SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 1046

SPONSOR: Health, Aging and Long-Term Care Committee, Senators Silver and Kirkpatrick

SUBJECT: Medicaid Managed Behavioral Health Care

DATE: March 29, 2000 REVISED: _____ _____ _____ _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Liem	Wilson	HC	Favorable/CS
2.			BI	
3.			FP	
4.				
5.				

I. Summary:

The Committee Substitute for Senate Bill 1046 modifies the Agency for Health Care Administration's (AHCA or agency) operation of a capitated inpatient and outpatient mental health program being provided to certain Medicaid recipients in Hillsborough, Highlands, Hardee, Manatee, and Polk counties to: broaden the scope of services covered to include all mental health and substance abuse services available to Medicaid recipients; require that contracts be competitively procured; ensure choice of at least two managed behavioral health care plans; allow the agency to reimburse substance abuse services on a fee-for-services basis until the agency finds that adequate funds are available for capitated, prepaid arrangements; require that existing contracts in specified counties be modified to include substance-abuse-treatment services; expand contracts for comprehensive capitated prepaid behavioral health care plans to additional specified counties; and allow the agency to purchase comprehensive behavioral health care services through an administrative services organization agreement.

The bill amends s. 409.912, F.S.

II. Present Situation:

Public mental health services are funded by both the Medicaid program in AHCA and the Alcohol, Drug Abuse and Mental Health program of the Department of Children and Family Services (DCFS). The Medicaid program reimburses the cost of covered mental health services for persons who meet financial eligibility criteria; DCFS contracts for services not covered by Medicaid or services to individuals who are not Medicaid-eligible.

The agency is directed in s. 409.912, F.S., to maximize the use of prepaid per capita and prepaid aggregate fixed-sum basis services when appropriate, and other alternative service delivery and reimbursement methodologies, including competitive bidding, to facilitate the cost-effective purchase of a case-managed continuum of care. The section also authorizes the agency to contract

with a variety of entities on a prepaid per capita or prepaid aggregate fixed-sum basis for the provision of goods and services to Medicaid recipients.

Section 409.912(3)(b), F.S., allows the agency to use a capitated, prepaid arrangement to deliver comprehensive inpatient and outpatient mental health care to certain Medicaid recipients in Hillsborough, Highlands, Hardee, Manatee, and Polk Counties pursuant to a federal waiver provided for by s. 409.905(5), F.S. The provision specifies that the Medicaid mental health managed care demonstration project provider must become licensed under chapter 624, F.S., which provides the general indemnity insurance regulatory provisions of the Florida Insurance Code; chapter 636, F.S., which provides the regulatory structure for the regulation of prepaid limited health service organizations by the Department of Insurance; or chapter 641, F.S., which provides the regulatory structure for health maintenance organizations.

The purpose of a prepaid mental health managed care model is to assist AHCA in predicting and containing Medicaid costs for mental health services, and to allow additional flexibility in using provider types and arrangements not allowed under the fee-for-service Medicaid system. A managed care model uses techniques such as clinical protocols, prior approval and utilization management to control cost, type and frequency of services.

The Medicaid mental health managed care demonstration project is currently operational in the Department of Children and Family Services Districts 6 and 14. In these districts, Medicaid mental health services for MediPass enrollees (i.e., Medicaid enrollees who are assigned a primary care physician case manager by Medicaid) are provided through a single prepaid mental health plan. When Medicaid recipients are enrolled in HMOs they receive the full range of mental health services from the HMO they have chosen. The mental health plan receives a flat monthly payment per enrollee (the capitation rate) and is at risk to provide the full range of mental health care to their enrollees, excluding pharmaceuticals. This approach is often referred to as a carve-out design because mental health services are administered and financed separately from physical health services. Medicaid substance abuse services continue to be provided on a fee-for-service basis in these districts.

Some HMOs subcontract mental health services to providers at a flat monthly payment per enrolled individual and keep a portion of the fee to cover administrative cost. A concern with this arrangement is that service dollars for individuals in need of mental health services shrink each time there is a subcontract for services.

In the remainder of the state, all Medicaid mental health and substance abuse services are provided on a fee-for-services basis for both Medipass enrollees (without preauthorization by the primary care physician) and HMO enrollees. HMOs authorize and pay both medical and psychiatric inpatient admissions for their enrollees.

III. Effect of Proposed Changes:

The bill amends s. 409.912, F.S. to:

- require that the entity providing comprehensive behavioral health care services through a capitated, prepaid arrangement be licensed under ch. 624, ch. 636, or ch. 641, F.S.;

- require that an entity with which the agency contracts for comprehensive behavioral health care possess clinical systems and operational competence to manage risk and provide such care to Medicaid recipients;

- define the term "comprehensive behavioral health care services" to mean covered mental health and substance abuse treatment services available to Medicaid recipients;

- require that contracts for these services be competitively procured and that the agency must ensure that Medicaid recipients have the choice of at least two managed care plans for their behavioral health care services;

- allow the agency to reimburse substance abuse treatment services on a fee-for-service basis until the agency finds that funds are available for prepaid, capitated arrangements;

- require that by January 1, 2001, the agency modify contracts with entities providing comprehensive inpatient and outpatient mental health care services in Hillsborough, Highlands, Hardee, Manatee, and Polk counties to include substance abuse treatment services;

- require that by December 31, 2001, the agency contract with entities providing comprehensive behavioral health care services to Medicaid recipients through prepaid arrangements in Broward, Charlotte, Collier, DeSoto, Escambia, Glades, Hendry, Lee, Okaloosa, Pasco, Pinellas, Santa Rosa, Sarasota, and Walton Counties; and

- allow the agency to contract with an entity which provides comprehensive behavioral health care services to certain Medicaid recipients through an administrative services organization agreement. Such an entity must possess clinical systems and operational competence to provide comprehensive health care to Medicaid recipients.

The effective date of the bill is July 1, 2000.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The provisions of this bill have no impact on municipalities and the counties under the requirements of Article VII, Section 18 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Article I, Subsections 24(a) and (b) of the Florida Constitution

C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, Subsection 19(f) of the Florida Constitution.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Providers of mental health and substance abuse services included in the network of providers under the managed care entities may see revenues increase. Providers who are not included in the network may experience a decline in revenues.

C. Government Sector Impact:

The agency estimates that the fiscal impact of the bill is $121,810.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.