

GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

Legislative Fiscal Note

BILL NUMBER: House Bill 628 (Second Edition)

SHORT TITLE: Uniform Sliding Fees - MH/DD/SA Services.

SPONSOR(S): Representative Insko

<b>FISCAL IMPACT</b>					
	<b>Yes ( )</b>	<b>No ( )</b>	<b>No Estimate Available (x)</b>		
	<b><u>FY 2007-08</u></b>	<b><u>FY 2008-09</u></b>	<b><u>FY 2009-10</u></b>	<b><u>FY 2010-11</u></b>	<b><u>FY 2011-12</u></b>
<b>REVENUES</b>					
Local Management Entities			No Estimate Available		
<b>EXPENDITURES</b>					
<b>POSITIONS (cumulative):</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, Local Management Entities					
<b>EFFECTIVE DATE:</b> This act is effective when it becomes law.					

**BILL SUMMARY:** Adds new GS 122C-112.1 directing the Secretary of Health and Human Services to adopt rules to implement a standard fee schedule and sliding fee schedule to be used by local management entities and contractual provider agencies. Makes conforming amendments to GS 122C-146 and adds a provision to that section directing that funds collected from these fees by contractual provider agencies must be used to provide services to individuals in targeted populations. Applies to services provided on or after the effective date of the rules adopted by the Secretary.

House committee substitute makes the following changes to 1st edition. Makes technical change only.

Source: Bill Digest H.B. 628 (03/13/0200)

**ASSUMPTIONS AND METHODOLOGY:**

**Revenues:** Currently, fees from area authority operated services collected under G.S.122C-146 are used for the fiscal operation or capital improvements of the area authority. HB 628 changes this section, G.S. 122C-146(c), only to change “area authority” to “LME” and does not change the purpose or use of fees. Fees will continue to be retained at the local level.

A new, statewide fee schedule will change the amount of receipts collected at the local level and therefore the amount of resources available for the fiscal operation and/or capital improvements of the LME. However, because the new fee schedule is not yet known, it is impossible to estimate the local impact. Also, because each LME currently sets their own fee schedule, it is also impossible to estimate if receipts are likely to increase or decrease.

**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 fee schedule required in HB 628. The contractor would establish the statewide fee schedule for mental health, developmental disability, and substance abuse services and establish standardized policies and procedures for the implementation of the standardized fee schedule. This work would also include a comprehensive review of fee 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 will cost \$70,000. DMHDDSAS expects to pay for this contract out of existing funds during FY 2006-07 either out of the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs or out of other existing division funds. If this occurs according to DMHDDSAS’s proposed schedule, there would be no cost for the contract during the time period analyzed in this fiscal note.

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

Additionally, the Local Management Entities and/or MH/DD/SA providers may need to update or change their computer systems based on the new, standardized fee schedule. However, LMEs and providers routinely change their systems to reflect payment changes for third party insurers, and any changes from this statewide fee 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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**DATE:** April 16, 2007



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