



**Colorado
Legislative
Council
Staff**

SB17-091

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0514
Prime Sponsor(s): Sen. Crowder; Moreno
 Rep. Ginal

Date: September 13, 2017
Bill Status: Signed into Law
Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: ALLOW MEDICAID HOME HEALTH SERVICES IN COMMUNITY

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019	FY 2019-2020
State Revenue			
State Expenditures	<u>\$2,211,530</u>	<u>\$2,489,440</u>	<u>\$2,637,490</u>
General Fund	1,025,567	1,159,068	1,228,935
Cash Funds	18,216	21,328	25,360
Federal Funds	1,167,747	1,309,044	1,383,195
Appropriation Required: \$2.2 million - Department of Health Care Policy and Financing (FY 2017-18).			
Future Year Impacts: Ongoing state expenditure increase.			

Summary of Legislation

The bill removes the requirement that home health services under Medicaid be provided in a client's place of residence.

Background

Under current Colorado law, home health services may only be provided in the home. However, a recent change in federal regulations requires that home health services be provided to clients in any setting in which normal life activities take place, including in the community. The home health benefit under Medicaid is divided into acute home health services and long-term home health services. Acute home health services are provided to clients who experience an short-term health care need that necessitates skilled home health care. Long-term home health services are provided to clients who require ongoing home health services. Funding for this policy change has been included in the Department of Health Care Policy and Financing (HCPF) budget request for FY 2017-18.

Assumptions

While the amount of authorized care for clients will not change, removing the requirement that home health services only be provided in the home is expected to increase utilization of health services within the existing service limits. Based on client feedback provided to HCPF, utilization of home health services is expected to increase by 2 percent. The fiscal note reflects this 2 percent

increase after accounting for the current trends in growth of Medicaid caseload and expenditures. It is assumed that the restriction on home health care in the community will be removed starting July 1, 2017, at the start of the new fiscal year so HCPF has time to amend rules and communicate the changes to providers and clients.

State Expenditures

Based on the assumptions above, the bill will increase Medicaid expenditures in HCPF by **\$2.2 million in FY 2017-18, \$2.5 million in FY 2018-19, and \$2.6 million in FY 2019-20**. These costs are split between state funds (General Fund and cash funds) and federal funds. These costs are summarized in Table 1 and discussed below.

Cost Components	FY 2017-18	FY 2018-19	FY 2019-20
Acute Home Health Services	\$687,809	\$717,726	\$748,945
Long-Term Home Health Services	1,523,721	1,771,714	1,888,545
TOTAL	\$2,211,530	\$2,489,440	\$2,637,490

Acute home health services. Currently, for FY 2017-18, HCPF is projected to spend \$34.4 million on acute home health services, which is assumed to grow at an annual rate of 4.35 percent. Increasing this spending by 2 percent per year will increase costs by \$687,809 in FY 2017-18, \$717,726 in FY 2018-19, and \$748,945 in FY 2019-20.

Long-term home health services. Allowing use of home health in the community is expected to increase utilization of nursing assistance, home health aids, and brief nurse follow-up visits for clients requiring long-term home health care services. A 2-percent increase in anticipated utilization will increase costs by \$1,523,721 in FY 2017-18, \$1,771,714 in FY 2018-19, and \$1,888,545 in FY 2019-20.

Effective Date

The bill was signed into law by the Governor and took effect on June 5, 2017.

State Appropriations

Consistent with this fiscal note, for FY 2017-18, this bill require and includes an appropriation of \$2,211,530 to the Department of Health Care Policy and Financing, as follows:

- \$1,025,567 from the General Fund;
- \$18,207 from the Hospital Provider Fee Cash Fund;
- \$9 is from the Breast and Cervical Cancer Program Cash Fund; and
- \$1,167,747 from federal funds.

State and Local Government Contacts

Counties
Human Services

Health Care Policy and Financing
Information Technology