

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 3558/2

INTRODUCTION # AB 630

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.

Increase Costs - May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG 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
John Kiesow, 266-9622

Date
2-3-2000

FISCAL ESTIMATE WORKSHEET
Session

Detailed Estimate of Annual Fiscal Effect

1999

ORIGINAL
 CORRECTED

UPDATED
 SUPPLEMENTAL

LRB # 3558/2

Admin. Rule #

INTRODUCTION #AB 630

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

	STATE	LOCAL
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	Date 2-3-2000
--	---	------------------