

HF518 - 0 - "Complex Peds Home Care Nursing Category Est"

Chief Author: **Nick Zerwas**
 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) Dollars in Thousands	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	3,435	8,739	9,392	10,198
Total	-	3,435	8,739	9,392	10,198
Biennial Total			12,174		19,590

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	2.5	2.5	2	2
Total	-	2.5	2.5	2	2

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 1:26:34 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	-	3,435	8,739	9,392	10,198
Total	-	3,435	8,739	9,392	10,198
Biennial Total			12,174		19,590
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	3,435	8,739	9,392	10,198
Total	-	3,435	8,739	9,392	10,198
Biennial Total			12,174		19,590
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

Section 1 of the bill adds a new category of nursing to home care nursing services by adding the definition of “Complex Pediatric Nursing” which is defined as complex home care nursing services provided to recipients who are under 22 years of age.

Section 2 of the bill sets the rate for complex pediatric home care nursing services at a level 25% higher than the payment rate for complex home care nursing services that are in effect on July 1, 2015. The rate increase would not apply to federally qualified health centers, rural health centers, and Indian health services. This section of the bill requires the Commissioner to adjust payment rates to managed care and county-based purchasing plans to reflect the increase and also requires the managed care and county based purchasing plans to pass on the full amount of the rate increase to eligible home care agencies.

Paragraph (b) of Section 2 directs the home care nursing agencies that receive the rate increase to use ten percent of the additional revenue to pay for additional training of nursing staff and eighty percent of the additional revenue to increase wages and benefits for home care nurses.

Assumptions

Effective Date: This bill is effective July 1, 2017. However, this bill will require federal approval. The federal approval process will delay the implementation of the payment rate proposed in the bill until January 1, 2018. This date also aligns with the adjustment for health care plans rate setting and contracts.

Programs/services affected:

- a. Complex Home Care Nursing provided through fee-for-service and managed care
- b. Extended complex home care nursing paid through the disability waiver programs

Eligible participants: a person under the age of 22 years of age who meets the criteria of complex home care nursing

Amount of Rate Change: 25%

Spending Base: This analysis uses the February 2017 Forecast for Fee-for-Service Home Care Nursing and the related costs for extended home care nursing in the waivers and managed care spending.

Utilization: Projections for amount of service that will be paid at a higher rate are based on historical spending of participants who are under 22 years and receiving complex home care nursing services. In FY 16, this represented 38.2% of current home care nursing spending and is projected to grow to 40% in FY 18.

Implementation and Payment delays: The effective date of this bill is July 1, 2017. Implementing this new service will require federal approval and system adjustments. This analysis assumes that it will take about six months to secure federal approval and includes an additional 30 day payment effect to account for the fact that medical assistance pays for services retroactively.

Managed Care Fiscal note assumptions Final federal regulations, recently published, for Medicaid managed care clarifies that states may not direct MCOs expenditures under the contract; to “direct” a payment means to require the MCO to pay a certain amount or use funds in a certain way unless certain conditions are met and approval is obtained from the Centers for Medicare and Medicaid Services (CMS). This legislation would require DHS to direct managed care expenditures. DHS has determined that existing staffing can accomplish the work associated with obtaining CMS permission to continue existing directed payment arrangements assuming the resources in the Governor’s budget proposal to implement all components of the new Medicaid managed care rule are appropriated by the legislature.

Administrative Impacts: Due to new federal managed care regulations stated in the assumption above, this fiscal note includes resources for developing metrics for inclusion into the state's comprehensive quality strategy, developing documentation required for federal approval of new directed payments, and the ongoing evaluation, analysis, and documentation required to demonstrate that the payment is meeting the identified objectives. The cost of this additional work is reflected in this estimate and may be reduced for the Health Care administration if the Governor’s budget request is included in the final omnibus bill enacted during the 2017 legislative session. The cost includes 1.5 FTE's for the Health Care Administration and one FTE in the Community Supports administration for FY18 and FY19 and half-time FTE going forward. The FTE for the Community Supports administration will work in conjunction with the Health Care Administration to direct development of the specific quality metrics, evaluation, strategy work and documentation.

State Share of Total Program Cost: State share of MA is 50%

Expenditure and/or Revenue Formula

		2018	2019	2020	2021
	Rate increase for pediatric home care nursing				
1	Home Care Nursing FFS Feb 17 Forecast	138,835,873	152,635,905	164,979,186	179,334,685
2	Percentage of total expenditures spent on complex nursing for children age 0-21	40.0%	40.0%	40.0%	40.0%
3	Amount of spending for complex nursing for children age 0-21	55,583,912	61,108,851	66,050,570	71,797,895
4	Factor to account for extended complex HCN for children	1.7%	1.7%	1.7%	1.7%

	ages 0-21 in the disability waivers				
5	Factor to account for services provided through managed care	10.4%	10.4%	10.4%	10.4%
6	Extended spending	925,799	1,017,822	1,100,130	1,195,857
7	Managed Care spending	5,798,924	6,375,326	6,890,883	7,490,486
8	Total spending for complex nursing for children age 0-21	62,308,635	68,502,000	74,041,584	80,484,238
9	Percentage increase for pediatric home care nursing rates	25%	25%	25%	25%
10	<i>Additional cost of pediatric home care nursing rates</i>	<i>15,577,159</i>	<i>17,125,500</i>	<i>18,510,396</i>	<i>20,121,060</i>
13	Implementation and payment effect	42%	100%	100%	100%
14	Total MA cost of the rate increases	6,490,483	17,125,500	18,510,396	20,121,060
	State Share (50%)	3,245,241	8,562,750	9,255,198	10,060,530
15	Total System Costs	\$5,976.95	\$1,195.39	1,195	1,195
	State Share (MMIS 29%)	\$1,733	\$347	\$347	\$347
16	Administrative Effort	289,000	269,000	209,000	209,000
	FFP- (35% Admin)	(101,150)	(94,150)	(73,150)	(73,150)

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	33	MA LW	2,990	7,889	8,527	9,269
GF	33	MA ED	255	674	728	792
GF	11	IT Systems	2	1	1	1
GF	14	CSA Admin	120	120	60	60
GF	13	HC Admin	169	149	149	149
GF	REV1	35% FFP	(101)	(94)	(73)	(73)
		Total Net Fiscal Impact	3,435	8,739	9,392	10,198
		Full Time Equivalent	2.5	2.5	2.0	2.0
GF	13	Health Care administration	1.5	1.5	1.5	1.5
GF	15	Community Supports Administration	1.0	1.0	.5	.5

Long-Term Fiscal Considerations

This bill is estimated to cost about \$10.2 million dollars in SFY 2021 and will have an ongoing impact.

Local Fiscal Impact

N/A

References/Sources

February 2017 Forecast
CSA Research and Analysis

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