

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1677

PRINTER NO. 3809

AMOUNT

See Fiscal Impact

FUND

General Fund

DATE INTRODUCED

July 21, 2017

PRIME SPONSOR

Representative Ortitay

DESCRIPTION

House Bill 1677 amends the Human Services Code, providing for the statewide quality care assessment, non-emergency medical transportation services, the LIFE program, an education and human services pilot program, health care outcomes, children and youth provider documentation and other miscellaneous provisions.

Statewide Quality Care Assessment (Assessment):

Under the assessment, all inpatient acute care and rehabilitation hospitals are assessed a set percentage of their net inpatient revenue and net outpatient revenue by the Department of Human Services (department). The funds generated from the assessment are used to update the hospital Medical Assistance payment system for inpatient services, modify some existing hospital supplemental payments and create new supplemental payments for hospitals.

The current assessment sunsets on June 30, 2018.

The bill does the following:

- Extends the assessment through June 30, 2023;
- Defines “Net Outpatient Revenue”;
- Provides for the calculation of the assessment using a hospital’s net inpatient revenue and net outpatient revenue;
- Requires the department to prepare a revenue reconciliation report on the assessment restricted account; and
- Calls for the department to adjust the assessment percentages if the assessment restricted account has a balance in excess of \$10 million.

The Statewide Quality Care Assessment will save the General Fund \$295 million in Fiscal Years 2018-19 through 2020-21, an increase of \$75 million from Fiscal Year 2017-18. The agreed upon budget already assumed these savings; therefore, there is no additional fiscal impact to the FY 2018-19 General Fund budget. Beginning in FY 2021-22, the General Fund savings from the Statewide Quality Care Assessment will increase by \$5 million.

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Non-emergency Medical Transportation Services:

House Bill 1677 requires the department to submit an amended State Plan under Title XIX of the Social Security Act to the federal government requesting the authority to provide non-emergency medical transportation utilizing a statewide or regional full-risk brokerage model. Non-emergency medical transportation services are provided through the Medical Assistance Transportation Program (MATP). Upon federal approval, the department will develop and issue a solicitation to eligible brokers within 180 days.

A statewide or regional full-risk brokerage model for the Medical Assistance Transportation Program (MATP) will allow the Commonwealth to claim federal reimbursement of these costs as a service rather than an administrative cost. This change will result in the state share being reduced from 50% to a blended rate of 36%. If this reduction in state share were applied to the Fiscal Year 2018-19 budget, the Commonwealth would have saved \$15 million.

Living Independence for the Elderly (LIFE) Program:

The department under House Bill 1677 will develop educational materials to notify consumers of the long-term care services available to them. These educational materials will include:

- A description of the LIFE program;
- A statement that an eligible individual has the option to enroll in the LIFE program or a managed care organization under the Community HealthChoices program; and
- Contact information for LIFE providers.

The department will also be required to continue training independent enrollment brokers on the LIFE program and will at the close of each quarter issue a county report to include the enrollment of eligible individuals in long-term care programs, Community HealthChoices or LIFE. Additionally, the legislation defines several terms pertaining to the LIFE program in the Human Services Code, including "eligible individual," "LIFE program" and "independent enrollment broker."

There is no fiscal impact resulting from this provision.

Pilot Program – Coordinated Delivery of Education and Human Services:

House Bill 1677 creates a pilot program in the City of Philadelphia focused on the delivery of education and human services to students and their families. The promotion of research-based practices and coordinated service delivery are critical elements of the pilot program. The pilot may consider the following:

- Schools assisting students and their families in applying for and receiving education and human services;
- Expanded school day for the purpose of providing opportunities for increased instructional time, tutoring by staff, pupils and volunteers, an environment conducive to learning before and after school, and personalized instruction and mentoring; and

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- Other best practices determined by the department and the Pennsylvania Department of Education.

A school participating in the pilot program is required to report back to the department.

Coordinated Delivery of Education and Human Services will have no fiscal impact to the Commonwealth.

Health Care Outcomes:

The legislation authorizes a Medicaid Outcome-Based program to be established by the department to provide hospitals and Managed Care Organizations (MCOs) with information to assist them in reducing the number of avoidable events and increase their efficiency. The department will conduct a comprehensive analysis of existing state databases to identify efficiencies in the state's Medical Assistance program and provide the General Assembly with a report on their findings no later than December 31, 2019.

House Bill 1677 also requires the department to develop and maintain a reporting system that contains avoidable readmissions and avoidable complications data that can be shared with hospitals and MCOs. By March 1, 2020, and each March 1 thereafter, the department will provide a report to the General Assembly which charts the reductions in the rates of avoidable complications and readmissions and the impact those reductions have on the state's Medical Assistance expenditures.

Health Care Outcomes has no adverse fiscal impact on Commonwealth funds from this program; however, if successful these findings could result in a reduction in MA costs.

Children and Youth Provider Documentation:

The bill provides statutory authority for the department's review process of providers' costs to support the department's claim for federal funds and state reimbursement. This may also include the implementation of components of the rate methodology task force (Act 55 of 2013).

Children and Youth Provider Documentation extension has no negative impact on the General Fund; however, this provision is necessary to ensure the continuation of more than \$30 million in Federal Title IV-E funding.

Miscellaneous Provisions:

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

The medical assistance (MA) day-one incentive payments to qualified non-public nursing homes for Fiscal Year 2018-19 are budgeted at \$8 million.

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The bill updates child day care language in the Human Services Code. References of "child day care" or "day care" are changed to "child care." Within one year of the effective date, the department must amend any existing regulation to reflect this change in terminology.

According to DHS, any costs related to updating current regulations for "child care" could be accommodated within the agency's current workload and budget. The legislation does not mandate that private child care providers change their business names or operations to reflect this update, so no cost will be incurred by them from this legislation.

Effective Dates:

The legislation is scheduled to take effect in 60 days.