

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:** 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.

6. **Budget Amendment Necessary:** Indeterminate.

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

8. **Fiscal Implications:** The fiscal impact of this legislation is indeterminate. 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 substitute version of the bill eliminates the clause in the introduced bill that would require CSBs to provide services to 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.

Chapter 607, 2017 Acts of Assembly, (STEP-VA legislation) included the following enactment clause:

3. That, effective July 1, 2021, the core of services provided by community services boards and behavioral health authorities within cities and counties that they serve shall include, in addition to those set forth in subdivisions B 1, 2, and 3 of § 37.2-500 of the Code of Virginia, as amended by this act, and subdivisions C 1, 2, and 3 of § 37.2-601 of the Code of Virginia, as amended by this act, respectively, (i) crisis services for individuals with mental health or substance use disorders, (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, (vi) care coordination services, and (vii) case management services.

The Commonwealth has continued to expand funding for these services over the last several years, however the ability of all CSBs to implement each core service is limited by both funding and staffing. 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
Ancillary 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

There may be a need for additional case management/care coordination staff to be 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. 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

Additionally, 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 may need to provide additional resources to increase salaries. 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.

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.