

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1062

PRINTER NO. 3638

AMOUNT

See Fiscal Impact

FUND

General Fund

DATE INTRODUCED

April 27, 2015

PRIME SPONSOR

Representative Killion

DESCRIPTION AND PURPOSE OF BILL

House Bill 1062 amends the Human Services Code to phase out the county share, extend the nursing facility budget adjustment factor, extend certain assessments, extend the Medical Assistance day-one incentive payment, extend child welfare provider submissions, suspend MA coverage for incarcerated individuals, eliminate the requirement of solely dedicated assisted living licensure staff, and move the eHealth Partnership Authority to the Department of Human Service.

The obligation for counties operating public nursing facilities to pay a yearly fee to the Department of Human Services (DHS) is phased out with the roll out of Community Health Choices. This amount is currently calculated as 10% of the non-federal share of the Medical Assistance payments made by DHS to county homes for public nursing care. The 10% obligation will be entirely eliminated by 2019.

The Department of Human Services is directed to temporarily suspend medical assistance benefits rather than terminate them for incarcerated individuals. Benefits shall not be suspended for more than two years and shall be active upon an inmate's release from the correctional institution.

The Nursing Facility Budget Adjustment Factor is extended for three years. This ensures that payments to nursing facilities do not exceed the funding appropriated.

Medical assistance day-one incentive payments are authorized for nonpublic nursing facilities for one year.

The requirement that child welfare providers submit documentation of their costs of providing out-of-home placement is extended for another year. This allows DHS to support their claim for federal funding and for state reimbursement.

The Nursing Facility Assessment is extended for three years. This permits DHS to continue to draw down federal matching funds and maintain rates to nursing facility providers.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

The Intermediate Care Facilities for Persons with an Intellectual Disability (ICF/ID) assessment is extended for three years. This allows DHS to draw down federal matching funds and limit General Fund spending.

The Philadelphia hospital assessment is extended for three years, and free-standing cancer hospitals are excluded.

The requirement that DHS dedicate staff solely to the licensure and enforcement associated with assisted living residences is deleted. This would allow for greater flexibility of staff.

The eHealth Partnership Authority is moved to DHS to realize administrative savings and maximize federal dollars. One homecare or hospice representative is added to the Authority's advisory board.

FISCAL IMPACT:

The Department of Human Services estimates that complete elimination of the ten percent county share will require an additional \$19,100,000 in state funds annually; however, the elimination will be phased in with the rollout of Community Health Choices. With no expansion in Fiscal Year 2016-2017, there will be no fiscal impact.

The suspension of medical benefits for incarcerated individuals rather than termination will have no fiscal impact.

Without the extension of the Nursing Facility Budget Adjustment Factor, it is estimated that the Commonwealth would be obligated to expend an additional \$312 million in state funds for nursing facility payments.

The medical assistance (MA) day-one incentive payments to qualified non-public nursing homes for fiscal year 2016-2017 are budgeted at \$8 million.

The County Child Welfare out-of-home provider documentation extension has no negative impact on the General Fund; however, this section of the bill is necessary to ensure the continuation of \$30.8 million in Federal Title IV-E funding.

The Nursing Facility Assessment revenue for the Commonwealth is \$490 million for the next three fiscal years (2016-2017, 2017-2018 and 2018-2019).

The Intermediate Care Facilities for Persons with an Intellectual Disability Assessment revenue for the Commonwealth is \$38 million for the next three fiscal years (2016-2017, 2017-2018 and 2018-2019).

The Philadelphia hospital assessment revenue for the Commonwealth is \$63 million for the next three fiscal years (2016-2017, 2017-2018 and 2018-2019).

The transfer of eHealth Partnership Authority to Department of Human Services will save approximately \$1 million annually.