

Fiscal Estimate Narratives

DHFS 3/31/2003

LRB Number	03-2114/1	Introduction Number	AB-145	Estimate Type	Original
Subject					
Sale of Central Center for the Developmentally Disabled					

Assumptions Used in Arriving at Fiscal Estimate

Central Wisconsin Center Residents

There are currently 353 residents at CWC. Under this bill, the 353 residents would have to be placed in the community under the Community Integration Program waiver (CIP 1A) or be transferred to another Center. CWC is currently the only Center that is authorized to provide services to children under age 22. This bill would allow placement of children under age 22 at either Northern or Southern Center.

Of the 353 residents at CWC, 238 or 67% are at the DD1A level of care. These individuals require the highest level of care, due to fragile and unstable medical conditions. In September 2002, the Department evaluated the type of care required by residents at CWC. Findings were as follows: 288 were non-ambulatory, 180 had to be tube fed, 106 had limited or no vision and 265 had limited or no hearing. In addition, 258 were totally dependent on others for eating their meals, 314 were totally dependent on others to use the toilet, and 285 were totally dependent on others for bathing. The medical condition of most CWC residents is fragile and requires significant oversight. 91 individuals have a history of fractures or very fragile bones, necessitating very careful lifting and transfer protocols, 63 receive regular respiratory therapy several times a day, 25 have tracheostomies, and 264 individuals are being treated for seizures. Residents range in age from 2 to 88, with the average age being 39.

Community Placements of Central Wisconsin Center Residents

Placement Cost (Medicaid Waiver and Medicaid Card Costs) \$3,199,000 AF in FY04 and \$9,298,700 AF in FY05 and Ongoing

Placement/Transition Staff \$131,900 AF in FY04

Ongoing Oversight Staff \$163,200 AF in FY04 and \$191,800 AF in FY05 and Ongoing

The Department assesses the needs and capacities of individuals residing at the Centers and determines the daily rate that would be required to place the individual in the community. The current community placement rate is \$225/day. This rate is not considered to be sufficient for the living arrangements required by most Central residents because of the complex needs of these individuals. The Governor's budget proposes a placement rate of \$325 per day. Most current residents of CWC would require a waiver rate of \$325/day to find adequate placement in the community. In addition to the daily waiver rate, community-based individuals use Medicaid card services, which on average cost \$38.94 per day. Therefore, total community placement cost is \$363.94 per day.

To place an individual in the community, that person's guardian must approve the placement, and an adequate community facility must be found that will provide the level of care required within available funds. There is currently not enough community capacity to enable all CWC residents to be placed in the community, given the level of care that most residents require. Residents will likely be moved to their county of origin, and it is likely that many counties will not be able to provide the specialized medical services required by former CWC residents immediately. It will take several years to develop such capacity, but this bill requires that CWC be closed by June 2004.

As a result, it is estimated that 70 residents, or 21%, will have guardian approval to transfer and will find appropriate living situations by June 2004, if the placement rate increases to \$325. Under the bill, CWC would retain 30 short-term medical and Intensive Treatment Program (ITP) beds. The remaining 253 residents would have to be transferred to either Northern or Southern Center. However, only 40 beds would be available at NWC and 70 at SWC, leaving 143 residents with no bed.

Transfer of Residents to Northern and Southern Wisconsin Centers

Increased Costs at NWC and SWC \$42,559,600 AF in FY05 and Ongoing
Offset by staff consolidation savings of (\$235,700) AF in FY05 and Ongoing
Unemployment to CWC Staff \$2,948,900 AF in FY05 (one-time)
Transfer Reimbursement to CWC Staff who Transfer to SWC or NWC \$770,100 (one-time)
Construction Costs for increased capacity \$14,300,000

Residents who cannot be placed in the community will have to be transferred to Northern or Southern Centers. There is, however, limited capacity at these Centers for long-term bed expansion.

Of the total number of residents at CWC 288, or 82%, are considered non-mobile and non-ambulatory. These residents require customized seating and positioning, enlarged patient rooms because of special equipment, and special bathing and toileting facilities.

Northern Wisconsin Center has 18 beds that could be used for non-ambulatory residents without additional remodeling. An additional 22 beds are expected to be freed up as 22 NWC residents are placed in the community at the \$325/day rate in FY 04. A total of 40 beds would be available without remodeling at NWC for Central Center resident transfers.

Southern Center has 60 beds that would be available for CWC resident transfers. An additional 10 beds would become available in FY 04 as 10 residents of SWC are placed in the community and CWC residents are transferred to the vacant beds. A total of 70 beds would become available at SWC for Central Center resident transfers.

In order to place the remaining 143 residents of CWC at either Northern or Southern Center, new buildings would have to be constructed. Unoccupied units at NWC and SWC tend to be older buildings (especially at NWC) which would not meet current safety codes and are not suitable for non-ambulatory patients. The buildings have been unoccupied, unheated, and without maintenance for a number of years and are not designed for residential living. The cost of remodeling would be higher than the cost of building new buildings, because of the need to meet safety codes, requirements for the type of building material to be used, and the need to design "home-like" residential living spaces. Current buildings could not be remodeled in the one-year time frame specified in this bill. The construction of new buildings could also not be completed by the end of FY 04.

The current cost of a nursing home bed ranges from between \$85,000 and \$130,000 per bed. This estimate assumes that a new bed will cost \$100,000, for a total cost of \$14,300,000 to construct 143 beds. This cost would have to be funded by state bonding authority, because the federal government will not pay for capital construction costs. Medicaid will pay for depreciation and interest on construction, and it is estimated that these payments will come to \$980,000 annually.

As noted above, it is estimated that 72% of the residents currently at Central Wisconsin Center would be transferred to either Northern or Southern Wisconsin Center in FY04 when capacity becomes available. Therefore the assumption was made that SWC and/or NWC would need 72% of the CWC FY05 budget in FY05. That amount is \$42,559,600 AF. This cost is offset by a reduction in top management staff who would not need to be duplicated at SWC or NWC of (\$235,700) AF.

In addition to the direct care staff who will provide services to individuals transferring to Northern or Southern Centers, educational staff will have to be provided to the Center that serves the children from CWC. It is assumed that the education staff from CWC will transfer to the Center receiving children. That staff is 1.0 Education Director, 16.5 Teacher positions and 3.0 Teacher Assistant positions at an annual cost of \$1,549,400 AF to continue to provide educational services to children. This is included in the \$42,559,600 total above.

Neither NWC nor SWC has enough medical staff to provide the extensive services required by CWC residents. To provide these services, the 72.38 current medical staff positions at Central would have to transfer to Northern or Southern as CWC residents transfer.

It is assumed that of the 1,053.87 FTE authorized at CWC for FY 05, 142 FTE added to CWC due to the significant downsizing of NWC would be unneeded and deleted, 105 would be deleted to offset the cost of CIP placements made in FY 04, 63.5 FTE would remain at CWC to provide alternative services, the Intensive Treatment Program and the short-term medical program, and would terminate employment with the state of transfer to existing openings in the Madison area. It is further assumed that 700.13 staff would be offered the opportunity to transfer to either NWC or SWC and that half would accept the transfer. For those employees who accept the transfer, the state would provide transfer reimbursement to each employee at a rate of \$2,200 each,

for a total of \$770,100 AF. It is assumed that the half of employees not accepting the transfer and those 66 staff who are not offered transfer would collect unemployment compensation at the rate of \$324 per week for 26 weeks at a cost of \$2,948,900 AF.

Land and Tangible Personal Property

Value of Tangible Personal Property Potentially Available for Sale \$2,244,300

The sale price of the land and buildings at Central Wisconsin Center is unknown, because no real estate appraisal has been done. In the most recent sale of land at Mendota Mental Health Institute, which is adjoining to Central Wisconsin Center, the sale price per acre was \$31,500. Since the ITP and medical units will continue to be located at CWC, not all of the land could be sold.

The value of tangible personal property is estimated to be \$11,221,300. However, since only 20% of the CWC population is transferring to the community in FY04, only 20% of the value of that property, \$2,244,300, would potentially be available for sale. The remaining 80% of property would need to be transferred to either NWC, SWC or retained at CWC for the provision of alternative services.

Alternative Services Provided at Central Wisconsin Center

CWC will continue to operate a 15-bed short-term medical unit and a 15-bed intensive treatment unit, which are allowed under the bill as alternative services. The units will provide short-term medical, psychological and therapeutic services and orthotics. Counties are charged the non-federal Medical Assistance share for the ITP beds, or approximately 40% of the total cost of the beds.

The attached table summarizes the costs and savings of the provisions specified in this bill.

Long-Range Fiscal Implications

	FY04	FY04	FY04	FY04	FY04
	<u>GPR</u>	<u>FED</u>	<u>Total</u>	<u>GPR-Earned</u>	<u>SEG-REV</u>
Total MA Effect of Closing CWC in FY04	-\$141,900	-\$232,400	-\$374,300	-\$374,300	-\$511,500
<u>FY04 Effect on General Fund</u>					
MA Savings	-\$141,900				
Loss of GPR Earned Revenue	\$374,300				
Loss of Bed Tax (SEG) Revenue	\$511,500				
Cost to General Fund	\$743,900				
Loan for Construction Cost	\$906,000				
Sale of Tangible Personal Property					
Total	\$1,649,900				
	FY05	FY05	FY05	FY05	FY05
	<u>GPR</u>	<u>FED</u>	<u>Total</u>	<u>GPR-Earned</u>	<u>SEG-REV</u>
Total MA Effect of Closing CWC in FY05	\$1,473,400	\$2,027,500	\$3,500,900	\$46,910	-\$231,900
<u>FY05 Effect on General Fund</u>					
MA Savings	\$1,473,400				
Loss of GPR Earned Revenue	\$46,900				
Loss of Bed Tax (SEG) Revenue	\$231,900				
Cost to General Fund	\$1,752,200				
Loan for Construction Cost	\$906,000				
Sale of Tangible Personal Property	-\$2,244,300				
Total	\$413,900				