

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Ortiz y Pino **DATE TYPED** 2-10-05 **HB** _____

SHORT TITLE Services for Medically Fragile Children **SB** 363

ANALYST Collard

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$300.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 82

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Health Policy Commission (HPC)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Bill 363 appropriates \$300 thousand from the general fund to the Department of Health for the purpose of maintaining case management services for medically fragile children in FY05 and FY06. Any unexpended or unencumbered balance at the end of FY06 will revert to the general fund. This bill contains an emergency clause.

Significant Issues

DOH notes the Long-Term Care Services Program currently administrators the Medicaid Medically Fragile Waiver program that serves individuals from birth to death who meet the medical and financial criteria set forth by Medicaid. A part of the program service is to contract with case management services to coordinate healthcare related services for the medically fragile waiver clients statewide who have been approved for services. Currently, there are statewide case management services available.

The existing rate of reimbursement for case management services is based on a rate validation study that was conducted beginning in September 1999 that resulted in reimbursement rate increases by the program for the case management services for medically fragile waiver clients.

The department also notes the Long-Term Care Services Program will be conducting a rate study specifically for case management services in spring 2005. DOH believes that the covered reimbursement rate is appropriate but is committed to further evaluation of the current medically fragile waiver case management rate and service delivery model.

FISCAL IMPLICATIONS

The appropriation of \$300 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

HSD notes, if the services are rendered to Medicaid eligible clients, Medicaid expenditures could increase by as much as \$1.1 million of which \$770 thousand would be federal matching funds.

ADMINISTRATIVE IMPLICATIONS

DOH indicates staff time would be required to oversee the use of \$300 thousand appropriated to assure the appropriation is used to serve medically fragile children.

DUPLICATION

Senate Bill 363 duplicates House Bill 82.

OTHER SUBSTANTIVE ISSUES

DOH indicates the department is required to maintain case management services for the Medically Fragile Waiver recipients by the Center for Medicare and Medicaid Services (CMS) as a Home and Community Based Waiver Service (HCBWS).

Reimbursement for Medically Fragile Waiver case management is \$394 per month. Currently, 152 individuals receive Medically Fragile Waiver services. DOH intends to serve additional individuals who meet criteria for services with the goal of serving up to 200 individuals. The department indicates, if the \$300 thousand were appropriated, and this funding were used to supplement the current case management reimbursement rate for 200 medically fragile waiver recipients, the rate would be \$519 per individual per month. This is calculated as follows: \$300 thousand divided by 200 individuals equals \$1,500. This, divided by 12 months, equals \$125. Therefore, the current rate of \$394 would be added to the increased funding of \$125 to equal \$519 per month per individual for Medically Fragile Waiver case management services.

DOH has committed to undertake a rate study this spring. The results of this rate study will assist in determining if the current rate is appropriate or not.

HPC indicates the importance of case management for medically fragile children and all medically fragile individuals is to help keep them living in their own home as long as possible, delaying hospitalization or institutionalized care. Case managers use a family centered approach to

care, and act as advocates, resource persons, facilitators, and paperwork coordinators for families. Case managers also support parents as team leaders who address the day-to-day care of their child and services in the community, as well provide support to families in their decision to care for their medically fragile child in their home.

Case management is a service provided by trained professionals who assess needs and coordinate service. Case managers meet with the individual and family members to conduct a thorough assessment of the individual's health and safety needs. Through this assessment, the case manager can determine the strengths, weaknesses and specific needs of that individual. The case manager can then pass along information on programs or services that may be available to the person to help keep them safely in their own homes. Case managers also develop individualized care plans, which detail the type of services needed, the frequency, and the payer source for each service. Government programs, private insurance, family, friends, and public services are included in the planning stages in developing a plan of care.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?

DOH notes, if the bill is not enacted, the case management reimbursement rate will remain at \$394 per month at least until the rate study is completed. At that time, based on the results of the rate study, the DOH and the Human Services Department will have to consider if a rate change is warranted.

HPC indicates no additional funding for case management services may adversely affect the health of the vulnerable population of medically fragile children and the public's health and safety concerns.

KBC/njw