

SB09-030: Sen. Keller, Rep. Schafer
Concerning the “Child Mental Health Treatment Act”
Discussion Brief on Fiscal Questions from House HHS Committee

Background: A question arose at the March 9, 2009 meeting of the HHS Committee concerning an apparent discrepancy between cost figures presented in testimony by a member of the Department of Human Services (DHS) and the \$1.2 million amount specified in the fiscal note. The bill was laid over with a request for the sponsor to provide information at a later committee meeting prior to action being taken on the bill. This brief addresses that apparent discrepancy.

Testimony: The cost figures given by Janet Wood, Director of the Division of Behavioral Health in DHS, were of “direct program costs” from the past fiscal year. Ms. Wood testified that the costs of the program for **FY 2007-08** were \$833,093. This figure did not include the additional costs for personnel and operating that are part of the “total program cost.” It would have been more accurate had it been clarified that the figures were from a prior fiscal year, and included only direct program costs for services to clients, not total program costs. The total program costs in that fiscal year (07-08) were \$910,660.

Fiscal Note: The SB09-30 fiscal note is based on the anticipated funding of the total program costs for **FY 09-10**, including both services to clients and personnel & operating costs. The \$1.2 million represents a continuance of the funding level appropriated in last year’s Long Bill, and is the amount currently included in JBC actions for next year’s Long Bill. Because it assumes a continuance of the current funding level, the bill is assessed as having “No Fiscal Impact.”

Discrepancy Explained: The \$367,000 discrepancy for which the Committee requested further information is the difference between the testimony of the direct program costs from the prior fiscal year, and the official Fiscal Note that includes the total program costs for next year’s budget at \$1.2 million. The figure cited in testimony is the top left amount in the below chart; the fiscal note cites the bottom right amount. Both are accurate.

<u>Fiscal Year:</u>	<u>2007-08</u>	<u>2009-10</u>
Direct Program Costs (Services):	\$833,093	\$1,129,146
Personnel & Operating:	77,567	74,770
Total Program Costs:	\$910,660	\$1,203,916

Question on Sunset Extension: The Committee also inquired about why the sunset date was extended to 10 years. There are two primary reasons: (1) Since each prior review of the program demonstrated its value and cost effectiveness, it makes sense to extend the sunset time period rather than continuing to run a bill every few years. (2) The legislature retains the ability to terminate the program or restrict its budget at any time.

Sponsor Notes on Cost-Effectiveness of Program

The Division of Behavioral Health constantly evaluates the program and has a system in place to ensure the program is managed within the level of appropriation.

If this program did not exist, it is likely that other systems - like Child Welfare and the Division of Youth Corrections - would end up treating these children at a much higher cost, with significantly more negative impact to the family and child.

As this program has developed, the variety of children services has changed to have more options available to aggressively treat children with the goal of recovery and reunification with families.

One service provided through this program, Psychiatric Residential Treatment Facility, can be an expensive form of residential treatment, but is cost effective because it requires fewer days of intense intervention and receives a 50% match of federal funding.

One of the very positive aspects of this program is that it provides training to families to help them better understand mental health issues and how to deal with a child who has mental health issues.

The numbers highlighted in pink are reflected in the fiscal note for SB09-30: "Total funding for these services is \$1.2 million and 1.0 FTE in FY 2008-09, which includes the following:

- \$729,534 from the General Fund;
- \$280,387 from the Tobacco Litigation Settlement Cash Fund; and
- \$119,225 from reappropriated Medicaid funds.

Original Approp. (FY 2008-09)	Total	GF	Cash Funds**	Reapprop (Medicaid)
Community Based Services	\$1,129,146.00	\$ 729,534.00	\$ 280,387.00	\$ 119,225.00
Admin. PS	\$ 72,330.00	\$ 72,330.00		
Admin Ops.	\$ 2,440.00	\$ 2,440.00		
Total Original Approp. (FY 2008-09)	\$1,203,916.00	\$ 804,304.00	\$ 280,387.00	\$ 119,225.00
Supplemental Approp Action (Dept. Priority #23)	\$ (137,935.00)	\$ (137,935.00)		
Supplemental Approp. (FY 2008-09)	\$1,065,981.00	\$ 666,369.00	\$ 280,387.00	\$ 119,225.00

Supplemental Approp. (FY 2008-09)				
Community Based Services	\$ 991,211.00	\$ 591,599.00	\$ 280,387.00	\$ 119,225.00
Admin. PS	\$ 72,330.00	\$ 72,330.00	\$ -	\$ -
Admin Ops.	\$ 2,440.00	\$ 2,440.00	\$ -	\$ -
Total	\$1,065,981.00	\$ 666,369.00	\$ 280,387.00	\$ 119,225.00

Service Expenditures (FY 2007-08)				
Residential Mental Health Treatment	\$ 658,445.36	\$ 281,939.31	\$ 276,243.00	\$ 100,263.05
Community-based Post Residential Treatment	\$ 84,315.13	\$ 84,315.13		
Community Alternatives to Residential Treatment	\$ 90,211.17	\$ 90,211.17		
Outreach (Conf. Calls, Brochures, etc.)	\$ 121.06	\$ 121.06		
Subtotal Service Expenditures	\$ 833,092.72	\$ 456,586.67	\$ 276,243.00	\$ 100,263.05

Administrative Expenditures (FY 2007-08)				
Personal Services	\$ 72,230.00	\$ 72,230.00	\$ -	\$ -
Operating Expenses	\$ 5,337.00	\$ 5,337.00	\$ -	\$ -
Subtotal Administrative Expenditures	\$ 77,567.00	\$ 77,567.00	\$ -	\$ -
Total Expenditures (FY 2007-08)	\$ 910,659.72	\$ 534,153.67	\$ 276,243.00	\$ 100,263.05

**Tobacco securitization