

## Department of Planning and Budget

### 2007 Fiscal Impact Statement

**1. Bill Number** SB1332

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Devolites Davis

**3. Committee** General Laws and Technology

**4. Title** State pool of funds for community policy and management teams.

**5. Summary/Purpose:** The bill increases consistency across communities in providing mental health services to children regardless of where they live in the state. The bill will allow families to access mental health services for their children directly through the Comprehensive Services Act (CSA) in situations where they might otherwise have to place them in foster care through a parental agreement, entrustment or court order solely to receive these services. Some communities allow these children to access CSA funding for services through prevention foster care, court order, custody relinquishment or non-custodial agreements. Other communities determine that these children are not eligible for CSA mandated services at all.

The bill also clarifies that children who receive mandated special education residential and private day services through CSA should also receive mental health services. It also requires state and local government to appropriate adequate funding for mental health services for these children.

**6. Fiscal Impact Estimates are: Preliminary (see item 8)**

**7. Budget amendment necessary: Yes**

**8. Fiscal implications:** This bill clarifies eligibility for accessing children's mental health services through the Comprehensive Services Act (CSA) as part of the mandated population. These children require mental health services not covered by private insurance or Medicaid, where such services are necessary to prevent placement in foster care through a parental agreement, entrustment or court order.

It is difficult to estimate the number of children who need mental health services in addition to special education residential and private day services which are already provided. Many communities already provide these additional services through CSA mandated funds so there would be no impact. Other communities use other funding streams to provide these services, including nonmandated CSA funds and the Department of Mental Health Mental Retardation and Substance Abuse Services (DMHMRSAS) funds, as well as local only funds. For those communities that use local only funds, the state would assume on average 64 percent of these costs now paid by local governments. Other communities do not provide these mental health services, so there would be increased state and local costs. It is not known how many communities consider the child mandated through CSA versus how many consider only special education residential and private day services mandated through CSA.

One way to estimate the potential number of children needing mental health services and who would enter foster care to access necessary services is through the waiting lists with the community services boards (CSBs). The DMHMRSAS reports that there are 2,627 children on waiting lists to receive behavioral health services. Because these children were not able to access services, some may have been served through the CSA and foster care systems and reported in the numbers above. It is difficult to estimate the percentage of these youth who would be eligible for services under this bill. For illustrative purposes, if one estimated that around 20 percent of these children were not already provided services through CSA and would enter the foster care system to access necessary mental health services, then approximately 500 children would be eligible.

This bill will reduce demands on local Department of Social Services (DSS) workers because children would no longer come into the DSS system solely to access CSA funds to obtain needed mental health services. Currently DSS staff serve as case managers for over 500 children served through noncustodial agreements, court hearings, and reporting requirements who have been placed in the foster care system for the primary purpose of accessing mental health services. Caseloads are such that no local DSS staff reductions would be feasible. Workloads of local staff serving on family assessment and planning teams would increase.

To estimate the potential cost impact of this bill, the following chart illustrates the cost depending on the number of children served, using the average cost to serve a child in CSA (\$17,224 per child) in FY 2006:

<b>Children</b>	<b>Average Cost</b>	<b>Total Cost</b>	<b>State Share</b>	<b>Local Share</b>
<b>100</b>	\$ 17,224	\$ 1,722,400	\$ 1,102,336	\$ 620,064
<b>200</b>	\$ 17,224	\$ 3,444,800	\$ 2,204,672	\$ 1,240,128
<b>300</b>	\$ 17,224	\$ 5,167,200	\$ 3,307,008	\$ 1,860,192
<b>400</b>	\$ 17,224	\$ 6,889,600	\$ 4,409,344	\$ 2,480,256
<b>500</b>	\$ 17,224	\$ 8,612,000	\$ 5,511,680	\$ 3,100,320
<b>1000</b>	\$ 17,224	\$ 17,224,000	\$ 11,023,360	\$ 6,200,640

*For each additional 100 youth added to the program, an additional \$1.7 million GF and \$620,064 local share will be required. Should any of these youth be eligible for Medicaid residential services, the GF and local share would be cut in half.*

Between FY 2001 and FY 2006, the average cost per child increased an average of four percent per year. Projecting this forward through 2012, it is safe to assume that the average cost per child will near \$21,000 per year. Using the example of 20 percent of the wait list, and assuming 500 children are added to the CSA rolls, the provisions of this bill will increase program costs as follows:

	<b>Total Cost</b>	<b>State Share</b>	<b>Local Share</b>
<b>FY 2007</b>			
<b>FY 2008</b>	\$ 8,956,480	\$ 5,732,147	\$ 3,224,333
<b>FY 2009</b>	\$ 9,314,739	\$ 5,961,433	\$ 3,353,306
<b>FY 2010</b>	\$ 9,687,329	\$ 6,199,890	\$ 3,487,438
<b>FY 2011</b>	\$ 10,074,822	\$ 6,447,886	\$ 3,626,936
<b>FY 2012</b>	\$ 10,477,815	\$ 6,705,801	\$ 3,772,013

If all 2,627 children identified as waiting for mental health services are added to the program, the cost in FY 2008 could be as high as \$47.0 million, (\$30.1 million GF and \$16.9 million local share) and as high as \$55.0 million (\$35.2 million GF and \$19.8 million local share) in FY 2012.

In FY 2006, approximately \$8.4 million in state and local funds were spent on 1,321 “nonmandated” youth, (children not interpreted as mandated by current law to receive CSA services, but still considered at-risk youth) mostly through non-residential services. It is possible that a number of these children captured in the nonmandated population would now be considered mandated under the provisions of this bill. Although it is not clear to what extent, some of the funds used for this population could offset a portion of the projected costs.

**9. Specific agency or political subdivisions affected:**

- Office of Comprehensive Services for At-Risk Youth and Families
- Department of Social Services
- Department of Mental Health, Mental Retardation and Substance Abuse Services
- Local governments and Community Services Boards

**10. Other comments:** Localities reported to DSS that 419 children entered foster care through voluntary agreements (noncustodials) solely to obtain mental health services in FY2006. This is consistent with the information localities provided to OCS on the number of children who received CSA state pool funding for services through noncustodial agreements: 389 children during fiscal year 2006; and 398 children during fiscal year 2005.

In addition to these 419 children, around 600 children received foster care services primarily for mental health reasons through two avenues. Local DSS reported that 96 children entered foster care through delinquency petitions solely to obtain mental health services. Localities reported to OCS that 503 children received services mandated through CSA prevention foster care primarily for mental health reasons during fiscal year 2006. Some communities provide community services for children at risk of custody relinquishment through prevention foster care. However, it is difficult to know how many of these 503 children were served to prevent custody relinquishment. Thus, between 500 and 1000 children are currently served through CSA through noncustodials, entrustments and court order.

Section 2.2 of the Virginia Code requires state and local governments to appropriate sufficient levels of funding to provide special education and foster care services (as defined in code section 63.2-905) for children deemed eligible for these services. In addition, localities may provide related services to additional children using either local funds or as available from the Mental Health Initiative fund in the Department of Mental Health, Mental Retardation and Substance Abuse Services.

A Joint Subcommittee on Comprehensive Services for At-risk Youth and Families was convened in the fall of 2006 to study the cost effectiveness of the existing program and to make recommendations on possible administrative, policy and program changes to the Governor and the 2008 General Assembly.

HB2620, currently in the House Committee on General Laws is a companion to this legislation.

**Date:** 01/23/07/eee

**Document:** G:\FY2007\2007 Legislation\CSA\SB1332.Doc Emily Ehrlichmann

cc: Secretary of Health and Human Resources