LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

301 State House
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FISCAL IMPACT STATEMENT

LS 6969 | **DATE PREPARED:** Apr 30, 1999
BILL NUMBER: HB 1396 | **BILL AMENDED:** Apr 29, 1999

SUBJECT: Medicaid Outpatient Mental Health Reimbursement, Other Health Issues.

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (CCR Amended) *Outpatient Mental Health Reimbursement:* This bill requires the Office of the Secretary of Family and Social Services (FSSA) to amend a rule to include certain school psychologists and advanced practice nurses as providers of Medicaid reimbursable physician or health service provider in psychology directed outpatient mental health services for group, family, and individual outpatient mental health services, subject to rules governing prior authorization and supervision. The bill also requires the Office of the Secretary of Family and Social Services to include certain school psychologists and advanced practice nurses as qualified mental health professionals under a rule regulating community mental health rehabilitation services.

Claims Recoding: This bill provides that for purposes of analyzing health care service claims, to recode means to change a code used on a claim for covered services to a different classification code. The bill requires the administrator or insurer to notify the provider and insured that the insurer or administrator has recoded the claim and to provide certain additional specified information.

Dependent Child Mental Health Coverage: The bill also adds a dependent child's incapability to self-sustain employment because of mental illness to the reasons that continue hospital and medical coverage to a child under certain insurance policies.

Mental Health Counselor's License: This bill also allows an individual who meets certain requirements to be granted a mental health counselor's license.

Effective Date: (CCR Amended) Upon passage; July 1, 1999.

Explanation of State Expenditures: (Revised) *Outpatient Mental Health Reimbursement:* This bill adds certain school psychologists and advanced practice nurses to the list of providers who may provide Medicaid reimbursable physician-directed outpatient mental health services for group, family, and individual outpatient

mental health services. The bill also requires these individuals to be included as qualified mental health professionals under a rule regulating community mental health rehabilitation services. As such, this provision is expected to be budget neutral.

Explanation of State Revenues: (Revised) *Mental Health Counselors License:* With respect to mental health counselors, this proposal could increase revenues generated by license fees if as a result of the passage of the proposal applications increase for mental health counselors. Under the proposal, applicants could be exempt from certain requirements if they have at least 20 years of mental health counseling experience in a joint commission accredited agency and a bachelor's degree in psychology; or (2) a master's or doctor's degree in counseling, clinical or counseling psychology, mental health, applied human development, or psychology. The provision expires on December 1, 1999, which also limits the number of eligible applicants. Although the specific impact is indeterminable, it is not expected to be significant. License fees are deposited in the state General Fund.

Dependent Child's Insurance Coverage: This bill requires ICHIA to continue to provide insurance coverage to a dependent unmarried child even if the child has reached the age of 19 and the child is incapable of self-sustaining employment by reason of mental illness and while the child is chiefly dependent for support and maintenance upon the person in whose name the contract is issued. The impact on the ICHIA program is expected to be nominal, if any.

The ICHIA program is funded from client premiums, as well as assessments on companies selling health insurance in Indiana. Companies that pay assessments are subsequently able to take a credit against premium taxes, gross income taxes, adjusted gross income taxes, supplemental corporate net income taxes, or any combination of these, equal to the amount of the credit. Although the possibility exists for some increased costs to the ICHIA program, and thus decreased revenues to the state, the impact is expected to be nominal.

Explanation of Local Expenditures: *Dependent Child's Insurance Coverage:* The provisions of this bill could affect costs faced by insurance companies that provide group coverage for the employees of local governments and school corporations. Increased premiums arising from these provisions, may or may not result in additional costs to local governments and school corporations, depending upon administrative action as to the determination of the employer/employee cost share for health plan benefits offered to employees. The impact on local units of government and school corporations would also differ by local unit and the particular benefit plan currently provided to employees. The impact is likely to be nominal.

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning; Health Professions Bureau; Indiana Comprehensive Health Insurance Association (ICHIA).

Local Agencies Affected: Local Governments and School Corporations

Information Sources: Pat Nolting, OMPP, 232-4318; Jeff Hannah, Anthem, 488-6225.