

Department of Planning and Budget 2023 Fiscal Impact Statement

1. Bill Number: HB 1906

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

2. Patron: Hope

3. Committee: Health, Welfare and Institutions

4. Title: Auxiliary grants; independent community living

5. Summary: The proposed legislation allows the Department for Aging and Rehabilitative Services to provide auxiliary grants to eligible recipients residing in independent community living, as defined in the bill, under conditions set forth in the bill. The bill directs the Department of Medical Assistance Services to, if deemed necessary, amend the state plan for medical assistance services and any waivers thereof to implement the provisions of the bill and limits to no more than 200 the number of auxiliary grant recipients in independent community living. The bill has a delayed effective date of January 1, 2024, and directs the Commissioner for Aging and Rehabilitative Services to adopt emergency regulations to implement its provisions.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2024 | \$1,348,978 | 1.0 | General |
| | \$437,752 | - | Nongeneral |
| 2025 | \$2,457,957 | 1.0 | General |
| | \$875,503 | - | Nongeneral |
| 2026 | \$2,457,957 | 1.0 | General |
| | \$875,503 | - | Nongeneral |
| 2027 | \$2,457,957 | 1.0 | General |
| | \$875,503 | - | Nongeneral |
| 2028 | \$2,457,957 | 1.0 | General |
| | \$875,503 | - | Nongeneral |
| 2029 | \$2,457,957 | 1.0 | General |
| | \$875,503 | - | Nongeneral |
| 2030 | \$2,457,957 | 1.0 | General |
| | \$875,503 | - | Nongeneral |

8. Fiscal Implications: The proposed bill allows 200 individuals to receive auxiliary grant payments while residing in an independent community living setting. Since auxiliary grants are not currently provided in independent community living settings, it is assumed that all of

these new slots will be provided to individuals who are not currently receiving an auxiliary grant payment. It is further assumed that there would be significant statewide demand for these slots such that all slots could be awarded immediately at the beginning of the program (January 1, 2024). The most recent auxiliary grant report issued by DARS (September 1, 2022) reported that the average monthly auxiliary grant payment in FY 2022 was \$773. Assuming this average payment, the cost of adding 200 new individuals to the auxiliary grant program would be \$1,855,200 annually ($\$773 \times 12 \times 200$). Auxiliary grant payment costs are supported with both state (80 percent) and local (20 percent) funds. As such, the general fund impact of the increased payments is expected to be \$1,484,160 general fund (\$371,040 locally funded). First year costs are reduced to reflect the delayed enactment.

Individuals eligible for the auxiliary grant program are categorically eligible for medical assistance services. As such, each of the 200 new community living slot recipients would be eligible for Medicaid. However, it is expected that a portion of the new recipients would already be enrolled in Medicaid and there is insufficient data to make a determination as to that number. For the purposes of this estimate, it is assumed that 50 percent of the newly eligible population (100 individuals) would already have Medicaid coverage and 100 individuals would gain Medicaid coverage through the auxiliary grant program. It is further assumed that the annual Medicaid cost for an auxiliary grant recipient is \$17,093. (Note: This estimate reflects the annual Medicaid cost for an auxiliary grant member in FY 2018 prior to behavioral health services being added to managed care). Therefore, it is assumed that Medicaid costs will increase by \$1,709,300 total funds (\$833,796 general fund) each year. First year costs are reduced to reflect the delayed enactment.

DARS is the agency that has policy and programmatic responsibilities for the auxiliary grant program. The agency has indicated that an additional position would be needed to provide statewide oversight of these slots. The estimated cost of this position is \$140,000 general fund annually and it is assumed the position would be hired prior to the effective date of the new grants. The agency also expects that information technology systems will need to be modified at a one-time cost of approximately \$50,000 general fund the first year.

The bill also requires local departments of social services to develop processes to (i) identify auxiliary grant recipients who are appropriate candidates for independent community living; (ii) establish and monitor individualized service plans for auxiliary grant recipients in independent community living; (iii) ensure auxiliary grant recipients in independent community living are provided assistance with accessing available community-based services; and (iv) review, on an ongoing basis, the level of care needs of each auxiliary grant recipient in independent community living. It is expected that these requirements and the overall interest in this program could lead to additional work for local departments. However, more information is needed to make a determination as to potential costs. The effort required to meet the specific responsibilities outlined in the bill are unclear as is the number of potentially eligible Virginians. Therefore, costs associated with the local administrative effort is indeterminate at this time.

9. Specific Agency or Political Subdivisions Affected:

Department for Aging and Rehabilitative Services

Department of Social Services
Local departments of social services
Department of Medical Assistance Services

10. Technical Amendment Necessary: None

11. Other Comments: This bill is a companion to SB 1269.