PERFORMANCE AUDIT

Study of the Feasibility of Dividing Licensure Functions Between the Department of Mental Health and Developmental Disabilities and the Department of Intellectual and Developmental Disabilities

October 2010

STATE OF TENNESSEE

COMPTROLLER OF THE TREASURY

Department of Audit

Division of State Audit

TENNESSEE COMPTROLLER OF THE TREASURY

Arthur A. Hayes, Jr., CPA, JD, CFE
Director

Deborah V. Loveless, CPA, CGFM
Assistant Director

Diana L. Jones, CGFM
Audit Manager

Lisa Williams, CGFM, CFE
In-Charge Auditor

Bryan Chriske, CFE
Staff Auditor

Amy Brack
Editor

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-1402
(615) 401-7897

Performance audits are available online at www.comptroller1.state.tn.us/RA_SA.
For more information about the Comptroller of the Treasury, please visit our website at www.tn.gov/comptroller/.

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7897
FAX (615) 532-2765

October 28, 2010

The Honorable Randy McNally
Prime Sponsor of Senate Bill 3341 (Public Chapter 1100)
The Honorable Mark Maddox
Prime Sponsor of House Bill 3526 (Public Chapter 1100)
The Honorable Rusty Crowe, Chair
Senate Committee on General Welfare, Health and Human Resources
The Honorable Joe Armstrong, Chair
House Committee on Health and Human Resources
State Capitol
Nashville, Tennessee 37243
and
Members of the Division of Intellectual Disabilities Services Transition Team

Ladies and Gentlemen:

Transmitted herewith is a study of the current licensing structure within the Department of Mental Health and Developmental Disabilities, and an assessment of the feasibility of dividing such licensing functions between the Department of Mental Health and Developmental Disabilities, for the purposes of licensing mental health facilities, and the Department of Intellectual and Developmental Disabilities (to be established January 15, 2011), for the purposes of licensing intellectual disability and developmental disability facilities.

This study was conducted pursuant to the requirements of 2010 Public Acts, Chapter 1100, Section 146, effective June 23, 2010.

Sincerely,

Arthur A. Hayes, Jr., CPA
Director

AAH/dlj
11-009

State of Tennessee

Audit Highlights

Comptroller of the Treasury Division of State Audit

Study of the Feasibility of Dividing Licensure Functions Between the Department of Mental Health and Developmental Disabilities and the Department of Intellectual and Developmental Disabilities

October 2010

STUDY OBJECTIVES

The objectives of the study were to determine the current licensing structure within the Department of Mental Health and Developmental Disabilities (MHDD), and assess the feasibility of dividing such licensing functions between MHDD for the purposes of licensing mental health facilities and the Department of Intellectual and Developmental Disabilities (DIDD—established effective January 15, 2011) for the purposes of licensing intellectual disability and developmental disability facilities. We did not study and assess the adequacy and quality of MHDD's licensing process.

CONCLUSIONS

While the relocation of mental retardation* licensing from MHDD to the new DIDD would be feasible, and even welcome by current Division of Intellectual Disabilities Services (DIDS) management, it would not be as simple as a "cut-and-paste" due to the manner in which MHDD currently handles licensing and DIDS' intentions to handle licensing differently. Because MHDD does not distinguish between types of licensure in its approach, mental retardation licensing is intricately woven into MHDD's licensing fabric. Because of this, fee structures and statutes and rules must be unraveled and recreated, where necessary, to ensure that the new DIDD has adequate, comprehensive responsibilities and powers to properly conduct licensure issuance, oversight, and enforcement.

As a benefit, moving mental retardation licensing from MHDD to the new DIDD would

- bring Tennessee in line with industry practices in which the agency overseeing intellectual disability and developmental disability services also handles licensing;

---

* We realize that "mental retardation" is an outdated term and that "intellectual disabilities" is the more appropriate term. However, intellectual disabilities licenses are currently referenced in statutes and rules as mental retardation license categories, and there is currently no developmental disabilities licensure category. Therefore, when discussing licensure we have used terminology consistent with existing statutes and rules.

- allow licensing and oversight to be performed by subject-matter experts;
- be supported by a preexisting fully developed department with quality assurance, complaint-handling, information systems, and financial staff;
- build upon preexisting contractual relationships with most licensees; and
- be revenue-neutral, in that mental retardation licensing revenues would solely be used for licensing and service delivery improvements (current DIDS intention and estimate).

However, moving licensing to DIDD could have negative consequences:

- MHDD states that it will need additional state appropriations if it loses mental retardation licensing revenue (this revenue is being used to cover the costs of other licensing performed by the department);
- there would be the potential for duplication of licensure paperwork (this could be eliminated by the departments sharing licensure application paperwork);
- licensing fees would increase for those agencies holding mental health as well as mental retardation licenses; and
- personal support services agency licensing would need to be reconstituted to divide the licensees, based on their clientele, between the two departments.

Benefits of keeping mental retardation licensing at MHDD include the following:

- the process is already established at MHDD administratively and financially, and
- fees would not increase for those licensees that hold mental health as well as mental retardation licensure.

No matter where licensing is located, additional resources may be needed because of current "deeming" practices, to ensure that all licensed sites receive the statutorily required inspections and reviews. See the section below on "deeming." While we determined that the division of licensure functions is feasible, we did identify certain challenges and notable issues during our review.

<u>If the Fee Structure Remains the Same, Licensing Fees Will Increase for Some Sites Because They Would Lose Multiple Category Pricing Breaks</u>

Currently, the fee structure used by MHDD provides a price break the more categories a site is licensed in, regardless of whether the licensure category is mental health, mental retardation, alcohol and drug abuse, or personal support services. Because of this, the transfer of mental retardation licensing to the new DIDD is not a one-to-one ratio in regard to fees. If the fee structure remains the same, MHDD would lose $480,285 in licensing revenues, while the new DIDD would take in $589,305 in licensing revenues. The result is that licensees would be paying an additional $109,020 to maintain their current licenses. This would be the scenario for 173 of the 621 sites currently holding a mental retardation license. There would be no cost reductions for any sites under this scenario.

Personal Support Services Agency Licensing Will Need Revisions

There is also the issue of how to specifically handle the personal support services agency (PSSA) licenses that provide services to all categories of clients without distinction. Personal support services agencies provide self-care assistance (eating, dressing, bathing, mobility, etc.), household assistance (housekeeping, laundry, meal preparation, etc.), personal assistance (transportation, social/recreational/other activities), education services, etc., to clients in their homes. Currently, though, statutes and MHDD do not require PSSAs to declare the type(s) of clients they serve. Many may serve only intellectual and developmental disabilities clients, as evidenced by the 154 sites whose only licenses other than PSSA are mental retardation licenses. If licensing is split between MHDD and the new DIDD, additional measures will need to be taken to revise PSSA licensing to reflect the types of clients served and that the proper agency is responsible for their licensing. The fiscal impact on both MHDD and DIDD will also need to be considered, as MHDD would lose additional revenues and reduce expenditures while DIDD would increase both revenues and expenditures.

Deeming Practice Does Not Ensure All Licensed Sites Receive the Proper Reviews

Another issue affecting licensing workloads is the practice of "deeming." Section 33-2-413, *Tennessee Code Annotated*, and Rule 0940-5-2-.11 authorize MHDD to "deem" a facility or service in compliance, without conducting its own program inspection, if

- the service or facility meets another government agency's contract, certification, or accreditation requirements or
- the service or facility is accredited by the Joint Commission on Accreditation of Health Care Organizations; the Council on Accreditation of Rehabilitation Facilities; the Accreditation Council on Services for People with Disabilities; the Council on Accreditation for Children and Family Services; or the Social Security Act, Title XIX, Public Law 89-98, as amended (Medicaid) for Intermediate Care Facilities for the Mentally Retarded (ICF/MR) only.

MHDD's Licensure Office currently considers the following to be "deemed": all sites of an agency contracted with DIDS; mental retardation preschools contracted with the Department of Education; ICF/MRs certified by the Department of Health and overseen by TennCare; and sites accredited by the aforementioned organizations. Therefore, MHDD only performs life-safety inspections, and not programmatic reviews, for these licensed sites. Auditor analysis shows that, using MHDD's "deeming" practice, there remain 74 licensed sites not deemed on which the MHDD Licensure Office performs both life-safety and programmatic reviews.

However, as licensure is by site and not by agency, it is unclear whether all sites are receiving the required program quality reviews. If DIDS contracts with an agency, MHDD considers all that agency's sites to be "deemed." DIDS, however, contracts for services without regard for sites. DIDS management states that its program review sampling method only ensures that every service covered in the contract with an agency is included in the sample, not every site. Accrediting agency websites also list all the sites at which the accredited agency provides services. There is the possibility that MHDD may be licensing more sites than are included in an agency's accreditation. Therefore, based on current MHDD practices and the fact that licensure requirements necessitate

program quality reviews of each site licensed, auditor analysis shows that the number of "undeemed" sites could be as high as 360 to 389. If this is the case, the actual and anticipated workloads of both MHDD (if it keeps licensure) and the new DIDD (if it assumes licensure) would need to increase dramatically to meet the legal requirements for licensure.

Gap Between Mental Retardation Sites Licensed and Contracted/Accredited Agencies Must Be Taken Into Account in All Areas by DIDD

Along the same lines, if the new department (DIDD) takes over mental retardation licensing, DIDD must make sure that its plan takes into account the difference between the number of agencies that DIDS, Department of Education, Department of Health, or TennCare certify or contract with and the sites that hold mental retardation licenses, because licenses are issued by site and not by agency and may be held by agencies who do not contract with another state agency and are not accredited by a recognized organization. DIDD must also take into account whether licensing and life-safety, environmental, and programmatic review requirements will be the same for those that contract with or are accredited by an accepted agency or organization and those that do not have such contracts or accreditation.

Net Additional State Appropriations May Be Needed

If DIDD simply mirrors the current practices of MHDD's Office of Licensure and Review and PSSA licensing stays with MHDD, the need for additional state appropriations is as follows:

- MHDD's net lost revenues would be about $291,709, as detailed on page 10. MHDD reductions in expenditures offset only 39% of lost mental retardation licensing revenues.
- DIDD licensing revenues would exceed expenditures by $304,729, as detailed on page 12; however, part of this is a result of licensees that have licenses in mental health as well as mental retardation categories paying an additional $109,020 in licensing fees.

DIDS has revised its plans for licensure staffing and oversight several times since its original March 2010 fiscal note. As of October 1, 2010, DIDS anticipates licensure revenues to cover all expenditures. However, based on DIDS' statements to auditors about its intentions regarding levels of licensure oversight and auditor revenue and expenditure analyses, auditors question whether the new DIDD can perform licensure activities without additional state appropriations.

Study of the Feasibility of Dividing Licensure Functions Between the Department of Mental Health and Developmental Disabilities and the Department of Intellectual and Developmental Disabilities

TABLE OF CONTENTS

	Page
INTRODUCTION	1
Purpose and Authority for the Study	1
Objectives of the Study	1
Scope and Methodology of the Study	2
History and Statutory Responsibilities	2
RESULTS OF THE STUDY	3
Current Licensing Structure and Resources in the Department of Mental Health and Developmental Disabilities	3
Anticipated Organizational Structure and Resource Needs If the New Department of Intellectual and Developmental Disabilities Assumes Licensing Duties	11
Conclusion	13
Appendix A: Fiscal Note for HB3526/SB3341 Dated March 5, 2010	18
Appendix B: Department of Mental Health and Developmental Disabilities Fiscal Note Support Form HB3526/SB3341	20
Appendix C: Department of Mental Health and Developmental Disabilities Detailed Calculations and Notes Provided to Fiscal Review Committee, February 26, 2010	30
Appendix D: Division of Intellectual Disabilities Services Detailed Calculations Not Provided to Fiscal Review Committee; Submitted to Auditors July 14, 2010	32
Appendix E: Revised Department of Intellectual and Developmental Disabilities Budget; Submitted to Auditors September 20, 2010	34
Appendix F: Licensure Sub-workgroup Recommendation to Transition Team With Revised Department of Intellectual and Developmental Disabilities Budget; Submitted to Auditors October 1, 2010	36
Appendix G: Initial Application for License and Licensure Application Addendum: Fact Sheet Form	39

Study of the Feasibility of Dividing Licensure Functions Between the Department of Mental Health and Developmental Disabilities and the Department of Intellectual and Developmental Disabilities

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE STUDY

This study was conducted pursuant to the requirements of 2010 Public Acts, Chapter 1100, Section 146, effective June 23, 2010. Under Section 146,

> The Comptroller of the Treasury shall study the licensing of mental health, intellectual disability and developmental disability facilities within the state of Tennessee. As part of such study, the comptroller shall examine the current licensing structure within the department of mental health and assess the feasibility of dividing such licensing functions between the department of mental health for the purposes of mental health facilities and the department of intellectual and developmental disabilities established by this act for the purposes of intellectual disability and developmental disability facilities. The comptroller shall report any findings and recommendations to the transition team established in Section 147 of this act, to the prime sponsors of this act, to the chair of the general welfare, health and human resources committee of the senate and to the chair of the health and human resources committee of the house of representatives by October 29, 2010.

OBJECTIVES OF THE STUDY

The objectives of the study were

1. to determine the current licensing structure within the Department of Mental Health and Developmental Disabilities, and

2. to assess the feasibility of dividing such licensing functions between the Department of Mental Health and Developmental Disabilities for the purposes of mental health facilities and the Department of Intellectual and Developmental Disabilities (established effective January 15, 2011) for the purposes of intellectual disability and developmental disability facilities.

SCOPE AND METHODOLOGY OF THE STUDY

We conducted this study in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the study to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our study objectives. The scope of our work was to determine the feasibility of dividing licensing between the Department of Mental Health and Developmental Disabilities (MHDD) and the new Department of Intellectual and Developmental Disabilities and to determine the current MHDD licensing process; we did not study and assess the adequacy and quality of MHDD's process. Methods used included

1. review of applicable legislation, fiscal notes, and policies and procedures;

2. examination of the MHDD licensing records; and

3. interviews with staff of MHDD, the Department of Finance and Administration, and the Division of Intellectual Disabilities Services.

HISTORY AND STATUTORY RESPONSIBILITIES

The Department of Mental Health and Mental Retardation was created by Chapter 27 of the 1953 Public Acts, codified as Section 4-3-1601 et seq., *Tennessee Code Annotated*, to provide services to persons with mental illness and mental retardation. In 1996, Governor Don Sundquist issued Executive Orders 9 and 10, which transferred to the Department of Finance and Administration (F&A) the management and operation of the three developmental centers and the East, Middle, and West Offices of Community Services, later titled the Division of Mental Retardation Services (DMRS). While the management and operation of these facilities was transferred to F&A, the administrative functions were left with the Department of Mental Health and Mental Retardation. On July 29, 1999, Governor Sundquist issued Executive Order 21 effectively transferring the administrative staff directly or indirectly related to the developmental centers and/or Community Services Offices, or performing functions related to these entities, to F&A.

In June 2000, the General Assembly recreated the department, changed its name to the Department of Mental Health and Developmental Disabilities (MHDD), and passed a comprehensive revision of the mental health and developmental disability law, Title 33 of *Tennessee Code Annotated*. The revised law expanded the department's authority to coordinate, set standards, plan, monitor, and promote the development and provision of services and supports to meet the needs of persons with mental illness, serious emotional disturbance, or developmental disabilities through the public and private sectors.

On March 8, 2002, to clarify and amend Executive Orders 9, 10, and 21, Governor Sundquist issued Executive Order 30 specifically stating that F&A will provide all administrative

support functions for DMRS and that MHDD will continue to have the authority to perform the licensure functions related to the DMRS. In 2003, Commissioner Goetz made the decision to establish support services staff (i.e., fiscal functions, IT, human resources and other support) in DMRS so that it could be self supporting and with the anticipation that it would become its own separate department.

As of February 2007, the Bureau of Alcohol and Drug Abuse Services was moved by Executive Order 44 from the Department of Health to MHDD. While the licensing of alcohol and drug abuse counselors remained with the Department of Health, the authority to license facilities providing alcohol and drug abuse services moved to MHDD July 1, 2007, and was put into effect January 2008.

Effective July 1, 2009, Public Chapter 477 amended Titles 4, 33, and 71, *Tennessee Code Annotated*, and changed the name of the Division of Mental Retardation Services (DMRS) to the Division of Intellectual Disabilities Services (DIDS). Effective January 15, 2011, the 2010 Public Acts, Chapter 1100, amended Titles 2-4, 8, 12, 33, 36-37, 39-41, 45, 49, 50, 53, 55-57, 63, 67-68, and 71, *Tennessee Code Annotated*, and elevated DIDS to department status as the Department of Intellectual and Developmental Disabilities (DIDD).

RESULTS OF THE STUDY

CURRENT LICENSING STRUCTURE AND RESOURCES IN THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES

The Department of Mental Health and Developmental Disabilities (MHDD) Office of Licensure and Review is responsible for the annual licensing of mental health, mental retardation*, alcohol and drug abuse, and personal support services facilities. Section 33-2-406, *Tennessee Code Annotated,* requires each site to be licensed separately. As of July 12, 2010, MHDD had 1,831 active licenses at 1,766 unique sites. Regional licensure staff

- develop the supporting documents needed to issue licenses,
- conduct unannounced inspections and follow-up inspections of licensed facilities,
- conduct investigations of reports of abuse and deficiency in operation of a facility or service,

* We realize that "mental retardation" is an outdated term and that "intellectual disabilities" is the more appropriate term. However, intellectual disabilities licenses are currently referenced in statutes and rules as mental retardation license categories, and there is currently no developmental disabilities licensure category. Therefore, when discussing licensure we have used terminology consistent with existing statutes and rules.

- maintain current files and appropriate records for all facilities and services licensed by the department, and
- provide consultation and technical assistance as needed to licensed and proposed programs.

License Application and Fee Process

The operations of licensure and review are decentralized, operating out of three regional offices—one in each grand division of the state. Licensure applicants—mental health, mental retardation, alcohol and drug abuse, and personal support services—submit to the appropriate regional office the same application form with the same information and check boxes next to the distinct licensure categories in which they wish to be licensed. (See Appendix G.) There are 32 licensure categories:

- 12 mental health licensure categories
  - Outpatient
  - Adult Day Treatment Services
  - Hospital
  - Adult Residential Treatment Program
  - Crisis Stabilization Unit
  - Supportive Living
  - Psychosocial Rehabilitation Program
  - Intensive Day Treatment for Children and Adolescents
  - Therapeutic Nursery
  - Partial Hospitalization Programs
  - Vocational Program
  - Residential Treatment for Children and Youth
- 10 mental retardation categories
  - Adult Habilitation Day
  - Preschool
  - Diagnosis and Evaluation
  - Institutional Habilitation
  - Residential Habilitation
  - Boarding Home
  - Placement Services

- Semi-Independent Living
- Respite Care Services
- Supported Living Services

- 9 alcohol and drug abuse categories
  - DUI School
  - Outpatient Detoxification Treatment Facility
  - Prevention Programs
  - Halfway House Treatment
  - Non-Residential Opiate Treatment
  - Non-Residential Treatment
  - Residential Detoxification Treatment
  - Residential Rehabilitation Treatment
  - Residential Treatment Facilities for Children and Youth

- one personal support services agency category

The MHDD Office of Licensure and Review handles all licenses the same, irrespective of whether they are for mental health, mental retardation, alcohol and drug abuse, or personal support services. (There is currently no developmental disabilities license category, and intellectual disabilities licenses are under the mental retardation category.) The license fee rate is based on the number of distinct categories of service or facility, as applicable (no matter whether the category is mental health, mental retardation, alcohol and drug abuse, or personal support services) to be operated at each site. For a residential site, the fee rate is based on the number of beds to be licensed. A fee is submitted for each facility and/or service for which licensure is being sought under the following schedule:

Non-Residential Facility Fees Per Site

One Distinct Category of Service/Facility	$ 810
Two Distinct Categories of Services and/or Facilities	$1,010
Three Distinct Categories of Services and/or Facilities	$1,220
Four Distinct Categories of Services and/or Facilities	$1,420
More Than Four Distinct Categories of Services and/or Facilities	$1,620

Residential Facility Fees Per Site

Mental Health Hospital Facilities (Per Bed)	$ 175
Mental Retardation Institutional Habilitation Facilities	$ 175

All Other Residential Facilities

2-3 Beds	$ 200
4-10 Beds	$ 280
11-15 Beds	$ 410
16-50 Beds	$ 810
More than 50 Beds	$1,220

The three regional licensure coordinators process initial applications. The coordinators are responsible for reviewing the initial application and accompanying paperwork (criminal background checks and letters of reference) to ensure completeness. All first-time applicants are required to have a criminal background check. The applicants can get the background check on their own and supply an original copy of the results to the respective regional office, or staff in the licensure regional offices can assist them in obtaining a background check through the Tennessee Bureau of Investigation. Applicants must also provide letters of reference. These letters of reference can either accompany the application, or the respective regional office can request letters from the references provided by the applicant.

An applicant's information is then entered into the licensure information system, setting the applicant up as a licensee. The regional licensure coordinator verifies the criminal background checks and references and arranges for the necessary inspections. Either a regional coordinator or program specialist conducts the initial life-safety inspections required for licensure. Program specialists conduct most subsequent licensure renewal activities and annual life-safety inspections; regional coordinators may carry a small caseload. If reinspections are required because of recurring problems, the office may charge $50 for the reinspection. For initial licensure, and annually thereafter, fire inspections are required and, in "exempt" jurisdictions, the local fire marshals conduct the inspection for free.* In the areas of the state classified by the State Fire Marshal as "non-exempt" (more rural areas), the applicant may choose to pay $120 (to the State Fire Marshal's Office via MHDD) or retain a certified fire inspector, as listed on the office website, to conduct the inspection. If the applicant

- does not contract with the Division of Intellectual Disabilities Services, the Department of Education, the Department of Health; or
- is not accredited by one of five organizations:
    - the Joint Commission on Accreditation of Healthcare Organizations [JCAHO-now known as the Joint Commission],
    - the Council on Accreditation of Rehabilitation Facilities [CARF-now known as the Commission on Accreditation of Rehabilitation Facilities],

* The State Fire Marshal establishes and enforces statewide building construction safety standards. By law, local governments can request, and receive, an exemption from these standards if they certify in writing that they have adopted certain building codes and are adequately enforcing those codes, i.e., through inspections as well as reviews of construction plans and specifications. The State Fire Marshal is responsible for auditing, every three years, the records and transactions of those local governments, primarily urban, that have received an exemption, to determine if they are continuing to adequately perform enforcement functions.

- the Accreditation Council on Services for People with Disabilities [CQL-now known as the Council on Quality and Leadership],
- the Council on Accreditation for Children and Family Services [COA-now known as the Council on Accreditation], or
- the Social Security Act Title XIX as amended for Intermediate Care Facilities for the Mentally Retarded (ICF/MR),

MHDD conducts a programmatic review, initially by the regional coordinator (Middle and West Tennessee) or regional coordinator or program specialist (East Tennessee), and annually thereafter by the program specialists. As of July 12, 2010, there were 621 licensed sites that included a mental retardation licensure category, approximately 74 sites of which do not contract with another state agency or are not accredited and, therefore, require MHDD to conduct both programmatic reviews and life-safety surveys. However, it should be noted here that DIDS management states that the sampling method used for quality assurance programmatic reviews conducted on the agencies with which they contract for services only ensures that the sample includes every service covered in the contract, not every site, but licensure requires annual program surveys by site.

Applicants send all license fees directly to MHDD's fiscal office, where staff

- enter the fees into the cash receipts log,
- enter the information into Edison's cashiering system,
- prepare and deposit the fees with the bank,
- enter the check and fee information into the MHDD licensure system, and
- send copies of the paperwork to each regional licensure office.

Fiscal staff, however, do not individually code each license's fees as either mental health, mental retardation, etc., in the statewide accounting system. Therefore, there is no way to determine the actual fee revenue received solely from mental retardation licensing. Staff simply code licensure payments in the Edison System (iNovah) to East, Middle, or West Tennessee regional offices and further to either current services, interdepartmental or interdepartmental colleges and universities.

Staffing

As of August 2010, the Office of Licensure and Review consists of the following positions:

- one licensure director,
- one administrative assistant in the central office,

- 3 regional licensure coordinators (program specialist 3s),
- 18 program specialist 2s (six in each regional office),
- 4 investigators (one covering the two East Tennessee regional mental health institutes and one each in the other three regional institutes), and
- one administrative assistant in the East Tennessee regional office.

It should be noted that, when alcohol and drug abuse facility licensing moved from the Department of Health to MHDD in January 2008, no specific licensure positions were transferred from the Department of Health to handle the processing of alcohol and drug abuse facility licenses. However, three Department of Health positions were transferred to MHDD with the assumption they would be reclassified to Mental Health Program Specialist 2 positions for licensure duties. In the state's 2009-2010 Reduction in Force, the Licensure Office lost two positions—one Mental Health Program Specialist 2 in the East Tennessee regional office and one administrative secretary position in the West Tennessee regional office.

While the three regional licensure coordinators process initial license applications, the program specialists generally process all licensure renewals. Program specialists technically hold designated mental health or mental retardation job classifications. The East Tennessee regional licensure office has three positions classified as mental health and three as mental retardation. Five of the six specialists in the Middle Tennessee office are mental health. In West Tennessee, there are four mental health and two mental retardation positions. However, those classifications do not reflect the actual division of work because the office handles all licenses the same, irrespective of whether they are for mental health, mental retardation, alcohol and drug abuse, or personal support services. Almost all program specialists have a mental retardation licensing caseload; only in the Middle Tennessee regional office does one program specialist carry a heavier mental retardation licensure load than the others.

Though MHDD has a total of 1,831 active licenses for 1,766 sites, as of July 12, 2010, many agencies have multiple sites that hold more than one license in more than one licensure category in mental health, mental retardation, alcohol and drug abuse, and personal support services.

MHDD Total Licensure
As of July 12, 2010

	Distinct Agencies	Distinct Licenses*	Distinct Sites*
Mental Health	280	715	681
Mental Retardation	192	648	621
Alcohol and Drug Abuse	166	362	354
Personal Support Services	414	492	492

* Licenses and sites will not total 1,831 and 1,766, respectively, as one license and one site may involve multiple licensure categories in more than one of the four areas of licensure.

Total mental retardation licenses and sites with at least one mental retardation licensure category make up 35% of MHDD's total licensure caseload; 74 of those mental retardation sites (12%) require MHDD to perform both life-safety and programmatic reviews.

Mental Retardation Licensure
Breakdown by Regional Licensure Office
As of July 12, 2010

	East Tennessee	Middle Tennessee	West Tennessee	Total
Licenses	248	251	149	648
Licensed Sites	242	240	139	621
Non-deemed Sites*	25	35	14	74

* If the licensee does not contract with the Division of Intellectual Disabilities Services, Department of Education, Department of Health, or is not accredited by one of five organizations (the Joint Commission on Accreditation of Healthcare Organizations [JCAHO], the Council on Accreditation of Rehabilitation Facilities [CARF], the Accreditation Council on Services for People with Disabilities [CQL], the Council on Accreditation for Children and Family Services [COA], or the Social Security Act Title XIX as amended for Intermediate Care Facilities for the Mentally Retarded), MHDD also conducts an annual programmatic review in addition to annual life-safety surveys. For more on the issue of "deeming," see the Conclusion section.

Staff do not document the time spent processing each different type of license; therefore, auditors obtained anecdotal evidence from the regional licensure coordinators and program specialists. Based on staff's estimates, mental retardation licensing activities (paperwork, travel, inspections/surveys) occupy the equivalent of approximately

- 0.47 Full-Time Equivalent (FTE) of 7 positions in West Tennessee,
- 1.18 FTE of 7 positions in Middle Tennessee, and
- 0.67 FTE of 7 positions in East Tennessee,

for a total of 2.32 FTE program specialist positions statewide. Auditor analysis and calculations substantiate 2.32 FTE program specialist positions.

Fiscal staff time required to process mental retardation licensing fees is, as reported anecdotally by the account manager overseeing license fee processing, 30% or less of three persons' time (two take up to 30% a day, one less than that) to handle all licensing fees received by MHDD, not just mental retardation. Though sometimes as many as 20 licensing checks are received and processed in a single day, the MHDD fiscal office processes an average of no more than 7 or 8 license fee checks a day.

Since the director of MHDD's Office of Licensure and Review is an attorney, the need for additional MHDD legal staff time is minimal.

Personnel and Fiscal Resources Utilized by Mental Retardation Licensing

Revenues. As noted above, licensing fees are not coded in the accounting system as a particular type of license, and MHDD cannot run an electronic report of revenues solely from mental retardation licensing. In addition, fees are based on the total number of licensure categories and the fee structure provides for a price break the more categories a site is licensed in. However, based on a July 12, 2010, list of all sites licensed by MHDD and all categories in which those sites are licensed, auditor analysis shows 621 unique sites that hold a mental retardation license. When the mental retardation licenses are removed and the current fee structure is imposed, auditor analysis determined that MHDD would lose annual revenues totaling $480,285, or 27%, from total licensing revenues of $1,780,685. A preliminary report from MHDD shows fiscal year 2010 actual revenues for the Office of Licensure and Review were approximately $1.94 million. In light of the reduction in expenditures detailed below, MHDD's net lost revenues would be about $291,709. Based on these figures, mental retardation licensing revenues are supporting other activities of the licensure office.

Expenditures. Corresponding to the decrease in revenues would be a reduction in expenditures resulting from the removal of the appropriate number of positions currently handling mental retardation licensing. As the Office of Licensure and Review could not provide information on final actual revenues and expenditures for fiscal years 2009 and 2010 or budgeted anticipated revenues and expenditures for fiscal year 2011, auditors reviewed current staff salaries and the fiscal note for Public Chapter 1100 and determined that the Licensure Office currently has at least $1.64 million in total expenditures. A preliminary report from MHDD shows fiscal year 2010 actual expenditures for the Office of Licensure and Review were around $1.86 million.

Auditor analysis concludes that one FTE account technician and 2.5 FTE program specialist 2 positions handling mental retardation licensing activities would move from MHDD to the new DIDD:

- $26,000-$42,000 for one account clerk
- $134,300 for 2.5 program specialist 2s
- $8,182-$12,276 for travel, insurance, telephones, and WAN/LAN

Expenditure reductions would be about $188,576, or approximately 39% of lost revenues and 11% of total licensure revenue.

(See Appendices A – C for MHDD's original fiscal note and support form.)

ANTICIPATED ORGANIZATIONAL STRUCTURE AND RESOURCE NEEDS IF THE NEW DEPARTMENT OF INTELLECTUAL AND DEVELOPMENTAL DISABILITIES ASSUMES LICENSING DUTIES

In 1996, Governor Sundquist transferred the Division of Mental Retardation Services from the Department of Mental Health to the Department of Finance and Administration (F&A). In 2003, F&A Commissioner Goetz made the decision to establish support services staff (i.e., fiscal functions, IT, human resources, and other support) in DMRS so that it could be self-supporting and with the anticipation that it would become its own separate department. Effective July 1, 2009, Public Chapter 477 amended Titles 4, 33, and 71, *Tennessee Code Annotated*, and changed the name of the Division of Mental Retardation Services to the Division of Intellectual Disabilities Services (DIDS). Effective January 15, 2011, Public Chapter 1100 amended Titles 2-4, 8, 12, 33, 36-37, 39-41, 45, 49, 50, 53, 55-57, 63, 67-68, and 71, *Tennessee Code Annotated*, and elevated DIDS to department status as the Department of Intellectual and Developmental Disabilities (DIDD). Under the requirements of Section 147, Public Chapter 1100,

> A transition team shall be established within the division of intellectual disability services to facilitate the transition of the division into the department of intellectual and development[al] disabilities. The transition team shall be led by the deputy commissioner of the division of intellectual disability services and shall consist of such other persons deemed necessary by the deputy commissioner as integral in establishing the department of intellectual and developmental disabilities. . . . The transition team shall review this act to facilitate transition and may make recommendations for amendments to this act in furtherance of establishing the department of intellectual and developmental disabilities prior to the legislative bill filing cut off dates established for the first session of the one hundred seventh general assembly.

DIDS management strongly favors assuming mental retardation licensing duties and states that its intention is for licensing fees to be only high enough for the licensing function to be self-supporting. Initially, in July 2010, management stated that current division personnel could absorb most ancillary services involved in mental retardation licensing (fiscal, legal, administrative, complaint handling and investigation, etc.) with few additional resources as the division already has its own Fiscal, Legal, Quality Assurance (contract compliance and quality-of-service performance review), and Protection from Harm (complaint and allegation investigation and prevention) units. (See Appendix D.) Management believed that, if mental retardation licensure were moved from MHDD to the new Department of Intellectual and Developmental Disabilities, the new department would only need

- one director-level position in the Central Office with certification in fire safety;
- one legal and/or paralegal support position in the Central Office;
- one administrative support position in the Central Office; and

- the transfer of the appropriate number of program specialists (positions and current personnel in those positions) that MHDD currently uses to conduct program reviews, life-safety surveys, and paperwork for mental retardation licensing.

However, as of August 2010, DIDS management has revised its plans, in light of its growing understanding of how MHDD approaches its licensing functions, because management does not feel that the life-safety and programmatic reviews as currently performed by MHDD are as detailed and rigorous as those currently conducted by DIDS. DIDS no longer feels that licensing duties, as it would perform them, can simply be tacked onto the existing duties of the Quality Assurance and Protection from Harm units. DIDS now intends to create within the new department a separate licensure office that would work in concert with the Quality Assurance and Protection from Harm units and would be headed by a director who is an attorney. (See Appendices D – F.)

Personnel and Fiscal Resources Needed by the New Department of Intellectual and Developmental Disabilities for Mental Retardation Licensing

Revenues. As noted above, based on a July 12, 2010, list of all sites licensed by MHDD and all categories in which those sites are licensed, auditor analysis shows 621 sites that hold a mental retardation license. When the sites and licenses are isolated and the current fee structure is imposed, auditor analysis determined that the new department would take in revenues totaling $589,305.

Expenditures. Assuming the new department simply mirrors MHDD's licensing practices, the minimum additional expenditures of the new department for assuming mental retardation licensing would be a maximum of about $284,576:

- $60,000-$96,000 for a licensure director position;
- $26,000-$42,000 for one account clerk transferred from MHDD;
- $134,300 for 2.5 program specialist 2 positions transferred from MHDD; and
- $8,182-$12,276 for travel, insurance, telephones, and WAN/LAN transferred from MHDD.

DIDD expenditures, therefore, would fall below new licensing revenue by $304,729, provided it simply mirrored existing MHDD licensing practices.

However, as of August 19, 2010, DIDS plans to create a new separate licensure unit within the new DIDD, enhance life-safety surveys, and possibly expand and raise the bar for non-contracted licensees regarding life-safety and programmatic surveys. In the September 17, 2010, meeting of the licensure sub-group of the DIDS transition team, DIDS anticipated needing 18 licensure office staff:

- one licensure director ($60,000-$96,000 salary and benefits),

- one administrative assistant to the director ($31,000-49,000),
- three regional coordinators ($45,000-$72,000 each),
- nine regional surveyors—three in each region ($41,000-$67,000 each), and
- four secretaries ($29,000-$48,000 each).

Auditor analysis of this level of staffing shows that, depending upon the salary level of the employees filling these positions plus roughly $36,000 for surveyor expenses (travel, insurance, telephone, and WAN/LAN expenses), DIDD expenditures would be anywhere from $747,000 (positions' minimum salary plus expenses) to a maximum of $1,192,000 (positions' maximum salary plus expenses), or $157,695 above and $602,695 above, respectively, the anticipated $589,305 in revenues from mental retardation licenses.

On September 20, 2010, DIDS provided another revised budget for the new DIDD licensure office. (See Appendix E.) DIDS now anticipates annual expenditures of $647,820, or $58,515 above auditor-calculated anticipated revenues for the DIDD licensure office, and would thus require additional state appropriations. This budget includes

- a director ($118,012),
- three program specialist 3s ($67,841 each),
- three program specialist 2s ($63,429 each),
- travel for six people ($108,000),
- supplies ($21,000), and
- training ($7,000).

On October 1, 2010, DIDS presented what it believes to be its firm and final fiscal note showing anticipated revenues of $651,700 and expected expenditures of $647,800, an excess of $3,900 in revenues. (See Appendix F.)

CONCLUSION

While the relocation of mental retardation* licensing from the Department of Mental Health and Developmental Disabilities (MHDD) to the new Department of Intellectual and Developmental Disabilities (DIDD) would be feasible, and even welcome by current Division of Intellectual Disabilities Services (DIDS) management, it would not be as simple as a "cut-and-paste" due to the manner in which MHDD currently handles licensing and DIDS' intentions to

* We realize that "mental retardation" is an outdated term and that "intellectual disabilities" is the more appropriate term. However, intellectual disabilities licenses are currently referenced in statutes and rules as mental retardation license categories, and there is currently no developmental disabilities licensure category. Therefore, when discussing licensure we have used terminology consistent with existing statutes and rules.

handle licensing differently. Because MHDD does not distinguish between types of licensure in its approach, mental retardation licensing is intricately woven into MHDD's licensing fabric. Because of this, fee structures and statutes and rules must be unraveled and recreated, where necessary, to ensure that the new DIDD has adequate, comprehensive responsibilities and powers to properly conduct licensure issuance, oversight, and enforcement.

As a benefit, moving mental retardation-related licensing from MHDD to the new DIDD would

- bring Tennessee in line with industry practices in which the agency overseeing intellectual and developmental disabilities services also handles licensing;
- allow licensing and oversight to be performed by subject-matter experts;
- be supported by a preexisting fully developed department with quality assurance, complaint-handling, information systems, and financial staff;
- build upon preexisting contractual relationships with most licensees; and
- be revenue-neutral in that mental retardation licensing revenues would solely be used for licensing and service delivery improvements (current DIDS intention and estimate).

However, moving licensing to DIDD could have negative consequences:

- MHDD states that it will need additional state appropriations if it loses mental retardation licensing revenue (this revenue is being used to cover the costs of other licensing performed by the department);
- there would be the potential for duplication of licensure paperwork (this could be eliminated by the departments sharing licensure application paperwork);
- licensing fees would increase for those agencies holding mental health as well as mental retardation licenses; and
- personal support services agency licensing would need to be reconstituted to divide the licensees, based on their clientele, between the two departments.

Benefits of keeping mental retardation licensing at MHDD include the following:

- the process is already established at MHDD administratively and financially, and
- fees would not increase for those licensees that hold both mental health and mental retardation licensure.

No matter where licensing is located, additional resources may be needed because of current "deeming" practices to ensure that all licensed sites receive the statutorily required inspections and reviews. (See the paragraph below on "deeming.") While we determined that the division of

licensure functions is feasible, we did identify certain challenges and notable issues during our review.

If the Fee Structure Remains the Same, Licensing Fees Will Increase for Some Sites Because They Would Lose Multiple Category Pricing Breaks

Currently, the fee structure used by MHDD provides a price break the more categories a site is licensed in, regardless of whether the licensure category is mental health, mental retardation, alcohol and drug abuse, or personal support services. Because of this, the transfer of licensing to the new DIDD is not a one-to-one ratio in regard to fees. If the fee structure remains the same, MHDD would lose $480,285 in licensing revenues, while the new DIDD would take in $589,305 in licensing revenues. The result is that licensees would be paying an additional $109,020 to maintain their current licenses. For example, a site holding licenses in three mental retardation categories and one mental health or personal support services category would now pay licensing fees to two agencies. When before the site had been paying $1,420 to MHDD in licensing fees for its four licensure categories, now the site would pay MHDD $810 for one licensure category and DIDD $1,220 for three licensure categories for a new total of $2,030—$610 more than before because of the current fee structure. This would be the scenario for 173 of the 621 sites currently holding a mental retardation license. There would be no cost reductions for any sites under this scenario.

Personal Support Services Agency Licensing Will Need Revisions

There is also the issue of how to specifically handle the personal support services agency (PSSA) licenses that provide services to all categories of clients without distinction. Personal support services agencies provide self-care assistance (eating, dressing, bathing, mobility, etc.), household assistance (housekeeping, laundry, meal preparation, etc.), personal assistance (transportation, social/recreational/other activities), education services, etc., to clients in their homes. Currently, however, statutes and MHDD do not require PSSAs to declare the type(s) of clients they serve. Many may serve only intellectual and developmental disabilities clients, as evidenced by the 154 sites whose only licenses other than PSSA are mental retardation licenses. If licensing is split between MHDD and the new DIDD, additional measures will need to be taken to revise PSSA licensing to reflect the types of clients served and that the proper agency is responsible for their licensing. The fiscal impact on both MHDD and DIDD will also need to be considered, as MHDD would lose additional revenues and reduce expenditures while DIDD would increase both revenues and expenditures.

Deeming Practice Does Not Ensure All Licensed Sites Receive the Proper Reviews

Another issue affecting licensing workloads is the practice of "deeming." Section 33-2-413, *Tennessee Code Annotated*, and Rule 0940-5-2-.11 authorize MHDD to "deem" a facility or service in compliance, without conducting its own program inspection, if

- the service or facility meets another government agency's contract, certification, or accreditation requirements or

- the service or facility is accredited by the Joint Commission on Accreditation of Health Care Organizations; the Council on Accreditation of Rehabilitation Facilities; the Accreditation Council on Services for People with Disabilities; the Council on Accreditation for Children and Family Services; or the Social Security Act, Title XIX, Public Law 89-98, as amended (Medicaid) for Intermediate Care Facilities for the Mentally Retarded (ICF/MR) only.

MHDD's Licensure Office currently considers the following to be "deemed": all sites of an agency contracted with DIDS; mental retardation preschools contracted with the Department of Education; ICF/MRs certified by the Department of Health and overseen by TennCare; and sites accredited by the aforementioned organizations. Therefore, MHDD only performs life-safety inspections, and not programmatic reviews, for these licensed sites. Auditor analysis shows that, using MHDD's "deeming" practice, there remain 74 licensed sites not deemed on which the MHDD Licensure Office performs both life-safety and programmatic reviews.

However, as licensure is by site and not by agency, it is unclear whether all sites are receiving the required program quality reviews. If DIDS contracts with an agency, MHDD considers all that agency's sites to be "deemed." DIDS, however, contracts for services without regard for sites. DIDS management states that its program review sampling method only ensures that every service covered in the contract with an agency is included in the sample, not every site. Accrediting agency websites also list all the sites at which the accredited agency provides services. There is the possibility that MHDD may be licensing more sites than are included in an agency's accreditation. Therefore, based on current MHDD practices and the fact that licensure requirements necessitate program quality reviews of each site licensed, auditor analysis shows that the number of "undeemed" sites could be as high as 360 to 389. If this is the case, the actual and anticipated workloads of both MHDD (if it keeps licensure) and the new DIDD (if it assumes licensure) would need to increase dramatically to meet the legal requirements for licensure.

Gap Between Mental Retardation Sites Licensed and Contracted/Accredited Agencies Must Be Taken Into Account in All Areas by DIDD

Along the same lines, if the new department (DIDD) takes over mental retardation licensing, DIDD must make sure that its plan takes into account the difference between the number of agencies that DIDS, Department of Education, Department of Health, or TennCare certify or contract with and the sites that hold mental retardation licenses, because licenses are issued by site and not by agency and may be held by agencies who do not contract with another state agency and are not accredited by a recognized organization. DIDD must also take into account whether licensing and life-safety, environmental, and programmatic review requirements will be the same for those that contract with or are accredited by an accepted agency or organization and those that do not have such contracts or accreditation.

Net Additional State Appropriations May Be Needed

If DIDD simply mirrors the current practices of MHDD's Office of Licensure and Review and PSSA licensing stays with MHDD, the need for additional state appropriations is as follows:

- MHDD's net lost revenues would be about $291,709, as detailed on page 10. MHDD reductions in expenditures offset only 39% of lost mental retardation licensing revenues.

- DIDD licensing revenues would exceed expenditures by $304,729, as detailed on page 12; however, part of this is a result of licensees that have licenses in mental health as well as mental retardation categories paying an additional $109,020 in licensing fees.

If DIDD decides to create an expanded licensure office with 18 staff as detailed on page 13 (September 17, 2010, plans) and PSSA licensing stays with MHDD, depending upon the salary level of the employees filling these positions plus roughly $36,000 for surveyor expenses (travel, insurance, telephone, and WAN/LAN expenses), DIDD expenditures will be anywhere from $747,000 (positions' minimum salary plus expenses) to $1,192,000 (positions' maximum salary plus expenses). These amounts would be $157,695 above and $602,695 above, respectively, the auditor-calculated anticipated $589,305 in revenues from mental retardation licenses. Additional state appropriations in these amounts would, therefore, be needed.

If instead DIDD follows the anticipated staffing (seven positions) and budget presented in the revised DIDS budget of September 20, 2010, as detailed on page 13 and assuming PSSA licensing stays with MHDD, DIDD can anticipate annual expenditures of $647,820, or $58,515 above auditor-calculated anticipated revenues for the DIDD licensure office. (See Appendix E.) Therefore, this scenario would require an additional state appropriation of at least $58,515.

On October 1, 2010, the licensure sub-workgroup of the DIDS Transition Team provided auditors the group's official recommendation to the team and a revised fiscal note. In this latest fiscal note, which DIDS believes to be its firm and final fiscal note, staff assume that DIDD will perform the licensing of the portion of PSSAs (assumed at least 75, though actual numbers are unknown) that serve the elderly and intellectually and developmentally disabled. With this assumption, DIDD anticipates licensing revenue to exceed expenditures by $3,900, with no additional state appropriation needed. (See Appendix F.) However, based on DIDS' statements to auditors about its intentions regarding levels of licensure oversight and auditor revenue and expenditure analyses, auditors question whether the new DIDD can perform licensure activities without additional state appropriations.

Appendix A
Fiscal Note for HB3526/SB3341 Dated March 5, 2010

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 3526 - SB 3341

March 5, 2010

SUMMARY OF BILL: Creates the Department of Intellectual and Developmental Disabilities (DIDD), transfers all current functions of the Division of Intellectual Disabilities Services to the Department and grants the Department authority over developmental and intellectual disabilities services. Changes the name of the Department of Mental Health and Developmental Disabilities (DMHDD) to the Department of Mental Health (DMH). Various provisions throughout Tennessee Code Annotated are changed to correspond with the responsibilities and name changes of DIDD and DMH. Decreases the required size of the Statewide Planning and Policy Council by one member and grants the Commissioner of DIDD authority to appoint a portion of the members. Includes the Commissioner of DIDD or designee to the membership of several task forces, councils, and boards. Transfers licensing authority for mental retardation facilities and programs from DMHDD to DIDD.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - $20,000/One-Time
Net Impact - $561,000/Recurring

Other Fiscal Impact – The licensing fee revenue will shift from the Department of Mental Health to the Department of Intellectual and Developmental Disabilities. In 2009, approximately $522,700 was collected from 537 facilities.

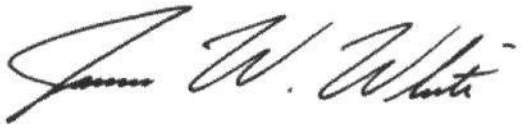
Assumptions:

- According to the Division of Intellectual Disabilities Services, becoming responsible for the licensure of facilities and programs serving persons with intellectual disabilities and developmental disabilities will result in an increase in current workload. These additional positions will also assist in meeting the requirements to serve on the various task forces, boards, and councils.
- The Division estimates hiring nine additional staff positions resulting in an increase in recurring state expenditures of $621,000 which includes salaries and benefits ($585,000) and travel, training, and supplies ($36,000).
- According to DMHDD, the work necessary for surveying of the facilities and programs is the equivalent of approximately one full-time employee (537 x 4.6 hours in work and travel = 2,470.2). The Department estimates a decrease in expenditures of $60,000 from the reduction of the work.

- DMHDD collected approximately $522,700 in licensing fee revenue from the 537 facilities in calendar year 2009. It is assumed that this fee revenue will shift from DMHDD to DIDD.
- It is estimated that both DIDD and DMHDD will incur one-time expenditures in the amount of $10,000 each to incorporate the name changes on signage, forms and brochures, and making new templates resulting in a one-time increase in expenditures of $20,000. Other supplies will be replaced as necessary during the regular replacement cycle.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/kml

Appendix B
Department of Mental Health and Developmental Disabilities
Fiscal Note Support Form HB3526/SB3341

HB3526*/SB3341 Fiscal Note Support Form

Mental Health and Developmental Disabilities Final Submission for MHDD-FN-HB3526 - original

1. Briefly Summarize the Bill

HB 3526 creates a new cabinet level Department of Intellectual and Developmental Disabilities (DIDD), removing the Division of Intellectual Disabilities Services (DIDS) from the Department of Finance and Administration. The bill expands the functions of the newly formed department to include developmental disabilities services, in addition to mental retardation services. In doing so, the bill gives DIDD exclusive authority over all developmental disabilities and renames the Department of Mental Health and Developmental Disabilities (DMHDD) to the Department of Mental Health (DMH).

The bill amends Title 4 to add DIDD to the list of state agencies, to create and specify the functions of DIDD. The bill gives exclusive control over those service and supports set out in Chapter 6 for DMH and Chapter 5 for DIDD - implying that all other chapters within Title 33 are not under the exclusive control of either commissioner. The bill specifies a similar appointment process and qualifications for the commissioners; however, unlike DMH, the bill gives additional authority to the DIDD commissioner to assign any additional functions and duties that the commissioner deems appropriate to the division of intellectual disabilities and to abolish or create other divisions. DIDD is given a June 30, 2012 sunset. The Tennessee Development Authority Mental Health and Mental Retardation Facilities Act of 1990 is amended to include DIDD, even though, pursuant to the amended TCA Section 4-31-706(e), the authorization for additional bonds is revoked.

The bill amends Title 8 to include DIDD, relative to the definition of a state employee for coverage under the state's self-insurance program. Members of the community-based screening and mandatory pre-screening, the medical consultant for the department and persons who determine the need vehicle restraint and security during the transportation of a client are included as state employees. (Note: The definition of "state employee" are not applicable to DIDD with regards to pre-screening agents and vehicle restraint.)

The bill amends Title 12, relevant to the trust fund supported by the sale of property controlled by DMHDD. The change would result in there not being any language specific to DMH, while subsection (e) would continue to address the DIDS.

The bill makes a number of changes to Title 33. It makes the definition of "Commissioner" and "Department" dependent upon the context of the various statutes within Title 33. It expands size of the Statewide Planning and Policy Council, changes the appointment process and modifies its functions to accommodate the DIDD. The rest of the changes are to Chapter 5 to modify several references to be consistent with the new DIDD.

The bill changes Title 36 to exclude DIDD from having to also sign an application of marriage of a person under 16, who is in its custody.

Title 37 amends Title 37. TCA §37-1-128, relative to juvenile court-ordered mental examinations, treatment

and custody, to include DIDD. The resources of DIDD are added to other agency resources that are discussed at the annual meeting of the Tennessee Council of Juvenile and Family Court Judges. DIDD is added as a task force member charged with developing a comprehensive state plan for the detection, intervention, prevention and treatment of child sexual abuse. TCA §37-1-605(b)(1) replaces DMHDD licensed agencies with DIDD licensed agencies that must report incidents of child sexual abuse to local law enforcement. DIDD is added as a member on the Council on Children's Mental Health Care and as an agency that will receive assistance in developing interagency agreements. DIDD is added as an agency that will jointly implement a program of family preservation with DCS. Programs operated by DIDD are excluded from being under the auspices of DCS. DMH retains the right to license programs under Title 33. DIDD is added as a member of the advisory committee on multi-level response system for children and families.

Title 39, Title 40 and Title 41 are amended to reflect the DMHDD name change to DMH.

The bill amends TCA §45-2-105 to extend the exemption from the Department of Financial Institutions' statutes and rules to non-profit, non-depository, fiduciary organizations approved by the commissioner of DIDD.

The bill amends various sections of Title 49 to give DIDD the same authorities as is given to DMH. DIDD is added as a consulting agency for the model school dropout prevention programs. DIDD will provide collaborative effort in establishing early childhood and pre-kindergarten programs through competitive grants. DIDD will provide a member to the state-level safety team and make available resources for the Schools Against Violence in Education programs. DIDD is added as an approving authority of the teachers' in-service training curriculum and as a resource to improve services for students with behavioral/emotional disorders. DIDD will be consulted about DOE rules on the use of isolation and restraint of special education students. A representative of DIDD is added as an ex officio member of the advisory board on DHS rehabilitation centers.

The bill amends Title 50 to expand the notification to DIDD by Dept of Labor and Workforce Development of plant closing or mass layoffs or employer reduction of operations.

Title 53 is amended to include DIDD in matters involving dispensing controlled substances. DIDD is added as an entity that can compel the release of confidential patient information to that agency instead of the TBI; so that the former agency can be ensured of compliance with controlled substance statutes. DIDD also is added as an agency whose final determinations, findings and conclusions about the information provided are final and conclusive decisions.

The bill amends Title 56 to add DIDD to the Tennessee Health Information Committee and as MOU signee on the sharing of payer claims databases. DIDD is added as approving authority of CMHC quality assurance plans in order for treatment services provided by non-physician, clinical staff to be paid by insurance companies. In order for services provided by CMHCs and alcohol and drug dependency treatment centers to be a mandated insurance offering, they must be licensed; the bill states that DIDD is a licensing

authority of CMHCs and alcohol and drug dependency treatment centers. The bill adds the commissioner of DIDD as member of the board of directors of Access Tennessee health insurance pool.

Title 63 relative to the practice of psychology is amended to conform with DIDD's control of the developmental centers.

The bill amends Title 68 to give DIDD or the commissioner of DIDD the same authorities as currently available to DMHDD or the its commissioner. The DIDD commissioner is added to the interdepartment committee on the development of model urban and rural comprehensive school health programs. DIDD is added as cooperating agency involved in the newborn testing for metabolic defects. A number of programs and facilities are exempted from being licensed by TDOH because they are licensed by another agency; the bill adds DIDD as a licensing agency with regards to certain adult care homes, home care organizations providing personal support services, ICF/MR facilities, hospitals. DIDD is also added as a cognizant agency in the CON process for facilities within its jurisdiction, which implies that DIDD would have licensing authority. DIDD must also participate in the health status of Tennesseans report to the State Health Planning Division of F&A. Food service establishments licensed by DIDD will not have to undergo a 6-month inspection by TDOH or its designee. Nominees by DIDD will become members of the Traumatic Brain Injury Advisory Council, and its commissioner will be added to the Child Fatality Prevention Team.

Title 71 is also amended. DIDD will work with the Division of Housing and Emergency Shelter in developing appropriate and adequate institutional and community services and shelters for the homeless. DIDD will consult with other agencies in the "Parents as First Teachers" pilot projects. The commissioner is added as a member in the Tennessee Commission on Aging and Disabilities, the advisory committee for purchases from the blind and other severely disabled, and Council for Deaf and Hard or Hearing.. Persons, who were convicted of the possession or distribution of a controlled substance and who have been determined by a treatment provider licensed by DIDD, could receive temporary assistance under the Families First program. DIDD is added as an agency empowered to facilitate the expansion of the health safety net. DIDD becomes the sole licensing agency, outside of DHS, of facilities that must report the occurrence of suspected abuse, neglect of exploitation of adults to local law enforcement.

The bill purports to transfer all duties of DMHDD and F&A that are required to be performed by DIDD to DIDD. It transfers all employees whose duties fall within the duties of DIDD. All relevant reports, documents, records, papers or writing and all assets, liabilities and obligations of the DMHDD and F&A are also transferred to DIDD. Contracts and leases remain in full force and effect. The commissioner is given authority to receive, disburse and supervise any grants or funds with respect to programs outlined in the bill. All current rules, order, decisions and policies, regarding the transferred functions, remain in full force and effect and subject to modification or rescinding. DIDD is given authority to promulgate initial rules as emergency rules.

The bill takes effect January 1, 2011.

The bill will result in the loss of $522,700 in revenue directly related to DMHDD no longer licensing of 537 mental retardation programs and facilities. Since many personal support service agencies (PSSAs) provide services to not only persons with developmental disabilities but also with mental illness and the aged, this amount assumes that DMHDD will continue to license personal support service agencies that are not co-located with MR programs.

The Division of Intellectual Disabilities Services contracts with a significant number of the licensed mental retardation agencies. DIDS therefore performs at least annual program reviews of the licensed sites. In order not to duplicate efforts or otherwise overwhelm licensees, DMHDD licensing staff does not perform program surveys of these 'deemed' agency sites. Instead licensing staff only conducts life-safety inspections of deemed agency sites. As a result, actual expenditures and survey staff time are is much less than they otherwise would be. The expected expenditures savings will be $60,000.

The name change will necessarily result in an additional $10,000 one-time costs. These expenses will be for signage, certain forms and brochures that are shared with the public, making new templates or castings for the department's name, initials or logo, and the redesign of the department's logo. Other consumable supplies will be replaced until the existing stocks are used.

2. State Expenditures/Revenues

☐ No Impact
☐ Increase State Expenditures
☐ Increase Can Be Absorbed in Agency's Budget
☑ Decrease State Expenditures
☐ Cost Avoidance
☐ General Fund Affected
☐ Other Funds Affected
☐ Included In Governor's Budget
☐ Increase State Revenues
☑ Decrease State Revenues
☐ Forgo State Revenues

3. Local Expenditures/Revenues

☑ No Impact
☐ Increase Permissive Expenditures
☐ Increase Mandatory Expenditures
☐ Decrease Permissive Expenditures
☐ Decrease Mandatory Expenditures
☐ Increase Permissive Revenues
☐ Increase Mandatory Revenues
☐ Decrease Permissive Revenues
☐ Decrease Mandatory Revenues

Types of Local Government Units Impacted:

- ☐ Counties
- ☐ Cities

- ☐ Other

4. Federal/Other Fiscal Impact

5. Amount of Estimated Fiscal Impact

If a specific dollar amount cannot be calculated, indicate the fiscal impact using a method such as follows: (1) Not Significant; (2) Exceeds $100,000 or a higher amount, if applicable; (3) range, i.e. $100,000-$300,000; (4) Not less than $_____). Complete second year if it differs significantly from the 1st year.

Expenditures	1st Year		2nd Year	
	Recurring	One Time	Recurring	One Time
Increase State Exp.		10,000		
Decrease State Exp.	60,000		60,000	
Increase Local Exp.				
Decrease Local Exp.				
Increase Fed/Other Exp.				
Decrease Fed/Other Exp.				
Revenues	1st Year		2nd Year	
	Recurring	One Time	Recurring	One Time
Increase State Rev.				
Decrease State Rev.	-522,700		-522,700	
Increase Local Rev.				
Decrease Local Rev.				
Increase Fed/Other Rev.				
Decrease Fed/Other Rev.				

Net First Year State Fiscal Effect (State Expenditures minus State Revenues) $472,700.00
Net First Year Local Fiscal Effect (Local Expenditures minus Local Revenue) $0.00
Net First Year Federal Fiscal Effect (Federal Expenditures minus Federal Revenue)

6. Assumptions Used to Determine Fiscal Impact

Assumes that the Department of Intellectual and Developmental Disabilities will assume the responsibility for licensing agencies and sites that provide services relevant to clientele for which DIDD is responsible. Even though the amendments to Title 33 do not explicitly transfer licensing authority, the provisions of the new §4-3-2704, the contextual definitions in Section 23 of the bill, and the implications of Sections 48, 76, 78, 88 - 89, 91 - 97, 98 - 105, 107, 115, 120, 126 et al, clearly anticipate that DIDD will have licensing authority.

Even though Sections 76 and 78 imply that DIDD is authorized to license CMHCs and alcohol and drug dependency treatment centers, the costs and revenue associated with licensing these types of providers are not included in the calculations.

See Attached.

DMHDD will have to spend $10,000 for signage, redesign department's logo, print brochures and remake various templates and molds used on numerous plaques and awards.
Consumable items, such as forms, stationary and other items that have the department's name, initials or logo will be used up and not discarded.

537 licensed MR sites (based on CY 2009) would receive a life safety survey by DMHDD staff. (Note: These sites exclude personal support services agencies, unless they are co-located within MR licensed sites.) 507 MR sites are considered "deemed" and would not receive a program survey by DMHDD staff.

(Deemed licensees receive program inspections by another cognizant agency.)
30 MR sites would receive both a life safety and a program survey by DMHDD staff.
Average time to travel to and from a site and perform a life safety survey = 4.3 hours.
Average time to travel to and from a site and perform both a life safety and a program survey = 5.9 hours.
Total time for travel and surveys of 537 sites = 2463 hours or 1.3 FTEs (1 FTE rounded)
Total Expense for 1 surveyor: $60,000 - Payroll expense = $55,900 + Operational expense = $4,100

$522,700 loss licensure revenue based on licenses issued to MR licensees in CY 2009.

$472,700 Net Additional Appropriations

7. Breakdown of calculating fiscal impact shown above.
Expenditures:
Revenue:

8. List Other State Departments/Agencies Affected by This Bill
Department of Finance and Administration, Division of Intellectual Disability Services
Department of Finance and Administration
Department of the Treasury
Attorney General and Reporter
Department of Education
Department of Children's Services
Commission on Children and Youth
Department of Financial Institutions
Tennessee Council of Juvenile and Family Court Judges
Department of Correction
Department of Health
Department of Human Services
Department of Labor and Workforce Development
Department of Economic and Community Development
Tennessee Bureau of Investigations

9. List Bills From Previous Sessions Which are Identical/Similar to This Bill

10. Additional Comments by Preparer
Section 19 amends TCA §8-42-101(3)(D) relevant to the definition of a "state employee" so as to make it also apply to DIDD. However, the item (1), which addresses pre-screening agents, and item (3), which addresses the person determining the need for restraint and vehicle security, are not applicable to DIDD.

Section 20 does not make any changes to subsection (e) to make it apply to DIDD, instead of DIDS. Under the current language of TCA §12-2-117, subsections (a) through (d) apply to DMHDD. Subsection (e) and its subdivisions were added in 2003 to give the DIDS the same authority as DMHDD has in subsections (a) through (d). Section 12 attempts to modify TCA §12-2-117(a) so as make it relevant to both DMH and

DIDD. However, by doing so, the subsequent subsections (b) through (d) no longer apply exclusively to DMHDD.

TCA §37-1-605(b)(1) requires that all reports of child sexual abuse that occurs at facilities licensed by DMHDD must be reported to local law enforcement. Section 39 removes all mention of facilities licensed by DMHDD or DMH and makes the reporting requirement apply only to facilities licensed by DIDD.

Section 45 amends TCA §37-5-106(a)(1) to exclude children programs operated by DIDD from being under the auspices of the Department of Children's Services. The section does not change the reference to DMHDD to DMH in the last sentence regarding not precluding at-risk children, who are seriously emotionally disturbed and for whom DMHDD has primary responsibility, from services provided by DCS.

Section 41 adds both the commissioners of DMH and DIDD as members of the Council on Children's Mental Health Care. It is not necessary to add the commissioner of DMH, since the DMH commissioner is already co-chair with the Executive Director of the Commission on Children and Youth.

Section 45 amends TCA §37-5-106(a)(1) to exclude programs operated by DIDD from being under the auspices of DCS. However, this section does not change the reference to DMHDD to DMH in the last sentence.

Sections 59 and 61 address behavioral and emotional disorders in children. Section 59 deals with the joint approval of the curriculum for teacher in-services training concerning the prevention and intervention of, and Section 60 deals with the coordination and improvement of services to behavioral/emotional disorders in students. Adding DIDD to processes that concern behavioral and emotional disorders, and not developmental disorders, is not appropriate.

The purpose of the notifications of plant closing or mass layoffs or major operation reductions is to prepare those agencies for the possibility that they will be called upon to provide some services to the laid off employees. Sections 67 and 68 add DIDD to the list of notified agencies, even though it is improbable that the services supported by DIDD would be needed.

Sections 70 - 73 deal with obtaining patient confidential information and making findings about compliance with laws governing the dispensing of controlled substances.

Sections 76 and 78 adds DIDD as an entity that licenses community mental health centers and alcohol or drug dependency treatment centers. The services provided are not services over which DIDD has explicit authority.

Section 114 adds the commissioner of DIDD as a member of the Tennessee Commission on Aging and Disability without increasing the statutory number of members.

Section 115 would permit substance abuse treatment facilities licensed by DIDD to verify that a person

convicted of a drug offense does not need treatment, thereby being eligible for assistance under Families First. DIDD's licensing of A&D programs appears to be outside of the scope of the new department.

Section 116 adds the department of intellectual and developmental disabilities to the list of agencies whose definitions define a child care agency. The section does not delete the reference to the "division of mental retardation services".

Section 119 adds DIDD as a participant in the health care safety net for the uninsured. DIDD should not be added because the plan has already been approved and was funded in 2005 from TennCare reserves to replace program cuts to TDOH and DMHDD only. Also, the list of efforts include health care and mental health care, not developmental services.

Section 120 makes DIDD the only licensing agency, outside of DHS, of facilities that must report the occurrence of suspected abuse, neglect of exploitation of adults to local law enforcement. Regardless on whether or not this bill authorizes DIDD to license programs and facilities, DMHDD will continue to license agencies that provide services to vulnerable adults.

TCA §71-6-107(a)(5)(A) excludes the developmental centers from being an alternative living for adults taken into custody because of imminent danger. Section 122 adds DIDD as an agency operating a developmental center. However, the section also adds DMH as operating a developmental center.

Sections 123 and 124 add DIDD as a cooperating agency with regards to protective services. The section does not delete the reference to the division of mental retardation services.

Section 126 incorrectly refers to a non-existent "department of mental health and intellectual and developmental disabilities".

Department: Mental Health and Developmental Disabilities

Date: 02/26/2010

Preparer's Name: F. Tirrill Parker, Jr.

Commissioner or Commissioner's Designee: Virginia Trotter Betts

Phone Number: (615) 532-6673

Appendix C
Department of Mental Health and Developmental Disabilities
Detailed Calculations and Notes Provided to Fiscal Review Committee
February 26, 2010

LICENSING

	Total		Deemed [2]	Not Deemed	
MR					
Licenses	547	(1)			
Licensees	180	(1)	170	10	
Sites	537	(1)	507	30	
Life Safety Surveys Only			4.26	4.26	hours per inspection
	2287.62		2159.82	127.8	hours
Life Safety and Program Surveys				5.86	hours per inspection
	175.8			175.8	hours
Total Time for Inspections	2463.42		2159.82	303.6	hours
FTEs	1.3		1.1	0.2	
(Rounded)	**1.0**		Position		
Salary	$42,000		Payroll		
Insurance	$5,088				
TCRS	$5,468				
FICA	$3,213				
401k	$150				
SubTotal	$55,919	(3)			
Travel	$1,413		Other		
Insurance	$1,166				
Telephone	$513				
WAN/LAN	$1,000				
SubTotal	$4,092	(4)			
Total per Position	$60,011		**EXPENDITURE**		
(Rounded)	**$60,000**		**REDUCTION**		
FTEs	1.0				
TOTAL	**$60,000**				
TOTAL	$522,650	(5)	**REVENUE**		
(Rounded)	**$522,700**		**LOSS**		
TOTAL	**$462,700**		**ADDITIONAL APPROPRIATIONS**		

NAME CHANGE

TOTAL **$10,000** (6) **ADDITIONAL APPROPRIATIONS**

Estimated Average Time (Hrs.) per Site for Travel and Surveys									
	EAST		**MIDDLE**		**WEST**		**ALL REGIONS**	
	Time	Sites	Time	Sites	Time	Sites	Time	Sites
Travel								
In-County*	2.00	30	0.75	56	2.00	59	1.52	145
Out-County	4.00	172	2.00	161	4.50	52	3.23	385
Average/Total	3.70	202	1.68	217	3.17	111	2.76	530
Inspections								
Life Safety	1.50		1.50		1.50		1.50	
Program + Life Safety	3.00		3.25		3.00		3.10	
Program Only	1.50		1.75		1.50		1.60	
* In-County is Knox for East TN, Davidson for Middle TN and Shelby for West TN.								

NOTE: DMHDD conducts life-safety inspections of all licensed sites. However, DMHDD does not conduct program surveys of deemed agencies. Deemed agencies are those agencies that are already inspected or licensed by another entity, are already accredited or certified by another entity, or have a grant or contract for the program of services with another state agency that already does a compliance review. DIDS already performs program compliance reviews of its grantee agencies.

(1) CY 2009. Excludes personal support service agencies (PSSAs) unless they are co-located at a site that also provided MR services. PSSAs are not included because it is not possible to differentiate between the types of clientele. Clients having a mental illness or emotional disturbances or having mental retardation or being aged may all be served by the same PSSA.
(2) The number of deemed agencies is an estimate provided by the three regional directors. The number of deemed sites is derived from the number of deemed agencies.
(3) Based on the budgeted payroll expenses of the least senior licensure surveyor.
(4) Based on actual expenditures per surveyor in the same region as the least senior surveyor.
(5) Actual receipts for licenses issued during CY 2009 for sites providing MR services. Does not include PSSAs unless they are co-located at the same site that other MR services are provided.
(6) Assumes that wherever possible, forms, stationery and other consumable items that have the department's name, initials or logo will be used. The costs are for signage, redesign of the department's logo, printing of brochures and making various templates and molds used on numerous plaques and awards.

Appendix D
Division of Intellectual Disabilities Services
Detailed Calculations Not Provided to Fiscal Review Committee
Submitted to Auditors July 14, 2010

Original Estimate

Recurring Cost:

DIDDS:

9 new employees for licensing, serve on boards, councils, task force, etc.	$585,000
Travel, training, supplies for 9 employees	36,000
Total Expense Increase to DIDS	$621,000
Revenue for licensing fees (moved from MHDD)	(522,700)
Total Recurring Increase to DIDDS - State Appropriation	98,300

Mental Health

Decrease of 1 position:	$ (60,000)
Loss of Revenue (Transfer to DIDDS)	522,700
Total Increase State Appropriation to MH	$462,700

Total Recurring Increase to State Government	**$561,000**

Non-Recurring Cost:

DIDDS - name change - signage, forms, etc.	$ 10,000
MH - name change - signage, forms, etc.	10,000
Total One-time cost	**$ 20,000**

Revised Estimate

Recurring Cost:

DIDDS:

Licensure

7 new employees for licensing	$420,000
Travel, training, supplies for 7 employees	28,000
Total Expense for Licensing	$448,000
Revenue for licensing fees (moved from MHDD)	(522,700)
Decrease to DIDDS - State Appropriation	$ (74,700)

Boards:

2 new employees for increase workload associated with boards, council, commissions, etc	$120,000
Travel, Training Supplies, etc for employees	8,000
Total Expense for Boards	$128,000
Federal Revenue	57,600
Increase to DIDDS State Appropriation	$ 70,400

Commissioner	
Commissioner's Salary/Benefits - not allowable for federal reimbursement	
Increase appropriation for loss of federal revenue	$ 81,400
Total Increase State Appropriation to DIDDS	**$ 77,100**
Mental Health	
Decrease of 1 position:	$ (60,000)
Loss of Revenue (Transfer to DIDDS)	522,700
Total Increase State Appropriation to MH	**$462,700**
Total Recurring Increase to State Government	**$539,800**

Source: Melinda Lanza, Budget Director, Administrative Services, DIDS.

Appendix E
Revised Department of Intellectual and Developmental Disabilities Budget
Submitted to Auditors September 20, 2010

Expenditures By Object	
010 Regular Salaries	**338,600**
012 Longevity	**7,000**
014 Overtime	**-**
02 Employee Benefits	**166,200**
Total Personal Services & Benefits	**511,800**
03 Travel	**108,000**
04 Printing Duplicating & Binding	
05 Utilities and Fuel	
06 Communications	
07 Maintenance Repairs & Service	
08 Professional Services & Dues	
09 Supplies & Materials	**21,000**
10 Rentals & Insurance	
11 Motor Vehicle Operations	
12 Awards & Indemnities	
13 Grants & Subsidies	
14 Unclassified	
15 Stores for Resale/Reissue/Mf	
16 Equipment	
21 Training	**7,000**
25 Service by Other State Agencies	
Total Other Expenditures	**136,000**
Grand Total	**647,800**
Funding Sources	
0900 Appropriation	**175,300**
0801 Federal	**-**
880 Current Services	**522,700**
890 Interdepartmental:	**(50,200)**
Main Waiver	**-**
Arlington Waiver	**-**
Self Determination Waiver	**-**
Waiver Admin*	**(50,200)**
ICF -MR	**-**
Other	**-**
Total Authorized Positions	**7**
Tenncare State -50% Waiver Admin	**(25,100)**
Total State Appropriation Needed	**150,200**

Personnel

Position Title		Salary	Insurance	Retirement	FICA	Longevity	Longevity Benefits	Total
MH/MR Licensure Director		85,000	12,610	12,674	6,503	1000	226	118,012
MR Program Specialist 3		44,064	12,610	6,570	3,371	1000	226	67,841
MR Program Specialist 3		44,064	12,610	6,570	3,371	1000	226	67,841
MR Program Specialist 3		44,064	12,610	6,570	3,371	1000	226	67,841
MR Program Specialist 2		40,464	12,610	6,033	3,095	1000	226	63,429
MR Program Specialist 2		40,464	12,610	6,033	3,095	1000	226	63,429
MR Program Specialist 2		40,464	12,610	6,033	3,095	1000	226	63,429
	7	338,584	88,272	50,483	25,902	7,000	1,579	511,820

Travel

6 people @ $1500 per month	108,000

Supplies

6 Laptops @ $900	5,400
1 Desktop @ 1000	1,000
1 Printer @ 800	800
Other Office Supplies/Forms	13,800
Total Supplies	21,000

Training

Life Safety Training	7,000
Total	647,820

Revenue

Current Service Revenue is the 2009 licensing fee amount reported by Mental Health.

Interdepartmental revenue is:
1.Reduction in admin revenue from TennCare for the Commissioner's salary which will no longer be eligible for federal reimbursement when the Division becomes a Department. $162,800
2.Increase in admin revenue from TennCare for 90% of the Licensure cost not offset by fee revenue. 112,600 = ((647,800-522,700) x .90)

Source: Melinda Lanza, Budget Director, Administrative Services, DIDS.

Appendix F
Licensure Sub-workgroup Recommendation to Transition Team With Revised Department of Intellectual and Developmental Disabilities Budget Submitted to Auditors October 1, 2010

Licensure Sub-workgroup
September 28, 2010

The purpose of the Licensure sub-workgroup is to determine if the Licensure responsibilities currently managed by MHDD should be transferred to the DIDD for those services that are applicable to people with Intellectual Disabilities. As the transition from a division to a department is slated for completion by January 15, 2011, a recommendation to the Transition Team as to DIDS absorbing the Licensure responsibilities for this population should be made by the sub-workgroup by October 1, 2010. The sub-workgroup respectfully submits the following:

Recommendations to the Transition Team

1. The Licensure sub-workgroup recommends transitioning the Licensure functions that pertain to people with disabilities to the DIDD as long as the there are no additional costs to the division/department. The sub-workgroup supports the transition with the caveat that the transition be cost neutral.

2. The Licensure sub-workgroup recommends transitioning the Licensure functions that pertain to people with disabilities to the DIDD and the barriers identified by the sub-workgroup are resolved as identified in the minutes dated 09/17/10, primarily concerning the following resolutions:

    - DIDD hires current employees of MHDD who would perform Licensure duties under the direction of the DIDD
    - The database currently used by MHDD is shared/duplicated with the DIDD
    - DIDD commits to preserving the current practices and protocols of MHDD in the operation of the licensing process to include maintenance of currently used forms, fees, etc., in order to minimize the changes providers experience
    - Currently PSSA licenses support people in the following categories: Mental Retardation (ID), Elderly and Disabled (Choices Waiver), Alcohol & Drugs, and Mental Health. In order to avoid splitting these groups, The transition of licensing to the DIDD should include the licensing of the Mental Retardation facilities/services as well as the Elderly and Disabled services. This will be consistent with the DIDD move to represent people with disabilities.

3. The Licensure sub-workgroup recommends that Assistant Commissioner, Fred Hix conduct a fiscal impact study before October 1, 2010 to demonstrate that the resulting transition is a cost neutral endeavor. Additionally, the fiscal impact study should explore whether or not federal match money could be accessed as part of the DIDD administrative match.

Note: Cynthia Tyler, Director of Licensure for MHDD has chosen to abstain from voting.

Proposed Licensure Budget October 1, 2010

Expenditures By Object	
010 Regular Salaries	**338,600**
012 Longevity	**7,000**
014 Overtime	**-**
02 Employee Benefits	**166,200**
Total Personal Services & Benefits	**511,800**
03 Travel	**108,000**
04 Printing Duplicating & Binding	
05 Utilities and Fuel	
06 Communications	
07 Maintenance Repairs & Service	
08 Professional Services & Dues	
09 Supplies & Materials	**21,000**
10 Rentals & Insurance	
11 Motor Vehicle Operations	
12 Awards & Indemnities	
13 Grants & Subsidies	
14 Unclassified	
15 Stores for Resale/Reissue/Mf	
16 Equipment	
21 Training	**7,000**
25 Service by Other State Agencies	
Total Other Expenditures	**136,000**
Grand Total	**647,800**
Funding Sources	
0900 Appropriation	**(3,900)**
0801 Federal	**-**
880 Current Services	**651,700**
890 Interdepartmental:	
Main Waiver	**-**
Arlington Waiver	**-**
Self Determination Waiver	**-**
Waiver Admin*	
ICF -MR	**-**
Other	**-**
Total Authorized Positions	**7**
Tenncare State -50% Waiver Admin	**-**
Total State Appropriation Needed	**(3,900)**

Personnel

Position Title		Salary	Insurance	Retirement	FICA	Longevity	Longevity Benefits	Total
MH/MR Licensure Director		85,000	12,610	12,674	6,503	1000	226	118,012
MR Program Specialist 3		44,064	12,610	6,570	3,371	1000	226	67,841
MR Program Specialist 3		44,064	12,610	6,570	3,371	1000	226	67,841
MR Program Specialist 3		44,064	12,610	6,570	3,371	1000	226	67,841
MR Program Specialist 2		40,464	12,610	6,033	3,095	1000	226	63,429
MR Program Specialist 2		40,464	12,610	6,033	3,095	1000	226	63,429
MR Program Specialist 2		40,464	12,610	6,033	3,095	1000	226	63,429
	7	338,584	88,272	50,483	25,902	7,000	1,579	511,820

Travel

6 people @ $1500 per month	108,000

Supplies

6 Laptops @ $900	5,400
1 Desktop @ 1000	1,000
1 Printer @ 800	800
Other Office Supplies/Forms	13,800
Total Supplies	21,000

Training

Life Safety Training	7,000
Total	647,820

Revenue

Current Service Revenue is the most current licensure database from Mental Health at $591,000. Additional revenue of $60,700 generated by new licensees associated with TennCare's Choices (elderly and disabled waiver). (75 X $810 = $60,700)

Source: Debbie Payne, Assistant Commissioner, DIDS.

Appendix G
Initial Application for License and
Licensure Application Addendum: Fact Sheet Form

STATE OF TENNESSEE
DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES

INITIAL APPLICATION FOR LICENSE

TO CONDUCT A FACILITY AND/OR SERVICE PROVIDING
MENTAL HEALTH, MENTAL RETARDATION, DEVELOPMENTAL DISABILITY, ALCOHOL AND DRUG ABUSE, OR PERSONAL SUPPORT SERVICES

INSTRUCTIONS: Please read carefully and complete this form and its attachments in full. Please type or print legibly. This application may be made by the individual owner, chief executive officer, director or other member of the governing body on whom rests the authority and responsibility for maintaining standards, policies, and procedures for the facility/service to be operated.

1. **DATE OF APPLICATION.**

   Month: _____ Date: _____ Year: _____

2. **IDENTIFICATION OF APPLICANT.** Identify the person, partnership, corporation, association, or governmental agency applying to lawfully establish, conduct, operate or maintain a facility or service:

3. **APPLICANT'S ADDRESS.** Give the street address (and mailing address, if different) of the applicant's primary place of business or residence:

   Street Address: _____

   Mailing Address: _____

   City: _____ Zip: _____ County: _____

4. **APPLICANT'S TELEPHONE NUMBER(S) AND FAX NUMBER(S):**

5. **APPLICANT'S E MAIL ADDRESS:**

6. **ORGANIZATIONAL STRUCTURE.** Identify the type of organizational structure of the applicant's governing body; check one (1) of the following:

   - ☐ Individual (Proprietorship)
   - ☐ Partnership
   - ☐ Church
   - ☐ Nonprofit Corporation
   - ☐ For Profit Corporation
   - ☐ Association
   - ☐ Government Agency
   - ☐ State University
   - ☐ Other: _____

7. **CHIEF EXECUTIVE OFFICER OR DIRECTOR.** Identify below the person who will be responsible for the overall daily management and oversight of the facility/service to be operated by the applicant. This person may be the same as the individual applicant(s) in the case of a proprietorship or partnership. This person may be someone who is hired or appointed by the applicant, such as in the case of a corporation, association or other organization which employs a chief executive officer, director, etc. Or, the person may be employed by a management firm with which the applicant has contracted to oversee the daily operation of the facility and/or service. Check one (1) of the following statements:

   ☐ The facility/service will be managed and overseen on a daily basis by the individual applicant(s) named in item (2) above.

   ☐ The facility/service will be managed and overseen on a daily basis by a person hired by the applicant. Identify this person:

   Name: _____ Title: _____

   ☐ The facility/service will be managed and overseen by a person employed by the management firm under contract with the applicant. Identify the person and the firm: (NOTE: A copy of the management contract between the applicant and the firm listed below must be submitted with this application.)

   Name: _____ Title: _____

   Firm's Name: _____

   Firm's Address: _____

8. **CORPORATION/ASSOCIATION INFORMATION.** (Note: This item must be answered **only** by those applicants having a corporation, association or other collective type of organizational structure. Proprietorships, partnerships, governmental agencies and state universities do not complete this item.) Complete parts a. and b. below:

   a. List below the names, titles or positions, and places of residence of each person having membership in the governing body of the corporation, association, church, or other organization making this application: (For example, the board of directors, elders, etc.)

Name	Title / Position	Place of Residence

   (If necessary, continue listing on separate sheet and check here ❑.)

   b. A Corporation must submit copies of its corporate charter as certified by the Secretary of State.

9. **BACKGROUND AND HISTORY.**

Important: A criminal back ground check must be performed on the individual applicant(s) in the case of proprietorships and partnerships, and when applicable, the person identified in item (7) of this application as the chief executive officer, director or other person charged with the overall daily management and oversight of the facility/service. The criminal background investigation must be conducted by a law enforcement agency in the county of residence, by the Tennessee Bureau of Investigation, or by a licensed private investigation company. A copy of the criminal background investigation report must be submitted with this application.

You must also attach proof of citizenship or evidence of legal immigration.

The following questions are to be answered about the individual applicant(s) in the case of a proprietorship or partnership, **and** about any responsible person who is hired or appointed by the applicant to be the chief executive officer, director or other person in charge of the overall daily operation of a facility/service. These questions also are to be answered about the members of the governing body (board of directors, etc.) of a corporation, association or other organization applying for license.

   a. Has the applicant, or any responsible person referenced above, ever been convicted, or currently under any charges, for offense against the law? (Note: You may exclude traffic violations for which a fine of less than $100.00 was paid, and any offense which was committed before a person's eighteenth birthday and finally adjudicated in a juvenile court or under youth offender law.)

   ❑ NO ❑ YES If answered yes, give details of person's name, date, place, charge, court, and action taken: _____

b. Has the applicant, or any responsible person referenced above, ever held a license from this state, or any other state, to conduct a facility/service for providing mental health, mental retardation, developmental disability, alcohol land drug abuse, or personal support services?
❑ NO ❑ YES from the Tennessee Department of Mental Health and Developmental Disabilities. ❑ YES from the following state and agency for the following facility/service and location: _____

_____

_____

_____

c. Has the applicant, or any responsible person referenced above, ever held a license or certificate from this state, or any other state, to operate a facility/service providing services to persons in need of other protective or supportive services, such as a nursing home, residential home for the aged, child or adult day care, foster home, etc?
❑ NO ❑ YES If answered yes, give person's name, dates of operation, facility/service name and location, and licensing agency:

_____

_____

_____

_____

d. Has the applicant, or any responsible person reference above, ever held a license or certificate to practice a regulated profession in this state, or any other state, **and** had such license revoked, denied or suspended? (Such as, physician, nurse, facility administrator, social worker, attorney, psychologist, etc.) ❑ NO ❑ YES If answered yes, give person's name, profession, date, place and action taken against such license:

_____

_____

_____

_____

(If additional space is needed to answer any of the above, attach separate sheet and check here ❑).

10. **EDUCATION AND EXPERIENCE. Important:** The following information is to be supplied about the individual applicant(s) in the case of proprietorships and partnerships, **and** when applicable, about the person identified in item (7) of this application as the chief executive officer, director or other person charged with the overall daily management and oversight of the facility/service to be operated by the applicant.

a. Give full name(s) (including maiden name(s) when applicable), place(s) and date(s) of birth, Social Security number(s) of the person(s) for whom this information is being supplied:

Full Name	Date of Birth	Place of Birth	Social Security Number

b. Give the place, date, and degree or grade of the highest level of education achieved: _____

_____

c. If residing at current address less than five (5) years, give previous address: _____

_____

d. List previous employment or business occupation for the past five (5) years:

_____

_____

_____

_____

_____

(If additional space is needed for any of the above items, attach separate sheet and check here ❑ .)

11. **FINANCIAL RESOURCES.** (Note: This item does not apply to state-operated facilities/services.) The applicant must show financial solvency and responsibility to operate a facility/service. The applicant must provide a financial statement or other information which is complete and sufficient in showing the total assets, liabilities and income of the applicant. Attach a copy of the most recently proposed budget for the facility's/services' operation, or of the most recent fiscal report or financial statement. The financial statement form included with this application may be used for completing a financial statement. IMPORTANT: A financial statement must accompany this application.

12. **DESCRIPTION OF FACILITY/SERVICES.** The licensure rules identify and describe distinct categories of facilities/services, which must meet differing rules, based on the type of program services provided and the needs of the persons served. "Fact Sheet Forms" are included with this application. One (1) fact sheet form must be completed for each distinct category of facility/service to be operated at each site. For example, even if more than one (1) facility/service category is to be operated at a single site, an individual fact sheet must be completed and submitted for each category of facility to be operated at that single site. The enclosed fact sheet forms may be photocopied if additional forms are needed. IMPORTANT: Fact Sheet Form(s) must accompany this application.

13. **ACCREDITATION/CERTIFICATION STATUS.** (OPTIONAL-Accreditation or certification of an applicant's facility/service is **not** required in order to be approved for license.)

Participation in any of the following accreditation or certification programs may qualify a facility/service to be deemed into compliance with certain programmatic rules of licensure. To be considered for a possible deemed status determination, the applicant must submit documentation showing current accreditation or certification status, the facility/service, facility programs/services covered by such status, the effective dates of the status, and the findings of the accrediting or certifying body, including any deficiencies with plans of correction. The following accreditation and certification programs are recognized; check any applicable participation.

☐ The Joint Commission

☐ Commission on the Accreditation of Rehabilitation Facilities (CARF)

☐ Council on Quality and Leadership (CQL)

☐ Medicaid Certification for Intermediate Care Facilities for the Mentally Retarded (ICF/MR) only. (Social Security Act, Title X1X, P.L. 89-98).

14. **COMMUNITY REFERENCES.** List below the names and addresses of three (3) persons or organizations who can attest to the applicant's responsible and reputable character or reputation, and to the applicant's ability to conduct a facility/service providing services to persons who are vulnerable to neglect, abuse and exploitation. The persons or organizations listed must **not** be related to the applicant by marriage, blood or in a vested business interest. These individuals will be contacted by this department to obtain letters of reference.

a. Name: _____

Address: _____

b. Name: _____

Address: _____

c. Name: _____

Address: _____

15. **ADDITIONAL INFORMATION.** Use this space to provide any additional information you believe would be helpful in determining your application:

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

16. **APPLICATION PROCESSING FEE.** A fee is required to be submitted by the applicant for the processing of the application for license. The amount of total fee to be submitted is based on the number of distinct, non-residential categories to be operated at each non-residential site; and on the total number of service recipient beds to be operated at each distinct, residential facility site.

A LICENSURE APPLICATION FEES INVOICE FORM is enclosed with this application. Use the invoice form to compute the amount of fee to be submitted. The invoice form and your fee are to be submitted separately from this application form to the address of the Fiscal Services Office given on the invoice form. **Do not send fees or invoice forms to the Office of Licensure. Fees are to be submitted by check or money order made payable to the State of Tennessee. Do Not Send Cash. Applications will not be processed until the correct fee has been submitted. FEES ARE NON-REFUNDABLE.**

16. **CERTIFICATION OF APPLICATION.** This certification is to be read and signed by the applicant. The person signing below must be the individual applicant in the case of a proprietorship or partnership, or the chairperson or equivalent officer in the case of a corporation or other association, or the person charged with the oversight of the facility/service by the appointing authority in the case of a governmental agency or state university.

I HEREBY DECLARE THAT THIS APPLICATION AND ITS ACCOMPANYING ATTACHMENTS HAVE BEEN CAREFULLY READ AND COMPLETED, AND TO THE BEST OF MY KNOWLEDGE, THEY ARE TRUE, CORRECT AND COMPLETE. I FURTHER DECLARE MY AUTHORITY AND RESPONSIBILITY TO MAKE THIS APPLICATION AND AGREE TO COMPLY WITH THE RULES PROMULGATED UNDER TENNESSEE CODE ANNOTATED, TITLE 33, CHAPTER 2, PART 4, FOR THE CONDUCT OF A FACILITY/SERVICE PROVIDING MENTAL HEALTH, MENTAL RETARDATION, DEVELOPMENTAL DISABILITY, ALCOHOL AND DRUG ABUSE, OR PERSONAL SUPPORT SERVICES.

SIGNATURE OF APPLICANT OR AUTHORIZED AGENT:	DATE OF SIGNATURE:

Type or Print Name and Title of Person Signing Above:

IMPORTANT-SPECIAL INSTRUCTIONS: This application form with its fact sheets and other application information attachments are to be submitted to your region's **Office of Licensure**. However, the application fees and the invoice form for the fees must be submitted to the **Fiscal Services** office address listed on the application fees invoice form. Sending the application information and the fees correctly and simultaneously to the appropriate and **separate offices** will help ensure a timely beginning on the processing of your application for a license.

ADDRESSES FOR REGIONAL LICENSURE OFFICES

EAST TENNESSEE
STATE OFFICE BLDG.
531 HENLEY STREET,SUITE 706
KNOXVILLE, TN 37902
TELEPHONE #: (865) 594-6551
FAX #: (865) 594-5248

MIDDLE TENNESSEE
ANDREW JOHNSON TOWER, 12TH FLOOR
710 JAMES ROBERTSON PARKWAY
NASHVILLE, TN 37243
TELEPHONE #: (615) 532-6590
FAX #: (615) 532-7856

WEST TENNESSEE
170 NORTH MAIN STREET
12TH FLOOR
MEMPHIS, TN 38103
TELEPHONE #: (901) 543-7442
FAX #: (901) 543-7008

(FOR TDMHDD OFFICE USE ONLY-Do Not Write in the Space Below)

Date Application Reviewed:	**Application Reviewed By:**

Application Review Checklist:

- ❑ All Required Info. Completed
- ❑ Letters of Reference Returned
- ❑ All Fact Sheet Forms Submitted, if applicable:
- ❑ Criminal Background Check
- ❑ Management Contract (if any) Submitted
- ❑ Evidence of Appropriate Zoning, if applicable
- ❑ Financial Statement Submitted
- ❑ Correct Processing Fee(s) Submitted
- ❑ Governing Board Members Listed
- ❑ Proof of Citizenship or Legal Immigration
- ❑ Evidence (if any) for Deemed Status Determination
- ❑ Corporate Charter Submitted
- ❑ Other Special Investigation or Action Completed: _____

Application Approval Status:

- ❑ Application Approved in Full for All Facilities/Services
- ❑ Application Approved in Part for Following Facilities:
- ❑ Application Denied in Full for Following Reason(s):
- ❑ Application Withdrawn by Applicant.

LICENSURE APPLICATION ADDENDUM: FACT SHEET FORM

TENNESSEE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES SERVICES OFFICE OF LICENSURE

INSTRUCTIONS: This form is an addendum to the application for license and is to be used to describe the facility/service to be operated at a given site. One (1) fact sheet form is to be completed for each distinct facility/service category to be operated at a given site. This form must be completed when making application for initial license to operate a newly established facility/service. This form is also to be used by any current licensee who is applying for license to operate an additional facility/service, to relocate a currently licensed facility/service to another site or building, to expand an existing facility/service, or to change the distinct facility/service category or occupancy of a currently licensed facility/service.

1. NAME OF APPLICANT:	2. DATE:

3. PURPOSE OF FACT SHEET: Identify the reason for the completion of this fact sheet: (Check one)

- ☐ Initial application by new applicant for license to operate a newly established facility/service. (A completed "Initial Application for License" form must accompany this fact sheet.)
- ☐ Application by a current licensee for license to operate an additional facility/service to be established by current licensee.
- ☐ Application by a current licensee to relocate a currently licensed facility/service to another site or building. (Licenses are non-transferable.)
- ☐ Application by a current licensee for approval of major renovation; change in use or occupancy; or expansion of the physical plant of a currently licensed facility/service. (A new License may be required.)

4. NAME AND LOCATION OF FACILITY/SERVICE. Identify this facility/service as it is to be named by the applicant, known to the public, and listed on the license:

Name		Facility/Service Telephone No./Fax No.
Street Address of Facility/Service		
City/Town	Zip Code	County

Is the location of the facility/service inside of city limits? ☐ YES ☐ NO

5. DISTINCT CATEGORY. Identify the distinct category of this facility/service as defined in the licensure rules: (CHECK ONLY ONE.)

Mental Health
- ☐ Outpatient
- ☐ Adult Day Treatment Services
- ☐ Hospital
- ☐ Adult Residential Treatment Program
- ☐ Crisis Stabilization Unit
- ☐ Supportive Living
- ☐ Psychosocial Rehabilitation Program
- ☐ Intensive Day Treatment for Children & Adolescents
- ☐ Therapeutic Nursery
- ☐ Partial Hospitalization Programs
- ☐ Vocational Program
- ☐ Residential Treatment for Children & Youth

Mental Retardation
- ☐ Adult Habilitation Day
- ☐ Preschool
- ☐ Diagnosis & Evaluation
- ☐ Institutional Habilitation
- ☐ Residential Habilitation
- ☐ Boarding Home
- ☐ Placement Services
- ☐ Semi-Independent Living
- ☐ Respite Care Services
- ☐ Supported Living Services

Alcohol and Drug Abuse
- ☐ DUI School
- ☐ Outpatient Detoxification Treatment Facilities
- ☐ Prevention Programs
- ☐ Halfway House Treatment
- ☐ Non-Residential Opiate Treatment
- ☐ Non-Residential Treatment
- ☐ Residential Detoxification Treatment
- ☐ Residential Rehabilitation Treatment
- ☐ Residential Treatment Facilities for Children & Youth

☐ Personal Support Services Agency

6. SITE MANAGER/DIRECTOR. Identify the person who is charged with the overall daily management of this facility/service:

Name of Person:	Title/Position:

Has this person ever been convicted of, or currently under any charges of a felony offense under the law? ☐ NO ☐ YES
If yes, attach an explanation of the date, type and place of the charge, court action taken, or current disposition.

NOTE: ITEMS NUMBERED (7) THROUGH (23) DO NOT APPLY TO PERSONAL SUPPORT SERVICES OR MENTAL RETARDATION CATEGORIES OFSUPPORTED LIVING, PLACEMENT SERVICES, SEMI-INDEPENDENT LIVING OR RESPITE CARE SERVICES.

7. **NUMBER OF BUILDINGS.** Identify the number of buildings on the site of this facility which are to be used for service recipient residences or other service recipient programs: ____ . If more than one (1) building is to be used on the site of this facility category, then list each building by its name or location on the site, and give the primary use of each building and the number of service recipients to reside or to be served in each building.

Name Location of Building	Primary Use of Building	No. of Service Recipients

(If necessary, attach a separate sheet, and check here ❑.)

8. **OWNERSHIP OF PREMISES.** Identify the ownership of the buildings, premises or real property in which this facility is to be located: (Check One.)

☐ Owned by the applicant free of mortgage. ❑ Owned by the State of Tennessee

☐ Mortgage Lender:
☐ Leased from:
☐ Donated by:

} Name:_____
Address:_____
City & State:_____

9. **NUMBER OF SERVICE RECIPIENTS.** Indicate the number of service recipients to reside or to be served in this facility: Are any of the service recipient six years of age or younger? ☐ NO ☐ YES

10. **SQUARE FOOTAGE.** Total occupiable space of facility in square feet:

11. **HOURS OF OPERATION.** Indicate the normal days and hours of facility's operation:

12. **SHARED OCCUPANCY.** Are other activities or occupancies to occur in this building(s) which are not under the control of the licensee/applicant? ❑ NO ❑ YES If yes, describe:

13. **MOBILE, NON-AMBULATORY SERVICE RECIPIENTS.** Are mobile, non-ambulatory persons (persons using wheelchairs, walkers, etc.) to be served in this facility? ☐ NO ☐ YES
If yes, are these persons capable of transferring unassisted from a bed or other fixed position into the wheelchair or other mobility device and traversing a predefined means of egress from the facility? ❑ NO ❑ YES

14. **SERVICE RECIPIENT SELF-PRESERVATION.** Are all of the persons to be served in this facility to be persons who are capable of self-preservation by responding to an emergency signal, including prompting by voice, and following a pretaught evacuation procedure from the facility? ☐ NO ☐ YES
Any persons with deafness? ❑ NO ❑ YES Any persons with blindness? ❑ NO ❑ YES

15. **SECURITY MEASURES.** Are security measures, such as exit doors or windows locked against client egress, restraints, or seclusion, which are beyond the client's control to be used in this facility? ❑ NO ❑ YES If yes, explain:

16. **VOCATIONAL ACTIVITIES.** Are vocational activities to be conducted in this facility? (Activities of an industrial or productive nature such as contract work, assembling, packaging, woodworking, metalworking, painting, stripping, etc.) ☐ NO ☐ YES

17. **FOOD SERVICE.** Are food service, food preparation, and meals to be provided by this facility on a regular basis to the service recipients of the facility? ☐ NO ☐ YES

18. **BATHROOM ACCOMMODATIONS.** Number of separate bathtubs or shower stalls: _____ . Number of toilets: _____
Number of urinals: _____ . Number of sinks or hand lavatories in bathrooms: _____

19. **BUILDING CONSTRUCTION.** This facility is to be located in: (check one) ❑ A building to be constructed or under construction.
☐ An existing building to be adapted for the facility's use. Number of stories or floors: _____
Basement: ❑ NO ❑ YES Indicate the building's type of construction: ❑ Woodframe with wood, shingle or metal siding.
☐ Woodframe with Brick Veneer. ❑ Masonry Block, no woodframe members. ❑ Masonry Block with woodframe members.
☐ Reinforced concrete with steel members. ❑ Other, describe:

20. **WATER/SEWER.** Is drinking water furnished by a well/spring located on the property? ❑ NO. ❑ YES Is sewage handled by a septic tank located on the property? ☐ NO ☐ YES

NOTE: ITEMS 21 THROUGH 23 ARE TO BE ANSWERED ONLY FOR RESIDENTIAL FACILITIES.

21. **LIVE-IN STAFF.** Are staff members, proprietors, or family members of the staff or proprietor to reside or have sleeping arrangements in this facility? ❑ NO ❑ YES If yes, how many such. persons: _____

22. **TOTAL OCCUPANCY.** Total number of persons including service recipients, staff, family, etc. to **reside** in this facility: _____

23. **NUMBER OF ROOMS.** Service recipient bedrooms: _____ Staff or other bedrooms: _____ Living Room: _____
Den: _____ Dining Room: _____ Kitchen: _____ Bathrooms: _____

24. **OTHER.** Use this space to provide any additional information or to explain any of the above item

IDENTIFICATION OF INFORMATION. The information contained in this fact sheet is an addendum to, or a part of the application for a license. The person signing below must be the individual applicant in the case of a proprietorship or partnership; or the chairperson or equivalent officer of the governing body in the case of a corporation or other association making application; or in the case of a governmental agency or state university, the person charged by the appointing authority with responsibility for the operation of the facility/service.

I HEREBY DECLARE THE INFORMATION CONTAINED IN THIS LICENSURE APPLICATION ADDENDUM TO BE TRUE, CORRECT AND COMPLETE TO THE BEST OF MY KNOWLEDGE. I FURTHER DECLARE MY AUTHORITY AND RESPONSIBILITY TO CERTIFY THIS INFORMATION IN MAKING APPLICATION FOR LICENSE TO CONDUCT THE FACILITY DESCRIBED HEREIN. I AGREE TO COMPLY WITH THE RULES PROMULGATED FOR THE OPERATION OF THIS FACILITY/SERVICE UNDER TENNESSEE CODE ANNOTATED TITLE 33, CHAPTER 2, PART 4.

SIGNATURE OF APPLICANT OR AUTHORIZED AGENT:	DATE OF SIGNATURE:
Type or Print Name and Title of Person Signing Above:	

FOR TDMHDD OFFICE USE ONLY-DO NOT WRITE IN SPACE BELOW

LICENSURE REVIEW AND APPROVAL STATUS:

❑ NO LICENSURE GRANTED Reason:			
❑ LICENSURE GRANTED		**License Type:** ❑ Initial ❑ Full ❑ Provisional	
	Effective Date:	**Expiration Date:**	**Service Type:** ❑ MH ❑ MR ❑ A&D ❑ PSSA
	Distinct Category:		**Life Safety Occupancy Classification:**
	Approved for Mobile, Non-Ambulatory Individuals? ❑ No ❑ Yes		**Service Recipient / Bed Capacity:**
	Approved for Individuals With Hearing Loss? ❑ No ❑ Yes		**Approved for Individuals With Vision Loss?** ❑ No ❑ Yes
	Other Special Conditions Stated on License:		
FINAL REVIEW AND APPROVAL STATUS COMPLETED BY:			