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FISCAL IMPACT REPORT

ORIGINAL DATE 2/10/07

SPONSOR Altamirano LAST UPDATED _____ HB _____

SHORT TITLE Medicaid Waiver Cost Of Living Adjustment SB 651

ANALYST Weber

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$0.1	\$0.1		Recurring	General Fund
		\$0.1	\$0.1		Recurring	Federal Fund

(Parenthesis () Indicate Expenditure Decreases)

Significant Cost

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Department of Health (DOH)

Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

Senate Bill 651 (SB 651) requires the Human Services Department (HSD), Aging and Long Term Services Department (ALTSD) and the Department of Health (DOH) to include a cost of living increase for all Medicaid waiver programs in their annual budget requests. The cost of living adjustment would be based on the Centers for Medicare and Medicaid Services (CMS) Market Basket Index (MBI) inflation factor. SB 651 proposes that the cost of living adjustment would improve staff recruitment and retention, promote quality services.

FISCAL IMPLICATIONS

Although the bill does not include an appropriation the additional cost would be significant.

HSD reports the CMS MBI increase for July 1, 2007 is 3.1 percent.

For FY08 the HSD projection indicates the following estimated expenditure for waiver programs.

Developmental Disability including Medically Fragile	\$255 million
D&E Waiver	\$ 58 million
Self-Directed	\$ 7 million
Total	\$320 million

A 3.1 percent increase totals just under \$10 million. Using a approximate federal matching rate of 71.5 percent, the general fund cost would be \$2.85 million and the federal Of \$7.15. These additional funds would be distributed primarily between HSD and DOH with ALTSD receiving a lesser amount.

SIGNIFICANT ISSUES

HSD notes.

SB 651 would increase reimbursement rates for all Medicaid waiver programs. While many Medicaid programs are operated on waivers from CMS, it is presumed that SB 651 is referencing HCBS Waivers. Currently, New Mexico operates five HCBS Waivers: the AIDS, DD, D&E, MF and Mi Via Waiver programs. DOH, Developmental Disabilities Supports Division is responsible for administering the DD and MF Waivers and part of the Mi Via Waiver. DOH, Public Health Division is responsible for administering the AIDS Waiver. ALTSD is responsible for administering the D&E Waiver and part of the Mi Via Waiver including services to individuals with BI.

Mi Via is the State's new self-directed waiver program that is currently in the initial stages of implementation. All but 200 of Mi Via's participants will transfer from existing HCBS waiver programs, so the cost of living increase would be included in the cost calculations for the other four waiver programs. The 200 Mi Via recipients that do not transition from existing HCBS waiver programs are individuals with BI that do not currently receive traditional waiver services. Projected costs for FY 09 have been included in the analysis.

SB 651 indicates that the cost of living increase would be used to improve staff recruitment and retention, and to meet increased programmatic and operational costs of quality services. It would be difficult for DOH and ALTSD ensure that the rate increase for services was used for this purpose by all waiver provider agencies.

MW/csd