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## FISCAL IMPACT REPORT

SPONSOR Nava DATE TYPED 2/17/05 HB \_\_\_\_\_

SHORT TITLE Developmental Disabilities Waiver Program SB 423

ANALYST Collard

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$3,540.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$12,500.0		Recurring	Federal Medicaid

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to SB 259, HB 949  
Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DOH)  
Developmental Disabilities Planning Council (DDPC)  
Human Services Department (HSD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 423 appropriates \$3.54 million from the general fund to DOH for the purpose of funding the developmental disabilities Medicaid waiver program.

### Significant Issues

DOH states that in January 2005, there were 3,057 applicants listed on the Central Registry (waiting list) for services. This bill would provide funding to serve approximately 160 of these individuals, depending upon the age and level of care characteristics of the next 200 applicants. The current average length of wait for services through the developmental disabilities Medicaid waiver (DD Waiver) is 47 months, although this varies by region. DOH indicates this bill may have a positive impact on reducing this time frame.

### **FISCAL IMPLICATIONS**

The appropriation of \$3.54 million 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.

DOH notes as the bill is written, unencumbered funds revert to the general fund after FY06. DOH is proposing that unexpended funds in FY06 do not revert, but remain available for the purpose of providing services to persons with developmental disabilities in FY07. This authorization will maximize the number of persons who can be allocated each year.

DOH also indicates, through the current federal process of matching state funds with federal Medicaid dollars, this appropriation will generate approximately \$12.5 million in federal dollars. Any changes in the federal match rate or structure will impact how much money is generated by the appropriation.

### **ADMINISTRATIVE IMPLICATIONS**

The administrative impact associated with this bill to DOH will be significant. In FY05 additional positions were created, enabling the department's Long Term Services Division (LTSD) and Division of Health Improvement (DHI) to ensure that the management standards mandated by federal law for Central Registry and Medicaid processes are upheld. In FY06, therefore, administrative funds will be used for two additional positions at LTSD needed to assure compliance with the new stipulated agreement in Jackson litigation. These FTE will provide training/technical assistance to individuals served and community service agencies.

In FY06, DHI estimates it may require an additional two FTE to maintain current caseloads. DHI may require the additional FTE to handle a larger sample size for its current provider program audits and to address a possible increase in the number of providers. It has been established that for each individual receiving DD Waiver services, DHI will receive one incident report per year. This means approximately 160 additional incidents to be investigated by DHI.

DOH indicates the additional FTE would help the department insure it is meeting Medicaid management standards; monitor clients funded via the department; and meet obligations with the Jackson lawsuit.

HSD notes DOH will need \$304 thousand for program administration and participant support services and \$223,350 will be needed for HSD administration and participant support services, leaving \$3,012,650 in state general funds for direct services. The allocation will generate federal funding for approximately 160 individuals. The request for \$3.54 million will be eligible for ei-

ther Medicaid federal financial participation (FFP) at approximately 72 percent or 50 percent federal administrative match according to distribution of the appropriation by direct services and administrative costs.

HSD notes, since additional persons will receive DD Waiver services, there will be additional financial implications for FY06 for HSD of \$981.9 thousand, of which \$413,950 is general fund.

The estimated impact of serving additional persons includes the following increased costs:

- \$19.2 thousand, including \$9.6 thousand general fund match at 50 percent, for HSD to conduct determinations of initial Medicaid eligibility;
- Using FY04 base costs, \$42 thousand, including \$21 thousand general fund match at 50 percent, for the New Mexico Medicaid Utilization Review contractor to review persons' levels of care and individualized service plans and data enter persons' budgets;
- \$708 thousand, including \$277 thousand general fund match, for HSD to provide Medicaid non-waiver, state plan benefits to the additional waiver recipients; and
- \$212.7 thousand, including \$106,350 general fund match at 50 percent, for HSD to provide customer support and Medicaid oversight of the waiver including staffing for program, billing, and compliance monitoring responsibilities including 2.25 FTE.

## **RELATIONSHIP**

Senate Bill 423 relates to Senate Bill 259 which appropriates \$6.4 million to allocate approximately 400 persons who are not currently enrolled in the Developmental Disabilities Medicaid Waiver Program. It also relates to House Bill 949, which appropriates \$3.54 million for restoration of the provider reimbursement rates for the DD Waiver program. Finally, there is \$57.9 million from the general fund in the base DOH budget for this purpose.

## **OTHER SUBSTANTIVE ISSUES**

DOH notes, under New Mexico's DD Waiver agreement with the United States Department of Health and Human Services in FY05, the DD Waiver program is authorized to serve up to 4,300 unduplicated individuals or the number of individuals allowed by legislative appropriation, whichever number is less. The appropriation contained in this bill is sufficient to expand numbers served by approximately 160 in FY06, which is well within federal authorization limits on the size of the DD Waiver population. The number that can be served depends on the level of care and age characteristics of the clients on the Central Registry.

Once the bill is enacted, ongoing recruitment and training initiatives will be needed to qualify providers, and permit entry of persons into the system and ensure their health and safety. Historically, the provider system (case management and direct service providers) has been able to sustain growth at a maximum of 300 to 400 individuals entering into service within any fiscal year.

HSD, DOH and the Aging and Long Term Services Department are pursuing "Mi Via", a self-directed approach to care. This initiative will include services to individuals with developmental disabilities. HSD indicates this bill could conflict with the self-directed initiative by specifying that funds must be spent on a particular waiver rather than for a particular population.

DDPC indicates the appropriation in this bill adds to both the LFC and executive budget recom-

mendations and will address the needs of persons who are waiting for DD Waiver services; however, to provide services to the over 3,000 people who are waiting for services, a much larger appropriation is needed.

KBC/lg:yr