

# Fiscal Note

**BILL #** HB 2237

**TITLE:** developmental disabilities; definition

**SPONSOR:** Longdon

**STATUS:** As Introduced

**PREPARED BY:** Chandler Coiner

## Description

The bill, as introduced, would modify the definition of developmental disability to include Prader-Willi syndrome (PWS) for the purposes of qualifying for services from the Department of Economic Security's (DES) Division of Developmental Disabilities (DDD).

## Estimated Impact

We estimate that the bill would increase enrollment in the DDD program by 183 individuals annually. We also assume that each enrollee would have service costs of \$74,100 annually. Under those assumptions, the bill would increase DES DDD costs by \$4.67 million from the General Fund annually. This amount consists of \$(44,500) of savings within the Arizona Health Care Cost Containment System (AHCCCS) when members with PWS transfer their coverage to DDD and \$4.71 million of costs within DES for all newly eligible DDD members. We consider this impact to be speculative given the uncertain impact of the bill on DDD enrollment.

DES has not yet provided its estimate of the bill's fiscal impact; based on its previous estimates, there may be additional administrative costs.

## Analysis

PWS is a genetic disorder that is characterized by short stature, slow development, cognitive disability, and constant insatiable appetite that often results in obesity. For an individual to be eligible for 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. However, given the high costs of care, we assume all PWS-diagnosed individuals will qualify and enroll.

We estimate a total of 183 individuals that would join DDD due to this bill. According to the National Institutes of Health, the incidence of the disorder is at least 1 in 30,000 births. From this, we estimate the total number in Arizona is 248 individuals based on an overall population of approximately 7.43 million. We also assume 65 members with PWS are already enrolled in DDD under an existing qualifying diagnosis based on information DES has previously provided us. This results in a net caseload increase of 183 individuals from the bill.

Each eligible DDD member generates funding via a monthly capitation rate. The DDD monthly capitation rate is \$5,992, with an assumed yearly growth rate of 4.0%. Capitation rates go into effect on October 1 of each year, so the JLBC Staff estimates a capitation rate of \$6,232 from October 1, 2024, through September 30, 2025. This results in a yearly cost of approximately \$74,100 per client.

If each of the estimated 183 Arizona residents with PWS were to apply and receive services under the DDD program as part of this bill, it could cost an estimated \$4.7 million General Fund (\$13.6 million Total Funds).

(Continued)



Some of the individuals who would newly qualify under the bill may currently be receiving medical and/or long-term care services from AHCCCS. AHCCCS estimates 35 members, 2 of which currently participate in the Arizona Long Term Care System (ALTCS) program for the Elderly and Physically Disabled (EPD), would shift to the DDD program as a result of this bill. AHCCCS estimates this reduces spending within AHCCCS by \$(44,500) from the General Fund and \$(268,700) in Total Funds.

In total, the annual increase in service costs under these assumptions would be \$4.7 million General Fund and \$13.3 million in Total Funds.

**Local Government Impact**

The bill would potentially reduce the county share of costs of the ALTCS-EPD program. According to AHCCCS, 2 individuals with PWS currently participate in the ALTCS-EPD program due to either another medical condition or their income level. If these individuals transfer to the DDD program, DES would bear the cost of coverage as opposed to the counties. However, given the small number of individuals, the savings to the counties would likely be minimal.

1/18/24