

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1420

PRINTER NO. 3371

AMOUNT

See Fiscal Impact

FUND

General Fund

DATE INTRODUCED

May 14, 2021

PRIME SPONSOR

Representative Thomas

DESCRIPTION

House Bill 1420 amends the Human Services Code to create a COVID-19 Mental Health Public Awareness Campaign and to make various other changes.

The bill requires that the Secretary of the Department of Human Services establish a public awareness campaign to provide information to the public concerning the programs and services available for first responders, health care workers, other frontline workers and their families experiencing mental health issues related to the COVID-19 pandemic. This includes, but is not limited to, post-traumatic stress disorder, anxiety, depression and substance use disorder.

Fiscal Impact: *The Department of Human Services (DHS) anticipates the public awareness campaign will cost \$1.5 million. The cost of the campaign can be accommodated within the \$46.8 million in federal Community Mental Health Services Block Grant funds.*

Nursing Facility Assessment Extension

House Bill 1420 extends the monetary assessment on each nursing facility until June 30, 2026, to generate additional revenues for medical assistance recipients to have access to medically necessary nursing facility services.

Fiscal Impact: *The Nursing Facility Assessment revenue for the Commonwealth is projected to total \$657.3 million over the next four fiscal years (2022-23, 2023-24, 2024-25 and 2025-26).*

Nursing Facility Budget Adjustment Factor

This legislation extends the budget adjustment factor until June 30, 2026. The budget adjustment factor is a formula used in setting payment rates for nursing facility services.

Fiscal Impact: *The Nursing Facility Budget Adjustment Factor will have no fiscal impact. This provision allows the Department of Human Services to adjust nursing facilities rates to ensure that payments to nursing facilities do not exceed the funding appropriated.*

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Domiciliary Care and Personal Care Home Supplemental Assistance Payments

House Bill 1420 amends Section 432 (Eligibility) to increase the amount of state supplemental assistance payments. Beginning in Fiscal Year 2022-23, the monthly state supplemental assistance amount for residents of a domiciliary care home or a personal care home shall be as follows:

	<u>Individual</u>	<u>Couple</u>
Domiciliary Care Home	\$634.30	\$1,347.40
Personal Care Home	\$639.30	\$1,357.40

Fiscal Impact: This provision is estimated to cost \$20 million in state funds.

Increasing Nursing Facility Payment Rates

House Bill 1420 amends Section 443.1 for the purpose of payment rate increases for increased resident care requirements, resident care-related costs and services rendered to Medical Assistance Community HealthChoices (CHC) managed care organizations that include amounts exclusively for the purpose of making payments to nonpublic nursing facilities and county nursing facilities. In doing so, the Department of Human Services shall adopt a minimum payment rate for payments of services effective with dates of services of January 1, 2023, through December 31, 2025.

Fiscal Impact: This provision has no fiscal impact. It ensures that if a rate increase is appropriated, the funding is to be received by the nursing facility.

The FY 2022-23 budget provides a total of \$306.3 million for a rate increase that is effective January 1, 2023. Of that amount, \$147 million of increased General Fund support is provided through the Medical Assistance – Long-Term Care and Medical Assistance – Community HealthChoices appropriations. The remainder will be provided through federal appropriations.

Establishing the Use of Nursing Facility Rate Increases

The legislation amends Section 443.13 (Resident Care and Related Costs) to apply the following requirement to a county and nonpublic nursing facility enrolled in the Medical Assistance program: The county or nonpublic nursing facility shall demonstrate that seventy percent of its total costs, as reported by the facility, are resident care costs or other resident-related costs under state law.

Fiscal Impact: This provision will have no fiscal impact. This provision requires that seventy percent of the rate increase is to be utilized for resident care costs or other resident-related costs.

Permitting the Auditor General to Audit Pharmacy Benefits Managers in Medicaid

The legislation permits the Auditor General to conduct an audit and review of a pharmacy benefits manager that provides services to a Medical Assistance managed care organization under contract with DHS.

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Fiscal Impact: This provision will have no fiscal impact.

Establishing Guidelines for Outpatient Emergency Departments

House Bill 1420 creates a new Article VIII-J (Innovative Health Care Delivery Models) and Section 801-J (Required criteria for operation of an Outpatient Emergency Department [OED]). An eligible provider location for Medical Assistance reimbursement that intends to operate an OED shall meet the following criteria:

- The main licensed hospital of an OED shall offer general acute care services;
- The OED shall be included as an outpatient location under the license of the hospital and be located within a thirty-five-mile radius of the main licensed hospital;
- At the time the OED begins operating, the OED shall have a catchment area that is no less than thirty-five miles of travel distance established by roadways to a main licensed hospital or a campus that offers emergency services and is not under common legal ownership with the OED or another OED that is not under common legal ownership;
- The hospital shall continue to meet the statutory definition of a "hospital" as defined in the Health Care Facilities Act; and
- The hospital, including the OED, shall maintain full or substantial compliance with the provisions of 28 Pa. Code Part IV Subpart B (relating to general and special hospitals).

Fiscal Impact: The *Establishing Outpatient Emergency Departments* provision will have no fiscal impact.

Informational Materials and Reporting Requirements for the LIFE Program

This legislation amends Section 602(a), (b) and (c) to expand the informational materials and promotion of the LIFE program. It requires that informational materials and correspondence used by the department and the independent enrollment broker shall 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 CHC program; and
- Contact information for LIFE providers.

Fiscal Impact: This provision will have no fiscal impact.

Agency With Choice Delay

House Bill 1420 provides that DHS shall not administer or contract with a single statewide entity to implement the Agency With Choice model of financial management services to beneficiaries of programs administered by the Office of Long-Term Living for at least twelve months following the effective date of this section.

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Fiscal Impact: *This provision will save \$667,500 in total funds (\$320,400 in state funds), which was requested to fund the procurement.*

Transfer of Provisions from the Fiscal Code

This legislation transfers to the Human Services Code two provisions that were previously in the Fiscal Code: Limiting Reimbursement for Community-Based Family Center Usage and Reauthorizing the Assessment on Managed Care Organizations.

Fiscal Impact: *The transfer of Human Services provisions from the Fiscal Code will have no fiscal impact.*

Abrogation of Regulations

House Bill 1420 abrogates the following provisions of the Human Services Code:

- Section 1153.14(1) relating to noncovered services;
- Section 1223.14(2) relating to noncovered services;
- Section 5230.55(c) relating to supervision to the extent that it requires a face-to-face meeting;
- Section 1121.53(c) relating to limitations on payment to the extent that payment of prescriptions is limited to a 34-day supply or 100 units; and
- To the extent permitted under federal law:
 - Section 1123.2 relating to definitions to the extent that the definition of "shoe inserts" limits the prescriptions for an orthotic device to a prescription from a physician;
 - Section 1249.52(a)(1) relating to payment conditions for various services and Section 1249.53(a)(1) relating to payment conditions for skilled nursing care, to the extent that home health services are only covered and reimbursable under the Medical Assistance program if a physician orders the services and establishes the plan of treatment;
 - Section 1249.54(a)(3) relating to payment conditions for home health aide services to the extent that a home health aide service is only covered and reimbursable under the Medical Assistance program if a physician establishes the written plan of treatment and if skilled care is not required, certifies that the personal care services are medically necessary; and
 - Section 1249.55(a) relating to payment conditions for medical supplies to the extent supplies may only be reimbursed if prescribed by a physician.

The following provisions of the Human Services Code relating to physician or certified registered nurse practitioner notification requirements are abrogated to the extent they apply to individuals with symptoms of COVID-19:

- Section 3270.137 relating to children with symptoms of disease;
- Section 3270.153 relating to facility persons with symptoms of disease;

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- Section 3280.137 relating to children with symptoms of disease;
- Section 3280.153 relating to facility persons with symptoms of disease; and
- Section 3290.153 relating to facility persons with symptoms of disease.

Fiscal Impact: *The abrogation of regulations provisions will have no fiscal impact.*