F I S C A L I M P A C T R E P O R T

SPONSOR Stewart **DATE TYPED** 03/06/05 **HB** HM 32/aHCPAC

SHORT TITLE Children's Medicaid Behavioral Health Report **SB**

ANALYST Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	**FY06**	**FY05**	**FY06**		
	None		$0.1 See Narrative		

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

SUMMARY

Synopsis of HCPAC Amendment

House Consumer and Public Affairs Committee amendment language requiring reports for FY95 through FY04 was deleted. The requirement for reports for FY05 through FY09 remains.

Synopsis of Bill

House Memorial 32 requires the secretary of human services to prepare reports on or before October 1, 2005 for each fiscal year since 1995, including fiscal year 2005, as follows:

a) The amounts and proportions of federal and state Medicaid funds that have been expended on private and public management of the children's Medicaid behavioral health programs –versus– the amounts and proportions of federal and state Medicaid funds that have been paid to providers for direct services in order to establish a baseline prior to, and including, the Salud! managed care era;

b) Report, on or before October 1, 2006, and each October 1 thereafter until 2010, the amounts and proportions of federal and state Medicaid funds that have been expended on private and public management of the children's Medicaid behavioral health programs –versus– the amounts and proportions of federal and state funds that have been paid to providers for direct services for each fiscal year ending June 30 prior to the respective report; and:

c) Include any additional information necessary or relevant that will explain the value received for the expenditures and establish that the comparisons are accurate and valid.

Significant Issues

The Human Services Department comments.

1) HM 32 does not define its use of the term "children" in terms of range of age breakouts for Medicaid recipients.
2) Medicaid does not collect specific data, including behavioral health service utilization, administrative costs, and percentage of dollar amounts paid by the managed care organizations or behavioral health organizations to direct providers.
3) The benefit package of behavioral health services is identical for infants, children, youth, and young adults from birth to 21 years of age.
4) Medicaid has no separately financed "behavioral health program for children."
5) Medicaid data warehouse (Omnicaid) retains data for seven years only.
6) Since the inception of Salud in 1997 to the present, Rio Grande Behavioral Health has received a per member/per month capitation for all persons with Medicaid coverage in the southern region of the state. Thus, the administrative portion –versus--the dollar amount paid to direct providers cannot be accurately ascertained for a large portion of the state.

In order to streamline, coordinate, and increase the cost effectiveness of all behavioral health services across state agencies, HB271 created the Behavioral Health Purchasing Collaborative in 2004. Since then, HSD staff and resources have been, and will continue to be, stretched thin. Creating reports required by HM32, from 1998 to 2010, would require significant staff time and department resources. Compliance with HM32 would require HSD to hire a contractor to accomplish the required studies and reports.

FISCAL IMPLICATIONS

Human Services continues.

In order to accomplish such a comprehensive, longitudinal study, HSD would need an additional FTE at $80,000 per year and a contract with an actuarial firm. Depending on the scope of work, this is estimated to cost approximately $500,000. It is unknown if the state would receive a federal match for the cost of the study

OTHER SUBSTANTIVE ISSUES

The value of the prior year's information is difficult to ascertain with respect to the current operation. Even if it exposes poor management and uncovers a low percentage paid on direct services the damage may already be done without recourse. However, this should not mask the high priority that should be given to maximizing the effectiveness of not just behavioral health but all publicly financed health programs. With this in mind consideration should be given to focusing resources on establishing and maintaining low administrative costs on the new behavioral health collaborative entity once chosen, i.e. emphasizing future improvements.

MW/yr:lg:yr