

HF627 - 1E - "Hlth Prof Ed Loan Forgivenees Prgm"

Chief Author: **Mary Franson**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/09/2015**
 Lead Agency: **Health Dept**
 Other Agencies:
 Employment and Economic Dvlpmt **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	FY2015	FY2016	FY2017	FY2018	FY2019
Employment and Economic Dvlpmt	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Workforce Development	-	-	-	-	-	-
Health Dept						
General Fund	-	70	68	68	123	
Human Services Dept						
General Fund	-	27	39	(357)	(554)	
State Total						
General Fund	-	97	107	(289)	(431)	
Workforce Development	-	-	-	-	-	-
Total	-	97	107	(289)	(431)	
Biennial Total			204		(720)	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Employment and Economic Dvlpmt	-	-	-	-	-
General Fund	-	-	-	-	-
Workforce Development	-	-	-	-	-
Health Dept					
General Fund	-	.5	.5	.5	.5
Human Services Dept					
General Fund	-	-	-	-	-
Total	-	.5	.5	.5	.5

Lead 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: Susan Earle Date: 03/09/2015

Phone: 651 201-8035 Email susan.earle@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.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
Employment and Economic Dvlpmt	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Workforce Development	-	-	-	-	-	-
Health Dept						
General Fund	-	70	68	68	123	
Human Services Dept						
General Fund	-	27	39	(357)	(554)	
	Total	-	97	107	(289)	(431)
	Biennial Total			204		(720)
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Employment and Economic Dvlpmt	-	-	-	-	-	-
General Fund						
Expenditures	-	4	-	-	-	-
Absorbed Costs	-	(4)	-	-	-	-
Workforce Development						
Expenditures	-	7	-	-	-	-
Absorbed Costs	-	(7)	-	-	-	-
Health Dept						
General Fund	-	70	68	68	123	
Human Services Dept						
General Fund	-	27	39	(357)	(554)	
	Total	-	97	107	(289)	(431)
	Biennial Total			204		(720)
2 - Revenues, Transfers In*						
Employment and Economic Dvlpmt	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Workforce Development	-	-	-	-	-	-
Health Dept						
General Fund	-	-	-	-	-	-
Human Services Dept						
General Fund	-	-	-	-	-	-
	Total	-	-	-	-	-
	Biennial Total			-		-

HF627 - 1E - "Hlth Prof Ed Loan Forgivenees Prgm"

Chief Author: **Mary Franson**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/09/2015**
 Agency: **Employment and Economic Dvlpmt**

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	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-	-
Workforce Development	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-
Workforce Development	-	-	-	-	-
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: Elisabeth Hammer Date: 2/27/2015 3:42:12 PM
 Phone: 651 201-8022 Email: elisabeth.hammer@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.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund		-	-	-	-	-
Workforce Development		-	-	-	-	-
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
	Expenditures	-	4	-	-	-
	Absorbed Costs	-	(4)	-	-	-
Workforce Development						
	Expenditures	-	7	-	-	-
	Absorbed Costs	-	(7)	-	-	-
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
General Fund						
		-	-	-	-	-
Workforce Development						
		-	-	-	-	-
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

HF 627-1E relates to long-term care, modifies nursing facility employee scholarship costs, and expands the health professionals eligible for the health professional education loan forgiveness program. This changes the currently existing program from offering loan forgiveness to medical residents, mid-level practitioners, nurses, other health care technicians who will teach, pharmacists, and dentists, all who would serve in rural communities, to include these same professionals who commit to working in nursing homes or intermediate care facilities. This bill would also include these professionals who work in the fields where the need is the greatest, including but not limited to respiratory therapy, clinical laboratory technology, radiologic technology, and surgical technology. This bill will appropriate funding with amounts yet to be determined.

Section 3 of this bill directs the Commissioner of the Department of Employment and Economic Development (DEED) to review existing workforce development programs in order to further the advancement of long-term care careers in rural Minnesota.

Assumptions

DEED would enlist existing DEED staff with policy analysis skills from DEEDs Workforce Development Division, Office of Performance Management, and/or Labor Market Information (LMI) to perform the review of existing workforce development programs throughout the state of Minnesota. This review would include workforce development programs operated by all state agencies including DEED and would expand to programs operated by non-government agencies, including private and non-profit institutions, labor organizations, or other training providers, as needed. Because the purpose of the review is to further the advancement of long-term care careers in rural Minnesota, the review team will look at workforce development programs in the Metro area and make recommendations for how the programs may be modified to address unique rural area needs. Most of the time would fall under the workforce development fund with the other programs listed supporting workforce development.

In order to be thorough with this review, DEED staff estimate this work would require the equivalent of 0.1 FTE, or 208 hours (5.2 weeks) of combined time among the staff enlisted to complete the review. It is assumed that the level of effort would be 0.1 Full-Time Equivalency (FTE) The salary estimate is based on the midpoint of the MAPE 14L - Planner Principal State classification.

DEED assumes this is a one-time assignment. As policy analysis is a core function /activity within DEEDs existing budget, it is assumed that DEED would require no new staff to complete this work. These salary costs are operational in nature, are not new costs to DEED, and can be done within existing work and budget. Given these factors, DEED can absorb the costs of these responsibilities.

Expenditure and/or Revenue Formula

Salary Projections:

	FY2015	FY2016	FY2017	FY2018	FY2019
FTE	-	0.1	-	-	-
Salary & Benefits	-	8,400	-	-	-
Other Operating Costs	-	2,162	-	-	-
Total Cost	-	10,562	-	-	-
This salary estimate is based on the midpoint of the MAPE 14L - Planner Principal State					

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

Program staff: Annie Welch, Workforce Development Division, 651.259.7525 or Annie.Welch@state.mn.us

Agency Contact: Tom Norman (651) 259-7563

Agency Fiscal Note Coordinator Signature: Jacob Gaub

Date: 2/26/2015 3:58:03 PM

Phone: 651 259-7073

Email: jacob.gaub@state.mn.us

HF627 - 1E - "Hlth Prof Ed Loan Forgivenees Prgm"

Chief Author: **Mary Franson**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/09/2015**
 Agency: **Health 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	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	70	68	68	123	
Total	-	70	68	68	123	
Biennial Total			138		191	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	.5	.5	.5	.5
Total	-	.5	.5	.5	.5

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: Susan Earle Date: 2/23/2015 4:21:58 PM
 Phone: 651 201-8035 Email susan.earle@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.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	70	68	68	68	123
Total	-	70	68	68	68	123
Biennial Total			138			191
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	70	68	68	68	123
Total	-	70	68	68	68	123
Biennial Total			138			191
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Sections 1, 2 and 3 add dental therapists and other health professionals who agree to work in long term care facilities to the MDH health professional education loan forgiveness program established in sec. 144.1501 and appropriates an unspecified amount from the general fund.

Section 4 amends the DHS long term care employee scholarship program.

Section 5 directs the commissioner of employment and economic development, in consultation with the commissioner of health, to review existing workforce development programs in order to further the advancement of long-term care careers in rural Minnesota and report regarding training, retaining, and connecting employees to long-term care facilities in rural Minnesota.

Section 6. Provides blank appropriations.

Assumptions

The loan forgiveness program is currently staffed by 1 FTE State Program Administrator Sr. This positions tasks include soliciting and reviewing applications, notifying and contracting with program participants, contract management, annual qualifying employment verification, and disbursement of loan forgiveness payments. This level of staffing is sufficient for the programs current volume of approximately 60 participants and the current number of provider types eligible for the program. Adding four new professions will increase the volume of applications and increase the complexity of application selection.

Pursuant to lines 3.16 to 3.18 of the first engrossment, it is assumed that the department will evaluate a number of health professions for possible inclusion in the program based on the criteria. The department's Office of Rural Health and Primary Care is aware a shortage of certain health professions in certain areas of the state. Therefore, as a result of the evaluation, it is assumed that a number of new professions will be added to the list of eligible providers. In addition to respiratory therapy, other potential professions include physical therapy, occupational therapy, and speech therapy.

The current staffing level of 1.0 FTE is insufficient to handle the increase in eligible provider types established in the bill. The department anticipates needing an additional 0.5 FTE to support the soliciting and reviewing of applications, notifying

and contracting with program participants, contract management, annual qualifying employment verification, and disbursement of loan forgiveness payments support the additional activities under this legislation.

Because the appropriation is currently blank this fiscal note does not reflect any costs associated with operating a larger program. However, we would expect to request an additional 0.5 FTE if additional funds are appropriated for the loan forgiveness program.

MDH can absorb the cost of consulting with DEED on the review in section 5, as long as DEED will be producing the report.

Expenditure and/or Revenue Formula

EXPENDITURES	SFY15	SFY16	SFY17	SFY18	SFY19
Salaries	0	56	56	56	56
Other Operating Costs	0	7	5	5	55
Grants	0	0	0	0	0
Administrative Services	0	6	6	6	11
OR Indirect Cost	0	0	0	0	0
TOTAL EXPENSES	0	70	68	68	123

Long-Term Fiscal Considerations

These are considered to be ongoing costs.

Local Fiscal Impact

References/Sources

N/A

Agency Contact: Dave Greeman

Agency Fiscal Note Coordinator Signature: Dave Greeman

Phone: 651 201-5235

Date: 2/19/2015 8:45:28 PM

Email: Dave.Greeman@state.mn.us

HF627 - 1E - "Hlth Prof Ed Loan Forgivenees Prgm"

Chief Author: **Mary Franson**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/09/2015**
 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	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	27	39	(357)	(554)	
Total	-	27	39	(357)	(554)	
Biennial Total			66		(911)	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
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: Susan Earle Date: 3/9/2015 12:07:20 PM
 Phone: 651 201-8035 Email susan.earle@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.

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	27	39	(357)	(554)	
Total	-	27	39	(357)	(554)	
Biennial Total			66		(911)	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	27	39	(357)	(554)	
Total	-	27	39	(357)	(554)	
Biennial Total			66		(911)	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

Bill Description

Sections 1, 2, 3: These sections are changes to the health education loan forgiveness account which is administered by the Department of Health. These sections do not have an impact on DHS.

Section 4: This bill provides seed money for nursing facility (NF) providers that elect to participate in this scholarship program. It also expands the classification of employees that would be eligible to participate in this program and the types of education-related costs that may be covered. Funding for this scholarship program will be paid to NF providers via an increase to their external fixed rate for the period between October 1, 2015 and September 30, 2017 for NFs that are not currently participating in the scholarship program, or, are participating at a level whereby the amount they receive on a per resident per day (per diem) basis is less than \$0.25. This bill will reduce the external fixed rates of approximately 80 NFs that participate in this scholarship program at a level that exceeds the \$0.25 per diem provided for in this bill for the period October 1, 2015 and September 30, 2017. It terminates this scholarship program effective October 1, 2017 when the \$0.25 per diem ends.

Section 6: Provides an unspecified appropriation for this scholarship program for state FY 2016 and FY 2017.

Assumptions

The Nursing Facility Rates and Policy Division used the following assumptions and computations to approximate the fiscal impact of this bill. After estimating the annual fiscal impact of this bill, the department adjusts that amount to determine the State Budget impact by using the following assumptions:

- The NF rate year begins on October 1, but bills may have different effective dates.
- Minnesota's first fiscal year related to this bill ends on June 30, 2016.
- A four month delay effect in payments on the first year due to the effective date of the rate change (October 1) and a 30 day payment delay effect (payment for NF services lags the provision of services by one month.)
- The projections in this analysis are based on the February 2015 forecast.
- The state share of costs/savings is determined by amounts paid by other governmental units:

- o The base federal base share is 50.5% of the total; a small amount of payments are eligible for higher rates;
 - o The county share is estimated to be 2.3% of the non-federal share;
 - o The state share is the total cost minus the federal share and county share.
- This proposal can be implemented within the existing administrative resources of the Department.
 - The effective date of the first rate adjustment in this bill for NFs is October 1, 2015 and continues through September 30, 2017.
 - The changes to the external fixed rates are determined by using the cost report data from the report year ending September 30, 2013.
 - Participation level of NFs will be 74% based on the 2003 participation level when previous seed money was appropriated to the NF scholarship program for the period July 1, 2001 and June 30, 2003.

This bill language does not reflect the authors apparent intent of increasing resources for state scholarships. If amended to reflect the intent of this author, this analysis would reflect an increase in costs across all years.

Expenditure and/or Revenue Formula

This proposal is to provide a scholarship per diem of \$0.25 for the period 10/1/15 through 9/30/17 for NFs that elect to remain in or begin participation in this scholarship program. Cost/savings for this change to the scholarship per diem was computed by multiplying \$0.25 by the total annual resident days for each NF and comparing this to each NFs current scholarship per diem. Current scholarship per diems range from zero to \$3.36. The difference between the current and proposed \$0.25 scholarship per diem is reflected as either a savings or a cost depending upon each NFs current scholarship per diem. The total annual scholarship costs for all NFs for the period 10/1/15 through 9/30/17 were reduced by 26% to reflect the estimated number of NF participants. For rate years 10/1/17 forward the savings recognized is the difference between what is forecasted under current law (\$2,230,868 annually) and zero; the scholarship per diem ends on 9/30/2017. These calculations were based on each facility's scholarship per diem in their current external fixed rate and resident days on the 9/30/13 cost reports.

HF 627-1E NF Employee Scholarship Costs Modified				
Effective date of the rate adjustment	10/1/2015			
End of the state's fiscal year	6/30/2016			
Total annual cost/(savings) in thousands	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Medicaid external fixed rate	\$ 156	\$ 156	\$ (2,231)	\$ (2,231)
Factor to balance MA days to forecast	92.8%	91.2%	91.6%	91.9%
MA occupancy factor	<u>55.9%</u>	<u>55.9%</u>	<u>55.9%</u>	<u>55.9%</u>
Adjusted costs	\$ 81	\$ 79	\$ (1,143)	\$ (1,146)
SFY payment delay	<u>66.85%</u>			
Projected MA costs	\$ 54	\$ 80	\$ (738)	\$ (1,145)
Federal share	\$ 27	\$ 40	\$ (372)	\$ (578)
State budget	\$ 27	\$ 39	\$ (357)	\$ (554)
County share	\$ 1	\$ 1	\$ (8)	\$ (13)

HF 627-1E NF Employee Scholarship Costs Modified				
MA Grants (state budget) BACT 33 LF	\$ 27	\$ 39	\$ (357)	\$ (554)
Administrative Costs	\$ -	\$ -	\$ -	\$ -
Total Costs/(Savings)	\$ 27	\$ 39	\$ (357)	\$ (554)

Fiscal Tracking Summary (\$000s)						
Fund	BACT	Description	FY2016	FY2017	FY2018	FY2019
GF	33-LF	MA Facilities NF scholarship expansion	27	39	(357)	(554)
		Total Net Fiscal Impact	27	39	(357)	(554)
		Full Time Equivalents	0	0	0	0

Long-Term Fiscal Considerations

This bill would have ongoing fiscal savings beyond 2019.

Local Fiscal Impact

There is a small county cost associated with this bill for FY 2016 and 2017; in subsequent years there will be a savings.

References/Sources

HF 0627 1st engrossment

DHS NFRP cost report data

February, 2015 forecast

Agency Contact: Bob Held 651-431-2261

Agency Fiscal Note Coordinator Signature: Don Allen

Phone: 651 431-2932

Date: 3/6/2015 4:53:19 PM

Email: Don.Allen@state.mn.us