

**Department of Planning and Budget
2008 Fiscal Impact Statement**

1. Bill Number HB 510

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. Patron Hamilton

3. Committee Health, Welfare and Institutions

4. Title DMAS to contract with DMHMRSAS for Mental Health Services

5. Summary/Purpose: This bill requires the Department of Medical Assistance Services (DMAS) to contract with the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS) for the provision of mental health services in underserved areas. The bill states that the Board of Medical Assistance Services will identify the underserved areas and promulgate regulations to carry out this bill.

6. Fiscal Impact Estimates are: Final.

Expenditure Impact: (Item 311, Service Area 49901)

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2009	\$650,091	1.5	GF
2009	\$751,021	1.5	NGF
2010	\$247,636	1.5	GF
2010	\$262,636	1.5	NGF
2011	\$258,316	1.5	GF
2011	\$273,316	1.5	NGF
2012	\$269,478	1.5	GF
2012	\$284,478	1.5	NGF
2013	\$281,142	1.5	GF
2013	\$296,142	1.5	NGF
2014	\$293,332	1.5	GF
2014	\$308,332	1.5	NGF

7. Budget amendment necessary: Yes, Item 311, Service Area 49901.

8. **Fiscal implications:** This bill is somewhat vague and open to interpretation. The fiscal impact estimates are based on DMAS’ interpretation of the intent of the bill with the following assumptions:

- The program would be implemented only in specific identified localities and not on a statewide basis; and
- Rates for the contracted services would be set by DMAS to ensure budget neutrality as compared to projected expenditures for current provision of mental health services.

Implementation of this bill will require DMAS to seek a modification of its current Managed Care and all seven Home and Community-Based Care waivers. In addition, a new federal waiver would also be required in order to limit choice of providers for fee-for-service recipients. Assuming that federal approval is granted, implementation of a new carved-out mental health program will require additional resources to communicate the program changes to providers and recipients; additional actuarial services for development of rates for the new program; procurement of an external quality study to be conducted on the program; and additional staff to implement, administer and monitor the new program.

Significant modifications will also be required to the Medicaid Management Information System (MMIS) to support this bill, including creation of a benefit package to identify coverage for the affected population, modifications to identify recipients in underserved areas, and identification of the specific services to be carved out of managed care. The estimate to complete this project is 1322 hours which would be billed by DMAS’ MMIS fiscal agent at a composite rate of \$130/hour. The 1322 hours includes work in areas of assessment, design, coding, testing, documentation, and management/post-implementation monitoring.

Using costs incurred during the development of the recently carved-out dental program as a basis, DMAS has developed the following fiscal impact estimates:

	FY 2009			FY 2010		
	GF	NGF	TOTAL	GF	NGF	TOTAL
MMIS Changes	\$42,965	\$128,895	\$171,860	\$0	\$0	\$0
Actuarial Services	\$50,000	\$50,000	\$100,000	\$52,500	\$52,500	\$105,000
Mailings/Trainings	\$416,990	\$416,990	\$833,980	\$55,000	\$55,000	\$110,000
External Quality Study	\$7,500	\$22,500	\$30,000	\$7,500	\$22,500	\$30,000
1 Program FTE (Grade 14)	\$46,071	\$46,071	\$92,142	\$46,071	\$46,071	\$92,142
2 Program FTE (Grade 13)	\$86,565	\$86,565	\$173,130	\$86,565	\$86,565	\$173,130
Total	\$650,091	\$751,021	\$1,401,112	\$247,636	\$262,636	\$510,272

9. **Specific agency or political subdivisions affected:** Department of Medical Assistance Services and the Department of Mental Health, Mental Retardation and Substance Abuse Services.

10. Technical amendment necessary: No.

11. Other comments: None.

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cc: Secretary of Health and Human Resources