

Individual State Agency Fiscal Note

Bill Number: 2080 HB	Title: Day habilitation services	Agency: 300-Department of Social and Health Services
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-Federal 001-2		32,000	32,000	37,210,000	256,972,000
Total \$		32,000	32,000	37,210,000	256,972,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.5	0.3	9.8	13.0
Account					
General Fund-State 001-1	0	40,000	40,000	52,066,000	267,431,000
General Fund-Federal 001-2	0	32,000	32,000	37,210,000	256,972,000
Total \$	0	72,000	72,000	89,276,000	524,403,000

Estimated Capital Budget Impact:

NONE

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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Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This proposed legislation adds a new section that requires the Department of Social and Health Services (DSHS) to submit amendments to the Centers for Medicare and Medicaid Services (CMS) to add day habilitation as a stand-alone service to waivers by October 1, 2024. Once approved by CMS, DSHS must contract with and manage day habilitation service providers within 120 days. The section creates a minimum of 20 hours of paid day habilitation services per week per client and sets the minimum rate at \$35 per hour per client. The section establishes that day habilitation is not considered a community access program for the purposes of RCW 71A.12.290, and it defines day habilitation as a service.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

A portion of the costs incurred to implement this legislation will be funded with federal Title XIX - Medicaid funds.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

This bill requires compliance with CMS rules that will necessitate significant resource and provider development and at least 14.0 FTEs:

- 1.0 WMS 2 - Program Manager FTE to develop and maintain policies, Washington Administrative Code (WAC), and quality assurance. This position would be hired in May 2025, a year before the program's start date.
- 3.0 Resource Manager FTEs to recruit and develop providers. These staff would be hired in June 2025.
- 9.0 Social and Health Program Consultant 4 (SHPC4) FTEs to assure quality assurance, provide training and support to staff and providers, oversee billing issues, develop and monitor contracts, and liaise between providers and staff. These positions would be hired in May 2026, delayed due to two other waiver amendments already in progress.
- 1.0 IT App Developer FTE to add the new service and provider and to update workflows, entry screens, and reports. This position would be for FY26 only.

The cost for these FTEs:

- FY25: 0.5 FTE - \$72,000
- FY26: 6.6 FTEs - \$1,000,000
- FY27: 13.0 FTEs - \$1,966,000
- FY28 and beyond: 13.0 FTEs - \$1,918,000

Based on similar community-related services utilization, DDA assumes approximately 7,300 clients would utilize day habilitation services. Services would begin in May 2026, with clients phased in over 20 months, reaching full capacity in December 2027. Using the service rate of \$35 per hour per client at a minimum of 20 hours per week as required in Section 1(2)(b), the cost per year is below.

- FY26: \$1,910,000
- FY27: \$84,400,000
- FY28: \$254,130,000
- FY29 and beyond: \$266,450,000

The Developmental Disabilities Administration (DDA) assumes the following program service impacts and projected utilization:

1. The eligible population will be adults ages 21 to 62.
2. Children are not included in this service.
3. The service rate is \$35 per hour per client for a minimum of 20 hours per week.
4. This service will be available on the Basic Plus and Core waivers.
5. Approximately 7,300 individuals will utilize day habilitation services based on similar community-related services utilization.
6. Similar provider start-up costs vary widely between \$200,000 and \$1 million, with additional ancillary establishment costs at approximately \$70,000. This model assumes a mid-range of \$500,000.
7. Program implementation will be delayed until May 2026 due to two other waiver amendments already in progress.

This bill adds an additional waiver amendment when two major waiver amendments are already in progress for the next two years. The amendments in progress include adding the Department of Children, Youth, and Families youth into DDA waiver programs and the waiver restructure project. These existing amendments necessitate the delay of implementation for this service from the October 2024 date in the bill to May 2026.

The bill mandates a minimum of 20 hours of day habilitation services per week for clients; this requirement violates federal person-centered service planning rules and philosophy, as clients should be able to select the number of hours that best meet their specific needs.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	0	40,000	40,000	52,066,000	267,431,000
001-2	General Fund	Federal	0	32,000	32,000	37,210,000	256,972,000
Total \$			0	72,000	72,000	89,276,000	524,403,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.5	0.3	9.8	13.0
A-Salaries and Wages		45,000	45,000	1,845,000	2,462,000
B-Employee Benefits		16,000	16,000	626,000	832,000
C-Professional Service Contracts					
E-Goods and Other Services		7,000	7,000	252,000	319,000
G-Travel		2,000	2,000	75,000	98,000
J-Capital Outlays				89,000	8,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				86,310,000	520,580,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		2,000	2,000	79,000	104,000
9-					
Total \$	0	72,000	72,000	89,276,000	524,403,000

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
DD Case/Resource Manager	82,513		0.3	0.2	3.0	3.0
IT App Development - Journey	107,159				0.5	
Social & Health Program Consultant 4	98,042				5.3	9.0
WMS Band 2 (Provider Development Program Manager)	100,980		0.2	0.1	1.0	1.0
Total FTEs			0.5	0.3	9.8	13.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Developmental Disabilities Administration (040)		72,000	72,000	89,276,000	524,403,000
Total \$		72,000	72,000	89,276,000	524,403,000

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

New or amended rules will be needed to implement this legislation.