



# DOAA

Georgia Department  
of Audits & Accounts

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State Auditor

March 13, 2023

Honorable Ben Watson  
Chairman, Health and Human Services  
325-A Coverdell Legislative Office Building  
Atlanta, GA 30334

SUBJECT: Fiscal Note  
House Bill 520 (LC 33 9464)

Dear Chairman Watson:

This bill proposes numerous changes intended to address mental health needs as well as alcohol and drug dependency. The bill also amends code sections related to executive state agency data. The provisions expected to impact state expenditures include the following:

- requiring a study to review DCH's policies regarding a referral process to enable DJJ and DHS to secure facilities for juveniles in their care
- disallowing a step therapy protocol for a prescription drug prescribed for the treatment of serious mental illness, as defined by DCH
- developing standardized terminology related to mental illness, among others
- employing or contracting with individuals to serve as county-based, dedicated coordinators to provide for collaboration between criminal justice and behavioral health providers
- establishing a statewide partnership to serve as a clearinghouse for best practices, information, and resources for developing and sustaining practices for 'familiar faces'
- conducting a pilot program to provide funding to county jails to implement behavioral health screening
- establishing a grant program to build local capacity for the expansion or creation of collaborative jail in-reach and reentry programs
- conducting a comprehensive study of the state's public behavioral health workforce
- convening a task force to build a continuum of care to ensure access to and appropriate use of the behavioral health and criminal justice system
- requiring Medicaid coverage for a number of psychological and therapeutic services
- creating and maintaining the Georgia Health Care Professionals Data System
- establishing a student loan repayment program for mental health and substance use health professionals
- addressing ways to increase supportive housing development for the 'familiar faces' population

## Impact on State Expenditures

The bill would result in increased expenditures for the several state agencies and offices (see **Table 1**). The additional expenditures are due to new administrative responsibilities, personnel, Medicaid benefits for certain populations, grant programs, a service cancelable loan program, and one-time studies. Additional annual state expenditures should be assumed in addition to the expenses outlined in **Table 1** based on the result of the one-time studies. Details of the impact are noted under the Behavioral Health Reform and Innovation Commission section. One-time state

expenditures are estimated at \$3.1 to \$3.7 million and annual state expenditures at \$59.8 to \$71.6 million.

**Table 1: State Funds Expenditures Summary**

	One-Time	Annual
Department of Behavioral Health and Development Disabilities	\$710,000	\$6.7M - \$14.7M
Department of Community Health	\$2.2M - \$2.8M	\$52.2M-\$56M
Behavioral Health and Reform and Innovation Commission	\$400,000	\$0 <sup>1</sup>
Georgia Board of Health Care Workforce	\$0	\$875,000
<b>Total</b>	<b>\$3.1M - \$3.7M</b>	<b>\$59.8M - \$71.6M</b>

1. BHRIC noted that resulting recommendations of the commission could have significant fiscal impact in the multi-millions of dollars

Other agencies and offices with responsibilities found in the bill can implement relevant provisions with existing resources.

**Department of Behavioral Health and Development Disabilities (Section 3)**

The bill would require DBHDD to take several actions, as shown in Table 2 and detailed below. One-time state expenditures are estimated at \$710,000, while ongoing annual state expenditures would be \$6.7 to \$14.7 million.

**Table 2: DBHDD Program Costs**

	One-Time	Annual
Comprehensive study of public behavioral health workforce	\$450,000	\$0
Hiring county based, dedicated coordinators	\$0	\$2.3M
Grant program to build local jail in-reach and reentry programs	\$0	\$2M - \$10M
Pilot program to fund validated behavioral health screening in county jails		Included in estimate above
Clearinghouse of information and resources for 'familiar faces'	\$260,000	\$2.4M
<b>Total</b>	<b>\$710,000</b>	<b>\$6.7M - \$14.7M</b>

- *Comprehensive study of the public behavioral health workforce in this state* –The study is to identify gaps and challenges in the workforce, understand recruitment and retention challenges, and allow for targeted solutions to address shortages impacting those most in need of behavioral health care in this state. DBHDD estimated one-time cost of approximately \$450,000 to conduct such a study.
- *County-based coordinators to provide for collaboration between criminal justice and behavioral health providers* – DBHDD would employ, or provide funding for CSBs to employ, dedicated coordinators to ensure available behavioral health resources are utilized to their full potential and jail admissions are decreased for people with mental illness. A dedicated coordinator for each of the 26 CSBs is estimated to cost approximately \$2.3 million annually (\$90,000 per coordinator).
- *Grant program for jail in-reach* – The grant program is to build local capacity with funding and technical assistance for one or more counties to create or expand collaborative jail in-reach and reentry programs. This may include access medications, shelter, peer support, drug treatment, housing, or to other resources. The programs should focus on 'familiar faces' and strive to reduce recidivism. DBHDD estimates it will cost approximately \$6 million annually and can vary from \$2 million to \$10 million depending on the number of jails that are to be assisted.

- *Pilot program for validated behavioral health screening in county jails* – The pilot program is to expand the use of best practice behavioral health screening for mental illness to divert individuals from jail who should, instead, be connected or reconnected to services and treatment. With the grant program outlined above already building capacity in the jail setting, DBHDD included their estimate for the pilot program as a subset of the \$2 million to \$10 million.
- *Public-private clearinghouse for best practices, information, and resources for developing and sustaining practices for familiar faces<sup>1</sup>* - DBHDD is authorized to establish a partnership to provide technical assistance to counties, host events to share information across government entities, provide expertise on diversion programs. DBHDD estimates it will cost approximately \$2.4 million annually to support the clearinghouse and approximately \$260,000 in start-up costs for the initial year.

**Department of Community Health (Sections 1, 2, and 17)**

The bill contains several directives to DCH that will have financial implications. Those are shown in Table 3 and detailed below. One-time state fund expenditures would be \$2.2 to \$2.8 million. Ongoing, annual state expenditures are estimated to be \$4.6 to \$7.8 million before inclusion of the social supports waiver. If those waiver services equal 1% of total Medicaid expenditures, state spending would be approximately \$45 million higher.

**Table 3: DCH Program Costs**

	State One-Time	State Ongoing	Federal Ongoing
Waiver – Eligible Justice Involved Youth	\$650,000	\$2.5M <sup>1</sup>	\$4.8M <sup>1</sup>
Waiver – Health-Related Social Supports	\$650,000	\$45M <sup>2</sup>	\$90 M <sup>2</sup>
Rate Studies	\$900,000-\$1.5M	\$0	\$0
Psychological Assessments	\$0	\$760,000	\$ 1.5M
Therapeutic Group Home Services	\$0	\$2.1M-\$4.2M	\$4.1M-\$8.2M
Specialized Therapeutic Foster Care Services	\$0	\$1.8M-\$3.5M	\$3.4M-\$6.9M
<b>Total</b>	<b>\$2.2M-\$2.8M</b>	<b>\$52.2M-\$56M</b>	<b>\$103.8M-\$112.1M</b>

1. Amounts reflect the low estimate provided by the agency, which assumes eligibility would only include the nearly 4,000 juveniles currently under state supervision.  
 2. Estimate assumes that spending equals 1% of total Medicaid spending, though no spending would occur until waiver is approved. The federal government policies allow spending up to 3%.

- *Waiver for Eligible Justice Involved Youth* – DCH must obtain a waiver to provide Medicaid services for eligible justice involved youth ages 18 to 21 years. The agency noted that waivers typically take longer to develop than the time permitted by the bill, and it noted that contract assistance would be required. Based on an existing contract with a similar scope of work, DCH estimates the FY2024 costs to be approximately \$650,000, which would be state funds.

DCH provided low and high estimates for the fiscal impact of providing services to the eligible population. These estimate range based on the number of persons included. The low estimate of \$7.3 million (\$2.5 million state, \$4.8 million federal) would cover an estimated FY24 population of 3,996 persons. The high estimate of \$49.1 million (\$16.7 million state, \$32.4 million federal) would cover 26,781 persons. These estimates are based on FY24 FMAP rates, FY22 capitation rates, current juvenile supervision data, and FY18 juvenile arrest data which all fluctuate from year to year.

<sup>1</sup>The term ‘familiar faces’ means individuals with serious mental illness who have frequent contact with the criminal justice, homeless, and behavioral health systems.

- *Waiver for Health-Related Social Supports* – DCH must obtain a waiver to provide social support services with Medicaid funds. These services are to include housing supports; employment supports; nutrition supports; and case management, outreach, and education services to recipients and their caregivers, if the recipient is under the age of 19 years old. The agency noted that waivers typically take longer to develop than the time permitted by the bill and that contract assistance would be required. Based on an existing contract with a similar scope of work, DCH estimates the FY2024 costs to be approximately \$650,000, which would be state funds.

DCH estimated the eventual fiscal impact of providing these services at 1-2% of total Medicaid funds received by state. This would equate to \$135 million (\$45 million state, \$90 million federal) at the 1% level, and \$270 million (\$90 million state, \$180 million federal) at the 2% level. The impact would likely not be recognized until FY2025 or FY2026 – after federal approval.

- *Rate Study* – The bill requires DCH to evaluate and update Medicaid reimbursement rates for autism spectrum disorder diagnostic assessments and services. The agency estimates the cost of the contracted study at \$900,000 to \$1.5 million.
- *Reimbursement for Psychological Diagnostic Assessments* – DCH would be required to offer reimbursement for psychological diagnostic assessments under a different CPT code currently used for psychiatric providers. Assuming the same utilization of services, approximately 18,000 units would be paid at the new code at a total cost of \$2.2 million (\$756,000 state, \$1.5 million federal).
- *Therapeutic Group Home Services and Specialized Therapeutic Foster Care Services* – The bill would require Medicaid to reimburse for specialized therapeutic foster services for persons under the age of 21 years. Providing both services is estimated to increase state expenditures by \$3.9 million to \$7.7 million annually (\$11.4 million to \$22.8 million total).

This estimate is based on rates from other states (FL, MT, NM) and utilization from the FY2023 TFC Budget Session Analysis. The total population estimate of 353 is calculated using the number of children with a Behavioral Health Disorder currently receiving 200 or greater units (visits) per year, which is roughly equivalent to 4x a week. Utilization is split between the two services.

- *Elimination of Step Therapy* – DCH was unable to provide an estimate of the impact of this provision on the State Health Benefit Plan in the time available. It would have no impact on the Medicaid plan because the code section does not apply to Medicaid.
- *Provisions with no fiscal impacts* – There are several provisions that are not expected to have a fiscal impact. DCH does not expect to change federally qualified health center rates based on the addition of licensed professional counselors as an approved provider type. In addition, psychiatric hospitals are already an eligible facility type for providing inpatient psychiatric facility services for persons under the age of 21 years enrolled in the fee-for-service Medicaid.

#### *Georgia Board of Healthcare Workforce (Section 19)*

The bill contains two provisions for the Georgia Board of Healthcare Workforce (GBHW): maintaining the Georgia Health Care Professionals Data System for collecting and disseminating data on licensed health care professionals in this state and administering a new student loan forgiveness program for mental health or substance use professional.

The administrative costs of both provisions are estimated to cost \$25,000 annually in terms of additional staff and technology costs. Existing resources can be utilized to support both provisions. In addition, the cost of the loan repayment program will be dependent upon whatever is

appropriated for this program. The Governor's budget allocates \$850,000 for student loan repayment for mental health and substance use professionals.

*Behavioral Health Reform and Innovation Commission (Sections 3, 5, and 6)*

The Behavioral Health Reform and Innovation Commission would be tasked with:

- leading a plan to expand the use of forensic peer mentors
- convening a task force to build a continuum of care to ensure appropriate use of the behavioral health system and the criminal justice system.
- convening a task force to examine issues related to the impact of behavioral health on the state's homeless population.

Based on an existing contract with Georgia State University, it is estimated that adding these activities to the scope of work would cost \$400,000. In addition, the Commission noted that recommendations resulting from this research will likely have a cost of millions of dollars if funded. Items might include additional forensic peer mentors, additional crisis capacity, restructuring of the forensic evaluation process, and other items.

Respectfully,



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GSG/KF/nac