

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 380** HLS 12RS 250
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 28, 2012 6:57 PM	Author: MACK
Dept./Agy.: Children & Family Services	Analyst: Patrice Thomas
Subject: Drug Testing Adult FITAP Recipients	

TANF/FITAP RE +\$64,466 GF EX See Note Page 1 of 2

Provides for drug testing requirements for recipients of cash assistance in the Family Independence Temporary Assistance Program

Present law provides for the Department of Children and Family Services (DCFS) to institute a mandatory drug testing program for certain adult recipients of public assistance. Proposed law amends present law to require random drug testing of 20% of adult recipients in the Family Independence Temporary Assistance Program (FITAP). Proposed law requires that testing shall comply with standards utilized by the Department of Health and Hospitals (DHH), Office of Behavioral Health (OBH). Proposed law requires that all FITAP recipients shall sign a written consent form to drug testing and any FITAP recipients that do not sign the consent form shall not be eligible to receive FITAP cash benefits. Proposed law requires DCFS to promulgate rules and adopt regulations regarding the random selection of the 20% of FITAP recipients and the implementation of the drug testing process in the most cost-efficient and cost-effective manner possible. Proposed law requires the Child Welfare division of DCFS to investigate cases in which FITAP recipients fail to complete a drug treatment plan within 90 days (depending on availability and length of treatment). Proposed law effective on 1/1/13.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	\$64,466	\$128,932	\$128,932	\$128,932	\$128,932	\$580,194
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$4,022	\$8,045	\$8,045	\$8,045	\$8,045	\$36,202
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$68,488	\$136,977	\$136,977	\$136,977	\$136,977	\$616,396

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The requirements of this legislation are estimated to increase total State General Fund expenditures by \$68,488 for six months in FY 13.

Drug Testing. This legislation requires that DCFS drug test 20% of adult FITAP recipients in addition to the existing interview screening process. DCFS has indicated that there were 7,249 adult FITAP recipients in FY 2011. Therefore, this bill requires that 1,450 (7,249 X 20%) adult FITAP recipients are tested beginning January 1, 2013. The Legislative Fiscal Office assumes using the same testing protocol and methods used by DHH/OBH. OBH contracts with Phamatech, Inc. to perform initial urine drug screen tests at a cost of \$7.75 each and, if initial urine drug screen test is positive, follow-up confirmation tests at a cost of \$11 each. Also, DCFS has projected a \$12 overhead cost to administer the test. Based on FY 11 recipients, the cost for the initial urine drug screen tests would be \$28,637 (1,450 X \$7.75 + \$12 administration costs). Only those individuals testing positive would be required to take the confirmation test. Based on research by OBH, an estimated 4.3% or 62 recipients (1,450 X 4.3%) who take the initial urine drug screen test will fail. The cost of the comprehensive drug screen test would be \$682 (62 X \$11). **This will result in a total drug testing cost of \$29,319 SGF (\$28,637 + \$682) for a full year and \$14,659 SGF for six months.** For purposes of simplicity, the drug testing cost in subsequent fiscal years is anticipated to remain constant because the participants will be tested annually. However, inflationary increases may materialize in subsequent fiscal years.

Substance Abuse Treatment. Present law, R.S. 46:460.10, requires DCFS and DHH/OBH to provide a program of education and rehabilitation for recipients identified as illegal drug users as verified by positive test results. Currently, according to DCFS, all FITAP recipients receive a screening interview (DAST - Drug Abuse Screening Test) or an assessment interview (ASI - Addiction Severity Index) to identify alcohol and/or drug problems upon initial application or re-application for FITAP cash benefits. Recipients that are identified as having an alcohol and/or drug problem are referred to OBH clinicians for further assessment. In FY 11, 279 FITAP recipients were referred to OBH for substance abuse treatment based on screening/assessment interviews and 115 FITAP recipients were placed into treatment after further OBH assessment.

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REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}		<i>H. Gordon Monk</i>
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}		H. Gordon Monk Legislative Fiscal Officer

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CONTINUED EXPLANATION from page one:

This fiscal analysis assumes that the 62 recipients that have positive confirmation drug tests will not be part of the FITAP recipients already being referred to treatment as a result of the existing ASI assessments and interviews performed by OBH licensed clinicians in DCFS offices. Based on historical information from OBH, only 52.4% referred to substance abuse treatment actually attend treatment. Therefore, of the 62 recipients estimated to fail the confirmation urine drug screen test, 32 recipients (62 X 52.4%) will attend substance abuse treatment. During substance abuse treatment, OBH will provide three levels of care (treatment options): Inpatient (\$90 per diem for 25 days); Outpatient (\$2,880 for up to 1 year); and Intensive Outpatient (\$2,160 for 46 weeks). OBH has indicated that based on historical information that 9% will need Inpatient care, 49% will need outpatient care, and 42% will need Intensive Outpatient care. Based on this information, the total cost to treat the 32 recipients, the 52.4% who comply is \$80,910 as calculated below:

<u>Level of Care</u>	<u>Number of Participants</u>	<u>Total Treatment Cost</u>
Inpatient	32 X 9% = 3	3 X \$90 X 25 = \$6,750
Outpatient	32 X 49% = 16	16 X \$2,880 = \$46,080
Outpatient Intensive	32 X 42% = 13	13 X \$2,160 = \$28,080
Total Treatment Costs = \$6,750 + \$46,080 + \$28,080 = \$80,910		

The total treatment cost of \$80,910 includes participants that will totally complete the treatment plan and those that will not complete the plan. Based on historical information from OBH, at each level of care in substance abuse treatment, a percentage of participants do not complete the treatment plan. The percentage of non-completers at each level of care is listed below. It is anticipated that the non-completers will complete half (50%) of the treatment plan. To the extent that a greater or lesser percentage of the treatment plan is completed, treatment cost of non-completers will increase or decrease accordingly. The costs allocated to non-completers are calculated as follows:

<u>Level of Care</u>	<u>% of Non-Completers</u>	<u>No. of Non-Completers</u>	<u>Total Cost for Non-Completers</u>
Inpatient	15%	3 X 15% = 0	0 X \$90 X 25 = \$0
Outpatient	43%	16 X 43% = 7	7 X \$2,880 = \$20,160
Outpatient Intensive	35%	13 X 35% = 5	5 X \$2,160 = \$10,800
Total Treatment Costs for Non-completers = \$0 + \$20,160 + \$10,800 = \$30,960			

Based on the assumption that only 50% of the cost will be paid for the participants who fail to complete the treatment plan, the costs would be reduced as follows: 50% of Total Cost for Non-completers = \$30,960 X 50% = \$15,480

FINAL TOTAL TREATMENT COSTS: \$80,910 - \$15,480 = \$65,430 SGF full year and \$32,715 for six months

In subsequent fiscal years, the Legislative Fiscal Office assumes that at least 25% of the individuals who initially complied with treatment will continue to need treatment. Based on this assumption, the minimum treatment cost in subsequent fiscal years will be \$20,227 (\$80,910 x 25%) for these individuals. Subsequent fiscal years do not include the treatment cost for those individuals who initially did not comply with treatment but accepted the treatment at a later time nor does it include the cost for any additional participants who are identified through subsequent drug testing.

SAVINGS. Based on historical information from OBH, 62 recipients requiring treatment, 47.6% or 30 (62 X 47.6%) participants will potentially not comply. In accordance with proposed law, failure to complete a drug treatment plan within 90 days (depending on availability and length of treatment) of positive test result will result in the termination of cash assistance benefits for 1 year or until satisfactory completion of a drug treatment plan. The average monthly FITAP payment for an adult recipient is \$189 per month. Based on the assumption that 30 recipients will not comply, the total annual savings realized would be \$68,040 as calculated below: \$189 X 12 months = \$2,268 X 30 = \$68,040 FED. This is reflected as a reduction in expenditures. **TOTAL SAVINGS: \$68,040 FED Decrease**

Subsequent years do not reflect the following changes due to the uncertainty: (1) Number of participants that initially did not comply that may later comply with treatment and thus would be eligible to receive the cash benefit under proposed law; (2) Individuals that did not comply with treatment may reapply after 1 year and to the extent that these individuals continue to not comply, a savings will be realized in future fiscal years; (3) Individuals that comply with treatment and subsequently have another positive drug test will be suspended from receiving the cash benefit for 1 year under proposed law.

CHILD WELFARE INVESTIGATIONS. In addition to terminating their FITAP benefits for 1 year, 30 recipients that fail to complete a drug treatment plan within 90 days (depending on availability and length of treatment) will be investigated by the Child Welfare division of DCFS. The average caseload for a Child Protection Investigation (CPI) worker is 12. This results in an additional 2.5 new investigation per month (30 recipients / 12 months) within the Child Welfare division. DCFS anticipates needing \$80,040 SGF for 2 additional CPI workers to conduct child welfare investigation of the 30 FITAP recipients that fail to complete their drug treatment plan. The LFO cannot substantiate the level of estimated personnel increases provided by DCFS. However, the fiscal note assumes additional costs associated with the placement of children in foster care. Based on historical information from DCFS, 14% of child welfare investigation results in a child being removed from the home. The average FITAP recipient has 1.4 children. Therefore, an estimated 6 children will be placed in to either foster care or residential care (30 recipients x 14% x 1.4 avg. child) with a projected annual cost of \$110,268 (5 children x \$625/month - foster care x 12 months = \$37,500 and 1 child x \$6,064/month - residential care x 12 months = \$72,768). **TOTAL CHILD WELFARE COSTS: \$110,268 (\$34,183 SGF and \$76,085 FED) full year and \$55,134 for six months**

	<u>Full Year</u>	<u>Six Months</u>	<u>Means of Financing</u>
DRUG TESTING TOTAL	\$29,319	\$14,659	SGF
TREATMENT TOTAL	\$65,430	\$32,715	SGF
SAVINGS TOTAL	(\$68,040)	(\$34,020)	FED
CHILD WELFARE TOTAL	\$110,268	\$55,134	31% SGF/69% FED
NET IMPACT	\$136,977	\$68,488	

Senate	<u>Dual Referral Rules</u>	House	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	<i>H. Gordon Monk</i>
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	H. Gordon Monk Legislative Fiscal Officer