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## FISCAL IMPACT REPORT

SPONSOR: Cordova DATE TYPED: 02/04/03 HB 309

SHORT TITLE: Medicaid Developmental Disabilities Waiver SB \_\_\_\_\_

ANALYST: Dunbar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$3,264,656		See Narrative	Recurring	GF

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$ 4,417,816		Recurring	Federal

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

#### Responses Received From

Department of Health (DOH)  
Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of Bill

House Bill 309 appropriates \$3,264,656 from the General Fund to the Department of Health for expenditure in fiscal year 2004 in the following amounts and for the following purposes:

- \$250,304 to provide cost-of-living increases for providers of early intervention developmental disabilities services in the family infant toddler program and to address recruitment, retention, employee health insurance, and program liability insurance and other operational costs.
- \$1,404,352 to provide cost-of-living increases for providers in the Medicaid Developmental Disabilities Waiver Program and to address recruitment, retention, employee health insurance, and program liability insurance and other operational costs.
- \$1,610,000 to reduce the waiting list in the Medicaid Developmental Disabilities Waiver Program by providing services to one hundred new clients.

### Significant Issues

Currently, approximately 2,700 individuals are on the DD waiver waiting list, with an average waiting period of four years. HB 309 would directly reduce the number of individuals on the Developmental Disabilities (DD) waiting list by approximately 100 to 105 individuals.

The Medicaid Developmental Disabilities Program serves approximately 2,900 clients statewide. There are approximately 200 providers statewide, who are under contract with the Department of Health.

### **FISCAL IMPLICATIONS**

The appropriation of \$3,264.665 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY 04 shall revert to the general fund.

HB 309 allocates \$250,304 to the Family Infant Toddler Program to provide cost of living increases to early intervention providers. This increase amounts to 1.3% of the total direct services annual expenditures of \$18,526,855 (fiscal year 2002 amount) across Medicaid, State General Funds and federal Individuals with Disabilities Education Act (IDEA) funds.

HB 309 appropriates \$1,610,000 to reduce the waiting list in the DD waiver program. This amount can be matched with Federal funding at an approximate rate of 74.56%. Federal match will equal \$4,417,816, which will result in a total of \$6,328,616 available to reduce the DD waiver wait list.

See “administrative implications” below for costs associated for additional FTE not provided in the legislation.

### **ADMINISTRATIVE IMPLICATIONS**

DOH estimates that three additional FTE at a cost of \$155, 000 per year, would be needed to cover the anticipated workload increase in the DD Waiver Program. The Department points out that the additional FTE would help reduce the exposure to DOH, which has the obligation to monitor the risks and services, provided to clients receiving services.

DOH has established that for each individual on the waiver program, the Incident Management Bureau (IMB) will receive one incident report per year. The Department states that an increase of 100 incidents per year could not be further absorbed without additional FTE or significant program adjustments.

In addition, the Quality Management Bureau monitors both the Family Infant and Toddler providers, and the DD Waiver providers. Expanded program enrollment increases the Quality Management Bureau's workload by increasing the size of the sample of individuals reviewed and the number of specific client-related issues to be addressed.

### **OTHER SUBSTANTIVE ISSUES**

DOH states that a cost-of-living increase to address recruitment, retention, employee health insurance, program liability and other operational costs would contribute to improved quality of care for consumers. The inflation rate for the US has averaged 2.2% each year for the last 6 years.

In fiscal year 2002, 172,720 hours of early intervention services were provided. The \$250,304 contained in the bill would translate to an increase of approximately \$1.45 per hour of service. Medicaid and State General revenues fund the FIT Program and any adjustment to rates would have to factor in the state match for Medicaid funds.

### **AMENDMENTS**

DOH makes the following recommendations on amending the legislation:

Delete the phrase "other operational costs" or specify what other operational costs are. In addition include an additional \$155,000 for three FTE's.

**WD/sb/njw**