care 2 FTEs- State Share	26,000	46,000	46,000	46,000
	<i>Total Health Care Admin</i>	<i>26,000</i>	<i>46,000</i>	<i>46,000</i>	<i>46,000</i>
	CSA Admin- 1 FTEs	108,223	117,183	117,183	-
	Admin FFP @35%	(37,878)	(41,014)	(41,014)	-
	<i>Total CSA Admin</i>	<i>70,345</i>	<i>76,169</i>	<i>76,169</i>	<i>-</i>
	<b>Total State Admin Costs</b>	<b>96,345</b>	<b>122,169</b>	<b>122,169</b>	<b>46,000</b>
<b>Systems Costs</b>					
3	<b>MMIS and Other Systems- State Costs</b>	<b>32,367</b>	<b>6,473</b>	<b>6,473</b>	<b>-</b>
		<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
<b>Total State Cost</b>		<b>128,711</b>	<b>6,488,478</b>	<b>15,569,068</b>	<b>24,266,201</b>

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	33	MA LW	-	6,360	15,440	24,220
GF	13	Health Care Admin	26	46	46	46
GF	15	Community Supports Admin	108	117	117	-
GF	11	Operations- System Costs	32	6	6	-
GF	REV1	Admin FFP @35%	(37)	(41)	(41)	-
		<b>Total Net Fiscal Impact</b>	<b>129</b>	<b>6,488</b>	<b>15,568</b>	<b>24,266</b>
		<b>Full Time Equivalentents</b>				
GF	13	Health Care admin	1.0	2.0	2.0	2.0
GF	15	Community Supports admin	.5	1.0	1.0	0

### Long-Term Fiscal Considerations

This bill increases the cost of personal care services by about \$24 million in SFY 2021 and will have an ongoing impact. If an alternative training is developed the cost will increase in the long term due to more qualified workers.

### Local Fiscal Impact

None

### References/Sources

February 2017 MA Forecast  
CSA and CCOA Research and Analysis

**Agency Contact:** Kari Irber

**Agency Fiscal Note Coordinator Signature:** Don Allen

**Date:** 3/22/2017 11:25:03 AM

**Phone:** 651 431-2932

**Email:** Don.Allen@state.mn.us

