

## Department of Planning and Budget 2021 Special Session 1 Fiscal Impact Statement

1. **Bill Number:** HB2032

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

2. **Patron:** Gooditis

3. **Committee:** Commerce and Labor

4. **Title:** Employment; domestic service.

5. **Summary:** Provides that individuals who are engaged in providing domestic service are not excluded from employee protection laws and the Virginia Workers' Compensation Act.

6. **Budget Amendment Necessary:** Yes. Item 313, HB1800/SB1100

7. **Fiscal Impact Estimates:** Preliminary. See item 8.

7a. **Expenditure Impact:** Department of Medical Assistance Services

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021	N/A	N/A	N/A
2022	\$11,752,047	0.0	GF
2022	\$12,178,345	0.0	NGF
2023	\$13,408,017	0.0	GF
2023	\$13,894,384	0.0	NGF
2024	\$14,078,418	0.0	GF
2024	\$14,589,104	0.0	NGF
2025	\$14,782,339	0.0	GF
2025	\$15,318,559	0.0	NGF
2026	\$15,521,456	0.0	GF
2026	\$16,084,487	0.0	NGF
2027	\$16,297,528	0.0	GF
2027	\$16,888,711	0.0	NGF

8. **Fiscal Implications:** It is anticipated that any fiscal impact on the Department of Labor and Industry as a result of this bill can be absorbed within existing resources. The Workers' Compensation Commission anticipates that this bill will cause an indeterminate increase in the number of workers' compensation claims in Virginia, but will not have a significant financial impact upon the Commission unless the claims become the liability of the Uninsured Employer's Fund.

The Department of Medical Assistance Services (DMAS) anticipates this amended legislation would have a fiscal impact on Medicaid and Child Health Insurance Programs (CHIP) as it would increase the cost of consumer directed attendant care. In the consumer directed model of care, the member selects their personal care, respite or companion care attendants and DMAS pays for the wages of the attendant plus appropriate employer taxes and benefits.

The proposed legislation would require member employers to cover worker compensation benefit for their attendants. As DMAS pays for the employer taxes and benefits this increase would be paid by DMAS through higher billable rates. Based on estimates provided by managed care organizations and their fiscal employer agents, DMAS assumes the workers compensation proposal would add a cost of 4.5 percent to the current payroll cost. Using utilization projections based on historical claims, DMAS estimates fiscal year 2022 expenditures of approximately \$578 million for consumer directed care. The programmatic distribution of services is expected to be 98.4 percent base Medicaid, 1.4 percent Medicaid Expansion, and 0.1 percent CHIP. With a one month initial payment lag (1/12 of \$578 million or \$530 million) in the first year, DMAS estimates the 4.5 percent rate increase to cost \$23,930,392 (\$530 million x 4.5 percent). When split by program, these costs would be need to be supported with \$11,752,047 general fund and \$42,003 coverage assessment funds, and \$12,178,345 federal funds in fiscal year 2022. The subsequent years increase by an annual inflationary assumption of five percent.

In addition to the direct fiscal impact on the consumer directed attendant program, other Medicaid providers, such as personal care agencies, intellectual and developmental disabled waiver providers, group homes, day support, and community service boards, may be impacted by this proposal. DMAS does not have sufficient information on these providers to determine how or if the bill's provisions would apply. Moreover, any fiscal impact is indeterminate as DMAS is unable to calculate the magnitude of any potential costs or if those costs would necessitate a future rate increase. However, to the extent provider costs increase, future rate adjustments could be necessary to ensure the availability and continuation of mandated services.

**9. Specific Agency or Political Subdivisions Affected:** Department of Labor and Industry; Workers' Compensation Commission; Department of Medical Assistance Services

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.