

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2188-02
Bill No.: HCS for HB 925
Subject: Public Assistance; Medicaid; Social Services Department
Type: Original
Date: May 3, 2013

Bill Summary: This proposal changes the requirements for providing comprehensive health care for public assistance recipients.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	\$2,458,466	\$5,027,562	\$5,253,801
Total Estimated Net Effect on General Revenue Fund	\$2,458,466	\$5,027,562	\$5,253,801

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Other State	\$2,074,839	\$4,243,045	\$4,433,983
Total Estimated Net Effect on Other State Funds	\$2,074,839	\$4,243,045	\$4,433,983

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Savings and losses net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)** state subdivision 208.166.2(2) defines which services shall not be included in the Medicaid managed care plans. Services that will not be covered by prepaid health care plans include: 1) pharmacy benefits, 2) mental health rehabilitation services, 3) substance abuse rehabilitation services, and 4) all benefits and services covered by the clinic upper payment limit state plan that are provided by privately owned and operated community mental health centers which act as administrative entities of the Department of Mental Health (DMH).

This proposal requires the DSS to ensure reasonable access to medical services in all of the geographic areas of the state, not just those areas where managed care currently exists.

Prepaid health plans are required to provide MO HealthNet with an electronic notice of authorization and denials for inpatient admissions within 24 hours of receiving the request and an electronic copy of all claims within 10 days of both the initial submission of the claim and payment of the claim.

Currently, the MO HealthNet Division (MHD) is authorized to purchase medical services from prepaid health plans, health maintenance organizations, health insuring organizations, preferred provider organizations, individual practice associations, local health units, community health centers, and primary care physician sponsors. This proposal adds “accountable care organizations” and “community mental health centers”.

This proposal requires MO HealthNet and the DMH to collaborate to determine, by mutual consent: 1) the sub-capitation rate for behavioral health within the overall Medicaid capitation rate, 2) all requests for proposal language for managed procurement related to behavioral health benefits, 3) the definition of medical necessity for behavioral health benefits, and 4) protocols to assure the quality of behavioral health services delivered through capitated managed care plans.

In order to meet the requirement in this proposal that DSS ensure reasonable access to medical services in all areas of the state, not just those areas where managed care currently exists, the DSS assumes it will expand managed care statewide.

Since this proposal provides that pharmacy benefits are to remain outside of managed care, DSS will be able to realize a cost savings as a result of expanding managed care statewide. DSS assumes implementation of statewide managed care to begin January 1, 2014. Therefore, savings for FY 14 for healthy adults, pregnant women and children are estimated to be \$11,932,802 for all funds; FY 15 savings are estimated to be \$24,402,579 for all funds; and, FY 16 savings are estimated to be \$25,500,695 for all funds.

ASSUMPTION (continued)

	FY 2014	FY 2015	FY 2016
GR	\$2,458,466	\$5,027,562	\$5,253,801
Other	\$ 2,074,839	\$4,243,045	\$4,433,983
FF	<u>\$7,399,498</u>	<u>\$15,131,973</u>	<u>\$15,812,912</u>
Total	<u>\$11,932,802</u>	<u>\$24,402,579</u>	<u>\$25,500,695</u>

Officials from the **Department of Mental Health (DMH)** state the proposal continues to carve out the following DMH services on a fee-for-service basis when provided by a DMH certified provider: community psychiatric rehabilitation, comprehensive substance abuse treatment and rehabilitation, targeted case management, and developmental disabilities waiver services. Additionally, all benefits and services subject to the clinic upper payment limit under the clinic upper payment limit state plan will be excluded from a prepaid health plan.

Since the DMH services and benefits previously listed are carved out of the health plans, the result would be no fiscal impact to DMH. DMH also assumes there would be no fiscal impact as a result of their collaboration with DSS.

Officials from the **Department of Health and Senior Services (DHSS)** assume the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (6 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Savings - DSS</u>			
Statewide managed care	<u>\$2,458,466</u>	<u>\$5,027,562</u>	<u>\$5,253,801</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$2,458,466</u>	<u>\$5,027,562</u>	<u>\$5,253,801</u>
OTHER STATE FUNDS			
<u>Savings - DSS</u>			
Statewide managed care	<u>\$2,074,839</u>	<u>\$4,243,045</u>	<u>\$4,433,983</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>\$2,074,839</u>	<u>\$4,243,045</u>	<u>\$4,433,983</u>

<u>FISCAL IMPACT - State Government</u>	FY 2014 (6 Mo.)	FY 2015	FY 2016
FEDERAL FUNDS			
<u>Savings - DSS</u>			
Reduction in expenditures due to statewide managed care	\$7,399,498	\$15,131,973	\$15,812,912
<u>Loss - DSS</u>			
Reduction in expenditures due to statewide managed care	<u>(\$7,399,498)</u>	<u>(\$15,131,973)</u>	<u>(\$15,812,912)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (6 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business health care providers may see an increase in the number of clients they serve if they become members of the prepaid health plans.

FISCAL DESCRIPTION

This proposal changes the laws regarding medical assistance. The Department of Social Services is authorized to purchase medical services from prepaid health plans, health maintenance organizations, health insuring organizations, preferred provider organizations, individual practice organizations, local health units, community health center, and primary care physician sponsors. This proposal adds “accountable care organizations” and “community mental health centers” to the list of organizations from which the department is authorized to purchase services.

This proposal provides that pharmacy benefits, mental health services, substance abuse rehabilitation services, and all benefits and services covered by the clinic upper payment limit stat plan that are provided by privately owned and operated community mental health centers which act as administrative entities of the Department of Mental Health are to be “carved” out of the prepaid service plans.

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

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SOURCES OF INFORMATION

Department of Mental Health
Department of Health and Senior Services
Department of Social Services



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May 3, 2013