

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	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 establishes a Provider Rate Reimbursement Commission. The commission is charged with determining market rate adjustments for behavioral health provider reimbursement, reviewing and reporting to the legislature necessary adjustments to behavioral health provider rate reimbursements, conducting a survey of behavioral health service providers' costs, reviewing reimbursements provided for behavioral health services, identifying the cost of care and reimbursement rates and making recommendations for future rate adjustments. The Department of Health and Human Services shall provide to the legislature on an annual basis beginning on or before June 15, 2010 and each January 15th thereafter, the rates of payment for each category of behavioral health service reimbursed by the department and the General Fund amount needed to cover reimbursements using the CPI. Every August 1st, the department shall report to the legislature the final rates for each category of behavioral health service. The final rates shall be determined by taking the provider reimbursement rates utilized during the twelve months of the preceding fiscal year and calculating the average compounded consumer price index during the same time period plus any necessary market adjustments identified by the Provider Rate Commission. Section 7 states the nothing in sections 1 to 6 require the legislature to appropriate funds recommended by the Provider Rate Commission.

The estimated commission costs for travel and other operating expenses would range between \$2,000 and \$5,400 depending on the location of the committee members and the number of meetings. A program specialist would be needed to conduct, compile and analyze the cost survey, prepare the required reports to the legislature and staff the commission. The cost would be \$52,308 (\$26,154 GF and FF) in FY 10 and \$53,618 (\$26,809 GF and FF) in FY 11. By comparison, a cost survey conducted two years ago by a consulting firm hired by the state cost \$50,000. The department indicates the need for a half-time office clerk. Although there would be additional clerical work, it may or may not be sufficient enough for a half-time clerical position. If provided, the cost would be \$14,688 (\$7,344 GF and FF) in FY 10 and \$15,054 (\$7,527 GF and FF) in FY 11.

It is unclear if the rates would need to be adjusted based on the CPI. Section 7 states that nothing in the prior six sections requires the legislature to appropriate funds recommended by the commission. However, Section 4 states the final rates shall be determined by multiplying the prior year rates by the CPI plus any market adjustments identified by the Provider Rate Commission. The two provisions seem to be in conflict with each other. If the rates for providers in FY 08 had been set at the level equal to the CPI without any market adjustments, rather than the 2% provided by the legislature, the additional costs would have been \$4,064,399 (\$1,625,759 GF and \$2,438,640 FF).