

MMA

PREPARED BY: Liz Hruska
DATE PREPARED: March 08, 2011
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LB 221

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	102,612		102,612	
CASH FUNDS				
FEDERAL FUNDS	(102,911)		(102,911)	
OTHER FUNDS				
TOTAL FUNDS	(299)		(299)	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

Under this bill, the Department of Health and Human Services would be required to develop a program to screen applicants or recipients of the Aid to Dependent Children Program (ADC) for controlled substances not prescribed to him or her by a licensed health care provider. If the applicant or recipient tests positive, an administrative review is required to review the case. If the outcome of the review determines that the results are accurate, the applicant or recipient would be ineligible for cash assistance for one year. The ruling could be appealed. The department is required to refer applicants or recipients who have been declared ineligible for cash assistance to the Division of Behavioral Health for referral to a substance abuse treatment program.

Assuming 15% of 5,629 of current adult recipients are suspected of substance abuse and are tested at a cost of \$55, the initial testing cost would be \$46,420 annually. Assuming that one-third test positive, an additional test to verify the results would cost an additional \$15,455 annually. The drug testing costs would be paid from General Funds as this is not a condition of eligibility under the federal Temporary Assistance for Needy Families from which ADC payments are made.

An additional Program Specialist and Attorney would be needed to conduct the administrative hearings and appeals. The costs would be \$177,238 (\$88,619 GF and FF) in FY 12 and FY 13.

Only the adult member of the family would be ineligible at a savings of \$71 a month. ADC is paid 80% from federal funds and 20% from General Funds. The annual savings would be \$239,412 (\$47,882 GF and \$191,530 FF).

No additional costs have been included for treatment services, as HHS is only required to make a referral.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Elton Larson	DATE	2/3/11	PHONE	471-2526
COMMENTS					
DEPARTMENT OF HEALTH AND HUMAN SERVICES: Concur.					

MAR 08 2011

LB(1) 0221

FISCAL NOTE

LEGISLATIVE FISCAL

2011

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name: (2) Department of Health and Human Services

Prepared by: (3) Willard Bouwens

Date Prepared: (4) January 26, 2011

Phone: (5) 471-8072

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$102,612		\$96,222	
CASH FUNDS				
FEDERAL FUNDS	(\$102,910)		(\$109,300)	
OTHER FUNDS				
TOTAL FUNDS	(\$298)	\$0	(\$13,078)	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB0221 is an act relating to the Welfare Reform Act which would amend sections 68-1708, 68-1723, and 68-1724, Reissue Revised Statutes of Nebraska; to provide for drug-screening of applicants for and recipients of cash assistance benefits; to harmonize provisions; and to repeal the original sections.

Section 1 of LB0221 would amend Section 68-1708 to include section 4 of this act within the Welfare Reform Act.

Section 2 of LB0221 would amend Section 68-1723 adding new subsection (4) that would provide:

(4) Applicants and recipients who test positive pursuant to the screening provided in section 4 of this act shall be ineligible for cash assistance as provided in such section and the rules and regulations of the department.

Section 3 of LB0221 would amend Section 68-1724 adding new subsection (2) (g):

(g) Applicants and recipients who test positive pursuant to the screening provided in section 4 of this act shall be ineligible for cash assistance as provided in such section and the rules and regulations of the department.

Section 4 of LB0221 would provide that:

The Department of Health and Human Services shall develop a program to screen any applicant for or recipient of cash assistance under the Welfare Reform Act for the use of a controlled substance not prescribed for him or her by a licensed health care provider if the department has reasonable cause to believe such applicant or recipient is using such a controlled substance. If the applicant or recipient tests positive pursuant to such screening program, the department shall conduct an administrative hearing to review the case. If, after such hearing, the department determines that the positive result was accurate, it shall declare the applicant or recipient ineligible for such cash assistance benefits for a period of one year from the date of such determination. The ruling of the department may be appealed, and the appeal shall be in accordance with the Administrative Procedure Act.

The department shall refer an applicant or a recipient declared ineligible for cash assistance benefits under this section to the Division of Behavioral Health of the department for referral to a substance abuse treatment program.

Section 5 of LB0221 would repeal original sections 68-1708, 68-1723, and 68-1724, Reissue Revised Statutes of Nebraska.

In December 2010, there were 5,629 adults receiving an ADC cash grant. If the Department finds cause to test 15% of these people in a year (844), and the tests cost \$55.00 each, testing would cost \$46,420 (GF). As drug testing is not a condition of eligibility, the test cannot be paid for with Federal TANF funds. Assume 1/3 of these people tested positive (281) (Studies across the country have put the portion of TANF recipients with a substance abuse disorder at anywhere between 5 and 35 percent). Performing a second test to verify the results of a positive test would cost an additional \$15,455 (GF). A verified positive test would result in \$71 being removed from the ADC grant for the person who tested positive. ADC grants are funded 80% FF and 20% GF, so over the course of a year, DHHS would save \$239,412 (\$47,882 GF, \$191,530 FF).

Due to the tracking and administrative hearings and appeals that would accompany a drug testing program, a Program Specialist and Attorney II would be needed. SFY2012 staffing costs would be \$177,239 (\$88,619 GF, \$88,620 FF), and SFY2013 staffing costs would be \$164,459 (\$82,229 GF, \$82,230 FF).

	2012		2013	
	GF	FF	GF	FF
testing cost	\$ 61,875.00	\$ -	\$ 61,875.00	\$ -
save in grants	\$ (47,882.40)	\$ (191,529.60)	\$ (47,882.40)	\$ (191,529.60)
personnel cost	\$ 88,619.50	\$ 88,619.50	\$ 82,229.50	\$ 82,229.50
	\$ 102,612.10	\$ (102,910.10)	\$ 96,222.10	\$ (109,300.10)

The fiscal impact of LB221 does not include additional funding for substance abuse treatment as the bill requires the client be given treatment referrals only.

MAJOR OBJECTS OF EXPENDITURE						
PERSONAL SERVICES:						
POSITION TITLE	NUMBER OF POSITIONS		2011-2012 EXPENDITURES	2012-2013 EXPENDITURES		
	11-12	12-13				
Attorney II	1	1	\$57,106	\$57,106		
Program Specialist	1	1	48,329	48,329		
Benefits.....			42,174	42,174		
Operating.....			17,190	16,850		
Travel.....						
Capital Outlay.....			12,440			
Aid.....			(177,537)	(177,537)		
Capital Improvements.....						
TOTAL.....			(\$298)	(\$13,078)		