

Health and Human Resources

- **Comprehensive Services for At-Risk Youth and Families**

- *Mandatory Caseload and Cost Increases.* Adds \$54.3 million GF in FY 2008 to fully fund anticipated growth in the CSA program. Additional costs are being driven by growth in caseload and costs, as well as law and policy changes. Caseloads are estimated to increase in FY 2008 by 8 percent, compared to recent historical growth of about 3.8 percent. Costs are expected to increase by 12 percent in FY 2008, largely due to increases in costs for therapeutic foster care services, special education private day placements and residential treatment services.

Several changes in federal and state policies and laws have also contributed to growing costs in the program. Changes in the federal Deficit Reduction Act of 2005 have made it more difficult for children to qualify for the federally funded foster care program and eliminated federal Medicaid matching funds for most therapeutic foster care services provided to children and adolescents in the CSA program. These changes are estimated to have increased state costs from \$5.5 million up to about \$17.0 million annually.

Statutory changes enacted during the 2007 Session (SB 1332) required that mental health services be provided to children and adolescents who are at-risk of placement in the state's custody if treatment is not provided. The Joint Legislative Audit and Review Commission estimated in March 2007 that this change would increase the number of children served in CSA by 753 at a cost estimated to be \$14.3 million in FY 2008. In addition, the JLARC review found that current CSA policy restricting foster care preventive services was not consistent with law. Recent policy changes to comply with CSA law appear to be contributing to additional costs in the program.

- *Governor's October 2007 Budget Reductions.* Replaces \$965,579 GF the second year with a like amount of federal Temporary Assistance to Needy Families (TANF) block grant funds for services provided according to the CSA Trust Fund. Similar amendments in the Departments of Health and Social Services leverage federal TANF block grant funds for eligible services because recent TANF caseload declines have resulted in lower than expected expenditures of block grant dollars.

- **Department for the Aging**

- *Governor's October 2007 Budget Reductions.* A reduction of \$709,441 GF the second year as a result of the Governor's October reduction actions. Funding was reduced for community-based service providers, administrative activities, and to adjust appropriations to current spending levels.

- **Department for the Blind and Visual Impaired**
 - *Governor's October 2007 Budget Reductions.* A reduction of \$68,928 GF the second year as a result of the Governor's October reduction actions. The proposed reductions are achieved through reductions to community-based providers as well as administrative actions.

- **Department of Health**
 - *Governor's October 2007 Budget Reductions.* Reduces \$6.3 million GF the second year as a result of the Governor's October reduction actions. In general, funding was reduced for community-based service providers, recently-funded initiatives, and areas where nongeneral fund resources were available, for example:
 - *Trauma Center Funding.* Eliminates \$1.8 million GF in FY 2008 and replaces it with revenues accruing to the Trauma Center Fund from offenses related to driving under the influence and driver's license revocations. When the Fund was created in 2005, it was anticipated that revenues would total \$4.2 million annually. In FY 2007, revenues to the fund were \$8.2 million, eliminating the need for general fund support. The fund provides revenues to hospitals with trauma centers.
 - *Substitute TANF for GF in Community Programs.* Replaces \$4.0 million GF in the second year to four health department programs with a like amount of federal TANF block grant dollars. Similar amendments in CSA and the Department of Social Services leverage federal TANF block grant funds for eligible services because recent TANF caseload declines have resulted in lower than expected expenditures of block grant dollars. General fund amounts will be replaced with TANF funds in the following programs in the amount listed:
 - Comprehensive Health Investment Project - \$2,141,890
 - Teenage Pregnancy Prevention Programs - \$910,000
 - Partners in Prevention - \$765,000
 - Resource Mothers - \$176,800

- **Department of Medical Assistance Services**
 - *Medicaid Utilization and Inflation.* Reduces \$49.7 million GF and \$46.3 million NGF from federal Medicaid matching funds as a result of lower than anticipated spending. Medicaid spending continues to slow, growing at a lower rate than in previous years and less than originally forecast. The current budget assumed Medicaid spending would grow 8.6 percent in FY 2007 while actual growth was less than 6 percent. New federal rules regarding the documentation of citizenship

and identity for low-income children and families on Medicaid appear to have slowed enrollment growth. While enrollment is expected to pick up, it is not projected to grow at previously anticipated rates.

- ***FAMIS Utilization and Inflation.*** Adds \$1.4 million GF and \$2.5 million NGF from federal Medicaid matching funds to adjust funding for children and pregnant women eligible for health care services. Efforts in the past five years to expand health insurance coverage for children under 200 percent of the federal poverty level (\$34,340 for a family of three) continue to result in higher caseloads in FAMIS. New citizenship and identity requirements that appear to be dampening enrollment for children in Medicaid are having the opposite effect in FAMIS where the tighter regulations do not apply.
- ***Medicaid SCHIP Utilization and Inflation.*** Adds \$861,616 GF and \$1.6 million from federal Medicaid matching funds in FY 2008 to fully fund anticipated enrollment growth and costs for children eligible for health care services under the Medicaid SCHIP program. Enrollment in the SCHIP is expected to continue rising but not at the same rate as in previous years; the same citizenship and identity requirements affecting the Medicaid caseload have apparently dampened enrollment in Medicaid SCHIP. Medicaid SCHIP provides health care services to children under 19 in families with incomes between 100 percent and 133 percent of poverty (\$22,836 for a family of three). The federal government matches Medicaid expenditures for these children at the same rate as that provided for the FAMIS program (about 65 percent).
- ***Reduce Funding for Involuntary Mental Commitments.*** Reduces \$1.3 million GF in FY 2008 reflecting recent data that indicates payments from the Involuntary Mental Commitment Fund will be less than currently budgeted. The fund pays for the cost of hospital and physician services for individuals who are subject to the involuntary mental health commitment process.
- ***Adjust Funding for the Virginia Health Care Fund.*** Reduces \$13.3 million GF and adds \$13.3 million NGF in FY 2008 as a result of higher than anticipated revenues to the Virginia Health Care Fund. Revenues to the fund are used as a portion of the state's match for the Medicaid program. A larger than anticipated balance in the fund as of June 30, 2007 as well as higher Medicaid recoveries permits a reduction in GF revenues.
- ***Governor's October 2007 Budget Reductions.*** Reduces \$60.6 million GF the second year as a result of the Governor's October reduction actions. The reduction is primarily related to lower payments for Medicaid managed care organizations (see below) but also includes new savings proposals related to moving disabled individuals from institutional settings and better management of pharmacy programs.

- *Adjust Payments to Medicaid Managed Care Organizations (MCOs).* Reduces \$60.1 million GF and \$60.1 million NGF from federal Medicaid revenues reflecting lower negotiated payment rates to Medicaid Managed Care Organizations. The budget assumed that MCO rates would increase by 7.0 percent from FY 2007 to FY 2008. The rate the Department negotiated with MCOs was actually 2.6 percent less than the rates paid in FY 2007, resulting in general fund savings that will continue in future years.
- **Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS)**
 - *Restore Operating Costs at Central Virginia Training Center (CVTC).* Restores \$5.3 million NGF in FY 2008 for operating costs at CVTC that were estimated to decrease through census reduction efforts in preparation for rebuilding the facilities with a more efficient design. Restructuring efforts have failed to result in a decline in the number of individuals served by the facility and plans for facility replacement have not progressed as expected. The source of the nongeneral funds is additional revenue expected to be collected by the facilities from the Medicaid and Medicare programs.
 - *Governor’s October 2007 Budget Reductions.* Reduces \$16.9 million GF the second year as a result of the Governor’s October reduction actions. The proposed reductions are primarily related to federal revenue maximization efforts described below as well as effort to streamline agency and facility operations.
 - *Maximize Federal Medicare Part D Revenues.* Reduces \$9.8 million GF and provides \$9.8 million NGF in FY 2008 as a result of more individuals qualifying for prescription drugs through the federally-funded Medicare Part D program. Because more individuals than previously anticipated are qualifying for Medicare Part D, fewer state dollars are needed to provide pharmacy services to individuals residing in the community or state facilities. As a result, savings of \$5.0 million GF are projected in the community resource (“aftercare”) pharmacy used by CSBs and savings of \$4.8 million GF is expected for state facilities.
 - *Maximize Federal Revenues for Inpatient Hospital Services.* Reduces \$3.0 million GF and provides \$3.0 million NGF in FY 2008 from federal Medicare revenues reflecting more aggressive billing for inpatient hospital services. In order to maximize federal revenues, the Department will bill more medical services provided at state facilities to the Medicare Part B program.
 - *Adjust Appropriation for the Sexually Violent Predator (SVP) Program.* Reduces \$1.6 million GF in FY 2008 to reflect lower caseload growth than previously anticipated in the SVP program. Civil commitments for inpatient services are down resulting in \$1.2 million GF savings.

Additionally, fewer individuals are being placed on conditional release than expected resulting in \$350,000 GF savings.

- **Department of Rehabilitative Services**
 - *Governor's October 2007 Budget Reductions.* Reduces \$1.3 million GF the second year as a result of the Governor's October reduction actions. Most of the proposed reductions are offset by nongeneral funds although some funding for services was reduced by three percent including independent living funds and long-term employment support services.
- **Woodrow Wilson Rehabilitation Center**
 - *Governor's October 2007 Budget Reductions.* Reduces \$334,978 GF the second year as a result of the Governor's October reduction actions. Most of the proposed reductions are related to administrative efficiencies.
- **Department of Social Services**
 - *Offset Loss of Federal Funds for Child Welfare Services.* Adds \$3.9 million GF and reduces \$3.9 million NGF each year to reflect lower reimbursements from the federal government for child welfare services provided by local departments of social services. Federal authorities required the Department to resubmit a new cost allocation plan after the existing plan, originally approved in 1996, resulted in the disallowance of \$53 million in federal Title IV-E reimbursements for child welfare services in FY 2006. In general, the Department's cost allocation plan defines the share of federal and state spending for specific child welfare services and activities. Funding is necessary to maintain support for local staff that provides child welfare services to children and families.
 - *TANF for Child Care Services for At-risk, Low-income Families.* Adds \$6.0 million NGF in FY 2008 from the federal Temporary Assistance to Needy Families (TANF) block grant to provide additional funding for child day care subsidies for low-income families. This additional funding will address about 22 percent of the waiting list for child day care subsidies.
 - *Governor's October 2007 Budget Reductions.* Reduces \$10.9 million GF the second year as a result of the Governor's October reduction actions. The proposed reductions are primarily related to using federal TANF block grant dollars for previously funded general fund activities and adjusting appropriations to current spending levels for the General Relief and Auxiliary Grant Programs.
 - *Reduce Funding for General Relief.* Reduces funding by \$1.2 million GF the second year to reflect actual spending for the General Relief program that provides cash assistance and services to individuals with no or very little

income. General Relief is voluntary program provided by localities that agree to match state funding. In FY 2007, some localities did not expend their full allocation resulting in unspent appropriations. The new general fund appropriation will be \$3.5 million each year.

- ***Caregivers Grant Program.*** Reduces \$500,000 GF the second year for the Virginia Caregivers Grant Program. Funding will be limited to \$500,000 GF a year. The program provides up to \$500 each year for a caregiver who has an annual income less than \$75,000 and who provides unreimbursed care for a person who is aged, infirm or disabled. Chapter 588, passed by the 2007 General Assembly, increased the income limit for a married caregiver to \$75,000 annually.

- **Department for the Blind and Visual Impaired**

- ***Governor's October 2007 Budget Reductions.*** Reduces \$346,875 GF the second year as a result of the Governor's October reduction actions. The proposed reductions achieve savings through administrative actions.