

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7479

BILL NUMBER: HB 1772

NOTE PREPARED: Jan 6, 2005

BILL AMENDED:

SUBJECT: Mental Health Disproportionate Share Funding.

FIRST AUTHOR: Rep. Bauer

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill amends disproportionate share payment provisions for community mental health center disproportionate share providers.

Effective Date: July 1, 2004 (retroactive).

Explanation of State Expenditures:

Explanation of State Revenues: *Disproportionate Hospital Share (DSH) Provisions:* The bill requires a reduction of \$10 M in DSH payments currently made to the state-operated mental health institutions in order to provide \$10 M in DSH payments to 27 freestanding community mental health centers (CMHCs). This change will not affect state expenditures at the state-operated mental health institutions. The fiscal impact to the state is that the state will not receive the \$6.2 M in federal reimbursement; the CMHCs will. [Note: The \$10 M DSH payment to the CMHCs will consist of \$3.8 M in CMHC expenditures certified as the state share plus \$6.2 M in federal reimbursement.]

This loss of federal Medicaid reimbursement would represent a reduction of revenue to the General Fund since the federal portion (\$6.2 M) of the DSH payment to the state-operated facilities ultimately would have been returned to the General Fund from the Mental Health Fund at the end of the state fiscal year.

Explanation of Local Expenditures:

Explanation of Local Revenues: *DSH Provisions:* The bill would require that the 27 freestanding CMHCs

specified would be required to certify, within certain limits, that payments made from applicable county tax levies or from other county sources are eligible expenditures for federal financial participation. The certified amount may then be used to represent the state's share of the Medicaid DSH payment. The freestanding CMHCs are estimated to be eligible to receive up to \$6.2 M in federal DSH funds depending upon the amounts the centers are able to certify as qualifying expenditures.

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected: Community Mental Health Centers.

Information Sources: Kristy Bredemeier, OMPP, 317-233-2127; Beth Sarembo, DMHA, 317-232-7845.

Fiscal Analyst: Sarah Brooks, 317-232-9559.