

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

301 State House
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FISCAL IMPACT STATEMENT

LS 6510
BILL NUMBER: SB 125

DATE PREPARED: Nov 30, 1998
BILL AMENDED:

SUBJECT: Traumatic Brain Injury Waiver.

FISCAL ANALYST: Alan Gossard
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FUNDS AFFECTED: **GENERAL**
DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Office of Medicaid Policy and Planning (OMPP) to seek a home and community based services traumatic brain injury (TBI) waiver. The bill requires OMPP to apply for an amendment to the federal waiver if any of the specified services, the eligibility requirements, or the number of traumatic brain injury individuals to be served by the waiver is different in the approved waiver from those specified in this act. (The introduced version of this bill was prepared by the Select Joint Committee on Medicaid Oversight.)

Effective Date: Upon passage.

Explanation of State Expenditures: This bill requires OMPP to seek a home and community-based services Medicaid waiver for individuals with traumatic brain injury. The state share of costs for serving 200 individuals is estimated to range from \$2.383 million to \$3.139 million annually. There would also likely be significant expenditure offsets associated with providing Medicaid services to individuals in the community compared to providing institutional services.

Although the actual costs of a waiver depend on how the waiver is designed and implemented, the cost of waiver services in the aggregate must, by federal regulations, be less than or equal to the cost of providing services in an institutional setting at the same level of care. Based on the average per diem costs of intermediate care and skilled nursing facilities in Indiana, the maximum average cost of individuals on the waiver must be between \$30,800 and \$40,600 on an annualized basis, depending upon average level of care required by the individuals. Consequently, total aggregate annual expenditures for waiver services is estimated to be \$6.159 million to \$8.113 million (federal share = \$3.776 million to \$4.974 million; state share = \$2.383 million to \$3.139 million).

There would also be offsetting expenditures, to some extent, to providing home and community-based services compared to the cost of institutional services. Although it isn't clear what the true cost effectiveness

of home and community-based services waivers is, to the extent that an individual (who would otherwise have to reside in an institution) is provided waiver services in the community at a lesser cost than in the institution, a savings to the state would occur. However, if an individual has sufficient family and community support to be able to remain in the community anyway without state help, but is provided services under the waiver, the state incurs additional Medicaid costs that the state would not have incurred without the waiver. Thus, a fiscal savings would not exist for this type of individual. The true cost effectiveness of a waiver, thus, depends upon the mix of individuals on the waiver, how the waiver is administered, and how tightly controlled is the access to waiver services.

Although OMPP must apply for the waiver before July 1, 1999, the timing of waiver expenditures depends upon administrative action in obtaining federal approval for the waiver, as well as the time required to get individuals approved for waiver services.

[Note: Additional information obtained from 18 states with TBI waivers is available from LSA.]

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding federal revenues acquired through the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration

Local Agencies Affected:

Information Sources: Judith Becherer, OMPP, 233-6467.