

1999 DRAFTING REQUEST

Assembly Amendment (AA-AB133)

Received: 06/4/99

Received By: kenneda

Wanted: As time permits

Identical to LRB:

For: Legislative Fiscal Bureau 6-3912

By/Representing: Megna

This file may be shown to any legislator: NO

Drafter: kenneda

May Contact:

Alt. Drafters:

Subject: Health - facility licensure

Extra Copies: TAY

Pre Topic:

LFB:.....Megna -

Topic:

Adult facility licensing fees

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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FE Sent For:

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/?	kenneda	1/4 Jg	6/4 MRC	MRC/KM 6/7			

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Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

LRB-0321

April 22, 1999

Joint Committee on Finance

Paper #551

Adult Facilities Licensing Staff and Fees (DHFS -- Supportive Living)

[LFB 1999-01 Budget Summary: Page 327, #5]

CURRENT LAW

The DHFS Bureau of Quality Assurance regulates and licenses community-based residential facilities (CBRFs), adult family homes (AFHs) and adult day care (ADC) facilities. The Bureau is also responsible for regulating and licensing nursing homes, hospitals, home health agencies, hospices and outpatient mental health and AODA providers. The Bureau is currently authorized 17.5 licensing specialists and 2.4 support staff to license and regulate CBRFs, AFHs, and ADC facilities. Licensing and regulation activities include facility inspections, investigations of complaints and enforcement actions, as well as processing license applications and renewals.

GOVERNOR

Provide -\$25,600 GPR, \$153,700 PR, -0.5 GPR positions and 3.5 PR positions in 1999-00 and -\$25,600 GPR and \$246,000 PR, -0.5 GPR position, and 5.0 PR positions in 2000-01 for licensing and regulation activities for CBRFs, adult family homes and adult day care centers.

Increase the biennial license fees for CBRFs and adult family homes and establish an MA certification fee for adult day care centers, effective on the bill's general effective date. Require that an adult day care center be MA-certified in order to receive reimbursement for services provided to participants of the community options waiver program. The recommended fee changes are summarized below.

<u>Facility Type</u>	<u>Current Biennial Fee</u>	<u>Governor's Recommended Biennial Fee</u>
CBRFs	\$170 + \$22 per resident	\$323 + \$41.80 per resident
Adult Family Homes	\$75	\$142.50
Adult Day Care	\$0	\$100 + \$20 per client

DHFS estimates that the fee increases would generate an additional \$306,200 in 1999-00 and \$388,600 in 2000-01 to support its licensing activities.

DISCUSSION POINTS

1. As of April 8, 1999, there were 1,330 CBRFs, 556 adult family homes and 91 adult day care centers licensed or certified in the state. CBRFs and adult family homes are residential facilities that provide personal care and limited nursing care to elderly and disabled adults. CBRFs must have at least five beds, while adult family homes may have up to four beds. Adult day care facilities provide services that are similar to services provided by CBRFs, but only provide services to adults who visit the facility during the day. An adult day care center is not a state-licensed entity, but rather a provider that must be certified in order to receive reimbursement under medical assistance. Federal regulations require that a state establish a quality assurance plan for such facilities.

2. Several recent legislative changes have affected the regulation of these providers, including: (a) new administrative rules (HFS 83) promulgated in 1996; (b) 1997 Wisconsin Act 27 provisions that expanded requirements for provider background checks, beginning in October 1998; and (c) 1997 Wisconsin Act 27 provisions that established non-expiring licenses, which allows a license to remain valid until it is revoked, and therefore eliminates DHFS' need to the reissue license every two years (although DHFS continues to conduct reviews of these facilities every two years).

3. Beginning January 1, 1996, the 1995-97 biennial budget act increased fees as follows: (a) for CBRFs, from an annual fee of \$75 plus \$10 per resident to the current biennial fee of \$170 plus \$22 per resident; and (b) for adult family homes, from \$0 to the current biennial fee of \$75. Revenue from these two fee increases, together with revenue from other fee increases included in the act, supported 10.0 PR additional positions for licensing and regulation of a number of different types of providers.

4. 1997 Wisconsin Act 27 authorized 2.0 PR additional positions for the licensing and regulation of CBRFs, adult family homes and adult day care. The 1997-99 biennial budget act also converted 1.5 GPR positions to PR positions supported by fee revenues.

5. The Bureau's current staff is supported from the following revenue sources: 46% PR supported by license fee revenue, 32% FED supported by the federal Social Services Block Grant, and 22% by GPR.

6. In its 1999-01 budget submission, DHFS requested 10.75 PR positions in 1999-00 and 13.25 PR positions in 2000-01 in order to: (a) to meet growing workload due to increasing number of providers; (b) eliminate the need for current staff to work overtime; and (c) increase the frequency of inspections to provide a biennial inspection for every facility.

7. The Governor's recommendation is intended to allow the Bureau to achieve a biennial inspection frequency by 2000-01 and to maintain that level, based on the projected growth in the number of facilities except, that: (a) overtime workload would not be addressed; and (b) no additional support staff is provided. Currently, the Bureau inspects approximately 25% of licensed facilities annually.

8. The fee increase under the Governor's proposal would increase fees for CBRFs and adult family homes by 90%. The cumulative increase in the rate of inflation between January 1, 1996 (the last time fees were increased) and July 1, 1999, is 7.6%.

9. Based on the maximum licensed capacity of these facilities, approximately 25,000 persons use CBRFs, AFHs and services offered by adult day care facilities. The increase in fees per client would be equal approximately \$12 per person per year. Current fees are equal to approximately \$25 per person per year.

10. The average annual growth in the number of CBRFs, AFHs and ADC facilities has been 5.2% between the third quarter of 1995-96 and the third quarter of 1998-99 fiscal year. This growth rate suggests that 1.25 additional positions (1.0 licensing specialist and 0.25 program assistant) would have to be added each year to meet workload associated with the growth in the number of facilities.

11. The average number of beds in a CBRF is 15. Under current law, a CBRF with 15 residents would pay \$500 every two years. Under the Governor's recommendation, the biennial fee would be \$950 for a CBRF with 15 beds. In comparison, the annual rent charged by a CBRF for one resident is approximately \$22,000 per year. A CBRF with 15 beds could recover the biennial fee increase of \$450 by increasing monthly rents by \$1.25 per month (0.1% increase).

12. The average number of clients served by an ADC facility is 27. Under the Governor's recommendation, the fee for an ADC facility would be 4640 every two years, or approximately \$1 per month per client. AFHs can have up to four beds. The biennial fee of \$142.50 would be equivalent to a fee of \$1.50 per resident per month for a home with four residents.

13. The Governor's recommendation assumed that the recommended fee increases would generate an additional \$306,200 in 1999-00 and \$388,600 in 2000-01. However, it is now estimated that the fee increases would generate revenue of \$327,600 and \$402,500 in 1999-00 and 2000-01, respectively. Thus, the Governor's proposed position increases could be supported with the following fee increases: (a) for CBRFs, \$306 plus \$39.60 per resident; (b) for AFHs, \$135; and (c) for ADC facilities, \$89 plus \$17.80 per client. This would represent a 80% fee increase, rather than a 90% increase.

14. The fee increase could be lowered further if the staffing increase were reduced. If the staffing increase were reduced by 2.0 PR positions in both years, the statutory fees could be reduced from the levels recommended by the Governor as follows: (a) for CBRFs, to \$263.50 plus \$34.10 per resident; and (b) for adult family homes, to \$116.25; and (c) for ADC facilities, to \$55 plus \$11 per client. This would represent a fee increase of 65%, rather than 90%, as recommended by the Governor.

15. A second way to lower the fee increase would be to substitute GPR funding to support the additional positions. For example, the Committee could provide \$89,300 GPR in 1999-00 and \$102,500 GPR in 2000-01 to support 2.0 GPR positions and delete a corresponding amount of PR funding and position authority as a means of reducing the fee increases to the levels described in the previous discussion point.

16. Finally, if the Committee wishes to address the Department's staffing issues relating to support staff and overtime, it could provide an additional 1.5 PR positions in 1999-00 and 3.0 PR positions in 2000-01 above the Governor's recommendation, for a total increase of 5.0 PR positions in 1999-00 and 8.0 PR positions in 2000-01. Establish the following fees: (a) for CBRFs, \$348.50 plus \$45.10 per resident; (b) for adult family homes, \$153.75 and (c) for ADC facilities, \$117 plus \$23.33 per client.

ALTERNATIVES

1. Adopt the Governor's recommendation.

2. Modify the Governor's recommendation by reducing the fee increase to the following levels: (a) for CBRFs, \$306 plus \$39.60 per resident; (b) for AFHs, \$135; and (c) for ADC facilities, \$89 plus \$17.80 per client. Projected PR revenue would not be reduced due to a reestimate of revenues.

3. Modify the Governor's recommendation by deleting \$89,300 PR and 2.0 PR positions in 1999-00 and \$102,500 and 2.0 PR positions in 2000-01. In addition, reduce the fee increase as follows: (a) for CBRFs, \$263.50 plus \$34.10 per resident; (b) for AFHs, \$116.25; and (c) for ADC facilities, \$55 plus \$11 per client.

Alternative 3	PR
1999-01 REVENUE (Change to Bill)	- \$180,600
1999-01 FUNDING (Change to Bill)	- \$191,800
2000-01 POSITIONS (Change to Bill)	- 2.00

4. Modify the Governor's recommendation by providing an additional \$62,500 PR and 1.5 PR positions in 1999-00 and \$146,400 PR and 3.0 PR positions in 2000-01. In addition, increase license fees as follows: (a) for CBRFs, \$348.50 plus \$45.10 per resident; (b) for ADHs, \$153.75; and (c) for ADC facilities, \$117 plus \$23.33 per client.

<u>Alternative 4</u>	<u>PR</u>
1999-01 REVENUE (Change to Bill)	\$224,900
1999-01 FUNDING (Change to Bill)	\$308,900
2000-01 POSITIONS (Change to Bill)	3.00

5. Modify the Governor's recommendation by providing \$89,300 GPR and 2.0 GPR positions in 1999-00 and \$102,500 GPR and 2.0 GPR positions in 2000-01 and deleting a corresponding amount of PR funding and position authority to reduce the license fee increases as follows: (a) for CBRFs, \$263.50 plus \$34.10 per resident; (b) for AFHs, \$116.25; and (c) for ADC facilities, \$55 plus \$11 per client.

<u>Alternative 5</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1999-01 REVENUE (Change to Bill)	\$0	-\$180,600	-\$180,600
1999-01 FUNDING (Change to Bill)	\$191,800	-\$191,800	\$0
2000-01 POSITIONS (Change to Bill)	2.00	- 2.00	0.00

Prepared by: Richard Megna



1
JLg

LFB:.....Magna - Adult facility licensing fees

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 1. Page 737, line 13: delete "\$100" and substitute "\$89" ~~###~~ delete "\$20" and
3 substitute "\$17.80". ✓

4 2. Page 760, line 2: delete "\$142.50" and substitute "\$135". ✓

5 3. Page 766, line 2: delete "\$323" and substitute "\$306" ~~###~~ delete "\$41.80"
6 and substitute "\$39.60". ✓

7

(END)

Page 737, line 13:

plain quote

Page 766, line 2:



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0512/1
DAK:jlg:mrc

LFB:.....Magna - Adult facility licensing fees

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5 **4.** Page 766, line 2: delete "\$323" and substitute "\$306".

6 **5.** Page 766, line 2: delete "\$41.80" and substitute "\$39.60".

7 (END)