GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
HB0017 - Provide for implementation of Certified Community Behavioral Health Clinic model (Stafman, Ed)	
Status:	As Introduced

☐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

	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
Expenditures:				
General Fund	$2,257,392	$6,541,602	$10,565,305	$13,103,909
Federal Special Revenue	$5,055,004	$17,462,558	$29,504,951	$38,894,868
Revenue:				
General Fund	$0	$0	$0	$0
Federal Special Revenue	$0	$0	$0	$0
Net Impact-General Fund Balance:	($2,257,392)	($6,541,602)	($10,565,305)	($13,103,909)

Description of fiscal impact: HB 17 requires implementation of the Certified Community Behavioral Health Clinics (CCBHC) model and allows Medicaid coverage for services.

FISCAL ANALYSIS

Assumptions:

1. The Department of Public Health and Human Services (DPHHS) Behavioral Health and Developmental Disabilities Division (BHDD) estimates additional staffing needs of two program officers, one research analyst, and one epidemiologist for implementation and administration of the Certified Community Behavioral Health Clinics (CCBHC) program. BHDD Program Officers will be responsible for initial and ongoing CCBHC administrative rules, federal authority and compliance, monitoring, and enforcing compliance with state criteria. The research analyst and epidemiologist will work on development of initial and ongoing rate methodology, outcome measures, population heath datasets, and reporting requirements.
    a. This estimate is based on information gathered from the Department's development of a grant application for a Substance Abuse and Mental Health Services Administration (SAMHSA) CCBHC planning grant and review of other state's approved CCBHC Planning Grants and Demonstration Projects.

   b. The state of Kansas estimated an additional 14 FTE to adequately support all certification, rate setting, and monitoring functions related to an estimated 26 CCBHCs in a 2021 Fiscal Note.
   c. As planning and implementation activities decrease in FY 2026 and FY 2027, operational activities, such as enrollment, quality measurements, claims processing, fair hearings, provider relations, customer service to members, etc., are anticipated to increase.
2. Salary and benefits for the four new FTE positions within BHDD are estimated to be $322,204 in FY 2024 and FY 2025. One-time only office set up costs are estimated to be $11,200 in FY 2024, and operating costs associated with the FTE are estimated at 3% of personal services for FY 2024 to FY 2027. These costs are Medicaid Administrative services that receive Federal Medical Assistance Percentage (FMAP) of 50% general fund and 50% federal funds for personal services.
3. The Medicaid Management Information System (MMIS) and ancillary systems will need enhancements to process CCBHC claims. These changes include a new provider type, a new payment methodology, and updating all federal reporting to incorporate CCBHC data. These changes will require total programming time of 1,265 hours at a blended hourly rate of $123.52, estimated one-time cost of $156,253. These costs are Medicaid system operations costs that are funded at 75% federal and 25% state general fund.
4. Interested providers will need significant technical assistance to become certified as CCBHCs. This includes the development of provider-specific Prospective Payment System (PPS) rates; capacity building in business operations; support for consistent subcontracting practices with Designated Care Organizations statewide; provider-focused training and coaching to support certification. Contracted services for this technical assistance (TA) is projected at $4,945,000 (21,500 hours at $230/hour). These costs are spread across FY 2024 to FY 2026. These costs are Medicaid Administrative services eligible for 50% FMAP (50% general fund and 50% federal funds).
5. DPHHS estimates that three provider agencies that received SAMHSA CCBHC Expansion grants to be certified by April 1, 2024. Additional certification of four new CCBHCs will take place in both FY 2026 and FY 2027. These estimates are based on the Department's current assessment of provider readiness and the total number of providers in the State that would be eligible to become a CCBHC.
6. CCBHC uses a prospective payment system (PPS) methodology in accordance with Center for Medicare and Medicaid Services (CMS) guidelines to pay clinics either a daily or monthly rate for provision of CCBHC services. PPS rates are based on a provider's cost report, using federal cost reporting rules. These include costs the CCBHC incurs to meet extensive service, quality, and reporting requirements as defined by SAMHSA in compliance Section 223 of the Protecting Access to Medicare Act. Research published by the National Library of Medicine reported that CCBHC PPS rates varied widely across states and daily rates ranged from $151 to $667 per day. The median PPS rate for a daily encounter in FY 2017 to FY 2018 nationally was $252, with the lowest state average being Nevada ($197). Nevada is the most similar state geographically and demographically to Montana. A 4% growth rate in costs since 2017 would put Nevada's state average at approximately $260. DPHHS assumes an average CCBHC rate of $260 in FY 2024 when calculating fiscal impact. In practice, each CCBHC will have a unique PPS rate based on annual allowable costs and annual daily visits.
7. DPHHS analyzed FY 2022 claims data of the three providers that are assumed to be CCBHC certified by April 1, 2024. This analysis included the number of members who received services that will be billed under the CCBHC PPS rate. Based on this review, DPHHS estimates members served by CCBHCs to be 6,771 members in FY 2024 and FY 2025, 11,849 members in FY 2026 and 16,138 members in FY 2027.
8. The DPHHS claims analysis also included the number of visits by members who received services that will be billed under the CCBHC PPS rate. Based on this review, DPHHS is expecting members served to have 22 CCBHC annual visits. Since CCBHCs will only operate for one quarter in FY 2024, annual visits were prorated to 5.5 visits. This equates to estimated total visits in FY 2024 to be 37,241 (6,771 members * 5.5 visits). FY 2025 visits are estimated to be 148,962 (6,771 members * 22 visits). FY 2026 visits are estimated to be 260,678 (11,849 members * 22 visits). FY 2027 visits are estimated to be 355,036 (16,138 members * 22 visits).

9. Based on historical member utilization by providers most likely to receive CCBHC certification, DPHHS assumes benefits to be paid at a blended FMAP rate, with approximately 58% of members at the traditional Medicaid FMAP and 42% of members at the enhanced FMAP for Medicaid expansion.)
10. DPHHS assumes there will be an offset in benefit expenditures for any service included in the CCBHC PPS rate for providers that become CCBHCs. A provider enrolled as a CCBHC will no longer bill Medicaid Fee For Service for services included in the CCBHC bundle. These services include outpatient behavioral health services such as psychotherapy, medication management, and evaluation and management, as well as intensive outpatient services such as Patient Aligned Care Team (PACT), Intensive Outpatient Therapy, Home Support Services, and outpatient ASAM levels. Mobile crisis services recently added through the Healing and Ending Addiction through Recovery and Treatment (HEART) initiative will also be included in the CCBHC required services. The cost shift for current billed services is estimated to be $4,214,458 in FY 2024, $16,857,830 in FY 2025, $30,860,967 in FY 2026, and $43,440,415 in FY 2027. Non-CCBHC providers will continue to bill these services as Medicaid Fee For (MFF) Services.

Benefit Calculations (Assumptions #5 through #10)

HB 17 BHDD Assumptions	FY 2024	FY 2025	FY 2026	FY 2027
Est number of CCBHC	3	3	7	11
Adjustment for smaller CCBHC's added in 2026 & 2027			75.0%	65.0%
Est average (avg.) clients per CCBHC	2,257	2,257	1,693	1,467
Est average total clients served	6,771	6,771	11,849	16,138
Est visit days per client per year	22.0	22.0	22.0	22.0
Fiscal year adjustment (effective start date)	25.0%	100.0%	100.0%	100.0%
Est visit days per client per year	5.5	22.0	22.0	22.0
Avg. Est total annual visits per CCBHC	12,414	49,654	37,241	32,275
Est total annual visits	37,241	148,962	260,678	355,026
Cost per day (visit) *(1.5% increase in FY26 and FY27)*	$260.00	$260.00	$263.90	$267.86
Avg. annual expenditures per CCBHC	$ 3,227,510	$ 12,910,040	$ 9,827,768	$ 8,645,208
Est number of CCBHC	3	3	7	11
Total CCBHC service expenditures	$ 9,682,530	$ 38,730,120	$ 68,794,376	$ 95,097,291
Less: Offsets for CCBHC services provided by providers under current Medicaid plan of benefit				
Est current Medicaid expenditures paid per provide	$ (5,102,882)	$ (5,102,882)	$ (3,884,569)	$ (3,417,126)
Anticipated HEART Initiative mobile crisis	$ (516,395)	$ (516,395)	$ (524,141)	$ (532,003)
Subtotal avg. offset per CCBHC provider	$ (5,619,277)	$ (5,619,277)	$ (4,408,710)	$ (3,949,129)
Est number of CCBHC	3	3	7	11
Total current Medicaid expenditure offset	$ (16,857,830)	$ (16,857,830)	$ (30,860,967)	$ (43,440,415)
Fiscal year adjustment (effective start date)	25.0%	100.0%	100.0%	100.0%
Total current Medicaid service offset	$ (4,214,458)	$ (16,857,830)	$ (30,860,967)	$ (43,440,415)
Total service expenditure impact	**$ 5,468,073**	**$ 21,872,290**	**$ 37,933,408**	**$ 51,656,876**

FMAP	FY 2024	FY 2025	FY 2026	FY 2027
Standard Medicaid - 58.0%				
State Share	36.04%	35.92%	35.92%	35.92%
Federal Share	63.96%	64.08%	64.08%	64.08%
CHIP - 0%				
State Share	25.12%	25.12%	25.12%	25.12%
Federal Share	74.88%	74.88%	74.88%	74.88%
Expansion - 42.0%				
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%

Funding Impact	FY 2024	FY 2025	FY 2026	FY 2027
State Share	$ 1,372,661	$ 5,475,422	$ 9,496,098	$ 12,931,576
State Special Revenue	$ -	$ -	$ -	$ -
Federal Share	$ 4,095,411	$ 16,396,868	$ 28,437,311	$ 38,725,301
TOTAL	$ 5,468,073	$ 21,872,290	$ 37,933,408	$ 51,656,876

	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
Fiscal Impact:				
FTE	4.00	4.00	4.00	4.00
Expenditures:				
Personal Services	$322,204	$322,204	$327,037	$331,943
Operating Expenses	$9,666	$9,666	$9,811	$9,958
Operating Exp. IT & TA	$1,501,253	$1,800,000	$1,800,000	$0
Equipment	$11,200	$0	$0	$0
Benefits	$5,468,073	$21,872,290	$37,933,408	$51,656,876
TOTAL Expenditures	$7,312,396	$24,004,160	$40,070,256	$51,998,777
Funding of Expenditures:				
General Fund (01)	$2,257,392	$6,541,602	$10,565,305	$13,103,909
Federal Special Revenue (03)	$5,055,004	$17,462,558	$29,504,951	$38,894,868
TOTAL Funding of Exp.	$7,312,396	$24,004,160	$40,070,256	$51,998,777
Revenues:				
General Fund (01)	$0	$0	$0	$0
Federal Special Revenue (03)	$0	$0	$0	$0
TOTAL Revenues	$0	$0	$0	$0
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):				
General Fund (01)	($2,257,392)	($6,541,602)	($10,565,305)	($13,103,909)
Federal Special Revenue (03)	($5,055,004)	($17,462,558)	($29,504,951)	($38,894,868)

Technical Notes:

1. Although HB 17 would require a start date of no later than January 1, 2024, the Centers for Medicare and Medicaid Services (CMS) recommends at least 18 months to allow for the drafting of a Medicaid state plan amendment or 1115 Demonstration Waiver application. This recommendation would make a FY 2024 implementation date highly challenging. However, the fiscal impact is calculated assuming a January 1, 2024, implementation date.

Sponsor's Initials	*Date*	*Budget Director's Initials*	*Date*
			1-2-23