

HF3193 - 1E - "Day Training and Habilitation Svcs Prov"

Chief Author: **Joe Schomacker**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **04/09/2018**  
 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	-	-	5,721	14,042	12,743
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,721</b>	<b>14,042</b>	<b>12,743</b>
<b>Biennial Total</b>			<b>5,721</b>		<b>26,785</b>

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

**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.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021	
General Fund	-	-	5,721	14,042	12,743	
<b>Total</b>	-	-	<b>5,721</b>	<b>14,042</b>	<b>12,743</b>	
<b>Biennial Total</b>			<b>5,721</b>		<b>26,785</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	5,721	14,042	12,743	
<b>Total</b>	-	-	<b>5,721</b>	<b>14,042</b>	<b>12,743</b>	
<b>Biennial Total</b>			<b>5,721</b>		<b>26,785</b>	
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	
<b>Total</b>	-	-	-	-	-	
<b>Biennial Total</b>			-		-	

**Bill Description**

Section 1 creates an exception to the definition of Day Training and Habilitation (DT&H) services that allows the activities provided under employment exploration, employment development, and employment support services to be provided as DT&H services for people with daily DT&H service rates that are subject to rate stabilization.

Section 2 specifies that service authorizations for daily units of DT&H or prevocational services that have rates subject to rate stabilization cannot transition to employment exploration, employment development, and employment support services until the rate stabilization period ends. It also clarifies that the new employment services cannot be billed on the same day as a partial day or daily unit of DT&H or prevocational services.

Section 3 requires lead agencies who are authorizing daily units of DT&H and prevocational services to also enter information into the rate management system indicating the average units of employment development, employment exploration, and employment support services to be provided during the transition period.

**Assumptions**

Summary: During the 2017 session, the legislature authorized the implementation of three new services in the disability waivers: employment exploration, employment development, and employment support services. Currently, activities that are similar to the new employment services may be provided and paid through DT&H, prevocational, and supported employment services. Upon implementation of the new services, these activities are required to be provided and billed under the new services. Individuals are expected to transition to the new services as their service agreements renew.

This bill creates a longer transition to the new services for people who are authorized for daily units of DT&H or prevocational services that have rates subject to rate stabilization. Rate stabilization is often called banding. As a result, services for these individuals may continue to be authorized and billed under the daily unit rate for DT&H and prevocational services, rather than the 15 minute unit rate for the new employment services.

Effective Date: The transition timeline in this bill for people with banded DT&H and prevocational services is effective July 1, 2018. This is also the expected implementation date of the new employment services.

Programs Affected: Brain Injury (BI), Community Alternative Care (CAC), Community access for Disability Inclusion (CADI), and Developmental Disabilities (DD) waivers.

Program Participants Affected:

- This bill will impact people who have DT&H or prevocational services banded to 2013 historical rates.
- The estimated number of people who receive DT&H and prevocational services is based on historic trends and adjusted for forecasted growth in the disability waiver programs.
- Under current law, 43% of DT&H participants and 64% of prevocational services participants are expected to transition to the new employment services.
- However, since the majority of people receiving DT&H and prevocational services have banded rates, their transition to the new services will be delayed. The proportion of people who will remain in DT&H or prevocational services is based on current banding projections. For example, in SFY 2019, it is projected that 93% of DT&H and 86% of prevocational services will be banded.

Average Monthly Cost of Services:

The average monthly costs of DT&H and prevocational services are based on historical usage and account for forecasted growth.

The average monthly cost of the new employment services reflects the projected weighted average cost across the three new services. It is based on anticipated usage, average number of units used each month, and established rate. Estimates assume that the new services will be billed in 15 minute units at the following rates and average number of units:

	Rate	Average monthly units
Employment Exploration	\$10.80	40
Employment Development Services - Redesigned	\$12.96	40
Employment Supports	\$10.80	160

These rates reflect a service ratio of one staff member per recipient. These services may also be provided in a small group setting, and the rate is adjusted accordingly. The average monthly cost reflects a weighted average of one-to-one and one-to-two staffing ratios.

Transition Timeline: It is assumed that individuals will transition to the new services as banding ends and service agreements renew. This analysis assumes that banding will continue until January 1, 2021. Therefore, all individuals will transition to the new services by SFY 2023.

Systems: This bill will require changes to the MnCHOICES Support Plan to enable data collection on what specific activities are being provided under the daily rate.

Phase-in and payment effect:

- A. Services will be implemented as participants are assessed or reassessed over a one year period beginning July 1, 2018. This timeline may be impacted by other implementation factors or if it is determined that this change requires federal approval.
- B. A 30 day payment effect has been included to accommodate the fact that MA pays retrospectively.

**Expenditure and/or Revenue Formula**

	FY 2019	FY 2020	FY 2021
<b>DT&amp;H and prevocational services Participant Base</b>	-	-	-
Total Disability Waiver Participants	48,014	50,218	52,076

Percentage of Disability Waiver Participants who use DT&H	22%	22%	22%
Number projected to use DT&H	10,718	11,210	11,624
Percentage of Disability Waiver Participants who use prevocational services	6%	6%	6%
Number projected to use prevocational	2,901	3,034	3,146
<b>Projected Transition to the New Employment Services</b>			
Proportion of DT&H participants expected to move to new employment services under current law	43%	43%	43%
Number of DT&H participants expected to transition to new employment services under current law	4,609	4,820	4,998
Proportion of DT&H participants who will continue to receive DT&H under HF3193 because they have daily rates banded to historical values	93%	91%	75%
<i>Number of DT&amp;H participants who will continue to receive DT&amp;H under HF3193</i>	4,266	4,395	3,757
Average monthly cost of DT&H	1,704	1,728	1,757
Estimated weighted average monthly cost of new employment services	1,077	1,097	1,097
<i>Cost difference</i>	627	631	660
<i>Cost of delaying transition to new employment services for DT&amp;H participants</i>	32,091,277	33,253,869	29,749,067
Proportion of prevocational services participants expected to move to new employment services under current law	64%	64%	64%
Number of prevocational services participants expected to transition to new employment services under current law	1,856	1,942	2,013
Proportion of prevocational services participants who will continue to receive prevocational services under HF3193 because they have daily rates banded to historical values	86%	85%	70%
<i>Number of prevocational services participants who will continue to receive prevocational services under HF3194</i>	1,599	1,642	1,402

	-	-	-
Average monthly cost of prevocational services	823	835	849
Estimated average monthly cost of new employment services	1,077	1,097	1,097
<i>Cost difference</i>	<i>(253)</i>	<i>(262)</i>	<i>(248)</i>
<i>Cost of delaying transition to new employment services for prevocational services participants</i>	<i>(4,860,167)</i>	<i>(5,169,399)</i>	<i>(4,174,802)</i>
	-	-	-
<b>Total cost of delaying transition to new employment services for DT&amp;H and prevocational services participants</b>	<b>27,231,111</b>	<b>28,084,470</b>	<b>25,574,265</b>
	-	-	-
Implementation and Payment Effect	42%	100%	100%
	-	-	-
<b>Total Fiscal Impact</b>	<b>11,440,849</b>	<b>28,084,470</b>	<b>25,485,465</b>
<b>Net State Impact (50%)</b>	<b>5,720,424</b>	<b>14,042,235</b>	<b>12,742,733</b>
	-	-	-
State Share Systems (MnCHOICES)	1,408		
MA Grants (State Budget)	5,720,424	14,042,235	12,742,733
Systems	1,408	-	-
<b>Net State Costs/(Savings)</b>	<b>5,721,832</b>	<b>14,042,235</b>	<b>12,742,733</b>

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	33	MA LW	0	5,720	14,042	12,742
GF	11	Systems (MnCHOICES) 90% FFP		1		
		<b>Total Net Fiscal Impact</b>	<b>0</b>	<b>5,721</b>	<b>14,402</b>	<b>12,742</b>
		<b>Full Time Equivalent</b>				

**Long-Term Fiscal Considerations**

The costs of this bill will decrease over time as banded rates move to the framework rate. In this bill, there is a cost for banding since it is preventing rates from transitioning to the new employment services which are lower on average than

the banded DT&H daily rates. The extension of banding through calendar year 2020 is still pending federal approval.

**Local Fiscal Impact**

None

**References/Sources**

Feb. 2018 Forecast  
CSA Research and Analysis

**Agency Contact:**

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