

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6472**

**BILL NUMBER:** HB 1101

**NOTE PREPARED:** Dec 12, 2022

**BILL AMENDED:**

**SUBJECT:** Music and Art Therapy.

**FIRST AUTHOR:** Rep. Gore

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** *Medicaid*– This bill provides that art therapy services provided by a licensed art therapist to an individual who receives mental health services or to an individual who receives services from a community mental health center are reimbursable under Medicaid.

*New Licenses*– The bill provides for the licensure of music therapists, art therapists, and art therapist associates. The bill adds music therapists and art therapists to the Behavioral Health and Human Services (BHHS) Licensing Board. It also creates the music therapist and art therapist sections of the board. The bill requires music therapists to be licensed. It establishes requirements and procedures for an individual to be licensed as a music therapist, art therapist, and art therapist associate.

*Illegal Practice*– The bill prohibits a person who is not licensed as a music therapist, an art therapist, or an art therapist associate from using certain titles or certain words in a title.

The bill also makes technical and conforming changes.

**Effective Date:** July 1, 2023.

**Explanation of State Expenditures:** *Summary*– To develop the new licenses, the Professional Licensing Agency (PLA) will incur one-time startup costs estimated between \$59,900 and \$88,300 in staff salary in FY 2024. Ongoing administrative workload for the PLA is estimated between \$2,000 and \$3,000 in staff salary equivalent, based on the number of new licenses expected relative to total licenses overseen by the BHHS Licensing Board. Additionally, five new Board members may receive a per diem and travel reimbursement for expenses incurred while attending Board meetings, at an estimated cost of \$9,070

per year beginning in FY 2024. The PLA’s administrative expenses are paid from state General Fund appropriations. The bill will also result in an indeterminable, but likely minor, increase in state Medicaid expenditures, depending on administrative actions by the Office of Medicaid Policy and Planning (OMPP) and utilization rates of art therapy services. Medicaid expenditures relating to this bill are paid from state General Fund and dedicated fund appropriations, along with federal matching funds.

If existing staffing and resource levels are insufficient for full implementation, the additional funds and resources required could be supplied through existing staff and resources currently being used in another program or with new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

*Additional Information– License Development and Administration:* The following table explains the initial and ongoing estimated costs for the PLA to create and administer the new art and music therapy licenses:

<b>Estimated Costs for New Professional License</b>			
<b><u>Expenditure Type</u></b>	<b><u>Explanation</u></b>	<b><u>Estimated Cost</u></b>	
		<b>Low</b>	<b>High</b>
<b>License Development (FY 2024 Only)</b>	<b>Salary cost to the PLA to develop new licenses (includes rule development and IT expenditures)</b>	<b>\$59,900</b>	<b>\$88,300</b>
<b>Total Ongoing Costs (FY 2025 and Beyond)</b>	Staff costs for application review, clerical support, and ongoing program management.	\$2,000	\$3,000
	Annual expenses of four new members on the board	\$0 (Assumes all meetings remote)	\$9,070 (12 in-person meetings per year)
	<b>Total Ongoing Costs</b>	<b>\$2,000</b>	<b>\$12,070</b>
*FY 2019 Board member reimbursement data is used for this estimate because a high volume of Board meetings in FY 2020 and FY 2021 were held remotely, decreasing travel reimbursements. To the extent remote meetings continue, travel reimbursements may be lower. <i>Note- This table will be updated as more recent travel reimbursement data becomes available.</i>			

*Medicaid Costs*– The bill limits Medicaid reimbursement for art therapy services to children receiving mental health services under the Children’s Health Insurance Program (CHIP) and individuals receiving services from a community mental health center. The OMPP would likely be required to request federal approval of a State Plan Amendment (SPA) to allow reimbursement for art therapists. Submitting SPA requests is considered a routine administrative function of the OMPP and can likely be accomplished under current staffing and resource levels.

If federal approval is granted, the OMPP would be required to establish reimbursement rates for art therapy services, update provider reference modules, and issue a provider bulletin explaining the new services. Total

Medicaid expenditures would depend on reimbursement rates established by the OMPP and utilization of art therapy services by Medicaid and CHIP enrollees. Current OMPP policy allows reimbursement for certain mental health services rendered by mid-level practitioners licensed by the BHHS Licensing Board. These services must be provided under the medical supervision of a licensed physician or psychologist. Current OMPP reimbursement rates for psychotherapy services provided by these mid-level practitioners range from \$15 to \$95 per session. Reimbursement rates for art therapy may be expected to fall within this range.

*Medicaid State Share:* Medicaid and the Children’s Health Insurance Program (CHIP) are jointly funded between the state and federal governments. The state share of costs for most Medicaid medical services for FFY 2023 is 34%, 10% for the age 19 to 64 expansion population within the Healthy Indiana Plan (HIP), and 24% for CHIP. The state share of most Medicaid and CHIP expenditures is paid from state General Fund appropriations, and state dedicated funds primarily cover HIP costs.

For services provided in a community mental health center, the state share would be paid from the community mental health center’s budget. Community mental health centers are local entities but are partially funded by the Family and Social Service Administration’s (FSSA) allocations of state General Fund and dedicated fund appropriations.

**Explanation of State Revenues:** *Summary*– The bill would result in an increase of state General Fund revenue from license fees collected by the BHHS Licensing Board beginning in FY 2024. Additional license fee revenue is estimated between \$20,400 and \$29,000 per biennium based on the number of music and art therapy practitioners with national credentials currently practicing in Indiana or bordering urban areas. Currently, all practitioners licensed by the Board pay initial application fees and biennial renewal fees of \$50 each. Additionally, there could be a small increase in state General Fund and Common School Fund revenue collected from fines and court fees due to penalties established by the bill.

*Additional Information*–

*Expected Count of Licenses*– There are currently 379 music therapists in Indiana who are certified by the national Certification Board for Music Therapists. There are another 168 certified music therapists in Chicago, Cincinnati, and Louisville metro areas that could potentially seek reciprocal licensure under the bill.

Currently, about 24 art therapy practitioners in Indiana who have credentials issued by the national Art Therapy Credentials Board, and 25 credentialed art therapy practitioners in bordering urban areas that might perhaps seek reciprocal licensure. However, the number of art and music therapy practitioners expected to seek a license under the bill may grow by an indeterminable amount as a result of the state recognition and Medicaid and CHIP reimbursement provided for by the bill.

*Penalty Provision*– The bill imposes a Class A misdemeanor for individuals who practice art or music therapy unlawfully. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000. However, any additional revenue would likely be small.

**Explanation of Local Expenditures:** *Community Mental Health Centers*– Counties that operate a community mental health center that provides art therapy services to Medicaid recipients would be responsible for the non-federal share (typically 10% or 34%) of reimbursement costs. Community mental health centers’ Medicaid expenses are partially funded through FSSA allocations of state appropriations.

*Penalty Provision*– A Class A misdemeanor is punishable by up to one year in jail.

**Explanation of Local Revenues:** *Penalty Provision*– If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

**State Agencies Affected:** Professional Licensing Agency, Behavioral Health and Human Services Licensing Board; Office of Medicaid Policy and Planning, Division of Mental Health and Addiction Services, Family and Social Services Administration.

**Local Agencies Affected:** Community mental health centers; trial courts; local law enforcement agencies.

**Information Sources:** Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2022;  
Indiana Health Coverage Programs, *Mental Health and Addiction Services Provider Reference Module*;  
Indiana Health Coverage Programs, *Fee Schedules*: <https://www.in.gov/medicaid/providers/678.htm>;  
American Art Therapy Association, *Art Therapist Locator*: <https://arttherapy.org/art-therapist-locator/>;  
Certification Board for Music Therapists, *Certification Directory*: <https://www.cbmt.org/>.

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