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## FISCAL IMPACT REPORT

ORIGINAL DATE 2-6-06

SPONSOR Miera LAST UPDATED \_\_\_\_\_ HB 561

SHORT TITLE Developmental Disability Medicaid Rates SB \_\_\_\_\_

ANALYST Collard

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$355.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB49, HB624, SB189, SB576 and HB356.

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of Bill

House Bill 561 appropriates \$355 thousand from the general fund to DOH for the purpose of increasing reimbursement rates for providers of non-Medicaid services to the developmentally disabled.

### FISCAL IMPLICATIONS

The appropriation of \$355 thousand 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.

### SIGNIFICANT ISSUES

DOH indicates this bill is a proposal that came out of the interim work of the Health and Human Services Committee. Based on FY06 contract information, providers of non-Medicaid (i.e.,

state-funded only) services to persons with developmental disabilities are contracted to serve 1,546 individuals at a cost of \$7,855 thousand. The Medicaid program cannot provide matching funds for this appropriation. The \$355 thousand appropriation contained in this bill would increase the current reimbursement rates by approximately 4.5 percent if applied uniformly across all services (residential, day/vocational and respite services).

HSD indicates the bill would increase reimbursement rates for state services for adults with developmental disabilities. The DOH program provides day habilitation, residential and respite services to people on the developmental disabilities services waiting list while they are waiting for an allocation to the developmental disabilities Medicaid waiver (DD waiver). According to DOH, there are approximately 1,560 unduplicated recipients projected to receive state services for adults with developmental disabilities in FY06; approximately 90 percent of the 1,560 currently receive Medicaid state plan services.

HSD also notes since day habilitation, residential and respite services for adults with developmental disabilities are not available under the Medicaid state plan, this bill does not impact the Medicaid services provided to these individuals. These services are defined differently than Medicaid DD waiver services and the rates are based on different unit values. Neither the service definition nor rates can be reasonably compared to Medicaid DD waiver services or rates.

## **RELATIONSHIP**

House Bill 561 relates to:

- Senate Bill 49, and its duplicate, House Bill 624, which appropriate \$3.15 million from the general fund to DOH for expenditure in FY07 to increase reimbursement rates for Medicaid to providers in the developmental disabilities waiver program.
- Senate Bill 189, which appropriates \$59 million from the general fund to DOH for expenditure in FY07 to eliminate the developmental disabilities Medicaid waiver program's waiting list for services.
- Senate Bill 576, which appropriates \$13 million from the general fund to DOH for expenditure in FY07 to fund mental health services and to serve additional people through the Medicaid Developmental Disabilities program.
- House Bill 356, which appropriates \$4 million from the general fund to the DOH for expenditure in FY07 to increase the number of people served on the Developmental Disabilities Medicaid waiting list by approximately 200 people.

## **TECHNICAL ISSUES**

HPC indicates the bill does not define providers of "non-Medicaid" services. It is not clear if the bill is targeting providers of services to developmentally disabled patients who are not enrolled in the Medicaid program or providers of services that are not covered under the Medicaid program. Providers of "non-Medicaid" services could be defined to add clarity to the bill.

## **OTHER SUBSTANTIVE ISSUES**

HPC research notes, under the state general fund Developmental Disabilities Act, funds for state general fund services are available based upon state legislative appropriation and are contracted directly with provider agencies. State general funded services may only be provided to those service recipients who are not currently on the DD waiver. Individuals who are age 22 and older

and who meet the definition for being developmentally disabled are eligible for state general fund services. Individuals served through state general fund services do not need to meet medical and financial eligibility requirements, as under the DD waiver.

Additionally, the DD waiver is a home- and community-based alternative to institutionalization in an intermediate care facility for the mentally retarded. The program serves individuals who are diagnosed with developmental disabilities per New Mexico's definition, meet the same level of care criteria required for institutional care, and meet all Medicaid eligibility criteria for income and resources as those served in an institutional care setting.

KBC/mt