

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

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**FISCAL IMPACT STATEMENT**

**LS 6949**  
**BILL NUMBER:** HB 1127

**NOTE PREPARED:** Feb 18, 2021  
**BILL AMENDED:** Feb 16, 2021

**SUBJECT:** Mental Health and Addiction Forensic Treatments.

**FIRST AUTHOR:** Rep. Steuerwald  
**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Medicaid:* The bill removes a provision that allows a: (1) delinquent child's; or (2) person's; Medicaid participation to be terminated following a two year suspension due to certain adjudications or incarceration.

*Competency Restoration Services:* The bill adds competency restoration services to the list of treatment and wraparound recovery services made available to certain persons in the criminal justice system. It adds competency restoration services to the list of services that qualify a person for mental health and addiction forensic treatment services.

*Recovery:* It adds: (1) recovery community organizations; and (2) recovery residences; certified by the Division of Mental Health and Addiction (DMHA) or its designee to the list of organizations eligible for certain funds and grants from the DMHA.

*Demographic Data:* It requires demographic data concerning race and ethnicity to be included in certain demographic research performed by the DMHA.

*Long Term Recovery Group for Southwest Indiana Program:* The bill establishes the Long Term Recovery Group for Southwest Indiana Program and the Long Term Recovery Group for Southwest Indiana Fund.

**Effective Date:** July 1, 2021.

**Explanation of State Expenditures:** *Long Term Recovery Group for Southwest Indiana Program:* The bill establishes a program to develop long term residential treatment programs to address substance abuse and

homelessness in Southwest Indiana. A nonreverting fund, administered by the Rehabilitation Services Bureau, will be comprised of appropriations (from sources other than the General Assembly), grants, donations, gifts and bequests, and interest, and will be used to pay the expenses of the program and administrative costs. The bill does not make an appropriation.

*Competency Restoration Services and Recovery:* The bill potentially widens the number of people receiving mental health and addiction services funded through the mental health and addiction forensic treatment services account (account) of the state General Fund by including competency restoration services and additional recovery provider types. To meet the increase, the appropriation to this account could be increased or grant awards may be reduced. Ultimately, the resources required to satisfy the requirements of this bill will depend on legislative and administrative actions. [The appropriation to the account for each of FY 2020 and FY 2021 is \$25 M.]

*Medicaid:* Inmates released with a Medicaid suspension [rather than termination] have an improved connection to services and are more likely to continue health services started while incarcerated. Removing the two-year limitation on a Medicaid enrollment suspension may increase medical services reimbursement, as well workload for the Family and Social Services Administration (FSSA) to hold individuals in suspension for a longer period. If more former inmate health outcomes are improved with the limitation removed, uninsured health care costs could be reduced.

*Additional Information - Long Term Recovery Group for Southwest Indiana Program:* Next Level Recovery reports as of November 2020, there are 130 certified recovery residences with a total of 818 beds and 43 Oxford houses with 322 beds. In 2020, there were 1,100 individuals served. A similar residential recovery program established in Kentucky has 18 residential sites. The financial plan was developed among three state agencies using low income housing tax credits to leverage facility construction funds, and ongoing operational costs funded in two agencies' budgets totaling about \$8 M.

*Competency Restoration Services:* The FSSA is required to provide competency restoration to every person found incompetent to stand trial and due to staffing difficulties, capacity, and average length of stay, the FSSA maintains a waiting list of people in need of forensic treatment.

Medicaid is jointly funded between the state and federal governments. The standard state share of costs for most Medicaid medical services for FFY 2021 is 34%, or 10% for the age 19 to 64 expansion population within the Healthy Indiana Plan. The state share of administrative costs is 50%. Under federal COVID-19 relief legislation, the state share of costs is decreased to 28% for traditional Medicaid enrollees for the duration of the federally declared public health emergency.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Sheriffs are required to assist inmates whom are in custody for more than one year to apply for Medicaid prior to release. Suspending Medicaid eligibility may reduce workload for these sheriffs.

**Explanation of Local Revenues:**

**State Agencies Affected:** Rehabilitation Services Bureau, Division of Mental Health and Addiction, Family and Social Services Administration.

**Local Agencies Affected:**

**Information Sources:**

<https://www.kff.org/medicaid/state-indicator/states-reporting-corrections-related-medicaid-enrollment-policies-in-place-for-prisons-or-jails/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>;

<https://www.medicaid.gov/sites/default/files/Federal-Policy-Guidance/Downloads/sho16007.pdf>;

<https://www.in.gov/medicaid/files/medicaid%20for%20inmates%20faqs.pdf>; Gus Habig, FSSA, email on December 22, 2020; <https://www.kyhousing.org/Programs/Documents/RecoveryKentuckyInfoSheet.pdf>;

<https://www.kyhousing.org/Programs/Documents/2019%20Recovery%20Center%20Outcome%20Study%20Annual%20Report.pdf>; <https://www.in.gov/recovery/files/Progress%20Report%20-%2011.12.2020.pdf>.

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