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FISCAL IMPACT REPORT

ORIGINAL DATE 1-20-06

SPONSOR MP Garcia LAST UPDATED _____ HB 71

SHORT TITLE Disabled and Elderly Medicaid Eligibility SB _____

ANALYST Collard

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$712.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 65
Relates to Appropriation in the General Appropriation Act

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	\$1,800.0	\$1,800.0	Recurring	Title XIX Federal Medicaid Funds

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY06	FY07	FY08	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	NFI	\$585.0	\$585.0	\$1,170.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Aging and Long-Term Services Department (ALTSD)

Human Services Department (HSD)

Developmental Disabilities Planning Council (DDPC)

SUMMARY

House Bill 71 appropriates \$712 thousand from the general fund to the Aging and Long-Term Services Department for the purpose of increasing the number of people served on the disabled and elderly Medicaid waiver program (D&E waiver) by approximately 100.

It should be noted the direct services portion of the D&E waiver funding is housed at the Human Services Department, not the Aging and Long-Term Services Department.

FISCAL IMPLICATIONS

The appropriation of \$712 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the general fund.

ALTSD indicates the appropriation of \$712 thousand will qualify for approximately \$1.8 million in federal match funds for a total of \$2.5 million. Additionally, because the funding is a recurring cost to the state, as each individual is added to the waiver, full year funding for that person must be included in the subsequent year. ALTSD also notes the annual average individual care plan cost for waiver services is approximately \$23,532 per year. In addition to that amount, the annual average of non-waiver Medicaid cost is \$5,952 per year for a total cost to the Medicaid program of \$29,484 for each individual added to the waiver program.

HSD indicates because additional persons would receive waiver services, there will be additional administrative financial implications of approximately \$40 thousand (\$20 thousand from the general fund, with a 50 percent federal match) for HSD and ALTSD in FY07. HSD estimates the impact of serving additional persons includes the addition of one-half (0.50) full time equivalent (FTE) waiver staffing for program, billing, and compliance monitoring responsibilities.

HSD also indicates there will be approximately \$545 thousand in state fund program costs, as each eligible waiver individual receives state plan services. These services are not covered through waiver funds.

SIGNIFICANT ISSUES

ALTSD states there are currently 7,285 registrants on the D&E waiver Central Registry (waiting list). The current average length of wait for D&E waiver services is approximately 34 months. ALTSD estimates that 93 persons could be served through this appropriation based on a full 12 month enrollment in the program.

ALTSD notes by providing funding that will allow more elderly or disabled persons to receive waiver services, this bill is consistent with and positively impacts the Lewis lawsuit judgment by providing services to more persons on the central registry.

HSD indicates this bill allocates funds to provide waiver services to 100 persons who are disabled or elderly. HSD's Medical Assistance Division (HSD/MAD) calculated that \$712 thousand would serve approximately 100 additional people based on a count of individuals receiving at least one waiver service. This is based on historical data that shows individuals newly enrolled in the D&E waiver utilize fewer funds the first year of service. Using first year numbers,

it appears that the number of individuals who maybe served upon initial allocation would be higher than 100. However, those individuals who remain on the D&E waiver show an increase in spending following the first year of service. Therefore the number of individuals served by \$712 thousand will, over time, cover approximately 100 D&E waiver recipients as estimated by HSD. By allowing more elderly or disabled persons to receive waiver services, this bill will have a positive impact on the wait list litigation by reducing both the number of persons on the central registry wait list and the length of time persons spend on the wait list.

DDPC encourages specific language identifying this appropriation to be used only to take individuals currently on the waiting list off for services.

PERFORMANCE IMPLICATIONS

ALTSD states, based on the appropriation contained in this measure, the number of persons who are disabled or elderly and receiving waiver services will increase. This bill sets a target of 100 additional persons. However, the actual number of persons who can be served depends on the cost of services provided to the persons on the central registry, based on the specific needs identified on each Individual Service Plan (ISP).

HSD indicates the number of persons who are disabled or elderly and receiving waiver services would increase by 171 persons the first year of new allocations. If those individuals with new allocations in FY07 continued to utilize D&E waiver services, the number of individuals served as a result of this bill would drop to approximately 93. The actual number of persons who can be served depends on the cost of services provided to the persons on the central registry, based on their specific needs.

ADMINISTRATIVE IMPLICATIONS

HSD indicates this bill would have significant administrative implications. HSD/ISD would need additional staff to conduct Medicaid eligibility determinations for the additional waiver applicants, HSD/MAD would need additional staff to provide Medicaid oversight of the waiver including staffing for program, billing, and compliance monitoring responsibilities. Since HSD/MAD would have additional costs to provide Medicaid non-waiver, state plan services to additional waiver recipients, HSD/MAD staff that manage non-waiver, state plan Medicaid service programs would also have increased responsibilities.

Since most waiver recipients would continue to receive waiver services in subsequent years, the administrative impact specified in the paragraph above would continue in future years.

These additional FTEs would reduce the exposure to HSD with respect to existing and potential other lawsuits brought with regard to federal Medicaid management standards and the obligation to monitor the risks and services provided to clients receiving services through Medicaid funding.

HSD/MAD will have to make changes necessary in the New Mexico Medicaid Utilization Review (NMMUR) contract budget to assure coverage of the cost of additional reviews for new waiver recipients. Program oversight and NMMUR contract oversight would also be impacted to the extent that additional consumers entail a proportionate increase in problem-resolution incidents.

HSD/MAD programmatic oversight of the D&E waiver may entail amending the waiver approved by the Centers for Medicare and Medicaid Services (CMS) to accommodate the higher expenditures and recipient count.

HSD and ALTSD indicate ten percent of the appropriation matched at a 50 percent rate would be necessary to cover additional administrative costs to ALTSD and HSD.

DUPLICATION

House Bill 71 duplicates Senate Bill 65.

TECHNICAL ISSUES

The appropriation in HB 71 is made to ALTSD. However, the ALTSD budget for the D&E Waiver program is included in the HSD/MAD budget. The appropriation should be made to HSD/MAD, therefore, both HSD and ALTSD recommend the following change:

Lines 16 and 17 on page 1 – (...is appropriated from the general fund to the ~~aging and long-term services department~~ human services department in fiscal year 2007...)

OTHER SUBSTANTIVE ISSUES

ALTSD indicates, based on the D&E waiver application approved by the Centers for Medicaid and Medicare Services (CMS) for FY06, the D&E waiver is authorized to serve up to 3,000 unduplicated individuals or the number of individuals allowed by legislative appropriation, whichever number is less. The CMS unduplicated individuals approved FY07 is yet to be determined. The appropriation contained in this bill will result in a higher number of unduplicated individuals served. Implementation of this bill may require approval from CMS for an additional amendment to the application to increase the number of unduplicated recipients.

HSD, ALTSD and the Department of Health are pursuing “Mi Via”, a self-directed approach to care. This initiative will include services to individuals who are disabled and elderly. HSD indicates this bill could conflict with the self-directed initiative by specifying that funds must be spent on a particular waiver rather than for a particular population.

KBC/mt