

Department of Planning and Budget

2006 Fiscal Impact Statement

1. Bill Number HB 66

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Purkey, Harry R.

3. Committee Health, Welfare and Institutions

4. Title Caregivers Grant Program; applicability to a physically or mentally handicapped person

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. Grants from this fund shall not exceed the amount appropriated by the General Assembly to the Virginia Caregivers Grant Fund. The Virginia Caregivers Grant Program will sunset on December 31, 2010.

6. Fiscal impact estimates are preliminary (see item 8)

7. Budget amendment necessary: No

8. Fiscal implications: The Virginia Caregivers Grant Program received an initial appropriation of \$1.5 million in FY 2000. After which the program received \$100,000 for FY 2004, \$150,000 for FY 2005, and \$350,000 for FY 2006. 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 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. However, payments in the amount of \$500 were made in FY 2005. The following table summarizes the Caregiver Grant Program's statistics since its inception.

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Grand Total
Unduplicated Applications	3,531	2,749	1,302	8	0	858	8,448
Approved Applications	2,961	2,576	1,178	8	0	811	7,534
Amount Paid (per application)	\$318	\$0	\$0	\$0	\$0	\$500	
Total Amount Paid	\$941,598	\$0	\$0	\$0	\$0	\$405,500	\$1,347,098
Unpaid Amount	\$538,902	\$1,288,000	\$589,000	\$4,000	\$0	\$0	\$2,419,902

As written, and in the absence of an accompanying budget amendment, 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 Caregivers 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 Caregivers 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 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. The adult services program unit would require two additional classified employees to conduct research, coordinate resources, analyze, and interpret data, as well as report information relative to the objectives of this bill. The additional staff will include a Human Services Program Consultant and a Program Specialist III. The Human Services Program Consultant will review and approve applications, return calls from the toll-free hotline, coordinate resources, conduct research, interpret and analyze data, and compile reports. The Program Specialist III will provide clerical support by gathering data, typing, filing, copying, placing telephone calls, preparing mass mailings, etc. The preliminary salary and benefits cost estimate for two classified employees would total \$110,432. Funds to cover routine operating cost of telephone, supplies, and rent, are estimated at \$15,140, while one-time costs totaling \$13,000 are included for furniture and machines.

Additional funding will also be required in order to perform the pre-admission screening necessary to determine if an adult is eligible for nursing facility placement. Pre-admission screenings are performed by an interdisciplinary team, including Health Department nurses and physicians and local department of social services (LDSS) workers. The Department of Medical Assistance Services reimburses local departments of social services \$15.50 per screening. Local health departments are reimbursed \$51.75. Assuming that the department receives 5,000 applications (the midpoint within the estimated range of 4000 – 6000 applications), it is estimated that 5,000 pre-admission screenings will be administered. The

LDSS reimbursement would be \$77,500 (5,000 screenings x \$15.50 = 77,500) and the health department reimbursement would be \$258,750.

Based on previous studies, it takes from 2.95 to 4.2 hours to complete a screening. Assuming 3 hours per screening, a total of 15,000 work hours is required for LDSS workers to screen 5000 applicants. Department of health workers would also spend 15,000 hours administering the pre-admission screenings. Using department caseload standards, 11 additional classified employees would be required at an average salary of \$33,679. The estimated cost for these additional local service workers would be \$677,295 (including one-time costs) for FY 2007 and \$605,765 each year thereafter, 20 percent of which would be funded locally. Additional staff would probably be needed for local health departments as well. 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: None

Date: 01/17/06

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cc: Secretary of Health and Human Resources

¹ Performance in FY 2000 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.