



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill #	HB0216
---------------	--------

Title:	Allow Medicaid reimbursement for license outdoor behavioral programs
---------------	--

Primary Sponsor:	Keogh, Connie
-------------------------	---------------

Status:	As Introduced-Revised
----------------	-----------------------

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$26,913	\$82,135	\$117,563	\$138,443
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$54,303	\$163,834	\$235,919	\$277,112
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$26,913)</u>	<u>(\$82,135)</u>	<u>(\$117,563)</u>	<u>(\$138,443)</u>

Description of fiscal impact: HB 216 authorizes licensed outdoor behavioral programs to be covered by Montana Medicaid.

FISCAL ANALYSIS

Assumptions:

Department of Public Health & Human Services

- Under the proposal, Montana would be the first state to recognize licensed outdoor behavioral health programs as a specific and identifiable service reimbursed under the Medicaid program.
- Outdoor behavioral health programs are licensed under the requirements listed in Administrative Rules of Montana (ARM) 37.98.
- The new service description and provider definitions will require a State Plan Amendment (SPA). A state plan amendment establishing the rate of reimbursement must also be written and submitted to the centers for

Medicare and Medicaid Services (CMS) for approval. SPA submission and CMS approval will take a minimum of six months. It is assumed that the earliest the new outdoor behavioral program could be implemented and effective is January 1, 2022.

Disability Services Division

4. The new outdoor behavioral health service will be limited by provider capacity. There is currently only one licensed outdoor behavioral health program in Montana, but it is anticipated that more providers will seek licensing and will enroll in Montana Medicaid once the service is allowable under Medicaid.
5. DPHHS estimates that the medical necessity for the new outdoor behavioral health service will equal that of Therapeutic Group Home (TGH) level of care. For purposes of this fiscal note, Medicaid cost and expenditure offsets are compared to the daily rate for youth TGH services equal to \$199.82 per day.
6. An estimated 20 youth entering the service in FY 2022, increasing to 62 youth in FY 2023, 88 youth in FY 2024, and 104 youth in FY 2025.
7. A rate methodology and approval by CMS will be required. Based on preliminary cost and charge information from the single licensed outdoor behavioral health program in Montana, the service rate used for this fiscal note estimate is approximated at \$285 per day.
8. The program is anticipated to be six weeks on average, or 42 days per year per client. Cost per youth served in the outdoor behavioral program is estimated at \$11,970 (\$285 x 42 days) per year.
9. The new outdoor behavioral service is in lieu of Therapeutic Group Home services and would have offsetting cost reductions equal to \$8,392 (\$199.82 x 42 days) per 42-day average. Net expenditure per client stay is \$3,578 (\$11,970 - \$8,392).
10. As shown in the attached table, total net costs of outdoor behavioral services for youth 17 and under is estimated at \$71,551 for FY 2022 (20 clients x \$3,578), \$221,809 for FY 2023 (62 clients x \$3,578), \$314,825 for FY 2024 (88 clients x \$3,578), and \$372,066 for FY 2025 (104 clients x \$3,578).

Addictive and Mental Disorders Division (AMDD)

11. AMDD impacts assume 2 clients ages 18 to 20 entering outdoor behavioral services in FY 2022, 5 clients in FY 2023, 8 in FY 2024, and 9 clients in FY 2025.
12. The program is anticipated to be six weeks on average, or 42 days per year per client at approximately \$285.00 per day. Total cost per client served in the outdoor behavioral program is estimated at \$15,960 (\$285 x 42 days) per year.
13. For purposes of this fiscal note, Medicaid cost and expenditure offsets are compared to the daily rate of \$169.95 for adult group home services.
14. The new outdoor behavioral service would be in place of adult group home services and would have offsetting costs equal to \$7,138 (\$169.95 x 42 days) per 42-day average. Net expenditure per client stay is \$4,832 (\$11,970 - \$7,138).
15. As shown in the attached table, total net costs of outdoor behavioral services for clients age 18 to 20 is estimated at \$9,664 for FY 2022 (2 clients x \$4,832), \$24,146 for FY 2023 (5 clients x \$4,832), \$38,657 for FY 2024 (8 clients x \$4,832), and \$43,489 for FY 2025 (9 clients x \$4,832).

Department of Corrections (DOC)

16. There is no fiscal impact to the DOC as individuals in DOC facilities are not Medicaid eligible.

HB 216 Children's Mental Health Assumptions	FY 2022	FY 2023	FY 2024	FY 2025
Est average (Avg.) children 17 and under Served	20	62	88	104
Cost per day	\$ 285.00	\$ 285.00	\$ 285.00	\$ 285.00
Estimated days per stay	42	42	42	42
<u>Cost per individual stay</u>	<u>\$ 11,970</u>	<u>\$ 11,970</u>	<u>\$ 11,970</u>	<u>\$ 11,970</u>
Outdoor Behavioral Program expenditures	\$ 239,400	\$ 742,140	\$ 1,053,360	\$ 1,244,880
Less: Offset for Therapeutic Group Home (TGH) stay youth				
Est Average (Avg.) children served	20	62	88	104
Daily rate of Therapeutic Group Home	\$ 199.82	\$ 199.82	\$ 199.82	\$ 199.82
<u>TGH cost per individual (at 42 days)</u>	<u>\$ 8,392</u>	<u>\$ 8,392</u>	<u>\$ 8,392</u>	<u>\$ 8,392</u>
Offset for Therapeutic Group Home stay youth	\$ (167,849)	\$ (520,331)	\$ (738,535)	\$ (872,814)
Estimated Expenditures Youth 17 & Under	\$71,551	\$221,809	\$314,825	\$372,066
HB 216 Adult Mental Health Assumptions				
	FY 2022	FY 2023	FY 2024	FY 2025
Est Average (Avg.) Age 18-20 Served	2	5	8	9
Cost per day	\$ 285.00	\$ 285.00	\$ 285.00	\$ 285.00
Estimated days per stay	42	42	42	42
<u>Cost per individual stay</u>	<u>\$ 11,970</u>	<u>\$ 11,970</u>	<u>\$ 11,970</u>	<u>\$ 11,970</u>
Outdoor Behavioral Program expenditures	\$ 23,940	\$ 59,850	\$ 95,760	\$ 107,730
Less: Offset for Adult Group Home Stay				
Est Average (Avg.) Age 18-20 Served	2	5	8	9
Daily rate of adult group home	\$ 169.95	\$ 169.95	\$ 169.95	\$ 169.95
<u>Adult group home cost per individual (at 42 days)</u>	<u>\$ 7,138</u>	<u>\$ 7,138</u>	<u>\$ 7,138</u>	<u>\$ 7,138</u>
Offset for adult group home stay	\$ (14,276)	\$ (35,690)	\$ (57,103)	\$ (64,241)
Estimated Expenditures Age 18-20	\$9,664	\$24,161	\$38,657	\$43,489
HB 216 Outdoor Behavioral Program Total	\$81,215	\$245,969	\$353,482	\$415,555

FMAP	FY 2022	FY 2023	FY 2024	FY 2025
Standard Medicaid - 90%				
State Share	35.10%	35.10%	35.10%	35.10%
Federal Share	64.90%	64.90%	64.90%	64.90%
CHIP - 5%				
State Share	24.45%	24.57%	24.57%	24.57%
Federal Share	75.55%	75.43%	75.43%	75.43%
Expansion - 5%				
State Share	10.00%	10.00%	10.00%	10.00%
Federal Share	90.00%	90.00%	90.00%	90.00%
Funding				
	FY 2022	FY 2023	FY 2024	FY 2025
State Share	\$ 26,913	\$ 82,135	\$ 117,563	\$ 138,443
Federal Share	\$ 54,303	\$ 163,834	\$ 235,919	\$ 277,112
TOTAL	\$ 81,215	\$ 245,969	\$ 353,482	\$ 415,555

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Benefits	\$81,215	\$245,969	\$353,482	\$415,555
TOTAL Expenditures	\$81,215	\$245,969	\$353,482	\$415,555
<u>Funding of Expenditures:</u>				
General Fund (01)	\$26,913	\$82,135	\$117,563	\$138,443
Federal Special Revenue (03)	\$54,303	\$163,834	\$235,919	\$277,112
TOTAL Funding of Exp.	\$81,215	\$245,969	\$353,482	\$415,555
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$26,913)	(\$82,135)	(\$117,563)	(\$138,443)
Federal Special Revenue (03)	(\$54,303)	(\$163,834)	(\$235,919)	(\$277,112)

Technical Notes:

1. Because Montana would be the first state to recognize outdoor behavioral health programs as a specific and identifiable service reimbursed under the Medicaid program, State Plan Amendment (SPA) submission, and approval by centers for Medicare and Medicaid Services (CMS) could take longer than six months.
2. The proposal does not indicate if Montana Medicaid would cover out-of-state outdoor behavioral programs if they were to be licensed in Montana.

AUTHORIZED BY SPONSOR

_____ 2/4/21 _____ 2/4/21
Sponsor's Initials *Date* *Budget Director's Initials* *Date*