

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 1895

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JULY 6, 2023

SUMMARY

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

Office of Legislative Services Estimate	
Annual State Expenditure Increase	\$16,200,000
Annual State Revenue Increase	\$10,530,000

- The Office of Legislative Services (OLS) estimates that this bill will increase annual State Medicaid expenditures incurred by the Department of Human Services by \$16.2 million, due to the increase in the Medicaid reimbursement rates for certain partial care behavioral health services, partial care substance use disorder services, and intensive outpatient services, as well as for transportation services provided to Medicaid beneficiaries accessing those services. As eligible State Medicaid expenditures, these increased costs will grow annual State revenue in the form of federal Medicaid cost reimbursements by \$10.5 million, for a net State cost of \$5.7 million. This estimate assumes an aggregate federal Medicaid matching rate of 65 percent.

BILL DESCRIPTION

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

FISCAL ANALYSIS***EXECUTIVE BRANCH***

None received. However, upon request, the Department of Human Services provided the following information, which materially informs the OLS fiscal estimate.

Partial Care – Mental Health Fee-For-Service Delivery System

<u>Month/Year</u>	<u>Recipients</u>	<u>Service Units</u>	<u>Total Payments</u>
October 2022	839	36,734	\$688,878
November 2022	1,108	56,275	\$1,047,438
December 2022	1,057	46,711	\$837,471

Partial Care – Substance Use Disorder Fee-For-Service Delivery System

<u>Month/Year</u>	<u>Recipients</u>	<u>Service Units</u>	<u>Total Payments</u>
October 2022	37	284	\$22,718
November 2022	36	326	\$26,372
December 2022	34	269	\$21,544

Intensive Outpatient Fee-For-Service Delivery System

<u>Month/Year</u>	<u>Recipients</u>	<u>Service Units</u>	<u>Total Payments</u>
October 2022	2,399	18,818	\$2,142,049
November 2022	2,604	24,161	\$2,753,190
December 2022	2,375	18,564	\$2,119,014

OFFICE OF LEGISLATIVE SERVICES

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New Jersey Medicaid currently covers partial care behavioral health services, substance use disorder treatment services, and intensive outpatient services for most adults through the fee-for-service delivery system, as opposed to the capitation rate-based managed care delivery system.

For fee-for-service recipients, the OLS projects that increasing the provider rates for partial care behavioral health services, partial care substance use disorder services, and intensive outpatient services delivered to adults by 35 percent will cost the State \$13.6 million per year, offset by an additional \$8.8 million in federal Medicaid reimbursements. This estimate is based upon the above usage data provided by the Department of Human Services for the months between October 2022 and December 2022. For context, fee-for-service rates would change under the bill as shown in the following table.

Type of Partial Care	Current Fee-For-Service Rate	Fee-For-Service Rate Under Bill
Behavioral Health	\$18.82 per hour	\$25.41 per hour
Substance Use Disorder	\$78.31 per diem	\$105.72 per diem
Intensive Outpatient	\$114.95 per diem	\$155.19 per diem

In addition, for fee-for-service recipients, the OLS projects that increasing the reimbursement rate for transportation services and mileage to or from partial care and intensive outpatient services provider from \$7 to \$10 for each one-way trip will cost the State \$2.4 million per year, offset by an additional \$1.6 million in federal Medicaid reimbursements. This estimate assumes that 50 percent of all service units provided require round-trip transportation services.

Outside of the fee-for-service delivery system, the State provides partial care behavioral health services, substance use disorder treatment services, and intensive outpatient 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 State cost and revenue impacts for these beneficiaries under the bill are not readily quantifiable. The OLS notes, however, that the vast majority of partial care and intensive outpatient services described under this bill are provided under the fee-for-service system. Accordingly, the OLS assumes that the annual managed care State cost increase under this bill will be no more than \$200,000, offset by up to \$130,000 in additional federal Medicaid cost reimbursements.

Section: Human Services

*Analyst: Sarah Schmidt
Lead Research Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

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.).