



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0822 - Generally revise school-based mental health services (Keenan, Bob)

Status: As Amended in House Committee - Revised

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	\$1,379,986	\$1,424,167	\$1,475,457	\$1,530,641
Federal Special Revenue	\$1,404,891	\$1,496,426	\$1,591,151	\$1,693,066
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$1,404,891	\$1,496,426	\$1,591,151	\$1,693,066
Net Impact-General Fund Balance:	<u>(\$1,379,986)</u>	<u>(\$1,424,167)</u>	<u>(\$1,475,457)</u>	<u>(\$1,530,641)</u>

Description of fiscal impact: The Department of Public Health and Human Services (DPHHS) (department), anticipates utilizing contracted services to identify recommended evidence-based behavioral health interventions and provide training and technical assistance on those interventions to school districts. Additionally, the department will support the development and payment for programs as described in Section 2 (3)(c) to increase access to behavioral health services in small and rural school districts or schools that would benefit from additional capacity or expertise in behavioral health programs and interventions. HB 822 terminates the existing state special revenue account and provides a biennial appropriation to DPHHS. Amendments to HB 833 add additional reporting requirements for DPHHS, but do not change the fiscal impact.

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services

1. DPHHS assumes the cataloging of existing school-based behavioral health services can be done at no additional cost.
2. New section 5 appropriates \$1 million each year of the biennium from general fund to DPHHS for implementation of the requirements of this bill and will be part of base next legislative session. However, there are more estimated general fund costs to implement this bill.
3. DPHHS will utilize contracted services in FY 2024 to explore and identify a core set of recommended evidence-based interventions for each tier within MTSS. The estimated cost per hour based on existing contracts of similar subject matter is \$230 per hour. It is estimated that this work will require 320 hours of technical assistance at a total cost in FY 2024 of \$73,600 (\$230 x 320 hours), which is eligible for the Federal Medicaid Assistance Percentage (FMAP) of 50% general fund and 50% federal funds.

- The department will utilize contracted services to develop and implement a plan for providing training and technical assistance on the core set of recommended evidence-based interventions. The estimated cost per hour based on existing contracts of similar subject matter is \$230 per hour. It is estimated that this work will have a total cost of \$423,200 (\$230 x 1,840) in FY 2024 and \$496,800 (\$230 x 2,160) in FY 2025, FY 2026, and FY 2027, which is eligible for the FMAP of 50% general fund and 50% federal funds. See Table 1.

TABLE 1: CONTRACTED SERVICES FOR TRAINING AND TECHNICAL ASSISTANCE				
Assumption 3 - Contracted Services	2024	2025	2026	2027
Hours Technical Assistance	320			
Hourly Rate Technical Assistance	\$ 230			
Contracted Services - Core Set of Interventions	\$ 73,600	\$ -	\$ -	\$ -
Assumption 4 – Contracted Services				
Development of Training	400	280	80	80
Technical Assistance to Department	240	240	240	240
Training Hours	800	1,400	1,600	1,600
Outcome Measurements TA	400	240	240	240
Total Hours Technical Assistance	1,840	2,160	2,160	2,160
Hourly Rate Technical Assistance	\$ 230	\$ 230	\$ 230	\$ 230
Contracted Services - Training and TA	\$ 423,200	\$ 496,800	\$ 496,800	\$ 496,800
Total Contracted Services	\$ 496,800	\$ 496,800	\$ 496,800	\$ 496,800

- The department will utilize remaining appropriation to support development and payment for innovative programs as described in Section 2 (3)(c). The department will fund pilot projects, estimated at \$500,000 per fiscal year, to test innovated models of behavioral health interventions. For this fiscal note it is assumed these costs will be 100% general fund, however based on the ultimate nature of the pilot projects, some or all of this funding may be eligible for 50% federal Medicaid match.

Expansion of School-Based Behavioral Health Services

- Based on Section 1(2)(b) of HB 822, the department intends to expand the Medicaid school based-fee schedule to include Individual Community-Based Psychiatric Rehabilitation and Support (CBPRS) services Group CBPRS services, and additional billing codes for Licensed Clinical Social Worker (LCSW) services and Licensed Clinical Professional Counselor (LCPC) services.
- In FY 2022, 1,444 youth received a school-based behavioral health related service, identified in an Individualized Education Program (IEP) and funded by Medicaid at a total cost of \$698,896 (1,444 x \$484), or an average annual cost of \$484 per youth. This represents services to about 3.8% of Medicaid eligible students in school districts billings for school-based services (1,444/37,708).

TABLE 2: MEDICAID ENROLLED STUDENTS IN MEDICAID ENROLLED SCHOOL DISTRICTS FY 2022	
Average Number Belonging (ANB) – Statewide school enrollment	153,911
Estimated % of Students in Districts Billings for SBS	50%
Estimated # Students in School Districts Billing for SBS	76,956
% of Students estimated to be Medicaid Eligible	49%
Estimated # Medicaid eligible students in School Districts Billing for SBS	37,708

- In FY 2022, 6,032 youth received Medicaid-funded services from a LCSW with an average annual cost of \$1,036 per youth. The department anticipates that the majority of additional LCSW services billed by a school district will be a cost shift from outpatient LCSW, and an additional 6% growth per year in youth

- served. Despite increasing access to Medicaid reimbursement for School Based LCSW services, the additional youth receiving LCSW services is limited due to statewide therapist shortages. See Table 3.
9. In FY 2022, 7,738 youth received Medicaid-funded services from a LCPC with an average annual cost of \$1,200 per youth. DPHHS anticipates that the majority of additional LCPC services billed by a school district will be a cost shift from outpatient LCPC, and an additional 6% growth per year in youth served. Despite increasing access to Medicaid reimbursement for School Based LCPC services, the additional youth receiving LCPC services is limited due to statewide therapist shortages. See Table 3.
 10. In FY 2022, 885 youth received Medicaid-funded Individual CBPRS with an average annual cost of \$1,837 per youth. The department anticipates that inclusion of Individual CBPRS on the school-based services fee schedule coupled with the reversal of the free care rule will increase access to Individual CBPRS services by 50% in FY 2024, with ongoing growth of 6% in FY 2025, FY 2026, and FY 2027. The department estimated a higher percentage of growth for CBPRS services in FY 2024 due to initial uptake of the new available service. CBPRS is not required to be provided by a licensed clinician and the DPHHS does not anticipate the same growth restrictions due to workforce challenges as are anticipated with LCSWs and LCPCs. See Table 3.
 11. In FY 2022, 216 youth received Medicaid-funded Group CBPRS services with an average annual cost of \$397 per youth. The department anticipates that inclusion of Group CBPRS on the school-based services fee schedule coupled with the reversal of the free care rule will increase access to Individual CBPRS services by 50% in FY 2024, with ongoing growth of 6% in FY 2025, FY 2026, and FY 2027. DPHHS estimated a higher percentage of growth for CBPRS services in FY 2024 due to initial uptake of the new available service. See Table 3.
 12. For assumptions 6-10, the department intends to monitor utilization and report findings to the Interim Budget Committee (IBC) to inform future funding.
 13. Based on historical utilization, the department assumes 93% of budget expenditures will be eligible for standard Medicaid FMAP, and 7% will be eligible for Children’s Health Insurance Program (CHIP) FMAP.

TABLE 3: COST OF INITIAL EXPANSION OF SCHOOL-BASED BEHAVIORAL HEALTH SERVICES				
State Fiscal Year	FY 2024	FY 2025	FY 2026	FY 2027
Estimated Additional Youth Receiving LCSW Services	362	384	407	431
Average Annual Cost per Youth	\$ 1,036	\$ 1,052	\$ 1,068	\$ 1,084
Projected Additional Cost, LCSW Services	\$ 375,087	\$ 403,556	\$ 434,186	\$ 467,141
Estimated Additional Youth Receiving LCPC Services	464	492	522	553
Average Annual Cost per Youth	\$ 1,200	\$ 1,218	\$ 1,237	\$ 1,255
Projected Additional Cost, LCPC	\$ 557,274	\$ 599,571	\$ 645,078	\$ 694,039
Services	443	469	497	527
Average Annual Cost per Youth	\$ 1,837	\$ 1,865	\$ 1,893	\$ 1,921
Projected Additional Cost, Individual CBPRS	\$ 812,867	\$ 874,564	\$ 940,943	\$ 1,012,361
Estimated Additional Youth Receiving Group CBPRS Services	108	114	121	129
Average Annual Cost per Youth	\$ 397	\$ 403	\$ 409	\$ 415
Projected Additional Cost, Group CBPRS	\$ 42,850	\$ 46,102	\$ 49,601	\$ 53,366
TOTAL BENEFIT COST	\$ 1,788,077	\$ 1,923,792	\$ 2,069,808	\$ 2,226,907
FMAP				
	FY 2024	FY 2025	FY 2026	FY 2027
Standard Medicaid				
State Share	36.09%	35.88%	35.88%	35.88%
Federal Share	63.91%	64.12%	64.12%	64.12%
CHIP				
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%
BENEFIT COST BY FUNDING TYPE				
	FY 2024	FY 2025	FY 2026	FY 2027
State Share	\$ 631,586	\$ 675,767	\$ 727,057	\$ 782,241
Federal Share	\$ 1,156,491	\$ 1,248,026	\$ 1,342,751	\$ 1,444,666
TOTAL COST OF BENEFITS	\$ 1,788,077	\$ 1,923,792	\$ 2,069,808	\$ 2,226,907
ADMIN FUNDING - Contracted Services				
	FY 2024	FY 2025	FY 2026	FY 2027
State Share	\$ 248,400	\$ 248,400	\$ 248,400	\$ 248,400
Federal Share	\$ 248,400	\$ 248,400	\$ 248,400	\$ 248,400
TOTAL	\$ 496,800	\$ 496,800	\$ 496,800	\$ 496,800
100% GENERAL FUND - Innovative Programs	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
TOTAL GENERAL FUND ALLOCATION	\$ 1,379,986	\$ 1,424,167	\$ 1,475,457	\$ 1,530,641
TOTAL FEDERAL FUND ALLOCATION	\$ 1,404,891	\$ 1,496,426	\$ 1,591,151	\$ 1,693,066
GRAND FISCAL NOTE TOTAL	\$ 2,784,877	\$ 2,920,592	\$ 3,066,608	\$ 3,223,707

Office of Public Instruction

14. New section 1 defines the legislative intent of HB 822 as improving on school-based mental health services and decreasing the dependency on facility-based, out-of-community, and out of state placements for children in Montana. Both sections of the bill are expected to be carried out in a manner that has the minimal burden on school districts and identifies expanded activities under the school-based fee schedule.
15. New section 2 requires coordination efforts between DPHHS and OPI to conduct an inventory and catalog of school-based behavioral health services and programs that are currently in use by school districts. The requirements of the inventory will include the name of the service or program, the current funding sources for those services, the select demographics, the multisystem of supports tier, and school districts that are providing the service or program. DPHHS will find core recommendations for each multitiered system of support and develop a plan for training school districts and other interested sectors.
16. Section 53-6-101(4) is modified to add eligible services provided by the Medicaid to include the multitiered system of supports regardless of whether they are provided under an individualized education program.
17. New section 4 repeals the current funding for school-based medical services.

18. HB 822 has no fiscal impact to OPI if the Comprehensive School and Community Treatment (CSCT) program is moved from OPI to DPHHS (see technical notes).

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Operating Expenses	\$996,800	\$996,800	\$996,800	\$996,800
Benefits	\$1,788,077	\$1,923,792	\$2,069,808	\$2,226,907
TOTAL Expenditures	\$2,784,877	\$2,920,592	\$3,066,608	\$3,223,707
<u>Funding of Expenditures:</u>				
General Fund (01)	\$1,379,986	\$1,424,167	\$1,475,457	\$1,530,641
Federal Special Revenue (03)	\$1,404,891	\$1,496,426	\$1,591,151	\$1,693,066
TOTAL Funding of Exp.	\$2,784,877	\$2,920,592	\$3,066,608	\$3,223,707
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$1,404,891	\$1,496,426	\$1,591,151	\$1,693,066
TOTAL Revenues	\$1,404,891	\$1,496,426	\$1,591,151	\$1,693,066
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$1,379,986)	(\$1,424,167)	(\$1,475,457)	(\$1,530,641)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Notes:

- Section 3 of HB 822 adds behavioral health services eligible for reimbursement under Medicaid or the Children’s Health Insurance Program, when provided by a school district, without regard to whether the services are provided under an individualized education program (IEP) to the list of medical assistance services that may be included in the Montana Medicaid program. It is noted that this section illustrates legislative intent to reverse Medicaid’s previous “free care rule”, which restricted Medicaid programs from covering services offered to all students, unless specified in an IEP. Legislation is not required for the department to take this action.
- Fiscal impact was determined utilizing present law Medicaid reimbursement rates, adoption of provider rate increases in HB 2 or other legislation will increase fiscal impacts.
- The administration of the CSCT program will transfer back to DPHHS from the OPI, effective July 1, 2023. CSCT program benefits will remain the same. The current version of HB 2 includes NP 10004, which adds 1.0 FTE, in the amount of \$90,876 for FY 2024, and \$88,367 for FY 2025, and the state special revenue match for the CSCT program in the amount of \$8,851,077 for FY 2024, and \$9,408,849 in FY 2025. Federal match for the CSCT program is included in the budget starting point and is reduced in PL 10993, due to declining utilization, in the amounts of \$28,637,191 for FY 2024, and \$27,086,097 for FY 2025.


Sponsor’s Initials

_____ Date


Budget Director’s Initials

4-3-23
_____ Date