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FISCAL IMPACT REPORT

SPONSOR Heaton **DATE TYPED** 03/18/05 **HB** HM 67

SHORT TITLE Study Nursing Home Service Medicaid Waiver **SB** _____

ANALYST Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Memorial 67 indicates the population of New Mexicans over the age of sixty-five is growing and will almost double by the year 2020 due to medical advances, people are living longer, but not necessarily healthier lives. The annual cost of nursing home care for a medicaid beneficiary is nearly twenty-six thousand dollars (\$26,000) and the medicaid program in New Mexico covers the cost of providing nursing home care to eligible individuals in need of that level of care. The medicaid program currently covers more than seven thousand persons who reside in nursing facilities and the monthly private cost of nursing home care in New Mexico is estimated to be in excess of three thousand dollars (\$3,000) per month. The private cost of nursing home care is unaffordable for most people and many become impoverished paying for nursing home care privately. When private sources of funding are exhausted, many nursing home residents qualify for medicaid coverage, and their care then becomes the responsibility of the state. The Human Services Department has not re-based the reimbursement rate for nursing home care to keep pace with the rising cost of care and the cost to private paying nursing home residents has been raised to compensate for this inadequate medical reimbursement. An estimated seventy-eight percent of nursing home beds in New Mexico are occupied by medicaid-eligible persons and more than seven percent of the entire medicaid budget is spent in caring for persons residing in nursing homes. Nursing homes are an essential part of the continuum of care for aged and disabled person and an environment in which people can receive the level of care needed in the most appropriate setting includes care provided in nursing homes. The rising cost of nursing home care can reasonably be assumed to present an ongoing challenge to the nursing

home industry, the state and individuals in need of such care.

The human services department is requested to explore the potential for development of a medicaid waiver for nursing home services and the impact on private paying residents of inadequate reimbursement to nursing homes for medicaid residents be addressed through the waiver. The waiver should seek to minimize the impact of the daily bed surcharge imposed on private paying residents. The Human Services Department should address reimbursement for nursing facilities, affordable levels of care for individuals and appropriate cost-reimbursement measures for the medicaid program and report its findings and recommendations to the interim Legislative Health and Human Services Committee at its October 2005 meeting and copy of this memorial should be transmitted to the secretary of Human Services.

MW/yr