

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3599

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JULY 25, 2022

SUMMARY

- Synopsis:** Requires DHS to establish two-year Regional Community Behavioral Health Pilot Program.
- Type of Impact:** Two-year increase in State expenditures and revenue, General Fund.
- Agencies Affected:** Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Two-Year Duration of Pilot Program</u>
State Cost Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the implementation of the pilot program will result in an indeterminate increase in State expenditures over the two-year implementation period of the program. To the extent that the federal government approves all necessary State Medicaid plan amendments or waivers, any expenses incurred by the State under the bill will also result in an indeterminate increase in State revenue from federal reimbursements of qualified State expenditures.
- Payments made by the State to the managed care organizations administering the pilot program are to be limited to the bundled rate established by the Department of Human Services (DHS) regardless of the cost of care received by the patients in the program.

BILL DESCRIPTION

This bill requires the DHS to establish a two-year Regional Community Behavioral Health Pilot Program. Within 180 days after the bill's effective date, the DHS is to issue a RFP and select a managed care organization or organizations to administer the pilot program.

The managed care organization or organizations selected to administer the pilot program will be required to:

- 1) review Medicaid claims data, and work with primary care practitioners in the managed care network, to identify patients with severe behavioral health disorders to participate in the pilot program;
- 2) contract with three community behavioral health providers and require each participating provider to promptly perform a behavioral health needs assessment for each eligible patient in the pilot program; and
- 3) work with each participating provider, as well as with primary care providers, substance use disorder treatment providers, and social service providers in the State, to ensure that eligible patients have access to an intensive, coordinated support system to help them navigate the State's behavioral health care service system and to identify and access, in a timely manner, necessary and appropriate behavioral health care services in the State and region..

The bill provides for the pilot program to be funded through the Medicaid program using a value-based payment system. The value-based payment system is to provide for a quarterly advanced bundled payment to be provided to the administering managed care organization or organizations for the purposes of financing the total cost of behavioral health care that is provided by participating providers to eligible patients.

The quarterly bundled payment is to be limited to the bundled rate established by the DHS and may not be increased, regardless of whether the actual costs of care received by patients in the pilot program exceed the bundled payment rate provided under the bill.

The bill requires the DHS, within 90 days after the two-year pilot program is terminated, to prepare and submit a written report of its findings and recommendations to the Governor and Legislature. The department will also be required to apply for any State plan amendments or waivers as may be necessary to implement the bill's provisions and secure federal financial participation for State Medicaid expenditures under the federal Medicaid program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the implementation of the pilot program will result in an indeterminate increase in State expenditures over the two-year implementation period of the program. Payments made by the State to the managed care organizations administering the pilot program are to be limited to the bundled rate established by the DHS regardless of the cost of care received by the patients in the program. To the extent that the federal government approves all necessary State Medicaid plan amendments or waivers, any expenses incurred by the State under the bill will also result in an indeterminate increase in State revenue from federal reimbursements of qualified State expenditures.

The OLS is unable to quantify the magnitude of the State expenditure and revenue increases, as several input variables for an estimate will be determined upon the adoption of the bill, such as: the number of eligible patients to be included in the pilot program and the quarterly bundled payment rate for services delivered under the pilot program to eligible patients.

The DHS may also incur other, marginal expenses, outside of the two-year implementation period, in performing the following: 1) issuing a RFP to select the administering managed care organization or organizations; and 2) preparing and submitting a report regarding the pilot program to the Governor and the Legislature. However, it is likely that the DHS will have the ability to absorb this additional workload using current staff and existing resources.

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.).