



Report of the Subcommittee on
Health and Human Resources

(Amendments to SB 29
And SB 30 as Introduced)

Senate Finance Committee
Virginia General Assembly

February 17, 2008

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SENATE OF VIRGINIA

Senate Finance Committee

REPORT OF THE SUBCOMMITTEE ON HEALTH AND HUMAN RESOURCES

Mr. Chairman and Members of the Committee:

I have to confess that if I had my druthers, I would be presenting a much different report than the one before you today. But let me assure you, in spite of the dark economic clouds that have drifted in during the last few months, this report does not envision standing still but moving forward. That's been the Senate's way in recent years and that hasn't changed.

To put the HHR budget in context, the Governor proposed \$647 million in new general fund spending for the biennium. Of that amount, approximately \$567 million was mandated by state and federal laws and \$80 million was discretionary. The budget before you proposes general fund spending of \$563 million, \$85 million less than the combined mandatory and discretionary spending in the introduced budget. In other words, all of the discretionary spending in this budget has been offset by reductions, a painful but necessary decision.

Mandatory Spending

First, we made sure to fully fund anticipated increases in Medicaid, FAMIS, CSA, and foster care. Medicaid is growing between 6 and 7 percent annually, while CSA and Title IV-E foster care is increasing by more than ten percent each year. To address rising costs in Medicaid, we endorsed many of the savings proposals included in the introduced budget, including implementing a chronic care management program and ensuring mental health services are properly authorized. And we also pared back increases included in the Medicaid forecast for hospitals and nursing homes. These providers will receive two percent increases each

year, the only significant rate increases that are included in the Medicaid budget this biennium.

But we also made targeted investments that the Senate has previously championed, such as increasing the FAMIS Moms program to 200 percent of poverty. This change will ensure that pregnant women receive prenatal care so that Virginia's newest citizens are born healthy and strong. In addition, this proposal will reduce uncompensated care costs at hospitals today and prevent chronic health care costs tomorrow.

And, yes, we have to confess we expanded enrollment in a Medicaid program. Just as our newest Virginians are vulnerable, so are people with mental retardation. We agree with the Governor that even in difficult times, serving more individuals through the MR waiver program is justified, even if some may call it a "new initiative."

CSA and Children's Services

This subcommittee wrestled with what to do about the rising cost of CSA and Title IV-E foster care. As I mentioned earlier, CSA is expected to increase by double digits during the biennium. Why? In part, because too many children in foster care are initially placed in residential settings that are six to ten times more expensive than community-based foster care. In addition, 23 percent of Virginia's children exit foster care when they turn 18 without permanent connections, the highest percentage in the U.S. National research tells us that long-term residential treatment is not necessarily in the child's best interest. Residential treatment may be an appropriate placement for a child, but the Commonwealth needs to do a better job of reducing our reliance upon residential care. As JLARC recently noted, we can achieve annual savings of \$1.0 million if every child's stay in residential care was reduced by less than one day. That seems reasonable to us.

To lessen our reliance upon residential care, we also need to strengthen our foster care and adoption services infrastructure. Accordingly, we agree that a targeted investment in child welfare services is appropriate, albeit more limited than the proposal included in the

introduced budget. We agree that a 20 percent rate increase for foster families is appropriate to enhance this less expensive alternative and to send a signal to foster families that we respect what they are doing and continue to need their assistance. We also agree that we need to improve the recruitment and retention of foster families, including placement with relatives, to reduce the rising cost of foster care but more importantly to ensure that children are successful later in life. Finally, we agree that the Commonwealth needs to provide adequate support and training to social workers. It is imperative that we provide social workers with the training and resources they need to ensure that the children we are charging them with overseeing are placed in appropriate settings and making progress. To do otherwise is not only fiscally irresponsible but also detrimental to the child's well being in the future.

The introduced budget also included changes to the local matching rates for CSA that resulted in savings of \$12.5 million over the biennium; I'd be surprised if you haven't gotten some feedback on this proposal. Given the rising costs of CSA, we agree that something needs to be done. But we took a gradual approach to this change, which required us to offset these savings with \$8.1 million over the biennium.

To provide upfront cash to localities, we decrease the local share of community-based services by 50 percent on July 1st of this year. And we delay the increase in the local share for residential services until January 1, 2009 at the same time reducing the increase in the local share to 5 percent. On July 1, 2009, the local share of foster care services will decrease while the local share of residential services will increase. Again, the purpose is to strengthen community-based, family foster care services and reduce our reliance upon residential services. And rest assured we will be monitoring implementation of these changes to ensure that children receive the services they need and the care they deserve.

Finally, the subcommittee's report includes a modest increase in funding to strengthen early childhood education by implementing a quality rating information system to improve the programming offered by providers, increasing financial incentives to expand the pool of qualified

teachers, and building community capacity by increasing funding to the Early Childhood Foundation.

Mental health

We wholeheartedly agree that we need to invest more resources in our mental health system, and we need to do it now not later. By endorsing the proposals included in the introduced budget and advancing bipartisan legislation advanced by numerous senators, we believe this is a significant first step in strengthening our community-based system of mental health care. We know that much more needs to be done. It is our hope that these additional resources and policy changes will ensure that individuals with mental illness can continue to live in the community, access care and treatment when the need arises, and reduce the number of individuals who arrive in crisis at hospital emergency rooms, or worse, show up in our jails and prisons.

We also propose to create a new program to ensure that veterans receive the behavioral health services they need while simultaneously providing staffing within the Department of Veterans Services to ensure that our vets receive the assistance they are entitled to from the federal government. These are prudent investments that we recommend.

Health and Health Care

As the economy weakens, we felt it was important to shore up our safety net providers, including the free clinics and community health centers. We also provide a small but significant investment in a program to enroll small business employees in affordable health insurance – a true partnership between the public and private sector. And we added administrative funding for the Department of Medical Assistance Services to continue integrating acute and long-term care services so that the limited resources available to the Commonwealth from Medicaid and Medicare can be stretched to provide quality health care services for the elderly and disabled. As our population continues to gray, we can't wait for tomorrow to act.

The proposed budget also includes funding to increase the number of forensic investigators in the Office of the Chief Medical Examiner to ensure that regional offices maintain their accreditation so as not to jeopardize court cases.

Savings

As in previous years, the subcommittee is mindful of its responsibility to reduce spending where appropriate. This year is no exception. As noted earlier, spending on CSA and Medicaid will be trimmed. In addition, the budget for auxiliary grants will be adjusted to the level of anticipated spending and Medicaid will recover some additional Medicaid savings that include a recent settlement with the pharmaceutical company Merck. Just to remind you, the HHR budget spends \$85 million less than the Governor's introduced budget. It doesn't get much leaner than that.

Conclusion

There is no question that putting this budget together has been extremely challenging. We all sat through the public hearings on the budget, and we understand all too well that it is not possible to address the infinite needs of our citizens with the finite resources at our disposal. We know that economic hard times are eroding our revenues. And these difficult times have not diminished the needs that are out there. In fact, the reverse is probably true.

But as I noted earlier, we can pack it all in and timidly wait for the skies to clear, or we can make the tough choices today in the hope of better times tomorrow. Putting together this budget required us to make those choices, set priorities if you will, and we have. Our priorities presented in this report, we believe, move us forward. The citizens of Virginia expect no less. This budget addresses the immediate needs that exist, and makes targeted, albeit modest investments, in programs and services that we are sure will show significant long-term dividends.

Respectfully Submitted,

The Honorable R. Edward Houck, Chairman

The Honorable William C. Wampler, Jr.

The Honorable Janet D. Howell

The Honorable Thomas K. Norment, Jr.

The Honorable Emmett W. Hanger, Jr.

The Honorable Henry L. Marsh, III

The Honorable Mary Margaret Whipple

2008-10 Health and Human Resources Subcommittee Report

	FY 2009	General Funds FY 2010	Biennium
Secretary Of Health And Human Resources			
Auxiliary Grant Portability Program	\$ -	\$ -	Language
Report on CSA Administrative Costs	\$ -	\$ -	Language
Report on ECO, TDO, and Commitment Hearings	\$ -	\$ -	Language
Report on Assisted Living Regulations	\$ -	\$ -	Language
Comprehensive Services For At-Risk Youth And Families			
CSA Local Match Rates	\$ 6,761,762	\$ 1,336,531	\$ 8,098,293
Reduce Funding for Foster Care Rates	\$ (380,293)	\$ (549,697)	\$ (929,990)
Department For The Aging			
Designate AAAs as Lead Agency for No Wrong Door	\$ -	\$ -	Language
Department Of Health			
Office of the Chief Medical Examiner	\$ (252,728)	\$ -	\$ (252,728)
Reduce funding for Office of Minority Health and Public Health Policy	\$ (157,711)	\$ (153,363)	\$ (311,074)
Reduce funding for Breast and Cervical Cancer	\$ -	\$ (300,000)	\$ (300,000)
Reduce Funding for Local Health Departments	\$ (435,000)	\$ (435,000)	\$ (870,000)
Supplant GF Support with Fee Revenues	\$ (750,000)	\$ (449,967)	\$ (1,199,967)
Reduce Funding for Virginia Health Care Foundation	\$ (1,500,000)	\$ (1,500,000)	\$ (3,000,000)
Reduce funding for community health centers	\$ -	\$ (1,800,000)	\$ (1,800,000)
Reduce funding for free clinics	\$ -	\$ (1,700,000)	\$ (1,700,000)
Dental Health Foundation's Missions of Mercy	\$ (25,000)	\$ (50,000)	\$ (75,000)
Domestic Violence Prevention Enhancement & Leadership through Alliances	\$ (288,000)	\$ (288,000)	\$ (576,000)
Continue funding for Northern Neck and Emporia	\$ -	\$ -	Language
Reduce Funding for Office of Drinking Water	\$ (250,000)	\$ (250,000)	\$ (500,000)
Department Of Health Professions			
Enforcement of Medication Aide Training Requirements	\$ -	\$ -	Language

	General Funds		
	FY 2009	FY 2010	Biennium
Department Of Medical Assistance Services			
Delay Expansion of FAMIS Moms by One Year	\$ (1,000,451)	\$ -	\$ (1,000,451)
Authority to change coverage for newborns	\$ -	\$ -	Language
Increase Medicaid Rate for Supported Employment	\$ -	\$ -	Language
Increase Medicaid Recoveries for Merck Settlement	\$ (6,684,208)	\$ -	\$ (6,684,208)
Restore PDL Exemption for Antidepressants and Antipsychotics	\$ 965,000	\$ 965,000	\$ 1,930,000
Medicaid Eligibility Related to Life Estates	\$ -	\$ -	Language
Presumptive Medicaid Eligibility for Prenatal Care	\$ -	\$ -	Language
Adjust Dates for Reporting Requirements on AMP	\$ -	\$ -	Language
Capture Medicaid Savings	\$ (2,500,000)	\$ (2,500,000)	\$ (5,000,000)
Reduce Inflation for Nursing Facilities	\$ (5,743,243)	\$ (5,835,135)	\$ (11,578,378)
Reduce Inflation for Inpatient Hospital Services	\$ (14,233,333)	\$ (15,400,000)	\$ (29,633,333)
VirginiaShare Health Insurance Program	\$ (1,643,511)	\$ (4,143,511)	\$ (5,787,022)
Reduce Administrative Funding for Acute & LTC	\$ -	\$ (119,000)	\$ (119,000)
Department Of Mental Health, Mental Retardation And Substance			
Reduce Funding for Expanding Licensing Staff	\$ -	\$ (131,164)	\$ (131,164)
Reduce Funding for Monitoring and Accountability	\$ -	\$ (275,000)	\$ (275,000)
Remove Obsolete Budget Language	\$ -	\$ -	Language
Correct Budget Language for Conditional Release	\$ -	\$ -	Language
Wounded Warrior Mental Health Program	\$ 500,000	\$ -	\$ 500,000
Report on Community Housing	\$ -	\$ -	Language
Reduce Position for Autism Spectrum Disorders	\$ (100,000)	\$ (100,000)	\$ (200,000)
Standardized Reporting System for CSBs	\$ -	\$ -	Language
Report on the Availability of Psychiatrists in Virginia	\$ -	\$ -	Language
Mental Health Funding Reporting Requirements	\$ -	\$ -	Language
Involuntary Commitment of Minors	\$ 155,250	\$ 173,104	\$ 328,354
Funding for the Center for Behavioral Rehabilitation	\$ -	\$ (968,000)	\$ (968,000)

	General Funds		
	FY 2009	FY 2010	Biennium
Department Of Rehabilitative Services			
Reduce Funding for Brain Injury Services	\$ -	\$ (200,000)	\$ (200,000)
Eliminate funding for Foundation for Rehabilitative Equipment and Endowment	\$ -	\$ (50,000)	\$ (50,000)
Woodrow Wilson Rehabilitation Center			
Eliminate Food Services Contract	\$ (100,000)	\$ (100,000)	\$ (200,000)
Department Of Social Services			
Reduce Funding for Quality Rating Information System	\$ -	\$ (1,651,067)	\$ (1,651,067)
TANF Welfare Ban Opt Out	\$ 377,778	\$ 377,778	\$ 755,556
Reduce Funding for Financial Incentives for Early Childhood Education	\$ -	\$ (1,985,180)	\$ (1,985,180)
Reduce Funding for Recruitment and Retention	\$ (1,696,070)	\$ (1,734,256)	\$ (3,430,326)
Reduce Funding for Child Welfare Training	\$ (1,588,948)	\$ (1,187,409)	\$ (2,776,357)
Reduce Funding for Local DSS Facilities	\$ (199,810)	\$ (199,810)	\$ (399,620)
Adjust Auxiliary Grant Appropriation	\$ (1,000,500)	\$ (1,000,500)	\$ (2,001,000)
Reduce Funding for Foster Care Rates	\$ (1,123,573)	\$ (1,624,073)	\$ (2,747,646)
Reduce Funding for Foster Care Visits	\$ (1,000,000)	\$ (1,000,000)	\$ (2,000,000)
Reduce Funding for the Office of Newcomer Services	\$ (250,000)	\$ (250,000)	\$ (500,000)
Reduce Funding for Central Virginia Food Bank	\$ (62,000)	\$ -	\$ (62,000)
Reduce Funding for Early Childhood Foundation	\$ -	\$ (1,000,000)	\$ (1,000,000)
TOTAL	\$ (34,204,589)	\$ (46,077,719)	\$ (80,282,308)
Interfund Transfers			
Funding for Trauma Centers	\$ 2,200,000	\$ 2,200,000	\$ 4,400,000
General Fund Impact of HHR Budget & Interfund Transfers	\$ (36,404,589)	\$ (48,277,719)	\$ (84,682,308)

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	FY 2007	General Funds FY 2008	Biennium
Department Of Medical Assistance Services			
Reduce funding for NOVA PACE Program	\$ -	\$ (250,000)	\$ (250,000)
TOTAL	\$ -	\$ (250,000)	\$ (250,000)

Health And Human Resources

Secretary Of Health And Human
Resources

Language

Language:

Page 250, after line 7, insert:

"C. Pursuant to federal regulation 20 C.F.R §416.2001 and §63.2-800 of the Code of Virginia, the Secretary of Health and Human Resources and the State Board of Social Services shall develop and implement no later than November 1, 2008 a program to allow for the portability of Auxiliary Grants (AG) to pay for housing of consumers who receive case management services from a community services board or behavioral health authority and who are found eligible for or are currently receiving auxiliary grants. The individualized program of services and housing supports shall be developed as described in Report Document 30 (2008) - "Auxiliary Grant Portability: A Report on the Feasibility of Restructuring Auxiliary Grants for Certain CSB Case Management Consumers." Eligibility criteria shall include Assisted Living Facility (ALF) residents displaced from AG-funded beds that close and may also include those for whom the services and housing supports would lead to reductions in higher-cost institutional care and i) whose needs are not being met by their current living arrangement, or ii) who are living in localities without ALFs, or iii) who are ready for discharge from a state hospital and are without access to an ALF placement. Applications for consumers not currently receiving auxiliary grants shall identify reductions in higher-cost institutional care that offset the cost of the portable auxiliary grant. The Secretary shall provide a report on the progress and outcomes of the program, including such cost offsets, to the Governor, the Chairmen of the House Appropriations and Senate Finance Committees, and the Joint Commission on Health Care, by October 1, 2009."

Explanation:

(This language amendment requires the implementation of a program to allow for the portability of auxiliary grants no later than November 1, 2008. Eligible recipients include recipients of an AG grant who reside in a facility that closes or for whom the services and housing supports would lead to reductions in higher-cost institutional care and i) whose needs are not being met by their current living arrangement, or ii) who are living in localities without ALFs, or iii) who are ready for discharge from a state hospital and are without access to an ALF placement. Applications for consumers not currently receiving auxiliary grants shall identify reductions in

higher-cost institutional care that offset the cost of the portable auxiliary grant.)

Health And Human Resources	FY 08-09	FY 09-10	
Comprehensive Services For At-Risk Youth And Families	\$6,761,762	\$1,336,531	GF

Language:

Page 250, line 13, strike "\$357,127,702" and insert "\$363,889,464".

Page 250, line 13, strike "\$376,859,856" and insert "\$378,196,387".

Page 253, line 40, after "locality" insert:

"The Secretary of Health and Human Resources shall establish an Implementation Work Group to prepare guidelines that shall be in-place by January 1, 2009. The group shall include representatives from the Virginia Association of Counties, Virginia Municipal League, Virginia League of Social Services Executives, Virginia Association of Community Service Boards and the Virginia Coalition of Private Providers in addition to all relevant state agencies including but not limited to the Office of Comprehensive Services, Department of Social Services, Department of Juvenile Justice, and Department of Education."

Page 253, line 41, strike "2008" and insert "2009".

Page 253, line 46, strike "Beginning".

Page 253, strike lines 47 through 49.

Page 253, line 50, strike "July 1, 2008" and insert "January 1, 2009".

Page 253, line 52, strike "24 percent" and insert "5 percent for expenditures in excess of \$50,000."

Page 253, line 52, strike "January" and insert "July".

Page 253, line 52, strike "until June".

Page 253, line 53, strike "30, 2010".

Page 253, line 54, after "rate" insert:

"for expenditures in excess of \$100,000."

Page 253, line 54, strike "In".

Page 253, strike lines 55 and 56.

Page 254, strike line 1.

Page 254, after line 1, insert:

"e. The State Executive Council shall monitor the implementation of the incentives and disincentives included in C 2 of this item, provide technical assistance, and recommend evidence-based best practices to assist localities in transitioning individuals into community based care. Beginning November 1, 2008 and each year thereafter, the SEC shall provide an update to the Governor and the Chairmen of the Senate Finance and House Appropriations Committees on the outcomes of this

initiative."

Explanation:

(This amendment restores \$8.1 million GF for the biennium to phase-in more gradually financial incentives for localities to use community-based and foster care services and disincentives for the use of residential services for children and youth in CSA. The introduced budget a) reduced the local share of community-based services by 50 percent on July 1, 2008 and an additional 5 percent on January 1, 2009, reduced the local share of foster care services by 25 percent on July 1, 2008, and increased the local share of residential services by 24 percent on July 1, 2008 and an additional 16 percent on January 1, 2009. This amendment a) reduces the local share of community-based services by 50 percent on July 1, 2008, reduces the local share of foster care services by 25 percent on July 1, 2009, and increases the local share of residential services by 5 percent on January 1, 2008 and an additional 35 percent on July 1, 2009. Language also requires the Secretary of Health and Human Resources to establish an implementation team to oversee guidelines on a system of financial incentives to localities to use community-based services in lieu of residential services for children in CSA and develop best practices to assist localities in transitioning youth into community based care. Language is added to require localities to review their caseloads for those individuals who can be served in the community and to transition these cases to the community for services.)

Health And Human Resources	FY 08-09	FY 09-10
Department Of Health	(\$252,728)	\$0 GF
	7.00	7.00 FTE

Language:

Page 261, line 27, strike "\$8,461,404" and insert "\$8,208,676".

Page 261, after line 34, insert:

"Out of this appropriation, \$252,729 the first year and \$505,457 the second year from the general fund shall be used to add full-time positions in the Office of the Chief Medical Examiner in order to ensure full accreditation by the National Association of Medical Examiners."

Explanation:

(This amendment redirects funding included in the introduced budget for the alignment of salaries within the Office of the Chief Medical Examiner to hire up to 7 additional staff in regional offices to provide 24-hour coverage, seven days a week, in regional offices. Several district offices will fail to pass national accreditation without additional staff. The additional positions will ensure full accreditation by the National Association of Medical Examiners. Failure to be accredited results in delays in investigating deaths, providing instruction on case and death scene management to law enforcement personnel, and resolving cases.)

Health And Human Resources

Department Of Health Professions

Language

Language:

Page 274, after line 20, insert:

"That, notwithstanding the provisions of the fourth enactment clause of Chapters 924 and 610 of the 2005 Acts of Assembly, the provisions of § 54.1-3041 of the Code of Virginia that require medication aides to be registered by the Board of Nursing shall not be enforced until December 31, 2008."

Explanation:

(This amendment suspends the enforcement of regulations related to the registration of medication aides working in assisted living facilities until December 31, 2008.)
