

Health and Human Resources

Adopted Adjustments (\$ in millions)				
	FY 2019 Adopted		FY 2020 Adopted	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2018-20 Base Budget, Ch. 836	\$6,437.3	\$8,478.7	\$6,437.3	\$8,478.7
Adopted Increases	353.7	1,908.7	738.6	3,720.2
Adopted Decreases	<u>(143.3)</u>	<u>(247.9)</u>	<u>(354.4)</u>	<u>(514.2)</u>
\$ Net Change	210.5	1,660.8	384.2	3,206.0
Chapter 2 (HB 5002, as Adopted)	\$6,647.7	\$10,139.5	\$6,821.5	\$11,684.7
% Change	3.3%	19.6%	6.0%	37.8%
FTEs	8,586.90	6,476.12	8,857.65	6,487.12
# Change	46.18	(319.18)	316.93	(308.18)

- **Secretary of Health and Human Resources**

- *Increase Funding for the Secretary’s Office.* Adds \$75,000 GF each year (a 10 percent increase) to fund the operations of the Secretary of Health and Human Resources. Three other cabinet secretaries also received increases to reflect increased operating costs. This funding reduces the need to make administrative transfers between cabinet offices.
- *Establish a Workgroup for Trauma-Informed Care.* Includes language directing the Secretary of Health and Human Resources to create a trauma-informed care workgroup. The workgroup shall include appropriate state agencies and other stakeholders. The purpose of the workgroup is to develop a shared vision and definition of trauma-informed care. The Secretary shall report on the workgroup's activities to the chairmen of the money committees and the Virginia Commission on Youth by December 15 of each year.
- *Create an Interagency Workgroup for Development of a Statewide Electronic Health Records System.* Adds language directing the Secretary of Health and Human Resources, along with the Secretary of Administration and the Secretary of Public Safety and Homeland Security, to convene an interagency workgroup to oversee the development of a statewide integrated electronic health record (EHR)

system. The workgroup will include the departments of Behavioral Health and Developmental Services, Health, Corrections, and Planning and Budget, and other agencies as deemed appropriate. The purpose of the workgroup is to evaluate common business requirements for electronic health records to ensure consistency and interoperability with other partner state and local agencies and public and private health care entities. The workgroup shall report on its activities and any recommendations to the Joint Subcommittee for Health and Human Resources Oversight by October 15, 2018.

- ***Establish a Workgroup to Evaluate Options to Stabilize the Individual Insurance Market.*** Adds language directing the Secretary of Health and Human Resources to convene a workgroup to examine recent trends in the individual insurance market, state options for stabilizing that market, and resources needed to fund any proposed options. The secretary must report back to the Governor and the Chairmen of the money committees by November 1, 2018.
- ***Provide Authority to Submit a State Innovation Waiver.*** Includes language authorizing the Secretary of Health and Human Resources to develop and apply for a state innovation waiver under Section 1332 of the federal Patient Protection and Affordable Care Act to implement innovative solutions to help stabilize the individual insurance market. The State Corporation Commission Bureau of Insurance will provide technical assistance as requested. The Secretary is required to report on the waiver to the House Appropriations and Senate Finance Committees and the House and Senate Committees on Labor and Commerce prior to its submission to the Federal government.

- **Children’s Services Act (Formerly Comprehensive Services for At-Risk Youth and Families)**

- ***Mandatory Caseload and Cost Increases.*** Adds \$16.9 million GF in FY 2019 and \$27.0 million GF in FY 2020 to fund the anticipated growth in the CSA program. Caseload grew 1.4 percent in FY 2017 to 15,740 from 15,518 in FY 2016. While total census growth is low, expenditures in FY 2017 were up 5 percent over FY 2016. Most of this growth was due to an increasing number of children placed in private day treatment through federally mandated Individualized Education Program (IEP) plans. In FY 2017, 231 additional children were provided private day treatment, a 6.4 percent increase over FY 2016. Expenditures for private day increased by \$17.9 million, which is a 12.9 percent increase over FY 2016. The annual cost of a private day treatment placement was \$41,088 in FY 2017 compared with the average annual cost of \$24,274 for all CSA services.

Language is included limiting rates in FY 2020 to no more than two percent growth over the prior fiscal year for private day education services. This action reduces the

anticipated growth for the CSA program in FY 2020 from \$37.3 million GF to \$27 million GF.

- *Fund a Rate Study for Private Day Placement Services.* Provides \$250,000 GF in FY 2019 for the Office of Children’s Services to contract for a study to determine the adequacy of the current rates paid by localities to special education private day programs. In addition to determining adequacy, the study will also develop recommendations for the implementation of a rate-setting structure. An interim report is due to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2018, and a final report is due by July 1, 2019.
- *Establish a Workgroup to Develop Outcome Measures for Private Day Placements.* Includes language directing the Office of Children's Services, in coordination with the Department of Education, to facilitate a workgroup to include private providers and other stakeholders in order to identify and define outcome measures to assess students' progress in private day placements. The Office of Children's Services and the Department of Education will report recommendations to the Chairmen of the House Education and Appropriations Committees and the Senate Education and Health and Finance Committees by November 1, 2018.

- **Department for the Deaf and Hard-of-Hearing**

- *Adjust NGF Appropriation for the Relay Services Contract and Technology Assistance Program.* Reduces the special fund appropriation by \$2.8 million each year to reflect a reduction in the cost of the telecommunications relay services contract of \$2.8 million a year as more individuals use services made available through the Internet. In addition, the appropriation for the Technology Assistance Program is increased by \$65,930 to cover higher costs in the program resulting in a net decrease of \$2.7 million a year in the agency’s budget. The source of the special fund for these programs is the Communications Sales and Use Tax.

- **Department of Health**

General Fund Increases

- *Add Funds for an Electronic Health Records System.* Provides \$4.2 million GF in FY 2020 and one position each year to design and implement an electronic health records system for the 119 local health departments. The system will handle over 332,000 individual client records annually.
- *Increase Funds for Additional Staff in the Office of the Chief Medical Examiner.* Adds \$1.5 million GF each year to fund 12 additional positions to address rising caseloads and continue meeting national standards for autopsy examinations. In

the period from 2012 to 2016, deaths from drug overdoses were up nearly 79 percent and all other deaths, under the jurisdiction of the office, were up 47 percent during that same time period.

- ***Provide Funding for the Hampton University Proton Therapy Foundation.*** Provides \$2.0 million GF the first year for the Hampton University Proton Therapy Foundation for cancer research and therapy. The funding will be used for applied research efforts through the establishment of the nation's first Multi-Ions Therapy (Hadron) facility, continued research and study of tissue specific radiation, biological effectiveness of proton therapy, proton activated atomic medicine, and to improve access to advanced cancer treatment modalities.
- ***Increase the Decedent Transport Fee.*** Adds \$700,000 GF each year to increase the rate the Office of the Chief Medical Examiner pays to funeral homes and transport companies to transport decedents, typically due to traffic accidents. The adopted budget increases the current fee of \$100 to \$250 for removals with 25 miles. There is no change to the \$1.50 per mile rate for distances greater than 25 miles. The fee was last increased in 2001 from \$50 to the current fee of \$100.
- ***Fund Staff to Actively Supervise a Health System Merger Cooperative Agreement.*** Provides \$624,518 NGF each year and six positions to actively monitor a cooperative agreement in Southwest Virginia related to the merger of Wellmont Health System and Mountain States Health Alliance. This merger creates one health system for all of Southwest Virginia and Northeast Tennessee. The cooperative agreement between the health systems, as approved by the State Health Commissioner, allows for the merger to be insulated from anti-trust considerations of the Federal Trade Commission. Prior to the passage of legislation during the 2018 Regular Session, state law only allowed the State Health Commissioner to collect up to \$75,000 a year to supervise the cooperative agreement. Chapter 371 of the 2018 Acts of Assembly (HB 663) allows for greater reimbursement from the health systems to fund the required supervision. This funding provides the State Health Commissioner with the staff necessary to oversee this complex cooperative agreement.
- ***Add GF Support for Free Clinics.*** Provides \$500,000 GF each year to support free and charitable clinics. This additional funding increases total general fund support for the clinics to \$6.8 million annually.
- ***Add Funds for Increased Rents at Local Health Departments.*** Provides \$345,304 GF and \$230,959 NGF each year to address higher lease costs for 18 local health departments that have moved into new facilities or experienced higher costs in current leased space. While lease arrangements are negotiated by the Department of General Services, the cost of new leases is the responsibility of local health departments, which are funded jointly by the state and local governments.

- ***Fund Contract Costs for Virginia Environmental Information System.*** Adds \$165,000 GF the first year and \$223,000 GF the second year to cover the increase in costs associated with a new contract for the Virginia Environmental Information System (VENIS). The VENIS data system supports the Office of Environmental Health and the 35 health districts for on-site sewage systems, food establishment inspections, bedding and upholstered furniture inspections, and various other Environmental Health functions.
- ***Fund Cost Increase in Autopsy Services for Sudden Infant Deaths.*** Provides \$102,923 GF each year to fund the costs of laboratory services provided by the Division of Consolidated Laboratory Services (DCLS), which tests autopsy specimens from the Office of the Chief Medical Examiner for infant deaths due to Sudden Infant Death Syndrome. According to DCLS, federal grant funding to support this testing has been reduced and costs are higher due to newer laboratory technology.
- ***Increase Support for the Health Wagon in Southwest Virginia.*** Provides \$100,000 GF each year to increase support for the Health Wagon in Southwest Virginia, increasing total funding to \$402,712 GF each year.
- ***Provide Additional Funding to Support the Hampton University Proton Beam Therapy Institute.*** Adds \$100,000 GF each year to support the operations of the institute, increasing annual funding to \$571,750 GF.
- ***Fund a Study and Testing of Biosolids Health Effects.*** Provides \$50,000 GF the first year to direct the Virginia Department of Health to review health risks from the land application of biosolids. In addition, another \$50,000 GF is provided the first year to test Class B biosolids that are applied in Virginia for pathogen content.
- ***Add Funds to Support the Mission of Mercy Dental Project.*** Adds \$25,000 GF each year to support the Virginia Dental Health Foundation Mission of Mercy (M.O.M.) dental project. The M.O.M. dental project provides no cost dental services in underserved areas of the Commonwealth through the use of volunteer dentists and hygienists.
- ***Provide Funds to Develop a Plan for Services for Substance-Exposed Infants.*** Provides \$47,000 GF each year for the fiscal impact of Chapters 695 and 696 of the 2018 Acts of Assembly (HB 1157/SB 389). This new law requires the Department of Health to serve as the lead agency with responsibility for the development, coordination, and implementation of a plan for services for substance-exposed infants in the Commonwealth.

Nongeneral Fund Increases

- ***Increase NGF Appropriation for the Federal Ryan White Program.*** Adds \$12.5 million NGF each year to reflect larger federal grant funds for the program due to an increase in the number of clients in the AIDS Drug Assistance Program (ADAP). This action eliminates the need for annual administrative appropriation increases by the Department of Planning and Budget.
- ***Provide Funds for Pilot Program to Increase Education and Access for Women’s Reproductive Health.*** The adopted budget provides \$3.0 million NGF each year from the federal Temporary Assistance to Needy Families (TANF) block grant for a two-year pilot program to increase education and expanded access to contraceptives, particularly hormonal Long Acting Reversible Contraceptives (LARC). The LARCs will be provided to patients that meet the Title X family planning program income requirement. Medical providers will be reimbursed for insertion or removal of the LARCS at Medicaid rates. One position is added for the initiative. Language is also added requiring a report on metrics to assess effectiveness of the program along with other information with the preliminary results due July 1, 2019, and then a final report by June 30, 2020. The report is to be submitted to the Governor, chairmen of the money committees, and the Department of Planning and Budget.
- ***Increase NGF Appropriation for the Drinking Water State Revolving Fund.*** Adds \$2.5 million NGF each year to match the current federal share of funding for waterworks construction projects. The fund is supported by a grant from the U.S. Environmental Protection Agency. This action eliminates the need for annual administrative appropriation increases by the Department of Planning and Budget.
- ***Increase NGF Appropriation for the Trauma Center Fund.*** Provides \$1.5 million NGF each year to match recent expenditures from the Emergency Medical Services Trauma Center Fund. This fund provides funding to hospital trauma centers to offset higher costs necessary for maintaining around the clock availability of trauma care. Revenue for the fund is derived from a \$100 fee for driver’s license reinstatements related to convictions for driving under the influence.
- ***Fund Position for Coordination and Education Related to Newborn Screenings for Time-Critical Disorders.*** Provides \$90,000 NGF each year and one position to fund the fiscal impact of Chapter 531 of the 2018 Acts of Assembly (HB 1362). The new law requires newborn screening tests for time-critical disorders identified by the U.S. Department of Health and Human Services and the Secretary's Advisory Committee on Heritable Disorders in Newborns and Children to be performed seven days per week. Funding is provided to the Department of Health for one nurse position to provide coordination and education services related to the test

results provided by the Department of General Services (DGS) Division of Consolidated Laboratory Services. A companion amendment in DGS provides funds for laboratory operation seven days per week. The nongeneral funds are provided from a fee charged to medical providers for each newborn screening test. The current fee of \$78 per infant will be adjusted to \$90.20 per infant to cover the estimated additional costs to expand testing availability to seven days per week.

Language

- ***Establish New Fees for Onsite Sewage Systems.*** The adopted budget establishes new fees for onsite sewage system repairs, voluntary upgrades, and requests for written authorization, for which the department does not currently charge fees. Legislation requires the department to transition evaluation and design services for onsite sewage systems and wells to the private sector. These new fees are proposed to offset the loss of revenue from the transition of those services. The new fees are illustrated in the following table below.

<u>New Permit Type</u>	<u>Proposed Fee \$</u>
Onsite Sewage System Repair (Non-Certified Work) < 1000 Gallons	425
Onsite Sewage System Repair (Certified Work) < 1000 Gallons	225
Written Authorizations (Non-Certified Work)	150
Written Authorizations (Certified Work)	100
Onsite Sewage System Repair > 1000 Gallons	1,400

- ***Determine Feasibility of Implementing a Pay for Success Home Visiting Pilot Program.*** Includes language directing the Department of Health to assess the feasibility of developing a home visiting Pay for Success pilot program. The department will establish a workgroup with Virginia home visiting organizations and early childhood education organizations to examine the issue. The department will determine if the recent provisions of the federal Bipartisan Budget Act of 2018 allow for the department to access federal funding to develop a pilot Pay for Success program for home visiting. The department will report on the feasibility analysis, the availability of federal funding and the steps necessary to proceed with a pilot program to the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2018.
- ***Authorize Study of Food Safety and Restaurant Inspection Fees.*** Includes budget language that requires the Department of Health and Department of Agriculture and Consumer Services to develop a long-term plan for funding the food safety and restaurant inspection programs that shall include consideration for merging the two

programs. The report is due to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by October 1, 2018.

Nongeneral Fund Decreases

– *Transfer Appropriation and Positions for Food Programs to the Department of Education.* Transfers \$15.0 million NGF each year and five positions related to the transfer of responsibility for the Child and Adult Care Feeding Program and Summer Food Services Program to the Department of Education. This transfer was authorized in Chapter 836 of the 2017 Acts of Assembly.

- **Department of Health Professions**

– *Increase NGF Appropriation to Cover Additional Costs for Authorized Positions.* Adds \$1.2 million NGF each year to support the costs of 12 positions authorized in the 2017 Session to address increases in workload. No appropriation for these positions was provided in the fiscal year 2018 budget. The source of the nongeneral funds is generated from fees charged to regulated health professionals.

– *Add Funding to Enhance the Prescription Monitoring Program.* Adds \$300,000 NGF each year to enhance the Prescription Monitoring Program to provide significantly better reporting capabilities for all users and less expensive access for integrated prescribing and dispensing systems.

– *Increase NGF to Reflect Costs for Telephone Services.* Provides \$84,000 NGF in appropriation for an update of the agency's phone system. Support for the previous system was ended by the vendor and the resulting change to a new system incurred additional expenses in Virginia Information Technology Agency charges, long distance charges, and equipment rental costs.

– *Add Five Positions to Reflect an Increase in Workload.* Increases the agency's authorized position level by 5.00 NGF to manage the increase in workload across the Health Regulatory Boards that license health professionals, enforce standards of practice, and provide information to health care practitioners and the public. Funding for all five positions is provided through nongeneral funds included in budget for the agency.

- **Department of Medical Assistance Services**

Forecast Changes

– *Medicaid Utilization and Inflation.* Adds \$177.0 million GF and \$312.0 million NGF in FY 2019 and \$398.8 million GF and \$512.5 million NGF in FY 2020 to fund expected increases in enrollment and medical costs for the Medicaid program.

Medicaid spending is expected to increase by 2.1 percent and 4.2 percent, respectively, in FY 2019 and FY 2020, well below the average annual growth rate of 7.1 percent over the past 10 years. Spending growth in the program is largely due to enrollment growth, inflation in certain provider rates, and increased supplemental payments to hospitals.

Spending growth is typically impacted by managed care rate increases, however the Medicaid Forecast is impacted by the transfer of expenditures from the fee-for-service system to the managed care system. The Commonwealth Coordinated Care Plus (CCC Plus) program includes both long-term care and behavioral health services and the new Medallion 4.0 program includes behavioral health services which were previously only provided through fee-for-service. The resulting shift in expenditures reflects assumed savings in fee-for-service costs and the rates for the two managed care programs reflects savings that combined, have a significant impact on Medicaid expenditures for FY 2019 and FY 2020. The CCC Plus program began August 1, 2017 and Medallion 4.0 launches August 1, 2018. The savings assumed is the primary reason for the lower expenditure growth rates for Medicaid.

The November 2017 Medicaid Forecast assumes that managed care rates for CCC Plus will increase by 2.4 percent the first year and 3.5 percent the second year. For the Medallion 4.0 program managed care rates are assumed to increase 28.2 percent (the rate is high due to the new services being moved into the program) the first year and 3.8 percent the second year. Enrollment is expected to grow around 3 percent per year. The forecast does not assume any additional “woodwork” effect from current Affordable Care Act enrollment.

The Medicaid forecast also contains additional funding for inflation adjustments of certain provider rates required by law or regulation. Funding is included for inflation adjustments for hospitals (\$70.2 million GF) and nursing homes (\$34.2 million GF).

The funding amounts noted above are adjusted to reflect a correction to the Official 2017 Medicaid Forecast to reflect two errors in the forecast. The introduced budget included the amount of these two errors as a separate action, but for this document they are included here as part of the Medicaid Forecast. In addition, The General Assembly reduced by \$42.0 million GF and \$42.0 million NGF the second year funding contained in the Medicaid forecast that was included to pay the health insurance fee on managed care contracts as required by the federal Patient Protection and Affordable Care Act. Passage of U.S. Public Law No 115-120 suspended this fee for calendar year 2019, which results in a savings in the amount paid by the Department of Medical Assistance Services in fiscal year 2020.

- ***Adjust Appropriation for the Virginia Health Care Fund.*** Reduces the appropriation in the Medicaid program by \$12.2 million GF in FY 2019 and \$6.5 million GF in FY 2020 and adds a like amount of nongeneral funds each year to reflect changes in revenues to the Virginia Health Care Fund. Revenues from the Fund are used as a portion of the state’s match for the Medicaid program; therefore, higher revenues result in a reduction of the general fund appropriation needed to maintain currently-funded Medicaid services. Conversely, lower revenues require additional general fund support. Revenues in the fund are derived from tobacco taxes, Medicaid recoveries and revenue maximization initiatives, and a portion of the Master Tobacco Settlement Agreement (41.5 percent of tobacco settlement revenues). Changes to the fund include:
 - An increase of \$5.8 million each year in Medicaid recoveries,
 - An increase of \$15.5 million in FY 2019 and \$10.5 million in FY 2020 in expected pharmacy rebates,
 - A decrease of \$10.1 million in FY 2019 and \$10.8 million in FY 2020 from projected reductions in tax collections from cigarettes and other tobacco products.

- ***Family Access to Medical Insurance Security (FAMIS) Utilization and Inflation.*** Adds \$3.8 million GF and \$28.2 million NGF in FY 2019 and \$23.4 million GF and \$19.3 million NGF in FY 2020 to reflect the forecast of expenditures in the FAMIS program. The increase in the program costs is due to higher growth in the number of children served by the program, managed care rate increases, and the transition to a lower federal match rate. The federal match rate under the Affordable Care Act was increased temporarily from 65 percent to 88 percent beginning October 1, 2015 through October 1, 2019. However, federal reauthorization of the Children’s Health Insurance program provides a one year transition rate of 76.5 percent from October 1, 2019 through September 30, 2020 when the rate is lowered back to 65 percent. Therefore, in FY 2020, the federal match rate decreases to 76.5 percent for three-quarters of the state fiscal year.

FAMIS enrollment of children increased by 4.9 percent in FY 2017 and 12.4 percent in FY 2018. The FAMIS program serves pregnant women and children under the age of 19 in families with income between 133 and 200 percent of poverty.

- ***Medicaid Children’s Health Insurance Program (CHIP) Utilization and Inflation.*** The adopted budget adds \$1.9 million GF and \$14.1 million NGF in FY 2019 and \$16.6 million GF and \$4.6 million NGF in FY 2020 to reflect the forecast of expenditures in the Medicaid CHIP program. As with the FAMIS program, the growth is due to increasing enrollment in the number of children served by the program, managed care rate increases, and the transition to a lower federal match

rate. The federal match rate under the Affordable Care Act was increased temporarily from 65 percent to 88 percent beginning October 1, 2015 through October 1, 2019. However, federal reauthorization of the Children's Health Insurance program provides a one year transition rate of 76.5 percent from October 1, 2019 through September 30, 2020 when the rate is lowered back to 65 percent. Therefore, in FY 2020, the federal match rate decreases to 76.5 percent for three-quarters of the state fiscal year.

Enrollment in the Medicaid CHIP program has increased by 5.3 percent in FY 2017 and 15.9 percent in FY 2018. The Medicaid CHIP program provides services for Medicaid-eligible low-income children, aged 6 – 18, living in families with incomes between 100 and 133 percent of the federal poverty level.

- ***Adjust Funding for Involuntary Mental Commitments.*** Provides \$3.0 million GF in FY 2019 and \$3.9 million in FY 2020 for expected expenditure growth as a result of higher caseload for hospital and physician services related to involuntary mental health commitment hearings. Legislation adopted by the 2014 General Assembly related to the duration of emergency custody and temporary detention orders have resulted in higher than anticipated additional costs for these medical services.

Policy Changes

- ***Medicaid Expansion for Low-Income Individuals and Medicaid Transformation.*** Reduces funding by \$74.4 million GF in FY 2019 and \$202.5 million GF in FY 2020 and increases funding of \$941.3 million NGF in FY 2019 and \$2.1 billion NGF in FY 2020 to reflect the net impact of expanding Medicaid to individuals with income up to 138 percent of the federal poverty level pursuant to the Patient Protection and Affordable Care Act (ACA) by January 1, 2019. The fiscal impact assumes that 300,000 individuals will be enrolled.

The adopted budget reduces general fund spending for Medicaid related expenditures and increases federal Medicaid matching funds to reflect the impact of Medicaid expansion on the agency's budget. Companion budget actions also reduce spending in the Department of Behavioral Health and Developmental Services and the Department of Corrections to capture anticipated savings in those agencies. In addition, 15 positions are proposed to be added in the department to support Medicaid expansion.

The estimated state cost of the coverage expansion, to be funded from a provider assessment on hospitals, is \$80.8 million in FY 2019 and \$226.1 million in FY 2020. The estimated general fund costs and savings are illustrated in a table at the end of this narrative section.

The adopted budget adds language to provide authority for the Department of Medical Assistance Services (DMAS) to seek approval from the Centers for Medicare and Medicaid (CMS) to enhance Medicaid coverage to serve low income individuals with incomes up to 138 percent of the federal poverty level pursuant to the federal Patient Protection and Affordable Care Act (ACA), effective by January 1, 2019. Language creates a “dual track” for Medicaid transformation and key reforms by authorizing DMAS to seek federal approval for a State Plan amendment, while simultaneously applying for and seeking approval for a section 1115 Medicaid demonstration waiver to incorporate innovative reforms to promote health and well-being, personal responsibility, and fiscal sustainability.

Language detailed below provides the framework for coverage of newly eligible adults, the health care delivery system, the benefit package, cost sharing, health and wellness accounts, and requirements for able-bodied adults ages 18 to 65 to participate in the Training, Education, Employment and Opportunity Program (TEEOP).

- **Coverage:** Implements the ACA expansion by covering all adults up to 138% of the federal poverty level, estimated at 300,000 individuals.
- **Delivery System:** All newly eligible will be enrolled in private Medicaid managed care plans or employer sponsored plans, if cost effective.
- **Benefit Package:** Basic plan covers all ACA essential health benefits and current Medicaid covered mental health and addiction recovery and treatment services. The agency is authorized to develop supportive employment and supportive housing services for high risk individuals, which may be available at a future date.
- **Premiums:** Requires newly eligible adults with incomes between 100 and 138 percent of poverty to pay monthly premiums.
 - Premiums set on a sliding scale not to exceed two percent of income, nor less than \$1 per month.
 - Failure to pay premiums results in a “lock-out” period and allows for recovery of payments owed through debt set-of collection; however, there are provisions for a grace period prior to suspending participation in the program.
- **Coverage Effective Date:** Coverage is effective the first of the month following receipt of the premiums payment (limits retroactive eligibility).

- **Copayments:** Individuals with incomes up to 100% of poverty would be subject to existing Medicaid cost sharing requirements. Individuals with incomes between 100 and 138 percent of poverty would be subject to copayments to promote healthy behaviors and to encourage personal responsibility, such as the appropriate use of emergency room services.
- **Health and Wellness Accounts:** All premiums will be deposited to a health and wellness account to be used to fund health insurance premiums and cover out-of-pocket expenses for any deductible amounts.
- **Training, Education, and Employment Requirement:** Requires able-bodied adults ages 18 to 65 to participate in the Training, Education, Employment and Opportunity Program (TEEOP). The adopted budget includes \$6.6 million GF in FY 2019 and \$18.9 million GF in FY 2020 to implement the TEEOP program.
 - Exceptions to the requirement: (i) children under age 18 or under age 19 who are participating in secondary education; (ii) individuals age 65 years and older; (iii) individuals who qualify for Medicaid due to blindness or disability or who qualify for Medicaid home and community-based services; (iv) individuals residing in institutions; (v) medically frail individuals; (vi) individual with serious mental illness; (vii) pregnant and postpartum women; (viii) former foster children under the age of 26; (ix) individuals who are the primary caregiver of a dependent, including a dependent child or adult with a disability; and (x) individuals who already meet the work requirements of the Temporary Assistance to Needy Families (TANF) program or the Supplemental Nutrition and Assistance Program (SNAP).
 - Required participation escalates from 20 to 80 hours per month after an initial three-month grace period from enrollment, with a lock-out period if individual fails to comply any 3 months out of a 12-month period from the time of enrollment. However, if an individual comes into compliance, he may re-enroll during this period.
 - Participation in the following activities: (i) job skills training; (ii) job search activities; (iii) education related to employment; (iv) general education, including participation in a program of preparation for the GED certification examination or community college courses leading to industry certifications or a STEM-H related degree or credential; (iv) vocational education and training; (v) subsidized or unsubsidized employment; (vi) community work experience, community service or

public service that can reasonably improve work readiness; or (vii) caregiving services for a non-dependent relative or other person with a chronic, disabling health condition.

- Waiver of the work requirement in areas of high unemployment as compared to the statewide average (150 percent of the statewide unemployment rate).
- **Disenrollment Provision if Federal Funding is Reduced:** Includes language directing the disenrollment of the expansion population if the federal government reduces their support of the overall Medicaid program.

Medicaid Expansion Estimated GF Costs and Savings		
	<u>FY 2019</u>	<u>FY 2020</u>
Estimated Medicaid Expansion Costs		
Coverage of Newly Eligible Adults to 138% FPL - Current Medicaid Benefits	\$62,365,125	\$198,158,096
Coverage for Additional Eligible but Unenrolled "Woodwork"	867,365	4,878,138
ACA Insurance Tax (Additional Woodwork & Newly Eligible)	570,083	2,076,845
DMAS Admin. Costs for Additional Enrollment	14,770,834	17,368,267
DSS Eligibility Determinations	<u>2,250,545</u>	<u>3,642,480</u>
Estimated Costs of Medicaid Expansion	\$80,823,952	\$226,123,826
Estimated Savings by Eliminating Public Program Coverage for Newly Eligible Individuals		
Substitution of Medicaid Coverage for Indigent Care Funding	\$(47,457,496)	\$(110,298,750)
State-Funded Community Behavioral Health Services	(11,103,131)	(24,980,796)
Incarcerated Populations (DOC Prisons/State Inmates in Jails)	(10,331,453)	(23,444,094)
FAMIS Pregnant Women Enrollees	(10,441,783)	(47,554,452)
GAP Program for Seriously Mentally Ill up to 100% FPL	(17,917,560)	(41,960,010)
Divert Disabled/Medically Needy Enrollments	(1,646,476)	(12,906,279)
Medicaid Breast & Cervical Cancer Enrollees	(988,247)	(4,824,184)
Services for Individuals with Temporary Detention Orders	(1,083,197)	(2,784,949)
Medicaid Plan First-Family Planning Enrollees (0-100% FPL)	<u>(364,517)</u>	<u>(938,031)</u>
Estimated Savings of ACA Expansion	(\$101,333,860)	(\$269,691,545)

- *Hospital Provider Assessments for State Share of ACA Medicaid Coverage Expansion and Enhancement of Medicaid Rates for Private Acute Care Hospitals.* Includes \$300.0 million NGF the first year and \$479.0 million NGF the second year, along with the authority, to impose two provider assessments on private acute care

hospitals in the Commonwealth. The assessments will be on or after October 1, 2018, dependent on federal approval.

The first assessment is the coverage assessment, which is intended to pay the non-federal share of the full cost of expanding Medicaid coverage pursuant to the Affordable Care Act. The hospital provider coverage assessment (authorized on Part 3 of the budget) will apply to only private acute care hospitals (excludes public, freestanding psychiatric and rehabilitation, children's, long stay, long-term acute care and critical access hospitals). The coverage assessment will be calculated annually by May 1. Each hospital's assessment will be based on the assessment percentage times net patient service revenue. The coverage assessment percentage for each hospital is calculated by taking 1.08 times the non-federal share of the full cost of expanded Medicaid coverage divided by hospital net patient service revenue. The coverage assessment amount is estimated to be 0.5 percent in FY 2019 and 1.4 percent in FY 2020 of net patient revenue. All proceeds from the assessment will be deposited in a separate Health Care Coverage Assessment Fund.

The second assessment will enhance the Medicaid rates for private acute care hospitals in the Commonwealth. The hospital provider payment rate assessment will cover the state share of costs to increase Medicaid fee-for-services rates to the federal upper payment limit and close the managed care organization hospital payment gap for both inpatient and outpatient services. This payment rate assessment applies to the same group of hospitals as the coverage assessment and will be administered in a similar manner. The payment rate assessment amount is estimated to be 1.2 percent in FY 2019 and 1.9 percent in FY 2020 on net patient revenue.

Adopted Spending for Department of Justice (DOJ) Related Items

- ***DOJ: Add Funding for Required Community Living (CL) and Family and Individual Supports (FIS) Waiver Slots.*** Provides \$14.5 million GF in FY 2019 and \$30.5 million GF in FY 2020 and an equal amount of federal Medicaid matching funds to add 1,319 new CL, FIS and Building Independence (BI) waiver slots over the biennium to meet the requirements of the DOJ settlement agreement, which only required the creation of 825 CL and FIS slots. However, due to the redesign of the waivers and the concurrence of the U.S. Department of Justice, the allocation of slots between each waiver is modified to reflect the needs of individuals with developmental disability. Funding will be used to add 384 new CL waiver slots for individuals either transitioning from state intellectual disability training centers to the community or for individuals residing in the community on the waiting list, and 895 new FIS waiver slots along with 40 BI slots for individuals residing in the community during the 2018-20 biennium.

- ***DOJ: Reduce Funding for State Intellectual Disability (ID) Training Centers.*** The adopted budget includes net general fund savings of \$10.5 million in FY 2018 and \$17.0 million in FY 2020 and an equal amount of federal Medicaid matching funds each year reflecting the ongoing closure of operations at state ID training centers. The Department of Justice settlement agreement requires that individuals be transitioned into more integrated settings in the community. Savings this biennium reflect the closure of Southwestern Virginia Training Center in June of 2018 and the estimated impact of discharges from Central Virginia Training Center, which is expected to close by the end of FY 2020. A companion budget action within DBHDS provides funds for closure costs not reimbursable through the Medicaid program.

Other New or Reduced Spending

- ***Increase Personal Care Rates.*** Provides \$9.9 million GF and \$9.9 million NGF in FY 2020 to increase Medicaid rates for agency and consumer-directed personal care and respite care services by two percent in FY 2020 in the home and community-based waiver programs and the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program.
- ***Add 326 Family and Individual Support Waiver Slots.*** Provides \$5.0 million GF and a like amount of federal matching funds in the second year to create 326 new Family and Individual Support Waiver slots to further reduce the waiting list for services. These slots are created in addition to those required pursuant to the settlement agreement with the U.S. Department of Justice.
- ***Fund the Medicaid Costs of Full Implementation of Same Day Access at Community Services Boards.*** The adopted budget provides \$1.6 million GF in FY 2019 and \$1.6 million GF in FY 2020 and a like amount of matching federal Medicaid funds each year, to fund the Medicaid costs of same day access to services at 22 Community Services Boards (CSBs). Chapter 836 provided funding for the first 18 CSBs. This service is the first part of the STEP-VA initiative to improve access and uniformity of services across the Community Services Board System. Chapters 683 and 607 of the 2017 Acts of Assembly mandate all Community Services Boards provide same day access to services by July 1, 2019.
- ***Add 50 Reserve Waiver Slots.*** Adds \$937,238 GF and \$937,238 NGF in FY 2019 and \$1.9 million GF and \$1.9 million NGF in FY 2020 to fund 50 reserve waiver slots in the Community Living Medicaid waiver serving individuals with developmental disability. The reserve slots will be used for emergencies, individuals transferring between the three waiver programs, or for individuals transitioning from an intermediate care facility or nursing facility to the community.
- ***Modify Funding for Medicaid-Supported Graduate Medical Residencies in Hospitals.*** Adds \$200,000 GF the first year and \$1.5 million GF the second year and

a like amount of federal matching funds each year to fund supplemental payments to provide for the second and third years of graduate medical education for 15 funded slots for residents who began their residencies in July 2017; the first and second years of graduate medical education of 14 funded slots for residents beginning their residencies in July 2018; and the first year of graduate medical education of 25 funded slots for residents beginning their residencies in July 2019. This amendment also provides supplemental payments of \$50,000 to any residency program at a facility whose Medicaid payments are capped by the Centers for Medicare and Medicaid Services.

- ***Modify Supplemental Payments for the State's Teaching Hospitals.*** Provides \$10.1 million NGF the first year and \$10.5 million NGF the second year from federal Medicaid matching funding and allows the Department of Medical Assistance Services to adjust Medicaid funding sources for the Commonwealth's two state teaching hospitals, VCU Health System and UVA Medical System and their qualifying partners. In order to maintain federal supplemental funding, language is added to modify the payment methodology to address the move of the state's Medicaid program from fee-for-service to a managed care delivery system. The teaching hospitals will provide the state share of funding to draw down matching federal Medicaid funds.
- ***Implement Supplemental Payment for Government-Owned Chesapeake Regional Medical Hospital.*** Provides \$3.0 million NGF the first year and \$3.1 million NGF the second year to increase Medicaid payments to Chesapeake Regional Medical Hospital, which is owned by a local government. Federal law permits states to make Medicaid payments up to the upper payment limit to government-owned hospitals. The state share of the Medicaid payment will be provided by the hospital through an intergovernmental transfer with the state.
- ***Use Civil Money Penalty Funds to Improve Patient Care in Nursing Facilities.*** Increases the nongeneral fund appropriation by \$1.4 million each year from the fund in which civil monetary penalties assessed on nursing homes are deposited to support quality improvement initiatives at nursing facilities. Civil monetary penalties are collected from nursing facilities that are found out of compliance of federal standards. These funds provide an emergency source of funds in cases of sudden nursing facility closures which may require resources to relocate residents. The prior appropriation for quality initiatives was limited to \$325,000 per year, although the revenue in the fund was significantly higher. The additional appropriation will allow for expansion of quality improvement initiatives while still maintaining a sufficient cash balance in the fund for emergencies.
- ***Fund Eye Care Services for Low-Income Children Not Eligible for Medicaid or FAMIS.*** Provides \$336,096 NGF each year from federal Children's Health Insurance

Program administrative allotment for the Department of Medical Assistance Services to contract with Vision to Learn, a non-profit organization, to fund eye exams and provide corrective lenses, if necessary, for children in Title I schools. Only those schools with 51 percent or higher of the student body receiving free or reduced lunch would qualify. It is estimated that 2,700 children each year with incomes above the FAMIS eligibility of 200 percent of the federal poverty level would qualify under the program. The state share of costs would be matched by the Virginia Health Care Foundation.

Administrative Funding

- ***Streamline Medicaid Application and Enrollment Process for Inmates.*** Provides \$372,043 GF and \$2.4 million NGF the first year and \$527,793 GF and \$1.4 million NGF the second year, along with two positions, to streamline the Medicaid application and enrollment process for adult and juvenile inmates pursuant to Chapter 198 of the 2017 Acts of Assembly study recommendations. The improvements to the process will save state money on managed care contracts by identifying inmates upon incarceration, automate data exchange between the Department of Medical Assistance Services, the Compensation Board, the Department of Corrections and the Department of Juvenile Justice, centralize inmate medical applications; and allow for seamless enrollment upon reentry.
- ***Fund External Quality Review Activities for Managed Care Oversight.*** Adds \$301,755 GF and \$905,266 NGF in FY 2019 and \$570,449 GF and \$1.7 million NGF in FY 2020 to fund a contract with an External Quality Review Organization (EQRO). An EQRO analyzes and evaluates data from the managed care companies related to quality, timeliness, and access to care for Medicaid enrollees as required by federal regulation. The funding would also support an audit of the managed care companies' provider networks.
- ***Add Two Positions to Strengthen Agency Data Security and Processes.*** The adopted budget adds \$138,087 GF and \$138,087 in matching federal Medicaid funds each year of the biennium to fund two positions to address data security weaknesses. These positions will enhance risk management, encryption key management, intrusion protection and detection, and vulnerability scanning to ensure the agency's systems are secure and fully compliant with federal standards.
- ***Backfill a Reduction in Federal Support for Information Technology Staff.*** Provides an increase of \$250,000 GF and a decrease of \$250,000 NGF in FY 2020 to backfill funds due to a reduction in the federal match rate for certain information technology positions involved in the Medicaid Enterprise System (MES) replacement. A prior savings action reduced the GF for these positions because federal rules permit a 90 percent federal match for certain activities related to the

re-procurement of the MES. The period of time the higher match rate can be claimed ends by FY 2020.

- ***Fund Increase in Costs for Third Party Liability Verifications.*** Provides \$104,175 GF and \$104,175 in matching federal Medicaid funds each year to fund the increase in costs associated with performing 28,000 Third Party Liability (TPL) verifications each year. In addition, this funding would also support 2,000 additional TPL verifications each year along with 675 Medicare verifications, which are currently not conducted at all.
- ***Evaluation of the GAP Waiver.*** Adds \$85,000 GF and \$85,000 NGF each year to pay for an independent evaluation of the GAP waiver. The GAP waiver provides a limited Medicaid benefit to seriously mentally ill individuals with incomes up to 100 percent of the federal poverty level that are otherwise not eligible for the regular Medicaid program. The federal government requires an evaluation of waivers.
- ***Increase Funding for FAMIS Outreach and Enrollment.*** Adds \$11,280 GF and \$82,720 NGF in FY 2019 and \$19,388 GF and \$74,612 NGF in FY 2020 to provide additional funding for a contract with the Virginia Health Care Foundation to increase support for outreach and enrollment efforts for the FAMIS program.

Language

- ***Establish an Annual Spending Target for Medicaid.*** Establishes an annual state spending target for the Medicaid program to increase monitoring, transparency, and accountability over Medicaid spending. The target shall be established by the Joint Subcommittee for Health and Human Resources Oversight and the Governor shall abide by the target in proposing Medicaid spending in the budget. The target shall be in effect for the budget beginning in the 2020-22 biennium.
- ***Examine Options to Increase Community Hospital Participation for Providing Care for Individuals Subject to Temporary Detention Orders (TDO).*** Includes language directing the Department of Medical Assistance Services, in cooperation with the Department of Behavioral Health and Developmental Services, to examine options for increasing participation of community hospitals in providing care to individuals subject to temporary detention orders and to report findings to the General Assembly by September 30, 2018. Community hospital services for individuals subject to TDOs has declined since 2014, consequently increasing the demand on the state mental health hospitals to provide such services.
- ***Create an Interagency Workgroup for Call Center Consolidation.*** Directs the Secretary of Health and Human Resources to establish a workgroup, to include the Department of Medical Assistance Services (DMAS), Department of Social Services (DSS), the Department of Planning and Budget (DPB), and representatives of the

Virginia League of Social Services Executives to assess the programmatic, operational and fiscal impact of consolidating the Cover Virginia call center with the call center operated by DSS to determine if more efficient and cost effective services can be achieved, prior to the reprocurement of DMAS Cover Virginia call center contract.

- ***Explore Private Options for Service Delivery of Consumer-Directed Services.*** Directs the Department of Medical Assistance Services to explore private sector technology based platforms and service delivery options to allow qualified, licensed providers to deliver the Consumer-Directed Agency with Choice model in the Commonwealth of Virginia in order to improve quality outcomes, reduce potential for fraud, waste and abuse, and increase efficiency. The department is required to examine the model with stakeholders and to submit a report to the General Assembly by December 1, 2018.
- ***Clarify Requirements for Implementation of Electronic Visit Verification for Personal Care Services.*** Clarifies language directing the implementation of electronic visit verification for personal care, companion and respite services. This language clarifies that electronic visit verification is intended for services rendered in an individual’s home and not for services rendered at a provider’s setting (i.e. respite care in a group home).
- ***Modify Requirements for Private Duty Nursing Services.*** Includes language directing the Department of Medical Assistance Services to review and adjust the medical necessity criteria, services covered, provider qualifications and rates for private duty nursing services to ensure appropriate utilization and ensure cost-effectiveness of services. No changes to this service shall take effect until July 1, 2019.
- ***Sunset New Supplemental Payments to Private Hospitals.*** Adds language that sunsets supplemental payments for private acute care hospitals after the new hospital provider assessment to enhance hospital rates takes effect. In the 2017 Session, the General Assembly authorized Medicaid supplemental payments to Sentara Health System and Carilion Hospital based upon their affiliations with Eastern Virginia Medical School and the Virginia Tech / Carillion School of Medicine, respectively. In the 2018 Special Session I, the General Assembly authorized a provider assessment to enhance Medicaid payment to all private acute care hospital, therefore eliminating the need for the other supplemental payments.
- ***Modify Supplemental Payments for Children’s National Medical Center.*** Includes language directing the Department of Medical Assistance Services to make Indirect Medical Education (IME) payments in lieu of Disproportionate Share Hospital (DSH) payments in order to make supplemental payments to the hospital. The

hospital has reached their federal DSH cap so this language allows Medicaid to otherwise pay the amount the hospital what it would have received from DSH with an IME payment.

- ***Submit Annual Report on Supplemental Payments to Hospitals.*** Requires the Department of Medical Assistance Services to submit by September 1 of each year a report to the General Assembly on supplemental payments to hospitals through Medicaid. The report must include every type supplemental payment and describe the purpose of the payments.
- ***Modify Medicaid Expenditure Forecasting and Reporting Requirements.*** Requires additional information to be included in the annual November 1 forecast of Medicaid expenditures. In addition, an unnecessary quarterly report is replaced with a report on managed care expenditures in Medicaid to improve reporting on program spending. The department is also required to create an annual report to track the costs or savings of changes to services and eligibility made to the Medicaid and FAMIS programs for at least five years in order to provide better data on how those changes impact expenditure trends over time.
- ***Improve Tracking and Reporting of Pharmacy Rebates.*** Requires quarterly accounting of pharmacy rebates and a separate revenue account to track rebates in order to improve monitoring of overall Medicaid expenditures during the year.
- ***Review Rates for Residential Psychiatric Treatment Facilities.*** Adds language directing the Department of Medical Assistance Services to review the rates paid to residential psychiatric treatment facilities and determine if the current rates are appropriate for those facilities. The department must report any findings by December 1, 2018.
- ***Allow Extension of Requirement for Informal Appeals Decisions.*** Includes language allowing for a provider and the Department of Medical Assistance Services to jointly stay the deadline for an informal appeal decision for up to 60 days in order to facilitate early settlement decisions between providers and the department. This language is a recommendation of the department's appeals workgroup created by language in the 2017 Session.
- ***Allow Hold Harmless from Audits for Developmental Disability (DD) Waiver Services Providers until all State Requirements are in Place.*** Includes language holding Medicaid DD waiver service providers harmless from audits if the audit points are not supported by legal requirements in effect at the time of the audit. After the redesign of the waivers, which took effect September 1, 2016, and until 180 days after publication of the Developmental Disability Waivers provider manual, providers have been unclear about the rules in certain cases. This language limits

audit findings to only those that were known to the providers at the time and not to a provider manual that had not yet been published.

- ***Modify Language for the Graduate Medical Residency Program.*** Includes language specifying the hospitals that have been awarded the remaining ten graduate medical residency slots. This program uses Medicaid funding to fund up to 25 slots for medical residents at Virginia hospitals. Last year only 15 of the 25 slots were filled and this language reflects the award of the remaining 10 slots.
- ***Require Data Reporting on Managed Care Payments for Services under the Children’s Services Act (CSA).*** Adds language requiring the Department of Medical Assistance Services (DMAS) to collect from Medicaid managed care companies all data and information necessary to be provided to the Office of Children’s Services (OCS) in order to ensure the collection of the local matching share of Medicaid eligible services under CSA. Services provided through the CSA program require a local matching share. DMAS is transitioning these services from a fee-for-service payment to a capitated payment model, but OCS still needs to receive the data on services provided, on a monthly basis, in order to calculate and collect the local share.
- ***Require Notice of Changes to the State Plan or Medicaid Waivers.*** Adds language requiring that the Department of Medical Assistance Services provide notice to the Department of Planning and Budget 30 days prior to the submission of a state plan or waiver amendment for Medicaid. The notice would state the purpose of the change and if any future regulatory action or additional funding would be needed.
- ***Update the Eligibility Performance Management Program.*** Requires the Department of Medical Assistance Services and the Department of Social Services to report data on the functioning of the eligibility system for Medicaid and the Children’s Health Insurance Program. Based on the data collected, the agencies are required to develop meaningful performance metrics that shall be publicly reported to demonstrate the performance of the eligibility system including the performance of local departments of social services and the centralized processing unit.

- **Department of Behavioral Health and Developmental Services (DBHDS)**

- ***Community Mental Health and Substance Use Disorder Treatment Services***

- ***Add Funds for STEP-VA Assessment Services at Community Services Boards (CSBs).*** The adopted budget adds \$7.5 million GF and \$1.6 million NGF each year over the biennium to complete the implementation of same-day access to assessment services at 22 remaining CSBs. Of this amount, \$5.9 million GF each year is provided in the budget for DBHDS and \$1.6 million GF and \$1.6 million in matching federal Medicaid matching funds each year is provided in the budget for

the Department of Medical Assistance Services (DMAS) for those services provided on behalf of Medicaid recipients. Funding will be used for additional staffing to provide intake and increase mental health evaluations.

- ***Add Funds for STEP-VA Primary Care Screening Services at CSBs.*** Adds \$3.7 million GF the first year and \$7.4 million GF the second year to implement primary care screening services at all 40 CSBs. Chapters 607 and 683 of the 2017 Acts of Assembly expanded the core of services to be provided by CSBs and behavioral health authorities to include primary care screening and monitoring for physical health indicators and health risks beginning in FY 2020. In addition, funding will support follow-up services for individuals identified as being in need of assistance with overcoming barriers to accessing primary health services.
- ***Add Funds for STEP-VA Outpatient Services at CSBs.*** Provides \$15.0 million GF the second year to begin phasing in a statewide expansion of outpatient services at CSBs and Behavioral Health Authorities. Chapters 607 and 683 of the 2017 Acts of Assembly expanded the core of services to be provided by CSBs and behavioral health authorities to include outpatient services for individuals with mental health or substance use disorders, effective July 1, 2021. This funding would accelerate the phasing in of these services to assist preventing crisis oriented care and addressing capacity issues at state hospitals. These services were identified as a critical need through the agency's System Transformation, Excellence and Performance in Virginia (STEP-VA) process.
- ***Add Funds for STEP-VA Detoxification Services at CSBs.*** Provides \$2.0 million GF the second year to provide detoxification services at CSBs and Behavioral Health Authorities, in accordance with Chapters 607 and 683 of the 2017 Acts of Assembly to expand the core of services. This funding would accelerate the provision of these services which are required to be provided by July 1, 2021. These services were identified as a critical need through the agency's System Transformation, Excellence and Performance in Virginia (STEP-VA) process.
- ***Continue Funds for Medication Assisted Treatment Services.*** Provides \$5.0 million the first year from the federal State Targeted Response to the Opioid Crisis Grant and \$5.0 million the second year from the general fund to continue for opioid medication assisted treatment services to approximately 700 individuals. The 2017 General Assembly appropriated available federal grant funding for this purpose in FY 2018 and through federal fiscal year 2019. Recent federal action extended the federal grant through federal fiscal year 2020.
- ***Add Funds for Discharge Assistance Plans to Reduce Census at State Facilities.*** The adopted budget adds \$2.3 million GF the first year and \$4.6 million GF the second year to transition 92 individuals from state facilities who face extraordinary

barriers to discharge into the community. Funding will help to reduce census pressures at state mental health facilities.

- ***Expand Permanent Supportive Housing for Mentally Ill.*** The adopted budget includes the following actions to expand permanent supportive housing and program oversight for individuals with serious mental illness and substance use disorders:
 - \$1.5 million GF the first year and \$3.1 million GF the second year to expand permanent supportive housing for up to 200 individuals with serious mental illness with priority for those who are currently residing in state facilities and are ready for discharge;
 - \$826,260 GF the first year and \$1.7 million GF the second year for pregnant women or women with children with substance use disorders; and
 - a transfer of \$200,000 GF from the funds for permanent supportive housing for individuals in the community to the central office to fund two additional positions to provide program oversight. The 2017 actions by the General Assembly provided \$100,000 and one position to oversee the program.
- ***Develop Housing Options to Increase Community Capacity for Facility Discharges.*** Adds \$700,000 GF the first year and \$1.7 million GF and 10 positions the second year for the development of housing options for individuals with serious mental illness transitioning from state facilities to communities. The target population will be individuals in state hospitals who have the most complex and resource intensive needs to provide them with the potential for transitioning to more integrated settings. Housing options could range from supervised apartments, group home, assisted living facility services or other supportive housing services.
- ***Fund Community Support Teams to Assist with Community Integration.*** Adds \$1.1 million GF each year for community support teams to develop and oversee a continuum of integrated community settings for individuals leaving state hospitals. Out of this amount, \$250,000 the second year will be used for a team to provide nursing, case management and staff support for high risk individuals discharged from state hospitals to more intensive housing options. The remaining funding would fund a specialized community integration team with psychiatric, clinical/behavioral, nursing and geriatric expertise to work with an array of providers to ensure individuals discharged from state behavioral health hospitals have access to a continuum of community-based services including behavioral, nursing, case management support, and permanent supportive housing.

- *Alternative Transportation Services for Individuals Subject to TDOs.* Provides \$2.5 million the first year and \$4.5 million the second year from the general fund to phase-in an alternative transportation system for adults and children subject to a temporary detention order. A pilot program implemented in Southwest Virginia in 2015 demonstrated that transportation by an alternative provider for individuals under a temporary detention order was a safe and effective means of delivering services while minimizing trauma to the individual in crisis. Funding will be used to implement a regionally based transportation service within each of the five primary DBHDS regions with state oversight and certification of providers, as recommended by the Joint Subcommittee to Study Mental Health Services in the Commonwealth in the 21st Century.
- *Discharge Planning at Local Jails.* Provides \$1.6 million from the general fund each year for Community Services Boards to provide discharge planning services at two jails with a high percentage of inmates with serious mental illness, as recommended by the Joint Subcommittee to Study Mental Health Services in the Commonwealth in the 21st Century. Discharge planning includes linking inmates with serious mental illness to community providers for treatment and housing and other needed services as they transition from jails to the community.
- *Telemental Health Pilot Program.* Adds \$1.1 million from the general fund each year to establish the Appalachian Telemental Health Initiative, a telemental health pilot program to increase the availability of telemental health services in emergency settings in Southwest Virginia, as recommended by the Joint Subcommittee to Study Mental Health Services in the Commonwealth in the 21st Century. Funding would be used to establish a telemental health provider directory, make training available for a broad spectrum of mental health providers, develop the technology infrastructure and support, and extend an evidence-based program focused on managing patients with addiction disorders.
- *CIT Training and Assessment Centers in Unserved Rural Communities.* The adopted budget provides \$657,648 from the general fund each year to establish CIT training programs in six rural communities and \$900,000 the first year and \$1.8 million the second year from the general fund to build on prior initiatives to establish an additional six assessment centers in unserved rural communities. Currently, there are 32 centers located across the Commonwealth. Expansion of these programs were recommended by the Joint Subcommittee to Study Mental Health Services in the Commonwealth in the 21st Century.
- *Intercept Two Diversion Programs.* The adopted budget provides \$708,663 from the general fund each year to establish an Intercept 2 diversion program in up to three rural communities, as recommended by the Joint Subcommittee to Study Mental Health Services in the Commonwealth in the 21st Century. The Intercept 2

model focuses on diverting individuals with behavioral health issues away from detention in jails, through prompt identification of individuals with behavioral health issues through initial screenings and by linking individuals to community-based treatment services through cross-agency partnerships.

- ***Savings for Community Behavioral Health Services.*** Reduces spending by \$11.1 million GF the first year and \$25.0 million GF the second year to reflect the impact of estimated savings from Medicaid expansion. The savings would come from state support to Community Services Boards for individuals receiving community behavioral health and substance use disorder treatment services, who would become eligible for Medicaid through the proposed expansion on January 1, 2019.

Department of Justice (DOJ) Budget Actions

- ***Summary of Budget Actions.*** The adopted budget includes a net addition of \$9.1 million GF the first year and \$23.3 million GF the second year to continue implementation of the settlement agreement with the U.S. Department of Justice related to the training centers and community integration of individuals with intellectual and developmental disabilities into the community. The budget actions are included in the budgets for the Department of Medical Assistance Services, and the Department of Behavioral Health and Developmental Services (DBHDS). The summary table below illustrates all DOJ related budget actions in the agencies. The individual descriptions of related budget actions in DBHDS follow.
- ***DOJ: Increase Funds for State Rental Assistance Program for Individuals with Developmental Disabilities to Live in Independent Settings.*** Provides \$1.6 million GF the first year and \$4.1 million the second year to support 343 individuals to live in their own housing with appropriate supports. This funding will allow the Commonwealth to achieve its goal to provide rental assistance to 847 individuals as agreed upon by the agency and the U.S. Department of Justice.
- ***DOJ: Expand Crisis Services.*** Adds \$2.4 million GF the first year and \$3.2 million GF the second year to improve crisis programs to comply with requirements of the settlement agreement. This funding will support staffing for a children’s crisis therapeutic home and an adult transition home located in the Northern Virginia catchment area. The 2017 General Assembly provided one-time funds from the Behavioral Health and Developmental Services Trust Fund to develop services in Northern Virginia for those with intensive behavioral or medical needs, including two eight-bed therapeutic homes. The settlement agreement requires the Commonwealth to implement a statewide crisis system to support individuals with developmental disabilities.

Department of Justice (DOJ) Settlement Agreement
Adopted Funding*
(GF \$ in millions)

<u>Programs and Services</u>	Chapter 2	
	<u>FY 2019</u>	<u>FY 2020</u>
Department of Medical Assistance Services:		
Required Medicaid Waiver Slots (1,319 total):	\$14.5	\$30.5
- 120 ID Facility Transition Waiver Slots		
- 264 ID Community Living Waiver Slots		
- 895 Family & Individual Support Waiver Slots		
- 40 Building Independence Waiver Slots		
50 Reserve Medicaid Community Living Waiver Slots	0.9	1.9
Training Center Facility Closure Savings	<u>(10.5)</u>	<u>(17.0)</u>
Subtotal of Proposed DMAS Funding	\$4.9	\$15.4
Department of Behavioral Health and Developmental Services:		
Develop Community Homes for Individuals with Complex Medical Support Needs (\$3.8 million NGF)	NGF	0
Crisis Services for Children and Adults	2.4	3.2
Rental Assistance	1.5	4.1
DD Health Supports Network (Central Virginia)	0	1.3
Provider Training, Provider Compliance Review, Quality Management, and Information Technology Improvements (\$1.2 million NGF)	NGF	0
Increased Workload of Independent Reviewer	0.1	0.1
Non-Medicaid Training Center Discharges	0.2	0.2
Training Center Facility Closure Savings	<u>0</u>	<u>(1.0)</u>
Subtotal of Proposed DBHDS Funding	\$4.2	\$7.9
Total DOJ Proposed GF Spending	\$9.1	\$23.3

*Additional nongeneral funds are also included for DOJ related activities through the federal Medicaid match for waiver slots and reserve slots totaling \$45.0 million over the biennium, as well as \$5.0 million in FY 2019 from the BHDS Trust Fund for increasing community capacity for individuals with medically complex support needs, provider training and compliance reviews, quality management and information technology.

- *DOJ: Fund a Developmental Disabilities Health Support Network in the Central Virginia Region.* Adds \$1.3 million GF and 8.75 FTE positions the second year to create a health support network in the central Virginia region of the Commonwealth to ensure that appropriate services are available for individuals in the community

that have transitioned from the training centers. The current budget of \$3.9 million GF supports three health support networks: one in Northern Virginia, one in the Richmond area, and one in Southwest Virginia. These networks provide health education, dental services and equipment repair. A network in Central Virginia is proposed to be developed to coincide with the planned closure of the Central Virginia Training Center in 2020.

- ***DOJ: Fund Community Services for Non-Medicaid Training Center Residents.*** Provides \$175,000 GF each year for the costs of community services for two individuals currently residing in state training centers that are not eligible for Medicaid. These individuals are expected to be transitioned from the training centers to the community in FY 2019.
- ***DOJ: Increase Funding for Independent Reviewer.*** Adds \$62,167 GF the first year and \$101,815 GF the second year for a larger than anticipated workload for the independent reviewer, who is appointed by the court to monitor the Commonwealth's compliance with the settlement agreement. Funding was added in the 2016-18 biennium for serious incident reviews, which were required by the judge and which were not anticipated in the original settlement agreement.
- ***DOJ: Increase Funding for Provider Training, Compliance, and Quality Improvements.*** Adds \$1.2 million the first year from the BHDS Trust Fund to be spent on provider training, provider compliance review, quality management, and information technology improvements. The added amount in the trust fund comes from the sale of the Northern Virginia Training Center.
- ***DOJ: Increase Community Capacity for Individuals with Medically Complex Support Needs.*** Allocates \$3.8 million the first year from the BHDS Trust Fund to develop provider capacity to serve individuals with multiple diagnoses (i.e. Developmentally Disabled (DD) individuals experiencing a mental health issue, and having a personality disorder) and individuals with complex medical support needs. The one-time funds will be used for the purchase of homes as well as initial development and training of specialized staff. Monies allocated to funding homes for individuals with complex medical supports will be utilized to support capacity development in the area of the Central Virginia Training Center. Funding allocated to tri-diagnoses homes will be deployed throughout the Commonwealth to enhance each region's capacity.
- ***DOJ: Reduce Funds to Reflect Downsizing and Closure of Training Centers.*** Reduces funding by \$1.0 million GF and in FY 2020 to reflect savings from the continued downsizing and closure of training centers. Separate actions also reduce the special fund appropriation for training centers by \$50.0 million NGF each year

and eliminate 365 positions to reflect a reduction in Medicaid and third party reimbursements due to downsizing and closure.

Mental Health Treatment Centers

- ***Fund Electronic Health Records System at all DBHDS Facilities.*** Provides \$5.1 million GF each year to implement electronic health records (EHR) at nine DBHDS facilities which were slated for conversion several years ago. The initial implementation of EHR extended to only three facilities due to a number of unanticipated issues related to project scope.
- ***Operating Support for New 56-Bed Unit at Western State Hospital (WSH).*** Adds \$5.6 million GF and \$621,805 NGF the second year for 112 positions and operating costs for two new 28-bed units at WSH that are scheduled to open by FY 2020. The units are expected to be fully operational in FY 2021 with an annual operating cost of \$8.5 million.
- ***Use of Eastern State Hospital (ESH) Land.*** The adopted budget includes language directing the Department of General Services (DGS), with the cooperation of the Department of Behavioral Health and Developmental Services, to determine the amount of acreage and fair market value on the Eastern State Hospital site for the co-location of a new facility for Old Town Medical Center and Colonial Behavioral Health and the development of a community project by Hope Family Village Corporation to serve as a residence for 25 families impacted by a member with serious mental illness. Language also requires DGS to work with James City County to update the County's comprehensive plan to assist with a master development plan of the ESH site to maximize economic development opportunities, expedite the rezoning process and the receipt of funds for the BHDS Trust Fund from the sale of surplus state property.

Intellectual Disability Training Centers

- ***Site Assessment Work at Central Virginia Training Center.*** The adopted budget provides \$250,000 from agency special funds and \$570,000 in maintenance reserve funds in FY 2019 for the DBHDS to begin the second phase of work on its environmental assessment and initial environmental remediation for the Central Virginia Training Center based on findings from the environmental assessment that was performed in July 2017. The department may request assistance from the Department of General Services to procure services for the assessment. Language requires the department to report the results by December 1, 2018 to the Governor and General Assembly.
- ***Report on Outstanding Bonds of State Training Centers.*** Adds language directing the DBHDS, in conjunction with the Department of the Treasury, to report on the

estimated outstanding bond balance related to the closure of the Southwest Virginia Training Center and the Central Virginia Training Center. Language requires the report to include the outstanding bond balance for the date of the planned facility closure and the balance each year thereafter until such time as all bonds will be repaid on those facilities.

- ***Public-Private Partnership for Central Virginia Training Center.*** Includes language authorizing the Department of Behavioral Health and Developmental Services to receive unsolicited proposals, in accordance with the Public-Private Education Facilities and Infrastructure Act of 2002, from a private not-for-profit entity that would provide the necessary level of care for the residents at the Central Virginia Training Center, which could include either intermediate or a nursing facility level of care. Proposals may include managing or leasing state property, including some or all of the buildings at the training center and may also include other facility options offsite from the training center.

Other Spending Initiatives

- ***Fund Increasing Caseload for Part C Early Intervention Services.*** The adopted budget provides \$1.8 million GF the first year and \$2.8 million GF the second year to cover the costs of the increasing caseload for the program. The program has been growing on average by 5 percent a year over the past six years. The program provides early intervention services to children from birth to 2 years old with a developmental delay or at-risk of a developmental delay. This program is part of the federal Individuals with Disabilities Education Act.
- ***Add Licensing Positions.*** Adds \$238,692 GF this first year and \$859,294 GF the second year to increase licensing positions in the agency by five positions in FY 2019 and an additional four positions in FY 2020. The added positions will address the backlog of providers and facilities that must be licensed by the agency in order to provide services.
- ***Fund Best Buddies.*** Provides \$200,000 each year from the general fund to support Best Buddies, which is a non-profit organization established as part of a volunteer movement that creates opportunities for one-to-one friendships, integrated employment, and leadership development for people with intellectual and developmental disabilities. Best Buddies currently serves 38 schools and 2,448 students in Virginia. This funding will allow the organization to expand its inclusion services to Richmond and Virginia Beach areas to as many as 20 additional high schools to serve up to 500 additional students.

Virginia Center for Behavioral Rehabilitation (VCBR)

- *Fund Temporary Beds for Individuals with Significant Medical Needs.* The adopted budget provides \$2.8 million GF the first year and \$2.9 million GF the second year and 55 positions to staff and operate 22 temporary beds for VCBR residents with significant medical needs. The temporary beds will be located at Piedmont Geriatric Hospital. The census at the VCBR is projected to be over capacity in 2018. Funds, staff and residents will be transferred back to the VCBR once the planned expansion is complete in FY 2021.
- *Fund VCBR Expansion Operating Costs.* The budget adds \$7.8 million GF and 147 positions the second year for the increased operating costs associated with the 72-bed expansion. The first unit is projected to open in August 2019 with full expansion to be completed in FY 2021.
- *Fund Hepatitis C Treatment Costs.* Provides \$540,000 GF each year for the costs of providing treatment for Hepatitis C for 28 residents at the center. Additional funding will cover the cost of drugs, exams, laboratory services and transportation to treatment centers.
- *Fund Increased Costs for Sexually Violent Predator Supervision and Monitoring.* Adds \$331,846 GF the first year and \$518,570 GF the second year for the increased costs to supervise and monitor sexually violent predators who are discharged from the Virginia Center for Behavioral Rehabilitation. The agency contracts with the Department of Corrections to provide these services.
- *Notification of Appropriation Transfers to the VCBR.* Adds language which requires the agency to notify the money committee chairmen of fund transfers within the agency to the VCBR within 15 days of such transfer.

- **Department for Aging and Rehabilitative Services**

- *Expand Brain Injury Case Management Services.* The adopted budget provides \$500,000 GF each year to fund specialized community based case management services to people with moderate to severe brain injuries across the Commonwealth, including those in unserved and underserved areas. According to estimates from the Brain Injury Association of Virginia, there are nearly 800 individuals with moderate to severe brain injury in the Southern, Piedmont, Northwest, Middle Peninsula, and Northern Neck who lack access to state funded core safety net services. These funds would be used to develop specialized brain injury case management funds in those areas, and provide additional funds to existing programs to address waitlists.

- *Address Waiting Lists for Aging Services.* The adopted budget adds \$500,000 GF each year to address the waiting list for services available through local Area Agencies on Aging. Funds may be used for homemaker, personal care, chore services, and home-delivered meals to allow older Virginians to remain in their homes and communities and delay more costly out-of-home placements.
- *Provide Funds for a New Adult Services and Adult Protective Services Case Management System.* Adds \$440,000 GF each year for the ongoing costs of replacing and operating a new case management system. Funding of \$560,000 from two federal grants was used for most of the system development costs. The proposed funding will be used to pay for licensing fees, training of local workers and on-going support costs.
- *Expand Long-Term Care Ombudsman Program.* Provides \$300,000 GF each year to expand the Long-Term Care Ombudsman Program. The staffing standard set in the *Code of Virginia* provides for one ombudsman for every 2,000 licensed nursing home and adult care residence beds in the community, as recommended by the National Institute of Medicine. This funding provides support to continue efforts to make progress toward meeting the staffing standard.
- *Expand Long Term Employment Support Services (LTESS) Program.* Adds \$250,000 GF each year for the Long Term Employment Support Services program. LTESS provides a full array of employment support services to meet the needs of individuals with significant disabilities to maintain employment.
- *Workgroup on Extended Employment Services (EES) and LTESS Employment Services.* Adds language requiring the Department for Aging and Rehabilitative Services to convene a workgroup of relevant stakeholders to evaluate combining the Extended Employment Services (EES) and Long Term Employment Support Services (LTESS) programs and associated funding into one program. Language requires the workgroup to report its recommendations to the Chairman of the House Appropriations and Senate Finance Committees by November 1, 2018.

- **Department of Social Services**

- *Fund Projected Information Technology Costs.* The adopted budget adds \$4.2 million GF and \$4.2 million NGF each year for projected information systems operating costs through VITA and other systems costs related to the transition from the UNISYS system to the Virginia Case Management System. The agency is experiencing system redundancy costs as it terminates use of the UNISYS mainframe, which was not accounted for in VITA base budget adjustments that were proposed in Central Accounts.

- ***Fund Foster Care and Adoption Forecast.*** Provides a net increase of \$3.2 million GF and \$6.7 million NGF each year for forecast changes to the foster care and adoption programs. Adoption subsidies are projected to increase by \$15.4 million GF and \$13.4 million in federal Title IV-E funds over the 2018-20 biennium above the FY 2018 base appropriation. Title IV-E foster care expenditures are expected to increase by \$4.0 million GF and \$4.0 million NGF over the 2018-20 biennium above the FY 2018 base appropriation. The increased costs for the Title IV-E foster care and adoption programs are partially offset by a projected decline in state adoption subsidies by \$13.1 million GF and \$4.0 million NGF over the 2018-20 biennium. The following table details total spending for child welfare services.

Child Welfare Services Funding (All Funds, \$ in millions)			
	Chapter 1 <u>FY 2018</u>	Chapter 2 <u>FY 2019</u> <u>FY 2020</u>	
Title IV-E Foster Care*	\$66.5	\$66.2	\$66.0
Title IV-E Adoption Subsidies*	101.2	111.5	121.6
State Funded Adoptions (GF)	<u>26.2</u>	<u>23.1</u>	<u>20.0</u>
Total	\$193.9	\$200.8	\$207.6
*The general fund share of these costs is 50 percent.			

- ***Fund Child Welfare Information System with Mandated Reinvestment Funds.*** The adopted budget adds \$3.1 million GF each year to implement a new comprehensive child welfare information system for case management to replace four information systems, using federally required reinvestment funding. The new system will be used for foster care and adoption case management, investigations of abuse and neglect, to track and monitor preventive services to at-risk families and provide for other record keeping needs. Since federal FY 2010, the program criteria for an applicable child for federal Title IV-E adoption assistance have resulted in an increase in children eligible for federal funding. Services for these children were fully state-supported, resulting in state savings. The savings are required by federal law to be reinvested in the child welfare system.
- ***Fund Increase in Child Welfare Services with Mandated Reinvestment Funds.*** Proposes \$1.3 million GF each year to fund an increase in child welfare services using mandated reinvestment funding as required by federal law. As indicated

above, state savings in adoption assistance funds due to increases in eligibility for federal Title IV-E adoption assistance must be reinvested in the child welfare system. The funds will be used for post adoption case management services, mutual family assessments, foster care and adoption services, and substance abuse services for parents.

- ***Backfill Loss of Nongeneral Fund Revenues for Child Support Enforcement Operations.*** Adds \$3.0 million GF and reduces \$3.5 million NGF each year for child support enforcement operations. In addition, the budget realigns the source of funding for 58 positions from nongeneral funds to the general fund. The added general funds will supplant nongeneral fund revenues received by the agency along with vacancy savings to decrease operational costs. The Division of Child Support Enforcement will continue hold about 10 percent of its positions vacant to generate operational cost savings.

A portion of the Division of Child Support Enforcement operations are funded through nongeneral fund revenues from allowable retained child support collections on behalf of TANF recipients, which are declining. Federal law allows the program to retain any child support payments in excess of \$50 each month for operating costs if the family receives TANF assistance in addition to child support. As the TANF caseload continues to decrease, the amount of child support collected on the families' behalf also declines. TANF collections declined by about 10% in FY 2017 and are estimated to decline by an additional 6percent in FY 2018. These retained collections are used to provide the state match for federal child support enforcement funding, which are available at a two-to-one federal-to-state match rate.

- ***Increase Support for Local Eligibility Workers for Medicaid Expansion.*** Provides \$2.3 million GF and \$16.9 NGF the first year and \$3.6 million GF and \$27.3 million NGF the second year to fund additional eligibility workers in the local Departments of Social Services. The adopted budget authorizes an increase in Medicaid eligibility to 138 percent of the federal poverty level as allowed by the federal Affordable Care Act. This change may result in as many as 300,000 new enrollees in the program and about 60 percent of the eligibility determinations would be handled at the local level.
- ***Increase Auxiliary Grant Rate.*** Adds \$1.4 million GF in FY 2019 and \$2.4 million in FY 2020 to increase the Auxiliary Grant rate by \$35 per month beginning July 1, 2018 and an additional \$25 per month beginning July 1, 2019. This increases the grant rate by 2.8 percent over the proposed FY 2018 rate of \$1,236 per month, which was adjusted by \$15 per month to reflect a Supplemental Security Income cost of living adjustment beginning January 1, 2018.

- ***Fund Auxiliary Grants for Individuals with Serious Mental Illness Discharged from State Behavioral Health Facilities.*** Adds \$299,040 GF the second year to support associated costs to the Auxiliary Grant program for room and board for individuals with serious mental illness with complex needs that are transitioning from state behavioral health facilities to more integrated community settings.
- ***Fund Increase in TANF Unemployed Parents Program.*** Adds \$796,839 GF each year to fund the forecast of costs in the unemployed parents cash assistance program.
- ***Fund Rent Increases for Regional Offices.*** Provides funding of \$331,919 GF and \$417,041 NGF each year to support increases in rent for regional offices whose leases are set to expire.
- ***Provide Funding for Youth for Tomorrow Contract.*** Adds \$100,000 GF each year to contract with Youth for Tomorrow (YFT) to provide comprehensive residential, education and counseling services to at-risk youth who have been sexually exploited, including victims of sex trafficking. Language requires YFT to submit monthly progress reports on activities conducted and progress achieved on outputs, outcomes and other functions/activities during the reporting period with an annual report by October 1 of each year.
- ***Fund Kinship Guardian Assistance.*** Adds \$55,935 GF and \$24,557 NGF in FY 2019 and \$111,870 GF and \$49,113 NGF in FY 2020 to fund the fiscal impact of Chapters 769 and 770 of the 2018 Acts of Assembly (HB 1333/SB 636) which create the Kinship Guardianship Assistance program.
- ***Fund Family-Match Adoption Demonstration Program.*** Provides \$50,000 GF each year for the costs of running an 18-month demonstration pilot of the Family-Match application to facilitate adoptions by better matching children in foster care with adoptive families. Family-Match is a data driven application developed by Adoption-Share, a non-profit organization that leverages technology to assist state workers in matching adoptive families, foster families, and foster to adopt families with children in state care. Adoption-Share will leverage state funding to secure the remaining funds needed from Virginia businesses and foundations to underwrite demonstration program expenses.

Nongeneral Fund Increases

- ***Appropriate Federal Child Care and Development Funds.*** Provides \$27.9 million in FY 2019 and \$42.9 million in FY 2020 in additional federal Child Care and Development Fund (CCDF) monies that Virginia is expected to receive, pursuant to the Consolidated Appropriations Act of 2018, PL 115-141. Language is added requiring the Department of Social Services to submit a plan to the Chairmen of the House Appropriations and Senate Finance Committees on the intended use of the

CCDF funding to improve access to and quality of child day care in Virginia by September 1, 2018.

- ***Adjust Appropriation for Local Staff and Operations.*** Proposes \$27.0 million NGF each year to reflect a projected increase in federal appropriations for local DSS staff and operations. Federal funding is provided based on an agreed upon cost allocation formula.
- ***Appropriate Federal Child Care and Development Fund (CCDF) Funds for Child Care Subsidies and Improvements.*** Appropriates \$1.1 million NGF each year from the federal CCDF awarded to the agency for child care subsidies and child care quality improvement activities. Out of this funding, \$500,000 NGF each year will be used in underserved areas to increase the number of subsidies. The remaining funding will be used to address increased need for quality rating system (QRS) services to providers who are now required to participate in the QRS due to new federal program standards for Head Start.
- ***Appropriate Federal CCDF for Child Care Licensing Information Technology Upgrades.*** Appropriates \$714,469 NGF each year from the federal CCDF to upgrade the Division of Licensing Programs Health and Information Network (DOLPHIN). The system is used to manage the Division’s licensing program.
- ***Pilot Program to Improve Faith-Based and Private Child Care Programs.*** Provides \$925,000 in FY 2019 and \$325,000 in FY 2020 from the federal Child Care and Development block grant for a pilot program to improve early childhood classrooms in faith-based and private child care centers. Language directs the agency to work with the University of Virginia Center for Advanced Study of Teaching and Learning (UVA CASTL) to implement their curriculum, professional development and coaching modules to improve Kindergarten readiness. Language also requires the development and use of a program to assess the Kindergarten readiness of four-year-olds in the pilot program.
- ***Health and Safety Inspections of Exempt Child Day Care Programs.*** Provides \$43,548 in FY 2019 and \$143,331 in FY 2020 from the federal Child Care and Development Fund for the fiscal impact of Chapter 810 of the 2018 Acts of Assembly (SB 539) which modifies the terms of certain child day programs that remain listed as exempt from licensure by the Department of Social Services (DSS). Pursuant to the legislation, DSS must conduct health and safety inspections of exempt child care programs if there are complaints against the programs.
- ***Increase Appropriation for Virginia Birth Father Registry Program.*** Provides an increase of \$100,000 NGF each year from the Virginia Birth Father Registry Program for increased marketing about the registry. The program was created by the 2006

General Assembly to allow putative fathers to register and be entitled to notification if a child is conceived and placed for adoption.

- ***Professional Development Resources for Child Care Professionals.*** Adds language directing the Department of Social Services to develop, publish and maintain information on curricula and professional development information for child care professionals participating in the child care subsidy program.

Spending Decreases

- ***Revise Expenditures for Adoption Subsidy Payments.*** Supplants spending in the Division of Child Support Enforcement by \$200,000 GF and \$600,000 in matching federal child support enforcement funding with revenue from an increase in the annual fee charged for certain child support cases. The Deficit Reduction Act of 2005 required that individuals who have never received Temporary Assistance for Needy Families (TANF) benefits be charged an annual fee of \$25 if the state collects more than \$500 in child support on their behalf. The Bipartisan Budget Act of 2018 changed this to require a fee of \$35 if the state collects more than \$550 in child support on behalf of an individual.
- ***Capture Surplus in Funding from the Auxiliary Grant Program.*** Reduces by \$1.8 million GF each year the funding appropriated for the auxiliary grant program. Fewer individuals are expected to participate in the program. Expenditures in the program have declined by about 12.5 percent over the past three fiscal years.
- ***Adjust Appropriation for Supplemental Nutrition Assistance Program (SNAP) Employment and Training Pilot Grant.*** Reduces \$4.2 million NGF the first year and \$8.3 million NGF the second year from an appropriation for a federal grant award to the state for a pilot program. The purpose of this pilot program was to increase the number of SNAP recipients that obtain employment and increase the income of those employed with the ultimate goal of reducing reliance on SNAP benefits. The 3-year pilot program will be completed by December 31, 2018.

Temporary Assistance to Needy Families Block Grant

- ***Adjust Temporary Assistance to Needy Families (TANF) Funding to Account for Providing Mandated Benefits.*** Reduces TANF spending by a net of \$25.0 million NGF the first year and \$29.1 million NGF the second year to reflect the spending forecast of TANF income benefits. TANF spending for mandated benefits has declined in recent years and is expected to decline by 4.5 percent in FY 2019 and an additional 4.2 percent in FY 2020 from the FY 2018 estimated spending level. This reduction is offset by additional TANF spending in the proposed budget that includes the following:

- \$3.0 million NGF each year for a long-acting reversible contraception pilot program administered through the Virginia Department of Health
- \$3.0 million NGF each year for community employment and training programs
- \$2.0 million NGF each year for Community Action Agencies
- \$500,000 NGF each year for local domestic violence programs
- \$500,000 NGF each year for the Laurel Center to provide services to victims of domestic and sexual assault
- \$300,000 NGF each year for Child Advocacy Centers
- \$250,000 in FY 2019 and \$600,000 in FY 2020 for Early Impact Virginia to determine, track and report on activities and outcomes of Virginia's voluntary home visiting programs; conduct systematic and statewide needs assessments at least once every three years; and support continuous quality improvement, training, and coordination across Virginia's home visiting programs on an ongoing basis
- \$200,000 in FY 2019 and \$100,000 in FY 2020 for FACETS for homeless assistance services
- \$75,000 each year for the STRIVE Program operated by Visions of Truth.

These actions will leave a \$99.2 million TANF balance at the end of FY 2020. The table below provides detail on the TANF budget for the biennium.

TANF Block Grant Funding
Adopted Budget FY 2018, FY 2019 and FY 2020

	Chapter 1 FY 2018	Chapter 2 FY 2019	Chapter 2 FY 2020
TANF Resources			
Annual TANF Block Grant Award	\$157,762,831	\$157,762,831	\$158,285,172
Carry-Forward From Prior Fiscal Year	<u>123,754,882</u>	<u>117,664,697</u>	<u>106,277,367</u>
Total TANF Resources Available	\$281,517,713	\$275,427,528	\$264,562,539
TANF Expenditures			
<i>VIP/VIEW Core Benefits and Services</i>			
TANF Income Benefits	\$30,946,293	\$26,418,438	\$22,330,974
VIEW Employment Services	13,612,144	13,612,144	13,612,144
VIEW Child Care Services	1,250,137	1,250,137	1,250,137
TANF Caseload Reserve	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Subtotal VIP/VIEW Benefits and Services	\$47,808,574	\$43,280,719	\$39,193,255
<i>Administration</i>			
State Administration	\$3,002,653	\$3,002,653	\$3,002,653
Information Systems	4,052,023	4,052,023	4,052,023
Local Staff and Operations	45,513,536	45,513,536	45,513,536
Eligibility System Maintenance/IT	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Subtotal Administration	\$53,568,212	\$53,568,212	\$53,568,212
<i>TANF Programming</i>			
Healthy Families/Healthy Start	\$9,035,501	\$9,035,501	\$9,035,501
Community Employment & Training Grants	7,500,000	10,500,000	10,500,000
Community Action Agencies	4,250,000	6,250,000	6,250,000
Local Domestic Violence Prevention Grants	3,346,792	3,846,792	3,846,792
Long Acting Reversible Contraceptives	0	3,000,000	3,000,000
CHIP of Virginia (VDH)	2,400,000	2,400,000	2,400,000
Virginia Early Childhood Foundation	1,250,000	1,250,000	1,250,000
Child Advocacy Centers	825,500	1,125,500	1,125,500
Resource Mothers	1,000,000	1,000,000	1,000,000
Boys and Girls Clubs	1,000,000	1,000,000	1,000,000
Northern Virginia Family Services	500,000	500,000	500,000
Laurel Center	0	500,000	500,000
Early Impact Virginia Pilot Program	0	250,000	600,000
FACETS Homeless Assistance Programs	0	200,000	100,000
EITC Grants	185,725	185,725	185,725
Visions of Truth STRIVE Program	<u>0</u>	<u>75,000</u>	<u>75,000</u>
Subtotal TANF Programming	\$31,293,518	\$41,118,518	\$41,368,518
Total TANF Expenditures	\$132,670,304	\$137,967,449	\$134,129,985
Transfers to other Block Grants			
CCDF for At-Risk Child Care	\$12,857,212	\$12,857,212	\$12,857,212
CCDF for Head Start Wraparound Services	2,500,000	2,500,000	2,500,000
SSBG for Children's Services Act	9,419,998	9,419,998	9,419,998
SSBG for Local Staff Support	<u>6,405,502</u>	<u>6,405,502</u>	<u>6,405,502</u>
Total TANF Transfers	\$31,182,712	\$31,182,712	\$31,182,712
Total TANF Expenditures & Transfers	\$163,853,016	\$169,150,161	\$165,312,697