

Fiscal Note

BILL # SB 1088

TITLE: developmental disabilities; spina bifida

SPONSOR: Brophy McGee

STATUS: Senate Engrossed

PREPARED BY: Alexis Pagel

Description

The bill would modify the definition of developmental disability to include Spina Bifida, thereby qualifying individuals with Spina Bifida for services through the Arizona Long Term Care System (ALTCS) via the Department of Economic Security's (DES) Division of Developmental Disabilities (DDD).

Estimated Impact

Based on AHCCCS data reflecting the number of potentially-eligible clients, the JLBC estimates that adding Spina Bifida to the definition of developmental disability could potentially cost \$16.4 million General Fund annually.

Analysis

Spina Bifida is a type of neural tube birth defect in which the spine and spinal cord do not form properly during pregnancy. Many newborns with Spina Bifida are also diagnosed with hydrocephalus, which is where extra fluid surrounds their brain.

AHCCCS estimates that 247 clients with Spina Bifida are currently receiving services through DES' DDD ALTCS program; their services would be unchanged by this bill.

In addition, AHCCCS estimates that there were 259 ALTCS Elderly and Physically Disabled (EPD) clients with Spina Bifida in FY 2019. AHCCCS also estimates that 205 clients with Spina Bifida and an accompanying diagnosis of hydrocephalus in AHCCCS are receiving non-ALTCS services. In order for an individual to be eligible for ALTCS DDD, they must have significant limitations in daily life skills in at least 3 of the following categories: receptive and expressive language, learning, self-direction, self-care, mobility, capacity of independent living, and economic self-sufficiency. AHCCCS notes that individuals with diagnoses of both Spina Bifida and hydrocephalus are more likely to qualify for ALTCS DDD, while individuals without a hydrocephalus diagnosis are less likely to meet the minimum of 3 functional limitations. As a result, AHCCCS believes that along with the 259 ALTCS EPD clients, these 205 clients would also be requalified for coverage under ALTCS DDD as part of this bill.

Based on National Institutes of Health estimates, AHCCCS estimates that there are a total of 1,055 non-AHCCCS Arizona residents with both Spina Bifida and hydrocephalus. The JLBC Staff assumes that approximately 50% of those residents would enroll in DDD as part of this bill. AHCCCS also assumes that 186 individuals with Spina Bifida could potentially move to Arizona from California and other states in order to enroll in DDD as part of this bill. In total, the JLBC Staff estimates that 1,178 individuals would enroll in ALTCS DDD as part of this bill, including 464 transferring out of AHCCCS.

Each eligible ALTCS DDD member generates funding via a monthly capitation rate. The ALTCS DDD monthly capitation rate is \$4,840, with a yearly cost of approximately \$58,100 per client. If each of the estimated 1,178 individuals listed above were to apply and receive services under the ALTCS DDD program as part of this bill, it could cost an estimated \$20.5 million General Fund (\$68.4 million in Total Funds). This increase would be offset by a decrease of (464) clients in AHCCCS, which would generate \$(4.1) million of General Fund savings (\$(21.7) million Total Funds). The net annual increase in service costs under these assumptions would be \$16.4 million General Fund and \$46.7 million Total Funds.

AHCCCS also estimates that there would be additional administrative costs in FY 2021 of \$378,000 General Fund. These administrative costs may potentially be reduced in future years or may be entirely one-time.

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The combination of the capitation rate and eligibility changes and the administrative costs produce a potential total annual General Fund impact of \$16.8 million.

AHCCCS assumes that the changes would not go into effect until October 1, 2020 at the start of the plan year. Due to this, the FY 2021 impact would be \$12.6 million General Fund (\$35.0 million Total Funds).

Local Government Impact

By shifting the eligibility of 259 clients out of the ALTCS EPD program and into the DES DDD program, the bill would reduce the county share of costs for the EPD program by an estimated \$(1.9) million annually.

4/28/20