

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	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 states the intent to provide the funding necessary for annual rates increases indexed to the Consumer Price Index (CPI) for behavioral health providers. Behavioral health providers are defined as nongovernmental, licensed providers providing psychiatric, mental health, developmental, behavioral, substance abuse, and chemical dependency services and all such services provided as part of child welfare and juvenile justice and to adult populations. The Department of Health and Human Services would be required to submit a report to the Clerk of the Legislature on or before June 15, 2008 and on or before January 15 of each subsequent year. The report would identify rates paid to each category of behavioral health during the then-current fiscal year and the projected increases in those rates using the CPI and the General Fund cost to cover the rate increases. Before August 1 of each year, Health and Human Service System would file with the Clerk of the Legislature a report identifying the final rates to be used for the upcoming fiscal year for each category of behavioral health and the General Fund appropriation needed to fully fund the final projected rates. The final rates shall be determined by taking the rates paid in the 12 months of the preceding fiscal year and applying the CPI.

This bill would require certain provider rates paid by the Health and Human Services System to be increased by the CPI. Currently rates are set by the HHS agencies based on the amount appropriated for rates. The CPI increase from 2005 to 2006 was 3.2%. This rate varies from year to year. The four-year average is 2.9%. Similarly, the amount appropriated for rates also varies from year to year and also by program and service. Actual rate increases for these providers have varied from 2% to 4% in the past four years.

Under the provisions of this bill, all covered providers would receive the same rate increase. The mandatory rate increases would be implemented beginning in FY 2008. Using an estimated CPI average of 3.2% for the most recent 12 month period of December 2005 to December 2006, the mandatory general fund increase above the current Appropriations Committee recommendation of 2% for non-Medicaid providers would be \$2,706,093 in FY 08 and \$5,412,187 in FY 09.

The rate increase for Medicaid behavioral health providers in the preliminary budget is 1.4% to 2%. A figure cannot be determined for the increased cost above the Appropriations Committee's recommendation. Additional information of the subset of providers that are considered behavioral health providers needs to be obtained.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS			
DEPT. OF HEALTH AND HUMAN SERVICES – Concur.			
HHS-FINANCE AND SUPPORT – Concur.			
HHS-REGULATION AND LICENSURE – Concur.			