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FISCAL IMPACT REPORT

ORIGINAL DATE 2/15/07

SPONSOR Sanchez, B LAST UPDATED _____ HB _____

SHORT TITLE Medicaid Managed Care Behavioral Health SB 879

ANALYST Weber

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
\$7,000.0	\$20,000.0	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
\$17,800.0	\$49,590		Recurring	Federal Medicaid

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Bill 879 appropriates \$27 million from the general fund to the Human Services Department for the Medicaid behavioral health managed care program. Seven million is for FY07 and \$20 million for FY08.

The bill contains an emergency clause.

FISCAL IMPLICATIONS

The appropriation of \$27 million contained in this bill is an expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2008 shall revert to the general fund.

HSD notes that rates for Medicaid managed care must be actuarially sound, negotiated and approved by the state and federal entities. The new rates would need to be re-negotiated and re-approved between the passing of this bill and the end of the SFY07, which is June 30, 2007. If required to add nearly \$25 million new money this year, which amounts to more than 12% of anticipated costs, it will not be possible to stay within the actuarially-sound ranges that have been established. The federal Centers for Medicare and Medicaid Services (CMS) would need to approve this increase

SIGNIFICANT ISSUES

The bill is unclear as to how the funds in FY 07 and FY08 should be spent. Increased rates are typically tied to additional services or provider rate increases. SB 879 does not mention any additional services to be added to the Medicaid benefit package; nor is there a mention of additional members that would receive services with the new appropriation.

MW/mt