

HF1445 - 0 - " Human Srvcs Budget Methodology Exception"

Chief Author: **Kathy Lohmer**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/23/2017**
 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)	Biennium			Biennium	
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020
General Fund	-	283	42	-	-
Total	-	283	42	-	-
Biennial Total			325		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
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: Travis Bunch Date: 3/23/2017 12:15:05 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	-	283	42	-	-	-
Total		-	283	42	-	-
Biennial Total		325		-	-	-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	283	42	-	-	-
Total		-	283	42	-	-
Biennial Total		325		-	-	-
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total		-		-	-	-

Bill Description

Section 1: Requires establishment of new individual CDCS budget exceptions under the disability waivers for persons exiting institutional or crisis beds by September 30, 2017. The budget exception process should be available for any individual who:

- Is not offered available and appropriate services within 60 days since approval for discharge from an individual's current institutional setting, and
- Requires services that are more expensive than appropriate less-restrictive services using the consumer-directed community supports option. Institutional services include intermediate care facilities for persons with developmental disabilities, nursing facilities, acute care hospitals, Anoka Metro Regional Treatment Center, the Minnesota Security Center, and crisis beds. The budget exception should not exceed the amount determined by the lead agency managing the individual's home and community-based waiver services for the least restrictive available service.

Section 2: Requires submission of a waiver (Community Alternative Care (CAC), Alternative Care (AC), Community Access for Disability Inclusion (CADI), Brain Injury (BI), and Developmental Disability (DD)) amendment to CMS by September 30th, 2017 to expand the 2015 CDCS budget methodology exception to increase budgets up to 30% for persons who can demonstrate a need for more services, including:

- Need for implementation of a Positive Behavior Support plan;
- Need for employment services;
- Need for transition to, move into, or live in an independent housing setting, or persons currently using licensed providers for residential services. This service is limited to those persons who can demonstrate that upon choosing to become a consumer-directed community support participant, the total cost of services, including the exception will be less than the cost of current waiver services.

The exception under this section is effective October 1, 2017 or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Section 3: Requires the commissioner of human services to work with stakeholders on the development of a new consumer directed community services budget methodology. A legislative report is due on December 15th, 2018 outlining the new methodology including details of additional legislation and/or funding required to implement.

Assumptions

Section 1: Lines 1.20-1.23 require that the budget exception granted be limited to be no more than the amount of

appropriate less-restrictive available services as determined by the lead agency managing the individual's HCBS waiver. Therefore the cost of these individuals receiving the exception would not exceed the cost of the services that the individual would otherwise receive without the exception.

Section 2: The language in Section 2 states that the exception is only allowable for two types of people:

- Individuals who demonstrate that without the exception, they will leave CDCS for more expensive traditional waiver services
- Individuals who demonstrate that the total cost of CDCS services, including the exception, are still less than their cost of the waived services that they would otherwise receive.

Therefore, the total cost of individuals receiving the exception will be no more than the services they would otherwise receive without the option of the CDCS exception.

Section 3: The cost associated with Section 3 provides one-time funding in FY 18-19 to contract with an external vendor to research and provide recommendations on revisions to the CDCS budget methodology, including suggested legislation and estimated costs of implementing the new methodology.

Report Submission date: December 15, 2018

Expenditure and/or Revenue Formula

Contractor Tasks and Estimated Costs	SFY 2018	SFY 2019
Research how individual budgets for HCBS are determined in other states, and the impacts.	50,000	0
Analyze assessment, authorization, claim and other information of existing recipients with individual budgets and comparable groups without individuals' budgets. Perform analysis to determine major variables that affect cost per day in the waivers and recipients' service needs.	250,000	0
Develop criteria for evaluating individual methods of budgeting with stakeholder input	30,000	0
Propose several methods of individual budgeting and evaluate their impact on individual consumers and the state budget.	75,000	25,000
Meet with stakeholders and review and discuss alternative budgeting methods that can be used for individual budgeting and their impacts.	30,000	20,000
Write a report with recommending budget methodology options, including suggested legislation and estimated costs of implementing new methodology. This report and estimated costs should include a transition plan describing how to operationalize the system changes, guidance for assessors, and training and technical assistance.	0	20,000
Total Cost of Report	435,000	65,000
Admin FFP- 35%	(152,000)	(23,000)
Net State Cost	283,000	42,000

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	15	CSA Admin	435	65	0	0
GF	REV1	FFP Admin- 35%	(152)	(23)		
		Total Net Fiscal Impact	283	42	0	0
		Full Time Equivalents				

Long-Term Fiscal Considerations

None

Local Fiscal Impact

None

References/Sources

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