



Significant Issues

The first appropriation does not impact directly on DOH, as payment received by DOH to give a cost-of living increase to ICF-MR facilities would be transferred to HSD. The second appropriation would impact on the LTSD (DOH) Adult DD (SGF) Program only.

DOH indicates that the appropriation to the ICF-MRs for cost-of-living increase addresses a loss of anticipated funding, resulting from a recent change in the rate reimbursement methods. The appropriation to the DD (SGF) program represents the second appropriation for rate increases in two consecutive years. DOH/LTSD received \$1 million for this purpose in FY03. LTSD used the FY03 appropriation to provide an “equitable rate” by changing from a range of rates across 35 provider agencies to a uniform rate, based on the highest rate paid to any provider.

The bill also provides an appropriation to address equity between the DD (SGF) Program and the DD Waiver, i.e., to provide the same reimbursement for similar services to similar populations. There are, however, significant differences in eligibility criteria, in services offered, and service requirements between the two programs. The DD (SGF) Program has fewer/less stringent requirements due to the difference in population needs.

**FISCAL IMPLICATIONS**

The appropriation of \$3,163.2 contained in this bill is an expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY 04 shall revert to the general fund.

This appropriation, according to DOH, may not be the most efficient and effective use of general fund. For every dollar spend to improve the ability to serve people in the DD (SGF) Program, three additional dollars could be generated if these funds were instead appropriated to the DD Waiver program (as Medicaid match).

DOH estimates an annual need of approximately \$9.3 million for rate equity. The proposed \$3 million would meet approximately 1/3 of the need and it would not result in rate equity.

**ADMINISTRATIVE IMPLICATIONS**

This appropriation would not cause an administrative burden to DOH. A rate study to determine appropriate reimbursement for DD services will be conducted in FY04, depending on the availability of funds to obtain an independent contractor. The rate study would be the mechanism by which DOH would determine the appropriate distribution of the appropriation to the specific services offered under the LTSD (DOH) Adult Service (SGF) Program.

**TECHNICAL ISSUES**

In section one of the bill, \$163,200 is appropriated to the Department of Health to disburse to IMC/MR facilities. According to the New Mexico Health Care Association, this appropriation should pass through the Humans Services Department. DOH does not provide the Medicaid match nor the payment for ICF-MR services.

For those individuals that are eligible for the DD Waiver, DOH suggests it would be more effective to use the appropriation to provide the Medicaid match for the DDW program, rather than to

create an equitable, but 100% state-funded slot in the DD (SGF) Program.

**OTHER SUBSTANTIVE ISSUES**

HPC provides the following information relative to the cost of living appropriation for ICF-MR:

- Intermediate Care Facilities for the Mentally Retarded (ICF/MR) provide care for individuals who are developmentally disabled. The primary goal of these facilities is to nurture the residents and to encourage them to be as independent as possible.
- Medicaid is the primary payer of ICF/MR services, with the average cost per client about \$68,612.
- New Mexico has 37 licensed care ICF/MR facilities serving over 270 residents an average of 7.65 residents per facility.

The level of reimbursement for Developmental Disabilities Programs funded by General Fund monies is less than reimbursement under those DD Programs funded with Medicaid waiver dollars. According to the Departments of Health and Human Services, although both programs serve populations requiring specialized care and treatment, they provide differing services. The reimbursements for the programs are therefore, difficult to compare.

**BD/njw:yr**