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FISCAL IMPACT STATEMENT

LS 6078

BILL NUMBER: SB 18

NOTE PREPARED: Feb 25, 2006

BILL AMENDED: Feb 23, 2006

SUBJECT: Charges at state mental health institutions.

FIRST AUTHOR: Sen. Miller

FIRST SPONSOR: Rep. T Brown

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill provides for the maintenance and transfer of a criminal offender's mental health records.

The bill changes the way charges are set at state mental health institutions. The bill repeals provisions concerning the per capita cost of treatment at state mental health institutions and the per capita cost of outpatient services.

The bill also requires the Silvercrest Children's Development Center to remain open and funded.

It also specifies that a provider, including a previous or subsequent provider, may use a health record for certain business purposes.

Effective Date: (Amended) Upon passage; July 1, 2006.

Explanation of State Expenditures:

Explanation of State Revenues: *Charges at State Mental Health Facilities:* This bill eliminates the restriction that requires state mental health facilities to base their charges on certain per capita costs. The bill would allow for a charge structure that could reflect a patient acuity level, allowing patients that require more services or higher intensity services to be charged accordingly. Conversely, patients with less intensive care requirements could be charged less rather than being required to pay on an average cost basis. The charge structure would not be limited to the cost, allowing for charges that might include incentives for meeting operational objectives

or other management incentives. The fiscal impact of this bill would be dependent upon administrative actions taken to annually set patient charges at each institution.

Background: Each patient (guardian or parent) in a psychiatric hospital or a state school for the retarded is liable for payment of the cost of treatment and maintenance in an amount to be fixed by the Division of Mental Health and Addiction. The rate varies by institution, whether private pay, Medicaid, and according to the patient's ability to pay.

(Revised) *Offender's Mental Health Records:* The bill allows a psychiatrist or a mental health facility to provide a copy of an offender's mental health record to a facility or agency responsible for the incarceration of the offender. This record may be provided with or without the offender's consent, and the record is to become part of the offender's medical record while incarcerated. After an offender is released from incarceration, the Department of Correction (DOC) is required to provide the mental health records, if any, to a facility or provider that is providing treatment services to the offender. DOC reports that the provision of mental health records for offenders being released is being addressed in the re-entry plans and should require no additional funds to implement.

(Revised) *Silvercrest Children's Development Center:* The bill requires that the state continue to operate and fund the Silvercrest Children's Development Center. The state currently appropriates from the state General Fund approximately \$8.4 M annually for the operation of this facility. The Budget Agency reports that all services for children are provided from this appropriation. Medicaid is not billed for services provided to Medicaid-eligible children, nor are local school corporations billed for children placed for educational purposes. On November 21, 2005, the administration announced plans to close the facility. No estimates exist for estimated costs of finding appropriate placements for the children currently receiving services at Silvercrest or the disposal of the physical assets. The Budget Agency reports that savings are anticipated from leveraging state funds with federal Medicaid matching funds and from appropriate lower-cost community placements. This bill would preclude the state from realizing savings, if any, from closing the facility.

Explanation of Local Expenditures: (Revised) *Silvercrest Children's Development Center:* Closure of the Silvercrest Children's Development Center could result in additional local expenditures by school corporations. The extent of these expenditures would be dependent upon administrative actions and the individual circumstances of affected children.

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Division of Mental Health and Addiction; Department of Corrections; and Silvercrest Children's Development Center, State Department of Health.

Local Agencies Affected: Local school corporations.

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations*, Legislative Services Agency, Office of Fiscal Policy and Analysis, FY 2005; Department of Corrections; and the State Department of Health.

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