

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2809-06  
Bill No.: HCS for SCS for SB 810  
Subject: Public Assistance: Energy  
Type: Corrected#  
Date: May 1, 2002  
 #To correct response from Department of Social of Services.

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue#	(\$89,896) to \$104,703	(\$112,190) to \$130,670	(\$116,679) to \$135,897
<b>Total Estimated Net Effect on <u>All</u> State Funds#</b>	<b>(\$89,896) to \$104,703</b>	<b>(\$112,190) to \$130,670</b>	<b>(\$116,679) to \$135,897</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Federal*#	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Possible costs and/or savings net to \$0.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

#### *LOW INCOME ENERGY ASSISTANCE PROGRAM - Sections 660.100 to 660.136*

Officials of the **Department of Social Services' Division of Family Services (DFS)** stated that they anticipate an increased number of consumers would be eligible for the Low Income Energy Assistance Program (LIHEAP). However, the current limits on appropriations to the Utilicare Stabilization Fund (section 660.135) would still be in effect. Therefore there would be no impact on state funds.

#### *DIVISION OF ASSETS - Section 660.690*

Department of Social Services' Division of Family Services reported that 180 supplemental nursing care cases were rejected due to income or resources, in FY 2001. They estimate that 63 (35%) of those cases were married couples. They also report that 95.9% of supplemental nursing care patients reside in Residential Care I or II Facilities and 4.1% of those patients reside in Skilled Nursing Facilities. Therefore 60 of the new cases would be in Residential Care Facilities and 3 in Skilled Nursing Facilities.

The Department's Division of Senior Services provides case management services for clients receiving personal care services in Residential Care Facilities. Some of the 60 new cases would require case management; however, those case management services could be absorbed with existing staff at this time.

#### *#Division of Assets for RCF Residents:*

The proposed legislation will have a fiscal impact on the DMS. More individuals will be Medicaid eligible if the division of assets is applied to persons living in a RCF.

The Division of Family Services estimates there are 64 individuals who would become Medicaid eligible with the passage of this legislation. This includes 3 individuals who would live in a skilled nursing facility. It should be noted, the proposed legislation does not include Intermediate Care

Facilities (ICF) and Skilled Nursing Facilities (SNF); however, they are part of the Supplemental Nursing Care program. Cost for residents living in a SNF are included in the fiscal impact. The costs are shown separately.

The cost per eligible is \$656.40/month. The average is based on the last three months of actual expenditures - hospital, dental, physician services, personal care and rehabilitation & specialty services. (The RCF resident is not eligible for all home and community services - only personal

care.)

ASSUMPTION (continued)

RCF residents - 17 RCF I and 44 RCF II = 61 eligibles x \$656.40 = \$40,040.40 per month.

SNF residents - 3 x \$656.40 = \$1,969.20 per month.

A 4% inflation factor was applied to both FY 04 and FY 05.

**FY 03:**

RCF residents - \$40,040.40 x 10 months = \$400,404

SNF residents - \$1,969.20 x 10 months = \$19,692

Total \$420,096

**FY 04:**

RCF residents - \$41,642.02 x 12 months = \$499,704

SNF residents - \$2,047.97 x 12 months = \$24,576

Total \$524,280

**FY 05:**

RCF residents - \$43,307.70 x 12 months = \$519,692

SNF residents - \$2,129.89 x 12 months = \$25,559

Total \$545,251

Due to the division of assets for married couples proposed in the legislation, individuals are provided the opportunity to enter an RCF I/II facility over and ICF/SNF nursing facility. We estimate that between 10% and 35% will choose RCF over a nursing facility resulting in a cost avoidance.

63 x 10% = 6.3 individuals or 6

63 x 35% = 22.05 individuals or 22

Medicaid nursing facility costs approximately \$30,000 per individual per year.

**FY 03:**

10% cost avoidance

SNF/ICF residents to RCF residents - (\$30,000 x 6) x 10 months = \$150,000

\$60,000 - GR (40%)

\$90,000 - FF (60%)

ASSUMPTION (continued)

35% cost avoidance

SNF/ICF residents to RCF residents -  $(\$30,000/\text{yr} \times 22) \times 10 \text{ months} = \$550,000$

\$220,000 - GR (40%)

\$330,000 - FF (60%)

**FY 04:**

10% cost avoidance

SNF/ICF residents to RCF residents  $(\$30,000/\text{yr} \times 6) = \$180,000 \times 4\% \text{ inflation} = \$187,200$

\$74,880 - GR (40%)

\$112,320 - FF (60%)

35% cost avoidance

SNF/ICF residents to RCF residents -  $(\$30,000/\text{yr} \times 22) = \$660,000 \times 4\% \text{ inflation} = \$686,400$

\$274,560 - GR(40%)

\$411,840 - FF (60%)

**FY 05:**

10% cost avoidance

SNF/ICF residents to RCF residents  $(\$30,000/\text{yr} \times 6) = \$180,000 \times 4\% \text{ inflation} = \$187,200 \times 4\% \text{ inflation} = \$194,688$

\$77,875 - GR(40%)

\$116,813 - FF(60%)

35% cost avoidance

SNF/ICF residents to RCF residents -  $(\$30,000/\text{yr} \times 22) = \$660,000 \times 4\% \text{ inflation} = \$686,400 \times 4\% \text{ inflation} = \$713,856$

\$285,542 - GR(40%)

\$428,14 - FF(60%)

GVB:LR:OD (12/00)

ASSUMPTION (continued)

Officials of the **Department of Social Services' Division of Family Services** stated that they anticipate 64 cases per year which would have been rejected would be accepted into Residential Care I Facilities (17 cases at \$156/month + \$25 Personal Needs Standard), Residential Care II Facilities (44 cases at \$292/month + \$25 Personal Needs Standard), and Skilled Nursing Care Facilities (3 cases at \$390/month + \$25 Personal Needs Standard).

Officials of the **Division of Medical Services** anticipates additional costs to Medicaid based on cost per eligible of \$656.40/month (increased 4% per year for FY 2004 and FY 2005). They also assume that some of the persons turned down for Residential Care Facilities are going into nursing facilities. Since some persons going into nursing facilities would go into Residential Care Facilities (RCFs) instead, there would be a cost savings. Officials figured cost savings at 10% choosing RCFs over nursing facilities and 35% choosing RCFs over nursing facilities. They estimate the actual percentage each year would lie between 10% and 35%.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>GENERAL REVENUE FUND</b>			
Department of Social Services			
<u>Cost</u> - Increased Residential Care and Skilled Nursing Facility Cases#	(\$162,871)	(\$203,263)	(\$211,394)
<u>Savings</u> - Decrease Nursing Facility Cases#	\$72,975 to \$267,574	\$91,073 to \$333,933	\$94,715 to \$347,291
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$89,896) to \$104,703</u></b>	<b><u>(\$112,190) to \$130,670</u></b>	<b><u>(\$116,679) to \$135,897</u></b>

**FEDERAL FUNDS**

<u>Income/Loss</u> of Federal Matching Funds#	\$372,475 to \$679,809	\$464,849 to \$848,402	\$483,443 to \$882,337
<u>Increase/Decrease</u> in Medicaid Spending#	(\$372,475 to \$679,809)	(\$464,849 to \$848,402)	(\$483,443 to \$882,443)
<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 2003 (10 Mo.)	FY 2004	FY 2005
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\$0

\$0

\$0

### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### DESCRIPTION

This proposal would change the Utilicare program. Some of the changes are as follows:

- 1) a household would qualify for Utilicare aid if household income were one hundred and fifty percent (150%) or less of current federal poverty guidelines (currently household income may not exceed 110% of those guidelines) or if household income did not exceed 60% of the state median income;
- 2) the \$150 limit on payments to eligible households would be increased to \$600;
- 3) the limitation on using general revenue for reconnecting or maintaining service to eligible households which have had service disconnected until federal emergency funds for those services have been obligated would be removed;
- 4) low-income weatherization projects partly funded with utilicare funds, in coordination with Department of Natural Resources' low income weatherization assistance program, would comply with federal guidelines (currently, such projects must have a full energy savings payback period of no more than ten years);
- 5) the Department of Social Services would coordinate all federal heating assistance programs into the Utilicare program; and
- 6) the sources of income for and uses of the Utilicare Stabilization Fund would be changed.

This proposal would also require the Division of Family Services to do a division of assets for married couples when determining eligibility for supplemental nursing care payments when one spouse is living in a residential care facility.

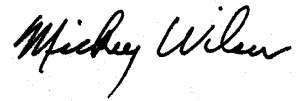
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This legislation would not affect Total State Revenue.

### SOURCES OF INFORMATION

Department of Social Services

GVB:LR:OD (12/00)

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Bill No. HCS for SCS for SB 810  
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May 1, 2002

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Acting Director  
May 1, 2002