

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1856-01  
Bill No.: SB 430  
Subject: Health Department; Elderly  
Type: Original  
Date: March 25, 2013

---

Bill Summary: This proposal modifies provisions relating to adult day care programs.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Unknown, greater than \$50,000)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown, greater than \$50,000)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<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 2014</b>	<b>FY 2015</b>	<b>FY 2016</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 and expenditures net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</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 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Health and Senior Services (DHSS)** state reimbursement for adult day care services is included in the Home and Community-Based Services (HCBS) program.

#### §§ 660.411 and 660.414 - Adult day care program manual and regional training:

Section 660.411 requires DHSS to create an adult day care program manual to establish uniformity across the state and to offer regional training sessions. Existing staff will be able to use existing resources and materials to develop a manual and provide training. There will be no significant fiscal impact to implement this requirement.

#### § 660.417 - Reimbursement rates:

DHSS is unable to provide an estimate of the cost of this proposal because of several factors.

DHSS assumes that, in order to set rates comparable to rates set for adult day care programs licensed by the Department of Mental Health under Chapter 630, negotiated rates would be set for each HCBS adult day care provider reimbursed by MO HealthNet funds. Staff would be required to negotiate a specific reimbursement rate with each provider. The amount of staff time required to perform this task is unknown.

Extensive work in the HCBS WebTool and MO HealthNet's Medicaid Management and Information System (MMIS) would be required to set up the reimbursement methodology and ensure the participant receives the appropriate level of services while remaining below the HCBS cost cap. The amount of programming and computer hours required to make these extensive changes are unknown.

The language in the proposal eliminates the ability to control costs by using a set reimbursement limit, and would require periodic review to ensure comparability with programs licensed under Chapter 630. Because each reimbursement would be negotiated, and DHSS does not know where those rates would be set, an estimate of the cost of services using this reimbursement methodology is also unknown.

Each request for adult day care would require deeper scrutiny to ensure the total HCBS for each participant are under the set cost cap, which changes annually. The amount of services authorized for each participant could vary significantly, depending on which adult day care provider a participant chooses, and cause disparities in the level of care participants receive.

ASSUMPTION (continued)

Since HCBS participants are ensured freedom of choice in the selection of providers, they may change adult day care providers at any time. Each time a change is made, the entire care plan would require review to ensure the participant's total services are still below the cost cap for HCBS. DHSS is unable to estimate for the number of FTE that would be required to complete these reviews in a timely manner and ensure the services are current and correctly entered into the prior authorization system.

The change in the reimbursement methodology will likely require amendments to the Adult Day Care Waiver and the Aged and Disabled Waiver be submitted to the Centers for Medicare and Medicaid. If the reimbursement methodology is not approved, the Division of Seniors and Disability Services (DSDS) would not be able to receive federal Medicaid funding for MO HealthNet adult day care.

Due to all of these factors, the fiscal impact of this proposal is unknown.

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state that section 660.417 references Department of Mental Health (DMH) providers who provide Day Habilitation to their clients (a different service than Adult Day Care). DSS would be the party responsible for contracting rates with providers for services in this proposal and MHD currently pays Adult Day Care providers a set rate.

By changing Section 660.417, MHD will need to contract a separate rate with each provider. MHD assumes if Adult Day Care provider rates are to be comparable to the DMH contracted Day Habilitation rates, this will result in MHD paying higher rates to most of these providers than what is currently being paid. The Adult Day Care program is funded through DHSS.

DSS' system would have to be modified to handle this different payment methodology, which will result in a significant cost. DSS-MHD assumes the system changes would occur in FY 14 and cost more than \$100,000. It is unknown what FY 15 and FY 16 costs will be, but it is assumed the costs will be less than \$100,000. A 50/50 Federal/State match is assumed.

FY14 Unknown > \$100,000 (Unknown > \$50,000 GR; Unknown > \$50,000 Federal) system changes;

FY15 Unknown < \$100,000 (Unknown < \$50,000 GR; Unknown < \$50,000 Federal); and

FY16 Unknown < \$100,000 (Unknown < \$50,000 GR; Unknown < \$50,000 Federal)

Officials from the **Department of Mental Health (DMH)** state section 660.417 requires reimbursement rates for adult day care programs to be "comparable" to rates for adult day care programs licensed by the DMH "which provide care, treatment and habilitation exclusively to adults who have a primary diagnosis of a mental disorder, mental illness, or developmental disability for providing similar day program services."

ASSUMPTION (continued)

It is assumed that this clause will affect the costs for adult day care programs operated by the Department of Health and Senior Services rather than the DMH. Therefore, there does not appear to be a fiscal impact to the DMH.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate this legislation will not significantly alter its caseload. However, if similar bills pass, resulting in more cases, there will be a fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DHSS-DSDS</u>			
Adult day care program costs	(Unknown)	(Unknown)	(Unknown)
<u>Costs - DSS-MHD</u>			
System changes	(Unknown, greater than \$50,000)	\$0	<u>\$0</u>
Program-related costs	<u>\$0</u>	<u>(Unknown, less than \$50,000)</u>	<u>(Unknown, less than \$50,000)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(Unknown, greater than \$50,000)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>FEDERAL FUNDS</b>			
<u>Income - DSS-MHD</u>			
Reimbursement for system changes	Unknown, greater than \$50,000	\$0	\$0
Reimbursement for program-related expenditures	\$0	Unknown, less than \$50,000	Unknown, less than \$50,000
<u>Costs - DSS-MHD</u>			
System changes	(Unknown, greater than \$50,000)		
Program-related expenditures	<u>\$0</u>	<u>(Unknown, less than \$50,000)</u>	<u>(Unknown, less than \$50,000)</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 2014 (10 Mo.)	FY 2015	FY 2016
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

Small business adult day care providers may be positively or negatively impacted if each provider of service has their own reimbursement rate negotiated with Department of Health and Senior Services.

FISCAL DESCRIPTION

Licensed adult day care programs shall receive comparable reimbursement rates as adult day care programs licensed by the Department of Mental Health which provide care, treatment and habilitation exclusively to adults who have a primary diagnosis of a mental disorder, mental

FISCAL DESCRIPTION (continued)

illness, or developmental disability for providing similar day program services.

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

Office of Administration -  
Administrative Hearing Commission  
Department of Mental Health  
Department of Health and Senior Services  
Department of Social Services



Ross Strobe  
Acting Director  
March 25, 2013