

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6401**  
**BILL NUMBER:** HB 1650

**DATE PREPARED:** Feb 7, 2001  
**BILL AMENDED:**

**SUBJECT:** Custody Relinquishment.

**FISCAL ANALYST:** Kathy Norris  
**PHONE NUMBER:** 234-1360

<b>FUNDS AFFECTED:</b> <u>X</u>	<b>GENERAL</b>	<b>IMPACT:</b> State & Local
	<b>DEDICATED</b>	
<u>X</u>	<b>FEDERAL</b>	

**Summary of Legislation:** This bill provides that the Division of Family and Children may not initiate a court proceeding to terminate parental rights or transfer legal custody, or require a parent to agree to the termination of parental rights or transfer of custody, of a child with certain disorders who is voluntarily placed out of the home in order to receive treatment. The bill requires the Division and parent to sign a voluntary placement agreement. (The introduced version of this bill was prepared by the Indiana Commission on Mental Health.)

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** This bill requires that the Division of Family and Children may not require relinquishment of a child's custody as a condition for the receipt of services or care delivered or funded by the Division of Family and Children. The bill addresses the needs of children with severe emotional, behavioral, or mental disorders whose parents are financially unable to provide the necessary treatment whether that care is residential care or community-based services. The Division's county Offices of Family and Children supervise the care and placements of children declared by a court to be "Children in Need of Services (CHINS)". The Division does not currently fund the cost of residential placements or most treatment services provided for CHINS - the County Family and Children Fund is the source of these payments. County wards are eligible for Medicaid benefits and the counties contribute towards the State share of the Medicaid Program cost for county wards through the Medical Assistance for Wards property tax levy.

In order to implement this bill, the Division would need a program for voluntary placements for children with severe emotional, behavioral, or mental disorders. The Division reports that additional statutory revisions would be necessary in order to allow for voluntary placements. Additional funding and/or a Medicaid waiver would be required by the provisions of this bill since the Division does not currently fund the cost of treatment services provided to Children in Need of Services

The State of Colorado implemented a similar statutory provision two years ago. The Colorado statute also was limited to out-of-home placements. The program was authorized to be funded at \$225,000 annually in anticipation of some significant demand. Approximately \$80,000 was expended in the first year. Colorado program staff speculated that cumbersome financing requirements limited participation. The Colorado staff also commented that providing only residential care was not addressing all the problems encountered by the participating families. Step-down care, such as therapeutic foster care, day treatment, and outpatient therapies are not covered by a program that provides for residential treatment only.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill addresses children with severe emotional, behavioral, or mental disorders whose parents are financially unable to provide the necessary treatment, whether that care is residential care or community-based services. Parents are attempting to access services provided to children declared by the court to be a “child in need of services” (CHINS), presumably under the CHINS classification found at IC 31-34-1-6. This statutory provision defines a child as a Child in Need of Services if the child substantially endangers the child’s own health or the health of another and the child needs care, treatment, or rehabilitation that it is not receiving or is unlikely to be provided or accepted without the coercive intervention of the court. Once a court finds a child to be a CHINS, supervision of the child is ordered to be the responsibility of the County Office of Family and Children. Funds to pay for the services provided to CHINS are paid from the county Family and Children Fund which is funded by a local property tax levy. Once a child becomes a ward of the County, the child is eligible for Medicaid benefits. Counties contribute toward the State share of the Medicaid Program cost for the wards through the Medical Assistance for Wards property tax levy. The CHINS statute has no provisions for voluntary placements with subsequent payment by the counties for services.

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration, Division of Family and Children.

**Local Agencies Affected:** Local courts with juvenile jurisdiction.

**Information Sources:** Amy Brown, Legislative Liaison for the Division of Family and Children, (317)232-4451.

William Bane, MSW., Program Administrator, Child and Family Services, Colorado Mental Health Services, Denver, Co. (303) 866-7406. “Relinquishing Custody, The Tragic Result of Failure to Meet Children’s Mental Health Needs” the Bazelon center for Mental Health Law, March 2000. “Staying Together, Preventing Custody Relinquishment for Children’s Access to Mental Health Services”, Bazelon Center for Mental Health Law and the Federation of Families for Children’s Mental Health, November 1999.