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FISCAL IMPACT REPORT

SPONSOR: Jennings DATE TYPED: 02/28/01 HB _____
 SHORT TITLE: Create DD Medicaid Waiver Fund SB 254/aSPAC
 ANALYST: Taylor

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
\$ 25,000.0				Recurring	General Fund
		\$ 67,600.0		Recurring	Federal Funds

SOURCES OF INFORMATION

Department of Health
 Health Policy Commission

No Response
 Human Services Department

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment stipulates that \$5 million of the appropriation is to be expended for rate increases for developmental disabilities program providers.

Synopsis of Original Bill

Senate Bill 254 makes the developmental disabilities medicaid program an entitlement, effective July 1, 2004. By that date, all applicants for the program are entitled to have their eligibility determined within three months after failing an application with the Department of Health; if the determination is not made within that time period, the person is automatically entitled to benefits.

The bill creates a new fund—the “Developmental Disabilities Medicaid Waiver Fund”. The Fund is non reverting and retains any interest earnings. Money in the Fund is appropriated to the Department of Health to determine eligibility for persons on the developmental disabilities medicaid waiver program waiting lists, to administer the program and to pay the state share for services provided by the developmental disabilities program.

Senate Bill 254/aSPAC – Page 2

The bill appropriates \$25 million from the general fund to the Developmental Disabilities Medicaid Waiver Fund for expenditure in FY01 and subsequent fiscal years. It limits the amount that may be expended for administrative costs to \$1.5 million.

PERFORMANCE IMPLICATIONS

The Department of Health did not propose performance measures for the program. Obvious measures include the number of persons provided service. The percent of clients provided services in a community setting.

FISCAL IMPLICATIONS

The appropriation of \$25,000.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of do not revert to the general fund.

The Department of Health writes that there are 2,190 on the current registry , and that the number grows by about 250 persons each year. Thus, the number of persons expected to be on the registry by 2004 is 2,940. The average cost per persons is \$55.8. If all the persons on the registry were deemed eligible for the program, the total cost would approximately \$164 million, and the state share would be about \$43.7 million. Based on this analysis the department suggests that the \$25 million appropriation is insufficient to meet the demand.

There are a number of uncertainties that may make the expected cost estimate provided by the department unrealistic. First, it assumes that all persons on the registry will enroll. On the other hand, it does not adjust future year costs for likely cost increases (general inflation is expected to be around 3 percent, medical inflation about 5 percent). These issues need to be addressed in order to realistically determine the funding need.

ADMINISTRATIVE IMPLICATIONS

The Department of Health reports that the \$1.5 million available for administration would be sufficient to cover their administrative costs, but not the Human Services Costs for determining final eligibility. They do not suggest how much more might be needed for this purpose, and as of this writing the Human Services Department has not responded to a request for analysis of this bill. The request was made on 1-30-01.

OTHER SUBSTANTIVE ISSUES

The Department of Health reports that the Health Care Financing Administration may object to language making the Developmental Disabilities Program an entitlement. This is because the program is not a regular part of the medicaid program, but approved as a waiver to the regular Medicaid Program. They say that if this is so, the state would not be entitled to federal matching funds.

The advocate community has indicated that ramping up spending for the program will be slowed by their ability to recruit providers

BT/njw:sb