

DEC 19 1986

(Return in triplicate)

FISCAL NOTE

Bill/Resolution No.: Senate Bill No. 2038 Amendment to: \_\_\_\_\_

Requested by: Legislative Council Date of Receipt: \_\_\_\_\_

Please estimate the fiscal impact of the above measure for:

State general or special funds       Counties       Cities

In the following space note the fiscal effect in dollars of this measure:

Narrative:

SB2038 fiscal impact in 1987-1989 biennium in the amount of \$5,329,880 general funds relating to Optional Services for Aged and Disabled program was included in the Department of Human Services 1987-1989 biennium budget.

SB2038, Section 4 Amendment, (3) reads in part "the state agency shall pay the full cost of indirect services with state, county, and federal funds." Under 2038, the state will pay with general funds the indirect cost of services to recipients under the Optional Services Program. Federal financial participation under the Medicaid Waiver for the Aged and Disabled can be claimed for only usual and customary charges. Therefore, the amount of indirect cost in the services reimbursed under the waiver would have to come from state general funds also. This additional amount was not included in the Department of Human Services 1987-1989 proposed biennium budget. The sliding fee schedule in the Human Services Plan would need to be adjusted to reflect the exclusion of indirect expenses for the services reimbursed under the Optional Services program for the aged and disabled. In doing this, federal financial participation in those services provided under the Medicaid Waiver Program for the aged and disabled would also be reduced in order to be in compliance with federal Medicaid regulations. The impact on the sliding fee schedule cannot be established at this time until new rates are computed using current expenditures. The computations for the Medicaid indirect cost impact are as follows: (SEE ATTACHED SUPPLEMENTAL SHEET).

State Fiscal Effect:

<u>1987-88</u>		<u>1988-89</u>		<u>Biennium Total</u>	
<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>
Total Cost	2,797,978		2,797,978		5,595,956
Less: Amount in DHS Budget	(2,664,940)		(2,664,940)		(5,329,880)
Additional Cost	133,038		133,038		266,076

County and City Fiscal Effect:

<u>1987-88</u>		<u>1988-89</u>		<u>Biennium Total</u>	
<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>

If additional space is needed, attach a supplemental sheet.

Signed Mike Schwindt

Typed Name Mike Schwindt

Date Prepared: 12/19/86

Department Human Services

SB2038 NARRATIVE SUPPLEMENT

	Percent of Total <u>Expenditures</u>	Percent of Expenses Which are <u>Indirect</u>	Proportion of Total Expenditures Which are <u>Indirect</u>
Homemaker Services	6.7%	0%*	0
Home Health Aide Services	8.4	0*	0
Respite Care	6.2	38.7**	2.40
Case Management	8.5	20	1.70
Chore Services	.2	20	.04
Personal Care	62.4	18	11.23
Adult Foster Care	7.6	0	0
Total	<u>100.0%</u>		<u>15.37%</u>

\*Indirect reallocated from homemaker/home health aide services to other federal programs through cost allocation procedures.

\*\*Of the hourly rate of \$8.16 for Level I respite care, \$3.16 or 38.7% is indirect.

With passage of SB2038, the state would no longer receive federal financial participation on 15.37% of its expenditures for Medicaid Waiver for elderly and disabled, the indirect portion. This reduction in expenditures subject to federal financial participation would not affect state share of expenditures not subject to federal financial participation which would continue to be paid through state general fund dollars but only federal share of such expenditures which now would have to be paid from state general fund dollars rather than federal dollars.

	Portion of Total Expenditures Which are Indirect		Federal Share of Medicaid Waiver for Elderly and Disabled		Federal Dollars Lost, Additional General Fund Dollars Required
Fiscal Year 1988	15.37%	of	\$769,183	=	\$118,224
Fiscal Year 1989	15.37%	of	<u>961,954</u>	=	<u>147,852</u>
Total for Biennium	15.37%	of	\$1,731,137	=	\$266,076

Recipient liability impact disregarded as in recent months recipient liability was less than 2% of total expenditures (carried through 15.37% of 2% which equates to .3% of total expenditures would need to be adjusted.)