

Summary of Legislation

The bill makes changes to reimbursement rates and creates other requirements for home care service agencies (agencies) and employees, with an exception for services provided under the Consumer-Directed Attendant Support Services model or the Pediatric Care Benefit.

Reimbursement rate increase. The bill requires the Department of Health Care Policy and Financing (HCPF) to request federal approval to increase the rates for basic homemaker, enhanced homemaker, and personal care services by 8.1 percent within 90 days after the bill is signed into law by the Governor. Within 60 days after federal approval, each agency is required to provide written notification to each affected employee about the compensation to which they are entitled. Each agency is required to pay at least 100 percent of the funding resulting from the rate increase as compensation for non-administrative employees, as outlined in the bill.

Wage pass-through requirement for agencies receiving Medicaid reimbursements. Effective July 1, 2020, the bill sets an hourly minimum wage of \$12.41 per hour for employees who provide personal care, homemaker, and in-home support services. For any reimbursement rate increases taking effect in FY 2020-21, agencies must use 85 percent of the funding to increase compensation for non-administrative employees above the rate of compensation that employees are receiving as of June 30, 2019. Agencies must annually report to HCPF beginning December 31, 2020, on how any funding resulting from the rate increase was given to non-administrative employees, and agencies must keep employee payroll verification documents for at least three years. Agencies that fail to meet these requirements are subject to determination by HCPF, and may be placed on a corrective action plan or have funding recouped by the state, as outlined in the bill.

Training. By January 1, 2020, HCPF, the Department of Public Health and Environment (CDPHE), and stakeholders are required to establish a process to enforce initial and ongoing training requirements for employees providing personal care, homemaker, and/or respite care services.

Background

The bill applies to over 400 service agencies in the state with over 6,000 employees.

State Revenue

The bill may increase state General Fund revenue from recouped agency funding beginning in FY 2020-21. The fiscal note assumes that agencies will comply with the law and this amount will be minimal. Revenue from civil penalties is subject to TABOR; however, under the March 2019 Legislative Council Staff forecast, a TABOR surplus is not expected in FY 2019-20 or FY 2020-21.

State Expenditures

The bill increases state expenditures by \$11.4 million in FY 2019-20 and \$18.6 million in FY 2020-21 in HCPF. These are paid with General Fund and federal funds. In addition, the bill will increase workload for the CDPHE and the Department of Labor and Employment (CDLE). Expenditure increases are shown in Table 2 and discussed below.

**Table 2
 Expenditures Under SB 19-238**

	FY 2019-20	FY 2020-21
Department of Health Care Policy and Financing		
Reimbursement Rate Increases	\$11,238,676	\$18,605,252
Computer Programming	\$125,000	-
Education and Outreach	\$63,575	-
Total Cost	\$11,427,251	\$18,605,252
General Fund	\$5,682,376	\$9,302,626
Federal Funds	\$5,744,875	\$9,302,626

* Centrally appropriated costs are not included in the bill's appropriation.

Assumptions. It is assumed that the standard federal Medicaid match of 50 percent is available for service-related expenditures and the enhanced federal Medicaid match of 75 percent is available for system implementation costs. If actual match rates differ, this will be addressed through the annual budget process.

Department of Health Care Policy and Financing. Beginning in FY 2019-20, HCPF will have increased expenditures for reimbursement rate increases, computer programming, and contractor costs related to the stakeholder process outlined in the bill.

- *Reimbursement rate increases.* Using current year appropriations, an 8.1 percent rate increase for agency based personal care, homemaker, and respite care services is estimated to cost \$11,238,676 in FY 2019-20 and \$18,605,252 in FY 2020-21. First year costs reflect the assumption that the increase will be in effect October 1, 2019. The actual rate amount will depend on the timing of federal approval; therefore, it is expected that HCPF will seek adjustments to this amount as necessary through the annual budget process.
- *Computer programming.* In FY 2019-20 only, HCPF requires \$125,000 for computer programming to modify the Medicaid Management Information System, as well as to update provider types and remittance reporting. Costs assume \$125 per hour for 1,000 hours.
- *Education and outreach.* In FY 2019-20 only, HCPF will host five conferences to provide stakeholder engagement, estimated to cost \$4,871 per conference for a total of \$24,355, and \$9,720 for related travel. HCPF will also hire a one-time contractor at a cost of \$29,500 to assist with the stakeholder process.

Department of Public Health and Environment. The CDPHE will have an increase in workload to verify the training requirements for home care service agency staff. This can be accomplished within existing resources.

Department of Labor and Employment. The bill creates a new minimum wage for home care agency employees, which may increase inquiries to the CDLE. The fiscal note assumes that CDLE will rely on HCPF to address these inquiries and that no change in appropriations is required.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2019-20, the bill requires an appropriation to the Department of Health Care Policy and Financing of \$11,427,251, which includes \$5,682,376 from the General Fund and \$5,744,875 from federal funds.

State and Local Government Contacts

Health Care Policy and Financing

Labor

Public Health and Environment