



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: SB0100.02 (002): Revise funding for assisted living services

Primary Sponsor: Becky Beard Status: As Amended in Senate

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

FISCAL SUMMARY

| | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> | <u>FY 2028 Difference</u> | <u>FY 2029 Difference</u> |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures | | | | |
| General Fund (01) | \$81,611 | \$125,273 | \$126,525 | \$127,790 |
| Federal Special Revenue (03) | \$3,861,865 | \$7,722,348 | \$7,799,572 | \$7,877,568 |
| Revenues | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| Federal Special Revenue (03) | \$3,861,865 | \$7,722,348 | \$7,799,572 | \$7,877,568 |
| Net Impact | <u>(\$81,611)</u> | <u>(\$125,273)</u> | <u>(\$126,525)</u> | <u>(\$127,790)</u> |
| General Fund Balance | | | | |

Description of fiscal impact

SB 100, as amended, directs the Department of Public Health and Human Services to transfer assisted living individuals from the Home and Community Services Based Big Sky Waiver to Community First Choice by January 2026.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services (department)

- Section 3 of the bill directs the department to apply for a state plan amendment with the Centers for Medicare and Medicaid Services (CMS) no later than January 1, 2026 to make assisted living facility services, currently covered under a 1915 (c) waiver Big Sky Waiver (BSW), a service covered under Community First Choice (CMC), which is a state plan service. State plan amendments typically have quicker approval timelines than waiver amendments, and can also receive retroactive approvals, therefore the department assumes approval and implementation of the amendment by January 1, 2026.
- There are currently 916 individuals receiving level 1 assisted living services as part of the HCBS BSW program. The department assumes a caseload growth rate of 1%. Under SB 100, these individuals would be eligible for these services under the Community First Choice (CFC) state plan. Federal participation under CFC is 6% higher than the standard Federal Medical Assistance Percentage (FMAP). FMAP in FY 2026 is 61.61% for traditional Medicaid and 67.61% for CFC. FMAP in FY 2027, FY 2028 and FY 2029 are assumed to be 61.47% for traditional Medicaid and 67.47% for CFC. Movement from the BSW to CFC would result in general fund savings.

Table 1 below shows the state share savings due to Assisted Living Facilities (ALF) individuals moving to CFC.

| Assumption #3 - Current ALF | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|--------------------------------|----------|---------------------|---------------------|---------------------|---------------------|
| # Current Individuals in ALF | 916 | 925 | 934 | 944 | 953 |
| Caseload Growth | | 1.00% | 1.00% | 1.00% | 1.00% |
| Service cost per day - Level 1 | \$124.75 | \$124.75 | \$124.75 | \$124.75 | \$124.75 |
| # days per year | | 183 | 365 | 365 | 365 |
| Annual Cost | | \$21,120,709 | \$42,547,264 | \$42,972,737 | \$43,402,464 |
| CFC FMAP | | | | | |
| State Share | 31.45% | 32.39% | 32.53% | 32.53% | 32.53% |
| Federal Share | 68.55% | 67.61% | 67.47% | 67.47% | 67.47% |
| State Share | | \$6,840,998 | \$13,840,625 | \$13,979,031 | \$14,118,822 |
| Federal Share | | \$14,279,711 | \$28,706,639 | \$28,993,706 | \$29,283,643 |
| Total Cost | | \$21,120,709 | \$42,547,264 | \$42,972,737 | \$43,402,464 |
| Regular FMAP | | | | | |
| State Share | | 38.39% | 38.53% | 38.53% | 38.53% |
| Federal Share | | 61.61% | 61.47% | 61.47% | 61.47% |
| State Share | | \$8,108,240 | \$16,393,461 | \$16,557,396 | \$16,722,969 |
| Federal Share | | \$13,012,469 | \$26,153,803 | \$26,415,341 | \$26,679,495 |
| Total Cost | | \$21,120,709 | \$42,547,264 | \$42,972,737 | \$43,402,464 |
| State Share Difference | | (\$1,267,243) | (\$2,552,836) | (\$2,578,364) | (\$2,604,148) |
| Federal Share Difference | | \$1,267,243 | \$2,552,836 | \$2,578,364 | \$2,604,148 |

3. There are currently 124 individuals on a waiting list for assisted living services under the BSW. The department assumes upon implementation, these individuals would qualify to receive assisted living services under CFC, resulting in additional cost. The department assumes caseload growth of 1% each year.

Table 2 below shows the additional cost of individuals on the BSW ALF waiting list now transferring to CFC.

| ALF Waiting List | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---------------------------------------|----------------|--------------------|--------------------|--------------------|--------------------|
| # currently on waiting list | 124 | 125 | 126 | 128 | 129 |
| Caseload Growth | | 1.00% | 1.00% | 1.00% | 1.00% |
| Service Cost per day - Level 1 | \$124.75 | \$124.75 | \$124.75 | \$124.75 | \$124.75 |
| # days per year | | 183 | 365 | 365 | 365 |
| Total Cost | | \$2,859,135 | \$5,759,673 | \$5,817,270 | \$5,875,443 |
| CFC FMAP | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
| State Share | | 32.39% | 32.53% | 32.53% | 32.53% |
| Federal Share | | 67.61% | 67.47% | 67.47% | 67.47% |
| State Share | | \$926,074 | \$1,873,622 | \$1,892,358 | \$1,911,282 |
| Federal Share | | \$1,933,061 | \$3,886,052 | \$3,924,912 | \$3,964,161 |
| Additional Cost to CFC Program | | \$2,859,135 | \$5,759,673 | \$5,817,270 | \$5,875,443 |

3. There are currently 235 individuals who are waiting for other non-ALF services such as home modifications or other in-home supports available under the BSW. The department assumes a caseload growth of 1% a year. The department assumes these individuals would now receive services due to the transfer of BSW

assisted living individuals to CFC, resulting in additional cost. The average cost for each of these slots is assumed to be \$25,000 per year.

Table 3 below shows the cost of these individuals who will now receive services under BSW.

| Assumption #4 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|--|--------------|--------------|--------------|--------------|--------------|
| # individuals who would now receive BSW services | 235 | 237 | 240 | 242 | 245 |
| Case Load Growth | | 1% | 1% | 1% | 1% |
| Average Slot Cost per Year | \$ 25,000.00 | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 |
| Total new costs to BSW | | \$ 2,966,875 | \$ 5,993,088 | \$ 6,053,018 | \$ 6,113,549 |
| Regular FMAP | | | | | |
| State Share | | 38.39% | 38.53% | 38.53% | 38.53% |
| Federal Share | | 61.61% | 61.47% | 61.47% | 61.47% |
| State Share | | \$1,138,983 | \$2,309,137 | 2,332,228 | 2,355,550 |
| Federal Share | | \$1,827,892 | \$3,683,951 | 3,720,790 | 3,757,998 |
| Total new costs to BSW | | \$2,966,875 | \$5,993,088 | 6,053,018 | 6,113,549 |

4. Under CFC State Plan, Case Management Services, currently provided under the BSW, would no longer be available. Since case management services will be no longer provided to these individuals, there is a reduction in spend that results in a general fund savings. The department assumes caseload growth of 1% each year.

Table 4 below shows the savings of removing case management services for ALF individuals who have transferred to CFC.

| Assumption #5 - Waiver CM Services | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|--|----------|-------------|-------------|-------------|-------------|
| # Current Individuals in ALF-reduction in CM | 916 | 925 | 934 | 944 | 953 |
| Daily Case Management Rate | \$ 11.45 | \$ 11.45 | \$ 11.45 | \$ 11.45 | \$ 11.45 |
| Caseload Growth | | 1% | 1% | 1% | 1% |
| # days per year | | 183 | 365 | 365 | 365 |
| Savings for CM services | | (1,938,534) | (3,905,140) | (3,944,191) | (3,983,633) |
| Regular FMAP | | | | | |
| State Share | | 38.39% | 38.53% | 38.53% | 38.53% |
| Federal Share | | 61.61% | 61.47% | 61.47% | 61.47% |
| State Share | | (744,203) | (1,504,650) | (1,519,697) | (1,534,894) |
| Federal Share | | (1,194,331) | (2,400,489) | (2,424,494) | (2,448,739) |
| Savings for CM services | | (1,938,534) | (3,905,140) | (3,944,191) | (3,983,633) |

5. There are currently 34 individuals receiving assisted living services under the Money Follows the Person (MFP) grant. It is assumed that after one year, these individuals would transition to CFC services. The fiscal impact of this change is assumed to be minimal.
6. The departments assume a contracted staff person would be hired to assist the department with implementing the provisions of the bill. It is assumed the person would be needed for 800 hours at a cost of \$70 per hour for a total cost of \$56,000. The contracted staff person would draft and submit the CFC State Plan Amendment, update administrative rules and review and update department policies. Contracted staff would also draft and submit the BSW amendment to CMS, as well as update BSW administrative rules and policies. This would be funded at 50% state funds and 50% federal Medicaid admin funds.
7. The department assumes the fiscal impact of Section 4 reporting requirements is de-minimis and will be absorbed by the department.

Legislative Branch

8. Section 4 requires Department of Public Health and Human Services to report to the Health and Human Services Interim Budget Committee starting in the 2029 Biennium.
9. It's assumed that the Health and Human Services Interim Budget Committee will receive this report as part of its normal duties, and that there is no additional fiscal impact to the Legislative Branch.
10. It is unknown how many bills are seeking to add to the duties of the Legislative Branch. The fiscal note of each bill is prepared based on the effect of each individual bill. However, when viewed as a package, the cumulative effect of passage of more than one bill would require additional analysis and may require additional resources for staffing and information technology support.
11. The effective date of SB 100 is July 1, 2027.

Fiscal Analysis Table**Department of Public Health and Human Services**

| | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> | <u>FY 2028 Difference</u> | <u>FY 2029 Difference</u> |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <u>Fiscal Impact</u> | | | | |
| <u>Expenditures</u> | | | | |
| Operating Expenses | \$56,000 | \$0 | \$0 | \$0 |
| Benefits | \$3,887,476 | \$7,847,621 | \$7,926,097 | \$8,005,358 |
| TOTAL Expenditures | \$3,943,476 | \$7,847,621 | \$7,926,097 | \$8,005,358 |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$81,611 | \$125,273 | \$126,525 | \$127,790 |
| Federal Special Revenue (03) | \$3,861,865 | \$7,722,348 | \$7,799,572 | \$7,877,568 |
| TOTAL Funding of Expenditures | \$3,943,476 | \$7,847,621 | \$7,926,097 | \$8,005,358 |
| <u>Revenues</u> | | | | |
| Federal Special Revenue (03) | \$3,861,865 | \$7,722,348 | \$7,799,572 | \$7,877,568 |
| TOTAL Revenues | \$3,861,865 | \$7,722,348 | \$7,799,572 | \$7,877,568 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$81,611) | (\$125,273) | (\$126,525) | (\$127,790) |
| Federal Special Revenue (03) | \$0 | \$0 | \$0 | \$0 |

Technical Concerns

1. The fiscal impact assumes CMS approval of a state plan amendment to add assisted living facilities as a covered service under Community First Choice (CFC). Preliminary conversations with CMS have indicated this may not be allowable. However, the department has found at least one state where it appears assisted living facilities are covered under CFC. CMS failing to approve a state plan amendment to add assisted living facilities would significantly impact the fiscal impact calculated in this fiscal note.
2. Inflationary adjustments for assisted living facilities and case management rates are not assumed in this fiscal note as they would require separate legislative approval.
3. Section 3 directs the department to apply for a state plan amendment no later than January 1, 2028 to make assisted living services, currently cover under the Big Sky Waiver, a service covered under the Community First Choice (CFC) option available under the Medicaid program. However, including assisted living in CFC opens the service to any individual who is Medicaid eligible and meets nursing facility level of care. Additionally, individuals receiving waiver services or on the wait list for Severe Disabling Mental Illness (SDMI) or 0208 funded assisted living services would qualify for CFC reimbursement. These possible related costs are not included in this fiscal note.

4. CFC eligibility is to include spousal impoverishment. This would need to be added to the state plan amendment for all assisted living clients to transfer from BSW to CFC successfully.
5. Under Section 2, the client's obligation for room and board would increase, resulting in increased revenues for assisted living facilities and a decrease in the client's personal needs funds. Specifically, under Section 2 (2), for persons who are categorically eligible, room and board payments would increase from the current level of \$545 to \$867 a month, an increase of 59%. Under Section 2 (3) a person who qualifies for Medicaid pursuant to 53-6131(1)(e)(ii)(A) (Medically Needy individuals) would have their personal needs allowance decrease from \$380.00 to \$100.00 a month. The remaining \$280 monthly must be paid to the assisted living facility.
6. BSW includes additional residential services besides assisted living facility services, including adult foster care and group home residential services, these services are assumed to remain in the waiver.
7. The bill as amended directs the department to transfer funding for assisted living services from the BSW program to the CFC option program as individuals are moved from BSW to CFC and its waitlist. Approximately \$42 million per year could be transferred from the BSW budget to the CFC budget. The department assumes this would require a reduction in the number of BSW slots which would require a BSW amendment and CMS approval.



Sponsor's Initials



Date



Budget Director's Initials

2/24/2025

Date