HF1653 - 0 - "MA Coverage for Residential MH Trtmnt"

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Commitee: **Health and Human Services Finance**
Date Completed: **04/08/2015**
Agency: Human Services Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	

Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact. if any, is discussed in the narrative.
Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	**FY2015**	**FY2016**	**FY2017**	**FY2018**	**FY2019**
General Fund	-	315	495	5,438	9,522
Total	**-**	**315**	**495**	**5,438**	**9,522**
Biennial Total			**810**		**14,960**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2015	**FY2016**	**FY2017**	**FY2018**	**FY2019**
General Fund	-	1	1	3	3
Total	**-**	**1**	**1**	**3**	**3**

Executive Budget Officer's Comment
I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Ahna Minge Date: 4/8/2015 10:07:48 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
Reductions are shown in parentheses.
*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	315	495	5,438	9,522
Total	**-**	**315**	**495**	**5,438**	**9,522**
Biennial Total			**810**		**14,960**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	483	653	5,652	9,725
Total	**-**	**483**	**653**	**5,652**	**9,725**
Biennial Total			**1,136**		**15,377**
2 - Revenues, Transfers In*					
General Fund	-	168	158	214	203
Total	**-**	**168**	**158**	**214**	**203**
Biennial Total			**326**		**417**

Bill Description

This bill adds psychiatric residential treatment facility (PRTF) services for persons under 21 years of age as a covered Medical Assistance benefit. The commissioner of Human Services shall develop admission and discharge procedures and set rates consistent with the federal Center of Medicare and Medicaid Services (CMS). The commissioner shall enroll up to 150 PRTF beds at up to six sites. Providers of PRTF services shall be selected through the request for proposal (RFP) process. State Operated Services may respond to the RFP.

Assumptions

Medical Assistance (MA):

· The first 50 PRTF beds will be available July 1, 2017 with an additional 25 beds becoming available by October 1, 2017 and again by January 1, 2018. Full capacity (150 Beds) would be by July 1, 2018.

· PRTF Rate of $518 per day based on rate used by another state for a similar service

· The Net Expense assumes a 90% bed utilization rate with 70% of clients being MA eligible

· Includes only the State Share (approx. 50% of the total cost)

Administrative Expense:

Project Manager: one full time staff will have overall responsibility for the development, implementation, coordination and on-going monitoring of the new benefit. This includes working with many stakeholders and partners to gather input in the design and creation of this new level of care as well as ongoing management. This also includes the review of current federal regulations, accreditation requirements, possible state licensing standards and overall management of federal approval. On-going responsibilities are to monitor federal compliance, coordinate facility reviews with the Minnesota Department of Health (MDH), review and coordination of the clinical and quality management teams work, compliance with PRTFs policies and procedures and overall monitoring to ensure this new level of care is quality and outcome driven.

Clinical and Quality Management Team: Two FTE required. One full time clinical staff would create and manage the states centralized admission and discharge protocol to determine appropriate clinical criteria for admission as well as discharge to ensure clinical quality management among the 6 statewide PRTF sites. The clinical staff would also perform quality management audits of each PRTF to ensure clinical quality standards are followed and provide training and technical assistance to maintain high performing programs. The other full time staff would work with the clinical staff to

review and make determinations of the admission and discharge of clients to PRTFs with a focus on eligibility criteria, communicate directly with each PRTF for appropriate fit with current populations and assist with the overall process. This position would also be responsible for clinical and utilization data review and analysis for quality management. This includes working with each PRTF to establish data required elements and provide technical assistance. These two positions would not be hired until July 1, 2017.

Contract Expense:

Expertise is needed to assist in the development of an effective, clinical and administrative facility model to provide active treatment to a highly aggressive and complex client population. The development of a quality and effective PRTF model depends on the architecture design of the building to provide safe and appropriate clinically services. The building must have the appropriate architectural design for optimal supervision and monitoring of clients to implement an effective model and ensures a safe environment for staff and clients. This contract would require a competitive request for proposals (RFP) process and expand over a four-year period (contract would extend beyond the date all beds are fully operational to evaluate programs to ensure they meet the fidelity of the model).

In addition, the Minnesota Department of Health (MDH) is the states certifying agency for PRTFs and is currently under contract with DHS to provide similar activities. These funds would be transferred to MDH and therefore no Federal Funds Participation (FFP) may be claimed on these expenses.

Systems Cost:

Minimal system changes will be required to accommodate the new PRTF benefit as there are current services similar to the PRTF benefit that will be used to create the new benefit.

Expenditure and/or Revenue Formula

Medical Assistance (MA):

Implementation Date	Fiscal Year	Beds	Days within Fiscal Year	Per Diem Rate	Total Expense	Net Expense**
50 Beds available 7/1/2017	2018	50	365	$518	$9,453,500	$5,955,705
75 Beds available 10/1/2017	2018	25	273	$518	$3,535,350	$2,227,271
100 Beds available 1/1/2018	2018	25	181	$518	$2,343,950	$1,476,689
FY2018 Total:						$9,659,665
50% State Share:						$4,829,833
150 Beds available 7/1/2018	2019	150	365	$518	$28,360,500	$17,867,115
FY2019 Total:						$17,867,115
50% State Share:						$8,933,558

** Net Expense assumes a 90% bed utilization rate with 70% of clients being MA eligible

Administrative Expense:

Project Manager (Agency Policy Specialist) Annual Salary $79,600, Fringe estimated at 30% of annual salary for a total annual expense of $103,480 (assumes 1.8% COLA in FY17)

Clinical & Quality Management Team (State Program Admin Coordinator x 2.0 FTEs) - Annual Salary $87,200, Fringe

estimated at 30% of annual salary for a total annual expense of $113,360 x 2.0 FTEs = $226,720

Administrative Overhead Expense per FTE - $29,700 year one, $14,000 on-going.

Contract Expense:

Model & Building Design -- $317,000 per year for the first 2 years, down to $205,000 per year for the final 2 years. The cost is higher in the first two years mainly due to anticipated travel expense and actual building design.

MDH approx. $200,000 per year starting in FY2017.

Average Federal Fund Participation (FFP) 35% of general fund central office administrative costs

Fiscal Tracking Summary ($000s)						
Fund	**BACT**	**Description**	**FY2016**	**FY2017**	**FY2018**	**FY2019**
1000	33	Medical Assistance	0	0	4,830	8,934
1000	15	Community Supports Admin (Sal & Non-Sal)	163	133	405	374
1000	15	Contract Expense	317	317	205	205
1000	15	Transfer to MDH	0	202	211	211
1000	Rev1	FFP at 35%	(168)	(158)	(214)	(203)
1000	11	Operations (Systems Cost)	3	1	1	1
		Total Net Fiscal Impact	**315**	**495**	**5,438**	**9,522**
		Full Time Equivalents	1.0	1.0	3.0	3.0

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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