

### Fiscal Estimate - 2009 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>09-0656/3</b>	<b>Introduction Number</b> <b>AB-0259</b>
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**Description**  
 The care and treatment of persons with Alzheimer's disease or related dementia in residential care facilities, reports on residential care facilities, providing an exemption from emergency rule procedures, requiring the exercise of rule-making authority, and providing a penalty

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	<b>5. Types of Local Government Units Affected</b>	
<input checked="" type="checkbox"/> Indeterminate	1. <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	<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
	2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<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 20.435(6)(a)	

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DHS/ Elaine Velez (608) 266-9363	Andy Forsaith (608) 266-7684	7/20/2009

## Fiscal Estimate Narratives

DHS 7/20/2009

LRB Number	09-0656/3	Introduction Number	AB-0259	Estimate Type	Original
<b>Description</b> The care and treatment of persons with Alzheimer's disease or related dementia in residential care facilities, reports on residential care facilities, providing an exemption from emergency rule procedures, requiring the exercise of rule-making authority, and providing a penalty					

### Assumptions Used in Arriving at Fiscal Estimate

#### 2009 Draft Alzheimer's Fiscal Note

This bill requires the Department of Health Services (DHS) to establish standards of care and treatment for people with Alzheimer's disease or related dementia. The bill prohibits nursing homes, community-based residential facilities (CBRF), and adult family homes (AFH) from holding themselves out as providing special services for persons with Alzheimer's disease or related dementia unless DHS determines that the facility satisfies the standards of care and treatment for people with Alzheimer's disease or related dementia.

The bill also requires that, if a nursing home holds itself out as providing special services for persons with Alzheimer's disease or related dementia, DHS must include in the annual report DHS gives the nursing home a description of how the nursing home satisfies the standards established by DHS for care and treatment for persons with Alzheimer's disease or related dementia.

Finally, the bill requires DHS to annually give each CBRF and AFH a report that includes information on violations by the CBRF or AFH and by any similar CBRF or AFH in the same geographic area. In addition, if a CBRF or AFH holds itself out as providing special services for persons with Alzheimer's disease or related dementia, DHS must include in the report a description of how the CBRF or AFH satisfies the standards established by DHS for care and treatment for persons with Alzheimer's disease. DHS must also give each CBRF and AFH a summary of its report.

The Department estimates there are 983 providers serving clients with Alzheimer's disease or related dementia that would fall under this bill: 165 adult family homes, 696 CBRFs, and 122 nursing homes. All of these providers are currently licensed and regulated by the DHS Division of Quality Assurance (DQA). In preparing this estimate, it was assumed that this same number of providers would wish to continue providing these services under the standards (i.e., rules) promulgated by the Department.

#### First Year Costs

a) It is estimated that existing Department staff will spend 425 hours developing the proposed rules and holding hearings throughout the state. The Department may be able to absorb these costs.

b) Once the rules are promulgated, it is estimated that an 8-hour on-site inspection, consistent with the new rules, would be conducted by the Department for each of the 983 facilities that would come under the new rules. It is estimated that total hours for this initial inspection would be 7,864 (983 x 8). The Department would need to hire LTEs to complete these inspections (Health Services Specialist 1s and Nursing Consultant 1s) at a cost of \$219,400 GPR (\$166,600 salary, \$12,800 fringe, and \$40,000 travel and supplies and services). The Department is not able to absorb these LTE expenses. The functions of these positions would not be eligible for federal reimbursement under Medicaid as they are state-only activities and not allowable Medicaid expenses.

c) AB 259 adds new reporting requirements that DHS must provide to nursing homes annually. It is estimated that the DQA will experience a one-time cost of \$10,000 to expand the existing reporting information systems to meet the new reporting structure. Additionally, DQA will be required to begin reporting on AFHs and CBRF. It is estimated that a one-time cost of \$25,000 will be required to program these reports.

#### Continuing Annual Costs

a) DHS estimates that each year there will be approximately 43 new facilities (5% of AFHs and CBRFs) providing Alzheimer's care that would be subject to these new rules. DHS assumes no additional nursing home facilities. The initial 8-hour onsite inspection of 344 hours (8 x 43) would need to be completed by

DHS staff.

b) Once the existing facilities have had their initial inspection, it is assumed that ongoing inspections will add an additional 2 hours of staff review time to the regular licensing reviews for 983 facilities of which 575 would be inspected each year: 348 CBRFs (every two years 696/2), 83 AFHs (every two years 165/2), 22 new assisted living facilities (every two years 43/2), 122 nursing homes annually for a total of 1,150 hours.

c) It is assumed that Department staff will be called upon to receive and investigate complaints regarding non-compliance with Alzheimer's program standards in approximately 5% of the existing facilities and, that on average, each complaint will take 8 hours to resolve for a total of 393 hours of staff time (983 x .05 = 50 complaints x 8).

DHS is unable to absorb these additional tasks and would need to hire a 1.00 FTE GPR Nursing Consultant 1 to complete these inspections at an annualized cost of \$79,000 per year (\$47,500 salary, \$21,500 fringe, \$10,000 travel, supplies, and services). The functions of this position would not be eligible for federal reimbursement under Medicaid as the functions are state-only activities and not allowable Medicaid expenses.

#### Resident's Right to Know Report

This bill would require DHS to produce a "Resident's Right to Know Report" in assisted living similar to the existing nursing homes report with a one-page summary of this report given to each facility, which, in turn, will provide a copy to each resident, his or her guardian if applicable, and to every prospective resident of each AFH and CBRF with the complete report available from DHS for a minimal fee.

As of March 31, 2009, there were 1,204 AFHs and 1,444 CBRFs licensed in Wisconsin.

This report will include the following information: 1) any violations of statutes or rules of any AFH, CBRF, or similar facilities in the same geographical area and 2) if the facility holds itself out as providing special services for persons with Alzheimer's disease or related dementia, a description of how the facility satisfies the standards promulgated by rule under s. 50.02(6).

Regional support staff will need to obtain information from the facilities to complete this report. Since this is a new requirement for these facilities, it is estimated that 25 percent of the facilities will be non-compliant the first year and 15 percent in subsequent years. In addition, it is estimated that it will take 2 hours of staff time per non-compliant facility to follow up with the facility and obtain the necessary information. The Department is able to absorb this cost.

It is estimated that it will require 160 hours annually for a research analyst to collect the required data and assemble the report. The Department is able to absorb this cost.

The Department is unable to determine if there would be a county or local fiscal impact for the few government entities that run AFH or CBRF facilities. Costs for them would be in relation to responses to the annual report.

#### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
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<b>Description</b> The care and treatment of persons with Alzheimer's disease or related dementia in residential care facilities, reports on residential care facilities, providing an exemption from emergency rule procedures, requiring the exercise of rule-making authority, and providing a penalty			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  First year costs for LTEs to complete initial inspection \$219,400 for salary, fringe, travel, standard supplies and services and standard one-time costs; one-time costs for new FTE \$1,500, one-time expansion of reporting capabilities \$10,000, and one-time costs to program reports \$25,000 for a total one-time cost of \$255,900.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$76,900		\$
(FTE Position Changes)	(1.0 FTE)		
State Operations - Other Costs	11,800		
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$88,700</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	88,700		
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State	Local	
NET CHANGE IN COSTS	\$88,700		\$
NET CHANGE IN REVENUE	\$		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DHS/ Elaine Velez (608) 266-9363		Andy Forsaith (608) 266-7684	7/20/2009