

HF1258 - 0 - "Mental Health Clinics Pmt Rates Modified"

Chief Author: **Josh Heintzeman**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/01/2017**
 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	FY2017	FY2018	FY2019	FY2020
Health Care Access	-	15	42	48	53
General Fund	-	5,161	11,330	12,513	13,681
Total	-	5,176	11,372	12,561	13,734
Biennial Total			16,548		26,295

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
Health Care Access	-	-	-	-	-
General Fund	-	-	-	-	-
Total	-	-	-	-	-

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: 3/1/2017 10:15:19 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		FY2017	FY2018	FY2019	FY2020	FY2021
Health Care Access	-	15	42	48	53	
General Fund	-	5,161	11,330	12,513	13,681	
Total	-	5,176	11,372	12,561	13,734	
	Biennial Total		16,548		26,295	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Health Care Access	-	15	42	48	53	
General Fund	-	5,161	11,330	12,513	13,681	
Total	-	5,176	11,372	12,561	13,734	
	Biennial Total		16,548		26,295	
2 - Revenues, Transfers In*						
Health Care Access	-	-	-	-	-	
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
	Biennial Total		-		-	

Bill Description

This bill extends the 23.7 percent critical access mental health increase under the Medical Assistance (MA) program to include services rendered outside of settings that received the increase in 2007. Services receiving this rate increase include:

- Group skills training when included as a component of children’s therapeutic services and support
- Psychotherapy
- Medication management
- Evaluation and management
- Diagnostic assessment
- Explanation of findings
- Psychological testing
- Neuropsychological services
- Direction of behavioral aides; and
- Inpatient consultation.

The 2007 rate increase applied to psychiatrists and advance practice psychiatric nurses in any setting and by all licensed mental health professionals while practicing in community mental health centers and essential community providers. This legislation extends the rate increase to include all licensed mental health care providers when practicing in clinics and centers that are not designated as essential community providers.

Assumptions

This legislation extends the 23.7 percent critical access mental health rate increase for the services specified in statute to include all licensed mental health care providers when practicing in clinics and centers that are not designated as essential community providers. The effect is to extend the rate increase to all licensed providers performing the services specified in statute who are not currently receiving the increase. This rate change is applicable to both the Medical Assistance and MinnesotaCare programs.

Under Minnesota Statutes 256B.69 sub. 5a, requirements applicable to managed care programs under 256B and 256L

established after the date of the contract take effect when the contract is next issued or renewed. Accordingly this estimate assumes January 1, 2018 effective date for the rate increase in managed care and assumes the July 1, 2017 effective date of the bill for the rate increase in fee for service.

This legislation would require changes to DHS claims payment systems to enable this new group of providers to receive the higher rate. This includes removing the logic which limits the rate increase to certain provider types reflected in statute. The state share cost of the required systems work is reflected in this estimate.

Expenditure and/or Revenue Formula

Medical Assistance				
A Fiscal Analysis of HF1258: Provide a Rate Increase for Certain Critical Access Mental Health Services				
Rate Increase for Critical Access Mental Health Services				
Percent change:	23.70%			
	FY 2018	FY 2019	FY 2020	FY 2021
Months of fiscal effects:				
(Assumes a 2 month lag for FFS)				
Fee for service	10	12	12	12
Managed care	5	12	12	12
February 2017 Forecast				
Medical Assistance	FY 2018	FY 2019	FY 2020	FY 2021
FFS Payments to Providers Eligible for the Increase				
MA Elderly and Disabled	\$8,620,238	\$9,163,866	\$9,751,760	\$10,321,025
MA Adults without Kids	\$3,213,390	\$3,098,025	\$3,344,482	\$3,550,047
MA Families with Children	\$10,687,509	\$13,718,384	\$15,253,168	\$16,999,353
Medical Assistance	FY 2018	FY 2019	FY 2020	FY 2021
Managed Care:				
Proportion for Providers Eligible for the Increase				
MA Elderly and Disabled	\$18,579,713	\$17,985,675	\$16,378,463	\$17,391,508
MA Adults without Kids	\$13,366,183	\$13,612,643	\$13,751,829	\$14,712,720
MA Families with Children	\$45,027,151	\$52,568,098	\$55,217,335	\$60,653,156
MinnesotaCare	FY 2018	FY 2019	FY 2020	FY 2021
Managed Care: Proportion for Providers Eligible for the Increase				
	\$5,720,901	\$6,344,523	\$6,667,314	\$7,161,984
Impact of Rate Increase				
Medical Assistance	FY 2018	FY 2019	FY 2020	FY 2021
MA Elderly and Disabled FFS	\$1,702,497	\$2,171,836	\$2,311,167	\$2,446,083

MA Elderly and Disabled HMO	\$1,834,747	\$4,262,605	\$3,881,696	\$4,121,787
MA Elderly and Disabled HMO perf. pmt.	\$0	\$0	\$375,762	\$351,340
Total Elderly and Disabled	\$3,537,244	\$6,434,441	\$6,568,625	\$6,919,210
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$1,768,622	\$3,217,221	\$3,284,313	\$3,459,605
State Share	\$1,768,622	\$3,217,221	\$3,284,313	\$3,459,605
MA Adults w. no Children FFS	\$634,644	\$734,232	\$792,642	\$841,361
MA Adults w. no Children HMO	\$1,319,911	\$3,226,196	\$3,259,183	\$3,486,915
MA Adults w. no Children HMO perf. pmt	\$0	\$0	\$278,422	\$282,212
Total Adults w. no Children	\$1,954,555	\$3,960,428	\$4,330,248	\$4,610,488
Federal share %	94.50%	93.50%	91.50%	90.00%
Federal share	\$1,847,054	\$3,703,000	\$3,962,177	\$4,149,439
State Share	\$107,501	\$257,428	\$368,071	\$461,049
MA Families with Children FFS	\$2,110,783	\$3,251,257	\$3,615,001	\$4,028,847
MA Families with Children HMO	\$4,446,431	\$12,458,639	\$13,086,508	\$14,374,798
MA Families with Children HMO perf. pmt	\$0	\$0	\$1,018,606	\$1,115,208
Total Families with Children	\$6,557,214	\$15,709,896	\$17,720,115	\$19,518,853
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$3,278,607	\$7,854,948	\$8,860,058	\$9,759,427
State Share	\$3,278,607	\$7,854,948	\$8,860,058	\$9,759,427
Total MA State Share	\$5,154,729	\$11,329,597	\$12,512,441	\$13,680,080
MinnesotaCare	FY 2018	FY 2019	FY 2020	FY 2021
Impact of rate increase				
MnCare HMO	\$564,939	\$1,503,652	\$1,580,153	\$1,697,390
MnCare HMO perf. pmt	\$0	\$0	\$125,397	\$134,633
Total MnCare	\$564,939	\$1,503,652	\$1,705,551	\$1,832,023
Effective state share %	2.69%	2.77%	2.83%	2.87%
Federal share (BHP Trust Fund)	\$549,742	\$1,462,001	\$1,657,284	\$1,779,444
State share (HCAF)	\$15,197	\$41,651	\$48,267	\$52,579

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	33-FC	MA Grants	3,279	7,855	8,860	9,759
GF	33-AX	MA Grants	108	257	368	461

GF	33-ED	MA Grants	1,769	3,217	3,284	3,460
HCAF	31	MinnesotaCare Grants	15	42	48	53
GF	11	Systems (MMIS @ .29)	5	1	1	1
		Total Net Fiscal Impact	5,176	11,372	12,561	13,734
		Full Time Equivalents				

Long-Term Fiscal Considerations

Costs for this rate increase are ongoing.

Local Fiscal Impact

None.

References/Sources

February, 2017 Medical Assistance and MinnesotaCare program forecasts

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