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February 19, 2014

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 701 and Senate Bill 541: Regional Opioid Treatment Programs

Assembly Bill 701 and Senate Bill 541 are identical bills that would require the Department of Health Services (DHS) to establish two or three regional opioid treatment programs in rural and underserved high-need areas of the state. Assembly Bill 701 was introduced and referred to the Joint Committee on Finance on January 31, 2014. Senate Bill 541 was introduced and referred to the Finance Committee on February 3, 2014.

**BACKGROUND**

DHS administers the state's substance abuse prevention and treatment system, in cooperation with local governments. Under state statute, counties are responsible for the treatment and care of individuals with substance abuse disorders, limited to the services that can be reasonably provided within available state, federal, and county funds. Local substance abuse service capacity and infrastructure varies between counties, but generally includes prevention, treatment, and recovery services. DHS performs oversight and monitoring of the state's substance abuse program, and administers the federal substance abuse, prevention and treatment block grant ($26.4 million in federal fiscal year 2013-14) and other federal discretionary grants.

Medication-assisted treatment (MAT) with drugs such as methadone or buprenorphine (also known under the trade name suboxone) is a way to treat addiction to heroin or other opioids, to ease the symptoms of withdrawal, and to maintain long-term sobriety. Currently, there are 15 private opioid treatment programs in Wisconsin that dispense methadone. These federally- and state-licensed clinics served 5,768 individuals in 2012, and are primarily located in southeast Wisconsin. Services are paid for by a combination of Medicaid, private insurance, and payments from the individual. County-based programs generally do not have the resources to provide MAT.

**SUMMARY OF BILL**

The bill would require DHS to create two or three new, regional comprehensive opioid

treatment programs to provide treatment for opiate addiction in rural and underserved, high-need areas. DHS would obtain and review proposals for opioid treatment programs in accordance with its request-for-proposal procedures.

Each of the new regional opioid programs would be required to offer assessments to individuals in need of service to determine what type of treatment they need and provide counseling, medication-assisted treatment, and abstinence-based treatment. In addition, each program would transition individuals who have completed treatment to county-based or private post-treatment care. The programs could not offer methadone treatment.

DHS would be required to submit a progress report on the outcomes of the program to the Joint Committee on Finance and the appropriate standing committees of the Legislature by the first day of the 24th month following the effective date of the bill, and annually thereafter.

The bill would modify a current DHS GPR appropriation for mental health and substance abuse grants for community programs to authorize the expenditure for the opioid treatment programs created under the bill. DHS would be required to submit one or more requests during the 2013-15 biennium to the Joint Committee on Finance to supplement that DHS appropriation from the Committee's GPR supplemental appropriation for the purpose of paying for the opioid treatment programs. If the Committee releases funds for this purpose, DHS would be prohibited from spending more for the opioid treatment programs than the amount of the supplement provided by the Committee.

**FISCAL EFFECT**

There would be no net change in authorized state spending in the 2013-15 biennium as a result of this bill, as any funds the Committee authorizes for the new treatment programs would be supported by funds currently budgeted in the Committee's GPR supplemental appropriation. Additional issues are discussed below.

*Projected Costs of the Program.* The bill would not establish an annual funding level to support the new regional treatment programs. Rather, in the 2013-15 biennium, DHS would be required to request that the Joint Committee on Finance release funds from the Committee's GPR supplemental appropriation to support program costs. Beginning in the 2015-17 biennium, funding for the program would be determined as part of future budget acts.

In its fiscal note to the bill, DHS indicated that the new programs could provide treatment to 240 uninsured individuals at an annual cost of approximately $2.0 million GPR. Additional individuals could receive treatment funded by other sources, such as the state's Medicaid program or private insurance. The initial DHS cost estimate is made up of the following components:

- Outpatient Medication-Assisted Treatment (MAT) and Counseling ($1,920,000 annually for 240 individuals). All 240 projected participants would receive MAT (in this case, suboxone). This MAT would be combined with a range of medical and counseling services. While the course of treatment would vary, DHS estimates that this treatment would cost $8,000 annually per individual.

• Residential Stays for Detoxification ($96,000 annually for 48 individuals). For a subset of the individuals described above, a short-term residential stay would be required prior to beginning outpatient treatment in order to perform a medical detoxification and increase the chance that person can achieve long-term sobriety. DHS projected 48 individuals (or 20% of total participation) would receive these residential services to deal with severe symptoms of withdrawal. DHS estimates that these stays would average 10 days, and cost $2,000 per stay, in addition to the ongoing costs of MAT and counseling described above.

DHS would not be bound by these initial estimates, and could submit one or more requests to the Committee for a different amount, or for a partial year of funding, which may affect the number of individuals these programs would be able to serve.

*JFC Supplemental Appropriation.* Nearly all of the funding budgeted in the Committee's supplemental appropriation during the biennial budget is designated for specific purposes or projects, with a relatively small amount set aside as an unreserved amount (this unreserved amount currently equals $218,300). The bill does not specify a specific purpose in the Committee's supplemental appropriation from which the funding for the opioid treatment programs would be allocated.

One possible source of funding available in the Committee's supplemental appropriation is an allocation for the costs of responding to an ongoing tuberculosis (TB) incident in Sheboygan County. DHS may make requests to the Committee for release of the $4.7 million budgeted for the TB incident response, based on costs incurred by Sheboygan County. In October, 2013, the Committee released $394,500 GPR for costs incurred from April to September of 2013.

Initial costs of the TB response have been lower than originally projected, due in large part to a lower-than-projected number of multi-drug resistant TB cases. If costs remain constant at their initial level, total costs of the TB incident response would equal 53% of the total amount budgeted, resulting in unexpended funds of $2.2 million GPR at the end of the biennium.[*] If this occurs, there would be sufficient funds remaining to support the amount DHS projected in its fiscal estimate; if TB response costs increase, less money may be available to support the opioid treatment services, or funding would need to be allocated from another purpose in the Committee's appropriation or the unreserved amount.

The earmarked funds in the Committee's supplemental appropriation are provided on a one-time basis, while any increase in the community programs appropriation for the operation of the opioid treatment programs under the bill would be incorporated in the DHS base budget and provided on an ongoing basis.

Prepared by: Sam Austin

[*] Another bill that has been referred to the Committee (SB 521/AB 693) would provide $175,000 for the Shot Spotter program in the City of Milwaukee, and would explicitly draw from the funds budgeted for the TB incident response.