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FISCAL IMPACT REPORT

SPONSOR <u>Cates/Thomson</u>	LAST UPDATED <u>3/7/23</u>
	ORIGINAL DATE <u>2/23/23</u>
SHORT TITLE <u>Dev. Disability Support Provider Employees</u>	BILL NUMBER <u>House Bill 395/aHHHC</u>
	ANALYST <u>Klundt</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY24	FY25	FY26	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
			≥\$500 .0	≥\$500 .0	Recurring	General Fund: See Fiscal Impact:

Parentheses () indicate expenditure decreases.
*Amounts reflect most recent version of this legislation.

Sources of Information

LFC Files

Responses Received From
Department of Health (DOH)

SUMMARY

Synopsis of HHHC Amendment to House Bill 395

The House Health and Human Services Committee amendment in three lines of the bill inserts “or subcontractor” after “employee” on page 2 line 22, page 2, line 23, and page 3, line 10.

Synopsis of Original House Bill 395

House Bill 395 (HB395) proposes to amend the Developmental Disabilities Act definitions related to Direct Support Professional and Direct Support Provider Agency.

HB395 proposes that Direct Support Provider Agencies annually submit to the Developmental Disabilities Supports Program (DDSD) data that supports direct support professionals to include number of employees and the length of time they were employed, demographic information, wages paid, and benefits provided.

HB395 proposes that DDSD submit an annual report to the Legislative Health and Human Services Committee, the Legislative Finance Committee, and the governor regarding the Direct Support Professional workforce.

HB395 proposes DDS to develop, implement, and maintain a provider reimbursement system based on the level of support and services required by a person with developmental disabilities.

HB395 proposes DDS to conduct independent biennial cost studies for the purpose of recommending reimbursement rates for all service providers, contingent upon available funding.

HB395 proposes that if sufficient funds have been appropriated to implement the reimbursement rates recommended by the most recent cost study, DDS to implement those rates contingent upon approval from the Centers for Medicare and Medicaid Services.

HB395 proposes that contractors be required to submit records of support and services delivered as determined by the department, subject to monitoring by the department.

FISCAL IMPLICATIONS

While this legislation does encourage rate increases based on independent biennial cost studies any possible rate increase would be contingent on sufficient appropriations and federal approval.

DOH would require funding to implement the cost study in addition to funding for provider rate increases. The department estimates a recurring cost of \$500 thousand for the study. Additionally, future Legislatures would need to consider appropriations for possible rate increases. In FY24, the cost to provide a 4.5 percent increase provider rate is \$10.2 million.

SIGNIFICANT ISSUES

DOH reported:

The information being proposed to include in an annual report is collected through independent rate re-basing projects that include cost and time studies, however, these do not occur annually.

This would be a burden on providers of services for people with developmental disabilities to provide this information by way of cost and time studies annually.

If rate studies are being proposed to occur biennially, and this information requested is collected through the rate study process, it makes sense to only report on the provider data biennially.

Analyzing the provider network, specifically direct support provider agency employees, would provide current information related to the direct support professional work force crisis and identify challenges and what actions provider agencies have taken to improve recruitment and retention.

If all direct support professionals were reimbursed with at least 150 percent of the state minimum wage, it would allow for increased wages that can lead to a better staff retention rate, lower turnover rate, higher quality of staff and increased job satisfaction with direct support professionals, who support New Mexico's most vulnerable citizens.

DDS is currently engaged in a rate study and provider capacity assessment contract that will be completed by FY24. This study includes cost reports and time studies from provider agencies who employ direct support professionals. This can result in increased

rate recommendations.

Most recently, previous rate studies, that included time studies and cost reports, occurred in 2019 and 2020, and a Minimum Wage study in 2021.

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