Update on HSD's FY15 Budget Request for Behavioral Health

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HSD's Overall Budget Request

- The Human Services Department's (HSD) FY15 budget request is $5.8 billion from all revenue sources, a $394 million, or 7.3 percent increase compared to the FY14 operating budget.
- The requested FY15 general fund of $1.01 billion represents an $18.6 million <u>decrease</u>, or 1.8 percent, compared to FY14.

Medicaid Request

- The FY15 total Medicaid budget for physical health is $4.2 billion.
- FY15 is the first full fiscal year reflecting Medicaid expansion for adults. The federal government will cover 100 percent of the cost for new Medicaid enrollees from 2014 through 2016.
- The impact on the FY15 Medicaid budget exceeds $400 million for 160,000 newly eligible adults.
- However, the request for state general fund for Medicaid of $908 million is a reduction of $20.7 million in FY15 due to a higher federal match rate (FMAP) and $18 million in drug rebate revenue.

Medicaid Behavioral Health Budget (in millions)

Sources	FY13 Actual	FY14 Budget	FY15 Request
General Fund	87.3	90.6	95.6
Federal Rev/Other	202.7	215.4	305.1
	290.0	306.0	400.7
Uses	**FY13 Actual**	**FY14 Budget**	**FY15 Request**
Other (Medicaid Match)	290.0	306.0	400.7
	290.0	306.0	400.7

- HSD attributes growth in Medicaid behavioral health to additional enrollment and expects lower utilization in the fee-for-service area.

Medicaid Coverage in Alternative Benefit Plan for Newly Eligible Adults

- Outpatient services for alcohol/drug dependency
- Outpatient mental health services
- Outpatient hospital and physician services (includes evaluation, testing assessment, medication management and therapy.
- Inpatient hospital services in a psychiatric unit of a general hospital
- Inpatient professional services provided by a BH professional
- Intensive outpatient services for substance abuse
- Lab services, methadone, suboxone.

Behavioral Health Services Division Budget Request (in millions)

- FY15 reflects a $5.4 million increase in federal funds, including $1.8 million for screening, brief intervention and referral to treatment (SBIRT) and $2.2 million in substance abuse and prevention block grant funds.
- Overall general fund is reduced $3.2 million, reflecting the move of clients to Medicaid funded behavioral health services and reallocation of services.

Sources	FY13 Actual	FY14 Budget	FY15 Request
General Fund	42.0	42.4	39.1
Federal Rev/Other	18.1	16.9	22.4
Total	60.1	59.3	61.5
Uses	**FY13 Actual**	**FY14 Budget**	**FY15 Request**
Personel	2.0	2.7	3.2
Contracts	56.4	54.8	57.8
Other/Other Fin Uses	1.7	1.8	0.5
Total	60.1	59.3	61.5

HSD's Proposed Reallocation of BHSD Spending

- HSD is projecting savings of $15.3 million of the $42 million base general fund support due to some 15,000 clients being covered by Medicaid starting in 2014 for behavioral health services with 100 percent federal revenue.
- However, HSD is proposing to reallocate the majority of these savings, $12.1 million, as an expansion request for other purposes including enhancing non-Medicaid services, value added services and audit and compliance.

HSD's Proposed Reallocation of BHSD Spending continued…

- Enhance non-Medicaid services: $4 million total, including $2.5 million for supportive housing, veterans services, and mental health peer support workforce development and $1.5 million to increase provider base funding for non-Medicaid services.

- Value added services: $3.5 million total, including $2.5 million for transitional living services for clients with mental illness and $1 million to fund the NM behavioral health phone crisis line.

- Quality and compliance initiatives. $4.6 million including $350 thousand to fund an in-house compliance and audit function with 5 FTE, $1.2 million for audit support and $3 million in technical services and training of provider agencies.

Key Questions on HSD Request

- Data to support calculation of savings due to clients moving to Medicaid behavioral health.
- Rationale for adding 5 person audit and compliance unit to current staff of 37 and how this unit will mesh with MCO and behavioral health contractor oversight.
- Plan for $3 million for technical services and training for provider agencies.

Key Questions Continued…

- HSD is proposing $3.5 million for "value added services" that will no longer be covered by MCO's including $2.5 million for transitional living services and $1 million for the behavioral health phone crisis line.
  - LFC seeking more detail on crisis phone line.
  - LFC has requested funding history, funding sources, and planned service levels for transitional living (HSD reported spending $3.7 million on community support services in FY12).

Key Questions Continued…

- $4 million to enhance non-Medicaid services:
  - More detail on split of $2.5 million proposed for supportive housing, veterans services, and mental health peer support.
  - More detail on $1.5 million request for provider agency services, in particular types of services to be provided.

Summary

- HSD is proposing a major restructuring of Behavioral Health Services division budget and expansion of staff.
- Substance abuse strategy is weighed towards intensive out-patient services but network issues are an obstacle.
- State and local governments will continue to bear cost burden of in-patient or residential programs for adults for adults.
- State must optimize opportunities for Medicaid support for physical and behavioral health at HSD, DOH, CYFD, Corrections, public schools, etc.