

February 9, 2021

The Honorable Richard Hilderbrand, Chairperson
Senate Committee on Public Health and Welfare
Statehouse, Room 445A-S
Topeka, Kansas 66612

Dear Senator Hilderbrand:

SUBJECT: Fiscal Note for SB 138 by Senate Committee on Public Health and Welfare

In accordance with KSA 75-3715a, the following fiscal note concerning SB 138 is respectfully submitted to your committee.

SB 138 would direct the Kansas Department for Aging and Disability Services (KDADS) to establish a process for certification of and funding for Certified Community Behavioral Health Clinics (CCBHCs). KDADS would be required to certify any existing Community Mental Health Center licensed by the agency that provides services, including crisis services, screening, assessment and diagnosis, risk assessment, person-centered treatment planning, and a multiple other treatment and supports.

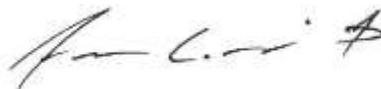
The Kansas Department of Health and Environment (KDHE) would be required to establish a prospective payment system for funding CCBHCs. The system would be designed to allow for payment by either daily or monthly rates. KDHE and KDADS could adopt rules and regulations and would be required to implement the provisions of the bill no later than July 1, 2021. The bill would take effect upon publication in the *Kansas Register*.

Although SB 138 would require a start date of no later than July 1, 2021, the Centers for Medicare and Medicaid Services (CMS) recommends at least 18 months to allow for the drafting of a Medicaid state plan amendment or 1115 waiver amendment and an impact assessment of the CCBHC program on the state's 1115 waiver budget neutrality. This recommendation would make a FY 2022 implementation date highly challenging. However, the fiscal effect is calculated assuming the July 2021 date. KDHE and KDADS estimate that the combined cost for the agencies would range from \$43.0 million to \$74.2 million from all funding sources, including \$17.4 million to \$29.9 million from the State General Fund for FY 2022. The expenditures are detailed below.

KDADS estimates that administrative costs would be \$1.1 million from the State General Fund for FY 2022 associated with creation of the CCBHC program. Included in these costs, the agency estimates it would require an additional 14.00 FTE positions at a cost of \$616,858 for salaries and benefits. These positions would include those needed to adequately support all certification, rate setting, and monitoring functions. Also, Medicaid support contracts would increase because of system changes that would need to be implemented to account for the new program. KDADS estimates the cost of consultant work to develop and design the program structure would be \$37,500, technology system changes and rate setting would be \$277,000, and actuarial services would be \$150,000.

Medicaid services would be projected to range from \$40.8 million to \$71.9 million from all funding sources, including a range of \$16.3 million to \$28.8 million from the State General Fund. It is assumed that over time, 26 Community Mental Health Centers would eventually transition to CCBHCs. At that point, the agency estimates that the cost would be the projected high end of the range. Any fiscal effect associated with SB 138 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Connie Hubbell, Aging & Disability Services
Dan Thimmesch, Health & Environment