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## FISCAL IMPACT REPORT

**SPONSOR** Rodriguez **ORIGINAL DATE** 1/25/16  
**LAST UPDATED** 1/27/16 **HB** \_\_\_\_\_

**SHORT TITLE** Restore Developmental Disability Rate Cuts **SB** 54

**ANALYST** Chenier

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	\$5,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		\$5,000.0	\$5,000.0	\$10,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

No Responses Received From

### SUMMARY

#### Synopsis of Bill

Senate Bill 54 appropriates \$5 million from the general fund to the Department of Health to partially restore developmental disability Medicaid waiver direct care provider rate cuts.

### FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY17 shall revert to the general fund.

The LFC FY17 budget recommendation for the department indicated that the department may owe \$2.2 million to the federal government because of questionable implementation of provider

rates. The DD waiver program in FY15 received \$1 million to implement provider rate increases. The increases were not implemented at the beginning of the fiscal year but occurred in the October and November time period, when changes were approved on New Mexico's Medicaid waiver application. Compensating providers, the department made the rate increases retroactive to the beginning of the fiscal year. According to the department, federal Medicaid authorities disapproved the retroactive rate increases and will require the state to refund \$2.2 million. At the end of FY15 the developmental disabilities support program carried approximately \$3.7 million in balances and with non reverting language, the balances would have been carried over from FY15 into FY16. LFC staff encouraged the department to exhaust all options before sending the money back to the federal government.

Attachment

Developmental Disabilities Medicaid Waiver Program

EC/al/jle

### Developmental Disabilities Medicaid Waiver Program

Fiscal Year	General Fund Appropriation to DOH	Expansion Funds and Associated Clients Authorized by Legislature	Clients Allocated with Expansion Funds	Clients Allocated from Underutilization, Ramp up, Reversion	Clients Allocated from Program Reform and Redesign	Expedited Allocations (emergency placements)	Total DD Waiver Allocations	Number on DD Waiver	Number on Waiting List	Average Annual Attrition	Average Cost Per Client	Reversion to General Fund
FY08	\$78,022,300	\$5,000,000 for 70 new clients	0	N/A	N/A	14	14	3,738	3,991	N/A	\$71,397	\$0
FY09	\$85,022,300	\$4,000,000 for 50 new clients	0	86	55	15	156	3,750	4,330	75	\$74,270	\$11,564,700
FY10	\$66,740,200	\$5,400,000 for 215 new clients	0	0	36	12	48	3,693	4,610	60	\$78,100	\$2,100,200
FY11	\$60,555,200	\$2,250,000 for 100 new clients	89	N/A	N/A	22	111	3,703	4,988	67	\$82,000	\$2,447,800
FY12	\$90,526,700	\$1,000,000 for 50 new clients	45	5	N/A	13	63	3,678	5,401	76	\$83,500	\$3,290,100
FY13	\$94,429,500	\$2,769,500 for 123 new clients	123	135	51	19	328	3,820	5,943	70	\$74,349	\$7,358,452
FY14	\$99,029,500	\$4,600,000 for 227 new clients	209	176	50	30	465	3,829	6,248	70	\$71,000	\$5,522,130
FY15	\$102,838,500	\$3,300,000 for 175 new clients	185	80	70	20	355	4,419	6,035	70	\$67,072	Non-reverting
FY16	\$103,292,700	\$450 for provider rate increases	0	141	50	20	211	4,630	6,365	70	\$65,960	\$0
FY17 (projected)	\$104,009,700	\$1,600,000 for 80 new clients	80	80	50	20	230	4,710	6,375	70	\$66,895	\$0

Source: Department of Health and LFC Files

Notes:

(1) Appropriations are from the other financing uses category in the General Appropriation Act (GAA) less the funding for the Medically Fragile Waiver. Drops in appropriation amounts in FY10 and FY11 were due to the supplanting of general fund with ARRA stimulus funds and low FMAP rates.

(2) The FY15 appropriation includes \$500 thousand for a DD Medicaid waiver provider rate increase, and the FY16 projected appropriation includes \$300 thousand for a rate increase.