

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1727-01
Bill No.: HB 873
Subject: Counseling; Mental Health; Professional Registration and Licensing
Type: Original
Date: February 28, 2017

Bill Summary: This proposal prohibits discrimination between licensed professional counselors and other mental health professionals with regard to service locations or populations served.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$6,901,474)	(\$8,692,162)	(\$9,020,787)
Total Estimated Net Effect on General Revenue	(\$6,901,474)	(\$8,692,162)	(\$9,020,787)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Federal *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures exceed \$15.6 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)**, **Children's Division (CD)** and **Division of Legal Services (DLS)** state this legislation revises Section 337.503 and prohibits discrimination against all professions licensed under chapter 337 (i.e. psychologists, social workers, behavior analysts, marital and family therapists, and licensed professional counselors) only in regard to where services can be performed and the populations that can be served. This provision applies to entities including "agencies of the state".

MHD officials provide the following behavioral health providers are authorized to serve MO HealthNet eligible children under the age of 21:

- Psychiatrists
- Licensed Psychologists
- Licensed Clinical Social Workers (LCSW)
- Licensed Professional Counselors (LPC)
- Licensed Behavioral Analysts (only for children with Autism Spectrum Disorder)

The following providers are authorized to serve MO HealthNet eligible adults:

- Psychiatrists
- Licensed Psychologists
- Licensed Clinical Social Workers (only if the service is provided in a Federally Qualified Health Clinic (FQHC) or Rural Health Clinic (RHC))

Because the added language refers to all professions within Chapter 337, RSMo, MO HealthNet assumes this legislation requires MHD to reimburse LPCs and LCSWs for services provided to adults as well as children (as is the case with psychologists) without regard to the location in which the service is provided (i.e. LCSWs can serve adults currently, but only in an RHC or FQHC). MO HealthNet further assumes this bill requires MHD to reimburse licensed marital and family therapists (LMFTs) who are currently not authorized MO HealthNet providers. MO HealthNet also assumes this bill would expand the population currently served by behavioral analysts to include adults and children with other diagnoses than Autism Spectrum Disorder (ASD).

Fee-For-Service (FFS) Estimate

In FY16, there were 1,191 LPCs paid for providing MO HealthNet services and 608 LCSWs. MO HealthNet assumes increased access to the adult MO HealthNet population will increase the number of LPC and LCSWs providing MO HealthNet services by 30% in the first year ($1,191 * 30\% = 357$ LPCs; $608 * 30\% = 182$ LCSWs) and 5% each year thereafter.

ASSUMPTION (continued)

In FY16, there were 281 LMFTs licensed in Missouri. MHD assumes 30% of these providers would enroll with MO HealthNet in the first year ($281 * 30\% = 84$) and an additional 5% each year thereafter.

In the first six months of FY17, there were 112 behavior analysts enrolled with MO HealthNet to serve children with ASD. MO HealthNet assumes there will be a 30% increase of behavioral analyst providers serving MO HealthNet children and adult recipients with disorders other than ASD ($112 * 30\% = 34$) and a 5% increase each year thereafter.

Annual MO HealthNet reimbursement per provider:

- LPC: \$13,760.26
- LCSW: \$9,940.08
- Behavior Analyst: \$27,478.26
- MFT: \$11,850.17 (average of LPC and LCSW cost per provider)

MO HealthNet then calculated the increased cost per provider to arrive at a first full year FFS cost of \$8,651,850 Total Funds.

Managed Care Estimate

To calculate the Managed Care cost, MO HealthNet calculated the Per Member Per Year (PMPY) cost for a FFS participant by applying the FFS cost of this legislation (\$8,651,850.05) divided by the FFS participants (368,274) as of June 2016 for a PMPY cost of \$23.49. Then this was applied to the June 2016 Managed Care population of 614,502 for a total first year cost of \$14,434,652 (\$23.49 PMPY cost X 614,502 Managed Care population).

Savings are expected under managed care because Missouri expects the Managed Care Organizations (MCOs) to improve the quality of care of the beneficiaries and to ultimately reduce the utilization of services and/or shift services to a more appropriate setting. Based on results from the Managed Care Cost Avoidance Study which examined a mature managed care model, MO HealthNet assumes a 2.2% savings in the third year (FY 20). MHD assumes these savings would be phased in beginning the second year, so only a 1.1% savings are applied in FY 19. There are no managed care savings in the first year of implementation (FY 18).

FY18 was calculated for 10 months. MO HealthNet assumes a 4.1% inflation factor for FY19 and FY20.

A one-time \$50,000 actuarial study will also be necessary to determine the impact such changes would have on the MO HealthNet Managed Care program.

ASSUMPTION (continued)

Currently, some MO Health rates paid to behavioral health providers are slightly higher if the service is provided in the participant's home. If the language is interpreted to prohibit this rate differential ("location where the services can be performed"), MHD would either have to increase all rates to the "in-home" rate or remove this differential. This fiscal estimate does not include the costs or savings associated with the rate differential.

CD officials provide that Children's Treatment Services (CTS) contracts for services provided by professions affected by this statute that mirror those requirements held by MHD for the same services.

The CD states MO HealthNet assumes this legislation requires MHD to reimburse LPCs for services provided to adults as well as children (as is the case with psychologists). MO HealthNet further assumes this bill does not require MHD to reimburse LPCs according to the same fee schedule as psychologists, who are required to have doctoral level training versus the required masters level training for LPCs.

CD currently pays LPCs for services on behalf of parents who are not Medicaid eligible on whom CD has an open child welfare case. If the fee schedule for these providers does not change, this will have no fiscal impact on CD.

Further, CD has a rate differential for when services are provided in the client's home vs. in the providers' office. The CD is not interpreting this legislation to require the division pay the in-home rate for services provided in the office.

The Children's Division does not anticipate any programmatic or fiscal impacts as a result of the implementation of this bill.

DLS officials assume this proposal will have no fiscal impact on their division.

Therefore, in summary the DSS assumes this proposal will have the following fiscal impact:

FY18 (10 months):	\$19,290,273 (GR \$6,901,474; Federal \$12,388,799);
FY19:	\$24,320,542 (GR \$8,692,162; Federal \$15,628,380); and
FY20:	\$25,240,032 (GR \$9,020,787; Federal \$16,219,245).

Officials from the **Office of Attorney General (AGO)** assume any potential costs arising from this proposal can be absorbed with existing resources.

ASSUMPTION (continued)

Officials from the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, **Missouri State Highway Patrol**, the **Office of the Governor**, the **Joint Committee on Administrative Rules**, the **Office of Lieutenant Governor**, the **Missouri Department of Transportation**, the **Missouri Office of Prosecution Services**, the **Office of Administration Divisions of: Accounting, Facilities Management, Design and Construction, General Services, Personnel, Purchasing and Materials Management, and Information Technology Services**, the **Office of State Courts Administrator**, the **Office of State Auditor**, the **Office of Secretary of State**, the **Office of State Public Defender**, the **Office of State Treasurer**, the **City of Kansas City**, **Mississippi County**, **St. Louis County**, the **Forsyth R-III Schools**, the **Kirksville R-III School District**, the **Lee's Summit R-7 School District**, the **West Plains Schools**, **Metropolitan Community College**, **Missouri State University**, **Missouri Western State University**, **Northwest Missouri State University**, **State Technical College of Missouri** and the **University of Central Missouri** each assume the proposal would not fiscally impact their respective agencies.

Officials from the following **cities**: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

Officials from the following **counties**: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Christian, Clay, Cole, Cooper, Dekalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Maries, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne, Webster and Worth did not respond to **Oversight's** request for fiscal impact.

ASSUMPTION (continued)

Officials from the following **school districts**: Arcadia Valley R-2, Avilla R-13, Bakersfield R-4, Belton School District #124, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Eldon R-I, Everton R-III, Fair Grove, Fair Play, Fayette R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal School District #60, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kansas City, Kearney R-1, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Leeton R-10, Lewis County C-1, Lincoln R-2, Lindbergh, Lonedell R-14, Macon County R-1, Malta Bend, Mehville School District #9, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County R-II, Osborn R-O, Parkway, Pattonville, Pettis County R-12, Pierce City R-6, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Republic R-III, Richards R-5, Richland R-1, Richmond R-XVI, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Sedalia, Seymour R-2, Shell Knob #78, Sikeston, Silex, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Waynesville, Webster Groves, Wentzville R-IV, Westview C-6 and the Wright City R-2 School District did not respond to **Oversight's** request for fiscal impact.

Officials from the following **colleges and universities**: Crowder, East Central, Harris-Stowe, Jefferson College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, Truman State University and the University of Missouri did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Costs - DSS (§337.503)</u>			
State share of increase in program distribution	<u>(\$6,901,474)</u>	<u>(\$8,692,162)</u>	<u>(\$9,020,787)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$6,901,474)</u>	<u>(\$8,692,162)</u>	<u>(\$9,020,787)</u>
FEDERAL FUNDS			
<u>Income - DSS (§337.503)</u>			
Increase in program reimbursements	\$12,388,799	\$15,628,380	\$16,219,245
<u>Costs - DSS (§337.503)</u>			
State share of increase in program distribution	<u>(\$12,388,799)</u>	<u>(\$15,628,380)</u>	<u>(\$16,219,245)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2018 (10 Mo.)	 FY 2019	 FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may impact small business licensed professional counselors and other mental health professionals if they decide to become authorized MO HealthNet providers.

FISCAL DESCRIPTION

This bill prohibits discrimination between licensed professional counselors and other mental health professionals with regard to service locations or populations served.

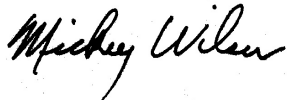
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Department of Agriculture
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety -
 Missouri State Highway Patrol
Department of Social Services -
 MO HealthNet Division
 Children's Division
 Division of Legal Services
Office of the Governor
Joint Committee on Administrative Rules
Office of Lieutenant Governor
Missouri Department of Transportation
Missouri Office of Prosecution Services
Office of Administration
Office of State Courts Administrator
Office of State Auditor
Office of Secretary of State
Office of State Public Defender
Office of State Treasurer
City of Kansas City
Mississippi County
St. Louis County
Forsyth R-III Schools
Kirksville R-III School District
Lee's Summit R-7 School District
West Plains Schools
Metropolitan Community College
Missouri State University

SOURCES OF INFORMATION (continued)

Missouri Western State University
Northwest Missouri State University
State Technical College
University of Central Missouri

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 28, 2017

Ross Strobe
Assistant Director
February 28, 2017