

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3123

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Haylee Morse-Miller
Reviewed by: Tom MacDonald
Date: March 15, 2021**Measure Description:**

Directs Oregon Health Authority to evaluate specified issues related to certified community behavioral health clinics and report findings and analysis to interim committees of Legislative Assembly by September 30, 2023.

Government Unit(s) Affected:

Oregon Health Authority (OHA)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
General Fund	\$24,873,949	\$6,152,603
Federal Funds	96,520,781	23,798,682
Total Funds	\$121,394,730	\$29,951,285
Positions	6	6
FTE	5.00	1.50

Analysis:

HB 3123 directs the Oregon Health Authority (OHA) to extend its administration of the federal certified community behavioral health clinic (CCBHC) demonstration program, which was initially scheduled to end June 30, 2019 and has since been extended multiple times by the federal government, to December 31, 2023 or the termination of federal funding for the demonstration program, whichever is earlier. The bill also requires OHA to establish a state-level evaluation of the program's health care outcomes and cost effectiveness. OHA must report the findings of the evaluation to the Legislative Assembly by September 30, 2023. The measure declares an emergency and takes effect on passage.

The estimated cost of the program is \$121.4 million total funds in the 2021-23 biennium, and \$29.9 million total funds in 2023-25 biennium. After accounting for estimated federal Medicaid match, the total costs include \$24.9 million General Fund in the 2021-23 biennium and \$6.2 million General Fund in the 2023-25 biennium.

The primary cost driver is payments for CCBHC services supported with federal Medicaid funds matched with General Fund. These costs total \$119.4 million (\$23.9 million General Fund) in 2021-23, and \$29.4 million (\$5.9 million General Fund) in 2023-25. The 2023-25 estimate assumes the program runs through the December 31, 2023 sunset date discussed above. The overall service costs depend on the number of individuals who qualify for and receive CCBHC services. Additionally, the General Fund share of the overall cost depends on the mix of clients who receive services because different federal match rates are paid according to Medicaid caseload category. In general, the federal match for individuals who are eligible under the Medicaid expansion criteria established in the Affordable Care Act is higher than the (enhanced) match rate for CCBHC services provided to individuals in other Medicaid caseload categories. Reimbursement rates also vary depending on the type of client served. Any changes in the number and type of Medicaid clients served can therefore materially change the costs to the

state. The ability to project service costs in 2021-23 is further complicated by the lack of comprehensive payment and encounter data in 2019-21 due to the three CCBHCs that discontinued services and the impact the COVID-19 pandemic has had on service utilization. The estimates provided in this fiscal impact statement do not assume service utilization will be at the decreased levels experienced during the pandemic.

In addition to the payments for services, the fiscal impact includes six limited duration positions (5.00 FTE in 2021-23, and 1.50 FTE in 2023-25). These include the following five for program operations and one to evaluate the program:

- One Operations and Policy Analyst 4 to administer the program, provide clinic coordination, technical assistance, standard/certification development, compliance monitoring, and data reporting;
- One Operations and Policy Analyst 3 to coordinate clinic and fiscal operations, oversee the fee schedule, and provide oversight of rules;
- Two Compliance Specialist 3s to provide compliance and certification oversight, and investigate complaints;
- One Administrative Specialist 1 to provide program administrative support; and
- One Operations and Policy Analyst 4 to evaluate claims and cost data, and work with an external contractor to develop the required state-level evaluation on program outcomes.

The costs of these positions and position-related Services and Supplies are estimated at \$1.5 million total funds in 2021-23 and \$541,283 total funds in 2023-25. There is also an additional cost of \$500,000 total funds for the contract with an outside entity to perform the program evaluation. Half of the of funding for the positions and the program evaluation contract will come from the General Fund and half from federal match.

The bill includes sections with blank amounts for a General Fund appropriation and Federal Funds expenditure limitation to support the program's costs.

Background

Federal legislation adopted in 2014 authorized the creation of demonstration programs to improve behavioral health services through the certified community behavioral health clinic (CCBHC) model. CCBHCs became a new Medicaid provider type in the eight initial states, including Oregon, that applied for and received federal approval to design and implement the demonstration over a multi-year period. CCBHCs provide a range of federally required comprehensive mental health and substance use disorder services according to specific access and care coordination requirements. In return, CCBHCs receive enhanced reimbursement based on their anticipated cost of expanding services to meet the needs of the complex populations they serve. States receive federal matching funds at an enhanced rate for CCBHC expenditures.

In Oregon, 12 CCBHCs began providing services in the 2017-19 biennium. Initial estimates assumed the enhanced federal match for services would result in net General Fund savings. As a result, program implementation occurred without an increase in OHA's General Fund budget. Net General Fund savings, however, did not materialize due to savings from the enhanced federal match being less than expected in comparison to the enhanced reimbursement payments. For most of 2019-21, nine CCBHCs were able to continue providing services by reaching agreements with their community partners to provide the match with existing General Fund appropriated to community mental health programs. In January 2021, the Emergency Board allocated General Fund from the Emergency Fund to enable the nine CCBHCs, plus the three that had discontinued CCBHC-reimbursable services, to continue services through the remainder of the 2019-21 biennium.