



**Colorado
Legislative
Council
Staff**

HB16-1380

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 16-1067 **Date:** June 28, 2016
Prime Sponsor(s): Rep. Young **Bill Status:** Postponed Indefinitely
 Sen. Martinez Humenik **Fiscal Analyst:** Bill Zepernick (303-866-4777)

BILL TOPIC: ADD IN-HOME SUPPORT SERVS CERTAIN MEDICAID WAIVERS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2018-2019
State Revenue			
State Expenditures	\$79,816	\$1,257,672	\$2,688,349
General Fund	31,008	621,746	1,337,202
Federal Funds	37,408	621,981	1,337,202
Centrally Appropriated Costs	11,400	13,945	13,945
FTE Position Change	0.8 FTE	1.0 FTE	1.0 FTE
Appropriation Required: \$68,416 - Department of Health Care Policy and Financing (FY 2016-17).			
Future Year Impacts: Ongoing expenditure increase.			

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

Subject to federal authorization, the bill adds in-home support services as an allowable service for persons receiving Medicaid home- and community-based services (HCBS) through the Brain Injury waiver program and the Community Mental Health Supports (CMHS) waiver program. These waiver programs are managed by the Department of Health Care Policy and Financing (HCPF).

Background

HCBS waiver programs under Medicaid allow persons with disabilities who require an institutional level of care to receive services in their homes and in the community rather than in nursing facilities or other institutions. In-home support service is a self-directed service option that includes health maintenance activities, homemaker services, and personal care services. With in-home support services, a client may select and train his or her own attendants. The financial allocation for services is determined by a home health agency that authorizes, in advance, the maximum level of services to be provided.

Most home health services through the HCBS waivers affected by the bill are provided through an agency model (where a home health agency both authorizes the level of services and selects and manages the attendant who provides services). In-home support services are currently available through three other HCBS waiver programs: the Elderly, Blind and Disabled waiver; the Children's HCBS waiver; and the Spinal Cord Injury waiver.

Assumptions

Overall, this bill is not expected to increase the number of clients on these waivers or the authorized level of care for participating clients. However, compared to agency-managed home health services that are currently available through the Brain Injury waiver and the CMHS waiver, the fiscal note assumes that allowing clients to manage their care more directly through the use of in-home support services will increase the amount of authorized care that is utilized. It is assumed that in-home support services through these waivers will begin on December 1, 2017, after HCPF completes implementation tasks and receives federal approval.

Caseload. The fiscal note estimates the caseload impacts of the bill using the current caseload and trends for the Brain Injury and CMHS waiver programs, as well as for other waivers that have already implemented in-home support services. Based on these data, the fiscal note estimates that the following number of clients will access specified in-home support services through the Brain Injury waiver:

- 13 clients in FY 2017-18 and 17 clients in FY 2018-19 will use health maintenance activities;
- 10 clients in FY 2017-18 and 16 clients in FY 2018-19 will receive homemaker services; and
- 6 clients in FY 2017-18 and 7 clients in FY 2018-19 will receive personal care services.

Similarly, for the CMHS waiver, the following number of clients will access in-home support services:

- 74 clients in FY 2017-18 and 94 clients in FY 2018-19 will use health maintenance activities;
- 88 clients in FY 2017-18 and 115 clients in FY 2018-19 will receive homemaker services;
- 54 clients in FY 2017-18 and 66 clients in FY 2018-19 will receive personal care services.

In addition, for health maintenance activities, it is assumed that about 20 percent of clients accessing in-home support services will shift from receiving this service through the long-term home health benefit under the regular Medicaid state plan, which will generate cost savings. Based on the health maintenance caseloads above, this will decrease the number of clients using the long-term home health benefit by 3 clients in FY 2017-18 and 4 clients in FY 2018-19 under the Brain Injury waiver and 16 clients in FY 2017-18 and 20 clients in FY 2018-19 under the CMHS waiver.

Service utilization and costs. Home health services are authorized as units of care, typically billed in 15 minute increments. For FY 2017-18, the following increases in the number of home health services units that are used by clients are expected:

- for health maintenance activities, 3,625 units for both brain injury and CMHS clients, at a cost of \$7.23 per unit;
- for homemaker services, 828 units for brain injury clients and 581 units for CMHS clients, at a cost of \$3.86 per unit; and
- for personal care services, 1,075 units for brain injury clients and 1,001 units for CMHS clients, at a cost of \$3.86 per unit.

The reduction in the number of units of care for health maintenance activities provided in FY 2017-18 through the long-term home health benefit is as follows:

- 4,027 units for brain injury clients at a cost of \$8.14 per unit; and
- 3,495 units for CMHS clients at a cost of \$11.21 per unit.

Future year trends. The number of units used by clients accessing in-home support services is expected to increase over time as clients become more familiar with the service option. Costs in FY 2018-19 reflect trends for in-home support services under existing waivers.

State Expenditures

The bill increases costs in HCPF by **\$79,816 and 0.9 FTE in FY 2016-17. Conditional upon federal approval, costs will increase by \$1.3 million and 1.0 FTE in FY 2017-18 and \$2.7 million and 1.0 FTE in FY 2018-19.** These costs, paid with General Fund and federal funds, are summarized in Tale 1 and discussed below.

Cost Components	FY 2016-17	FY 2017-18 *	FY 2018-19 *
Personal Services	\$54,763	\$65,715	\$65,715
FTE	0.9 FTE	1.0 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,653	950	950
Information Technology Modifications	8,000	0	0
Medical Service Premiums	0	1,177,062	2,607,739
Centrally Appropriated Costs**	11,400	13,945	13,945
TOTAL	\$79,816	\$1,257,672	\$2,688,349
General Fund	31,008	621,746	1,337,202
Federal Funds	37,408	621,981	1,337,202
Centrally Appropriated Costs*	11,400	13,945	13,945

* Costs in FY 2017-18 and beyond are conditional upon federal approval of the changes in the bill.

** Centrally appropriated costs are not included in the bill's appropriation.

Program administration. HCPF requires 1.0 FTE per year under the bill to manage the in-home support service benefit for these waiver programs. In the first year, duties will include seeking federal approval and managing the public comment process for the new benefit. Future year costs will include ongoing management of the benefit, training, and other tasks. Personal service and standard operating costs for this staff are listed in Table 1. First-year costs are prorated to reflect the General Fund payday shift and the effective date of the bill.

Information technology modifications. HCPF will have one-time costs of \$8,000 in FY 2016-17 to make several minor changes to the Medicaid Management Information System (MMIS), the department's claims and billing system. Changes will included modifying billing codes and system testing.

Medical service premiums. Based on the assumptions listed previously, the costs of medical services for waiver clients are expected to increase by \$1,177,062 in FY 2017-18 and \$2,607,739 in FY 2018-19. Future year costs will likely increase by an even greater amount as utilization of in-home support services increases. Costs for specific services under each waiver are listed in Table 2.

Table 2. Conditional Costs for Adding In-Home Support Services to HCBS Waivers			
Cost Components	FY 2016-17	FY 2017-18	FY 2018-19
<u>Brain Injury Waiver</u>		<u>\$174,553</u>	<u>\$398,930</u>
Health Maintenance Activities		198,750	448,744
Homemaker Services		18,644	52,311
Personal Care Services		14,523	29,938
Long-Term Home Health		(57,364)	(132,063)
<u>CMHS Waiver</u>		<u>\$1,002,509</u>	<u>\$2,208,809</u>
Health Maintenance Activities		1,131,345	2,481,293
Homemaker Services		115,123	260,125
Personal Care Services		121,711	256,799
Long-Term Home Health		(365,670)	(789,408)
TOTAL		\$1,177,062	\$2,607,739

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

Table 3. Centrally Appropriated Costs Under HB 16-1380			
Cost Components	FY 2016-17	FY 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,714	\$8,057	\$8,057
Supplemental Employee Retirement Payments	4,686	5,888	5,888
TOTAL	\$11,400	\$13,945	\$13,945

Effective Date

This bill was postponed indefinitely by the Senate Finance Committee on May 5, 2016.

State Appropriations

For FY 2016-17, the bill requires appropriations totaling \$68,416 to the Department of Health Care Policy and Financing as follows:

- \$60,416, including \$30,208 from the General Fund and \$30,208 from federal funds, and an allocation of 0.9 FTE for administration; and
- \$8,000, including \$800 from the General Fund and \$7,200 from federal funds, for MMIS system modifications.

State and Local Government Contacts

Counties

Health Care Policy Financing

Information Technology