



May 11, 2010

SF 2708 (Lynch et al.)

Attention deficit (hyperactivity)disorder (ADD, ADHD) mental health professionals diagnosing authority expansion

Local Fiscal Impact				
Net Expenditure Increase/Revenue Loss or (Expenditure Decrease/Revenue Gain)				
Dollars in Thousands, State Fiscal Years				
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Statewide	0	\$91	\$182	\$274

Explanation of the Bill

This local impact note was requested on SF 2708 (Lynch et al.) / HF 2995 (Tillbery et al.) relating to attention deficit disorders. SF 2708 / HF 2995 expands the definition of those qualified to make a diagnosis and determination of attention deficit disorder (ADD) or attention deficit hyperactivity disorder (ADHD) for purposes of identifying a child with a disability to include mental health professionals outlined under M.S. 245.4871 subdivision 27, clause (1) to (4). Currently only a licensed physician, an advanced practice nurse, or a licensed psychologist are qualified to diagnosis ADD/ADHD for purposes of identifying a child with a disability.

Local Impact Analysis Methodology

To assess the impact of allowing mental health professionals as identified under M.S. 245.4871 subdivision 27, clause (1) to (4) to make a diagnosis and determination of ADD or ADHD for purposes of identifying a child with a disability, MMB worked with the Department of Education to identify the current ADD/ADHD population served, estimated growth within this population, and the average special education costs for school districts. MMB then estimated the impact of expanding qualified professionals able to diagnose ADD/ADHD to include mental health professionals through an estimated percentage increase in the number of students evaluated and served.

Local Impact Analysis of SF 2708 / HF 2995:

There are roughly 850,000 public school students in MN. Currently 12,459 (1.4%) of those students are being served under the special education ‘Other Health Impaired’ category, the special education category which includes ADD and ADHD services. This category has been growing at an average rate of 5.7% for the last four years and it is assumed the majority of the growth due to ADD and ADHD services.

It is estimated by Children and Adults with Attention Deficit/Hyperactivity Disorder (CHADD), a national nonprofit organization, the percentage of students anticipated to have a medical or clinical diagnosis of ADD or ADHD at any one time is between 5 – 8 % of all students, however not all of those students qualify for special education services. The ADD/ADHD condition must adversely affect the student’s educational performance for the student to qualify for special education services. Students that do not require special education services may need some accommodation or adaptations as required by Section 504 of the Vocational Rehabilitation Act of 1973, however, these are not special education services and are not reimbursed with special education funds.

According to MDE, the average number of hours needed to evaluate a child for ADD or ADHD is 25 hours. The statewide average unreimbursed special education costs (expenditures not covered by either the special education or excess cost appropriations) is \$16.65 per hour. The statewide average number of special education service hours per pupil with ADD or ADHD is 165 hours.

Table 1 summarizes local average cost to evaluate and serve one additional child with ADD or ADHD:

Table 1:

	Average Hours	Average Unreimbursed Special Education Costs	Special Education Expenditures Per Child
Evaluation	25	\$16.65	\$416.25
Special Education Service Year	165	\$16.65	\$2,747.25

The current growth rate for special education services provided under the ‘Other Health Impaired’ category is 5.7%. It is assumed that, with the addition of mental health professionals as authorized professionals able to diagnose ADD/ADHD, there will be more referrals to special education and therefore an increase in the number of special education evaluations.

Table 2 summarizes the fiscal impact of increased evaluation expenditures within a reasonable growth range:

Table 2:

Percentage Increase in Evaluations	Number of Additional Students Evaluated	Special Education Expenditures Per Child	Total Special Education Expenditures
0.5	66	\$416.25	\$27,435
1.0	132	\$416.25	\$54,869
1.5	198	\$416.25	\$82,304

It is assumed that students with the most severe cases of ADD and ADHD have already been diagnosed and are included in the existing 12,459 students already being provided other health impaired special education services. Therefore, only a fraction of the students evaluated by mental health professionals will be diagnosed with ADD or ADHD and qualify for special education services.

Using the midrange increase in evaluations included in table 2, the table 3 below summarizes the fiscal impact of additional students qualifying for special ‘Other Health Impaired’ special education expenditures within a reasonable range.

Table 3:

Percentage Diagnosed with ADD or ADHD	Number of Additional Students Identified	Special Education Expenditures Per Child	Total Special Education Expenditures
5.0	7	\$2,747.25	\$18,089
10.0	13	\$2,747.25	\$36,179
15.0	20	\$2,747.25	\$54,268

Using the mid-range expenditure estimates from table 2 and 3 the following estimates for FY 2010 – FY 2013 can be developed for the overall statewide impact on local units of government of SF 2708 / HF 2995:

Statewide local cost estimate of SF 2708 / HF 2995 for FY 2010 – FY 2013:

Local Fiscal Impact				
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Dollars in Thousands, State Fiscal Years				
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Statewide	0	\$91	\$182	\$274

Other Considerations

The above local costs are unreimbursed special education costs for school districts. School districts request reimbursement on 100% of their special education expenditures, however because both the special education and special education excess cost appropriations are capped, districts do not receive 100% reimbursement. Any increase in statewide special education expenditures alters the reimbursement proration factor, however because the special education appropriation is over \$750 million, the additional estimated expenditures outlined above will have a minimal impact.