

Fiscal Estimate Narratives

DHFS 3/1/2005

LRB Number	05-2014/1	Introduction Number	AB-124	Estimate Type	Original
Subject					
Provision of home and community-based services under CIP II to persons relocated from facilities (life lease program)					

Assumptions Used in Arriving at Fiscal Estimate

This bill modifies the Community Integration Program (CIP II). Specifically, it makes CIP II available to any nursing home resident who wants to relocate to the community. It provides counties Medical Assistance waiver funding to cover the individual's cost of care in 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 initiative, in aggregate, do not exceed MA expenditures if these individuals were receiving services in a nursing home.

In its fiscal estimate for an identical bill introduced in the 2003 session, AB 920, the Department estimated the fiscal effect by comparing actual MA waiver and fee-for-service costs of people who relocated from nursing homes to the community in CY 02 to their nursing home and fee-for-service costs before relocating. The net cost differential under this methodology was approximately \$33 per day per recipient.

The Department has since developed a more refined cost model to estimate the effect of relocations. This analysis compares actual nursing home costs for the individuals who have care needs that make them most likely to be able to relocate to the community to the actual cost of individuals currently in the community with the same care needs. It compares their nursing home and fee-for-service costs to the MA waiver, family care, and fee-for-service costs of individuals with equivalent care needs in the community. The new cost differential under this methodology is approximately \$24 per day per recipient.

Maintaining the same rate of relocations, 15 per month, as assumed in the Department's previous fiscal and assuming this bill is effective October 1, 2005, MA costs could decrease by \$455,900 AF (\$192,300 GPR) in FY 06 and \$2,016,400 AF (\$859,000 GPR) in FY 07.

There is no estimated local fiscal effect. The 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 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 - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-2014/1		Introduction Number AB-124	
Subject			
Provision of home and community-based services under CIP II for persons relocated from facilities (life lease program)			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			-2,016,400
TOTAL State Costs by Category		\$	\$-2,016,400
B. State Costs by Source of Funds			
GPR			-859,000
FED			-1,157,400
PRO/PRS			
SEG/SEG-S			
III. 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		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$-2,016,400	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
DHFS/ Erin Warner (608) 266-9363		Fredi Ellen Bove (608) 266-2907	2/28/2005