January 31, 2025

Honorable Ben Watson, M.D.
Chairman, Senate Health and Human Services Committee
325-A Coverdell Legislative Office Building
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
            Senate Bill (LC 46 0954)

Dear Chairman Watson:

The bill would require the addition of a cost-of-living adjustment (COLA) to contract reimbursement rates for providers of medical assistance for substance use disorder to Medicaid recipients. Specifically, the bill targets five providers including substance abuse, behavioral disorder, and mental health counselors; mental health and substance abuse social workers; nurse practitioners; registered nurses; and licensed practical and licensed vocational nurses. It allows the commissioner of the Department of Community Health (DCH) to determine an appropriate index established by the federal government to use in the adjustment of the reimbursement rates. The chosen index must reflect both inflation and deflation on Medicaid recipients in this state.

DCH and the Department of Behavioral Health and Developmental Disabilities (DBHDD) are unable to produce a cost estimate for the implementation of the COLA with current data reporting. Rates for the targeted providers are a subset of the reported overall rates, and costs and services are bundled and not readily separated. Estimates made using the overall rates would inflate the cost of the COLA. The agencies suggest a rate analysis similar to what was conducted for Senate Bill 610 in 2022 is needed to determine the base amounts to which adjustments would be made. Using its actuarial consultant, DCH estimates the one-time cost of such an analysis would be approximately $1 million and it could take up to 12 months to complete. DCH cautioned that any payment adjustments of this complexity will likely require actuarial analysis to get approval from the Centers for Medicare and Medicaid Services (CMS).

Respectfully,

Greg S. Griffin
State Auditor

Richard Dunn, Director
Office of Planning and Budget

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