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FISCAL IMPACT REPORT

SPONSOR Rodriguez **ORIGINAL DATE** 02/24/11
LAST UPDATED _____ **HB** _____

SHORT TITLE Disabled Community Living/Behavioral Services **SB** 494

ANALYST Hanika-Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
	\$500.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Bill 494 appropriates \$500 thousand from the General Fund to the Local Government Division of the Department of Finance and Administration for the purpose of providing community living and behavioral management services for the disabled in Santa Fe County and Northern New Mexico.

FISCAL IMPLICATIONS

The appropriation of \$500 thousand contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY12 shall revert to the General fund.

It is unknown which organization/s in Northern New Mexico the appropriation being requested is expected to support.

SIGNIFICANT ISSUES

The bill's definition of the recipients of these services as "disabled" may not accurately define the intended beneficiaries.

The Legislative Finance Committee (LFC) Aging and Long-Term Services Department (ALTSD) FY12 recommendation transfers responsibilities for the Medicaid waiver programs managed by ALTSD to the HSD. The LFC Human Services Department (HSD) recommendation includes an increase of 16 FTE and \$979.1 thousand from the general fund with matching federal funds to manage these programs. The transfer of the functions of the Long-Term Services Program is a result of duplication of responsibilities between ALTSD and the Coordination of Long-Term Care Services (CoLTS) contractors. CoLTS was implemented in August 2008 to provide services to individuals enrolled under the disabled and elderly (D&E) Medicaid waiver, individuals using the personal care option, nursing facility residents, Medicare recipients eligible for Medicaid (dual eligibles), and those approved for services under the Mi Via program. As of September 2010, more than 38,000 individuals were enrolled in CoLTS, which has two contractors: Evercare and Amerigroup. The contracts are administered by HSD. Transfer of FTE and funding to HSD will provide for better contract oversight and management by putting responsibilities for all waiver programs, except developmental disabilities, into one state agency. With the exception of brain injury, funding for the Medicaid waiver programs resides in HSD.

The managed-care program was supposed to provide better care and save money. In practice, however, costs have increased at a rapid rate, and the ability of the two managed-care organizations to manage care is limited by the program silos operating within CoLTS. The CoLTS “C” waiver, formerly the disabled and elderly waiver, maintains separate eligibility criteria and has limited enrollment. More than 14,000 are on a waiting list to receive services.

The personal care option (PCO), a similar program for those who need some in-home care, is an entitlement benefit for all Medicaid recipients who meet the health status criteria. Implemented in 2000, the program has seen explosive growth, rising to \$218.5 million in FY08. These programs are designed to allow clients to receive care in a home setting instead of a nursing or long-term care facility. But given the current structure of the programs, some clients actually have to enter a nursing home before being allowed access to home-based services in the CoLTS “C” waiver. Redesigning the CoLTS “C” waiver to enable clients to access the right services in the right setting should improve care and reduce costs.

PERFORMANCE IMPLICATIONS

The Patient Protection and Affordable Care Act allow states to expand coverage and receive additional federal funding. For example, a new long-term care waiver, the Community First Choice Option, could increase community-based care services to individuals with incomes up to 150 percent of the FPL. States implementing this option will receive a 6 percent enhanced federal matching rate, and HSD could consider this as part of any CoLTS redesign.

SUBSTANTIVE ISSUES

The Rehabilitation Act of 1973, Civil Rights Commission Act of 1978, and the Americans with Disabilities Act (ADA) of 1990 have enhanced opportunities for persons with disabilities to participate in society through employment. The ADA reflects Congressional intent to prohibit discrimination against persons with disabilities. Within the ADA, a person has a disability if she or he (1) has a physical or mental impairment that substantially limits a major life activity, (2) has a record of such impairment, or (3) is regarded as having such an impairment. At least one of these three parts of the definition must be met to be considered an individual with a disability. Under the ADA, persons meeting disability criteria are eligible for specific services which may include provision of employment services through public vocational rehabilitation services.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

\$500 thousand will not be appropriated to DFA to provide community living and behavioral management services for persons with disabilities in Northern New Mexico.

AHO/svb