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FISCAL IMPACT REPORT

SPONSOR Jennings DATE TYPED 1/31/05 HB _____

SHORT TITLE Developmental Disabilities Waiver Program SB 259

ANALYST Collard

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$6,400.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 423
 Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)
 Human Services Department (HSD)
 Developmental Disabilities Planning Council (DDPC)

SUMMARY

Synopsis of Bill

Senate Bill 259 appropriates \$6.4 million from the general fund to the Department of Health for the purpose of providing services to the developmental disabilities Medicaid waiver program to approximately 400 additional clients.

Significant Issues

According to DOH, as of January 2005, 3,057 applicants are listed on the Central Registry waiting for services. This bill would provide funding to serve approximately 300 of these individuals, depending upon the age and level of care characteristics of the next 300 applicants. The current average length of wait for services through the developmental disabilities Medicaid waiver is 47 months, although this varies by region.

DOH notes, of the total appropriation, 8.6 percent will be needed for program administration and participant support services, leaving \$5,849,600 in for direct services. This amount will generate funding of \$22,857,000 for approximately 300 individuals at the anticipated FY06 federal Medicaid blended match rate of approximately 28 percent. (This calculation assumes that pending federal legislation does not provide any relief from anticipated match rate changes.)

FISCAL IMPLICATIONS

The appropriation of \$6.4 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

DOH notes this bill does not address the additional FTE (approximately 6) or other administrative costs related to serving the additional individuals. As allowed under federal guidelines, 8.6 percent of the appropriation, of \$550.4 thousand would need to be used by DOH for program administration and participant support services.

If the bill passes, DOH indicates the impact will be significant. In FY05, additional FTE were created which enable the Department to ensure that the management standards mandated by federal law for the Central Registry and the Medicaid processes are upheld. In FY06, administrative funds may be used for three additional staff needed to assure compliance with the new stipulated agreement in the Jackson litigation. These FTE will provide training/technical assistance to individuals served and community service agencies.

In FY06, DOH estimates it would require an additional three FTE to maintain current caseloads and to handle a larger sample size for its current provider program audits and to address a possible increase in the number of providers. It has been established that for each individual receiving developmental disabilities Medicaid waiver services, DOH will receive 1 incident report per year. This would mean an additional 300 incidents to be investigated by DOH. These additional FTE's would help DOH assure it is meeting Medicaid management standards; monitor clients funded via DOH and meet obligations with the plan of action of the Jackson lawsuit.

HSD indicates there is also an administrative impact for: 1) Income Support Division staff to conduct additional determinations for initial and annual Medicaid eligibility; and 2) the Medicaid UR contractor to review client level of care and individualized service plan budgets.

Additionally, HSD notes the Medical Assistance Division (MAD) programmatic oversight of the developmental disabilities waiver policies may entail amending the waiver approved by the Centers of Medicaid and Medicare Services to accommodate the higher expenditures and recipient count. MAD will need to attend to changes necessary in the NM UR contract budget to assure coverage of the cost of additional reviews. Program oversight and NM UR contract oversight would also be impacted to the extent that additional consumers entail a proportionate increase in problem-resolution incidents.

RELATIONSHIP

Senate Bill 259 relates to Senate Bill 423. Senate Bill 423 appropriates \$3.54 million for the same purpose.

TECHNICAL ISSUES

DOH requests changes as indicated on parenthesis:

Lines 19 and 20 – (...2006 to provide New Mexico Medicaid Waiver services to approximately 300 persons with Developmental Disabilities.)

Line 22 – delete (...balance remaining at the end of the fiscal year shall not revert)

Line 23 – (to the general fund, but shall remain available in the subsequent fiscal year for this purpose.)

OTHER SUBSTANTIVE ISSUES

DOH indicates, under New Mexico's developmental disabilities Medicaid waiver agreement with the U.S. Department of Health and Human Services, in FY05 the developmental disabilities Medicaid waiver program is authorized to serve up to 4,300 unduplicated individuals or the number of individuals allowed by legislative appropriation, whichever number is less. The appropriation contained in the bill is sufficient to expand the numbers of individuals served well within federal authorization limits on the size of the developmental disabilities Medicaid waiver population. The number that can be served depends on the level of care and age characteristics of the clients on the Central Registry.

DOH notes once the bill is enacted, aggressive recruitment and training initiatives will be needed to qualify providers, permit entry of persons into the system, and ensure their health and safety. Historically, the provider system (case management and direct service providers) has been able to sustain growth at a maximum of 300 to 400 individuals entering into service within any fiscal year.

KBC/yr:lg