



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 359** SLS 24RS 497
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 19, 2024	3:54 PM	Author: LUNEAU
Dept./Agy.: Medicaid		
Subject: Behavioral Health Managed Care Organization		Analyst: Garrett Ordner

BEHAVIORAL HEALTH OR INCREASE GF EX See Note Page 1 of 2
 Provides relative to behavioral health. (gov sig)

Proposed law requires the Louisiana Department of Health (LDH) to implement a statewide delivery system of specialized behavioral health (SBH) services by contracting with a managed behavioral health organization (MBHO). Proposed law provides for a competitive request for proposals process, participation and network obligations, enrollment procedures, certain mandatory participant enrollment, excluded populations, reimbursement methodologies and procedures, appeal and grievance procedures, and reporting requirements. Effective upon governor's signature.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	INCREASE	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

There will be increased costs to the Louisiana Department of Health (LDH) to conduct a competitive request for proposals (RFP) process and implement a standalone managed behavioral health organization (MBHO) program. LDH's contracted actuarial firm, Milliman, is expected to provide the majority of administrative functions associated with design, procurement, and implementation of the proposed law. Milliman has provided a high-level estimate of \$2.3 M to \$3.1 M total over FYs 25 and 26 to assist in the development of the MBHO program and procurement of an MBHO. In addition, the Office of Behavioral Health (OBH) estimates it will require \$100,284 in FY 25, \$133,486 in FY 26, \$137,425 in FY 27, and \$35,321 in FY 28 associated with a temporary job appointment of one (1) Program Manager 1-A to act as the project manager for program and RFP development and as a subject matter expert for OBH. These costs are expected to be funded with 50% SGF and 50% federal Medicaid funding.

Milliman has provided a high-level estimate of the various costs involved in implementing the MBHO program. These costs include: (1) program design, public input, and development of waiver documents for submission to the Centers for Medicare & Medicaid Services (CMS); (2) procurement of an MBHO, including drafting an RFP and model contract; (3) program implementation and readiness review; and (4) development of the capitation rates and associated materials for CMS, LDH, and LDH's fiscal intermediary. The cost estimates are shown below:

Task	Low Estimate	High Estimate
Program Design/Waiver Development	\$350,000	\$450,000
MBHO Procurement	\$450,000	\$650,000
Implementation and Readiness Review	\$750,000	\$1,000,000
Capitation Rate Development	\$750,000	\$1,000,000
Total	\$2,300,000	\$3,100,000

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed law may have an indeterminable impact on managed care premium tax revenues to the Medical Assistance Trust Fund (MTS). If proposed law merely shifts SBH costs to the new MBHO, premium taxes will remain stable. To the extent the proposed law results in reduced managed care costs, there will be a commensurate decrease in premium tax revenues; conversely, any increase in managed care costs due to the proposed law will increase premium tax revenues.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
 Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

OBH staff currently act as monitors and subject matter consultants for the behavioral health activities of the children's Coordinated System of Care (CSoc) program and the Medicaid Healthy Louisiana managed care plans. Because their existing staff will continue to work with these plans during the procurement and implementation of the MBHO, OBH reports that it will require a temporary job appointment of a Program Manager 1-A position to act as a project manager and subject matter expert to manage the implementation of the MBHO program. The costs associated with this job appointment are shown below:


<u>Year</u>	<u>Months Employed</u>	<u>Salary</u>	<u>Benefits</u>	<u>Operating Expenses</u>	<u>Equipment</u>	<u>Total</u>
FY 25	9	\$63,742	\$31,871	\$1,384	\$3,287	\$100,284
FY 26	12	\$87,539	\$43,770	\$1,778	\$400	\$133,487
FY 27	12	\$90,165	\$45,082	\$1,778	\$400	\$137,425
FY 28	3	<u>\$23,217</u>	<u>\$11,609</u>	<u>\$395</u>	<u>\$100</u>	<u>\$35,321</u>
Total		\$264,663	\$132,332	\$5,335	\$4,187	\$406,517

For informational purposes, LDH estimates that the FY 25 costs to provide behavioral healthcare to managed care members will be approximately \$1.06 B (excluding supplements). Theoretically, the cost to provide these same services under a single MBHO may be cost neutral; however, LDH has identified a number of potential sources of increased costs and potential sources of cost savings that may result from the proposed MBHO program. Potential sources of increased costs include duplicative administration costs for managing patients separately for physical and behavioral health services; difficulties coordinating care and referring patients from primary care to mental health care; and changes in utilization due to new approaches to care management. Potential sources of cost savings include enhanced management of behavioral health services and the associated administrative savings. The long-term fiscal impact of consolidating SBH services under a single MBHO is indeterminable and will depend on what efficiencies or inefficiencies are realized by the MBHO.

Note: Two of the populations who currently receive SBH services through MCOs are excluded from receiving SBH services through the MBHO under the proposed law. These populations are members who are dually eligible for Medicaid and Medicare, and members of the Louisiana Children's Health Insurance Program (LaCHIP) Affordable Plan. LDH reports that under the proposed law, these populations would begin receiving SBH services through the Fee-for-Service program.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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