

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1895 STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 20, 2022

SUMMARY

- Synopsis:** Increases Medicaid reimbursement for in-person partial care behavioral health and substance use disorder treatment services, and associated transportation services, for adults.
- Type of Impact:** Annual increases in State expenditures and revenue; General Fund.
- Agencies Affected:** Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Indeterminate
State Revenue Increase	Indeterminate

- The OLS estimates that this bill will increase, by an indeterminate amount, the annual State Medicaid expenditures incurred by the Department of Human Services (DHS). As eligible State Medicaid expenditures are matched 50 percent by federal Medicaid funds, this bill will also increase annual State revenue by an indeterminate amount.

BILL DESCRIPTION

This bill increases Medicaid reimbursement rates for partial care behavioral health and substance use disorder (SUD) treatment services by 35 percent, when such services are provided to an adult Medicaid enrollee on an in-person basis. The bill also provides that the aggregate Medicaid reimbursement rate for transportation services and mileage to or from a partial care services provider is to be no less than \$10 for each one-way trip. These rate increases under this bill apply to services provided through the fee-for-service (FFS) or managed care delivery system.

FISCAL ANALYSIS***EXECUTIVE BRANCH***

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will increase, by an indeterminate amount, the annual State Medicaid expenditures incurred by the DHS. As eligible State Medicaid expenditures are matched at 50 percent by federal Medicaid funds, this bill will also increase annual State revenue by an indeterminate amount.

This bill increases the Medicaid rate for in-person partial care behavioral health and SUD treatment services delivered to adults under both the FFS and managed care delivery system by 35 percent. Under current law, Medicaid covers these services for most adults through the FFS delivery system. The OLS does not have access to data regarding the current expenditures for these services under FFS, or the number of beneficiaries who receive these services under FFS, and therefore cannot quantify the fiscal impact on the State. For context however, the existing FFS rates would increase to the following under the bill:

Type of Partial Care	Existing FFS Per Hour Rate	FFS Per Hour Rate Under the Bill
Behavior Health Less Intensive	\$17.92	\$24.19
Behavioral Health Intensive	\$65.00	\$87.75
Substance Use Disorder	\$78.31	\$105.72

Service providers are required to deliver a minimum of two hours and a maximum of five hours of services per day, limited to 25 hours per week for partial care behavioral health treatment services. Assuming services are provided 5 days a week, for 6 weeks, the cost per beneficiary would increase between \$376.32 (2 hours per day) and \$940.80 (five hours per day) for partial care behavioral health less intensive treatment services, and between \$1,365.00 (2 hours per day) and \$3,412.50 (5 hours per day) for partial care behavioral health intensive treatment services.

Service providers are required to deliver a minimum of four hours of service per day, or no less than 20 hours of service per week for partial care SUD treatment services. Assuming services are provided 5 days a week, for 6 weeks, the cost per beneficiary would increase between \$3,289.02 (20 hours per week) and \$4,933.53 (30 hours per week) for partial care SUD treatment services under the bill.

The bill also provides that the aggregate Medicaid reimbursement rate for transportation services and mileage to or from a partial care services provider is to be no less than \$10 for each one-way trip, an increase of \$3 from the current rate. Under the bill, the cost per each beneficiary who utilizes transportation services to access partial care behavioral health or SUD treatment services, as described above (5 days a week for 6 weeks), would increase by \$180.

Outside of FFS, the State provides partial care behavioral health and SUD treatment services through the managed care delivery system to an unknown number of Medicaid beneficiaries as follows: clients of the Division of Developmental Disabilities; individuals enrolled in a Fully Integrated Dual Eligible Special Needs Plan; and enrollees in the Medicaid Managed Long Term Services and Supports program. Medicaid reimbursement rates provided under managed care are proprietary and embedded in the State's contracted capitation payments to the Medicaid managed

care organizations; and therefore the costs incurred by the State for these beneficiaries under the bill are not quantifiable. The OLS notes, however, that the majority of partial care services described under this bill are provided under FFS.

Section: Human Services

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).