

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0602-01
Bill No.: SB 174
Subject: Elderly; Health Care; Mental Health; Mental Health Dept.; Disabilities
Type: Original
Date: January 30, 2007

Bill Summary: Modifies laws on mental health facilities and group homes for the mentally retarded and developmentally disabled.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$4,490,369 to Unknown)	(\$5,402,654 to Unknown)	(\$5,564,279 to Unknown)
Total Estimated Net Effect on General Revenue Fund	(\$4,490,369 to Unknown)	(\$5,402,654 to Unknown)	(\$5,564,279 to Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
State School Moneys*	\$0*	\$0*	\$0*
Criminal Records	\$238,500	\$117,000	\$117,000
Total Estimated Net Effect on Other State Funds	\$238,500	\$117,000	\$117,000

* Fines and penalties income and transfer-out net to \$0.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Federal**	\$0**	\$0**	\$0**
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

** Increase in program payments and expenditures exceed \$8 million annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	11	11	11
Total Estimated Net Effect on FTE	11	11	11

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator** and **Department of Public Safety (DPS) - Director's Office** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Prosecution Services (OPS)** assume this proposal would not have a significant direct fiscal impact on county prosecutors or the OPS.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Elementary and Secondary Education (DES)** state there is no state cost to the foundation formula associated with this proposal. Should the new crimes and amendments to current law result in additional fines or penalties, the DES cannot know how much additional money might be collected by local governments or the Department of Revenue to distribute to schools. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore, the affected districts will see an equal decrease in the amount of funding received through the formula the following year unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Officials from the **Department of Social Services (DOS)** state the proposal requires background screening for mental health workers, brings private mental health facilities and group homes under state licensing, and sets up a classification scheme for violation of state licensing standards depending on the severity of the violation. Background screening is done by the Family Care Safety Registry in the Department of Health and Senior Services and licensing standards and enforcement are the responsibility of the Department of Mental Health. There is no direct fiscal impact to the DOS.

ASSUMPTION (continued)

Officials from the **Department of Corrections (DOC)** state the DOC cannot predict the number of new commitments which may result from the creation of the offenses(s) outlined in this proposal. An increase in commitment depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through either incarceration (FY 05 average of \$39.13 per inmate per day or an annual cost of \$14,282 per inmate) or through supervision provided by the Board of Probation and Parole (FY 03 average of \$3.15 per offender, per day or an annual cost of \$1,150 per offender per year).

DOC assumes the narrow scope of the crime will not encompass a large number of offenders. The low felony status of the crime enhances the possibility of plea-bargaining or the imposition of a probation sentence. The probability also exists that offenders would be charged with a similar but more serious offence of that sentences may run concurrent to one another.

Supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Office of Attorney General (AGO)** state this proposal requires group homes and private mental health facilities to follow the same requirements as state-run facilities. Under existing statute, the AGO may be directed to file petitions for the temporary care and protection of abused or neglected residents (Section 630.167.2). The AGO also has the responsibility to file for injunctions and penalties when violations at facilities occur (Section 630.755).

The AGO assumes that because the facilities and programs to which state law now applies has increased, there will be a corresponding increase in caseload, research and travel time. As a result, the AGO assumes that it would need one (1) Assistant Attorney General II to pursue these violations. The AGO estimates personal service and equipment and expense costs for FY 08 of \$64,532; FY 09 costs of \$78,708; and FY 10 costs of \$80,449.

Officials from the **Department of Health and Senior Services (DOH)** provide the following assumptions:

Division of Regulation and Licensure (DRL)

The Department of Mental Health (DMH) provided the estimate of 27,000 mental health workers would need to register on the Family Care Safety Registry (private facility mental health workers). The Family Care Safety Registry estimates that one (1) Health Program Representative ASSUMPTION (continued)

(HPR) and 0.5 Office Support Assistant (OSA-Keyboarding) are required to process 12,000 registrations each year. Therefore, 2 HPR FTE and 1 OSA FTE are needed to process the additional applications as a result of this legislation (27,000 x 80% annual turnover rate in mental health workers = 21,600 new registrations per year. $21,600/12,000 = 1.8$. $1.8 \times 1.5 = 2.7$ FTEs which rounds 3 FTE's). Standard equipment, rental space and expenses are needed for the 3 FTE.

Postage costs to notify the mental health workers of their background screening results is estimated at 37.1 cents per mailing (21,600 x .371) or \$8,014 annually.

Division of Senior and Disability Services (DSDS)

The DSDS assumes that the calls of reports of abuse or neglect in private group homes and health facilities would be received by the Central Registry Unit (CRU) hotline in DSDS and referred to the Department of Mental Health for investigation by DMH staff as required in section 630.167.

The DSDS cannot estimate at this time the increase in the volume of phone calls that will result from the expanded utilization of the CRU hotline. A significant increase would result in additional staff needs. In FY 2006, 16.99 staff were assigned to the CRU hotline. Those 16.99 FTE received a total of 63,296 calls, reports, or referrals. 16,815 of those calls were reports of abuse, neglect, or financial exploitation (A/N/E) of non-institutionalized elderly or disabled persons. The ratio of A/N/E reports averaged 990 per FTE per year (16,815/16.99 FTE). Presently, the CRU is receiving a significant portion of mental health related calls. The DSDS would defer to DMH to determine an estimate of increased call volume due to this legislation, and will at this time assume that call volume increases will be absorbed by current staff. However, if the increased call volume is substantial (i.e. greater than 990 calls/year), The DSDS would need to request additional funds and FTE to ensure proper handling of A/N/E reports to the CRU hotline.

Additionally, while the DSDS assumes that this legislation would require that all investigations involving DMH "clients" as defined in 630.005(4) will be conducted by the DMH, it is presently unknown how many investigations will be referred to the DMH. The DSDS, through Section 660.261, RSMo, has the ability to refer investigations of abuse and neglect to appropriate agencies.

To date, the DMH has stated that a referral to their agency is only appropriate in cases where the referred individual is an active DMH client. The DSDS assumes that the revision of the definition of "client" will add to the number of investigations that will be referred to DMH for

ASSUMPTION (continued)

investigation or action. DSDS policy states that division staff will investigate all cases where a referral is not able to be made. With the assumed increase in calls to the CRU, the DSDS does note that the number of referrals to DMH for investigation would have to increase significantly to have a net decrease effect on HCS investigative FTE needs by the Division.

Currently, the CRU hotline is presently operating at near capacity. If the volume of calls grows significantly, an upgrade to the hotline equipment and voice-recording devices (where all calls are recorded) will be required to handle the increased call load. The estimated cost of an upgrade is estimated at \$150,000.

The DSDS assumes the number of contracted provider complaints may increase due to the additional requirement to register as a "mental health worker" on the Family Care Safety Registry and assumes some violations of this requirement will occur. However, at this time, the increase will most likely be able to be absorbed by current staff.

In total, the DOH estimates the legislation will result in unknown costs exceeding \$149,900 for FY 08; unknown costs exceeding \$159,446 for FY 09; and unknown costs exceeding \$164,228 for FY 10.

Oversight assumes the DOH will not require additional rental space for 3 FTE.

Officials from the **Department of Mental Health (DMH)** state Section 210.903 adds Mental Health workers to those required to be registered on the Family Care Safety Register located at Department of Health and Senior Services (DOH). The cost to pay for registration with the Family Care Safety Register is \$5.00 each. The one-time cost for registering the current 9,000 DMH employees would be \$45,000. Mental health workers have a high turnover rate. The DMH has approximately 1,750 new hires each year and the annual cost is projected to be \$8,750. Due to the January 1, 2008 effective date of the legislation, the first year new hire costs would be \$4,375.

The DMH staff needed to implement Section 630.705 would include four (4) Program Specialists II (\$37,896 each, annually) and three (3) clerical staff (\$23,160 each, annually) plus fringe benefits and equipment and supplies and travel for Program Specialists.

Section 633.300 requires staff at private facilities to have the same training as those employed by the state facilities. The topics of training required for private providers are similar to state facilities, but different mixes and levels are required depending on the type of setting of the facility. Some of the basic trainings include CPR, First Aide, HIPPA, Fire Safety, Abuse and

ASSUMPTION (continued)

Neglect Reporting, and Medication Administration. Because the training needs are not known at this time, the department is unable to determine the costs associated with the needs of private providers at this time.

Section 633.300 also requires that private provider staff be compensated at an equivalent rate to state facility employees. The department conducted a survey in 1995 of the hourly compensation for private group home staff, which may include staff positions above the Developmental Assistant (DA) I classification. Using this study as the baseline and projecting forward the 3% provider increases in 2000 and 2001, and the 2002 additional \$1 hour increase for the community direct care staff increase, the DMH estimates that the cost per hour average increase could be as much as \$1.32 to be comparable to state mental health workers. This \$1.32 increase would reflect the State and Federal share. There are approximately 4,500 community staff. The annual estimated cost is \$12,355,200 ($\$1.32 \times 4,500 \times 2,080$ average hours per year). The Medicaid Federal cost would be \$7,687,405 (62.22%) and the General Revenue cost would be \$4,667,795 (37.78%). Guidelines defining the tasks associated with each position would have to be established in order to equitably compare private providers to state facility staff. At this time the department is unable to determine these costs.

The fiscal impact of this legislation to the DMH is unknown but greater than \$4,283,187 in General Revenue funds and \$6,598,356 in Federal funds in the first year.

Officials from the **DPS - Missouri State Highway Patrol (MHP)** state the proposed legislation requires mental health workers to have criminal background checks through the Family Care Safety Registry (FCSR). The FCSR conducts name-based checks and \$5 per name check is deposited into the Criminal Records Fund.

The DOH estimates that there are currently 27,000 workers that will be required to register with FCSR. Revenue for the first year to the Criminal Records Fund is estimated at \$135,000 (27,000 private mental health facility employees X \$5).

The annual turnover rate for mental health employees is estimated to be 80%. Therefore, 21,600 new employees (27,000 employees X 80%) will be required to register as they are employed. Revenue for the second and third years is estimated at \$108,000 (21,600 new employees X \$5).

The DMH assumes 9,000 current workers from state mental health providers will be required to register. Revenue for the first year is estimated at \$45,000 (9,000 employees X \$5).

ASSUMPTION (continued)

The annual turnover rate for DMH mental health employees is estimated to be 20%. Therefore, 1,800 workers (9,000 X 20%) will be required to register as they are employed. Revenue for FY 09 and FY 10 is estimated at \$9,000 annually (1,800 X \$5).

Therefore, total revenue to the Criminal Records Fund is estimated to be \$180,000 for FY 08 and \$117,000 for each FY 09 and FY 10.

Oversight notes January 1, 2008 is the effective date for background checks to start on mental health employees. Assuming half of the employee turnover would have already occurred, background checks would need to be performed for 10,800 private mental health employees and 900 DMH employees for the second half of FY 08. Therefore, **Oversight** assumes FY 08 revenue of \$238,500 [\$135,000 current private facility employees + \$45,000 current DMH employees + \$54,000 in turnover of private facility employees (21,600 X 6/12 months X \$5) + \$4,500 turnover of DMH employees (1,800 X 6/12 months X \$5)].

This proposal will impact total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Savings - Fines and Penalties</u>			
Reduction in foundation formula distributions	Unknown	Unknown	Unknown
<u>Costs - Office of Attorney General</u>			
Personal service costs (1.0 FTE)	(\$32,188)	(\$39,784)	(\$40,977)
Fringe benefits	(\$14,568)	(\$18,006)	(\$18,546)
Equipment and expense	<u>(\$17,776)</u>	<u>(\$12,052)</u>	<u>(\$12,412)</u>
Total <u>Costs - Office of Attorney General</u>	<u>(\$64,532)</u>	<u>(\$69,842)</u>	<u>(\$71,935)</u>
FTE Change - AGO	1.0 FTE	1.0 FTE	1.0 FTE
<u>Costs - Department of Mental Health</u>			
Personal service costs (7.0 FTE)	(\$189,747)	(\$234,527)	(\$241,563)
Fringe benefits	(\$85,879)	(\$106,147)	(\$109,331)
Equipment and expense	(\$117,732)	(\$33,206)	(\$34,201)
Community providers direct care staff increases	<u>(\$3,889,829 to Unknown)</u>	<u>(\$4,807,829 to Unknown)</u>	<u>(\$4,952,064 to Unknown)</u>
Total <u>Costs - Department of Mental Health</u>	<u>(\$4,283,187 to Unknown)</u>	<u>(\$5,181,709 to Unknown)</u>	<u>(\$5,337,159 to Unknown)</u>
FTE Change - DMH	7.0 FTE	7.0 FTE	7.0 FTE
<u>Costs - Department of Health and Senior Services</u>			
Personal service costs (3.0 FTE)	(\$71,863)	(\$88,823)	(\$91,487)
Fringe benefits	(\$32,525)	(\$40,201)	(\$41,407)
Equipment and expense	(\$38,262)	(\$22,079)	(\$22,741)
Increase in DSDS staff, equipment and expense, and hotline upgrades	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>
Total <u>Cost - Department of Health and Senior Services</u>	<u>(\$142,650 to Unknown)</u>	<u>(\$151,103 to Unknown)</u>	<u>(\$155,635 to Unknown)</u>
FTE Change - DOH	3.0 FTE	3.0 FTE	3.0 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
	<u>(\$4,490,369 to Unknown)</u>	<u>(\$5,402,654 to Unknown)</u>	<u>(\$5,564,279 to Unknown)</u>
Estimated Net FTE Change for General Revenue Fund	11.0 FTE	11.0 FTE	11.0 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
STATE SCHOOL MONEYS FUND			
<u>Income - Fines and Penalties</u>	Unknown	Unknown	Unknown
<u>Transfer-Out - School Districts</u>			
Fines and penalties	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND*	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
CRIMINAL RECORDS FUND			
<u>Income - Missouri State Highway Patrol</u>			
Mental health worker registration fees	<u>\$238,500</u>	<u>\$117,000</u>	<u>\$117,000</u>
ESTIMATED NET EFFECT ON CRIMINAL RECORDS FUND	<u>\$238,500</u>	<u>\$11,700</u>	<u>\$11,700</u>
FEDERAL FUNDS			
<u>Income - Department of Mental Health</u>			
Increase in program funding	\$6,598,356 to Unknown	\$8,155,568 to Unknown	\$8,400,235 to Unknown
<u>Costs - Department of Mental Health</u>			
Community providers direct care staff increases	<u>(\$6,598,356 to Unknown)</u>	<u>(\$8,155,568 to Unknown)</u>	<u>(\$8,400,235 to Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS**	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

* Fines and penalties income and transfer-out net to \$0.

** Increase in program payments and expenditures exceed \$8 million annually and net to \$0.

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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SCHOOL DISTRICTS

Transfer-In from State School Moneys

Fund

Fines and penalties	Unknown	Unknown	Unknown
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Loss - School Districts

Reduction in foundation formula distributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON SCHOOL DISTRICTS

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

This proposal will directly impact small business mental health service providers because all mental health workers are required to be registered on the "Family Care Safety Registry". In addition, small business mental health providers will need to provide some training to their mental health workers.

FISCAL DESCRIPTION

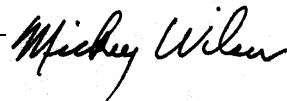
This proposal requires private mental health facilities and group homes for the mentally retarded and developmentally disabled to have the same requirements as state-operated facilities. All mental health workers are required to register on the Family Care Safety Registry.

This proposal amends the Family Care Safety Registry and Sunshine Laws to include private mental health facilities and group homes. Private mental health facilities and group homes are included in the licensure and standards requirements for residential facilities and day programs. The facilities or homes are also required to report staff turnover to the Department of Mental Health and the General Assembly.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Office of State Courts Administrator
Department of Elementary and Secondary Education
Department of Mental Health
Department of Corrections
Department of Health and Senior Services
Department of Social Services
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Office of Prosecution Services
Office of Secretary of State



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