

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB 675

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

2. Patron: Peace, Christopher K.

3. Committee: Appropriations

4. Title: Auxiliary grants; extends eligibility, supportive housing

5. Summary: The substitute bill extends eligibility for auxiliary grants to include individuals residing in supportive housing, provided that the supportive housing provider has entered into an agreement for the provision of supportive housing with the Department of Behavioral Health and Developmental Services. The bill establishes requirements for providers of supportive housing that enter into agreements with the department. The proposal also contains an enactment clause that limits the number of auxiliary grant recipients in a supportive housing setting to 60.

6. Budget Amendment Necessary: Yes. The expenditure impact in Item 7 reflects the total cost, in both Auxiliary Grant (AG) and Medicaid programs, of implementing the proposed legislation. However, based on an analysis of AG grant spending, the Department for the Aging and Rehabilitative Services (DARS) indicates that there is sufficient general fund appropriation included in the introduced budget to cover the additional general fund cost (\$359,510) of providing AG payments to the capped population (60 individuals). This is due to the fact that the AG program census is expected to continue to fall even below that which was budgeted in the introduced bill. However, the additional cost to Medicaid cannot be similarly assumed. Since the Medicaid cost for the AG population is included in the overall forecast of Medicaid expenditures, it is assumed that the declining Medicaid cost of the AG population was reflected in the forecast and appropriated in the introduced budget.

Therefore a budget amendment is necessary to cover the annual Medicaid portion of cost (\$286,943 general fund) associated with this bill.

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact: (See Item 6)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016	-	-	-
2017	\$646,453	-	General
	\$286,943	-	Federal
2018	\$646,453	-	General
	\$286,943	-	Federal
2019	\$646,453	-	General
	\$286,943	-	Federal

2020	\$646,453	-	General
	\$286,943		Federal
2021	\$646,453	-	General
	\$286,943		Federal
2022	\$646,453	-	General
	\$286,943		Federal

- 8. Fiscal Implications:** The proposed legislation expands the settings under which an individual can reside and be eligible for an Auxiliary Grant (AG) payment. The bill specifically expands eligibility for the AG program to include individuals residing in supportive housing. Currently, the AG program provides supplements to income for recipients of Supplemental Security Income (SSI) and certain other aged, blind, or disabled individuals residing in a licensed assistant living facility or an approved adult foster home. Any changes to the settings under which an individual lives and receives an AG payment must be approved by the Social Security Administration (SSA) as there is a Maintenance of Effort (MOE) provision that must be met in order for the program to be compliant with SSA rules. Failure to meet MOE requirements can jeopardize funding for the entire Medicaid program, potentially putting over \$4.0 billion of federal matching funds for the Medicaid program at risk. The following assumes that MOE requirements are met and SSA approval is granted.

Auxiliary Grant

It is assumed that AG payments would increase due to an additional setting being made eligible. However, the seventh enactment clause limits this increase as spending on the new supportive housing setting is capped at 60 individuals. The Department of Behavioral Health and Developmental Services (DBHDS) estimates that approximately five percent, or three of the 60 individuals, placed in a supportive housing setting would be already receiving an AG payment. Therefore, it is assumed that the bill's provisions would add 57 individuals to the AG program. The Department of Social Service (DSS) estimates the average monthly payment, including the personal care allowance, for this group of AG participants to be \$657. AG payments are funded with 80 percent general fund and 20 percent local funds. Based on this, AG payments are estimated to increase by \$449,388 (\$359,510 general fund) annually.

Medicaid

When individuals qualify for an AG grant, they receive automatic eligibility for Medicaid. Therefore, based on the DBHDS data, referenced above, the bill could provide Medicaid eligibility for up to 57 individuals. However, it is further assumed that a portion of these new clients are already receiving Medicaid. Based on DBHDS data, it is assumed that approximately 60 percent of the new AG population (57 individuals) is currently enrolled in Medicaid. Therefore, has estimated that the bill's provisions would add Medicaid coverage to 34 new individuals. The Department of Medical Assistance Services (DMAS) reports that in FY 2015, the average cost per AG member was \$16,879 per year. Therefore, the impact on Medicaid would be \$573,886 (\$286,943 general fund) a year.

Administrative Costs

The bill would increase the administrative workload on DARS, DBHDS and local departments of social services. However, as the bill caps the population at 60, all agencies should be able to handle these responsibilities within existing resources.

9. Specific Agency or Political Subdivisions Affected:

Department for Aging and Rehabilitative Services

Department of Social Services

Department of Medical Assistance Services

Department of Behavioral Health and Developmental Services

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/31/16