

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1727-02
Bill No.: HCS for HB 873
Subject: Counseling; Mental Health; Professional Registration and Licensing;
Medicaid/MO HealthNet
Type: Original
Date: March 27, 2017

Bill Summary: This proposal allows licensed professional counselors to be reimbursed for mental health services provided to eligible adults under MO HealthNet.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|----------------------|----------------------|----------------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| General Revenue | (\$1,603,360) | (\$1,964,536) | (\$2,037,637) |
| Total Estimated Net Effect on General Revenue | (\$1,603,360) | (\$1,964,536) | (\$2,037,637) |

| 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 6 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 \$3.5 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 Chapter 208.152(15) by adding providers eligible for reimbursement for mental health services provided to adults shall include, but not be limited to, professional counselors licensed under sections 337.500 to 337.540, regardless of the location where services were provided.

MHD officials assume this legislation requires MHD to reimburse Licensed Professional Counselors (LPCs) for services provided to adults in all settings. 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.

MO HealthNet assumes that all LPCs currently enrolled with MO HealthNet are working to capacity. Considering the demand for behavioral health services in the fee-for-service (FFS) population, MO HealthNet assumes that authorizing LPCs to provide services to adults would result in an increase in enrolled LPCs, as some agencies would hire FTEs and other independent practitioners, who specialize in services to adults, will enroll. MHD assumes the increase in enrolled providers will result in a 20% increase in utilization of LPC services. In FY16, the cost for LPCs and provisionally licensed LPCs was \$16,388,467 (rounded). Assuming a 20% increase would result in a cost of \$3,277,693 ($\$16,388,467 \times 0.20$) for the fee-for-service population.

FY18 was calculated for 10 months; for FY19 and FY20, a 4.1% inflation factor was added.

For Managed Care, MHD assumes that an actuarial study will be needed at a one-time cost of \$50,000. Additionally, MHD assumes an increase in services similar to fee-for-service; however, it is believed the increase in utilization would only be 10% because, currently, LPCs can serve adults in Community Mental Health Centers (CMHCs) administered by the Department of Mental Health.

To calculate the 10%, a per member per year (PMPY) was found for the fee-for-service population at the 10% utilization level ($\$16,388,467 \times 0.10 = \$1,638,847 / 482,053$ Jan 2017 FFS enrollees = \$3.40 PMPY). The PMPY was multiplied by the number of managed care eligibles as of Jan 2017 for a cost of \$1,747,501 ($\$3.40 \times 513,971$). The FY18 cost was calculated for 10 months.

ASSUMPTION (continued)

Based on prior analysis conducted for MHD by an actuarial firm, the cost of serving these participants through managed care will be lower than if they were served through the fee-for-service program. It is estimated the costs will be 1.1% lower than if the services had been provided through FFS for year 2 (FY19) and 2.2% for year 3 (FY20). There will be no reduction in costs for year 1 (FY18). A 4.1% inflationary factor was applied to FY19 and FY20.

Officials from the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Corrections** and the **Office of Administration, Division of Budget & Planning** each assume the proposal would not fiscally impact their respective agencies.

| <u>FISCAL IMPACT - State Government</u> | FY 2018 (10 Mo.) | FY 2019 | FY 2020 |
|---|-----------------------------|-----------------------------|-----------------------------|
| GENERAL REVENUE FUND | | | |
| <u>Costs - DSS (§208.152)</u> | | | |
| Actuarial study | (\$25,000) | \$0 | \$0 |
| State share of increase in program distributions | <u>(\$1,578,360)</u> | <u>(\$1,964,536)</u> | <u>(\$2,037,637)</u> |
| ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND | <u>(\$1,603,360)</u> | <u>(\$1,964,536)</u> | <u>(\$2,037,637)</u> |
| FEDERAL FUNDS | | | |
| <u>Income - DSS (§208.152)</u> | | | |
| Increase in program reimbursements | \$2,862,869 | \$3,532,207 | \$3,663,642 |
| <u>Costs - DSS (§208.152)</u> | | | |
| Actuarial study | (\$25,000) | \$0 | \$0 |
| State share of increase in program distribution | <u>(\$2,837,869)</u> | <u>(\$3,532,207)</u> | <u>(\$3,663,642)</u> |
| ESTIMATED NET EFFECT ON FEDERAL FUNDS | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Local Government

FY 2018
(10 Mo.)

FY 2019

FY 2020

\$0

\$0

\$0

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.

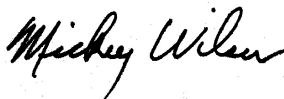
FISCAL DESCRIPTION

This proposal revises Chapter 208.152 by adding that providers eligible for reimbursement for mental health services provided to adults shall include, but not be limited to, professional counselors licensed under sections 337.500 to 337.540, regardless of the location where services are provided.

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

Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Corrections
Department of Social Services -
 MO HealthNet Division
 Children's Division
 Division of Legal Services
Office of Administration -
 Division of Budget & Planning



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