

HF3374 - 1E - "Modify Family Planning Svc Grants"

Chief Author: **Kathy Lohmer**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/11/2016**
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	202	167	167	
Total	-	-	202	167	167	
Biennial Total			202			334

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	1.95	1.75	1.75
Total	-	-	1.95	1.75	1.75

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund		-	-	202	167	167
Total		-	-	202	167	167
Biennial Total				202		334
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	-	202	167	167
Total		-	-	202	167	167
Biennial Total				202		334
2 - Revenues, Transfers In*						
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

Section 1 Requires any federal Maternal and Child Health Block Grant funds retained by the Commissioner of Health and used for grants for pre-pregnancy family planning services be distributed according to section 145.925.

Section 2. Requires any federal Maternal and Child Health Block Grant funds allocated to Community Health Boards and used for grants for pre-pregnancy family planning services be distributed according to section 145.925.

Section 3. Adds that any federal Maternal and Child Health Block Grant funds allocated to Community Health Boards and used for the provision of pre-pregnancy family planning services under 145.925 be used for programs that meet specific criteria.

Section 4. Requires the Commissioner of Health to grant funds to provide pre-pregnancy family planning services. The list of entities eligible for grants is moved to 145.925 Subd. 1d.

Section 5. Adds definitions for Community Health Boards; Family planning; federally qualified health center; hospital, and public health clinic.

Section 6. Requires the Commissioner of Health to apply to the federal Department of Health and Human Services for grant funds under Title X of the federal Public Health Service Act, United States Code, title 42, sections 300 to 300a-b.

Section 7. Requires the Commissioner of Health to distribute any federal Title X funds received, funds appropriated from the general fund and the federal TANF fund for family planning services and maternal and child health block grant funds used for pre-pregnancy family planning services according to 145.925.

Section 8. Requires the Commissioner of Health to distribute the funds listed under Section 7 to public entities, including Community Health Boards and public health clinics first. Any remaining funds may be distributed to hospitals and federally qualified health centers that provide comprehensive primary and preventive health care services.

Section 9. Prohibits a public entity, listed in Section 8, from subgranting for family planning services to an entity that provides abortion services or has an affiliate that provides abortion services, unless the entity that provides abortion services solely when the abortion is directly and medically necessary to save the life of a woman and a physician signs a certification stating the direct and medical necessity of the abortion.

Section 10. Requires the Commissioner of Health, once every grant cycle, to publish on the departments Web site a list of all the entities that received family planning grant funds as well as their subrecipients and the amount of funds received by

each entity.

Section 11. Repeals 145.925 Subd. 2 Prohibition and Subd. 9 Amount of grant; rules

Assumptions

HF 3374-1E makes changes to the organizations eligible for family planning grants and the maximum amount of the grants awarded.

- Section 8 limits the entities eligible to receive family planning grants to community health boards, public health clinics, hospitals, and federally qualified health centers.

- Section 9 prohibits a public entity listed in Section 8 from sub-granting their awards to an entity that provides abortion services or has an affiliate that provides abortion services, except under certain circumstances.

- Section 11 repeals part of the current law that supersedes rules governing the maximum amount of family planning grants. As a result, the repeal would require the department to follow award requirements listed in Minnesota Rules 4700.2420 subpart 1 that limits the family planning grant awards to \$75,000 per organization within a region.

There are currently 27 family planning grantees reaching 78,000 individuals through outreach activities such as classes and health fairs, counseling 30,236 individuals on contraceptive options and providing contraceptive services to 22,259 individuals at 80 locations throughout Minnesota.

- Of the current family planning grantees, 15 grantees, providing 6,749 individuals with contraceptive services, would continue to meet grantee eligibility criteria in section 8. However the combination of sections 11 and 9, which cap annual awards at \$75,000 and prohibits subcontracting with an entity that provides abortion services or has an affiliate that provides abortion services, will result in approximately 4,521 of these individuals losing access to their contraceptives and their established family planning provider.

- Of the current family planning grantees, 12 grantees, providing 15,510 individuals with contraceptive services would not continue to meet grantee eligibility criteria for a state grant as outlined in HF 3374 because as nonprofit organizations they would no longer be eligible to be state grantees. It is unclear how many, if any, of these non-profit organizations might eventually obtain family planning funding as a subrecipient to a public entity under Section 9.

The department assumes these changes would be effective on August 1, 2016. Current family planning grant agreements run from 7/1/2015 to 6/30/2017, which means the department would be required to amend the current grant agreements for the 15 grantees that would continue to be eligible in order to implement the changes by August 1. The department would also be required to issue a new request for proposals (RFP) to award the funds no longer being distributed to the 12 grantees that would no longer be eligible and the funding made available from the \$75,000 cap imposed on the remaining 15 grantees.

It is assumed that at a minimum it would take 6 to 9 months for new family planning delivery systems to be available in the areas of the state currently served by the grantees that would no longer be eligible and the grantees that will need to have their funding reduced: Development and release of a new RFP (1 month); applications to be returned for consideration (1.5 months); review of 70 to 90 applications (1 month); contract negotiations with approved applicants (1 month); processing grants (1 month), and for grantees to have fully implemented their grant program (1 to 3 months). As a result of the timeline to establish new grantees, there will be a period of time where the department will not have grantees in place to provide family planning and contraceptive services for some areas of the state, affecting the approximately 15,500 individuals served by the 12 current organizations that would no longer qualify as grantees plus the 4,521 individuals served by grantees that would be affected by the changes in sections 9 and 11.

Based on the assumptions above, the following amounts of staff effort would be required to implement the following sections:

Sections 1 through Section 3 Would require the department to amend the current 49 Community Health Boards maternal and child health block grant agreements to incorporate the new statutory requirements related to the distribution of maternal and child health block grant funds for family planning services. A 0.2 FTE Grant Coordinator for three months would be needed to process, track and finalize the 49 grant amendments.

Section 6 - The department assumes that the work associated with applying for a federal Title X grant fits within the

existing work performed by department staff.

Section 4, Section 5, Section 7, Section 8, Section 9 and Section 10 - would require the department to amend 15 current family planning grant agreements to incorporate the new requirements related to subrecipients and to terminate 12 family planning grant agreements. A 0.2 FTE Grant Coordinator for three months would be needed to amend language in 15 grant contracts and to terminate 12 grant agreements. Changes to definitions and to who is an eligible grantee would require the department to initiate rule changes to assure consistency between statute and rule. It is anticipated that the rule change would be considered small in nature and non-controversial. The estimated costs for a small rule change including staff within MDH, charges from the Office of the Attorney General and the Office of Administrative Hearings, and related filing fees and notices would be approximately a onetime cost of \$25,202. This amount includes a 0.2 FTE Grant Coordinator to oversee the rule change for three months.

Section 10 - Grantees are currently required to report to the department their subrecipients and family planning grantees are currently listed on the departments website. The department assumes that the work associated with periodically updating the website with a list of grantee names and the amount of the grant or subgrant received fits within the existing work performed by department staff.

Section 11 This would require amending 11 grant agreements to reduce the current annual award of an eligible grantee to \$75,000. A 0.2 FTE Grant Coordinator for three months would needed to revise budgets, amend grants language and tract and process grant amendments. An award cap of \$75,000 would increase the number of grantees from 27 to a minimum of 83. The department currently has one Grant Coordinator to provide technical assistance, monitoring, invoice processing and reviewing progress reports. Another 1.5 FTE Grant Coordinators would be needed to provide these oversight duties to at a minimum an additional 56 grantees and a .25 Management Analyst 1 would be required to process payment and oversee financial requirements of grantees.

Altogether, the staff effort required for this work would be:

Year 1: 1.7 FTE grant coordinators [1.5 FTE from Section 11 plus 0.2 FTE from the combination of sections 1-3 (0.2 FTE for 3 months), 4-5 & 7-8 (0.2 FTE for 3 months x 2 = 6 months), and 11 (0.2 FTE for 3 months) = 12 months of 0.2 FTE] and 0.25 FTE Management Analyst 1 from Section 11 for a total of 1.95 FTE.

Year 2: 1.5 FTE grant coordinator and 0.25 FTE management analyst from Section 11 for a total of 1.75 FTE.

Expenditure and/or Revenue Formula

EXPENDITURES	SFY15	SFY16	SFY17	SFY18	SFY19
Salary and Fringe Benefits	0	0	165	148	148
Other Operating Costs	0	0	19	4	4
Grants	0	0	0	0	0
Administrative Services	0	0	18	15	15
OR Indirect Cost	0	0	0	0	0
TOTAL EXPENSES	0	0	202	167	167
TOTAL REVENUES	0	0	0	0	0

Long-Term Fiscal Considerations

None.

Local Fiscal Impact

None.

References/Sources

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