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FISCAL IMPACT REPORT

SPONSOR Rodriguez ORIGINAL DATE 1/29/2018
 LAST UPDATED 2/5/2018 HB _____

SHORT TITLE Medicaid DD Provider Cost-of-Living SB 122

ANALYST Chenier

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	\$5,100.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY18	FY19	FY20		
	\$13,285.0	\$13,285.0	Recurring	Federal Medicaid Matching Revenue

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Department of Health (DOH)
 Human Services Department

SUMMARY

Synopsis of Bill

Senate Bill 122 appropriates \$5.1 million from the general fund to the Department of Health to fund cost-of-living increases for providers of direct-care services to recipients of Medicaid developmental disabilities services and supports waiver services.

FISCAL IMPLICATIONS

The appropriation of \$5.1 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balances remaining at the end of FY19 shall revert to the general fund.

HSD would request federal matching dollars, also known as Federal Financial Participation (FFP), for this appropriation (approximately \$ 13.3 million at the 72.26 percent federal matching rate).

HSD stated that provider rates of pay within developmental disabilities waiver (DDW) programs, DDW and Mi Via, are reported to and approved by Centers of Medicare and Medicaid Services (CMS) on a five year waiver cycle. Any changes to provider rates of pay must be approved by CMS through a waiver amendment. CMS requires justification to approve changes to rates. A rate methodology study must be completed by the Department of Health which may take six (6) months or more to complete. Once the rate study is completed, and an amendment developed, the amendment must be issued for public comment and submitted to CMS. CMS has ninety days to approve requested amendments or formally request additional information as determined necessary. Such requests for information “stop the clock”, therefore it is important to note that this can be a lengthy process that takes at least 120 days and could last more than six months. Approval by CMS to changes in reimbursement to providers and for services is critical to ensuring FFP.

SIGNIFICANT ISSUES

DOH said that the Centers for Medicare and Medicaid Services (CMS) requires rate studies each time the waiver is renewed and approved. The DOH Developmental Disabilities Support Division (DDSD) has begun a Request for Proposal (RFP) process to secure an independent contractor for a comprehensive rate study. The rate study will be completed by the end of FY19 and will address cost of living increases as well as other rate methodology factors included in the

CMS review criteria. The last comprehensive review of provider rates occurred in 2012, and several rates have been increased in the intervening years based on legislative appropriations and stakeholder feedback, specifically rates for some direct care services that were increased in FY15 and FY16.

SB122 would increase the cost of the Developmental Disabilities Waiver (DDW) and would thereby impact NMDOH’s ability to add new people to services from the central registry. NMDOH is already limited in the number of allocations due to rising costs. See below.

Regular Allocations

FY16: none
FY 17: 40
FY18: none

Attrition Allocations

FY16: none
FY17: 40
FY18: none

Expedited Allocations

FY16: 42 approved
FY17: 17 approved
FY 18: none

Average cost per person for DDW:

FY14 \$67,065

FY15 \$69,939

FY16 \$73,330

FY17 \$78,564

It is unclear what service provider types would be eligible for the cost of living increase under the characterization of direct care services to recipients, as there are a variety of residential, day, professional and clinical services available.

EC/sb/al/jle