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FISCAL IMPACT REPORT

ORIGINAL DATE 1/31/19
SPONSOR Trujillo, CH **LAST UPDATED** _____ **HB** 143

SHORT TITLE Personal Care Service Medicaid Reimbursement **SB** _____

ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY19	FY20		
	\$6,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		\$17,400.0	\$17,400.0	\$52,200.0	Recurring	Federal Medicaid matching funds

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

HB143 would appropriate \$6 million from the general fund to HSD for expenditure in FY20 for an increase in Medicaid reimbursements rates for personal care services (PCS) that provide assistance with instrumental activities of daily living, of which no less than 50 percent must be dedicated to increase wages for direct care workers.

FISCAL IMPLICATIONS

HB143 would appropriate \$6 million from the general fund to HSD for expenditure in FY20 for a recurring increase in reimbursements rates for personal care services (PCS). Any unexpended or unencumbered balance remaining at the end of FY20 would revert to the general fund.

The Medicaid Program and General Appropriation Act currently include a 1 percent rate increase for personal care services (PCS), costing \$1 million from the general fund and \$2.5 million in federal funds for a total of \$3.5 million beginning January 1, 2019, or beginning in state FY19-FY20 and thereafter.

HSD reports HB143 does not specify the percentage rate increase for PCS rates. However, based on federal matching funds, PCS service utilization, and the current rates negotiated between the PCS providers and Medicaid managed care organizations (MCOs), HSD estimates \$6 million from the general fund would provide an approximate 6 percent PCS rate increase starting July 1, 2019. Per the provisions of the bill, a minimum 3 percent increase would go directly to PCS workers.

The proposed rate increase would apply to the Medicaid Long-Term Services and Supports (LTSS) population and the Medicaid Expansion (OAG) population. The LTSS population is matched at the regular federal medical assistance percentage (FMAP) of 72.26 percent in federal FY19, and 72.71 percent in federal FY20. The OAG population is matched at a FMAP of 93 percent in FY19 and 90 percent in FY20. Applying these FMAP rates, HSD has estimated the proposed \$6 million general fund appropriation would be matched with approximately \$17.4 million in federal funds. This rate increase would increase Medicaid expenditures for PCS by approximately \$23.4 million.

TECHNICAL ISSUES

The bill does not specify what entity would have the responsibility to enforce the proposed wage increase to the PCS direct care workers.

RAE/sb