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FISCAL IMPACT REPORT

SPONSOR: Miera DATE TYPED: 03/05/01 HB 923
 SHORT TITLE: Continue Managed Care Mental Health Services SB _____
 ANALYST: Taylor

APPROPRIATION

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

Duplicates/Relates to Appropriation in The General Appropriation Act SB 641

SOURCES OF INFORMATION

Human Services Department (HSD)
 Health Policy Commission (HPC)
 Health Care Financing Administration (HCFA)

SUMMARY

Synopsis of Bill

House Bill 923 requires the department to make available mental and behavioral health services that were developed under the managed care system, to the extent allowed under Title 19 or 21 of the federal act, if these services are excluded from managed care and provided on a fee-for-service arrangement or a separate behavior health managed care program.

Significant Issues

The Health Care Financing Administration (HCFA) earlier this year required the department to remove behavioral health services from the managed care waiver, citing various problems with quality of care (See Other Substantive Issues). In February, HCFA reversed its earlier decision, allowing the department to continue to provide mental and behavioral health services in managed care provided that it instituted several safeguards including: independent reviews of behavioral health authorizations, reductions, terminations and denials; a requirement that the state take timely corrective action with MCO's based on the independent audits; the state notify beneficiaries and providers of a statewide toll free number to report concerns related to behavioral health services; the state plan include a protocol for addressing all concerns in a timely manner; regular monthly reports to HCFA on behavioral health hearings filed and their disposition; an ombudsman program to act as an intermediary and advocate for beneficiary concerns; a survey of beneficiaries of behavioral health needs; an early warning system that will track key variable of behavioral health program performance

and will involve stakeholders; and the state is required to ensure that adequate resources are in place to maintain the system.

PERFORMANCE IMPLICATIONS

HSD did not suggest any performance indicators. Obvious indicators would be how many of the services provided under managed care have been added and a comparison of access or use under the two arrangements.

FISCAL IMPLICATIONS

The bill makes no appropriation, and there are no other immediate fiscal implications since the HCFA decision to reverse the carve-out requirement was reversed. (The department asserts that a carve out would result in Medicaid costs increasing by \$80 million, but does not substantiate the claim with any analysis.)

ADMINISTRATIVE IMPLICATIONS

The department says that adding these services to a fee-for-service program would require an amendment to the plan and promulgation of new rules. They say this would require at least six-months.

OTHER SUBSTANTIVE ISSUES

The Health Policy Commission bill analysis included the following substantive issues extracted from the October 2000 Bazelon Center for Mental Health Law report on mental health inadequacies in the New Mexico managed care program:

- C Low utilization rates of mental health services for the New Mexico Medicaid population (5% to 10% compared to 20% nationally).
- C Lack of case management. Only 486 adults and 207 children received case management over a three-month period in 1999.
- C Lack of intensive community-based services for adults and children with serious mental illness.
- C Poor quality of mental health services, with low rates (14% to 26%) of follow-up within seven days of psychiatric hospitalization and inadequate antidepressant medication management.
- C Improper denials of care and a flawed grievance process, which denied Medicaid patients' their constitutional due process rights.
- C Lack of key data to monitor the delivery of mental health services, as required by New Mexico's waiver.
- C Excessive administrative costs because five management layers have resulted in rate cuts of between 30% and 75% to mental health providers and facilities, with the largest cuts to community-based services.

BT/ar