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FISCAL IMPACT REPORT

SPONSOR Lopez ORIGINAL DATE 2/3/2020
LAST UPDATED _____ HB _____
SHORT TITLE Streamlining Dev. Disabilities Programs SB 192
ANALYST _____

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$250.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act of 2020

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Bill 192 (SB 192) appropriates \$250 thousand from the general fund to Department of Health (DOH) to conduct a study of operational streamlining of the developmental disabilities programs and to ensure that funds are prioritized toward reducing the waiting list for waivers and direct care staff wages.

FISCAL IMPLICATIONS

The appropriation of \$250 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2021 shall revert to the general fund.

House Bill 2 (HB 2) includes \$7.5 million to reduce the waiting list by approximately 350 people, \$6 million to DD increase provider rates, \$5 million to create a community supports waiver, and \$1.4 million to provide an assessment of the waiting list.

SIGNIFICANT ISSUES

A recent LFC evaluation of the two Medicaid waivers for services for people with developmental disabilities (DD) made several recommendations on reforming the process, including the creation of a new waiver for supportive services and reforming the current waivers. DOH is taking leadership in changing both waivers. Key elements include instituting a community supports option to leverage a greater Medicaid match rate for people on the waiver waiting list and working to improve cost-containment.

The General Appropriation Act of 2020 includes \$7.5 million to reduce the waiting list by approximately 350 people, \$6 million to increase provider rates, \$5 million to create a community supports waiver, and \$1.4 million to provide an assessment of waiting list. The appropriations contained in the Act fund DD reform recommendations, but will take several years to fully execute.

In FY21 DOH will begin services for the community supports waiver, while working on reforming the DD and Mi Via Medicaid waivers in a phased approach, possibly beginning in FY22. As of October 2019, over 5,000 individuals were on the waiting list for the DD and Mi Via Medicaid waivers with an average wait time of over 13 years, up from 8.2 years in FY11. The proposed community supports waivers will be designed to provide an array of services to individuals on the waiting list for the comprehensive services waivers. While some services for individuals currently on the waitlist are available through Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) or Medicaid funded services, the community supports waiver will assist individual's access to a broader service array.

DOH reported the current DOH Home and Community Based Waiver (HCBS) Program system is paper based, which contributes to administrative cost. DOH is collaborating with the Human Services Department (HSD) to successfully implement technology to give customers and staff the best and most convenient access to services and information. Under "HHS 2020", the HSD services agencies are developing new automation systems for data management and transforming to a person-centered, outcomes-focused approach to providing support and services across the Medicaid enterprise, including developmental disabilities services.

Through this initiative, DOH will partner with HSD to develop a Care/Case Management System as part of the Medicaid Management Information System Replacement project. The Care/Case Management System will streamline the administrative process and functions through improved accuracy of central management and maintenance of constituent records, including but not limited to improving the overall management of home and community-based waiver services and the DOH waiting list.

In 2019, DOH completed a comprehensive rate study of the Developmental Disabilities Waiver Programs which recommended provider rate increases for certain services in the Developmental Disabilities, Mi Via, and Medically Fragile Waivers. The recommended rates for specific services performed by direct personnel were developed based on a \$15 an hour wage and fringe benefits of 22.46 percent.

ADMINISTRATIVE IMPLICATIONS

Because the Human Services Department (HSD) is responsible for all waiver applications submitted to the Centers for Medicare and Medicaid Services (CMS), an HSD representative will participate in the study required in SB192.

KK/sb