



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2015 Biennium

<b>Bill #</b>	HB0083	<b>Title:</b>	Require DPHHS to measure outcomes for children's mental health services
<b>Primary Sponsor:</b>	Noonan, Pat	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<b>Expenditures:</b>				
General Fund	\$555,731	\$1,319,139	\$1,336,802	\$1,408,505
Federal Special Revenue	\$1,423,382	\$3,668,649	\$3,713,755	\$3,920,549
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$1,423,382	\$3,668,649	\$3,713,755	\$3,902,549
<b>Net Impact-General Fund Balance:</b>	(\$555,731)	(\$1,319,139)	(\$1,336,802)	(\$1,408,505)

**Description of fiscal impact:** HB 83 requires the Department of Public Health and Human Services (DPHHS) to implement tools to measure and report on outcome measures for children receiving Medicaid mental health services.

### FISCAL ANALYSIS

**Assumptions:**

1. The proposal is effective upon passage and approval. The department assumes that actual implementation dates will be phased in as the systems are developed, trainers are certified, and providers are trained and certified.
2. It is assumed that select provider groups will begin to implement assessments sometime in January 2014 and that all providers would implement assessments starting July 1, 2014.
3. The bill requires:
  - (1) a validated measure of fidelity in relation to a wraparound philosophy per *New Section 1 (2)(a)*;

- (2) a validated measure of acuity, family functioning and skills, and a measurement of improvements for all children receiving Medicaid mental health services for every provider of mental health services per *New Section 1 (2)(b)*; and
  - (3) a tracking mechanism for children services to incentivize community based treatment per *New Section 1 (2)(c)*.
4. The department, through a grant, is piloting the Child and Adolescent Needs and Strengths (CANS) assessment tool for a limited number of clients in the new 1915i Montana ihome program. The CANS tool can be used to provide an evaluation of acuity, family functioning and skills, and a measurement of improvements to fulfill the requirement under *New Section 1 (2)(b)*. To include all children receiving mental health services into CANS will require additional capacity and development costs.
  5. The CANS tool is not intended to measure fidelity of children's mental health services to a wraparound philosophy and cannot be used to fulfill the requirements under *New Section 1 (2)(a)*. The department would add a second tool, such as the Wraparound Fidelity Index (WFI) to measure fidelity of children's mental health services to a wraparound philosophy.
  6. *New Section 1 (2)(c)* requires a tracking mechanism for children services to incentivize community based treatment. The department currently tracks high level placements through utilization review and claims data. It is assumed that the current tracking mechanism fulfills this requirement and no new reporting is required under this section.
  7. The bill requires an assessment (CANS) for each child receiving Medicaid mental health services (estimated to be 14,500 children per year).
  8. It is assumed that fidelity will only be measured by the WFI tool for clients and providers when it is practical and the services could be provided in relation to a wraparound philosophy. Outpatient therapies and out of home placements by themselves do not require the coordination of a wraparound process. Therefore, it is assumed that the only services and providers that fidelity would be measured for are: Comprehensive School and Community Treatment (CSCT); Home Support Services (HSS) formerly Therapeutic Family Care; Therapeutic Foster Care, and the 1915i Montana ihome program.
  9. It is anticipated that approximately 6,000 unique clients per year will receive services where a fidelity measure in relation to wraparound services would be practical per assumption #8 above. It is estimated that 450 sites or separate provider entities would need to have access to the fidelity WFI system.
  10. It is assumed that the department will work with the system developer to determine and design outcome measurements for reporting.

#### **Child and Adolescent Needs and Strengths (CANS) Assessment Tool**

11. The department has a customized CANS assessment tool. It is assumed that assessments would be completed every 90 days for approximately 14,500 children and 1,900 providers.
12. The department has developed the pilot CANS tool. The initial outlay was paid through grant funding for a cost of approximately \$200,000 plus additional training requirements as the system is implemented.
13. It is anticipated that to develop the CANS tool for additional capacity will require similar cost outlays over the next two years (FY 2014 and FY 2015).
14. CANS electronic data submission and collection development via a web portal that includes consultation, report writing at the individual, provider, and state level is expected to cost an additional \$215,000 each year in FY 2014 and FY 2015.
15. CANS annual maintenance is 18% of total additional development costs. The additional CANS maintenance costs per year are \$38,700 (18% x \$215,000) for FY 2014 and \$77,400 (18% x \$430,000) for FY 2015.
16. CANS will utilize a train-the-trainer model. Training is anticipated to cost \$12,000 each year for face to face training for agency trainers, and an additional \$40,000 per year for certification, coaching, and consultation to maintain inter-rater reliability.

17. CANS online certification and recertification requires a \$10 annual fee per user. It is assumed that there will be 3,000 combined users of the system (providers and state personnel). CANS recertification is estimated to cost \$30,000 (3,000 x \$10) each year.
18. CANS report printing and distribution to all providers is expected to cost \$2,500 each year.
19. CANS FY 2014 total system development outlays are estimated at \$338,200 (\$215,000 in system development + \$38,700 in maintenance + \$12,000 in training + \$40,000 for train the trainer model + \$30,000 in online recertification costs + \$2,500 in report printing and distribution).
20. CANS FY 2015 total system development outlays are estimated at \$376,900 (\$215,000 in system development + \$77,400 in maintenance + \$12,000 in training + \$40,000 for train the trainer model + \$30,000 in online recertification costs + \$2,500 in report printing and distribution).
21. In addition to CANS system outlays, providers will be able to bill for the time they are face to face with clients filling out the CANS assessment. It is assumed that each client would receive a CANS assessment every 90 days or four (4) assessments each year. It is expected that outpatient providers would bill for an average rate of \$98.00 per assessment, while other providers would bill within their rate structure as they do now for face to face time.
22. It is assumed that select provider groups will begin to implement assessments sometime in January 2014 and that all providers would implement starting July 1, 2014. Since the implantation of assessments will be phased in throughout FY 2014, for purposes of this fiscal note it is assumed that face to face assessment costs will be 33% of a full year amount in FY 2014
23. For purposes of this fiscal note, for CANS assessments it is assumed that outpatient providers would bill an additional three codes each year for 10,000 clients, or 30,000 (10,000 clients x 3) additional assessment codes at an average rate of \$98.00. CANS additional outpatient Medicaid expenditures for outpatient CANS assessments would total \$2,940,000 (30,000 x \$98.00) each year. FY 2014 is estimated at \$970,200 (\$2,940,000 x 33% per assumption #22) and \$2,940,000 for FY 2015.
24. It is assumed that out of home providers would be able to provide CANS assessments within their current all-inclusive bundled rate(s).
25. It is anticipated that CSCT providers will bill an additional 2.0% of their time for CANS assessments. CSCT is paid with federal funds estimated to be approximately \$31,000,000 in FY 2014 and \$35,000,000 in FY 2015. 2.0% of time for CSCT equates to a cost of approximately \$204,600 (\$31,000,000 x 2% x 33% per assumption #22) in FY 2014 and \$700,000 (\$35,000,000 x 2%) in FY 2015.
26. It is anticipated that HSS and foster care providers will bill an additional 2.0% of their time for CANS assessments. HSS and foster care is estimated to be approximately \$11,500,000 in FY 2014 and \$12,500,000 in FY 2015. 2.0% of time for HSS and foster care equates to an approximate cost of \$75,900 (\$11,500,000 x 2% x 33% per assumption #22) in FY 2014 and \$250,000 (\$12,500,000 x 2%) in FY 2015.
27. Additional face-to-face assessment time costs are estimated at \$1,250,700 (\$970,200 + \$204,600 + \$75,900) for FY 2014 and \$3,890,000 (\$2,940,000 + \$700,000 + \$250,000) for FY 2015.
28. FY 2014 total cost to implement and development costs for CANS are estimated at \$1,588,900 (\$338,200 development costs + \$1,250,700 provider face to face costs).
29. FY 2015 total cost to implement and development costs for CANS are estimated at \$4,266,900 (\$376,900 development costs + \$3,890,000 provider face to face costs).

### **Wraparound Fidelity Index (WFI)**

30. It is assumed that fidelity will only be measured by the WFI tool for clients and providers when it is practical and the services could be provided in relation to a wraparound philosophy. It is assumed that the only services and providers that fidelity would be measured for is: Comprehensive School and Community Treatment (CSCT), Home Support Services (HSS) formerly Therapeutic Family Care, Therapeutic Foster Care, and the 1915i Montana home program.
31. It is anticipated that approximately 6,000 unique clients per year will receive services where a fidelity measure in relation to wraparound services would be practical.

32. It is estimated that 450 sites or separate provider entities would need to have access to the fidelity WFI system. The WFI charges \$350 per site per year to enter and access the data system.
33. WFI electronic data submission and collection development via a web portal that includes report writing at the individual, provider, and state level is expected to cost \$157,500 (450 sites x \$350) each year.
34. WFI charges a one-time startup fee of \$1,200 and an annual licensing fee of \$1,000 per year. The total startup and licensing fees will be \$2,200 (\$1,200 one-time + \$1,000 licensing) in FY 2014 and \$1,000 in FY 2015.
35. WFI will utilize a train-the-trainer model. Training is anticipated to cost \$8,000 each year for face to face training for agency trainers, and an additional \$20,000 per year for certification, coaching, and consultation.
36. WFI FY 2014 total system development outlays are estimated at \$187,700 (\$157,500 in system development + \$2,200 in startup and licensing + \$8,000 in training + \$20,000 for train the trainer model).
37. WFI FY 2015 total system development outlays are estimated at \$186,500 (\$157,500 in system development + \$1,000 in licensing + \$8,000 in training + \$20,000 for train the trainer model).
38. In addition to WFI system outlays, providers will need some additional time to prepare the WFI assessment. It is assumed that each client would receive two WFI assessments each year. It is anticipated that providers would bill within their current rate structure.
39. It is assumed that select provider groups will begin to implement assessments sometime in January 2014 and that all providers would implement starting July 1, 2014. Since the implantation of assessments will be phased in throughout FY 2014, for purposes of this fiscal note it is assumed that WFI assessment costs will be 33% of a full year amount in FY 2014.
40. It is anticipated that CSCT providers will bill an additional 1.0% of their time for WFI assessments. CSCT is paid with Federal funds estimated to be approximately \$31,000,000 in FY 2014 and \$35,000,000 in FY 2015. 1.0% of time for CSCT equates to an approximate cost of approximately \$102,300 (\$310,000 x 33% per assumption #39) in FY 2014 and \$350,000 in FY 2015.
41. It is anticipated that HSS and foster care providers will bill an additional 1.0% of their time for WFI assessments. HSS and foster care is estimated to be approximately \$11,500,000 in FY 2014 and \$12,500,000 in FY 2015. 1.0% of time for HSS and foster care equates to a cost of \$37,950 (\$115,500 x 33% per assumption #39) in FY 2014 and \$125,000 in FY 2015.
42. Additional billed time costs are estimated at \$140,250 (\$102,300 + \$37,950) for FY 2014 and \$475,000 (\$350,000 + \$125,000) for FY 2015.
43. FY 2014 total cost to implement and development costs for WFI are estimated at \$327,950 (\$187,700 development costs + \$140,250 provider billing).
44. FY 2015 total cost to implement and development costs for WFI are estimated at \$661,500 (\$186,500 development costs + \$475,000 provider billing).
45. The additional system, data, and reporting requirements will require an additional FTE for a CANS and WFI coordinator position. System coordination, along with stakeholder education and communication for both new systems will be covered with the additional FTE for a cost of \$62,263 in FY 2014 for personal services and operating costs and \$59,388 in FY 2015 for personal services and operating costs.
46. Total costs including 1.00 FTE position are projected to be \$1,979,133 in FY 2014 and \$4,987,788 in FY 2015.

**Funding and FMAP**

47. CANS system development and maintenance will be matched at a rate of 25% state and 75% federal funding.
48. Training, reporting, and staffing will have a match of 50% state and 50% federal.
49. With the exception of CSCT services, provider services will receive an estimated Federal Medical Assistance Participation (FMAP) match of 33.67% state and 66.33% federal for FY 2014 and 33.8% state and 66.2% federal for FY 2015.

- 50. CSCT provider services are funded with a certified match process from schools. For purposes of this fiscal note, only federal amounts are shown at 100%. School districts will need to be able to certify match of an estimated \$156,695 in FY 2014 and \$532,994 in FY 2015.
- 51. State expenditures for FY 2014 are estimated at \$555,731  $((\$372,500 + \$40,900) \times .25\%) + ((\$20,000 + \$60,000 + \$30,000 + \$2,500 + \$62,263) \times 50\%) + ((\$970,200 + \$113,850) \times 33.67\%)$ .
- 52. State expenditures for FY 2015 are estimated at \$1,319,139  $((\$372,500 + \$78,400) \times .25\%) + ((\$20,000 + \$60,000 + \$30,000 + \$2,500 + \$59,388) \times 50\%) + ((\$2,940,000 + \$375,000) \times 33.8\%)$ .
- 53. FY 2016 and FY 2017 expenditures are projected forward by removing \$200,000 in development costs for CANS beginning in FY 2016 and applying an average annual estimated growth rate for services of 6.0%.

	CANS Assessment Tool		WFI Fidelity Tool		HB83 Total		State/Fed Match	State Exp.		Federal Exp	
	SFY 14	SFY 15	SFY 14	SFY 15	SFY 14	SFY 15		SFY 14	SFY 15	SFY 14	SFY 15
<b>System Expenditures for HB 83</b>											
5 Electronic data collection system with web portal, consultation, report writing at individual/provider level/state level.	\$215,000	\$215,000	\$157,500	\$157,500	\$372,500	\$372,500	25%/75%	\$93,125	\$93,125	\$279,375	\$279,375
6 Annual licensing / maintenance.											
6 CANS 18% of additional development costs. WFI flat fees.	\$38,700	\$77,400	\$2,200	\$1,000	\$40,900	\$78,400	25%/75%	\$10,225	\$19,600	\$30,675	\$58,800
1 Training: will use train the trainer model; (2 day) face to face training required for agency trainers.	\$12,000	\$12,000	\$8,000	\$8,000	\$20,000	\$20,000	50%/50%	\$10,000	\$10,000	\$10,000	\$10,000
2 Trainers train agency/provider staff at agency expense to achieve certification; trainers need access to coaching and consultation to maintain inter-rater reliability.	\$40,000	\$40,000	\$20,000	\$20,000	\$60,000	\$60,000	50%/50%	\$30,000	\$30,000	\$30,000	\$30,000
3 CANS Recertification online requires \$10/annually/per user. Assumes 3,000 users annually.	\$30,000	\$30,000			\$30,000	\$30,000	50%/50%	\$15,000	\$15,000	\$15,000	\$15,000
9 Report publication	\$2,500	\$2,500			\$2,500	\$2,500	50%/50%	\$1,250	\$1,250	\$1,250	\$1,250
<b>Summary Outlay for Tools</b>	<b>\$338,200</b>	<b>\$376,900</b>	<b>\$187,700</b>	<b>\$186,500</b>	<b>\$525,900</b>	<b>\$563,400</b>		<b>\$159,600</b>	<b>\$168,975</b>	<b>\$366,300</b>	<b>\$394,425</b>

	CANS Assessment Tool		WFI Fidelity Tool		HB83 Total		State/Fed Match	State Exp.		Federal Exp	
	SFY 14	SFY 15	SFY 14	SFY 15	SFY 14	SFY 15		SFY 14	SFY 15	SFY 14	SFY 15
<b>Medicaid Expenditures for Additional Provider Time</b>											
Outpatient Assessments	\$970,200	\$2,940,000			\$970,200	\$2,940,000	FMAP	\$326,666	\$993,720	\$643,534	\$1,946,280
Comprehensive School and Community Treatment (CSCT)	\$204,600	\$700,000	\$102,300	\$350,000	\$306,900	\$1,050,000	100% Fed			\$306,900	\$1,050,000
Home Support Services (HSS) and Therapeutic Foster Care	\$75,900	\$250,000	\$37,950	\$125,000	\$113,850	\$375,000	FMAP	\$38,333	\$126,750	\$75,517	\$248,250
<b>Summary Outlay for Provider Assessments</b>	<b>\$1,250,700</b>	<b>\$3,890,000</b>	<b>\$140,250</b>	<b>\$475,000</b>	<b>\$1,390,950</b>	<b>\$4,365,000</b>		<b>\$365,000</b>	<b>\$1,120,470</b>	<b>\$1,025,950</b>	<b>\$3,244,530</b>

<b>Total Implementation and Development Expenditures</b>	<b>\$1,588,900</b>	<b>\$4,266,900</b>	<b>\$327,950</b>	<b>\$661,500</b>	<b>\$1,916,850</b>	<b>\$4,928,400</b>		<b>\$524,600</b>	<b>\$1,289,445</b>	<b>\$1,392,250</b>	<b>\$3,638,955</b>
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	CANS Assessment Tool		WFI Fidelity Tool		HB83 Total		State/Fed Match	State Exp.		Federal Exp	
	SFY 14	SFY 15	SFY 14	SFY 15	SFY 14	SFY 15		SFY 14	SFY 15	SFY 14	SFY 15
<b>CANS and WFI Coordinator (1 FTE)</b> (Costs apportioned 50% / 50% per Each Tool)	\$31,132	\$29,694	\$31,132	\$29,694	\$62,263	\$59,388	50%/50%	\$31,132	\$29,694	\$31,132	\$29,694

<b>Total Expenditure Summary HB83</b>	<b>\$1,620,032</b>	<b>\$4,296,594</b>	<b>\$359,082</b>	<b>\$691,194</b>	<b>\$1,979,113</b>	<b>\$4,987,788</b>		<b>\$555,731</b>	<b>\$1,319,139</b>	<b>\$1,423,382</b>	<b>\$3,668,649</b>
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	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	1.00	1.00	1.00	1.00
<b><u>Expenditures:</u></b>				
Personal Services	\$57,958	\$57,958	\$58,827	\$59,710
Operating Expenses	\$530,205	\$564,830	\$364,830	\$364,830
Benefits	\$1,390,950	\$4,365,000	\$4,626,900	\$4,904,514
<b>TOTAL Expenditures</b>	<u>\$1,979,113</u>	<u>\$4,987,788</u>	<u>\$5,050,557</u>	<u>\$5,329,054</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$555,731	\$1,319,139	\$1,336,802	\$1,408,505
Federal Special Revenue (03)	\$1,423,382	\$3,668,649	\$3,713,755	\$3,920,549
<b>TOTAL Funding of Exp.</b>	<u>\$1,979,113</u>	<u>\$4,987,788</u>	<u>\$5,050,557</u>	<u>\$5,329,054</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$1,423,382	\$3,668,649	\$3,713,755	\$3,920,549
<b>TOTAL Revenues</b>	<u>\$1,423,382</u>	<u>\$3,668,649</u>	<u>\$3,713,755</u>	<u>\$3,920,549</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$555,731)	(\$1,319,139)	(\$1,336,802)	(\$1,408,505)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

**Technical Notes:**

1. Reporting requirements at the provider level could violate Health Insurance Portability and Accountability Act (HIPAA) privacy laws since the number of clients for some providers would be very limited, and consequently, clients might be easily identifiable in a community.

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Sponsor's Initials

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Date

\_\_\_\_\_  
Budget Director's Initials

\_\_\_\_\_  
Date