



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 59

PRINTERS NO. 2224

PRIME SPONSOR: Moul

### COST / (SAVINGS)

FUND	FY 2017/18	FY 2018/19
General Fund	See Fiscal Impact	See Fiscal Impact

**SUMMARY:** House Bill 59, Printer's Number 2224, amends the Human Services Code to: allow for appeal of an adoption subsidy; implement a time limit for providing 100% compensation for employees injured on the job; evaluate the efficacy of programs designed to identify and prevent fraudulent, incorrect and duplicative payments; provide for a total population coordinated care pilot program; establish an enrollment process for individuals in medical assistance (MA); require submission of several MA waivers; implement electronic asset verification for select MA eligibility; provide for ambulatory surgical center data collection and make technical changes. This legislation is effective immediately, except where noted below.

### ANALYSIS and FISCAL IMPACT:

#### Appeal the Amount of an Adoption Subsidy

Section 774 is revised to allow a child applying for or receiving adoption assistance or a person acting on behalf of the child to make an appeal to the Department of Human Services (DHS) regarding the amount of the adoption subsidy provided by the county Children and Youth Services Agency to the adoptive family under the Adoption Opportunities Act. Section 774 is effective in 60 days.

*Fiscal Impact* - According to DHS, this revision will have no adverse fiscal impact on Commonwealth funds.

#### Institute a Three-Year Limit on Act 534 Benefits

Section 216 is added to place a three-year time limit on salary, medical and hospital expenses for employees of DHS' facilities and County Assistance Offices who are injured on the job by the act of a patient or resident. If an injured employee is unable to return to work after three years, the employee would then be eligible for workers' compensation benefits.

*Fiscal Impact* - According to DHS, instituting a three-year time limit would save \$3,975,971 in FY 2017-18.

#### Evaluation of Software Programs' Efficiency

Section 217 is added to require DHS to issue a request for information no later than September 30, 2017 to evaluate the efficacy of software programs designed to identify and prevent fraud,

waste and abuse in the MA, Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) programs. By December 31, 2017, DHS shall select no less than three participants to be provided with a dataset of transactions and other information relating to the programs to identify potentially fraudulent or wasteful activity. By February 15, 2018, the participants must provide a report to DHS identifying potentially fraudulent, incorrect and duplicative payments in the dataset and may make recommendations on ways these payments could have been avoided and methods available to recover the funds. No later than March 15, 2018, DHS shall issue a report with the information obtained from the participants to select Chairpersons in the General Assembly.

*Fiscal Impact* - There is no adverse fiscal impact related to Section 217 as DHS has previously used this approach to evaluate software programs at no cost to the department. There may be future year savings in the MA, SNAP and TANF programs if evaluation participants identify methods for DHS to avoid fraudulent, incorrect and duplicative payments.

### **Total Population Coordinated Care Management Pilot Program**

The addition of Section 411.1 requires DHS to issue a request for proposal for an entity to coordinate care management for MA recipients by incorporating evidence-based medicine into each physical and behavioral health decision in a selected MA Managed Care Organization (MA MCO) region, creating a one-year pilot program. DHS shall require that annual savings to the Commonwealth exceed the cost of the pilot program and no administrative or service fee may be paid to the offeror during the initial pilot program contract period. DHS may pay a contingency fee based on cost savings realized by the participating regional MA MCO as evidenced by a reduction in the capitation rate.

*Fiscal Impact* - There is no adverse fiscal impact on Commonwealth funds from this pilot which if successful, could result in a reduction in MA costs.

### **Annual MA Enrollment Limitation**

Section 441.1 (E) requires DHS to establish an enrollment process so that a recipient remains with their chosen MA MCO provider for one year. A change to one's MA MCO provider can be made at the individual's redetermination period but no more than annually. The following exceptions are provided for the one-year requirement: a serious life event; relocation outside of the MCO region or a verified health condition which requires a specialist not covered by the MCO

*Fiscal Impact* - There should be future year savings in the MA program related to better health outcomes from recipients maintaining enrollment in a single MCO due to increased care management and coordination of services.

### **MA Waiver for Treatment in an Institute for Mental Disease Related to Substance Use Disorder**

Section 441.10 directs DHS to pursue a waiver under Section 1115 of the federal Social Security Act to allow for continued federal financial participation in the coverage of services provided in an Institute of Mental Disease for a substance use disorder beyond the 15-day maximum. States have been put on notice that this federal limitation will be enforced beginning January 1, 2019.

*Fiscal Impact* - Approval of this waiver will preserve a minimum of \$70,000,000 in federal matching funds.

### **Supplemental Appropriation Requests for Select MA Appropriations in FY 2017-2018**

Section 441.11 is added to require DHS to request a waiver from the appropriate federal agency prior to requesting a FY 2017-2018 supplemental appropriation for the Medical Assistance Fee-for-Service or Medical Assistance - Capitation appropriations. The waiver must be designed to reduce the Commonwealth's financial burden for these MA programs.

*Fiscal Impact* - Although an approved waiver may not totally offset a need for supplemental funding in FY 2017-2018, it will reduce the rate of growth in these MA line items in future years.

### **Supporting Self-Sufficiency for MA Recipients**

Section 441.12 directs DHS to pursue a waiver from the appropriate federal agency to require reasonable employment and work search requirements for those MA recipients who are physically and mentally able to do so, as well as place appropriate limits on nonessential benefits.

*Fiscal Impact* - There is no adverse fiscal impact on Commonwealth funds and approval of a waiver should result in a reduction in future year MA costs.

### **Premium Requirement for Loophole Children**

Section 454 is amended to require DHS to request a waiver from the appropriate federal agency to require premium payments for children who currently qualify for MA due to a medical diagnosis and without regard to the income of family. This will change the review to be based on the family income rather than the child's income and premiums would be instituted when a family's income exceed 1,000% of the federal poverty limit. The premiums would be based on a sliding scale in accordance with Children's Health Insurance Program.

*Fiscal Impact* - There is no adverse fiscal impact on Commonwealth funds and approval of this waiver would result in an offset to MA costs in future years.

### **Electronic Asset Verification for MA Eligibility Based on Age, Blindness or Disability**

Section 490 was added to establish an electronic asset verification program to comply with the requirements of Section 1940 of the Social Security Act for applicants or recipients of MA whose eligibility is based on age, blindness or disability. DHS must establish a Model Agreement, in coordination with the financial institutions, which will be used to request electronically the financial information needed by DHS to verify eligibility for MA. The information collected from the financial institutions shall remain confidential and there will be no civil penalties for those financial institutions which in good faith comply with this section. This Section is effective December 31, 2017.

*Fiscal Impact* - According to DHS, failure to implement an electronic asset verification system by December 31, 2017 could result in the withholding of federal matching funds supporting the MA program until corrective actions are in place.

### **Ambulatory Surgical Facility (ASF) Study**

Article VIII-J was added to require the submission of annual financial data to the Health Care Cost Containment Council. This article applies to an ambulatory surgical center that is in operation or begins operation, or an ambulatory surgical facility that becomes an ambulatory surgical center, on or after July 1, 2017.

*Fiscal Impact* - There is no adverse fiscal impact on Commonwealth funds for the collection of data from Ambulatory Surgical Facilities.

**Technical Changes**

- Extends the provider submission process for documentation of the costs of providing out-of-home placement services in county child welfare through Fiscal Year 2019-2020; and
- Revises the nursing facility assessment to ensure payments align with the Community HealthChoices (CHC) calendar year rate setting process. CHC is scheduled for implementation in the southwest HealthChoices region effective January 1, 2018.

*Fiscal Impact* - According to DHS, the extension of the provider submission process has no adverse fiscal impact and is necessary to ensure continuation of \$30,800,000 in Federal Title IV-E funding and the change to the nursing facility assessment will have no adverse fiscal impact.

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**DATE:** July 11, 2017

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