# HF2609 - 0 - "Modify Comm Behavioral Health Clinic Req"

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Commitee: **Health and Human Services Finance**
Date Completed: **03/04/2016**
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** | - | - | 188 | 5,126 | 3,307 |
| **Restrict Misc. Special Revenue** | - | - | - | - | - |
| **Total** | **-** | **-** | **188** | **5,126** | **3,307** |
| **Biennial Total** | | | **188** | | **8,433** |

| Full Time Equivalent Positions (FTE) | | Biennium | | Biennium | |
|---|---|---|---|---|---|
| | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
| General Fund | - | - | 1.5 | 3.5 | 3.5 |
| Restrict Misc. Special Revenue | - | - | - | - | - |
| **Total** | **-** | **-** | **1.5** | **3.5** | **3.5** |

**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: 3/4/2016 3:38:10 PM
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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 | - | - | 188 | 5,126 | 3,307 |
| Restrict Misc. Special Revenue | - | - | - | - | - |
| **Total** | **-** | **-** | **188** | **5,126** | **3,307** |
| **Biennial Total** | | | **188** | | **8,433** |
| **1 - Expenditures, Absorbed Costs*, Transfers Out*** | | | | | |
| General Fund | - | - | 271 | 5,366 | 3,533 |
| Restrict Misc. Special Revenue | - | - | - | (32) | (36) |
| **Total** | **-** | **-** | **271** | **5,334** | **3,497** |
| **Biennial Total** | | | **271** | | **8,831** |
| **2 - Revenues, Transfers In*** | | | | | |
| General Fund | - | - | 83 | 240 | 226 |
| Restrict Misc. Special Revenue | - | - | - | (32) | (36) |
| **Total** | **-** | **-** | **83** | **208** | **190** |
| **Biennial Total** | | | **83** | | **398** |

**Bill Description**

This bill implements M.S. 245.735, passed in 2015, which directed DHS to apply for federal approval to demonstrate a new certification and payment process for Certified Community Behavioral Health Clinics (CCBHCs). This bill establishes the certification standards and a payment system for behavioral health services delivered by CCHBCs. DHS has received a federal planning grant which will cover some administrative and startup costs during October 2015 - October 2016.

**Assumptions**

1) This federal demonstration project will implements a new certification and payment process for Certified Community Behavioral Health Clinics. The new payment methodology will be a cost-based, prospective bundled rate that includes inflation, quality incentives, and service enhancements. As a result, payment rates for services provided by CCBHCs will be increased.

2) Effective Date: This analysis assumes federal approval as a CCBHC demonstration state and authority for the prospective payment methodology beginning July 1, 2017 and ending June 30, 2019.

3) Services Included in the new CCBHC payment system: outpatient mental health services, CTSS, ARMHS, day treatment, partial hospitalization, crisis services, case management and outpatient chemical dependency treatment. The analysis for chemical dependency treatment includes estimated costs for non-residential withdrawal management/medical detox.

4) Services NOT included in the new CCBHC payment system: inpatient, residential, behavioral health home, physical health, medications, ACT

5) This analysis is based on actual payments for CCBHC services to Community Mental Health Centers (CMHCs), the providers most likely to qualify as CCBHCs. Projections are trended forward based on forecasted enrollment changes by MA eligibility category in the February 2015 Forecast. Minnesota currently has about 40 MA providers enrolled as Community Mental Health Centers.

6) As required by federal rules, clinics will be certified by Oct. 2016. Only those clinics who are certified will be included in the new payment system.

7) This bill gives DHS the authority to limit the number of certified clinics based on the state appropriation. This analysis assumes that DHS will certify clinics representing about:

• 12% of CMHC payments (excluding chemical dependency treatment).

• 70% of CMHC payments for chemical dependency treatment. This proportion is higher since chemical dependency treatment is only provided by those CMHCs that are most likely to quality as CCBHCs.

8) The new CCBHC payment system will also include payment for contracted services which the CCBHC is unable to provide itself. Since most of the contracted services are already provided by existing entities, this analysis includes the cost of contracted services in the baseline estimates.

| | CCBHC Payments (excl. targeted case management & chemical dependency) | Targeted Case Management | Chemical Dependency |
|---|---|---|---|
| Addition for contracted services | 40% | 50% | 70% |

9) The new CCBHC payment system will be based on cost-based rates, accounting for inflation and enhanced service quality and accessibility. This analysis estimates that the new payment system will result in the following increase in payment per recipient:

| | CCBHC Payments (excl. targeted case management & chemical dependency) | Targeted Case Management | Chemical Dependency |
|---|---|---|---|
| Recognition of actual costs | 72% | 5% | 50% |
| Inflation and service enhancement | 20% | 20% | 20% |
| Inclusion of withdrawal management/medical detox | NA | NA | 63% |
| **Total projected increase in payment per recipient** | **92%** | **25%** | **133%** |

10) State Share and Enhanced Federal Financial Participation (FFP): This federal demonstration project provides enhanced federal financial participation (FFP) in MA payments for CCBHC services that are paid for under the new prospective payment system. State share of MA is determined by the following federal provisions:

• FFP will be 65% (instead of the usual 50%) for CCBHC services provided during FY18-19 demonstration period. The enhanced match will apply to all MA payments for CCBHC services, including payments for existing services that are integrated into the new system.

• The FFP for Adults without Children will remain at current projected levels. (Currently 100% but declining in future years)

• The 65% enhanced match for managed care payments for CCBHC services will be delayed one year due to the claiming process

• Federal match for managed care payments for Adults without Children will not be delayed since that is not specific to the CCBHC demonstration project

To allow for differences in federal match provisions, this analysis calculates the state share impact for each of the following are:

• Fee-for-service Adults with No Kids

• Fee-for-service - All Other MA

• Managed Care - Adults with No Kids

• Managed Care - All Other MA

11) Buying up the County Share of Services: This bill also buys up the county share of targeted case management and outpatient chemical dependency treatment when it is part of the CCBHC payment. Currently, counties are responsible for 100% of the non-Federal share of MA for targeted case management and 30% of the non-Federal share of MA for outpatient chemical dependency treatment. This proposal pays for these services within the new payment system and assumes that the state will pay the entire non-Federal share when these services are provided through a CCBHC.

12) Impact on Chemical Dependency Consolidated Treatment Fund (CCDTF): Under current law, the CCDTF pays for MA-eligible treatment with the following provisions:

• Federal match is claimed through MA, with 83% of those funds going back to the CD Fund and 17% to a dedicated CD Admin Fund.

• The counties pay 30% of the non-federal share with those revenues going back to the CD Fund.

• State appropriations within the CD Fund pay the other 70% of the non-federal share.

Under this bill, the CCBHC will include outpatient CD treatment for people who are MA eligible, with these provisions:

• Payment for MA fee-for-service recipients will shift from the CD Fund to CCBHCs

• The State will pick up the county share since CD will not be a separate part of the CCBHC payment

• These expenditures and revenues will no longer be part of the CD treatment fund or the CD Admin Fund

• Since CD treatment for managed care is already paid by MA, the above changes will not affect managed care.

13) Payment effect: This analysis includes a 30 day payment effect to account for the fact that fee-for-service MA is paid retrospectively and assumes that MCO capitation payment for June of each year will be paid in the following fiscal year.

14) Administrative Impacts: This bill will require funding for 3.5 FTEs on-going. Intensive and time-sensitive planning and coordination are needed to develop cost-based rates, certify clinics, measure outcomes, provide technical assistance to providers, process stakeholder input, participate in an intensive federal evaluation effort, and develop Medicaid state plan amendment to ensure no interruption in services after the demonstration period ends.

A 2015 legislative appropriation and a Federal planning grant provide funding for 2 FTEs in the Mental Health Division of the Community Supports Administration until June 30, 2017. Implementing this bill will require those positions on-going and will require a 0.5 FTE contract manager, beginning July 1, 2016 and 1 additional FTE in the Health Care Administration to support rate development and cost reporting. The 2015 Legislature also provided time-limited contract resources to support the development of the prospective payment system. This bill will require on-going funding in the next biennium for contracted actuarial and rate analysis to support rebasing of CCBHC rates every two years.

15) Systems Impact: Systems work will be necessary to convert to a bundled rate including targeted case management and chemical dependency in the payment system in the Minnesota Medicaid Information System (MMIS).

## Expenditure and/or Revenue Formula

| **Medical Assistance Impact (State Share** *Dollars in Thousands***)** | | | |
|---|---|---|---|
| *CCBHC Payments (excluding Targeted Case Management & Chemical Dependency)* | **FY 2017** | **FY 2018** | **FY 2019** |
| Fee for service - Adults with No Kids | - | 15 | 19 |
| Fee for service - All Other MA | - | 661 | 732 |

| **Medical Assistance Impact (State Share** *Dollars in Thousands***)** | | | |
|---|---|---|---|
| Managed Care - Adults with No Kids | - | 97 | 127 |
| Managed Care - All Other MA | - | 2,937 | 1,407 |
| *State Share MA impact of CCBHC (excluding Targeted Case Management & Chemical Dependency)* | *-* | *3,709* | *2,285* |
| | | | |
| *Chemical Dependency Services* | | | |
| Fee for service - Adults with No Kids | - | 11 | 14 |
| Fee for service - All Other MA | - | 182 | 202 |
| Managed Care - Adults with No Kids | - | 30 | 40 |
| Managed Care All other MA | - | 156 | 91 |
| *State Share MA impact of Chemical Dependency* | *-* | *380* | *346* |
| | | | |
| *Targeted Case Management* | | | |
| Fee for service - Adults with No Kids | - | 2 | 3 |
| Fee for service - All Other MA | - | 411 | 456 |
| Managed Care - Adults with No Kids | - | 6 | 8 |
| Managed Care All other MA | - | 269 | (102) |
| *State Share MA impact of Targeted Case Management* | *-* | *688* | *365* |
| | | | |
| ***Total State Share MA impact of bill*** | ***-*** | ***4,777*** | ***2,996*** |
| | | | |
| **Consolidated Chemical Dependency Treatment Fund Impact** | **FY 2017** | **FY 2018** | **FY 2019** |
| *Fee for service - Adults with No Kids* | | | |
| Projected CCDTF payments | - | (82) | (91) |
| Projected MA federal share | - | (78) | (85) |
| State share - CCDTF - Adults w no kids | - | (3) | (4) |
| County share - CCDTF | - | (1) | (2) |
| | | | |
| | | | |
| CCDTF revenues(83% of MA federal) | - | (64) | (70) |
| CD Admin revenues (17% of MA federal) | - | (13) | (14) |
| | | | |
| *Fee for service - All Other MA* | | | |

| **Medical Assistance Impact (State Share** *Dollars in Thousands***)** | | | |
|---|---|---|---|
| Projected CCDTF payments | - | (224) | (248) |
| Projected MA federal share | - | (112) | (124) |
| State share - CCDTF - All Other MA-eligibles | - | (78) | (87) |
| County share - CCDTF | - | (34) | (37) |
| | | | |
| CCDTF revenues(83% of MA federal) | - | *(93)* | *(103)* |
| CD Admin revenues (17% of MA federal) | - | *(19)* | *(21)* |
| | | | |
| *CCDTF Total Pymts* | - | (306) | (339) |
| CCDTF Revenue from MA Federal | - | (157) | (173) |
| CCDTF Revenue from County Share | - | (35) | (39) |
| ***Net to CCDTF (Total Pymts minus Revenue)*** | **-** | ***(114)*** | ***(126)*** |
| | | | |
| ***CD Admin Revenue from MA Federal*** | **-** | ***(32)*** | ***(36)*** |
| | | | |
| **Total State Share Impact of Proposal** | **FY 2017** | **FY 2018** | **FY 2019** |
| MA Grants | - | 4,777 | 2,996 |
| CCDTF Net State Share | - | (114) | (126) |
| Community Supports Admin | 74 | 543 | 503 |
| Health Care Admin | 162 | 142 | 142 |
| Systems - MMIS | 35 | 18 | 18 |
| CS & HC Admin FFP (35%) | 83 | 240 | 226 |
| *Net General Fund Impact* | *189* | *5,127* | *3,307* |
| | | | |
| CD Admin Fund Revenue | - | (32) | (36) |
| CD Admin Fund Expenditures | - | 32 | 36 |
| *Net CD Admin Fund* | - | - | - |

| **Fiscal Summary (000's)** | | | | | | |
|---|---|---|---|---|---|---|
| **Fund** | **BACT** | **Description** | **FY16** | **FY17** | **FY18** | **FY19** |
| GF | 33 | MA Grants | | - | 4,777 | 2,996 |
| GF | 35 | CCDTF Net State Share | | - | (114) | (126) |
| GF | 15 | Community | | 74 | 543 | 503 |

| Fiscal Summary (000's) | | | | | | |
|---|---|---|---|---|---|---|
| | | Supports Admin | | | | |
| GF | 13 | Health Care Admin | | 162 | 142 | 142 |
| GF | 11 | Systems - MMIS | | 35 | 18 | 18 |
| GF | REV | REV FFP | | (83 ) | (240) | (226) |
| DED | REV | CD Admin Fund Revenue | | - | 32 | 36 |
| DED | EXP | CD Admin Fund Expenditures | | - | (32) | (36) |
| | | | | | | |
| | | | | | | |
| | | **Total Net Fiscal Impact** | | 188 | 5,126 | 3,307 |
| GF | | **Full Time Equivalents** | | 1.5 | 3.5 | 3.5 |

## Long-Term Fiscal Considerations

Continued payment for CCBHC services after the demonstration period is assumed to be limited to clinics certified during the demonstration period and is contingent upon federal approval of on-going FFP.

## Local Fiscal Impact

This proposal will reduce costs for counties by buying up their share of mental health targeted case management and outpatient chemical dependency treatment services when they are provided by CCBHCs.

## References/Sources

DHS February, 2016 Forecast

CSA Research and Analysis

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