



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0507 - Establish medicaid medical respite care program for homeless individuals (Stafman, Ed)

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
Expenditures:				
General Fund	\$177,100	\$301,612	\$324,376	\$347,738
Federal Special Revenue	\$716,413	\$1,573,113	\$1,698,300	\$1,828,067
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$716,413	\$1,573,113	\$1,698,300	\$1,828,067
Net Impact-General Fund Balance:	<u>(\$177,100)</u>	<u>(\$301,612)</u>	<u>(\$324,376)</u>	<u>(\$347,738)</u>

Description of fiscal impact: HB 507 requires the Department of Public Health and Human Services (DPHHS) (department) to provide Medicaid coverage of medical respite care that is offered in a residential facility to individuals who are experiencing homelessness.

FISCAL ANALYSIS

Assumptions:

1. Medical respite services are not a service allowed through Medicaid State Plan; therefore, the department assumes implementation of this bill will require a 1115 demonstration waiver through the Centers for Medicare & Medicaid Services (CMS), with approval and implementation effective on January 1, 2024.
2. Based on published data from the United States Department of Housing and Urban Development (HUD) in 2022 there was 1,585 homeless Montanans.
3. HUD data also indicates that 24.7% of homeless Montanans are chronically homeless. This represents 381 Montanans in 2022. The department assumes this population of homeless Montanans are eligible for Medicaid and will receive medical respite care under HB 507. This assumption aligns with how Utah projected their utilization in their 1115 demonstration waiver.
4. DPHHS assumes an annual caseload growth rate of 2.4%. This assumption is based on data from Utah's 1115 demonstration waiver. This results in 191 (381*1.024)/2 eligible individuals in FY 2024 and 390 (381*1.024)

- in FY2025. The department assumes 400 (390×1.024) eligible individuals in FY 2026, and 409 (400×1.024) eligible individuals in FY 2026.
5. The department assumes a medical respite care per diem rate of \$149.30 in FY 2024. This is an average of three available per diem rates from other states: Washington (\$140 low end, \$160 high end) and Utah (\$147.91). $((\$140 + \$160 + \$147.91)/3)$
 6. DPHHS assumes an annual cost growth rate of 5.3%. This assumption is based on data from Utah's 1115 demonstration waiver. This results in a per diem rate of \$157.21 in FY 2025 ($\149.30×1.053), \$165.55 in FY 2026 ($\157.21×1.053), \$174.32 in FY 2027 ($\165.55×1.053).
 7. The department assumes an average length of stay for respite services to be 30 days. This is based on a 2017 policy brief from that National Health Care for the Homeless Council. Other medical respite care programs report that the average stay can be between 5 and 60 days.
 8. Based on a review of FY 2022 claims with a diagnosis code relating to homelessness, the department assumes 67.5% of benefit expenditures will be on Medicaid Expansion eligible individuals, and 32.5% on traditional Medicaid members.
 9. Based on the Montana data from HUD, 16% of homeless Montanans are Native American. The department assumes tribal facility participation to begin in FY 2025 and that these tribal facilities are eligible for 100% Federal Medical Assistance Percentage (FMAP).
 10. The department assumes that the following FMAPs will apply to eligible homeless populations: Medicaid Standard FMAP (36.09% state funded and 63.91% federal funded in FY 2024; 35.88% state funded and 64.12% federal funded in FY 2025-2027), Medicaid Expansion FMAP (90% federal funded and 10% state funded all years), and Indian Health Services FMAP (100% federal funded all years).
 11. The 1115 waiver is a five-year approval from CMS.
 12. Based off past workload to implement and monitor current waivers, DPHHS estimates an additional 0.50 FTE program specialist 1. Personal services for this FTE is \$34,198 in FY 2024 and \$34,305 and assumes a 1.5% inflation factor for FY 2026 and FY 2027. New office equipment for the employee is \$2,800 in FY 2024. Operating costs associated with the FTE is estimated at 3% of personal service costs.
 13. These costs are Medicaid Administrative Services that receive a FMAP of 50% general fund and 50% federal funds for personal services.

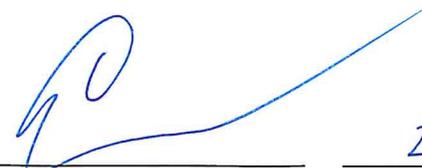
Description	CY 2022		6 months SFY 2024	SFY2025	SFY2026	SFY2027
Current Homeless Population	1,585		793	1,624	1,663	1,703
% of Homeless Needing Care	24.0%		24.0%	24.0%	24.0%	24.0%
Total Counts Chronically Homeless	381		191	390	400	409
Total Chronically Homeless - American Indian	61		31	63	65	67
Total Non-American Indian	320		160	327	335	342
Non-American Indian						
Average Length of Stay	30		30	30	30	30
Member Months - MCD	104		52	106	109	111
Member Months - EXP	216		108	221	226	231
Medical Respite Cost Per Diem	149.30		149.30	157.21	165.55	174.32
Total Cost			716,640	1,542,259	1,663,729	1,788,514
American Indian						
Average Length of Stay	30		30	30	30	30
Member Months - MCD	20		10	20	21	22
Member Months - EXP	41		21	43	44	45
Medical Respite Cost Per Diem	149.30		149.30	157.21	165.55	174.32
Total Cost			138,849	297,132	322,813	350,381
Total Cost			-	297,132	322,813	350,381
Member Months - MCD			278,034	501,234	540,712	581,267
Member Months - EXP			577,455	1,041,025	1,123,017	1,207,247
Total Cost			855,489	1,839,391	1,986,542	2,138,895
Federal Impact	FY24	FY25-27				
Total Cost for Tribal Facilities	100.00%		-	297,132	322,813	350,381
Member Months - MCD	63.91%	64.12%	177,691	321,391	346,705	372,708
Member Months - EXP	90.00%	90.00%	519,710	936,922	1,010,715	1,086,522
Total Cost			697,401	1,555,446	1,680,233	1,809,612
State General Fund Impact	FY24	FY25-27				
Total Cost for Tribal Facilities	0.00%		-	-	-	-
Member Months - MCD	36.09%	35.88%	100,342	179,843	194,007	208,559
Member Months - EXP	10.00%	10.00%	57,746	104,102	112,302	120,725
Total Cost			158,088	283,945	306,309	329,283

	SFY 2024	SFY2025	SFY2026	SFY2027
Estimated Members Served	191	327	335	342
Estimated Members Served @ Tribal Entity	-	63	65	67
Estimated Per Member Per Month	\$ 149.30	\$ 157.21	\$ 165.55	\$ 174.32
Estimated Expenditure (Members Served x Rate x 30 days)	\$ 855,489	\$ 1,542,259	\$ 1,663,729	\$ 1,788,514
TOTAL Respite Care Projection Medicaid - 32.5%	\$ 278,034	\$ 501,234	\$ 540,712	\$ 581,267
TOTAL Respite Care Projection Expansion - 67.5%	\$ 577,455	\$ 1,041,025	\$ 1,123,017	\$ 1,207,247
TOTAL Respite Care Projection - American Indian	\$ -	\$ 297,132	\$ 322,813	\$ 350,381
TOTAL	\$ 855,489	\$ 1,839,391	\$ 1,986,542	\$ 2,138,895
FMAP	SFY 2024	SFY2025	SFY2026	SFY2027
Standard Medicaid				
State Share	36.09%	35.88%	35.88%	35.88%
Federal Share	63.91%	64.12%	64.12%	64.12%
Expansion				
State Share	10.00%	10.00%	10.00%	10.00%
Federal Share	90.00%	90.00%	90.00%	90.00%
Tribal				
State Share	0.00%	0.00%	0.00%	0.00%
Federal Share	100.00%	100.00%	100.00%	100.00%
FUNDING	SFY 2024	SFY2025	SFY2026	SFY2027
State - Medicaid	\$ 100,342	\$ 179,843	\$ 194,007	\$ 208,559
Federal - Medicaid	\$ 177,691	\$ 321,391	\$ 346,705	\$ 372,708
State - Expansion	\$ 57,746	\$ 104,102	\$ 112,302	\$ 120,725
Federal - Expansion	\$ 519,710	\$ 936,922	\$ 1,010,715	\$ 1,086,522
State - Tribal	\$ -	\$ -	\$ -	\$ -
Federal - Tribal	\$ -	\$ 297,132	\$ 322,813	\$ 350,381

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.50	0.50	0.50	0.50
<u>Expenditures:</u>				
Personal Services	\$34,198	\$34,305	\$35,065	\$35,834
Operating Expenses	\$3,826	\$1,029	\$1,068	\$1,075
Benefits	\$855,489	\$1,839,391	\$1,986,542	\$2,138,895
TOTAL Expenditures	\$893,513	\$1,874,725	\$2,022,675	\$2,175,804
<u>Funding of Expenditures:</u>				
General Fund (01)	\$177,100	\$301,612	\$324,376	\$347,738
Federal Special Revenue (03)	\$716,413	\$1,573,113	\$1,698,300	\$1,828,067
TOTAL Funding of Exp.	\$893,513	\$1,874,725	\$2,022,675	\$2,175,804
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$716,413	\$1,573,113	\$1,698,300	\$1,828,067
TOTAL Revenues	\$716,413	\$1,573,113	\$1,698,300	\$1,828,067
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$177,100)	(\$301,612)	(\$324,376)	(\$347,738)
Federal Special Revenue (03)	\$0	\$0	\$1	\$1

Technical Notes:

1. Medical respite is not a service currently allowed under the Medicaid State Plan and would be contingent on approval of the Medicaid 1115 demonstration waiver by the Centers of Medicare and Medicaid (CMS). Approval will require evidence of budget neutrality over the demonstration period.
2. Section 1(5) states “the department shall report to the legislature annually in accordance with 5-10-211 on:” and should state 5-11-210, MCA.



 Sponsor's Initials

2-28-23

 Date



 Budget Director's Initials

2-17-23

 Date