



Ohio Legislative Service Commission

Todd Celmar

Fiscal Note & Local Impact Statement

Bill: [Sub. S.B. 69 of the 129th G.A.](#)
(LSC 129 0373-6)

Date: December 4, 2012

Status: In Senate Health, Human Services & Aging

Sponsor: Sen. Schaffer

Local Impact Statement Procedure Required: Yes

Contents: Establishes a pilot program for three counties to drug test cash assistance applicants

State Fiscal Highlights

- The bill appropriates \$100,000 in FY 2014 and FY 2015 in GRF line item 038401, Treatment Services, in the Ohio Department of Alcohol and Drug Addiction's (ODADAS) budget and earmarks those amounts to be used for treatment services for individuals seeking treatment under the Ohio Works First Drug Testing Pilot Program.
- Potential increase in state Medicaid expenditures for alcohol and drug treatment services to Medicaid-eligible individuals that fail a drug test and request treatment services from their local alcohol and drug addiction and mental health services (ADAMHS) board.
- Potential gain in federal Medicaid reimbursement for drug treatment expenditures.

Local Fiscal Highlights

- Increase in administrative costs to the three county departments of job and family services that volunteer to participate in the pilot program.

Detailed Fiscal Analysis

The bill

The bill requires the Director of the Ohio Department of Job and Family Services (ODJFS) to establish an Ohio Works First (OWF) drug testing pilot program to be operated for two years in three counties selected by ODJFS. Counties must volunteer in order to be selected. The bill requires the Director of ODJFS to strive to have one rural, one suburban, and one urban county participate.

The bill requires each adult member of an assistance group who applies for OWF to undergo a drug test if the participating county determines there is reasonable cause to suspect that the adult has a chemical dependency based on the results of an assessment. The county is authorized to determine what type of drug test the individual must undergo (e.g., urine, saliva, etc.); the individual is responsible for the cost of the test. The bill specifies that if an adult who is eligible for OWF (other than a pregnant woman) either (1) refuses to be assessed, (2) chooses not to take a drug test, or (3) fails a drug test, then the cash assistance received for that assistance group will be provided to a protective payee; though, individuals who show documentation of participating in a treatment program may request to receive OWF benefits after six months. The bill requires the participating county departments of job and family services (CDJFSs) to refer individuals who fail a drug test to the local board of alcohol, drug addiction, and mental health services (ADAMHS) that serves the same county as the CDJFS. The respective ADAMHS boards must refer an adult that requests services to an alcohol and drug addiction program certified by the Ohio Department of Alcohol and Drug Addiction Services (ODADAS).

The bill requires that within 90 days of the conclusion of the pilot program, ODJFS submit a report to the Governor and General Assembly on the program with the following information: the number of adults required to undergo a drug test, the number of adults that failed a drug test, drug tests costs, the number of months OWF benefits were provided to protective payees, the number of adults who completed treatment, the number of adults who became employed, as well as other data.

Providing alcohol and drug treatment services

The bill could increase costs for ADAMHS boards to provide alcohol and drug treatment services. There are basically three levels of treatment services available to individuals that enter an ADAMHS board: outpatient, intensive outpatient, and nonmedical community residential. In FY 2011, the average cost of each service per person was as follows: \$824 for outpatient, \$1,859 for intensive outpatient, and \$7,212

for nonmedical community residential.¹ It is uncertain how many individuals, after failing a drug test and being referred to a local ADAMHS board, would request services from the respective board. Some ADAMHS boards currently have waiting lists, which could delay any increase in costs to provide treatment services under the program.

The bill appropriates \$100,000 in FY 2014 and FY 2015 in GRF line item 038401, Treatment Services, in ODADAS's budget and earmarks those amounts to be used for treatment services for individuals seeking treatment under the OWF Drug Testing Pilot Program. These appropriations are in addition to any appropriations made to this line item by the 130th General Assembly.

It is possible that individuals who receive treatment services under the bill may be eligible to receive those services under the Medicaid Program. Medicaid provides health care and treatment services to eligible individuals. Nonelderly, nondisabled adults are eligible for Medicaid if they are a parent and have an annual household income of up to 90% of the federal poverty guidelines (FPG), which is about \$16,680 for a family of three. The federal government reimburses Ohio about 63% of all medical-related expenditures (for every \$1 the state expends for Medicaid services, the federal government reimburses \$0.63). The costs for treatment services paid by Medicaid are expended by ODJFS from the GRF (line item 600525, Health Care/Medicaid) and from non-GRF line items.

Administering the pilot program

County departments of job and family services

The bill would increase administrative costs to participating CDJFSs that are selected to operate the pilot program. Such costs would be paid from the CDJFSs' allocation of Temporary Assistance for Needy Families (TANF) dollars used for administration of TANF programs. According to ODJFS, the participating CDJFSs would need to absorb the costs of this pilot program into their normal allocation in each year; no additional administrative dollars will be provided.

The increase in administrative costs would arise from new administrative processes pertaining to assessing OWF applicants, requiring drug tests, and designating protective payees. CDJFSs would need to require all adults in an assistance group to enter a CDJFS in order to complete an assessment, as currently not all adults in a household are required to physically visit a CDJFS. The three CDJFSs would need to establish additional processes to circumvent the statewide eligibility system, the Client Registry Information System-Enhanced (CRIS-E). This system provides eligibility determination services for multiple public assistance programs across all counties. Since it cannot be customized for particular counties, CDJFS staff would need to manually track eligibility for OWF cases. The Ohio Job and Family Services Directors'

¹ These were the treatment costs expended under the Substance Abuse Prevention and Treatment (SAPT) Block Grant in FFY 2012, reported by the Ohio Department of Alcohol and Drug Addiction Services.

Association has stated that such work is doable but can be labor intensive with higher potential for error. The increase in administrative costs would depend on the number of new OWF applicants in each county over the two-year period; the bill excludes current OWF recipients that undergo an eligibility redetermination.

The number of new OWF applicants that the three counties would process over the duration of the pilot program is uncertain. The actual number of applicants will depend mainly on the size of each county selected. According to the United States Department of Health and Human Services (USHHS), in FY 2011, there were a total of 212,653 applications statewide for OWF, about 17,720 per month.

Some OWF applicants would not be subject to an assessment. These are adults who apply to OWF as a representative payee for an eligible minor. Such adults are not counted in an assistance group, and as the bill states that only adult members of an assistance group are subject to the assessment, those applying as representative payees would not be required to take an assessment or undergo a drug test. Recently, representative payees have accounted for about 60% of Ohio's OWF assistance groups, which are referred to as "child-only" cases. These are typically cases where a child is living with a specified relative caregiver instead of a parent or when the adults in the household are recipients in other public assistance programs such as Supplemental Security Income. These children remain eligible until age 18 and are not subject to work participation requirements, income limitations, and federal time limits.

Department of Job and Family Services

At the state level, there would be minimal costs for ODJFS to prepare the report on the pilot program for the Governor and General Assembly. There would also be costs to establish rules. There may be additional costs for ODJFS to conduct state hearings for those who choose to dispute drug test results.

Ohio Works First payments

The bill would likely not decrease expenditures for OWF payments. Protective payees will receive cash assistance benefits on behalf of an assistance group if an adult member of the group either does not take an assessment or a drug test, or fails a drug test. The amount of the OWF benefit would not be decreased due to this provision. Though, it is possible that upon hearing about the assessment, potential drug test, and protective payee, some adults would choose not to apply for benefits.

OWF payments are funded by the federal Temporary Assistance for Needy Families (TANF) Block Grant and state dollars used as maintenance of effort (MOE) to receive the federal grant. The state must expend about \$417 million in MOE each year in order to receive the federal TANF Block Grant of \$728 million. State MOE is mainly expended from GRF line item 600410, TANF State, and from line item 600658, Public Assistance Activities. The federal TANF Block Grant is expended from line item 600689, TANF Block Grant. In addition to OWF, state MOE and federal TANF dollars are used for other allowable TANF programs and initiatives such as publicly funded

child care, the Prevention, Retention, and Contingency Program, the Kinship Permanency Incentive Program, and the Ohio Association of Second Harvest Food Banks. TANF dollars are also used to fund the administration of TANF programs at both the state and county levels.

The OWF Program provides time-limited cash assistance to help needy families with (or expecting) children to care for those children in their own homes. In addition to cash assistance, OWF provides job placement services, child care services, and transportation. The program also promotes preparation for work, job search, and early entry into employment. To be eligible for OWF cash assistance, applicants must have a minor child or pregnant woman (at least six months pregnant) in the assistance group. Families must have incomes of no more than 50% FPG (\$9,265 annually for a family of three). Adults or minor heads-of-household must sign a self-sufficiency contract, which specifies work requirements for the assistance group to receive cash assistance. Benefits are time-limited to 36 months with limited opportunities for extensions based on economic hardship.

In FY 2012, Ohio expended \$376.9 million in OWF cash benefits to an average of 84,267 assistance groups each month. These assistance groups included a monthly average of 181,935 recipients, of which 135,600 (75%) were children and 46,335 (25%) were adults. The average benefit per assistance group was \$373 per month. In October 2012, there were 70,667 assistance groups with 143,644 individuals (113,734 children and 29,910 adults) that received an average monthly benefit of \$374.

Drug use rates

It is not feasible to estimate the number of individuals that would choose not to take the assessment or the drug test, or the number that would fail the drug test upon taking it. Surveys conducted of drug use and addiction among public assistance applicants (or specifically cash assistance applicants) has yielded different results. According to an issue brief from USHHS, findings of drug abuse rates of public assistance recipients have ranged from 4% to 37%. The reasons for this wide range include different data sources, definitions (particularly the definition of "substance abuse"), and measurement methods. The USHHS brief also points out that drug use and abuse rates are typically higher when all public assistance programs are considered and lower when only cash assistance programs are considered. The brief states that this is because applicants for cash assistance are usually single female parents, who have lower drug use rates, and applicants for other assistance programs include more men, who have higher drug use rates.

A few states have implemented drug testing programs for cash assistance applicants and have experienced different results with respect to usage rates.

- Florida began testing of all cash assistance applicants in July 2011; testing ceased in October 2011 due to a court order. According to Florida's

Department of Children and Families, from July to October, 4,086 individuals took the test with most passing and 108 (2.6%) failing the test.²

- Arizona implemented drug testing for cash assistance recipients in November 2009. After an individual is enrolled in cash assistance, the state sends a short questionnaire that asks recipients if they have taken illicit drugs within the past 30 days. Recipients that admit to using illegal drugs are required to take a drug test to continue receiving benefits. From November 2009 to June 2011, 63,808 individuals were sent the questionnaire, and 16 (0.03%) were referred for drug testing. Of the 16, eight took the test, and one tested positive for drug use. About 930 individuals (1.5%) did not complete the questionnaire.³
- Michigan tested cash assistance applicants in a limited geographical area from October to November 1999; testing ceased due to a court order and was never resumed. During that time, 258 individuals were tested, and of these, 21 (8.1%) tested positive for illicit drugs, with 18 for marijuana only and the remaining three for other drugs.⁴

In addition to these states, Missouri passed a law requiring drug tests and will likely commence with drug testing cash assistance applicants using a questionnaire in a manner similar to Arizona. Other states test applicants for certain public assistance programs based on certain felony convictions.

SB0069S1.docx / th

² E-mail from Florida's Department of Children and Families Office of Legislative Affairs.

³ E-mail from Arizona's Department of Economic Security Division of Benefits and Medical Eligibility.

⁴ Pollack, Harold, et al., Drug Testing Welfare Recipients – False Positives, False Negatives, Unanticipated Opportunities, University of Michigan School of Public Health, January 2001.