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FISCAL IMPACT REPORT

SPONSOR Trujillo, J & Kernan **ORIGINAL DATE** 02/03/14
LAST UPDATED 02/14/14 **HB** 58/aHfI#1

SHORT TITLE Brain Injury Services Fund Definitions **SB** _____

ANALYST Sandoval/Geisler

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	\$0.0	\$2.0	\$2.0	\$4.0	Recurring	General Fund or additional revenue from traffic violation fees

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Governor’s Commission on Disability (GCD)

SUMMARY

Synopsis of HF1 Amendment #1

House Floor amendment #1 to House Bill 58 changes the title of the bill and inserts “and add a new definition of brain injury.”

Synopsis of Original Bill

House Bill 58 removes the word “traumatic” from the statute for the Brain Injury Services Fund (BISF) under NMSA 1978, section 27-1-16 (being Laws 2013, Chapter 44, Section 1), expanding the service eligibility definition to include an injury to the brain of traumatic or *acquired* origin, including an open or closed head injury caused by:

- a) an insult to the brain from an outside physical force;
- b) anoxia;
- c) electrical shock;
- d) shaken baby syndrome;
- e) a toxic or chemical substance;
- f) near-drowning;
- g) infection;

- h) a tumor;
- i) a vascular lesion; or
- j) an event that results in either temporary or permanent, impairments in the one or more areas of the brain.

Expansion does not apply to an injury that is:

- a) congenital
- b) degenerative
- c) induced by birth trauma
- d) induced by neurological disorder related to aging; or
- e) a chemically caused brain injury that is a result of habitual substance abuse.

FISCAL IMPLICATIONS

HSD is concerned with the fiscal impact of the expanded definition of brain injury proposed by HB 58. Using actual hospital data from the Department of Health, HSD believes expanding the definition could lead to 550 additional people becoming eligible for services at an annual estimated cost of \$2 million. This estimate is after the expected loss of some clients who are now eligible for Medicaid services due to Medicaid expansion for low-income adults effective January 1, 2014. The Brain Injury Advisory Council of the Governor's Commission on Disability agrees that there would be additional clients due to the definition change but believes these would be offset by other potential clients with brain injuries that now are eligible for services under Medicaid.

HSD notes it is not clear what revenue source would be used to cover these additional projected costs. Additional general fund could be appropriated or the traffic violation fees structure could be revised to generate more revenue to cover the costs. HSD believes there is insufficient funding to serve the expanded population proposed in HB 58. With an expanded eligibility and no additional funding, the program will either have to create a waiting list for services or reduce the types of services available.

SIGNIFICANT ISSUES

The BISF is a short-term services program offering service coordination, life skills coaches and crisis interim services. According to GCD, it is anticipated that over 400 individuals with traumatic brain injury will be served this current fiscal year. The BISF is the only program in the state that offers these brain injury specific services without the limitations of financial or nursing home level of care eligibility. GCD notes that the BISF can assist and people *before* they lose their jobs, homes, family and natural supports and become Medicaid-eligible. The BISF has also filled the gap for those that could not qualify for Medicaid or lacked private insurance.

HB 58 would expand the definition of brain injury and increase the number of individuals who would be eligible for services delivered through the BISF Program and as noted by GCD align the Brain Injury Services Fund definition with the definition used for brain injury in the state Medicaid program for long term services. As a result, offering services to people that have needed them, but have been excluded because of a limited service eligibility definition.

According to the analysis from HSD, HB 58 does not provide for additional funding for the BISF, so while the number of people eligible for services would increase, funding for the

program would not. However, both HSD and GCD expect this impact to be mitigated by the movement of up to 50 percent of those currently served into Medicaid through the adult expansion; thereby freeing up some available funding and service coordinator caseloads.

HSD also notes that the Brain Injury Service Fund is funded through a \$5 fee applied to every moving traffic violation in NM. New revenues for the Brain Injury Service Fund in FY 2015 are projected to be approximately \$1.1 million and contracts are currently funded at \$1.72 million. Balances in the brain injury services have been used to keep this \$1.72 million level of service. In FY15, HSD projects to use the last of the remaining fund balance for this program and the executive and LFC budget recommendations include \$62.7 thousand from the general fund to maintain the program. In FY16, without the program change proposed here, HSD will need about \$600 thousand from the general fund or other revenue to support the current program

ADMINISTRATIVE IMPLICATIONS

Expanding the definition would cause additional workload at HSD to change the program to reflect the expansion of eligibility. If 50 percent of people currently receiving BISF funded services move into long term services via Medicaid expansion, GCD believes there could be negative impact for the service providers currently contracted to provide services paid for by the BISF. This vacancy may impact their ability to retain employees and provide services to those living with traumatic brain injury if they are unable to bill at current contract levels, particularly in the rural and frontier areas and could result in lay-offs and less opportunities to serve people.

OTHER SUBSTANTIVE ISSUES

HSD, utilizing data from the New Mexico Department of Health, provided the following background information about brain injury prevalence.

- About 9,000 hospital admissions related to brain injury occur annually in NM.
- 87% (7,600) of these are from acquired brain injury (ABI) conditions
- 16% (1,400) are from traumatic brain injury (TBI) causes. (With 400 receiving services in the BISF annually, HSD serves about 28.6% of this population)
- 40% of the 9,000 (3,700) were for patients *younger than 65* years :
 - 2/3 (970) of those hospitalizations were TBI patients younger than 65.
 - 1/3 (2,700) of those hospitalizations were ABI patients younger than 65.
 - ✓ 64.3% of ABI hospitalizations in NM are for ages 65 and older (might receive Medicare coverage).
 - ✓ The remaining 35.7% of hospitalized ABI patients are those under age 65, who may or may not have healthcare coverage.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

People with acquired brain injury will continue to be excluded from a program that could provide vital short term services that could have a lasting benefit in their recovery. Evidence shows that treatment and referral to appropriate services and supports increase the likelihood of better outcomes for the individual with a brain injury and their family. Early treatment offers a

significant lifetime cost savings as these individuals recover.

GG/ds