

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. House Bill 59

PRINTER NO. 2255

AMOUNT

See Fiscal Impact

FUND

General Fund

DATE INTRODUCED

January 23, 2017

PRIME SPONSOR

Representative Moul

DESCRIPTION AND PURPOSE OF BILL

Appeal the Amount of an Adoption Subsidy

House Bill 59 amends Section 774 of the Human Services Code to allow an adoptive family to appeal to the Pennsylvania Department of Human Services the amount of the adoption subsidy provided to them by the County Children and Youth Services Agency under the Adoption Opportunities Act.

Current law allows for the payment of a subsidy to an adoptive family for a difficult adoption (as a result of a physical or mental disability, emotional disturbance, or because of age, sibling relationship, or ethnicity). While there are limits on the amount of this subsidy, there is no current process allowing an adoptive family to appeal the subsidy provided.

Institute Three-Year Limit on Act 534 Benefits:

Currently, employees of DHS' facilities and CAOs who are injured on the job by the act of a patient or resident receive their full salary (untaxed) while not working, sometimes for the rest of their life. HB 59 limits this benefit for three years, and then these individuals would revert to worker's compensation benefits.

Comply with Federal Medicaid Asset Verification System Requirements:

Under Section 1940 [42 U.S.C. § 1396w] of the Social Security Act, all states are required to implement a secure electronic system for verifying the assets of "aged, blind or disabled" (ABD) applicants for and recipients of Medicaid. The asset verification system (AVS) must also provide the assets of all individuals who are required to disclose this information in order to determine eligibility for a Medicaid applicant or recipient.

Extend Provider Submissions for Child Welfare Placement Costs:

HB 59 provides a three-year continuation of the process which requires providers to submit documentation to DHS of their costs of providing out-of-home placement services. DHS uses this documentation to support the claim for federal funding and for state reimbursement for allowable direct and indirect costs for placement services.

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Establish Ambulatory Surgical Center Report:

HB 59 requires Ambulatory Surgical Centers to annually report their financial data to Health Care Cost Containment Council.

Medical Assistance Waiver for Treatment at Institutions for Mental Disease Related to Mental Health:

The Medicaid Institutions for Mental Diseases (IMD) exclusion prohibits the use of federal Medicaid financing for care provided to most patients in mental health and substance use disorder residential treatment facilities larger than 16 beds. The exclusion is one of the very few examples of Medicaid law prohibiting the use of federal financial participation (FFP) for medically necessary care furnished by licensed medical professionals to enrollees based on the health care setting providing the services.

This provision requires the Department to submit a waiver from this funding prohibition so that the Commonwealth will continue to receive federal funds if the Federal government starts to enforce this exclusion.

Evaluation of Software Programs' Efficiency

Requires the Department to evaluate the efficacy and cost effectiveness of software programs designed to identify and prevent fraudulent, incorrect and duplicative payments within medical assistance, Temporary Assistance for Needy Families, and the Supplemental Nutrition Assistance Program. The Department shall issue a request for information from prospective vendors, and no later than December 31, 2017, shall select three vendors to participate in the evaluation. If the responses to the request for information demonstrate a savings to the Commonwealth, vendors will be given a test dataset of transactions, and shall no later than February 15, 2018, provide to the Department a report identifying fraudulent, incorrect and duplicative payments. No later than March 15, 2018, the Department is required to issue a report relating to the efficiency evaluation and related recommendations for improvement to the General Assembly.

Total Population Coordinated Care Management:

Requires the Department to issue a Request for Proposal and enter into a contract for a Total Population Coordinated Care Management Pilot Program in one Medicaid managed care region of the Commonwealth to incorporate evidence-based medicine into physical and behavioral health decisions for Medicaid recipients. Prohibits the Department from paying administrative or service fees to the vendor, but allows a contingency fee based on cost savings realized by the participating regional Medicaid managed care organization as evidenced by a reduction in the capitation rate. The Department is required to issue a report to the General Assembly detailing the outcomes of the pilot program.

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Supplemental Appropriations for Medical Assistance Appropriations for Fiscal Year 2017-2018:

Requires the Department to request a waiver from or submit a State plan amendment to the appropriate Federal agency that is designed to reduce the Commonwealth's financial burden for medical assistance programs before requesting supplemental appropriations for Medical Assistance Capitation and Fee-For-Service General Fund appropriations for fiscal year 2017-2018.

Supporting Self-Sufficiency for Medical Assistance Recipients:

Requires the Department to request a waiver from the Centers for Medicare and Medicaid Services ("CMS") for approval of design options or reports that require reasonable employment or job search requirements for nondisabled, nonpregnant, nonelderly Medicaid eligible adults, as well as appropriate limits on nonessential benefits.

Effective Dates:

The Appeal of Adoption Subsidy provision shall take effect in 60 days, the Asset Verification shall take effect of December 31, 2017, and the remaining provisions shall take effect immediately.

FISCAL IMPACT:

Appeal the Amount of an Adoption Subsidy

This provision will have no adverse fiscal impact to the Commonwealth according to the Department of Human Services.

Institute Three-Year Limit on Act 534 Benefits:

This provision will save \$4.908 million (\$3.976 in State funds and \$0.932 million in Federal funds) in Fiscal Year 2017-2018.

Comply with Federal Medicaid Asset Verification System Requirements:

A failure to comply could mean the federal government will withhold federal matching funds until corrective actions are in place. The federal government expects DHS to establish the AVS by December 2017.

Extend Provider Submissions for Child Welfare Placement Costs:

The Commonwealth would lose \$30.8 million in federal Title IV-E placement maintenance funds for congregate care settings if the contract review process does not continue. The Administration for Children and Families (a division of the Federal Health and Human Services) will not provide reimbursement without documentation to support that the costs are allowable and reimbursable under Title IV-E.

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Establish Ambulatory Surgical Center Report:

This provision has no fiscal impact.

Medical Assistance Waiver for Treatment at Institutions for Mental Disease Related to Mental Health:

This provision has no fiscal impact unless the Federal government starts to enforce this exclusion. If the waiver is approved, the Commonwealth will continue to receive federal funds.

Evaluation of Software Programs' Efficiency:

This provision has no adverse fiscal impact. 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:

This provision has no adverse fiscal impact on Commonwealth funds from this pilot program, which if successful could result in a reduction in MA costs.

Supplemental Appropriations for Medical Assistance Appropriations for Fiscal Year 2017-2018:

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 Medical Assistance Recipients:

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