

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



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

|   |                                |
|---|--------------------------------|
| <b>Date:</b> April 30, 2012 8:45 AM                 | <b>Author:</b> MACK            |
| <b>Dept./Agy.:</b> Children & Family Services       | <b>Analyst:</b> Patrice Thomas |
| <b>Subject:</b> Drug Testing Adult FITAP Recipients |                                |

TANF/FITAP OR +\$47,374 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 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 1/1/13.

| EXPENDITURES        | 2012-13         | 2013-14         | 2014-15         | 2015-16         | 2016-17         | 5 -YEAR TOTAL    |
|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| State Gen. Fd.      | \$47,374        | \$94,749        | \$94,749        | \$94,749        | \$94,749        | \$426,370        |
| Agy. Self-Gen.      | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              |
| Ded./Other          | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              |
| Federal Funds       | (\$34,020)      | (\$68,040)      | (\$68,040)      | (\$68,040)      | (\$68,040)      | (\$306,180)      |
| Local Funds         | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              |
| <b>Annual Total</b> | <b>\$13,354</b> | <b>\$26,709</b> | <b>\$26,709</b> | <b>\$26,709</b> | <b>\$26,709</b> | <b>\$120,190</b> |
| 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              |
| <b>Annual Total</b> | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>       |

**EXPENDITURE EXPLANATION**

The requirements of this legislation are estimated to increase total State General Fund expenditures by \$47,374 for six months in FY 13. Federal Funds expenditures are estimated to decrease by \$34,020 due to a projected decrease in FITAP benefits because of refusal of treatment.

**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. **Continued on Page 2**

**REVENUE EXPLANATION**

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

|   |  |  |
|---|--|--|
| Senate<br><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | House<br><input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}              | H. Gordon Monk<br>Legislative Fiscal Officer |
| <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} |  |

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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.

|                           | <u>Full Year</u>  | <u>Six Months</u> |
|---------------------------|-------------------|-------------------|
| <b>DRUG TESTING TOTAL</b> | <b>\$29,319</b>   | <b>\$14,659</b>   |
| <b>TREATMENT TOTAL</b>    | <b>\$65,430</b>   | <b>\$32,715</b>   |
| <b>SAVINGS TOTAL</b>      | <b>(\$68,040)</b> | <b>(\$34,020)</b> |
| <b>NET IMPACT</b>         | <b>\$26,709</b>   | <b>\$13,354</b>   |

**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 416 of the 2012 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.

|   |                            |  |   |
|---|----------------------------|--|---|
| Senate  | <u>Dual Referral Rules</u> | House  |   |
| <input 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}                       |   |
| <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} | <b>H. Gordon Monk</b><br>Legislative Fiscal Officer |