

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

February 22, 2017

TO: Honorable Charles Schwertner, Chair, Senate Committee on Health & Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB11 by Schwertner (Relating to the administration of services provided by the Department of Family and Protective Services, including foster care, child protective, relative and kinship caregiver support, and prevention and early intervention services.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB11, Committee Report 1st House, Substituted: a negative impact of (\$5,726,332) through the biennium ending August 31, 2019.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2018	(\$3,474,266)
2019	(\$2,252,066)
2020	(\$2,252,066)
2021	(\$2,252,066)
2022	(\$2,252,066)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>GR Match For Medicaid</i> 758	Probable Savings/(Cost) from <i>Federal Funds</i> 555	Change in Number of State Employees from FY 2017
2018	(\$3,435,663)	(\$38,603)	(\$386,030)	(366.9)
2019	(\$2,227,043)	(\$25,023)	(\$250,230)	(401.4)
2020	(\$2,227,043)	(\$25,023)	(\$250,230)	(404.3)
2021	(\$2,227,043)	(\$25,023)	(\$250,230)	(406.3)
2022	(\$2,227,043)	(\$25,023)	(\$250,230)	(406.3)

Fiscal Analysis

The bill would amend the Family Code, Government Code, and Human Resources Code relating to the administration of services provided by the Department of Family and Protective Services (DFPS), including foster care, child protective, relative and kinship caregiver support, and prevention and early intervention services.

The bill would expand the definition of persons responsible for a child's care, custody, or well-being.

The bill would require DFPS to collect, monitor, and incorporate data regarding repeated reports of abuse or neglect.

The bill would require the agency and community-based care providers to notify managed care organizations (MCOs) of any change in placement of a child in the conservatorship of the state and requires DFPS to ensure any child entering conservatorship of the state receives a medical examination within three business days.

The bill would require DFPS to create a foster care capacity plan and to implement the single child plan of service model in the foster care legacy system of the state.

The bill would require DFPS to develop and implement a formal readiness review process for community-based care vendors, to transfer and oversee case management services to existing and future Single-Source Continuum Contractors (SSCCs) including the creation of a case management transfer planning team, to add certain contract requirements for SSCCs, and to establish a pilot program to contract Family Based Safety Services case management.

The bill would require the agency to complete certain risk assessments, to contract for efficacy reviews in certain Prevention and Early Intervention (PEI) programs, and to add certain reporting requirements to the agency's PEI strategic plan.

The bill would require that children receiving therapeutic foster care services through SSCCs receive a comprehensive assessment at least every 90 days.

The bill would require all Child Care Licensing abuse and neglect investigations to remain at DFPS instead of transferring to the Health and Human Services Commission (HHSC) and allows the two agencies to coordinate certain investigative services.

The bill would require MCOs under STAR Health, contracted child-placing agencies (CPAs), and general residential operations to ensure children receive a complete and timely early and periodic screening, diagnosis, and treatment (EPSDT) checkups. HHSC would be required to include provisions in contracts with MCOs and CPAs specifying monetary penalties if the benchmark is not attained. The bill would require MCOs to ensure the continuity of health care for a child whose placement has changed.

The bill would require DFPS to regularly review record retention policies and to create a division within the agency to oversee community-based care quality and assurance and an Office of Data Analytics.

The bill would allow DFPS or HHSC to assess financial penalties for residential child-care providers' failure to meet certain performance outcomes.

The bill would require the agency to contract and collaborate with certain entities to develop performance quality metrics for service provider contracts.

Except as otherwise specified, this bill would take effect September 1, 2017.

Methodology

According to DFPS and HHSC, all of the duties and responsibilities associated with implementing the provisions of the bill related to the monitoring reports of abuse or neglect, the creation of a foster care capacity report, the completion of a formal community-based care readiness review process, the creation of an Office of Data Analytics, the addition of PEI strategic plan reporting, the development of a geographic risk assessment tool, and the development of PEI performance quality metrics for service providers could be accomplished by utilizing existing agency resources.

The analysis assumes that there is no cost associated with expanding the definition of persons responsible for a child's care, custody, or welfare.

In addition, the analysis assumes that the cost to ensure children receive timely medical examinations, to implement a pilot region for the single child plan of service model in the legacy system of the state, to ensure continuity of therapeutic foster care services by SSCCs, and to ensure continuity of health care services by MCOs should not result in a cost to the state as these requirements are already established.

Because the STAR Health contract already requires an initial medical checkup within 30 days, it is assumed there would be no cost from the requirement. It is further assumed that the requirement to provide a medical screening within three days would have no cost because a health screening is already required within 30 days and providing the screening sooner should not result in an overall increase to medical cost; however, should the requirement result in two medical visits there could be an increased medical cost. Because HHSC has the authority to set rates, including to establish MCO premiums, there could ultimately be a cost if HHSC decided to increase STAR Health premiums under the assumption that the requirement would result in an increase in health services provided. It is assumed that the MCOs would comply with the requirement and there would be no increased revenue from assessment of penalties. It is assumed any increased administrative cost to MCOs from ensuring continuity of care would be offset by savings in medical cost due to the improved coordination of care; however, there could ultimately be a cost if HHSC decided to increase premiums to cover the increased administrative burden without taking into account the likelihood of medical savings.

The analysis also assumes that the requirements related to Child Care Licensing investigations services would result in a net zero net impact to the state, as any increased costs to either DFPS or HHSC agency would be offset by a corresponding decrease in costs at the other agency.

Furthermore, the analysis assumes that the additional duties related to notifying MCOs of changes in child placement, and to review record retention policies could be accomplished by utilizing existing agency resources and do not result in an increased cost to the state.

In addition, while the analysis assumes that any cost to transfer direct delivery of case management services would be offset by corresponding savings at DFPS and the Employee Retirement System (ERS), the expansion of case management oversight requirements in community-based care and the two FBSS pilot program would result in increased costs at DFPS. The reduction of direct delivery FTEs at DFPS would total 386.9 FTEs in fiscal year 2018, 421.4 FTEs in fiscal year 2019, 424.3 FTEs in fiscal year 2020, and 426.3 in each subsequent fiscal year.

For the purposes of case management oversight services, the analysis assumes that the agency would require 1.0 FTE for each 200 children served in community-based care and 1.0 FTE for

each 200 children served in the two FBSS pilot regions. Based on the projected number of children in foster care in Region 3B and the projected average number of children receiving FBSS services in two regions of the state, DFPS would require 20.0 FTEs for case management oversight each fiscal year. The ongoing cost per FTE is assumed at \$6,500 per FTE/per month plus benefits assumed at 35.12 percent with an additional one-time set up cost of \$5,400 per FTE to align with the cost per FTE estimates provided by DFPS in their fiscal year 2017 critical needs request. If the agency expanded community-based foster care beyond the one region assumed in this analysis, the related case management oversight costs would also increase.

Finally, according to DFPS, there would be an additional one-time startup cost of \$1,250,000 for initial case management transfer planning and an annual cost of \$393,000 in General Revenue Funds for an independent evaluation of processes and outcomes in community-based foster care.

Technology

Technology costs are estimated to be \$32,000 in the 2018-19 biennium for one-time implementation costs. The estimate includes \$1,600 per additional FTE for computer and laptop accessories.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 405 Department of Public Safety, 529 Health and Human Services Commission, 530 Family and Protective Services, Department of, 644 Juvenile Justice Department, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration

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