



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
SB0296 - Revise nursing home and/or assisted living funding (Beard, Becky)	
Status:	As Amended in Senate Committee

- | | | |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> 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	(\$446,698)	(\$965,286)	(\$1,004,849)	(\$1,046,785)
Federal Special Revenue	\$2,454,862	\$5,022,895	\$5,226,713	\$5,442,266
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$2,454,862	\$5,022,895	\$5,226,713	\$5,442,266
Net Impact-General Fund Balance:	\$446,698	\$965,286	\$1,004,849	\$1,046,785

Description of fiscal impact: SB 296, as amended, directs the Department of Public Health and Human Services (DPHHS) (department) to transfer assisted living individuals from the Home and Community Based Services (HCBS) Big Sky Waiver (BSW) to Community First Choice (CFC).

FISCAL ANALYSIS

Assumptions:

Assisted Living

1. Section 2 of the bill directs the department to apply for a state plan amendment no later than January 1, 2024 to make assisted living facility services, currently covered under a 1915(c) Waiver (Big Sky Waiver), a service covered under Community First Choice, which is a state plan service.
2. For the purposes of this fiscal note, the department assumed an inflationary factor of 1.5% for FY 2026 and FY 2027.
3. There are currently 856 individuals receiving assisted living facility services as part of the HCBS Big Sky Waiver program. Under SB 296, these individuals would now be eligible to receive these services under the CFC State Plan, current funding for federal participation under CFC is 70.12%, 6% higher than the standard

Federal Medical Assistance Percentage (FMAP). Movement from the BSW to CFC would result in general fund savings.

- Currently there are 146 individuals on a waiting list for assisted living services under the BSW. DPHHS assumes these individuals would now qualify to receive assisted living services under CFC resulting in additional cost.

The table below reflects the fiscal impact of moving current BSW individuals and assisted living facility (ALF waiting list individuals to CFC (assumptions 3 & 4)

TABLE 1

Assumption #3 - Current ALF	2023	2024	2025	2026	2027
# Current Individuals in ALF	856	886	909	933	957
Caseload Growth		3.53%	2.59%	2.59%	2.59%
Service cost per day	\$ 104.31	\$ 104.31	\$ 104.31	\$ 105.87	\$ 107.46
Inflation Factor				1.50%	1.50%
# days per year		182	365	365	365
Annual cost		\$ 16,824,312	\$ 34,614,959	\$ 36,044,158	\$ 37,532,368
CFC FMAP					
State Share	29.88%	30.09%	29.88%	29.92%	29.92%
Federal Share	70.12%	69.91%	70.12%	70.08%	70.08%
State Share		\$ 5,062,435	\$ 10,342,950	\$ 10,784,412	\$ 11,229,684
Federal Share		\$ 11,761,876	\$ 24,272,009	\$ 25,259,746	\$ 26,302,683
Total Cost		\$ 16,824,312	\$ 34,614,959	\$ 36,044,158	\$ 37,532,368
Regular FMAP					
State Share	35.88%	36.09%	35.88%	35.92%	35.92%
Federal Share	64.12%	63.91%	64.12%	64.08%	64.08%
State Share		\$ 6,071,894	\$ 12,419,847	\$ 12,947,062	\$ 13,481,626
Federal Share		\$ 10,752,418	\$ 22,195,112	\$ 23,097,097	\$ 24,050,741
Total Cost		\$ 16,824,312	\$ 34,614,959	\$ 36,044,158	\$ 37,532,368
State Share difference		\$ (1,009,459)	\$ (2,076,898)	\$ (2,162,650)	\$ (2,251,942)
Federal Share difference		\$ 1,009,459	\$ 2,076,898	\$ 2,162,650	\$ 2,251,942
Assumption #4 - Waiting List					
# currently on waiting list	146	151	155	159	163
Caseload Growth		3.53%	2.59%	2.59%	2.59%
Service cost per day	\$ 104.31	\$ 104.31	\$ 104.31	\$ 105.87	\$ 107.46
# days per year		182	365	365	365
Cost per individual per year		\$ 2,869,567	\$ 5,903,953	\$ 6,147,719	\$ 6,401,549
CFC FMAP					
		2024	2025	2026	2027
State Share		30.09%	29.88%	29.92%	29.92%
Federal Share		69.91%	70.12%	70.08%	70.08%
State Share		\$ 863,453	\$ 1,764,101	\$ 1,839,397	\$ 1,915,343
Federal Share		\$ 2,006,114	\$ 4,139,852	\$ 4,308,321	\$ 4,486,205
Additional cost to CFC Program		\$ 2,869,567	\$ 5,903,953	\$ 6,147,719	\$ 6,401,549
Total State Share Impact		\$ (146,006)	\$ (312,796)	\$ (323,252)	\$ (336,599)
Total Federal Share Impact		\$ 3,015,573	\$ 6,216,750	\$ 6,470,971	\$ 6,738,147
Total Cost 3 & 4		\$ 2,869,567	\$ 5,903,953	\$ 6,147,719	\$ 6,401,549

- There are currently approximately 70 individuals who are waiting for other services under the BSW. DPHHS assumes these 70 individuals would now receive services due to the transfer of BSW assisted living

individuals to CFC. The department assumes caseload growth of 3.53% in FY 2024 and 2.59% in FY 2025, FY 2026, and FY 2027.

TABLE 2

	2023	2024	2025	2026	2027
# individuals	70	72	74	76	78
Caseload growth		3.53%	2.59%	2.59%	2.59%
Inflationary Factor				1.50%	1.50%
Average slot cost/year	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,375	\$ 25,756
Cost		\$ 905,888	\$ 1,858,700	\$ 1,935,443	\$ 2,015,354
SFY24 only 1/2 of year					
Standard FMAP	2023	2024	2025	2026	2027
State Share		36.09%	35.88%	35.92%	35.92%
Federal Share		63.91%	64.12%	64.08%	64.08%
Standard FMAP					
State Share		\$ 326,935	\$ 666,902	\$ 695,211	\$ 723,915
Federal Share		\$ 578,953	\$ 1,191,798	\$ 1,240,232	\$ 1,291,439
Cost		\$ 905,888	\$ 1,858,700	\$ 1,935,443	\$ 2,015,354

- Under CFC State Plan, Case Management Services, currently provided under the HCBS BSW, would no longer be available. This would result in a general fund savings.

TABLE 3

Reduction for Waiver Case Management Services					
	2023	2024	2025	2026	2027
ALF Case management - Current	856	886	909	933	957
Caseload Growth		3.53%	2.59%	2.59%	2.59%
CM Daily Rate	\$11.38	\$ 11.38	\$ 11.38	\$ 11.55	\$ 11.72
Inflation Factor				1.50%	1.50%
# days per year		183	365	365	365
Annual cost of CM services for ALF individuals		1,840,539	3,775,713	3,933,533	4,095,238
Regular FMAP	2023	2024	2025	2026	2027
State Share	35.88%	36.09%	35.88%	35.92%	35.92%
Federal Share	64.12%	63.91%	64.12%	64.08%	64.08%
Case management savings					
State Share		(664,251)	(1,354,726)	(1,412,925)	(1,471,009)
Federal Share		(1,176,289)	(2,420,987)	(2,520,608)	(2,624,229)

- Benefit calculations are as follows:

- FY 2024 Table 1 + Table 2 + Table 3 (\$2,869,567 + \$905,888 - \$1,840,539 = \$1,934,916.
- FY 2025 Table 1 + Table 2 + Table 3 (\$5,903,953+ \$1,858,700 - \$3,775,713= \$3,986,940.
- FY 2026 Table 1 + Table 2 + Table 3 (\$6,147,719 + \$ 1,935,443 - \$3,933,533 = \$4,149,629.
- FY 2027 Table 1 + Table 2 + Table 3 (\$6,401,549 + \$2,015,354 - \$4,095,238 = \$4,321,665.

8. There are currently 20 individuals receiving assisted living services under the Money Follows the Person (MFP) grant. It is assumed after a year these individuals would transition to CFC services; the fiscal impact of this change is assumed to be minimal.
9. The department estimates an additional 1.0 FTE program specialist 1 position will be needed based on past workload experience in implementing and monitoring state plans as well as the additional workload associated with changes in the claim processes for BSW to CFC. CFC has a quality component that must be met to achieve Medicaid match. Assisted living services under CFC require the monitoring of federal setting requirements. Facilities must meet thresholds that are higher than current state assisted living licensing laws. Routine review of facilities, review of new providers, on-site evaluations, and preparations for emergent transfers of residents due to violations will require additional staff time. The program specialist 1 will be responsible for:
 - Drafting the state plan amendment
 - Collecting and analyzing data
 - Completing reporting requirements
 - Completing quarterly reporting
 - Routine review of facilities
 - Review of new providers
 - On-site evaluations
 - Preparations for emergent transfer of residents due to violations
10. It is estimated that in FY 2024, the program specialist 1 position will cost \$73,248 of which \$68,396 is personal services, \$2,052 is operating and \$2,800 is OTO. New office equipment for the employee is \$2,800 in FY 2024. Operating costs associated with the FTE is estimated at 3% of personal service costs.

	<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	1.00	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services	\$68,396	\$68,611	\$70,131	\$71,666
Operating Expenses	\$4,852	\$2,058	\$2,104	\$2,150
Benefits	1,934,916	3,986,940	4,149,629	4,321,665
TOTAL Expenditures	\$2,008,164	\$4,057,609	\$4,221,864	\$4,395,481
<u>Funding of Expenditures:</u>				
General Fund (01)	(\$446,698)	(\$965,286)	(\$1,004,849)	(\$1,046,785)
Federal Special Revenue (03)	\$2,454,862	\$5,022,895	\$5,226,713	\$5,442,266
TOTAL Funding of Exp.	\$2,008,164	\$4,057,609	\$4,221,864	\$4,395,481
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$2,454,862	\$5,022,895	\$5,226,713	\$5,442,266
TOTAL Revenues	\$2,454,862	\$5,022,895	\$5,226,713	\$5,442,266
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$446,698	\$965,286	\$1,004,849	\$1,046,785
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Notes:

1. Section 1 will significantly increase client obligations to assisted living facilities. Current Medicaid eligible individuals pay \$545 per month to the facility. Under Section 1 this will increase by approximately 49% to \$814 effective July 1, 2023.
2. The fiscal impact assumes CMS approval of a state plan amendment to add assisted living facilities as a covered service.
3. Section 2 directs DPHHS to apply for a state plan amendment no later than January 1, 2024 to make assisted living services currently covered under the Big Sky Waiver a service covered under the Community First Choice option available under the Medicaid program. However, including assisted living in CFC opens the service to any individual who is Medicaid eligible and meets nursing facility level of care. Additionally, individuals receiving waiver services or on the wait list for Severe Disabling Mental Illness (SDMI) or 0208 funded assisted living services would qualify for CFC reimbursement. These possible related costs are not included in this fiscal note.
4. CFC eligibility is to include spousal impoverishment. This would need to be added to the state plan amendment for all assisted living clients to successfully transfer from the Big Sky Waiver to CFC.
5. Current staffing shortages in assisted living facilities could impact costs and implementation.

B. Brand

Sponsor's Initials

4-7-23

Date

AD

Budget Director's Initials

4-6-23

Date