LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 7** HLS 11RS 109
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 17, 2011 12:27 PM
Author: LABRUZZO
Dept./Agy.: Children and Family Services
Subject: Drug Testing 20% of FITAP Adult Recipients
Analyst: Patrice Thomas

WELFARE EG +$46,244 GF EX See Note

Requires at least twenty percent of recipients of cash assistance through the Family Independence Temporary Assistance Program to be drug tested prior to receiving benefits

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 provides that if the FITAP Drug Testing and Treatment Fund has deposits sufficient (at least $20,000) to administer testing of more than 20% of adults, the percentage testing will be based on the adequacy of the fund. Proposed law effective on 1/1/12.

EXPENDITURES	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**5 -YEAR TOTAL**
State Gen. Fd.	$46,244	$92,487	$92,487	$92,487	$92,487	**$416,192**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	($15,624)	($31,248)	($31,248)	($31,248)	($31,248)	**($140,616)**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$30,620**	**$61,239**	**$61,239**	**$61,239**	**$61,239**	**$275,576**

REVENUES	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**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 $46,244 for six months in FY 12. Federal Funds expenditures are estimated to decrease by $15,624 due to a projected decrease in FITAP benefits because of refusal of treatment.

Drug Testing - This bill requires that DCFS test 20% of adult FITAP recipients. DCFS has indicated that there were 7,049 adult FITAP recipients in FY 2010. Therefore, this bill requires that 1,410 (7,049 X 20%) adult FITAP recipients are tested beginning January 1, 2012. DCFS anticipates 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 10 recipients, the cost for the initial urine drug screen tests would be $27,848 (1,410 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 4.2% or 59 recipients who take the initial urine drug screen test will fail (1,410 X 4.2%). The cost of the comprehensive drug screen test would be $649 (59 X $11). **This will result in a total drug testing cost of $28,497 SGF ($27,848 + $649) for a full year and $14,249 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 for further assessment. In FY 10, 355 FITAP recipients were referred to OBH for substance abuse treatment based on screening/assessment interviews and 125 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.

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☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}
☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}
☐ 6.8(F)1 >= $500,000 Annual Fiscal Cost {S}
☐ 6.8(F)2 >= $100,000 Annual SGF Cost {H&S}
☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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CONTINUED EXPLANATION from page one:

This fiscal analysis assumes that the 59 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 DAST and ASI interviews.

Based on historical information from OBH, only 52.4% referred to substance abuse treatment actually attend treatment. Therefore, of the 59 recipients estimated to fail the confirmation urine drug screen test, 31 recipients (59 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 31 recipients, the 52.4% who comply is $78,030 as calculated below:

Level of Care	Number of Participants	Total Treatment Cost
Inpatient	31 X 9% = 3	3 X $90 X 25 = $6,750
Outpatient	31 X 49% =15	15 X $2,880 = $43,200
Outpatient Intensive	31 X 42% = 13	13 X $2,160 = $28,080

Total Treatment Costs = $6,750 + $43,200 + $28,080 = $78,030

The total treatment cost of $78,030 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:

Level of Care	% of Non-Completers	No. of Non-Completers	Total Cost for Non-Completers
Inpatient	15%	3 X 15% = 0	0 X $90 X 25 = $0
Outpatient	43%	15 X 43% = 6	6 X $2,880 = $17,280
Outpatient Intensive	35%	13 X 35% = 5	5 X $2,160 = $10,800

Total Treatment Costs for Non-completers = $0 + $17,280 + $10,800 = $28,080

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 = $28,080 X 50% = $14,040

FINAL TOTAL TREATMENT COSTS = $78,030 - $14,040 = $63,990 SGF full year and $31,995 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 $19,508 ($78,030 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, 59 recipients requiring treatment, 47.6% or 28 (59 X 47.6%) participants will potentially not comply. Failure to comply with a drug treatment plan will result in the termination of cash assistance benefits for 6 months (R.S. 46:460.10 and LAC Title 67). The average monthly FITAP payment for an adult recipient is $186 per month. Based on the assumption that 28 recipients will not comply, the total annual savings realized would be $31,248 as calculated below: $186 X 6 months = $1,116 X 28 = $31,248 FED. This is reflected as a reduction in expenditures.

TOTAL SAVINGS: $31,248 FED Decrease full year and $15,624 FED Decrease for six months

Subsequent years do not reflect any changes due to the uncertainty of the 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 present law. Individuals that did not comply with treatment may reapply after 6 months. To the extent that these individuals continue to not comply, a savings will be realized in future fiscal years.

	Full Year	Six Months
DRUG TESTING TOTAL	**$28,497**	**$14,249**
TREATMENT TOTAL	**$63,990**	**$31,995**
SAVINGS TOTAL	**($31,248)**	**($15,624)**
NET IMPACT	**$61,239**	**$30,620**

Note: FITAP Drug Testing and Treatment Fund

This legislation authorizes testing of additional recipients based on sufficient funds in the FITAP Drug Testing and Treatment Fund. If it is determined that the FITAP Drug Testing and Treatment Fund has deposits of at least $20,000 to administer testing of more than 20% of adults participants in FITAP, then the additional percentage of all adult FITAP participants tested will be based on the adequacy of the fund. The FITAP Drug Testing and Treatment Fund is a special fund in the treasury proposed by HB 460 of the 2011 Regular Session. The Legislative Fiscal Office cannot anticipate the amount of funding that may be deposited into the FITAP Drug Testing and Treatment Fund or the amount of funding that may be appropriated out of the fund for drug testing adult FITAP participants in future fiscal years.

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