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FISCAL IMPACT STATEMENT

LS 6109 **NOTE PREPARED:** Apr 6, 2009
BILL NUMBER: SB 102 **BILL AMENDED:** Mar 10, 2009

SUBJECT: Coverage of Mental Health Services in CHIP.

FIRST AUTHOR: Sen. Simpson **BILL STATUS:** As Passed House
FIRST SPONSOR: Rep. C. Brown

FUNDS AFFECTED: **GENERAL** **IMPACT:** State
X DEDICATED
X FEDERAL

Summary of Legislation: This bill specifies mental health services that must be covered under the Children's Health Insurance Program (CHIP).

(The introduced version of this bill was prepared by the Commission on Mental Health.)

Effective Date: July 1, 2009.

Explanation of State Expenditures: (Revised) *Summary:* This bill would require that covered mental health services for children in the CHIP C program be the same as those for children covered under the Medicaid program (i.e., CHIP A and other eligibility categories). The Office of Medicaid Policy and Planning (OMPP) has reported that the annual cost to expand the covered services in the CHIP program would be approximately $2.6 M. In FY 2009, the 25% state share of this expense would be approximately $0.65 M. In FY 2010, the 24% state share of the expense would be approximately $0.64 M. The OMPP reported to the Commission on Mental Health that the increase in coverage could be provided within the current level of resources available to the program.

(Revised) The bill would specifically require that outpatient mental health and substance abuse services must include that the CHIP C program have no greater limitations on the number of units per rolling year than are available under the Medicaid program while allowing for a prior authorization requirement. Currently, these outpatient services are limited to a maximum of thirty office visits per rolling 12 month period without prior approval. Up to 20 additional visits up to a maximum of 50 visits per rolling 12 month period may be reimbursed subject to prior authorization. (Outpatient mental health services under Medicaid require prior authorization for services that exceed 20 units per recipient, per provider in a rolling 12 month period of time except for neuropsychological and psychological testing, which is subject to prior authorization.)

OMPP would be required to amend the State Plan and revise the CHIP administrative rules. These administrative requirements should be accomplished within the current level of resources available to OMPP.

Background Information: The bill would require that coverage for mental health services in the CHIP C program include the following services. (Current CHIP C defined benefits specifically exclude the first three items.)

(1) Mental health services provided in an institution for mental disease (IMD) -

Currently, CHIP C participants may receive inpatient mental health services that are provided in psychiatric units of acute care hospitals but are excluded from receiving inpatient services in an IMD. IMDs are federally defined as inpatient facilities of more than 16 beds whose inpatient roster is more than 51% people with severe mental illness.

(2) Psychiatric residential treatment services -

Psychiatric residential treatment facilities are entities not licensed as a psychiatric hospital and whose primary purpose is the provision of individually planned programs of mental health treatment services in conjunction with residential care for children and youth.

(3) Community mental health rehabilitation services -

Community mental health rehabilitation services are defined in the administrative rules to include outpatient mental health services, partial hospitalization services, case management services for persons who are severely mentally ill or seriously emotionally disturbed, and Assertive Community Treatment (ACT) intensive case management services.

(4) Outpatient mental health services and substance abuse services -

Currently, outpatient mental health and substance abuse services are covered under CHIP with a limitation of 30 office visits per rolling 12-month period without prior approval. Up to 20 additional visits (up to 50 visits per rolling 12-month period) may be allowed subject to prior authorization.

(Updated) *CHIP C Background:* Indiana residents who are under the age of 19 from families with incomes between 150% and 250% of the federal poverty level, who are not eligible for Medicaid unless subject to a Medicaid spend-down, and who have no other health benefit coverage subject to certain limitations, are eligible for coverage under the CHIP program. (Effective October 1, 2008, CHIP eligibility in Indiana was expanded from 200% to 250% of the federal poverty level.) CHIP services are provided within the managed care environment of Hoosier Healthwise. Participation is subject to cost-sharing requirements, which include monthly premium payments based on family income, as well as copayments for ambulance transportation and pharmaceuticals. The annual aggregate cost-sharing obligation for a family is limited to 5% of the family's annual income. Federal income poverty level guidelines for 2009 are included in the table below.

Persons in the Family or Household	150%	200%	250%
1	16,245	21,660	27,075
2	21,855	29,140	36,425
3	27,465	36,620	45,775
4	33,075	44,100	55,125

Explanation of State Revenues: (Revised) CHIP is jointly funded by the state and federal governments. The state share of medical expenditures for FFY 2009 is approximately 25%. CHIP medical services are matched by the federal match rate (FMAP) in Indiana at approximately 75%. In FFY 2010 the state matching percentage will decline to approximately 24%, with the federal share being 76%. Administrative expenditures are generally matched at 50%. The state share of CHIP has been appropriated from the Tobacco Master Settlement Agreement Fund since the program's inception. Unlike the open-ended Medicaid program, CHIP aggregate federal reimbursement is provided through an annual block grant allocation. The federal program reauthorization was signed February 4, 2009; the national reauthorization funding level was set to provide funding for states to continue to operate the existing programs as well as to allow for increased enrollment among already eligible children, to expand coverage and to improve the quality or scope of care available.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: OMPP, Family and Social Services Administration.

Local Agencies Affected:

Information Sources: Dr. Jeff Wells, Testimony before the Commission on Mental Health, October 21, 2008, 405 IAC 5-21, and 407 IAC 1.

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