

Fiscal Estimate Narratives

DHS 10/27/2009

LRB Number	09-3406/2	Introduction Number	AB-0512	Estimate Type	Original
Description Hhealth insurance coverage of nervous and mental disorders, alcoholism, and other drug abuse problems					

Assumptions Used in Arriving at Fiscal Estimate

AB 512 removes the specified minimum amounts of coverage that a group health insurance policy, including policies that cover state employees, must provide for the treatment of mental health and substance abuse (MH/AODA) conditions but retains the requirements with respect to providing coverage. The bill also requires (1) coverage of at least one annual screening for MH/AODA conditions, provided the health plan covers both MH/AODA conditions and at least one annual physical examination; (2) coverage, for females, of at least one screening during pregnancy and one screening within six months of pregnancy for post-partum depression.

In addition, the bill specifies that a plan's deductibles, co-payments, and other treatment limitations may not be more restrictive than treatment limitations that apply to other types of coverage in the plan. The bill also specifies that expenses incurred for the treatment of MH/AODA problems be included in any health care plan's deductible amount or limits. Finally, the bill provides that a health care plan must make available to participants the plan's criteria for determining medical necessity for coverage of a treatment and the reason for any denial of treatment.

Medicaid – BadgerCare Plus Standard Plan

In Wisconsin, the Medical Assistance (MA) program for families is known as BadgerCare Plus. Enrollees in BadgerCare Plus are in either the Standard Plan, which includes mental health services, or the Benchmark Plan, which has benefits that are more limited than those provided in the Standard Plan. Approximately 90% of BadgerCare Plus recipients are in the Standard Plan.

Currently mental health expenditures make up about 2% of total MA expenditures under the Standard Plan. There are no payment limits on the amount of MH/AODA services provided to Standard Plan recipients.

Currently, MA covers assessments for MH/AODA problems and treatment for depression, including post-partum depression. As a result, the requirement to offer these assessments is not likely to increase MA costs.

BadgerCare Plus – Benchmark Plan

Under s.49.471 (11) (k) of the statutes, MH/AODA services provided under the Benchmark Plan have coverage limits that are the same as those provided under the state employee health plan. If, under this bill, payment limits are removed in the state employee plan, Benchmark Plan MH/AODA benefits limits will also be removed.

It is possible that, under this bill, the costs of MH/AODA services for Benchmark Plan participants will increase if payment limits are removed. Because the population on the Benchmark Plan is relatively small and because MH/AODA services make up such a small percentage of all MA services, any cost increase as a result of this bill is not expected to be significant at this time. If enrollment in the Benchmark Plan grows significantly in the future, however, any cost impact that results from this bill could be more significant.

Badger Care Plus – Core Plan

Under a waiver from the federal government, the Department administers the BadgerCare Plus/Core Plan program. BadgerCare Plus/Core Plan provides access to basic health care services to uninsured adults with incomes below 200% of poverty who do not have minor children living at home. One of the conditions of the waiver is that it be cost neutral. Currently no mental health services are provided to Core Plan participants. The bill's mandate does not extend to the Core Plan program so the bill would not require any changes to the program. Even if the bill did apply to the Core Plan and the Plan were expanded to include mental health services and costs increased, since program expenditures cannot exceed the limits set by the budget

neutrality agreement, the Department would have to reduce other services or the Core Plan caseload. At current enrollment levels, it is estimated that it would cost in excess of \$10 million AF to add mental health benefits to the Core Plan. This bill as drafted is not likely to affect the Core Plan program.

Community Aids

Community Aids are state and federal funds distributed by DHS to counties on a calendar year basis to support community social, mental health, developmental disabilities, and substance abuse services. The majority of community aids funds are allocated to counties through the basic county allocation. Counties have discretion in determining which types of services will be provided with funds through the basic county allocation. In addition, Community Aids provides five categorical allocations that must be expended on specified services. Funding provided from the Substance Abuse Prevention and Treatment (SAPT) block grant is distributed through community aids as a categorical allocation. Counties are required to spend these funds on eligible substance abuse services, including primary prevention and early intervention, detoxification, counseling, investigations and assessments, non-hospital inpatient treatment, and community-based alternative living arrangements. Similarly, DHS allocates a categorical Community Aids allocation for community health services, funded from the federal Community Mental Health (CMH) Block Grant. While counties are required to provide matching funds of 9.89% for funding from the basic county allocation, no match is required for the SAPT block grant or CMH block grant categorical allocation. If private payers, through insurance coverage, are required to provide increased coverage, some savings to counties may result, but it is not possible to calculate the magnitude of the possible savings. However, the Department anticipates that any savings realized would be used by the county to provide services to individuals still on waiting lists for social services.

MHIs

The Department administers two mental health institutes (MHIs). The Department sets rates, which are paid by counties for civilly-committed clients, based on the actual costs of providing services (including costs incurred for prescription drugs and diagnostic testing) and the availability of third-party revenues such as Medicare and Medicaid. If private payers, through insurance coverage, are required to provide increased coverage, it may be possible to realize savings for counties. Likewise, state costs for forensic patients at the MHIs could decrease if private payers through insurance coverage are required to provide increased coverage. It is not possible to calculate the magnitude of the possible savings to the counties or the state.

Long-Range Fiscal Implications