Department of Planning and Budget
2023 Fiscal Impact Statement

1. **Bill Number:** HB 1963

House of Origin	☐	Introduced	☐	Substitute	☐ Engrossed
Second House	☐	In Committee	☐	Substitute	☒ Enrolled

2. **Patron:** Runion

3. **Committee:** Passed Both Houses

4. **Title:** Individuals with developmental disabilities; financial flexibility, report

5. **Summary:** The enrolled bill directs the Department of Medical Assistance Services (DMAS) to amend the Family and Individual Supports (FIS), Community Living (CL), and Building Independence (BI) waivers and implement regulations to (i) combine the maximum annual allowable amount for assistive technology and electronic home-based support services for an individual receiving waiver services to provide for greater flexibility and better meet the needs of individuals receiving services and (ii) provide that a total of $10,000 shall be available to an eligible individual for assistive technology and electronic home-based support services each year, which may be divided among such services in the manner that best meets the needs of the individual.

   The bill also requires DMAS to (i) add the operational design to the proposed waiver amendments to be submitted to the Centers for Medicare and Medicaid Services to obtain federal approval; (ii) conduct a review of payment methodologies to maintain funding for the proposed waiver changes in the future; and (iii) undertake such other actions as many be necessary to implement the provisions of this act. The department must report on its activities and progress by December 1, 2023.

6. **Budget Amendment Necessary**: Yes, Items 304 and 307

7. **Fiscal Impact Estimates:** Final, see Item 8

Expenditure Impact:

Fiscal Year	*Dollars*	*Fund*
2024	$549,756 $597,222	General Nongeneral
2025	$549,756 $597,222	General Nongeneral
2026	$428,084 $462,923	General Nongeneral
2027	$450,337 $486,987	General Nongeneral
2028	$473,747 $512,303	General Nongeneral
2029	$498,375	General

	$538,934	Nongeneral
2030	$524,282 $566,950	General Nongeneral

8. **Fiscal Implications:** Under current law, assistive technology and electronic home-based support services are offered in the Community Living, the Family and Individual Supports, and the Building Independence waivers. The annual limit for each service is $5,000. This bill would combine these individual annual caps into a single $10,000 annual cap for both services. In fiscal year 2022 there were 15,463 Medicaid members with claims paid for waiver services under the developmental disability waivers. Of those, 350 members used assistive technology and 10 used electronic-based home supports. DMAS estimates that, with the doubling of the annual cap to a combined $10,000, expenditures for these services would also double. Assuming an additional five percent annual growth rate in utilization, DMAS estimates a cost of $846,978 ($399,756 general fund) in FY 2024 and $891,007 ($428,084 general fund) in FY 2025.

   DMAS drew upon historical claims and current service utilization to generate the potential fiscal impact reported in this statement. However, it is unclear as to why the current utilization of assistive technology and electronic home-based support services is relatively low (less than three percent of eligible members). As such, the estimates do not necessarily capture the impact a higher combined limit may have on relevant factors such as the availability of providers and purchasing options. Should the higher limit allow for greater utilization, then costs could be higher.

   In addition to service costs, DMAS expects an administrative cost to conduct the "review of payment methodologies to maintain funding for the proposed changes to the Family and Individual Supports, Community Living, and Building Independence waivers in the future". Based on similar studies, the agency reports a one-time fiscal impact of $300,000 (approximately $150,000 general fund).

9. **Specific Agency or Political Subdivisions Affected:**
   Department of Medical Assistance Services

10. **Technical Amendment Necessary:** None

11. **Other Comments:** This bill is a companion to SB 945.