

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4731-04  
Bill No.: HB 1980  
Subject: Disabilities; Courts  
Type: Original  
Date: March 20, 2014

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Bill Summary: This proposal changes the definition of consumer-directed for purposes of personal care assistance services to include a court-appointed guardian.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Up to \$8,947,600)	(Up to \$9,833,624)	(Up to \$10,807,004)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Up to \$8,947,600)</b>	<b>(Up to \$9,833,624)</b>	<b>(Up to \$10,807,004)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Federal Funds*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income, savings, expenditures and losses could exceed \$28 million annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials at the **Department of Health and Senior Services (DHSS) - Division of Senior and Disability Services (DSDS)** state for section 208.900 that the revision of the definition of “consumer” could allow court-appointed guardians to direct the care of participants within the consumer-directed care services (CDS) program.

In FY13, there were 38,713 participants who used only agency model personal care (AM PC). Of those participants, approximately 4.6 percent had a guardian. For the purposes of this estimate, DSDS used this number as the maximum number that would move to consumer-directed personal care services (CDS). For FYs 16 and 17, an annual growth rate in participants of 9.9 percent was utilized.

	FY 13	FY 14 Projected	FY15 Projected	FY16 Projected	FY17 Projected
FY13 participants using AM PC only	38,712	42,546	46,758	51,387	56,474
Estimated # with guardian (4.6%)	1,781	1,957	2,151	2,364	2,598

In FY13, the average number of 15-minute AM PC units authorized per participant per year was 1,044. Using this estimate, DSDS calculated the number of units authorized for those with a guardian for FY15, 16, and 17.

	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
Estimated number with guardian (4.6 percent)	2,151	2,364	2,598
<u>AM PC units per participant per year</u>	<u>1,044</u>	<u>1,044</u>	<u>1,044</u>
Total units for participants with guardian	2,245,644	2,468,016	2,712,312

The estimated reimbursement rate for AM PC for FY15 is \$4.54 per 15-minute unit. Using this rate, DSDS calculated the cost of AM PC for the participants with a guardian for FY15,16, and 17.

	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
Total units for participants with guardian	2,245,644	2,468,016	2,712,312
<u>Estimated AM PC rate per unit</u>	<u>\$4.54</u>	<u>\$4.54</u>	<u>\$4.54</u>
Cost of AM PC	\$10,195,224	\$11,204,793	\$12,313,896

ASSUMPTION (continued)

In FY13, the average number of 15-minute CDS PC units authorized per participant per year was 4,116 (just under 274.5 hours). Using this estimate, DSDS calculated the number of units that would be authorized for those AM PC participants that could move to the CDS program in FY15, 16 and 17.

	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
Estimated AM PC participants with a guardian	2,151	2,364	2,598
<u>Average CDS PC units per participant per year</u>	<u>4,116</u>	<u>4,116</u>	<u>4,116</u>
Estimated CDS PC units for part. w/ guardian	8,853,516	9,730,224	10,693,368

Using the estimated reimbursement rate for CDS personal care for FY15 of \$3.89 per 15-minute unit, DSDS calculated the cost of AM PC participants with a guardian moving to CDS.

	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
Estimated CDS PC units for part w/guardian	8,853,516	9,730,224	10,693,368
<u>Estimated CDS PC rate per unit</u>	<u>\$3.89</u>	<u>\$3.89</u>	<u>\$3.89</u>
Estimated cost of CDS PC for part w/guardian	\$34,440,177	\$37,850,571	\$41,597,202

The net cost was determined by calculating the difference between the cost of AM PC and CDS PC for these individuals.

	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
Estimated cost of AM PC for part w/ guardians	\$10,195,224	\$11,204,793	\$12,313,896
<u>Estimated cost of CDS PC for part w/ guardians</u>	<u>\$34,440,177</u>	<u>\$37,850,571</u>	<u>\$41,597,202</u>
Net Cost	(\$24,244,953)	(\$26,645,778)	(\$29,283,306)

However, the exact cost cannot be calculated because DSDS cannot determine the number of individuals who would actually move to CDS in lieu of AM PC; nor the number that would use both AM PC and CDS (which is allowed by the Medicaid state plan and for those participants who have a combination of state plan services and waiver services).

Therefore, DSDS estimates the cost of the proposal at (Unknown), up to (\$24,244,953) for FY15; (Unknown), up to (\$26,645,778) for FY16; and (Unknown), up to (\$29,283,306) for FY17.

The services would be paid at the blended Financial Medical Assistance Percentage (FMAP) rate of 36.905 percent General Revenue and 63.095 percent federal funds. The federal costs would be offset by matching funds.

ASSUMPTION (continued)

Officials at the **Department of Social Services** assume there will be costs associated with program and procedure changes but not substantial and can be absorbed with existing staff.

Officials at the **Department of Mental Health** and the **Office of State Courts Administrator** each assume there is no fiscal impact to their respective organizations from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE FUND</b>			
<u>Savings - DHSS (\$209.900)</u>			
Reduction in MO HealthNet AM PC services	Up to \$3,762,547	Up to \$4,135,129	Up to \$4,544,443
<u>Costs - DHSS (\$209.900)</u>			
Increase in CDS services	<u>(Up to \$12,710,147)</u>	<u>(Up to \$13,968,753)</u>	<u>(Up to \$15,351,447)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
	<b><u>(Up to \$8,947,600)</u></b>	<b><u>(Up to \$9,833,624)</u></b>	<b><u>(Up to \$10,807,004)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DHSS (\$209.900)</u>			
Increase in program reimbursements	Up to \$21,730,030	Up to \$23,881,818	Up to \$26,245,755
<u>Savings - DHSS (\$209.900)</u>			
Reduction in AM PC expenditures	Up to \$6,432,677	Up to \$7,069,664	Up to \$7,769,453
<u>Costs - DHSS (\$209.900)</u>			
Increase in program expenditures	(Up to \$21,730,030)	(Up to \$23,881,818)	(Up to \$26,245,755)

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>FEDERAL FUNDS (cont.)</b>			
<u>Loss - DHSS (\$209.900)</u>			
Reduction in AM PC reimbursements	<u>(Up to \$6,432,677)</u>	<u>(Up to \$7,069,664)</u>	<u>(Up to \$7,769,453)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

This proposal may impact small businesses positively or negatively depending on the type of services they provide. Small businesses that provide agency model personal care services may experience a decrease in MO HealthNet reimbursements if participants transition to businesses that provide consumer directed services and personal care attendants, whereas small businesses that provide home and community based services may experience an increase in MO HealthNet reimbursements.

FISCAL DESCRIPTION

This proposal specifies that for purposes of receiving personal care assistance service, a "consumer" includes any individual with a legal limitation of his or her ability to make decisions who has a court-appointed guardian authorized to act on their behalf.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services  
Department of Mental Health  
Department of Social Services  
Office of State Courts Administrator



Mickey Wilson, CPA  
Director  
March 20, 2014

Ross Strope  
Assistant Director  
March 20, 2014