



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

### Bill information:

HB0649 - Implement rates from provider rate study (Cafferro, Mary )

Status: As Amended in House Committee

- ☐ 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</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$48,357,989	\$50,084,034	\$50,425,740	\$50,769,839
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$92,996,613	\$96,997,343	\$97,671,308	\$98,349,991
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$92,996,613	\$96,997,343	\$97,671,308	\$98,349,991
<b>Net Impact-General Fund Balance:</b>	<u>(\$48,357,989)</u>	<u>(\$50,084,034)</u>	<u>(\$50,425,740)</u>	<u>(\$50,769,839)</u>

**Description of fiscal impact:** HB 649 as amended requires the Department of Public Health and Human Services (DPHHS/department) to implement the benchmark provider rates based on the Guidehouse rate studies performed in 2021 and 2022.

### FISCAL ANALYSIS

#### Assumptions:

1. Section 1(2)(a) requires the department to set the base daily rate for nursing homes at the gross single rate recommended by the nursing facility rate study prior to applying quality and acuity add-ons. Per the Guidehouse rate study this is a rate of \$278.75 per day.
2. The department calculated the cost to raise any rate with a published benchmark by Guidehouse from its current rate to the benchmark rate.
3. For any rate currently at or above the Guidehouse benchmark rate, the department assumes no rate increase.

Medicaid Benefits - Fiscal Impact Current Rates to HB 649 as amended				
	Population Growth		100.70%	100.70%
Benefit Costs	FY 2024	FY 2025	FY 2026	FY 2027
Standard Medicaid	\$ 66,946,158	\$ 69,475,399	\$ 69,961,727	\$ 70,451,459
Standard Medicaid - CFC	\$ 24,392,899	\$ 25,043,100	\$ 25,218,401	\$ 25,394,930
Standard Medicaid - Nursing Home*	\$ 41,672,652	\$ 44,173,011	\$ 44,482,222	\$ 44,793,598
Expansion	\$ 2,450,893	\$ 2,553,945	\$ 2,571,823	\$ 2,589,825
Expansion Nursing Home*	\$ 2,000,397	\$ 2,000,397	\$ 2,014,400	\$ 2,028,501
Expansion - CFC	\$ 1,728,011	\$ 1,664,075	\$ 1,675,723	\$ 1,687,453
Tribal	\$ 178,189	\$ 186,048	\$ 187,350	\$ 188,662
<b>Total for rates currently below benchmark</b>	<b>\$ 139,369,201</b>	<b>\$ 145,095,975</b>	<b>\$ 146,111,647</b>	<b>\$ 147,134,429</b>
<b>Inflation Factor</b>	0.00%	0.00%	0.00%	0.00%
<b>Total with Inflation Factor</b>	<b>\$ 139,369,201</b>	<b>\$ 145,095,975</b>	<b>\$ 146,111,647</b>	<b>\$ 147,134,429</b>
<b>*Inflation factor in FY24 is not applied to Nursing Homes</b>				
Rates Already at Benchmark	\$ 11,362,336	\$ 11,967,087	\$ 12,050,856	\$ 12,135,212
Inflation Factor	0.00%	0.00%	0.00%	0.00%
<b>Total For Rates already at benchmark</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Medicaid Impact</b>	<b>\$ 139,369,201</b>	<b>\$ 145,095,975</b>	<b>\$ 146,111,647</b>	<b>\$ 147,134,429</b>
<b>FMAP</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Standard Medicaid</b>				
State Share	36.09%	35.88%	35.88%	35.88%
Federal Share	63.91%	64.12%	64.12%	64.12%
Tribal	100.00%	100.00%	100.00%	100.00%
<b>Expansion</b>				
State Share	10.00%	10.00%	10.00%	10.00%
Federal Share	90.00%	90.00%	90.00%	90.00%
Tribal	100.00%	100.00%	100.00%	100.00%
<b>Community First Choice - Standard Medicaid</b>				
State Share	30.09%	29.88%	29.88%	29.88%
Federal Share	69.91%	70.12%	70.12%	70.12%
Tribal	100.00%	100.00%	100.00%	100.00%
<b>Community First Choice - Medicaid Expansion</b>				
State Share	6.00%	6.00%	6.00%	6.00%
Federal Share	94.00%	94.00%	94.00%	94.00%
Tribal	100.00%	100.00%	100.00%	100.00%
<b>Funding Impact</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
State Share	\$ 47,089,162	\$ 48,815,207	\$ 49,156,913	\$ 49,501,012
Federal Share	\$ 92,280,039	\$ 96,280,769	\$ 96,954,734	\$ 97,633,417
<b>TOTAL</b>	<b>\$ 139,369,201</b>	<b>\$ 145,095,975</b>	<b>\$ 146,111,647</b>	<b>\$ 147,134,429</b>

4. The Guidehouse rate study included provider types that are utilized for foster care placements. The department assumes the bill applies to these rates as well. The department calculated the increase to the foster care group home, foster care therapeutic group home, foster care shelter home, and foster care respite care rates to the benchmark rates. These services are eligible for federal reimbursement through Title IV-E of the Social Securities Act and Temporary Assistance for Needy Families (TANF) for children meeting eligibility requirements for these programs. The remaining costs are funded with general fund. This result in overall funding of 73.87% general fund, and 26.13% federal funds. The increased cost and funding are identified in the table, below:

Non-Medicaid Benefits - Child and Family Services					HB 649 Increase			
Benefit Costs	Base Rate	% to Benchmark	Inflation	FY 2024 Total	FY 2024	FY 2025	FY 2026	FY 2027
Foster Care Group Homes	\$ 1,284,116	10%	0.00%	\$ 1,412,528	\$ 128,412	\$ 128,412	\$ 128,412	\$ 128,412
Therapeutic Group Homes	\$ 1,802,141	10%	0.00%	\$ 1,982,355	\$ 180,214	\$ 180,214	\$ 180,214	\$ 180,214
Foster Care Shelter Care	\$ 1,528,895	20%	0.00%	\$ 1,834,674	\$ 305,779	\$ 305,779	\$ 305,779	\$ 305,779
Foster Care Respite Services	\$ 129,284	404%	0.00%	\$ 651,591	\$ 522,307	\$ 522,307	\$ 522,307	\$ 522,307
<b>Total Benefit Costs</b>	<b>\$ 4,744,436</b>			<b>\$ 5,881,148</b>	<b>\$ 1,136,712</b>	<b>\$ 1,136,712</b>	<b>\$ 1,136,712</b>	<b>\$ 1,136,712</b>
Funding					FY 2024	FY 2025	FY 2026	FY 2027
General Fund	73.87%			73.87%	73.87%	73.87%	73.87%	73.87%
Federal Share	26.13%			26.13%	26.13%	26.13%	26.13%	26.13%
Funding Impact					FY 2024	FY 2025	FY 2026	FY 2027
General Fund	\$ 3,504,885			\$ 4,344,614	\$ 839,730	\$ 839,730	\$ 839,730	\$ 839,730
Federal Share	\$ 1,239,551			\$ 1,536,534	\$ 296,982	\$ 296,982	\$ 296,982	\$ 296,982
<b>TOTAL</b>	<b>\$ 4,744,436</b>			<b>\$ 5,881,148</b>	<b>\$ 1,136,712</b>	<b>\$ 1,136,712</b>	<b>\$ 1,136,712</b>	<b>\$ 1,136,712</b>

5. The Guidehouse study included provider types that are utilized for indexing provider rates for services delivered through the Disability Employment Transitions Division. The department assumes the bill applies to these rates as well. The department calculated the increase to extended employment and community rehabilitation services to the benchmark rates. Job assistance services are eligible for federal reimbursement through the Vocational Rehabilitation grant at 78.7% federal funds, and 21.3% general funds. Extended employment services are not eligible for federal reimbursement and are funded with 100% general fund. The increased cost and funding are identified in the table, below:

Non-Medicaid Benefits - Disability Employment and Transition					HB 649 Increase			
Benefit Costs	Base Rate	% to Benchmark	Inflation	FY 2024 Total	FY 2024	FY 2025	FY 2026	FY 2027
Extended Employment	\$ 991,096	40.00%	0.00%	\$ 1,387,534	\$ 396,438	\$ 396,438	\$ 396,438	\$ 396,438
Community Rehabilitation	\$ 1,675,000	27.00%	0.00%	\$ 2,127,250	\$ 452,250	\$ 452,250	\$ 452,250	\$ 452,250
<b>Total Benefit Costs</b>	<b>\$ 2,666,096</b>			<b>\$ 3,514,784</b>	<b>\$ 848,688</b>	<b>\$ 848,688</b>	<b>\$ 848,688</b>	<b>\$ 848,688</b>
Funding					FY 2024	FY 2025	FY 2026	FY 2027
General Fund	50.56%			50.56%	50.56%	50.56%	50.56%	50.56%
Federal Share	49.44%			49.44%	49.44%	49.44%	49.44%	49.44%
Funding Impact					FY 2024	FY 2025	FY 2026	FY 2027
General Fund	\$ 1,347,978			\$ 1,777,075	\$ 429,097	\$ 429,097	\$ 429,097	\$ 429,097
Federal Share	\$ 1,318,118			\$ 1,737,709	\$ 419,592	\$ 419,592	\$ 419,592	\$ 419,592
<b>TOTAL</b>	<b>\$ 2,666,096</b>			<b>\$ 3,514,784</b>	<b>\$ 848,688</b>	<b>\$ 848,688</b>	<b>\$ 848,688</b>	<b>\$ 848,688</b>

6. The department currently does not collect the information required in Section 1(5)(d). The department assumes absorb the cost of collecting information related to direct care worker vacancies and turnover.

	<b><u>FY 2024</u></b> <b><u>Difference</u></b>	<b><u>FY 2025</u></b> <b><u>Difference</u></b>	<b><u>FY 2026</u></b> <b><u>Difference</u></b>	<b><u>FY 2027</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Benefits	\$141,354,601	\$147,081,375	\$148,097,047	\$149,119,829
<b>TOTAL Expenditures</b>	<b>\$141,354,601</b>	<b>\$147,081,375</b>	<b>\$148,097,047</b>	<b>\$149,119,829</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$48,357,989	\$50,084,034	\$50,425,740	\$50,769,839
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$92,996,613	\$96,997,343	\$97,671,308	\$98,349,991
<b>TOTAL Funding of Exp.</b>	<b>\$141,354,602</b>	<b>\$147,081,377</b>	<b>\$148,097,048</b>	<b>\$149,119,830</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$92,996,613	\$96,997,343	\$97,671,308	\$98,349,991
<b>TOTAL Revenues</b>	<b>\$92,996,613</b>	<b>\$96,997,343</b>	<b>\$97,671,308</b>	<b>\$98,349,991</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$48,357,989)	(\$50,084,034)	(\$50,425,740)	(\$50,769,839)
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

**Technical Notes:**

1. To receive federal reimbursement of the additional Medicaid costs of the provider rate increases, the department will need to submit both Medicaid state plan amendments and waiver amendments to the Centers for Medicaid and Medicare (CMS) for approval. Generally, the department assumes this approval process takes 180 days. Therefore, if the department does not receive all necessary approvals to receive federal reimbursement effective July 1, 2023, this fiscal note could be considerably understating general fund impact and overstating federal fund impact.
2. Multiple other bills have components of the proposed Medicaid provider rates increases as outlined in HB 649 that would require coordination if HB 649 were to pass, at time of publication, these other bills include HB 2, SB 296, SB 329.

3. A significant portion of the estimated funding impact is already included in the current version of HB 2 (as of 3/28/2023). Below is the estimated fiscal impact between the current version of HB 2 and HB 649 as amended for Medicaid:

Medicaid Benefits - difference between HB 2 (as of 3/28/2023) and HB 649 as amended				
	Population Growth		100.70%	100.70%
Benefit Costs	FY 2024	FY 2025	FY 2026	FY 2027
Standard Medicaid	\$ 25,439,540	\$ 10,421,310	\$ 10,494,259	\$ 10,567,719
Standard Medicaid - CFC	\$ 9,269,302	\$ 3,756,465	\$ 3,782,760	\$ 3,809,240
Standard Medicaid - Nursing Home	\$ 15,835,608	\$ 6,625,952	\$ 6,672,333	\$ 6,719,040
Expansion	\$ 931,339	\$ 383,092	\$ 385,773	\$ 388,474
Expansion Nursing Home	\$ 760,151	\$ 300,060	\$ 302,160	\$ 304,275
Expansion - CFC	\$ 656,644	\$ 249,611	\$ 251,359	\$ 253,118
Tribal	\$ 67,712	\$ 27,907	\$ 28,103	\$ 28,299
<b>Total for rates currently below benchmark</b>	<b>\$ 52,960,296</b>	<b>\$ 21,764,396</b>	<b>\$ 21,916,747</b>	<b>\$ 22,070,164</b>
<b>Inflation Factor</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total with Inflation Factor</b>	<b>\$ 52,960,296</b>	<b>\$ 21,764,396</b>	<b>\$ 21,916,747</b>	<b>\$ 22,070,164</b>
Rates Already at Benchmark	\$ 11,362,336	\$ 11,967,087	\$ 12,050,856	\$ 12,135,212
Inflation Factor	0.00%	0.00%	0.00%	0.00%
Total For Rates already at benchmark	\$ -	\$ -	\$ -	\$ -
<b>Total Medicaid Impact</b>	<b>\$ 52,960,296</b>	<b>\$ 21,764,396</b>	<b>\$ 21,916,747</b>	<b>\$ 22,070,164</b>
FMAP	FY 2024	FY 2025	FY 2026	FY 2027
<b>Standard Medicaid</b>				
State Share	36.09%	35.88%	35.88%	35.88%
Federal Share	63.91%	64.12%	64.12%	64.12%
Tribal	100.00%	100.00%	100.00%	100.00%
<b>Expansion</b>				
State Share	10.00%	10.00%	10.00%	10.00%
Federal Share	90.00%	90.00%	90.00%	90.00%
Tribal	100.00%	100.00%	100.00%	100.00%
<b>Community First Choice - Standard Medicaid</b>				
State Share	30.09%	29.88%	29.88%	29.88%
Federal Share	69.91%	70.12%	70.12%	70.12%
Tribal	100.00%	100.00%	100.00%	100.00%
<b>Community First Choice - Medicaid Expansion</b>				
State Share	6.00%	6.00%	6.00%	6.00%
Federal Share	94.00%	94.00%	94.00%	94.00%
Tribal	100.00%	100.00%	100.00%	100.00%
Difference Between Current HB 2 and 100% of Guidehouse Studies:				
Funding Impact	FY 2024	FY 2025	FY 2026	FY 2027
State Share	\$ 17,893,882	\$ 7,322,281	\$ 7,373,537	\$ 7,425,152
Federal Share	\$ 35,066,415	\$ 14,442,115	\$ 14,543,210	\$ 14,645,013
<b>TOTAL</b>	<b>\$ 52,960,296</b>	<b>\$ 21,764,396</b>	<b>\$ 21,916,747</b>	<b>\$ 22,070,164</b>

4. A significant portion of the estimated funding impact is already included in the current version of HB 2 (as of 3/28/2023). Below is the estimated fiscal impact between the current version of HB 2 and HB 649 as amended for foster care placements:

Non-Medicaid Benefits - CFSD		Difference between current HB 2 and HB 649			
Benefit Costs		FY 2024	FY 2025	FY 2026	FY 2027
Foster Care Group Homes	\$	48,796	\$ 19,262	\$ 19,262	\$ 19,262
Therapeutic Group Homes	\$	68,481	\$ 27,032	\$ 27,032	\$ 27,032
Foster Care Shelter Care	\$	116,196	\$ 45,867	\$ 45,867	\$ 45,867
Foster Care Respite Services	\$	198,477	\$ 78,346	\$ 78,346	\$ 78,346
<b>Total Benefit Costs</b>	<b>\$</b>	<b>431,951</b>	<b>\$ 170,507</b>	<b>\$ 170,507</b>	<b>\$ 170,507</b>
Funding		FY 2024	FY 2025	FY 2026	FY 2027
General Fund		73.87%	73.87%	73.87%	73.87%
Federal Share		26.13%	26.13%	26.13%	26.13%
Funding Impact		FY 2024	FY 2025	FY 2026	FY 2027
General Fund	\$	319,097	\$ 125,959	\$ 125,959	\$ 125,959
Federal Share	\$	112,853	\$ 44,547	\$ 44,547	\$ 44,547
<b>TOTAL</b>	<b>\$</b>	<b>431,951</b>	<b>\$ 170,507</b>	<b>\$ 170,507</b>	<b>\$ 170,507</b>

5. A significant portion of the estimated funding impact is already included in the current version of HB 2 (as of 3/28/2023). Below is the estimated fiscal impact between the current version of HB 2 and HB 649 as amended for the Disability Employment Transitions Division (DETD):

Non-Medicaid Benefits - DETD		Difference between current HB 2 and HB 649			
Benefit Costs		FY 2024	FY 2025	FY 2026	FY 2027
Extended Employment	\$	150,647	\$ 59,466	\$ 59,466	\$ 59,466
Community Rehabilitation	\$	171,855	\$ 67,838	\$ 59,466	\$ 59,466
<b>Total Benefit Costs</b>	<b>\$</b>	<b>322,502</b>	<b>\$ 127,303</b>	<b>\$ 118,932</b>	<b>\$ 118,932</b>
Funding		FY 2024	FY 2025	FY 2026	FY 2027
General Fund		50.56%	50.56%	50.56%	50.56%
Federal Share		49.44%	49.44%	49.44%	49.44%
Funding Impact		FY 2024	FY 2025	FY 2026	FY 2027
General Fund	\$	163,057	\$ 64,365	\$ 60,132	\$ 60,132
Federal Share	\$	159,445	\$ 62,939	\$ 58,800	\$ 58,800
<b>TOTAL</b>	<b>\$</b>	<b>322,502</b>	<b>\$ 127,303</b>	<b>\$ 118,932</b>	<b>\$ 118,932</b>

Sponsor's Initials

Date

Budget Director's Initials

Date