

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2018-19</b>		<b>FY 2019-20</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	See Below			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

This bill would provide for medical release of and additional rehabilitative options for committed offenders and allow the use of certain funds for peer and family support programs.

The Department of Correctional Services (NDCS) estimates that this bill has the potential to reduce costs by the average per diem cost (\$8,649 in FY17) for each inmate released on medical release for a full year. The medical division estimates there would be 6-10 inmates per year who meet the medical criteria in the bill. The fiscal impact of this bill is indeterminable until NDCS has time to conduct the medical and criminal history review required by the bill to determine who may be eligible and appropriate for release.

This bill has the potential to reduce NDCS per diem expenditures by \$0 if none of the 10 inmates qualify for release up to \$86,490 if all 10 inmates qualify for release.

For informational purposes, the Department of Correctional Services (NDCS) estimates the cost per offender (All facilities including Parole) at \$31,271 for FY16. This cost represents an average cost of all General, Cash, and Federal expenditures excluding aid, depreciation, and Capital Construction expenditures.

The Department of Health and Human Services (HHS) estimates the following impact:

	Dollar Amount	Number of Individuals
Community Based Services likely to be Accessed:		
Outpatient	875,063	150
Medication Management	219,297	260
Intensive Outpatient	123,247	38
Supported Employment	375,000	50
Total Non-Residential Funding	1,592,607	
Residential Based Care likely to be Accessed:		
Short Term Residential	400,235	Not Specified
Halfway House	251,372	Not Specified
Total Residential Funding	651,607	
Total Estimate Cost	2,244,214	

The amounts in the above-table differ slightly from the HHS response due to rounding. See the agency response attached for additional details not included in this fiscal note.

The HHS estimate appears high because it is based on many more individuals using services than the 6-10 inmates that NDCS estimates could be released under the provisions of this bill. Based on the NDCS estimate of the potential number of inmates that could be released, the impact on HHS would appear to be minimal and could be handled within the existing resources of the agency.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
<b>LB: 852 (025)</b>	<b>AM:</b>	AGENCY/POLT. SUB: <b>Nebraska Department of Health and Human Services</b>
REVIEWED BY: Joe Wilcox	DATE: 01/31/2018	PHONE: <a href="tel:(402)471-4178">(402) 471-4178</a>
<p>COMMENTS: The Nebraska Department of Health and Human Services estimate of potential fiscal impact to the Agency from LB 852 may be reasonable based on the Agency assumptions, which include: The Nebraska Department of Correctional Services would not be responsible to cover medical services under the provisions of this bill; that the individuals released would not be covered by Medicaid; and the increased numbers of patients requiring certain levels of care. However, the estimates on the number of potential patients appears high compared to the figures estimated by the Department of Correctional Services, and the assumption that the released inmates would not qualify for Medicaid in all cases may not be correct. Consequently, the overall estimate of fiscal impact could be overstated.</p>		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
<b>LB: 852</b>	<b>AM:</b>	AGENCY/POLT. SUB: <b>Nebraska Department of Correctional Services (046)</b>
REVIEWED BY: Joe Wilcox	DATE: 01/16/2018	PHONE: <a href="tel:(402)471-4178">(402) 471-4178</a>
<p>COMMENTS: No basis to dispute the Nebraska Department of Correctional Services estimate of potential but Indeterminate Fiscal Impact to the Agency from LB 852.</p>		

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Mike Michalski

Date Prepared: 1-8-18

Phone: (5) 471-5046

	<u>FY 2018-2019</u>		<u>FY 2019-2020</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>	\$2,224,215		\$2,224,215	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$2,224,215		\$2,224,215	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

**Explanation of Estimate:**

LB 852 proposes to allow individuals with substance use disorder or mental illness in the custody of Nebraska Department of Corrections to seek services from community based providers. Services can be treatment in nature or assistance to obtain employment or housing. As the individuals remain under the custody of NDOC during this time, they will likely not be eligible for Medicaid or other federal assistance such as Vocational Rehabilitation funding to pay for these services. As such it is anticipated that additional funding will be needed through the DHHS Division of Behavioral Health to ensure these services will be available. Without additional funding, individuals using the provisions of this bill would be potentially displacing other individual as the current level of services are fully utilized.

It is unclear at this time how many individuals will seek services in the community. However a 10% increase in the utilization of the non-residential based services most likely to be accessed will require approximately \$1.6 million increase in funding. This calculation is based upon the 1) 10% increase in utilization for outpatient (about 150 individuals), medication management (about 260 individuals), intensive outpatient (about 38 individuals), and 2) 50 of these individuals qualifying for and receiving supported employment services.

	Amount paid in FY17 for Services	10% increase
Community Based Services most likely to be accessed under this bill:		
Outpatient	\$8,750,633	\$875,063
Medication Management	2,192,972	219,297
Intensive Outpatient	1,232,474	123,247
Subtotal	\$12,176,079	\$1,217,608
Supported Employment for 50 Individuals		375,000
<b>Total Additional Non-Residential Funding Needed</b>		<b>\$1,592,608</b>

The \$1.6 million assumes that no individual utilizing these services requires residential level of care. If residential based care is also necessary for a portion of these individuals, this would require an estimated additional \$650,000 (assumes a 5% increase in residential care expenditures from the FY17 base).

Residential Based Care most likely to be accessed under this bill if not provided by NDOC:	Amount paid in FY17 for Services	5% increase
SUD Short Term Residential	\$8,004,705	\$400,235
SUD Halfway House	5,027,443	251,372
Total Additional Residential Funding Needed	\$13,032,148	\$651,607

This fiscal note assumes both the Community Based Services and the Residential Based Care programs will be impacted at the above amounts.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2018-2019 EXPENDITURES	2019-2020 EXPENDITURES
	18-19	19-20		
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....			\$2,224,215	\$2,224,215
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$2,224,215</b>	<b>\$2,224,215</b>

Please complete ALL (5) blanks in the first three lines.

**2018**

**LB<sup>(1)</sup> 852**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: (2) Nebraska Department of Correctional Services

Prepared by: (3) Jeff Beaty Date Prepared: (4) 1/16/18 Phone: (5) 4024795767

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

LB 852 authorizes the Nebraska Department of Correctional Services to release a terminally ill or permanently incapacitated inmate on medical release and requires the department to identify those who may be eligible based on their medical records. The provisions of LB 852 closely mirror the current medical parole statutes but do not require the individual be parole eligible or the approval of the board of parole.

Offenders can be released to a hospital, hospice or other housing accommodation suitable to their condition, including the family's home. An inmate may be required to return to prison if their condition improves and they no longer meet the requirements for medical release or if they violate the terms of the medical release. The bill does not provide for supervision of individuals while on medical release or require the department to pay for medical costs of individuals on medical release.

The department estimates that LB 852 has potential to reduce costs of the department by the average per diem cost (\$8,649 in FY 17) for each inmate released on medical release for a full year. The medical division estimates there would be 6-10 inmates per year who meet the medical criteria in the bill based on a quick review for the purposes of this note. The fiscal impact of LB 852 is indeterminable until the department has time to conduct the medical and criminal history review required by the bill to determine who may be eligible and appropriate for release.

LB 852 also amends section 83-184 to authorize the department to allow inmates to go into the community to participate in substance abuse evaluations, treatment, rehabilitative programming or treatment, seek residency or employment, or participate in structured programming. The changes to 83-184 have no fiscal impact as the department is already authorized to release individuals into the community for any purpose consistent with the public interest and inmates are currently allowed to receive passes for treatment, programming, residence and job seeking.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19 EXPENDITURES</u>	<u>2019-20 EXPENDITURES</u>
	<u>18-19</u>	<u>19-20</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____

Travel.....  
Capital outlay.....  
Aid.....  
Capital improvements.....  
TOTAL.....

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