

Department of Planning and Budget 2005 Fiscal Impact Statement

1. Bill Number: HB 2124

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Eisenberg

3. Committee: General Laws

4. Title: Congregate housing services pilot program for frail elderly individuals.

5. Summary/Purpose: The bill directs the Department for the Aging to establish a four-year pilot congregate housing services program for frail elderly individuals in at least four areas of the Commonwealth. The department is authorized to enter into contracts with qualified housing projects to establish the congregate housing services programs. The department, in consultation with the Virginia Department of Housing and Community Development, shall develop criteria for the selection of pilot areas, which shall include an assessment of the qualified housing project's proposal for the congregate housing services program and the area's plan for the community involvement, including the involvement of the area agency on aging, the local department of social services, and the local department of housing.

The department shall submit to the House and Senate Committees on General Laws a report outlining the plan for congregate housing services for frail elderly individuals by November 1, 2005, and operationalize the plan by March 1, 2006. The qualified housing project shall specify the type and priorities of the supportive services it will provide during the term of the contract and such services shall be related to the needs and characteristics of the residents. The qualified housing project shall establish a fee schedule for each supportive service and residents shall contribute financially toward the cost of services, according to their ability to pay based on their income. Any fees charged shall not exceed the cost of providing the services. The Department shall determine an individual's eligibility for the congregate housing services program and the services subsidy, i.e., the sum necessary to provide supportive services to an eligible participant in excess of that individual's ability to pay for services, to be paid by the department.

The bill has a second enactment clause that sets July 1, 2009 as the date that the provisions of the bill shall expire.

6. Fiscal Impact Estimates are: Preliminary. SEE ITEM 8.

7. Budget amendment necessary: Yes. Item 301.

- 8. Fiscal implications:** Based on information from the Department for the Aging, the pilot program will cost approximately \$2,663,980 a year (an additional \$12,000 would be needed the first year for one-time costs detailed below). Since the program does not go into effect until March 1, 2006, the FY 2006 costs would only cover four months (\$888,000). Assuming the four pilot sites house about 200 residents total, the cost of the pilot program would be \$13,600 per resident on an annual basis (which is much less compared to the average cost of an assisted living facility).

The impact assumes that each of the four pilot sites will need to hire a site staff person to coordinate supportive services for the residents. The cost of each site staff person is expected to be about \$45,000 in salary, \$13,000 (30% of salary) for fringe benefits and \$3,000 per year for ongoing costs (i.e. for office space, supplies, printing, support, travel, etc.) An additional \$3,000 per staff person is assumed the first year as a one-time cost for computers and furniture.

For supportive services, \$562,000 is requested for each pilot (i.e.: meals, transportation, personal care, housekeeping and money management) for approximately 50 residents. The cost to the average resident to provide these services directly is \$11,238 as indicated in the table below. Adding in the cost of the site coordinator, the cost would be approximately \$665,000. However, since the services would be provided onsite, there is an opportunity to reduce the costs further. Therefore, this estimate is for \$562,000 per site for services.

<i>Service</i>	<i>Rate per Unit</i>	<i>Description</i>	<i>Units of Service Per Week</i>	<i>Weekly Cost</i>	<i>Total</i>
Home Delivered Meals	\$3.99	per meal	21	\$83.79	
One-Way Trips	\$8.89	per one-way trip	2	\$17.78	
Personal Care	\$17.83	per hour	4	\$71.32	
Money Management	\$43.23	per hour	1	\$43.23	
Total Per Client				\$216.12	
Number of Weeks Per Year					x 52
Amount Per Resident Per Year					\$11,238
Number of Residents					x 50
Amount Per Site for Services					\$561,900
Site Coordinator					\$61,000
AAA Administration Costs - 5% of services					\$28,095
Total Amount Per Site					\$650,995
Number of Sites					x 4
Sub-Total					\$2,603,980
VDA administration & project evaluation					\$60,000
Total Project Cost					\$2,663,980

Included in the fiscal impact is approximately \$28,095 or five percent of the service costs for each of the four Area Agencies on Aging (AAA) to administer the pilot program (including the determination of an individual's eligibility for the congregate housing program and the subsidy for supportive services, which the Department for the Aging will contract with the AAAs to handle locally). Another \$60,000 is estimated for the costs of the Department for the Aging to administer the overall program, monitor and provide technical assistance and to contract for an evaluation. The actual services provided and cost in each of the four sites will vary, and will be determined by the proposals submitted to the Department for the Aging.

The bill requires that each congregate housing project establish a fee schedule for each supportive service based on each resident's ability to pay. The fees cannot exceed the costs of providing the service. If the resident's ability to pay does not cover the cost of the service then the Department for the Aging must cover the difference. This fiscal impact, as indicted above includes the full costs of providing supportive services to an assumed 200 residents at four pilot housing projects. Without knowing the financial means of any of the potential residents it is not possible to determine how much revenue would be generated to cover the costs of any of the supportive services provided and thus this fiscal impact assumes the total costs of the services to be paid for by the state.

The Department of Housing and Community Development, which only has a consultation role, estimates no fiscal impact to the department.

9. Specific agency or political subdivisions affected: Virginia Department for the Aging, local Area Agencies on Aging, and the Department of Housing and Community Development.

10. Technical amendment necessary: No.

11. Other comments: None.

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cc: Secretary of Health and Human Resources