

Revised based on amendments adopted through 3-24-15

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

This bill would require the Department of Health and Human Services to submit a Medicaid state plan amendment to allow for payments for Multisystemic Therapy (MST) and Functional Family Therapy (FFT) for youth.

MST and FFT are behavioral health services for treatment of juvenile offenders to address multiple variables shown to be factors in adolescent delinquency and recidivism. MST is a time-limited intensive treatment intended to prevent or reduce the utilization of higher level out-of-home services. FFT is a short-term family and juvenile therapy designed to overcome adolescent delinquency.

Due to the time needed to request and receive federal approval, the fiscal note assumes implementation on January 1, 2016. Approximately 1,550 youth on probation are Medicaid eligible. Of these youth, it is estimated that 36% would be assessed as appropriate for MST or FFT. The cost would be \$700,198 (\$307,514 GF and \$392,684 FF) for half the year in FY 16 and \$2,321,847 (\$1,030,888 GF and \$1,290,960 FF) in FY 17. State Probation is currently paying for these services with General Funds. Probation would have savings for \$700,201 in FY 16 and \$2,231,847 in FY 17. The state match would come from the Probation savings, netting \$392,684 in FY 16 and \$1,290,960 in FY 17 to be used to cover other services to the juvenile probation children.

An actuarial study is required for changes to behavioral health capitation rates. The cost would be \$23,500 (\$11,750 GF and FF) in FY 16.

The chart on the next page shows the impact on each agency:

	FY 16		
HHS	General	Federal	Total
Actuarial	11,750	11,750	23,500
Services	307,514	392,687	700,201
Total	319,264	404,437	723,701
Supreme Court			
Services	(700,201)		(700,201)
FY 16 Net	(380,937)	404,437	23,500
	FY 17		
HHS	General	Federal	Total
Service	1,030,888	1,290,960	2,321,848
Supreme Court			
Services	(2,321,847)		(2,321,847)
Net FY 17	(1,290,959)	1,290,960	0

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

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	<u>FY 2015-2016</u>		<u>FY 2016-2017</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	\$319,264		\$1,030,888	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$404,434		\$1,290,960	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$723,698		\$2,321,847	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

**Explanation of Estimate:**

LB 500 AM650 would require the Nebraska Department of Health and Human Services to submit a Medicaid State Plan Amendment (SPA) by July 1, 2015. The amendment would seek Centers for Medicare and Medicaid (CMS) approval to allow payment for medically necessary Multisystemic Therapy (MST) and Functional Family Therapy (FFT) services for youth enrolled in Medicaid. Approval of the SPA would allow reimbursement for these services with Medicaid funds.

MST and FFT are considered behavioral health services and would be carved into the behavioral health managed care benefits package. MST is a treatment for juvenile offenders that uses a combination treatments (e.g., cognitive behavioral therapy, family therapy, behavioral parent training) to address multiple variables shown to be factors in adolescent delinquency and recidivism. MST is a time limited (3 to 5 months), intensive intervention intended to prevent and reduce the utilization of out of home therapeutic resources (e.g. psychiatric inpatient hospital, PRTF - psychiatric residential treatment facility) and juvenile detention. MST services are targeted for youth primarily manifesting externalized, outward behaviors, such as delinquency issues, that impact multiple systems (i.e., family, school, community) and lead to costly out-of-home services. FFT is a short-term family and juvenile diversion therapy designed to help at-risk youth overcome adolescent delinquency.

Approximately 1,550 youth are active in juvenile probation and Medicaid eligible, according to figures from the Office of Probation. Of these youth, approximately 36 percent have been assessed at the moderate to high risk levels that would best be served by these interventions, according to Probation. At this time, there is only one provider for MST, which will initially limit capacity, until other providers are trained and approved.

Due to the time required for CMS approval of the SPA, as well as the development of a statewide network of providers, a January 2016 implementation is projected. The estimated Medicaid expenditures for the second half of SFY16 are \$700,198 (\$307,514 GF; \$392,684 FF). The estimated fiscal impact of these services would be to the capitated per member per month fee paid to the behavioral health managed care plan under contract with Nebraska Medicaid. No savings from the avoidance of more expensive services such as PRTF, inpatient psychiatric hospital, or intensive outpatient therapies, are expected to be realized in the first months following implementation.

Additionally, revised calculations would be required to update the behavioral health capitation rates. This would require an actuarial contractor cost of an estimated \$23,500 (\$11,750 GF; \$11,750 FF) in the first year (SFY16). No additional staff are anticipated due to LB 500.

The estimated cost in SFY2017 is \$2,321,847 (\$1,030,888 GF; \$1,290,960 FF). The estimated savings from a reduction in the utilization of the higher cost therapies are subtracted from the increased expenditures. These avoided costs for more expensive, intensive, out of home services, helps to offset the higher capitation rate impact of adding MST and FFT services.

**MAJOR OBJECTS OF EXPENDITURE**

**PERSONAL SERVICES:**

POSITION TITLE	NUMBER OF POSITIONS		2015-2016 EXPENDITURES	2016-2017 EXPENDITURES
	15-16	16-17		
Benefits.....				
Operating.....			\$23,500	
Travel.....				
Capital Outlay.....				
Aid.....			\$700,198	\$2,321,847
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$723,698</b>	<b>\$2,321,847</b>