

JLBC Fiscal Note

BILL # SB 1630

SPONSOR: Angius

PREPARED BY: Chandler Coiner

TITLE: home; community-based services; mental illness

STATUS: As Amended by Senate HHS

Description

The bill would require the Arizona Health Care Cost Containment System (AHCCCS) to apply for a federal waiver to establish a Medicaid-funded program that offers home and community-based services (HCBS) to adults with a serious mental illness (SMI). The program would be capped at 250 members initially, but the bill gives AHCCCS authority to expand the program to up to 1,000 members if the agency demonstrates the program reduces utilization of high-cost services or cost avoidance in state-funded systems.

Estimated Impact

We estimate that the HCBS program established by the bill would increase AHCCCS General Fund costs by \$2.1 million and Total Fund costs by \$5.8 million annually once the program is fully implemented and if enrollment remains capped at 250 members. However, if the enrollment cap is later expanded to the maximum of 1,000 members, we estimate the bill would increase AHCCCS General Fund costs by an additional \$6.3 million and Total Fund costs by \$17.3 million for an overall cost of \$8.4 million General Fund/\$23.1 million Total Funds.

The timing of these costs, however, would depend on state and federal action. The bill requires AHCCCS to request a federal waiver for the program by the beginning of FY 2028 and affords the agency 1 year to begin implementing the program once approved by the federal government. Additionally, because the bill requires AHCCCS to demonstrate that the program reduces costs elsewhere within the AHCCCS system before expanding the program to 1,000 members, the combined \$8.4 million General Fund/\$23.1 million Total Funds cost of the expanded program would necessarily be offset, at least partially, by these cost reductions. However, we lack the data necessary to quantify the offsetting savings.

There may also be administrative costs associated with this bill. We have asked AHCCCS for its estimate of the bill's fiscal impact, but we have not yet received a response.

Analysis

Our estimate assumes the following:

- 1) The average HCBS cost for an individual currently enrolled in the AHCCCS long-term care program for the elderly and physical disabled is \$28,900 per year. This figure excludes nursing facility services and physical/behavioral health services.
- 2) The per enrollee cost of state mental health HCBS programs was approximately 80% of state HCBS programs for the elderly and physically disabled in 2018, according to a health care research organization.
- 3) 250 individuals initially enroll, resulting in a Total Funds cost of \$5.8 million ($\$28,900 \times 80\% \times 250$).
- 4) If AHCCCS later expands the program from 250 to 1,000 individuals, this would result in an additional Total Funds cost of \$17.3 million ($\$28,900 \times 80\% \times 750$).
- 5) AHCCCS costs for Medicaid-funded programs are split 36% state/64% federal, resulting in a General Fund cost of \$2.1 million for 250 members and an additional \$6.3 million General Fund for an expansion to 1,000 members.

2/18/26