



## Fiscal Estimate Narratives

DHS 1/30/2014

|   |           |                     |         |               |          |
|---|-----------|---------------------|---------|---------------|----------|
| LRB Number  | 13-3287/2 | Introduction Number | AB-0701 | Estimate Type | Original |
| <b>Description</b><br>Opioid treatment programs and making an appropriation |           |                     |         |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

This bill requires the Department of Health Services (DHS) to create two to three regional opioid treatment programs to provide treatment for opiate addiction in rural and underserved, high-need areas. The bill requires DHS to use request-for-proposal procedures to obtain and review treatment program proposals and prohibits treatment programs from offering methadone treatment.

Opioid treatment programs created under this bill are required to: offer an assessment to individuals to determine treatment needs; transition individuals to a licensed residential program, if needed by the individual; provide counseling, medication-assisted treatment (excluding methadone treatment) and abstinence-based treatment; and transition individuals who have completed treatment to county-based or private post-treatment care.

This bill requires DHS to submit one or more requests under s. 13.10, Wis. Stats, to the joint committee on finance during the 2013-15 biennium to supplement the appropriation s. 20.435 (5)(bc) to fund the opioid treatment programs and limits DHS spending on the opioid treatment programs to the supplemented amount (s). In addition, this bill requires DHS to submit a report to the joint committee on finance and appropriate standing committees on program outcomes 24 months after the effective date of the bill and annually thereafter.

This bill would direct DHS to provide funding to regional opioid treatment programs to serve individuals. The operating costs of the programs would depend on their size. DHS estimates that programs serving 240 individuals statewide per year on an ongoing basis would have a total annual cost of \$2,016,000 GPR, based on the following assumptions:

- 20% (48) require residential and outpatient treatment services = \$480,000  
Residential detoxification = \$200/day \* 10 days (average) = \$2,000/yr  
Outpatient medication-assisted treatment and counseling = \$8,000/yr
- 80% (192) require outpatient services only = \$1,536,000  
Outpatient medication-assisted treatment and counseling = \$8,000/yr
- Total annual cost = \$2,016,000

The cost estimate assumes no third party insurance or Medicaid reimbursement. If patients do have health coverage for which the programs could bill, the program could serve additional individuals for this cost.

This cost estimate is based on first year treatment costs. Individuals may require additional counseling services in subsequent years, estimated to be \$2,275/individual annually. The ongoing operating cost for the programs in future years will depend on the programs' mix of first year and ongoing patients.

The Department would have funding to support the programs on an ongoing basis as long as the 2013-15 biennial transfers from the joint committee on finance are treated as base budget increases under appropriation s. 20.435 (5)(bc) in future biennia. Increased access to opioid treatment may increase utilization of certain Medicaid services but this may be offset by a decrease in utilization of other Medicaid services.

To the extent that the bill increases the number of individuals receiving county-based post-treatment care, costs to counties will increase. However, it is likely that counties will realize other savings by addressing opiate dependency further upstream. For this reason, the fiscal effect on counties is indeterminate.

### Long-Range Fiscal Implications