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FISCAL IMPACT REPORT

ORIGINAL DATE
LAST UPDATED 02/20/15 HB _____

SPONSOR SPAC

SHORT TITLE Medicaid Waiver Programs Annual Reporting SB 216/SPACS

ANALYST Dunbar

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$69.8	\$69.8	\$69.8	\$209.4	Recurring	General Fund and Federal Matching Funds

(Parenthesis () Indicate Expenditure Decreases)

Related to SB 19

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

The Senate Public Affairs Committee Substitute for Senate Bill 216 requires the Department of Health (DOH) to provide an annual report on the Developmental Disabilities Medicaid Home and Community-Based Waiver (DDW) program by October 1, 2015 and by October 1 of each year thereafter to the Legislative Finance Committee (LFC) and the Legislative Health and Human Services Committee (LHHS). The report shall include for each of the five most recent fiscal years, the number of individuals:

- who were served in the DDW program;
- who received their first approved initial service plan for DDW in the previous FY, including the average length of time those individuals had awaited allocation prior to plan approval;
- who are awaiting allocation to DDW at the end of each of the FY; and
- who were removed from the waiting list for reasons other than allocation.

The reports shall also include for each of the five most recent FYs, the amount of state funds, if any, that the legislature has appropriated that:

- exceed the previous FY's allocation of state funds for the purpose of increasing the number of individuals served; and
- have reverted at the end of each FY.

The report shall also include for each of the five most recent FYs, the amount of state and federal funds expended for DDW services.

The report shall also include a projection of:

- the number registrants who will be awaiting allocation at the end of each of the upcoming five FYs based on historical data on the annual average number of registrations for the DDW that were confirmed to meet the eligibility definition through the match determination process and other relevant program data; and
- how much state funding would be needed to reduce the waiting period for being offered an allocation to not more than three years, by the end of the upcoming five-year period, based upon their registration date.

FISCAL IMPLICATIONS

HSD Medical Assistance Division (MAD) estimates it would require one FTE at \$69,793.13 per year, inclusive of benefits and other operating costs, to collect data and ensure compliance. Fifty percent of this amount would come from the General Fund, and the remainder would be from federal matching funds.

In order address the need for infrastructure growth in the Developmental Disabilities Waiver program, DOH has requested and continues to recommend that the Legislature and Executive Branches allow DOH Budget Adjustment Request (BAR) authority to spend appropriated funds not needed in the individuals' first year for direct services on “one time only efforts” to expand infrastructure.

DOH is requesting the following BAR Language to address fiscal and infrastructure challenges related to the administration of the DDW reflected in the report proposed by this bill:

- “The department of health may request category transfers up to five percent of the other financing uses category (category 500) in the developmental disabilities support program to the personal services and employee benefits, contractual services and other categories to improve the developmental disabilities waiver program infrastructure, increase capacity and quality in the developmental disabilities community provider system.”

On the other hand, allowing BAR authority creates budget intention issues which could affect overall budget integrity.

Such program transfers related to the administration of the DDW are eligible for federal match at a 50/50 ratio.

Infrastructure needs described above include the ability to:

- Recruit and enroll additional qualified provider agencies statewide, including start up incentives to support provider and direct staff recruitment and appropriate wages and benefits for direct support personnel and associated equipment and capital expansion.
- Deliver education, training, and information to families, individuals and providers.
- Recruit, train and certify additional Supports Intensity Scale® assessors.
- Obtain and implement a web-based system to effectively manage the central registry, ISP development, utilization review, quality assurances and access to accurate data. This is to ensure the state has the necessary real time data to manage cost and measure the success of this recommendation.
- Simplify and streamline the program to minimize administrative costs and burdens.

SIGNIFICANT ISSUES

The goal of SB 216 is to keep the legislature fully informed as to the size of the DDW program, expenditures associated with the program, the size of the waiting list for the program and the average waiting time. The annual report content set forth is already consistently tracked by the DOH and can be provided as requested to the legislature on an annual basis.

DOH makes a point in indicating that reporting will not result in reductions to the DDW waiting list or to the time individuals wait for the program. Regardless of the amount of resources directed toward increasing the number of individuals allocated to the DDW program, there is a significant period of time between notifying an individual that services are available and the completion of all steps necessary to confirm program requirements: confirm medical and financial eligibility; assess service needs; interview and select preferred providers; obtain prior authorization for services chosen; and begin service delivery. DOH also addresses the time period which may range from 60-180 days, or longer. Timeframes depend upon the status of each individual's financial and medical records, competing scheduling issues for individuals and their families, provider success in recruitment and expansion of physical space to accommodate additional individuals, etc. DOH refers to this as the "ramp up" effect.

Describing, the "ramp up" DOH states that in the first year funds are appropriated for a given number of DDW allocations and only approximately 1/3 will be used for services. However, the full amount will be required beginning by the third and subsequent FYs. This means that reversions typically occur in any FY in which DOH issues a significant number of new allocations.

The Human Services Department, Medical Assistance Division has administrative oversight of the federally approved Developmental Disabilities Waiver. The DOH operates the waiver.

PERFORMANCE IMPLICATIONS

One of DDSD's performance measures is the number of DDW participants, which is expected to grow larger over time as permitted by legislative appropriations and cost efficiencies. The program has grown from 3,838 participants in FY10 to 4,497 as of 11/30/14 in FY15, with the largest increase of 379 occurring between FY13 and FY14 as a result of a \$4.6 million dollar

appropriation, as well as cost efficiencies resulting from the DD Waiver redesign of FY12.

ADMINISTRATIVE IMPLICATIONS

DOH Information Technology (IT) support and staff time will be needed to track, compile, analyze and report the requested information, and the report would require close collaboration with IT support and staff at Human Services Department (HSD).

The bill requires one additional staff for HSD/MAD to produce the requested information in collaboration with DOH.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 216 is related to SB19, which appropriates \$25 million to the Department of Health (DOH) to fund supports and services for individuals enrolled in the Medicaid Developmental Disabilities (MDD) Waiver and to allow enrollment of eligible individuals listed on the DOH central registry who are awaiting allocation for FY16. In addition, the bill requires the HSD and DOH to collaborate to create and provide the Legislative Health and Human Services Committee (LHHS) a rolling (updated annually) five-year plan by September 1 of each year for increasing allocations from the DOH DD Waiver central registry. The plan shall be designed to achieve a waiting period on the DOH central registry of no greater than three years.

OTHER SUBSTANTIVE ISSUES

The DDWs including the self-directed Mi Via Waiver, serve individuals with intellectual and/or developmental disabilities in home and community based settings as an alternative to placement in an Intermediate Care Facility for Intellectual Developmental Disabilities (ICF/IDD). Despite a continual increase in the number of DD Waiver participants since FY10 (totaling 659), currently there are more individuals waiting for this program (6,035 as of 10/1/14) than the number participating in the program (4,497).

POSSIBLE QUESTIONS

1. If DOH is tracking the information required for the report, why does HSD need an additional FTE?

BD/je