

HF481 - 3A - "Personal Care Assistant Prog Modifications"

Chief Author: **Debra Kiel**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/08/2018**
 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	-	-	2,391	6,720	9,882
Total	-	-	2,391	6,720	9,882
Biennial Total			2,391		16,602

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	2	2	2
Total	-	-	2	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: 4/8/2018 7:50:56 AM
 Phone: 651 201-8038 Email: travis.bunch@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		FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	-	2,391	6,720	9,882
Total		-	-	2,391	6,720	9,882
Biennial Total					2,391	16,602
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	2,391	6,720	9,882
Total		-	-	2,391	6,720	9,882
Biennial Total					2,391	16,602
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total					-	-

Bill Description

The bill amends the Personal Care Assistance statute 256B.0659:

Section 1 makes the enhanced rate in subdivision 17a applicable to PCA services for a person who qualifies for ten or more hours of PCA services per day and provided by a personal care assistant who is qualified to provide complex PCA services. This section is effective July 1, 2018.

Section 2 sets the enhanced rate of 110 percent of the rate paid for PCA services for individuals who qualify for 10 or more hours of PCA services per day when provided by a PCA who meets the training requirements defined in subdivision 11, paragraph d. This section also specifies that this rate increase includes and is not in addition to the negotiated rate increase implemented by the Commissioner under 179A.54 effective July 1, 2018 that provides for wage increases for individual providers who serve participants assessed to need 12 or more hours of PCA services per day. This section is effective July 1, 2018.

Section 3 expands provider enrollment requirements if PCA services are provided and submitted for an enhanced rate. This section is effective July 1, 2018.

Section 4 expands the general duties of PCA agencies to document that the agency uses the additional revenue due to the enhanced rate under subdivision 17a for the wages and benefits of the PCAs whose services meet the requirements for receiving the enhanced rate. This section is effective July 1, 2018.

Section 5 expands the required documentation of PCA agencies to include the verification of the completion of training required under subdivision 11, paragraph (d), for any billing of the enhanced rate. This section is effective July 1, 2018.

Assumptions

1) Implementation & Effective Date: July, 1, 2018

2) Forecast version: This estimate uses the February 2018 forecast

3) Programs/services affected:

- a. Personal Care Assistance (PCA) provided through fee-for-service and managed care
- b. Extended Personal Care Assistance paid through the waivers provided through the disability and Elderly waiver programs
- c. Personal Care Assistance provided through the Alternative Care Program

d. Community First Services and Supports (CFSS) Under current law, the Personal Care Assistance program will transition to CFSS. The November 2017 Forecast assumes that this transition will begin February 1, 2019. CFSS will use the same service rates as the PCA program, so the increase in this bill will also be carried into this program.

4) Programs/services not affected:

- a. Consumer Directed Community Supports (CDCS)
- b. Consumer Support Grant (CSG)

5) Eligible participants: a person who qualifies for ten hours or more of personal care assistance services per day and receives services from a PCA who has successfully completed the nursing assistant training requirement. In SFY 2015, 2,900 recipients were authorized for 10 or more hours a day of personal care services.

6) Interactions with current exclusive bargaining agreements: The current contract between the state of Minnesota and an exclusive representative of individual providers under 179A.54 provides a 5% rate increase for complex personal care assistance. In that agreement, complex personal care is defined as services for persons authorized for 12 or more hours of PCA per day and provided by a worker who has received approved training. Under current law, this increase will be implemented July 1, 2018. Since this bill creates 265B.059 Subd. 17a that specifies that the proposed rate increase, "includes, and is not in addition to" negotiated rate increases related to wages for workers providing complex care, an offset has been included to account for the 5% complex care rate increase for persons authorized for 12 or more hours of PCA per day.

7) Qualified personal care assistants: There is a phase-in factor applied to the number of qualified workers to account for the time it will take for the workers to receive the training and become certified to provide complex PCA services. By FY 2021, it is anticipated that only 75% of workers serving people with complex needs will obtain certification due to the cost and time needed to complete the training. This assumption is consistent with implementation of the current exclusive bargaining agreement under 179A.54.

8) Rate for Complex PCA services: This estimate assumes the rate of complex PCA services at 110% of the rate paid for personal care assistance services. The current PCA rate as of August 1, 2017 is \$4.35/unit, which equates to \$17.40 per hour.

9) Utilization: Projections for the amount of service that will be paid at a higher rate are based on historical spending of participants who are currently authorized for 10 or more hours of service per day. Based on historical trends, this is estimated to represent 26% of PCA spending. In this fiscal note, that percentage is lower in SFY 2019 because of the managed care contract adjustments that will be effective Jan. 1, 2019.

10) Managed Care trends: Estimates of eligible participants in Managed Care are based on the historical spending of fee-for-service recipients over 65 years who were authorized for 10 or more hours of PCA services per day. Currently, 30% of spending in the PCA program is through managed care.

11) Systems Impact: This estimate assumes no additional systems implications due to the work occurring to implement a complex care rate passed as part of negotiations between the state of Minnesota and an exclusive representative of individual providers under 179A.54.

12) Administrative Impact: This legislation would increase payment rates for PCAs when serving MA recipients who are approved for 10 or more hours of PCA services per day and who have met training requirements. Under current law, trained PCA providers serving MA recipients approved for 12 or more hours are eligible for a higher payment rate. The higher rate under this bill would apply to those PCAs who have completed the required training when serving the approximately 2,400 MA recipients approved for 10 or 11 hours per day. Implementing this new rate will require additional staff in the Member and Provider Services area. These staff are needed to maintain training documentation and update the provider file, to conduct post payment review to ensure that the higher rate is paid to those meeting the training requirements and who are serving people with 10 or more hours per day, to answer additional questions from PCA providers, and to conduct ongoing provider training regarding the new rates. A two month delay in FY2019 accounts for the expected lag in hiring these FTEs. This fiscal note includes \$25,000 to cover the cost of contracted actuarial services to calculate the change in capitation payments for managed care organizations.

13) State Share: This analysis uses the weighted average state share across the affected programs.

14) Implementation and Payment Effect: A 30 day payment effect is included to account for the fact that fee-for-service payments in Medical Assistance are made retrospectively and managed care payment timing. Additionally, 256B.69 Subd.

5(a) states that changes that are effective mid-way through the managed care contract year will take effect at the beginning of the next contract year. As a result, this fiscal note assumes that managed care payments would not be affected until Jan. 1, 2019. Receiving federal approval, system modifications and other operational delays may alter the implementation timeline.

Expenditure and/or Revenue Formula

Rate Increase for Complex PCA- 10+hrs; 10%		<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
1	Total Spending for affected programs and services	1,036,594,360	1,274,812,081	1,282,408,138
2	State Share of Spending	501,083,407	577,496,213	561,936,325
3	Percentage of spending impacted by the complex rate	22.7%	25.6%	25.9%
4	State Share Total Eligible Spending	113,611,982	147,757,834	145,498,755
5	Rate Increase for Complex PCA	10%	10%	10%
6	Increase in State Share of PCA payments	11,361,198	14,775,783	14,549,876
7	Offset of 12+ hour 5% increase (State share)	(1,165,580)	(1,427,665)	(1,434,824)
8	Percentage of qualified PCAs to provide eligible service	25%	50%	75%
9	Implementation and Payment Delay	92%	100%	100%
10	State Cost of Rate Increase	2,336,496	6,674,059	9,836,289
Administrative Cost		<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
	Health Care - actuarial costs	25,000		
	Admin FFP	(8,750)		
	Health Care 2 FTEs- State Share	38,333	46,000	46,000
	<i>Total Health Care Admin</i>	<i>54,583</i>	<i>46,000</i>	<i>46,000</i>
	Total State Admin Costs	54,583	46,000	46,000
		<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
	Total State Cost (2018 February Forecast)	2,391,079	6,720,059	9,882,289

Fiscal Summary (000's)					
Fund	BACT	Description	FY19	FY20	FY21
GF	33	MA LW	1,982	4,758	7,454
GF	33	MA ED	335	1,867	2,298
GF	34	Alternative Care	20	49	84
GF	13	Health Care Admin	25	0	0
GF	REV2	Admin FFP	(9)	0	0
GF	11	Operations- Health Care Trainers- state share	38	46	46
Total Net Fiscal Impact			2,391	6,720	9,882
Full Time Equivalents			2.0	2.0	2.0

Long-Term Fiscal Considerations

This bill increases the cost of personal care services by about \$10 million in SFY 2021 and will have an ongoing impact.

Local Fiscal Impact

None

References/Sources

February 2018 Forecast
CSA & CCOA Research and Analysis

Agency Contact:

Agency Fiscal Note Coordinator Signature: Don Allen

Phone: 651 431-2932

Date: 4/6/2018 5:17:43 PM

Email: Don.Allen@state.mn.us