

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 24, 2003

TO: Honorable Carlos Uresti, Chair, House Committee on Human Services

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1786 by Naishtat (Relating to a pilot program for transferring money appropriated to provide institutional care for certain persons to provide community-based services to those persons.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1786, As Introduced: a negative impact of (\$356,388) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$139,643)
2005	(\$216,745)
2006	(\$190,737)
2007	(\$190,737)
2008	(\$190,725)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings from GENERAL REVENUE FUND 1	Probable (Cost) from GR MATCH FOR MEDICAID 758	Probable Savings from GR MATCH FOR TITLE IV-E 8008	Probable (Cost) from FEDERAL FUNDS 555
2004	\$36,903	(\$191,308)	\$14,762	(\$245,318)
2005	\$74,413	(\$320,602)	\$29,444	(\$399,215)
2006	\$94,325	(\$314,506)	\$29,444	(\$392,691)
2007	\$94,325	(\$314,506)	\$29,444	(\$392,691)
2008	\$94,583	(\$314,833)	\$29,525	(\$392,959)

Fiscal Analysis

The bill would create a pilot program for funding community-based services for residents of Intermediate Care Facilities for Persons with Mental Retardation (ICF-MR) and Institutions for the Mentally Retarded licensed by the Department of Protective and Regulatory Services (DPRS). The pilot would have at least three sites and would quantify the amount of money that should be transferred to community-based programs when a person leaves an institution to live in the community. The amount that would be transferred is the amount of funds that would have been spent during the remainder of the biennium had the person remained in the institution. The funding would be transferred between health and human service agencies as necessary and then redirected to the community-based programs. The pilot would be implemented not later than December 1, 2003. The

Health and Human Services Commission (HHSC), the Department of Mental Health and Mental Retardation (MHMR), and DPRS would submit a report on its effectiveness and a recommendation regarding statewide expansion by December 1, 2004.

MHMR assumes ten new Medicaid waiver placements would be created for persons currently living in small ICF-MRs, with three persons at Level of Need (LON) 1, five persons at LON 5, and two persons at LON 8 included in the pilot program. The agency assumes that everyone would move from an ICF-MR with less than eight beds to a residential setting provided by the waiver program. Consumers would be phased into the waiver over a nine month period during fiscal year 2004. This results in 5.8 full-time-equivalents (consumers) for fiscal year 2004 and 10.0 for fiscal year 2005.

It is assumed that MHMR would create five new Medicaid waiver placements for DPRS children who move from paid foster care to a community-based setting. One child would move into the waiver each quarter starting in September 2003 and ending in September 2004. The five children would remain in the waiver through fiscal year 2008. It is assumed that the necessary transfer authority would be included in the General Appropriations Act for 2004-2005, authorizing the Commissioner of Health and Human Services to transfer funds between health and human services agencies, subject to prior approval by the Legislative Budget Board and the Governor.

Methodology

The Department of Mental Health and Mental Retardation (MHMR) has identified costs associated with filling vacated Intermediate Care Facilities for Persons with Mental Retardation (ICF-MR) beds. The average monthly cost of filling a vacated ICF-MR bed is estimated to be \$4,487. It is assumed that there would be a savings from the movement of ICF-MR consumers into the waiver program. In fiscal year 2002, the average monthly cost for an ICF-MR consumer was \$4,295 and the average monthly cost for a waiver client was \$3,751. However, the savings could be less than anticipated since the average monthly waiver cost includes persons not receiving residential services. The cost to administer and report on the pilot program at MHMR is estimated to be \$4,637.

It is assumed that Department of Protective and Regulatory Services (DPRS) children would be placed in the waiver program at ICF-MR Level of Need (LON) 8 with an average daily rate for residential and non-residential services of \$164.36. This is about 31% higher than the average daily rate assumed for DPRS-licensed Institutions for the Mentally Retarded. It is assumed that MHMR would pay local mental retardation authorities \$9.30 per day per child for service coordination. These amounts would be financed by Medicaid and would draw federal funds at the Federal Medical Assistance Percentage (FMAP). It is also assumed that MHMR would use General Revenue Funds to pay waiver providers about \$18 per day for room and board for approximately 60% of the DPRS children who would not have applied income when they enter the waiver program, and all of these children should qualify for Supplemental Security Income by the end of fiscal year 2005. DPRS estimates that 20 hours of administrative staff time would be required each quarter for the pilot program, and an additional 40 hours during the last quarter to generate the final report. According to the agency, the hourly rate for these administrative services is \$22 based on the salary of a program specialist. The net cost for the DPRS pilot program in the 2004-05 biennium is \$197,690 in All Funds. This includes costs of \$34,156 in General Revenue Funds and \$220,987 in federal entitlement funds that are offset by a savings of \$57,453 in TANF Federal Funds.

The Health and Human Service Commission estimates that \$11,850 in All Funds would be required to develop rules, coordinate and oversee the pilot program, and develop the final report. This amount includes 50% from federal matching funds.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 530 Department of Protective and Regulatory Services, 655 Department of Mental Health and Mental Retardation
LBB Staff: JK, EB, NM, MB