# BDR 39-653
# AB 435

EXECUTIVE AGENCY

FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 11, 2023

Agency Submitting: Department of Health and Human Services, Health Care Financing and Policy

| Items of Revenue or Expense, or Both | Fiscal Year 2022-23 | Fiscal Year 2023-24 | Fiscal Year 2024-25 | Effect on Future Biennia |
|---|---|---|---|---|
| Medical Services (Expense) | | $634,930 | $1,317,741 | $2,635,482 |
| System Costs (MMIS) (Expense) | | $24,640 | | |
| Personnel Services (3158) (Expense) | | $59,177 | $81,628 | $163,256 |
| In-State Travel (3158) (Expense) | | $1,791 | $2,388 | $4,776 |
| Operating (3158) (Expense) | | $2,249 | $3,050 | $6,100 |
| Equipment/Furniture (3158) (Expense) | | $2,454 | | |
| Information Services (3158) (Expense) | | $642 | $713 | $1,426 |
| Vendor Support for Study (Expense) | | $750,000 | | |
| Total | 0 | $1,475,883 | $1,405,520 | $2,811,040 |

Explanation (Use Additional Sheets of Attachments, if required)

The Division has reviewed this BDR and determined it would have a fiscal impact on the agency if signed into law. Section 22 of the bill indicates that DHCFP must include coverage for tribal-based behavioral health practices; however, these services are already covered. 638 contracts/compacts for Tribal Health Clinics permit tribes to provide any service in the State Plan, paid at the tribal encounter rate. Section 22 of the bill also requires that Medicaid provide an enhanced rate of reimbursement for services to treat co-occurring mental illness and substance use disorder (SUD) based on existing billing codes for the treatment of co-occurring disorders, clinical complexity, and the level of education of the provider rendering the service.

DHCFP does not currently have data on co-occurring disorders but does have data indicating 12% of Medicaid enrollees have an SUD. DHCFP assumed that 20% of behavioral health services identified were provided to recipients with a co-occurring disorder. As the enhanced rate was not defined in the bill, DHCFP assumed an increase of 5%. Current spending was multiplied by the projected rate increase and the estimated percentage of services for co-occurring disorders to calculate the medical impact. System costs are also anticipated to map the enhanced rates under prescribed conditions.
Section 28 of the bill also requires DHCFP analyze reimbursement rates paid for treatment of co-occurring disorders, behavioral health rates compared to reimbursement for physical health, and services for treatment of SUD. Staffing and vendor support costs are also included to support the scope of the study required in the bill.

The total computable impact for medical services in the FY 24-25 biennium is $1,952,671 ($530,163 in State Funds). System costs total $24,640 ($6,160 in State Funds). Staffing costs total $154,092 for FY 24-25.

Name Stacie Weeks

Title Administrator

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Monday, April 10, 2023

The agency's response appears reasonable.

Name Amy Stephenson

Title Director

FN 11544

# Fiscal Impact Analysis

**Division of Health Care Financing and Policy**
**Enhanced Behavioral Health Rates for patients with co-occurring disorders**
**Analysis Summary**

**% of enhancement to BH rates for co-occurring diagnosis**

**5%**

**Estimated % of BH services provided to co occurring diagnosis patients.**

**20%**

**Estimated Fiscal Impact FY22-FY23 Biennium**

| State Fiscal Year | Total Computable | Federal Funds | General Fund | County Funds |
|---|---|---|---|---|
| FY22 | $0 | $0 | $0 | $0 |
| FY23 | $0 | $0 | $0 | $0 |
| Total | $0 | $0 | $0 | $0 |

**Estimated Fiscal Impact FY24-FY25 Biennium**

| State Fiscal Year | Total Computable | Federal Funds | General Fund | County Funds |
|---|---|---|---|---|
| FY24 | $634,930 | $462,296 | $169,339 | $3,295 |
| FY25 | $1,317,741 | $949,608 | $360,824 | $7,309 |
| Total | $1,952,671 | $1,411,904 | $530,163 | $10,604 |

*Description of Budget Concept*

Project the cost of providing an enhanced rate for reimbursement for services to treat co-occurring mental illness and substance use disorder based on existing billing codes for the treatment of co-occurring disorders, clinical complexity and the level of education of provider of services. As the rate enhancement mentioned in the bill is not defined, DHCFP estimated an increase of 5% over existing rates.

*Methodology*

1) Fee-For-Service (FFS) utilization and managed care encounter were captured by running a report out of the MMIS using the following parameters for provider types 14, 26, 82 and 17-215:
*SFY22 (07/01/2021 - 06/30/2022) Incurred with Runoff, Net Allowed Amount*

2) Patient by Category counts were captured by running a report out of the MMIS to include FFS patients and Managed Care (MCO) patients.

3) Multiplied SFY 2022 expenditures identified from reports ran in step 1 by the estimated percentage of enhancement to behavioral rates for co-occurring disorders and multiplying the result by the estimated percentage increase in reimbursement rates for behavioral health services provided to co-occurring diagnosis patients. These results were broken out for Check-up and adjusted for future projections.

4) Total computable expenditures are grown forward based on the DHHS Office of Analytics caseload projections.

5) FMAP rates were applied to determine the federal share of estimated costs. Note that the COVID-19 enhanced FMAP (+6.2%) for Medicaid is used through March 31, 2023. Enhanced COVID FMAP amounts are tiered down across CY 2023 to align with the 2023 Federal FY Omnibus Appropriations Bill, which allows the following enhanced FMAP amounts: 6.2% (CY23 Q1); 5.0% (CY23 Q2); 2.5% (CY23 Q3); 1.5% (CY23 Q4).