

SF8 - 1A - Psychiatric Collab. Care Model Coverage Required

Chief Author: **Liz Boldon**
 Committee: **Health And Human Services**
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 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	3,799	9,201	10,741	13,650	
Total	-	3,799	9,201	10,741	13,650	
Biennial Total			13,000		24,391	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Kate Schiller **Date:** 3/31/2025 11:01:38 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	3,799	9,201	10,741	13,650	
Total	-	3,799	9,201	10,741	13,650	
Biennial Total			13,000		24,391	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	3,799	9,201	10,741	13,650	
Total	-	3,799	9,201	10,741	13,650	
Biennial Total			13,000		24,391	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

Bill Description

This bill establishes the Psychiatric Collaborative Care Model under Medical Assistance, integrating behavioral health into primary care. It defines provider roles, sets requirements, and ensures Medicare-rate reimbursement. Additionally, it allocates \$500,000 in FY26 and FY27 for training and implementation, with funding expiring in 2035.

Assumptions

Effective Date and Implementation: This proposal is effective January 1, 2026, or upon federal approval, whichever is later.

Programs Impacted: This proposal impacts integrates the Psychiatric Collaborative Care Model into primary care settings, allowing MA enrollees accessing behavioral health services.

Program Utilization Impact: This analysis projects utilization of the new collaborative psychiatric benefit by applying a ratio to FY 2024 outpatient psychiatric service data. By the end of FY 2029, it is estimated utilization will reach 20% of the FY 2024 level for existing outpatient psychiatric and psychotherapy services.

Medicare Rates for Psychiatric Collaborative Care:

Medicare Rates for the new service	
First month of collaborative care, 70 minutes	\$157.00
Subsequent months of collaborative care, 60 minutes	\$127.00
Each additional 30 minutes of collaborative care (up to two per months without prior authorization)	\$64.00
Single monthly rate for 60 minutes or more of collaborative care (inclusive of all time frames) in Federally Qualified Health Clinic or Rural Health Clinic settings	\$142.00

Administrative costs: This bill allocates \$500k in FY26 and FY27 for training and implementation, with funding expiring in 2035. However, no additional administration resources are required to implement the changes in this bill.

Implementation Phase-in and Payment Effect: These changes are expected to be implemented January 1, 2026. A 30-day payment delay is accounted for in this analysis to reflect the fact that Medicaid pays service claims retrospectively.

State Share: The state share in the Medical Assistance (MA) program varies by population group, with MA Elderly and Disability at 49.3%, MA Adults without children at 10%, and MA Families with Children at approximately 49.3%.

Systems Costs: System costs are not required to implement the changes in this bill.

Expenditure and/or Revenue Formula

A. Fee for Service				
Medical Assistance				
Effective date: January 2026				
MA Elderly and Disabled	FY 2026	FY 2027	FY 2028	FY 2029
Base outp. psych. recip. months	106,000	106,000	106,000	106,000
Ratio of new service	1.00%	8.80%	13.50%	17.50%
Recipient months of new service	1,010	9,275	14,310	18,550
Average rate for new services	\$142.00	\$142.00	\$142.00	\$142.00
Payment increase	\$143,352	\$1,317,050	\$2,032,020	\$2,634,100
Federal share %	50.68%	50.68%	50.68%	50.68%
Federal share	72,651	667,481	1,029,828	1,334,962
State share	70,701	649,569	1,002,192	1,299,138
MA Adults w. No Children	FY 2026	FY 2027	FY 2028	FY 2029
Base outp. psych. recip. months	38,000	38,000	38,000	38,000
Ratio of new service	1.00%	8.80%	13.50%	17.50%
Recipient months of new service	362	3,325	5,130	6,650
Average rate for new services	\$142.00	\$142.00	\$142.00	\$142.00
Payment increase	\$51,390	\$472,150	\$728,460	\$944,300
Federal share %	90.00%	90.00%	90.00%	90.00%
Federal share	46,251	424,935	655,614	849,870
State share	5,139	47,215	72,846	94,430
MA Families w. Children	FY 2026	FY 2027	FY 2028	FY 2029
Base outp. psych. recip. months	113,000	113,000	113,000	113,000
Ratio of new service	1.00%	8.80%	13.50%	17.50%
Recipient months of new service	1,076	9,888	15,255	19,775
Average rate for new services	\$142.00	\$142.00	\$142.00	\$142.00
Payment increase	\$152,819	\$1,404,025	\$2,166,210	\$2,808,050
Federal share %	50.68%	50.68%	50.68%	50.68%
Federal share	77,449	711,560	1,097,835	1,423,120
State share	75,370	692,465	1,068,375	1,384,930
Total MA Change: Fee for service	347,562	3,193,225	4,926,690	6,386,450
Federal share	196,351	1,803,976	2,783,277	3,607,952
State share	151,211	1,389,249	2,143,413	2,778,498
B. Managed Care Capitations				

Medical Assistance				
Effective date: January 2026				
MA Elderly and Disabled	CY 2026	CY 2027	CY 2028	CY 2029
Base outp. psych. recip. months	196,000	196,000	196,000	196,000
Ratio of new service	13.00%	12.00%	16.00%	20.00%
Recipient months of new service	25,480	23,520	31,360	39,200
Average rate for new services	\$142.00	\$142.00	\$142.00	\$142.00
Payment increase by CY service year	\$3,618,160	\$3,339,840	\$4,453,120	\$5,566,400
	FY 2026	FY 2027	FY 2028	FY 2029
Increase in monthly payments (cash basis)	1,386,961	3,222,018	3,499,410	4,523,628
Increase in withhold payments (cash basis)	0	0	289,453	267,187
Total increase in payments (cash basis)	1,386,961	3,222,018	3,788,863	4,790,815
Federal share %	50.68%	50.68%	50.68%	50.68%
Federal share	702,912	1,632,919	1,920,196	2,427,985
State share	684,049	1,589,099	1,868,667	2,362,830
MA Adults w. No Children	CY 2026	CY 2027	CY 2028	CY 2029
Base outp. psych. recip. months	310,000	310,000	310,000	310,000
Ratio of new service	13.00%	12.00%	16.00%	20.00%
Recipient months of new service	40,300	37,200	49,600	62,000
Average rate for new services	\$142.00	\$142.00	\$142.00	\$142.00
Payment increase by CY service year	\$5,722,600	\$5,282,400	\$7,043,200	\$8,804,000
	FY 2026	FY 2027	FY 2028	FY 2029
Increase in monthly payments (cash basis)	2,193,663	5,096,049	5,534,781	7,154,717
Increase in withhold payments (cash basis)	0	0	457,808	422,592
Total increase in payments (cash basis)	2,193,663	5,096,049	5,992,589	7,577,309
Federal share %	90.00%	90.00%	90.00%	90.00%
Federal share	1,974,297	4,586,444	5,393,330	6,819,578
State share	219,366	509,605	599,259	757,731
MA Families w. Children	CY 2026	CY 2027	CY 2028	CY 2029
Base outp. psych. recip. months	609,000	609,000	609,000	609,000
Ratio of new service	13.00%	12.00%	16.00%	20.00%
Recipient months of new service	79,170	73,080	97,440	121,800
Average rate for new services	\$142.00	\$142.00	\$142.00	\$142.00
Payment increase by CY service year	\$11,242,140	\$10,377,360	\$13,836,480	\$17,295,600
	FY 2026	FY 2027	FY 2028	FY 2029
Increase in monthly payments (cash basis)	4,309,487	10,011,270	10,873,167	14,055,558
Increase in withhold payments (cash basis)	0	0	899,371	830,189
Total increase in payments (cash basis)	4,309,487	10,011,270	11,772,538	14,885,746
Federal share %	50.68%	50.68%	50.68%	50.68%
Federal share	2,184,048	5,073,712	5,966,322	7,544,096

State share	2,125,439	4,937,558	5,806,216	7,341,650
	FY 2026	FY 2027	FY 2028	FY 2029
Total MA Change: Managed Care	7,890,112	18,329,336	21,553,991	27,253,871
Federal share	4,861,257	11,293,074	13,279,849	16,791,660
State share	3,028,855	7,036,262	8,274,142	10,462,211
MinnesotaCare	FY 2026	FY 2027	FY 2028	FY 2029
Base outp. psych. recip. months	67,000	67,000	67,000	67,000
Ratio of new service	13.00%	12.00%	16.00%	20.00%
Recipient months of new service	8,710	8,040	10,720	13,400
Average rate for new services	\$142.00	\$142.00	\$142.00	\$142.00
Payment increase by CY service year	\$1,236,820	\$1,141,680	\$1,522,240	\$1,902,800
	FY 2026	FY 2027	FY 2028	FY 2029
Increase in monthly payments (cash basis)	474,114	1,101,404	1,196,227	1,546,342
Increase in withhold payments (cash basis)	0	0	98,946	91,334
Total increase in payments (cash basis)	474,114	1,101,404	1,295,173	1,637,677
Federal share %	75.00%	75.00%	75.00%	75.00%
Federal share	355,586	826,053	971,379	1,228,257
State share	118,529	275,351	323,793	409,419
Fiscal Summary	FY 2026	FY 2027	FY 2028	FY 2029
State Share Costs				
MA Elderly & Disabled	754,751	2,238,668	2,870,859	3,661,968
MA Adults w. No Kids	224,505	556,820	672,105	852,161
MA Families w. Kids	2,200,809	5,630,023	6,874,591	8,726,580
MA Total	3,180,065	8,425,512	10,417,555	13,240,709
MinnesotaCare	118,529	275,351	323,793	409,419

Fund	BACT#	Description	FY 26	FY 27	FY 28	FY 29
GF	33	MA ED	755	2,239	2,871	3,662
GF	33	MA AD	225	557	672	852
GF	33	MA FC	2,201	5,630	6,875	8,727
GF	31	MNCare	119	275	324	409
GF	31	BHA Grants	500	500	0	0
		Total	3,799	9,201	10,741	13,650

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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