

HF9074 - 0 - Personal Care and Support Worker Rqmts; COVID-19

Chief Author: **Todd Lippert**
 Committee: **Health & Human Services Finance Division**
 Date Completed: **7/11/2020 4:13:00 PM**
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	15,354	1,169	1,176	
Total	-	-	15,354	1,169	1,176	
Biennial Total			15,354		2,345	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	.25	-	-
Total	-	-	.25	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 7/11/2020 4:13:00 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
General Fund	-	-	15,354	1,169	1,176	
Total	-	-	15,354	1,169	1,176	
Biennial Total			15,354		2,345	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	15,354	1,169	1,176	
Total	-	-	15,354	1,169	1,176	
Biennial Total			15,354		2,345	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

Bill Description

Section 1 of this bill increases the number of hours that personal care assistance (PCA) workers may provide service from 275 hours per month to 310 hours per month.

Section 2 of this bill increases the number of hours that Community First Services and Support (CFSS) workers may provide service from 275 per month to 310 hours per month.

Section 3 of this bill temporary allows PCA compensation for services provided by a parent or spouse during the peacetime emergency declared under Minnesota Statutes, section 12.31, and subdivision 2.

Section 4 of this bill sets a temporary 15 percent increase in the rates and enhanced rates for the personal care assistance program.

Section 5 appropriates funds from this bill from the general fund to the Commission of Human Services.

Assumptions

Section 1 and 2: Increasing the PCA and CFSS Worker Monthly Services Limit from 275 to 310 House (Line 2.18 and line 4.14)

Effective Date: This increase is effective the day following final enactment. It is assumed that it will be effective July 15, 2020.

Temporary Waiver: A temporary waiver is in effect through the peacetime emergency. The state cost of that waiver from July 15-July 30 is approximately \$45,000.

Programs impacted:

- Personal Care Assistance (PCA) provided through fee-for-service and managed care
- Extended Personal Care Assistance paid through the waivers provided through the disability and Elderly waiver programs
- Personal Care Assistance provided through the Alternative Care Program
- Community First Services and Supports (CFSS) Under current law, the Personal Care Assistance program will transition to CFSS. The February 2020 Forecast assumes that this transition will begin in June 2021. CFSS will use the

same service rates as the PCA program, so the increase in this bill will also be carried into this program.

Programs not impacted:

- Consumer Directed Community Supports (CDCS)
- Consumer Support Grant (CSG)

Impact on PCA workers: Under current law, personal care assistance workers may not provide more than 275 hours of service per month. This bill will allow them to provide up to 310 hours per month. As a result, it is expected that workers who are already working at or near the 275 hour limit will likely provide more service. Historical data shows that about 8.1 percent of personal care assistance services are provided by workers who provide more than 260 hours of service per month.

Additional factors that limit hours of service provided by a PCA: This bill increases the limit on monthly services provided by PCA workers. However, not all workers will be able to offer a full 310 hours of service per month. There are other factors that tend to limit the amount an individual may work, and which limit the additional cost expected from this bill.

- Service Authorizations: Recipients cannot receive more service than they are authorized for. PCA services are authorized based on an assessment of a person's dependencies in activities of daily living (ADL), Level 1 behaviors, and complex health-related needs. Needs are assessed based on the circumstances in which a person needs the greatest amount of assistance. Since most workers only serve one or two individuals, PCA workers will only be able to provide additional service if the person they serve has authorized time that is not being used. If all of the individuals served by workers at or near the limit used all of their remaining service authorizations, it would be a 7.2 percent increase in services provided by these workers. However, the 310 hour limit in this bill will only allow workers to provide about 64 percent of that additional service.
- Overtime and other scheduling needs: A person working 310 hours per month would be working an average of 10 hours per day, 31 days per month. Other factors limit whether an individual can work up to that limit. For example, overtime regulations may limit the number of hours an agency is willing to schedule a worker. Additionally, personal obligations and priorities may limit the amount a person chooses or is able to work.

These factors are expected to limit the estimated increase by about 50 percent.

Interactive Effects: There are some small interactive effects between this provision, the temporary allowance of PCA compensation for services provided by a parent or spouse, and the rate increase this bill. Those interactive effects are included in the cost of this provision in the expenditure and revenue formula.

Implementation and payment effect: This provision is effective following enactment. It is assumed to be effective July 15. This also accounts for a 30 day payment effect to account for the fact that fee for service payments are made retrospectively and managed care payment timing.

Systems Costs: Systems changes will be needed to make this change permanent. Changes are required to the claims functionality in the MMIS system to allow 310 hours instead of 275 hours for PCA workers. These systems changes are estimated to require 261 hours of work, take approximately 1-2 months to complete, and have a cost of a total of \$21,755 for initial development. For continued support, a 20 percent level of effort ongoing is assumed. The fiscal note assumes an FFP of 29 percent for changes to the MMIS system. The total state share is \$6,515 in FY 21 and \$1,303 in FY 22 and ongoing.

The following assumptions are made in regard to system changes:

- Estimated duration and earliest project completion date assumes the work is prioritized relative to other legislative and ongoing IT work. If enacted, the completion date of the proposed project(s) will be dependent on the totality of enacted legislative IT work and ongoing IT work.
- The total hours assumed in this fiscal note include the projected time required to complete systems work and a 20 percent contingency assumption to account for unforeseen business requirements in the development and implementation process.
- In addition to the initial development costs cited above, the systems changes required in this bill will result in increased ongoing maintenance and operations costs, estimated annually at 20 percent of the total initial development cost.

State Share: For most recipients, the state share of state plan PCA, the disability waivers, Elderly Waiver, and Alternative Care is approximately 50 percent. An additional federal enhanced match is included through September 30, 2020.

Section 3: Temporary allowance of personal care assistance compensation for services provided by a parent or spouse (Line 4.27)

Effective Date: This increase is effective the day following final enactment, or upon federal approval, whichever is later. This analysis assumes it will be effective July 15, 2020 and will take about one month for federal approval and implementation.

Programs impacted:

- a. Personal Care Assistance (PCA) provided through fee-for-service and managed care
- b. Extended Personal Care Assistance paid through the waivers provided through the disability and Elderly waiver programs
- c. Personal Care Assistance provided through the Alternative Care Program

Programs not impacted:

- d. Consumer Directed Community Supports (CDCS)
- e. Consumer Support Grant (CSG)

Impact of improved access to services for current recipients: On average, current PCA recipients only use about 85 percent of their service authorization. Under this proposal, parents of minors and spouses would be able to receive payment for the care they are already providing. As a result, the PCA participant would use more paid care. Based on the percentage of authorizations used by CDCS participants, a program that allows parents and spouses to be paid for providing care, it is estimated that service utilization for children and married adults taking advantage of this option would increase by 2.1 percent.

Payment impact: This analysis assumes an increase in average monthly payments due to additional use of authorization. It is estimated monthly payments will increase around 5.9 percent due to participants using more service as a result of this provision. It is assumed that increased payments made by managed care plans will result in increased MA payments the next time capitation rates are adjusted. This is assumed to occur in fiscal year 2021.

Interactive Effects: There are some small interactive effects between this provision, the temporary allowance of PCA compensation for services provided by a parent or spouse, and the rate increase this bill. Those interactive effects are included in the cost of this provision in the expenditure and revenue formula.

Implementation and payment effect: This provision is effective the day following final enactment or upon federal approval, whichever is later. This analysis assumes it will be implemented by Aug. 15, 2020 and be in effect until September 30, 2020. An additional 30 day payment effect has been included to account for the fact that MA pays for fee-for-service retrospectively and managed care payment timing.

State Share: For most recipients, the state share of state plan PCA, the disability waivers, Elderly Waiver, and Alternative Care is approximately 50 percent. An additional federal enhanced match is included through September 30, 2020.

Systems costs: There are no systems impact for this provision.

Administrative costs:

In the Health Care Administration, additional administrative resources are needed. The fiscal analysis assumes that there would be a 2.1 percent increase in additional PCA's resulting in about 880 new PCA's that will need to be enrolled. One PEC specialist (MAPE 5) can process 35 PCA individual enrollments per day working full time. It will take an additional 200 hours to complete new enrollments. Due to the nature of the hiring freeze during the COVID19 crisis, this need will be filled with having an existing employee working overtime. This would require 200 hours of overtime in FY21.

	FY2020	FY2021	FY2022	FY2023
1 FTE @ MAPE Level 5- at time and a half 100	0	7,987	0	0

hours @\$39.89				
Fringe Benefits @ 30%- only on actual salary	0	1,594	0	0
Overhead @ \$14K up front and /\$1.3K per month per FTE	0	0	0	0
Total Estimated Staffing Costs	0	9,572	0	0
FFP @ 32%	0	(3,062)		
Net cost	0	6,510	0	0

Section 4: Temporary Rate increase for Personal Care Assistance (Line 5.10)

Effective Date: This increase is effective the day following final enactment, or upon federal approval, whichever is later. This analysis assumes it will be effective July 15, 2020 It takes about one month for federal approval and implementation.

Programs impacted:

- Personal Care Assistance (PCA) provided through fee-for-service and managed care
- Extended Personal Care Assistance paid through the waivers provided through the disability and Elderly waiver programs
- Personal Care Assistance provided through the Alternative Care Program
- Consumer Directed Community Supports (CDCS)
- Consumer Support Grant (CSG)

Payment Impact: This bill provides a temporary 15 percent increase to rates and enhanced rates for direct support services provided through the PCA program in response to the COVID-19 crisis.

Interactive Effects: There are some small interactive effects between this provision, the temporary allowance of PCA compensation for services provided by a parent or spouse, and the rate increase this bill. Those interactive effects are included in the cost of this provision in the expenditure and revenue formula.

Implementation and payment effect: This provision is effective the day following final enactment or upon federal approval, whichever is later. This analysis assumes it will be implemented by Aug. 15, 2020 and be in effect until September 30, 2020. An additional 30 day payment effect has been included to account for the fact that MA pays for fee-for-service retrospectively and managed care payment timing.

State Share: For most recipients, the state share of state plan PCA, the disability waivers, Elderly Waiver, and Alternative Care is approximately 50 percent. An additional federal enhanced match is included through September 30, 2020.

Appropriation: In section 5 of the bill in this section, the appropriation amount is left blank. The assumption in this fiscal note is that the appropriation value will be added into the bill.

Administration costs: Subdivision 6 requires a distribution plan for a period of at least six weeks to which all direct support professionals have access. The bill requires DHS to provide a phone number, mailing address, and email address that direct support professionals can use to contact the agency for questions or concerns. Due to the nature of the hiring freeze during the COVID19 crisis, this need will be filled with having an existing employee or employees working overtime. This work will have to be completed quickly. It is assumed that this overtime will be the value of a .25 of FTE at a MAPE level 11 to respond to these questions and concerns. The following table shows the breakout of the costs of the FTE.

	FY2020	FY2021	FY2022	FY2023
.25 FTE @ MAPE Level 1, step 10-time and a half	0	25,674	0	0
Fringe Benefits @ 30%- only on actual salary	0	5,135	0	0
Overhead @ \$14K up front and /\$1.3K per month per FTE-existing employee	0	0	0	0
Total Estimated Staffing Costs	0	30,810	0	0
FFP @ 32%		(9,859)		

Net cost		20,950	0	0
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Actuarial costs:

In addition under subdivision 3, the language directs managed care plans and county based purchasing plans to implement the temporary rate increase for direct support services. An estimated \$50,000 is needed to increase the existing actuarial contract which is administered under the Health Care Administration. The actuarial costs are needed to adjust capitation rates paid to managed care plans and county-based purchasing plans and amend the managed care contracts.

Systems costs: These systems changes are estimated to require 226 hours of work, and will have a cost of a total of \$19,086 for initial development. There is no ongoing support needed for this work. The fiscal note assumes an FFP of 29 percent for changes to the MMIS system. The total state share \$5,526 in FY 21. The following assumptions are made in regard to system changes:

- Estimated duration and earliest project completion date assumes the work is prioritized relative to other legislative and ongoing IT work. If enacted, the completion date of the proposed project(s) will be dependent on the totality of enacted legislative IT work and ongoing IT work.
- The total hours assumed in this fiscal note include the projected time required to complete systems work and a 20 percent contingency assumption to account for unforeseen business requirements in the development and implementation process.
- In addition to the initial development costs cited above, the systems changes required in this bill will result in increased ongoing maintenance and operations costs, estimated annually at 20 percent of the total initial development cost.

Expenditure and/or Revenue Formula

Section 1, 2, 3, 4: Expenditure and/or Revenue Formula

<u>Section 1 and 2: Increasing the PCA worker limit from 275 to 310 hours permanent(not including CSG or CDCS)</u>	FY 2021	FY 2022	FY 2023
PCA Base (State Share)	567,999,451	622,657,749	626,778,839
Percentage of spending for services provided by PCAs working 260-275 hours per month	8.1%	8.1%	8.1%
Total spending for services provided by PCAs working near the 275 hour limit	46,112,958	50,550,384	50,884,954
Percentage increase for remaining authorized time for individuals served by workers near the limit	7.2%	7.2%	7.2%
Cost of increase for remaining authorized time for individuals served by workers near the limit	3,330,932	3,651,466	3,675,633
Proportion of remaining authorization that would be used if those workers increase their time to the new limit	64%	64%	64%
Cost of remaining authorization that would be used if those workers increase their time to the new limit	2,130,078	2,335,054	2,350,509
Impact of over time rule on payroll budgets and other factors that affect the amount to time an individual is able to work	50%	50%	50%

Increase in spending as a result of increased limit	1,065,039	1,167,527	1,175,254
Implementation & Payment Effect, accounting for current waiver	88%	100%	100%
Total cost of increasing the limit	931,909	1,167,527	1,175,254
Enhanced FMAP impact	(24,859)		
Net State MA Cost of Section 1	907,050	1,167,527	1,175,254
<u>Section 3: Temporary allowance of personal care assistance compensation for services provided by a parent or spouse</u>	FY 2021	FY 2022	FY 2023
PCA Base (State Share)	567,999,451		
Percent of participants likely to use a parent or spouse	2.1%		
Percent increase in monthly payment due to additional use of authorization	5.9%		
Total cost for increased utilization	715,992		
Implementation & Payment Effect	13%		
Total cost of temporary allowance	89,499		
Enhanced FMAP impact	(3,820)		
Net State MA Cost of Section 3	85,679		
<u>Section 4: Temporary Rate increase for PCA</u>	FY 2021	FY 2022	FY 2023
PCA Base (including CSG and CDCS)	786,517,324		
Percentage Increase	15%		
Total cost from temporary increase	117,977,599		
Implementation & Payment Effect	13%		
Total cost from temporary increase after implementation and payment effect	14,747,200		
Enhanced FMAP impact	(609,919)		
Net State Cost of Section 4	14,137,281		
Interactive Effect Between Sections 1 and 3	1,143		
Interactive Effect Between Sections 1 and 4	136,057		
Interactive Effect Between Sections 3 and 4	12,852		
Total Net MA	15,280,063		

Systems for increasing the limit from 275-310	22,466	4,493	4,493
State Share Systems (MMIS 29%)	6,515	1,303	1,303
Systems for increasing rate 15%	19,056		
State Share Systems (MMIS 29%)	5,526		
Provider enrollment	9,572.00		
Admin for HCA actuarial	50,000		
Disability Services (.25 FTE) Level 11 for parent/spouse provision	\$30,809		
FFP (32%)	(28,922)		
State share Admin Cost	61,459		
Subtract MC FY20 to FY 21 (24% MC)	-		
Net State Cost	15,353,563	1,168,830	1,176,557

Summary:

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2020	FY2021	FY2022	FY2023
GF	33 LW	Medical Assistance LW	0	11,460	876	881
GF	33 ED	Medical Assistance ED	0	3,667	280	282
GF	34	Alternative Care	0	153	12	12
GF	13	Health Care Administration (HCA)- Actuarial costs	0	50	0	0
GF	13	Health Care Administration- Provider enrollment	0	10		
GF	15	Community Supports Administration- Disabilities Services Division	0	31	0	0
GF	REV1	FFP for HCA	-	(29)	-	-
GF	11	SystemMMIS 29% state share		12	1	1
		Total Net Fiscal Impact		15,354	1,169	1,176
		Full Time Equivalents	0	.25	0	0

Long-Term Fiscal Considerations

There are ongoing monthly costs for these provisions:

Section 1 and 2: Increasing the PCA worker monthly services limit from 275 to 310 hours: Ongoing costs will be about \$1.176 million a year. This is a permanent increase.

Section 3: If the peacetime emergency is extended, the temporary allowance of personal care assistance compensation for services provided by a parent or spouse would cost approximately \$60k per month.

Section 4: If the peacetime emergency is extended, the temporary rate increase for PCA, CSG, and CDCS would cost approximately \$10 million per month.

Local Fiscal Impact

References/Sources

May 2020 Budget Projection

CSA/CCOA Research

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