



**Colorado
Legislative
Council
Staff**

HB16-1195

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 23, 2016)

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

Drafting Number: LLS 16-0407 **Date:** April 12, 2016
Prime Sponsor(s): Rep. Landgraf; Young **Bill Status:** House Appropriations
 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	<u>\$31,800</u>	<u>\$208,150</u>	<u>\$1,827,280</u>
General Fund	7,950	104,055	913,640
Federal Funds	23,850	104,095	913,640
Appropriation Required: \$31,800 - Department of Health Care Policy and Financing			
Future Year Impacts: Ongoing state expenditure increase.			

Summary of Legislation

The bill, *as amended by the House Health, Insurance, and Environment Committee*, 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, the Persons with Brain Injury (BI) Waiver Program, the Community Mental Health Supports (CMHS) Waiver, and the Waiver for Persons with Spinal Cord Injury (SCI). First, "home modifications services" is defined to include home installations or adaptations related to any disability that allow 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, including the 4 waivers affected by this bill. HCBS waivers provide additional services to specified populations with the purpose of keeping eligible clients in their homes and out of nursing facilities. Under federal law, HCBS waivers are valid for five years. The CMHS waiver is up for renewal in FY 2017-18; the EBD waiver and the BI waiver are up for renewal in FY 2018-19; and the SCI waiver is up for renewal in FY 2020-21.

State Expenditures

The bill increases 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 **\$208,150 in FY 2017-18 and \$1.8 million in FY 2018-19** after the various HCBS waivers affected by the bill are renewed. With the waiver renewals, the lifetime cap for clients served under the waivers will be removed and clients will then be allowed to seek additional home modification services. These costs are summarized in Table 1 and discussed below.

Assumptions. Under current law, 83 CMHS waiver clients in FY 2017-18 and 600 EBD waiver clients and 9 BI waiver clients in FY 2018-19 are assumed to seek home modification services 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. 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. In FY 2017-18, home modification services are estimated to have an average cost per client of \$8,326, and the average costs is assumed to increase each year due to inflation and other cost drivers.

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	208,150	1,827,280
TOTAL	\$31,800	\$208,150	\$1,827,280
General Fund	7,950	104,055	913,640
Federal Funds	23,850	104,095	913,640

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. Increased utilization of home modification services will increase costs by \$208,150 in FY 2017-18 and \$1.8 million in FY 2018-19, split between General Fund and federal funds. Based on the assumptions above, 25 additional clients in FY 2017-18 are estimated to seek home modification services under the CMHS waiver and 208 additional clients in FY 2018-19 are expected to seek modifications under the CMHS, BI, and EBD waivers following the renewal of these waivers and removal of the lifetime cap. 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 2017-18 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 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.