



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2015 Biennium

<b>Bill #</b>	HB0596	<b>Title:</b>	Requiring drug testing for certain TANF applicants
<b>Primary Sponsor:</b>	Lavin, Steve	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<b>Expenditures:</b>				
General Fund	\$383,344	\$359,996	\$366,643	\$372,654
Federal Special Revenue	\$120,071	\$102,044	\$111,786	\$121,875
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$120,071	\$102,044	\$111,786	\$121,875
<b>Net Impact-General Fund Balance:</b>	(\$383,344)	(\$359,996)	(\$366,643)	(\$372,654)

#### **Description of fiscal impact:**

HB 596 establishes drug screening and drug testing requirements for eligibility under the Temporary Assistance for Needy Families Program (TANF). The bill prohibits assistance in certain instances and allows a third party to receive a TANF benefit on behalf of a child whose parent is ineligible, because of the drug screening and testing requirements. Addictive and Mental Disorders (AMDD) will incur expenses to provide treatment services to TANF applicants, who are required to participate in treatment for addiction to a controlled substance. Technology Services Division (TSD) would incur expenses as enhancements would be required to the Combined Healthcare Information and Montana Eligibility System (CHIMES) TANF system related to eligibility determination or disqualification for TANF benefits.

### FISCAL ANALYSIS

#### **Assumptions:**

#### **Human and Community Services Division (HCSO)**

1. All applicants applying for TANF shall complete, as part of the application process, a written questionnaire designed to accurately determine the likelihood of the applicant having a substance abuse disorder. There is

an online drug screening survey used by Utah called the Substance Abuse Subtle Screening Inventory (SASSI) which is available from the SASSI Institute.

2. There is a one-time cost for the questionnaire kit of \$225 and an additional cost of \$1.65 per questionnaire. HCSD receives an average of 900 new TANF applications each month for a total of 10,800 per year ( $900 \times 12 = 10,800$ ). Total annual cost for the questionnaire would be \$18,045 ( $\$1.65 \times 10,800 = \$17,820 + \$225 = \$18,045$ ).
3. The drug screening questionnaire takes approximately 15 minutes to administer and score. Two additional FTE Client Service Eligibility Coordinators will be needed. (Salary and benefits of \$46,624 x 2 FTE for FY 2014 and 2015). 1.5% inflationary adjustment is applied in FY 2016 and FY 2017.
4. A one-time only office-setup and computer purchase is needed in FY 2014, for a total of \$5,750 ( $\$1,600$  office set-up +  $\$1,275$  computer =  $\$2,875 \times 2 = \$5,750$ ).
5. Annual SITSD and Phone services for 2.00 FTE will cost \$2,860 ( $\$1,124$  SITSD +  $\$306$  phone =  $\$1,430 \times 2 = \$2,860$ ).
6. Annual rent for 2.00 FTE will cost \$11,520 in FY 2014-2017.
7. It is estimated that 75%, or 675, of the 900 applications received each month would be eligible for TANF benefits ( $900 \times 75\% = 675$ ).
8. Of the 675 TANF eligible persons, approximately 8.9% are expected to be drug users, based on the 2010 National Survey on Drug Use and Health (NSDUH) sponsored by the Substance Abuse and Mental Health Services Administration (SAMHSA) Summary of Findings.
9. Of the 675 TANF eligible persons, 15%, or 101 per month will be recommended for drug testing as a result of their responses to the questionnaire; but it is estimated only 2/3 or 68 of the eligible persons will actually take the test. ( $101 \times 67\% = 68$ ). The cost of the drug test is \$50 per test ( $\$50 \times 68 \times 12 = \$40,800$ ).
10. Of the 33 individuals per month ( $101 - 68 = 33 \times 12 = 396$ ), or 396 per year who refuse to take the drug test, one-half (198) will have their benefits reduced for a full year, and one-half (198) will successfully reapply after 90 days and pass their drug test.
11. Reducing a family size by one member will reduce the TANF benefit by \$103 per month for a total benefit savings of \$305,910 ( $198 \times \$103 \times 12 = \$244,728$ ) + ( $198 \times \$103 \times 3 = \$61,182$ ).
12. It is assumed that of the 68 individuals tested for drug use, approximately 88% (or 60 individuals) will test positive for drug use.
13. It is estimated that 19% of the drug users will be referred to AMDD for treatment for use of controlled substances. This results in 136 individuals per year requiring treatment ( $60 \times 12 \times 19\% = 136$ ). Based on the statewide average, ten percent, or 14 individuals per year will follow through with treatment.
14. The 122 ( $136 - 14 = 122$ ) individuals per year not seeking treatment will not be provided financial assistance. Reducing a family size by one member will reduce the TANF benefit by \$103 per month for a total benefit savings of \$150,792 ( $122 \times \$103 \times 12 = \$150,792$ ).
15. Of the 14 individuals receiving treatment, 2 (14%) are part of a two parent household and the remaining 12 (86%) are single parent households.
16. The 12 single parents that seek treatment will place their children with a caretaker relative for the first 35 days of treatment. Assuming 1.5 children per parent and assuming one-half will require child care, there will be 9 children ( $12 \times 1.5 \times .5 = 9$ ) needing child care at a cost of \$600 per child or \$5,400 per year ( $\$600 \times 9 = \$5,400$ ). This will be funded with federal funds.
17. Total TANF Benefit savings of \$451,302 will be realized ( $\$305,910 + \$150,792 - \$5,400$ )
18. New rules to implement the bill will be required in FY 2014 with an estimated 26 pages at a cost of \$50 per page ( $\$50 \times 26 = \$1,300$ ).
19. Section 2 requires that a person who discloses the identity of a subject who fails a drug test or the results of a test is subject to a fine up to \$500, which is to be deposited in the general fund. The department is unable to determine the amount of fines which may occur, and as a result, no fiscal impact is included in this fiscal note.

**Addictive and Mental Disorders (AMDD)**

20. As noted in the HCSD section above, 14 individuals will seek substance abuse treatment. Controlled substance abuse treatment consists of either 180 day treatment or one year of residential treatment.
21. 180 day treatment consists of:
  - a. 35 days of inpatient treatment at a cost of \$219 per day, for a total cost of \$7,665 ( $\$219 \times 35$  days)
  - b. Following inpatient treatment, the individual would step down to residential treatment for an average treatment time of 180 days at a cost of \$80 per day. The total cost would be \$14,400 per person ( $180 \times \$80$ ).
  - c. Following residential treatment, the individual would step down to outpatient treatment at a cost of approximately \$1,500 per episode.
  - d. Total treatment cost would be \$23,565 per person. ( $\$7,665 + \$14,400 + \$1,500$ ).
  - e. It is assumed one-half of the people identified will require this type of treatment.
22. Inpatient treatment plus one year of residential treatment consists of:
  - f. Inpatient treatment would cost \$7,665 per person ( $\$219 \times 35$  days).
  - g. Residential treatment would cost \$197 per day and the children would remain with the parent during this treatment. The total cost for 365 days of residential treatment would be \$71,905. ( $\$197 \times 365$ ).
  - h. After completing residential treatment, these individuals would step down to outpatient treatment at a cost of \$1,500 per episode.
  - i. Total treatment cost would be \$81,070. ( $\$7,665 + \$71,905 + \$1,500$ ).
  - j. It is assumed one-half of the people identified will require this type of treatment.
23. Of the 14 people receiving treatment:
  - k. Seven would need 180 day treatment. The annual cost of treatment would be \$23,565 per person. The annual cost of treatment for these individuals would be \$164,955 ( $7 \times \$23,565$ ).
  - l. Seven would need inpatient treatment plus one year residential treatment at an annual cost of \$81,070 per person. The annual cost for treatment for these individuals would be \$567,490 ( $7 \times \$81,070$ ).
24. A two percent per year provider rate increase would be included.
25. The total cost to treat 14 people per year would be \$732,445 in FY 2014, \$747,094 in FY 2015, \$762,036 in FY 2016, and \$777,276 in FY 2017.
26. These expenses are covered by Medicaid at FMAP rate of 33.73% general fund and 66.27% federal fund.

**Technology Services Division (TSD)**

27. Enhancements would be required to the Combined Healthcare Information and Montana Eligibility System (CHIMES) TANF system in order to implement the requirements of this bill for eligibility determination or disqualification for TANF benefits.
28. These enhancements would include the ability to track the questionnaire, track TANF applications, track referrals to drug treatment programs, and track disqualification periods.
29. It is estimated that it would require 390 computer programming hours to implement the necessary coding changes.
30. Computer programming is estimated to cost \$125 per hour.
31. Total computer programming costs to implement the requirements of this bill would be \$48,750.
32. The CHIMES TANF system is funded with 47% general funds and 53% federal funds.

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	2.00	2.00	2.00	2.00
<b><u>Expenditures:</u></b>				
Personal Services	\$93,248	\$93,248	\$94,695	\$95,555
Operating Expenses	\$129,025	\$73,000	\$73,000	\$73,000
Benefits	\$281,143	\$295,792	\$310,734	\$325,974
<b>TOTAL Expenditures</b>	<u>\$503,416</u>	<u>\$462,040</u>	<u>\$478,429</u>	<u>\$494,529</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$383,344	\$359,996	\$366,643	\$372,654
Federal Special Revenue (03)	\$120,071	\$102,044	\$111,786	\$121,875
<b>TOTAL Funding of Exp.</b>	<u>\$503,415</u>	<u>\$462,040</u>	<u>\$478,429</u>	<u>\$494,529</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$120,071	\$102,044	\$111,786	\$121,875
<b>TOTAL Revenues</b>	<u>\$120,071</u>	<u>\$102,044</u>	<u>\$111,786</u>	<u>\$121,875</u>

**Net Impact to Fund Balance (Revenue minus Funding of Expenditures):**

General Fund (01)	(\$383,344)	(\$359,996)	(\$366,643)	(\$372,654)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

**Technical Notes:**

1. The Department of Public Health and Human Services (DPHHS) is not able to issue benefits to a third party on behalf of a child whose parent is ineligible for TANF, because of negative drug screening and testing requirements. According to federal statute, benefits must be issued to the household in which the child resides. Protective payees can only be used for children in foster care.
2. Testing positive for drugs does not automatically constitute grounds for a child to be removed and placed in the custody of Child and Family Services Division (CSFD) under Montana law.
3. The Office of Public Assistance (OPA) staffs responsible for TANF eligibility are not mandatory reporters of child abuse and neglect and are not required to report results of drug tests to CFSD.
4. In Section 5-53-4-231 (4)(e)(i) (lines 10-12 page 7) states that families won't be eligible if the adult fails or refuses to cooperate in 'any required screening or assessment', but 4(i) (lines 20, page 7) states that individuals who fail to comply with the drug screening/testing will be ineligible.
5. The bill does not mention who would pay for travel for an applicant to be drug tested. If the department must pay, the cost should be added to this fiscal note.
6. For purposes of the fiscal note, it is assumed that all single parents will have a relative, who can care for their children while they are at in-patient treatment for 35 days. This may not be the case; if no one is available, the children will end up on foster care for that time period and additional costs could be incurred.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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