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FISCAL IMPACT REPORT

ORIGINAL DATE 3/8/19

SPONSOR Stefanics LAST UPDATED _____ HB _____

SHORT TITLE Study Medically Fragile Waiver PGM Changes SM 25

ANALYST Valenzuela/Torres

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	>\$5.8		NFI	>\$5.8	Nonrecurring	General

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

SUMMARY

Synopsis of Memorial

Senate Memorial 25 requests the University of New Mexico Center for Development and Disability convene a task force to study the necessity amendments to the Medicaid Waiver program for the medically fragile to meet the needs of medically fragile individuals in New Mexico.

FISCAL IMPLICATIONS

SM25 does not contain an appropriation. Given the existing work on this item, the Senate memorial is not expected to have a fiscal impact on UNM Health Sciences Center. However, the Department of Health expects the cost of SM25 will be \$5.76 thousand for two nurses to attend the, at least, 24 meetings anticipated for discussion and program analysis. SM25 requires the resulting work of the task force be presented by December 1, 2019. Depending on the timing of the task force being convened, costs are likely to be incurred in both FY19 and FY20.

SIGNIFICANT ISSUES

The work identified within this memorial is a duplication of work already initiated by the Human Services Department (HSD) and the Department of Health (DOH) in collaboration with the University of New Mexico Center for Development and Disability (UNM CDD) and the

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Medically Fragile Waiver Family Advisory Board (FAB). This work was initiated based on input from a variety of medically fragile waiver providers, UNM CDD, and FAB.

Currently, HSD has proposed revisions of the medically fragile waiver application and benefits to include environmental modification and an increase to specific payment rates to support increased access to current nursing and therapy services.

In addition, the renewal process for the medically fragile waiver has started with scheduled review of present and proposed benefits. Benefit topics include respite, nurse case management, environmental modifications, alternative therapies and adult services.

HSD and DOH have proposed a schedule of meetings related to the above topics. They are seeking statewide participation and input from the people on the medically fragile waiver and their families; medically fragile waiver providers, and the medically fragile family advisory board. Public hearings and public comment are planned.

DOH is contracted for and actively engaged in a rate study addressing medically fragile waiver benefits and rates. All providers for the medically fragile waiver are a part of the active rate study. Comparison to like programs in other states is a planned element of the rate study. The rate study is a part of the requirements for a 1915c waiver and will be provided to the Centers for Medicare and Medicaid Services (CMS) as part of renewal of the medically fragile waiver.

According to NMHSD, the table below outlines the activities proposed in SM25 and the current HSD and DOH actions currently underway.

Proposed in SM25	Actions Currently Underway
Convene a task force to study the necessary amendments to the MFW	Waiver renewal workgroup has been formed. The workgroup includes representatives from UNM-CDD/Medically Fragile Case Management Program, nurse case managers, family members, participants, members of the FAB, DOH, and HSD.
Cost-effective analysis & data on cost savings as compared to institutional settings if the program were to be discontinued	The MFW application includes demonstration of cost neutrality. There has been no discussion of discontinuing the waiver.
Analysis of the problems faced by case managers, range of activities they undertake, and value of this role	A comprehensive rate study is currently in process for waiver programs. In addition, MFW amendment that will be effective July 1, 2019 will include a rate increase for case managers.
Assessment of benefits of adding environmental modifications to the MFW	The environmental modification service is included in the MFW amendment effective July 1, 2019.
Assessment of barriers to increasing respite hours	The waiver renewal workgroup will review the respite Service and submit proposed changes with the waiver renewal.
Assessment of research on the efficacy of alternative therapies.	The waiver renewal workgroup will address this item for the waiver renewal.
Assessment of how the needs of clients over the age of 21 could be addressed	The waiver renewal workgroup will address for the waiver renewal by researching additional services for waiver recipients over the age of 21.

ADMINISTRATIVE IMPLICATIONS

HSD staff who would be assigned to participate in the taskforce are currently committed to year-long waiver renewal activities, including facilitating the waiver renewal workgroup, statewide public outreach, formal public comment activities, and development and submission of a renewal waiver application to CMS in FY20.

MV/IT/al/sb