

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

ORIGINAL DATE 01/30/08

SPONSOR Nava LAST UPDATED _____ HB _____

SHORT TITLE Developmental Disabilities Medicaid Waiver SB 488

ANALYST Geisler

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$3,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 159 and SB 246

SOURCES OF INFORMATION

LFC Files

Responses Received From
Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 488 proposes to make an appropriation of \$3,000,000 to the Department of Health (DOH) to implement a cost of living adjustment for the Developmental Disabilities Medicaid Waiver Program and to the Family, Infant, Toddler (FIT) Program.

FISCAL IMPLICATIONS

The funding contained in SB 488 was not included in the DOH FY09 operating budget request. The House Appropriations and Finance Committee version of the General Appropriation Act contains \$4 million to reduce the waiting list for developmental disabilities services and \$1 million to increase the number of infants and toddlers served by the FIT program.

SIGNIFICANT ISSUES

DOH notes that SB 488 is unclear as to how the appropriation is to be apportioned between the two programs. If \$2 million of this appropriation were to be applied to the DD waiver, this would represent a cost of living adjustment of approximately 0.8% (2 / \$244,000,000 X 100). If \$1

million of this appropriation were to be applied to the FIT Program, this would represent a cost of living adjustment of approximately 3.2% ($1 / \$31,000,000 \times 100$). If the appropriation of \$3 million is applied across both programs this would represent a cost of living adjustment of approximately 1.1% ($3 / \$275,000,000 \times 100$). By comparison the Social Security Administration calculated a Cost of Living Adjustment (COLA) in January 2008 of 2.3%, which is equal to the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from the third quarter of one year to the third quarter of the next.

For Fiscal Year 2008, \$2.4 million was appropriated for DD Waiver rate increases. This appropriation provided a minimum of 3% increase for a variety of core waiver services including supported living, day habilitation, respite, and supported employment. Human Services Department increased the DD Waiver rates by 3% for all services not covered under the DOH rate increase package.

RELATIONSHIP

SB 488 relates to HB 159 and SB 246 both of which would appropriate \$5,500,000 to the Department of Health (DOH) to fund the second phase of the 2003 cost study recommendations for the Family, Infant Toddler (FIT) Program, to improve recruitment and retention, and to expand quality services to children who are entitled to early intervention services.

OTHER SUBSTANTIVE ISSUES

Background on DD and FIT Programs

Developmental Disabilities Supports Division (DDSD) within DOH administers Developmental Disabilities (DD) Medicaid Waiver, which provides supports to citizens with developmental disabilities and their families. Approximately 3,707 individuals received an array of home and community-based services through the DD Waiver in Fiscal Year 2007. Services through the DD Waiver include: In-Home Supports (respite and personal care); Clinical Services (therapies, nursing and nutritional counseling); Day Services (supported employment, community access and adult habitation); Case Management; Other Services (environmental adaptations and non-medical transportation); and Community Living Outlier Services (adult habilitation and supported living outliers). The estimated total expenditures for the DD Waiver for Fiscal Year 2007 were approximately \$244 million, which includes both Federal Medicaid dollars and State General Fund Match.

The Family, Infant, Toddler Program (FIT Program) administers a statewide system of early intervention services in accordance with the Federal Individuals with Disabilities Education Act (IDEA) Part C. The FIT Program is an entitlement program for children from birth to age 3 years who are eligible due to having or being at risk for a developmental delay or disability. Early intervention services through the FIT Program include, but are not limited to: speech, physical and occupational therapy; developmental specialist services; nursing; and social work. These services are primarily provided in the family's home. The FIT Program served 10,980 children in Fiscal Year 2007. The total budget for the FIT program in FY2007 was about \$31 million, which includes federal Medicaid, State General Funds, private insurance and an IDEA Part C Grant.