Health and Human Resources

Adopted Amendments ($ in millions)				
	FY 2019 Adopted		FY 2020 Adopted	
	GF	NGF	GF	NGF
2018-20 Base Budget (Chapter 2, 2018 Special Session I)	$6,647.7	$10,140.4	$6,821.5	$11,686.0
Adopted Increases	228.1	383.0	311.6	1,853.1
Adopted Decreases	(65.5)	(19.7)	(59.3)	(83.3)
$ Net Change	162.6	363.3	252.4	1,769.8
Chapter 854 (HB 1700, as Adopted)	**$6,810.4**	**$10,503.8**	**$7,073.9**	**$13,455.8**
% Change	2.5%	3.6%	3.7%	15.1%
FTEs	8,586.90	6,417.12	9,132.15	6,447.12
# Change	0.00	(59.00)	274.50	(40.00)

- **Secretary of Health and Human Resources**

  – ***Expand Interagency Workgroup on Statewide Electronic Health Records.*** Adds the staff of the House Appropriations and Senate Finance Committees to the membership of a workgroup convened by the Secretary of Health and Human Resources to oversee the development of a statewide, integrated electronic health (EHR) system. In addition, language directs the workgroup to conduct a robust cost-benefit analysis to be completed in developing and implementing EHRs for use by the Virginia Department of Health using the existing state contract and considering the use of a separate domain.

  – ***Establish Workgroup on Balance Billing for Emergency Services.*** Directs the Secretary of Health and Human Resources, in collaboration with the Secretary of Administration, Secretary of Finance, and the State Corporation Commission to convene a workgroup to evaluate options to establish the appropriate reimbursement to out-of-network healthcare providers for emergency services. The workgroup will be composed of interested stakeholders. The workgroup will evaluate the fiscal impact of different options and the impact on provider networks. Language requires the workgroup report to be submitted to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by November 15, 2019. The report will include recommendations for future legislation by the General Assembly.

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

  – ***Caseload and Utilization Declines.*** Reduces $5.9 million GF each year to reflect a decline in anticipated growth in the CSA program. Chapter 2 of the 2018 Acts of Assembly, Special Session I, provided $16.9 million GF in FY 2019 and $27.0 million GF in FY 2020 to fund anticipated growth in the program. The lower growth is due to lower caseload and utilization in most CSA funded services, except for special educational services for children placed in private day educational programs through federally mandated Individualized Education Program (IEP) plans. The reduction in funding reflects a growth rate of 5.5 percent in FY 2019 and 3.6 percent in FY 2020, compared to growth rates of 6.9 percent in FY 2019 and 5 percent in FY 2020 contained in Chapter 2.

  – ***Fund Legislation Related to Temporary Custody of Child Victims of Sex Trafficking.*** Provides $14,091 GF the second year to fund the costs of Chapters 381 and 687 of the 2019 Acts of Assembly (HB 2597/SB 1661), which provides for the provisions of temporary custody of child victims of sex trafficking. It is estimated that this change may increase the number of children in foster for which the Children's Services Act pays for state foster care placement maintenance payments.

  – ***Delay Report Date for Study of Rates for Private Day Schools.*** Modifies existing budget language to delay the due date, from July 1, 2019 to October 1, 2019, for a report on the rates paid for special education private day schools. In addition, the language requires the report to include a list of private day schools that do not participate in the study by providing information to the contractor.

- **Department of Health**

  – ***Maintain Funding for Trauma Centers.*** Reduces the $6.2 million NGF Part 3 cash transfer of monies from the Emergency Medical Services Trauma Center Fund to the general fund. This reduction in the transfer to the general fund protects funding for hospital trauma centers, which is provided to offset higher costs necessary for maintaining around the clock availability of trauma care. Revenue for the fund comes from a $100 fee for driver's license reinstatements related to convictions for driving under the influence. A separate action adopted during the reconvened Session reinstated driver's licenses for those whose licenses have been suspended solely for nonpayment of court fines and costs, and inadvertently eliminated the reinstatement fee in fiscal year 2019 for all persons whose licenses are suspended.

– *Provide Funds to Increase State Support for the All Payer Claims Database.* Includes $1.0 million GF the second year to increase support for the All Payer Claims Database (APCD). Legislation adopted during the 2019 Session, Chapters 673 and 672 of the 2019 Acts of Assembly (HB 2798/SB 1216), requires health insurers to submit claims data to the APCD, changing it from a voluntary program to a mandatory program. The voluntary contributions from health insurers and health systems to support the operation of the APCD expire June 30, 2019. Therefore, with this change to a mandatory system, state funding is needed to continue operation of the APCD. Virginia Health Information operates the APCD for the Commonwealth.

– *Fund Riverside Shore Memorial Hospital Costs to Add Obstetrical Services to Facility.* Provides $600,000 GF the second year to contract with Riverside Shore Memorial Hospital for obstetrical (OB) services. Language requires the contract to require the hospital to provide OB services to the residents of the Eastern Shore of Virginia.

– *Add Funds for Increased Rents at Local Health Departments.* Provides $257,708 GF and $197,530 NGF the second year to address higher lease costs for 10 local health departments that are moving into new facilities or experiencing higher costs in current leased space. While the Department of General Services negotiates lease arrangements, the cost of new leases is the responsibility of local health departments, which are funded jointly by the state and local governments.

– *Technical: Increase NGF for Central Pharmacy Purchases.* The adopted budget provides $422,037 NGF the second year for drug purchases for local health districts. The local health departments recoup this funding through fees charged to patients. In the past, this revenue was administratively transferred from the local health departments to the Central Pharmacy to purchase additional drugs. This action will provide more transparency in the budgeting process.

– *Add Funds to Expand Efforts to Address Maternal Mortality and Morbidity through the Virginia Perinatal Quality Collaborative.* The adopted budget provides an additional $365,000 to support the Virginia Perinatal Quality Collaborative (VNPC), which supports efforts to improve pregnancy outcomes for women and newborns. Specifically, the funding will support efforts by the VNPC to decrease maternal mortality and morbidity. Funding will be used for a coordinator position for community engagement, training and education; the development of a pilot program of the Centers for Disease Control's levels of care assessment (LOCATe) tool in the Richmond metropolitan region and Tidewater region; and development of a Project ECHO tele-education model for education and training. Funding will also be used to assist the VNPC with expanding capacity to address these issues with the use of software to advance data analytics.

– ***Add Funds for Increased Rent at the Office of Environmental Health's Field Office.*** Provides $107,525 GF each year to cover the cost of increased rent due to renovation of the White Sone field office's laboratory.

– ***Fund Newborn Screening for Congenital Cytomegalovirus.*** Includes $198,589 GF the second year to implement a newborn screening test for congenital cytomegalovirus for those infants who fail the newborn hearing screen, pursuant to Chapter 423 of the 2019 Acts of Assembly (HB 2026). A separate action in the Division of Consolidated Laboratory Services provides the nongeneral fund appropriation for lab equipment, software and hardware.

– ***Add Positions Responsible for COPN State Medical Facilities Plan.*** Adds two positions and $167,682 NGF the second year to support activities related to the review, update and accuracy of the State Medical Facilities Plan. The source of the nongeneral fund amount in the second year is from fee increases from COPN applicants.

– ***Modify Emergency Department Care Coordination System to Track Temporary Detention Orders.*** Adds $50,000 GF the second year for the department to modify the Emergency Department Care Coordination Program to track individuals who present in the emergency room under an Emergency Custody Order (ECO). The system will identify the legal disposition of individuals being evaluated for psychiatric hospitalization. The department will report the data monthly on its website by hospital and provide an annual report to the General Assembly.

– ***Delay Implementation of Electronic Health Records.*** Reduces $4.2 million GF the second year in the Virginia Department of Health Department for the development of an electronic health records (EHR) system. This action delays development by one year to allow more time for the agency to complete its assessment of its business processes and for the completion of a cost analysis to determine if it would be more cost effective to purchase the system off an existing state contract. In a separate action, the Secretary of Health and Human Resources is directed to conduct a cost analysis for the department's EHR system

– *[This action was vetoed by the Governor]* ***Change the Long-Acting Reversible Contraception Pilot Program from a Reimbursement Model to One that Distributes the Devices.*** Includes language that eliminates the current Long Acting Reversible Contraception (LARC) pilot program and requires the department to end its current contracts by June 30, 2019. The remaining funding (from the Temporary Assistance to Needy Families Block Grant) shall be used by the department to purchase the LARC devices and provide them to health care providers. The language permits the department to be a wholesale distributor of LARCs. The department is required to report quarterly on the number of devises purchased and distributed.

– ***Report on Number of Abortions Approved for Payment Each Month Due to Fetal Abnormalities.*** Requires a monthly report, submitted within 30 days after each month ends, on the number of abortions approved and paid for with state funding pursuant to state law that allows abortions in cases of gross fetal abnormality for individuals that are otherwise eligible for Medicaid.

- **Department of Health Professions**

– ***Increase NGF Appropriation to Cover Additional Costs for Previously Authorized Positions.*** The adopted budget provides $531,715 NGF the second year to support the costs of five positions authorized in the 2018 Session to address increases in workload. No appropriation for these positions was provided in the current budget. The source of the nongeneral funds is generated from fees charged to regulated health professionals.

– ***Increase NGF Appropriation for Additional Leased Space.*** Provides $144,000 NGF in FY 2020 to acquire additional space in the agency for the accounting unit and the Criminal Background Check unit. New positions were added to the agency during the 2018 Special Session I to handle growth in the agency including increases in required criminal background checks on Registered Nurses, Licensed Practical Nurses and Massage Therapist applicants.

– ***Report on Efforts to Promote Drug Disposal Awareness.*** Directs the Board of Pharmacy to report to the Joint Commission on Health Care by October 1, 2019, on state and local efforts to promote proper drug disposal methods, including existing community-based collection and disposal efforts.

- **Department of Medical Assistance Services**

Forecast Changes

– ***Medicaid Utilization and Inflation.*** Provides an additional $202.2 million GF and $270.3 million NGF in FY 2019 and $221.4 million GF and $1.7 billion NGF in FY 2020 to fund expected increases in enrollment and medical costs for the current Medicaid program (exclusive of Medicaid expansion). Medicaid spending is expected to increase by 6.2 percent and 2.6 percent, respectively, in FY 2019 and FY 2020, compared to growth rates of 2.5 percent in FY 2019 and 3.4 percent in FY 2020 assumed in last year's forecast. Spending growth in the program is largely due to managed care rate increases, increased hospital claims, enrollment growth of children, and one-time payments for federal payment deferrals and disallowances, the largest of which is for Piedmont Geriatric and Catawba hospitals.

Managed care rates for the CCC Plus and Medallion 4.0 programs are projected to increase in the Commonwealth Coordinated Care Plus (CCC Plus) managed care program and the new Medallion 4.0 program at rates higher than projected in last year's forecast. The CCC Plus rates will increase by 5.4 percent in calendar (CY) 2019 and 4.8 percent in CY 2020 compared to the 2017 forecast of 2.4 percent and 3.5 percent respectively. The Medallion 4.0 rates will increase by 4.1 percent in FY 2020, compared to last year's forecast of 3.8 percent.

Managed care rate increases are largely driven by unrealized savings assumed in last year's forecast from the migration of individuals in Medicaid's fee-for-service program into the new Medicaid managed care programs (roughly, $82.0 million in savings was assumed in the 2017 forecast). In addition, rates for the CCC Plus program are increasing due to projected (i) enrollment growth and complexity of care for the CCC Plus recipients and (ii) higher than expected inflationary adjustments for hospitals and nursing homes than assumed in the prior forecast. In addition, rates for both managed care programs reflect additional costs for rebasing hospital rates in FY 2020 as required by regulation, which were not included in the 2017 forecast.

Funding for the Medicaid forecast also reflects an adjustment for the suspension of the tax on health insurers for calendar year 2019. The adopted budget reduces the Medicaid forecast by $38.9 million GF and a like amount of federal Medicaid matching funds in the second year to reflect the impact of the federal suspension of a tax on health insurers for calendar year 2019. The continuing resolution (H.R. 195) passed by Congress in January 2018 suspended the tax. The tax on health insurers was created in the Affordable Care Act and the net impact is that the cost of the tax is passed-through to Medicaid managed care companies, which is the reason the tax impacts the state budget. The introduced budget had inadvertently included this funding in Medicaid forecast.

– ***Adjust Appropriation for the Virginia Health Care Fund***. Reduces the general fund appropriation by $38.9 million and adds a like amount of nongeneral funds in FY 2019, while adding $1.7 million GF and decreasing a like amount of nongeneral funds in FY 2020 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 comprised of 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:

- A cash balance in the fund of $30.2 million at the end of FY 2018;
- A one-time transfer of $16.5 million from Medicaid revenue maximization strategies which had not been properly accounted for in the prior year;
- An increase of $10.7 million in FY 2019 and $10.1 million in FY 2020 in revenue from the tobacco Master Settlement Agreement due to the receipt of funds from nonparticipating manufacturers;
- An increase of $10.1 million in FY 2019 and $17.9 million in FY 2020 in expected pharmacy rebates;
- A decrease of $9.3 million each year from projected reductions in tax collections from cigarettes; and,
- A decrease of $9.3 million each year in Medicaid recoveries.

– ***Family Access to Medical Insurance Security (FAMIS) Utilization and Inflation.*** Adds $1.3 million GF and $12.5 million NGF in FY 2019 and $1.3 million GF and $7.4 million NGF in FY 2020 to reflect the forecast of expenditures in the FAMIS program. The increase in the program costs is due to managed care rate increases. The nongeneral fund amounts reflect the changes to the federal match rate based on the federal reauthorization of the Children's Health Insurance Program. The Affordable Care Act temporarily increased the federal match rate for the program from 65 percent to 88 percent from October 1, 2015 to October 1, 2019. Federal changes to Children's Health Insurance program provide a one-year transition rate of 76.5 percent from October 1, 2019 through September 30, 2020 after which rate declines to 65 percent. Therefore, in FY 2020, the federal match rate decreases to 76.5 percent for three-quarters of the state fiscal year. 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 $3.0 million GF and $27.8 million NGF in FY 2019 and $7.2 million GF and $34.6 million NGF in FY 2020 to reflect the forecast of expenditures in the Medicaid CHIP program. The growth is due managed care rate increases and a slight increase in number of children enrolled in the program. The nongeneral fund changes reflect the transition to a lower federal match rate, similar to the FAMIS program. The Medicaid CHIP program provides services for

Medicaid-eligible low-income children, ages 6–18, living in families with incomes between 100 and 133 percent of the federal poverty level.

Policy Changes

- ***Fund Administrative Costs of Implementing Medicaid Expansion Waiver.*** Provides $1.7 million from the provider coverage assessment and $1.7 million from federal Medicaid funds the first year and $10.2 million from the provider coverage assessment and $14.2 million from federal Medicaid funds the second year to cover the estimated cost of administering the Section 1115 Medicaid Waiver, which was a condition of authorizing expansion of Medicaid eligibility by the 2018 General Assembly. Companion language in Part 3 authorizes the use of a provider coverage assessment to fund the expanded Medicaid coverage for newly eligible individuals with incomes up to 138 percent of the federal poverty level pursuant to the Affordable Care Act. Language also provides for the provider assessment to pay for administrative costs associated with that coverage.

- ***Provide GF for Piedmont Geriatric and Catawba Hospitals Due to Federal Reductions.*** The adopted budget includes almost $19.0 million GF the first year to cover anticipated federal Medicaid funding reductions (deferrals) for payments to Piedmont Geriatric and Catawba hospitals. The federal government has begun to withhold federal Medicaid payments due to a dispute over the federal certification of the facilities for purposes of meeting Medicaid conditions of participation stemming from a federal audit report in 2014. The agency cannot appeal these payment deferrals until the federal government formally issues a payment disallowance letter. Currently, the agency is appealing a federal disallowance of $57.9 million for payments to these hospitals for the period of 2006-2010 from the federal audit. A companion amendment in the Department of Accounts provides language allowing for the use of the revenue reserve fund to address any deferrals, disallowances and repayments required by the federal government for challenged expenditures made prior to June 30, 2018.

  In addition, the introduced budget proposes eliminating $14.5 million GF and $14.5 million NGF in federal matching Medicaid funds for Piedmont Geriatric and Catawba hospitals in FY 2020. A companion amendment in the Department of Behavioral Health and Developmental Services provides the general fund amounts needed to continue providing inpatient geropsychiatric services at these two hospitals.

- ***Increase Certain Physician Rates to 70 Percent of Medicare Rates.*** Provides $4.1 million from the general fund, $492,731 from the Health Care Coverage Assessment Fund and $9.1 million from federal Medicaid matching funds in the second year to increase Medicaid reimbursement to 70 percent of the equivalent

Medicare rates to primary care physicians and emergency room doctors who are currently reimbursed less than 70 percent of Medicare rates.

– ***Increase Medicaid Rates for Mental Health Professionals.*** The adopted budget adds $2.6 million from the general fund, $154,075 from the Health Care Coverage Assessment Fund and $4.3 million from federal Medicaid matching funds to increase the Medicaid rates for mental health practitioners who bill for psychiatric services. The rates will be increased the 100 percent of the 2018 Medicare rates, which is about a 21 percent increase.

– ***Increase Reimbursement for Critical Access Hospitals.*** Includes $1.6 million GF, $120,919 from the Health Care Coverage Assessment Fund and $2.9 million NGF from federal Medicaid matching funds to increase Medicaid reimbursement to the seven Critical Access Hospitals in the Commonwealth to 100 percent of the rate Medicare pays for inpatient, outpatient, and capital costs. This action modifies reimbursement policies to reduce financial vulnerability of these hospitals and improve access to healthcare by keeping essential services in rural communities.

– ***Fund Payment Changes to Medicaid Payments for Nursing Home Residents Choosing Hospice Care.*** The adopted budget adds $447,220 GF and $447,220 NGF from federal matching Medicaid funds in FY 2020 to increase payments for hospice care provided to nursing home residents who are dually eligible for Medicare and Medicaid and who choose hospice care. The federal Centers for Medicare and Medicaid requires the Medicaid program to pay hospice providers a minimum payment of 95 percent of the cost of nursing home room and board. Hospice providers who choose to serve dually eligible nursing home residents contract with nursing homes to reimburse them for 100 percent of the room and board costs. This results additional costs for hospice providers who only receive 95 percent of this cost from the Medicaid program. The adopted budget adds language to authorize Medicaid payment of 100 percent of the nursing facility "room and board" rate to hospice providers in the Medicaid fee-for-services program. In addition, the language authorizes payments for Medicaid managed care organizations to provide nursing homes the full cost of room and board for dually eligible nursing home residents in the CCC Plus managed care plan who choose to receive hospice care in the facility.

– ***Increase Rates for Telehealth Site Facilities.*** Adds $23,215 GF and $27,529 in federal Medicaid matching funds to increase the Medicaid rate for the telehealth originating sites facility fee to match the rate paid for by Medicare. The rate will be linked to future increases in the Medicare rate. Federally Qualified Health Centers and Rural Health Centers are exempt from this rate change, because their rates are higher than Medicare.

Administrative Funding

- ***Backfill Declining Federal Match for Children's Health Insurance Program (CHIP) Administration.*** Provides an additional $1.7 million GF to backfill the loss of $1.7 million in federal matching CHIP funds in FY 2020 due to matching rate changes. Federal changes to CHIP provide a one-year transition rate of 76.5 percent from October 1, 2019 through September 30, 2020 after which rate declines to 65 percent. Therefore, in FY 2020, the federal match rate decreases to 76.5 percent for three-quarters of the state fiscal year.

- ***Provide Additional Funding for Enrollment Broker Contract.*** Provides $500,000 GF the second year and a like amount of matching federal Medicaid dollars to fund the increased costs of complying with new federal regulations that require robust choice counseling be available to all Medicaid beneficiaries enrolling in a Medicaid managed care plan. The current enrollment broker will need to make more active counseling and face-to-face choice counseling available.

- ***Add Administrative Support for Federal Compliance Activities.*** Provides $225,000 GF the first year and $175,000 GF the second year for additional administrative support for federal reporting, cost allocation, and management of Advanced Planning Documents (APDs). Funds in the first year will support a contractor to improve compliance with federal requirements. In FY 2020, funds will support the addition of four positions in the cost allocation, federal reporting, APD and internal audit units to handle these activities.

- ***Provide Medicaid Funding to Support the All Payer Claims Database.*** Provides $87,500 GF and $262,500 from federal Medicaid matching funds to support the All Payer Claims Database (APCD). Chapters 673 and 672 make participation in the APCD mandatory. This funding allows the department to access enhanced federal funding to support its use of the APCD.

- ***Review of Pharmacy Benefit Models.*** Provides $125,000 GF and the equivalent amount of federal Medicaid matching funds the second year for the department's contracted actuary to determine the best pharmacy benefit delivery model for the Medicaid and Children's Health Insurance Programs in terms of cost effectiveness and other considerations. The department will report findings from the review of pharmacy benefit models in the Medicaid and Children's Health Insurance Programs to the Chairmen of House Appropriations and Senate Finance Committees by December 1, 2019. The language requires the contracted actuary to determine potential cost savings. The department will be able to make programmatic changes to align the payments for prescribed drugs and dispensing fees with the most beneficial financial solution for the Commonwealth, if necessary, with the approval of the 2020 General Assembly. That approval will also authorize the agency to contract with a Virginia university for administration of a common formulary across its programs for the pharmacy benefit.

Spending Reductions

- ***Reduce Funding for Facilitation of Personal Care Attendant Payments to Reflect Transfer to Managed Care Plans.*** Reduces $3.7 million GF the first year and $7.1 million GF the second year and a like amount of federal Medicaid funds each year by lowering contract costs to facilitate personal care attendant payments since most of these payments will now be handled by Medicaid managed care plans in the CCC Plus program. The cost to provide these services is included in the capitated payments made to the managed care organizations.

- ***Reduce Medicaid Forecast to Account for CCC Plus Savings from Case Mix Adjustments.*** The adopted budget reduces the Medicaid forecast by $3.9 million GF the second year and a like amount of federal Medicaid funds to reflect savings in the CCC Plus managed care program from the expected case mix of nursing home and community-based long-term care recipients served in managed care.

- ***Adjust Administrative Appropriation for Medicaid Expansion to Reflect Updated Costs and Provider Assessment Fund Source.*** The adopted budget reduces $14.8 million GF the first year and $17.4 million GF the second year and $6.8 million NGF the second year in matching federal Medicaid funds to reflect the most recent estimates of these costs related to Medicaid expansion and to correctly reflect the fund source for these costs. Language contained in Part 3 of the budget allows administrative costs for expansion to be funded through the provider coverage assessment. In addition, $497,458 NGF is added the first year to more accurately reflect current estimates of federal Medicaid matching funds. Finally, 14 positions are added to address the increased administrative workload related to Medicaid expansion.

Language

- ***Modify Language on Hospital Provider Assessments for State Share of ACA Medicaid Coverage Expansion.*** The adopted budget modifies language contained in Part 3 of the budget related to the hospital provider 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. Language updates the estimated cost of Medicaid expansion to $86.1 million in FY 2019 and $293.2 million FY 2020. It also clarifies that the hospital provider coverage assessment shall include the costs of administering the provisions of the Section 1115 waiver. The remaining changes are largely technical in nature to: (i) authorize the agency to update the assessment amount on a quarterly basis to ensure amounts are sufficient to cover the full cost of expanded Medicaid coverage based on the latest estimate and notify hospitals no less than 30 days prior to a change in their coverage assessment, (ii) clarify provisions related to updating the full cost of expanded Medicaid coverage to include updates within 30 days of the enactment of the budget and on March 1 of any year in which the agency estimates that the most recent calculation of the non-federal share of expanded Medicaid coverage will be insufficient to pay all expenses of the full cost of coverage; (iii) clarify that estimates of the non-federal share of the cost of Medicaid expansion are not meant to limit collections or override provisions related to the periodic updates of the full cost of coverage, and (iv) specify the dates of the quarterly payments to be July 1, October 1, January 1 and April 1 of each state fiscal year. Language requires that penalties for failure to make coverage assessment payments within 30 days of the due date shall be deposited into the Virginia Health Care Fund.

Language requires DMAS to report by September 1 of each year on the most recent completed fiscal year on (i) revenue collected from the coverage assessment, (ii) allowable expenditures, including a complete and itemized listing of all administrative costs, and (iii) the year-end balance of the Health Care Coverage Assessment Fund. Further, language requires the Hospital Payment Policy Advisory Council to meet on the implementation and provisions of the provider coverage and payment rate assessments to consider the level of detail and format necessary to development the report to the Joint Subcommittee for Health and Human Resources Oversight. The language requires the Joint Subcommittee to approve the final format and detailed information to be submitted.

– ***Modify Language on Hospital Provider Assessments for Enhancement of Medicaid Rates for Private Acute Care Hospitals.*** The adopted budget modifies language in Part 3 of the budget related to the hospital provider payment rate assessment intended to increase Medicaid rates service rates to the federal upper payment limit and close the managed care organization hospital payment gap for both inpatient and outpatient services. The payment rate assessment applies to the same group of hospitals as the coverage assessment and technical changes related to updating the rates quarterly, providing notification to hospitals, the dates of quarterly hospital payments and depositing penalty payments into the Virginia Health Care Fund mirror those changes for the hospital coverage assessment to ensure the assessments are administered in a similar manner. Language modifies the payment rate assessment percentage from 1.00 to 1.08 times the non-federal share of funding the private acute care hospitals enhanced payments divided by the total net patient service revenue for each hospital subject to the assessment. This change also reflects the calculation for the hospital coverage assessment. Language requires DMAS to report by September 1 of each year on the most recent completed fiscal year on (i) revenue collected from the payment rate assessment, (ii) allowable expenditures, and (iii) the year-end balance of the Health Care Provider Payment Rate Assessment Fund.

– ***Modify Language on Forecasting and Expenditure Reporting Requirements.*** The adopted budget modifies existing language related to Medicaid forecasting and expenditure reporting requirements. This language requires the agency to convene quarterly meetings to explain any material differences in expenditures compared to the official Medicaid forecast and will include the Secretaries of Finance and Health and Human Resources, or their designees, and staff from the Department of Planning and Budget, the House Appropriations and Senate Finance Committees, and the Joint Legislative Audit and Review Commission. Language further directs the agency to provide options to bring expenditures in line with available resources if necessary. In addition, at each quarterly meeting the department will provide updates to the managed care programs and include any fiscal impact such changes will have on the Medicaid program. More specifically, the department will report on the new managed care Discrete Incentive Transition Program that includes how many individuals transition from nursing facilities, the costs, and outcomes.

– ***Modify Payment Methodology for Capital Rates of New and Renovated Nursing Homes.*** Adds language to modify the payment methodology for capital rates for new and renovated nursing homes to reflect prospective fair rental value rates and fully describe the methodology applied to determining rates for these facilities.

– ***Modify Language for the Graduate Medical Residency Program.*** Modifies language specifying the hospitals that have been awarded graduate medical residency slots in FY 2018 and adds language specifying for those who will be awarded slots in FY 2020 with existing funding provided in Chapter 2. In addition, the introduced budget adds language authorizing the use of supplemental funding for a one-year fellowship in Addiction Medicine at the University of Virginia Health System and Virginia Commonwealth University Health System.

– ***Modify Implementation Date for Electronic Visit Verification of Attendant Services.*** Modifies the deadline for the agency to begin utilizing an Electronic Visit Verification system for use by consumer-directed aides who provide personal care services to Medicaid recipients from January 1, 2019 to October 1, 2019. This change will allow the agency to meet the federally required deadline of January 1, 2020.

– ***Develop Continuum for Realignment of Medicaid Behavioral Health Services.*** Adds language authorizing the realignment of behavioral health services to ensure the system supports evidence-based, trauma-informed, prevention-focused and cost-effective services for individuals served across the lifespan. Language requires a plan on the changes in provider rates, new services and other programmatic or cost changes to the Chairmen of House Appropriations and Senate Finance Committees by December 1, 2019. Authority for the department to implement the changes is contingent on approval of the 2020 General Assembly and the federal Centers for Medicare and Medicaid Services.

– ***Pursue Alternative Reimbursement Models for Closed Hospital in Southwest Virginia.*** Directs the department to pursue all reimbursement models, including cost-based, to allow a private hospital in Southwest Virginia (that closed within the last five years) to help recoup startup costs and minimize operating losses in order to reopen.

– ***Recognize Certain Staff Competency Requirements for Waiver Providers.*** Directs the Department of Medical Assistance Services and the Department of Behavioral Health and Developmental Services to recognize certain certifications in lieu of competency requirements for supported employment staff in the three Medicaid developmental disability waiver programs. It allows certain providers that hold national accreditation for services they provide in the developmental disability waivers to be deemed qualified to meet employment staff competency requirements.

– ***Modify Methodology for Disproportionate Share Hospital Payments to Increase Private Hospital Temporary Detention Order Utilization.*** Includes language directing the department to develop a new methodology for the allocation of Disproportionate Share Hospital (DSH) payments to increase reimbursement to hospitals that are serving more individuals who are subject to temporary detention orders and likewise to reduce reimbursement to hospitals whose utilization of such TDO services declines. The methodology change will likely assist in reducing census pressure on the state mental health hospitals.

– ***Limit Prior Year Carryforward of Funds in the Medical Program of Medicaid.*** Adds language that reverts any general fund year-end balance in the medical portion of the Medicaid program each year. The appropriation for the Medicaid program is based on an annual forecast, which adjusts the appropriation as needed as part of the normal budget process and any remaining balance in the program will revert at the end of the fiscal year.

– ***Requires Notice and Training of Managed Care Changes for Personal Care Providers.*** Directs the department to require the Medicaid managed care organizations to provide written notification and training to agency-directed personal care providers at least 60 days prior to the implementation of all changes to Quality Management Review and prior authorization policies and processes.

– ***Establish a Fiscal Impact Review Process for Medicaid Program Changes.*** Establishes a formal fiscal impact review process for changes to the Medicaid program to include the potential fiscal impact on Medicaid managed care capitation rates resulting from contract changes, and clarifies that any proposed change that may result in a general fund impact, which has not been funded, will be delayed until the General Assembly specifically authorizes such action.

– ***Improve Medicaid Eligibility Screening Services.*** Allows the Department of Medical Assistance Services, in collaboration with the Department of Social Services, to consider and review proofs of concept with vendors for a pilot program to improve screening services for income and assets as part of the Medicaid eligibility determination process for both initial applications and renewals. The Department of Medical Assistance Services will notify the Chairmen of the House Appropriations and Senate Finance Committees of any viable proposals.

– ***Revert FY 2018 Carryforward Balances.*** Reverts $4.6 million GF, representing a portion of the carryforward balance from fiscal year 2018 in the department's administrative budget that was approved by the Governor for fiscal year 2019. The agency's administrative program had a remaining balance at the end of fiscal year 2018 of $12.8 million general fund and the Governor reappropriated $7.8 million of that balance in fiscal year 2019.

– ***Require Regular Reporting of Renewal Data to Managed Care Organizations.*** Includes language requiring the Department of Medical Assistance Services, in collaboration with the Department of Social Services, to submit renewal data for managed care plan members in Medicaid and FAMIS to the managed care plans. This change will assist the managed care organizations in reducing the number of enrollees who have coverage lapse during the year due to disenrollment that occurs as part of the annual eligibility renewal process in Medicaid or FAMIS.

– ***Report on Agency Organization Changes.*** Requires the department to annually report on the agency's organization and operations and any changes that occurred during the year. The agency will make this report available on its website by August 15 of each year.

– ***Provide Notice of Federal Deferrals and Disallowances.*** Requires the Department of Medical Assistance Services to notify the Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance Committees of any federal deferral of grant funds, release of a deferral, or disallowance of federal funds within 15 days.

– ***Report on Use of Emergency Rooms for Adult Dental Issues in Medicaid.*** Directs the department to report data on the use of hospital emergency rooms for dental-related issues by Medicaid beneficiaries. Language requires the report to be submitted to the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2019.

– ***Report on Medicaid Pharmacy Claims by Managed Care Organizations.*** Modifies language that directs the department o include language in all its managed care contracts requiring quarterly reports on details related to pharmacy claims. This removes the time limit on the quarterly reporting of data through June 30, 2019. It also adds language to require an annual report using aggregated data to the Chairmen of the House Appropriations and Senate Finance Committees by October 1 of each year.

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

Community Behavioral Health and Substance Use Disorder Treatment Services

– ***Provides Funds to Accelerate STEP-VA Crisis Services.*** Provides $7.8 million GF the second year to increase funding to community services boards (CSBs) to accelerate the implementation of crisis services through STEP-VA. Chapters 607 and 683 of the 2017 Acts of Assembly require the implementation of crisis services to begin in fiscal year 2021.

– ***Add Discharge Assistance Planning Funds to Transition Individuals Ready for Discharge from State Mental Health Facilities.*** The adopted budget adds $5.2 million GF the second year to fund discharge assistance planning for individuals ready for discharge from state mental health hospitals. This funding would support 100 individuals to help them transition to community settings.

– ***Expand Permanent Supportive Housing for the Mentally Ill.*** The adopted budget includes $5.0 million GF the second year to expand permanent supportive housing for up to 380 individuals with serious mental illness and substance use disorders. This funding will increase the total funding for this program to $17.1 million GF annually. In addition, language directs the department to report on the average length of stay in permanent supportive housing for individuals receiving such services and report on how the funding is reinvested when individuals discontinue receiving such services. The report will be provided to the Chairmen of the House Appropriations and Senate Finance Committee by November 30, 2019.

– ***Fund Additional Opiate Overdose Reversal Kits.*** Provides $1.6 million GF the second year for the purchase and distribution of additional REVIVE! Kits and Narcan Nasal Spray, which are used to revive individuals who have overdosed on opiates. Each kit includes equipment to conduct two opiate overdose reversals.

- ***Provide Funds for the Virginia Mental Health Access Program.*** The adopted budget includes $1.2 million GF the second year to fund the Virginia Mental Health Access Program, which is a partnership between the Virginia Department of Health, the Virginia Chapter of the American Academy of Pediatrics and other providers to improve access for children with behavioral and mental health needs. The funding is intended to continue the program beyond the federal grant that has been supporting the program.

- ***Add Funds for the Fairfax-Falls Church Community Services Board Program for Assertive Community Treatment.*** Earmarks $200,000 from the general fund the second year to fully fund the Program for Assertive Community Treatment (PACT) Team at the Fairfax-Falls Church Community Services Board (CSB). This additional funding will allow the CSB to serve more individuals in need of PACT services.

- ***Add Funding to Account for New Federal Grant Funds.*** Provides $18.0 million NGF the first year and $23.0 million NGF the second year to adjust the agency's appropriation for various federal grants. Projected spending of several federal grants is expected to exceed the current appropriation. In addition, a $15.8 million State Targeted Response to the Opioid Crisis grant award is expected each year, which requires additional appropriation for the agency to expend the funding.

Facility Mental Health Services

- ***Transition Funding for Piedmont Geriatric and Catawba Hospitals from Medicaid to General Fund***. Adds $27.3 million GF and a reduction of $27.3 million NGF in the second year to modify the funding for these two hospitals from Medicaid to the general fund. Traditionally, these two hospitals, which provide geriatric care, have been funded in large part from Medicaid. However, a U.S. Health and Human Services Inspector General report in 2014 determined that these two hospitals are not eligible for Medicaid funding. The Commonwealth continues to appeal the issue, but the Centers for Medicare and Medicaid Services issued a Medicaid disallowance in June 2018 for these two hospitals. This action supplants the federal Medicaid funds with state general fund for the continued operation of the hospitals. There is a companion amendment in the Department of Medical Assistance Services that reduces by $14.5 million GF the state share of the Medicaid costs for these two facilities, resulting in a net fiscal impact of $12.8 million to the Commonwealth in the second year.

- ***Add Direct Care Staff and Psychiatrists at State Mental Health Hospitals.*** The adopted budget adds $7.2 million GF the second year to fund 254 direct care positions (direct service associates, registered nurses, licensed practical nurses and psychiatrists) at state mental health hospitals. Additional staff is intended to handle the increase in admissions and patients in need of direct supervision. A change in state law in 2014, that made the state hospitals the facility "of last resort," has resulted in much higher admissions of individuals subject to temporary detention orders at all state hospitals as private hospitals have reduced their share of these admissions.

– ***Fund Transition Services at the Commonwealth Center for Children and Adolescents.*** Provides $850,000 GF the second year to fund a contract for six beds at alternative settings, such as group homes, for children who do not require hospital level of care but are at high-risk and still require services. This hospital is the only state children's facility with 48 beds. Census pressures have resulted in children being held in emergency rooms until beds become available at the center.

– ***Transfer Funds from Hiram Davis Medical Center to Central State Hospital for Pharmacy Costs.*** Transfers $2.0 million GF the second year from Hiram Davis Medical Center (HDMC) to Central State Hospital (CSH) to appropriately reflect the pharmacy expenditures within the budget for CSH. The two facilities are on the same campus and HDMC has traditionally paid for the prescription drugs of patients at CSH. This action aligns the pharmacy costs to the appropriate facility. There is a companion transfer amendment in the budget for intellectual disability facilities for HDMC.

Intellectual and Developmental Disabilities Services

– ***Provide Appropriation from Behavioral Health and Developmental Services (BHDS) Trust Fund.*** Appropriates $2.5 million the second year from the BHDS Trust Fund to continue promoting integration of individuals with developmental disabilities in the community. Funding of $1.25 million will be used for a new six-bed REACH crisis home for adults near I-81 and I-64 to replace one currently in Charlottesville, which will be converted into a six-bed children's Crisis Therapeutic Home (CTH). In addition, $500,000 will be used to fund the start-up costs of this new children's CTH in Charlottesville. Language designates the remaining $750,000 the second year from the Behavioral Health and Developmental Services Trust Fund for one-time expenditures for developmental disability services, with priority given to projects that serve individuals with developmental disability in the Northern Virginia region (Region 2) who have been discharged from state training centers or who are at risk of institutional placement. The department will report on the allocation of the $750,000 in funding to the Chairmen of the House Appropriations and Senate Finance Committees by no later than September 15, 2019.

– ***Provide Funding for New Service Needs Assessments for Individuals Needing Developmental Disability Waiver Services.*** Provides $81,279 GF and $243,836

NGF the second year to fund the new assessments for the 1,067 new Medicaid waiver slots in FY 2020. The Supports Intensity Scale (SIS) is the assessment tool used to determine the service needs of individuals in the Medicaid developmental disability waivers. This funding covers the costs of the new assessments that will be administered for the new waiver slots being created. In the FY 2019, the agency is using carryforward balances from FY 2018 to fund the assessments for new slots in FY 2019.

Other Spending Initiatives

- ***Adjust Federal Appropriation to Fund the Waiver Management System.*** The adopted budget increases by $907,776 NGF each year to fund the operation of the Waiver Management System (WaMS). The WaMS system preforms prior authorization, and enrollment and wait-list management of the Medicaid developmental disability waivers in one system. The system is supported by federal Medicaid funds reimbursed at a 75 percent match rate. This action adjusts the appropriation to match the federal funding needed to operate the system.

- ***Fund Increasing Caseload for Part C Early Intervention Services.*** The adopted budget provides $459,258 million GF the first year and $661,288 GF the second year to cover the costs of the increasing caseload for the program. The program has been growing on average by 5.9 percent a year over the past three 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.

- ***Provide Funds to Compensate Victims of Eugenical Sterilization.*** Provides $75,000 GF the second year to compensate victims that are still living and qualify for payment. The 2016 Appropriation Act had appropriated funding to compensate victims that were sterilized pursuant to the Virginia Eugenical Sterilization Act and were living as of February 1, 2015. Valid claims are paid $25,000 and it is unpredictable as to when claims will be submitted. This funding allows up to three claims to be paid in a year so that victims will not have to wait until the funding is appropriated.

- ***Fund One Juvenile Competency Restoration Counselor in the City of Richmond.*** Provides $74,250 GF and one position the second year to reduce the waiting list in the Richmond area for court-ordered competency restoration services. There is currently about a four-week waiting list in the Richmond area for these services.

- ***Realign Administrative Funding Within the Central Office.*** Transfers $352,434 internally between programs that support the central office to the licensing division. Previously administrative funding provided for new licensing positions due to the U.S. Department of Justice Settlement Agreement were budgeted in the main administrative program of the agency. This action, which nets to zero, moves the funding to the appropriate program in the licensing division.

Language

- ***Monitor Impact of Medicaid Expansion on Community Services Boards Revenue.*** Includes language to require the department, along with the Department of Medical Assistance Services, to monitor the fiscal impact on a monthly basis to Community Services Boards (CSBs) from the expansion of Medicaid pursuant to the Affordable Care Act. Chapter 2 includes a reduction in state support for CSBs of $11.1 million GF the first year and $25.0 million GF the second year to reflect the impact of current uninsured clients qualifying for Medicaid pursuant to federal Affordable Care Act eligibility expansion. This language will also allow the department to provide up to $7.0 million from agency special funds to CSBs to offset a shortfall in Medicaid revenue, if such revenue collected for the year is less than 90 percent of the GF reduction for the CSB. Language also directs the department to submit a letter to the Secretary of Health and Human Resources by May 15, 2019, and each fiscal quarter thereafter, which provides detailed reports with the information necessary to monitor the fiscal impact on CSBs. Language also directs the Department of Medical Assistance Services to require the Medicaid managed care organizations to report data monthly in order to determine the revenue impacts on CSBs in a timely manner.

- ***Eliminate Cap on the Carryforward Amount of Unexpended Special Fund Balances in the First Year.*** Eliminates the cap on the amount that can be carried forward ($25.0 million) from FY 2019 to FY 2020 of unexpended special fund balances. This is intended to provide greater flexibility in the biennium to address the demands on the agency's special fund to plan for the new Central State Hospital, implement a new electronic health records system, and other initiatives where costs may fluctuate during the two-year period.

- ***Develop Continuum for Realignment of Medicaid Behavioral Health Services.*** Adds language authorizing the promulgation of licensing regulations by the department, upon approval of the 2020 General Assembly, to support the realignment of behavioral health services to ensure the licensing system supports evidence-based, trauma-informed, prevention-focused and cost-effective services for individuals served across the lifespan. These actions will support those being undertaken to realign behavioral health services funded through the Virginia Medicaid program.

- ***Prohibit Use of Developmental Disability Waiver Individualized Supports Budgets.*** Adds language prohibiting the Departments of Behavioral Health and Developmental Services and Medical Assistance Services from implementing an individualized supports budget process for the three Medicaid waivers related to providing developmental disability (DD) services without explicit authorization from the General Assembly.

– ***Report on Programs of Assertive Community Treatment.*** Adds language directing the department to report on the funding and cost effectiveness of Programs of Assertive Community Treatment by November 1, 2019.

– ***Establish Workgroup and Plan for Relieving Census Pressure and Right Sizing the State Behavioral Health Hospital System.*** Directs the department to establish a workgroup, which includes the Virginia Hospital and Healthcare Association and other stakeholders, to examine the impact of Temporary Detention Order admissions on the state behavioral health hospitals and develop options and an action plan to relieve census pressure. The action plan will take into account the need to take short-term actions to relieve the census pressure on state behavioral health hospitals in order to develop a plan for the right sizing of the system. In addition, the amendment directs the department to develop a proposal for Central State Hospital that fits within a "right sized" system.

– ***Allow Future Priority for Falls Church Residents for the Miller House.*** Directs the department to work with the Fairfax-Falls Church Community Services Board and the provider of the Miller House, a group home provider, to give priority to residents of Falls Church, that have received a developmental disability waiver slot, when openings in the group home become available in the future. In addition, the department is directed to work with the community services board and the City of Falls Church to explore options for allocating Falls Church residents a waiver slot when future openings are available in the Miller House.

– ***Lease 25 Acres of Land at Eastern State Hospital to Hope Village.*** Directs the department to lease 25 acres of land at Eastern State Hospital to the Hope Family Village Corporation for one dollar to develop a village of residences and common areas to create a culture of self-care and neighborly support for families and their loved ones impacted by serious mental illness.

– ***Review of Public-Private Partnerships for CVTC and Crisis System.*** Directs the department to update the Special Joint Subcommittee to Consult on the Plan to Close State Training Centers no later than June 30, 2019 on Public-Private Partnerships for Central Virginia Training Center, including any proposals received under the Public-Private Education Facilities and Infrastructure Act to the Joint Subcommittee. Language directs the department to provide data to the Joint Subcommittee regarding all remaining residents of the Central Virginia Training Center that provides insight into the needs of those individuals that remain. It further directs the agency to provide information regarding the entire

Developmental Disability crisis system in the Commonwealth in order for the Joint Subcommittee to evaluate the sufficiency of the overall crisis system for individuals with developmental disabilities.

- *Establish a Regional Mental Health Coordination Workgroup in Northern Virginia.* Directs the department to assist in recreating a public and private collaborative process in Northern Virginia that previously existed to better and more comprehensively address needs within the region, share responsibility for meeting those needs, and strive to meet the needs of individuals with mental illness in cost effective ways. The department is required to report on the workgroup by November 30, 2019.

- *Direct Carryforward of Funds for the Appalachian Telemental Health Initiative.* Adds language to ensure that unspent funds allocated for the Appalachian Telemental Health Initiative will not revert to the general fund at the end of the fiscal year and to carryforward the unspent funds into the next fiscal year for the same purpose.

- *Report on Agency Organization Changes.* Requires the department to annually report on the agency's organization and operations and any changes that occurred during the year. The agency will make this report available on its website by August 15 of each year.

- **Department for Aging and Rehabilitative Services**

  - *Reduce Appropriation and Positions to Reflect a Reduction in Vocational Rehabilitation Funding.* Reduces $8.7 million NGF the first year and $11.3 million NGF the second year along with 44 positions each year to reflect lower federal vocational rehabilitation grant funds. The state's federal vocational rehabilitation grant, which is lower than previously received due to a reliance on uncertain re-allotment funds unused by other states, has required the agency to reduce spending to align with the lower funding level. The agency has already implemented these reductions through administrative action. Adopted budget language requires annual reports on vocational rehabilitation grant spending and imposes a limit on re-allotment funds to only those costs that do not create an ongoing funding obligation.

  - *Add a Position for Adult Protective Services.* The adopted budget adds $100,000 GF and one position to support the training, policy and regulatory activities of the division. The agency has no current position dedicated to these functions. The new positon is intended to increase the division's oversight and training capabilities for the adult protective services function administered through local departments of social services.

- **Wilson Workforce and Rehabilitation Center**

  – ***Reduce Appropriation and Positions to Reflect a Reduction in Vocational Rehabilitation Funding.*** Reduces $1.9 million NGF the first year and $3.4 million NGF the second year along with 29 positions each year to reflect lower federal vocational rehabilitation grant funds. The state's federal vocational rehabilitation grant, which is lower than previously received due to a reliance on uncertain re-allotment funds unused by other states, has required the agency to reduce spending to align with the lower funding level. The agency has already implemented these reductions through administrative action.

  – ***Provide Funding for Purchase of a Vehicle.*** Provides $75,000 GF the second year for the purchase of a specialty vehicle at the Wilson Workforce and Rehabilitation Center.

  – ***Capture Balances in Employment Services Programs.*** Includes language to capture $376,000 in balances from the general fund in fiscal year 2019, which reflects projected balances in state employment services programs. This resource is reflected in additions to the general fund balance on the front page.

  – ***Designate Allocation Methodology for Extended Employment Services Funding.*** Requires funding allocations for the Extended Employment Services (EES) program be consistent with the Employment Service Organizations Steering Committee and that the funding appropriated for EES shall only be used for the program and not used for any other purpose.

  – ***Provide Flexibility in Funding Uses for Area Agencies on Aging.*** Modifies language to provide greater flexibility to local Area Agencies on Aging to move service dollars among service categories to serve the needs of clients in their service areas.

- **Department of Social Services**

  Spending Increases

  – ***Provide Funding to Implement the Provisions of the Medicaid Expansion Section 1115 Waiver.*** Provides $1.1 million from the provider coverage assessment and $9.5 million in federal Medicaid matching funds the second year to cover the estimated cost of administering the Section 1115 Medicaid Waiver, which was a condition of authorizing expansion of Medicaid eligibility by the 2018 General Assembly. Companion language in Part 3 authorizes the use of a provider coverage assessment to fund the expanded Medicaid coverage for newly eligible individuals with incomes up to 138 percent of the federal poverty level pursuant to the Affordable Care Act. Language clarifies that the provider assessment to pays for administrative costs associated with that coverage. The waiver includes community engagement, health and wellness personal responsibility provisions, and employment and housing supports that support the overall expansion of Virginia's Medicaid program pursuant to the Affordable Care Act. These funds will support the department's modifications of its system, primarily the Virginia Case Management System, to allow implementation of the requirements of the Medicaid waiver.

– ***Provide Funds for a Cost of Living Adjustment for Foster Care and Adoption Subsidy Payments.*** Provides $335,592 GF and $258,064 NGF the first year and $1.3 million GF and $1.0 million NGF the second year to adjust foster family home rates and adoption assistance maintenance by 3 percent. The 2018 Appropriation Act requires that these rates be increased in the year following a salary increase provided for state employees. In FY 2018, state employees received a 3 percent salary adjustment. Federal Title IV-E grant funds provide the nongeneral portion of the amount.

– ***Increase Federal Appropriation to Reflect Central Actions Related to Fringe Benefit and Overhead Cost Changes.*** Provides $3.0 million NGF the first year to cover the costs of changes in fringe benefit rates, health insurance premium changes and other overhead agency costs. The state share of these costs is budgeted in a central account and then distributed administratively to agencies during the year. This increase provides the appropriation to cover the federal share of these costs.

– ***Fund Improvements to the Foster Care System.*** Adds $1.6 million GF and $1.2 million in federal funds and 18 positions in the second year to fund the Joint Legislative Audit Review Commission recommendations for improving the foster care system pursuant to Chapter 446 of the 2019 Acts of Assembly (SB 1339). This funding: (i) establishes a Director of Foster Care Health and Safety; (ii) adds 10 additional regional foster care staff in the Department of Social Services; (iii) funds a regional project manager; (iv) provides funds for a compliance dashboard (data analyst for support) and complaint hotline; (v) funds a minimum caseload standard of 15 cases per worker; and (vi) adds five positions for monitoring foster care services.

– ***Fund Software Services for Mobile Devices to Determine Eligibility for Services.*** The adopted budget includes $1.2 million GF and $90,000 NGF each year to purchase software licenses for mobile devices through the Virginia Information Technology Agency. The funding will allow for the use of 2,500 devices at local departments of social services to replace desktop computer kiosks with tablets. Individuals seeking public assistance use these tablets to input information used to determine program eligibility. The licenses are for software to allow the tablets to communicate client information securely.

– *Fund 10 Positions for the Child Protective Services Hotline.* The adopted budget includes $1.0 million NGF and 10 positions the second year to create additional staff to support the 24-hour hotline, which serves all citizens and the local departments of social services. The funding is intended to address peak call times and reduce call-waiting times, which in recent months have averaged around seven minutes. The nongeneral fund source is from the federal Child Abuse Prevention and Treatment Act. The agency received an additional $1.5 million award in federal fiscal year 2018 from this grant, which can be used to fund these new positions.

– *Provides Funding for Family First Prevention Services Act Evidence-based Programs.* Adds $851,000 GF the second year for training and associated costs to start implementation of evidenced-based programs required by the new federal Family First Prevention Services Act. Funding will be used for training, consultation and certification costs to help agencies begin to implement evidence based programs in Virginia.

– *Fund Six Positions to Implement the Federal Family First Prevention Services Act.* Provides $332,538 GF the second year to fund six positions to implement a new federal law. Congress passed the Family First Prevention Services Act in February of 2018. This new law represents a significant change in federal policy over the child welfare system and for the first time allows states to use federal Title IV-E funds for prevention of foster care services. In addition, it requires greater justification for placing children in child care institutions, improvements in foster family home licensing standards, as well as other changes. The state must submit a plan prior to using any federal funds for foster care prevention services. These new positons will support the planning, implementation and monitoring requirements of the federal law.

– *Provide Funding for Legislation Requiring Security Freezes for Foster Care Youth.* The adopted budget adds $176,133 GF and $241,897 NGF the second year to support the fiscal impact of Chapters 676 and 677 of the 2019 Acts of Assembly (HB 1731/SB 1253), which requires local departments of social services to request the placement of a security freeze on the credit report or record of any child who has been in foster care for at least six months in order to prevent cases of identity theft and misuse of personal identifying information.

– *Fund Foster Care and Adoption Forecast.* The adopted budget proposes a net increase of $353,666 GF and a reduction of $313,619 NGF the first year and a reduction of $273,373 GF and $273,373 NGF the second year for forecast changes to the foster care and adoption programs. Title IV-E foster care expenditures are expected to decrease by $1.9 million GF and $1.9 million NGF the first year and $1.9 million GF and $1.9 NGF the second year. Title IV-E Adoption subsidies are projected to increase by $1.6 million GF the first year and $1.6 million NGF and $1.6 million GF and $1.6 million NGF the second year. State adoption subsidies are projected to increase by $667,285 GF the first year. The source of the nongeneral fund is federal matching Title IV-E funds.

– ***Provide Funding for One Position to Oversee Foster Parent Recruitment Efforts.*** Provides $50,000 GF and $50,000 NGF and one position the second year to create a dedicated position to oversee and facilitate the state's foster care recruitment efforts statewide across all local departments of social services.

– ***Fund Legislation Related to Suspected Cases of Sex Trafficking.*** Provides $66,060 GF and $20,359 NGF the second year for the fiscal impact of Chapters 381 and 687of the 2019 Acts of Assembly (HB 2597/SB 1661), which relate to complaints, assessment, reports and custody arrangements that local department of social services workers must follow in suspected cases of child sex trafficking.

Technical Changes

– ***Transfer Administrative Appropriation for Healthy Families to the Virginia Department of Health.*** Transfers $417,822 NGF the second year from federal Temporary Assistance to Needy Families (TANF) block grant funds to the Virginia Department of Health. The Healthy Families home visiting program is supported by $9.0 million per year in TANF funding. A portion of those funds are transferred to the Virginia Department of Health for administration of Healthy Families and this proposal moves the funding to eliminate the annual need for an administrative transfer. There is a companion amendment in the Virginia Department of Health to reflect this action.

– ***Transfer Funds to Correct Fund Source in Background Investigation Services Program***. Reclassifies $677,494 NGF each year from federal funds to Central Registry Search Fees, which are accounted for in a special fund. The agency received appropriation related to legislation increasing oversight of family day homes. The appropriation was provided as federal, but the actual fund source is a special fund. This appropriation change in this action nets to zero.

Spending Decreases

– ***Modify Administrative Appropriation to Reflect Medicaid Expansion Implementation.*** Reduces $2.3 million GF and increases $2.2 million NGF the first year, and reduces $3.6 million GF and $4.7 million NGF the second year to properly account for the agency's administrative costs for implementation of

Medicaid Expansion. These funding changes are based on the latest projections of administrative costs for the expansion of Medicaid pursuant to the Affordable Care Act. This action supplants the general fund appropriation included the 2018 Appropriation Act with the Health Care Coverage Assessment Fund, which is a nongeneral fund supported by an assessment on hospitals to pay for the state share of the costs of Medicaid Expansion. The adopted budget also moves $5.1 million between programs to properly account for a portion of the funding as information technology costs.

– ***Capture Balance in Auxiliary Grant Program.*** Includes language to capture $2.0 million in balances from the general fund in fiscal year 2019, which reflects a projected balance in the Auxiliary Grant program. This results in an addition to general fund balance and is reflected on the front page of the appropriation act.

– ***Capture Savings in Auxiliary Grant Program.*** Captures $300,000 in savings in the general fund for the Auxiliary Grant program in fiscal year 2020 based on projected expenditures. This action reduces the second year appropriation for the program.

– ***Modify Child Support Fees Per Federal Law.*** Supplants general fund spending in the Division of Child Support Enforcement of $75,118 GF with $75,118 in matching federal child support enforcement from revenue due to an increase in the annual fee charged for certain child support cases. The Bipartisan Budget Act of 2018 (P.L. 115-123) increased the annual fee, from $25 to $35, for individuals who have never received Temporary Assistance for Needy Families assistance for child support recipients if the state collects more than $550 in child support. The 2018 Appropriation Act reflected a portion of this decrease. This action reflects the latest estimate of the impact on child support enforcement revenue resulting from the fee increase.

– ***Eliminate Earmarked Federal Funding for Volunteer Emergency Families for Children.*** Eliminates $100,000 in federal Social Services Block Grant funding each year for the Volunteer Emergency Families with Children organization, which has ceased operations.

Temporary Assistance to Needy Families (TANF) Block Grant Funding

– ***Adjust Funding for Mandatory TANF Benefits.*** Increases spending on cash assistance provided to TANF recipients by $1.9 million NGF the second year to reflect the spending forecast for TANF income benefits and TANF VIEW child care subsidies. TANF spending for mandated benefits has declined in recent years and this adjustment slows that decline in FY 2020 over the amounts appropriated in Chapter 2.

The adopted budget also provides TANF funds for the following initiatives:

- $300,000 GF and $3.2 million NGF from TANF block grant funds to increase the monthly cash benefit amount by five percent effective July 1, 2019. The general fund amount provides an adjustment to cash benefits for 2-parent families which are funded only with general fund dollars;

- $3.0 million NGF the second year to support the Federation of Virginia Food Banks for child nutrition programs;

- $1.1 million NGF the second year for competitive grants to Community Action Agencies for a Two-Generation/Whole Family Pilot Project and for evaluation of the pilot project;

- $39,689 GF and $1.0 million NGF from TANF block grant funds the second year to fund Chapters 166 and 218 of the 2019 Acts of Assembly (HB 1871/SB 1145) that extends Virginia Initiative for Employment Not Welfare (VIEW) transitional child care benefits to individuals who participate in post-secondary education rather than solely due to finding employment;

- $500,000 NGF the second year to expand funding to the Virginia Alliance of Boys and Girls Clubs for community-based prevention and mentoring programs;

- $500,000 NGF the second year for Northern Virginia Family Service to expand services for families in crisis to include adult workforce development programs;

- $150,000 NGF the second year to fund the fiscal impact of Chapter 210 of the 2019 Acts of Assembly (HB 1746), which changes the name of the Virginia Initiative for Employment Not Welfare (VIEW) program to the Virginia Initiative for Education and Work;

- $47,400 NGF the second year to fund the fiscal impact of Chapter 376 of the 2019 Acts of Assembly (HB 2005) which allows children, who are still in high school or an equivalent career or technical program, to continue to receive TANF assistance, up to age 19. Currently, assistance is terminated at 18, unless the child is expected to graduate by age 19; and,

- $11,000 NGF each year for Child Advocacy Centers for Russell County's new program. It is estimated that the program will require $11,000 each year of the biennium to support its program per the CAC allocation formula.

These actions will leave a TANF balance of $105.9 million by the end of FY 2020.

TANF Block Grant Funding

FY 2019 and FY 2020

Adopted Spending	CH 854 (HB 1700, as Adopted) FY 2019	CH 854 (HB 1700, as Adopted) FY 2020
TANF Resources		
Annual TANF Block Grant Award	$157,762,831	$157,762,831
Carry-Forward From Prior Fiscal Year	136,288,696	124,901,366
Total TANF Resources Available	**$294,051,527**	**$282,664,197**
TANF Expenditures		
VIP/VIEW Core Benefits and Services		
TANF Income Benefits	$26,418,438	$27,456,362
VIEW Employment Services	13,612,144	13,762,144
VIEW Child Care Services	1,250,137	2.276,526
TANF Caseload Reserve	2,000,000	2,000,000
Subtotal VIP/VIEW Benefits and Services	***$43,280,719***	***$45,495,032***
Administration		
State Administration	$3,002,653	$3,002,653
Information Systems	4,052,023	4,052,023
Local Staff and Operations	45,513,536	45,513,536
Eligibility System Maintenance/IT	1,000,000	1,000,000
Subtotal Administration	**$53,568,212**	**$53,568,212**
TANF Programming		
Community Employment & Training Grants	$10,500,000	$10,500,000
Healthy Families/Healthy Start	9,035,501	9,035,501
Community Action Agencies	6,250,000	7,375,000
Local Domestic Violence Prevention Grants	3,846,792	3,846,792
Federation of Virginia Food Banks	3,000,000	3,000,000
Long-Acting Reversible Contraceptives (VDH)	3,000,000	3,000,000
CHIP of Virginia (VDH)	2,400,000	2,400,000
Virginia Early Childhood Foundation	1,250,000	1,250,000
Child Advocacy Centers	1,136,500	1,136,500
Resource Mothers (VDH)	1,000,000	1,000,000
Boys and Girls Club	1,000,000	1,500,000
Northern Virginia Family Services	500,000	1,000,000
Laurel Center	500,000	500,000
Early Impact Virginia Pilot Program	250,000	600,000
EITC Grants	185,725	185,725
FACETS	200,000	100,000
Visions of Truth STRIVE Program	75,000	75,000
Subtotal TANF Programming	**$41,118,518**	***$46,504,518***
Total TANF Expenditures	***$137,967,449***	***$145,567,762***
Transfers to other Block Grants		
CCDF for At-Risk Child Care	$12,857,212	$12,857,212
CCDF for Head Start Wraparound Services	2,500,000	2,500,000
SSBG for Children's Services Act	9,419,998	9,419,998
SSBG for Local Staff Support	6,405,502	6,405,502
Total TANF Transfers	***$31,182,712***	***$31,182,712***
Total TANF Expenditures & Transfers	***$169,150,161***	***$176,750,474***

Budget Language

- ***Required Information for Forecast of TANF, Child Care, Foster Care and Adoption Payments.*** Adds language directing the provision of additional information in completing the expenditure forecasts for cash assistance provided through the Temporary Assistance for Needy Families (TANF) program, mandatory child day care services under TANF, foster care maintenance payments, and adoption subsidy payments. In addition, the Department of Planning and Budget is required to convene a meeting with staff of the Department of Social Services, and House Appropriations and Senate Finance Committees to review trends and assumptions used in the forecasts prior to their finalization.

- ***Develop Comprehensive Plan for the TANF Program.*** Directs the Department of Social Services to conduct a comprehensive review of the Temporary Assistance to Needy Families (TANF) block grant program in meeting the needs of lower-income families and report on a plan to the Joint Subcommittee for Health and Human Resources Oversight by October 1, 2019.

- ***Report on Auxiliary Grant Slots for Supportive Housing and Elimination of Cap.*** Eliminates language that imposes a cap of 60 on the number of Auxiliary Grant recipients in supportive housing slots. Chapters 657 and 658 of the 2019 Acts of Assembly (HB 2017/SB 1286), allow individuals receiving an Auxiliary Grant to select supportive housing without any requirement to make such selection. In addition, the legislation raises the cap on supportive housing slots to 90 slots and allows for up to 120 slots, if the waiting list for supportive housing for auxiliary grant recipients maintained by the Department of Behavioral Health and Developmental Services consists of 30 individuals or more on October 1, 2020. No additional funding is needed to support the cost to provide an Auxiliary Grant to the additional individuals, who may select supportive housing pursuant to the legislation, because the Auxiliary Grant program expenditures continue to decline and the budget is sufficient. Language is added to require reporting of the number of individuals in an Auxiliary Grant supportive housing slot that were discharged from a state behavioral health hospital in the prior 12 months.

- ***Review of Foster Care Children in Congregate Care.*** Directs the Department of Social Services to review all cases of children currently in congregate care without a clinical need to be there and to assist local departments in finding appropriate family-based settings. The department will certify completion of the reviews by June 30, 2020 to the General Assembly. This is a recommendation from JLARC's report on the foster care system from December 2018.

- **Virginia Board for People with Disabilities**

  – ***Provides Funds for Higher Operating Costs.*** Provides $37,027 GF the first year and $43,462 GF the second year to cover increased operating costs of the agency, including information technology. The board is primarily funded from federal grants (nearly 90 percent), which are not increasing in order to offset the higher operating costs.

    Increase the Agency's Position Level. Provides an increase of one position in the agency's maximum employment level to enable the board to convert a part-time position to a full-time position in order to reduce backlog and eliminate high turnover in the position.

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

  – ***Provide Appropriation to Support the Vending Operations Management Contract.*** The adopted budget adds $290,000 NGF the second year to support the contract for management of vending machine operations. Previously, vocational rehabilitation grant funds paid for a portion of the contract costs because the vending revenue did not fully cover those costs. The agency now contracts with Business Opportunities for the Blind and the new vendor has generated higher vending machine revenue to support this contract.

  – ***Continue Support for Services to Deafblind Individuals.*** The adopted budget includes $176,609 GF the second year to continue to fund two specialist positons that provide services to deafblind individuals in the Commonwealth. The funding for these services the first year is being supported through an endowment managed by the Virginia Board for the Blind and Vision Impaired.

  – ***Provide Support for Reasonable Accommodations for Employees with Disabilities.*** Provides $176,609 GF the second year for state support for reasonable accommodations for agency employees with disabilities to travel in their daily routine in order to conduct the agency's business. The agency employs about 140 individuals with disabilities, many whose job responsibilities require routine travel. These costs have been supported through an endowment managed by the Virginia Board for the Blind and Vision Impaired, but this funding will end in the first year of the budget.

  – ***Transfer Funds between Programs to Reflect Appropriate Cost Allocation.*** The adopted budget transfers $400,000 NGF each year to from the Virginia Industries for the Blind to the Department for the Blind and Vision Impaired general administration program. Virginia Industries for the Blind is a subunit of the larger agency and provides support from its operations for overall agency administration, such as insurance, information technology and other administrative costs. This action would increase the total allocation to $1.5 million a year. This is a transfer between programs and does not change the total appropriation.

- **Virginia Rehabilitation Center for the Blind and Vision Impaired**

  – ***Provide Appropriation Related to Revenue from Virginia Industries for the Blind.*** The adopted budget includes $20,000 NGF the first year and $70,000 NGF the second year to provide reflect the appropriation received from Virginia Industries for the Blind (VIB) to support the costs of a position at the center. This position partially supports activities related to the VIB. This appropriation allows the agency to expend the revenue the center will receive from VIB.