SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 2546

SPONSOR: Committee on Children and Families and Senator Holzendorf

SUBJECT: Mental Health and Substance Abuse

DATE: April 20, 1999 REVISED: _____ _____ _____ _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Barnes	Whiddon	CF	Favorable/CS
2.			FP	
3.				
4.				
5.				

I. Summary:

Mental Health and Substance Abuse Services

Committee Substitute for Senate Bill 2546 would modify the mental health and substance abuse financial system in the following manner:

- Authorizes the Department of Children and Family Services (department) to use unit cost methods of payment in contracts for purchasing mental health and substance abuse services and allows them to reimburse actual expenditures for start-up contracts and fixed capital outlay contracts in accordance with contract specifications.

- Provides rule-making authority to the department for establishing standards for contracting, budgeting, methods of payment and the accounting of patient fees that are earned on behalf of a specific client.

- Creates the Commission on Mental Health and Substance Abuse to conduct a systematic review of the overall management of the state's mental health and substance abuse system for updating ch. 394, part IV, F.S, and submit a final report with statutory modifications to the Governor and the Legislature no later than December 1, 2000.

Children's Substance Abuse Services

CS/SB 2546 would modify children's substance abuse treatment services in the following manner:

- Implements a quality assurance program as part of the department's contract management process.

- Specifies performance outcomes for the children's substance abuse system.

- Defines "children at risk of substance abuse problems" and "children with substance abuse problems."

- Establishes an information and referral network for children's substance abuse services that is incorporated into the district's child and adolescent mental health information and referral network.

- Specifies provisions for case management services for complex substance abuse cases that are contingent upon specific appropriations.

- Establishes demonstration models for children's substance abuse services and specifies goals and operational criteria.

- Defines a utilization management process (an integral part of the each Children's Network of Care Demonstration Model) that includes procedures for analyzing the allocation and use of resources by the purchasing agent.

- Establishes a school substance abuse prevention partnership grant program to encourage the development of effective substance abuse prevention and early intervention strategies with middle-school-age children.

- Establishes the drug-free communities support match grants to assist local community coalitions to secure federal drug-free communities support grants by providing needed match.

This bill substantially amends sections 394.66, 394.74, 394.78, 397.419, and creates sections 397.92, 397.93, 397.94, 397.95, 397.951, 397.96, 397.97, 397.98, 397.99, 397.997, 397.998, Florida Statutes.

II. Present Situation:

Mental Health and Substance Abuse Services

Part IV of ch. 394, F.S., is known as "The Community Alcohol, Drug Abuse, and Mental Health Services Act" and includes provisions for planning, defining, operating, financing, contracting, and managing the district alcohol, drug abuse, and mental health (ADM) services delivery system.

Contracting Provisions

Section 394.74, F.S., authorizes the department to contract for the establishment and operation of local ADM programs with hospitals, clinics, laboratories, institutions or other appropriate service providers. Since 1976, ADM has used a cost reimbursement contracting system in which payment to providers is based on reimbursable expenditures. A study was completed in 1989 of the ADM financial reimbursement system by the department's Inspector General concluding that the cost reimbursement contracting policy in ch. 394, F.S., lacks accountability and recommended the performance contracting system with uniform accounting and service reporting and recommended that performance based guidelines be established for providers. This recommendation to implement performance contracting was made again in 1990 in a legislatively mandated study of

the ADM reimbursement system. Consistent with these studies, ch. 91-158, L.O.F., required that the department implement an integrated, unit cost based budgeting system and specified that ADM begin this system during FY 1991-92. Based on these recommendations and consistent with departmental policy to improve accountability, the department, in 1990, began requiring that providers report the numbers of units of services they provide and the identified client populations to be served.

Currently, there are generally three types of contracts used by the department to contract for ADM services: rate agreements, which specify the services to be delivered at an agreed upon cost for a referred individual or individuals; a purchase-of-service contract that purchases specific goods or services for a particular individual (frequently used for services for children); and a performance contract which indicates the number of units of various services to be delivered to established priority populations with specified outcomes.

The current contracting and reimbursement provisions in ch. 394, F.S., are not adequate to allow ADM to implement a performance-based contracting system that is based on unit cost budgeting and consistent with s. 216.0166, F.S., performance-based program budgets. Current law does not provide the statutory authority for ADM to promulgate the pertinent administrative rules for implementing this system.

Recommendations were made on February 18, 1999, by the department's Inspector General (investigation of Nova Southeastern University, Inc./Nova Community Mental Health Center) based on his findings that the ADM contracts were not in compliance with current statutory provisions in ch. 394, F.S., (cost reimbursement contracting) and were not properly monitored by the department's district staff. According to the ADM program office, efforts are now underway to enforce cost reimbursement contracting provisions requiring providers to submit the proper vouchers to the department to support expenditures. The department states that this additional requirement to performance contracts will cost the department approximately $1.5 million and the cost to the providers is estimated to be $7.5 million. These costs are associated with additional administrative positions in the 15 district offices for monitoring ADM contracts and for processing the additional invoices from the provider agencies. An additional administrative position will also be needed in each of the 400 contract agencies to prepare the invoices that support the expenditures.

Section 394.76(c), F.S., specifies that patient fees are eligible for state financial participation if these expenditures are approved in the district ADM plan required under s. 394.75, F.S. The department concludes that the district ADM plans are no longer required because the ADM planning councils were repealed in 1994. According to the department, there is no current provision in ch. 394, part IV, F.S., requiring that the ADM contracting system include patient fees that are paid to the provider on behalf of clients whose services are funded in whole or in part by the department. (The department's legal interpretation concerning ADM plans no longer being required under s. 394.75, F.S., is questionable.) For the past 2 years, the issue of patient fees has been addressed in the General Appropriation's Act. The General Appropriation's Act for FY 1998-99 specifies in Specific Appropriation 356 that client fees be included in the department's payment for services to state supported clients.

District ADM Plans

Section 394.75, F.S., mandates the development of a district alcohol, drug abuse, and mental health plan. According to the department, these required plans were discontinued when the ADM planning councils were repealed on July 30, 1994. Section 394.75, F.S., requires that the district ADM planning council prepare a combined district ADM plan on a biennial basis that reflects the needs and priorities of the district for ADM services and programs. (section 19 of ch. 92-58, L.O.F., repealed s. 394.715, F.S., on July 30, 1994, eliminating the district ADM planning councils.)

The ADM planning councils were abolished in the same bill that created the district health and human services boards. It was envisioned by the 1992 Legislature that the district health and human services boards would assume the ADM planning functions of the district ADM planning councils. The health and human services boards are given the statutory authority in s. 20.19,(8) F.S., to conduct needs assessment and planning activities and to approve policies, procedures, and legislative budget requests for the department's program and services.

Priority Population Groups and the Comprehensive ADM Services

Section 394.675, F.S., describes the system of comprehensive ADM services: "primary care services," "rehabilitative services," and "preventive services." The more traditional services (e.g., inpatient, residential, outpatient, case management, day treatment) are listed. Current law does not include the support services such as supported housing, supported employment, drop-in or self-help centers, or respite services that are needed to help maintain the functioning of a mental health client in the community. In-home, therapeutic foster care, over-lay services, and transitional services for children and adolescents who have a serious emotional disturbance or substance abuse impairment are also not mentioned in the law.

Part IV of ch. 394, F.S., contains no clinical or financial criteria that define the clients who receive public ADM services. It is current policy of the department that ADM contract providers may serve any person who presents himself as needing services. Section 394.459(2)(a), F.S., specifies that a person may not be denied treatment for mental illness because of an inability to pay. Section 397.501(2)(a), F.S., states that service providers who receive state funds to provide substance abuse services may not, provided space and sufficient state resources are available, deny a client access to services based solely on inability to pay.

Section 394.75(4), F.S., directs the department to serve specific population groups. The district ADM plan must address how primary care services (e.g., emergency stabilization, inpatient, detoxification, residential, and case management) and other treatment services will be provided within available resources to these population groups. The population groups listed in the statute are broad and general and include obsolete terms for substance abuse impaired persons (e.g., "chronic public inebriates," "marginally functional alcoholics,") instead of "substance abuse impaired" as defined in s. 397.311(16), F.S.

Children's Substance Abuse Services

Chapter 397, F.S., provides the basic statutory authority and framework for the Department of Children and Family Services' substance abuse program. The chapter does not distinguish

between adult and children's services except in s. 397.811, F.S., s. 397.821, F.S. and part X of ch. 397, F.S.

Section 397.811, F.S., requires the state comprehensive plan for substance abuse impairment to contain a section on juvenile substance abuse impairment prevention and early intervention. In order to implement that plan, it requires the development of positive alternatives to substance abuse for juveniles and cooperative agreements between counties and public and private agencies.

Section 397.821, F.S., allows judicial circuits to establish a juvenile substance abuse impairment prevention and early intervention council composed of at least 12 members, to identify the needs of its community in juvenile substance abuse impairment prevention and early intervention, identifies priorities for providers and services, proposes methods of coordination of services to ensure effectiveness and avoid duplication and fragmentation, and develops recommendations to address the identified needs.

Part X of ch. 397, F.S., delineates the framework for juvenile addiction receiving facilities. These facilities are designed to provide substance abuse impairment treatment services and community-based detoxification, stabilization, and short-term treatment and medical care to juveniles found impaired, in need of emergency treatment as a consequence of being impaired, or incapable of making an informed decision about their need for care. There are currently eight such facilities in Florida.

Service Delivery System

The service delivery system for children's substance abuse services is highly privatized. Program services are provided by community substance abuse agencies under contract with the Department of Children and Family Services' 15 service districts. Districts provide policy oversight and program monitoring of services. District offices also license public and private substance abuse programs. The following services are available:

- Intervention services identify children at risk of substance abuse problems and provide short-term counseling and referral to the children and their families.

- Targeted prevention services consist primarily of programs designed to increase educational achievement and reduce substance abuse risk factors of students in grades 4 through 8. Family services are also included to address family risk and protective factors. These programs, known as Alpha and Beta programs, are provided through community agencies in partnership with county school boards.

- Universal or non-targeted prevention services are designed to reach communities, groups or the population at large with strategies designed to forestall the experimentation and use of alcohol, tobacco, and other drugs.

- Case management ensures that services are comprehensive, coordinated, and meet client needs on an ongoing basis.

- Outpatient services include assessment, and individual, group, and family counseling.

Funding

For children with a substance abuse problem, current funding is $62.5 million ($28.3 million General Revenue, $21.1 million trust funds including federal block grant, and $13.1 million in Medicaid and local match); $52.3 million of these funds are used for treatment services for children abusing substances.

For children at risk of a substance abuse problem, current funding is $6.1 million used for prevention services to 3,000 targeted children who are at risk of abusing substances; $4.1 million is used for prevention services for the general population, reaching approximately 107,000 children.

Staff Resources

The Legislature appropriates funds for district staff to administer services for the community-based client groups served by the department's mental health and substance abuse programs. Statewide, 117 administrative positions were authorized in 1997-98; 24 of these staff members oversee children's substance abuse programs. Funds are not appropriated for staff to provide direct services, since services are primarily provided by third-party agencies under contract with the 15 districts.

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Performance Contracting: In July 1996 the Department of Children and Family Services began integrating performance measures into its annual contracts with the community-based agencies that provide client services. For FY 1998-99, the department is collecting information about the following indicators of the effectiveness of its contracted services for children with, or at risk of, substance abuse problems:

- completion of treatment;
- increased consumer and client satisfaction;
- improved educational achievement in reading and mathematics; and
- perception of substance abuse as harmful.

The department recommended additional program measures, as indicators of program effectiveness, that are also included in the General Appropriations Act for 1998-99: reduced readmissions for substance abuse and decreased commitment or recommitment to the Department of Juvenile Justice. (These measures are not yet incorporated in the provider contracts.) In addition, an annual survey assessing community partner satisfaction with departmental services was implemented in 1998.

III. Effect of Proposed Changes:

Mental Health and Substance Abuse Services

CS/SB 2546 amends s. 394.74, F.S., specifying that the department use unit cost methods of payment in contracts for purchasing mental health and substance abuse services. The unit cost system must account for those patient fees that are paid on behalf of a specific client and those that are earned and used by the provider for those services funded in whole or in part by the department. This provision will result in more units of service being purchased for the person who is dependent on the public mental health or substance abuse system for his/her care and treatment.

The bill allows the department to reimburse actual expenditures for start-up contracts and fixed capital outlay contracts in accordance with contract specifications.

The department is given rule-making authority to establish standards for contracting, budgeting, methods of payment, and the accounting of patient fees that are earned on behalf of a specific client.

The bill creates the Commission on Mental Health and Substance Abuse and specifies the duties of the Commission and the membership that is appointed by the President of the Senate, Speaker of the House of Representatives, and the Governor. The Legislature intends for this Commission to conduct a systematic review of the overall management of the state's mental health and substance abuse system for updating ch. 394, part IV, F.S.

The bill specifies the areas to be reviewed: the unique mental health and substance abuse needs of older persons; access to, financing of, and the scope of responsibility in the delivery of emergency behavioral health care services; quality and effectiveness of the current comprehensive mental health and substance abuse delivery systems including the professional staffing and clinical structure and the responsibilities of all public and private providers; priority population groups for publicly funded mental health and substance abuse services; district mental health and substance abuse needs assessment and planning activities; and local government responsibilities for funding mental health and substance abuse services. The bill requires that at least one advisory committee be appointed of all state agencies involved in the delivery of mental health and substance abuse services, and consumers, family members of consumers, and current providers of public mental health and substance abuse services.

An interim report to the Governor and the Legislature is due no later than March 1, 2000, and the final report with statutory modifications is due to the Governor and the Legislature no later than December 1, 2000.

Children's Substance Abuse Services

CS/SB 2546 amends s. 397.419, F.S., by expanding the quality assurance program for substance abuse services. The quality assurance program would be implemented as part of the department's contract management process. The quality assurance program would include tracking performance measures and standards established by the Legislature, providing a framework for evaluating outcomes separate from the performance-based process, providing a system of

analyzing those factors which have an effect on performance at the local level, providing a system of reporting results of quality assurance reviews, and incorporating best practice models for use in improving performance in those areas which are deficient.

A peer review process would be established and must include program reviews of providers by departmental district staff and other providers and reviews of individual district programs by other districts. Contingent upon specific appropriations, a quality assurance coordinator position would be created within each service district to oversee the implementation and operation of the quality assurance program.

The bill creates s. 397.92, F.S., delineating general performance outcomes for the children's substance abuse service system such as identification of the presenting problems and conditions of substance abuse through the use of valid assessment and improvement in the child's ability to function in the family, school, and community with minimum supports. It requires the department to annually develop performance outcomes and performance measures to assess the performance of the children's substance abuse service system in relation to these performance outcomes.

The bill creates s. 397.93, F.S., specifying the target populations to whom the Department of Children and Families will provide services. The target population is defined by using a frequency of drug use taxonomy that aligns with the continuum of program intervention from prevention to long-term residential treatment. The target population includes:

- Children at risk due to regular or periodic exposure to negative factors related to the family, community, school, self, or peers.

- Children at risk due to experimental and social use of substances.

- Children who use substances on a daily, weekly, or monthly basis.

- Children with substance dependency or addiction.

The bill creates s. 397.94, F.S., requiring each district of the department to develop a children's substance abuse information and referral network by July 1, 2000. The provision allows the district to determine the most cost-effective method for delivering the service. The district can select a new provider or utilize an existing provider or providers with a record of success in providing information and referral services. The section also establishes the requirements for the information system.

The bill creates s. 397.95, F.S., ensuring that all districts provide substance abuse screening, intake, assessment, enrollment, service planning, and case management services for children.

The bill creates s. 397.951, F.S., delineating sanctions available to require participation and completion of treatment. It provides that the department is responsible for ensuring providers employ these sanctions when appropriate.

The bill creates s. 397.96, F.S., providing case management services for children considered complex cases. Complex cases are defined as children who receive services from several agencies

to address a substance abuse problem. The primary function of case management is coordination of services. The bill delineates the activities associated with case management and allows the department to establish rules for these activities.

The bill creates s. 397.97, F.S., establishing the Children's Network of Care Demonstration Models to operate for four years for children and adolescents who are at risk of or who have substance abuse problems. The purpose of a demonstration model is to encourage collaboration among the Department of Children and Family Services, the Agency for Health Care Administration, the Department of Education, the Department of Heath, the Department of Juvenile Justice, local government agencies, and any other interested party by entering into a partnership agreement. The objective of the partnership agreement is to provide a locally organized system of care for children, adolescents and their families to maximize the effectiveness of resources. This system of care would work toward achieving goals such as developing uniform procedures regarding screening, intake, assessment, enrollment, service planning, case management, and utilization management; eliminating duplication of services; employing natural supports in the family and the community to help meet the service needs of the child or adolescent who is at risk of or has a substance abuse problem; and testing creative and flexible strategies for financing the care of children and adolescents who are at risk of or have a substance abuse problem.

The bill delineates the governance structure of demonstration models and specifies other requirements that must be met. The governance structure is made up of a multi-agency consortium of state and county agencies, referred to as the purchasing agent, or other public agency that purchases individualized services for children and adolescents who are at risk of or have a substance abuse problem. The Secretary of the department is given the authority to approve model proposals based on criteria developed by the department.

The bill creates s. 397.98, F.S., establishing a utilization management system for services provided in the demonstration models. Utilization management is a process used to authorize care and analyze the services provided in the demonstration models (s. 397.97, F.S.). This process includes monitoring the appropriateness of admission and duration of care and developing patterns of care and profiles of providers. The utilization management process is subject to approval by the Secretary and contingent on the availability of funds.

The bill creates s. 397.99, F.S., establishing a school substance abuse prevention partnership grant program to encourage the development of effective substance abuse prevention and early intervention strategies with middle-school-age children. The program allows schools, or community-based organizations in partnership with schools, to submit a grant proposal for funding or continued funding to the department by March 1 of each year.

The department is required to establish grant application procedures. The section describes basic requirements for programs applying for a grant. The department is required to coordinate a review of program proposals with the Department of Education and the Department of Juvenile Justice and make a determination no later than June 30 of each year.

The bill creates s. 397.997, F.S., requiring the department to develop a publicly available prevention Internet web site that targets youth, their parents, teachers, and other stakeholders.

The bill creates s. 397.998, F.S., the drug-free communities support match grants. The grants are designed to assist local community coalitions to secure federal drug-free communities support grants by providing needed match. The support match grants supply match funds or in-kind match. The federal requirements for drug free communities support program grants under Public Law 105-20 call for a dollar for dollar match by communities.

The section delineates application procedures and requirements. Match grant funds are released as required by federal regulations to community coalitions upon documentation that a community coalition has secured a drug free communities support program grant. The department is required to establish rules specifically to address procedures necessary to administer the drug free communities match grants.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The implementation of this bill will not create additional costs for the ADM contract providers. However, according to the department, if the provisions contained in CS/SB 2546 pertaining to unit cost contracting fail to pass, the mandate of the Inspector General that the current statutory cost reimbursement contracting requirements be imposed on the ADM performance based contracts will cost the ADM service providers currently under contract with the department approximately $7.5 million.

C. Government Sector Impact:

Mental Health and Substance Abuse Services

The implementation of this bill will not create additional costs for the department. However, according to the department, if the provisions contained in CS/SB 2546 pertaining to unit

cost contracting fail to pass, the mandate of the Inspector General that the current statutory cost reimbursement contracting requirements be imposed on the ADM performance based contracts will cost the department approximately $1.5 million.

Commission on Mental Health and Substance Abuse

There is an appropriation in the bill to the Executive Office of the Governor for the Commission on Mental Health and Substance Abuse for $75,000 from general revenue funds and $75,000 from administrative funds under Title XIX of the Social Security Act (Medicaid) for each of fiscal years 1999-2000 and 2000-2001.

Children's Substance Abuse Services

The costs associated with children's substance abuse services include the following:

(1) Quality Assurance Program	$1,620,673
(2) Partnership Grant Program	$4,803,750
(3) Internet Web Site	$35,000
(4) Information and Referral	$1,044,976
(5) Utilization Management	$790,230
	$8,294,629

VI. Technical Deficiencies:

None.

VII. Related Issues:

The provisions in CS/SB 2546 pertaining to unit cost methods of payment in contracts for purchasing mental health and substance abuse services are also contained in CS/SB's 2388 and 1946.

VIII. Amendments:

None.