

HF9077 - 0 - PCA and Support Worker Requirements; Rate Increase

Chief Author: **Todd Lippert**
 Committee: **Health & Human Services Finance Division**
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 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) Dollars in Thousands	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	74,862	127,735	125,073
Total	-	-	74,862	127,735	125,073
Biennial Total			74,862	252,808	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	.5	-	-
Total	-	-	.5	-	-

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:** 7/14/2020 7:40:50 AM
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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 Dollars in Thousands	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	74,862	127,735	125,073
Total	-	-	74,862	127,735	125,073
Biennial Total			74,862		252,808
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	74,862	127,735	125,073
Total	-	-	74,862	127,735	125,073
Biennial Total			74,862		252,808
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

Sections 1 through 5:

- Increase the number of hours that personal care assistance (PCA) workers may provide service from 275 hours per month to 310 hours per month.
- Increase the number of hours that Community First Services and Support (CFSS) workers may provide service from 275 per month to 310 hours per month.
- Allow compensation for PCA services provided by a parent or spouse.

Section 6 of this bill provides a 15 percent increase in the rates and enhanced rates for the personal care assistance program.

Section 7 appropriates funds from this bill from the general fund to the Commissioner of Human Services.

Assumptions

Increasing the PCA and CFSS Worker Monthly Services Limit from 275 to 310 House

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

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) and 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 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. 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.

Changes are required to the claims functionality in the MMIS system to allow 310 hours instead of 275 hours for PCA workers. In addition, 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.

Permanently allowing personal care assistance compensation for services provided by a parent or spouse

This bill changes state statute to allow parents and spouses to provide paid PCA services. However, outside of a public health emergency or waiver, CMS is prohibited by law from approving this change for state plan PCA. Since this provision in the bill is effective upon federal approval, this fiscal note assumes it would not be implemented.

Rate increase for Personal Care Assistance

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 require the standard approval process for state plan amendments. Since this is a permanent change, this fiscal note assumes it would not go through the federal approval waiver process for COVID-related changes.

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 15 percent increase to rates and enhanced rates for direct support services provided through the PCA program.

Interactive Effects: There are some small interactive effects between the increase in the monthly worker limit and the rate increase in 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 take 90 days for federal approval and implementation. 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. Since this provision would be implemented in October, payments would not receive the federal enhanced match that is only available through September 30, 2020.

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. Since this is a permanent rate increase, it is assumed this work will continue through December 2020. It is assumed that this overtime will be the value of a .5 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
.50 FTE @ MAPE Level 1, step 10-time and a half	0	51,348	0	0
Fringe Benefits @ 30%- only on actual salary	0	10,270	0	0
Overhead @ \$14K up front and /\$1.3K per month per FTE-existing employee	0	0	0	0
Total Estimated Staffing Costs	0	61,618	0	0
FFP @ 32%		(19,718)		
Net cost		41,900	0	0

Actuarial costs: In addition under subdivision 3, the language directs managed care plans and county based purchasing plans to implement the 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: Implementing this rate increase will follow the standard operational process for PCA rate increases. There are no systems costs for this work.

Section 7: Appropriation: In section 7 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.

Expenditure and/or Revenue Formula

<u>Increasing the PCA worker limit from 275 to 310 hours permanently (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	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 increasing the limit	907,050	1,167,527	1,175,254
<u>15% Rate increase for PCA</u>	FY 2021	FY 2022	FY 2023
PCA Base (including CSG and CDCS)	786,517,324	842,612,502	824,800,081
Percentage Increase	15%	15%	15%
Total cost from temporary increase	117,977,599	126,391,875	123,720,012
Implementation & Payment Effect	63%	100%	100%
Total cost from temporary increase after implementation and payment effect	73,735,999	126,391,875	123,720,012
Net State MA cost of rate increase	73,735,999	126,391,875	123,720,012

Interactive effect between provisions	136,057	175,129	176,288
Total Net MA	74,779,107	127,734,531	125,071,555
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
Admin for HCA actuarial	50,000		
Disability Services (.50 FTE) for rate increase	\$61,618		
FFP (32%)	(35,718)		
State share Admin Cost	75,900		
Net State Cost	74,861,522	127,735,834	125,072,858

Summary

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2020	FY2021	FY2022	FY2023
GF	33 LW	Medical Assistance LW	0	56,084	95,801	93,804
GF	33 ED	Medical Assistance ED	0	17,947	30,656	30,017
GF	34	Alternative Care	0	748	1277	1251
GF	13	Health Care Administration (HCA)- Actuarial costs	0	50	0	0
GF	15	Community Supports Administration- Disabilities Services Division	0	62	0	0
GF	REV1	FFP for HCA	-	(36)	-	-
GF	11	SystemMMIS 29% state share		7	1	1
		Total Net Fiscal Impact		74,862	127,735	125,073
		Full Time Equivalent	0	.5	0	0

Long-Term Fiscal Considerations

This bill costs \$125 million in FY2023 and will have ongoing costs.

Local Fiscal Impact

References/Sources

May 2020 Budget Projection
 CSA/CCOA Research

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