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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/09

SPONSOR Hall LAST UPDATED 3/7/9 HB 385

SHORT TITLE Disability and General Fund Program Equity SB \_\_\_\_\_

ANALYST Chabot

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$1,500.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		\$1,500.0	\$1,500.0	\$3,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB270, Community-based Waiver Program Cost-of-Living  
HB310, Medicaid Waiver Cost-of-Living Increases

Duplicates HB 385, Disability and General Fund Program Rate Equity

Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

New Mexico Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of Bill

House Bill 385, Disability and General Fund Program Equity, appropriates \$1.5 million from the general fund to DOH for the purpose of providing equity between services funded through state general fund programs and the developmental disabilities medicaid waiver programs to maintain quality services, improve staff recruitment and retention, provide employee health insurance and

salary increases, comply with minimum wage laws and meet rising programmatic and operational costs of quality care.

### **FISCAL IMPLICATIONS**

The appropriation of \$1.5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2010 shall revert to the general fund.

According to the February 2009 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$575 million less than the FY09 appropriations before the 2009 solvency reductions. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

### **SIGNIFICANT ISSUES**

DOH states “The purpose of the [general] fund [program] is to provide a level of services to individuals who are waiting to access the DDW or individuals that do not meet the requirements of the DDW. The program is not intended to provide the same level of services as Medicaid funded DDW services, but rather provide a basic level of service to those individuals who are eligible until waiver services become available. Moreover, there are additional requirements for services funded by the DDW.”

HSD assesses for the general fund program “rates paid for services...historically...have been lower than rates paid through Medicaid.” HSD uses the following criteria for increasing rates to providers through the Developmentally Disabled Medicaid Waiver.:

- Historical increases;
- Promoting preventive care;
- Establishing parity among rates paid for similar services;
- Provider costs;
- Providers’ dependence on Medicaid as a funding stream; and
- Rates as compared to Medicare.

If the rates increases result in the state general funded program being higher than paid by Medicaid, it can cause an unbalance and cause some providers to shift to the other program.

DDPC states “Cross agencies have worked to provide standard reimbursement rates for similar services. This bill is contrary to this standardization work and passage would result in a prejudicial increase in a specific service delivery. Should New Mexico seek to provide additional funding, livable wages and benefits should be provided to all direct care staff...”

### **ADMINISTRATIVE IMPLICATIONS**

DOH would have to amend all the rate schedules for the general funded services.

### **TECHNICAL ISSUES**

The bill can be interpreted to mean DOH has to provide services such as staff recruitment and retention, employee health insurance and salary increases.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The current system remains in place.

GAC/mc