



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 695

PRINTERS NO. 1079
As Amended by A02605

PRIME SPONSOR: Brooks

COST / (SAVINGS)

| FUND | FY 2018/19 | FY 2019/20 |
|--------------|------------|-------------------|
| General Fund | \$0 | See Fiscal Impact |

SUMMARY: Senate Bill 695, Printer's Number 1079 as amended by A02605, amends the Human Services Code to: provide for an analysis of nonemergency medical transportation and other human services transportation programs; provide for an analysis of a uniform Statewide preferred drug list; and extend the Nursing Facility assessment and the Intermediate Care Facilities for Persons with an Intellectual Disability assessment. This legislation is effective immediately.

ANALYSIS:

Nursing Facility Budget Adjustment Factor

Every year the department sets new 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, 2019. The bill extends the sunset date for the BAF until June 30, 2022.

Fiscal Impact - The extension of the BAF does not have a fiscal impact. The BAF allows DHS 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.

Nonemergency Medical Transportation Services

This legislation prohibits the Department of Human Services (DHS) from entering into a full-risk brokerage contract for nonemergency medical transportation services for Medical Assistance (MA) recipients prior to the completion of an analysis, commissioned in conjunction with the Departments of Aging and Transportation. The analysis must provide:

- An analysis of current Federal and State law, regulations and policies controlling nonemergency medical transportation and other human services transportation in the Commonwealth including authorized methods of delivery and limitations or restrictions imposed on those methods;

- An analysis of the effectiveness and efficiency of the current nonemergency transportation service delivery as it relates to all human service programs;
- A review of other states' models of delivering nonemergency medical and other human services transportation, including the number of other states that utilize a full-risk brokerage model and the impact on public transit in those states;
- An analysis of the positive and negative impact to maintain the current transportation model versus implementing a full-risk brokerage model, as it relates to State and local government entities, including financial impact;
- An analysis of the impact on consumers, including an increase or decrease in quality and service availability.

This analysis must be completed no later than 180 days from the effective date of this legislation, with a preliminary report provided no later than 90 days. These reports will be provided to the Secretaries of Human Services, Aging and Transportation; the chairperson and minority chairperson of the House of Representatives and the Senate Appropriation Committees; the chairperson and minority chairperson of the Health and Human Services Committee in the Senate; and the chairperson and minority chairperson of the Health Committee in the House of Representatives.

Fiscal Impact – There is no FY 2019-20 fiscal impact related to this provision.

Uniform Statewide Preferred Drug List

SB 695 requires DHS to conduct an analysis to determine the projected cost to the MA managed care organizations (MCOs) and the projected supplemental rebates that could be obtained by DHS prior to implementation of a uniform statewide preferred drug list. This analysis must be completed within 60 days of the effective date of this legislation and provided to the chairperson and minority chairperson of the House of Representatives and the Senate Appropriation Committees; the chairperson and minority chairperson of the Health and Human Services Committee in the Senate; and the chairperson and minority chairperson of the Health Committee in the House of Representatives.

Fiscal Impact – There is no FY 2019-20 fiscal impact related to this provision.

Assessments

The authority for the nursing facility assessment imposed on county and nonpublic nursing homes that is currently set to expire on June 30, 2019 is extended for an additional three years through June 30, 2022. Language in Article VIII-A has been updated to reflect the provision of long-term services and supports, including nursing facility services, through managed care organizations (MCOs).

The department's authority for the assessment of ICF/IDs expires on June 30, 2019. Intermediate care facilities are state or privately-operated residential facilities, supported by both federal and state funds, specifically designed to furnish health and rehabilitative services to persons with intellectual disabilities or related conditions. The bill extends the sunset date for the ICF/ID assessment until June 30, 2024.

Fiscal Impact - Reauthorization of the nursing facility assessment will maintain approximately \$490,000,000 in annual assessment revenues that will be used to support nursing home payments, including payments made by MCOs, through June 30, 2022.

The ICF/ID Assessment extension maintains these revenues used to support facilities through June 30, 2024. In Fiscal Year 2019-2020, the assessment is projected to generate \$36,170,000, \$18,419,000 million from the assessment on services provided in private ICFs/ID and \$17,751,000 from the assessment on services provided in state centers.

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House Appropriations Committee (R)

DATE: June 27, 2019

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