

Fiscal Note

2023-2024 Legislative Session

SF903 - 2A - Care Coordination Coverage Expanded

Chief Author: **John Hoffman**
 Committee: **Human Services**
 Date Completed: **2/13/2024 10:01:55 AM**
 Agency: **Human Services 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	
	FY2023	FY2024	FY2025	FY2026	FY2027
Dollars in Thousands					
General Fund	-	-	2,303	5,396	5,128
Total	-	-	2,303	5,396	5,128
Biennial Total			2,303		10,524

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	1	1	1
Total	-	-	1	1	1

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: Kate Schiller **Date:** 2/13/2024 10:01:55 AM
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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		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	2,303	5,396	5,128	
Total		-	-	2,303	5,396	5,128
Biennial Total				2,303		10,524
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	2,303	5,396	5,128	
Total		-	-	2,303	5,396	5,128
Biennial Total				2,303		10,524
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill adds care evaluation as a covered medical assistance home care service.

Section 1: Adds the definition of “care evaluation”.

Section 2: Specifies face-to-face assessments conducted by county PHN that are a covered services for “personal care assistance” and adds care evaluations as a covered service.

Section 3: Adds care evaluations under the 9 skilled nursing visits that can be provided without prior authorization.

Section 4: Adds care evaluation to the scope of Home Health agency services.

Section 5: Adds language to clarify that the care evaluation is not a noncovered service, distinguishing it from Medicare evaluation or administrative nursing visits required by Medicare.

Sections 6 and 7: Adds description of care evaluations for home health and home care nursing. It also outlined the reimbursement rate methodology and the parameters of when the care evaluation visits must occur and who can do the visits.

Section 6 & 7: Care Evaluations for Home Care Services

Adding care evaluations as medical assistance covered services for home health and home care nursing services. Care evaluations must occur during a start-of-care visit, a resumption-of-care visit, or a recertification visit.

Assumptions

Effective Date: January 1, 2025, or upon federal approval, whichever is later.

Recipient Trends: The estimated number of recipients is projected based on the historical trends in the number of people receiving home care nursing, skilled nurse visits, and home health aide services through managed care and fee for service.

Current Evaluation Requirements: Providers are currently administering start of care and recertification evaluations to determine the need for home care nursing, skilled nursing, and home health aide services. Federal regulations have specific requirements for Medicare-certified home health agencies. However, these evaluations are not currently a billable service under Minnesota Health Care Programs. This bill would make them billable services under Minnesota Health Care Programs.

Projected number of start of care evaluations: This bill allows each service recipient to receive one start of care evaluation per calendar year without prior authorization when services are first provided to a recipient by an agency. It is assumed that most of the start of care evaluations will be done for people who are new to services or switching agencies. It is expected that about 63.17% of recipients each year would receive a start of care assessment. Additionally, a factor has been included to account for assessments that do not result in services. It is assumed that 10% of assessments will not result in home care nursing or home health agency services.

Projected number of resumption of care evaluations: It is assumed that resumption of care evaluations will be done for recipients who need to re-start a service plan that is not covered under a start of care or recertification evaluation. It is assumed that about 5% of recipients will receive a resumption of care evaluation.

Projected number of recertification evaluations: Medicare requires recertification visits to take place at least every 60 days. Based on service agreement data, it is estimated that 80.5% of recipients receive services for more than 60 days in a fiscal year. Based on the length of services, it is assumed that on average, that group will receive 1.7 recertification evaluations per year.

Rate: This bill establishes the rate of care evaluations as 300% of the current skilled nurse visit (SNV) rate. As of 1/1/24, the SNV rate is \$98.72, and will adjust annually based on the Home Health Agencies and Home Care Nursing market basket.

Managed Care: Approximately 68% of individuals receiving these services are served through managed care.

Implementation and Payment Effect: This analysis assumes the change will be implemented January 1, 2025. An additional 30 day payment effect has been included to accommodate the fact that MA pays fee-for-services claims retrospectively.

Administrative Costs: This bill requires 1 permanent FTE: ADSA Policy Staff, MAPE 14 L, assumed hire date of October 1, 2024 to serve as a policy expert and manage care evaluations.

Admin FFP: This estimate assumes administrative FFP of 32%.

Systems Impact: These systems changes are estimated to require 174 hours of work, take approximately 3.5 months to complete, and cost of a total of \$21,668 for initial development. Of this amount, \$6,284 is the state share. his estimate includes the following assumptions:

The estimated duration and earliest completion date of the proposed project(s) assumes the work is prioritized relative to other legislative and ongoing IT work. If enacted, the completion date of the proposed project(s) will be dependent on the totality of enacted legislative IT work and ongoing IT work.

The total hours assumed in this fiscal note include the projected time required to complete systems work and a 20% contingency assumption to account for unforeseen business requirements in the development and implementation process.

In addition to the initial development costs cited above, the systems changes required in this bill will result in increased ongoing maintenance and operations costs, estimated annually at 20% of the total initial development cost.

State Share: The annualized state share for these services is about 46.58%.

Expenditure and/or Revenue Formula

Care Evaluation (Section 6 & 7)	FY2025	FY2026	FY2027
Estimated annual home care nursing, home health aide, and skilled nursing recipients	19,662	19,119	17,644
Care Evaluations that do not result in Service Agreements and Care Evaluation for Resumption of Care Visits			
Factor to account for evaluations that do not result in service	10.00%	10.00%	10.00%
Estimated start of care evaluations that do not result in services	1,966	1,912	1,764
Additional proportion of people who require a resumption of care evaluation	5%	5%	5%
Number of resumption of care evaluations	983	956	882
<i>Total Care Evaluations not resulting in Service agreements and resumption of care evaluations</i>	<i>2,949</i>	<i>2,868</i>	<i>2,646</i>
Care Evaluations for new Service Agreements			
Proportion of people who receive a start of care evaluation because they are new to services or switching agencies	63.17%	63.17%	63.17%
Total number of start of care assessments	12,420	12,078	11,146
Factor to account for portion of people who start a new service agreement more than once in a year	10.12%	10.12%	10.12%
Estimated state of care evaluations for individuals starting their second new service agreement in one year	1,257	1,222	1,128
<i>Total Start of Care evaluations</i>	<i>13,677</i>	<i>13,300</i>	<i>12,274</i>
Total number of start of care or resumption of care evaluation	16,626	16,168	14,920
Skilled Nursing visit rate (<i>Subd. 9, (B.)</i>)	\$ 101.65	\$ 104.51	\$ 107.51
Reimbursement rate adjustment (<i>Subd. 9, (B.)</i>)	300%	300%	300%
Reimbursement Rate	304.96	313.53	322.52
Total cost for home health aide and skilled nursing service evaluation	5,070,198	5,069,076	4,812,049
Recertification Visits			
Proportion of people projected to receive a recertification visit because they have services for more than 60 days	80.52%	80.52%	80.52%
Number of people projected to receive a recertification visit	15,832	15,395	14,207
Estimated average number of recertification visits per person	1.30	1.30	1.30
Estimated total recertification visits	20,582	20,014	18,469

Skilled Nursing visit rate (<i>Subd. 9, (B.)</i>)	101.65	104.51	107.51
Reimbursement rate adjustment (<i>Subd. 9, (B.)</i>)	300%	300%	300%
Reimbursement Rate	304.96	313.53	322.52
Total cost of recertification visits	6,276,603	6,274,894	5,956,684
Total Cost of Care Evaluation	11,346,801	11,343,970	10,768,733
Implementation and payment effect (expected Jan. 1, 2025 or federal approval)	41.67%	100%	100%
Net Total Costs	4,727,834	11,343,970	10,768,733
State Share	46.58%	46.58%	46.58%
State Share Home Care Evaluation	2,202,225	5,284,021	5,016,076
Systems Cost	FY2025	FY2026	FY2027
System Costs-MMIS	21,668	4,334	4,334
Systems state share @ 29%	6,284	1,257	1,257
Total State Systems Costs	6,284	1,257	1,257
Admin Cost	FY2025	FY2026	FY2027
ADSA 14L (FTE 1, 1, 1) (Beginning October 2024)	\$140,344	\$163,466	\$163,466
Admin FFP @ 32%	(\$44,910)	(\$52,309)	(\$52,309)
State Share (Admin)	\$95,434	\$111,157	\$111,157
Net State Costs	2,303,943	5,396,435	5,128,490

Fiscal Tracking Summary (\$000's)					
Fund	BACT	Description	FY2025	FY2026	FY2027
GF	33	MA LW	1,653	3,967	3,766

GF	33	MA ED	527	1,264	1,200
GF	34	Alternative Care	22	53	50
GF	11	Systems	6	1	1
GF	14	ADSA Admin	140	163	163
GF	REV1	Admin FFP@ 32%	(45)	(52)	(52)
		Total Net Fiscal Impact	2,303	5,396	5,128
GF	14	Full Time Equivalents	1	1	1

Long-Term Fiscal Considerations

Local Fiscal Impact

This bill will have financial impacts beyond the fiscal horizon.

References/Sources

ADSA Research and Analysis

November 2023 Forecast

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