

**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:** Jan 11, 1999  
**BILL AMENDED:**

**SUBJECT:** Traumatic Brain Injury Waiver.

**FISCAL ANALYST:** Alan Gossard  
**PHONE NUMBER:** 233-3546

**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:** (Revised) 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 by LSA to be \$2.4 million to \$3.1 million annually. OMPP estimates the cost could range up to \$4.8 million. 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, and estimated per capita annual costs of \$30,800 to \$40,600, 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). OMPP estimates the state share of waiver costs to be about \$4.8 million, annually (based on an annual per capita cost of \$61,640). Eighteen other states had TBI waivers as of November 1998. In a phone survey of those states, annual per capita costs ranged from \$4,850 to \$127,750, depending on the state's particular design and implementation of their waiver.

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.

Although five Medicaid home and community-based waivers have been implemented, thus far, with no increase in staffing in the Medicaid Waiver Unit, there may be a need for additional personnel in order to continue accommodating additional Medicaid waivers. Two additional staff, a PAT II and Secretary III and associated indirect costs, would cost an additional \$37,900 in state dollars (\$75,800 in total costs with a 50% federal cost share). The funds and resources required could be supplied through a variety of sources, including the following: (1) Existing staff and resources currently being used in another program; (2) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (3) Funds that, otherwise, would be reverted; or (4) New appropriations. As of the December 1998 manning table, the Medicaid Waiver Unit had three vacant positions. Ultimately, the source of funds and resources required will depend upon legislative and administrative actions.

[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.