

Hearing: May 24, 1995  
Claim: CSM-4397  
Staff: Mary Ann Aguayo  
g:\maa\4397\sce\calcula.doc

STATEWIDE COST ESTIMATE CALCULATIONS  
Safety Code Section 10901, Subdivisions (a), (b), and (c)  
Chapter 1603, Statutes of 1990

*Perinatal Services*

## Mandate Background

At its hearing of February 25, 1993, the Commission on State Mandates (Commission) determined that Health and Safety Code section 10901, subdivisions (a), (b), and (c), of Chapter 1603, Statutes of 1990, do impose a new program or a higher level of service in an existing program upon local agencies within the meaning of section 6, article XIIB of the California Constitution and Government Code section 17514, by requiring perinatal services for substance exposed infants.

## Reimbursable Costs

Counties shall be reimbursed for the increased costs which they are required to incur to ensure needs assessments and referrals are performed for substance-exposed infants prior to release from a hospital.

Protocols are to be established between county health departments, county welfare departments, and all hospitals in the county to ensure needs assessments and referrals are performed.

Needs assessments are to be performed by a health practitioner, as defined, or a medical social worker. The purpose of the needs assessments includes all of the following: 1) identify needed services for mother, child, or family, including, where applicable, services to assist the mother caring for her child and to maintain the child in the home, 2) determine the newborn's risk level upon release to the home and the corresponding level of services and intervention, if any, necessary to protect the newborn's health and safety, and 3) gathering of data for information and planning purposes.

Referrals shall be to county health and welfare departments for maternal, child and family health and welfare services.

For each eligible claimant, the following activities are reimbursable:

- 1) One-time only costs incurred in establishing protocols between county health departments, county welfare departments, and all hospitals in the county.
- 2) Costs incurred for first-line direct program supervision and quality assurance.
- 3) Costs incurred in identification of substance-exposed newborns by an employee in the health care setting, in accordance with hospital protocol.

- 4) Costs incurred for an initial screening and a more detailed needs assessment, as indicated, by health practitioner, as defined in Penal Code section 11165.8, or medical social worker prior to release from the hospital and identifying needed services for the mother, child, or family, including, where applicable, suggested services to maintain children in their homes.
- 5) Costs incurred for referral of a child and family to county health and welfare departments, when substance abuse affects the ability of the mother to be an effective parent. Referrals solely regarding suspected child abuse are not reimbursable activities.
- 6) Costs incurred for determining through the needs assessment the level of intervention and future services, if any, necessary to protect the newborn's health and safety. This decision-making activity is restricted to the time period in which the needs assessment is being completed before the infant is released from the hospital.
- 7) Costs incurred for data collection, analysis and planning, as required by a state agency and as necessary for completion of the needs assessment before release of a substance exposed infant from the hospital.

Allowable costs include salary and benefits (including clerical costs), services and supplies, postage, travel, laboratory costs, contract costs, overhead, and related costs that are incurred in discharge of this mandated program.

## Methodology and Data

Commission staff initiated a survey to county representatives that elicited very few responses with inadequate information to form an accurate cost estimate. Due to the lack of information, Commission staff along with representatives from the Department of Finance, Department of Health Services, Controller's and the County, identified problems generated from the statewide cost estimate questionnaire survey and discussed concerns with the variations in the data reported by counties on the questionnaire. The counties agreed to investigate the various issues and assist in collecting additional data to develop the statewide cost estimate.

The county representatives created an ad hoc subcommittee where the members discussed the mandate findings with knowledgeable individuals to gain a better perspective of the mandated activities and possible ways to estimate the costs. To obtain additional county input and to further review and refine the process, the ad hoc subcommittee held a special workshop on the mandate to discuss initial findings and various issues related to developing the cost estimate.

Based on their investigations, a process was developed for calculating the costs by separating the services into four major areas as follows: 1) initial in-hospital screen, 2) toxicology screen, 3) perinatal assessment, and 4) protocol development.

In addition, offsets or subventions were identified on some of the initial questionnaires for SB 910 funds, Medi-Cal funds and private foundation funds. The ad hoc committee findings were that the SB 910 funding did not apply to the perinatal program costs, and Medi-Cal costs were only for out-of-hospital treatment which was not identified as a reimbursable cost. The committee did not have any knowledge of a funding source for private foundation funds, and felt that if there was funding it was probably limited to research in the area and not for performing

the activities included under the identified mandate. If at some later point some county does receive specific foundation funding for their services, those costs will be reported to the Controller as offsets to the costs claimed.

Cost estimates from Santa Clara and Fresno County were used as models and a sampling of eleven additional large and small counties were contacted. The final cost estimate was developed with information from nine counties. It should be noted that the responding counties did not respond to all of the questions on the survey.

## Assumptions and Calculations

In developing the statewide cost estimate, the general assumptions included the following:

- 1) The number of screens or assessments to be performed per county is proportional to the county population, and that this rate is uniform throughout the state.
- 2) The California State Association of Counties memo dated May 3, 1995 indicates that, according to information supplied by the Office of Perinatal Substance Abuse, thirty nine counties have developed protocols, and several others are in the process of developing such protocols. Accordingly, staff has assumed that forty-four counties will develop protocols, and based the estimate of one-time costs for protocol development on this assumption.
- 3) Survey data was supplied for the 1993-94 fiscal year. Figures for earlier and later fiscal years were adjusted five percent upward for fiscal years 1994-95 and 1995-96, and five percent downward for each prior fiscal year. This adjustment is intended to take cost of living increases into account, at a uniform rate of five percent annually. The data for the initial six-month period was adjusted downward by five percent from the prior fiscal year, and then divided by two to obtain a six month figure.
- 4) Ongoing costs were calculated by projecting the number of screens or assessments performed in responding counties out to a statewide population. All population figures are taken from the Department of Finance E5 database from May 1994, which gives population figures as of January 1, 1994, which is the midpoint of the surveyed fiscal year. The formula used is:  

$$\text{Projected \#} = (\text{Number of Screens/Surveyed Population}) * \text{Statewide Population (total)}$$
- 5) The Projected # is then multiplied by the average Time per Screen and the average Hourly Rate to yield the Projected Cost.
- 6) The Total Ongoing Costs have been reduced by fifteen percent to account for the fourteen counties which have not yet developed protocols. While fourteen counties out of fifty eight counties represent roughly twenty five percent of the counties by number, staff assumes that the counties which are not participating are counties which are lower in population, and has therefore lowered the percentage to fifteen percent to account for this assumption.
- 7) The surveyed hourly rates are assumed to include administrative/supervisory time.

Staff projects the one time costs to be \$168,945. Because these costs are prior to audit and based on estimates, the estimated one time costs have been rounded to \$169,000.

Staff projects the ongoing costs from January 1, 1991 through the 1995-96 fiscal year to be \$10,388,725. Because these costs are prior to audit and based on estimates, the estimated ongoing costs have been rounded to \$10,389,000.

The total one time and ongoing statewide cost estimate is therefore \$10,558,000.