



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill # HB0024

Title: Appropriate money for state-run mental health group home

Primary Sponsor: Schreiner, Casey

Status: As Amended

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

| | <u>FY 2016 Difference</u> | <u>FY 2017 Difference</u> | <u>FY 2018 Difference</u> | <u>FY 2019 Difference</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures: | | | | |
| General Fund | \$1,027,897 | \$1,050,027 | \$1,069,738 | \$1,089,450 |
| Federal Special Revenue | \$478,743 | \$485,813 | \$495,302 | \$504,790 |
| Revenue: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| Federal Special Revenue | \$478,743 | \$485,813 | \$495,302 | \$504,790 |
| Net Impact-General Fund Balance: | <u>(\$1,027,897)</u> | <u>(\$1,050,027)</u> | <u>(\$1,069,738)</u> | <u>(\$1,089,450)</u> |

Description of fiscal impact: HB 24 provides the Department of Public Health and Human Services the ability operate or to contract for the operation of transitional mental health group homes for certain individuals committed to the custody of the director of the department through the release of the board of pardons and parole; or if the director of the department determines as allowed by law that the transitional mental health group home is the appropriate placement for the individual.

FISCAL ANALYSIS

Assumptions:

Addictive and Mental Disorders Division (AMDD)

1. The costs are based on four separate four-bed contracted facilities serving a total client population of 16.
2. All group home residents would come directly from the Montana State Hospital.
3. Eight of the clients would meet parole requirements and would be Medicaid eligible. The cost to serve these clients would be \$251 per day or \$91,615 annually in FY 2016, and \$256 per day or \$93,440 annually in FY 2017. These estimates assume a 2% annual PRI. The total cost for services for the eight clients in FY 2016

would be \$732,920 and \$747,520 in FY 2017. The federal portion of the cost would be \$478,743 based on a FMAP rate of 65.32% in FY 2016; and with a FMAP rate of 64.99% in FY 2017 and federal funds totaling \$485,813. The FY 2017 FMAP rate would continue into FY 2018 and FY 2019. The federal portion of the costs in FY 2018 would be \$495,302 and \$504,790 in FY 2019. The general fund portion would be \$254,177 in FY 2016, \$261,707 in FY 2017, \$266,818 in FY 2018, and \$271,930 in FY 2019.

| | Cost per Client per Day | Cost per Client per Year | Cost per Year for 8 clients | FMAP | Federal Special Revenue | General Fund |
|---------|-------------------------------|--------------------------------|-----------------------------------|--------|-------------------------------|-----------------|
| FY 2016 | \$251 | \$91,615 | \$732,920 | 65.32% | \$478,743 | \$254,177 |
| FY 2017 | \$256 | \$93,440 | \$747,520 | 64.99% | \$485,813 | \$261,707 |
| FY 2018 | \$261 | \$95,265 | \$762,120 | 64.99% | \$495,302 | \$266,818 |
| FY 2019 | \$266 | \$97,090 | \$776,720 | 64.99% | \$504,790 | \$271,930 |

4. Eight clients would not meet parole requirements and therefore, would not be eligible for Medicaid. These individuals would be eligible for state funded mental health programs at a cost of \$251 per day or \$91,615 annually in FY 2016 and \$256 per day or \$93,440 annually in FY 2017. The total cost of service for the eight clients in FY 2016 would be \$732,920 and \$747,520 in FY 2017. Costs in FY 2018 would be \$762,120 and FY 2019 costs would be \$776,720. All costs would be funded from the general fund.

| | Cost per Client per Day | Cost per Client per Year | Cost per Year for 8 clients | General Fund |
|---------|-------------------------------|--------------------------------|-----------------------------------|--------------|
| FY 2016 | \$251 | \$91,615 | \$732,920 | 732,920 |
| FY 2017 | \$256 | \$93,440 | \$747,520 | 747,520 |
| FY 2018 | \$261 | \$95,265 | \$762,120 | 762,120 |
| FY 2019 | \$266 | \$97,090 | \$776,720 | 776,720 |

5. The provider would receive room and board reimbursement of \$425 a month per client. It is assumed eight clients would be SSI/SSDI eligible and would pay the room and board to the provider. For the eight individuals not eligible for SSI/SSDI, the department would be responsible for reimbursement of room and board. The cost to the General Fund would be \$40,800 in SFY 2016, FY 2017, FY 2018 and FY 2019 (\$425 x 8 x 12).

| | <u>FY 2016 Difference</u> | <u>FY 2017 Difference</u> | <u>FY 2018 Difference</u> | <u>FY 2019 Difference</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <u>Fiscal Impact:</u> | | | | |
| <u>Expenditures:</u> | | | | |
| Benefits/Claims | \$1,506,640 | \$1,535,840 | \$1,565,040 | \$1,594,240 |
| TOTAL Expenditures | <u>\$1,506,640</u> | <u>\$1,535,840</u> | <u>\$1,565,040</u> | <u>\$1,594,240</u> |
| <u>Funding of Expenditures:</u> | | | | |
| General Fund (01) | \$1,027,897 | \$1,050,027 | \$1,069,738 | \$1,089,450 |
| Federal Special Revenue (03) | \$478,743 | \$485,813 | \$495,302 | \$504,790 |
| TOTAL Funding of Exp. | <u>\$1,506,640</u> | <u>\$1,535,840</u> | <u>\$1,565,040</u> | <u>\$1,594,240</u> |
| <u>Revenues:</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| Federal Special Revenue (03) | \$478,743 | \$485,813 | \$495,302 | \$504,790 |
| TOTAL Revenues | <u>\$478,743</u> | <u>\$485,813</u> | <u>\$495,302</u> | <u>\$504,790</u> |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | | | |
| General Fund (01) | (\$1,027,897) | (\$1,050,027) | (\$1,069,738) | (\$1,089,450) |
| Federal Special Revenue (03) | \$0 | \$0 | \$0 | \$0 |

Effect on County or Other Local Revenues or Expenditures:

1. Siting, zoning, and timing implications surrounding placement of a group home in an unspecified community are unknown at this time.

Technical Notes:

1. Coordinating language is required in HB2 to provide federal funding for Medicaid.
2. Based on the department's past experience attempting to place individuals in a community setting, it is unknown if the rates assumed in this fiscal note would be sufficient and/or acceptable to the provider community. To the extent the assumed rates are insufficient, fewer individuals would be placed in a community setting and/or fewer group homes than are assumed in this fiscal note would be established.

Sponsor's Initials

Date

Budget Director's Initials

Date