


Overview of the Budget for Health and Human Resources

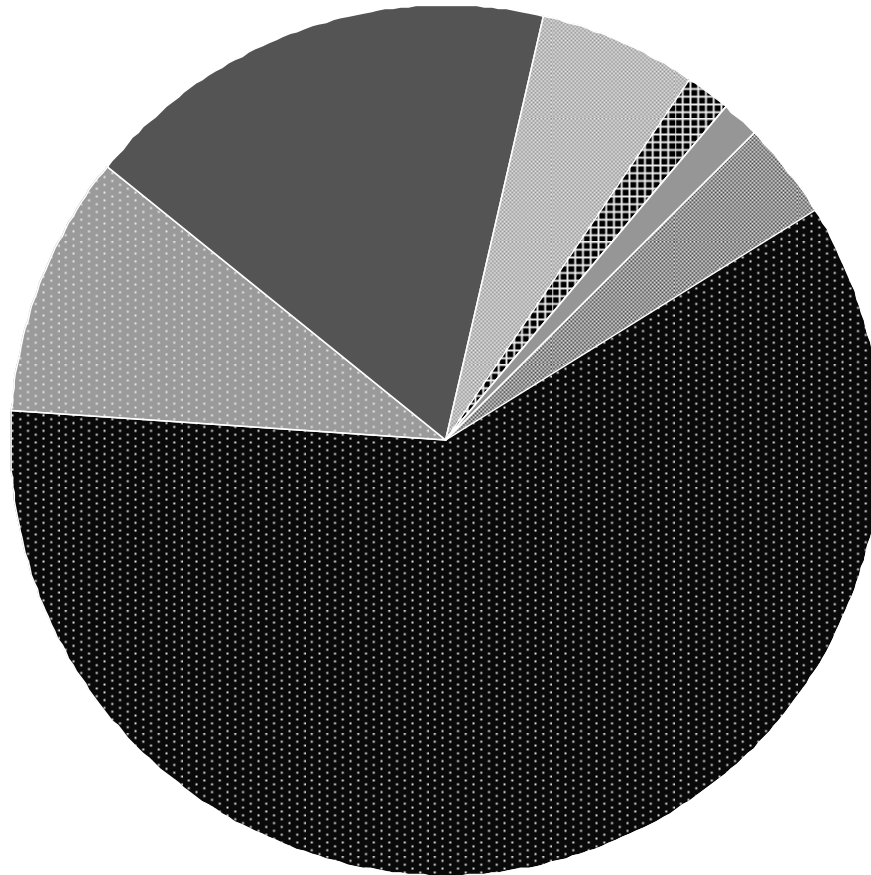


Susan Massart

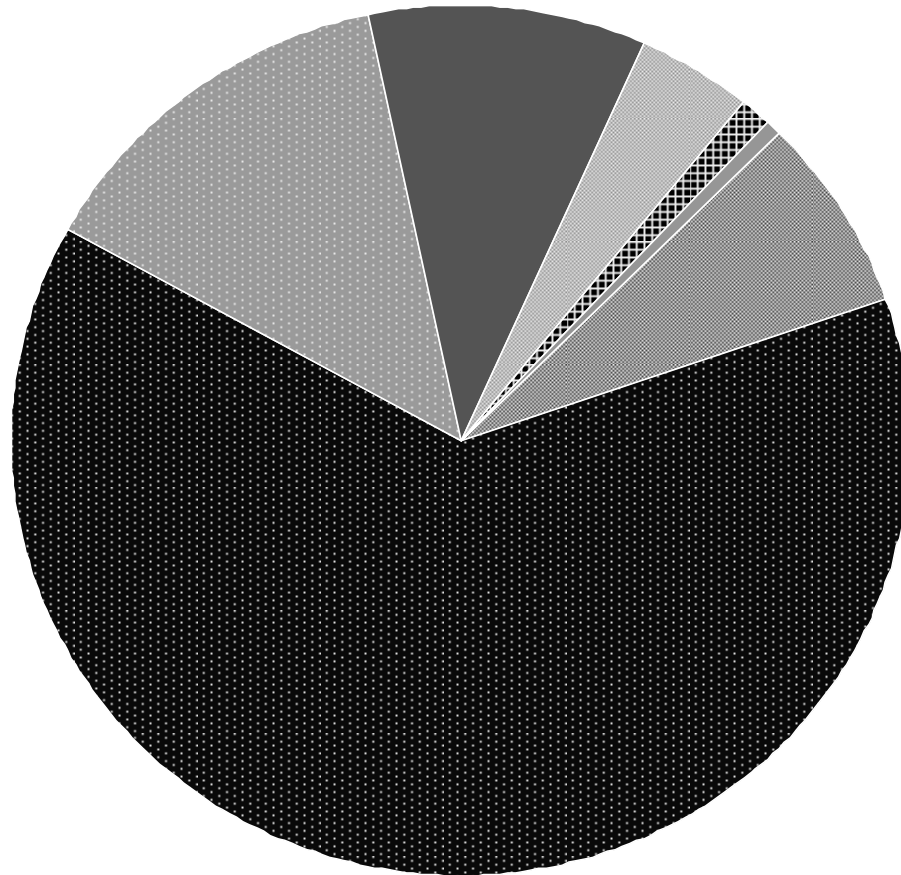
House Appropriations Committee Staff

January 14, 2008

Health & Human Resources Budget 2008-10 Biennium (all funds)



Health & Human Resources General Fund Budget 2008-10 Biennium



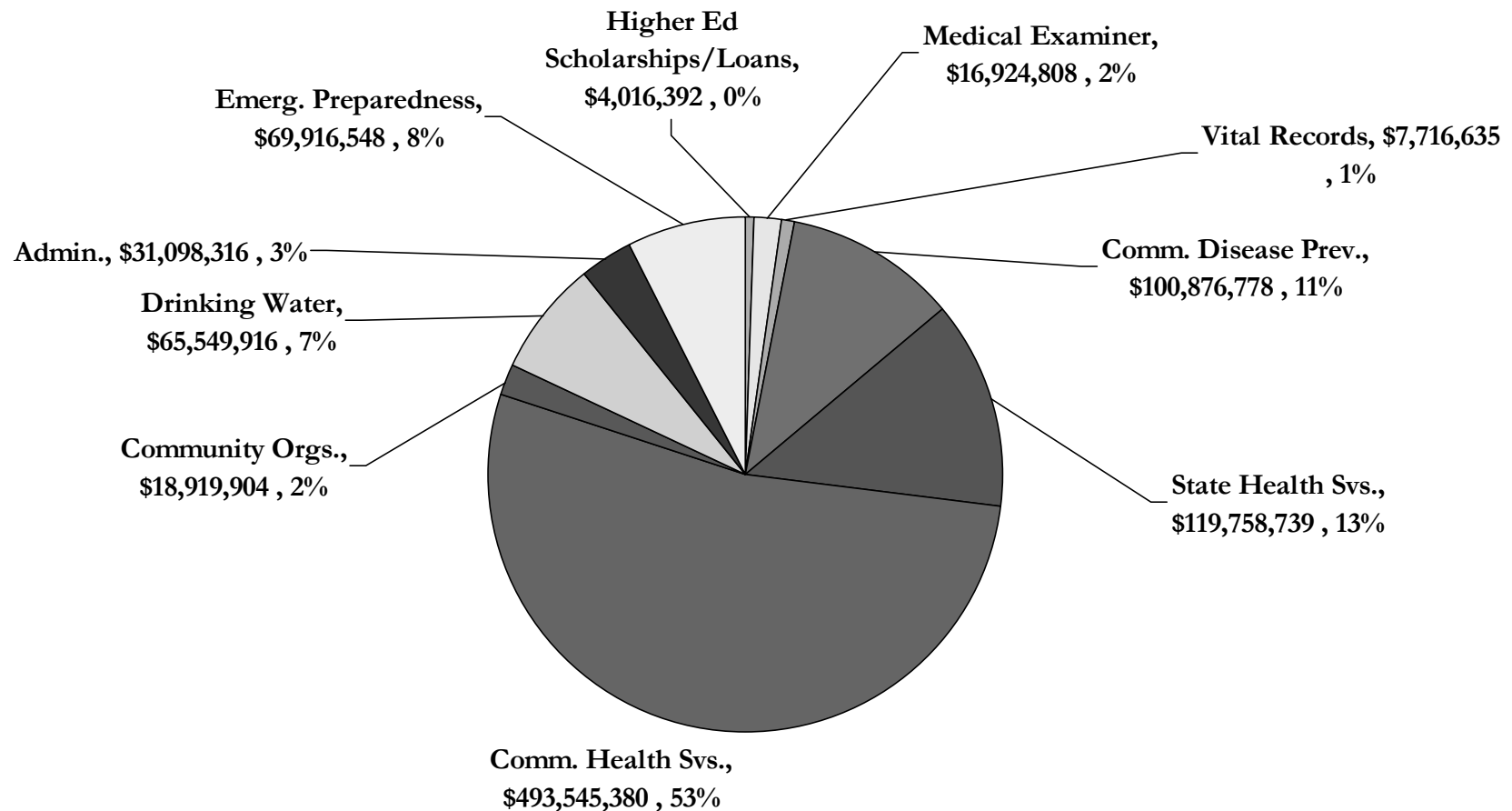
Comprehensive Services Act

- Item 283 in budget funds CSA services
- \$303.6 million GF and \$53.6 million NGF from Medicaid funds in FY 2009
- \$324.3 million GF and \$52.6 million NGF from Medicaid funds in FY 2010

HB 30 CSA

- CSA caseload and cost increases
 - \$65.4 million GF in FY 2009
 - \$93.2 million GF in FY 2010
- Family foster care rate increase (State foster care)
 - \$1.1 million GF in FY 2009 (15% increase)
 - \$2.6 million GF in FY 2010 (10% increase)
- \$225,000 the first year and \$52,000 the second year to purchase and maintain an information system to provide quality and timely child demographic, service, expenditure and outcome data
- Incentive for localities to serve children in community-based settings
 - Changes match rates for CSA services
 - State match for community-based services would increase from a statewide average of 64% to 85%
 - State match for residential placements would decline from a statewide average of 64% to 50%
 - Savings \$1.5 million GF the first year and \$11.0 million GF the second year
- Substitutes \$965,579 in federal Temporary Assistance to Needy Families block grant dollars for general fund dollars used to support CSA Trust Fund programs

Virginia Department of Health (VDH) Budget 2008-10 (all funds)



HB 30 VDH

Governor's Health Care Reform Initiative

- ❑ \$1.8 million GF each year to Va. Community Healthcare Assoc. for community health centers' operating costs
- ❑ \$1.7 million GF each year to Va. Assoc. of Free clinics to support operating costs
- ❑ \$1.5 million GF each year to Virginia Health Care Foundation
 - \$1.0 million each year to increase grants for health care services
 - \$500,000 each year for grants to expand capacity for dental services for uninsured adults
- ❑ \$300,000 in FY 2010 to expand breast and cervical cancer screening services to about 1,333 low-income women ages 18 to 44
- ❑ 2 additional positions in the Office of Minority Health and Public Health Policy
 - \$157,711 GF in FY 2009 and \$153,363 GF in FY 2010
 - Office designates federal Health Professional Shortage Areas, federal Medically Underserved Areas and Medically Underserved Populations
- ❑ \$50,000 GF each year for Va. Dental Health Foundation's Mission of Mercy Dental Project

HB 30 VDH

Agency Operations

- \$505,457 GF each year to realign salaries in the Office of the Chief Medical Examiner
 - From statewide average of \$134k to \$180k annually for experienced pathologists
 - From statewide average of \$130k to \$160k annually for newly trained pathologists
 - Chief Medical Examiner from \$164,427 to \$200,000 annually
- \$435,000 GF each year for increased lease costs at 3 local health departments: Roanoke City, Isle of Wight and Suffolk
 - Language added in Item 296, paragraph F
- \$250,000 GF each year to fully support positions in the Health Department's Office of Drinking Water Programs (9 current vacancies and supplemental funding for 4 positions)
- \$216,320 GF in FY 2009 to address increasing costs and workload of the shellfish sanitation program and marina applications, plans and reviews
 - Language contained in Item 299, paragraph B requires VDH to study imposing fees to fully cover the costs of these inspection programs, thus saving GF in FY 2010
 - Study due to Secretary of HHR and DPB by August 1, 2008

HB 30 VDH

Service and Funding Expansions

- ❑ \$288,000 GF each year to support and expand a domestic violence prevention project underway in 7 communities currently funded by the Centers for Disease Control -- the Domestic Violence Prevention Enhancement and Leadership Through Alliances (DELTA) Project
- ❑ Increases in NGF for following programs
 - \$23.1 million each year for federal Supplemental Nutrition Program for Women, Infants and Children
 - \$4.2 million each year from increased revenues in the Trauma Center Fund from restoration of revoked motor vehicle licenses and multiple DUI offenders
 - \$4.2 million each year for EMS from \$4-for-Life funds from increases in motor vehicle registrations
 - \$1.4 million in FY 2009 and \$1.3 million in FY 2010 from a CDC grant to expand the immunization registry system

HB 30 Reductions

- Continues October budget reductions of \$38,369 GF each year
 - Savings of \$38,369 GF each year from a 5% reduction to most community health organizations (earmarks)
 - Substitutes \$4.0 million in federal TANF for general fund dollars in FY 2009 used to support teen pregnancy prevention programs, Resource Mothers, CHIP of Virginia and Partners in Prevention

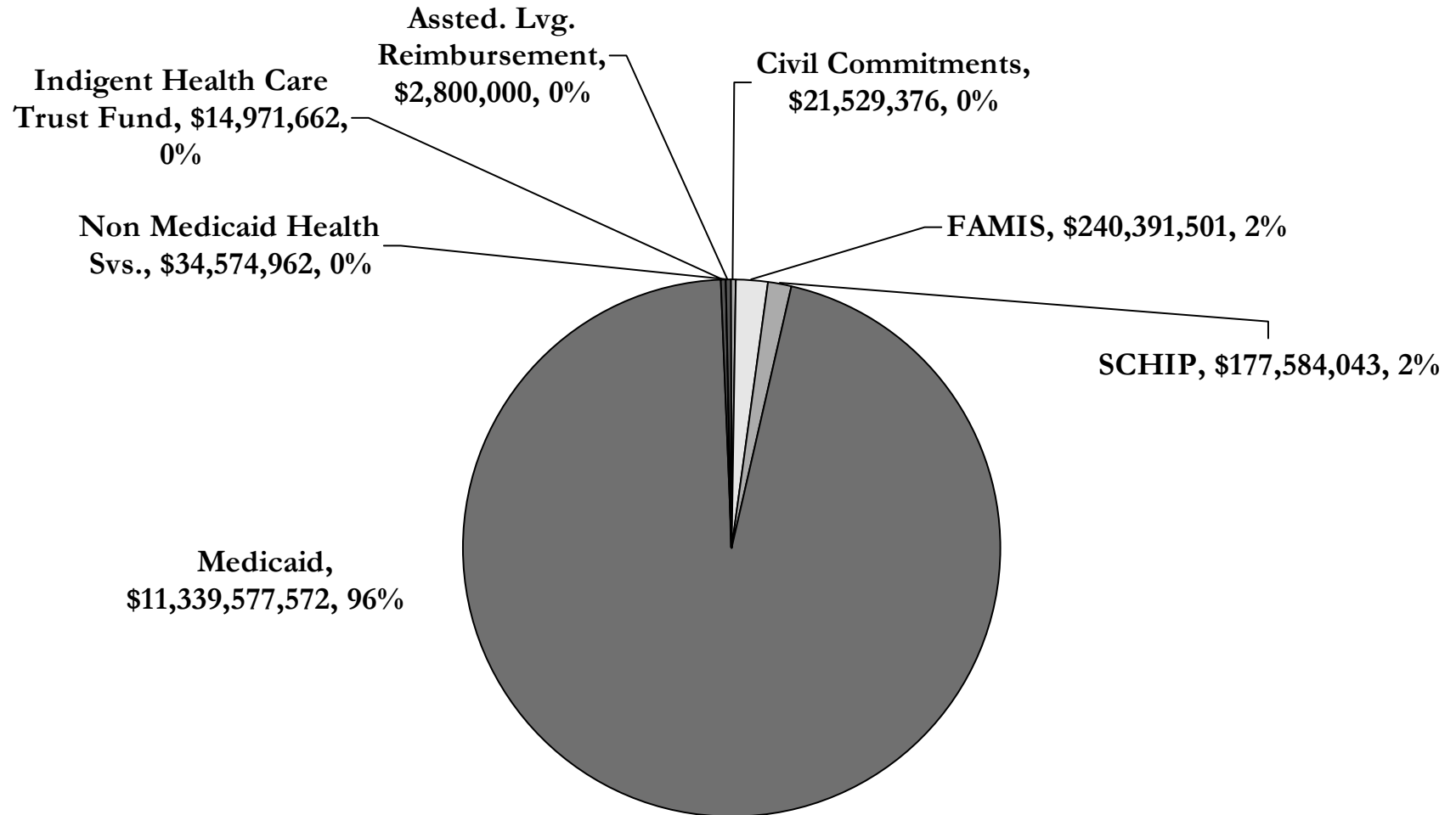
HB 30 Reductions

- Eliminates \$400,000 GF each year for the Area Health Education Centers
- Reduces \$275,788 GF each year and 2 positions that support the Div. of Public health Toxicology
- Reduces \$166,536 GF each year in funding for Regional Health Planning Agencies
 - 50% reduction over FY 2008 levels

HB 30 Reductions

- Reduces general funds by \$1.1 million in FY 2010 and increases nongeneral funds by \$2.5 million in FY 2009 and \$3.5 million in FY 2010 from increased fees for environmental services
 - Fees would be increased for permits for well and septic systems, and food services in restaurants, hotels, campgrounds and summer camps
 - Food permits would increase from \$40 to \$100
 - Onsite sewage and water systems would increase from \$125 to \$1,000 depending on type of service and size of system
 - Language is contained in Item 296, paragraphs A and B implementing the fee changes

Dept. of Medical Assistance Services 2008-10 Budget (all funds)



Medicaid Program Growth: \$344.0 million GF

- Reflects growth in the FY 2008 Medicaid base
- Medicaid utilization and inflation totals:
 - \$98.7 million GF in FY 2009 (6.0% growth)
 - \$245.3 million GF in FY 2010 (5.0% growth)
 - Percentage growth is lower than prior years

Factors Driving Medicaid Growth

- ❑ Medical inflation
- ❑ Enrollment increases
 - Persons with mental retardation & developmental disabilities (MR & DD waiver increases)
 - Aged and disabled individuals
- ❑ Higher utilization rates
- ❑ Increased costs per client
 - Complexity of care
 - Continued deinstitutionalization
- ❑ Higher payments to certain providers (reflects actions of the 2007 Session)
 - Northern Virginia rate differential for providers of mental retardation & developmentally disabled waiver services
 - Physicians
- ❑ Rebasing of hospital (July 1, 2007) and nursing home (July 1, 2008) rates

Children's Health Insurance (FAMIS and Medicaid SCHIP)

□ FAMIS

- \$6.2 million GF in FY 2009
- \$10.8 million GF in FY 2010
- Spending projected to grow by 13% in FY 2009 and 11 percent in FY 2010
- Monthly enrollment projected to grow by 6% and 5%, respectively, serving almost 57,000 children by the end of FY 2010

□ SCHIP

- \$4.1 million GF in FY 2009
- \$6.2 million GF in FY 2010
- Growth to mirror FAMIS rates
- Expected to serve almost 41,500 children by end of FY 2010

HB 30 DMAS

Governor's Health Care Reform Initiative

- \$7.8 million GF to phase in a health insurance program for low-income working adults
 - Would serve 5,000 individuals working in small businesses with incomes less than 200% of the federal poverty level
 - Capped insurance product covering up to \$50,000 in claims each policy year
 - Would subsidize up to 1/3 of the premium cost not to exceed \$75 per month (1/3 paid by employer and 1/3 paid by individual)
 - Individual must be uninsured or have employer who did not offer health insurance for 6 months prior to enrollment
 - Small employers could offer capped product if they have not offered health insurance to their employees for 6 months prior to entering program
- \$1.0 million GF in FY 2009 and \$1.6 million GF in FY 2010 to expand FAMIS Moms from 185% to 200% of the federal poverty level
- \$150,000 GF in first year for the Uninsured Medical Catastrophe Fund
- \$90,221 to expand FAMIS to all newborn births up to 2 months post delivery born to FAMIS enrollees
 - Similar to policy permitted under Medicaid

HB 30 DMAS

Service Expansions

- ▣ \$2.3 million GF in FY 2009 and \$4.9 million GF in FY 2010 to phase-in 150 new mental retardation waiver slots
- ▣ \$239,944 GF and one position in FY 2009 and \$358,944 GF and an additional position in FY 2010 to implement a regional model for the integration of acute and long-term care services
 - Contracts to support managed care enrollment
 - Actuarial analysis to set rates
 - Quality review

HB 30 Language

- Item 306, paragraph authorizes DMAS to implement the “Money Follows the Person” demonstration to facilitate the movement of up to 290 individuals each year from institutional settings to the community
 - Authorizes DMAS to increase the number of MR waiver slots by 220 and DD waiver slots by 30 for institutional discharges

HB 30 Language

- ❑ Item 306, paragraph NN provides authority for to count life estates as a resource in determining Medicaid eligibility for covered groups for which a resource determination is required, including individuals requesting Medicaid payment for long-term care services
- ❑ Item 306, paragraph OO authorizes DMAS to implement prior authorization and utilization review for community-based mental health services for children and adults – savings of \$4.2 million GF annually (Oct. 2007 reduction)
- ❑ Item 306, paragraph PP authorizes DMAS to implement a rate differential for physician services based on the site at which the service is provided as defined by Medicare₂₀

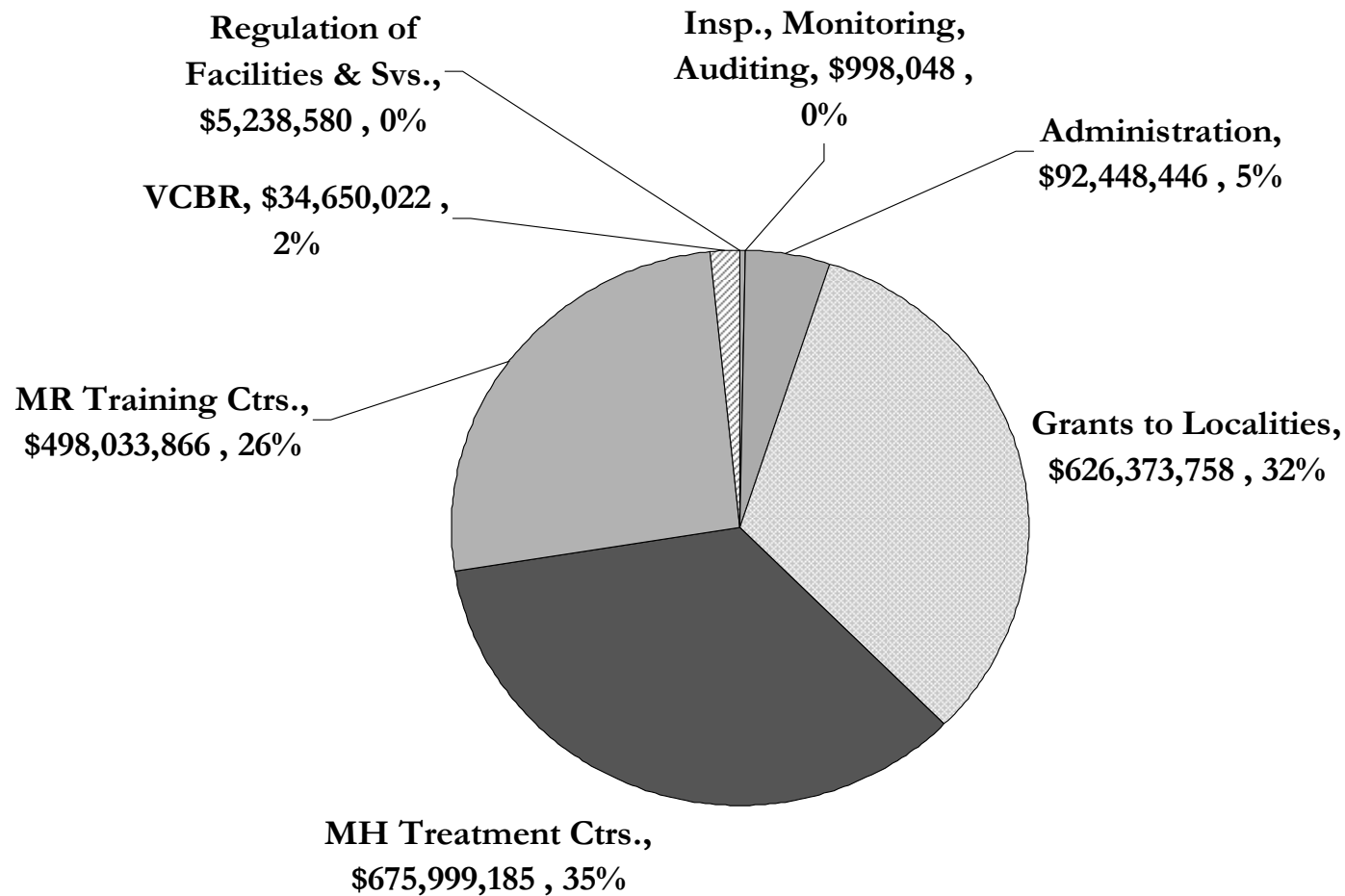
HB 30 DMAS General Fund Reductions

- ❑ Replaces \$18.4 million GF over the biennium with Virginia Health Care Fund revenues to reflect increases in the fund from MSA payments and prior year Medicaid recoveries
- ❑ Continues October budget reductions of \$68.1 million GF each year
 - MCO rate savings \$60.1 million GF
 - Deinstitutionalization of Medicaid recipients saves \$2.7 million GF annually
 - Pharmacy savings from dose optimization and quantity limits saves \$1.1 million annually
 - Improved management of community-based mental health services saves \$4.2 million GF annually

HB 30 DMAS General Fund Reductions

- ❑ Saves \$1.0 million GF each year by expanding the Preferred Drug List to behavioral health drugs
- ❑ Reduces spending by \$791,641 GF each year from the implementation of a chronic care case management program in Medicaid
 - Adds one position to develop and manage contract
 - Annual costs \$900,000, annual savings \$1.7 million GF
- ❑ Reduces \$934,611 GF over the biennium by limiting Medicaid MEDALLION program which provides a case management fee to primary care doctors who provide care to Medicaid recipients
- ❑ Reduces \$200,000 GF each year for the Alzheimer's waiver program due to lower than expected enrollment
- ❑ Reduces \$85,000 GF in FY 2009 based on participation in a required federal program to measure payment error rates in Medicaid and SCHIP eligibility determinations

Dept. of Mental Health, Mental Retardation and Substance Abuse Services 2008-10 Budget (all funds)



HB 30 DMHMRSAS

Governor's Mental Health Initiative

- \$39.7 million GF proposed to expand services provided through Community Services Boards (CSBs):
 - \$14.6 million to expand access to 24-hour emergency services
 - \$50,000 per CSB for emergency psychiatric consultations
 - \$70,000 per CSB for emergency clinicians
 - 36-40 new crisis stabilization beds in small 6-8 bed community facilities
 - \$8.8 million to add 106 mental health (MH) case management workers
 - 40 MH case managers – one for each CSB
 - 66 MH case managers distributed to CSBs based on local need and capacity
 - \$6.0 million to expand jail diversion services to 300-500 individuals
 - \$5.8 million to add 40 children's mental health clinicians – one per CSB
 - Will serve children who are NOT eligible for services through CSA
 - \$4.5 million to add 40 outpatient clinicians and therapists – one per CSB
- \$1.9 million GF for DMHMRSAS central office for oversight and training:
 - \$875,000 and 4.0 FTEs to expand monitoring of CSBs
 - \$473,116 and 4.0 FTEs to expand licensing and investigative functions
 - \$600,000 for a law enforcement training program on crisis intervention

DMHMRSAS

HB 30 Other Changes

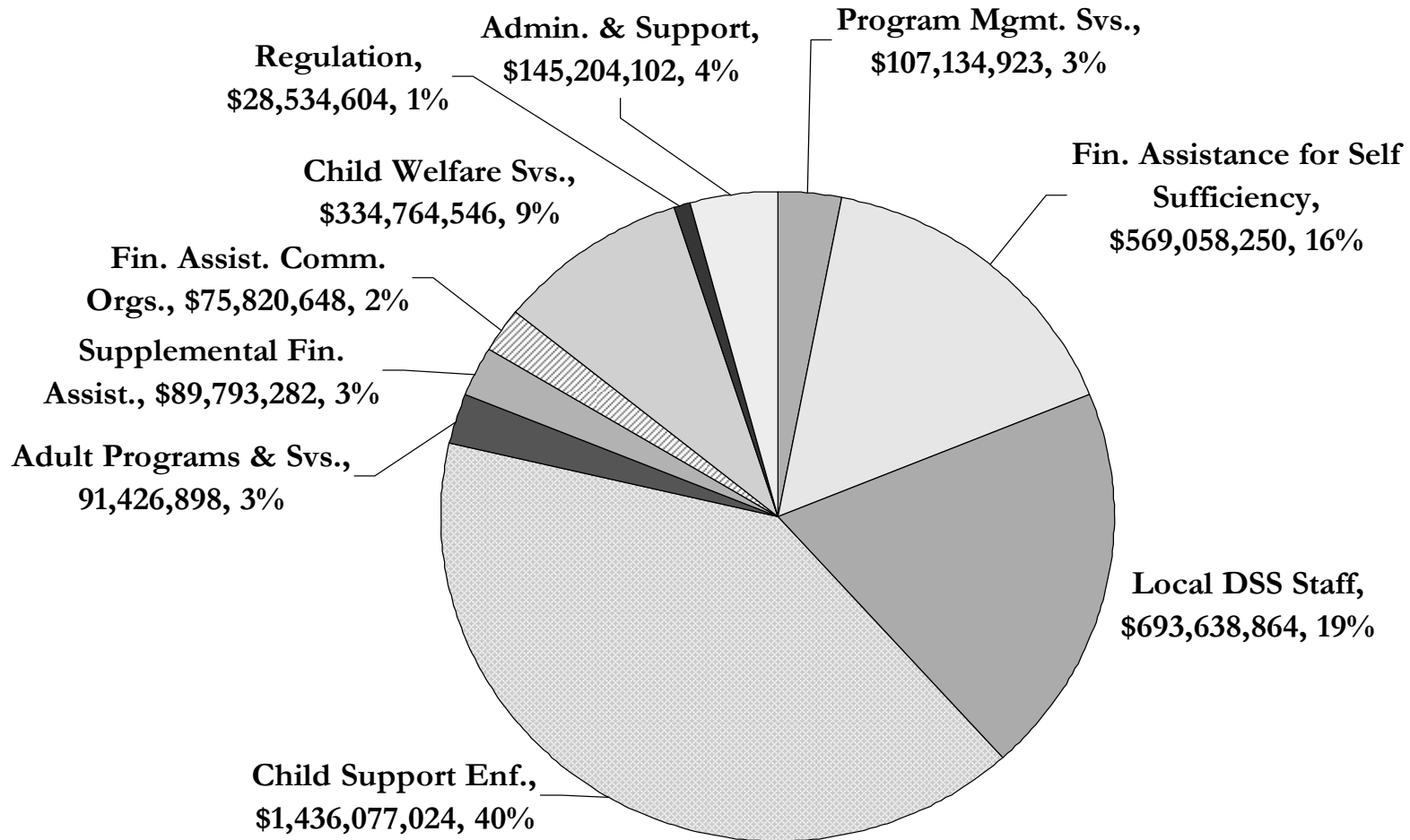
- Adds \$2.0 million GF in FY 2009 and \$3.9 million GF in FY 2010 to address projected caseload growth of civilly committed sexually violent predators at the VCBR
 - Projects four additional individuals committed per month over biennium
- Transfers funding of Director of the Office of Community Integration from the Va. Board for People with Disabilities to DMHMRSAS
 - Contrary to Code provision placing this responsibility with Board
- \$100,000 and one position each year to hire a community resources manager to provide support to families for autism spectrum disorder services
- \$273,236 NGF and 1.25 positions in FY 2009 and \$276,013 NGF and an additional position to develop an automated data management system to provide oversight of opiate treatment programs
 - NGF derived from a per treatment dose fee
 - Proposed legislation for the fee

DMHMRSAS

HB 30 General Fund Reductions

- ❑ Continues October budget reductions of \$16.8 million GF each year
- ❑ Saves \$840,000 GF each year by consolidating management services at Hiram Davis Medical Center and Southside Virginia Training Center
 - Savings is from the reduction of 7 positions
- ❑ Reduces \$156,807 GF each year to eliminate specialized training services for direct care staff
 - Funding was provided in the 2006-08 biennium for increased salaries and training to reduce turnover and create incentives to retain direct care staff in state facilities

Department of Social Services 2008-10 Budget (all funds)



HB 30 DSS

Mandatory Caseload and Cost Increases

- \$11.9 million GF each year to offset the loss in federal revenue from revised federal cost allocation for social services
- Foster care & adoption subsidies
 - \$3.4 million GF and \$3.1 million NGF in FY 2009
 - \$7.1 million GF and \$5.3 million NGF in FY 2010
 - Cases growing 3% and 5% respectively
 - Expenditures increasing by 10% and 4.4%
 - Includes 4% increase in room and board payments mandated in Chapter 847
- \$1.6 million GF each year to offset loss of federal funds for child support enforcement operations
 - Federal DRA of 2005 changed reimbursement rules for states, prohibiting states from counting earned federal incentive funds as the state's match for federal child support enforcement moneys
 - Last Session, General Assembly provided $\frac{3}{4}$ of funding for this reduction based on federal fiscal year

Child Welfare Initiative

- ❑ \$12.2 million GF to increase payments for family foster care rates by 25 percent over biennium through CSA and DSS
- ❑ \$7.0 million GF to increase foster and adoptive family recruitment, support, training and retention
- ❑ Adds \$4.4 million to increase training of child welfare workers for better permanency outcomes
- ❑ Adds \$2.0 million over biennium to add 30 local case workers to increase foster care visitation rates
- ❑ \$277,000 for system to collect outcome date on children in CSA
- ❑ Changes local match rates in CSA to encourage use of community-based care
 - Saves \$1.5 million GF in FY 2009 and \$11.0 million in FY 2010

Pre-K Early Childhood Education Initiative

- ❑ \$14.8 million NGF from federal TANF block grant funds to support Pre-K program through the Department of Education
- ❑ \$4.6 million and 3 FTE positions to implement a voluntary quality rating system for early childhood education programs
- ❑ \$4.0 million for early childhood education scholarships
- ❑ \$2.0 million for Virginia Early Childhood Foundation grants to develop delivery systems for high quality early childhood education

HB 30 DSS

Other Spending Initiatives

- \$1.1 million GF and 6 positions over the biennium to provide staffing for local pilot reentry programs
 - Established by the Virginia reentry Policy Academy in 2006
 - Case manager to be assigned to each program
 - Will provide specialized assistance for ex-offenders
- \$250,000 GF each year for Office of Newcomer Services to serve legal permanent residents
- \$199,810 GF and \$199,810 NGF each year for increased lease costs associated with 15 local facility improvements in 12 local DSS offices
- \$62,000 GF in FY 2009 for the Central Va. Food Bank

HB 30 DSS

Language Changes

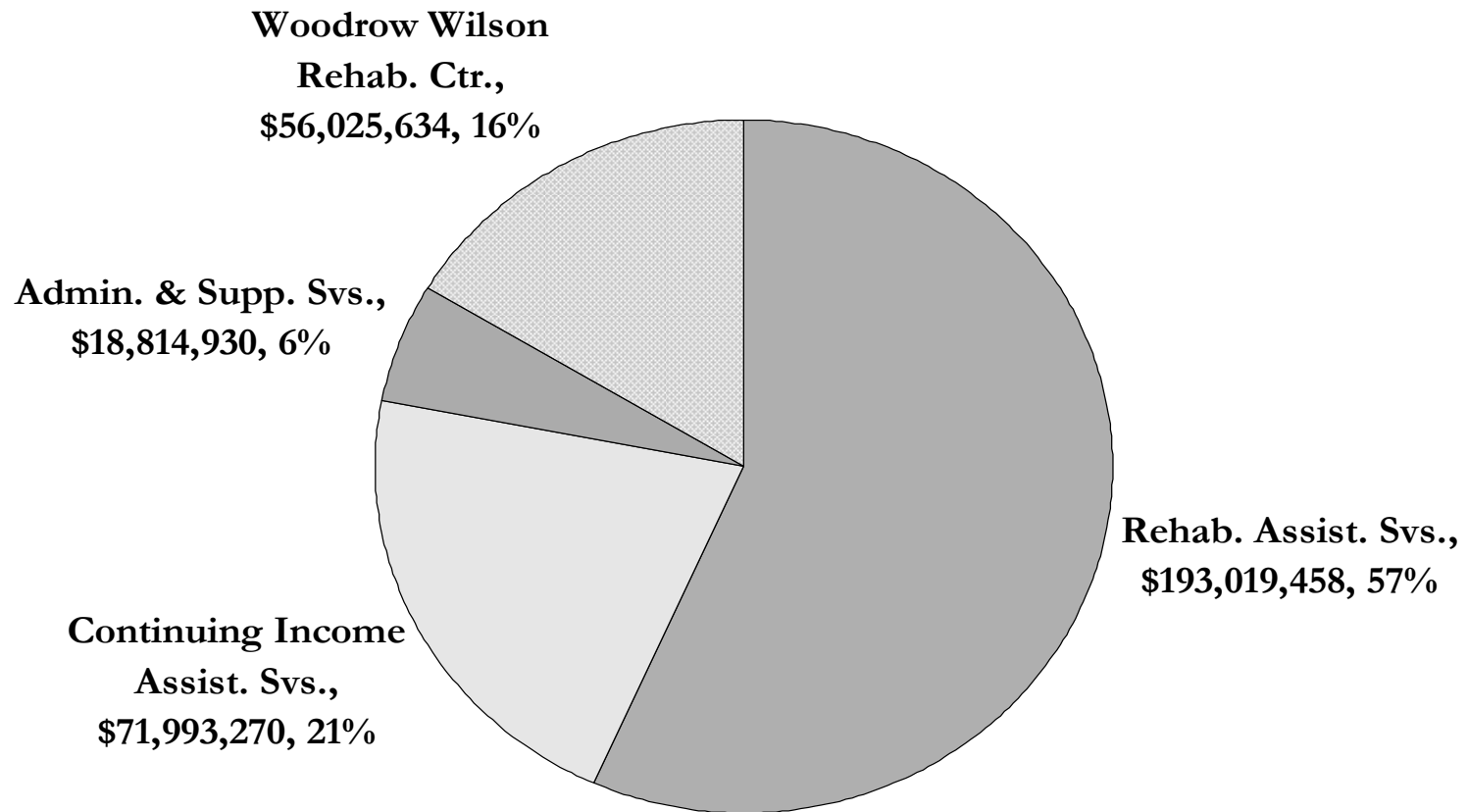
- Modifies language in Item 340, paragraph B increasing the child support disregard from \$50 to \$100 each month for individuals receiving TANF
 - Federal DRA of 2005 allows states to increase the disregard to \$100 each month provided the increase is not offset with a reduction in TANF assistance
 - Law had required amount above \$50 to be used to offset the federal government's cost of public assistance to the individual
- Item 341, paragraph A authorizes an increase in the Auxiliary Grant payment rate for licensed assisted living and adult foster care homes by \$14 from \$1,061 to \$1,075 per month
 - Also increases the personal care allowance to \$77 per month, an increase of \$7.00 for individuals in assisted living facilities and \$2.00 for individuals in adult foster care homes
 -

HB 30 DSS

Reductions

- Continues October budget reductions for a savings of \$12.8 million GF in FY 2009 and \$3.2 million GF in FY 2010
 - \$9.8 million GF in savings in first year resulted from using federal TANF funds instead of general fund monies for eligible activities
- Reduces \$79.7 million NGF each year to adjust nongeneral fund appropriations to the actual level of current spending
 - Technical change

Dept. of Rehabilitative Services Budget 2008-10 (all funds)



HB 30 DRS

Program Expansions & Reductions

- ❑ \$200,000 in FY 2010 for brain injury case management services
- ❑ \$50,000 GF in FY 2010 for the Foundation for Rehabilitative Equipment and Endowment (FREE)
- ❑ Continues October budget reductions of \$1.3 million GF each year