



Legislative  
Council Staff

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REVISED  
FISCAL NOTE

(replaces fiscal note dated April 22, 2019)

<b>Drafting Number:</b>	LLS 19-0433	<b>Date:</b>	April 27, 2019
<b>Prime Sponsors:</b>	Sen. Danielson; Moreno Rep. Kennedy; Duran	<b>Bill Status:</b>	House Health & Insurance
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**Bill Topic:** IMPROVE WAGES AND ACCOUNTABILITY HOME CARE WORKERS

**Summary of Fiscal Impact:**

<input checked="" type="checkbox"/> State Revenue ( <i>minimal</i> )	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill makes changes to reimbursement rates and sets an hourly minimum wage for home care employees. Beginning in FY 2019-20, the bill will increase state expenditures on an ongoing basis. State revenue may also be increased beginning in FY 2020-21.

**Appropriation Summary:** For FY 2019-20, the bill requires an appropriation of \$11,302,251 to the Department of Health Care Policy and Financing.

**Fiscal Note Status:** The revised fiscal note reflects the reengrossed bill.

**Table 1**  
**State Fiscal Impacts Under SB 19-238**

		FY 2019-20	FY 2020-21
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$5,651,126	\$9,302,626
	Federal Funds	\$5,651,125	\$9,302,626
	<b>Total</b>	<b>\$11,302,251</b>	<b>\$18,605,252</b>
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

## **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 Personal 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 additional 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.

## **State Revenue**

The bill may increase state General Fund revenue from penalties beginning in FY 2020-21. The fiscal note assumes that agencies will comply with the law and this amount will be minimal.

## **State Expenditures**

The bill increases state expenditures by \$11.3 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**

	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b>Department of Health Care Policy and Financing</b>		
Reimbursement Rate Increases	\$11,238,676	\$18,605,252
Education and Outreach	\$63,575	-
<b>Total Cost</b>	<b>\$11,302,251</b>	<b>\$18,605,252</b>
<i>General Fund</i>	\$5,651,126	\$9,302,626
<i>Federal Funds</i>	\$5,651,125	\$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. 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 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.
- *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 \$11,302,251, split evenly between the General Fund and federal funds. It currently includes an appropriation of \$11,427,251.

**State and Local Government Contacts**

Health Care Policy and Financing

Labor

Public Health and Environment