

HF1790 - 0 - "Cons-Directed Comm Supp Bdgt Method Adj"

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 Committee: **Health and Human Services Finance**
 Date Completed: **04/08/2015**
 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	-	2,830	7,270	7,635	7,821	
Total	-	2,830	7,270	7,635	7,821	
Biennial Total			10,100			15,456

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.

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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		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	2,830	7,270	7,635	7,821	
Total	-	2,830	7,270	7,635	7,821	
Biennial Total			10,100			15,456
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	2,830	7,270	7,635	7,821	
Total	-	2,830	7,270	7,635	7,821	
Biennial Total			10,100			15,456
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

This bill directs the commissioner of human services adjust the Consumer Directed Community Supports (CDCS) budget methodology to provide an increase for participants who are 21 years or older and have left the school system. The commissioner of human services must request the increase from the Centers for Medicare and Medicaid Services (CMS) by July 1, 2015, and must implement the new methodology by January 1, 2016 or upon federal approval.

Assumptions

- 1) Participants: All CDCS participants who are age 21 or older are eligible to receive the budget increase.
 - 2) Effective date of the budget increases: January 1, 2016.
 - 3) The additional daily cost for the increase: In order to provide the increase established by this bill, eligible participants will receive an increase (add-on) to their individual CDCS budgets. The amount of this add-on is based on the weighted average daily costs for supportive employment, prevocational services, and day training and habilitation. In the DD waiver, about 90% of participants use day training and habilitation, which is a more expensive service than prevocational or supported employment. As a result, the average daily cost of the CDCS add-on is higher in this program. The average daily cost of the add-on in the CAC, CADI, and BI programs is based on the proportionate cost of these services in the CADI waiver.
- The analysis spreads the average daily cost of the add-on over 365 days. Since these services are usually only used for a portion of the week, the actual daily rate would be higher.
- 4) Proportion of eligible participants using the add-on: Since there are no limits on the types of services that participants may use this add-on to purchase, it is assumed that all CDCS participants who are eligible will receive the increase.
 - 5) Buying up the Transition Age Youth CDCS Pilot: In 2012, the Legislature created pilot project that gave a 20% budget increase to CDCS participants who were 21 years or older and transitioning from high school or other public education. The pilot program was extended in 2014. Since current pilot participants are already receiving an enhanced budget, there would not be any additional costs for these individuals as a result of this proposal. The analysis includes an offset for these costs.
 - 6) Additional people using CDCS instead of traditional waiver services: Currently, some people move back and forth between CDCS and traditional waiver services. This movement is often influenced by the smaller size of the CDCS budget relative to the traditional waiver package. The CDCS budget add-on will be a strong incentive to stay on CDCS, since it

gives people more flexibility in the supports they can purchase. As a result, this analysis assumes that:

- Fewer people will leave CDCS: About half of the people who leave CDCS for traditional waiver services move to non-residential services. It is assumed that with this add-on, about 90% of people moving to non-residential waiver services would stay on CDCS because the larger budget would meet their needs.
- More people will move to CDCS: Increasing the CDCS budget participants is expected to increase the number of people moving from traditional waiver services to CDCS by 8% starting in 2016 and increasing to 25% by SFY 2019.

Even with the add-on proposed in this bill, the average CDCS budget will still be less than the cost of traditional waiver services. This analysis includes an offset to account for this cost difference. These estimates are based on the number of people moving between CDCS and traditional waiver services between 2011 and 2014.

7) Personal Support Services: The unit rate for Personal Support Services increased in the DD waiver on January 1, 2014. This analysis includes a factor to accommodate this change in the average daily cost of traditional DD waiver services.

8) Implementation and payment effect: Since this bill provides a budget adjustment to CDCS budgets, it is assumed that this will be implemented in the same way that other legislative rate increases are implemented in CDCS. This analysis assumes that the add-on will be effective for five months in SFY 2016, which accounts for the January 1, 2016 effective date and a 30 day payment factor to account for the fact that Medical Assistance pays for services retrospectively.

Expenditure and/or Revenue Formula

CADI Waiver	FY 2016	FY 2017	FY 2018	FY 2019
Average monthly CDCS participants (21+)	495	569	638	695
Cost of services for CDCS participants (21+)	13,860,416	16,793,952	20,087,973	23,226,844
Average daily cost of CDCS	77.78	81.99	87.46	92.83
Average daily cost of budget add-on	25.80	26.23	26.91	27.51
Percentage increase for budget add-on	33.2%	32.0%	30.8%	29.6%
Percent of recipients receiving the add-on	100%	100%	100%	100%
<i>CADI waiver cost of the add-on</i>	<i>4,597,897</i>	<i>5,373,952</i>	<i>6,181,544</i>	<i>6,883,750</i>

DD Waiver	FY 2016	FY 2017	FY 2018	FY 2019
Average monthly CDCS participants (21+)	516	552	586	621
Cost of services for CDCS participants (21+)	26,058,709	28,626,365	31,528,304	34,495,897
Average daily cost of CDCS	140.28	144.05	149.45	154.30
Average daily cost of budget add-on	49.45	50.24	51.08	51.77
Percentage increase for budget add-on	35.3%	34.9%	34.2%	33.6%
Percent of recipients receiving the add-on	100%	100%	100%	100%
<i>DD waiver cost of the add-on</i>	<i>9,186,372</i>	<i>9,984,464</i>	<i>10,776,494</i>	<i>11,573,783</i>

CAC Waiver	FY 2016	FY 2017	FY 2018	FY 2019
Average monthly CDCS participants (21+)	15	16	16	17
Cost of services for CDCS participants (21+)	1,990,414	2,163,435	2,312,644	2,530,184
Average daily cost of CDCS	366.76	384.61	397.71	421.60
Average daily cost of budget add-on	121.66	123.07	122.39	124.95
Percentage increase for budget add-on	33.2%	32.0%	30.8%	29.6%
Percent of recipients receiving the add-on	100%	100%	100%	100%
<i>CAC waiver cost of the add-on</i>	<i>660,277</i>	<i>692,285</i>	<i>711,655</i>	<i>749,872</i>

BI Waiver	FY 2016	FY 2017	FY 2018	FY 2019
Average monthly CDCS participants (21+)	32	33	33	33
Cost of services for CDCS participants (21+)	1,399,716	1,452,571	1,491,837	1,560,330
Average daily cost of CDCS	120.54	123.67	125.92	130.57
Average daily cost of budget add-on	39.99	39.57	38.75	38.70
Percentage increase for budget add-on	33.2%	32.0%	30.8%	29.6%
Percent of recipients receiving the add-on	100%	100%	100%	100%
<i>BI waiver cost of the add-on</i>	<i>464,326</i>	<i>464,813</i>	<i>459,073</i>	<i>462,436</i>

Offsets	FY 2016	FY 2017	FY 2018	FY 2019
<i>Transition age youth pilot</i>	<i>(913,498)</i>	<i>(917,943)</i>	<i>(928,259)</i>	<i>(939,707)</i>
Additional people using CDCS instead of traditional waiver services because of add-on				
Additional CADI CDCS participants	13	34	62	97
Average daily savings	(33.46)	(36.23)	(39.72)	(43.22)
<i>CADI savings from people using CDCS instead of traditional waiver services</i>	<i>(158,761)</i>	<i>(449,611)</i>	<i>(898,915)</i>	<i>(1,530,070)</i>
Additional DD waiver CDCS participants	13	31	50	72
Average daily savings	(39.47)	(41.07)	(43.65)	(46.04)
<i>DD waiver savings from people using CDCS instead of traditional waiver services</i>	<i>(187,295)</i>	<i>(464,733)</i>	<i>(796,698)</i>	<i>(1,209,998)</i>
Additional CAC waiver CDCS participants	2	4	6	8
Average daily savings	(56.25)	(63.50)	(70.55)	(79.57)
<i>CAC waiver savings from people using CDCS instead of traditional waiver services</i>	<i>(41,007)</i>	<i>(92,714)</i>	<i>(154,497)</i>	<i>(232,343)</i>

Offsets	FY 2016	FY 2017	FY 2018	FY 2019
Additional BI waiver CDCS participants	2	4	6	8
Average daily savings	(32.39)	(34.68)	(36.85)	(39.70)
<i>BI waiver savings from people using CDCS instead of traditional waiver services</i>	<i>(23,609)</i>	<i>(50,631)</i>	<i>(80,710)</i>	<i>(115,920)</i>

Total additional costs	14,908,873	16,515,514	18,128,767	19,669,841
Total offsets	(1,324,169)	(1,975,631)	(2,859,079)	(4,028,039)
Total cost of CDCS budget add-on	13,584,703	14,539,883	15,269,688	15,641,802
Implementation and Payment Effect	42%	100%	100%	100%
Total impact of CDCS budget add-on	5,660,293	14,539,883	15,269,688	15,641,802
State Share (50%)	2,830,147	7,269,941	7,634,844	7,820,901

Fiscal Summary (000's)						
Fund	BACT	Description	FY 2016	FY 2017	FY 2018	FY 2019
GF	33	MA LW	2,830	7,270	7,635	7,821
		Total Net Fiscal Impact	2,830	7,270	7,635	7,821
		Full Time Equivalent	-	-	-	-

Long-Term Fiscal Considerations

This bill costs \$7.8 million dollars in SFY 2019 and will have an on-going fiscal impact.

Local Fiscal Impact

NA

References/Sources

February 2015 Forecast

CC Research and Analysis

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