

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: House Bill 628 (Fourth Edition)

SHORT TITLE: Uniform Graduated Co-paymt - MH/DD/SA Svces.

SPONSOR(S): Representative Insko

FISCAL IMPACT					
	Yes ()	No ()	No Estimate Available (x)		
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>FY 2011-12</u>
REVENUES					
Local Management Entities			No Estimate Available		
EXPENDITURES					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, Local Management Entities					
EFFECTIVE DATE: Section 1 of this act becomes effective July 1, 2008 and only applies to services provided on or after that date. The remainder of this act is effective when it becomes law.					

BILL SUMMARY:

Currently, Local Management Entities (LMEs) and their contractual agencies are required to prepare fee schedules for services and make reasonable efforts to collect appropriate reimbursement for costs from individuals or entities based on ability to pay. House Bill 628 would direct LMEs and private providers to implement a standardized co-payment schedule based on family income and rules adopted by the Secretary of the Department of Health and Human Services (DHHS). The LME would be responsible for determining the co-payment for individuals who the LME authorizes to receive services. The Secretary is directed to adopt rules to implement a co-payment graduated schedule to be used by LMEs and private providers. Families whose income is 400% or greater of the Federal Poverty Level are eligible for services subject to the applicable co-pay.

ASSUMPTIONS AND METHODOLOGY:

Revenues: Currently, fees from LME-operated services collected under G.S.122C-146 are used for the fiscal operation or capital improvements of the LME. HB 628 amends G.S. 122C-146 in the following ways:

- Changes the fee to a co-payment and to specify that the LME is responsible for determining the applicability of the co-payment to individuals authorized by the LME to receive services.
- Changes the use of these funds (currently “fees” and proposed to be “co-payments”) from fiscal operation or capital improvements to service provision to targeted populations.
- Modifies the non-supplant language to state that the collection of co-payments by an LME *that provides services* may not be used as justification for reduction or replacement of the budgeted commitment of local tax revenue (italics added for emphasis). Currently the collection of fees by any LME (not just one providing services) may not be used as justification for the reduction or replacement of budgeted commitment of local tax revenue.
- Adds that all funds collected from co-payments by contractual provider agency shall be used to provide services to targeted populations.

A new, statewide co-payment schedule will change the amount of receipts collected at the local level and therefore the amount of resources available for service provision. However, because the new co-payment schedule is not yet known, it is impossible to estimate the revenue to be generated by the new schedule and whether it would increase or decrease local revenue.

Expenditures: The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMHDDSAS) plans to hire a contractor to assist them in developing the standardized co-payment schedule required in HB 628. The contractor would establish the statewide co-payment schedule for mental health, developmental disability, and substance abuse services and establish standardized policies and procedures for the implementation of the standardized co-payment schedule. This work would also include a comprehensive review of fee and co-payment schedules and policies in other states for mental health, developmental disability, and substance abuse services which are administered on a statewide basis.

DMHDDSAS estimates that this contract should not exceed \$70,000. DMHDDSAS expects to pay for this contract out of existing funds during FY 2007-08 from the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs.

In addition to establishing the co-payment schedule, policies, and procedures, the Department of Health and Human Services will also need to implement rules for this standardized co-payment schedule. There is no anticipated additional cost for this because rule implementation is within the scope of the Department’s existing work.

Additionally, the LMEs and MH/DD/SA providers may need to update or change their computer systems based on the new, standardized co-payment schedule. For example, LMEs will need to implement a method for indicating to providers whether or not a family authorized for services is

subject to the co-payment schedule. However, LMEs and providers routinely change their systems to reflect payment changes for third party insurers, and any changes from this statewide co-payment schedule are likely to be within the scope of those routine changes.

SOURCES OF DATA: Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

TECHNICAL CONSIDERATIONS: None

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