

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3527-01
Bill No.: SB 855
Subject: Medicaid; Health Care; Health Care Professionals; Department of Social Services
Type: Original
Date: January 29, 2008

Bill Summary: This legislation adds counseling services under MO HealthNet.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|----------------------------|----------------------------|----------------------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| General Revenue | (Less than \$1,780,756) | (Less than \$2,233,962) | (Less than \$2,334,490) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (Less than \$1,780,756) | (Less than \$2,233,962) | (Less than \$2,334,490) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| Federal | \$0 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

* Income and costs of approximately \$3.1 million in FY09, \$3.9 million in FY10 and \$4.1 million in FY11 would net to \$0.

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| | | | |
| | | | |
| 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 2009 | FY 2010 | FY 2011 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services - Division of Senior and Disability Services (DSDS)** assume that any counseling services would be provided under the MO HealthNet Medicaid State Plan and that anyone who qualifies for State Plan services would access these services under MO HealthNet. Therefore, DSDS assumes the Department of Social Services will calculate the fiscal impact associated with determining the cost of counseling services for adults and the cost of any administrative hearings regarding denial of services.

DSDS uses the MO HealthNet reimbursement rates for in-home services as a base for non-MO HealthNet reimbursement rates to maintain parity between the two programs. DSDS currently authorizes counseling services for clients currently receiving Home and Community Services (HCS) who are not MO HealthNet eligible. It may be necessary to increase the reimbursement rate for this counseling to match MO HealthNet reimbursement if the services are similar in scope.

MO HealthNet currently reimburses counseling services for the Healthy Children and Youth (HCY) program at \$48.00/hour for in-office services and \$58.00/hour for in-home services. For the purposes of this estimate, DSDS assumes that a rate up to \$58.00/hour would be paid for adult counseling.

In FY 2007, a total of 44 DSDS non-MO HealthNet clients accessed counseling services, utilizing a total of 1,027 units (hours). At the current reimbursement rates of \$20.33/hour for semi-professional counseling and \$29.33/hour for professional counseling, the total expenditures for these services were \$22,546. If DSDS raises its reimbursement rates to match MO HealthNet's, provided the services are similar, an estimated additional \$37,020 would be required. (1,027 units X \$58.00/unit = \$59,566 [amount paid at new rate]; \$59,566 - \$22,546 [amount paid at current rate] = \$37,020). DSDS assumes the program can absorb this cost.

If the counseling services provided by MO HealthNet are not similar to those authorized under the non-MO HealthNet HCS program, DSDS assumes there would be no rate change for the HCS counseling services and the fiscal impact of this proposal would be zero.

Therefore, DSDS estimates there would be no significant fiscal impact for this proposal. If it is determined at a later date that additional funding is required, DSDS would pursue additional funding via the appropriations process.

ASSUMPTION (continued)

Officials from the **Department of Mental Health (DMH)** state the DMH currently contracts with providers to provide counseling services to DMH clients. The DMH pays for these services from General Revenue (100%) and estimates the costs of services to be less than \$100,000.

Under this proposal, the costs of these counseling services would be paid by MO HealthNet which has a 63% Federal Share and DMH would be paying the difference, or 37% of the cost as state match. Therefore, 63% of the current General Revenue cost would be covered by the federal share of MO HealthNet resulting in a savings to General Revenue of less than \$63,000 and a cost to Federal Funds of less than \$63,000.

Officials from the **Department of Social Services** assume the proposal adds as a covered service under the MO HealthNet program counseling services for emotional disorders or conditions provided by licensed psychologists, licensed professional counselors, licensed clinical social workers, and licensed marital and family therapists.

Currently licensed psychologists, licensed professional counselors and licensed clinical social workers can enroll and provide services to MO HealthNet participants. Currently licensed marital and family therapists cannot enroll as a provider for MO HealthNet. This proposal would allow them to enroll as providers; therefore a fiscal impact is expected.

Based on the number of marital and family therapists licensed in the State of Missouri, an additional 150 providers could enroll with MO HealthNet as providers. It is assumed that these providers will bill for the same services as licensed professional counselors and provisionally licensed professional counselors and be reimbursed at the same rate. It is also assumed that these services will be covered for both children and adults.

Based on FY07 data, the average cost per patient for children (age 0-20) for these services is \$856.03. It is estimated that each provider will provide services to an average of 19 MO HealthNet participants ages 0-20. Therefore, the fiscal impact for children is estimated to be \$2,439,686 [$\856.03 (average cost per patient) \times 150 (potential new providers) \times 19 (estimated number of patients per provider)].

Based on FY07 data, the average cost per patient for adults (ages 21 and older) for these services is \$257.83. It is estimated that each provider will provide services to an average of 12 MO HealthNet participants ages 21 and over. Therefore, the fiscal impact for adults is estimated to be \$464,094 [$\257.83 (average cost per patient) \times 150 (potential new providers) \times 12 (estimated number of patients per provider)].

ASSUMPTION (continued)

The annual fiscal impact to the MO HealthNet Division is \$2,903,780. For FY09, it is \$2,418,849 and it is assumed the cost will be for 10 months. After applying a 4.5% medical inflation factor for each year, the cost for FY10 is \$3,034,450 and for FY11 it is \$3,171,000.

These calculations are based on fee for service expenditures, managed care is not included. DSS believe the managed care fiscal impact to the MO HealthNet Division is Greater than \$100,000 but less than \$2,903,780.

Oversight notes that states can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures. The Social Security Act requires the Secretary of Health and Human Services to calculate and publish the actual FMAP each year. The FMAP is calculated using economic indicators from state and the nation as a whole. Missouri's FMAP for FY09 is a 63.19% federal match. The state matching requirement is 36.81%.

| <u>FISCAL IMPACT - State Government</u> | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|--|--|--|--|
| GENERAL REVENUE FUND | | | |
| <u>Savings - Department of Mental Health</u> | | | |
| Federal Assistance* | Less than \$63,000 | Less than \$63,000 | Less than \$63,000 |
| <u>Costs - Department of Social Services</u> | | | |
| Managed Care Counseling Services* | (Greater than \$36,810 but Less than \$890,378) | (Greater than \$36,810 but Less than \$1,116,981) | (Greater than \$36,810 but Less than \$1,167,245) |
| Fee For Service Counseling Services | (<u>\$890,378</u>) | (<u>\$1,116,981</u>) | (<u>\$1,167,245</u>) |
| <u>Total Costs - DSS</u> | (<u>Greater than \$36,810 but Less than \$1,780,756</u>) | (<u>Greater than \$36,810 but Less than \$2,233,962</u>) | (<u>Greater than \$36,810 but Less than \$2,334,490</u>) |
| ESTIMATE NET EFFECT ON GENERAL REVENUE FUND | <u>(Less than \$1,780,756)</u> | <u>(Less than \$2,233,962)</u> | <u>(Less than \$2,334,490)</u> |

*Oversight assumes the DMH savings and the DSS managed care counseling services minimum estimate will net to \$0.

FEDERAL FUNDS

Income - Department of Mental Health

| | | | |
|--------------------|-----------------------|-----------------------|-----------------------|
| Federal Assistance | Less than \$63,000 | Less than \$63,000 | Less than \$63,000 |
|--------------------|-----------------------|-----------------------|-----------------------|

Income - Department of Social Services

| | | | |
|--------------------|--|--|--|
| Federal Assistance | Greater than \$63,190 but Less than \$3,056,942 | Greater than \$63,190 but Less than \$3,834,938 | Greater than \$63,190 but Less than \$4,007,510 |
|--------------------|--|--|--|

Costs - Department of Mental Health

| | | | |
|---------------------|-------------------------|-------------------------|-------------------------|
| Counseling Services | (Less than \$63,000) | (Less than \$63,000) | (Less than \$63,000) |
|---------------------|-------------------------|-------------------------|-------------------------|

Costs - Department of Social Services

| | | | |
|-------------------------------------|--|--|--|
| Managed Care Counseling Services | (Greater than \$63,190 but Less than \$1,528,471) | (Greater than \$63,190 but Less than \$1,917,469) | (Greater than \$63,190 but Less than \$2,003,755) |
| Fee For Service Counseling Services | (\$1,528,471) | (\$1,917,469) | (\$2,003,755) |

**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS**

\$0 **\$0** **\$0**

FISCAL IMPACT - Local Government

| | | |
|---------------------|-------------------|-------------------|
| FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

There will likely be some smaller counseling providers who will be able to provide services to MO HealthNet clients with the addition of this language. This may mean additional revenue to those providers.

Licensed psychologists, licensed professional counselors, licensed clinical social workers, and licensed marital and family therapists that operate as a small business could have an economic impact.

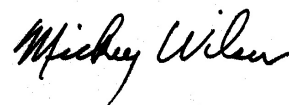
FISCAL DESCRIPTION

The proposed legislation adds as a covered service under the MO HealthNet program counseling services for emotional disorders or conditions provided by licensed psychologists, licensed professional counselors, licensed clinical social workers, and licensed marital and family therapists. The services of a licensed marital and family therapist shall be a covered service regardless of whether such therapist is also licensed as a professional counselor.

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



Mickey Wilson, CPA
Director
January 29, 2008