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665 Department of Health (DOH)

Developmental Disabilities Supports Program (DDSD)

Update Developmental Disability Waiver

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Background

- The Developmental Disabilities Supports Program (DDSD) oversees three home and community based Medicaid waiver programs including the Developmental Disabilities Waiver, the Medically Fragile Waiver, and the Mi Via Self-Directed Waiver. In addition, DDSD began to implement the new Community Supports Waiver in FY21.

Waiver	Description	FY21 Average Cost per Client (in thousands)
Developmental Disabilities Waiver (DD)	Community based services and supports to eligible adults with Intellectual and Developmental Disabilities (IDD)	\$98.2
Medically Fragile Waiver (MFW)	Intended for individuals who have been determined to have both a medically fragile condition and a developmental disability to live in their homes. MFW provides case management (by Registered Nurses only), private duty nursing (RN & LPN), home health aides, physical therapy, speech therapy, occupational therapy, psychosocial counseling, nutritional counseling, and specialized medical equipment.	\$28.8
Mi Via Waiver	Self-directed Home and Community-Based Services (HCBS) waiver program, is designed to assist the client manage their own services and supports allowing the client to choose the home and community-based services, support and goods within an approved plan and budget.	\$67.5
Community Supports Waiver	Home and Community Based Services (HCBS) waiver option is for individuals who are on the waiting for placement on the more comprehensive traditional waivers.	\$10.0

- The state continues to dedicate increased resources to the DD waiver program in an effort to reduce the waiting list, growing to over \$138 million general fund revenue in

FY22 transferred from DDSD to the Human Services Department (HSD) in order to receive matching federal funds.

- The standard federal Medicaid matching rate (FMAP) for New Mexico will be 76.1 percent in FY22 for the DD waivers or an additional \$448 million in federal revenues.
- Currently, 5,053 individuals are receiving DD waiver services and 4,646 individuals are on the waiting list. In addition, DOH estimates close to half of those on the waiting list, 2,050 individuals, may be receiving services through the public education system or Early and Periodic Screening, Diagnostic, and Treatment (EPSDT).
- However, the true needs of individuals on the wait list are unknown, and the state should consider using temporary enhanced federal revenues to comprehensively review the wait list and assess the needs of individuals.

Enhanced Federal Funds

- In the spring of 2020, the Families First Coronavirus Response Act (FFCRA) changed Medicaid benefits and temporarily increased the federal Medicaid matching rate (FMAP) by 6.2 percentage points, also known as the enhanced FMAP rate.
- DD waivers are eligible and receiving increased federal revenue from the enhanced FMAP, an estimated \$7 million per quarter, reducing general fund need. The enhanced FMAP is slated to end in December 2021 but could be continued by the federal government at 6.2 percent or change to a lower rate in order to slowly scale down.
- In addition to the enhanced FMAP, the American Rescue Plan Act (ARPA), contained a number of provisions designed to increase coverage, expand benefits, and adjust federal financing for state Medicaid programs.
- ARPA temporarily increased FMAP rates by 10 percent for Medicaid home and community-based services (HCBS) from 4/1/2021 through 3/30/2022, of which DD waivers are one eligible service.
- Additional federal revenue for all eligible ARPA HCBS is estimated to be \$500 million which could be spread over three years, of which \$277 million of this revenue could be for DD waivers.
- The state must file an initial funding plan by July 12th, 2021 to begin using the revenue, and may re-file quarterly to adjust the plan.

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- The Human Services Department (HSD) and DOH are working to submit the state plan and therefore significant details are still yet to be determined.

American Rescue Plan Act (ARPA)

- The 10 percentage point increase in ARPA for Medicaid home and community-based services (HCBS) covers a larger service array than the DD waiver program.
- Other HCBS programs the state could use the 10 percent enhanced rate could include home health care services, personal care services, case management services, rehabilitative services, and behavioral health services.
- HSD will have flexibility to shift the enhanced federal funds between these broad service arrays and therefore the portion dedicated to DD waiver services could change over time.

Developmental Disability and Mi Via Waivers

- New Mexico's traditional developmental disabilities (DD) Medicaid waiver and the self-directed Mi Via waiver are large health and human services programs, serving over five thousand New Mexicans with intellectual or developmental disabilities in FY21.
- The Department of Health (DOH) administers services to this population in partnership with the Human Services Department (HSD). Waiver participants receive living supports, day habilitation, therapy, employment, and other services in their homes and communities rather than institutional settings.
- The cost per client for the DD waiver and Mi Via waiver continue to rise. In FY15 the average cost per client in Mi Via was close to \$43 thousand, increasing to \$67 thousand in FY21. During the same time, the DD waiver increased from \$67 thousand to \$98.2 thousand. In addition, DOH expects the average cost per client to continue growing.
- In FY21, DOH was funded to enroll individuals from the waiting list to the waivers but for a variety of reasons such as difficulty contacting people on the wait list and some services being unavailable due to pandemic restrictions, enrollment did not grow as expected.
- Over the next several fiscal years, DOH could continue to enroll over 300 individuals from the wait list each year if state general fund was increased an average of \$7-10 million annually, however due to around 300 new individuals signing up for the program each year, the number of individuals on the wait list could remain relatively unchanged.

Community Supports Waiver

- A 2018 LFC evaluation of the Developmental Disabilities (DD) and Mi Via Medicaid waivers prompted discussion of whether the state should begin reforming the waivers for providing services to people with developmental disabilities.
- Key recommendations included 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.
- In FY21 the department was funded to begin implementation of these recommendations, which will take several years to execute fully. As of June 2020, over 4,646 individuals were on the waiting list for the DD and Mi Via Medicaid waivers with an average wait time of over 12 years, up from 8.2 years in FY11.
- Of those on the wait list, 264 people have begun receiving services from the supports waiver and hopes to ramp up to 2,000 by FY24 or FY25 which the department is already funded for.
- The Community Supports waivers is designed to provide an array of services to individuals on the wait listing 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 is intended to assist individual's access to a broader service array.
- The slow ramp up of services may be due to confusion of individuals as to the benefits of the Community Supports Waiver or concern they will not receive the more comprehensive waiver if they accept this waiver.
- As a result of low enrollment in the Community Supports Waiver, DDS is expected to continue to build significant fund balances. At the close of FY20 the fund balance was \$18 million and is projected to grow to \$31 million in FY21.

DDSD Waiver Sources and Uses

(in thousands of dollars)

	FY20	FY21	FY22	FY23	FY24	FY25
Sources						
Recurring Revenue						
General Fund (Appropriation)	\$ 107,004	\$ 143,943	\$ 138,958	\$ 153,458	\$ 160,958	\$ 168,458
Federal Medicaid Match (average 76%)	\$ 345,706	\$ 552,255	\$ 448,943	\$ 424,974	\$ 445,744	\$ 466,514
Recurring Subtotal	\$ 452,710	\$ 696,199	\$ 587,902	\$ 578,432	\$ 606,702	\$ 634,972
Nonrecurring Revenue						
Nonrecurring Enhanced Medicaid Match Rate (nonrecurring 6.2%) ¹	\$ 15,307	\$ 28,851	\$ 14,277	\$ -	\$ -	\$ -
Nonrecurring ARPA Funding (nonrecurring 10%) ²	\$ -	\$ 4,305	\$ 17,221	\$ 17,221	\$ 12,916	\$ -
Nonrecurring Federal match on ARPA funding (nonrecurring 10%) ²	\$ -	\$ 32,496	\$ 109,531	\$ 48,060	\$ 36,128	\$ -
Nonrecurring Subtotal	\$ 15,307	\$ 65,652	\$ 141,029	\$ 65,281	\$ 49,044	\$ -
Total Revenue (Recurring and Nonrecurring)	\$ 468,017	\$ 761,851	\$ 728,931	\$ 643,713	\$ 655,746	\$ 634,972
Uses						
Enrolled Traditional Waivers (DD Traditional & Mi Via) ³	\$ 424,937	\$ 472,464	\$ 492,429	\$ 492,429	\$ 492,429	\$ 492,429
Enrolled Traditional Waivers (MF) ³	\$ 6,839	\$ 7,978	\$ 12,116	\$ 12,116	\$ 12,116	\$ 12,116
Enrolled Community Supports Waiver ³	\$ -	\$ 1,135	\$ 24,622	\$ 24,622	\$ 24,622	\$ 24,622
<i>Annual estimated Waiver Increased Allocations (not attrition)</i>	\$ -	\$ -	\$ 28,259	\$ 56,518	\$ 84,777	\$ 113,036
<i>HSD Administration Costs</i>	\$ 10,811	\$ 11,472	\$ 14,216	\$ 14,216	\$ 14,216	\$ 14,216
<i>Nonrecurring expenses (technology assistance, no wrong door, etc.)</i>	\$ -	\$ -	\$ 6,000	\$ 6,000	\$ 2,000	\$ 2,000
<i>Nonrecurring Provider Retainer Payments</i>	\$ -	\$ -	\$ 8,500	\$ 8,500	\$ 8,500	\$ -
Estimated Total Spending	\$ 442,587	\$ 493,049	\$ 586,142	\$ 614,401	\$ 638,660	\$ 658,419
Estimated Waiver Cost and Enrollment						
Base Annual Average Waiver Enrollment (Traditional DD & Mi Via)	5,053	5,053	5,403	5,753	6,103	6,453
Annual Estimated Enrollment Growth (Traditional DD & Mi Via)	-	350	350	350	350	350
Estimated Total Enrollment (Traditional DD & Mi Via)	5,053	5,403	5,753	6,103	6,453	6,803
Average Annual DD Waiver Cost per Client	\$ 94,233	\$ 98,206	\$ 102,179	\$ 106,152	\$ 110,125	\$ 114,098
Average Annual Mi Via Waiver Cost per Client	\$ 66,695	\$ 67,498	\$ 68,301	\$ 69,104	\$ 69,907	\$ 70,710
Average Annual MF Waiver Cost per Client	\$ 24,599	\$ 28,821	\$ 33,043	\$ 37,265	\$ 41,487	\$ 45,709
Annual Average Community Supports Waiver Enrollment	200	200	2,000	2,000	2,000	2,000
Average Annual Waiver Cost per Client Community Supports Waiver	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Wait List Estimate						
Number of People on the Waiting List	4,660	4,660	4,660	4,660	4,660	4,660
Number of People on the Waiting List Under 21	2,550	2,550	2,550	2,550	2,550	2,550
DDSD General Fund Balance Estimate	\$ 18,436	\$ 31,885				

Assumption: General Fund assumes a 3 percent growth (I just did this for a starting point)

Projections likely to change as State Plan to CMS not submitted

Spending includes increased allocations using non-recurring federal revenue estimated at 7.5million, this monies will need replaced in SFY24

Spending includes increased provider rates using non-recurring federal revenue estimated at 8.5million, this monies will need replaced in SFY24

Spending includes one time up front cost and maintenance for a Public Facing Central Registry Database (Row 17)

Spending includes one time cost for vendor to contact every member of the Waiting List for updating demographic information (Row 17)

Row 14 = 1000 allocation by end of FY22, additional 500 in FY23 and FY24 totaling 2000 by end of FY24

Row 20 DSP Credentialing Program, Nursing Study

Notes from HSD/MAD:

1. The State receives the 6.2% FMAP bump from 1/1/2020 - 12/31/2021. This funding reduces the GF need.

2. The GF saved from the 10% increased FMAP are eligible to receive FFP match for the additional HCBS expenditure that incurs between 4/1/2021 and 3/31/2022. The State has 3-years to spend the funds from 4/1/2021 and 3/31/2024. 1 quarter in FY21, FY22, FY23, 3 quarters in FY24. For this purpose the spending has been distributed equally. This funding does not reduce the GF need.

3. FY20 - FY22 HCBW expenditures from the HSD/MAD quarterly budget projection. March 2021 data budget projection released April 2021. FY23 - FY25 assumes similar growth (not an official budget projection).