Department of Planning and Budget
2024 Session Fiscal Impact Statement

1. **Bill Number:** SB590

House of Origin	☒	Introduced	☐	Substitute	☐ Engrossed
Second House	☐	In Committee	☐	Substitute	☐ Enrolled

2. **Patron:** Deeds

3. **Committee:** Finance and Appropriations

4. **Title:** Community services boards; core of services.

5. **Summary:** Adds to the list of core services to be provided by community services boards (i) crisis services for individuals with a mental illness or substance use disorder, (ii) outpatient mental health and substance abuse services, (iii) psychiatric rehabilitation services, (iv) peer support and family support services, (v) mental health services for members of the armed forces located 50 miles or more from a military treatment facility and veterans located 40 miles or more from a Veterans Health Administration medical facility, and (vi) care coordination services. The bill removes language that conditions the duty of community services boards to provide case management services on the availability of funding. The bill further requires community services boards to provide core services (i) to every adult who has a serious mental illness, child who has or is at risk of serious emotional disturbance, and individual who has a substance use disorder and (ii) in a timely manner and at a location that is near the individual. The bill has a delayed effective date of July 1, 2026, for most provisions, and requires the Department of Behavioral Health and Developmental Services to (i) conduct a needs assessment to determine the unmet need for each of the services as provided by this act, (ii) develop an estimate of the cost of satisfying the unmet need for each such service statewide, and (iii) report its findings to the Chairman of the House Committee on Appropriations, the Chairman of the Senate Committee on Finance and Appropriations, and the Behavioral Health Commission by November 1, 2024.

6. **Budget Amendment Necessary**: Yes, Item 295.

7. **Fiscal Impact Estimates:** Preliminary. See section 8 below.

7a. Expenditure Impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2024	1,113,754		GF

For fiscal years 2025 and beyond, the fiscal impact is indeterminate. See section 8.

8. **Fiscal Implications:** This fiscal impact statement is divided into sections in order to explain the various areas of fiscal impact resulting from this legislation. With the exception of a requirement that the Department of Behavioral Health and Developmental Services conduct a

needs assessment, the legislation has a delayed effective date of July 1, 2026. The costs for service expansion outlined in this fiscal impact statement would not be realized until fiscal year 2027, and based on amendments to the bill, the level of service expansion is subject to the availability of funds appropriated for these services in the 2026-2028 biennial budget.

Needs Assessment:
The total cost of a similar assessment was $917,796 in February 2019. DBHDS projects that the cost of completing the assessment required by this legislation would now be $1,113,754 general fund due to inflation. These funds would be needed in FY 2025 in order to meet the reporting deadline in the bill.

Implementation of Core Services and Elimination of Service Funding Contingency

The STEP-VA initiative is comprised of nine core services.

- same day access
- outpatient primary care screening
- crisis services
- outpatient mental health and substance use disorder services
- psychiatric rehabilitation services
- peer support services
- mental health services for military and veterans
- care coordination
- case management

Since the passage of legislation in 2017, STEP-VA has undergone a phased implementation, which now includes initial implementation for all nine services, and full implementation for the first six services. The only services in current law that are not subject to availability of funding are emergency services, same day access, and outpatient primary care screening and monitoring.

The Department of Behavioral Health and Developmental Services (DBHDS) considers services one through six fully implemented across all 40 Community Services Boards (CSBs). "Full implementation" means that the services have been rolled out at all 40 CSBs and have set and benchmarked the metrics for each CSB by each service. DBHDS is currently in the process of reviewing the status of CSB compliance to the set benchmarks and metrics to determine if there are any gaps in how services were implemented or other areas for improvement of the current status of implementation. DBHDS will also look at how the system will be impacted if services are expanded to reach more Virginians.

The final three services (veterans services, care coordination, and case management) received initial funding beginning in FY 2023, and a small increase in funding included in Chapter 1, 2023 Acts of Assembly, Special Session I (2023 Appropriation Act). DBHDS is still in the process of establishing metrics for the remaining three services and anticipates that all services will be fully implemented by July 1, 2024. It is unknown at this time if the amounts provided for services seven through nine are sufficient to meet the actual demand for services.

The extent to which additional funding may be needed is unknown at this time as benchmarks for services seven through nine have not yet been formally established, and services are not yet being provided across all 40 CSBs.

Item 297 of HB30/SB30 includes the following amounts for FY 2025 and FY 2026 for funding to Community Services Boards for the provision of STEP-VA services listed above, although this figure does not represent the total of all funding for services, specifically crisis services which are funded in the agency's central office.

	GF	
	FY 2025	**FY 2026**
Same Day Access	$ 13,134,321	$ 13,134,321
Primary Care	$ 9,051,734	$ 9,051,734
Outpatient	$ 26,674,576	$ 26,674,576
Crisis Detox	$ 2,000,000	$ 2,000,000
Crisis Services	$ 26,954,924	$ 26,954,924
Veterans Services	$ 3,840,490	$ 3,840,490
Peer Support	$ 5,334,000	$ 5,334,000
Crisis Call Center	$ -	$ 2,697,020
Psych Rehab	$ 3,820,000	$ 3,820,000
Care Coordination	$ 6,514,625	$ 6,514,625
Care Management	$ 4,078,500	$ 4,078,500
Regional Mgmt	$ 937,300	$ 937,300
Anciliary Costs	$ 10,962,375	$ 10,962,375
Grants for systems	$ 5,190,000	$ 5,190,000
STEP VA TOTAL	**$ 118,492,845**	**$ 121,189,865**

Requirement to serve every Virginian with serious mental illness or a substance use disorder

Additionally, this bill specifically states that the CSBs are to have these services available for every adult who has a serious mental illness, individuals with substance use disorders, and children who are at risk of a serious emotional disturbance and that these services will be provided in a timely manner and at a location near the individual. Combined with the elimination of the clause that requires services to be provided subject to availability, without additional resources, CSBs may need to close other programs to fulfill these specific requirements.

The cost of providing services to every Virginian with a serious mental illness, substance use disorder, or every child with or at risk of emotional disturbance is indeterminate, as it is unknown how many individuals would seek care through the CSBs as opposed to utilizing private services. The National Alliance on Mental Illness (NAMI) estimates that 1,150,000 Virginias have a mental health condition and of those, 264,000 Virginians have a serious mental

illness. According to NAMI, the percentage of individuals with mental illness has increased by over 20 percent in the last decade.

In a study published by the Joint Legislative Audit and Review Commission (JLARC), it was noted that in FY 2022, 165,000 people received behavioral health services through CSBs at a cost of nearly $864 million for mental health services and $226 million for substance use disorder services. Of those, approximately 87,000 individuals had a serious mental illness.

The study also found that an estimated 15 percent of adults in Virginia had a substance use disorder (1,026,144 utilizing census data from the US Census Bureau), and alcohol use disorders were the most common, affecting 11 percent of adults in Virginia. An estimated seven percent of Virginia youth had a substance use disorder (131,231). For reference, in FY 2022, JLARC found that CSBs provided substance use disorder services to 25,000 people.

Overall, 9,450 full-time equivalent (FTE) employees at CSBs provided behavioral health services.

While it is unlikely that all individuals covered by this legislation would seek services through CSBs, there is likely a large gap in the affected population and the number of individuals currently being served. Extrapolating from available data, if the remaining 177,000 adults with serious mental illness (264,000 – 87,000) received services through CSBs, it would require over 10,000 additional FTE at CSBs.

Additionally, JLARC found that an estimated 19 percent of children ages three to 17 in Virginia had one or more emotional or behavioral disorders in 2020, representing approximately 200,000 – 250,000 children when extrapolated using census data. Using data on cost from the Children's Services Act, community-based services for at-risk children cost approximately $5,600 per year.

Because many services currently have a waitlist, the legislation may also require the further investment in additional physical locations for rural CSBs, as well as additional staff, to reduce waiting lists so that services are timely for consumers. If the intent of the legislation is for the Community Service Boards not to reduce other existing programming, the following fiscal implications are expected:

- Crisis services have been defined in STEP-VA as Mobile Crisis services. There are currently 96 teams deployed with 49 teams that are funded but not in operation due to staffing shortages with a goal of 140 teams. DBHDS intends to use $10 million in one-time funding provided in the 2023 Appropriation Act and the proposed $10 million in one-time funding for FY 2025 included in the Governor's introduced budget for recruitment and retention initiatives to fill the vacant positions and retain existing staff. The current array of mobile crisis teams is age specific and a heavier investment in teams may be needed to adequately serve the child population. The cost of a children's mobile crisis team is variable, depending on the type of clinicians used. Given that one team is comprised of 2.5 FTEs, additional FTEs may be needed to ensure 24/7 availability of services. The table below provides an example of the cost to fund one team using a qualified mental health professional (QMHP) and Licensed Clinician, as well as half of

an FTE for a Clinical Supervisor, who can supervise multiple teams. Using this example, one children's mobile crisis team costs **$235,007.** The exact number of additional children's teams needed is unknown at this time.

Position/Resource	Salary	Fringe*	Non-Personnel	FTEs	Total Cost
QMHP	$42,000	$25,576	$5,000	1	$72,576
Licensed Clinician	$65,000	$31,367	$5,000	1	$101,367
Clinical Supervisor	$72,000	$33,130	$5,000	0.5	$55,065
State Vehicle (Leased)	-	-	-	-	$6,000
*Fringe costs for CSB employees is estimated as 25.18% + $15,000 for health care.					**$235,007**

- There are currently waiting lists for many outpatient mental health and substance use therapy appointments, medication management, and psychiatric rehab treatment services at the CSBs. Each community service board will be unique in its current ability to meet this requirement however it is expected that additional staff will be needed. Outpatient services may involve a variety of mental health professionals. For the purposes of this fiscal impact, the average cost of direct employment of a licensed mental health professional (LMHP) is used, however, the actual salary for these individuals varies depending on the CSB and on degree level. In addition to services provided by a LMHP, psychiatry services are a component of outpatient care that is critical for successful recovery of individuals with a serious mental illness (SMI), substance use disorder (SUD) or socially emotionally disturbed (SED). CSBs are typically not able to directly employ psychiatric providers due to the scarcity of individuals in this profession, as well as the need for multiple types of psychiatric specialty, such as adult, youth, and addiction treatment specialists. Therefore, if CSBs are required to increase access to this service, additional resources will be needed to contract with these providers on an hourly basis. The extent of hours needed varies extensively depending on individual acuity and circumstances. The below tables show a sensitivity analysis of range of the potential number of clinicians and psychiatric hours that may be needed.

Average LMHP Salary	Fringe & Non-Personnel	Total Cost
$65,451	$36,481	$101,932
Number of Additional LMHPs-Direct Employment	**Total Cost**	
100	$10,193,217	
250	$25,483,041	
500	$50,966,083	
1,000	$101,932,166	

Hourly Psychiatry Telehealth	$250/ Hour
Hours Provided	**Total Cost**

25,000	$6,250,000
50,000	$12,500,000
75,000	$18,750,000
100,000	$25,000,000

- Every individual who receives CSB services is required to receive care coordination services. Individuals who have a diagnosis of SMI/SED/SUD require a higher level of care coordination known as case management. Individuals with Virginia Medicaid also receive care coordination through their Medicaid Care Organizations (MCO) and may therefore need a lower level of this support activity from the CSB. However, STEP-VA may require more extensive care coordination than what is provided by MCOs, which would result in additional costs to CSBs that cannot be offset by insurance revenue.

- There will need to be additional case management staff hired to meet the requirements laid out in this bill. Currently many case managers at the CSBs have caseloads that exceed 50 individuals. The industry standard for case manager is closer to a 1:30 caseload, however, a reduced case load may be needed for rural areas due to travel requirements of serving this population. Case managers also do much of the care coordination work. Expanding the number of case managers will allow the community service boards to address both case management and care coordination services. The average cost of a case manager is $51,251; however, this varies significantly across all 40 CSBs. The below table shows a sensitivity analysis of the number of additional case managers that may be needed, the associated costs, and the number of additional cases that could be served under a 1:30 ratio. Case management is a billable service, therefore, the costs estimated below are expected to be partially offset by increased revenue associated with serving a larger population.

Average Salary Case Manager	**Fringe & Non-Personnel***	**Total Cost**
$51,251	$32,905	$84,156
Number of Additional Case Managers	**Additional Case Capacity (1:30)**	**Total Cost**
100	3,000	$8,415,625
250	7,500	$21,039,063
500	15,000	$42,078,126
1,000	30,000	$84,156,252

- The Community Service Boards continue to be at a competitive disadvantage for salaries compared to the marketplace. To ensure that the CSBs could recruit and retain staff to perform these services as outlined in the bill, the state and localities would likely need to provide additional resources to bring salaries up to be more competitive. JLARC found that "the average turnover rate among the 23 CSBs for which data was available increased from 15 percent in FY13 to nearly 27 percent in FY22, and vacancy rates average more than 20 percent among direct care staff". The introduced budget includes

$36.0 million to annualize CSB salary alignments provided for in the 2023 Appropriation Act, which provided $18.0 million for five percent salary increases to CSB staff to begin in January 2024. Data showing the impact of the most recent salary increase on turnover and vacancy rates at CSBs is not available. The impact of the most recent CSB salary increase will vary by CSB in regard to the number of general fund positions that CSBs currently have, as well as the availability of local resources. If the funding provided represents a five percent salary increase for CSB staff, DBHDS estimates that an additional $37.8 million general fund per year would be needed to provide for another five percent salary increase to address recruitment and retention issues at Community Services Boards.

While the extent to which other payors will be available is unknown, many of these services can be billed to insurance or Medicaid, though the rates vary and do not always pay the full cost. This analysis does not make any assumptions about revenue projections; however, it should be noted that there should be revenue to help offset costs.

In addition to the costs outlined above and as noted previously, CSBs may need additional space for clinic-based services to accommodate serving a larger portion of the population. CSBs cannot use federal funds to procure resources and services for renovations or other similar capital projects. Updates to CSB infrastructure are primarily funded by CSBs obtaining loans, or through support from the locality/localities that each CSB serves. The extent to which renovations could be made will vary depending on the ability for each CSB to take on debt for projects, and the extent of locality funds available for these projects. This cost could also impact the timeline of when services could be available.

9. **Specific Agency or Political Subdivisions Affected:** Department of Behavioral Health and Developmental Services, Community Services Boards.

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** None.