

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 01/29/09

SPONSOR Harden **LAST UPDATED** _____ **HB** _____

SHORT TITLE Autistic Child Services Medicaid Plan Waiver **SB** 34

ANALYST Hanika-Ortiz

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	\$8,600.00	\$9,030.0	Recurring	Federal Medicaid Match

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$3,300.0	\$3,465.0	\$6,765.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

FY11 additional operating budget estimates anticipate an increase of 5 percent over FY 10

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Department of Finance and Administration (DFA)

Human Services Department (HSD)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 34 will require HSD to apply for a federal waiver or Medicaid state plan amendment by September 30, 2009 to provide home-based and community-based adaptive skill-building services to Medicaid recipients, age five and under, who have a diagnosed autism spectrum disorder.

The bill states that autism spectrum disorder is a neurobiological condition that includes autism, Rett's syndrome and pervasive development disorder as defined in the Diagnostic and Statistical Manual of Mental Disorders (DSM-IV).

FISCAL IMPLICATIONS

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 or revenue impacts outside of the general appropriation act will be viewed in this declining revenue context.

DFA reports that the cost to the general fund of \$3.3 million will draw approximately \$8.6 million in federal matching funds through Medicaid, for a total of approximately \$11.9 million available for services the first year. DFA projections are based upon adaptive skill-building services being provided 15 hours a week at \$75 per hour to 212 three-to-five year old recipients within the first year. This estimate did not include rationale behind a projected cost of as much as \$75 per hour, or the need for as many as 15 hours per week for these services.

To maintain the increased level of payment for future years, additional funding will need to be included in the Medicaid budget request. In order to provide the "adaptive skill-building services," HSD/Medical Assistance Division will need to amend its state plan, make file changes to the Medicaid Management Information Systems (MMIS) and seek Center for Medicaid and Medicare Services approval for this benefit. If approved under the Medicaid state plan, the new service will be an entitlement to everyone that met the diagnosis criteria, including children currently on the DD waiver and the DD Central Registry.

State's investment in families with a disabled child and avoiding family breakdown over time will have direct benefits for the community and the economy as well as for parents and children.

SIGNIFICANT ISSUES

SB 34 addresses concerns regarding a shortage of evidence-based services for young children with autism spectrum disorders (ASD). Research has clearly shown that intensive skill-based treatment during the early childhood period of development has a significantly profound and beneficial outcome. An effective treatment program will build on a child's interests, offer a predictable schedule, teach tasks as a series of simple steps, actively engage the child's attention in highly structured activities, and provide regular reinforcement of behavior. Parental involvement has emerged as a major factor in treatment success.

DOH operates the Family Infant Toddler program (FIT) that provides early intervention services to children with developmental delays, of which ASD is one type, for ages birth-to-three. Children with an autism diagnosis are eligible for a preschool program through PED for ages four-to-five. Neither FIT nor PED's preschool program provide adaptive skill-building treatment services. Medicaid covers Occupational Therapy, Physical Therapy and Speech Language Therapy for children who met medical necessity criteria for these types of services, including children with ASD.

DOH and HSD report that autism is a condition which qualifies individuals for the Developmental Disabilities Medicaid Waiver and the Mi Via self-directed Medicaid Waiver.

These Medicaid Waivers cover behavioral support consultation, respite, case management and community access services for children. Eligibility for the Medicaid Waiver programs do not include the full spectrum of autism related disorders as defined in the bill. The length of the current waiting list for these Medicaid Waivers will not enable a child age five or under to access these services in time.

PERFORMANCE IMPLICATIONS

HSD will be allowed to define the services provided under the term “adaptive skill-building services”. Support for New Mexican children with ASD requires a highly specialized workforce. Low compensation levels make it difficult to recruit and retain service providers at all skill levels. Service providers, both direct care providers and other professionals who have more limited contact, do not receive sufficient training in ASD-related issues.

ADMINISTRATIVE IMPLICATIONS

HSD’s Medical Assistance Division will need to amend the Medicaid state plan which may require several months to obtain federal approval, and if approved, issue program regulations for public comment.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 34 relates to SB 39 which would mandate coverage of similar services for this population by private insurance companies up to a cap of \$36 thousand per year and \$200 thousand lifetime benefit.

SB 34 also relates to SB 43 in that it would establish a statewide voluntary registry for individuals with ASD.

OTHER SUBSTANTIVE

Adaptive skill-building is usually taught through a process that begins with a task analysis, which breaks down a skill into its component parts. Instruction then proceeds through a process of teaching each component skill in small steps, and ultimately chaining the sequence of behaviors together. Adaptive skill-building treatment needs change according to a person’s age and environmental demands.

In February 2007, the Centers for Disease Control and Prevention issued an autism prevalence report indicating an ASD incidence of 1 in 150 children and approximately 1 in 94 for boys.

ALTERNATIVES

HSD submit a state plan amendment to include adaptive skill-building services as an available Medicaid benefit, rather than through a Medicaid Waiver. PED to partner with state Medicaid efforts by also incorporating adaptive skill-building techniques into the special education preschool setting. The Individuals with Disabilities Education Act (IDEA) requires that each child’s individual education plan (IEP) be based upon the individual child’s needs.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Adaptive skill-building services will not be an allowable expense under Medicaid for children with ASD.

AMENDMENT

Page 1 line 25, after the word “application” insert the words “or Medicaid state plan amendment”.

AHO/svb