

HF1271 - 1E - "Grp Residential Housing Pmnt"

Chief Author: **Duane Quam**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/08/2015**
 Lead Agency: **Human Services Dept**
 Other Agencies: **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
Human Services Dept						
General Fund	-	35	(903)	(1,187)	(1,501)	
Restrict Misc. Special Revenue	-	-	-	-	-	-
State Total						
General Fund	-	35	(903)	(1,187)	(1,501)	
Restrict Misc. Special Revenue	-	-	-	-	-	-
Total	-	35	(903)	(1,187)	(1,501)	
Biennial Total			(868)		(2,688)	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Human Services Dept					
General Fund	-	3	3	3	3
Restrict Misc. Special Revenue	-	-	-	-	-
Total	-	3	3	3	3

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: 04/08/2015
 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
Human Services Dept						
General Fund	-	35	(903)	(1,187)	(1,501)	
Restrict Misc. Special Revenue	-	-	-	-	-	-
Total	-	35	(903)	(1,187)	(1,501)	
	Biennial Total		(868)		(2,688)	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Human Services Dept						
General Fund	-	190	(581)	(653)	(725)	
Restrict Misc. Special Revenue	-	29	135	263	393	
Total	-	219	(446)	(390)	(332)	
	Biennial Total		(227)		(722)	
2 - Revenues, Transfers In*						
Human Services Dept						
General Fund	-	155	322	534	776	
Restrict Misc. Special Revenue	-	29	135	263	393	
Total	-	184	457	797	1,169	
	Biennial Total		641		1,966	

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 Committee: **Health and Human Services Finance**
 Date Completed: **04/08/2015**
 Agency: **Health Dept**

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Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
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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Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill amends provisions related to the Group Residential Housing (GRH) program requirements and eligibility.

Sections 1 and 2 of the bill would require background studies for providers of group residential housing or supplementary services. The cost would be covered through a fee of no more than \$20 per study.

Section 3 adds the GRH program to the compliance systems which allows the commissioner of human services to supervise administration of public assistance programs, and includes training, technical assistance and monitoring activities.

Sections 10, 16, 17, and 19 change income reporting requirements to use prospective budgeting and report earned income every six months.

Assumptions

It is assumed that this bill will impact areas in which the Human Services Department conducts background studies, and that it will not have a fiscal impact on the Department of Health, as no additional Department of Health work on background studies will be required.

It is also assumed that, as outlined in Sec. 13, Subd. 2e, facilities that currently obtain board and lodging licenses from the Department of Health would continue to do so, and that it would not require the Department to issue any additional boarding and lodging licenses.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

None

Local Fiscal Impact

References/Sources

None

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 Committee: **Health and Human Services Finance**
 Date Completed: **04/08/2015**
 Agency: Human Services Dept

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Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

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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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Total	-	184	457	797	1,169
Biennial Total			641		1,966

Bill Description

This bill amends provisions related to the Group Residential Housing (GRH) program requirements and eligibility. See discussion below for detail.

Assumptions

Sections 1 and 2 of the bill would require background studies for providers of group residential housing or supplementary services. The cost would be covered through a fee of no more than \$20 per study. An estimated 1,000 background studies will be completed in the first year (beginning July 1, 2016) and 350 background studies will be completed in subsequent years. In FY 2014, DHS completed nearly 293,000 background studies. Based on existing background study capacity, these additional studies can be incorporated into existing workloads. The standard fee is \$20 per study and it is set at a rate that recovers the cost of the background study.

Section 3 adds the GRH program to the compliance systems which allows the commissioner to supervise administration of public assistance programs, and includes training, technical assistance and monitoring activities.

The increase in monitoring and oversight would require two full-time positions to review individual and provider eligibility. The cost is estimated at \$199,000 in the first year and \$168,000 ongoing, including salary, fringe and overhead. Costs are offset by federal financial participation revenues of 35 percent.

Sections 10, 16, 17, and 19 change income reporting requirements to use prospective budgeting and report earned income every six months. Under current law, GRH recipients whose eligibility is based on a General Assistance category of eligibility and who have earned income must report monthly, and increases in income would be used to adjust budgets. Under this proposal, GRH recipients who are not subject to SSI budgeting rules and have earned income would be required to report every six months. Earnings would be budgeted prospectively. Any reported decreases in income would affect budgets the following month. It is estimated that this would increase GRH payments for this group by an average of 5%.

Section 13, subdivision 1, paragraph (b) eligibility for GRH through General Assistance (GA) categories would be limited to those who are eligible for GA through a disability defined under GA.

DHS data show that 21% of GRH-GA types have a disability basis of GA eligibility, and 1% have a non-disability basis of GA eligibility. The rest are eligible for GA through their eligibility for GRH. Under this proposal, recipients will have to show another disability basis of GA eligibility in order to be eligible for GRH. It is assumed that placement in a GRH is generally an indication that the individual could meet one of the GA disability bases, and that the GRH caseload will be reduced by only 1% due to the new eligibility requirements. The impact on eligibility is assumed to come at application and redeterminations and so phases in over 12 months.

This section also includes a provision to require GRH recipients to apply for all benefits for which they may be eligible, such as Supplemental Security Income (SSI) and sign an Interim Assistance Agreement (IAA). Once determined eligible for SSI, the agreement allows the Social Security Administration to reimburse the state for the GRH payments received during the period of retroactive SSI eligibility.

There is a fiscal impact on non-dedicated revenues from collections on Interim Assistance Agreements (IAA). Under current law GA recipients must complete an IAA and must apply for other maintenance benefits (chiefly SSI) that they may be eligible for, but GRH payments made under these agreements are not necessarily recoverable. In FY 2014 recoveries from IAAs for GA were \$4.1 million, or 9.1% of GA expenditures, while recoveries from IAA for GRH were \$1.9 million, or 2.6% of GRH-GA type expenditures. SSI payments can fully reimburse GA payments, but are only enough to reimburse about half of GRH-GA type payments. It is assumed that when GRH payments are required to be included in the IAA, recoveries from IAAs for GRH will be 4.6% of GRH GA-type expenditures, for an increase of 2%. To allow time for completion of IAA's at application or redetermination, application for benefits, decisions, and appeals, it is assumed that there is a 5% fiscal impact in the first year, with the full impact phasing in at an additional 15% per year. Under current law, 35 percent of these recoveries are dedicated to fund activities to help persons apply for other benefits they may be eligible for, such as Supplemental Security Income (SSI). The remaining recoveries go back to the general fund to cover the cost of benefits received while the person applies for SSI.

Subdivision 1a, paragraph c Would require one full-time position to support provider enrollment in the Medicaid Management Information System (MMIS). This position will train all GRH service providers who will enroll in MMIS and provide ongoing technical assistance on how to bill for GRH services.

Effective dates included in the estimates below for the reporting changes and changes to GRH-GA eligibility coincide with those in the bill and are based on when the MAXIS system could be updated to implement the changes. This effective date and cost estimates were provided by MN.IT@DHS staff.

Note that the cumulative effect of all changes resulting from the legislative session will affect when this change can actually be completed. The Department will evaluate system changes and implementation dates for the omnibus package and will provide revised implementation dates based on the complete package.

Expenditure and/or Revenue Formula

Section 13

GRH-GA type eligibility (Effective Sept 1, 2015)	FY2016	FY2017	FY2018	FY2019
Average monthly GRH-GA type recipients	5,600	5,928	6,237	6,532
Percent no longer eligible under proposal	1%	1%	1%	1%
	-----	-----	-----	-----
Average monthly GRH-GA type recipients no longer GRH eligible	56	59	62	65
Average monthly GRH-GA payment	\$1,280	\$1,321	\$1,361	\$1,398
Months	10	12	12	12

GRH-GA type eligibility (Effective Sept 1, 2015)	FY2016	FY2017	FY2018	FY2019
Phase-in	42%	100%	100%	100%
	-----	-----	-----	-----
GRH-GA type cost	(\$301,183)	(\$940,047)	(\$1,018,532)	(\$1,095,552)
Application and IAA requirement (Effective Sept 1, 2015)	FY2016	FY2017	FY2018	FY2019
Annual GRH-GA type payments (Feb 2015 forecast)	\$86,052,412	\$94,004,665	\$101,853,234	\$109,555,244
Change in GRH payments to GA-types from policy changes	(\$301,183)	(\$940,047)	(\$1,018,532)	(\$1,095,552)
	-----	-----	-----	-----
Annual GRH payments to GA-types	\$85,751,229	\$93,064,619	\$100,834,701	\$108,459,692
Percent increase in IAA recoveries	2%	2%	2%	2%
Phase-in	5%	20%	35%	50%
	-----	-----	-----	-----
Annual increase in IAA recoveries (general fund)	\$84,232	\$365,663	\$693,338	\$1,065,382

Sections 10,16,17,19 Reporting Changes

Reporting changes (Effective April 2016)	FY2016	FY2017	FY2018	FY2019
Average monthly GRH-GA type recipients	5,600	5,928	6,237	6,532
Cases from changes described above	(24)	(59)	(62)	(65)
Percent with earnings budgeted	4%	4%	4%	4%
	-----	-----	-----	-----
Avg mo.cases w/ earnings budgeted	223	235	247	259
Avg mo. GRH payment w/ earnings budgeted	\$803	\$803	\$803	\$803
Percent change in GRH payment	5%	5%	5%	5%
Avg monthly change in GRH payment	\$40	\$40	\$40	\$40
Months	3	12	12	12
	-----	-----	-----	-----
GRH cost	\$26,884	\$113,170	\$119,055	\$124,698

Systems Costs

Section 3 cost to produce reports for compliance and monitoring activities including adding information to track vendor

and client overpayments. The MAXIS systems cost is estimated at \$78,000 of which the state share is \$37,440.

Section 13 Changes to General Assistance categories of eligibility for GRH

The MAXIS systems cost is estimated at \$10,335 of which the state share is \$4,961.

Section 13, subdivision 1a (c).

Cost to move the service rates from MAXIS to MMIS

The MAXIS systems cost is estimated at \$90,000 of which the state share is \$43,200.

The MMIS systems cost is estimated at \$110,550 in fiscal year 2016, of which the state share is \$32,060, and \$22,110 in fiscal year 2017 and ongoing of which the state share is \$6,412.

Sections 10, 16, 17, 19 Reporting Changes

The MAXIS systems cost is estimated at \$127,560, of which the state share is \$61,229.

Fiscal Tracking Summary (\$000s)						
Fund	BACT	Description	FY2016	FY2017	FY2018	FY2019
GF	25	Group Residential Housing	(274)	(827)	(899)	(971)
GF	REV2	Interim Asst. Recoveries (non-dedicated)	(55)	(238)	(450)	(692)
DED	REV	Interim Asst. Recoveries (dedicated 35%)	(29)	(128)	(243)	(373)
DED	EXP	Interim Assistance	29	128	243	373
DED	REV	Operations background study revenue	0	(7)	(20)	(20)
DED	EXP	Operations background study expense	0	7	20	20
GF	13	Operations Health Care Admin (1 FTE)	86	72	72	72
GF	11	Operations (Compliance 2 FTEs)	199	168	168	168
GF	REV1	FFP @35%	(100)	(84)	(84)	(84)
GF	11	Operations (MAXIS)	147	0	0	0
GF	11	Operations (MMIS)	32	6	6	6
		Total Net Fiscal Impact	35	(903)	(1,187)	(1,501)

Fiscal Tracking Summary (\$000s)						
GF	13	Full Time Equivalents	3	3	3	3

Long-Term Fiscal Considerations

These changes are assumed to be ongoing.

Local Fiscal Impact

None

References/Sources

DHS February, 2015 Forecast

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