

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-1588/1	Introduction Number AB-0509	
Description Reducing reimbursement by county departments of community programs for inpatient facility care and services for mentally ill county residents and making an appropriation		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input checked="" type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.435(7)(da)		
Agency/Prepared By DHFS/ Elaine Velez (608) 266-9363	Authorized Signature Andy Forsaith (608) 266-7684	Date 11/21/2007

Fiscal Estimate Narratives

DHFS 11/21/2007

LRB Number	07-1588/1	Introduction Number	AB-0509	Estimate Type	Original
Description Reducing reimbursement by county departments of community programs for inpatient facility care and services for mentally ill county residents and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a county department of community programs must reimburse a state, local, or private facility for the actual cost of all authorized care and services that are provided for the mentally ill, developmentally disabled, alcoholic, or other drug dependent residents of the county, less fee collections made from patients.

This bill changes the inpatient facility reimbursement requirement so that a county department of community programs reimburse the Department of Health and Family Services (DHFS) 50 percent, rather than all, of the care and services provided to mentally ill county residents in inpatient facilities, less applicable collections. This bill also provides a sum sufficient appropriation of general purpose revenue for DHFS to pay the remaining 50 percent of the cost.

Currently, DHFS charges counties 100 percent of the daily rate for adults admitted to Mendota Mental Health Institute and Winnebago Mental Health Institute. At the same time, DHFS also charges the appropriate third party payor for the patient (Medicare, Medicaid, commercial insurance, etc.). Any revenues received on behalf of the patient from the insurance billings are refunded to the county that paid for the stay. This adjusts the net amount paid/owed by the county by the amount of revenue received for the patient through the efforts of DHFS to maximize revenues.

Under this bill, half of the daily rate would be paid by appropriation 20.435(7)(da) and the other half by the county. Fifty percent of the amounts received by DHFS from third party payors would be restored to the county, and the remaining 50 percent would be lapsed to the general fund as GPR earned. DHFS estimates that the department's share of the daily rate would be \$10,956,000 per year. This was calculated by taking the current daily rate charged to the counties, times the average daily population, divided by two.

Upgrades to the DHFS billing data base would need to be completed in order to execute the new payment arrangement. One time costs for the data base upgrade is expected to be approximately \$40,000 for vendor and DHFS IT staff hours.

The ongoing administrative impact above the data base upgrade is believed to be small and can be absorbed by the agency.

Please see the attached technical memo relating to language in the bill.

Counties would experience a \$10,956,000 decrease in costs statewide as a result of this bill. The actual amount of savings per county will depend on the number of its residents receiving care at the DHFS institutions.

Long-Range Fiscal Implications

With costs to the counties decreasing under this bill, this may be an incentive for counties to commit additional individuals to state care facilities thus increasing costs for DHFS to house this additional patient population.

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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Description Reducing reimbursement by county departments of community programs for inpatient facility care and services for mentally ill county residents and making an appropriation			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): \$40,000 one time costs to upgrade the DHFS data base.			
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	10,956,000		
TOTAL State Costs by Category	\$10,956,000		\$
B. State Costs by Source of Funds			
GPR	10,956,000		
FED			
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, ets.)			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$10,956,000		\$-10,956,000
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
DHFS/ Elaine Velez (608) 266-9363		Andy Forsaith (608) 266-7684	11/21/2007