

Expenditures	Potential increase	Potential increase	Potential increase
--------------	--------------------	--------------------	--------------------

Note: The state fiscal year is July 1 through June 30. For example, FY 2007 is July 1, 2006 – June 30, 2007.

- Medicaid expenditures from the General Revenue Fund (GRF) as well as federal Medicaid reimbursement will likely decrease as persons who would otherwise be served in a nursing facility would be served in a less costly setting such as their own homes under the PASSPORT Medicaid waiver program, an assisted living facility under the Assisted Living Medicaid waiver program, or a residential care facility through the Residential State Supplement (RSS) program. The savings is likely to be in the millions of dollars. The PASSPORT and Assisted Living programs are currently funded out of GRF appropriation item 600-525, Health Care/Medicaid, in the Department of Job and Family Services' (ODJFS) budget. Federal Medicaid reimbursement for expenditures from this appropriation item are deposited directly into the GRF.
- PASSPORT, Assisted Living, and RSS expenditures from the General Revenue Fund as well as applicable State Special Revenue Fund and Federal Special Revenue Fund expenditures will likely increase as persons who would otherwise be served in a nursing facility would instead be served in one of those three programs. The bill requires the Director of Budget and Management, on a quarterly basis, to transfer the state share of the amount of the estimated costs for the PASSPORT and RSS programs from GRF appropriation item 600-525, Health Care/Medicaid, to GRF appropriation items 490-403, PASSPORT, and 490-412, Residential State Supplement, in the Department of Aging's budget. In addition, the Director of Budget and Management is to increase the appropriation in Ohio Department of Aging Fund 3C4, appropriation item 490-607, PASSPORT, ODJFS Fund 3G5, appropriation item 600-655, Interagency Reimbursement, by the federal share of the amount of the estimated costs.
- The Department of Aging may transfer cash by intrastate transfer vouchers from appropriation items 490-412, Residential State Supplement, and 490-610, PASSPORT/Residential State Supplement, to the Department of Job and Family Services' Fund 4J5, Home and Community-Based Services for the Aged Fund. The funds are to be used to make benefit payments to Residential State Supplement recipients.
- The funds transferred and increased under the bill are appropriated.
- The bill creates additional administrative duties for the departments of Aging and Job and Family Services. The bill requires the Department of Aging to certify to the Director of Budget and Management the estimated increase in costs of the RSS and PASSPORT programs resulting from enrollment of individuals into the programs. Additionally, the Director of Aging must submit to the General Assembly a report regarding the number of individuals enrolled in the RSS program and the costs incurred and savings achieved as a result of the enrollments. Likewise, the Director of ODJFS must submit to the General Assembly a report regarding the number of individuals enrolled in the PASSPORT program and the costs incurred and savings achieved as a result of the enrollments. Lastly, the bill requires the Director of ODJFS to submit to the U.S. Secretary of Health and Human Services an amendment to the PASSPORT waiver that authorizes additional enrollments in the PASSPORT program. These requirements are likely to increase administrative costs for the departments of Job and Family Services and Aging. Any increase is likely to be minimal.
- It is possible that the bill will become effective before the end of FY 2007. If this is the case, the above noted fiscal impacts will also occur for FY 2007. However, the total impacts will be dependent upon the number of weeks/months the bill is effective.

Local Fiscal Highlights

- The area agencies on aging will likely experience an increase in administrative costs. Those increased costs associated with the PASSPORT and Assisted Living programs would be paid using state and federal dollars. Increased administrative costs for case management for the Residential State Supplement program would be paid for out of state dollars.
-

Detailed Fiscal Analysis

The bill revises the law governing the PASSPORT Medicaid waiver, Assisted Living Medicaid waiver, and Residential State Supplement programs and allows for the transfer of funds for the operation of the programs.

PASSPORT

The PASSPORT program allows Medicaid long-term care funds to be used for community-based services. The program is provided through a Medicaid waiver. To be eligible for the program, the person must be over age 60 and meet Medicaid eligibility for nursing home care. Costs for care plans may not exceed 60% of the cost of nursing home care.

The bill provides for an individual admitted to a nursing facility while on a waiting list for PASSPORT to be placed in the PASSPORT program if it is determined that the PASSPORT program is appropriate for the individual and the individual would rather participate in the PASSPORT program than reside in the nursing facility. The bill also requires the Department of Job and Family Services (ODJFS) to apply for a waiver with the Secretary of Health and Human Services to authorize additional enrollments for the PASSPORT program. The provisions of the bill dealing with PASSPORT would codify temporary law (Section 206.66.64 of Am. Sub. H.B. 66 of the 126th General Assembly). These provisions are currently being implemented as the Home First program. As of December 31, 2006, there were 1,526 persons who are being served in PASSPORT as a result of the Home First program. According to the Department of Aging, as of January 2007, there were 1,102 persons on the waiting list for PASSPORT services. According to ODJFS, the per eligible per month expenditures for PASSPORT services (including both waiver services and Medicaid card services) was \$1,478.85 in state fiscal year (SFY) 2003. The state and federal costs of providing PASSPORT services to the 1,102 persons currently on the PASSPORT waiting list onto PASSPORT would be approximately \$19.6 million each year. **Please note the estimated costs and savings provided in this section of the fiscal note represent a full year's costs and savings for all 1,102 potential participants. This overestimates the total cost and savings, as not all persons would leave their current setting. Additionally, increased enrollment in the PASSPORT program would occur gradually over time, not all at once as is assumed in the estimate.** ODJFS reports the per eligible per month expenditures for nursing facility (NF) services was \$4,600.43 in SFY 2003. The state and federal costs of providing NF services for the 1,102 persons currently on the PASSPORT waiting list would be approximately \$60.8 million each year. The estimated annual state and federal savings by serving these

individuals on the PASSPORT program rather than in a nursing facility would be approximately \$41.3 million. LSC staff estimated the annual savings by subtracting the estimated PASSPORT costs from the NF services costs for the 1,102 persons currently on the PASSPORT waiting list. To determine the federal and state shares of the savings, LSC staff applied the Federal Medicaid Assistance Percentage (FMAP) for Ohio. For every one dollar Ohio spends on Medicaid, the federal government gives Ohio approximately 60 cents. Thus, state share savings could be up to approximately \$16.5 million each year. The state share savings for FY 2007 will be dependent upon the number of months/weeks the bill is effective before the end of the FY.

Assisted Living Medicaid Waiver Program

The Assisted Living program, which is a Medicaid waiver program, was created in Am. Sub. H.B. 66 of the 126th General Assembly and began July 1, 2006. The program offers an alternative service delivery in the community for people who are coming from a nursing home or from a home and community-based services (HCBS) waiver. The program is only available in licensed residential care facilities. To be eligible for the program, a person must be a current nursing facility resident or existing Medicaid waiver participant, be age 21 or older, need hands-on assistance with certain activities of daily living such as dressing and bathing, be able to pay room and board, and meet the financial criteria for Medicaid eligibility.

The bill provides for an individual admitted to a nursing facility who is eligible for the Medicaid program to be provided with information about how to apply for the Assisted Living program. The bill also expands eligibility for the Assisted Living program. The following groups are added to the list of eligible participants: (1) a resident of a residential care facility who has resided in a residential care facility for at least six months immediately before the date the individual applies for the Assisted Living program, and (2) an individual who is on a waiting list for the Residential State Supplement (RSS) program. Enrollment in the Assisted Living program is capped at 1,800. According to the Office of Budget and Management (OBM), there were 1,713 open slots for the Assisted Living Medicaid waiver program (1,800 slots with 87 slots taken as of December 31, 2006). According to OBM, the average monthly cost for Assisted Living services was \$1,800 per month in SFY 2006. The cost for enrolling individuals into the 1,713 open Assisted Living slots would be approximately \$37.0 million each year. Funds in GRF appropriation item 600-525 for SFYs 2006 and 2007 have been made available to fund Assisted Living. **Please note the estimated costs and savings provided in this section of the fiscal note represent a full year's costs and savings for all 1,713 potential participants. This overestimates the total cost and savings, as not all persons would leave their current setting. Additionally, increased enrollment in the Assisted Living program would occur gradually over time, not all at once as is assumed in the estimate.** ODJFS reports the per eligible per month expenditures for NF services was \$4,600.43 in SFY 2003. The state and federal costs for NF services for the 1,713 persons would be approximately \$94.6 million each year. The estimated annual state and federal savings by serving these individuals on the Assisted Living program rather than in a nursing facility would be up to \$57.6 million. LSC staff estimated the total annual state and federal savings by subtracting the Assisted Living costs from the NF services costs for the 1,713 open Assisted Living slots. To determine the federal and state shares of the savings, LSC staff applied the Federal Medicaid Assistance Percentage (FMAP) for Ohio. For every one dollar Ohio spends on Medicaid, the federal government gives Ohio approximately 60 cents. Thus, state share savings could be up to approximately

\$23.0 million each year. The state share savings for FY 2007 will be dependent upon the number of months/weeks the bill is effective before the end of the FY.

Residential State Supplement (RSS)

The RSS program provides a cash supplement to qualified individuals to assist in obtaining housing in approved living arrangements. The arrangements include adult foster homes, adult care facilities, residential care facilities, rooms or apartments licensed by the Ohio Department of Mental Health (ODMH), and residential facilities licensed by ODMH. The RSS program is paid for with state funding. To be eligible for the program, a person must be 18 years of age or older, not need 24-hour supervision, require a protective level of care, require less than 120 days of skilled nursing care, and not have a monthly income greater than \$800 (\$700 if living in an adult family home or adult foster home). Also, persons may not have more than \$1,500 in assets.

The bill provides for an individual admitted to a nursing facility while on a waiting list for the RSS program to participate in the RSS program if it is determined that the RSS program is appropriate for the individual and the individual would rather participate in the RSS program than continue to reside in the nursing facility. According to documents provided by the Department of Aging, there are approximately 1,000 persons on the waiting list for RSS services. According to the Association of Area Agencies on Aging, the state provided a monthly cash supplement of, on average, \$470 in SFY 2005. The cost for enrolling the 1,000 persons currently on the RSS waiting list onto RSS would be approximately \$5.6 million each year. **Please note the estimated costs and savings provided in this section of the fiscal note represent a full year's costs and savings for all 1,000 potential participants. This overestimates the total cost and savings, as not all persons would leave their current setting. Additionally, increased enrollment in the RSS program would occur gradually over time, not all at once as is assumed in the estimate.** ODJFS reports the per eligible per month expenditures for NF services was \$4,600.43 in SFY 2003. The state and federal costs for NF services for the 1,000 persons currently on the RSS waiting list would be approximately \$55.2 million each year. The estimated annual savings by serving these individuals on the RSS program rather than in a nursing facility could be up to approximately \$49.6 million. LSC staff estimated the total annual savings by subtracting the estimated RSS costs from the estimated NF services costs for the 1,000 persons currently on the RSS waiting list. Moreover, some of the 1,000 persons, those who have been a resident of a residential care facility for at least six months, might move from RSS to Assisted Living under the bill. For these people the savings would be less than what is estimated above. The state share savings for FY 2007 will be dependent upon the number of months/weeks the bill is effective before the end of the FY.

Funding

On a quarterly basis, on receipt of the certified PASSPORT costs related to section 173.401 of the Revised Code, the Director of Budget and Management must do all of the following for the remainder of the FY 2006/2007 biennium, as well as for FYs 2008 and 2009:

- (1) Transfer the state share of the amount of the estimated costs from GRF appropriation item 600-525, Health Care/Medicaid, to GRF appropriation item 490-403, PASSPORT;

- (2) Increase the appropriation in Ohio Department of Aging Fund 3C4, appropriation item 490-607, PASSPORT, by the federal share of the amount of the estimated costs;
- (3) Increase the appropriation in ODJFS' Fund 3G5, appropriation item 600-655, Interagency Reimbursement, by the federal share of the amount of the estimated costs.

In addition, on a quarterly basis, on receipt of the certified Residential State Supplemental costs related to section 173.351 of the Revised Code, the Director of Budget and Management must do all of the following for the remainder of the FY 2006/2007 biennium, as well as for FYs 2008 and 2009:

- (1) Transfer the state share of the amount of the estimated costs from GRF appropriation item 600-525, Health Care/Medicaid, to GRF appropriation item 490-412, Residential State Supplement;
- (2) The Department of Aging may transfer cash by intrastate transfer vouchers from the foregoing appropriation items 490-412, Residential State Supplement, and 490-610, PASSPORT/Residential State Supplement, to the Department of Job and Family Services' Fund 4J5, Home and Community-Based Services for the Aged Fund. The funds must be used to make benefit payments to Residential State Supplement recipients.

The funds transferred and increased under this division are appropriated.

Local Costs

The area agencies on aging will likely experience an increase in administrative costs as a result of the bill. Those increased costs associated with the PASSPORT and Assisted Living programs would be paid using state and federal dollars. Increased administrative costs for case management for the Residential State Supplement program would be paid for out of state dollars.

Additional Requirements

The bill requires the Director of ODJFS to submit to the U.S. Secretary of Health and Human Services an amendment to the PASSPORT waiver that authorizes additional enrollments in the PASSPORT program. The bill requires the Department of Aging to certify to the Director of Budget and Management the estimated increase in costs of the PASSPORT program resulting from enrollment of individuals into the program. Additionally, not later than the last day of each calendar year, the Director of ODJFS must submit to the General Assembly a report regarding the number of individuals enrolled in the PASSPORT program and the costs incurred and savings achieved as a result of the enrollments. The bill requires the Department of Aging to certify to the Director of Budget and Management the estimated increase in costs of the RSS program resulting from enrollment of individuals into the program. Additionally, not later than the last day of each calendar year, the Director of Aging must submit to the General Assembly a report regarding the number of individuals enrolled in the RSS program and the costs incurred and savings achieved as a result of the enrollments.

The requirements listed above are likely to increase administrative costs for the departments of Aging and Job and Family Services. Any increase is likely to be minimal.

LSC fiscal staff: Wendy Risner, Senior Budget Analyst

SB0005SR.doc/rh