

### Fiscal Estimate - 2023 Session

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>23-2613/1</b>	Introduction Number <b>AB-1007</b>
<b>Description</b> closure or change of services and relocation of residents in adult family homes	
<b>Fiscal Effect</b>	
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS    20.435 (6)(a)	
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<b>Date</b> 3/4/2024	

## Fiscal Estimate Narratives

DHS 3/4/2024

LRB Number	23-2613/1	Introduction Number	AB-1007	Estimate Type	Original
<b>Description</b> closure or change of services and relocation of residents in adult family homes					

### Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill 1007 (AB 1007) requires the Department of Health Services (DHS) to establish procedures for adult family homes (AFHs) certified under Wis. Stat. 50.032 or licensed under Wis. Stat. 50.033 to follow when a licensed or certified adult family home is closing, intends to close, or is changing its type or level of services or the means of reimbursement the adult family home will accept. The AFH must provide to each resident, their guardian (if any), and a member of the resident's family who is not the resident's guardian (if any), written notification of closure or a change in the type or level of service or means of reimbursement accepted at least 30 days prior to the closure or change. The AFH must also provide a statement providing the reason for the change; statement that the resident or their legal representative may participate in a planning conference; a statement that the resident or their legal representative may request relocation assistance from DHS and the name, address, and telephone number of the regional office of the Board of Aging and Long-term Care's ombudsman program. The AFH must also notify DHS of its intention to close or change its service type or level; and DHS must provide, direct, or arrange for relocation planning, placement, and implementation assistance.

DHS provides oversight of two types of AFHs in Wisconsin. 1-2 bed AFHs are certified under Wis. Stat. 50.032 and 3-4 bed AFHs are licensed under Wis. Stat. 50.033. Both types of AFHs are impacted by provisions of AB 1007. Regardless of the type of AFH, DHS would be required by this bill to direct or arrange for relocation planning, placement, and implementation assistance; participate in the development and implementation of individual relocation plans; review and approve facility relocation plans; and hear appeals from residents regarding the relocation within 10 days of their request. If the resident prevails, DHS is required to provide assistance to the resident to secure alternate placement. In an emergency, DHS may make emergency placements.

The Wisconsin Medicaid program currently contracts with Managed Care Organizations (MCOs) for the provision of managed long-term care services, including providing regulatory oversight over most 1-2 bed AFHs and the provision of relocation services for managed care program enrollees. The Wisconsin Medicaid program also directly certifies through DHS 1-2 bed AFHs for the Include, Respect, I Self-Direct (IRIS) program for adults with disabilities and elderly people in Wisconsin. DHS would continue to require MCOs to provide relocation services to Medicaid-eligible individuals enrolled in managed long-term care programs under the provisions of this bill. DHS would require additional staffing to provide the same services for IRIS residents in 1-2 bed AFH and non-Medicaid residents in 3-4 bed AFH settings. Because the provision of relocation services would be a state statutory requirement and not eligible for Medicaid reimbursement, DHS assumes the costs to provide these state-required services would need to be GPR.

DHS currently licenses 2,096 3-4 bed AFHs, of which 72% are estimated to be public pay. Excluding public-pay 3-4 bed AFHs, DHS licenses 587 3-4 bed AFHs with a capacity of 1,760 to 2,054 residents. Approximately 11%, or 65 of these 3-4 bed AFHs closed in CY 2023. Assuming this closure rate is generally representative of annual activity, these closures would impact approximately 226 residents per year. DHS currently certifies 135 1-2 bed AFHs for IRIS, of which 27 closed in the last year for a closure rate of 20%. Assuming this closure rate is generally representative of annual activity, these closures would impact approximately 41 residents per year. In total, 267 residents may be impacted by closures of 3-4 bed AFHs and 1-2 bed AFHs in a year. Approximately 5% of 3-4 bed AFHs indicated they changed the type or level of service provided or accepted means of reimbursement in CY 2023. Assuming this rate is generally representative of annual activity, DHS estimates an additional 113 residents of AFHs may need to be relocated due to an AFH changing the type or level of service provided, or accepted means of reimbursement.

2023 AB 1007 requires DHS to direct or arrange for relocation planning, placement, and implementation assistance; participate in the development and implementation of individual relocation plans; and review and approve facility relocation plans. DHS estimates approximately 75 hours per resident to facilitate relocation, including initial consultation, relocation plan review, plan approval, and meetings with the facility and resident. DHS anticipates an average of 92 AFHs will close per year for a total workload increase of 6,900 hours. This

workload would require 3.5 additional FTE at a cost of \$301,700 GPR annually.

Under 2023 AB 1007, DHS would also be required to provide relocation assistance to residents of AFHs that seek to close, change type or level of services provided, or accepted means of reimbursement.

DHS estimates approximately \$2,500 per resident to provide relocation services, including case management services, moving expenses, security deposits, and other sundry expenses. To provide relocation services for the estimated 380 residents of AFHs that may be impacted by AFH closures, changes to type or level of services provided, or accepted means of reimbursement, these costs would be approximately \$949,600 GPR annually.

Although DHS may experience an increase in its workload for appeals hearings for residents under the provisions of this bill, DHS anticipates it is able to absorb that workload with its current staffing levels.

Counties may certify adult family homes, but it is not common. There is potential for some local increased cost, but the amount is indeterminate.

In summary, DHS estimates the net fiscal impact of the provisions of this bill to be \$1.3 million GPR and 3.5 FTE GPR annually.

### **Long-Range Fiscal Implications**

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