



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0017 - Provide for implementation of Certified Community Behavioral Health Clinic model (Stafman, Ed)

Status: As Amended in House Committee

- | | | |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$327,109	\$325,832	\$5,216,197	\$8,977,291
Federal Special Revenue	\$327,109	\$325,832	\$21,993,889	\$38,272,662
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$327,109	\$325,832	\$21,993,889	\$38,272,662
Net Impact-General Fund Balance:	<u>(\$327,109)</u>	<u>(\$325,832)</u>	<u>(\$5,216,197)</u>	<u>(\$8,977,291)</u>

Description of fiscal impact: HB 17 requires implementation of a Certified Community Behavioral Health Clinics (CCBHC) model and allows Medicaid coverage for services. The Department of Public Health and Human Services (DPHHS) (department) will incur costs for planning and implementation activities in FY 2024 and FY 2025 in order to roll out CCBHC Medicaid services in FY 2026.

FISCAL ANALYSIS

Assumptions:

1. The department assumes the implementation of Medicaid coverage of CCBHC services will take place on July 1, 2025.
2. The department's Behavioral Health and Developmental Disabilities Division (BHDD) estimates additional staffing needs of two program officers, one research analyst, and one epidemiologist for implementation and administration of the CCBHC program. BHDD program officers will be responsible for initial and ongoing CCBHC administrative rules, federal authority and compliance, monitoring, and enforcing compliance with state criteria. The research analyst and epidemiologist will work on development of initial and ongoing rate methodology, outcome measures, population health datasets, and reporting requirements.

- a. This estimate is based on information gathered from the department's development of a grant application for a Substance Abuse and Mental Health Services Administration (SAMHSA) CCBHC planning grant and review of other state's approved CCBHC planning grants and demonstration projects.
 - b. The state of Kansas estimated an additional 14.00 FTE to adequately support all certification, rate setting, and monitoring functions related to an estimated 26 CCBHCs in a 2021 fiscal note.
3. Salary and benefits for a program officer 2, 1.00 FTE position within BHDD is estimated to be \$74,192 in FY 2024, one-time only office set up costs are estimated to be \$2,800, and operating costs associated with the FTE are estimated at 3% of personal services. These costs are Medicaid administrative services that receive Federal Medical Assistance Percentage (FMAP) of 50 % general fund and 50% federal funds. During FY 2024 and FY 2025 this 1.00 FTE will develop initial administrative rules for the CCBHC program, develop requirements for the necessary changes to the Medicaid Management Information System (MMIS), and work with providers to ensure their readiness for the CCHBC implementation.
 4. Salary and benefits for one program officer 2, one epidemiologist, and one research analyst 3 position within BHDD is estimated to be \$254,403 in FY 2026, one-time only office set up costs are estimated to be \$8,526, and operating costs associated with the FTEs are estimated at 3% of personal services. These costs are Medicaid administrative services that receive FMAP of 50 % general fund and 50% federal funds.
 5. DPHHS has already submitted a proposal for a SAMHSA CCBHC planning grant. The planning grant will provide up to \$1,000,000. The purpose of the CCBHC planning grant is to support states to develop and implement certification systems for CCBHCs, establish Prospective Payment Systems (PPS) for Medicaid reimbursable services, and prepare an application to participate in a four-year CCBHC demonstration program. States participating in a demonstration program are eligible for enhanced federal matching funds equivalent to the standard Children's Health Insurance Program (CHIP) rate for CCBHC services to standard Medicaid beneficiaries. This fiscal note assumes that DPHHS will receive the SAMHSA Planning Grant, Implementation Grant, and approval for a CCBHC Medicaid Demonstration Waiver.
 6. DPHHS is projecting contracted costs of \$1,150,000 for technical assistance to support the development, planning and implementation of the CCBHC. This estimate, developed informally by a vendor, includes 5,000 hours of technical assistance to DPHHS and providers at \$230 per hour. These costs are spread across FY 2024 and FY 2025. Technical assistance is expected to include: development of provider-specific Prospective Payment System (PPS) rates; capacity building in business operations; support for consistent subcontracting practices with designated care organizations statewide; provider-focused training and coaching to support certification obtainment; and other technical assistance to DPPHS or providers seeking CCBHC certification. These costs are Medicaid administrative services eligible for 50% FMAP (50 % general fund and 50% federal funds).
 7. DPHHS estimates that 7 provider agencies will be certified by July 1, 2025 and an additional four CCBHCs in FY 2027. These estimates are based on the department's current assessment of provider readiness and the total number of providers in the state that would be eligible to become a CCBHC.
 8. CCBHC uses PPS methodology in accordance with Center for Medicare and Medicaid Services (CMS) guidelines to pay clinics either a daily or monthly rate for provision of CCBHC services. PPS rates are based on a provider's cost report, using federal cost reporting rules. These include costs the CCBHC incurs to meet extensive service, quality, and reporting requirements as defined by SAMHSA in compliance Section 223 of the Protecting Access to Medicare Act. Research published by the National Library of Medicine reported that CCBHC PPS rates varied widely within and across states and daily rates ranged from \$151 to \$667 per day. The median PPS rate for a daily encounter in 2017 and 2018 nationally was \$252, with the lowest state average being Nevada with \$197. Nevada is the most similar state geographically and demographically to Montana. A 4% growth rate in costs since 2017 would put Nevada's state average at approximately \$260. Using Nevada's state average with 1.5% inflationary factor, DPHHS assumes an average CCBHC rate of \$263.90 in FY 2026 and \$267.86 in FY 2027 when calculating fiscal impact. In practice, each CCBHC will have a unique PPS rate based on annual allowable costs and annual daily visits.

9. DPHHS analyzed FY 2022 claims data for the selection of providers assumed to be CCBHC ready and determined the number of members to be served in FY 2026 to be 11,849 members and 16,138 members in FY 2027.
10. It is expected that each member served will have 22 CCBHC annual visits. As CCBHC services will begin in FY 2026, annual visits were prorated to 80% in FY 2026 to account for initial uptake. This equates to an estimated total visits in FY 2026 to be 208,542 (11,849 members * 22 visits * 80%). FY 2027 visits are estimated to be 355,036 (16,138 members * 22 visits).
11. Based on historical member utilization by providers most likely to receive CCBHC certification, benefits to be paid at a blended FMAP rate, with approximately 58% of members at the enhanced demonstration waiver FMAP for standard Medicaid members and 42% of members at the enhanced FMAP for Medicaid expansion.) The enhanced FMAP for the demonstration waiver is assumed to be 74.88% federal funds/25.12% state funds.
12. DPHHS assumes there will be an offset in benefit expenditures for any service included in the CCBHC PPS rate for providers that become CCBHCs. A provider enrolled as a CCBHC will no longer bill Medicaid fee for service, for services included in the CCBHC bundle. These services include outpatient behavioral health services such as psychotherapy, medication management, and evaluation and management, as well as intensive outpatient services such as Program of Assertive Community Treatment (PACT), intensive outpatient therapy, home support services, and outpatient American Society of Addiction Medicine (ASAM) levels. Mobile crisis services recently added through the Healing and Ending Addiction through Recovery and Treatment (HEART) initiative will also be included in the CCBHC required services. The cost shift for current billed services is estimated to be \$25,422,572 reduction in FY 2026, and a \$43,440,415 reduction in FY 2027.
13. DPHHS assumes an additional offset of Medicaid fee for services expenditures equal to 5% of CCBHC benefit costs. This results in an additional reduction of \$2,751,812 in FY 2026 and a reduction of \$4,754,850 in FY 2027.
14. The department used a 1.5% inflation factor when calculating claim benefit utilization in FY 2026 and FY 2027.

FTE Table for FY24 & FY25 (Assumption #3):

Activity	SFY 2024	SFY 2025
1.0 FTE	2080	2080
Stakeholder Engagement	80	80
Development of CCBHC Criteria	800	120
Technical Assistance / Education to Providers seeking CCBHC certification	160	440
Development of PPS Payment System	400	400
Development of Cost Reporting Process for CCHBCs	160	240
MMIS System Changes	80	80
Demonstration Application	80	0
Develop/enhance data collection and reporting capacity	160	160
Certification of CCBHCs	0	400
Development and ongoing reporting of Outcome Measurements	160	160

Benefit Calculations (Assumptions #7 through #14)				
HB 17 BHDD Assumptions	FY 2024	FY 2025	FY 2026	FY 2027
Est number of CCBHC			7	11
Est average (avg.) clients per CCBHC - Large (3 providers)			2,257	2,257
Est average (avg.) clients per CCBHC - Medium (4 & 8 providers)			1,270	1,171
Est average (avg.) clients per CCBHC			1,693	1,467
Est average total clients served	-	-	11,849	16,138
Est visit days per client per year			22.0	22.0
Fiscal year adjustment (effective start date)			100.0%	100.0%
Est visit days per client per year	-	-	22.0	22.0
Avg. Est total annual visits per CCBHC	-	-	37,241	32,275
Est total annual visits	-	-	260,684	355,036
Cost per day (visit) (1.5% increase in FY26 and FY27)	\$260.00	\$260.00	\$263.90	\$267.86
Avg. annual expenditures per CCBHC	\$ -	\$ -	\$ 9,827,768	\$ 8,645,208
Est number of CCBHC			7	11
Total CCBHC service expenditures	\$ -	\$ -	\$ 68,794,376	\$ 95,097,291
Fiscal year adjustment (effective ramp up date)			80.0%	100.0%
Total adjusted CCBHC service expenditures	\$ -	\$ -	\$ 55,035,501	\$ 95,097,291
<i>Less: Offsets for CCBHC services provided by providers under current Medicaid plan of benefit</i>				
CCBHS offset of fee-for-service %			5.0%	5.0%
CCBHS offset of fee-for-service \$			(2,751,775)	(4,754,865)
Est current Medicaid expenditures paid per provider			\$ (3,107,655)	\$ (3,417,126)
Anticipated HEART Initiative mobile crisis			\$ (524,141)	\$ (532,003)
Subtotal avg. offset per CCBHC provider			\$ (3,631,796)	\$ (3,949,129)
Est number of CCBHC	-	-	7	11
Total current Medicaid expenditure offset			\$ (25,422,571)	\$ (43,440,415)
Subtotal All Offsets	\$ -	\$ -	\$ (28,174,346)	\$ (48,195,279)
Total service expenditure impact	\$ -	\$ -	\$ 26,861,154	\$ 46,902,012

FMAP	FY 2024	FY 2025	FY 2026	FY 2027
Standard Medicaid - 58.0%				
State Share (Enhanced FMAP under HB17)	36.04%	35.92%	25.12%	25.12%
Federal Share	63.96%	64.08%	74.88%	74.88%
CHIP - 0%				
State Share	25.12%	25.12%	25.12%	25.12%
Federal Share	74.88%	74.88%	74.88%	74.88%
Expansion - 42.0%				
State Share	10.00%	10.00%	10.00%	10.00%
Federal Share	90.00%	90.00%	90.00%	90.00%
Administration -				
State Share	50.00%	50.00%	50.00%	50.00%
Federal Share	50.00%	50.00%	50.00%	50.00%
Funding Impact				
State Share	\$ -	\$ -	\$ 5,041,731	\$ 8,803,320
State Special Revenue	\$ -	\$ -	\$ -	\$ -
Federal Share	\$ -	\$ -	\$ 21,819,423	\$ 38,098,692

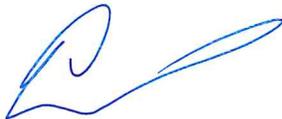
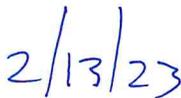
	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.00	1.00	4.00	4.00
<u>Expenditures:</u>				
Personal Services	\$74,192	\$74,430	\$330,491	\$337,807
Operating Expenses	\$580,026	\$577,234	\$18,441	\$10,134
Benefits	\$0	\$0	\$26,861,154	\$46,902,012
TOTAL Expenditures	<u>\$654,218</u>	<u>\$651,664</u>	<u>\$27,210,086</u>	<u>\$47,249,953</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$327,109	\$325,832	\$5,216,197	\$8,977,291
Federal Special Revenue (03)	\$327,109	\$325,832	\$21,993,889	\$38,272,662
TOTAL Funding of Exp.	<u>\$654,218</u>	<u>\$651,664</u>	<u>\$27,210,086</u>	<u>\$47,249,953</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$327,109	\$325,832	\$21,993,889	\$38,272,662
TOTAL Revenues	<u>\$327,109</u>	<u>\$325,832</u>	<u>\$21,993,889</u>	<u>\$38,272,662</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$327,109)	(\$325,832)	(\$5,216,197)	(\$8,977,291)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Long-Term Impacts:

1. Expenditures in the FY 2026 and FY 2027 biennium will increase significantly with the implementation of Medicaid coverage CCBHC services. Expenditures beyond FY 2027 are assumed to be similar to those outlined in FY 2027.

Technical Notes:

1. Projected benefit cost results are calculated from the difference between the assumed CCBHC rate and current rates paid for similar services. Future rate increases passed by the legislature in the 2023 or 2025 session may reduce the fiscal impact of HB 17 in FY 2026 and FY 2027.
2. Only one PPS rate was used to determine fiscal impact in Assumption #7. In practice, each CCBHC will have a unique PPS rate based on annual allowable costs and annual daily visits which may increase or reduce the fiscal impact of HB 17.
3. This fiscal note is contingent on DPHHS receiving the SAMHSA Planning Grant, Implementation Grant, and approval for a CCBHC Medicaid Demonstration Waiver.

			
_____ Sponsor's Initials	_____ Date	_____ Budget Director's Initials	_____ Date

