



Economic Impact Analysis Virginia Department of Planning and Budget

**12 VAC 30-50; 120 –
Individual and Family Developmental Disabilities Support (IFDDS) Waiver
Department of Medical Assistance Services
April 14, 2006**

Summary of the Proposed Regulation

The Department of Medical Assistance Services (the department) proposes to 1) allow recipients to receive both day support and supported employment services at the same time, 2) no longer require that the primary unpaid caregiver to live in the home of the recipient for respite care reimbursement purposes, 3) no longer require that consumer directed employees receive annual CPR training and flu shots, 4) modify the rules by which the new waiver slots are allocated, 5) require that personal care, respite care, and companion service aides be able to read and write in English to the extent necessary to accomplish the tasks associated, 6) no longer require that service facilitators under consumer directed model have consultation with a registered nurse, 7) prohibit Personal Emergency Response System (PERS) providers from direct marketing to recipients, and 8) clarify a number of requirements.

The proposed changes have been in effect since February 2005 under emergency regulations.

Result of Analysis

The benefits likely exceed the costs for one or more proposed changes.

Estimated Economic Impact

These regulations contain rules for Medicaid's Individual and Family Developmental Disabilities Support Waiver (IFDDS). The IFDDS waiver provides a variety of services including in-home residential support, day support, personal care, respite care, skilled nursing, personal emergency response systems, crisis stabilization, supported employment, prevocational services under both an agency directed model and a consumer directed model. The main goal of these services is to keep waiver recipients in their homes and communities and prevent

institutionalization. Also, some services are designed to improve job skills and help with employment.

Most of the proposed amendments are mainly marginal revisions to existing requirements without creating significant economic effects. Even though the effects of most of proposed changes are insignificant, the ones with the non-negligible effects are discussed in this analysis.

One of the proposed changes will allow recipients to receive both day support and supported employment services at the same time. This change will make day support recipients eligible for supported employment services and supported employment recipients eligible for day support services. Currently 26 individuals are receiving day support services and five individuals are receiving supported employment services. While allowing recipients to receive both services at the same time may increase expenditures, an increase in one service may cause a decrease in the other offsetting the increase in expenditures. The net impact of this change will be determined by the number of individuals receiving the service that is not currently received by them and the offsetting reduction in the services they are currently receiving. Because these variables are behavioral in nature and individual specific, it is difficult to produce a good fiscal estimate for this change. The net fiscal impact will also depend on the unit costs of each service. Because day support services are paid by units corresponding to a range of hours and supported employment is paid by hours of service, producing a good estimate is further complicated. While the expenditures could increase somewhat, these individuals will be able to receive any one of these services if needed. Thus, there are benefits expected from this change.

Another change will no longer require the primary unpaid caregiver to live in the home of the recipient for respite care reimbursement purposes. This being a less restrictive requirement, we may see an increase in the payments made for respite care services as respite care services may be provided to a greater number of recipients. However, the main goal of respite care is to provide temporary relief to the primary care provider. No longer requiring the primary care provider to stay with the recipient does not appear to contradict with the main goal of this service. Instead, providing respite care to those individuals who are not receiving it now seems to have the potential to add to the benefits by making respite care available to those who need it.

The department also proposes to no longer require that consumer directed employees receive annual CPR training and flu shots. The net economic effect of this change depends on the actual change in the likelihood of preventing death through CPR applied by a consumer directed employee and the actual change in the likelihood of spreading flu to the recipients through a consumer directed employee. None of these probabilities are readily available to produce a reliable estimate at this time.

The proposed changes will modify the rules by which the new waiver slots are allocated. Currently, 55 percent of slots are allocated to budget level one, 40 percent are allocated to budget level two, and 5 percent are allocated for emergency cases.¹ The proposed changes will reduce budget level one slots to 50 percent and increase the emergency slots to 10 of the available slots. In order to reach this goal, every one of the three budget level one slots that become available will be allocated to emergency cases. The emergency slots are currently exhausted immediately after these slots become available. Thus, five percent does not appear to meet the current need leaving individuals in need of emergency mental retardation services vulnerable. The proposed changes will increase the chances that an individual needing emergency services will get services, while reducing the chances that an individual needing budget level one services will receive services. By definition of emergency, it could be inferred that providing emergency services to individuals who are in need should create net benefits. The fiscal effect, on the other hand, will depend on whether an emergency slot has higher costs than a budget level one slot.

Another change will require that personal care, respite care, and companion service aides be able to read and write in English to the extent necessary to accomplish the tasks associated. Requiring employees to be fluent in English to be able to perform their tasks would definitely create additional benefits. With this change, some potential employees with poor English skills may no longer be hired for tasks they cannot effectively perform.

The proposed changes will no longer require that service facilitators under the consumer directed model provide registered nurse consultation services. Under the proposed changes, it will be sufficient for a consumer directed service facilitator to inform the recipient's primary care physician that services are provided. This particular change will likely produce savings for the

¹ Budget level one slots are expected to cost less than \$25,000 while budget level two slots are expected to cost more.

consumer directed care providers as they will no longer be required to provide nursing consultation services. On the other hand, the expenditures for nursing consultation services will likely increase as they will be provided through the primary care physicians.

The proposed changes will also prohibit providers from direct marketing to recipients. Providers may obtain individual specific information identifying needs of a particular recipient and could possibly use this information for direct marketing purposes. Under the proposed rules such direct marketing activities will be prohibited. Thus, we could expect some net benefits to recipients as the likelihood that they may be exploited by a provider will be lower.

The rest of the proposed changes are clarifications of the current requirements and are not expected to produce any significant economic impacts other than reducing the chances for confusion.

Businesses and Entities Affected

Currently, the number of individuals IFDDS waiver could serve is 428 through approximately 21 case management providers and 135 waiver services providers.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

A number of proposed changes could have small employment effects. Allowing recipients to receive day support services and supported employment services may increase the quantity of services provided and increase demand for labor by providers. The requirement that personal care, respite care, and companion service aides have competency in English may make some labor market participants unfit for these positions reducing the supply of labor for these positions. No longer requiring direct care providers to offer nursing consultation services will likely reduce their demand for nurses but increase demand for nurses by physicians.

Effects on the Use and Value of Private Property

The proposed regulations may have some small impact on the asset value of some providers but a significant impact is not expected.

Small Businesses: Costs and Other Effects

All of the approximately 21 case management providers and 135 waiver services providers could be considered as small businesses. However, the proposed regulations are not likely to create any significant costs or other effects for the affected small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulations are not expected to have a significant adverse impact on small businesses.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.