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FISCAL IMPACT REPORT

ORIGINAL DATE 02/07/12

SPONSOR Jennings LAST UPDATED _____ HB _____

SHORT TITLE Developmentally Disabled Medicaid Waivers SB 261

ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY12	FY13		
	\$129,700.0	Recurring	General Fund
	\$290,585.0	Recurring	69.14% Federal Matching Funds

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY12	FY13	FY14	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$336.0	\$336.0	\$672.0	Recurring	Mia Via GF, Federal Matching Funds
		\$2,800.0	\$2,800.0	\$8,400.0	Recurring	DOH FTE 50/50 GF and Federal Funds
		\$2,513.6	\$2,513.6	\$7,540.8	Recurring	DOH Info Mgmt System 50/50 GF and Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Department of Health (DOH)

Developmental Disabilities Planning Council (DDPC)

SUMMARY

Synopsis of Bill

Senate Bill 261 appropriates \$129.7 million from the general fund to the Department of Health (DOH) to fully fund the developmental disabilities Medicaid waiver program and its associated waiting list.

FISCAL IMPLICATIONS

The appropriation of \$129.7 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY13 shall revert to the general fund.

The Human Services Department (HSD) indicates the appropriation in SB261 would be matched with Medicaid federal funds at a rate of 69.14 percent equaling \$290.6 million and would thus provide a total of \$420.3 million for the DD waiver and wait list. However, this funding is only for FY13 and must be recurring in nature to support the additional clients in subsequent fiscal years. If clients were moved from the waiting list to the DD waiver, appropriations would be required in subsequent fiscal years in order to sustain the program.

The HSD indicates approximately 200 of the 4,000 current DD waiver clients are enrolled in the Mi Via self-directed program. The DD waiver clients represent 5 percent of the Mi Via enrollment. If the same percentage of the 3,000 wait-listed clients (5 percent) were enrolled in Mi Via, an additional 150 clients would be added representing a 15 percent increase over current enrollment. This would require an increase of \$336 thousand per year to the ACS fiscal agent contract for Mi Via financial management agent services (\$168 thousand federal and \$168 thousand general fund). The state general fund share would come from the DOH budget.

The DOH indicates SB261 would have a financial impact on the department to develop infrastructure, systems and program capacity to serve additional individuals on the DD waiver including approximately \$1.4 million in general fund and \$1.4 million in federal matching funds for 40 additional FTE including developmental disabilities specialists, nurses, trainers/health educators, case management specialists, contract managers, behavior/crisis specialists and administrative/business professionals. The DOH also indicates to effectively manage services to an additional 5,571 clients, it would need an internal information management system to track costs and support planning for service delivery. The projected cost of this system is approximately \$1.2 million in general funds and \$1.2 million in federal match. There would be an annual operational cost of approximately \$56.8 thousand in general fund and \$56.8 thousand in federal matching funds for operation of the system.

The LFC FY13 budget recommendation included \$94,379.5 for the DD waiver program, the HAFC FY13 budget includes \$94,029.5 for the DD waiver program, and the Executive recommendation included \$91,660.0 for the DD Medicaid waiver program.

SIGNIFICANT ISSUES

The Department of Health (DOH) indicates as of December 2011, there were 5,571 individuals on the central registry waiting for services and the average length of time individuals wait on the

central registry is approximately between 10 and 11 years.

The Department of Health indicates it would need to aggressively recruit and train providers in FY13 in order to implement the provisions of SB261. Provider capacity to serve all 5,571 individuals does not currently exist. SB261 would require a waiver amendment and approval from the CMS to increase the unduplicated users to provide services to an additional 5,571 individuals.

As outlined in the DOH FY13 Strategic Plan, the DOH will be implementing the redesign of the DD Medicaid waiver program to include the initial assessment of all waiver participants using the Supports Intensity Scale (SIS) for purpose of person-centered planning and individual budgeting. The goal of the DD waiver redesign is to implement an equitable resource allocation methodology using assessed need as identified through the SIS; establish rates which support access and adequate provider capacity statewide; and establish new service models as described in the approved DD Waiver application. Each individual entering the system after July 1, 2011 must have a Supports Intensity Scale Assessment for purposes of service planning and budget allocation. The cost for 5,571 assessments is approximately \$2,228,000 in state funds and \$2,228,000 in federal matching funds.

ADMINISTRATIVE IMPLICATIONS

The Human Services Department (HSD) indicates the provisions in SB261 would require HSD to amend the Medicaid waiver application approved by the Center for Medicare and Medicaid Services to increase the number of unduplicated recipients served in the applicable waiver programs annually. Also, expansion of the DD waiver could increase the Mi Via program enrollment by 15 percent and this program growth may require the Medicaid fiscal agent, ACS, to obtain additional staff, phone lines and other resources in order to support the expanded program.

The Department of Health (DOH) indicates allocation of individuals into the DD Waiver Program requires recurring funding for direct service, waiver administration and operating costs. In addition, SB261 does not appear to propose funding to cover provider oversight through the DOH's Division of Health Improvement which would have an increased workload due to the need for additional compliance monitoring, incident investigation and mortality reviews.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB261 relates to SJM39, which would develop a plan to address the DD waiver waiting list within three to five years.

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