F I S C A L I M P A C T R E P O R T

SPONSOR Gorham **DATE TYPED** 2/14/04 **HB**

SHORT TITLE Services for Disabled Medicaid Reimbursement **SB** 569

ANALYST Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			Indeterminate (See Narrative)		General Fund

SOURCES OF INFORMATION
LFC Files

SUMMARY

Synopsis of Bill

Senate Bill 569 enacts a new section of the Public Assistance Act to require that the Medicaid reimbursement rates, fees or payment schedules for FY 05 would not be reduced below those in effect on January 1, 2004 for providers that render services to Medicaid recipients eligible on the basis of a disability.

Significant Issues

The Medicaid fee-for-service fee schedule applies to all Medicaid recipients regardless of disability. Therefore, providers are not reimbursed a different rate for treating persons with disabilities compared to those recipients that do not have a disability. If the law is enacted, it affects Medicaid's ability to reduce provider reimbursement.

The Executive proposed a cost containment measure for the Medicaid program of 3.5% provider reimbursement reduction.

SB 569 is an attempt to ensure that Medicaid reimbursement rates for services to the disabled are not cut back from current levels. Medicaid is the single largest payer of health care for New Mexicans, covering 23.1% of the total state population. Medicaid is one of the largest and fastest growing expenditures of the state budget, with estimates of $2.6 billion for FY 05 (2004 Quick Facts, Health Policy Commission.)

FISCAL IMPLICATIONS

The bill constrains the ability of HSD to effectively manage the fiscal demands of the Medicaid program.

OTHER SUBSTANTIVE ISSUES

In recent years the development and expansion of the Personal Care Option (PCO) has allowed Medicaid eligible people with disabilities to remain in their homes with the necessary supports rather than in nursing facilities.

The PCO provides for eligible clients to receive personal care assistance in their homes under approved plans of care. The PCO does not provide 24-hour care coverage. As an option, services are available immediately upon a client's eligibility. There is no waiting list. According to the Human Services Department, there are approximately 8,500 clients utilizing the PCO at this time, with the average client receiving 100-160 hours of service/month.

There are two models of PCO, each with its own reimbursement schedule. The consumer-delegated model is one where the client hires an agency to coordinate his care, including the hiring, firing, training and paying of personal care attendants. The reimbursement for the agency is $14.00/hr for up to 100 hours of service, and $11.50/hr for 101 hours or more. The consumer-directed model, in which the consumer hires, fires, trains and pays his own personal care attendant(s) is reimbursed at $11.50/hr.

The PCO was developed as a mechanism to allow eligible clients with disabilities to have more self-direction in their care, and to remain in their homes and communities if desired with the care and supports. Currently the average cost of nursing home care is approximately $4,000/month, while expenditures for a client receiving the 130hrs/month of PCO services would range from $1500-$1850/month, depending on which of model of service was used- consumer delegated or directed.

BD/lg