

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7734

BILL NUMBER: HB 1519

NOTE PREPARED: Feb 24, 2005

BILL AMENDED: Feb 22, 2005

SUBJECT: Developmental Disabilities.

FIRST AUTHOR: Rep. Alderman

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill requires the Office of Medicaid Policy and Planning to adopt certain rules concerning requirements for the Supported Living Program and reimbursement system. The bill requires the Office of the Secretary of Family and Social Services to adopt rules concerning audits of providers that provide services to developmentally disabled individuals. It also requires the Division of Disability, Aging, and Rehabilitative Services to adopt rules concerning: (1) the exemption of certain accredited agencies from the supported living services requirements; and (2) certain issues related to audits of providers.

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) *Summary:* This bill will require the Office of Medicaid Policy and Planning (OMPP) to adopt rules concerning Medicaid waiver care and residential placements for the developmentally disabled. The bill requires the amendment of rules recently promulgated by the Division of Disability, Aging, and Rehabilitative Services (DDARS). The bill also requires DDARS to promulgate rules standardizing the internal claims process, the definition of services, and the audit process. The bill further requires the Office of the Secretary of the Family and Social Services Administration (FSSA) to promulgate rules to govern fiscal audits completed by FSSA staff and contractors.

The rule promulgation process should be accomplished within the existing level of resources available to FSSA, OMPP, and the Division. The fiscal impact of certain of the Medicaid rules required by the bill should be cost neutral or may result in some savings. OMPP is also to require annual cost reporting in order to determine the base rates for the funding matrix the rules are to establish. The cost reporting requirement is currently under development and therefore has no additional fiscal impact.

Background Information: 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 that the daily rate components for residential settings be based on an assumption of a staff ratio of three residents to one staff unless there are other conditions or services provided. This requirement conflicts with the requirement discussed above to develop a funding matrix based on the hours of care a disabled individual needs in a supervised group living setting.

The bill 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.

The bill requires the Division of Disability, Aging, and Rehabilitative Services to adopt rules pertaining to the internal administrative process of the Division. DDARS staff reports that most of the requirements listed as requirements of the rule are current practice or have already been developed, such as automated claims processing, the comprehensive Bureau of Developmental Disabilities Services Provider Manual, and consistent definitions of services. The Bureau has the task of administering two distinct funding streams for the clients they serve. Group homes and waiver services are billed, processed, and reimbursed by Medicaid contractors and administered by OMPP. The Bureau administers the state-operated program for individuals and services that do not qualify for Medicaid reimbursement.

The bill also requires rules to include the provision of initial and periodic training of providers' financial staff for accounting, billing and audit procedures. The Medicaid contractor provides this training for Medicaid related claims and procedures. DDARS reports that such training sessions are not regularly scheduled but that the training could probably be accommodated within the current level of resources.

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; Natalie Angel, DDARS Legislative liaison, 317-234-1142.

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