

Department of Planning and Budget 2001 Fiscal Impact Statement

1. Bill Number HB1779

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Hamilton

3. Committee Health, Welfare and Institutions

4. Title Mental Health Licensure

- 5. Summary/Purpose:** This bill amends § 37.1-179 of the Code of Virginia by expanding the definition of “facility” or “institution” to include organizations, agencies, or programs that provide treatment or care for mentally ill, mentally retarded, or substance addicted or abusing persons. It also defines the term “care” or “treatment” to include clinical, habilitative and rehabilitative, day support, direct care, treatment case management and residential services. This clarifies that the Department of Mental Health, Mental Retardation and Substance Abuse Services’s (DMHMRSAS) authority to license organizations, agencies or programs providing care or treatment includes case management services.

6. Fiscal Impact Estimates are: Preliminary (See Item 8)

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	\$66,320	1.00	0100
2002-03	\$83,090	1.00	0100

7. Budget amendment necessary: Yes. Item 327.

- 8. Fiscal implications:** This bill ensures that DMHMRSAS’ licensing authority applies to services in new and innovative community settings that are being developed statewide. Language revisions more accurately reflect that the majority of consumers are served in community settings by qualified providers. Services are no longer provided only in facilities and institutions but through a wide array of new and innovative setting, including outpatient, partial hospitalization, day treatment, and PACT teams.

With passage of this legislation, revisions to licensing regulations will contain case management standards and could be promulgated as early as January 1, 2002. This would have an impact on the current DMHMRSAS licensure staffing. It is projected that all forty Community Services Boards / Behavioral Health Authorities, all of which currently provide case management services, will need to be licensed in the six months from January 1, 2002 to June 30, 2002 (FY 2002). Sufficient data is not available at this time to project the number of potential private case management service providers and the potential staffing impact for licensing them.

Although no conditional licenses would be required for case management services, all forty CSBs/BHAs would require a two-day site visit during the second half of FY 2002 (January through June, 2002). Visits to programs located at some of the forty sites would already be incorporated in the planned workload and would not require a duplicative visit, but the new case management services licensing requirements would increase the amount of time needed for record review and other associated licensing activities.

It is projected that an additional 1.0 FTE would be needed in order to license the case management service for these forty CSBs/BHAs by the end of FY 2002 and to accommodate the increased workload on an on-going basis. It is anticipated that this newly licensed program will result in an increase in complaints and resultant reviews. Therefore, hiring for this additional staffing should be accomplished by September 2001 (nine month cost) in order to facilitate training for this staff and to ensure the case management licensing is in place at the beginning of FY 2003 (twelve month cost). Associated support cost would also be needed for the nine months in FY 2002 and on-going thereafter.

For FY 2002, nine-month salary and fringe benefits are based on 1.0 FTE (in pay band 5) at \$58,945 and travel and equipment costs of \$7,375. For FY 2003 and on-going, the salary and fringe benefits are \$78,590 and support at \$4,500.

9. Specific agency or political subdivisions affected: Department of Mental Health, Mental Retardation and Substance Abuse Services; Community Services Boards / Behavioral Health Authorities

10. Technical amendment necessary: No.

11. Other comments: The Administration is expected to introduce more comprehensive legislation during this General Assembly session that would include the authority to license case management services. This proposed Administration bill would offer more flexibility than is available in HB1779's licensing requirements. The Administration bill would have the effect of permitting exemptions from annual inspections, which in turn could offset the initial and on-going costs of licensing additional programs such as the case management services.

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cc: Secretary of Health and Human Resources

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