



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington St., S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

February 22, 2019

Honorable Jesse Petrea
Chairman, House Human Relations and Aging
408-A CLOB
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
House Bill 135 (LC 46 0041ER)

Dear Chairman Petrea:

This bill amends Chapter 7 of Title 31 to create the Authorized Electronic Monitoring in Long-Term Care Facilities Act. The bill permits residents in licensed long-term care facilities to use electronic monitoring devices in their own room provided that their notification and consent (or consent of an authorized representative) has been given to the facility on prescribed forms, as well as the consent of any other resident residing in the room. The Department of Community Health (DCH) is to prescribe the notification and consent form required by the bill. In addition, the bill provides that residents are to bear all costs of purchase, installation, maintenance, and removal of electronic monitoring devices, except that the department shall distribute up to \$50,000 in funds on an annual basis to residents receiving medical assistance under Article 7 of Chapter 4 of Title 49 for the purchase and installation of authorized electronic monitoring devices. The bill does not provide an effective date.

Estimated Costs of an Authorized Electronic Monitoring Program

The cost estimate consists of two parts:

- 1) DCH's operational costs to carry out regulatory and enforcement functions, and
- 2) Higher, but less certain, costs associated with reimbursements for Medicaid residents.

DCH Operational Costs

As shown in Table 1, the estimate assumes the need for seven new full-time positions in anticipation of the workload associated with establishing policies for the application and reimbursement processes, and for monitoring payments. In addition, the estimate reflects the impact on the Healthcare Facilities Regulation Division for processing, monitoring, and reporting activities associated with notification and consent forms as required by the bill.

Table 1. Annual Operational Costs, LC 46 0041ER

	Salary and Fringe	FTE	Estimated Cost
Policy Staff	\$105,244	2	\$210,488
Audit Staff	\$95,529	1	\$95,529
Regulatory Staff	\$85,814	2	\$171,629
Accounting Staff	\$89,053	2	\$178,105
Total	\$375,640	7	\$655,752

Estimated Costs Associated with Applications and Reimbursements

- **Equipment and Installation Costs**—Subject to appropriations, the bill proposes to reimburse Medicaid residents for the cost of purchasing and installing an electronic monitoring device. The department estimates that 31,445 residents in facilities meet the definition under Article 7 of Chapter 4 of Title 49, and that the cost to purchase and install electronic monitoring devices would be \$1,448 per resident. Assuming participation rates ranging from 25% to 75%, equipment and installation costs could range from \$11.4 to \$34.1 million, as shown in Table 2. It should be noted that DCH believes the payment for such electronic monitoring devices is not claimable under federal regulations. Thus, the estimate assumes costs would be supported by 100% state funds.

Table 2. Estimated Equipment and Installation Costs, LC 46 0041ER¹

Program	Average Number of Residents ²	Participation Rates		
		25%	50%	75%
Nursing Home	23,983	\$ 8,681,846	\$ 17,363,692	\$ 26,045,538
Elderly and Disabled	3,462	\$ 1,253,244	\$ 2,506,488	\$ 3,759,732
COMP	4,000	\$ 1,448,000	\$ 2,896,000	\$ 4,344,000
Total	31,445	\$11,383,090	\$ 22,766,180	\$ 34,149,270

¹Figures based on estimated equipment costs of \$1,448.

²Estimated number of residents in a facility.

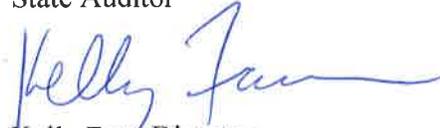
Though the department assumes the initial cost would repeat in following years, it is not possible to determine if this would be the case due to a variety of factors, such as resident bed day turnover. For example, if average length of stay for nursing home residents exceeds one year, the amount of funding needed for equipment and installations in the following years would be expected to decline.

- **System Reconfiguration and IT Changes** – The department estimates it would need \$7.3 million to make changes to its online features and the Medicaid Management Information System (MMIS) to process applications and make payments to Medicaid residents. The department believes the reimbursements would have to be made through MMIS, which is not currently set up to pay Medicaid recipients directly and would need to be reconfigured to process the reimbursement requests. However, the volume of payments that would need to be processed would be dictated by the amount appropriated for equipment and installation; thus, consideration would need to be given to the reasonableness of system changes if appropriations are limited.

Sincerely,



Greg S. Griffin
State Auditor



Kelly Farr, Director
Office of Planning and Budget

GSG/KF/st