

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # -4497/1
INTRODUCTION # SB 397
 Admin. Rule #

Subject
Personal Care Reimbursement

Fiscal Effect
 State: No State Fiscal Effect
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

<input checked="" type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Decrease Existing Appropriation	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Create New Appropriation		

Local: No local government costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input checked="" type="checkbox"/> Increase Revenues <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others _____
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts

Fund Sources Affected <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	Affected Ch. 20 Appropriations 20.435(5)(b) and (5)(o)
--	--

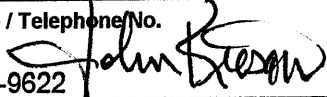
Assumptions Used in Arriving at Fiscal Estimate:
 This bill requires the Department to do 3 things: 1) designate by rule personal care shortage areas in the state and reimburse personal care providers in those areas at 125% of the Medicaid (MA) rate for personal care services; 2) increase the hourly MA reimbursement rate for in-home personal care from \$12.25 to \$15.50; 3) increase the reimbursement to counties and local health departments under the county services deficit reduction benefit (CSDRB) from 60% to 75%, using only GPR funds.

It is estimated that the shortage area criteria and supplemental reimbursement could not be effective until July 1, 2001, based on experience with the physician shortage area implementation. The Department would need to establish standards for which no model currently exists for personal care. The Department would not likely be able to utilize the "number of personal care workers per area population" as required in the bill. There is no personal care worker registry and this population changes rapidly due to the minimal training requirements. The Department will require a 1.0 FTE program and planning analyst 5 to establish and maintain the shortage area program. This position will cost \$48,700 annually (\$16.535/hr x 2080 hours x 35.4% fringe + \$2,100 support), funded 50% GPR/50% FED. There will also be system changes required for the MA fiscal agent, but these costs cannot be estimated at this time. In addition, it is not possible to determine the fiscal effect of the benefit increase of this provision until the shortage area criteria are developed.

The Department cannot increase the hourly reimbursement for personal care under MA retroactively. The federal government, prior to the date of the rate increase, requires a public notice. Therefore, the rate increase provision could not be approved under MA and implemented prior to 60 days after signing of the bill. In FY 01, MA is budgeted to spend \$88.7 million on personal care (before any effects of Family Care). The rate increase under the bill is 26.5%. Thus, the estimated annual fiscal effect of the rate increase is \$23.5 million (\$9.6 mn. GPR, \$13.9 mn. FED). If the rate increase were to be effective Jan. 1, 2000 as stated in the bill, the cost of the increase would have to be paid at 100% GPR between Jan. 1, 2000 and the date of federal approval. Using budgeted personal care levels of \$78.3 million for FY 00, this would result in a one-time cost of \$10.4 million GPR.

Based upon CY 1998 data, CSDRB payments for personal care were \$1,703,000. This bill increases the benefit by 25% (60% to 75%). Therefore, the estimated cost for this provision is \$425,800 GPR.

Long-Range Fiscal Implications:
 The large rate increase provided in the bill may serve to reduce claims for losses by counties under the CSDRB, thus reducing the future cost of the impact of the increase in CSDRB percentage, even if additional counties participate. The increase may also reduce the number of personal care shortage areas if more providers enter the program.

Prepared By: / Phone # / Agency Name Mike Bormett/266-9359 DHFS/OSF	Authorized Signature / Telephone No. John Kiesow, 266-9622 <div style="text-align: center; margin-top: 10px;">  </div>	Date 3-6-00
---	---	----------------

Session

ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # -4497/1

Admin. Rule #

INTRODUCTION #SB 397

Subject

Personal Care Reimbursement

I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
 \$10.4 million GPR for rate increase between 1/1/00 and 6/30/00

II. Annualized Costs:		Annualized Fiscal impact on State funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$ 46,600	\$ -
(FTE Position Changes)		(.5 FTE)	(- FTE)
State Operations - Other Costs		2,100	-
Local Assistance			-
Aids to Individuals or Organizations		23,925,800	-
TOTAL State Costs by Category		\$ 23,974,500	\$ -
B. State Costs by Source of Funds		Increased Costs	Decreased Costs
GPR		\$ 10,050,200	\$ -
FED		13,924,300	-
PRO/PRS			-
SEG/SEG-S			-
State Revenues Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		Increased Rev.	Decreased Rev.
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			-
TOTAL State Revenues		\$ 0	\$ -

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$23,974,500 _____	\$0 _____
NET CHANGE IN REVENUES	\$0 _____	\$425,800 _____

Prepared By: / Phone # / Agency Name DHFS/OSF Mike Bormett/266-9359	Authorized Signature/Telephone No. John Kiesow, 266-9622 <i>John Kiesow</i>	Date 3-6-00
--	--	----------------