

Department of Planning and Budget

2013 Fiscal Impact Statement

1. Bill Number: HB 2009

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

2. Patron: Cline, Benjamin L.

3. Committee: Health, Welfare and Institutions

4. Title: VIEW; substance abuse screening and assessment of public assistance applicants and recipients

5. Summary: The proposed legislation requires local departments of social services to screen each VIEW program participant to determine whether probable cause exists to believe the participant is engaged in the use of illegal drugs. The bill provides that when a screening indicates reasonable cause to believe a participant is using illegal drugs, the Department of Social Services shall require a formal substance abuse assessment of the participant, which may include drug testing. Any person who fails or refuses to participate in a screening or assessment without good cause or who tests positive for the use of illegal drugs shall be ineligible to receive TANF payments for a period of one year.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars*</i>	<i>Positions</i>	<i>Fund</i>
2013	-	-	-
2014	\$ 97,983 \$ 372,781	-	General Fund Nongeneral Funds
2015	\$147,060 \$ 97,983	-	General Fund Nongeneral Funds
2016	\$147,060 \$ 97,983	-	General Fund Nongeneral Funds
2017	\$147,060 \$ 97,983	-	General Fund Nongeneral Funds
2018	\$147,060 \$ 97,983	-	General Fund Nongeneral Funds
2019	\$147,060 \$ 97,983	-	General Fund Nongeneral Funds

*Expenditure impact does not include a required local match of \$45,408 each year. In addition, assumes that all eligible expenses are offset with TANF dollars if anticipated to be available.

8. Fiscal Implications: It is estimated that the proposed legislation would introduce additional costs associated with providing substance abuse screenings, assessments, drug testing, and drug treatment of VIEW participants. The administrative effort required to process and screen participants will increase the local staff workload. For this analysis it is assumed that

when applicants apply for TANF, it would be determined whether they are required to participate in VIEW, and they would then be screened for substance abuse. To assess the fiscal impact of this bill, the following was examined: workload associated with processing new applications as well as the on-going effort to screen program participants; the cost of drug testing; the cost of drug treatment; and the impact on the TANF program.

Assumptions:

- Thirty-nine percent of those receiving TANF will participate in VIEW. Based on data in the Virginia Independence Program Monthly Report for October 2012, there were 33,499 TANF cases, of which 13,105 (39 percent) were enrolled in VIEW.
- Local departments would utilize a commonly accepted screening tool, such as the Substance Abuse Subtle Screening Inventory (SASSI) to determine if there is reason to require a drug assessment and test. It is estimated that such a tool would require 5 to 15 minutes to administer and 5 to 10 minutes to score. Therefore, it is assumed that at least 15 minutes would be needed for a worker to administer and review the screening for each participant.
- Ten percent of the VIEW participants screened by local workers will be referred for formal assessment and drug testing. The number of participants that would actually be referred for formal assessment is unknown, so a conservative assumption of ten percent was used.
- The proposed bill requires a formal substance abuse assessment, which may include drug testing, to be performed by a substance abuse treatment practitioner licensed by the Department of Health Professions. Due to the level of expertise needed to collect, evaluate, and determine evidence of illegal drug use the department would have to contract with local Community Service Boards (CSB) or other professional vendors to perform the formal assessments, and the drug tests. The average cost of a formal drug assessment/test is estimated at \$99.32.
- The potential number of individuals referred for assessment and drug testing who test positive for illegal drugs use cannot be reasonably determined. The National Survey on Drug Use and Health (NSDUH) has reported that the overall rate of illicit drug use among persons age 12 or older in 2011 was 8.7 percent. Based on this, it is assumed that the VIEW population (13,105 individuals) reflects the overall population and would also have an 8.7 percent rate of drug use.
- Fifty percent of those tested will test positive and will agree to enter into a drug treatment program.
- Drug treatment services will be covered by Medicaid for VIEW participants.
- Eighty percent of those initially opting for drug treatment to maintain their TANF benefits are assumed to already be receiving drug treatment services covered by Medicaid. As such, the cost of drug treatment for the remaining 20 percent is assumed to be an additional cost.

Analysis:

When a person applies for TANF assistance, the individual must go through several steps to determine eligibility beginning with the submission of an application for benefits. If a person is determined eligible for TANF, then he or she is referred for VIEW participation unless ruled exempt from VIEW. The individual is then contacted by a local department of social services VIEW worker to come to the agency for the VIEW initial assessment which evaluates the person's job skills, abilities, education, and barriers to employment. Drug

screening would take place at this initial assessment. The cost estimate for this bill using the above assumptions is summarized below. A detailed analysis of each component of the cost follows.

Summary of Costs

Cost Description	FY 2014	FY 2015
Initial and Periodic Screenings	292,958	292,958
Assessment and Drug Testing	252,968	252,968
Drug Treatment	195,966	195,966
TANF Assistance Payments	(225,720)	(451,440)
Total Costs	516,172	290,452

Initial and Periodic Screenings

There were 2,642 new applicants approved for TANF in October 2012. It is estimated that 1,030 of these (2,642 applicants x 39 percent) would participate in VIEW and thus be screened each month. At 15 minutes per screening, it will take 258 hours per month to initially screen new applicants, or 3,091 hours per year. In addition, periodic screenings are required for all VIEW participants, no more than once every six months. Since participation in VIEW cannot exceed two years, it is assumed that each participant would be screened annually. Based on the total number of VIEW participants in October 2012, 13,105 individuals would be periodically re-screened each year. At 15 minutes per screening, it will take 3,276 hours per year to perform the periodic re-screenings of participants.

Based on the above assumptions, the proposal would require local departments of social services to complete approximately 25,470 screenings (12,365 new applicant screenings plus 13,105 annual screenings) each year. Using the average productive hours per worker of 1,500 hours, the equivalent of 4.245 additional staff would be needed. Based on an average annual cost of \$61,018 for a local case worker and \$7,995 for associated nonpersonal services, the total cost for additional local staff is estimated at \$292,958 each year. This includes a local match of \$45,408.

Assessment and Drug Testing

It is assumed that there will also be a cost to the state for those individuals who require a formal substance abuse assessment and drug test. The assumed assessment cost estimate of \$49.32 is based on the current Medicaid reimbursement rate for an adult substance use screenings and brief intervention service (SBI) that lasts longer than 30 minutes. While SBI is not necessarily the same as the formal assessment called for in the legislation, it seems similar enough to be used as the best indicator of potential assessment costs at this time. However, this assumes that providers accept this Medicaid rate. Information gleaned from the assessment would influence what specific drug tests are run. Clinical urine toxicology tests could range from \$25 up to \$100, depending on what specific drugs and how many drugs for which a urine sample is tested. An average cost of \$50 is assumed. It should be noted that the cost estimates are impacted by the fact that TANF benefits are considered to be entitlements. It is assumed that the data gathered in the formal assessment and drug test would have to be treated as legal evidence and procedures followed that would meet standards for chain of evidentiary custody. If ten percent or 2,547 of the total screened

population underwent the formal assessment and drug testing at a cost of \$99.32 per person, the total cost would be \$252,968 annually. While the bill does not specify that the Department of Social Services will pay for drug tests and assessments; it is assumed that such expenses would be covered by state dollars similar to other costs in the proposal. However, should the participant be intended to pay for the formal assessment and drug test the cost of this bill would decrease.

The cost estimates in this section are still being examined by the Department of Behavioral Health and Developmental Services. Should better data become available the fiscal estimate will be revised.

Drug Treatment

Again, the potential number of VIEW participants that might test positive for illegal drug use cannot be reasonably determined. If 8.7 percent of the VIEW population is assumed to use drugs, similar to the national average, then it is estimated that of the 1,310 participants referred for assessment and testing (10 percent); 1,140 VIEW participants (13,105 VIEW participants as of October 2012 x .087) would ultimately test positive. Assuming fifty percent or 570 of those testing positive would agree to enter a drug treatment program and, therefore, remain eligible for assistance. Drug treatment services are currently covered by Medicaid for eligible participants. Medicaid is administered by the Department of Medical Assistance Services (DMAS). An additional Medicaid drug treatment expense would be incurred for those qualifying VIEW participants who opt for drug treatment services and are not currently receiving this service through Medicaid.

It is conservatively estimated that twenty percent of those opting for drug treatment to retain their TANF assistance payments are not currently receiving drug treatment services covered by Medicaid. Based on this, additional drug treatment costs would be incurred for 114 (570 x .20) individuals. DMAS analyzed claims data for FY 2012 to determine the annual costs to Medicaid of a drug treatment program for an individual. Using an average annual Medicaid drug treatment cost of \$1,330 per case, the additional program cost for those opting for drug treatment is estimated to be \$151,620 (114 x \$1,330) annually. In addition, there would be a case management expense of \$389 a year for each participant entering a drug treatment program. Additional drug treatment case management expenses are estimated at \$44,346 (114 x 389) annually; making the total treatment cost for this population \$195,966. Fifty percent of the drug treatment program costs are covered by federal Medicaid funds with the remaining 50 percent being covered by general fund dollars.

TANF Assistance Payments

Given the average increase in the TANF assistance payment for one additional person of \$66 per month or \$792 annually, it is estimated that expenditures for TANF benefits would decrease by \$451,440 (570 x 792) annually for those who test positive for illegal drug use and do not comply with a drug treatment program. For purposes of this analysis, a gradual (50 percent) decrease in benefits is assumed in the first year. As such, TANF benefits would decrease by \$225,720 in the first year and \$451,440 each year thereafter.

The Department of Social Services indicated that TANF dollars can be used to support the costs of screenings, assessments, and drug tests; therefore it is assumed that the savings generated by this proposal will be netted against the legislation's costs. In addition, the

TANF block grant is expected to have a one-time balance in FY 2014. The anticipated balance is sufficient to cover the remaining eligible (Medicaid costs cannot be covered) first year costs of this legislation. However, projections of TANF revenue and spending for FY 2015 and beyond indicate that general fund resources would be necessary to support the bill's costs that are in excess of the TANF benefit decrease it generates. The general fund need in item 7 reflects the anticipated TANF offsets to general fund.

Summary Table

General Assumptions	
VIEW Participation Rate	39%
Minutes Required to Screen VIEW Participant (SASSI Estimate)	15
Percent of Screenings Referred for Assessment and Drug Testing	10%
Average Cost of Formal Assessment and Drug Test	\$99.32
Rate of Drug Use in VIEW Population	8.7%
Percent of Individuals Entering Drug Treatment	50%
Percent of Drug Treatment Population With New Medicaid Cost	20%
Percent of VIEW Participants Who Subsequently Test Positive	1%
Initial and Periodic Screenings	
Monthly Number of approved TANF Applications (October 2012)	2,642
Number Initial Screenings Per Month (Applicants x Rate)	1,030
Monthly Staff Hours Required to Perform Initial Screenings	258
Annual Staff Hours Required to Perform Initial Screenings	3,091
Annual Number of Periodic Re-Screenings	13,105
Annual Staff Hours Required to Perform Periodic Re-Screenings	3,276
Annual Number of Screenings (Initial and Periodic) Required	25,470
Total Staff Hours for Screenings (Initial + Periodic)	6,367
Estimated Cost of Local Staffing for Initial and Periodic Screenings (Each Year)	\$292,958
Assessment and Drug Testing	
Assessment and Drug Test Cost	\$99.32
Number of Assessments and Drug Tests (10% of Screened Population)	2,547
Estimated Cost of Assessment and Drug Testing (Each Year)	\$252,968
Drug Treatment	
Number of VIEW Participants Who Use Drugs (13,105 x 8.7%)	1,140
Number of Individuals Who Test Positive That Enter Drug Treatment (Assumed at 50%)	570
Number of Individuals New to the Medicaid Drug Treatment Program (Assumed at 20%)	114
Average Annual Medicaid Drug Treatment and Case Management Cost	\$1,719
Estimated Cost of Drug Treatment Initial Compliance Population (Assumed at 50%)	\$195,966
TANF Assistance Payments	
Average Annual TANF Assistance Payment for One Person	\$792
Number of Individuals Who Test Positive and Do Not Enter Drug Treatment (Assumed at 50%)	570
Estimated First Year Impact on TANF Assistance Payments	(\$451,440)
Estimated On-going Impact on TANF Assistance Payments	(\$225,720)

9. Specific Agency or Political Subdivisions Affected:

Department of Social Services

Department of Medical Assistance Services

Department of Behavioral Health and Developmental Services

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/24/13

Document: G:\2013 Fiscal Year\2013 GA Session\EFIS\HB2009.docx