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FISCAL IMPACT REPORT

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|--------------|-------------------------------|-------------|---------|----------|-----------|
| SPONSOR: | HAFC | DATE TYPED: | 2-15-00 | HB | 291/HAFCS |
| SHORT TITLE: | Treatment Foster Care Program | | | SB | |
| | | | | ANALYST: | Taylor |

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|------|-------------------------|------------------|
| FY00 | FY01 | FY00 | FY01 | | |
| | | See narrative | | | |

Duplicates HB 291

SOURCES OF INFORMATION

Human Services Department

Health Policy Commission

SUMMARY

Synopsis of Bill

The House Appropriations and Finance Committee substitute for HB291 excludes treatment foster care for all children eligible for medicaid and determined to be in need of treatment foster care services from the state's managed care system. The bill requires that the children, youth and families department redirect all general fund and federal funds appropriated or allocated to support treatment foster care in FY00 and FY01 under managed care to support foster care on a fee for service basis, with reimbursement following authorization by the department's managed care review panel. The bill carries an emergency clause, making the changes effective upon passage.

FISCAL IMPLICATIONS

Excluding treatment foster care would increase fee-for-service payments, but it would also result in lower managed care capitation rates. However, the net fiscal impact on the treatment foster care program's costs requires additional study, according to the HSD bill analysis. (Note: the HSD analysis was done for the original bill, but their response remains appropriate to the committee substitute.)

ADMINISTRATIVE IMPLICATIONS

The human services department reports that the change will have an administrative impact on the agency as they will have to create a means for ensuring access to treatment foster care for children currently enrolled in managed care, determine the impact on capitation rates, and develop ways to coordinate the needs of treatment foster care recipients and mental health service providers.

OTHER SUBSTANTIVE ISSUES

The human services department notes that treatment foster care services are an important part of the managed care system. They claim that exempting these services from managed care will lead to fragmented and poorly coordinated health care.

The health policy commission notes that providers, advocates and consumers have requested that treatment foster care programs excluded from managed care because the long term and family-based nature of the service are difficult to adequately reimburse through a capitated mechanism. They also report that behavioral health advocates and providers have argued that the behavioral health managed care system is burdensome and does not provide for optimal treatment. They say that the exclusion of treatment foster care may result in better quality treatment foster care. However, they also note that excluding treatment foster care may result in less well coordinated care, and that providing the service outside managed care may provide cost-shifting opportunities for the managed care organizations.

BT/njw:gm