

ADMINISTRATIVE RULES – FISCAL ESTIMATE

1. Fiscal Estimate Version

Original Updated Corrected

2. Administrative Rule Chapter Title and Number

HFS 133 Home Health Agencies

3. Subject

Home health agencies

4. State Fiscal Effect:

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

5. Fund Sources Affected:

GPR FED PRO PRS SEG SEG-S

6. Affected Ch. 20, Stats. Appropriations:

7. Local Government Fiscal Effect:

<input checked="" type="checkbox"/> No Fiscal Effect	<input type="checkbox"/> Increase Revenues	<input type="checkbox"/> Increase Costs
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Revenues	<input type="checkbox"/> Decrease Costs

8. Local Government Units Affected:

Towns Villages Cities Counties School Districts WTCS Districts Others:

9. Private Sector Fiscal Effect (small businesses only):

<input type="checkbox"/> No Fiscal Effect	<input type="checkbox"/> Increase Revenues	<input checked="" type="checkbox"/> Increase Costs
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Revenues	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No May have significant economic impact on a substantial number of small businesses
	<input type="checkbox"/> Yes <input type="checkbox"/> No May have significant economic impact on a substantial number of small businesses	<input type="checkbox"/> Decrease Costs

10. Types of Small Businesses Affected:

Home Health Agencies

11. Fiscal Analysis Summary

Home health agencies (HHAs) provide services and care to patients in their homes. Services include skilled nursing care, home health aide services, therapies, personal care and other supportive services. At a minimum, HHAs are licensed by the State of Wisconsin, Department of Health and Family Services, under ch. HFS 133 and s. 50.49, Stats. These agencies are referred to as state-only licensed HHA providers. In addition, many HHAs participate as providers in the Medicare and Medicaid programs. Therefore, they must operate under federal regulations 42 CFR 484 governing the operations of HHAs. These providers are known as federally certified HHA providers. As of April 2007, there are 172 licensed HHAs in Wisconsin. This total includes both in-state and out-of-state providers who operate in Wisconsin.

The Department proposes to amend ch. HFS 133 to repeal or revise provisions that may be overly prescriptive, and inconsistent with the federal regulations governing HHAs. Most of the proposed rule changes are non-substantive and technical in nature. The proposed rule, however, makes two substantive revisions that may affect the costs of HHAs:

- **Minimize Risk of Infection**

The first substantive revision requires agencies to provide staff training and proper supplies to minimize the risk of infection and to monitor for compliance. This requirement is expected to result in minimal costs to agencies because most of the 172 HHAs operating in Wisconsin already provide staff training and monitoring to meet current standards of practice and Centers for Disease Control (CDC) guidelines. Any agency that does not meet this standard is able to access information from CDC's web site to train their staff and start their monitoring program. Additional costs for sundry supplies (e.g., gloves, masks, etc.) is expected to be minimal.

- **Two Week RN Supervisory Visits**

The second substantive revision to ch. HFS 133 would require state only licensed HHAs to decrease the minimum interval for a registered nurse (RN) to make a supervisory visit to a patient who receives skilled nursing care from once every two months (i.e. every eight weeks) to once every two weeks. This time period is consistent with the requirements of 42 CFR 484.36 (d) (2) and will help to ensure the health, safety, and welfare of patients who need skilled nursing care.

State Fiscal Effect

Most HHAs in Wisconsin are both state-licensed and federally certified. Those with the latter designation already operate under the two week interval for a RN supervisory visit as a condition of being a provider for the Medicaid and or Medicare programs. For federally certified HHAs, there would be no increased costs to these providers or the Medicaid or Medicare programs resulting from this proposed revision to ch. HFS 133.

Local Government Fiscal Effect

All of the HHAs operated by local government are state-certified and federally licensed and are presumed to follow the two week interval proscribed in 42 CFR 484.36 (d) (2). There would be no increased costs to HHAs operated by local governments.

Effect on the Private Sector (small businesses only)

Of the 172 HHAs currently operating in Wisconsin, the majority may be considered small businesses as that term is defined in s. 227.114 Stats. All would be affected by the proposed rules. The Department has determined, however, that the provisions relating to the RN supervisory visits will affect only about 10 state-only licensed HHAs. Costs for these HHAs would fluctuate depending on a number of variables which could result in no change in costs or, at any given time, costs may increase or decrease. Because detailed data for the state-only licensed agencies is not yet available, the Department used the 2005 annual survey data for the four state-only licensed agencies that responded to the survey and would have been impacted by proposed increase in RN supervisory visits. Using this data, the Department was able to estimate costs on a per patient basis. Assuming a rate of \$26.46 per RN supervisory visit, and accounting for variables previously noted, the Department estimates the proposed increase in RN visits would be \$91 per skilled nursing patient for a total of \$5,849 per year (or \$1,462 per year, per agency) for the four sample agencies. It is likely that any increased costs relating to this requirement would be passed from the agency to the patient or private insurance for subsequent reimbursement.

The 10 state-only agencies affected by the increase in the RN supervisory visits would represent only about 5.8% of all agencies licensed in Wisconsin and if we accept that the estimated \$1,462 cost

increase for the 2005 state-only sample agencies would be representative of the cost increases for the 10 state-only agencies, such increase would be 0.001 percent of the average, annual gross revenue of \$1.8 million for home health agencies.

Despite the possible fluctuations in costs, the Department believes that the proposed requirement would not increase annual costs above the 2006 CPI rate of 3.2% or decrease revenues more than that rate. Consequently, the proposed RN supervisory requirement would not have a significant economic impact on home health agencies.

Overall, the proposed revisions are expected to lower costs for home health agencies in Wisconsin.

12. Long-Range Fiscal Implications

None known

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