

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 19, 2005

TO: Honorable Suzanna Gratia Hupp, Chair, House Committee on Human Services

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB2074 by Coleman (Relating to providing medical assistance for care in an assisted living facility.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2074, As Introduced: a negative impact of (\$159,491,735) through the biennium ending August 31, 2007.

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
2006	(\$50,963,606)
2007	(\$108,528,129)
2008	(\$108,100,482)
2009	(\$108,452,568)
2010	(\$109,225,579)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Savings/ (Cost) from <i>GR MATCH FOR MEDICAID 758</i>	Probable Savings from <i>GR MATCH FOR MEDICAID 758</i>	Probable Savings/ (Cost) from <i>GR MOE FOR TANF 759</i>
2006	(\$3,585)	(\$51,371,005)	\$439,649	(\$28,665)
2007	\$0	(\$111,349,280)	\$2,821,151	\$0
2008	\$0	(\$112,942,188)	\$4,841,706	\$0
2009	\$0	(\$114,790,628)	\$6,338,060	\$0
2010	\$0	(\$116,657,312)	\$7,431,733	\$0

Fiscal Year	Probable Savings/ (Cost) from <i>FEDERAL FUNDS 555</i>	Probable Savings from <i>FEDERAL FUNDS 555</i>	Change in Number of State Employees from FY 2005
2006	(\$78,407,073)	\$677,914	54.7
2007	(\$169,324,160)	\$4,311,975	63.8
2008	(\$171,691,351)	\$7,400,281	68.6
2009	(\$174,202,924)	\$9,687,376	72.2
2010	(\$177,136,176)	\$11,358,994	75.4

Fiscal Analysis

The bill would amend Section 32.024, Human Services Code, by adding Subsection (cc). The Section requires Medicaid eligible clients to receive medical assistance in an assisted living facility (ALF), if the level of care available in the ALF is appropriate to meet the person's needs as determined by rules adopted by the Health and Human Services Commission (HHSC). The Department of Aging and Disability Services (DADS) cannot require a person who requests this service to reside in a nursing facility (NF) before receiving the requested service. The cost of care in an ALF may not exceed the cost of the care the person would receive in a NF.

In addition, the bill allows that if DADS determines that a waiver or authorization from a federal agency is necessary for implementation, the DADS shall request the waiver or authorization and may delay implementing this provision until the waiver or authorization is granted.

Methodology

The DADS assumed that the first six months of fiscal year 2006 would be used designing the program and obtaining Federal approval. In addition to client service costs, DADS estimated that additional Community Care staff would be needed to determine eligibility. The staffing need, estimated by DADS, assumed the same level of effort would be needed for an Assisted Living (AL) cases as currently needed for a Primary Home Care case. DADS assumed that the provisions of the bill could be implemented by a Medicaid state plan amendment and that eligibility for the service would be established for persons up to the current nursing facility income eligibility level of 300 percent of Supplemental Security Income (SSI).

DADS assumptions included estimated costs for three client groups:

1. Serving some non-Community-based Alternatives (CBA) persons currently residing in ALFs. The department estimated that as of February 1, 2005 there were 25,095 persons residing in ALFs who were not CBA clients. DADS assumed that one third of the population, or 8,357 persons would be Medicaid eligible and that the department would immediately begin serving this population without phase-in, beginning March 1, 2006. DADS assumed a monthly AL cost of \$1,099.85, which DADS indicated is the average cost per client for CBA clients in AL.

In addition, DADS assumed an average cost for other Medicaid services of \$813.32 per month, which DADS indicated was the projected FY 2006 cost of the services for Medical Assistance Only (MAO) CBA clients. For years 2007 through 2010 DADS assumed growth at the demographic growth rate for the 75 and over population, which increased the number of persons served per month to 8,471 for FY 2007 increasing to 8,837 for FY 2010.

2. Serving some persons currently on the interest list to receive CBA services. According to DADS in November 2004, there were 66,787 persons on the interest list for CBA services. The department estimated that 55 percent of that population would be eligible and that as of January 2005, 10.83 percent of the persons receiving CBA resided in Assisted Living. The department assumed that the persons on the interest list would utilize AL at the same rate. DADS estimated that 3,978 persons (66,787 x 55 percent x 10.83 percent) on the current CBA interest list would begin receiving Medicaid Assisted Living. DADS assumed the population would be phased-in over three months beginning March 1, 2006. DADS estimated that the average clients served per month in FY 2006 would be 75 percent of that total, or 2,984. For years 2007 through 2010 the department assumed growth at the demographic growth rate for the 75 and over population, which increased the number of persons served per month to 4,032 for FY 2007 increasing to 4,206 in FY 2010.

DADS assumed a monthly AL cost of \$1,099.85 for this population, plus an average monthly cost of \$613.82 for other Medicaid services, which assumes that 56.7 percent of clients are MAO and therefore receive new Medicaid benefits, while the 43.3 percent of the population that is Supplemental Security Income (SSI) would be eligible to receive unlimited prescriptions instead of being limited to three per month.

3. DAS estimated some offsetting savings resulting from some Medicaid Nursing Facility clients migrating to Medicaid Assisted Living. The department assumed that one third of the lowest case-mix

Medicaid NF population could be adequately served through AL. DADS indicated that migration would occur gradually based upon the replacement of attrition, beginning March 2006. The department projected the FY 2006 NF population to be 59,764. DADS estimated that 22.2 percent of the NF population would be at the lowest case-mix level and estimated that at full phase-in, an estimated 4,418 clients ($59,764 \times 22.2 \text{ percent} \times 33.3 \text{ percent}$) could migrate to AL. DADS estimated that the average clients per month for this group would be: 371 for FY 2006 increasing to 3,119 in FY 2010. DADS used the AL cost of \$1099.85 per month and used the offsetting savings to NF costs of (\$1,601.90) per month.

Technology

The Health and Human Services Commission estimated that \$69,900 in General Revenue Related Funds, \$150,000 in All Funds, would be needed for programming changes to the Texas Integrated Eligibility Redesign System or TIERS system. DADS estimated that a onetime automation cost of \$41,000 in All Funds in fiscal year 2006 would be needed for programming changes to existing systems to implement provisions of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission, 539 Department of Aging and Disability Services

LBB Staff: JOB, CL, KF, ML