

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-1049/5		Introduction Number SB-375	
Description Health insurance coverage of nervous and mental disorders, alcoholism, and other drug abuse problems			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input checked="" type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
Local:			
<input type="checkbox"/> No Local Government Costs			
<input checked="" type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village <input type="checkbox"/> Cities	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By		Authorized Signature	Date
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Fiscal Estimate Narratives

DHFS 1/17/2008

LRB Number	07-1049/5	Introduction Number	SB-375	Estimate Type	Original
Description Health insurance coverage of nervous and mental disorders, alcoholism, and other drug abuse problems					

Assumptions Used in Arriving at Fiscal Estimate

Current law requires group health insurance policies that provide coverage of any inpatient hospital services to cover those services for the treatment of mental health and alcohol and substance abuse (AODA) services. Current law further sets minimum amounts of coverage for the treatment of those services.

SB 375 repeals those specified minimum amounts of coverage but retains the requirement to provide mental health/AODA treatment coverage. Under this bill, although health benefit plans are not required to offer MH/AODA treatment services, those plans that do offer these services must provide the same level of coverage for that treatment as the coverage for the treatment of physical conditions. SB 375 also imposes new requirements for plans that provide MH/AODA treatment, including an annual screening for MH/AODA problems and a screening for post-partum depression where appropriate.

The fiscal effect of this bill would depend on decisions by group health insurance providers and the extent to which these providers provide treatment for physical conditions. If the elimination of the minimum coverage requirement for mental health and substance abuse services results in fewer insurers providing such coverage, there may be a cost to the state. However, if, as a result of this bill, private providers are contributing more to the costs of treatment of people in state programs, there will be fewer costs to the state.

SB 375 would affect these DHFS programs:

Community Aids

Community Aids are state and federal funds distributed by DHFS 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 from the basic county allocation. In addition, Community Aids provides five categorical allocations that must be expended on specified services. Counties are required to provide matching funds of 9.89% for funding from the basic county allocation. Nearly all counties contribute substantially more in county funds than the required match rate for these programs. If private payers, through insurance coverage, provide increased coverage for mental health and substance abuse services as a result of this bill, services for some individuals currently funded with Community Aids or county funds may instead be funded with private insurance. This would free up Community Aids or county funds, which the county would likely use to provide services to individuals still on waiting lists for mental health, substance abuse or other human services.

Mental Health Institutions

The Department administers two mental health institutes. 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, Medicaid, and private insurance. If private payers, through insurance coverage, are required to provide increased coverage, it may be possible to realize savings for counties and the state's Medicaid program. Likewise, state revenues for forensic patients at the mental health institutes could increase 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 to the state as a result of this bill.

BadgerCare Plus

It is also possible that SB 375 will have an effect on the Department's BadgerCare Plus program.

BadgerCare Plus offers a Benchmark Plan to children and pregnant women with income above 200% of the federal poverty level. The Benchmark Plan, which is expected to enroll 17,144 individuals at full implementation, has the same limits on coverage as the state employee health plan. Full implementation is expected to be reached by CY 2009. Currently there are no limits in the state employee health plan for mental health benefits, but there is a limit of \$7,000 per year for substance abuse services. Under SB 375, these limits would have to be raised to the level of coverage for physical conditions under the state employee plan. As a result, there may be a cost to the BadgerCare Plus program to cover these extended benefits. It is not possible to estimate precisely the cost of this change because it is dependent on the utilization of substance abuse services by individuals receiving the Benchmark Plan.

Long-Range Fiscal Implications