



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 1075

PRINTERS NO. 2203

PRIME SPONSOR: Moul

### COST / (SAVINGS)

FUND	FY 2012/13	FY 2013/14
General Fund	\$0	See Fiscal Impact

**SUMMARY:** House Bill 1075, Printer's Number 2203, amends the Public Welfare Code to require counties to conduct family finding; provides for requirements on documentation to be submitted to the department by child welfare providers; requires the department to convene a task force to develop methodology to determine reimbursement for costs of purchased services; provides for a timely payment provision; provides for quarterly advance payments for counties for child welfare services; re-enacts the Statewide Quality Care Assessment; extends the Philadelphia Hospital Assessment; extends the Intermediate Care Facilities for the Intellectually Disabled (ICF/ID) Assessment; establishes a quarterly supplement for nonpublic nursing homes; authorizes the department to assess a premium; expands the Human Services Block Grant Pilot Program; and provides for payments for maternity care and newborns.

### ANALYSIS:

#### Family Finding Services

This legislation requires county agencies to conduct family finding for children who have been accepted for services, and at least annually thereafter, until the child's involvement with the county agency is terminated or the family finding is discontinued. Family finding is defined as "ongoing efforts between a county agency, or its contracted providers, and relatives and kin to: 1) search for and identify adult maternal and paternal relatives and kin and engage them in children and youth social services planning and delivery, and 2) gain commitment from relatives and kin to support a child or parent receiving children and youth social services."

The department is required to promulgate regulations providing for the requirement of county agencies within one year of the effective date.

#### Children and Youth Quarterly Advance Payments

Currently, the authority and payment schedule for the Department to make Act 148 children and youth payments is outlined in the Title 55 Chapter 3140 Sections 41-45 of the PA code. The bill would amend the payment schedule to:

- 25% of the county allocation by July 15;

- 25% of the county allocation (adjusted for any prior year excess reimbursements) by August 31, or upon approval of the county's prior year final report, whichever is later;
- 25% of the county allocation (adjusted for any first quarter underspending) by November 30, or upon approval of the county's first quarter expenditure report, whichever is later;
- 12.5% of the county allocation (adjusted for any first and second quarter underspending or overspending) by February 28, or upon approval of the county's second quarter expenditure report, whichever is later;
- 12.5% of the county allocation (adjusted for any previous quarters underspending or overspending) upon approval of the county's final cumulative expenditure report.

### **Children and Youth Provider Prompt Payment**

The bill requires service contracts or agreements to include a timely payment provision that will require counties to make a payment to a provider within 30 days of the county's receipt of a complete and accurate invoice.

### **Children and Youth Provider Documentation**

For Fiscal Year 2013-2014, the department has authorization to utilize its current review process of providers' costs to support the Department's claim for federal funds and State reimbursement.

### **Children and Youth Taskforce on Provider Reimbursements**

The department is required to convene a time-defined task force to develop recommendations for a methodology to determine reimbursement for reasonable and actual costs for purchased services.

### **Statewide Quality Care Assessment**

The assessment requires all inpatient acute care and rehabilitation hospitals to be assessed a set percentage of their net inpatient revenue. The funds generated from the assessment have been used to update the hospital Medical Assistance payment system for inpatient services, modify some existing hospital supplemental payments and create some new supplemental payments for hospitals.

The assessment provides for the calculation of the assessment with regard to new hospitals. Specifically, a new hospital would not be subject to the assessment in the first fiscal year of their operation, but then would be subject in subsequent fiscal years.

Currently net patient revenue data from 2007 is used to calculate assessment amounts due from hospitals. The bill bases the assessment on the 2010/2011 revenue year for all three years of the reauthorization

The assessment is enacted for three years; through June 30, 2016.

## **Philadelphia Hospital Assessment**

The authority for the Philadelphia hospital assessment expires on June 30, 2013. The bill reauthorizes the Philadelphia hospital assessment for an additional three years through June 30, 2016.

In addition, the bill provides the city of Philadelphia the ability to adjust the assessment percentage by public notice. This is similar to authority afforded the Commonwealth under other similar assessments.

## **Intermediate Care Facilities for the Intellectually Disabled (ICF/ID) Assessment**

Intermediate care facilities are state or privately-operated residential programs. These facilities are supported by both federal and state funds and are specifically designed to furnish health and rehabilitative services to persons with intellectual disabilities or related conditions. Each state center and private ICF/ID currently pays a 6% assessment on net operating revenue. This assessment reduces the need for state General Fund spending for institutional care and serves as an alternative revenue source to draw federal matching funds. The department's authority for the assessment of ICF/IDs expires on June 30, 2013. The bill extends the sunset date for the ICF/ID assessment until June 30, 2016. The bill also reflects an update in terminology to intellectual disability.

## **Nursing Facility Budget Adjustment Factor**

Every year the department sets new Medical Assistance (MA) per diem rates for nursing facilities, using a rate-setting methodology defined in regulation that takes into consideration a variety of factors. The budget adjustment factor (BAF) was designed to limit the average payment rates for nursing facility services to the amount permitted by the funds appropriated by the General Appropriations Act for the fiscal year. The current authority for the department to continue to apply the BAF in the nursing facility rate setting expires on June 30, 2013. The bill extends the sunset date for the BAF until June 30, 2016.

## **Nursing Facility Day One Incentive Payment**

This legislation establishes a Medical Assistance Day One Incentive Payment to nonpublic nursing facilities with an overall occupancy rate of at least 85% and with a medical assistance occupancy rate of at least 65%.

## **Payments for Maternity Care and Newborns**

The department is required to issue separate payments to the hospital for mother's maternal care and a healthy newborn care.

## **Payments to Trauma Centers**

This provision permits the department to use funds not used for qualifying hospitals accredited or seeking accreditation as Level III trauma centers to be used to make payments to qualifying hospitals accredited as Level I and Level II trauma centers.

## **Fair Share Premium**

The department currently has authority under 55 Pa. Code Chapter 140 to assess a sliding scale premium on the Loophole category of assistance starting with families 200% of the Federal Poverty Limit (FPL). The bill contains a technical amendment to add the language “and premium” to Section 454 in order to change the levels from 200% of FPL to \$100,000 and provide the department the ability to set the premium schedules for disabled children by publishing a notice in the Pennsylvania Bulletin.

## **Human Services Block Grant Pilot Program**

The bill expands the Human Services Block Grant Pilot from 20 counties to 30 counties. The bill adds language clarifying it is voluntary, dealing with carryover funds to allow them to be redistributed. In addition, the bill refines language to deal with potential issue of unlawful delegation of legislative authority.

**FISCAL IMPACT:** This legislation is the vehicle which provides implementation authority of the General Fund budget for the Department of Public Welfare.

It is assumed family finding will cause additional administrative costs related to the new and expanded requirements for counties; however, it is also assumed these costs will be offset by the family finding preventing and reducing out-of-home placements.

There is no fiscal impact from the Children and Youth Quarterly Advance, Children and Youth Provider Prompt Payment, Children and Youth Taskforce on Provider Reimbursements and Human Service Block Grant sections of this bill.

Children and Youth Provider Documentation has no negative impact on the General Fund; however, this section of the bill is necessary to ensure the continuation of \$265 million in Federal Title IV-E funding.

The Statewide Quality Care Assessment will save the General Fund \$150 million in Fiscal Years 2013-2014 and 2014-2015 and \$140 million in Fiscal Year 2015-2016.

The assessment of a Fair Share premium for families making incomes of over \$100,000 would save the Department approximately \$10.2 million annually. In Fiscal Year 2013-2014, the premium is estimated to save \$4.2 million, based upon 5 months of savings.

The Philadelphia Hospital Assessment maintains the \$30 million annually for the Philadelphia hospitals, as well as \$8 million for the city of Philadelphia, and approximately \$40 million for the General Fund to maintain the Medical Assistance Program.

The Intermediate Care Facilities for the Intellectually Disabled (ICF/ID) Assessment extension maintains the augmentation that offset General Fund costs. In Fiscal Year 2013-2014, the assessment is projected to generate \$37.859 million, \$19.842 million represents the assessment on services provided in private ICFs/ID and the balance of \$18.017 million represents the assessment on services provided in public facilities.

The extension of the BAF does not have a fiscal impact. The BAF allows the Department to limit the average payment rates for nursing facility services to the amount permitted by the funds appropriated by the General Appropriations Act for the fiscal year.

Nursing Facility Day One Incentive Payment language in the bill provides for a distribution methodology and earmarks \$8 million in General Fund in Fiscal Year 2013-2014 for these payments.

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**DATE:** July 1, 2013

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*