

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 934 (First Edition)

SHORT TITLE: DWI Provider Authorization Fees

SPONSOR(S): Senator Kerr

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	(In Thousands)				
	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>
REVENUES	\$111-\$163	\$117-\$172	\$122-\$180	\$128-\$188	\$133-\$196
EXPENDITURES	\$122	\$127	\$132	\$136	\$141
POSITIONS: (cumulative)	2	2	2	2	2
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Health and Human Services					
EFFECTIVE DATE: July 1, 2003					

BILL SUMMARY:

Section 1 – Amends G.S. 122C-142.1 to require persons found guilty of Driving While Intoxicated (DWI) to seek treatment from an Area Mental Health Authority or a private facility authorized by the Department of Health and Human Services (DHHS) to provide DWI Certificate of Completions.

Under current statute, a DWI offender could seek service at any private DWI treatment provider who meets the standard of the statute. This bill would now require that the private provider be authorized by DHHS to provide the services.

This section of the bill also moves language regarding private facility requirements from subsection (a) of G.S. 122C-142.1 to a subsection (a1).

Section 2 – Establishes a new subsection (a1) in G.S. 122C-142.1. The proposed subsection will include language currently located in subsection (a) of the statute requiring private DWI service providers to notify their local area mental health programs before providing services and that the facilities adhere to all relevant rules and laws. These requirements are not changed from current statute.

The proposed bill also requires the private service facilities to pay a fee to DHHS to recover the cost associated with expanding the office that authorizes and monitors these facilities as required by 10 NCAC 14V .3806. The fee would be collected as a departmental receipt and would be retained by DHHS. This proposed annual fee is divided into three tiers based on the number of persons treated ("assessed") by the facility per year. This fee would only apply to facilities that serve DWI offenders seeking Certificates of Completion.

The bill identifies the following schedule:

	Assessments per Year:	Annual Fee:
Tier 1	1-24	\$250.00
Tier 2	25-99	\$500.00
Tier 3	100 or more	\$750.00

ASSUMPTIONS AND METHODOLOGY:

Revenues – In calculating the fiscal impact, the following revenue assumptions were used:

- Currently, there are 210 Tier 1 providers, 110 Tier 2 providers, and 75 Tier 3 providers.
- Based on trend data from 1999-2002, the expected growth rate for private DWI service providers is 5%. This analysis assumes that facilities will continue to grow at 5%. This projection does not consider the impact of Mental Health Reform on the number of providers.
- For the upper bound of the annual revenue projections, current service providers in all three tiers were assumed to pay the fee.
- For the lower bound of the annual revenue projections, providers in Tier 1 were assumed to eliminate services to DWI offenders for the purpose providing Certificates of Completion. This fee represents 14% of the average income these facilities receive serving DWI offenders and DHHS has stated that some of the facilities are expected to cease providing these services.

Anticipated Revenues for FY 2003-04*				
	Facilities	Fee	Total Revenue FY 2003-04 (Lower Bound)	Total Revenue FY 2003-04 (Upper Bound)
Tier 1	210	\$250	None	\$52,500
Tier 2	110	\$500	\$55,000	\$55,000
Tier 3	75	\$750	\$56,250	\$56,250
Total			\$111,250	\$163,750

** Service Providers are expected to grow by 5% in future years.*

Expenditures – In calculating the fiscal impact, the following expenditure assumptions were used:

- According to DHHS, two positions will be needed to carry out the authorization and monitoring activities for these private facilities as required in 10 NCAC 14v .3806. Combined, the salaries and benefits associated with these positions will cost \$122,565.
- The costs of the two positions were inflated according to the following schedule; FY 2005 (3.9%); FY 2006 (3.6%); FY 2007 (3.5%); FY 2008 (3.5%).
- DHHS has stated that any revenue collected in addition to the amount necessary for the two positions would be used to offset the cost of equipment, supplies, and travel for the two positions.
- DHHS assumes that there will be no costs associated with collecting this fee.

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