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sHB-7164
AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS FOR HUMAN SERVICES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 $	FY 21 $
Social Services, Dept.	GF - Savings	21.2 million	54.8 million

Note: GF=General Fund

Municipal Impact: None

Explanation

Sections 1 and **2** freeze rate increases for the Temporary Family Assistance (TFA), State Administered General Assistance (SAGA), and supplemental assistance programs, resulting in savings to the Department of Social Services (DSS) of $2.6 million in FY 20 and $4.8 million in FY 21.

Sections 3-6 limit increases in rates paid to certain facilities, which is anticipated to result in savings of approximately $1.7 million in FY 20 and $3.7 million in FY 21.

Section 7 limits increases in rates paid to intermediate care facilities for individuals with intellectual disabilities (ICF-IDs) with certain exceptions, which is anticipated to result in savings of approximately $790,000 in FY 20 and $1.7 million in FY 21.

Section 8 limits increases in nursing home rates with certain exceptions, which is anticipated to result in savings of approximately $14.4 million in FY 20 and $30.6 million in FY 21.

Section 8 also rebases nursing home rates in FY 20 and eliminates the stop loss provision for nursing homes with low occupancy rates or low federal quality measure scores. This is anticipated to result in state savings of $2.4 million in FY 20 and $2.9 million in FY 21. After factoring in the federal share, the total Medicaid savings is $4.9 million in FY 20 and $5.8 million in FY 21.

Sections 9-11 make changes to nursing home receivership and closure requirements. To the extent these changes result in a facility closing sooner than it otherwise would have, the state could experience a savings.

Section 12 prohibits covenants not to compete, which is not anticipated to result in a fiscal impact to the state.

Section 13 establishes an asset test at the federal minimum level under the Medicare Savings Program (MSP). This results in a net state cost of $2.8 million in FY 20 and savings of $8.7 million in FY 21.

In FY 20, funding supports nine positions to assist with ongoing asset verification requirements and IT upgrades for an asset verification system under ImpaCT. In FY 21, personnel and IT costs are offset by savings due to implementing an asset test ($7,650 for individuals and $11,340 for couples), effective July 1, 2020. The savings reflects the current cost of deductibles, coinsurance and copayments for those with income up to 211% FPL. In addition, less federal grants revenue will need to be diverted to cover the costs of premiums, resulting in additional revenue of $16 million in FY 21. After considering the administrative costs, Medicaid savings, and federal grants revenue impact, the annualized net savings to the state is $25.6 million.

Sections 14 and **15** make changes to the appeals process for certain rates by limiting a rehearing for items of aggrievement to those involving a provider-specific rate or as required by federal law. This will limit potential future state costs associated with rates that otherwise could have been aggrieved and revised under current law.

Section 16 establishes a reduction to the rates paid for hospital readmissions within 30 days for the same or similar diagnosis. This is anticipated to result in state savings of approximately $2 million in FY 20 and $2.4 million in FY 21. After factoring in the federal share, this results in Medicaid program savings of $6.1 million in FY 20 and $7.3 million in FY 21.

Section 17 requires that $15 million in FY 20 and $45 million in FY 21 of supplemental payments to hospitals be proportionally distributed based on each hospital's performance on quality measures, as determined by DSS.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.