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**HF 690** – Behavioral Health System, Children (LSB1827HV.1)  
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Fiscal Note Version – Final Action

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### **Description**

[House File 690](#) establishes a Children’s Behavioral Health System; a Children’s Behavioral Health System State Board; eligibility requirements and core services; new duties of the Department of Human Services (DHS) Division of Mental Health and Disability Services; regional mental health services provided through the adult Mental Health and Disability Services (MH/DS) system; and regional governance.

### **Background**

In the FY 2019 Health and Human Services Appropriations Act (2018 Iowa Acts, ch. [1165](#)), the General Assembly requested a copy of the [Strategic Plan for a Children’s Behavioral Health System](#) required by the Governor’s [Executive Order Number Two](#), which created a Children’s System State Board. The Strategic Plan included recommendations that could be acted on in the short and long term. The Strategic Plan envisioned a system that would be built upon the current adult MH/DS system and that could have combined or separate boards, depending on funding. Funding from the General Fund or property tax levies would determine the overall representation and voting membership of the regional boards. Services for children would begin with a behavioral health screening. The timing, responsibility, and location of the screenings would be determined through the administrative rules process. The System would also be built to incorporate a full array of behavioral health core services and supports for children and their families. The work of the State Board and its upcoming meeting schedule can be found here: [dhs.iowa.gov/about/mhds-advisory-groups/childrens-system-state-board](https://dhs.iowa.gov/about/mhds-advisory-groups/childrens-system-state-board).

### **Assumptions — Core Services**

#### **Crisis Residential**

- There will be an average of 16 crisis residential beds in FY 2020 and an average of 62 beds in FY 2021.
- The MH/DS regions will be responsible for an average 20.0% of bed days that are vacant. Of the bed days that are filled, private insurance will cover 56.0% of children, Medicaid will cover 41.0% of children, and 3.0% of children will be uninsured and covered by the MH/DS regions.
- The per diem cost per bed is \$360.19.
- The Medicaid match rate is 60.88% federal and 39.12% State.

#### **Mobile Crisis Response**

- Based on information provided by the East Central Iowa MH/DS region, 0.2% of all children in the region use mobile crisis response per year. This estimate is extrapolated across all MH/DS regions.
- The cost per episode of care is \$1,231.
- The total number of children in Iowa is 731,947.

- Private insurance does not cover mobile crisis response services. Medicaid will cover 41.0% of children, 3.0% of children will be uninsured and covered by the MH/DS regions, and the remaining 56.0% of children will be covered by private insurance.
- The Medicaid match rate is 60.88% federal and 39.12% State.

### **Prescribing and Medication Management**

- Only medication management for children with a serious emotional disturbance (SED) will be included.
- This service will likely be for children between 10 and 18 years of age.
- Both private insurance and Medicaid currently cover this service. The MH/DS regions will be responsible for uninsured children.
- There will be 503 uninsured children with an SED who will require this service and will receive eight half-hour visits annually at \$74 per visit.
- The MH/DS regions currently provide approximately \$6,093 per child total per year for this service.

### **Therapy**

- Only therapy for children with an SED will be included.
- Both private insurance and Medicaid currently cover this service. The MH/DS regions will be responsible for uninsured children.
- There will be 503 uninsured children with an SED who will require this service and will receive 21 visits annually at \$74 per visit.
- The MH/DS regions currently provide approximately \$188,266 per year for this service.

### **Assessment for Eligibility**

- Assessments will be available for children of all ages.
- Both private insurance and Medicaid currently cover this service. The MH/DS regions will be responsible for uninsured children.
- There will be 1,098 uninsured children who will require an assessment at \$112 per child.
- The MH/DS regions currently provide approximately \$2,286 per child total per year for this service.

### **Inpatient Psychiatric Hospital**

- Access is available to children who have an SED and are uninsured.
- Most inpatient care is provided to children between 10 and 18 years of age.
- Both private insurance and Medicaid currently cover this service. The MH/DS regions will be responsible for uninsured children.
- The frequency of admissions is 0.63% of the general population.
- There will be approximately 63 uninsured children who will require inpatient psychiatric hospitalization. The reimbursement rate is \$914 per day, and the average length of stay is five days.
- The MH/DS regions currently provide approximately \$10,297 per year for this service.

### **Assumptions — Regional Management**

- Each of the 14 MH/DS regions will hire 1.0 additional full-time equivalent (FTE) position to manage the new requirements of the Children's Behavioral Health System. The MH/DS regions will be responsible for the cost of the new FTE position.
- The average salary and benefits per FTE position is \$75,000 per year. This amount will increase by 2.0% in the second year.
- There will be an additional \$7,000 needed annually per region for support and travel costs.

## **Fiscal Impact**

[House File 690](#) is estimated to cost the State \$423,000 in FY 2020 and \$1.3 million in FY 2021 due to the increased cost of Medicaid services. In addition, this Bill is estimated to cost the MH/DS regions \$3.3 million in FY 2020 and \$5.1 million in FY 2021. A detailed breakdown of the estimated cost of each service is listed in **Table 1**.

If private insurance does not cover the cost of crisis residential services as listed in the assumptions, the MH/DS regions will be responsible for an additional \$922,000 in FY 2020 and \$3.6 million in FY 2021.

**Table 1 — Estimated Fiscal Impact of HF 690**

	FY 2020			FY 2021		
	Total	Medicaid State Share	MHDS Region	Total	Medicaid State Share	MHDS Region
<b>Core Service</b>						
Crisis Residential	\$ 519,130	\$ 264,141	\$ 254,989	\$2,664,042	\$ 1,045,324	\$1,618,718
Mobile Crisis Response	743,736	158,969	584,766	1,250,828	267,357	983,471
Prescribing and Medication Management	291,683	0	291,683	291,683	0	291,683
Therapy	593,396	0	593,396	593,396	0	593,396
Assessment for Eligibility	120,681	0	120,681	120,681	0	120,681
Inpatient Psychiatric Hospital	277,613	0	277,613	277,613	0	277,613
<b>Total Core Services</b>	<b>\$2,546,239</b>	<b>\$ 423,110</b>	<b>\$2,123,128</b>	<b>\$5,198,243</b>	<b>\$ 1,312,681</b>	<b>\$3,885,562</b>
<b>Regional Management</b>						
Additional 14 Regional FTE Positions	\$ 1,050,000	\$ 0	\$1,050,000	\$1,071,000	\$ 0	\$1,071,000
Support and Travel Costs	98,000	0	98,000	98,000	0	98,000
<b>Total Regional Management</b>	<b>\$ 1,148,000</b>	<b>\$ 0</b>	<b>\$1,148,000</b>	<b>\$1,169,000</b>	<b>\$ 0</b>	<b>\$1,169,000</b>
<b>Total House File 690</b>	<b>\$3,694,239</b>	<b>\$ 423,110</b>	<b>\$3,271,128</b>	<b>\$6,367,243</b>	<b>\$ 1,312,681</b>	<b>\$5,054,562</b>

## **Sources**

Department of Human Services  
LSA analysis and calculations

/s/ Holly M. Lyons

May 14, 2019

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.