

Department of Planning and Budget 2005 Fiscal Impact Statement

- 1. Bill Number:** HB 1557
- House of Origin** ☒ Introduced ☐ Substitute ☐ Engrossed
- Second House** ☐ In Committee ☐ Substitute ☐ Enrolled
- 2. Patron:** Harry R. Purkey
- 3. Committee:** Health, Welfare, and Institutions
- 4. Title:** Social services; Virginia Caregivers Grant
- 5. Summary/Purpose:** Increases the grant available to a caregiver of a mentally or physically impaired relative from \$500 to \$3,000 if the caregiver can provide appropriate documentation that without such care, the relative would be domiciled in a nursing facility. Under this program, grants are paid to the caregiver during the year immediately following the calendar year in which the care was provided. Grants from this fund shall not exceed the amount appropriated by the General Assembly to the Virginia Caregivers Grant Fund.
- 6. Fiscal impact is preliminary (see item 8)**
- 7. Budget amendment necessary:** No
- 8. Fiscal implications:** The Virginia Caregiver Grant program received an initial appropriation of \$1.5 million in FY 2000. After which the program received \$100,000 for FY 2004 and an additional \$50,000 in each year (for a total of \$150,000 each year) of the 2004-06 biennium. In FY 2000, 3,531 applications were submitted, 2,961 of which were approved. The appropriation was insufficient to pay the entire \$500 amount to each approved caregiver; therefore, a partial grant payment of \$318 was made to eligible caregivers. No payments were made between FY 2001 and FY 2003 since no funding was appropriated. The following table summarizes the Caregiver Grant program's statistics since its inception, however statistics for FY 2004 will not be available until after May 1, 2005.

	FY 2000	FY 2001	FY 2002	FY 2003	TOTAL
Unduplicated Applications	3,531	2,749	1,302	8	7,590
Approved Applications	2,961	2,576	1,178	8	6,723
Amount Paid (per application)	\$318	\$0	\$0	\$0	
Total Amount Paid	\$941,598	\$0	\$0	\$0	\$941,598
Unpaid Amount	\$538,902	\$1,288,000	\$589,000	\$4,000	\$2,419,912

As written, this legislation would not have a direct fiscal impact on the amount of dollars needed to provide caregiver grants since grants cannot exceed the program's appropriation. However, the bill would have an impact on the administrative costs in the Department of Social Services (DSS.)

There is no clear method of estimating the number or type of additional applications this legislation will generate. Based on historical trends, the amount of funding appropriated to the Caregiver Grant Fund, i.e., the amount of dollars available for grants, is a key factor. Initially the program received over three thousand applications, but this number dropped once the expectation of receiving a grant was eliminated. The potential for higher grants (six times larger than the existing award) is likely to swell interest in the Caregiver Grant program, thereby increasing the number of inquiries and applications received by DSS. It is estimated that DSS could receive four to six thousand applications if this legislation passes and additional funds are provided.

The bill requires that the applying caregiver “demonstrate and provide appropriate documentation satisfactory to the department that without such care the impaired relative would be domiciled in a nursing facility.” However, the existing definition of “appropriate documentation” is not thorough enough for the department to make a determination as to whether nursing home placement is being avoided. Therefore, the department would require that all applicants for the \$3,000 award undergo the existing pre-admission screening that is used to determine eligibility for nursing facility placement. No matter how much total funding is available for grants, the department anticipates screening all \$3,000 applicants with this tool.

The department maintains that existing staff within its adult services program is fully utilized and cannot absorb the workload associated with reviewing thousands of additional applications. Since this legislation is scheduled to sunset December 31, 2005 temporary staff would be hired. The preliminary cost estimate for a wage employee is about \$35,000 and the department would need about eight additional employees to meet the expected workload. Therefore, the projected administrative need would be \$280,000, 20 percent of which would be funded locally. Again, this estimate is highly preliminary since assumptions are based on 2000¹ data and there is no way of knowing how many additional applications will be received.

9. Specific agency or political subdivisions affected:
Department of Social Services

10. Technical amendment necessary: No

11. Other comments: Again, there is no clear way to estimate the number or type of grant applications, therefore the exact cost of fully funding the Caregiver Grant program cannot be calculated. However, a rough idea of the program’s total price can be developed. Assuming the department received five thousand grant applications (a midpoint within the estimated range) and 80 percent were approved (based on FY 2000 experience) the department could provide up to four thousand awards. The cost to fully fund the grant program would be about \$2.0 million if all grants were for \$500 awards; however the cost would increase to over \$5.0 million if only 30 percent of the applicants were deemed eligible for a nursing home.

¹ FY 2000 performance is being cited since that was the last year of available data where funding was appropriated and citizens had a reasonable expectation of receiving a grant award.

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cc: Secretary of Health and Human Resources