

**STATE
FISCAL IMPACT**

Drafting Number: LLS 10-0577
Prime Sponsor(s): Rep. Hullinghorst
 Sen. Tochtrop

Date: February 2, 2010
Bill Status: House Health and Human Services
Fiscal Analyst: Kerry White (303-866-3469)

TITLE: CONCERNING CERTAIN STATE-FUNDED, COMMUNITY-BASED, LONG-TERM CARE ASSISTANCE PROVIDED TO RECIPIENTS OF CERTAIN PUBLIC BENEFIT PROGRAMS.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011	FY 2011-2012
State Revenue			
State Expenditures		The net effect is \$0 although multiple appropriations adjustments will be required	
Cash Funds			
Old Age Pension Cash Fund	\$ 23,640		
Federal Funds	254,055		
FTE Position Change			
Effective Date: July 1, 2010.			
Appropriation Summary for FY 2010-2011: See State Appropriations section.			
Local Government Impact: None.			

Summary of Legislation

Among other things, this bill clarifies that Department of Human Services (DHS) may provide adult foster care (AFC) only to persons eligible to receive Old Age Pension (OAP), Aid to the Needy Disabled (AND), or Aid to the Blind (AB). Home care allowances (HCA) are limited to persons who:

- meet the functional impairment and financial criteria established under DHS rule;
- were receiving OAP benefits on June 30, 2010, and remain continuously eligible for such benefits, or are receiving AND, AB, or supplemental security income (SSI) benefits; and
- were not receiving home- and community-based services (HCBS) under the long-term care provisions of the state's Medicaid program.

Language authorizing the DHS to make medical care payments on behalf of AB or AND clients is removed. Authority to contract with single entry point (SEP) agencies for the HCA and AFC programs is also granted to the DHS, completing the transfer of the administration of these programs from the Department of Health Care Policy and Financing (DHCPF) initiated under SB06-219. HCA and AFC are non-Medicaid programs that provide financial assistance to elderly and disabled persons to receive home or residential care.

State Expenditures

This bill increases state expenditures by \$277,695 to the DHS in the current fiscal year, including \$23,460 in state cash funds and \$254,055 in federal funds.

Medical services premiums for HCBS will increase in the DHCPF by \$592,962 in FY 2010-11 and \$673,308 in FY 2011-12, but this cost increase will be offset by appropriations adjustments in both departments, resulting in a net expenditure impact of zero. Table 1 and the discussion that follow address the cost components of the bill.

Table 1. Expenditures Under HB10-1146 (Each component includes moneys currently appropriated for one function that will now be appropriated for another function. These moneys are shown as non-adds.)			
Cost Components	FY 2009-10	FY 2010-11	FY 2011-12
CBMS Modifications - Total Cost	\$490,000	-	-
General Fund a/	212,305		
Old Age Pension Cash Funds	23,640		
Federal Funds	<u>254,055</u>		
Total New Funding Required	\$277,695		
Medicaid HCBS Benefits - Total Cost	-	\$592,962	\$673,308
General Fund b/		279,300	336,654
Federal Funds b/		<u>313,662</u>	<u>336,654</u>
Total New Funding Required		\$0	\$0
Single Entry Point (SEP) Contract - Total Cost	-	\$1,017,901	\$1,084,166
General Fund - DHS Funding for HCA c/		279,300	336,654
General Fund - DHCPF Funding for SEP		(738,601)	(747,512)
Reappropriated Funds to DHS from DHCPF		<u>738,601</u>	<u>747,512</u>
Total New Funding Required		\$0	\$0

a/ *Non-add.* This GF is currently appropriated to the HCA program and will be reallocated to CBMS.

b/ *Non-add.* All moneys currently appropriated for the SEP Contract will now be appropriated for Medicaid HCBS.

c/ *Non-add.* General Fund moneys previously appropriated to HCA will now be appropriated for the SEP Contract.

- **CBMS Modifications** in the amount of \$490,000 are needed for programming changes to distinguish eligibility among the AFC, HCA, and HCBS programs. System modifications must be completed before clients can receive benefits through the affected programs. The net cost to the state for these modifications is \$23,640.
- **Medicaid HCBS Benefits** will increase for the DHCPF by \$592,962 in FY 2010-11 and \$673,308 in FY 2011-12. However, these amounts will be offset by adjustments in appropriations in both departments. Benefits for 1,369 persons currently enrolled in the HCA program will be discontinued

because these persons will become eligible for Medicaid HCBS benefits. This fiscal note assumes that 75 percent of these persons (1,027) will enroll in HCBS programs and increase medical services premiums accordingly.

- ***SEP Contracting*** for the AFC and HCA programs will transfer from the DHCPF to the DHS along with commensurate funding. The total contract amount is \$1,017,901 for FY 2010-11, and \$1,084,166 for FY 2011-12. However, as Medicaid HCBS benefits costs are increasing, a portion of these funds will remain in the DHCPF, totaling \$279,300 in FY 2010-11 and \$336,654 in FY 2011-12. The SEP Contract provides payments to agencies that determine eligibility for community-based long-term care programs, provide case management for clients in these programs, and make referrals to other resources. It is assumed that the transfer of responsibilities will not increase staff or other expenditures for the state.
- ***Home Care Allowance Program Services*** will expand in the DHS. By changing the eligibility requirements for HCA, the DHS will reduce its costs by \$4,764,120. However, the maintenance of effort agreement with the U.S. Social Security Administration requires the state to maintain its current level of expenditures or risk losing its Medicaid funding. Therefore, this fiscal note assumes that the DHS will maintain its current level of funding for the HCA program and expand services to up to 1,500 persons who are SSI eligible and currently on the developmental disability waiting list.

State Appropriations

The many appropriations adjustments required in this bill will be addressed a revised fiscal note.

Departments Contacted

Health Care Policy and Financing

Human Services