

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: SB627

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

2. Patron: Newman

3. Committee: Finance

4. Title: Department of Behavioral Health and Developmental Services; training center residents; quality of care

5. Summary: This bill requires the Secretary of Health and Human Resources to ensure that before any training center resident is transferred to another facility or discharged into community-based care, adequate and comparable resources and services of equal or better quality are in place.

6. Budget Amendment Necessary: Yes. Item 313.

7. Fiscal Impact Estimates: See Item 8. below.

8. Fiscal Implications: The impact of this bill depends on the interpretation of what constitutes “equal or higher quality of care.” Given the indeterminate nature of the requirements, this fiscal impact statement assumes three possible scenarios.

Scenario 1:

Currently, the Department of Behavioral Health and Developmental Services (DBHDS) does not discharge individuals from a training center to the community until there are sufficient community services in place to meet the needs of the individual. If this legislation does not change this current practice, costs for community care would not increase. However, it is important to note that per person costs in the community would increase if required to add identical staffing or auxiliary services not needed if based on exact services (eg. nursing care).

Scenario 2:

There are some training center residents who are receiving services beyond their needs. Training centers are a very intense environment based on a medical model. Unlike the community-based waiver, where services are tailored individually, an intermediate care facility (ICF) must have available all of the services and supports needed by anyone they serve accessible to all they serve. If the bill would require this same level of service in the community, then additional community costs could be incurred or the individual may not be able to be discharged. As a result, the census in the training centers could stabilize as

opposed to decreasing and the individuals in the center would be limited in their ability to being discharged from the training center even if they wanted to. This would impact the facility staffing and closure savings anticipated in the introduced budget.

If this is the case, costs, based on all training centers operating at 75 beds, except Southside Virginia Training Center which is still scheduled to close in FY 2014, would increase as shown:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2014	\$0	-	GF
2015	(\$44,863)*	-	GF
2016	\$4,567,978	-	GF
2017	\$3,461,036	-	GF
2018	\$8,581,005	-	GF
2019	\$17,334,706	-	GF
2020	\$26,907,938	-	GF

*Slight savings in FY 2015 due to the nature of the discharges..

The fiscal impacts in FY 2015 and FY 2016 shown above represent the variance between HB30/SB30 as introduced and what the expenses would be if Northern Virginia Training Center (NVTC), Southwestern Virginia Training Center (SWVTC), and Central Virginia Training Center (CVTC) remain open and each operated at 75 beds. These costs do not include capital cost required to address deferred maintenance at these three training centers. These capital costs could range from \$13.0 million at Northern Virginia Training Center to \$23.0 million at Central Virginia Training Center over the next 10 years. Alternatively, new 75 bed training centers could be constructed at a cost ranging between \$20.0 million and \$30.0 million, with a new facility in Northern Virginia being the most expensive.

Additionally, these costs may be even higher, as under the DOJ settlement agreement the state is required to continue building sufficient capacity in the community regardless of whether the facilities remain open.

Under this scenario, DBHDS would likely forgo some revenue from the sale of property. While it is feasible to expect that some property on each campus could be sold, the entire campuses could not be sold. Please note that these proceeds have not been accounted for in the introduced budget.

Scenario 3:

Training centers may differ with respect to the numbers and qualifications of staff at any given time, even though the numbers and qualifications of staff are subject to the same oversight and regulatory requirements to provide the essential supports and services necessary for the safety and well-being of the individuals they support. The language of this bill to require that the same level of services and support be present could create delays in transferring individuals in time to meet closure deadlines. These delays would have a

negative impact on the anticipated savings resulting from closure that are budgeted for the growth and development of the community system.

If this was the case, at a minimum, one additional training center would need to remain open to support the anticipated increased census. If it is estimated that 300 individuals would remain in the training centers, Southeastern Virginia Training Center (SEVTC) would remain at their capacity of 75 individuals, and Central Virginia Training Center (CVTC) would need to remain open to support the additional 225 individuals (current census is 285).

The total cost to run CVTC at a capacity of 225 individuals would be \$56.3 million annually. However, these costs would be offset by 225 less individuals being on a waiver. The total “waiver savings” would be \$23.4 million annually. Therefore, the total annual cost to the Commonwealth would be \$32.9 million annually.

Although, again, these cost could be higher as the DOJ settlement agreement requires the state to build capacity and fill these waiver slots regardless of whether individuals stay at the training centers and these facilities remain open.

There would be capital costs associated with keeping CVTC open. These are estimated to be \$23.0 million.

9. Specific Agency or Political Subdivisions Affected: State training centers, Community Service Boards, Office of the Secretary of Health and Human Resources.

10. Technical Amendment Necessary: No.

11. Other Comments: None.