

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 97 (First Edition) **Revised**

SHORT TITLE: Long Term Care

SPONSOR(S): Sen. Wellons

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
REVENUES					
General Fund *	\$282,992	\$191,448	\$188,337	\$194,979	\$202,105
EXPENDITURES */**					
General Fund					
Recurring	\$165,284	\$182,277	\$188,337	\$194,979	\$202,105
Nonrecurring	\$117,708	\$9,171	\$0	\$0	\$0
Total	\$282,992	\$191,448	\$188,337	\$194,979	\$202,105
<p>* The Department of Insurance receives General Fund appropriations for its operations. However, as required by statute, the Insurance Regulatory Fund reimburses the General Fund for allotted appropriations. Thus, thus the net impact on the General Fund is \$0.</p> <p>** Adjusted for Inflation.</p>					
POSITIONS:	2	2	2	2	2
<p>PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Insurance</p> <p>EFFECTIVE DATE: July 1, 2001</p>					

BILL SUMMARY:

Senate Bill 97 directs the Department of Insurance and other entities to implement an outreach strategy informing the public about long-term care funding and payment options. The Department shall report on the implementation of outreach efforts by March 1, 2002. The bill appropriates \$268,000 for FY 2001-2002 and \$268,000 for FY 2002-2003.

ASSUMPTIONS AND METHODOLOGY:

This bill requires the Department of Insurance in conjunction with other agencies to implement outreach efforts to inform the public about long-term care funding and payment options. The Department of Insurance believes that implementation of the bill will require the time and effort of two Education Extension and Training Specialist I positions. The employees in these positions will provide information on the LTC services that are covered by Medicare or Medicaid, the services that must be paid in whole or in part by the individual, the average premium cost for private LTC insurance, the services the LTC insurance covers, and any other information that might be useful to consumers in planning for and securing long-term care services. As required by the bill, these efforts will be targeted to employers, persons who comprise the “baby boomer” generation, financial advisors, certified public accountants, banks, advocacy groups and associations that represent senior citizens and persons with disabilities, the legal profession and any other individuals or entities identified as having an interest in information about long-term care.

The bill requires the implementation of outreach strategies that include community education (including integration into pertinent community college curricula on estate and financial planning) and use of the Internet and mass media. The training specialist will be responsible for developing and disseminating information and material via various media such as educational publications and brochures, radio campaigns, videos, workshops, and the Internet.

The Department estimates that annual cost will be \$268,000 for salaries and benefits for the training specialists, publications and brochures; in-state travel for workshops, speaking engagements, and other in-person outreach efforts; telephone service for incoming calls on a toll-free line; development of an outreach video as well as a website which provides for LTC insurance premium comparisons and interactive questions and answers; and publicity campaigns via radio and printed media. The detail of these costs is as noted below.

DOI's Estimate of Cost of Implementation

<u>Description of Cost</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
Salaries & Benefits (2 Ed Ext and Trng Specialists I)	\$85,476	\$85,476
Furniture and Equipment	\$11,400	
Miscellaneous Supplies	\$600	\$600
Publications/Printing	\$33,026	\$44,426
Postage	\$10,000	\$10,000
Travel/Meals	\$31,266	\$31,266
Telephone Service	\$8,232	\$9,232
Radio Campaigns	\$30,000	\$30,000
Outreach Videos Development		\$9,000
Web Development	\$42,000	\$32,000
Ads	\$6,000	\$6,000
Educational/Promotional Items	\$10,000	\$10,000
Total	\$268,000	\$268,000

The Fiscal Research Division believes the Department's estimate, which is based on the cost of operating a similar information program for seniors' health insurance issues, is reasonable except for the following adjustments. The Department's estimate includes a \$35,000 salary for each of the two training specialist positions. We have adjusted the salary to \$28,729, which is the minimum salary for the grade 68 training specialist positions and the benefits to \$13,513. We adjusted their estimate to eliminate the \$10,000 included for promotional items such as pens, pencils, computer toppers, etc. We believe the radio campaign is an effective tool for increasing awareness of long-term care issues. However, we do not believe that it is a necessary recurring expenditure. Thus, we have included it only as a nonrecurring item in the first year. We have also included the total cost of the website development as nonrecurring in the first year and we estimate that any ongoing maintenance will be covered by the Department's existing Information Technology resources. Our total estimate of the fiscal impact of implementing the long-term care outreach program is \$160,095 recurring and \$115,400 nonrecurring in the first year and \$172,494 recurring and \$9,000 nonrecurring in the second year. The detail is noted below.

Recurring Personal Services

Salaries	\$57,458	\$57,458
Benefits	\$13,513	\$13,513

Recurring Operating

Miscellaneous Supplies	\$600	\$600
Publications/Printing	\$33,026	\$44,426
Postage	\$10,000	\$10,000
Travel/Meals	\$31,266	\$31,266
Telephone Service	\$8,232	\$9,232
Ads	\$6,000	\$6,000

Total Recurring	\$160,095	\$172,495
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Nonrecurring Start-up

Furniture and Equipment	\$11,400	
Radio Campaigns	\$30,000	\$0
Outreach Videos Development		\$9,000
Web Development	\$74,000	\$0
Total Nonrecurring	\$115,400	\$9,000

Total Cost	\$275,495	181,495
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These costs are based on current year dollars. However, the table on page one shows these costs as adjusted for inflation base on inflation rate estimates provided by Data Resources, Inc.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910

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DATE: April 19, 2001



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