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| Bill information: | |
| HB0646 - Establish a housing stability services program (Stafman, Ed) | |
| Status: | As Introduced |

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

| | <u>FY 2024 Difference</u> | <u>FY 2025 Difference</u> | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures: | | | | |
| General Fund | \$10,980,113 | \$7,359,249 | \$3,505,088 | \$3,866,372 |
| State Special Revenue | \$9,991 | \$9,375 | \$9,582 | \$9,790 |
| Federal Special Revenue | \$186,392 | \$37,823,368 | \$7,504,108 | \$7,617,864 |
| Revenue: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue | \$0 | \$0 | \$0 | \$0 |
| Federal Special Revenue | \$186,392 | \$37,823,368 | \$7,504,108 | \$7,617,864 |
| Net Impact-General Fund Balance: | <u>(\$10,980,113)</u> | <u>(\$7,359,249)</u> | <u>(\$3,505,088)</u> | <u>(\$3,866,372)</u> |

Description of fiscal impact: HB 646 requires the Department of Public Health and Human Services (DPHHS) (department) to implement a housing stability services program for eligible households. HB 646 requires the department to submit a waiver to receive Centers for Medicaid and Medicare (CMS) approval to cover these services under Medicaid for those eligible.

FISCAL ANALYSIS

Assumptions:

1. DPHHS and the Department of Commerce currently administer a housing program funded through temporary CARES and ARPA funds that provide similar supports as those listed in Section 1. This program is referred to as Housing Stability Services (HSS) in this fiscal note.
2. Section 1 (2) (a) (i) and (ii) set income eligibility for ongoing housing support services. The current HSS program has the same income eligibility threshold (up to 80% area median income) as identified in the bill. Currently, there are approximately 7,624 households that receive HSS services per year. The department assumes 635 households per month as the estimated number of households that will receive services under HB 646 (7,624 / 12 months = 635). Approximately 83% of households (527 per month) who have been

- approved for the current HHS program are estimated to be Medicaid eligible (income reported is less than 133% Federal Poverty Level (FPL).
3. To determine clients are eligible for this program and/or Medicaid, DPHHS 4.00 FTE client service coordinators positions would be required.
 - Personal services costs total \$245,927 in FY 2024 and \$246,678 in FY 2025. A 1.5% inflation factor for FY 2026 and FY 2027 have been applied.
 - Total one time only office set up for the 4 FTE is \$11,200.
 - Operating costs associated with the FTE is estimated at 3% of personal service costs.
 - Funding for the 4.00 FTE client service coordinators is 34.49% general fund, 3.69% state special revenue, and 61.82% federal funds.
 4. The information technology system used to process eligibility, CHIMES, will require an indicator button be added to the system that would allow for the household's information to be shared with the housing program established in this bill.
 - This contracted service cost would be \$6,250 (\$50 hours x \$125/hour).
 - Funding for the system enhancement is 34.49% general fund, 3.69% state special revenue, and 61.82% federal funds.
 5. The services included in Section 1 (1)(a),(b),(c),(d),(e),(g),(h),(i) are currently provided as part of the HSS program and require approximately 2.68 hours per month per household to provide. These are currently contracted services provided by the Human Resource Development Councils (HRDC) at a rate of \$75 per hour. Ongoing contracted services to establish this program costs \$1,531,620/year (\$75 x 2.68 hours/case x 635 households hours x 12 months). These are non-Medicaid services, so they are 100% general fund.
 6. Section 1(1)(f) establishes tenancy support services. The current HHS program provides approximately \$2,200 per month per household in rental support. The emergency services grant as part of the current HHS program, provides approximately \$500 per month per household. Based on these costs, DPHHS estimates the tenancy supports established in this bill to be \$1,200 per household per month. The total tenancy support payments per year is \$9,148,800 (\$1,200/month x 7,624 direct payments/year). These are non-Medicaid services, so they are 100% general fund.
 7. The HHS program currently pays all direct support payments through a Service Now system administered by the Department of Commerce. DPHHS assumes it will be able to use the same system at no cost to the department.
 8. The reporting requirements in Section 2 (b)(iii) will require data tracked through Homeless Management Information System (HMIS) for reduction in homelessness and recidivism. Grantees would be required to enter data in HMIS. The department assumes the same or a similar number of organizations will provide services requiring HMIS data tracking as those identified in assumption 4. Annual user fees for HMIS is estimated at \$10,000 based on current costs, resulting in a total annual cost of \$40,000 (\$10,000 x 4 contract service providers = \$40,000).
 9. Additional data tracking is required in section 2 (b)(i)(ii)(iii). The department tracks these elements for the existing HHS program using spreadsheets created at the household level. The reporting requirements in the bill will require manual data aggregation and would require 2.00 FTE data.
 - Personal services costs total \$142,230 in FY 2024 and \$142,680 in FY 2025. A 1.5% inflation factor for FY 2026 and FY 2027 have been applied.
 - Total one time only office setup costs for the 2.0 FTE data specialists is \$5,600.
 - Operating costs associated with the FTE is estimated at 3% of personal service costs.
 - Funding for the 2.00 FTE data specialists is 100% general fund.
 10. Housing benefits are not a service allowed through Medicaid State Plan; therefore, DPHHS assumes implementation of this bill will require a 1115 Demonstration Waiver through the CMS. Assuming a waiver application is submitted no later than January 1, 2024 as required by Section 2, the department assumes

approval and implementation effective on January 1, 2025. Medicaid funding for those who are eligible is calculated beginning January 1, 2025.

11. The 1115 waiver is a five-year approval from CMS. Based off past workload to implement and monitor current waivers, the DPHHS estimates and additional 0.50 FTE program specialist 1. The position will be responsible for drafting the waiver, leading public hearings, monitoring waiver requirements, collecting and analyzing waiver data, and completing quarterly reporting.
 - It is estimated that the position will cost \$38,024 in FY 2024, of which \$34,198 personal services, \$1,026 is operating, and \$2,800 in office setup. Total cost of the position for FY 2025 is \$35,334, \$36,311 in FY 2026 and \$36,909 in FY 2027.
 - These costs are Medicaid administrative services that receive Federal Medical Assistance Percentage (FMAP) of 50% general fund and 50% federal funds for personal services.
12. The department assumes that the following FMAPs will apply to eligible households: 33% of eligible Medicaid households are estimated to fall under the standard Medicaid FMAP (35.88% state special and 64.12% federal funds), the remaining 67% of households are estimated to fall under the Medicaid expansion FMAP (10% state special, 90% federal fund).
13. Beginning January 1, 2025, it is estimated that 527 of the eligible households will receive HB 646 services through Medicaid (635 households x .83 Medicaid eligible = 527 households) and that the average cost per household per month is \$1,401 in FY 2025 (\$75 x 2.68) + \$1,200). A 1.5% inflationary factor is applied in FY 2026 and FY2027 resulting in average cost per household per month of \$1,422 in FY 2026 and \$1,443 in FY 2027.
14. It is estimated that the Medicaid benefit expense will be \$4,429,962 in FY 2025, \$8,992,823 in FY 2026 and \$9,127,715 in FY 2027. FY 2025 (527 x 1401 x 6 = \$4,429,962) FY 2026 (527 x 1422 x 12 = \$8,992,823) FY 2027 (527 x 1443 x 12 = \$9,127,715).


| BENEFIT COSTS | FY 2024 | | First Half | 2nd Half | FY 2026 | | FY 2027 |
|----------------------------------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| | | | FY 2025 | FY 2025 | | | |
| # of eligible households | 635 | 635 | 635 | 635 | 635 | 635 | 635 |
| Estimated Medicaid | 0 | 0 | 0 | 527 | 527 | 527 | 527 |
| Average monthly cost (benefits) | \$ 1,401 | \$ 1,401 | \$ 1,401 | \$ 1,401 | \$ 1,422 | \$ 1,443 | \$ 1,443 |
| Non-Medicaid (100% General Fund) | \$ 10,675,620 | \$ 10,675,620 | \$ 5,337,810 | \$ 907,848 | \$ 1,842,931 | \$ 1,870,575 | \$ 1,870,575 |
| Medicaid | \$ - | \$ - | \$ - | \$ 4,429,962 | \$ 8,992,823 | \$ 9,127,715 | \$ 9,127,715 |
| Total Costs | \$ 10,675,620 | \$ 10,675,620 | \$ 5,337,810 | \$ 5,337,810 | \$ 10,835,754 | \$ 10,998,291 | \$ 10,998,291 |
| Est % of Trad Med | 0.33 | | | \$ 1,461,887 | \$ 2,967,632 | \$ 3,012,146 | \$ 3,012,146 |
| Est % of EXP | 0.67 | | | \$ 2,968,075 | \$ 6,025,191 | \$ 6,115,569 | \$ 6,115,569 |
| Traditional Medicaid | | | | | | | |
| General Fund | 35.88% | | | \$ 524,525 | \$ 1,064,786 | \$ 1,080,758 | \$ 1,080,758 |
| Federal Fund | 64.12% | | | \$ 937,362 | \$ 1,902,845 | \$ 1,931,388 | \$ 1,931,388 |
| Total | | | | \$ 1,461,887 | \$ 2,967,631 | \$ 3,012,146 | \$ 3,012,146 |
| Medicaid Expansion | | | | | | | |
| General Fund | 10% | | | \$ 296,808 | \$ 602,519 | \$ 611,557 | \$ 611,557 |
| Federal Fund | 90% | | | \$ 2,671,268 | \$ 5,422,672 | \$ 5,504,012 | \$ 5,504,012 |
| Total | | | | \$ 2,968,076 | \$ 6,025,191 | \$ 6,115,569 | \$ 6,115,569 |
| Total Medicaid | | | | | | | |
| General Fund | | | | \$ 821,333 | \$ 1,667,305 | \$ 1,692,315 | \$ 1,692,315 |
| Federal Fund | | | | \$ 3,608,630 | \$ 7,325,517 | \$ 7,435,400 | \$ 7,435,400 |
| Total | | | | \$ 4,429,963 | \$ 8,992,822 | \$ 9,127,715 | \$ 9,127,715 |

| | <u>FY 2024</u> <u>Difference</u> | <u>FY 2025</u> <u>Difference</u> | <u>FY 2026</u> <u>Difference</u> | <u>FY 2027</u> <u>Difference</u> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>Fiscal Impact:</u> | | | | |
| FTE | 6.50 | 6.50 | 6.50 | 6.50 |
| <u>Expenditures:</u> | | | | |
| Personal Services | \$422,355 | \$423,663 | \$433,016 | \$442,461 |
| Operating Expenses | \$78,521 | \$52,709 | \$53,007 | \$53,273 |
| Benefits | \$10,675,620 | \$10,675,620 | \$10,835,754 | \$10,998,291 |
| TOTAL Expenditures | \$11,176,496 | \$11,151,992 | \$11,321,777 | \$11,494,025 |
| <u>Funding of Expenditures:</u> | | | | |
| General Fund (01) | \$10,980,113 | \$7,359,249 | \$3,508,088 | \$3,866,372 |
| State Special Revenue (02) | \$9,991 | \$9,375 | \$9,582 | \$9,790 |
| Federal Special Revenue (03) | \$186,392 | \$3,783,368 | \$7,504,108 | \$7,617,864 |
| TOTAL Funding of Exp. | \$11,176,496 | \$11,151,992 | \$11,021,778 | \$11,494,026 |
| <u>Revenues:</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$0 | \$0 | \$0 | \$0 |
| Federal Special Revenue (03) | \$186,392 | \$3,783,368 | \$7,504,108 | \$7,617,864 |
| TOTAL Revenues | \$186,392 | \$3,783,368 | \$7,504,108 | \$7,617,864 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | | | |
| General Fund (01) | (\$10,980,113) | (\$7,359,249) | (\$3,508,088) | (\$3,866,372) |
| State Special Revenue (02) | (\$9,991) | (\$9,375) | (\$9,582) | (\$9,790) |
| Federal Special Revenue (03) | \$0 | \$0 | \$0 | \$0 |

Technical Notes:

1. This fiscal note is contingent upon approval of a Medicaid demonstration waiver for the new Housing Stability Services by the Centers of Medicare and Medicaid (CMS). If a waiver is not approved by January 1, 2025, the general fund cost stated in this fiscal note would be understated, and the federal fund cost overstated.

NOT SIGNED BY SPONSOR

| | | | |
|---------------------------|-------------|--|-------------|
| | |  | 2-24-23 |
| <i>Sponsor's Initials</i> | <i>Date</i> | <i>Budget Director's Initials</i> | <i>Date</i> |