

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 Jennings DATE TYPED 3-8-05 HB _____

SHORT TITLE Developmentally Disabled and Elderly Medicaid SB 979

ANALYST Collard

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$10,000.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$22,610.0		Recurring	Federal Funds (Title XIX)

(Parenthesis () Indicate Revenue Decreases)

Relates to HB 489, SB 259 and SB 423
 Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)
 Human Services Department (HSD)
 Aging and Long-Term Services Department (ALTSD)

SUMMARY

Synopsis of Bill

Senate Bill 979 appropriates \$10 million from the general fund, \$5 million to DOH for the purpose of serving additional developmental disabilities Medicaid waiver clients and \$5 million to ALTSD for the purpose of serving additional disabled and elderly Medicaid waiver clients.

Significant Issues

HSD notes in January 2005, there were 3,057 developmental disabilities Medicaid waiver (DD Waiver) applicants listed on the central registry waiting for services. The current average length of wait for DD Waiver services is 47 months, although this varies by region. This bill provides funding to serve approximately 200 persons depending upon the age and level of care characteristics of the next 200 applicants. By allowing more persons with developmental disabilities to receive waiver services, this bill will help the state reduce both the number of individuals on the central registry wait list and the length of time individuals spend on the wait list.

HSD also notes, in December 2004, approximately 7,300 registrants were listed on the Disabled and Elderly (D&E) Waiver central registry awaiting waiver services. The current average length of wait for D&E Waiver services is 41 months. This bill provides funding to serve approximately 300 persons. By allowing more elderly or disabled persons to receive waiver services, this bill will help the state reduce both the number of persons on the central registry wait list and the length of time persons spend on the wait list.

FISCAL IMPLICATIONS

The appropriation of \$10 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.

HSD indicates, of the \$5 million appropriation to DOH, \$430 thousand from the general fund and the Medicaid federal administrative match at 50 percent, for a total of \$860 thousand, will be needed for program administration and participant support services.

Further, of the \$5 million appropriation to DOH for DD Waiver services, HSD will need \$225 thousand from the general fund and from the Medicaid federal administrative match at 50 percent, for a total of \$500 thousand, for program administration and participant support services.

The DD Waiver program is a Medicaid program administered by DOH. Persons who receive DD Waiver services also receive full Medicaid State Plan (non-waiver) benefits. Medicaid State Plan benefits will add approximately \$517.6 thousand from the general fund and approximately \$1.3 million from the federal financial participation (FFP) at a rate of 71.15 percent to the Medicaid budget for a total of approximately \$1.8 million.

This leaves \$3.8 million from the general fund and FFP of \$9.4 million, using a rate of 71.15 percent for new allocations for the DD Waiver. This amount of general fund and FFP will generate sufficient funding to allocate approximately 200 individuals. The total general fund and FFP for new allocations is \$13.3 million.

Of the \$5 million appropriation to ALTSD, \$500 thousand from the general fund and from the Medicaid federal administrative match at 50 percent, for a total of \$1 million will be needed for program administration and participant support services.

Further, HSD indicates of the \$5 million appropriation to ALTSD for D&E Waiver services, HSD will need \$225 thousand from the general fund and from the Medicaid federal administrative match at 50 percent, for a total of \$500 thousand, for program administration and participant support services.

The D&E Waiver program is a Medicaid program administered by ALTSD. Persons who receive D&E Waiver services also receive full Medicaid State Plan (non-waiver) benefits. Medicaid State Plan benefits will add approximately \$1.3 million from the general fund and \$3.3 million from federal financial participation (FFP) at a rate of 71.15 percent to the Medicaid budget for a total of \$4.6 million.

This leaves \$2.9 from the general fund with a generated FFP of \$7.3 million using a rate of 71.15 percent for new allocations for the D&E Waiver. This amount of general fund and FFP will generate sufficient funding to allocate approximately 300 individuals. The total general fund and FFP for new allocations is \$10.2 million.

The funding contained in SB 979 would be a recurring cost to the state. As each individual is added to the waiver, full budget funding for that person must be included in subsequent year budgets to cover continuing services.

ADMINISTRATIVE IMPLICATIONS

This bill would have significant administrative implications for HSD. HSD would need additional staff to conduct Medicaid eligibility determinations for the additional waiver applicants. HSD would also need additional staff to provide Medicaid oversight of the waiver including staffing for program, billing, and compliance monitoring responsibilities. Since HSD would have additional costs to provide Medicaid non-waiver, State Plan services to additional waiver recipients, HSD staff that manage non-waiver, State Plan Medicaid service programs would also have increased responsibilities.

These additional FTEs would reduce the exposure to HSD with respect to existing and potential other lawsuits brought with regard to federal Medicaid management standards and the obligation to monitor the risks and services provided to clients receiving services through Medicaid funding.

Since most waiver recipients would continue to receive waiver services in subsequent years, the administrative impact specified in the paragraph above would continue in future years.

HSD will have to make changes necessary in the New Mexico Medicaid Utilization Review (NMMUR) contract budget to assure coverage of the cost of additional reviews for new waiver recipients. Program oversight and NMMUR contract oversight would also be impacted to the extent that additional consumers entail a proportionate increase in problem-resolution incidents.

HSD programmatic oversight of the DD and D&E Waivers may entail amending the waiver approved by the Centers for Medicare and Medicaid Services (CMS) to accommodate the higher expenditures and recipient count.

DOH indicates the impact will be significant. In FY05, additional FTE were created which enabled DOH to ensure that the management standards mandated by federal law for the Central Registry and the Medicaid processes were upheld. In FY06, administrative funds may be used for two additional staff at DOH needed to assure compliance with the new stipulated agreement in the Jackson litigation. These FTE will provide training/technical assistance to individuals served their families/guardians and community service agencies.

In FY06, DOH estimates it would require an additional 3 FTE to maintain current caseloads. DOH would 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, DOH will receive 1 incident report per year. This would mean approximately 250 additional incidents to be investigated by DOH.

The additional 5 FTE would help DOH assure it is meeting Medicaid management standards; monitor clients funded via DOH, and meet obligations related to the Jackson and Lewis settlements.

ALTSD notes the bill would have significant administrative implications. ALTSD would need additional staff to provide oversight of the waiver providers including staffing for program, billing, and compliance monitoring responsibilities. Program oversight would be impacted to the extent that additional consumers entail a proportionate increase in providers as well as problem-resolution incidents.

These additional FTEs would reduce the exposure to ALTSD with respect to existing and potential other lawsuits brought with regard to the D&E Waiver program and the obligation to monitor the risks and services provided to clients receiving services through Medicaid funding.

RELATIONSHIP

Senate Bill 979 relates to House Bill 489, which appropriates \$3 million to ALTSD to serve additional individuals on the D&E Waiver; Senate Bill which, as amended, appropriates \$3.54 million to DOH to restore provider reimbursement rate cuts; and Senate Bill 259, which appropriates \$6.4 million for waiver services to persons with developmental disabilities.

OTHER SUBSTANTIVE ISSUES

One half of the appropriation in the bill is made to ALTSD. HSD cautions, however, the ALTSD budget for the D&E Waiver program direct services is included in the HSD budget. The appropriation should be made to HSD, as ALTSD only handles the administrative portion of the waiver.

HSD, DOH and ALTSD are pursuing “Mi Via”, a self-directed approach to care for HCBS Waiver services. This initiative will include services to individuals who are disabled and elderly. HSD indicates this bill is consistent with the self-directed initiative by specifying that funds must be spent on a particular population.

Once the bill is enacted ALTSD and DOH will have to pursue aggressive recruitment and training initiatives to qualify providers, 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 200 to 400 individuals entering into service within any fiscal year.

KBC/lg:yr