F I S C A L I M P A C T R E P O R T

ORIGINAL DATE 2/2/15
SPONSOR Cisneros **LAST UPDATED** **HB**

SHORT TITLE Dev. Disabled Waiver Rate Cut Restoration **SB** 312

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	$3,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 312 appropriates three million dollars ($3,000,000) from the general fund to the Department of Health (DOH) for expenditure in fiscal year 2016 to partially restore developmental disability Medicaid waiver provider rate cuts.

FISCAL IMPLICATIONS

The appropriation of $3 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2016 shall revert to the general fund.

SIGNIFICANT ISSUES

DOH reports:

> As part of the reauthorization of the developmental disabilities waiver (DDW) by the federal Centers for Medicare and Medicaid Services (CMS), a rate study of DDW rates was conducted by Burns and Associates (B&A) under a subcontract with the Human Services Research Institute (HSRI). The rate study was completed in 2012 and new rates were developed for the majority of DDW services, including residential and day services, and

implemented on November 1, 2012, and published by the Human Services Department (HSD). The last comprehensive review of provider rates occurred in 2000.

The rate study process used an independent rate model approach that considered both provider reported data, independent data sources (e.g. Bureau of Labor Statistics for wage date and the Internal Revenue Service for mileage). Additionally, the rate model outlined assumed wages and benefits for direct care staff, productivity assumptions, group sizes, staffing patterns, mileage, administration and program support expenses, and other considerations.

A rate study steering committee made up of DDW providers was established to obtain data, review materials (including the rate model structures), instructions, and survey results, draft and final rates.

The 2014 Legislature appropriated $500,000 to DOH to increase rates for the DDW in FY15. The DOH worked with provider stakeholders and the Medical Assistance Division at HSD to increase the DDW rates using the appropriation for the following services: Customized In-Home Supports (3 percent); Customized Community Supports Group (2 percent); and Supported Living (1.5 percent).

Using the current appropriation to fund the DDW, DOH increased the rate for Supported Employment (42.5 percent); a new hourly rate of $41.80 was developed for Intensive Supported Employment; the Family Living rate was increased by .5 percent; and Customized In-Home Supports living with family or natural supports was increased by 47.7 percent ($4.42 per 15 minutes to $6.53). DOH increased this rate in an effort to equalize the rate for Customized In-Home Supports living independently or without family members.

The rate increases went into effect on December 1, 2014 and were made retroactive to July 1, 2014.

DOH notes, the bill would increase the cost to the DDW and may impact the department's ability to add new people to services from the central registry as a result of increased average cost per participant in the program. It is not clear from the bill what is meant by partially restore rates or what DDW services it is intended to impact.

ADMINISTRATIVE IMPLICATIONS

Implementation of SB312 would require revisions to the DDW fee schedule, DDW budget worksheets, modifications to the Medicaid Management Information System (MMIS), and would require budget revisions for individuals receiving services. All of these necessary changes would increase the workload of DOH, HSD, and case management agencies. However, modifications such as these would be miniscule in comparasion to DOH's half billion dollar budget.

RELATIONSHIP

Relates to Senate Bill 19 and to the General Appropriation Act.

OTHER SUBSTANTIVE ISSUES

DOH reports, the bill would require the department to submit a waiver amendment to the federal Centers for Medicare and Medicaid Services (CMS). Once an amendment is developed, issued for public comment and submitted, CMS would have ninety (90) days to approve it or to request additional information as determined necessary. Because such requests for information "stop the 90 day clock," the process can become lengthy (at least 120 days and could last more than six months). Based on the approval process, it is possible that the proposed appropriation would not be able to be fully utilized in FY16.

However, it is unclear why DOH would require a waiver amendment to change provider rates.

DL/je/bb