



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **SB0191.02 (002): Provide for the licensure of residential treatment centers**

Primary Sponsor: Mike Cuffe

Status: As Amended in House Committee

☐ Included in the Executive Budget

☒ Needs to be included in HB 2

☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts

☒ Technical Concerns

☐ Dedicated Revenue Form Attached

### **FISCAL SUMMARY**

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$13,564	\$13,564	\$15,599	\$17,938
<b>Revenues</b>				
General Fund (01)	\$240	\$240	\$240	\$240
<b>Net Impact</b>	<u>(\$13,324)</u>	<u>(\$13,324)</u>	<u>(\$15,359)</u>	<u>(\$17,698)</u>
<b>General Fund Balance</b>				

### **Description of fiscal impact**

The Amendment to SB 191 requires licensing compliance with 52-2-805, MCA, and 52-2-810, MCA. Montana Code Annotated 52-2-810 requires semiannual visits, during which at least 50% of the youth admitted to the facility are interviewed. This will require that licensure bureau facility surveyors visit each facility at minimum 2x/year, which will have a direct operational cost to the department.

### **FISCAL ANALYSIS**

#### **Assumptions**

#### **Department of Public Health and Human Services (department)**

1. The residential treatment center facility type has been added to the definition under the "health care facility" in 50-5-101, MCA. Currently, health care facilities may receive licenses on a 1, 2, or 3-year basis. The amendment requires compliance with sections 52-2-805 and 810, which stipulate semiannual visits, and that at least 50% of the youth be interviewed during those visits.
2. A full inspection is required for all health care facilities before the issuance of a new or subsequent license. For purposes of this fiscal note, the department assumes an annual inspection for license renewal.
3. The Office of Inspector General (OIG) licensure bureau will utilize the existing seven surveyor positions, which will be responsible for surveying these facilities.
4. It is assumed that these licensing visits will require 3 surveyors for 4 days, resulting in a total lodging and per diem cost of \$1,392.
5. The semiannual visits will require 1 surveyor for 1.5 days, resulting in total lodging and per diem costs of \$304.
6. The total inspection costs are estimated at \$1,696 per facility, with an estimated total of 8 facilities needing an annual inspection. Total costs for all 8 facilities are estimated at \$13,564 in FY 2026, \$13,564 in FY 2027, \$15,599 in FY 2028, and \$17,938 in FY 2029.

<b>SB 191 - Provide for the licensure of residential treatment centers</b>				
<b>Fiscal Year</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
<b>Residential Treatment Centers</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Licensing inspection costs</b>				
Lodging costs for 3 nights @ \$110/night	\$ 330.00	\$ 330.00	\$ 379.50	\$ 436.43
Per diem for 4 days @ 33.50/day	\$ 134.00	\$ 134.00	\$ 154.10	\$ 177.22
Number of Surveyors	3	3	3	3
<b>Total Cost of Licensing Visit</b>	<b>\$1,392</b>	<b>\$1,392</b>	<b>\$1,601</b>	<b>\$1,841</b>
<b>Semi annual visits</b>				
Lodging costs for 1 nights @ \$110/night	\$ 110.00	\$ 110.00	\$ 126.50	\$ 145.48
Per diem for 1.5 days (33.50 + \$8.25 Breakfast)	\$ 41.75	\$ 41.75	\$ 48.01	\$ 55.21
Number of Surveyors	1	1	1	1
<b>Total Cost of semi annual visits per year</b>	<b>\$304</b>	<b>\$304</b>	<b>\$349</b>	<b>\$401</b>
<b>Total Estimated Inspection Costs</b>	<b>\$13,564</b>	<b>\$13,564</b>	<b>\$15,599</b>	<b>\$17,938</b>

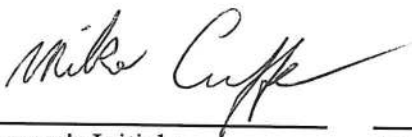
7. Pursuant to 50-5-503 MCA, using the median number of beds of the current licensed Private Alternative Adolescent Residential (PAAR) programs, the department assumes that the fee for the residential treatment center licensure type will be \$35. The remaining expense will require support from the general fund.

## Fiscal Analysis Table

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Operating Expenses	\$13,564	\$13,564	\$15,599	\$17,938
<b>TOTAL Expenditures</b>	<b>\$13,564</b>	<b>\$13,564</b>	<b>\$15,599</b>	<b>\$17,938</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$13,564	\$13,564	\$15,599	\$17,938
<b>TOTAL Funding of Expenditures</b>	<b>\$13,564</b>	<b>\$13,564</b>	<b>\$15,599</b>	<b>\$17,938</b>
<b><u>Revenues</u></b>				
General Fund (01)	\$240	\$240	\$240	\$240
<b>TOTAL Revenues</b>	<b>\$240</b>	<b>\$240</b>	<b>\$240</b>	<b>\$240</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$13,324)	(\$13,324)	(\$15,359)	(\$17,698)

**Technical Concerns****Department of Public Health and Human Services**

1. This bill, as written, does not include rule-making authority to develop reasonable licensing fees, so the fees addressed in 50-5-202, MCA, should be applied.
2. With a minimum of two onsite visits per year to these facilities, as required by Section 50-5-202, MCA, and the assumed operational costs of the department, the \$35 annual licensing fee is not commensurate with the costs.
3. OIG cannot fully quantify the operational impacts due to the unknown number of facilities that would apply for licensure and the number of patients that these facilities would serve. The operational expenses outlined above are an estimation for existing Private Alternative Adolescent Residential (PAAR) facilities. If a large number of these facility types were to open, it could create a significant impact on workload and could result in additional staff overtime expenses.



Sponsor's Initials

Date



Budget Director's Initials

3/31/2025

Date