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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/28/08  
 LAST UPDATED 02/07/08    **HB** \_\_\_\_\_

SPONSOR    SRCS

SHORT TITLE    Delay Long-Term Services Changes    **SM** 17/SRCS

ANALYST    Hanika-Ortiz

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY08	FY09	FY10	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		\$0.1			Recurring	Medicaid/ Medicare

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates HM 16

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

The SRCS for SM 17 urges continued consideration of stakeholder concerns raised regarding the design and implementation of the coordinated long-term services program.

The Memorial provides for the following:

The HSD and the ALTSD have plans to implement a new program of managed care for individuals receiving long-term services, known as coordinated long-term services, beginning on July 1, 2008.

Persons receiving services provided in the disabled and elderly waiver, the personal care option or nursing facilities will be required to receive all medical and long-term Medicaid services through coordinated long-term services.

Concerns from stakeholders have been expressed about whether the coordinated long-term services program is designed and will be implemented in such a way as to achieve its stated goals, including:

- whether the number of home and community-based waivers lots will be adequate;
- whether existing rules will continue to limit an individual's access to community services;
- how money follows the person will be implemented;

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- whether the rates paid to MCOs will be adequate to provide services;
- whether the rate structure will provide appropriate incentives; and,
- whether implementation will succeed in reducing the wait list and wait time for community-based waiver services.

The Memorial further provides:

The State should take steps to insure that MCOs provide prompt and appropriate services to individuals who need long-term services.

There has been limited involvement by the Legislature in development of the program.

Advocates for seniors and persons with disabilities have expressed serious and legitimate concerns over whether the program, as designed, will increase access to long-term services in the community rather than in institutions.

### **FISCAL IMPLICATIONS**

HSD reports that federal waiver applications were submitted by the State in early July 2007, and the Centers for Medicare & Medicaid (CMS) is currently reviewing the proposals. An interagency implementation team has been formed to assure that once CMS approves the waivers, the state will be ready to implement the program. Implementation is planned for July 2008 and is to be phased in geographically.

HSD reports that the CLTS rate structure will provide financial incentives to the CLTS managed care organizations (MCOs) to keep consumers healthy. Health care consumers and advocates are concerned because the rate structure is critical to how the program works; and, it is not known 1) whether the rates paid to the MCOs will be adequate to provide needed services; or 2) whether the rate structure will provide appropriate financial incentives to serve individuals in the community. Health care consumers and advocates are also concerned that there are inherent financial incentives for MCOs to underserve individual enrollees in order to maximize profits, which must be addressed.

The State plans to incorporate the Money Follows the Person Initiative (MFP) into CLTS, and has begun implementation by requesting and receiving federal approval for an increase in the number of Disabled and Elderly waiver slots. All additional slots have been allocated to individuals wishing to leave nursing homes to live in the community. Health care consumers and advocates note that the MFP will not be possible if sufficient waiver slots aren't available.

### **SIGNIFICANT ISSUES**

CLTS is a proposed managed long-term care program that will serve an estimated 38,000 Medicaid recipients.

Enrollees will consist of several groups of people. First are those currently enrolled in, or eligible for New Mexico's Disabled and Elderly (D&E) waiver program; second, adults receiving personal care services from the Medicaid Personal Care Option (PCO) program; third, residents of nursing facilities; and fourth, individuals who are fully eligible for both Medicare and

Medicaid, but who have not yet accessed the system of long-term care services in the state. Certain qualified individuals with brain injuries who are participating in Mi Via also will be enrolled in CLTS.

HSD further reports that the CLTS program goals are to eliminate fragmentation, emphasize home and community-based services over institutional services, and create an opportunity to manage the escalating costs of long-term services. The CLTS rate structure will provide financial incentives to the CLTS managed care organizations (MCOs) to keep consumers as healthy as possible by providing preventive services, treating illnesses early, managing chronic diseases using best practices, and planning for and coordinating services based on the individual consumer service and support needs and preferences. Increased access to community services is expected for individuals in CLTS than in the current fragmented system.

Health care consumers and advocates agree with the program goals but believe the way the program is designed will not accomplish them. The waiver slots will continue to be limited and only people in an identified slot will have access to waiver services. Health care consumers and advocates further believe that all current limitations on access to services will continue; long waiting lists for community services will continue; and, the number of D&E waivers lots will be reduced. The State has not managed to instill confidence that this new program design may prove otherwise.

### **PERFORMANCE IMPLICATIONS**

HSD notes the State has not finalized the number of "slots" (people to be served) in its CLTS home and community-based waiver application. The figure is being reviewed and will be adjusted to reflect the current number of Disabled & Elderly waiver slots in the states final waiver application.

HSD further notes that the Department along with the Aging and Long-Term Services Department have consulted with stakeholders and held publicly announced monthly CLTS Stakeholder meetings to provide input on the program design for CLTS. HSD and ALTSD have also met with individual advocacy organizations, government and health provider representatives from tribes and pueblos, as well as, provider organizations such as the New Mexico Health Care Association and New Mexico Home Care Association.

### **ADMINISTRATIVE IMPLICATIONS**

The Memorial further resolves:

- that HSD and ALTSD address the concerns identified in this Memorial prior to implementation of coordinated long-term services,
- that the two Departments consult in a meaningful way with representatives of providers and consumers on the design of the coordinated long-term services program,
- the Departments report regularly on the numbers of clients in home and community-based waiver services, persons receiving personal care option services, the numbers of persons in nursing homes, and describe any other services provided through the coordinated long-term services program and the number of people receiving those services.

The memorial further resolves that copies of this memorial are be transmitted to the chairs of the interim Legislative Finance Committee and Health and Human Services Committee and to the secretaries of HSD and ALTSD.

**ALTERNATIVES**

Once the rate structure and financial incentives are known, health care consumers and advocates may be more confident that the program will provide the needed services as intended; and, whether the incentives will work toward the goal of serving people in the community rather than in nursing homes.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

HSD believes that Medicaid consumers of long-term services will be able to access a coordinated system of long-term, acute and primary care sooner, rather than later.

**QUESTIONS**

Will an enrollee be guaranteed that they may continue to receive care from the health providers within their health care network under the new program?

AHO/mt