



Fiscal Note 2025 Biennium

Bill information:

HB0147 - Enhance Medicaid rates for certain children's mental health services (Gillette, Jane)

Status: As Amended in Senate Committee

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|---|---|--|
| <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 checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
Expenditures:				
General Fund	\$164,235	\$174,579	\$188,605	\$203,013
Federal Special Revenue	\$303,608	\$324,967	\$350,613	\$376,955
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$303,608	\$324,967	\$350,613	\$376,955
Net Impact-General Fund Balance:	(\$164,235)	(\$174,579)	(\$188,605)	(\$203,013)

Description of fiscal impact: HB 147 provides for an enhanced Medicaid reimbursement for providers of Psychiatric Residential Treatment Facility (PRTF) services to increase access to in-state care for high-risk children with multiagency needs.

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services

1. For purposes of this fiscal note, a July 1, 2023 effective date is assumed.
2. The fiscal impact analysis assumes an enhanced rate equal to 133% of the rate in effect on July 1, 2022.
3. New Section 1 of the bill requires the Department of Public Health and Human Services (department) to establish criteria for an enhanced payment for in-state PRTF services. The criteria must relate to the age or acuity of the child's treatment needs. Criteria will be based on data collected through ongoing efforts by the Children's Mental Health Bureau (CMHB) to reduce reliance on out of state treatment facilities. The CMHB contracts with the University of Montana Center for Children Families, and Workforce Development for technical support on this topic and participates in the Behavioral Health Alliance of Montana's Out of State Taskforce. Data was collected through the annual Out of State Placement Report and the Montana Residential

Provider Survey and Site Reviews in Summer 2022. CMHB will collect additional feedback from providers and stakeholders on FY 2024 criteria prior to implementation of FY 2024 enhanced payments.

4. Out of State PRTFs are reimbursed at a cap of 133% of the in state PRTF Rate, which is equal to the assumed rate. As such, there will be no impact for youth who would have been served in an out of state PRTF.
5. Based on FY 2022 Medicaid claims data, it is estimated that 188 Montana Medicaid clients will be served by in state PRTF facilities in FY 2024. PRTF clients served are projected to grow 6% annually.
6. Based on data collected to date (see assumption #2), it is estimated that 15% of youth currently receiving PRTF services in state would meet the enhanced payment criteria. In FY 2024 it is estimated 28 youth (188*.15) would be eligible for the enhanced payment.
7. Based on SFY 2022 Medicaid claims data, these youth have an average cost per PRTF stay of \$48,035. Under the enhanced rate the average cost per youth will be \$63,887 (\$48,035 x 133%), an increase of \$15,852. This results in a FY 2024 increase in benefit costs for PRTFs of \$443,856 (\$15,852 x 28 youth) in total funds. See Figure 1 below for the calculations and fiscal impact for FY 2025, FY 2026 and FY 2027.
8. The department assumes a 1.5% inflation factor for benefits in FY 2026 and FY 2027.
9. Based on FY 2022 Medicaid claims data, 96% of benefits will be eligible for the standard Medicaid Federal Medicaid Assistance Percentage (FMAP) which is approximately 64% federal/36% state. The other 4% of benefits are eligible for the CHIP federal match (approximately 75% in FY 2024).
10. The department assumes an increased cost for contracted utilization review services in the development and maintenance of criteria for enhanced payments, \$24,000 annually. This expense receives a 75% / 25% FMAP. The department assumes a 1.5% inflation factor for these costs in FY 2026 and FY 2027.

HB 147 BHDD Assumptions				
Psychiatric Residential Treatment Fac. (PRTF)				
<i>Clients Served in In State PRTF</i>				
Clients Served in In State PRTF	188	199	211	224
<u>Estimated % will meet Enhanced Payment Criteria</u>	<u>15.0%</u>	<u>15.0%</u>	<u>15.0%</u>	<u>15.0%</u>
Clients estimated to meet Enhanced Payment Criteria	28	30	32	34
Average Annual Cost for In State PRTF*	\$48,035	\$48,035	\$48,756	\$49,487
<u>Enhanced Payment per HB 147</u>	<u>133%</u>	<u>133%</u>	<u>133%</u>	<u>133%</u>
Average Annual Cost for Enhanced Payment per Client	\$63,887	\$63,887	\$64,845	\$65,818
Clients estimated to meet Enhanced Payment Criteria	28	30	32	34
<u>Difference in Average Annual Cost</u>	<u>\$15,852</u>	<u>\$15,852</u>	<u>\$16,089</u>	<u>\$16,331</u>
HB 147 Fiscal Impact In State PRTF	\$443,843	\$475,547	\$514,858	\$555,243
Total Service Expenditure Impact HB 147	\$443,843	\$475,547	\$514,858	\$555,243

FMAP	FY 2024	FY 2025	FY 2026	FY 2027
Standard Medicaid - 96.0%				
State Share	36.09%	35.88%	35.88%	35.88%
Federal Share	63.91%	64.12%	64.12%	64.12%
CHIP - 4%				
State Share	25.12%	25.12%	25.12%	25.12%
Federal Share	74.88%	74.88%	74.88%	74.88%
Expansion -				
State Share	10.00%	10.00%	10.00%	10.00%
Federal Share	90.00%	90.00%	90.00%	90.00%
Administration -				
State Share	50.00%	50.00%	50.00%	50.00%
Federal Share	50.00%	50.00%	50.00%	50.00%
BENEFITS FUNDING				
Funding	FY 2022	FY 2023	FY 2024	FY 2025
State Share	\$158,235	\$168,579	\$182,515	\$196,831
Federal Share	\$285,608	\$306,967	\$332,343	\$358,411
TOTAL	\$443,843	\$475,547	\$514,858	\$555,243

Fiscal Impact:

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Expenditures:

Operating Expenses	\$24,000	\$24,000	\$24,360	\$24,725
Benefits	\$443,843	\$475,547	\$514,858	\$555,243
TOTAL Expenditures	\$467,843	\$499,547	\$539,218	\$579,968

Funding of Expenditures:

General Fund (01)	\$164,235	\$174,579	\$188,605	\$203,013
Federal Special Revenue (03)	\$303,608	\$324,967	\$350,613	\$376,955
TOTAL Funding of Exp.	\$467,843	\$499,546	\$539,218	\$579,968

Revenues:

General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$303,608	\$324,967	\$350,613	\$376,955
TOTAL Revenues	\$303,608	\$324,967	\$350,613	\$376,955

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):



General Fund (01)	(\$164,235)	(\$174,579)	(\$188,605)	(\$203,013)
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Long-Term Impacts:

1. The provisions of this bill terminate June 30, 2027.

Technical Notes:

1. A state plan amendment establishing the enhanced rate must be written and sent to the Centers for Medicare and Medicaid Services (CMS) for approval. It must be approved to receive federal matching funds.
2. Provider rate increases passed by the legislature in this session for PRTFs may reduce the fiscal impact.
3. Any anticipated reduction in out of state placements or shifts from out of state placements to in state placements is contingent on in state provider capacity.



3-22-23

 Sponsor's Initials Date Budget Director's Initials Date