FISCAL IMPACT REPORT

SPONSOR Trujillo **ORIGINAL DATE** **LAST UPDATED** **HB** 155

SHORT TITLE Dev. Disability Provider Reimbursement **SB**

ANALYST Klundt

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	$5,715.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Department of Health (DOH)

SUMMARY

Synopsis of Bill

House Bill 155 (HB155) appropriates $5.715 million from the general fund to Department of Health to match federal funds for the Developmental Disabilities Supports Division to increase provider reimbursement.

FISCAL IMPLICATIONS

The appropriation of $5.715 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY23 shall revert to the general fund. The appropriation contained in this bill is not included in the LFC or executive recommendations.

SIGNIFICANT ISSUES

It is unclear if the appropriation contained in this bill is intended for provider rate increases for all Developmental Disabilities Waiver (DD waiver) services or specific services. The LFC and executive recommendations include $10.4 million from the general fund for DD waiver provider rate increases based on a rate study conducted by the Developmental Disabilities Supports

Division (DDSD) of the Department of Health (DOH). The funding contained in this bill does not appear to be related to the rate study conducted by DOH.

DOH reported the following:

- No data has been provided to specify or determine the amount of $5,715,000.
- The bill does not clarify the intended purpose of the request; such as "support HCBS providers ameliorate the costs of inflation/pandemic related expenses etc".
- Even without specificity of intent at this stage, these dollars could be used to support agencies as the number of clients on the waiver doubles over the next two years because of the super allocation plan. The waiver would go from 5,400 in service to 9,500 in service by year end SFY23. These dollars would:

    - Stimulate growth of the provider network to ensure service providers have the needed capacity to meet demand
    - Ability to have providers raise wages for direct support professionals
    - Ability to have providers retain/recruit specialized positions such as nursing

- DDSD is in the process of implementing temporary rate increases for all services and across all 1915c Home and Community Based Services Waivers. This is funded 100 percent with Federal Funds due to Covid-related enhanced Federal Medical Assistance Percentages (FMAP) through the American Rescue Plan Act (ARPA) of 2021.

    - 15 percent in year one: July 1, 2021-June 30, 2022
    - 10 percent in year two: July 1, 2022-June 30, 2023
    - 5 percent in year three: July 1, 2023-June 30, 2024

Based on SFY21 Actual Expenditures of $96.1 million, the temporary increases would amount to approximately $28.83 million dispersed over the three-year period:

- 15 percent in year one: July 1, 2021-June 30, 2022 = $14.415 million
- 10 percent in year two: July 1, 2022-June 30, 2023 = $9.61 million
- 5 percent in year three: July 1, 2023-June 30, 2024 = $4.8 million

- DDSD is in the process of implementing permanent rate increases for the remaining 15 unfunded DDW services and two unfunded Mi Via Waiver services. The permanent rate increases were recommended by the Public Consulting Group's findings from a comprehensive rate re-basing study in 2019 and has data to support the request through House Bill 2 (HB2).

  Through HB2, DDSD is requesting $10.4 million, in state general funds, of recurring funds, to permanently increase rates that were recommended during the 2019 Public Consulting Group rate re-basing study. This reflects the need of providers and rate recommendations that directly correlate with the rate study and provider data. This will be implemented July 1, 2022.

KK/SEC/acv