

HF564 - 1E - "Reimb for Intermediate Care for Dev Disb"

Chief Author: **Rod Hamilton**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/09/2015**
 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	-	90,488	206,217	228,850	242,947	
Total	-	90,488	206,217	228,850	242,947	
Biennial Total			296,705		471,797	

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: Ahna Minge Date: 4/9/2015 8:06:21 AM
 Phone: 651 259-3690 Email ahna.minge@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	-	90,488	206,217	228,850	242,947	
Total	-	90,488	206,217	228,850	242,947	
	Biennial Total		296,705		471,797	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	90,488	206,217	228,850	242,947	
Total	-	90,488	206,217	228,850	242,947	
	Biennial Total		296,705		471,797	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
	Biennial Total		-		-	

Bill Description

Section 1 specifies that the historical rates in the Disability Waiver Reimbursement System (DWRS) must be adjusted for each rate increase effective on or after July 1, 2015. It specifies that the rates for Residential support services, Day programs, Unit-based services with programming, and Unit-based services without programming should be adjusted.

Section 2 includes two five percent (5%) rate increases for Intermediate Care Facilities for persons with developmental disabilities (ICF/DD); the first on July 1, 2015 and the second on July 1, 2016. It also specifies that 90% of the rate increase must be used for increases in wages or other compensation-related costs.

Section 3 includes two five percent (5%) rate increases for home and community-based services and state grant programs that serve people with disabilities, older adults, and people who are deaf and hard of hearing; the first on July 1, 2015 and the second on July 1, 2016. This includes the MA disability waivers, Elderly Waiver, Alternative Care, Essential Community Supports, Consumer Support Grants, state plan home care programs, and the disability, aging, and deaf and hard of hearing grants. It also specifies that 90% of the rate increase must be used for increases in wages or other compensation-related costs.

Facilities and providers that receive a rate increase under this bill are required to use 90% of the additional revenue to increase compensation-related costs for eligible employees.

- Eligible employees include employees directly employed by the provider on or after the effective date of the rate change. Persons who have an ownership interest in the program or exercise control over it are not eligible for the increase.
- There are a variety of allowable increases that providers may use to meet this requirement, including:
 1. Wages and salaries
 2. The employers share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers compensation, and mileage reimbursement,
 3. The employers share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, pensions, and contributions to employee retirement accounts
 4. Other benefits provided and workforce needs, including recruiting and training of employees

Assumptions

- 1) **Amount of Rate Changes:** 5% and 5%
- 2) **Effective Date of the Rate Changes:** July 1, 2015 and July 1, 2016
- 3) **Service Cost Base:** For programs that are included in the DHS Forecast, the cash estimates for those programs are used as the base for rate change calculations. For ICFs/DD, the aggregate MA charges, which accounts for recipient contributions, are used as a basis for rate change calculations. For state grants, the grant base in the statewide accounting systems is used for rate change calculations.
- 4) **Forecast version:** This analysis is based on the February 2015 forecast.
- 5) **Payment delays:** The analysis is calculated on a cash basis. Since Medicaid pays service claims retrospectively, the following payment delays have been included: For MA Services - 30 days; State Grants - 30 days; CCSA Grants - 90 days; Managed Care 60 days in fiscal year 15, 30 days in all other fiscal years.
- 6) The following services are included in this bill:
 - The following HCBS programs: DD Waiver, Elderly Waiver, CADI Waiver, CAC Waiver, BI Waiver, Home Health Agencies, Personal Care - Fee for Service, Home Care Nursing, Community Choice K and I - Fee for Service, Elderly Waiver Managed Care, Personal Care Managed Care, Community Choice K and I Managed Care, Alternative Care, Community First ECS, Consumer Support Grants, Semi-independent Living, CCSA Grants Day Training, Epilepsy Grants
 - The following institutional programs: ICFs/DD and Day Training and Habilitation for ICF/DD residents
 - Disability Grants that provide direct services and require additional funding for the rate change
 - Aging Grants that provide direct services and require additional funding for the rate change
 - Deaf and Hard of Hearing Grants that provide direct services and require additional funding for the rate change
- 7) **Services Not Included:** Nursing facilities, childrens mental health CTSS & day treatment, adult mental health, chemical dependency treatment services, therapies, Aging and Adult Service grants that do not provide direct services, HIV insurance and case management grants.
- 8) **State Share of Medical Assistance:** State share of MA is 50%, except for the following instances:
 - Community Services and Supports provided through the 1915(k). For this program, the state share is 44% of the total program cost.
 - For services to residents residing in larger ICFs/DD, the state share is 90% of the non-federal share.
 - For the Alternative care program, the state state is 50% of the total program costs.
 - For all state grant programs not eligible for Medical Assistance, the state share of the change is 100% of the costs.
- 9) **Administrative Impacts:** This proposal can be implemented within existing administrative resources.

Expenditure and/or Revenue Formula

July 1 Implementation		(State dollars in thousands)			
Summary by budget activity		FY2016	FY2017	FY2018	FY2019
33	MA LTCWaivers	\$69,464	\$158,597	\$177,510	\$189,240

July 1 Implementation			(State dollars in thousands)		
	and Home Care				
33	MA LTC Facilities	\$3,964	\$8,459	\$8,800	\$8,756
33	MA Basic Health Care E&D	\$13,195	\$30,678	\$33,535	\$35,907
33	MA Basic Health Care F&C	\$10	\$22	\$23	\$23
33	MA Basic Adults w/o Kids	\$0	\$24	\$53	\$66
34	Alternative Care Grants(with ECS)	\$1,136	\$2,474	\$2,578	\$2,604
25	Group Residential Housing	\$0	\$0	\$0	\$0
57	Adult Mental Health Grants	\$0	\$0	\$0	\$0
58	Children's Mental Health Grants	\$0	\$0	\$0	\$0
55	Other Continuing Care Grants	\$880	\$1,902	\$1,987	\$1,987
55	DT&H County Grants	\$507	\$1,209	\$1,386	\$1,386
54	Deaf and Hard of Hearing Grants	\$86	\$184	\$192	\$192
53	Aging and Adult Services Grants	\$1,245	\$2,667	\$2,786	\$2,786
35	State share of CD Tier I	\$0	\$0	\$0	\$0
	TOTAL GENERAL FUND ABOVE	\$90,488	\$206,217	\$228,850	\$242,947
31	TOTAL HCAF (Therapies)	\$0	\$0	\$0	\$0

Fiscal Tracking Summary (\$000s)

Fund	BACT	Description	FY2016	FY2017	FY2018	FY2019
GF	33	MA LTC Waivers and Home Care	69,464	158,597	177,510	189,240
GF	33	MA LTC Facilities	3,964	8,459	8,800	8,756

Fiscal Tracking Summary (\$000s)						
GF	33	MA Basic Health Care E&D	13,195	30,678	33,535	35,907
GF	33	MA Basic Health Care F&C	10	22	23	23
GF	33	MA Basic Adults w/o Kids	-	24	53	66
GF	34	Alternative Care Grants(with ECS)	1,136	2,474	2,578	2,604
GF	55	Other Continuing Care Grants	880	1,902	1,987	1,987
GF	55	DT&H County Grants	507	1,209	1,386	1,386
GF	54	Deaf and Hard of Hearing Grants	86	184	192	192
GF	53	Aging and Adult Services Grants	1,245	2,667	2,786	2,786
		Total Net Fiscal Impact	90,488	206,217	228,850	242,947
		Full Time Equivalents	0	0	0	0

Long-Term Fiscal Considerations

This bill is estimated to cost \$242,947,000 in SFY 2019 and will have an ongoing impact.

Local Fiscal Impact

Counties share in the cost of rate changes for certain services included in this estimate. These services include:

- Intermediate care for persons with developmental disabilities provided in larger(7+beds) facilities (10% of the non-federal share) ;
- Semi-independent living services where local agencies pay 30% of the total cost.

Social service funding for the rate increase to day training and habilitation services has been included in this analysis. This increase has been funded as part of this proposal since day training and habilitation rates are increased for all payors when the MA Day training and habilitation rate is increased.

References/Sources

February 2015 Forecast

DHS Research and Analysis

Agency Contact: Ashley Reisenauer 651-431-2571

Agency Fiscal Note Coordinator Signature: Don Allen

Phone: 651 431-2932

Date: 4/9/2015 8:04:36 AM

Email: Don.Allen@state.mn.us