

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4541-02
Bill No.: HB 1914
Subject: Health Care; Mental Health; Mental Health Dept.; Taxation and Revenue - General
Type: Original
Date: March 5, 2008

Bill Summary: Modifies various requirements regarding the provision of mental health services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$144,477)	(\$155,371)	(\$160,032)
Total Estimated Net Effect on General Revenue Fund	(\$144,477)	(\$155,371)	(\$160,032)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Federal	\$0*	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0*	\$0	\$0

* Income and expenditures for FY 09 equal \$2.7 million and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	3	3	3
Total Estimated Net Effect on FTE	3	3	3

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Department of Public Safety (DPS - Director's Office, Office of State Treasurer, and Department of Revenue** assume the proposal will have no fiscal impact on their organization.

Officials from the **DPS - Missouri State Highway Patrol (MHP)** state there will be no fiscal impact to the MHP, assuming fingerprint checks continue to be conducted by the Department of Mental Health and forwarded directly to the MHP.

Officials from the **Office of Administration (COA) - Administrative Hearing Commission** anticipate this legislation will not significantly alter its caseload. However, if other similar bills also pass, there are more cases, or the cases are more complex, there could be a fiscal impact.

Officials from the **Department of Elementary and Secondary Education (DES)** state there is no state cost to the foundation formula associated with this proposal. Should the new crimes and amendments to current law result in additional fines or penalties, the DES cannot know how much additional money might be collected by local governments or the Department of Revenue to distribute to schools. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore, the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Oversight assumes minimal penalties will be collected and is not presenting penalties in the fiscal note.

Officials from the **Department of Social Services - MO HealthNet Division (MHD)** state this legislation provides for an assessment program for intermediate care facilities for the mentally retarded (ICF/MR) similar to the nursing facility assessment and the hospital federal reimbursement allowance. The ICF/MRs are assessed and will either pay the assessment by check or an offset against payments from the state.

The MHD assumes that the assessment program for ICF/MRs will be approved by the Center for Medicare and Medicaid Services. There will be no fiscal impact to the MHD, since the MHD will only handle the collections and offsets.

ASSUMPTION (continued)

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal for Administrative Rules is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Mental Health (DMH)** state Section 633.300 requires that staff be compensated by the employer in an amount at least equal to the average hourly wage paid by the state to mental health workers in comparable positions. This section is subject to appropriation; therefore, there is no fiscal impact to the DMH. However, if funding were appropriated to support the private contract employee increases comparable to state salaries, it is estimated to cost \$5.9 million in General Revenue for a full year of funding.

Section 633.400 adds a provider tax for Intermediate Care Facilities for the Mentally Retarded. It is estimated this tax on state-operated ICF/MR facilities will generate approximately \$2.7 million annually in federal earnings. The funds generated by this tax will be earmarked for the Regional Center Quality Assurance system and to strengthen the MRDD safety net for individuals supported by the Division.

Officials from the **Office of Attorney General (AGO)** state this proposal requires group homes and private mental health facilities to follow the same requirements as state-run facilities (Section 633.300). Under existing statute, the AGO may be directed to file petitions for the temporary care and protection of abused or neglected residents (Section 630.167.2). The AGO also has the responsibility to file for injunctions and penalties when violations at facilities occur (Section 630.755).

The AGO assumes that because the facilities and programs to which state law now applies has increased, there will be a corresponding increase in caseload, research and travel time. As a result, the AGO assumes that it would need one (1) Assistant Attorney General II to pursue these violations. FY 09 expense is estimated at \$64,198; FY 10 expense is estimated at \$69,428; and FY 11 expense is estimated at \$71,509.

Oversight assumes the AGO is already performing the duties required by this proposal. Under current statute, the AGO may be directed to file petitions for the temporary care and protection of abused or neglected residents, as well as filing injunctions and penalties when violations occur at facilities. **Oversight** assumes this already includes residents in private facilities and that there will be no increase in the AGO's responsibilities or workload.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DOH)** provide the following assumptions regarding the proposed legislation:

Sections 210.900 – 210.927 (part of the Family Care Safety Act):

These sections of the proposal require individuals working in any private mental health facility or group home, as defined in section 633.005, RSMo, and any person employed by a mental health provider or group home to register with the Family Care Safety Registry as of 01/01/2009.

The Department of Mental Health (DMH) provided the estimate of 27,000 mental health workers. The Family Care Safety Registry estimates that one Health Program Representative (HPR) and 0.5 Office Support Assistant (Keyboarding) (OSA) are required to process 12,000 registrations each year. Therefore, two HPR FTE and one OSA FTE are needed to process the additional applications as a result of this legislation ($27,000 \times 0.80$ annual turnover rate = 21,600. $21,600/12,000 = 1.8$. $1.8 \times 1.5 = 2.7$ FTEs rounded up to equal 3 FTE's).

Postage costs to notify the mental health workers of their background screening results is estimated at 36 cents per mailing, or $21,600 \times .36 = \$7,776$ annually.

DHSS assumes the Department of Public Safety (DPS) will include the estimates for increased revenue into their fund.

Oversight assumes the DOH will not need additional rental space for 3 FTEs.

Division of Senior and Disability Services (DSDS)

Sections 210.903, 210.906, and 210.909:

The DSDS assumes the number of contracted provider complaints may increase due to the additional requirement to register as a “mental health worker” on the Family Care Safety Registry (FCSR), and violations of this requirement. However, at this time, the increase will most likely be able to be absorbed by current staff.

Section 630.165:

The DSDS assumes that the calls of reports of abuse or neglect in private group homes and health facilities would be received by the Central Registry Unit (CRU) hotline in the DSDS and referred to the Department of Mental Health (DMH) for investigation by DMH staff as required in section 630.167.

ASSUMPTION (continued)

The DSDS cannot estimate at this time the increase in the volume of phone calls that will result from the expanded utilization of the CRU hotline. A significant increase would result in additional staff needs. In FY 07, 17.97 staff were assigned to the CRU hotline. Those 17.97 FTE received a total of 71,811 calls, reports, or referrals. 19,918 (27.7%) of those calls were reports of abuse, neglect, or financial exploitation (A/N/E) of non-institutionalized elderly or disabled persons. The ratio of A/N/E reports averaged 1,108 (19,918 calls/17.97 FTE) per FTE per year. Presently, the CRU is receiving a significant portion of mental health related calls. The DSDS would defer to the DMH to determine an estimate of increased call volume due to this proposal and will, at this time, assume that call volume increases will be absorbed by current staff. However, if the increase is substantial (i.e. greater than 1,108 calls/year), the DSDS would need to request funds and FTE to ensure proper handling of A/N/E reports to the CRU hotline.

Oversight assumes that current staff will absorb additional hotline calls and the DOH-DSDS will not need an unknown increase in staff. However, if this were to change, the DOH could request additional funds through the appropriations process.

Section 630.167:

Additionally, while the DSDS assumes that this legislation would require that all investigations involving DMH “clients” as defined in 630.005(4) would be conducted by the DMH, it is presently unknown how many investigations will be referred to the DMH. The DSDS, through Section 660.261, RSMo, has the ability to refer investigations of abuse and neglect to appropriate agencies.

The DSDS assumes that the revision of the definition of “client” will add to the number of investigations that will be referred to the DMH for investigation or action. The DSDS policy states that Division staff will investigate in all cases where a referral is not able to be made. With the assumed increase in calls to the CRU, the DSDS does note that the number of referrals to the DMH for investigation would have to increase significantly to have a net decrease effect on HCS investigative FTE needs by the Division.

<u>FISCAL IMPACT - State Government</u>	<u>FY 2009</u> (10 Mo.)	<u>FY 2010</u>	<u>FY 2011</u>
GENERAL REVENUE FUND			
<u>Transfer-Out</u>			
Transfer to ICF-MR FRA Fund	(\$4,300,000)	\$0	\$0
<u>Transfer-In</u>			
Transfer from ICF-MR FRA Fund	\$4,300,000	\$0	\$0
<u>Costs - DOH</u>			
Personal service (3.0 FTE)	(\$74,026)	(\$91,496)	(\$94,241)
Fringe benefits	(\$33,504)	(\$41,411)	(\$42,653)
Equipment and expense	(\$36,947)	(\$22,464)	(\$23,138)
Total <u>Costs</u> - DOH	(\$144,477)	(\$155,371)	(\$160,032)
FTE Change - DOH	3.0 FTE	3.0 FTE	3.0 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$144,477)</u>	<u>(\$155,371)</u>	<u>(\$160,032)</u>
Estimated Net FTE Change for General Revenue Fund	3.0 FTE	3.0 FTE	3.0 FTE
FEDERAL FUNDS			
<u>Income - DMH</u>			
Increase in program reimbursements	\$2,700,000	\$0	\$0
<u>Costs - DMH</u>			
Increase in program expenditures	(\$2,700,000)	\$0	\$0
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0*</u>	<u>\$0</u>	<u>\$0</u>
* Income and expenditures for FY 09 equal \$2.7 million and net to \$0.			
<u>FISCAL IMPACT - Local Government</u>	<u>FY 2009</u> (10 Mo.)	<u>FY 2010</u>	<u>FY 2011</u>
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal would impact small business mental health providers if they are not currently performing background checks. In addition, all small business community providers will be subject to the same training requirements established for state mental health workers. If the DMH is appropriated funds to support the private contract employee increases, small business employers may face greater workforce competition and have to increase salaries to remain competitive in the labor market.

FISCAL DESCRIPTION

This proposal changes the laws regarding mental health care providers and services.

FAMILY CARE SAFETY REGISTRY

Beginning January 1, 2009, the proposal requires every mental health worker to complete a registration form for the Family Care Safety Registry.

GROUP HOMES AND MENTAL RETARDATION FACILITIES

The proposal: 1) Requires group homes and mental retardation facilities to be licensed by the department and be subject to all federal and state laws and regulations; 2) Requires mental health workers to be subject to the same training requirements established for state mental health workers with comparable positions; and 3) Requires, subject to appropriations, mental health workers to be paid an amount at least equal to the hourly wage paid by the state to mental health workers with comparable positions.

PROVIDER ASSESSMENTS

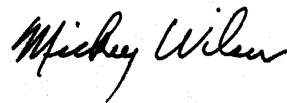
The proposal requires, beginning July 1, 2008, each intermediate care facility for the mentally retarded to pay a monthly assessment on their net operating revenue. Alternatively, the facility may direct the Department of Social Services to offset the amount of the assessment for any month from any payment made by the state to the provider;

The provisions regarding provider assessments will expire June 30, 2009.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration -
 Administrative Hearing Commission
Office of State Courts Administrator
Department of Elementary and Secondary Education
Department of Mental Health
Department of Health and Senior Services
Department of Revenue
Department of Social Services
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Office of Secretary of State
Office of State Treasurer



Mickey Wilson, CPA
Director
March 5, 2008