

HB 29 - Fiscal note Rebuttal

January 16, 2023

Short title: revising laws regarding commitment of individuals with Alzheimer's, dementia or TBI. ENDING COMMITMENT by June 2025. Transition the affected individuals to community services by June 30, 2025.

Sponsor: Carlson, by request of Children, Families, Health and Human Services Interim Committee

Section 5 of HB29 directs the department to:

- By June 30, 2025, develop and implement a plan to ensure the availability of community-based services. . . This can be done by increasing the Medicaid daily reimbursement rate for nursing homes to an amount that allows those facilities to operate. The GuideHouse rate study commissioned by the 2021 legislature and completed in Fall 2022 rate is used in the below calculations.
- By June 30, 2025, transition out of the Montana state hospital and into **community services** the Montana state hospital patients whose primarily diagnosis involves Alzheimer's disease, other forms of dementia, or traumatic brain injury and who meet only the criteria of "unable to provide for the respondent's own basic needs of food, clothing, shelter, health, or safety."

Generally, why do you disagree with the fiscal note. Specifically, what in the fiscal note do you feel is flawed?

The fiscal note includes 4 years of expenses for work the bill requires to be done in 2 years.

This fiscal note includes expenses for placing 24 individuals who meet the conditions of the bill and assumes that if the bill was not passed, no ongoing expenses would be incurred for these individuals, even though without this bill these patients would stay in the most expensive care in the state completely at the expense of the state, with no federal match. There are currently approximately 12 individuals affected by the requirements of this bill. 24 patients do not need to be transferred due to HB29.

The fiscal note assumes that all transferred individuals will be transferred from MSH to another institutional facility (Mental Health Nursing Care Center), where the cost will again be borne entirely by the state. However, HB29, in SECTION 5, expressly requires the transfer be to community based services, where Medicaid cost is borne ~35% by the state and ~65% by federal.

Even if some of the individuals must be placed in the more restrictive care at MHNCC, the cost savings would be significant (approximately \$131,013 per year per patient savings over MSH).

HB 29 does not create a need for 2.5 FTE for 4 years, as the work must be done in 2 years and the work is managing the placement of approximately 12 individuals, over the course of the 2 years, and this work is already being done by current employees.

Warm Springs (Current placement)– Cost per year for 12 patients – ALL STATE FUNDS

\$855/day x 365 days = \$312,075
x 12 people = **\$3,744,900**

(\$855/day/patient from Alvarez & Martinez: FY'22 - July 2022 Report)

Montana Mental Health Nursing Home – Cost per year for 12 patients – ALL STATE FUNDS

\$496/day x 365 days = \$181,062
x 12 people = **\$2,172,744**

(\$181,062 from original fiscal note)

Community Nursing Home Placement (required by HB29) – Cost per year for 12 patients – approx. 35% is STATE FUNDS

\$278/day x 365 days = \$101,470
x 12 people = \$1,217,640 x .35 = **\$426,174**

(\$278 from Guidehouse Provider Rate Study, 2022; approx. 65% Medicaid match – federal funds)

Transferring patients out of Montana State Hospital would create a savings of :

Warm Springs	\$3,744,900		Warm Springs	\$3,744,900	
MHNCC	<u>- 2,172,744</u>		Nursing Home	<u>- 426,174</u>	
	\$1,572,156	OR		\$3,318,726	for 12 patients for one year

I think it is disingenuous to claim on the fiscal note for HB29 that 2 FTE Program Specialists and a .5 FTE Claims Examiner will be needed for 4 years for the ***“placements required by HB29 and all future placements.”*** Seems like there should already be a case worker doing this job, since it is already the law that patients be placed in the least restrictive setting. One FTE is (according to fiscal note) \$68,269. The department fiscal note requires 2.5 FTE for 4 years to do this 2 year job at a cost of \$170,674 + \$171,208 + \$175,002 + \$178, 833 = \$695,717, plus operating costs, to “assist with planning and coordination of placements for 12 individuals (and all future placements).”

No costs should be incurred due to this bill after the effective date when the bill says the work should be done – June 30, 2025. Future commitments to MSH of individuals with Severe Disabling Mental Illness are not affected by this change, except that beds will open up for people who need intensive treatment for Mental Illness.

Jennifer Carlson