

SF2786 - 15A - Health and Human Services; Various Changes

Chief Author: **Karin Housley**
 Committee: **Finance**
 Date Completed: **3/14/2022 9:58:23 PM**
 Lead Agency: **Human Services Dept**
 Other Agencies:
 Health Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
Health Dept						
General Fund	-	-	47	-	-	-
Human Services Dept						
General Fund	-	272,126	55,291	483	483	483
State Total						
General Fund	-	272,126	55,338	483	483	483
	Total	-	272,126	55,338	483	483
	Biennial Total		327,464			966

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Health Dept					
General Fund	-	-	.35	-	-
Human Services Dept					
General Fund	-	-	8	6	6
	Total	-	8.35	6	6

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 3/14/2022 9:58:23 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
Health Dept						
General Fund		-	-	47	-	-
Human Services Dept						
General Fund		-	272,126	55,291	483	483
Total		-	272,126	55,338	483	483
Biennial Total				327,464		966
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Health Dept						
General Fund		-	-	47	-	-
Human Services Dept						
General Fund		-	272,126	55,291	483	483
Total		-	272,126	55,338	483	483
Biennial Total				327,464		966
2 - Revenues, Transfers In*						
Health Dept						
General Fund		-	-	-	-	-
Human Services Dept						
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

SF2786 - 15A - Health and Human Services; Various Changes

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Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	272,126	55,291	483	483	
Total	-	272,126	55,291	483	483	483
Biennial Total			327,417			966

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	8	6	6
Total	-	-	8	6	6

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025	
General Fund	-	272,126	55,291	483	483	
Total	-	272,126	55,291	483	483	
Biennial Total			327,417			966
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General Fund	-	272,126	55,291	483	483	
Total	-	272,126	55,291	483	483	
Biennial Total			327,417			966
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

Sections 1 directs the Commissioner of Human Services (DHS) to complete initial actuarial and administrative work necessary to develop recommendations for a financing mechanism for a Program of All-inclusive Care for the Elderly (PACE) in Minnesota. Section 8 appropriates funds for this work.

Section 2 directs the Commissioner of Human Services to implement a grant program for long-term services and supports workforce. Section 9 appropriates grant funds.

Section 3 directs the Commissioner of Human Services to implement a temporary 13.3 percent increase for services with rates set under the Disability Waiver Rate System.

Section 4 directs the Commissioner of Human Services (DHS) to establish a temporary emergency staffing pool for congregate settings experiencing staffing crises. Section 10 appropriates funds for this purpose.

Sections 5 through 7 include directions to the Commissioner of Health (MDH).

Assumptions

Section 1: Initial PACE Recommendations for Implementation Financing

To implement the planning work required by this bill, the Department of Human Services would need a contract for actuarial analysis and 2 MAPE 14L FTE to manage the contract, work with stakeholders, and do policy research needed to inform future implementation of a PACE program in Minnesota. One FTE would be needed in the Health Care Administration and one FTE would be needed in the Aging and Adult Services Division to do policy and operations research. This would include researching funding opportunities to support future PACE work, federal authorities needed, interactions with other long-term services and supports and managed care products, and purchasing and procurement processes that would be needed for implementation. A 60 day hiring timeline is included. Fringe benefits are assumed to be 30% of the salary costs. Upfront costs of \$15,150 are included along with a monthly cost of \$1,275 per employee.

The actuarial analysis is expected to cost \$150,000. Federal match on administrative spending is assumed to be 32%. This bill requires DHS to report on progress by December 15, 2023. It is unlikely that the actuarial analysis would be completed by that time.

Section one requires DHS to design a funding mechanism that could begin July 1, 2024. It is assumed that this requires DHS to make a recommendation to the legislature about ongoing funding needed to implement and administer a PACE program. Therefore, this fiscal note only includes the resources needed in the first year to develop that recommendation.

Section 2: Long-term Services and Supports Workforce Grants

Section 2 requires DHS to establish a grant program.

Effective Date: This section is effective the day following enactment. Section 9 appropriates \$266 million in SFY 2022 and makes the funds available until June 30, 2025. Therefore, it is assumed the grant program will be authorized to begin in SFY 2022 and will last through SFY 2025.

Eligible Employers: The following types of employers are eligible to apply for the grants:

- Nursing facilities, licensed under chapter 144A
- Boarding care homes, licensed under sections 144.50 to 144.56
- Assisted living facilities, licensed under 144G
- Hospice providers, licensed under 144A.75 to 144A.755
- Home and community-based service providers licensed under chapter 245D
- Home care providers, licensed under sections 144A.43 to 144A.482
- Intermediate care facilities for persons with developmental disabilities (ICF/DD)
- Home care service providers defined under section 256B.0651, subd. 1, paragraph (d)
- Early Intensive Developmental and Behavioral Intervention (EIDBI) agencies as defined under 256B.0949, subd. 2

It is expected that there are over 8,000 employers that could be eligible for this grant program.

Eligible Uses: Employers may request grant funds to use for retention bonuses, signing bonuses, and education and training grants for eligible employees. This bill defines eligible employees as those who:

- are eligible under chapter 245C to have access to persons receiving services without continuous direct supervision
- Works an average of at least 20 hours per week
- Earns \$30 per hour or less
- Has not received a bonus or grant funded under this section from another employer.

Implementation Timeline:

Grant Requests: Subdivision 4 directs DHS to develop an electronic request process within 30 days. This bill also spells out several specific uses of the funds and information that DHS would need in order to establish eligibility for the awards. **It will likely take six to eight months to develop and launch a form that can clearly and thoroughly collect the necessary information.**

Grant Awards: Subdivision 7 directs DHS to begin issuing grants within 60 days of enactment. This bill does exempt DHS from certain sections of Minnesota Statutes 16B in order to expedite grant making. **However, it will likely take at least 60 days after applications are received to begin issuing payments. This will occur after the six to eight months detailed above.**

Administrative Resources: Administering a grant program of this size and complexity will require the following resources:

- Two MAPE 14L FTE to develop the requirements, processes, communications and outreach to eligible employers during the first year, and provide ongoing support for the distribution plans as required by subdivision 8
- One contract coordinator (MAPE 10L) and one contract attorney (MAPE 17L)
- Two auditors (MAPE 14L) to monitor requirements in subd. 6, and 8 through 12
- Administrative costs to support application processing, monitoring, and issuing payments. This could include a third-party administrator to support grant operations. The cost of this is estimated at 3 percent of the value of the grant funds. **This fiscal note shows these funds as appropriated in SFY 2022, but they would need to be available for the duration of the program.**

A 60 day hiring timeline is included for FTEs. Fringe benefits are assumed to be 30% of the salary costs. Upfront costs of \$15,150 are included along with a monthly cost of \$1,275 per employee.

Section 3: Temporary 13.3% DWRS Payment Adjustment

Effective Date: The bill states this section is effective April 1, 2022 or upon federal approval, whichever is later. It is assumed that federal approval and implementation could take up to four months. Therefore, this analysis assumes implementation for services starting August 1, 2022. This federal approval timeline assumes that the federal public health emergency is in place and DHS can use expedited processes available. If the federal public health emergency ends, DHS would need to use the typical federal approval process, which is assumed to take six months. This timeline will also be dependent upon when this bill is enacted.

Duration: The rate increase is effective for 90 days. This analysis assumes that the adjustment will be implemented as an after-model adjustment that will be in effect for services provided from August 2022 through October 2022.

Programs and Services Impacted: This 13.3 percent increase applies to services with rates set under the disability waiver rate system (DWRS) in 256B.4914 in the four disability waiver programs. The four disability waiver programs include Community Alternative Care (CAC), Brain Injury (BI), Community Alternatives for Disability Inclusion (CADI), and the Developmental Disability (DD) waivers. DWRS services account for about 75% of spending on these programs.

Programs & Services Not Impacted: This rate increase does not apply to disability waiver services that do not have rates set by DWRS. It also does not apply to services under the Elderly Waiver, Alternative Care, or state plan home care programs like personal care assistance (PCA), home care nursing (HCN), or home health agency services.

State Share: The base state share of these programs is 49.49%. Starting October 2022, the state share decreases to 49.21%. This fiscal note uses the effective state share of 49.3% for the duration of these payments.

Systems: This provision requires changes to the MMIS system. The state share of these costs is estimated at 29%.

Section 4: Temporary Emergency Staffing Pool

Effective Date: This bill is effective the day following enactment. This analysis assumes that the bill will be enacted in early March.

Duration: These fiscal estimates assume that the staffing pool will be temporary in nature and last from March through June 2022.

Contract Effective Date: This bill allows DHS to use funding to maintain, extend, or renew contracts for temporary staffing that were entered into on or after Sept. 1, 2020, notwithstanding requirements in Minnesota Statutes, chapter 16C. DHS held contracts with temporary staffing vendors to operate an emergency staffing pool from September 2020 through December 2021. It is assumed that this bill would allow DHS to renew contracts with these vendors.

Eligible Facilities: Below are the types of facilities would be eligible to request staffing from the pool. The bill also allows the commissioner to prioritize deployments to facilities and programs with the most significant staffing crises. Types of facilities:

- Nursing facilities
- Assisted living facilities
- Intermediate care facilities for persons with developmental disabilities (ICF/DD)
- Adult foster care or community residential settings
- Licensed children's residential facilities
- Licensed child foster residence settings
- Licensed facilities for adults with mental illness
- Licensed substance use disorder treatment facilities
- Licensed withdrawal management programs
-

Licensed detoxification programs

- Unlicensed county-based substance use disorder treatment facilities
- Sober homes
- Supervised living facilities
- Supportive housing
- Board and lodging establishments serving people with disabilities or disabling conditions
- Board and lodging establishments with special services
- Boarding care homes
- Community-based halfway houses for people exiting the correctional system
- Shelters serving people experiencing homelessness
- Drop-in centers for people experiencing homelessness
- Homeless outreach services for unsheltered individuals
- Shelters for people experiencing domestic violence
- Temporary isolation spaces for people who test positive for COVID-19
- Unlicensed, Tribal-certified facilities that perform functions similar to the licensed facilities listed in this paragraph

Estimated average hourly cost: The estimated average hourly cost is based on a past contract for temporary emergency staff. These costs include the cost of wages, benefits, overtime, travel and lodging, on-call hours, bonuses, and other recruitment costs, incentives, and administration fees included by the staffing agency. It is assumed that these hourly costs will enable agencies to offer competitive recruitment incentives and wages in order to recruit staff.

Average monthly hours: The estimated average monthly hours is highly dependent on staffing agencies ability to recruit and deploy staff. These average monthly hours are based on worker trends during the first four months of the emergency staffing pool and adjusted to account for:

- The requirement in paragraph (a) that prevents temporary staffing agencies from hiring individuals who have worked in one of the eligible settings in Minnesota in the past 30 days. Based on information about recruitment for the previous emergency staffing pool, it is assumed that most potential workers have been employed by one of these settings in the previous 30 days. Therefore, this provision is expected to limit the availability of staff for the emergency staffing pool. With this provision, the staffing pool is expected to provide about 2,000 hours of service over four months.
- The increased length of time that workers may be deployed to one site. The language allows programs to receive staff for up to 21 days. The previous staffing pool limited deployments to 14 days. This represents a 50% increase in the maximum length of deployment.
- While nursing facilities were eligible to use the previous staffing pool, most had other sources of funding or staffing supports to respond to COVID-related shortages. Under this proposal, it is expected that some nursing facilities will request and receive staff. Since nursing facilities are more likely to use a 24 hour staffing model and use a higher proportion of nurses, the average monthly hours is adjusted accordingly.

Administrative Costs: This bill allows DHS to use up to 6.5 percent for administrative costs. These costs will be needed to coordinate and prioritize requests with the staffing vendors.

Sections 5 through 7 include directions to the Commissioner of Health. There is no fiscal impact to the Department of Human Services.

Expenditure and/or Revenue Formula

Section 1: PACE	SFY 2022	SFY2023		
Actuarial analysis		150,000		
2 MAPE 14L FTE		239,520		
Admin FFP (32%)		-124,646		
Net State Cost		264,874		
Section 2: Grants	SFY 2022	SFY2023	SFY 2024	SFY 2025

2 MAPE 14L FTE	-	269,131	238,831	238,831
1 MAPE 10L FTE	-	120,799	105,649	105,649
1 MAPE 17L FTE	-	142,317	127,167	127,167
2 MAPE 14L FTE	-	269,131	238,831	238,831
Administrative Resources	7,980,000	-	-	-
Admin FFP (32%)	(2,553,600)	(256,441)	(227,353)	(227,353)
Grants	266,000,000			
Net state cost	271,426,400	544,937	483,125	483,125
Section 3: DWRS Adjustment				
Forecast (Feb 2022)	FY 2022	FY 2023		
BI Spending	110,026,545	113,435,277		
CAC Spending	70,268,663	78,898,309		
CADI Spending	1,828,152,174	2,059,000,585		
DD Spending	1,972,716,988	2,178,833,348		
Total Disability Waiver Spending	3,981,164,369	4,430,167,520		
% DWRS	75%	75%		
Projected DWRS Spending	2,985,873,277	3,322,625,640		
Percentage Increase	13.3%	13.3%		
Implementation & payment effect*	0%	25%		
Total Rate Cost		110,477,303		
Efective state share		49.3%		
State cost of rate adjustment		54,465,310		
Systems (state share)		15,225		
State cost of DWRS rate increase		54,480,535		

Section 4: Temporary Emergency Staffing Pool				
	Estimated average hourly cost	Estimated average monthly hours*	Number of months operating	SFY 2022 Cost
DSP/CNAs	\$100	1,440	4	576,000
LPN	\$140	240	4	134,400
RN	\$200	320	4	256,000
<i>Total staffing cost</i>				966,400
<i>Admin expenses (6.5%)**</i>				62,816
Total cost of staffing pool				1,029,216
Admin FFP (32%)				329,349
Net State Cost				699,867

	2022	2023	2024	2025
Net state cost of SF2786 A15	272,126,267	55,290,346	483,125	483,125

-
Summary

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2022	FY2023	FY2024	FY2025
GF	13	Health Care Administration PACE		270		
GF	14	Continuing Care Administration PACE		120		
GF	14	Continuing Care Administration: LTSS Grant Admin	-	135	119	119
GF	15	Community Supports Administration: LTSS Grant Admin	-	135	119	119
GF	11	Operations: Contracts Division: LTSS Grant Admin	-	263	233	233
GF	11	Operations: Audits: LTSS Grant Admin	-	269	239	239
GF		Administrative Resources: LTSS Grant Admin	7,980	-	-	-
GF	52	Other Long-Term Care Grants	266,000	-	-	-
GF	33	MA LW: DWRS Adjustment	-	54,465	-	-
GF	11	Systems: DWRS Adjustment		15		
GF	14	Continuing Care for Older Adults Administration: Emergency Staffing Pool	1,029			
GF	REV1	Admin FFP	-2,883	-381	-227	-227
		Total Net Fiscal Impact	272,126	55,291	483	483
		Full Time Equivalents		8	6	6

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

February 2022 Forecast

CSA/CCOA Research

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SF2786 - 15A - Health and Human Services; Various Changes

Chief Author: **Karin Housley**
 Committee: **Finance**
 Date Completed: **3/14/2022 9:58:23 PM**
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	47	-	-	-
Total	-	-	47	-	-	-
Biennial Total			47			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	.35	-	-
Total	-	-	.35	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Carlos Guereca **Date:** 3/9/2022 4:27:26 PM
Phone: 651-284-6541 **Email:** carlos.guereca@lbo.mn.gov

State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	47	-	-
Total	-	-	47	-	-
Biennial Total			47		
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	47	-	-
Total	-	-	47	-	-
Biennial Total			47		
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		

Bill Description

This bill permits certain staff within assisted living facilities to undertake specific training to be allowed to work within licensed facilities. It also requires the department to undertake a planning process to develop recommendations and legislative language to establish a technical assistance program for specific licensed entities to request and receive department assistance with licensing, certification, and compliance standards.

Assumptions

The sections of the bill that contain instructions and appropriations to the commissioner of human services do not have fiscal impact to the health department.

There is no cost to the health department to implement the bill's section, "Temporary Assisted Living Staff Training Requirements," as it does not add additional or substantially change current licensing requirements for regulatory oversight within assisted living facility licensure. We assume any potential impact would have a de minimus increase in survey and investigative activity especially given the limited timeframe this situation would be permitted given the listed expiration language.

The section, "Direction to the Commissioner of Health," requires the health department to develop a plan for a voluntary technical assistance program for licensed nursing facilities and assisted living facilities. We would be required to report the plan to the legislature by December 15, 2022. The section of the bill is effective upon enactment and expires on December 15, 2023. The department assumes it would begin this work at the beginning of fiscal year 2023 with the report to be completed by the required date of December 15, 2022. These efforts would require staffing of a 0.35 FTE Planner Principal State to coordinate inter-agency planning meetings, consolidating draft recommendations, and submitting the required information to the legislature.

Expenditure and/or Revenue Formula

Expenditure (Actual Dollars)	Amount	FY 2022	FY 2023	FY 2024	FY 2025
Salary & Fringe:		FTE	FTE	FTE	FTE
Planner Principal State	109,994	0.00	0.35	0.00	0.00
	FTE	0.00	0.35	0.00	0.00
	Subtotal	0	38,498	0	0

Information Technology:					
		Subtotal	0	0	0
Other Operating Costs:					
		Subtotal	0	0	0
Grants, Aids & Subsidies:					
		Subtotal	0	0	0
Indirect (21.7% Eligible Costs)		Subtotal	0	8,354	0
Expenditure		Total	0	46,852	0
Fiscal Tracking (Dollars in Thousands)			FY 2022	FY 2023	FY 2024
Health Protection	BACT 03		0	47	0
Administration			0	47	0
Grants			0	0	0

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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