

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: SB 231

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

2. Patron: Suetterlein

3. Committee: -

4. Title: Individuals with developmental disabilities; DMAS to amend waivers providing services, etc.

5. Summary: The substitute bill directs the Department of Medical Assistance Services to amend the Family and Individual Supports (FIS), Community Living (CL), and Building Independence (BI) waivers to combine the maximum annual allowable amount for assistive technology, electronic home-based support services, and environmental modifications for an individual receiving waiver services, for an annual total of \$15,000. In addition, DMAS must amend the Commonwealth Coordinated Care Plus (CCC Plus) waiver to combine the maximum annual allowable amount for assistive technology and environmental modifications for an individual receiving waiver services, for an annual total of \$10,000.

The legislation 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 may be necessary to implement the provisions of this act. The department must report on its activities and progress by December 1, 2022.

6. Budget Amendment Necessary: Yes, Item 304.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

8. Fiscal Implications: This bill, as amended, would combine the individual annual limitations of three services (assistive technology, environment modification, and electronic home-based support services) in the developmental disability waivers and two services (assistive technology and environment modifications) in the CCC Plus waiver.

The fiscal impact of this legislation cannot be readily determined as there is insufficient data to predict the actual impact of increasing existing individual dollar limit for the affected services. While DMAS can draw upon historical claims to make an estimate, such a projection would not capture the impact a higher limit may have on relevant factors such as the availability of providers and purchasing options. As such, there is no clear methodology to ascertain how a higher spending limit would impact the cost of these services. The

following information is provided as an illustration of the potential cost of this bill and should not be considered a final fiscal assessment.

Developmental Disability Waivers

Under current law, assistive technology, environment modification, and electronic home-based support services are all offered in the CL, FIS and BI waivers. The annual limit for each service is \$5,000. This bill would combine these individual annual caps into a single \$15,000 annual cap for all three services. There are currently 15,119 home and community based waiver slots authorized (Chapter 552, 2021 Acts of Assembly, Special Session I), most of which would be eligible for one or more of the impacted services. According to claims data from calendar year 2020, the number of members making use of these services were 431 for assistive technology, 166 for environmental modifications, and 68 for electronic home-based support services. While there are a number of possibilities, it is unclear as to why relatively few eligible individuals (less than five percent of authorized slots) are utilizing these services. When compared to the current \$5,000 expenditure limits, on average, members used 37 percent of available dollars for assistive technology, 76 percent of environmental modification, and 97 percent of electronic home-based services. If it were assumed that these percentages would remain constant for the higher \$15,000 limit, then DMAS calculates a cost of approximately \$3.0 million (\$1.5 million general fund) annually. However, should the higher limit allow for greater utilization, then costs could be significantly higher. For example, should half of the authorized waiver population utilize half of the proposed allowable combined limit (\$7,500), the total annual cost could be as high as \$55 million.

Commonwealth Coordinated Care Plus

Under current law, only assistive technology and environment modification services are offered in the CCC Plus waiver. The annual limit for each service is \$5,000. This bill would combine the annual limit of these two services so that the two services would be limited to \$10,000 total instead of \$5,000 individually. There are currently 39,972 members covered under the CCC Plus waiver (January 2022) all of which would be eligible for the environmental modification and assistive technology services. However, according to claims data from FY 2020, only 1,300 CCC Plus members (approximately three percent) made use of these services. Again, it is unclear as to why these services are utilized at a relatively low level. When compared to the current \$5,000 expenditure limits, on average, these members used 68 percent of the annual limit for environmental modifications and 31 percent of the limit for assistive technology. If these percentages are applied to a limit of \$10,000, the cost per person would go up by \$3,400 for environmental modifications and \$1,600 for assistive technology. This would result in an annual addition cost of \$4.5 million for environmental modifications and \$2.1 million for assistive technology or a total of \$6.6 million (\$3.3 million general fund).

Again, should the increased limit allow for greater utilization of the affected services, then costs would increase. For example, should half of waiver population (19,986 members) half of the proposed allow combined limit (\$5,000), the total annual cost would be \$100 million.

Review Costs

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).

Summary

Should service utilization reflect current program experiences, then the total cost of this proposal could be approximately \$9.9 million (\$4.8 million general fund) in FY 2023 and \$10.1 million (\$5.0 million general fund) in FY 2024. However, if the provisions of this bill allow for greater utilization member utilization of services, then the cost will increase accordingly. Again, the cost of half of the eligible population utilizing half of the allowable benefit is estimated to cost \$155 million.

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

10. Technical Amendment Necessary: No

11. Other Comments: None