

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1948 HB	<b>Title:</b> State-funded personal care	<b>Agency:</b> 300-Dept of Social and Health Services
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

FUND	FY 2010	FY 2011	2009-11	2011-13	2013-15
General Fund-Federal 001-2	(7,820,000)	(8,115,000)	(15,935,000)	(17,273,000)	(18,765,000)
<b>Total \$</b>	<b>(7,820,000)</b>	<b>(8,115,000)</b>	<b>(15,935,000)</b>	<b>(17,273,000)</b>	<b>(18,765,000)</b>

### Estimated Expenditures from:

	FY 2010	FY 2011	2009-11	2011-13	2013-15
<b>Fund</b>					
General Fund-State 001-1	(7,717,000)	(8,077,000)	(15,794,000)	(17,190,000)	(18,675,000)
General Fund-Federal 001-2	(7,820,000)	(8,115,000)	(15,935,000)	(17,273,000)	(18,765,000)
<b>Total \$</b>	<b>(15,537,000)</b>	<b>(16,192,000)</b>	<b>(31,729,000)</b>	<b>(34,463,000)</b>	<b>(37,440,000)</b>

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

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Request # 1948.1R-2

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Sec. 1 directs the Department of Social and Health Services (DSHS) not pay a home care agency for Medicaid in-home personal care services if they employ a family member of a client or a provider who resides with the client. DSHS also has to adopt rules to enforce this bill.

Sec. 3 makes this bill is effective immediately. This section of the bill could cause inefficiencies in enforcing this bill as directed in Sec. 1.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

## Title XIX

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

Developmental Disabilities Division (DDD) Assumptions:

- \* 32% of all agency provider hours provided by family members or live with the client
- \* There will be increased cost for case management for this bill - \$76,000 in FY2010 to \$87,000 in FY2015. The increase in case management dollars is based on the number of clients with a Cognitive Performance Score of 3 or higher which is 87% for DDD. The Cognitive Performance Scale score of 3 or higher indicates that the client may not be able to supervise their individual care provider. DDD would require additional contacts from the case manager if there is not an informal support person to provide supervision on the client's behalf. The Agency provides the supervision of the agency care provider and the client does not need to receive the additional contacts when served by an agency provider.
- \* Increased costs for Individual Providers - \$281,000 in FY2010 to \$319,000 in FY2015.
- \* On average, this group of AP clients utilizes 96% of their authorized hours. We know that, on average, IP clients utilize 99% of their authorized hours. So, after the clients move from AP to IP, we're assuming an offset due to the increased utilization of authorized hours.
- \* Savings of \$3,594,000 in FY2010 to \$4,079,000 in FY2015.

In the calculation, DDD phased-in the costs because of the assumed difficulty to identify all home care employees that are family members of clients. In addition, it takes time to transition the client from an AP to an IP which may include updating their background check, filling out an IP contract, finding an alternate provider, and other required tasks.

Long Term Care (LTC) Assumptions:

- \* 19% of all agency provider hours are provided by family members or live with the client.
- \* There will be increased cost for monitoring, case management and enforcement of this bill - \$214,000 in FY2010 to \$244,000 in FY2015. The increase in case management dollars is based on the number of clients with a Cognitive

Performance Score of 3 or higher which is 25% for LTC. The Cognitive Performance Scale score of 3 or higher indicates that the client may not be able to supervise their individual care provider. LTC would require additional contacts from the case manager if there is not an informal support person to provide supervision on the client's behalf. The Agency provides the supervision of the agency care provider and the client does not need to receive the additional contacts when served by an agency provider.

\* Increased costs for Individual Providers - \$1,061,000 in FY2010 to \$1,329,000 in FY2015

\* On average, this group of AP clients utilizes 96% of their authorized hours. We know that, on average, IP clients utilize 99% of their authorized hours. So, after the clients move from AP to IP, we're assuming an offset due to the increased utilization of authorized hours.

\* Savings of \$13,575,000 in FY2010 to \$17,008,000 in FY2015

In the calculation, LTC phased-in the costs because of the assumed difficulty to identify all home care employees that are family members of clients. In addition, it takes time to transition the client from an AP to an IP which may include updating their background check, filling out an IP contract, finding an alternate provider, and other required tasks.

Fiscal Year 2009 savings assumption:

In order to reach the saving assumption the Legislature would need to provide authority in the middle of March 2009.

The following are onetime costs in FY2009:

\* One time contracting cost of \$100,000 total funds for fiscal year 2009 for DDD.

\* One time contracting cost of \$486,000 total funds for fiscal year 2009 for LTC.

Including the above onetime costs for contracting and costs for case management, monitoring and enforcement the following savings can be achieved in FY2009:

\* DDD assumes it can save \$229,000 in total funds with \$112,000 coming from GF-State

\* LTC assumes it can save \$724,000 in total funds with \$354,000 coming from GF-State

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2010	FY 2011	2009-11	2011-13	2013-15
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	(15,537,000)	(16,192,000)	(31,729,000)	(34,463,000)	(37,440,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	<b>\$(15,537,000)</b>	<b>\$(16,192,000)</b>	<b>\$(31,729,000)</b>	<b>\$(34,463,000)</b>	<b>\$(37,440,000)</b>

**III. C - Expenditures By Program (optional)**

<b>Program</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>2009-11</b>	<b>2011-13</b>	<b>2013-15</b>
Developmental Disabilities Divison (040)	(3,237,000)	(3,320,000)	(6,557,000)	(6,899,000)	(7,255,000)
Long Term Care (050)	(12,300,000)	(12,872,000)	(25,172,000)	(27,564,000)	(30,185,000)
<b>Total \$</b>	<b>(15,537,000)</b>	<b>(16,192,000)</b>	<b>(31,729,000)</b>	<b>(34,463,000)</b>	<b>(37,440,000)</b>

**Part IV: Capital Budget Impact**

Not-applicable

**Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

New rules would need to be added and current rules amended.

# House Bill 1948

## State-funded Personal Care

### Estimate - 19% LTC hours & 32% DDD hours

	FY09*	FY10	FY11	FY12	FY13	FY14	FY15
ADSA Savings							
Total	\$ (953,000)	\$ (15,537,000)	\$ (16,192,000)	\$ (16,875,000)	\$ (17,588,000)	\$ (18,332,000)	\$ (19,108,000)
GF-State	\$ (466,000)	\$ (7,717,000)	\$ (8,077,000)	\$ (8,417,000)	\$ (8,773,000)	\$ (9,144,000)	\$ (9,531,000)
Federal	\$ (487,000)	\$ (7,820,000)	\$ (8,115,000)	\$ (8,458,000)	\$ (8,815,000)	\$ (9,188,000)	\$ (9,577,000)
LTC Savings							
Total	\$ (724,000)	\$ (12,300,000)	\$ (12,872,000)	\$ (13,469,000)	\$ (14,095,000)	\$ (14,750,000)	\$ (15,435,000)
GF-State	\$ (354,000)	\$ (6,109,000)	\$ (6,421,000)	\$ (6,718,000)	\$ (7,031,000)	\$ (7,357,000)	\$ (7,699,000)
Federal	\$ (370,000)	\$ (6,191,000)	\$ (6,451,000)	\$ (6,751,000)	\$ (7,064,000)	\$ (7,393,000)	\$ (7,736,000)
DDD Savings							
Total	\$ (229,000)	\$ (3,237,000)	\$ (3,320,000)	\$ (3,406,000)	\$ (3,493,000)	\$ (3,582,000)	\$ (3,673,000)
GF-State	\$ (112,000)	\$ (1,608,000)	\$ (1,656,000)	\$ (1,699,000)	\$ (1,742,000)	\$ (1,787,000)	\$ (1,832,000)
Federal	\$ (117,000)	\$ (1,629,000)	\$ (1,664,000)	\$ (1,707,000)	\$ (1,751,000)	\$ (1,795,000)	\$ (1,841,000)

*\*FY09 savings assume that HB-1948 will be passed by the Legislature, and signed by the Governor, in March 2009. If HB-1948 is passed by the Legislature, and signed by the Governor, later in the 2009 Session, then the savings assumptions for FY09 (and potentially FY10) would need to be adjusted downward.*

## House Bill 1948

### State-funded Personal Care

*If 19% of LTC AP Hours...*

#### LTC Assumptions

	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Estimated LTC AP Paid Hours (Total)	13,656,317	14,289,211	14,948,299	15,637,787	16,359,078	17,113,638	17,903,003
Estimated LTC AP Paid Hours (Family & Live-in)	2,594,700	2,714,950	2,840,177	2,971,180	3,108,225	3,251,591	3,401,571
% of LTC Family Hours	19%	19%	19%	19%	19%	19%	19%
Estimated LTC AP Clients (Total)	14,035	14,906	15,750	16,550	17,350	18,150	18,950
Estimated LTC AP Clients (Family & Live-in)	2,105	2,236	2,363	2,483	2,603	2,723	2,843
% of LTC Family Clients	15%	15%	15%	15%	15%	15%	15%
Estimated LTC AP Authorized Hours (Family & Live-in)	2,702,813	2,828,073	2,958,517	3,094,979	3,237,734	3,387,074	3,543,303
Estimated Additional Paid Hours (after switch to IP)	81,084	84,842	88,756	92,849	97,132	101,612	106,299
Wage Gap	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
One Time Contacting Cost per Client	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231
Additional Annual Monitoring & Enforcement Cost - per agency	\$ 1,010	\$ 1,010	\$ 1,010	\$ 1,010	\$ 1,010	\$ 1,010	\$ 1,010
Additional Annual Case Management - per client	\$ 103,000	\$ 109,000	\$ 115,000	\$ 121,000	\$ 127,000	\$ 133,000	\$ 139,000
% Annual Hours (with two month phase-in)	10%	100%	100%	100%	100%	100%	100%
FMAP	51.09%	50.33%	50.12%	50.12%	50.12%	50.12%	50.12%

#### LTC Calculation

	FY09	FY10	FY11	FY12	FY13	FY14	FY15
AP Savings	\$ (1,351,000)	\$ (13,575,000)	\$ (14,201,000)	\$ (14,856,000)	\$ (15,541,000)	\$ (16,258,000)	\$ (17,008,000)
IP Increase	\$ 106,000	\$ 1,061,000	\$ 1,109,000	\$ 1,161,000	\$ 1,214,000	\$ 1,270,000	\$ 1,329,000
Contracting	\$ 486,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Case Management	\$ 17,000	\$ 109,000	\$ 115,000	\$ 121,000	\$ 127,000	\$ 133,000	\$ 139,000
Monitoring & Enforcement	\$ 18,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000
Savings	(724,000)	(12,300,000)	(12,872,000)	(13,469,000)	(14,095,000)	(14,750,000)	(15,435,000)
GF-State	\$ (354,000)	\$ (6,109,000)	\$ (6,421,000)	\$ (6,718,000)	\$ (7,031,000)	\$ (7,357,000)	\$ (7,699,000)
Federal	\$ (370,000)	\$ (6,191,000)	\$ (6,451,000)	\$ (6,751,000)	\$ (7,064,000)	\$ (7,393,000)	\$ (7,736,000)

## House Bill 1948

### State-funded Personal Care

If 32% of DDD AP Hours...

#### DDD Assumptions

	FY09	FY10	FY11	FY12	FY13	FY14	FY15
Estimated DDD AP Paid Hours (Total)	2,177,395	2,245,987	2,303,674	2,362,843	2,423,531	2,485,778	2,549,624
Estimated DDD AP Paid Hours (Family & Live-in)	696,766	718,716	737,176	756,110	775,530	795,449	815,880
% of DDD Family Hours	32%	32%	32%	32%	32%	32%	32%
Estimated DDD AP Clients (Total)	1970	2,029	2084	2144	2204	2264	2324
Estimated DDD AP Clients (Family & Live-in)	433	446	458	472	485	498	511
% of DDD Family Clients	22%	22%	22%	22%	22%	22%	22%
Estimated DDD AP Authorized Hours (Family & Live-in)	725,798	748,662	767,891	787,614	807,844	828,593	849,875
Estimated Additional Paid Hours (after switch to IP)	21,774	22,460	23,037	23,628	24,235	24,858	25,496
Wage Gap	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
One Time Contacting Cost per Client	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231	\$ 231
Additional Annual Monitoring & Enforcement Cost - per agency	\$ 1,010	\$ 1,010	\$ 1,010	\$ 1,010	\$ 1,010	\$ 1,010	\$ 1,010
Additional Annual Case Management - per client	\$ 74,000	\$ 76,000	\$ 78,000	\$ 80,000	\$ 82,000	\$ 84,000	\$ 87,000
% Annual Hours (with two month phase-in)	10%	100%	100%	100%	100%	100%	100%
FMAP	51.09%	50.33%	50.12%	50.12%	50.12%	50.12%	50.12%

#### DDD Calculation

	FY09	FY10	FY11	FY12	FY13	FY14	FY15
AP Savings	\$ (363,000)	\$ (3,594,000)	\$ (3,686,000)	\$ (3,781,000)	\$ (3,878,000)	\$ (3,977,000)	\$ (4,079,000)
IP Increase	\$ 28,000	\$ 281,000	\$ 288,000	\$ 295,000	\$ 303,000	\$ 311,000	\$ 319,000
Contracting	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Case Management	\$ 6,000	\$ 76,000	\$ 78,000	\$ 80,000	\$ 82,000	\$ 84,000	\$ 87,000
Monitoring & Enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Savings	(229,000)	(3,237,000)	(3,320,000)	(3,406,000)	(3,493,000)	(3,582,000)	(3,673,000)
GF-State	\$ (112,000)	\$ (1,608,000)	\$ (1,656,000)	\$ (1,699,000)	\$ (1,742,000)	\$ (1,787,000)	\$ (1,832,000)
Federal	\$ (117,000)	\$ (1,629,000)	\$ (1,664,000)	\$ (1,707,000)	\$ (1,751,000)	\$ (1,795,000)	\$ (1,841,000)