

PRELIMINARY FISCAL NOTES

Appropriations Committee Meeting

April 23, 2013



OFFICE OF FISCAL ANALYSIS

Room 5200, Legislative Office Building

Hartford, CT 06106 • (860) 240-0200

E-Mail: ofa@cga.ct.gov

www.cga.ct.gov/ofa

Below are preliminary fiscal impacts for the bills on today's agenda. These estimates were prepared under a short time frame and could be revised after further analysis. For bills on the agenda with proposed substitutes, the fiscal impact is based on the substitute language.

COMMITTEE BILLS FOR REVIEW

1. HB 6673 - An Act Concerning the Assessment of Proposed Privatization Contracts

The bill changes procedures that state agencies must follow before entering into a privatization contract. Under current law, certain privatization contracts previously awarded are exempt from a cost-benefit analysis. The bill requires that all privatization contracts undergo a cost-benefit analysis, except for those in which a prior cost-benefit analysis was conducted or the total value of the contract is less than \$50,000.

It is anticipated the bill will expand the number of contracts that will require a cost-benefit analysis. Any costs associated with the cost-benefit analysis are unknown at this time. Any state agency required to perform a cost-benefit analysis could incur administrative costs, the magnitude of which would depend on the number and significance of the impacted contracts and the staff required to perform these functions.

The bill also requires any privatization contract entered into or renewed on or after July 1, 2013 to undergo a cost-benefit analysis. Under certain conditions, privatization contracts entered into or renewed on or after July 1, 2013 that do not have a cost-benefit analysis would be void. It is unclear how agencies with a significant number of privatization contracts would implement this by July 1, 2013.

2. HB 6438 - An Act Restricting the Use of Methoprene and Resmethrin - refer to fiscal note on page 5.

3. sHB 6526 - An Act Concerning Children's Products and Chemicals of High Concern

The bill requires the Department of Public Health (DPH) to create a list of priority chemicals that are of high concern to children after considering a child's or developing fetus's potential for exposure to each chemical, which does not result in a fiscal impact to the agency as DPH has expertise in this area.

4. HB 6530 - An Act Concerning Development of Connecticut-Based Renewable Energy Sources - refer to fiscal note on page 7.

5. sSB 851 - An Act Protecting the Assets of the Spouse of an Institutionalized Medicaid Recipient

The bill will result in a cost to the Department of Social Services associated with increasing the minimum assets that a community spouse can receive from \$23,184 to \$33,000. Currently, a community spouse has access to half of the couple's assets as determined by DSS, with a minimum of \$23,184 and a maximum of \$115,920.

For example, if a couple's total counted assets equal \$40,000, the community spouse would now keep \$33,000 under the terms of the bill, instead of \$23,184, reducing the amount available for the institutionalized spouse. The assets of the institutionalized spouse are intended to be used to pay for the cost of their care, with certain exceptions. It is not known what portions of the institutional spouse's assets are used to cover the cost of their care prior to Medicaid eligibility. However, by reducing the amount available to the institutional spouse, it is likely that they would achieve Medicaid eligibility sooner.

As disposition of a couple's assets prior to Medicaid eligibility is not known, the pace of the accelerated eligibility cannot be known. Based on historical data, there are approximately 150 married Medicaid long-term care enrollees per month (1,800 annually). An unknown subset of these with assets between \$23,184 and \$66,000 (double the new community spouse minimum) would be affected by the bill.

Medicaid nursing home care costs approximately \$5,740 per month. Therefore, for example, a month of accelerated eligibility for 40 clients per month would result in an annualized increased Medicaid cost of \$2,755,200. The actual cost will depend the number of couples affected by the bill and on the disposition of the couples' assets prior to Medicaid eligibility.

6. sSB 1023 - An Act Concerning Revenue Retention by Nonprofit Health and Human Services Providers

The bill allows non-profit providers who contract with the state to retain 100% of the difference between the actual expenditures incurred and the amount it receives under the contract. This would result in increased expenditures to the various state agencies that utilize private providers. The current terms of revenue retention may differ agency by agency and contract by contract. Therefore, the extent of the increased costs cannot be known at this time. However, given that the state has contracts with non-profit providers worth approximately \$1.4 billion per year, any such increased expenditure is expected to be significant.

It should be noted that sHB6350, the FY 14 and FY15 budget bill, as favorably reported by the Appropriations Committee, contains language that allows DDS to retain 100%

(or an alternative amount identified by the agency) of the difference between the actual expenditures and the amount received by the provider. In FY 12 and FY 13 there was similar language which required DDS to retain 100%.

7. sHB 5918 - An Act Concerning Private Duty Nursing for Severely Disabled Children

The bill requires the Department of Social Services (DSS) to conduct a survey of individuals on Medicaid home and community based services waiver wait lists. The department must report its findings to the General Assembly. DSS will incur minimal administrative costs to conduct this survey and produce the report.