Department of Planning and Budget
2007 Fiscal Impact Statement

1. **Bill Number** SB1332

   House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed

   Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron** Devolites Davis

3. **Committee** Finance

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

5. **Summary/Purpose:** The amended bill will allow families to access services through the Comprehensive Services Act (CSA) to prevent placement of their children in foster care due to behavioral health issues. The bill increases consistency across communities in providing mental health services to children regardless of where they live in the state. 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.

   Children requiring mental health services must meet five criteria to access the CSA state pool of funds:

   1) Child is eligible for CSA state pool of funds (Section 2.2-5212.A.1). Specifically, the child or youth must have emotional or behavior problems that:
      a. Have persisted over a significant period of time or, though only in evidence for a short period of time, are of such a critical nature that intervention is warranted; and
      b. Are significantly disabling and are present in several community settings, such as at home, in school or with peers; and
      c. Require services or resources that are unavailable or inaccessible, or that are beyond the normal agency services or routine collaborative processes across agencies, or require coordinated interventions by at least two agencies.

      Eligibility must be determined through the use of a uniform assessment instrument and process, and by policies of the community policy and management team to access CSA funds.

   2) There are sufficient facts that the child's behavior, conduct or condition presents or results in a serious threat to his well-being and physical safety, or, if he is under the age of 14, his behavior, conduct or condition presents or results in a serious threat to the well-being and physical safety of another person. This determination is made by a licensed mental health professional designated by the Family Assessment and Planning Team or by a juvenile court services intake officer.

   3) Mental health services are required to prevent placement in foster care as determined and recommended by a licensed mental health professional designated by the Family Assessment and Planning Team.

4) The Family Assessment Planning Team, in collaboration with the child's parents or guardians, indicates as a goal in the individualized family services plan that, absent the referenced mental health services, foster care is the planned arrangement for the child.

5) The mental health services are not covered by private insurance or Medicaid.

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

7. Budget amendment necessary: Yes

8. Fiscal implications:

The Department of Mental Health, Mental Retardation and Substance Abuse Services 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. In FY 2005, approximately 43.8 percent of the wait list was identified as having a high or extensive behavioral challenge, and 16.2 percent were identified as at risk of out of home placement. For illustrative purposes, if it assumed that those at-risk of out of home placement access CSA under the provisions of this bill, an additional 433 children and adolescents will be added to the existing caseload.

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:

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

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 16.2 percent of the wait list, and assuming 433 children identified as at-risk for out of home placement are added to the CSA rolls, the provisions of this bill will increase program costs as follows:

	Total Cost	State Share	Local Share
FY 2007			
FY 2008	$ 7,457,992	$ 4,773,115	$ 2,684,877
FY 2009	$ 7,756,312	$ 4,964,040	$ 2,792,272
FY 2010	$ 8,066,564	$ 5,162,602	$ 2,903,962
FY 2011	$ 8,389,227	$ 5,369,106	$ 3,020,121
FY 2012	$ 8,724,796	$ 5,583,870	$ 3,140,926

If all children identified as having extensive behavioral challenges (1150 children), access CSA services through the provisions of this bill, the cost to state and local governments would be nearly three times higher than the estimates in the table above. 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.

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 around 700 children who have been placed in the foster care system for the primary purpose of accessing mental health services. This workload includes negotiating noncustodial agreements, arranging background checks on the family, attending court hearings, and reporting requirements. 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.

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
- Community Services Boards
- CSA Community Policy & Management Teams and Family Assessment & Planning Teams

10. Other comments: Currently, there are around 700 children receiving services to prevent foster care placements through CSA primarily to obtain mental health services. Some communities access these services through the foster care mandate via voluntary parental agreements (noncustodials), entrustments or court orders. Some communities provide community services for these children through CSA prevention foster care services. Finally, some children are served through nonmandated funds available through CSA or the Mental Health Initiative fund in the Department of Mental Health, Mental Retardation and Substance Abuse Services.

Localities reported to DSS that 419 children entered foster care through voluntary parental agreements (noncustodials) solely to obtain mental health services in FY2006. In addition, local DSS reported that 96 children entered foster care through delinquency petitions solely to obtain mental health 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 is a companion to this legislation

Date: 02/03/07/eee
Document: G:\FY2007\2007 Legislation\CSA\SB1332S1.Doc Emily Ehrlichhmann
cc: Secretary of Health and Human Resources