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## FISCAL IMPACT REPORT

ORIGINAL DATE 03/09/11

SPONSOR Ortiz y Pino LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Mi Via Medicaid Waiver Program Study SM 72

ANALYST Hanika-Ortiz

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		*See fiscal impact				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

Senate Memorial 72 requests the HSD to convene a work group on the Mi Via self-directed home-and community-based Medicaid waiver program to study and make recommendations for improving the Mi Via program's services and sustainability.

The memorial resolves the following:

- in 2006, HSD submitted an application and received approval from the federal Centers for Medicare and Medicaid services (CMS) for two new self-directed home- and community-based Medicaid services waivers, known together as the Mi Via program;
- in the two years leading up to the approval of Mi Via, the self-directed waiver program, HSD, the Department of Health (DOH) and the Aging and Long- Term Services Department collaborated with and facilitated a stakeholder group consisting of potential participants in Mi Via and their families, advocates, disability groups and other stakeholders to develop the Mi Via program, which resulted in an innovative, well-designed and self-directed waiver program;
- after the implementation of Mi Via, the self-directed waiver program and the departments appointed a Mi Via task force for growth, nurturing and sustainability that continued to provide Mi Via participants and stakeholders with input into the operation of Mi Via;
- in 2009, the Mi Via task force collaborated with the departments to make changes to the Mi Via program and submit a renewal application for the home- and community-based

services self-directed program, resulting in approval of the new application by CMS for making a number of changes to the Mi Via program;

- in February 2011, the Mi Via task force for growth, nurturing and sustainability was changed to become the ongoing Mi Via advisory committee with the purpose to "work with the state and community, to keep the philosophy of self- direction as the basis of all discussions about the Mi Via waiver to continuously improve the quality of life for all participants";
- after the first few years of the Mi Via program, data showed that the cost of services for Mi Via participants in the aggregate was less than the cost of services to recipients of services from the traditional home- and community-based services waivers, thus making self-direction an important approach to take to help the state sustain Medicaid- funded long-term services;
- the ongoing implementation of Mi Via is characterized by high administrative costs due to the complexity of the program, and the departments are concerned that this cost will not be sustainable and would like to find ways to bring the administrative costs down;
- Mi Via participants are responsible for implementing and managing their service and support plans and thus have key insights into how Mi Via is working and how efficiencies and improvements could be made;
- the state has faced and will continue to face challenges to sustain Medicaid funding for long-term services and needs to find solutions to meeting the long-term care needs of all eligible citizens of New Mexico now and in the future; and
- it has been demonstrated that the best approach for finding solutions to administrative cost efficiencies, improving Mi Via and growth in Mi Via is through a collaborative process involving the departments, Mi Via participants and stakeholders together.

## **FISCAL IMPLICATIONS**

DOH reports that after the first few years the Mi Via program showed costs in aggregate per recipient that were less than in the traditional waivers that New Mexico operates.

In Mi Via, a participant can choose to purchase services and supports to help meet his/her functional, medical and social needs, and the Mi Via Consultant is available to assist. The published rate for Consultant Services for July 1, 2010 through June 30, 2011 was \$215.00 per month per participant. The rate is intended to support start-up, transition and ongoing services in Mi Via. A new ongoing Consultant rate will be published for billing effective July 1, 2011. In the renewed Mi Via Waivers, the cost for consultant services has a more favorable Federal match as it is now a service as opposed to an administrative cost.

The State of New Mexico has contracted with ACS to be the Financial Management Agent for the Mi Via program starting July 1, 2010. A FMA is an entity that provides third party financial services (i.e. payroll checks) between participants and employees/contractors/ vendors of a benefit. ACS has subcontracted portions of that contract to TNT Fiscal Intermediary Services, Inc. and to Greystone Consumer Empowerment Systems.

Effective July 1, 2009 Molina Healthcare Third Party Assessor is responsible for conducting Utilization Review for Medicaid Fee-For-Service programs and assessment functions for certain home health, long-term care, and home and community-based waiver services, including Nursing Facilities, the Personal Care Option and Mi Via programs.

## **SIGNIFICANT ISSUES**

The group (if requested by HSD) will convene to study the implementation of Mi Via and make recommendations for realizing cost efficiencies in the administration of the program, improvements in implementing the program, and achieving growth in the program as a way to help sustain Medicaid funding for long-term services into the future.

DOH notes that SM 72 seeks to reduce the administrative costs of the Mi Via Program. For the developmentally disabled population served in Mi Via, the administrative costs comprised 7% of the expenditures according to the May 2010 Medical Assistance Division and DOH Home and Community-Based Services Waiver Report. The Developmental Disabilities Waiver administrative costs are 0.4%. Administrative costs within Mi Via include services provided by the Financial Management Agency, the Third Party Assessor/Utilization Management Contractor and other related expenses such as the cost of criminal background checks for the employees of Mi Via participants.

## **PERFORMANCE IMPLICATIONS**

The memorial seeks to restore the stakeholder approach in implementing the renewed Mi Via Waivers.

## **ADMINISTRATIVE IMPLICATIONS**

State agencies, LFC staff and legislative council service staff will be required to provide assistance as appropriate to carry out the work of the Mi Via work group.

## **OTHER SUBSTANTIVE ISSUES**

State health departments will appoint staff to the work group and HSD will request the involvement of the chair and vice chair of the legislative finance committee (LFC) and legislative health and human services committee (LHHSC), members of the Mi Via advisory committee; members of the disability coalition, Mi Via participants living with disabilities, their family members and advocates, Mi Via consultants, direct-support staff, and providers.

HSD will be required to assure that fifty percent plus one members of the work group are Mi Via participants, family members and advocates.

## **ALTERNATIVES**

DOH suggests that the bylaws of the existing Mi Via Advisory Committee could be adjusted to embrace the goals expressed in SM 72.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

There would not be a stakeholder workgroup to address cost efficiencies and growth of the Mi Via program as a sustainable long term care option.

AHO/bym