

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

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**FISCAL IMPACT STATEMENT**

**LS 6949**

**BILL NUMBER:** HB 1127

**NOTE PREPARED:** Mar 22, 2021

**BILL AMENDED:** Mar 18, 2021

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

**FIRST AUTHOR:** Rep. Steuerwald

**FIRST SPONSOR:** Sen. Young M

**BILL STATUS:** 2<sup>nd</sup> Reading - 2<sup>nd</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. 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 division.

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

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

**Explanation of State Expenditures:** *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 - 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:** Sheriffs.

**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

<https://www.in.gov/recovery/files/Progress%20Report%20-%2011.12.2020.pdf>.

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