

**EXECUTIVE AGENCY**  
**FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: April 5, 2023

Agency Submitting: Department of Health and Human Services, Health Care Financing and Policy

<b>Items of Revenue or Expense, or Both</b>	<b>Fiscal Year 2022-23</b>	<b>Fiscal Year 2023-24</b>	<b>Fiscal Year 2024-25</b>	<b>Effect on Future Biennia</b>
Medical Services (Expense)		\$148,509	\$363,261	\$751,693
System Costs (MMIS) (Expense)		\$54,880		
Total	0	\$203,389	\$363,261	\$751,693

Explanation

(Use Additional Sheets of Attachments, if required)

The Division has reviewed this BDR and determined it would have a fiscal impact. This bill would require Medicaid to submit a State Plan Amendment to provide coverage for art therapy services. The Division believes a new provider type would need to be created for these services at a system cost of \$54,880.00.

The Division assumes 2% of individuals receiving psychotherapy would also receive art therapy services. Therefore, to calculate the medical costs of adding art therapy services, the Division reviewed utilization data for psychotherapy services. The Division also used the rate for psychosocial rehabilitation (PSR) as an estimate for reimbursement. The current rate for PSR is \$14.38 per 15 minutes; the Division multiplied this rate by three to estimate the reimbursement rate for a 45-minute art therapy service. The total cost was calculated by multiplying the projected number of eligibles by the estimated rate and number of services expected.

The total computable cost for medical services in the FY 24-25 biennium is \$511,770 (\$130,141 in State General Funds). This analysis uses a start date of 1/1/24, but includes a ramp-up period of 12 months to allow for time to create the new provider type, submit any State Plan Amendments, allow for time for providers to enroll, among other efforts necessary to implement the new benefit.

Name Stacie Weeks

Title Administrator

**GOVERNOR'S OFFICE OF FINANCE COMMENTS**

The agency's response appears reasonable.

Date Wednesday, April 05, 2023

Name Amy Stephenson

Title Director

## Fiscal Impact Analysis

**Division of Health Care Financing and Policy  
BDR 38-591 AB 338 Art Therapy  
Analysis Summary**

### Estimated Fiscal Impact FY22-FY23 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY22	\$0	\$0	\$0	\$0
FY23	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0

**Estimated % of individuals receiving psychotherapy who would also receive art therapy**

2%

### Estimated Fiscal Impact FY24-FY25 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	\$148,509	\$112,988	\$35,453	\$68
FY25	\$363,261	\$268,147	\$94,688	\$426
Total	\$511,770	\$381,135	\$130,141	\$494

**Max number of services**

10

### Description of Budget Concept

Requires the State Plan for Medicaid to provide coverage of art therapy services to the extent authorized by federal law; requiring the Department of Health and Human Services to apply for a waiver or an amendment of the State Plan to receive federal funding for coverage of art therapy services; requiring any person who wishes to provide art therapy services to a recipient of Medicaid to enroll with the Division of Health Care Financing and Policy of the Department; requiring an enrolled art therapist to report the abuse of certain persons; and providing other matters properly relating thereto.

### Methodology

- 1) Fee-For-Service (FFS) utilization and managed care encounter were captured by running a report out of the MMIS using the following parameters for this provider type/service: *SFY22 (07/01/2021 - 06/30/2022) Incurred with Runoff, Net Allowed Amount. Utilization was pulled for Patients receiving Psychotherapy Codes 90832, 90834 and 90837.*
- 2) Patient by Category counts were captured by running a report out of the MMIS to include FFS patients and Managed Care (MCO) patients.
- 3) The current H2017 PSR rate was used in this estimate as it is a similar service. The PSR 15 minute rate is \$14.38 it was multiplied by 3 to get a 45 minute rate of \$43.14. The rate will be the same for both procedure codes G1076 and G1077. Utilization is estimated by taking 2% of the patients from the utilization report, multiplying it by the estimated rate of \$43.14 and further multiplying that by a max of 10 sessions. Start date requested is 1/1/24 with a 12 month ramp up since it is a new service.
- 4) Total computable expenditures are grown forward based on the DHHS Office of Analytics caseload projections.
- 5) FMAP rates were applied to determine the federal share of estimated costs. Note that the COVID-19 enhanced FMAP (+6.2%) for Medicaid is used through March 31, 2023. Enhanced COVID FMAP amounts are tiered down across CY 2023 to align with the 2023 Federal FY Omnibus Appropriations Bill, which allows the following enhanced FMAP amounts: 6.2% (CY23 Q1); 5.0% (CY23 Q2); 2.5% (CY23 Q3); 1.5% (CY23 Q4).