



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0646 - Establish a housing stability services program (Stafman, Ed)

Status: As Introduced - Revised

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<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>
Expenditures:				
General Fund	\$19,012	\$173,058	\$333,609	\$338,821
Federal Special Revenue	\$19,012	\$572,948	\$1,145,386	\$1,162,776
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$19,012	\$572,948	\$1,145,386	\$1,162,776
Net Impact-General Fund Balance:	<u>(\$19,012)</u>	<u>(\$173,058)</u>	<u>(\$333,609)</u>	<u>(\$338,821)</u>

Description of fiscal impact: HB 646 requires the Department of Public Health and Human Services (DPHHS) (department) to submit a waiver to receive Centers for Medicaid and Medicare (CMS) approval to implement housing stability services under Medicaid for those who are Medicaid eligible.

FISCAL ANALYSIS

Assumptions:

Human and Community Services

1. DPHHS and the Department of Commerce currently administer a housing program funded through temporary CARES and ARPA funds that provide similar supports as those listed in section 1. This program is referred to as Housing Stability Services (HSS) in this fiscal note.
2. Section 1 (2) (a) sets income eligibility for ongoing housing support services. The current HSS program has income eligibility threshold (up to 80% area median income). Currently, there are approximately 7,624 households that receive HSS services per year. Approximately 83% of households (527 per month) have been approved for the current HHS program and are estimated to be Medicaid eligible (income reported is less than 133% FPL).
3. The reporting requirements in Section 2 (b)(iii) will require data tracked through Homeless Management Information System (HMIS) for reduction in homelessness and recidivism. Grantees would be required to

enter data in HMIS. The department assumes the same or a similar number of organizations will provide services requiring HMIS data tracking as those identified in assumption 4. Annual user fees for HMIS is estimated at \$10,000 per organization, based on current costs, resulting in a total annual cost of \$40,000 ($\$10,000 \times 4$ contracted service providers = \$40,000). These costs would begin January 1, 2025.

4. Additional data tracking is required as specified in section 2 (b)(i)(ii)(iii). DPHHS tracks these elements for the existing HHS program using spreadsheets created at the household level. The reporting requirements in the bill will require manual data aggregation and would require 1.50 FTE data specialists (.5 hours x 527 households x 12 months). These costs would begin January 1, 2025.
 - Total one time only office setup costs for the 1.5 FTE data specialists is \$4,200 in FY 2025.
 - Funding for the 1.50 FTE data specialists is a Federal Medical Assistance Percentage (FMAP) 50% general fund and 50% federal fund for personal services per Medicaid administrative services.
5. There is a 1.5% inflation factor increase in costs for FY 2026 and FY 2027.

Medicaid

6. Housing benefits 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). Assuming a waiver application is submitted no later than January 1, 2024 as required by Section 2, the department assumes approval and implementation effective on January 1, 2025. Medicaid funding for those who are eligible is calculated beginning January 1, 2025.
7. The 1115 waiver is a five-year approval from CMS. Based off past workload to implement and monitor current waivers, DPHHS estimates and additional 0.50 FTE program specialist 1. The position will be responsible for drafting the waiver, leading public hearings, monitoring waiver requirements, collecting and analyzing waiver data, completing quarterly reporting. It is estimated that the position will cost \$38,024 in FY 2024, of which \$34,198 is salaries and benefits, \$1,026 is operating, and \$2,800 is office setup. In FY 2025, the estimated total cost of the position is \$35,334, in FY 2026 total cost is \$36,311 and in FY 2027 total cost is \$36,909. These costs are Medicaid administrative services that receive FMAP of 50% general fund and 50% federal funds for personal services.
8. The department assumes that the following FMAPs will apply to eligible households: 33% of eligible Medicaid households are estimated to fall under the standard Medicaid FMAP (35.88% state funded and 64.12% federal funded), the remaining 67% of households are estimated to fall under the Medicaid Expansion FMAP (90% federal funded and 10% state funded).
9. Beginning January 1, 2025, it is estimated that 527 of the eligible households will receive HB 646 services through Medicaid (635 households x $.83$ Medicaid Eligible = 527 households) and that the average cost per household per month is \$201 in FY 2025 ($\$75 \times 2.68 = \201). A 1.5% inflationary factor is applied in FY 2026 and FY 2027 resulting in average cost per household per month of \$204 in FY 2026 and \$207 in FY 2027.
10. It is estimated that the Medicaid benefit expense will be \$635,562 in FY 2025, \$1,290,191 in FY 2026 and \$1,309,544 in FY 2027. FY 2025 ($527 \times 201 \times 6 = \$635,562$) FY 2026 ($527 \times 204 \times 12 = \$1,290,191$) FY 2027 ($527 \times 207 \times 12 = \$1,309,543$).

Medicaid Benefits Costs		FY 2024	FY 2025	FY 2026	FY 2027
# of Eligible Medicaid households		0	527	527	527
Average monthly cost (benefits)		\$ -	\$ 201	\$ 204	\$ 207
Total Months			6	12	12
Total Medicaid Cost		\$ -	\$ 635,562	\$ 1,290,191	\$ 1,309,544
Est % of Trad Med	0.33	\$ -	\$ 209,735	\$ 425,763	\$ 432,149
Est % of EXP	0.67	\$ -	\$ 425,827	\$ 864,428	\$ 877,394
Traditional Medicaid					
General Funds	35.88%	\$ -	\$ 75,253	\$ 152,764	\$ 155,055
Federal Funds	64.12%	\$ -	\$ 134,482	\$ 272,999	\$ 277,094
Total			\$ 209,735	\$ 425,763	\$ 432,149
Medicaid Expansion					
General Funds	10%	\$ -	\$ 42,583	\$ 86,443	\$ 87,739
Federal Funds	90%	\$ -	\$ 383,244	\$ 777,985	\$ 789,655
Total			\$ 425,827	\$ 864,428	\$ 877,394
Total Medicaid					
General Funds		\$ -	\$ 117,836	\$ 239,207	\$ 242,794
Federal Funds		\$ -	\$ 517,726	\$ 1,050,984	\$ 1,066,749
Total		\$ -	\$ 635,562	\$ 1,290,191	\$ 1,309,543

	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
<u>Fiscal Impact:</u>				
FTE	0.50	2.00	2.00	2.00
<u>Expenditures:</u>				
Personal Services	\$34,198	\$87,810	\$144,454	\$147,624
Operating Expenses	\$3,826	\$22,634	\$44,350	\$44,429
Benefits	\$0	\$635,562	\$1,290,191	\$1,309,544
TOTAL Expenditures	\$38,024	\$746,006	\$1,478,995	\$1,501,597
<u>Funding of Expenditures:</u>				
General Fund (01)	\$19,012	\$173,058	\$333,609	\$338,821
Federal Special Revenue (03)	\$19,012	\$572,948	\$1,145,386	\$1,162,776
TOTAL Funding of Exp.	\$38,024	\$746,006	\$1,478,995	\$1,501,597
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$19,012	\$572,948	\$1,145,386	\$1,162,776
TOTAL Revenues	\$19,012	\$572,948	\$1,145,386	\$1,162,776
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$19,012)	(\$173,058)	(\$333,609)	(\$338,821)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Notes:

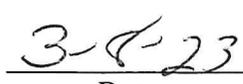
1. This fiscal note is contingent upon approval of a Medicaid Demonstration waiver for the new Housing Stability Services by the Centers of Medicare and Medicaid (CMS). If a waiver is not approved by January 1, 2025, the general fund cost stated in this fiscal note would be understated, and the federal fun cost overstated.

Sponsor's Initials

Date



Budget Director's Initials



Date