

Department of Planning and Budget 2009 Fiscal Impact Statement

1. Bill Number: HB 1853

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Cox

3. Committee: Pending

4. Title: Elimination of the Mental Retardation and IFDDS waiver waiting lists

5. Summary:

The bill requires the Governor and General Assembly to develop and implement a plan to provide funding to the Department of Medical Assistance Services (DMAS) to eliminate the waiting lists for the Medicaid Intellectual Disability/Mental Retardation (ID/MR) and Individual and Family Developmental Disability Services (IFDDS) waivers within 10 years. DMAS interprets this bill to require that waiver slots be gradually added, sufficient that there would be no waiting list for either waiver by the end of ten years. The following fiscal impact estimate is based on this interpretation. If the bill is not intended to create such an absolute requirement, a different fiscal impact estimate would be needed.

6. Fiscal Impact Estimates:

6a. Expenditure Impact: (Item 309 Subprogram 45610)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010	\$ 35,055,662	N/A	GF
2010	\$ 35,055,662	N/A	NGF
2011	\$ 70,129,156	N/A	GF
2011	\$ 70,129,156	N/A	NGF
2012	\$ 105,363,784	N/A	GF
2012	\$ 105,363,784	N/A	NGF
2013	\$ 140,923,710	N/A	GF
2013	\$ 140,923,710	N/A	NGF
2014	\$ 176,464,115	N/A	GF
2014	\$ 176,464,115	N/A	NGF
2015	\$ 212,140,185	N/A	GF
2015	\$ 212,140,185	N/A	NGF
2016	\$ 247,956,409	N/A	GF
2016	\$ 247,956,409	N/A	NGF

6b. Expenditure Impact: (Item 311 Subprogram 49901)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010	\$ 555,720	6.0	GF
2010	\$ 555,720	6.0	NGF
2011	\$ 1,152,303	12.5	GF
2011	\$ 1,152,303	12.5	NGF
2012	\$ 1,626,403	17.5	GF
2012	\$ 1,626,403	17.5	NGF
2013	\$ 2,222,933	24.0	GF
2013	\$ 2,222,933	24.0	NGF
2014	\$ 2,778,706	30.0	GF
2014	\$ 2,778,706	30.0	NGF
2015	\$ 2,865,111	36.5	GF
2015	\$ 2,865,111	36.5	NGF

7. Budget Amendment Necessary: Yes. Item 306, Subprogram 45610 and Item 311, Subprogram 49901

8. Fiscal Implications:Medical Expenditures

According to the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS), the MR Waiver waiting list increases by an additional 580 individuals per year. To eliminate the waiver list in ten years, DMAS assumed that an additional 1,043 waiver slots would be needed each year to accommodate the net growth of 580 individuals plus 10% of the waiting list as of July 1, 2009 (463 individuals). The waiting list is estimated to be 4,625 at the beginning of SFY 2010.

Using an average cost per MR recipient of \$61,961 (total funds), DMAS has calculated the projected costs associated with implementation of this bill. The inflation rate was calculated each year based on constant rates for long term care services and a 3% annual increase in acute care costs. The following table shows the estimated number of individuals through SFY 2019 and the additional total costs associated with decreasing the waiting list by 20 percent a biennium.

MR Waiver				
	MR Waiver Waiting List	Additional MR Waiver Slots	Cost Per MR Recipient	Annual Cost (Total Funds)
Dec. 08 Waiting List	4,335			
Waiting list July 09 (e)	4,625			
2010	4,163	1,043	\$ 62,050	\$ 64,718,150
2011	3,700	2,086	\$ 62,141	\$ 129,436,300
2012	3,238	3,129	\$ 62,235	\$ 194,439,189
2013	2,775	4,172	\$ 62,333	\$ 260,053,276
2014	2,313	5,215	\$ 62,433	\$ 325,588,095
2015	1,850	6,258	\$ 62,536	\$ 391,350,288
2016	1,388	7,301	\$ 62,642	\$ 457,349,242
2017	925	8,344	\$ 62,751	\$ 523,594,344

2018	463	9,387	\$ 62,863	\$ 590,094,981
2019	0	10,430	\$ 62,979	\$ 656,870,970

Similarly, DMAS determined that there are an additional 137 individuals per year expected to be added to the DD Waiver waiting list. To eliminate the waiver list in ten years, DMAS assumed that an additional 207 waiver slots would be needed each year to accommodate the net growth of 137 individuals plus 10% of the waiting list as of July 1, 2009 (70 individuals). The waiting list is estimated to be 704 at the beginning of SFY 2010.

The average cost per DD recipient is \$25,926 (total funds). The inflation rate was calculated each year based on constant rates for long term care services and a 3% annual increase in acute care costs. The following table shows the estimated number of individuals through SFY 2019 and the additional total costs associated with decreasing the waiting list by 20 percent a biennium.

DD Waiver				
	DD Waiver Waiting List	Additional DD Waiver Slots	Cost Per DD Recipient	Annual Cost (Total Funds)
Dec. 08 Waiting List	635			
Waiting List July 09 (e)	704			
2010	633	207	\$ 25,926	\$ 5,375,701
2011	563	415	\$ 26,010	\$ 10,786,214
2012	492	622	\$ 26,094	\$ 16,231,707
2013	422	829	\$ 26,178	\$ 21,712,351
2014	352	1,037	\$ 26,263	\$ 27,228,316
2015	281	1,244	\$ 26,348	\$ 32,779,773
2016	211	1,451	\$ 26,433	\$ 38,366,895
2017	141	1,659	\$ 26,672	\$ 44,243,514
2018	70	1,866	\$ 26,779	\$ 49,973,631
2019	0	2,074	\$ 26,888	\$ 55,752,268

In total, DMAS estimates that medical costs associated with this bill will be \$70.1 million total funds (\$35.0 million GF) in SFY 2010 and reaching \$495.9 million total funds (\$248.0 million GF) by SFY 2016.

Administrative Expenditures

The Centers for Medicare and Medicaid Services (CMS) approves all requests for home-and-community-based waivers. The Medicaid Mental Retardation Waiver and the DD Waiver are two of the seven home-and-community-based waivers offered in the Commonwealth. As a part of the approval and routine renewal of these waivers CMS hold the Department of Medical Assistance Services accountable for a series of eighteen assurances including the “continuous monitoring of the health and welfare of waiver participants and remediation actions when appropriate.”

DMAS staff is responsible to conduct random, unannounced quality management reviews of waiver providers and recipients as a way to meet the CMS assurance. The addition of new slots in the MR and DD waiver will require additional staff each year. The MR Waiver requires full-

time equivalent quality management review analysts with 1:320 caseloads to fulfill the responsibility to CMS to adequately assure that all recipients are safe in their homes and communities. The DD Waiver requires full-time equivalent analysts with 1:118 caseloads to conduct both quality management reviews and annual level of care reviews. Staff monitor providers of services, recipients of services and provide technical assistance and training as required.

Also, the addition of new slots each year for both the MR and DD Waiver will increase the number of waiver-related client appeal cases in proportion to the increase in waiver slots. State regulations require that appeals be resolved within strict timeframes, or the appeal is automatically resolved in favor of the appellant. Therefore, the agency would need additional FTEs in the Appeals Division to ensure the ability to process the additional appeals. The caseload for each hearing officer is approximately 181 cases per year.

DMAS estimates administrative costs of \$1.1 million (\$555,720 GF) in SFY2010 and \$2.3 million (\$1,152,303 GF) in SFY2011 and an increase in MEL of 12 FTEs and 25 FTEs, respectively.

	FY 2010	FY 2011
MR Waiver	3	7
DD Waiver	2	4
Appeals	7	14
Total FTEs	12	25

9. Specific Agency or Political Subdivisions Affected:

If enacted, this bill will affect the Department of Medical Assistance Services by requiring additional funds for the Medicaid program.

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/28/2009 rpc

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cc: Secretary of Health and Human Resources