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

SPONSOR Rodriguez
ORIGINAL DATE 1/25/16
LAST UPDATED 1/27/16
HB

SHORT TITLE Direct Care Provider Cost-of-Living Increase
SB 50

ANALYST Chenier

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	$5,000	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		$5,000	$5,000	$10,000	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 50 appropriates $5 million from the general fund to the Department of Health to fund cost-of-living increases in reimbursements for Department of Health developmental disability general fund program direct care service providers.

FISCAL IMPLICATIONS

The appropriation of $5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY17 shall revert to the general fund.

SIGNIFICANT ISSUES

DOH provided the following:

> The specific service providers mentioned in the bill have not received a rate increase since SB163 (2001) was enacted for FY02.
>
> State general fund rates for day and residential services are significantly lower than rates for similar services under the DD Waiver program. Even though the services are similar, the service requirements are different contributing to different rates. The State receives federal matching funds for the DD Waiver program. The blended federal match rate for FY16 is 70.19%. It is important to note that state general fund services are funded at 100% SGF.
>
> The rates were established through a cost study in the mid-1990s and funding to increase rates was appropriated in FY02. There have been no appropriations to increase enrollment since the mid-1990s and therefore the services are available to a limited number of individuals who are either not eligible for the DD Waiver or are waiting for Waiver services.

PERFORMANCE IMPLICATIONS

DOH stated that:

> SB50 relates to the DOH FY16 Strategic Plan, Result 2: Improved quality, accessibility and utilization of health care services. While rate increases will assist providers to maintain current General Fund programs, it will not increase the amount of service available to each individual nor expand the number of individuals who can be served through that funding source because the rate increase would only offset the cost of living increase that has occurred over time. The rate increases will also not modernize the service delivery approach.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill relates to SB36, which would appropriate $25 million to DOH for supports and services for persons enrolled in the developmental disabilities waiver program.

Attachment
    Developmental Disabilities Medicaid Waiver Program

EC/jle/al

Developmental Disabilities Medicaid Waiver Program

Fiscal Year	General Fund Appropriation to DOH	Expansion Funds and Associated Clients Authorized by Legislature	Clients Allocated with Expansion Funds	Clients Allocated from Underutilization, Ramp up, Reversion	Clients Allocated from Program Reform and Redesign	Expedited Allocations (emergency placements)	Total DD Waiver Allocations	Number on DD Waiver	Number on Waiting List	Average Annual Attrition	Average Cost Per Client	Reversion to General Fund
FY08	$78,022,300	$5,000,000 for 70 new clients	0	N/A	N/A	14	14	3,738	3,991	N/A	$71,397	$0
FY09	$85,022,300	$4,000,000 for 50 new clients	0	86	55	15	156	3,750	4,330	75	$74,270	$11,564,700
FY10	$66,740,200	$5,400,000 for 215 new clients	0	0	36	12	48	3,693	4,610	60	$78,100	$2,100,200
FY11	$60,555,200	$2,250,000 for 100 new clients	89	N/A	N/A	22	111	3,703	4,988	67	$82,000	$2,447,800
FY12	$90,526,700	$1,000,000 for 50 new clients	45	5	N/A	13	63	3,678	5,401	76	$83,500	$3,290,100
FY13	$94,429,500	$2,769,500 for 123 new clients	123	135	51	19	328	3,820	5,943	70	$74,349	$7,358,452
FY14	$99,029,500	$4,600,000 for 227 new clients	209	176	50	30	465	3,829	6,248	70	$71,000	$5,522,130
FY15	$102,838,500	$3,300,000 for 175 new clients	185	80	70	20	355	4,419	6,035	70	$67,072	Non-reverting
FY16	$103,292,700	$450 for provider rate increases	0	141	50	20	211	4,630	6,365	70	$65,960	$0
FY17 (projected)	$104,009,700	$1,600,000 for 80 new clients	80	80	50	20	230	4,710	6,375	70	$66,895	$0

Source: Department of Health and LFC Files

Notes:

(1) Appropriations are from the other financing uses category in the General Appropriation Act (GAA) less the funding for the Medically Fragile Waiver. Drops in appropriation amounts in FY10 and FY11 were due to the supplanting of general fund with ARRA stimulus funds and low FMAP rates.

(2) The FY15 appropriation includes $500 thousand for a DD Medicaid waiver provider rate increase, and the FY16 projected appropriation includes $300 thousand for a rate increase.