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FISCAL IMPACT REPORT

ORIGINAL DATE 02/19/13

SPONSOR Soules LAST UPDATED _____ HB _____

SHORT TITLE Developmental Disability Service Waiting Time SM 20

ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15*	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
DDSD and HSD Planning Staff, Potential DHI Staff			Indeterminate	Indeterminate	Recurring	General Fund, Federal Funds
Possible DD Waiver Information Management System			\$1,200.0	\$1,200.0	Recurring	General Fund, Federal Funds
Individuals Potentially Allocated to DD Waiver			\$40,000.0	\$40,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

***SM 20 would require planning for potential growth in DD Medicaid Waiver allocations leading up to FY18.**

Relates to Appropriation in the General Appropriation Act

Relates to HB 249, Developmental Disabilities Service Targets

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Memorial 20 (SM 20) proposes that the Department of Health (DOH) convene a subcommittee of the Developmental Disabilities Supports Division's (DDSD) Advisory Council

on Quality Supports for Individuals with Developmental Disabilities and their Families (ACQ). The subcommittee would study and identify strategies to reduce to three years the time between receiving the DDS services and the time individuals are on the central registry (waiting list). Additionally, SM 20 would task the subcommittee of the ACQ to reexamine the statewide allocation formula to ensure that regional allocations are made equitably and consistently with the decision in *Lewis v. New Mexico Department of Health*.

Within its authority, SM 20 would require the DDS to act on the ACQ's recommendations and prepare a written report to the Secretary of Health, the Secretary of Human Services, the Legislative Health and Human Services Committee, and the Legislative Finance Committee by October 1, 2013 detailing actions that need to be accomplished to reduce the wait time for individuals to receive services to a maximum of three years by fiscal year 2018.

FISCAL IMPLICATIONS

SM 20 does not contain an appropriation.

The DOH indicates since the DDS already has the staff, infrastructure and scheduled meetings in calendar year 2013 to work with the ACQ, activities proposed in SM 20 could be incorporated into existing work of the committee.

The Legislative Finance Committee's FY14 budget recommendation includes an additional \$4.6 million general fund increase for the purpose of reducing the Developmental Disabilities (DD) Medicaid Waiver waiting list, and the executive's recommendation includes \$5 million for the same purpose. With either of these amounts, due to an improved federal matching rate, the DOH could allocate an additional 227 individuals to the DD Waiver.

The DOH indicates the DD Waiver's central registry, or waiting list, currently stands at 6,113 individuals and the DOH receives about 100 new applications each month, so the waiting list grows by about 1,000 each year. If the plan developed under SM 20 were implemented beginning in FY18, the DOH would have to allocate over 2,000 individuals each year to reduce the waiting list time from 11 to 3 years. At a projected per person average annual cost of \$20 thousand, the cost would be \$40 million in state general fund each year over the current FY14 base of \$107 million.

The DOH indicates in order to effectively manage services to the additional individuals on the DD Waiver, the Department would need to purchase and implement an internal information management system to track costs and support planning for service delivery. The development and implementation of this type of information management system is projected to cost up to \$1.2 million in state general funds, and \$1.2 million in federal matching funds.

Also, the DOH indicated since the DDS already has the staff, infrastructure and scheduled meetings in calendar year 2013 to work with the ACQ, activities proposed in SM 20 could be incorporated into existing work of the committee.

However, SM 20 could also significantly increase the workload of the DOH's Division of Health Improvement (DHI) because additional compliance monitoring, incident investigation and mortality reviews would have to be completed for new people placed on the DD Waiver.

Additionally, the Human Services Department (HSD) reports that the Department would seek to increase the amount of federal funds for the implementation of serving those individuals on the wait list; however, the state would be responsible for funding full implementation if federal funds are not available. SM 20 would require the HSD to appoint one representative from the HSD to serve on the subcommittee.

SIGNIFICANT ISSUES

The DOH indicates SM 20 accurately describes the growing number of people waiting for Developmental Disability (DD) Medicaid Waiver services and the increasing time people are waiting for services. The waiting time between application and service has reached eleven years. Setting targets for the systematic reduction of the DD Waiver waiting list exceeds the authority of the DOH as the operating agency for the DD Waiver. The DOH can provide technical information on the amount of funding needed to allocate a specific number of individuals; however the DOH can only serve additional individuals when funding is made available in the DOH base budget to provide services to individuals.

The DOH has implemented DD Waiver program reform in recent years which will support the allocation of a certain number of additional individuals each year without an increase in the base budget as follows:

FY14: 70 (from attrition management)

FY15: 288 (from attrition management and impact of DDW redesign)

FY16: 180 (from attrition and final phase of DDW redesign).

ADMINISTRATIVE IMPLICATIONS

SM 20 would require one representative from the HSD to serve on the sub-committee.

Currently, the HSD Medical Assistance Division (MAD) collaborates closely on the utilization of DD Waiver services and costs with the DDS. Under the provisions of SM 20, there would be the need for ongoing reconciliation of an agreed upon estimated percentage of the number of individuals on the central registry that actually become eligible and move into DD Waiver services. Some of the required budgetary projections are difficult due to the variability of a person's eligibility and need for services. The HSD must have approval from the Centers for Medicare and Medicaid Services (CMS) for an amendment to the approved DD Waiver to serve additional recipients of waiver services with federal funds. The HSD would be required to work with the Medicaid third party agent to ensure adequate staffing for expanded medical eligibility reviews for individuals newly allocated to the DD Waiver.

The DOH reports there is currently not capacity within the DD Provider, Case Management or Medicaid Utilization Review systems to serve this volume of new individuals. There is currently not staff capacity at the DOH or the HSD to verify eligibility, manage the allocation process, review service plans and authorize services. Both the DDS and the DHI would require additional staff to recruit, enroll, manage and monitor providers as well as to ensure individual health and safety.

Medicaid Waivers are approved by the federal Centers for Medicare and Medicaid Services (CMS) for a five year period. The waiver program is approved by CMS to serve a specific number of unduplicated recipients each fiscal year. The plan developed under SM 20 would require waiver amendments each year. These amendments would require evidence of adequate funding to provide the state match and could not be based solely on the “targets” established in the plan. The amendment process requires staff time at the DOH and the HSD to complete and the CMS approval is not always received in a timely manner.

The DHI is tasked with protecting the health and safety of individuals on the Developmental Disabilities Waiver. This is done through compliance monitoring of DD Waiver providers, mortality reviews of DD Waiver consumers, and investigations of incidents of abuse, neglect, exploitation and other reportable incidents when the victim is a DD Waiver consumer and the perpetrator is an employee of a DD Waiver provider.

TECHNICAL ISSUES

The memorial references “time between placement on the central registry and access to services offered by the developmental disabilities supports division.” The DDS provides administration of services for individuals not on the DD Medicaid Waiver and not applying for services under the DD waiver, and who have no waiting time to receive services under the 100 percent state general fund DD program, the personal care option (PCO) Medicaid program and other programs. The funding for the DD 100 percent state general fund program in FY13 and the FY14 amount in both the LFC and Executive recommendations is \$7.9 million in state general fund revenue. The DDS also provides services for people with autism spectrum disorders, the Family, Infant, Toddler Program and other services.

RAE/svb