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## FISCAL IMPACT REPORT

SPONSOR Lujan, A. DATE TYPED 2/10/05 HB 489  
 SHORT TITLE Disabled and Elderly Medicaid Waiver Program SB \_\_\_\_\_  
 ANALYST Collard

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$3,000.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	\$7,000.0		Recurring	Federal

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Aging and Long-Term Services Department (ALTSD)

Human Services Department (HSD)

Developmental Disabilities Planning Council (DDPC)

### SUMMARY

#### Synopsis of Bill

House Bill 489 appropriates \$3 million from the general fund to ALTSD for the purpose of providing 450 additional slots for disabled and elderly Medicaid waiver clients.

#### Significant Issues

HSD 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. By allowing more elderly or disabled persons to receive waiver services, the bill will have a positive impact on the Lewis lawsuit judgment by reducing both the number of persons on the central registry wait list and the length of time persons spend on the wait list.

The bill allocates funds to provide waiver services to 450 persons who are disabled or elderly. HSD's Medical Assistance Division estimates that 400 persons may be served through the appropriation. ALTSD estimates that 350 persons may be served through this appropriation based on a full 12 month enrollment in the program. The actual number of persons who can be served depends on the cost of services provided to the persons on the central registry, based on their specific needs.

ALTSD indicates the annual average individual care plan cost for waiver services is approximately \$24 thousand per year. In addition to that amount, the annual average of non-waiver Medicaid cost is \$5,250 per year for a total cost to the Medicaid program of \$29,250 for each individual added to the waiver program.

With the federal match of over \$7 million, the state general fund appropriation could provide services, based on the information above, to 350 clients, as stated by ALTSD.

## **FISCAL IMPLICATIONS**

The appropriation of \$3 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 notes the appropriation of \$3 million would be eligible for either Medicaid federal financial participation (FFP) at approximately 72 percent or 50 percent federal administrative match depending on the distribution of the appropriation by direct services and administrative costs. Such a match would be approximately \$7 million.

Of the approximately \$10 million total, HSD and ALTSD estimate additional financial implications of approximately \$600 thousand (\$300 thousand state general fund match at 50 percent) would apply to HSD and ALTSD for FY06. The estimated impact of serving additional persons includes the following increased costs:

- \$54 thousand, including \$27 thousand state general fund match at 50 percent, for HSD's Income Support Division to conduct determinations of initial Medicaid eligibility;
- Using FY04 base costs, \$106 thousand, including \$53 thousand state 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;
- \$414 thousand, including \$207 thousand state general fund match at 50 percent, for HSD's Medical Assistance Division to provide customer support and Medicaid oversight of the waiver including staffing for program, billing, and compliance monitoring responsibilities including 3.25 FTE;
- \$90 thousand, including \$45 thousand state general fund match at 50 percent, for ALTSD to fund necessary additional staffing in the department's resource center including 2 FTE;
- \$160 thousand, including \$80 thousand state general fund match at 50 percent, for ALTSD to staff program, billing, and compliance monitoring responsibilities including 3 FTE.
- \$50 thousand, including \$25 thousand state general fund, for ALTSD non-personnel costs

such as increased postage, printing and supplies associated with serving an additional 350 persons on the D&E waiver.

Although HSD and ALTSD indicate only \$600 thousand is needed, the above totals to \$768 thousand, \$384 thousand of which would be general fund under this formula.

HSD and ALTSD note the funding contained in the bill would be a recurring cost to the state. As each individual is added to the waiver, full budget funding for that person, as well as administrative support, must be included in subsequent year budgets to cover their continued service.

### **ADMINISTRATIVE IMPLICATIONS**

HSD indicates significant administrative implications associated with this bill. HSD's Income Support Division would need additional staff to conduct Medicaid eligibility determinations for the additional waiver applicants and HSD's Medical Assistance Division would need additional staff to provide Medicaid oversight of the waiver including staffing for program, billing, and compliance monitoring responsibilities. Since HSD's Medical Assistance Division would have additional costs to provide Medicaid non-waiver, state plan services to additional waiver recipients, HSD's Medical Assistance Division staff that manage non-waiver, state plan Medicaid service programs would also have increased responsibilities.

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.

The new FTE 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.

HSD's Medical Assistance Division will have to make changes necessary in the utilization review contract budget to assure coverage of the cost of additional reviews for new waiver recipients. Program oversight and utilization review contract oversight would also be impacted to the extent that additional consumers entail a proportionate increase in problem-resolution incidents.

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

### **TECHNICAL ISSUES**

The appropriation in the bill is made to ALTSD; however, ALTSD only administers the D&E waiver program. The service budget for the D&E waiver program is included in the HSD's Medical Assistance Division budget. The appropriation should be made to HSD.

### **OTHER SUBSTANTIVE ISSUES**

HSD notes, based on the D&E waiver application approved by CMS for FY06, the D&E waiver is authorized to serve up to 3,200 unduplicated individuals or the number of individuals allowed by legislative appropriation, whichever number is less. The appropriation contained in this bill may result in a higher number of unduplicated individuals served. Implementation of this bill

may require approval from CMS for an amendment to the application to increase the number of unduplicated recipients. The number that can be served depends on the cost of services provided to the persons on the central registry, based on their specific needs.

HSD, the Department of Health and ALTSD are pursuing “Mi Via”, a self-directed approach to care. This initiative will include services to individuals who are disabled and elderly. HSD indicates the 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.

**KBC/sb/njw**