



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0740 - Revise laws relating to out-of-state placement of youth with mental health needs (Smith, Laura)

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
Expenditures:				
General Fund	\$132,718	\$130,448	\$132,703	\$134,996
Federal Special Revenue	\$134,718	\$130,448	\$132,703	\$134,966
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$134,718	\$130,448	\$132,703	\$134,966
Net Impact-General Fund Balance:	<u>(\$132,718)</u>	<u>(\$130,448)</u>	<u>(\$132,703)</u>	<u>(\$134,996)</u>

Description of fiscal impact: HB 740 requires additional oversight for youth receiving treatment in an out of state facility, including quarterly clinical reviews, medical reviews for youth who receive three or more medical, chemical, or physical restraints in a month, and approval by the Director of the Department of Public Health and Human Services (DPHHS) (department) for youth 12 and under and in the custody of the department. Additionally, HB 740 adds data collection and reporting requirements to the annual out of state placement report. DPHHS would require additional staffing and would incur contracted services and system update costs to meet the requirements of this bill.

FISCAL ANALYSIS

Assumptions:

- The department's Behavioral Health and Developmental Disabilities Division (BHDD) estimates requiring a 1.00 FTE program specialist 2 position (a licensed clinician) to complete the increased oversight of out of state placements. Duties of the licensed clinician will include coordination with Child and Family Services Division (CFSD) on reports of restraints of children, coordination with out of state providers to assemble case files for psychiatric review, sample-based random clinical reviews for compliances with state and federal regulations, provider education and monitoring, and collection and compilation of data for additional reporting requirements as outlined in HB 740.

2. Personal services for the 1.00 FTE is estimated to be \$78,287 in FY 2024, one-time-only office set up costs are estimated to be \$2,800, and operating costs associated with the FTE are estimated at 3% of personal services. These costs are Medicaid administrative services that receive Federal Medical Assistance Percentage (FMAP) of 50% general fund and 50% federal funds.
3. HB 740 requires medical case review to occur when the department receives reports of a youth in the custody of the department who has received three or more medical, chemical, or physical restraints in one month. Medical, chemical, and physical restraints in Psychiatric Residential Treatment Facilities (PRTFs) are regulated at the federal level in the Code of Federal Regulations, *42 CFR Part 483 Subpart G – Condition of Participation for the use of Restraint or Seclusion in Psychiatric Residential Treatment Facilities Providing Inpatient Psychiatric Services for Individuals Under Age 21*. Orders for restraint or seclusion must be by a physician, or other licensed practitioner permitted by the state and the facility to order restraint or seclusion and trained in the use of emergency safety interventions. Federal regulation requires the facility to notify the parent(s) or legal guardian(s) of the youth as soon as possible after the initiation of each emergency safety intervention. Based on historical reporting for youth in the custody of the department, it is estimated that 25 youth will require medical case review per month.
4. DPHHS anticipates contracting with board certified child and adolescent psychiatrists to perform the medical reviews, at an estimated cost of \$180,000 per year. This estimate was developed informally through discussions with board certified child and adolescent psychiatrists using an assumed \$300 per hour billing rate and two hours per review. ($\$300/\text{hour} \times 25 \text{ youth} \times 2 \text{ hours} \times 12 \text{ months} = \$180,000$ annual cost). These costs are Medicaid administrative services that receive FMAP of 50% general fund and 50% federal funds.
5. The utilization review system used by the department for prior authorizations of PRTFs and Therapeutic Group Homes (TGHs) will need enhancements to collect in-state TGH provider denial reasons before approval of a placement of a youth in an out of state TGH. It is estimated that this one-time-only enhancement will cost \$4,000 ($\$125 \text{ per hour} \times 32 \text{ hours}$), in FY 2024. These are system operations costs that are funded at 25% state general fund and 75% federal funds.
6. The department assumes a 1.5% inflation factor in FY 2026 and FY 2027.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.00	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services	\$78,287	\$78,539	\$80,296	\$82,069
Operating Expenses	\$189,149	\$182,356	\$185,109	\$187,862
TOTAL Expenditures	\$267,436	\$260,895	\$265,405	\$269,931
<u>Funding of Expenditures:</u>				
General Fund (01)	\$132,718	\$130,448	\$132,703	\$134,966
Federal Special Revenue (03)	\$134,718	\$130,448	\$132,703	\$134,966
TOTAL Funding of Exp.	\$267,436	\$260,895	\$265,405	\$269,931
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$134,718	\$130,448	\$132,703	\$134,966
TOTAL Revenues	\$134,718	\$130,448	\$132,703	\$134,966
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$132,718)	(\$130,448)	(\$132,703)	(\$134,966)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Notes:

- Section 2 under 53-2-311 adds new subsection (2)(a), “The department shall review on a quarterly basis the care provided by out-of-state psychiatric residential treatment facilities, including the assessment, education, treatment planning, clinical, and discharge planning services provided to children and the documentation of those services.” This type of review is typically required per national accreditation and current licensing within their state location. Shifting this type of review to the department in MCA could shift liability to the department.
- Seclusions and restraints are heavily regulated in the Code of Federal Regulations, 42 CFR Part 483 Subpart G. Seclusions and restraints must be used only to ensure the safety of the youth or others during an emergency safety situation, defined as an unanticipated resident behavior that places the resident or others at serious threat of violence or injury if no intervention occurs and that calls for an emergency safety intervention. Therefore, while the department did attempt to estimate the number of medical reviews which will be required for youth receiving three or more restraints in one month to calculate a fiscal impact in assumption #3, the exact figure could be highly unpredictable.

			2-24-23
<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>