



# Intellectual and Developmental Disabilities Costs and Scope of Services

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Legislative Finance Committee

Presentation to the  
Disabilities Concerns Subcommittee- August 2016

# Overview



NEW MEXICO  
LEGISLATIVE  
FINANCE  
COMMITTEE

- ▶ **Post-Session Recap**
  - Falling Revenue Projections
  - General Fund Outlook
- ▶ **Overall DOH Budget Recap**
- ▶ **Developmental Disabilities Waiver**
  - Current Budget
  - Litigation History
  - Costs per client
- ▶ **Conclusion**

# Post Session Review and Fiscal Outlook

## General Fund Financial Summary: General Appropriation Act of 2016 and Other Enacted Legislation (in millions of dollars)

	Actual FY2015	Estimated FY2016	Estimated FY2017
<b>APPROPRIATION ACCOUNT</b>			
<b>REVENUE</b>			
Recurring Revenue			
December 2015 Consensus Revenue Update	\$ 6,194.7	\$ 6,165.0	\$ 6,466.3
January 2016 Consensus Revenue Update	\$ -	\$ (144.8)	\$ (201.7)
Total Recurring Revenue	\$ 6,194.7	\$ 6,020.2	\$ 6,264.6
Nonrecurring January 2016 Consensus Revenue Update	\$ 41.2	\$ 5.5	\$ -
2016 Revenue Legislation		\$ -	\$ 75.0
February 2016 Revenue Outlook	\$ -	\$ (125.0)	\$ (125.0)
Total Nonrecurring Revenue	\$ 41.2	\$ (119.5)	\$ (50.0)
<b>TOTAL REVENUE</b>	<b>\$ 6,235.9</b>	<b>\$ 5,900.7</b>	<b>\$ 6,214.6</b>
<b>APPROPRIATIONS</b>			
Recurring Appropriations			
General Appropriation	\$ 6,151.6	\$ 6,234.7	\$ -
2016 Legislation & Feed Bill	\$ 10.1	\$ 6.2	\$ 6,228.3
Total Recurring Appropriations	\$ 6,161.7	\$ 6,240.9	\$ 6,228.3
Nonrecurring Appropriations			
Prior Year Appropriations	\$ 113.5	\$ 31.0	\$ -
2016 Legislation	\$ -	\$ 35.7	\$ 0.3
Total Nonrecurring Appropriations	\$ 113.5	\$ 66.7	\$ 0.3
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 6,275.2</b>	<b>\$ 6,307.6</b>	<b>\$ 6,228.6</b>
Transfer to (from) Reserves	\$ (39.3)	\$ (406.9)	\$ (14.0)
<b>GENERAL FUND RESERVES</b>			
Beginning Balances	\$ 637.9	\$ 713.1	\$ 349.3
Transfers from (to) Appropriations Account	\$ (39.3)	\$ (406.9)	\$ (14.0)
Revenue and Reversions	\$ 164.9	\$ 121.5	\$ 63.3
Appropriations, Expenditures and Transfers Out	\$ (50.4)	\$ (78.5)	\$ (55.0)
<b>Ending Balances</b>	<b>\$ 713.1</b>	<b>\$ 349.3</b>	<b>\$ 343.6</b>
<i>Reserves as a Percent of Recurring Appropriations</i>	<i>11.6%</i>	<i>5.6%</i>	<i>5.5%</i>

### Notes:

General Note: small adjustments (< ± \$100,000) have been made in beginning balances of all subaccounts to conform the ending totals to the 2015 audit to the dollar. In prior years, beginning and ending balances had been rounded to the nearest \$100,000.

<sup>^</sup>A balance of \$101.7 million has been held in reserve for cash reconciliation purposes. The State Treasurer reported that the latest reconciliation efforts suggest nearly 100 percent of these restricted funds will be reversed and \$0 will be needed for SHARE remediation.

<sup>^^</sup>\$36 million of restricted General Fund reserves to address potential Special Education Funding Maintenance of Effort noted in the FY14 audit have been swept in HB311.

# Post Session Review and Fiscal Outlook

**General Fund Financial Summary: General Appropriation Act of 2016  
and Other Enacted Legislation  
RESERVE DETAIL  
(in millions of dollars)**

	Actual FY2015	Estimated FY2016	Estimated FY2017
<b>OPERATING RESERVE</b>			
Beginning Balance	\$ 274.6	\$ 319.8	\$ 79.0
BOF Emergency Appropriations/Reversions	\$ (0.5)	\$ (2.0)	\$ (2.0)
Transfers from/to Appropriation Account	\$ (39.3)	\$ (406.9)	\$ (14.0)
Transfer to ACF/Other Appropriations	\$ (15.0)	\$ (20.0)	\$ -
Reversal of Contingency for Unreconciled Accounts	\$ 100.0	\$ -	\$ -
2016 Revenue Legislation (HB 311)*	\$ -	\$ 40.6	\$ -
Transfer from Tax Stabilization Reserve	\$ -	\$ 147.5	\$ -
Ending Balance	\$ 319.8	\$ 79.0	\$ 63.1
<b>APPROPRIATION CONTINGENCY FUND</b>			
Beginning Balance	\$ 18.3	\$ 28.4	\$ 39.6
Disaster Allotments	\$ (12.5)	\$ (16.0)	\$ (16.0)
Other Appropriations	\$ (0.1)	\$ (0.5)	\$ -
Transfers In	\$ 15.0	\$ 20.0	\$ -
Revenue and Reversions	\$ 7.7	\$ 7.7	\$ 7.7
Ending Balance	\$ 28.4	\$ 39.6	\$ 31.3
<b>Education Lock Box</b>			
Beginning Balance	\$ 3.0	\$ -	\$ -
Appropriations	\$ (3.0)	\$ -	\$ -
Transfers In	\$ -	\$ -	\$ -
Ending Balance	\$ -	\$ -	\$ -
Total of Appropriation Contingency Fund	\$ 28.4	\$ 39.6	\$ 31.3
<b>STATE SUPPORT FUND</b>			
Beginning Balance	\$ 1.0	\$ 1.0	\$ 1.0
Revenues**	\$ -	\$ -	\$ 1.4
Appropriations	\$ -	\$ -	\$ -
Ending Balance	\$ 1.0	\$ 1.0	\$ 2.4
<b>TOBACCO PERMANENT FUND</b>			
Beginning Balance	\$ 193.5	\$ 216.4	\$ 229.6
Transfers In	\$ 35.0	\$ 37.0	\$ 37.0
Appropriation to Tobacco Settlement Program Fund	\$ (19.3)	\$ (18.5)	\$ (18.5)
Gains/Losses	\$ 7.2	\$ 16.2	\$ 17.2
Additional Transfers from TSPF	\$ -	\$ (21.5)	\$ (18.5)
Ending Balance	\$ 216.4	\$ 229.6	\$ 246.9
<b>TAX STABILIZATION RESERVE</b>			
Beginning Balance	\$ 147.5	\$ 147.5	\$ -
Transfers In	\$ -	\$ -	\$ -
Transfer Out to Operating Reserve (Contingent on Solvency Bill)	\$ -	\$ (147.5)	\$ -
Ending Balance	\$ 147.5	\$ -	\$ -
<b>GENERAL FUND ENDING BALANCES</b>			
	\$ 713.1	\$ 349.3	\$ 343.6
<i>Percent of Recurring Appropriations</i>	<i>11.6%</i>	<i>5.6%</i>	<i>5.5%</i>

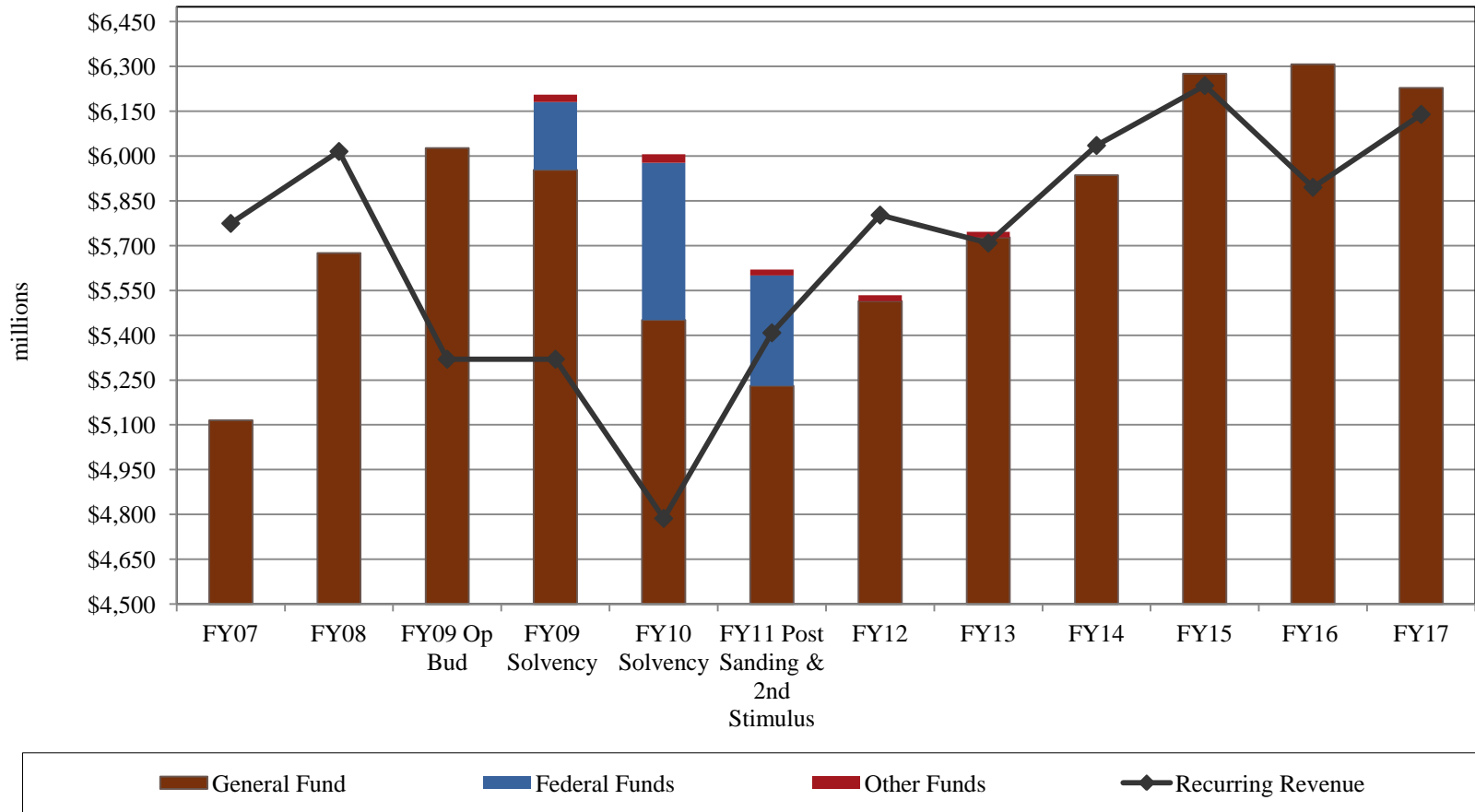
**Notes:**

\* HB 311 - \$22.2 m (\$12.3m fund sweeps and \$10m unrestriction of MOE).

\*\* Pursuant to HB311 from Drivers License Fees.

# Post Session Review and Fiscal Outlook

## Appropriations: General Fund and Temporary Funds

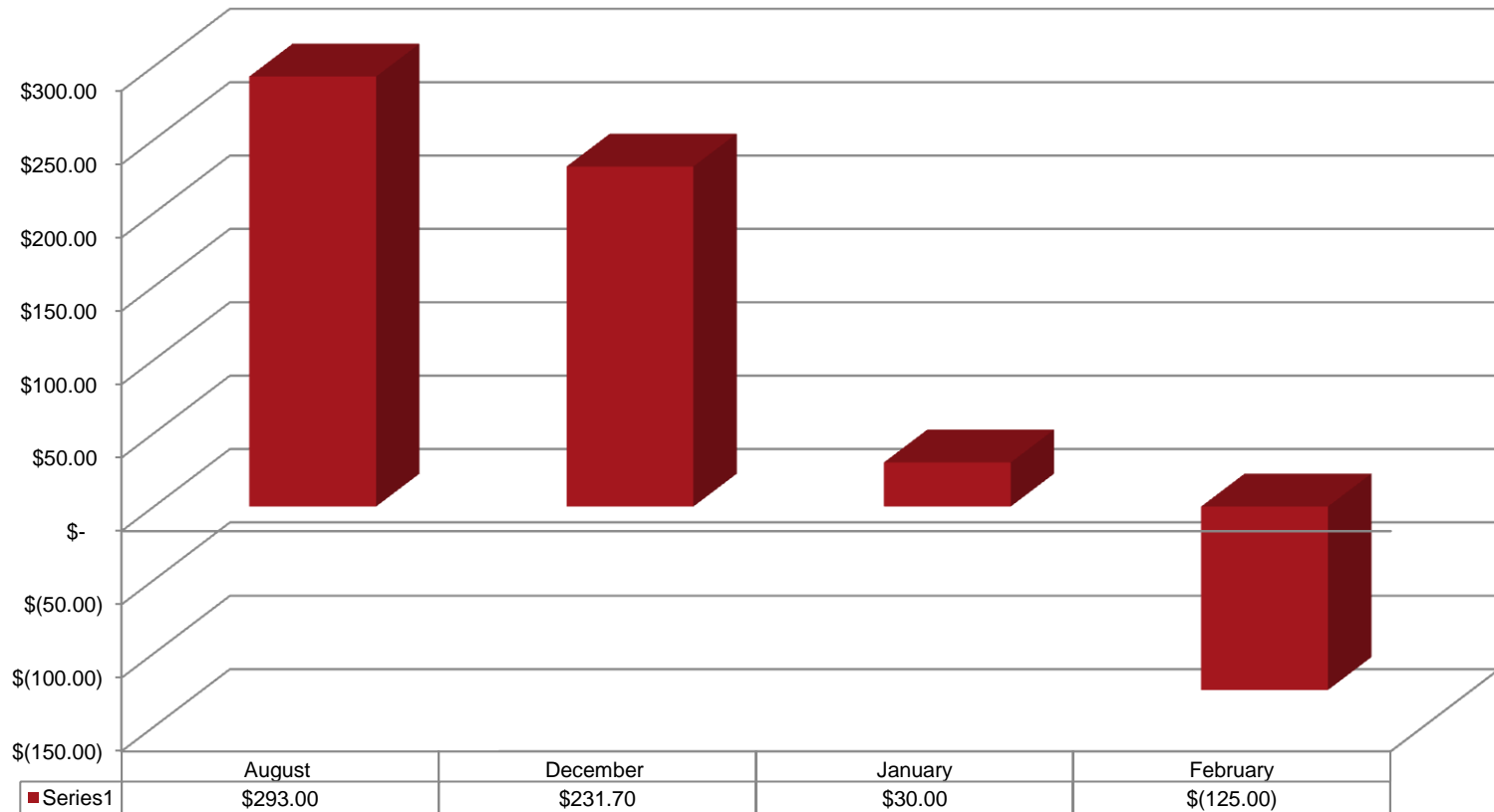


Source: LFC Files

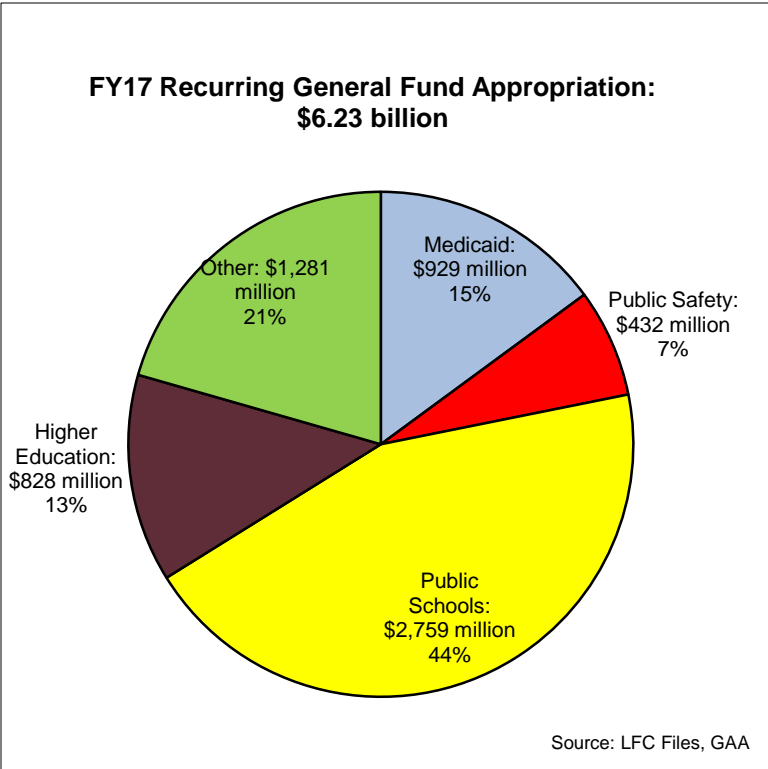
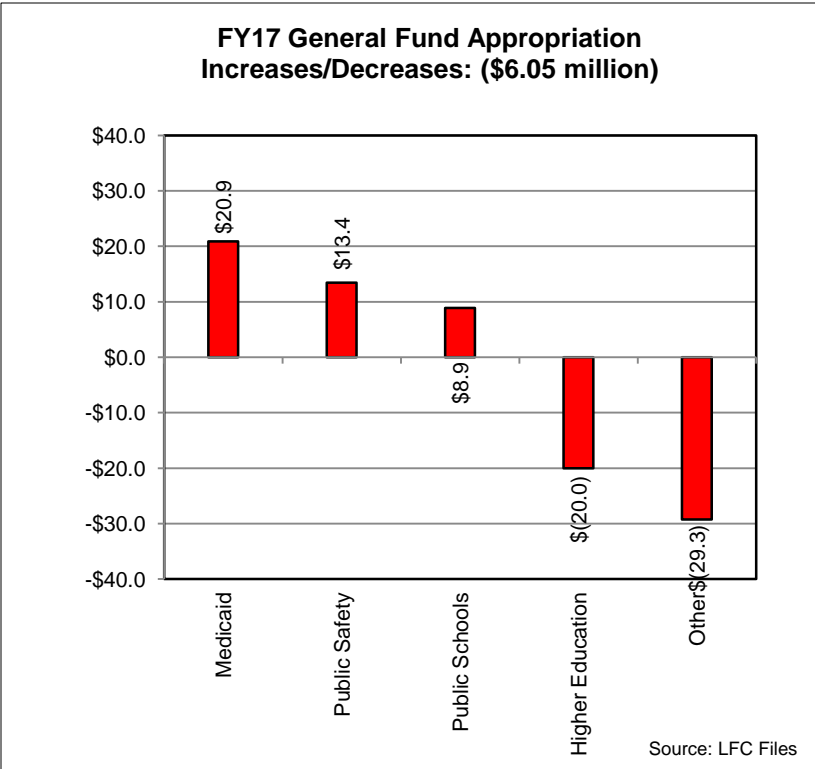
# Falling Revenue Projections



## Revenue Estimates of "New Money" for FY17 Appropriations *(in millions)*

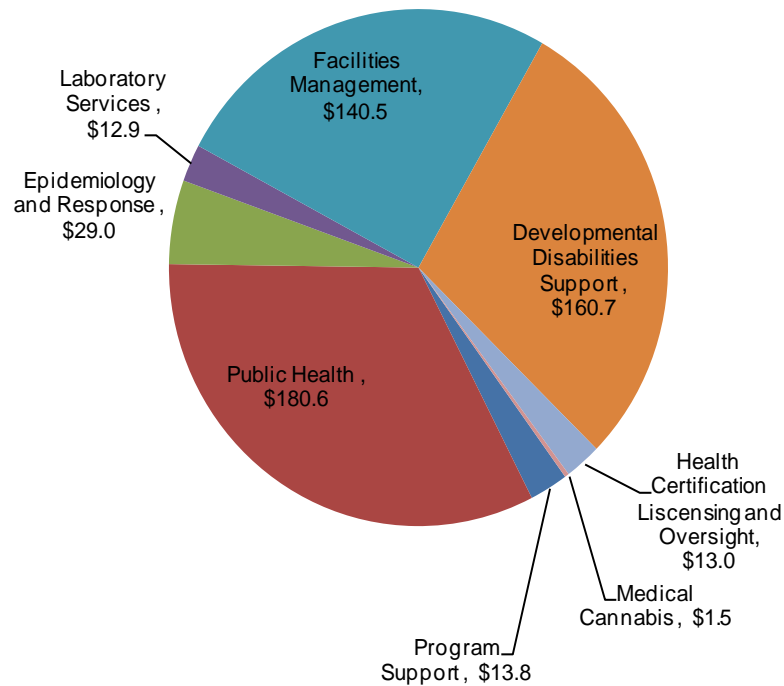


# General Fund Approps.



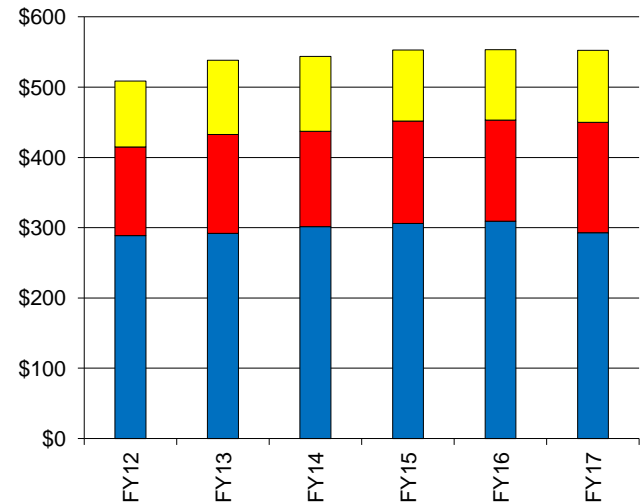
# DOH FY17 Overall Flat Budget

FY17 Total Appropriations by Program



Facilities and DD Waiver were prioritized

DOH Funding FY12-FY17 (in millions)



Federal Funds Other State Funds General Fund

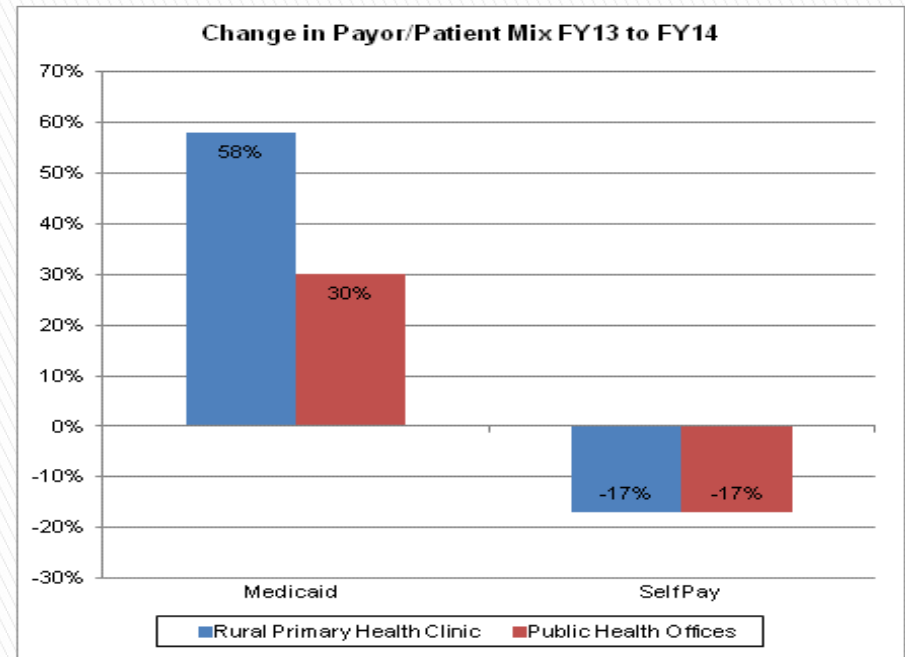
Source: LFC Files

8.3 Percent Growth in OSF



# ACA and Medicaid Expansion Improved Financing of...

- ▶ Rural Primary Health (\$1.6 million)
- ▶ Public Health (\$2.5 million)
- ▶ Facilities (\$2.5 million)



Replaced general fund  
w/ \$6.9 million in  
patient revenue

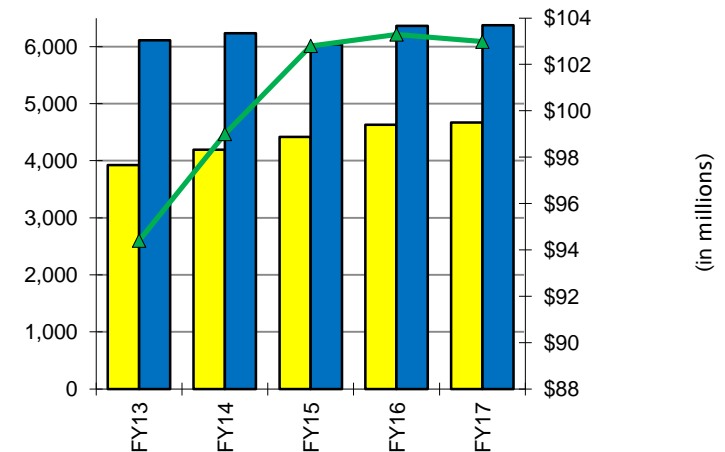
ACA is changing the  
Payor/Patient mix

# In FY17 Appropriations Included

- ▶ \$800 K for 40 DD Waiver slots
- ▶ An Improved Federal FMAP
- ▶ Non-Reverting Language
- ▶ No Statewide GF Reduction
- ▶ Was influenced by dwindling revenue outlook

Measures are insufficient to reduce wait list

DD General Fund Appropriation versus Waiting List



Legend: Clients Served (Yellow Bar), Waiting List (Blue Bar), General Fund Appropriation (Green Line with Triangle)

Source: LFC Files

FY18 budget cycle likely not improving

# Ongoing Litigation

- ▶ \$6.8 million 2016 Appropriation for Waldrop lawsuit settlement and Jackson Disengagement

<b>Allocation of 2016 GAA Disengagement and Settlement Supplemental Appropriation (\$6.8 million)</b>		
	<b>Waldrop</b>	<b>Jackson</b>
FY 16	\$ 1,122.9	\$ 941.9
FY 17	\$ 1,789.4	\$ 2,985.8
<b>TOTAL</b>	<b>\$ 2,912.3</b>	<b>\$ 3,927.7</b>

Source: DOH

# Jackson Lawsuit

- The court is requiring the state to meet 200 evaluative components to disengage
- Some components are completed and more have been started

<b>Jackson Disengagement Evaluative Components</b>					
Status	5/8/2015	8/24/2015	11/2/2015	1/8/2016	4/1/2016
Complete	17	36	53	57	48
In Progress	4	99	93	91	104
Not Yet Started	172	64	53	51	47

Source: DOH as of July, 2016

# Waldrop Lawsuit

- ▶ Supports Intensity Scale (SIS) intended to
  - Reduce costs
  - Determine needs and appropriate service levels
  - Help develop individual budgets and service packages
- ▶ Department's use of SIS triggers 2014 lawsuit that is settled in 2015 requiring
  - SIS to be used as it was
  - An outside review to include
    - Clinical reviews on all service plans, service requests, and budgets
    - Requires portion of 2016 supplemental appropriation
    - Slowed the individual budget review process

# 2010 LFC Evaluation

- ▶ Federal regulations require the cost of CBS be less than institutional care costs or the DD Waiver could be in violation of federal regulations
  - In 2010 per enrollee costs were on track to equal institutional costs
  - Evaluation recommended measures to reduce per enrollee costs
  - Evaluation recommends a needs based assessment tool (department subsequently implemented SIS)

# Far to Go

- ▶ Current DD Waiver Wait time is 10.4 years
- ▶ Annual Waiver Service Registrations of 1,000
- ▶ Maintaining the current wait list requires 300 new annual allocations
- ▶ FY15 was the first wait list reduction since at least FY07

**DD Waiver and Wait List Growth Rates**

	DD Waiver Growth Rate	DD Waiver Wait List Growth Rate
FY09	0%	8%
FY10	-2%	6%
FY11	0%	8%
FY12	-1%	8%
FY13	4%	10%
FY14	0%	5%
FY15	15%	-3%
FY16	5%	5%
FY17	2%	0%
Average	3%	5%

Source: LFC Files

Significant Sustained Efforts are Needed

Wait list growth outpacing slot availability

# Options to Reduce DD Waiver Wait Times

- ▶ Leverage Local Funding
  - Local funds used in six other states as Medicaid match
  - Local funds used in 10 other states for other IDD programs and services
    - In 2013, 33% of all IDD spending in Ohio was from local funds
  - In FY14, NM counties held \$30.4 million in county indigent fund balances
    - Statutory changes could require counties to contribute indigent funds for Medicaid Match



# Options to Reduce DD Waiver Wait Times

