

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2018 REGULAR SESSION**

MEASURE

2018 BR NUMBER **0139**

HOUSE BILL NUMBER **124**

RESOLUTION NUMBER _____

AMENDMENT NUMBER **HCS 1**

SUBJECT/TITLE **An ACT relating to enhanced standards and criteria for substance use disorder treatment and recovery services and programs and declaring an emergency.**

SPONSOR **Representative Wuchner**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: **Cabinet for Health and Family Services**

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2017-2018	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		Indeterminable	Indeterminable	Indeterminable
EXPENDITURES		Indeterminable	Indeterminable	Indeterminable
NET EFFECT		Indeterminable	Indeterminable	Indeterminable

() indicates a decrease/negative

MEASURE’S PURPOSE: This measure requires the Cabinet for Health and Family Services (CHFS) to conduct a comprehensive review of all current state licensure and quality standards that apply to substance use disorder treatment and recovery services and programs that operate within the Commonwealth. Furthermore, based on the review, CHFS would develop and implement enhanced licensure and quality standards to increase the effectiveness of substance abuse disorder treatment and recovery services and programs.

PROVISIONS/MECHANICS: Section 1 is new language in KRS Chapter 222 that requires CHFS, if funding is available, to conduct a review of all current state licensure and quality standards that apply to substance use disorder treatment and recovery services and programs. Upon this review, subsection (2) requires CHFS to develop enhanced licensure and quality standards for substance use disorder treatment and recovery services and programs. In subsection (2), a list of base level standards are included. The three enhanced standards are as follows:

- (a) A set of comprehensive quality standards and criteria for substance use disorder treatment and recovery services and programs that are based on nationally

- recognized and evidence-based standards;
- (b) Standardized, nationally recognized outcome measures for substance use disorder treatment programs and a process for collection and review of results; and
 - (c) Conditions necessary for reimbursement with state funds for the provision of substance use disorder treatment and recovery services and programs.

Subsection (3) requires CHFS to promulgate administrative regulations necessary for implementing the enhanced standards by January 1, 2019. Within the administrative regulations, application fees for licenses are not to exceed the actual cost incurred by CHFS to perform the licensure for substance use disorder treatment and recovery services and programs.

FISCAL EXPLANATION: According to CHFS, the cost of conducting the comprehensive review addressed in subsection (1) would be in excess of \$400,000, which includes five additional full-time staff and the operating cost associated with the new staff. Once the initial review is complete, it is anticipated that additional staff, software, training, and operating expenses would be necessary. Until the review is complete, the cost of development and implementation of the newly enhanced standards is indeterminable. Cost estimates, which fluctuate depending on the amount of additional staff could exceed \$1,000,000. The recurring cost of operating the program will most likely be similar to the implementation estimate as the bulk of expenses are for personnel. In subsection (2), language specifies, if funding available. This language pertains to all criteria with subsection (2), however, any costs relating to the requirements of subsection (1) would increase costs to CHFS.

Federal Funds cannot be utilized at this time for the program to help offset cost to the Commonwealth, as there are no funds available to use for this purpose. CHFS could apply for a federal grant to assist in this program in the future, but there are no known grants available now.

As noted in subsection (3), the application fee revenue for licenses would offset some costs of the program. This revenue is indeterminable as it is based on the number of applicants and the future determined fee amount. Based on the information provided, there will be an increase in cost, however the amount of this increase is indeterminable.

DATA SOURCE(S): Cabinet for Health and Family Services

PREPARER: Jake Fouts **NOTE NUMBER:** 56 **REVIEW:** JB **DATE:** 1/23/2018

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