



BEHAVIORAL HEALTH SYSTEM FOR FUTURE GENERATIONS RECOMMENDATION #3: EXPAND THE SERVICE DELIVERY SYSTEM TO SUPPORT INDIVIDUALS WITH COMPLEX NEEDS

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference	FY 2030 Difference	FY 2031 Difference
Expenditures:						
General Fund						
State Special Revenue	\$1,395,000	\$4,090,350	\$4,608,345	\$3,388,071	\$3,438,892	\$3,490,475
Federal Special Revenue		\$3,389,650	\$4,221,655	\$5,441,929	\$5,523,558	\$5,606,411
Other						
Revenue:						
General Fund						
State Special Revenue						
Federal Special Revenue		\$3,389,650	\$4,221,655	\$5,441,929	\$5,523,558	\$5,606,411
Other						
Net Impact - General Fund Balance:	\$0	\$0	\$0	\$0	\$0	\$0

Description of fiscal impact: (In a few short sentences, describe.)

This recommendation will establish a more robust continuum of care for people with developmental disabilities with complex and/or dual diagnosis (developmental disability and behavioral health diagnosis) support needs by 1) establishing a Systemic, Therapeutic, Assessment, Resources, and Treatment (START) certified Resource Center and clinical team; 2) providing technical assistance and crisis response to existing 0208 Comprehensive Waiver providers; and 3) establishing a new 0208 Comprehensive Waiver residential habilitation service for people with complex behavioral and/or medical support needs. There will be costs associated with implementing these programmatic updates as well as an increase in Medicaid reimbursement upon implementation.

FISCAL ANALYSIS

Assumptions:

1. The department will contract with the National Center for START Services (NCSS) in FY 2026 for the five-year certification period required by the START program. The START certification is a one-time contract for \$900,000. The certification cost was



provided by NCSS during exploratory stages of the START service model during the intellectual and developmental disabilities (I/DD) Alternative Settings project.

2. The department projects the START program operating costs, including the START center and clinical team resources, will be \$1,350,000 annually beginning in FY 2028. This cost assumes the mid-point estimated operating cost developed by Guidehouse under the I/DD Alternative Settings project. The increase in benefits will be eligible for Medicaid Standard Federal Medical Assistance Percentage (FMAP) (38.37% state funded and 61.63% federally funded in FY 2028). This results in state share of \$517,995 ($\$1,350,000 \times .38$) and federal funds of \$832,005 ($\$1,350,000 \times .61$).
3. The department will contract with a vendor to provide comprehensive training and on-demand technical assistance to assist the developmental disabilities provider network in supporting people with complex needs and crisis response beginning in late FY2026 for partial implementation and full implementation in FY2027. The vendor cost is assumed to be \$5,500 per member per month (PMPM), starting with a caseload of 90 people in FY 2026 (22.5 people per month for four months) and growing to a sustained caseload of 360 people in FY2028 (30 people per month for 12 months). The resulting total program cost increase is \$495,000 in FY2026 and \$1,980,000 beginning in FY 2027. The increase in benefits will be eligible for FMAP upon CMS approval (38.37% state-funded and 61.63% federally funded in FY 2029). This results in a state share of \$759,726 ($\$1,980,000 \times .38$) and federal funds of \$1,220,274 ($\$1,980,000 \times .61$).
4. The department will establish a new 0208 Comprehensive Waiver service that provides residential habilitation to individuals with complex behavioral health and/or medical conditions. Projections for the new service include capacity for three four-bed homes, assuming an average per-person program cost of \$400,000. The total increase to program costs will be \$5,500,000 per year. The increase in benefits will be eligible for FMAP (38.37% state-funded and 61.63% federally funded in FY 2027), resulting in a state share of \$2,110,350 ($\$5,500,000 \times .38$) and federal funds of \$3,389,650 ($\$5,500,000 \times .61$). No additional funding is being requested for a contracted rate vendor because it is assumed that the rate work under Recommendation #1 will include rate development for this new service.

Technical Notes:

1. The department will purchase or construct a four-bed Resource Center to provide short-term residential placements and crisis respite for individuals participating in the START program. This one-time capital expenditure is expected to be realized in FY 2027 at a cost of \$1,000,000. This cost estimate was provided by Guidehouse under the I/DD Alternative Settings project based on review of other state models. Funding for this will come from the \$75 million BHSFG capital fund appropriation.



2. The department assumes that all state funds required for implementation and recurring costs will be allocated from the Behavioral Health System for Future Generations (BHSFG) state special revenue fund.
3. Any delay in procurement for contractors may push projected costs into future fiscal years.
4. Any delay in CMS approval of the new payment methodology may delay increase in benefit expenditures.
5. Projected expenditures for FY2030 and FY2031 assume a 1.5% inflationary factor for state and federal funds.