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FISCAL IMPACT REPORT

ORIGINAL DATE 2/4/09

SPONSOR Chasey LAST UPDATED _____ HB 310

SHORT TITLE Medicaid Waiver Cost-of-Living Increases SB _____

ANALYST Chabot

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	\$3,326.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 270, Community-Based Waiver Program Cost of Living
 HB 372, Adjust Direct Service Provider Cost-of-Living
 SB 301, Disability and General Fund Program Equity
 Relates to Appropriation in the General Appropriation Act

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	\$8,300.0		Recurring	Federal Funds

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)
 Department of Health (DOH)
 Developmental Disabilities Planning Council (DDPC)
 Human Services Department (HSD)
 New Mexico Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

House Bill 310, medicaid Wavier Cost-of-Living Increases appropriates \$3 million 326 thousand

from the general fund to DOH for the purpose of providing a cost-of-living increase to providers of the developmental disabilities Medicaid waiver programs to provide quality services, improve staff recruitment and retention, provide employee health insurance and salary increases, comply with minimum wage laws and meet rising programmatic and operational costs of quality care.

FISCAL IMPLICATIONS

The appropriation of \$3 million 326 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2010 shall revert to the general fund.

SIGNIFICANT ISSUES

The LFC submitted a balanced general fund appropriation recommendation for fiscal year 2010. Any additional general fund expenditures appropriated by the Legislature must be off-set by an equal amount from the appropriation recommendation.

According to the December 2008 revenue estimate, FY10 recurring revenue will only support a base expenditure level that is \$293 million, or 2.6 percent, less than the FY09 appropriation. All appropriations outside of the general appropriation act will be viewed in this declining revenue context.

DOH reports the last appropriation for a rate increase for the developmental disability waiver program was in 2006 for Fiscal Year 2007. HSD changed rates at that time. HSD is responsible for setting the reimbursement rates and would need to do so for the intent of this bill to be fulfilled. The appropriation in this bill would be then be used by DOH to pay services at the higher rates.

HSD states the general fund in this bill would be matched by approximately \$8.3 million in federal Medicaid funds. The agency further states “DD waiver provider rates have increased significantly over FY2007 and 2008 due to appropriations made in the 2006 and 2007 legislative sessions. In 2008...rates were increased by 3 to 5.9 percent.”

DFA and HSD point out the cost of living increases provided for in this bill would only pertain to the developmental disabilities Medicaid waiver program; it does not provide for any of the other Medicaid waiver programs.

PERFORMANCE IMPLICATIONS

The appropriation in this bill relates to the DOH FY10 Strategic Plan to ensure quality developmental disabilities services.

ADMINISTRATIVE IMPLICATIONS

HSD assess it would take approximately 500 staff hours to adjust the rate tables to reflect the cost of living increase. In addition, a waiver amendment must be approved by the Centers for Medicare and Medicaid Services before the changes could be implemented.

POSSIBLE QUESTIONS

1. Should other Medicaid waiver providers be included?
2. Why should developmental disabilities Medicaid waiver providers receive a cost-of-living adjustment when there are no plans to provide cost-of-living adjustments to other programs or state employees?

GAC/mc