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FISCAL IMPACT REPORT

ORIGINAL DATE 02/02/9

SPONSOR Sanchez, B LAST UPDATED _____ HB _____

SHORT TITLE Disability and General Fund Program Equity SB 301

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)

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

Senate Bill 301, 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.

SIGNIFICANT ISSUES

The LFC submitted a balanced general fund appropriation recommendation for fiscal year 2010. Any additional general fund expenditures appropriated by the Legislature must be off-set by an equal amount from the appropriation recommendation.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

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.