

Significant Issues

DOH indicates the \$4 million appropriation for the rate increase for the DD Medicaid waiver could negatively impact the cost neutrality federal requirements of the Center for Medicare and Medicaid Services (CMS). Recalculations/adjustments of the package currently approved by CMS would need to occur if this appropriation is made. If cost neutrality cannot be maintained as required by the federal government, adjustments would have to be made to the package of services.

FISCAL IMPLICATIONS

The appropriation of \$7 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY03 shall revert to the general fund.

DOH reports the appropriation contained in the bill may not be sufficient to bring minimum salaries up to \$10.00/hr for both the DD Medicaid waiver program and the general fund DD program.

HB2 currently contains \$44,386.5 in general fund and fund balance to fund the DD Medicaid waiver and reduce the waiting list; and approximately \$18 million in general fund contracts for the general fund DD program.

TECHNICAL ISSUES

DOH suggests specifying the exact amount of the appropriation to be used for increasing pay for direct care staff under both programs.

RAE/njw