

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2263-01
Bill No.: SB 441
Subject: Disabilities; Elderly; Health Care; Health and Senior Services Department;
 Medicaid/MO HealthNet
Type: Original
Date: March 11, 2019

Bill Summary: This proposal modifies provisions relating to certain MO HealthNet home- and community-based services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$915,363 or \$921,422)	(\$444,659)	(\$111,736)
Total Estimated Net Effect on General Revenue	(\$915,363 or \$921,422)	(\$444,659)	(\$111,736)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Federal *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income, saving, expenses and losses net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	0.5 or 0.6	0.5	0.5
Federal	0.5	0.5	0.5
Total Estimated Net Effect on FTE	1 or 1.1	1	1

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints of less than 24 hours, **Oversight** was unable to receive some of the agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

§§208.152, 208.906, and 208.935 - MO HealthNet Home-and Community-based services

Officials from the **Department of Health and Senior Services (DHSS)** provide the following assumptions for this proposal:

§208.152(15) - Personal care services based on acuity level and determined by assessment

Case Mix

Currently, the DHSS authorizes Home- and Community-Based Services (HCBS) through a collaborative conversation with the person seeking care and their identified support system to identify unmet needs, a list of tasks to meet those needs, how often those tasks are required to be performed, and the duration to complete each task. This information is used to determine total units of service within the authorized HCBS care plan. A unit of service is defined as 15 minutes of care (exceptions include authorized nurse visits, home-delivered meals, and select Independent Living Waiver services). The current process has historically fostered an inconsistent allocation of resources among HCBS users.

This section would implement an acuity-based authorization process for HCBS care plans. Acuity is defined as the degree of severity of an illness or condition. People with higher acuity require more care resources, while those with lower acuity require less care resources. Implementation of an acuity-based approach will result in the amount of HCBS services in the authorized care plan being more directly tied to the client's level of need.

§208.906.3(1) - Maximum allowable cost

Case Mix

The DHSS will require technical assistance through the InterRAI organization that developed the current assessment tool to implement an acuity-based authorization process referred to as Case Mix at an estimated cost of \$500,000 in FY 2020 (GR 50% / Fed 50%). Multiple attempts were

ASSUMPTION (continued)

made to get a quote from the InterRAI organization; however, due to the short turnaround time allowed, the total estimated cost for the technical assistance has not been received at this time. Case Mix was developed by the InterRAI organization and is an approach to resource allocation that systematically considers the relationship between a person's acuity and the cost of that person's care. InterRAI is a research organization dedicated to serving and improving health care for geriatric and disabled populations globally. The organization is a collaborative network of researchers and practitioners in over 35 countries. InterRAI is a not-for-profit corporation, classified as a 501(c)(3) corporation under United States tax code. Case Mix allows for the ability to move away from a "one size fits all" funding approach to more individualized support arrangements and prioritize funding among those seeking HCBS. Case Mix guides service allocation and creates a system of more equitable and objective decision-making by HCBS assessors.

HCBS assessor staff currently authorize the type(s) and maximum number of units of HCBS services a client would be authorized to use each month. This section would change this to a maximum allowable budget for services for a month. This would create flexibility in service delivery and result in a person-centered delivery approach by allowing HCBS providers to deliver the types and frequency of services to meet the needs of each client while remaining within the maximum allowable budget.

§208.935 - Total monthly cost allowance for HCBS based on acuity level and assessment

Case Mix

In addition to technical assistance through InterRAI, the DHSS will require infrastructure changes to the current HCBS Information Technology (IT) system. A strong IT infrastructure is an essential partner to a case-mix system, as resource allocation algorithms need to be developed within the current assessment tool.

Implementing an acuity-based system would require an estimated \$170,000 for Medicaid Management Information System (MMIS) adjustments with MO HealthNet (Department of Social Services), using their current contractor, Wipro. In addition, the Division of Senior and Disability Services (DSDS) would have an estimated cost of \$1,163,958 with the current Cyber Access Web Tool contractor (Conduent) for system adjustments. This is based on the number of hours estimated by Conduent for the system adjustments and the rates from the current contract. (Total cost of \$1,333,958 for system changes; GR 50% / Fed 50%). It is estimated by the contractors that the system changes would take 16-18 months to be fully operational. To successfully implement and manage this process change on an on-going basis, a Health and Senior Services Manager would be needed to act as a Project Manager for the new acuity-based approach. This FTE would be added in FY 2020 at an average salary of \$61,896 plus E&E (FY 2020 - \$106,248 , FY 2021 - \$125,126, FY 2022 - \$126,330; GR 50% / Fed 50%).

ASSUMPTION (continued)

Mobile Assessments

HCBS assessor staff conduct initial assessments to determine nursing home level of care (LOC) eligibility for services. In addition, assessors conduct annual reassessments on current participants to ensure continued eligibility for HCBS and aid in care plan changes. Currently, the assessments and reassessments are completed in the participant's home using a 13-page paper copy form which is manually filled out by DSDS staff and then manually entered into the Cyber Access Web Tool, resulting in a duplication of efforts. It is estimated DSDS assessor staff spend one hour of time for the manual data entry of initial assessments, as well as one hour of time for the manual data entry of annual reassessments in the Web Tool. Based on FY 2018 data, the manual data entry results in 38,002 hours of staff time per year (18,170 initial assessments + 19,832 annual reassessment = $38,002 \times 1$ hour of time = 38,002 hours).

This section would allow for the development of a mobile application to conduct both initial HCBS assessments as well as annual reassessments. This would equip assessor staff with tablets that could be preloaded each morning with assessments to be completed using a touch screen application rather than a hard paper copy. Staff could then upload or sync those assessments to the Cyber Access Web Tool using a secure Wi-Fi connection or "docked" at the office at the end of the day, thereby eliminating the need to manually enter the information at a desktop. Staff time will be reinvested in a variety of ways to improve integrity of the program, including: implementation of a certified assessor process which requires more stringent training guidelines and quality assurance for assessors to ensure quality and accuracy in HCBS assessments; and completion of additional annual reassessments in person. (Currently, reassessments may be completed via telephone when workload exceeds staff capacity.)

Eliminating the hard paper copy would also lead to cost savings in the amount of paper and toner used annually. The current hard paper copy assessment tool is 13 pages - seven pages front and back, resulting in 266,014 pieces of paper annually, or 532 reams (7 pages x 38,002 assessments = 266,014; 266,014 pieces of paper / 500 pieces of paper per ream = 532 reams). At a cost of \$2.77 per ream, the total savings for paper per year would be \$1,474 ($532 \times \$2.77 = \$1,474$). It is estimated one toner cartridge can print 35,000 pieces of paper. The reduction in hard paper copies would also lead to \$1,314 in toner savings per year (266,014 pieces of paper / 35,000 pieces of paper per toner cartridge = 7.6 less cartridges used; $7.6 \times \$172.90$ cost per cartridge = \$1,314 savings - GR 50% / Fed 50%). Total cost savings per year are estimated to be \$2,788 ($\$1,474 + \$1,314$; GR 50% / Fed 50%).

One-time development costs by the current Cyber Access contractor, Conduent, for the mobile assessment application are estimated to be \$500,000, which would occur in State Fiscal Year (SFY) 2020, and annual maintenance fees of \$100,000 per year thereafter (GR 50% / Fed 50%). In addition, an initial investment of approximately \$50,750 will be required for the purchase of 125 tablets/iPads with related accessories (as quoted to by Office of Administration, Information Technology Services Department (ITSD) vendor as of 1/18/19) with an anticipated replacement cycle of every three years (GR 50% / Fed 50%).

ASSUMPTION (continued)

The proposed legislation requires the promulgation of rules and regulations, which include the following duties (but not all inclusive): establish guidelines, implement strategies, make evidence-based system changes, and create policy recommendations. The DHSS, Office of General Counsel will need an additional .1 FTE for an attorney (salary of \$64,500 per year) to perform the research necessary to ensure the new guidelines and information for this proposed legislation has been properly vetted and implementation is completed quickly and with fiscal responsibility. Due to current workload being at maximum limits, these costs cannot be absorbed.

Oversight assumes 0.1 FTE would not be provided fringe benefits and the state would only pay Social Security and Medicare benefits of 7.65 percent. In addition, Oversight assumes the DHSS would not need additional rental space for 0.1 FTE. However, if multiple proposals pass during the legislative session requiring additional FTE, cumulatively the effect of all proposals passed may result in the DHSS needing additional rental space.

Oversight assumes since DHSS states their responsibility to perform the research necessary to ensure the new guidelines and information for this proposed legislation has been properly vetted and implementation is completed quickly and with fiscal responsibility, Oversight will range the cost of the partial FTE from \$0 to DHSS' estimate less fringe benefits over 7.65% and rental space costs.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

ASSUMPTION (continued)

Oversight notes that the **Department of Social Services** has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this organization.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Savings - DHSS (§§208.152, 208.906, and 208.935)</u>			
Reduction in paper and toner p. 5	\$1,161	\$1,394	\$1,429
<u>Costs - DHSS (§§208.152, 208.906, and 208.935)</u>			
Personal service p. 4, 6	(\$27,285 or \$32,660)	(\$33,069)	(\$33,400)
Fringe benefits	(\$19,875 or \$20,286)	(\$22,688)	(\$22,789)
Equipment and expense	(\$36,147)	(\$6,806)	(\$6,976)
Mobile access system changes p. 5	(\$250,000)	(\$50,000)	(\$50,000)
MMIS Acuity system changes (Wipro)	(\$42,500)	(\$42,500)	\$0
Acuity-based system changes (Conduent) p. 4	(\$290,990)	(\$290,990)	\$0
Acuity-based system tech. assistance (Inter RAI) p. 3	(\$250,000)	\$0	\$0
Total <u>Costs - DHSS</u>	<u>(\$916,797 or \$922,583)</u>	<u>(\$446,053)</u>	<u>(\$113,165)</u>
FTE Change - DHSS	0.5 or 0.6 FTE	0.5 FTE	0.5 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$915,363 or \$921,422)</u>	<u>(\$444,659)</u>	<u>(\$111,736)</u>
Estimated Net FTE Change on the General Revenue Fund	0.5 or 0.6 FTE	0.5 FTE	0.5 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
FEDERAL FUNDS			
<u>Income</u> - DHSS (§§208.152, 208.906, and 208.935)			
Increase in program reimbursements	\$911,989	\$446,053	\$113,165
<u>Savings</u> - DHSS (§§208.152, 208.906, and 208.935)			
Reduction in paper and toner use	\$1,611	\$1,394	\$1,429
<u>Costs</u> - DHSS (§§208.152, 208.906, and 208.935)			
Personal service	(\$27,285)	(\$33,069)	(\$33,400)
Fringe benefits	(\$18,824)	(\$22,688)	(\$22,789)
Equipment and expense	(\$32,390)	(\$6,806)	(\$6,976)
Mobile access system changes	(\$250,000)	(\$50,000)	(\$50,000)
MMIS Acuity system changes (Wipro)	(\$42,500)	(\$42,500)	\$0
Acuity-based system changes (Conduent)	(\$290,990)	(\$290,990)	\$0
Acuity-based system tech. assistance (Inter RAI)	(\$250,000)	\$0	\$0
Total <u>Costs</u> - DHSS	<u>(\$911,989)</u>	<u>(\$446,053)</u>	<u>(\$113,165)</u>
FTE Change - DHSS	0.5 FTE	0.5 FTE	0.5 FTE
<u>Loss</u> - DHSS (§§208.152, 208.906, and 208.935)			
Reduction in reimbursement for paper and toner use	<u>(\$1,611)</u>	<u>(\$1,394)</u>	<u>(\$1,429)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	0.5 FTE	0.5 FTE	0.5 FTE
<u>FISCAL IMPACT - Local Government</u>			
	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may have a fiscal impact on small business home- and community-based service providers.

FISCAL DESCRIPTION

This act modifies service plans of participants in the home- and community-based services authorized by the Division of Senior and Disability Services within the Department of Health and Senior Services from maximum numbers of units of services to maximum monthly cost allowances, as determined by an assessment of the participant. The Department shall develop an interactive assessment tool for utilization by the Division when implementing the assessment and authorization process.

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

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Social Services
Joint Committee on Administrative Rules
Office of Secretary of State



Kyle Rieman
Director
March 11, 2019

Ross Strobe
Assistant Director
March 11, 2019