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HOUSE OF REPRESENTATIVES
COMMITTEE ON
CHILDREN & FAMILIES
ANALYSIS

BILL #: HB 1525

RELATING TO: Social Services Funding

SPONSOR(S): Representatives Bronson, Futch, Posey, Peaden, Casey, Eggelletion & Dennis

COMPANION BILL(S): SB 1126 (IDENTICAL)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) CHILDREN & FAMILIES YEAS 8 NAYS 0
(2) HEALTH & HUMAN SERVICES APPROPRIATIONS
(3)
(4)
(5)

I. SUMMARY:

Currently there is an unequal distribution of funding relative to population between alcohol, drug abuse and mental health service districts of the Department of Children and Families. The inequity exists whether or not the calculation is made based on total population or population in need.

The bill provides that in the event of a reduction of recurring appropriations for alcohol, drug abuse and mental health funding, the reduction shall first be distributed among districts with a funding level per person in excess of the statewide average funding level per person, until funding levels per person are equalized. It further provides that if a district's recurring funding level per person is below the statewide average, the county shall receive a credit in its share of Medicaid funding of up to three dollars per person.

The Committee on Children and Families adopted two amendments. One amendment adds the words "in need" following "per person" in several places in the bill to conform the language added by the bill to the other language in s. 394.908 F.S. related to equity. The effect is for funding adjustments to be based on funding per person in need rather than based on overall population. The second amendment caps reductions to services to a target population in a given district to no more than twice the overall statewide percentage reduction.

The bill would reduce state reimbursement for Medicaid matching by an indeterminate amount.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

A 1997 survey by the Committee on Children & Families revealed dramatic inconsistency between districts in the expenditures per client target population. For example, estimated expenditures per target population for all alcohol, drug abuse and mental health programs varied across districts from $328 to $579, a variation of over 50 percent.

As a result of a similar analysis, the Office of Program Policy Analysis & Government Accountability (OPPAGA) noted:

- Because of the continuing demand for services, the department needs to develop a way to balance needs and resources. Factors contributing to a continuing demand for services are noted below.
    - Clients with involvement in the criminal justice system make up an increasingly large portion of program clients. The department must provide priority services when the criminal justice system court orders mental health and substance abuse treatment for these clients.
    - Private health insurance policies generally provide limited reimbursement for treatment of mental health and substance abuse problems. The state, therefore, has a larger role in providing these services than it does for providing physical health services.
    - The shift from institutionalization of the mentally ill to community living continues to place demands on community-based mental health programs. The department has faced challenges in providing appropriate treatment and community support to the severely mentally ill that are discharged from the state's mental health institutions.
    - Some of the department's service districts receive a disproportionate share of the state's Alcohol, Drug Abuse and Mental Health Services program funds. Since 1990, the Legislature has explored ways to achieve funding equity that would not result in a loss of funds for any district in the state.

The 1997 Legislature enacted section 394.408, F.S., that provides that 75 percent of new program funds (approximately $10 million in Fiscal Year 1997-98) be allocated on a proportional basis to districts that are below a funding equity threshold. However, due to a 1998 reduction of $8.0 million in General Revenue funding for mental health and substance abuse services, Florida expected a loss of $3.8 million in federal funding. While the reduction in General Revenue was offset by the addition of $12 million in federal funds from the Temporary Assistance for Needy Families (TANF) program, the increased appropriation of federal funds for the program has been difficult to spend for a number of technical reasons. These funding problems resulted in no progress being made on equity during 1998.

Section 394.675, F.S., provides for an alcohol, drug abuse, and mental health service system and s. 394.79, F.S., provides for a state alcohol, drug abuse, and mental health plan.

B. EFFECT OF PROPOSED CHANGES:

The bill provides that in the event of a reduction of recurring appropriations for alcohol, drug abuse and mental health funding, the reduction shall first be distributed among districts with a funding level per person in excess of the statewide average funding level per person, until funding levels per person are equalized. It further provides that if a district's funding recurring funding level per person is below the statewide average, the county shall receive a credit in its share of Medicaid funding of up to three dollars per person. For specific impacts by district see the fiscal analysis section.

C. APPLICATION OF PRINCIPLES:

1. <u>Less Government:</u>

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. <u>Lower Taxes:</u>

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

N/A

c. Does the bill reduce total taxes, both rates and revenues?

N/A

d. Does the bill reduce total fees, both rates and revenues?

N/A

e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

   a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

      N/A

   b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

      N/A

4. Individual Freedom:

   a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

      N/A

   b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

      N/A

5. Family Empowerment:

   a. If the bill purports to provide services to families or children:

      (1) Who evaluates the family's needs?

          N/A

      (2) Who makes the decisions?

          N/A

      (3) Are private alternatives permitted?

          N/A

      (4) Are families required to participate in a program?

          N/A

      (5) Are families penalized for not participating in a program?

          N/A

   b. Does the bill directly affect the legal rights and obligations between family members?

      N/A

   c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Sections 394.908, and 409.915 F.S.

E. SECTION-BY-SECTION ANALYSIS:

Section 1 adds subsection (5) to section 394.908, F.S., which provides for a process for equalizing funding among Department of Children and Families districts for alcohol, drug abuse and mental health funding per "person in need." The change provides that in the event of a reduction of recurring appropriations for alcohol, drug abuse and mental health funding, the reduction shall first be distributed among districts with a funding level per person in excess of the statewide average funding level per person, until funding levels per person are equalized.

Section 2 adds subsection (7) to section 409.915, F.S., which provides for the reimbursement of the state by counties for a portion of the matching required by the federal government for Medicaid. This section provides a credit of moneys owed for this reimbursement of up to $3 per person for counties that have recurring funding for alcohol, drug abuse, or mental health that is below the state average.
Section 3 provides for an effective date of July 1, 1999.

III. <u>FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT</u>:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. <u>Non-recurring Effects</u>:

There would be a reduction in the reimbursement some counties provide to the state for Medicaid cost sharing. See non-recurring effects on local government for amounts not provided to the state.

2. <u>Recurring Effects</u>:

The bill would concentrate alcohol, drug abuse and mental health funding reductions on those counties that are above the state average in funding. The following table illustrates an estimate the percentage impact by district and program from an overall 10 percent reduction. The counties in each district are listed in the fiscal comments section.

The amendment adopted by the Committee on Children and Families would limit the reduction in any target group to no more than 20% in the example below.

Impact of 10% Reduction by District				
	Substance Abuse		Mental Health	
Districts	Children	Adults	Children	Adults
1		27%		11%
2	11%	18%	35%	1%
3		26%	30%	
4	2%		13%	
5		10%		30%
6	53%		6%	
7				
8			10%	28%
9	23%	1%	28%	24%
10	35%			4%
11		18%		
12	21%	41%		16%
13				16%
14				4%
15			55%	29%
Total	10%	10%	10%	10%

3.Long Run Effects Other Than Normal Growth:

N/A

4.Total Revenues and Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1.Non-recurring Effects:

The bill provides a credit of moneys owed for this reimbursement of up to $3 per person for counties that have recurring funding for alcohol, drug abuse, or mental health that is below the state average. The following table estimates the impact of this provision using 1998-99 data. The counties in each district are listed in the fiscal comments section.

The Committee on Children and Families adopted an amendment that requires that the the calculation in the table below be revised.

	Impact of Matching Credit by District				
	Substance Abuse		Mental Health		Total
Districts	Children	Adults	Children	Adults	
1	$38,913		$34,119		**$73,032**
2					
3	$23,985			$69,732	**$93,717**
4		$159,123		$169,623	**$328,746**
5	$57,873		$50,095		**$107,968**
6		$172,848		$60,724	**$233,572**
7	$96,087	$268,692	$95,266	$283,361	**$743,406**
8	$49,767				**$49,767**
9					
10		$201,417	$71,338		**$272,755**
11	$94,452		$122,866	$433,573	**$650,892**
12			$20,827		**$20,827**
13	$33,921	$96,954	$31,870		**$162,745**
14	$29,370	$79,791	$28,113		**$137,274**
15	$21,087	$61,119			**$82,206**
Total	$445,455	$1,039,944	$454,494	$1,017,014	**$2,956,908**

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. FISCAL COMMENTS:

This table shows the counties within each Department of Children and Family Services' district.

COUNTY	DIST.	COUNTY	DIST	COUNTY	DIST
ESCAMBIA	1	ALACHUA	3	CHARLOTTE	8
OKALOOSA	1	BRADFORD	3	COLLIER	8
SANTA ROSA	1	COLUMBIA	3	DESOTO	8
WALTON	1	DIXIE	3	GLADES	8
BAY	2	GILCHRIST	3	HENDRY	8
CALHOUN	2	HAMILTON	3	LEE	8
FRANKLIN	2	LAFAYETTE	3	SARASOTA	8
GADSDEN	2	LEVY	3	PALM BEACH	9
GULF	2	PUTNAM	3	BROWARD	10
HOLMES	2	SUWANNEE	3	DADE	11
JACKSON	2	UNION	3	MONROE	11
JEFFERSON	2	BAKER	4	FLAGLER	12
LEON	2	CLAY	4	VOLUSIA	12
LIBERTY	2	DUVAL	4	CITRUS	13
MADISON	2	NASSAU	4	HERNANDO	13
TAYLOR	2	ST. JOHNS	4	LAKE	13
WAKULLA	2	PASCO	5	MARION	13
WASHINGTO	2	PINELLAS	5	SUMTER	13
		HILLSBOROUG	6	HARDEE	14
		MANATEE	6	HIGHLANDS	14
		BREVARD	7	POLK	14
		ORANGE	7	INDIAN RIVER	15
		OSCEOLA	7	MARTIN	15
		SEMINOLE	7	OKEECHOBEE	15
				ST. LUCIE	15

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities

V. COMMENTS:

There is a drafting error in the bill which causes the bill to differ from the rest of s. 394.908, F.S., in that it bases the equity calculation on general population rather than the target groups of “persons in need.”

No restrictions are placed on the use of savings that result from the tax credit, so the credit will not necessarily increase funding for these services in counties benefitting from the credit.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The Committee on Children & Families adopted two amendments. One amendment adds the words "in need" following "per person" in several places in the bill to conform the language added by the bill to the other language in s. 394.908, F.S., related to equity. The effect is for funding adjustments to be based on funding per person in need rather than based on overall population. The second amendment caps reductions to services to a target population in a given district to no more than twice the overall statewide percentage reduction.

VII. SIGNATURES:

COMMITTEE ON CHILDREN AND FAMILIES:

Prepared by:	Staff Director:
Robert S. Cox	Robert Barrios