

MEMORANDUM

TO: Joint Budget Committee

FROM: Carolyn Kampman, JBC Staff

SUBJECT: Revised Recommendation for Treatment and Detoxification Contracts

DATE: March 17, 2014

On March 5 the Committee approved staff's recommendation to appropriate a total of \$23,930,892 for the Department of Human Services' Treatment and Detoxification Contracts line item for FY 2014-15. This amount included the continuation of \$275,706 reappropriated funds that are transferred from the Department of Public Safety. Staff has since learned that this transfer has not occurred for some time, so the spending authority is no longer necessary. Thus, **staff requests that the Committee approve a revised recommendation of \$23,655,186 for the Treatment and Detoxification Contracts line item for FY 2014-15**, as detailed in the following table.

	Initial Recommendation	Revised Recommendation	Change
Total Funds	<u>\$23,930,892</u>	<u>\$23,655,186</u>	<u>(\$275,706)</u>
General Fund	11,911,333	11,911,333	0
Cash Funds	331,218	331,218	0
Reappropriated Funds	1,340,394	1,064,688	(275,706)
Federal Funds	10,347,947	10,347,947	0

Background Information - Treatment and Detoxification Contracts line item

This line item supports contracts for the provision of treatment and detoxification services for low income individuals who are not eligible for Medicaid. The Office of Behavioral Health currently contracts with four managed service organizations (MSOs) for the provision of substance use disorder treatment and detoxification services in seven catchment areas. The MSOs subcontract with 41 local treatment providers with locations around the state to deliver these services.

The Department requested \$23,580,038 (including \$11,737,867 General Fund). The request included an increase of \$173,466 for a 1.5 percent provider rate increase (R12) applied to the General Fund portion of the appropriation. The Committee approved a staff recommendation to appropriate \$23,930,892 (including \$11,911,333 General Fund). Staff's recommendation included a 3.0 percent provider rate increase, as well as changes related to allocations from the Correctional Treatment Cash Fund that were not reflected in the request.