



**Colorado
Legislative
Council
Staff**

HB16-1195

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0407 **Date:** February 23, 2016
Prime Sponsor(s): Rep. Landgraf; Young **Bill Status:** House Health, Insurance, and Environment
 Sen. Crowder; Steadman **Fiscal Analyst:** Bill Zepernick (303-866-4777)

BILL TOPIC: HOME MODIFICATION SERVICES IN MEDICAID WAIVERS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2018-19
State Revenue			
State Expenditures	\$31,800	\$0	up to \$1,607,655
General Fund	7,950	0	up to 803,828
Federal Funds	23,850	0	up to 803,827
Appropriation Required: \$31,800 - Department of Health Care Policy and Financing			
Future Year Impacts: Ongoing state expenditure increase.			

Summary of Legislation

The bill expands access to home modification services for Medicaid clients receiving home- and community-based services (HCBS) under the Elderly, Blind, and Disabled (EBD) Waiver Program and the Persons with Brain Injury (BI) Waiver Program. First, "home modifications services" is defined to include home installations or adaptations related to any disability that allows an eligible person to remain in the home. Under current law, home modification services are only available for persons with physical impairments. Second, subject to federal approval, the bill specifies that the individual cap on the amount of home modification services received by an eligible person resets upon renewal of the waiver authorizing the services.

Background

Colorado currently administers 11 HCBS waiver programs. The EBD waiver provides additional services intended to keep eligible clients in their homes and out of nursing facilities. The BI waiver provides additional services intended to keep persons with brain injury out of hospitals or specialized nursing facilities. Under federal law, HCBS waivers are valid for five years. The EBD waiver and the BI waiver are due for renewal in FY 2018-19.

State Expenditures

The bill increase costs in HCPF by **\$31,800 in FY 2016-17** for computer system changes to allow the home modification service cap to reset when HCBS waivers are renewed. Home modification service costs will then increase by **up to \$1.6 million per year beginning in FY 2018-19** when the two HCBS waivers affected by the bill are renewed. The renewal will remove the lifetime cap for clients served under the waiver and who will then be allowed to seek additional home modification services. These costs are summarized in Table 1 and discussed below.

Assumptions. Under current law, 600 EBD waiver clients and 9 BI waiver clients are assumed to seek home modification services in FY 2018-19 based on current caseload trends. These totals represent about 2 percent of the total caseload for these waivers. Further, it is assumed that the number of clients requesting home modification services will increase by up to 30 percent above current levels following the renewal of the waivers in FY 2018-19. This increase is based on the current number of clients receiving multiple instances of home modification services under current law. This population, assuming they stay on the waivers, may be most likely to request additional home modifications above the current lifetime cap.

Table 1. Expenditures Under HB 16-1195			
Cost Components	FY 2016-17	FY 2017-18	FY 2018-19
Computer System Modifications	\$31,800	\$0	\$0
Home Modification Services	0	0	up to 1,607,655
TOTAL	\$31,800	\$0	up to \$1,607,655
General Fund	7,950	0	up to 803,828
Federal Funds	23,850	0	up to 803,827

Computer system modifications. HCPF requires 265 hours of computer programming and services at an average rate of \$120 per hour to modify the Medicaid Management Information System to reflect changes in the home modification service cap. This will increase costs by \$31,800 in FY 2016-17, paid with 25 percent General Fund and 75 percent federal funds.

Increased usage of home modification services. Costs for increased utilization of home modification services will increase costs by up to \$1.6 million, split equally between General Fund and federal funds, beginning in FY 2018-19. This estimate likely represents the upper range of potential costs under the bill. Based on the assumptions above, up to 183 additional modifications are expected each year at an average cost of \$8,785 under the two HCBS waivers covered by the bill. To the extent that some clients' length of stay on the waivers is less than 5 years, the estimated utilization costs over the current lifetime cap may be less than this estimate. Costs in future years will increase as caseload and cost per modification increase over time.

Department of Local Affairs. The bill increases workload in the Division of Housing in the Department of Local Affairs (DOLA), which reviews and inspects home modification projects under Medicaid. Overall, this workload is assumed to be minimal. Any adjustments in appropriations to DOLA for FY 2018-19 and beyond, if necessary, will be addressed through the annual budget process once actual changes in home modification utilization under Medicaid are known.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2016-17, the bill requires an appropriation of \$31,800 to the Department of Health Care Policy and Financing, of which \$7,950 is General Fund and \$23,850 is federal funds.

State and Local Government Contacts

Health Care Policy and Financing
Information Technology

Human Services
Law

Research Note Available

An LCS Research Note for HB16-1195 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.