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FISCAL IMPACT REPORT

SPONSOR Soules **ORIGINAL DATE** 01/28/14
LAST UPDATED 01/30/14 **HB** _____

SHORT TITLE Developmental Disabilities Program 5-Year Plan **SB** 55/aSPAC

ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY14	FY15		
	\$10,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY14	FY15	FY16		
	\$57,074.9		Recurring	Federal Funds, Medicaid Match

(Parenthesis () Indicate Revenue Decreases)

SB 55 relates to the General Appropriation Act as the FY15 LFC recommendation includes \$103.1 million in general fund revenue to reduce the waiting list and fund services for individuals on the developmental disabilities (DD) Medicaid waiver program. The Executive recommendation includes \$97.8 million for the DD Medicaid waiver program.

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment to Senate Bill 55 (SB 55) reduces the FY15 general fund appropriation to the Department of Health from \$25 million to \$10 million to fund services for individuals on the developmental disabilities (DD) Medicaid waiver program and for individuals on the waiting list for services under the DD Medicaid waiver program.

Synopsis of Original Bill

Senate Bill 55 (SB 55) directs the Human Services Department (HSD) and the Department of Health (DOH) to collaborate and create a five-year plan for increasing allocations from the developmental disabilities (DD) Medicaid waiver central registry that is to be submitted annually to the Legislative Finance Committee (LFC) and Legislative Health and Human Services (LHHS) committees.

SB 55 would appropriate \$25 million in general fund revenue to the Department of Health (DOH) to fund supports and services for individuals enrolled in a developmental disability (DD) Medicaid home- and community-based waiver program and to allow enrollment of eligible individuals listed on the Department of Health's central registry who are currently awaiting allocation of support and services through the DD Medicaid waiver program.

FISCAL IMPLICATIONS

SB 55 contains a recurring FY15 general fund appropriation of \$10 million to the Department of Health for Medicaid waiver services for individuals with developmental disabilities. Any unexpended or unencumbered balance remaining at the end of FY15 shall revert to the general fund.

The Human Services Department reports there is the additional federal Medicaid match of \$57,074.9 that would be allocated along with the \$25 million FY15 general fund appropriation. Therefore, the funding in SB 55 represents overall total budget authority of \$82.1 million, which the Human Services Department has not factored into its FY15 budget projections.

SB 55 relates to the General Appropriation Act as the FY15 LFC recommendation includes \$104.4 million in general fund revenue to reduce the waiting list and fund services for individuals on the developmental disabilities (DD) Medicaid waiver and Mi Via programs. The Executive recommendation includes \$99 million for the DD Medicaid waiver and Mi Via programs.

SIGNIFICANT ISSUES

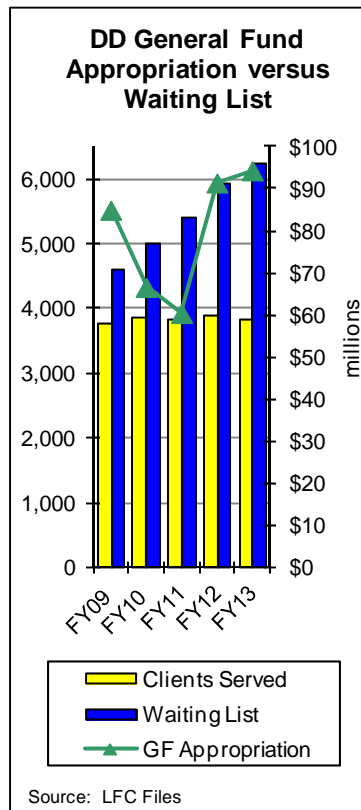
The Human Services Department indicates it and DOH would need to ensure appropriate provider infrastructure to support the increased number of individuals receiving DD waiver services under the provisions of SB 55.

In FY13, the Department of Health's Developmental Disabilities Support Program reverted \$8.5 million to the general fund, most of which was not used to serve people waiting for DD Medicaid waiver services. The DOH reports timing was slower than expected for clients coming on to the DD waiver even though hundreds of allocation letters were distributed. The Department of Health indicates the "ramp up" means that, in the first year, funds are appropriated for a given number of DD waiver allocations, approximately half can be used directly for individuals' services, yet they will need the full amount beginning in the second fiscal year. This means that reversions typically occur in any fiscal year in which DOH issues a significant number of new allocations.

At the end of FY13, 6,248 people were on the waiting list for services under the DD Medicaid waiver, and 3,829 were receiving services. The length of time to get on the DD waiver has increased to over 10 years.

PERFORMANCE IMPLICATIONS

The graph below indicates funding for the DD waiver over time, along with the growth in the waiting list compared to the number of people served under the DD Medicaid waiver program.



ADMINISTRATIVE IMPLICATIONS

Under the provisions of SB 55, the Human Services Department would be required to submit a DD waiver amendment to the Centers for Medicare and Medicaid Services (CMS) for approval to increase the number of individuals served by this federally-approved waiver.

The Department of Health indicates the increase in DD waiver allocations would result in increased workload for DOH, HSD Income Support Division, the third-party assessor contractor, the claims/billing contractor and the DD waiver contracted service delivery agencies.

OTHER SUBSTANTIVE ISSUES

The 2013 Senate Memorial 20 (SM 20) task force report details several issues related to increasing allocations to the DD waiver. The task force recommended:

1. Expand the developmental disabilities home- and community-based Medicaid waiver;
2. Increase attractiveness of Mi Via home- and community-based Medicaid waiver;

3. Improve intake, information and referral, and community navigation; and
4. Expand and redesign the state general fund program into a flexible supports model.

RAE/svb