

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5950-01
Bill No.: HB 1846
Subject: Medicaid; Social Services Dept.
Type: Original
Date: March 30, 2012

Bill Summary: Changes the requirements for MO HealthNet funded home- and community-based care assessments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(\$840,343 to \$1,652,676)	(\$1,015,095 to \$1,999,645)	(\$1,025,278 to \$2,019,678)
Total Estimated Net Effect on General Revenue Fund	(\$840,343 to \$1,652,676)	(\$1,015,095 to \$1,999,645)	(\$1,025,278 to \$2,019,678)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	0.5	0.5	0.5
Federal Funds	0.5	0.5	0.5
Total Estimated Net Effect on FTE	1	1	1

☐ 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Health and Senior Services (DHSS) - Division of Senior and Disability Services (DSDS)** state Section 208.895.4 requires a care plan that is not processed within fifteen days of receipt to become automatically effective. This action could cause a disallowance by the Centers for Medicare and Medicaid Services (CMS) for implementing a care plan that has not been reviewed by DHSS qualified staff. This disallowance would be an unknown cost to General Revenue, assuming Home and Community Based Services program would continue at the current level.

Section 208.895.1(4) requires in-home providers to be reimbursed for up to two nurse visits to conduct an assessment and recommend a care plan for home and community based services (HCBS). However, these nurse visits for assessments are not eligible for Medicaid reimbursement because CMS does not consider these "for the oversight of personal care aide and health of the participant."

The DSDS estimates 19,496 referrals for HCBS in FY 2013; 19,691 in FY 2014; and 19,888 in FY 2015 (one percent growth each year). The DSDS assumes the DSDS would reimburse providers at \$50 per visit. Since the proposal indicates that up to two visits shall be reimbursed (the second authorized if case circumstances require it), the DSDS estimates the following costs by fiscal year (number of referrals X \$50 for 1 visit; number of referrals X \$50 X 2 visits).

Fiscal Year	FY 2013	FY 2014	FY 2015
Estimated Number of Referrals	19,496	19,691	19,888
Cost Per Nurse Visit	\$50.00	\$50.00	\$50.00
Estimated Cost for 1 Nurse Visit per Referral	\$974,800	\$984,550	\$994,400
Estimated Cost for 2 Nurse Visits per Referral	\$1,949,600	\$1,969,100	\$1,988,800

These visits would be funded by General Revenue because they do not meet the criteria to obtain Medicaid reimbursement.

ASSUMPTION (continued)

The DSDS notes it has a new decision item for FY 13 to fund staff and associated costs to perform HCBS assessments and care plan changes. The costs presented in the fiscal note are only for provider payments.

Oversight assumes the DHSS would process properly completed referrals containing care plans recommended by nurse or physician within 15 days. **Oversight** further assumes DHSS would contact providers submitting referrals/care plans that were lacking information or documentation in a timely enough manner to assure that no care plan became effective without DHSS approval; therefore, there would be no HCB services disallowed by CMS. As a result, **Oversight** is ranging the costs of this proposal between the cost of one nurse visit for all referrals and two nurse visits for all referrals.

Officials from the **Department of Social Services - MO HealthNet Division (MHD)** state if a referral is not processed within 15 days, the care plan recommendations shall become effective. There is a possibility that more hours than medically necessary may be included in the referral. Excess hours assessed by the nurse or physician from what is medically necessary and covered under the service parameters would not be eligible for Medicaid reimbursement, leading to potential disallowances. If federal Office of Inspector General (OIG) audits determine that not medically necessary services had been delivered because of a failure to approve the plans in a timely manner, the state would be required to reimburse the federal government for the disallowed funds. This cost is unknown.

This proposal would require one full-time FTE for MHD at the Program Development Specialist level to conduct increased monitoring and oversight to ensure the DHSS is completing the reviews of the care plans within the 15 day deadline in order to avoid federal sanctions.

MHD assumes the cost for this FTE as follows:

FY 13 (10 months): \$56,019 (\$28,010 GR)

FY 14: \$61,092 (\$30,545 GR)

FY 15: \$61,756 (\$30,878 GR)

Oversight assumes MHD's monitoring of plans of care for approval within the 15 day deadline will help prevent not medically necessary services from being provided because a care plan was not approved in a timely manner. Therefore, **Oversight** is presenting MHD's costs for one FTE.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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GENERAL REVENUE FUND

§208.895

Costs - Department of Health and Senior Services

Nurse visits/assessments	<u>(\$812,333 to \$1,624,666)</u>	<u>(\$984,550 to \$1,969,100)</u>	<u>(\$994,400 to \$1,988,800)</u>
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Costs - Department of Social Services -
MO HealthNet Division

Personal service	(\$15,540)	(\$18,834)	(\$19,023)
Fringe benefits	(\$8,227)	(\$9,971)	(\$10,071)
Equipment and expense	(\$4,243)	(\$1,740)	(\$1,784)
Total <u>Cost</u> - DSS-MHD	<u>(\$28,010)</u>	<u>(\$30,545)</u>	<u>(\$30,878)</u>
FTE Change - DSS-MHD	0.5 FTE	0.5 FTE	0.5 FTE

**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

<u>(\$840,343 to \$1,652,676)</u>	<u>(\$1,015,095 to \$1,999,645)</u>	<u>(\$1,025,278 to \$2,019,678)</u>
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Estimated Net FTE Change on General Revenue Fund	0.5 FTE	0.5 FTE	0.5 FTE
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FEDERAL FUNDS

Income - Department of Social Services -
MO HealthNet Division

Program reimbursement	\$28,009	\$30,547	\$30,878
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Costs - Department of Social Services -
MO HealthNet Division

Personal service	(\$15,540)	(\$18,835)	(\$19,023)
Fringe benefits	(\$8,227)	(\$9,971)	(\$10,071)
Expense and equipment	(\$4,242)	(\$1,741)	(\$1,784)
Total <u>Costs</u> - DSS-MHD	<u>(\$28,009)</u>	<u>(\$30,547)</u>	<u>(\$30,878)</u>
FTE Change - DSS-MHD	0.5 FTE	0.5 FTE	0.5 FTE

**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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Estimated Net FTE Change on Federal Funds	0.5 FTE	0.5 FTE	0.5 FTE
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FISCAL IMPACT - Local Government

FY 2013
(10 Mo.)

FY 2014

FY 2015

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Currently, the Department of Health and Senior Services can carry out certain requirements when a MO HealthNet-funded home- and community-based care referral with a nurse assessment or physician's order is received. This proposal requires the department to carry out those requirements when a referral is received.

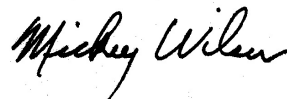
The provision is repealed that allows the department to contract through an independent third-party assessor to conduct initial home- and community-based assessments.

If a properly completed referral for MO HealthNet-funded home- and community-based care containing a nurse assessment or physician's order for a care plan is not processed within 15 days of receipt by the department, the care plan recommendation by the nurse or physician will become effective thereafter.

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

Department of Mental Health
Department of Health and Senior Services
Department of Social Services -
MO HealthNet Division



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Director
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