



## Fiscal Estimate Narratives

DHFS 3/1/2004

LRB Number	03-4038/1	Introduction Number	AB-920	Estimate Type	Original
<b>Subject</b>					
Relocating Medical Assistance nursing home residents to the community					

### Assumptions Used in Arriving at Fiscal Estimate

This bill establishes a new subprogram within the Community Integration Program (CIP II) that provides counties an enhanced Medical Assistance (MA) rate for waiver services to nursing home residents who relocate to the community and does not require a nursing home to close the relocating individual's nursing home bed. Counties may receive waiver funding for each relocated individual for the period that the person is eligible for and participating in the MA waiver program. Funding is no longer available if the person returns to a nursing facility or no longer participates in the waiver program. Under this bill, the Department of Health and Family Services must ensure that MA expenditures for individuals receiving services under this new subprogram, in aggregate, do not exceed MA expenditures if these individuals were receiving services in a nursing home.

This bill is estimated to decrease costs under MA. An analysis of long-term care costs for individuals relocated from nursing homes under the current CIP II program shows community-based long-term care to be less expensive than nursing home care. This analysis compares actual waiver costs (as reported by counties on the state's HSRS system) and fee-for-service costs for individuals relocated in CY 02 to their fee-for-service and nursing home costs before relocating. This analysis accounts for a decline in patient cost share and an increase in fee-for-service 'card' costs when an individual is receiving services in the community. The net difference in costs is approximately \$33 per day per recipient.

Assuming this bill is effective March 1, 2004 and 15 individuals are relocated under this program per month, MA costs could decrease by \$1,844,600 AF (\$762,400 GPR) by the end of the 03-05 biennium. The annual (estimated FY 05) savings amount is estimated to be \$1,648,500 AF (\$686,800 GPR) but would grow as more individuals relocate from nursing homes to the community. However, the MA appropriation should not be reduced. MA is projected to have a deficit in the 03-05 biennium in excess of the savings under this bill. This bill would offset the projected deficit.

There is no estimated local fiscal effect. This bill does not require counties to relocate individuals from a nursing home to the community. For individuals who are relocated under this bill, the Department would provide counties enhanced waiver funding at a level that is projected to cover the individual's cost of care in the community.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>03-4038/1</b>		Introduction Number <b>AB-920</b>	
<b>Subject</b>			
Relocating Medical Assistance nursing home residents to the community			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			-1,648,500
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$-1,648,500</b>
<b>B. State Costs by Source of Funds</b>			
GPR			-686,800
FED			-961,700
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$-1,648,500	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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