Fiscal Note

Fiscal Services Division

HF 2554 – Medicaid, Functional Family Therapy and Multisystemic Therapy (LSB5907HZ)
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Fiscal Note Version – New

Description

House File 2554 requires the Department of Human Services (DHS) to submit a Medicaid State Plan amendment to include functional family therapy (FFT) and multisystemic therapy (MST) for youth as covered services under the Medicaid Program. Both FFT and MST are evidence-based treatments for youth that address a youth's home and environment to reduce problematic behavior and divert the youth from out-of-home placements.

Background

FFT is a short-term intervention program with an average of 12 to 14 sessions over three to five months. The service is primarily for 11- to 18-year-old youth who have been referred for behavioral or emotional problems by the juvenile justice, mental health, school, or child welfare systems. Services are conducted in both clinic and home settings and can also be provided in schools, child welfare facilities, probation and parole offices/aftercare systems, and mental health facilities.

MST is an evidence-based program that works primarily with 12- to 17-year-old youth and their families to function responsibly over the long term. MST reduces delinquent and antisocial behavior by addressing the core causes of such conduct and views the client as a network of systems including family, peers, school, and neighborhood. Therapists have small caseloads and provide services in the home at times convenient to the family. The average length of treatment is between three and five months, and therapists and provider agencies are held accountable for achieving change and positive outcomes.

Research published by both Penn State and the University of New Mexico on programs in those states showed significant returns on investment with reduced spending in Medicaid, the child welfare system, and the juvenile justice system.

Assumptions

- Until rates are developed, it is estimated that FFT will cost $3,600 per youth and MST will cost $7,100 per youth.
- Four hundred children are admitted to psychiatric medical institutions for children (PMICs) annually with an average cost of $30,000 per stay. It is assumed that 15.0% of those individuals will be diverted to FFT and MST in FY 2023, and 25.0% will be diverted in FY 2024.
- Approximately 50.0% of the youth will receive FFT, and 50.0% of the youth will receive MST.
- The federal medical assistance percentage (FMAP) rate is 62.88% in FY 2023 and 63.13% in FY 2024.

Fiscal Impact

The fiscal impact for HF 2554 cannot be determined because the DHS does not have an accurate estimate of the number of providers who may participate or of member utilization, and it has not developed a rate methodology for FFT or MST. The DHS provided a high-level estimated fiscal impact and potential averted costs based on available data in the table below.

The potential averted costs in the table below only reflect savings to the Medicaid Program. Based on research in both Pennsylvania and New Mexico, and because FFT and MST are generally used in lieu of out-of-home placements, there is a potential for significant savings not only in the Medicaid Program, but also across the child welfare, school, and juvenile justice systems.

Estimated Cost of FFT and MST and Potential Savings

	FY 2023	FY 2024
Total Recipients	60	100
FFT Cost Per Youth	$ 3,600	$ 3,600
MST Cost Per Youth	7,068	7,068
Annual FFT Cost	$ 108,000	$ 180,000
Annual MST Cost	212,040	353,400
Total Cost	$ 320,040	$ 533,400
FMAP	62.88%	63.13%
State Share	**$ 118,799**	**$ 196,665**
Potential Averted Costs		
Average PMIC Daily Rate	$ 322.60	$ 322.60
Average Length of Stay (# of days)	93	93
Average Cost of a PMIC Stay	$ 30,000	$ 30,000
Potential PMIC Costs Averted	**$ 1,800,000**	**$ 3,000,000**
Potential Return on Investment	**$ 5.62**	**$ 5.62**

Source

Department of Human Services

/s/ Holly M. Lyons

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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.