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STATE OF NEW HAMPSHIRE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
*DIVISION FOR BEHAVIORAL HEALTH*

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May 10, 2024

The Honorable Ken Weyler, Chairman  
Fiscal Committee of the General Court and

His Excellency, Governor Christopher T. Sununu  
and the Honorable Council  
State House  
Concord, New Hampshire 03301

**REQUESTED ACTION**

Pursuant to the provisions of RSA 14:30-a, VI, authorize the Department of Health and Human Services (DHHS), Division For Behavioral Health, to accept and expend federal funds from the American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF), in the amount of \$5,000,000 to address operating losses to bridge the operational and financial impacts of lower Medicaid enrollment related to the end of continuous coverage under the Public Health Emergency to support continued access for those individuals that require continuation of services at experienced Community Mental Health Centers, effective upon approval by the Fiscal Committee and Governor and Council through June 30, 2025, and further authorize the allocation of these funds in the accounts below. This is an allowable use of ARPA SFRF funds under Section 602(c)(1)(A), to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts. 100% Federal Funds.

**This item is contingent upon final written authorization from the Governor's Office for Emergency Relief and Recovery upon ARPA SFRF funds being available for reallocation and a determination of appropriate expenditure category.**

**05-95-94-940010-2465<sup>1</sup> HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: NEW HAMPSHIRE HOSPITAL, ARPA DHHS FISCAL RECOVERY FUND**

<sup>1</sup> All direct program costs will be accounted for using activity 00FRF602PH9547A and all administrative and indirect costs will be accounted for using activity 00FRF602PH9547Z. Accounting classifications may be subject to technical changes at the discretion of the Department of Administrative Services' Division of Accounting Services.

CLASS OBJ	CLASS TITLE	Current Modified Budget	Increase/ (Decrease) Amount	Revised Modified Budget
000-400338-16	Federal Funds	\$ 101,488,301	\$ 5,000,000	\$ 106,488,301
00C-401350-68	Agency Indirect Cost	\$ 261,653	\$ -	\$ 261,653
	General Fund	\$ -	\$ -	\$ -
<b>Total Revenue</b>		<b>\$ 101,749,954</b>	<b>\$ 5,000,000</b>	<b>\$ 106,749,954</b>
010-500100	Personal Services Perm Class	\$ 76,256		\$ 76,256
018-500106	Overtime	\$ 5,000		\$ 5,000
020-500200	Current Expenses	\$ 10		\$ 10
022-500255	Rents-Leases other than State	\$ 3,080,058		\$ 3,080,058
030-500301	Equipment New/Replacement	\$ 1		\$ 1
039-500180	Telecommunications	\$ 300		\$ 300
040-500800	Indirect Costs	\$ 2,119,103		\$ 2,119,103
041-500801	Audit Fund Set Aside	\$ 105,419	\$ 4,995	\$ 110,414
042-500620	Additional Fringe Benefits	\$ 4,870		\$ 4,870
046-500462	Consultants	\$ 1		\$ 1
047-500240	Own Forces Maintenance (Bldg-Grnds	\$ 1		\$ 1
048-500226	Contract Repairs: Bldg, Grounds	\$ 1		\$ 1
050-500109	Personal Services Temp	\$ 2,009		\$ 2,009
059-500117	Temp Full Time	\$ 77,458		\$ 77,458
060-500601	Benefits	\$ 24,906		\$ 24,906
070-500704	In-State Travel	\$ 1,000		\$ 1,000
072-502683	Grants Federal	\$ 3,594,019		\$ 3,594,019
085-588514	Interagency Transfers Out of Federal	\$ 52,750		\$ 52,750
102-500731	Contracts for Program Services	\$ 64,402,006	\$ 4,995,005	\$ 69,397,011
103-502507	Contracts for Operational Services	\$ 28,204,786		\$ 28,204,786
<b>Total Expenses</b>		<b>\$ 101,749,954</b>	<b>\$ 5,000,000</b>	<b>\$ 106,749,954</b>

**EXPLANATION**

The Department requests approval to accept and expend funds for the purpose of bridging the operational and revenue gap related to the drop in eligible Medicaid beneficiaries experienced by New Hampshire's Community Mental Health Centers (CMHCs).

The 10 CMHCs are reporting losses in State Fiscal Year 2024 to be approximately \$14 million, collectively. The projected operating shortfalls vary by CMHC. CMHCs have taken actions to address operating losses through the sale of property, freezing workforce cost of living adjustments, hiring freezes, eliminating open positions, and consolidating positions through attrition. Without such actions, the CMHC's would have experienced losses significantly greater.

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The causes of the financial stressors on the CMHCs are multifold and include a delay of rate increases paid through Medicaid Managed Organizations (MCOs), increases in workforce costs, and higher uncompensated care due to fewer patients having Medicaid coverage.

Approval of this request will allow the Department to provide one-time funds to the CMHCs to help mitigate any further impacts that could negatively affect patient care. The Department anticipates that it would distribute the funds via agreements with CMHCs based on need relative to demonstrated operational losses to ensure that funds are applied across the system in an equitable way to meet regional needs. Additionally, this request will support a larger effort to craft a bridge to a more stable system that includes:

- A collaborative effort of the Department and the New Hampshire Community Behavioral Health Association (NHCBHA) towards adjusting capitation rates paid to CMHCs by MCOs for Medicaid recipients to ensure all legislatively allocated dollars are distributed to the CMHCs. The estimated total annual benefit is at least \$3 million across the system.
- A Department request for a legislative change to the current income levels of the Medicaid In-and-Out Program would keep more patients covered throughout the month, thus reducing uncompensated care by as much as \$2 to \$3 million on an annual basis.
- A collaborative effort between the Department and NHCBHA to develop a longer-term uncompensated care strategy and associated funding to present to the Legislature in the next session.

Funds are budgeted as follows:

Class 041 – RSA 124:16 requires .1% to be budgeted to pay for financial and compliance audits.

Class 102 – The funds will be used to make payments to Community Mental Health Centers.

Source of Funds: These funds are 100% Federal Funds.

In the event that Federal Funds become no longer available, General Funds will be requested to support this program.

Respectfully Submitted,



FOR

Lori A. Weaver  
Commissioner