

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7734**

**BILL NUMBER: HB 1519**

**NOTE PREPARED: Jan 31, 2005**

**BILL AMENDED:**

**SUBJECT:** Developmental Disabilities.

**FIRST AUTHOR:** Rep. Alderman

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill requires the Office of Medicaid Policy and Planning to adopt rules concerning: (1) the criteria and process used to determine if a developmentally disabled individual qualifies for the level of care provided by an intermediate care facility for the mentally retarded; (2) the criteria and process used to determine the number of hours of care that a developmentally disabled individual needs in certain supervised group living settings; and (3) requirements for the Supported Living Program and reimbursement system. The bill requires the Division of Disability, Aging, and Rehabilitative Services to adopt rules to exempt certain accredited agencies from the supported living services requirements.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** *Summary:* This bill will require the Office of Medicaid Policy and Planning (OMPP) to adopt three rules concerning Medicaid waiver care and residential placements for the developmentally disabled. The bill also requires the amendment of rules recently promulgated by the Division of Disability, Aging and Rehabilitative Services. The rule promulgation process can be accomplished within the current level of services available to OMPP and the Division. The fiscal impact of the Medicaid rules required by the bill should be cost neutral or may result in some savings.

*Background Information:* The bill requires OMPP to adopt rules defining the process and criteria for determining if a developmentally disabled individual qualifies for the level of care provided by an intermediate care facility for the mentally retarded, (ICF/MR). This rule is intended to standardize the process and criteria used to determine eligibility for placement in group homes and also eligibility for Medicaid developmentally disabled waiver services.

The bill requires OMPP to adopt a rule that defines the process and criteria used to determine the number of hours of care a developmentally disabled individual needs in a supervised group living setting. This rule should impact the licensure requirements of the ICFs/MR through a revision in the way supervised group living settings are reimbursed. OMPP reports that currently an individual's placement is determined by the number of hours determined to be needed for care. If the individual's needs change, because of the way group homes are currently licensed and reimbursed, the individual may be required to move to a different group home or setting. This rule is intended to structure the reimbursement to be commensurate with the amount of care the individual requires, not the location in which the care is given.

The bill requires the amendment of the supported living program and reimbursement rules to include an independent assessment of the level of resources needed to meet the needs of a developmentally disabled individual and to implement the use of a funding matrix to quantify the assessment process and provide a cap on service resources that is based on the level of service needs. OMPP reports that the existing process has led to wide disparities in the amount of dollars allocated to individuals who have similar levels of need. The rule is intended to make allocations of dollars available more consistent among individuals while providing individual flexibility to determine the resources needed.

The bill also requires the Division of Disability, Aging, and Rehabilitative Services to amend a recently promulgated rule to exempt agencies that are accredited by national accrediting organizations. The amendment process should be able to be accomplished within the current level of resources available to the Division. It is not known if this provision would meet the level of accountability for quality of care measures that were recommended by the Centers for Medicare and Medicaid Services that led to the promulgation of the original rules.

Medicaid is jointly funded by the state and federal governments. The state share of program expenditures is approximately 38%. Medicaid medical services are matched by the federal match rate (FMAP) in Indiana at approximately 62%.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of Medicaid Policy and Planning, and the Division of Disability, Aging, and Rehabilitative Services of the Family and Social Services Administration.

**Local Agencies Affected:**

**Information Sources:** Kirt Baker, Program Director, Developmentally Disabled Services, Division of Disability, Aging, and Rehabilitative Services, 317-232-7869; Pat Casanova, Director of Waiver Services, Office of Medicaid Policy and Planning, 317-234-2182

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