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FISCAL IMPACT REPORT

ORIGINAL DATE 2/11/07

SPONSOR Picraux LAST UPDATED _____ HB 614

SHORT TITLE Care Program Single Rate of Reimbursement SB _____

ANALYST Weber

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$3,900.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	\$9,670.0		Recurring	Federal Medicaid

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Aging and Long Term Services Department (ALTSD)

SUMMARY

Synopsis of Bill

House Bill 614 appropriates \$3.9 million from the general fund to the Human Services Department for to implement a single reimbursement rate of \$13.94 per hour for Personal Care Option (PCO) services.

FISCAL IMPLICATIONS

The appropriation of \$3.9 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2008 shall revert to the general fund.

SIGNIFICANT ISSUES

The PCO program has two service delivery models, Consumer-Delegated and Consumer-Directed. The Consumer-Delegated model is the only model which has a tiered reimbursement rate structure. Providers offering services under the Consumer-Delegated model bill \$13.50 per hour for the first 100 hours of personal care services provided to a consumer in a month, and \$11.50 per hour for 101 + hours of personal care services provided to a consumer in a month. HB 614 proposes eliminating this tiered reimbursement rate structure and reimbursing providers at a rate of \$13.94 per hour for services under the Personal Care Option (PCO) program. Providers under the Consumer-Directed model bill at a rate of \$12.50 per hour for personal care services provided to consumers.

It is assumed the single rate of reimbursement would apply to both the Consumer-Delegated and Consumer-Directed models.

The appropriation would be federally matched at 71.26% for a total of program increase of approximately \$13.6 million.

The PCO program currently enrolls about 114 new consumers per month. This equates to slightly more than a 1% program growth rate per month. The \$3,900.0 may not be adequate to re-price the per-hour basis for both models if the growth of PCO continues at the present rate.

PCO is a Medicaid benefit for individuals that are Medicaid eligible and meet the nursing home level of care by requiring assistance with two or more activities of daily living. As with any other Medicaid benefit that is medically necessary, the individual is entitled to receive that benefit. HB 614 appropriates a specified amount of funding for a single provider rate increase may not fully take into account the growing number of recipients that are entitled to utilize PCO program benefits.

Currently in FY 07, 10,325 unduplicated persons have received PCO services. Approximately 9,000 persons are served each month. The average annual "Plan of Care" cost for PCO services is \$20,412. The aggregate budget projection for FY 07 is approximately \$205.0 million.

MW/csd