

**UNSOLICITED**  
**EXECUTIVE AGENCY**  
**FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: May 31, 2021

Agency Submitting: Department of Health and Human Services, Health Care Financing and Policy

<b>Items of Revenue or Expense, or Both</b>	<b>Fiscal Year 2020-21</b>	<b>Fiscal Year 2021-22</b>	<b>Fiscal Year 2022-23</b>	<b>Effect on Future Biennia</b>
Fiscal Intermediary Costs (3158 Administration) (Expense)		\$101,790	\$208,709	\$417,417
Appropriation (AB495 Section 53) (Revenue)		\$50,895	\$104,354	
Total	0	(\$50,895)	(\$104,355)	\$417,417

Explanation

(Use Additional Sheets of Attachments, if required)

Section 53 of the bill requires the Division to create a self-directed model for personal care services. This will be done within the existing Physically Disabled Waiver for a cost of \$101,790 total computable/ \$50,895 SGF in FY 22 and \$208,709 total computable/\$104,354 SGF in FY23. Section 58 appropriates \$50,895 in FY 22 and 104,354 in FY 23 this is the total impact of the SGF obligation of section 53 in budget account 3158. The remaining costs will be covered with federal funds.

Name Phil Burrell

Title Deputy Administrator

## **Division of Health Care Financing and Policy**

AB495

Section 53 of this bill requires the division to operate a self-directed model for personal care services (PCS). The division would use a fiscal intermediary to assist recipients in managing the budget for their self-directed PCS. The calculations for the fiscal intermediary costs are on the next page. A start date of January 1, 2022 was used for the fiscal impact analysis because it will take up to six months to get CMS approval and to contract with a fiscal intermediary.

### Methodology

- 1) To estimate potential number of recipients, this analysis used data on waiver recipients receiving attendant care during state fiscal year 2020.
- 2) This count of potential recipients was grown forward to the upcoming biennium using waiver caseload projections from the Department of Health and Human Services Office of Analytics (DHHS-OOA).
- 3) There would be an initiation cost for each recipient of \$54.25 and a monthly cost per recipient of \$49.45. These rates are based on Arizona Medicaid's rates for a similar program.
- 4) In SFY22, an initiation cost would be incurred for all recipients when the program starts. In SFY23, the initiation cost would only be incurred for new recipients. We estimate that the number of recipients will increase from 338 in SFY22 to 352 in SFY23, an increase of 14 recipients. The number of new recipients per year times the initiation cost per recipient equals the total initiation costs.
- 5) The monthly fee per recipient would not be paid in the month in which the initiation fee is paid. For SFY22, we calculated the number of member months by multiplying the number of recipients times 5 months. For SFY23, we calculated the member months by multiplying the number of existing recipients by 12 months and multiplying the number of new recipients by 11 months. Total member months per state fiscal year times the monthly cost per recipient equals the total monthly costs.
- 6) The sum of initiation costs and monthly costs equals the total computable costs for the fiscal intermediary services. The administrative match for these expenditures is 50% federal funds and 50% state general funds. Summary tables of the calculation and estimated costs are shown on the next page.

**Division of Health Care Financing and Policy**

AB495

<b>State Fiscal Year</b>	<b>Number of New Recipients</b>	<b>Initiation Cost Per Recipient</b>	<b>Total Initiation Costs</b>	<b>Member Months</b>	<b>Monthly Cost per Recipient</b>	<b>Total Monthly Costs</b>
SFY22	338	\$54.25	\$18,315	1,688	\$49.45	\$83,474
SFY23	14	\$54.25	\$759	4,205	\$49.45	\$207,949

<b>State Fiscal Year</b>	<b>Total Computable Costs</b>	<b>State General Funds</b>
SFY22	\$101,790	\$50,895
SFY23	\$208,709	\$104,354
<b>Biennium</b>	<b>\$310,498</b>	<b>\$155,249</b>