

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-0360/2	Introduction Number AB-0664	
Description Authorizing access by the long-term care ombudsman or his or her representative to a client or resident in a residential care apartment complex, imposing an annual assessment on certain occupied apartments of residential care apartment complexes, expanding rights of residents of facilities to include residents of residential care apartment complexes, requiring posting of a notice, requiring the exercise of rule-making authority, and making an appropriation		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input 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 checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input checked="" type="checkbox"/> No Local Government Costs <input 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 type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input 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 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 checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s.20.435(6)(a); s.20.435(6)(n)		
Agency/Prepared By DHFS/ Monique Currie (608) 267-5147	Authorized Signature Andy Forsaith (608) 266-7684	Date 2/15/2008

Fiscal Estimate Narratives

DHFS 2/15/2008

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Description Authorizing access by the long-term care ombudsman or his or her representative to a client or resident in a residential care apartment complex, imposing an annual assessment on certain occupied apartments of residential care apartment complexes, expanding rights of residents of facilities to include residents of residential care apartment complexes, requiring posting of a notice, requiring the exercise of rule-making authority, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

The bill changes the current law to include residential care apartment complexes (RCACs) in the Long Term Care Ombudsman Program. The bill imposes an annual assessment of \$12 per year for residential care apartments occupied by an individual 60 years and older. The assessment would be collected and enforced by the Department of Health and Family Services (DHFS), but would be credited to a Board on Long Term Care (BOALTC) appropriation for sole use by BOALTC. BOALTC would use the assessment to fund a 1.0 FTE to perform long term care ombudsman services for residents of RCACs, 60 years and older.

As of January 2008 there are 220 RCACs in Wisconsin with a total of 9,606 apartments. The National Investment Center estimates an average national occupancy rate of 87.5% for assisted living facilities. In addition, DHFS estimates that tenants 60 and older occupy 98% of the RCAC apartments in Wisconsin. Applying both of these estimated rates, the Department projects that 8,237 of these apartments would be occupied by tenants 60 and older (i.e., $8,237 = 9,606 \text{ apartments} * 0.875 \text{ occupancy rate} * 0.98 \text{ occupancy rate for age 60 and older}$). Therefore a \$12 assessment on an estimated 8,237 apartments would generate an estimated \$98,844 PR annually. This amount would be collected by the Department, but would be transferred in its entirety to the Board of Aging and Long Term Care.

DHFS estimates that the cost to the Department to carry out the assessment and collection provisions of the bill would be \$11,911 GPR. This estimate may be broken down as follows:

The bill requires the DHFS to collect a \$12 assessment for each RCAC apartment occupied by an individual 60 years and older. DHFS estimates that, on average, it would require 2 hours of clerical staff time per facility to send out a notice, to review receipt of the assessment, enter data, and follow up and enforce any delinquent assessments. Assuming that each of the current 220 RCACs would have at least one apartment occupied by an individual 60 years and older, the Department estimates that 440 hours of clerical time would be required ($2 \text{ hours} * 220 \text{ facilities}$) to perform this work. Assuming an average clerical salary of \$17.378 per hour and a fringe rate of 46.22%, the estimated amount of clerical staff time expended (including salary and fringe costs) would be \$11,180 GPR ($\$17.378 * 440 \text{ hours} * 1.4622$).

In addition, DHFS estimates 20 hours of supervisory time would be required annually to oversee this function. Using an average supervisory salary of \$25.00 per hour and the same fringe rate, the estimated supervisory salary and fringe costs would be \$731 GPR ($25.00 \text{ per hour} * 20 \text{ hours} * 1.4622$). This workload estimate assumes that no on-site verification would be required by the Department.

The Department's Assisted Living Program staff who would carry out the above assessment and collection activities are currently funded by GPR (37%), program revenue (30%), and federal Medicaid funds (33%). These assessment and collection activities would not be eligible for federal Medicaid match. Existing Assisted Living Program staff would need to re-direct their time from their current work that is eligible for federal Medicaid match to these activities that are not eligible. As a result, the Department estimates that the Assisted Living Program will forego \$3,930 FED ($\$11,911 \text{ GPR} * 0.33 \text{ Federal Medicaid match rate}$). The only source of eligible funding to cover the \$3,930 in lost federal Medicaid revenue will be GPR funding.

Finally, it is estimated that including RCACs in the Long Term Care Ombudsman Program would result in DHFS receiving an additional 6 complaint investigations annually. This activity would be eligible for matching federal Medicaid funds at a rate of 25%. It is estimated that investigating the additional complaints would cost the Department approximately \$3,000 AF ($\$2,250 \text{ GPR}$ and $\$750 \text{ FED}$).

The net loss of federal Medicaid funding to the Department would be \$3,180 FED ($\$3,930 - \750), which

would need to be replaced by \$3,180 of GPR. Current Assisted Living Program revenues are not sufficient to cover current expenses for this program.

Long-Range Fiscal Implications

None.

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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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		\$3,180	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$3,180	\$
B. State Costs by Source of Funds			
GPR		3,180	
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			-3,180
PRO/PRS		98,844	
SEG/SEG-S			
TOTAL State Revenues		\$98,844	\$-3,180
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$3,180	\$
NET CHANGE IN REVENUE		\$95,664	\$
Agency/Prepared By		Authorized Signature	Date
DHFS/ Monique Currie (608) 267-5147		Andy Forsaith (608) 266-7684	2/15/2008