

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. **Bill Number:** HB 594

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Sickles

3. **Committee:** Health and Human Services

4. **Title:** State plan for medical assistance services; payment for certified community health workers

5. **Summary:** The proposed legislation directs the Department of Medical Assistance Services (DMAS) to amend the state plan for medical assistance services to include a provision for payment for services provided by certified community health workers. The bill directs the Department to convene a work group of stakeholders to design the certified community health worker services benefit and to seek federal approval through a state plan amendment to implement the benefit.

6. **Budget Amendment Necessary:** Yes, See Item 8.

7. **Fiscal Impact Estimates:** Preliminary, See Item 8.

8. **Fiscal Implications:** Convening a workgroup composed of the required representatives is not expected to have any significant costs. However, DMAS maintains that the bill's requirement to "design a certified community health worker services benefit for Medicaid-enrolled and CHIP-enrolled beneficiaries" will require effort and expertise that is not available within existing agency resources. DMAS reports that this requirement would necessitate the development of services, protocols, and cost projections associated with a community health worker benefit. This would also include the development of actuarially sound rates for capitation and fee-for-service programs. Based on previous experiences, DMAS estimates that this bill would require one-time administrative funding of approximately \$250,000 (\$125,000 general fund) to procure the expertise, including actuarial services for rate development, necessary to develop this benefit within the timeframe required in the bill.

In addition to requiring a workgroup to design the benefit, DMAS is also directed to begin making payments for services provided by certified community health workers. A December 2022 issue brief from the National Academy for State Health Policy (NASHP), reported that there were 10 states that had state plan amendments (SPA) that incorporated community health workers. Based on the NASHP summary of these SPAs, there are a wide range of approaches to implementing a community health worker benefit. The reported cost federal FY 2023 cost of the reported SPAs ranged from \$0.2 million to \$20 million. Since the final program design will be determined by the workgroup, there is no way to determine key

benefit elements such as covered services, provider qualifications, and utilization limits. Without knowledge of these factors there is no method of determining a fiscal impact to the Commonwealth.

9. Specific Agency or Political Subdivisions Affected:

Department of Medical Assistance Services

10. Technical Amendment Necessary: No

11. Other Comments: This bill is a companion to SB 615.