

Connecticut General Assembly



OFFICE OF FISCAL ANALYSIS

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March 14, 2011

TO: Senator Andrew Roraback
Representative Tim O'Brien
Co-Chairs, Regulations Review Committee

FROM: Alan Calandro, Director *AC*

SUBJECT: Review of Agenda Items for the March 22, 2011 Meeting

OFA has reviewed the state and municipal fiscal impact of the three items on the agenda (items 2011-007, 2011-008 and 2009-061a) for the above meeting.¹ The following table summarizes our review.

Reg. #	Agency	Is Agency Estimate of State Impact Reasonable?	Is Agency Estimate of Municipal Impact Reasonable?	Did Agency Submit a Small Business Impact Statement? ²	Did Agency Submit a Regulatory Flexibility Analysis? ³
2011-007	DSS	Yes	Yes	Yes	No
2011-008	DSS	Yes	Yes	Yes	No
2009-061a	Public Health	Yes	Yes	NA	NA

¹ CGS Section 2-71c(c)(7) requires OFA to prepare "short analyses of the costs and long range projections of ... proposed agency regulations."

² PA 09-19 requires agencies to prepare a small business impact statement on all regulation submittals, effective October 1, 2009.

³ CGS 4-168(a) requires agencies to prepare a regulatory flexibility analysis statement on all regulation submittals when there is an impact on small businesses.

Please contact me if you have any questions or would like additional information.

AC: lmk
Regs-Mar22,11-concur
Office of Fiscal Analysis

DSS ID #

AGENCY FISCAL ESTIMATE OF PROPOSED REGULATIONS

AGENCY SUBMITTING REGULATION Department of Social Services DATE 10/27/09

SUBJECT MATTER OF REGULATION ConnPACE (P.A. 09-2 (16))

REGULATION SECTION NO. UPM Sections 2500, 4000, 5000 STATUTORY AUTHORITY 17b-3

OTHER AGENCIES AFFECTED None

EFFECTIVE DATE USED IN COST ESTIMATE Upon Passage

ESTIMATE PREPARED BY Helen Chan

QUESTIONS SHOULD BE ADDRESSED TO Lee Voghel TELEPHONE 424-5842

SUMMARY OF STATE COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency Department of Social Services Fund Affected General

	SFY 2010	SFY 2011	SFY 2011
Number of Positions			
Personal Services			
Other Expenses			
Equipment			
Grants (Medicaid)			
Total State Cost (Savings)			
Estimated Revenue Gain (Loss)			
Total Net State Cost (Savings)		See Below	

EXPLANATION OF STATE IMPACT OF REGULATION:

This proposed regulation seeks to amend sections 2500, 4000 and 5000 of the Uniform Policy Manual regarding the income disregards and asset limits used to determine eligibility under the Medicare Savings Programs and to comply with section 16 of Public Act 09-2. The Act requires the department to increase the income disregards used

to determine eligibility for the QMB, SLMB and ALMB programs by an amount that equalizes the income levels used to determine eligibility for the ConnPACE program.

The main provisions of the regulation are: (1) to increase the income disregard for all three Medicare Savings Programs; (2) to remove the income disregard used in the first 3 months of SFY 2010 for all three Medicare Savings Programs; (3) to remove the asset limits for the QMB and SLMB programs which will align the regulations with the ALMB program; and (4) to provide technical corrections to change ALIMB to ALMB and to change references to Food Stamps (FS) to SNAP.

FINANCIAL IMPACT:

This change in regulations will increase the income disregards for the QMB, SLMB and ALMB programs which will in turn allow more Connecticut residents to be eligible for services under the Medicare Savings Programs. The benefits in a Medicare Savings Program include payment for Medicare Part A and/or Part B premiums as well as payment for co-insurance and deductible amounts for Medicare services. To offset a portion of the additional costs associated with the increased income disregards, there will be a savings in Medicare Part D costs for current ConnPACE clients who will now be eligible for the Low Income Subsidy. The State qualifies for federal matching funds that occur when clients receive medical services that are paid for by a Medicare Savings Program, most of which historically would have been paid for under the state funded ConnPACE program.

With these changes, all of the current SLMB and ALMB clients would shift to the QMB coverage group, approximately 18,550 clients per month. An estimated 22,400 ConnPACE clients will now be eligible for services in one of the Medicare Savings Programs. October 2009 is the target date to begin transitioning clients. Current estimates indicate that of the 22,400 ConnPACE clients who will now become eligible for an MSP, 13,100 will transfer to one of the MSP programs in SFY 2010, based on a 6 month phase in from January to June, 2010. Also included in this estimate are 1,400 new individuals who, because of the changes in the income disregard, will now be eligible for benefits under the Medicare Savings Programs. The estimated gross cost to enroll an additional 14,500 individuals in MSPs in SFY 2010 is \$19.6 million.

The increase to the Medicare Savings Program income disregards is estimated to result in an increase in expenditures under Medicaid in SFY 2010 of approximately \$19.6 million which will be offset by additional revenue of \$8.7 million which leaves an estimated net cost in Medicaid in SFY 2010 of \$11 million. This cost will be offset by an estimated savings in ConnPACE of approximately \$4.1 million leaving a total net fiscal impact of \$6.8 million in SFY 2010. In SFY 2011 the increase in expenditures under Medicaid is estimated to be \$57.6 million which will be offset by additional revenue in the amount \$26.9 million. The net cost in Medicaid is estimated at \$30.7 million in SFY 2011, which will be offset by an estimated savings in ConnPACE of \$22.1 million. This leaves a total net cost of \$8.6 million in SFY 2011. In addition it is estimated that an additional \$130,729 in SFY 2010 and \$138,827 in SFY 2011, will be required in order to hire additional staff to implement these changes.

MUNICIPAL IMPACT: None.

SMALL BUSINESS IMPACT : None.

While the Department does not anticipate that the proposed regulations will have a significant impact on small businesses, small businesses will have the opportunity to bring any unanticipated concerns to the Department's attention through notice and public comment.

Small Business Impact Statement

Prior to adopting a new section or amendment, Section 4-168a of the Connecticut General Statutes (C.G.S.) requires that each state agency consider the affect of such action on small businesses as defined in C.G.S. Section 4-168a. When such a regulatory action may have an adverse affect on small businesses, C.G.S. Section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency submitting proposed regulations: Department of Social Services

Subject matter of Regulation: ConnPACE (P.A. 09-2 (16))

In accordance with C.G.S. Section 4-168a, staff analyzed the affect on small businesses of the proposed regulations and determined the following:

True False (Check all appropriate boxes):

- The regulatory action will not have an affect on small businesses.
- The regulatory action will have an affect on small businesses, but will not have an adverse affect on such small businesses.
- The regulatory action may have an adverse affect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially affected small business. Alternatives considered include the following:
- (1) The establishment of less stringent compliance or reporting requirements for small businesses;
 - (2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
 - (3) The consolidation or simplification of compliance or reporting requirements for small businesses;
 - (4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
 - (5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment.
- The regulatory action will have an adverse affect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

The State agency listed above notified the Department of Economic and Community Development of its intent to take the proposed action and completed the Agency Fiscal Estimate of Proposed Regulations.

DSS ID # 09-18

AGENCY FISCAL ESTIMATE OF PROPOSED REGULATIONS

AGENCY SUBMITTING REGULATION Department of Social Services DATE 3/5/2010

SUBJECT MATTER OF REGULATION Diversion Program

REGULATION SECTION NO. UPM Sections 8500 and 8515 STATUTORY AUTHORITY PA 98-239

OTHER AGENCIES AFFECTED None

EFFECTIVE DATE USED IN COST ESTIMATE Upon Passage

ESTIMATE PREPARED BY Marsha Goldberg

QUESTIONS SHOULD BE ADDRESSED TO Lee Voghel TELEPHONE 424-5842

SUMMARY OF STATE COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency Department of Social Services Fund Affected General

	SFY 2010	SFY 2010	SFY 2011
Number of Positions			
Personal Services			
Other Expenses			
Equipment			
Grants (Medicaid)			
Total State Cost (Savings)			
Estimated Revenue Gain (Loss)			
Total Net State Cost (Savings)		See Below	

EXPLANATION OF STATE IMPACT OF REGULATION:

This proposed regulation seeks to amend the Uniform Policy Manual to implement a financial assistance program for families with short-term needs. The program will provide an alternative to Temporary Family Assistance (TFA)

for families who do not need monthly cash assistance payments but have barriers which prevent them from maintaining their independence from public assistance. Families who meet the following requirements: (1) meet TFA program eligibility requirements; (2) have a short-term need which cannot be met with current or anticipated family resources; (3) with the provision of a service or short-term benefit, will not need monthly cash assistance; and (4) have an adult member of the family who is employed or has a job offer, a solid work history, or has a marketable job skills and does not have barriers which prevent the adult member of the family from finding or keeping a job. This program is being implemented pursuant to section 5 of PA 98-239.

In addition, this proposed change to regulation adds "lack of stable housing" to the list of reasonable good cause reasons for non-compliance in the Employment Services Program activities.

FINANCIAL IMPACT:

This program has been operating since SFY 1999. Expenditures in SFY 2009 totaled \$5,132. Regional case workers evaluate the needs of each applicant to determine if they may qualify for the Diversion program. Administrative costs for these assessments are covered under the Department's administrative budget and reimbursed through the Temporary Assistance for Needy Families federal program. The Diversion program is operated within the resources of the Temporary Family Assistance Program.

Lack of stable housing is a barrier to seeking employment. By recognizing this as a reasonable cause for not seeking or holding a job, the Employment Services Program can work with a client to find stable housing and remove this as a barrier to independence from public assistance.

MUNICIPAL IMPACT: None.

Small Business Impact Statement

Prior to adopting a new section or amendment, Section 4-168a of the Connecticut General Statutes (C.G.S.) requires that each state agency consider the affect of such action on small businesses as defined in C.G.S. Section 4-168a. When such a regulatory action may have an adverse affect on small businesses, C.G.S. Section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency submitting proposed regulations: Department of Social Services

Subject matter of Regulation: Diversion

In accordance with C.G.S. Section 4-168a, staff analyzed the affect on small businesses of the proposed regulations and determined the following:

True False (Check all appropriate boxes):

- The regulatory action will not have an affect on small businesses.
- The regulatory action will have an affect on small businesses, but will not have an adverse affect on such small businesses.
- The regulatory action may have an adverse affect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially affected small business. Alternatives considered include the following:
- (1) The establishment of less stringent compliance or reporting requirements for small businesses;
 - (2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
 - (3) The consolidation or simplification of compliance or reporting requirements for small businesses;
 - (4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
 - (5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment.
- The regulatory action will have an adverse affect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

The State agency listed above notified the Department of Economic and Community Development of its intent to take the proposed action and completed the Agency Fiscal Estimate of Proposed Regulations.

AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

Agency Submitting Regulation: Department of Social Services Date: March 5, 2010

Subject Matter of Regulation: Diversion

Regulation Section No.: UPM Sections 8500 and 8515 Statutory Authority: PA 98-239

Other Agencies Affected: None

Effective Date Used In Cost Estimate: Upon passage

Estimate Prepared By: Marsha Goldberg Telephone No.: 860-424-5722

SUMMARY OF COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency: DSS Fund Affected: General

	First Year	Second Year	Full Operation
<u>Number of Positions</u>			
<u>Personal Services</u>			
<u>Other Expenses</u>			
<u>Equipment</u>			
<u>Grants</u>			
<u>Total State Cost or (Savings)</u>			
<u>Estimated Revenue Gain or (Loss)</u>			
<u>Total Net State Cost or (Savings)</u>			

Explanation of State Impact of Regulation:

This proposed regulation seeks to amend the Uniform Policy Manual to implement a financial assistance program for families with short-term needs. The program will provide an alternative to Temporary Family Assistance (TFA) for families who do not need monthly cash assistance payments but have barriers which prevent them from maintaining their independence from public assistance. Families who meet the following requirements: (1) meet TFA program eligibility requirements; (2) have a short-term need which cannot be met with current or anticipated family resources; (3) with the provision of a service or short-term benefit, will not need monthly cash assistance; and (4) have an adult member of the family who is employed or has a job offer, a solid work history, or has a marketable job skills and does not have barriers which prevent the adult member of the family from finding or keeping a job. This program is being implemented pursuant to section 5 of PA 98-239.

In addition, this proposed change to regulation adds "lack of stable housing" to the list of reasonable good cause reasons for non-compliance in the Employment Services Program activities.

Explanation of Municipal Impact of Regulation:

None

Explanation of Small Business Impact of Regulation:

None

Exhibit B

AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

AGENCY SUBMITTING REGULATION:
Department of Public Health

DATE:

SUBJECT MATTER OF REGULATION:
Strike Contingency Plans for Health Care Facilities

REGULATION SECTION NO.:
19a-497-1

STATUTORY AUTHORITY:
19a-495 CGS

OTHER AGENCIES AFFECTED:
N/A

EFFECTIVE DATE USED IN COST ESTIMATE:
August 31, 2009

ESTIMATE PREPARED BY:
Joe Mendyka

TELEPHONE:
509-7630

SUMMARY OF STATE COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency: _____ Fund affected: _____

	First Year 2010	Second Year 2011	Full Operation 2012
Number of Positions	0	0	0
Personal Services	0	0	0
Other Expenses	0	0	0
Equipment	0	0	0
Grants	0	0	0
Total State Cost (Savings)	0	0	0
Estimated Revenue Gain (Loss)	0	0	0
Total Net State Cost (Savings)	0	0	0

EXPLANATION OF STATE IMPACT OF REGULATION:

EXPLANATION OF MUNICIPAL IMPACT OF REGULATION: