

DM

PREPARED BY: Liz Hruska
DATE PREPARED: February 06, 2012
PHONE: 471-0053

LB 1158

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill requires medical assistance contracts for at-risk managed care for behavioral health services entered into on or after July 1, 2012 to contain certain provisions including a cap on administration costs of 7%; a restriction on profits to a maximum of 2.5%; provision for reinvestment of excess profits in community-based services and provision for a minimum medical loss ratio of 85%.

The conditions in this bill apply to behavioral health contracts entered into after July 1, 2012. It is unknown if managed care providers would enter into contracts under these conditions. If potential contractors would not agree to the conditions stated in this bill, the cost for behavioral health services would increase.

Also, the department states that a Request for Proposal for behavioral health managed care is being developed with a start date for the contract of July 1, 2013. This move to at-risk managed care for behavioral health services is part of the state's corrective action plan with the Centers for Medicare and Medicaid. If corrective action is not taken, the state could lose a significant amount of federal matching funds under Medicaid.

RECEIVED

FEB 7 2012

LEGISLATIVE FISCAL

LB(1) 1158

FISCAL NOTE

2012

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Willard Bouwens

Date Prepared:(4) 2-7-12

Phone: (5) 471-8072

FY 2012-2013

FY 2013-2014

	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Medicaid staff are currently working to develop a Request For Proposals (RFP) to implement at-risk managed care for behavioral health statewide. The move to at-risk managed care is an integral part of Medicaid's corrective action plan filed with CMS. The corrective action plan addresses the IMD compliance issue by committing to at-risk managed care effective July 1, 2013. The bill increases the risk of receiving no bids. Failure to implement at-risk managed care for behavioral health qualifying will mean Medicaid would be out of compliance with CMS.

If Medicaid is out of compliance, it could lose the 60% federal matching funds for all MHSA, prescription drug, and physical health services provided to adults in Institutes of Mental Disease (IMDs), which are broadly defined as residential facilities with more than 16 beds where more than half of the patients receive MHSA services or prescriptions. That could include a significant number of clients in nursing homes and assisted living facilities in the state, in addition to residential substance abuse treatment patients.

For this fiscal note, costs could only be roughly estimated. Using FY10 expenditures for Medicaid-eligible residents of Medicaid-enrolled facilities which may be identified as potential IMDs, and conservatively assuming a 6-month average length of stay, annual Medicaid expenditures are estimated at approximately \$10 million per year (\$4 million GF, \$6 million FF) for residents of potential IMDs. Including Medicaid-eligible residents of non-Medicaid-enrolled IMDs could double that amount. If annual expenditures are approximately \$20 million per year, the state would lose \$12 million in federal funds per year.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2012-2013 EXPENDITURES	2013-2014 EXPENDITURES
		12-13	13-14		
Benefits.....					
Operating.....					
Travel.....					
Capital Outlay.....					
Aid.....					
Capital Improvements.....					