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FISCAL IMPACT REPORT

ORIGINAL DATE 02/15/13

SPONSOR Thomson LAST UPDATED _____ HB 249

SHORT TITLE Developmental Disabilities Service Targets SB _____

ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Staff	\$300.0	\$300.0	\$300.0	\$900.0	Recurring	General Fund, Federal Funds
Information Management System		\$2,400.0	\$2,400.0	\$4,800.0	Recurring	General Fund, Federal Funds
Individuals Allocated to DD Waiver			\$52,000.0	\$52,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

House Bill 249 (HB249) proposes to amend the Developmental Disabilities Act of 1993 to require the Department of Health (DOH) to develop a written service plan to establish service targets. The written service plan would be based on specified information regarding the population of people waiting for services, projections of the number of persons to be placed into services in the upcoming fiscal year, estimates of average annual cost to serve persons who would likely be eligible and ready to begin services in subsequent fiscal years, the amount of new state funding needed to meet targets for moving people into services, enrollment information from the previous three fiscal years, and allocation results from the previous three fiscal years. The written service plans would be completed by the Department of Health and provided to the governor, Legislative Health and Human Services Committee and Legislative Finance Committee no later than November 1 each year.

FISCAL IMPLICATIONS

HB 249 does not contain an appropriation.

The Legislative Finance Committee's FY14 budget recommendation includes an additional \$4.6 million general fund increase for the purpose of reducing the DD Waiver waiting list, and the executive's recommendation includes \$5 million for the same purpose. With either of these amounts, due to an improved federal matching rate, the DOH could allocate an additional 227 individuals to the DD Waiver.

The Department of Health (DOH) indicates the DD Waiver's central registry, or waiting list, currently stands at 6,113 individuals and the DOH receives about 100 new applications each month, so the waiting list grows by about 1,000 each year. If the plan developed under HB 249 were implemented beginning in FY15, the DOH would have to allocate over 2,600 individuals each year to serve the entire list within 5 years. At a projected per person average annual cost of \$20 thousand, the cost would be \$52 million in state general fund each year over the current FY14 base of \$107 million.

The Department of Health (DOH) indicates in order to effectively manage services to the additional individuals on the DD Waiver, the department would need to purchase and implement an internal information management system to track costs and support planning for service delivery. The development and implementation of this type of information management system is projected to cost up to \$1.2 million in state general funds, and \$1.2 million in federal matching funds.

Also, the Department of Health indicates HB 249 would require a process of stakeholder input into the development of the written service plans. The bill requires gathering and analysis of several sources of information which would be included in the written service plan. These administrative tasks will require additional staff time. Staff would need to be redirected from current work or additional staff would need to be hired or contracted to convene stakeholders, complete fiscal and program analysis, as well as write and update the report each year. HB 249 would also significantly increase the workload of the DOH's Division of Health Improvement (DHI) because additional compliance monitoring, incident investigation and mortality reviews would have to be completed. The projected cost for DDS and DHI staff would be approximately \$300 thousand annually.

Additionally, the Human Services Department reports that the department would seek to increase the amount of federal funds for the implementation of serving those individuals on the wait list; however, the state would be responsible for funding full implementation if federal funds are not available.

SIGNIFICANT ISSUES

The DOH indicates HB 249 proposes the Department of Health complete and submit written service plans containing information which could be used to plan short-term and long-term reductions of the number of persons on the waiting list seeking services through the Developmental Disabilities (DD) Waiver program. Setting targets for the systematic reduction of the waiting list exceeds the authority of DOH as the operating agency for the DD Waiver. The Department can only serve additional individuals when funding is made available in the

Developmental Disabilities Support Division's (DDSD) base budget. The Department can provide technical information on the amount of funding needed to allocate a specific number of individuals but has no control over the funding received for that purpose.

The DOH has implemented DD Waiver program reform in recent years which will support the allocation of a certain number of additional individuals each year without an increase in the base budget as follows:

FY14: 70 (from attrition management)

FY15: 288 (from attrition management and impact of DDW redesign)

FY16: 180 (from attrition and final phase of DDW redesign).

ADMINISTRATIVE IMPLICATIONS

Currently, the HSD Medical Assistance Division (MAD) collaborates closely on the utilization of DD Waiver services and costs with the DOH Developmental Disabilities Support Division (DDSD). Under the provisions of HB 249, there would be the need for ongoing reconciliation of utilization and costs, and an agreed upon estimated percentage of the number of individuals on the central registry that actually become eligible and move into DD Waiver services. Some of the required budgetary projections are difficult due to the variability of a person's eligibility and need for services. The HSD must have approval from the Centers for Medicare and Medicaid Services (CMS) for an amendment to the approved DD Waiver to serve additional recipients of waiver services with federal funds. The HSD would be required to work with the Medicaid third party agent to ensure adequate staffing for expanded medical eligibility reviews for individuals newly allocated to the DD Waiver.

The DOH reports there is currently not capacity within the DD Provider, Case Management or Medicaid Utilization Review systems to serve this volume of new individuals. There is currently not staff capacity at DOH or HSD to verify eligibility, manage the allocation process, review service plans and authorize services. Both the DOH Developmental Disabilities Support Division (DDSD) and the Division of Health Improvement (DHI) would require additional staff to recruit, enroll, manage and monitor providers as well as to ensure individual health and safety.

Medicaid Waivers are approved by the federal Centers for Medicare and Medicaid Services (CMS) for a five year period. The waiver program is approved by CMS to serve a specific number of unduplicated recipients each fiscal year. The plan developed under HB 249 would require waiver amendments each year. These amendments would require evidence of adequate funding to provide the state match and could not be based solely on the "targets" established in the plan. The amendment process requires staff time at DOH and HSD to complete and CMS approval is not always received in a timely manner.

The Division of Health Improvement (DHI) is tasked with protecting the health and safety of individuals on the Developmental Disabilities Waiver. This is done through compliance monitoring of DD Waiver providers, mortality reviews of DD Waiver consumers, and investigations of incidents of abuse, neglect, exploitation and other reportable incidents when the victim is a DD Waiver consumer and the perpetrator is an employee of a DD Waiver provider.