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FISCAL IMPACT REPORT

SPONSOR: Beam DATE TYPED: 03/11/01 HB HJM 65/aHCPAC
 SHORT TITLE: Medicaid Waivers for Mentally Ill Study SB _____
 ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
		See Narrative			

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 211, SB 626 and SB 641

SOURCES OF INFORMATION

Human Services Department (HSD)
 Health Policy Commission (HPC)
 Children, Youth and Families Department(CYFD)

SUMMARY

Synopsis of HCPAC Amendment

The House Consumer and Public Affairs Committee inserted language that includes “families of adults, children or youth with serious mental illness” as members of the task force to study the development of medicaid waiver services for persons with mental illnesses.

Synopsis of Bill

House Joint Memorial 65 provides for the Human Services Department (HSD) to study the possibility of creating a Medicaid waiver program specifically for the chronically mentally ill of New Mexico. HJM 65 identifies the risk factors to which some members of this population are frequently exposed, such as:

- C chronic neglect,
- C abandonment,
- C inappropriate incarcerations,
- C homelessness,
- C frequent admissions to psychiatric treatment facilities,
- C increased school drop-out rates, and

c death.

Significant Issues

The task force would include members from DOH, CYFD, an organization for parents with behaviorally different children, a statewide alliance for the mentally ill, and an organization for the protection and advocacy of persons with various disabilities. This task force would be led by the Human Services Department which would also be responsible to present the results of the task force findings to the Legislative Finance Committee and interim legislative Health and Human Services Committee by October 2002.

The HSD states that if behavioral health care and services remain in the Medicaid managed care or Salud! program, the Managed Care Organizations (MCOs) will be contractually mandated to provide some “enhanced” services to Medicaid recipients. The HSD notes that historically, the MCOs have created enhanced services for the targeted population, including housing, respite care, drop-in centers, and outreach services. Any plans for a new Medicaid waiver geared toward the mentally ill would need to be carefully coordinated with the MCOs so that duplication would not occur.

The developmental disabilities, medically fragile and disabled and elderly Medicaid waivers already exist for some children and youth. Some states have already implemented Medicaid waiver services for persons with mental illnesses.

FISCAL IMPLICATIONS

There is no appropriation contained in the bill and cost associated with activities described in this memorial would have to be absorb by the agencies.

ADMINISTRATIVE IMPLICATIONS

The departments involved would be required to commit the time and energy of essential staff members and resources for this study.

RELATIONSHIP

HB 211, Medicaid Managed Care Program Exclusions
SB 626, Mental Health Fee-for-Service Arrangements
SB641, Separate Mental Health Services

OTHER SUBSTANTIVE ISSUES

HSD is required under the terms of its waiver with the Health Care Financing Administration (HCFA) to study different possibilities for the managed care behavioral health program. According to HSD, the Medical Assistance Division has already initiated this process.

HPC provided the following information relating to this memorial:

c As a result of Medicaid managed care and financing changes, several NM child and adolescent behavioral health residential facilities closed, leaving large service gaps and severely straining treatment foster care and other service modalities, resulting in numbers of unserved children, waiting lists, and inappropriate placements..

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- C Providers, advocates, and consumers have requested that treatment foster care programs be excluded from managed care since the inception of the SALUD! Program, because the long-term, and typically family-based nature of the services are difficult to adequately reimburse through a capitated mechanism.
- C Behavioral health advocates and treatment providers have argued that the behavioral health managed care system is burdensome and hinders optimal treatment of Medicaid clients.
- C The SALUD! program has been criticized by providers, advocates, and consumers from the beginning, charging that the rapid shift to Medicaid managed care and the emphasis on cutting costs compromised patient care and patient rights, resulted in profits to managed care organizations (MCOs), and adversely affected safety net, community based providers.
- C Several states are dividing responsibility for mental health services among HMOs, traditional fee-for-service providers, and in some cases, county-based mental health authorities.
- C According to HCFA, psychiatric residential treatment facilities are rapidly replacing hospitals in treating psychiatric disorders and are generally a less restrictive alternative to a hospital for treating less acute illnesses but who still require a residential environment. They can also be more cost-effective than inpatient hospitalization in a managed care environment.
- C Serious mental illnesses (SBI) interfere with employment. An estimated 57 percent of adults with SBI were not employed in 1990 compared to 29 percent of the general population. (The Economic Burden of Schizophrenia: Conceptual and Methodological Issues, and Cost Estimates, 1998)
- C Twenty-three percent of American adults (ages 18 and older) suffer from a diagnosable mental disorder in a given year, but only half report impairment of their daily functioning due to the mental disorder. Six percent of adults have addictive disorders alone, and three percent have both mental and addictive disorders. (NAMI)
- C Due to the complexity of the Medicaid system and underlying epidemiology of mental illness, a task force with broad representation as described in HJM 65 may be the most appropriate way to study the feasibility of this waiver program for New Mexico.

BD/ar/njw