



Report of the Subcommittee on  
Health and Human Resources

(Amendments to SB 850,  
as Introduced)

Senate Finance Committee  
Virginia General Assembly

February 8, 2009

Mr. Chairman,

I wish I could say that I am pleased to present this report of the Health and Human Resources Subcommittee today. To be honest, I envisioned presenting a different report when I became the chairman. But leadership requires making difficult choices. When the economy takes a nose dive – as it has – and revenues head south, the demand for services in HHR only rises. That makes the choices we had to make that much more important. Without exaggeration, the decisions we have to make affect people's lives.

All session we knew our work would be difficult. But the failure of Senate Bill 947, Senator Howell's bill to increase the cigarette tax, made it even more challenging. Those additional revenues would have offset the cost of Medicaid due to rising caseloads. The bill's failure put this Subcommittee, and others, in the position of making up \$155 million. In fact, Mr. Chairman, you sent us "targets" telling us how much more we needed to reduce spending in our respective areas. HHR was asked to find an additional \$50 million on top of the reductions already recommended by the Governor. What I present this afternoon reflects the gut-wrenching decisions we had to make this week.

### **MHMR Facilities**

No issue dominated our deliberations more this session than the proposed closure of Southeastern Virginia Training Center, the Commonwealth Center for Children and Adolescents (CCCA) and the adolescent unit at Southwestern Virginia Mental Health Institute. The introduced budget would have closed the door on these facilities by June 30<sup>th</sup> of this year. From the beginning, it was apparent that this goal could not be accomplished in that timeframe. While this Subcommittee has always been supportive of serving individuals with mental disabilities in the community, we cannot venture down that path without a plan and without assurances that services will be available.

This subcommittee report delays the closure of SEVTC until the end of the year, giving the Department and the CSBs in Hampton Roads six more months to transition individuals into the community. There's no question we will need to act swiftly. The CSBs in Hampton Roads have already been conducting assessments of each individual at SEVTC to ensure their specific

needs are addressed in the community.

Other subcommittees are also pitching in to pave the way for the closure of SEVTC, including funding to renovate and construct community-based housing and facilitating the movement of employees to CSBs or private providers.

Finally, the Subcommittee is not recommending any additional MR waivers this biennium. We would have liked to, but our resources and attention MUST be focused on creating community-based placements for individuals coming out of SEVTC.

The subcommittee was very concerned about the Commonwealth getting out of the business of providing acute psychiatric care for children and adolescents. Clearly, we have a responsibility to serve youth who cannot appropriately or safely be cared for in private facilities.

However, it is apparent that services at CCCA and Marion are underutilized. In fact, from July 1, 2007 through June 30, 2008, only 33 of 48 beds were occupied at Staunton and 9 of 16 beds at Marion. With the addition of \$2.1 million for treatment at private hospitals and the assurance that hospitals can serve some of the individuals currently treated in state facilities, we are confident that the operating capacity at these facilities can be reduced by 50 percent beginning July 1, 2009. This report recognizes those savings but more importantly, it provides funding to give more time for the development of an appropriate plan to deal with these mentally ill adolescents.

### **Reductions in HHR**

Recipients and providers were already concerned about Medicaid reductions in the introduced budget. Unfortunately, due to the loss of revenue generated in SB 947, we had to go further. Our strategy had to become one to "share the pain" as equitably as possible.

Because some Medicaid providers had not received an actual reduction in their rates like hospitals, we included reductions of three percent for nursing homes, physicians and dentists. In addition, we were not able to hold teaching hospitals harmless nor Children's Hospital of the King's Daughter; they will also be subject to a three percent reduction. Finally, we directed

\$7.3 million from the Tobacco Settlement Fund to offset the rising cost of Medicaid.

### **Preserving Access to Safety Net Services**

The subcommittee was sensitive to the rising caseloads showing up in Medicaid and other safety net providers such as the free clinics and community health centers. Increasing numbers of uninsured Virginians are in need of health care every day. Funding will ensure no drop off in state support in FY 2010.

While not typically considered part of the safety net, we recognize the great service personal care assistants provide the Commonwealth. Therefore, we maintained the modest 3% rate increase for personal care providers. Finally, we thought it was premature to consolidate and reduce funding for Poison Control Centers at this time. We are concerned about the unintended consequences from this action, and will revisit it after the Joint Commission on Health Care reports back to us.

### **In Summary**

Mr. Chairman, what I have laid out for you represents our best effort in HHR. I can assure you we scrubbed the Governor's proposed budget and examined the base budget as well; we left no stone unturned looking for resources. To do otherwise would be irresponsible. We will be the first to admit, we wished this report looked different.

If there is any ray of hope out there, it comes from Washington. With unprecedented speed President Obama and the Congress are stepping up to help states deal with rising caseloads of frail elderly, the disabled and other needy Americans. Very soon, we hope they will enact a federal stimulus package, so we can offset many of the reductions we were forced to make in this report. Time will tell.

Our charge was to bring the full Committee a subcommittee report that is balanced. This report does that.

Respectfully Submitted,

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The Honorable R. Edward Houck, Chairman

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The Honorable William C. Wampler, Jr.

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The Honorable Janet D. Howell

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The Honorable Thomas K. Norment, Jr.

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The Honorable Emmett W. Hanger, Jr.

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The Honorable Henry L. Marsh, III

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The Honorable Mary Margaret Whipple

# 2009 Senate HHR Subcommittee Report

|   | FY 2009        | FY 2010        | Biennium       |
|---|----------------|----------------|----------------|
| <b>Secretary Of Health And Human Resources</b>                  |                |                |                |
| 282 #2s: Reduce Funding for Child Advocacy Centers by 10%       | \$ -           | \$ (100,000)   | \$ (100,000)   |
| 282 #3s: Blueprint for Aging Services                           | \$ -           | \$ -           | Language       |
| 282 #4s: Federal Stimulus Funding                               | \$ -           | \$ -           | Language       |
| 282 #5s: Report on Agency Fund Balances                         | \$ -           | \$ -           | Language       |
| <b>Comprehensive Services For At-Risk Youth And Families</b>    |                |                |                |
| 283 #6s: Reduce Excess Funding for Parental Agreements          | \$ (2,000,000) | \$ (1,000,000) | \$ (3,000,000) |
| 283 #7s: CSA Training and Technical Assistance                  | \$ -           | \$ -           | Language       |
| 283 #8s: CSA Funding for Community-based Services               | \$ -           | \$ -           | Language       |
| <b>Department For The Aging</b>                                 |                |                |                |
| 284 #2s: Reduce Funding for Senior Navigator by 10%             | \$ -           | \$ (23,750)    | \$ (23,750)    |
| 284 #3s: Reduce Funding for No Wrong Door by 10%                | \$ -           | \$ (47,898)    | \$ (47,898)    |
| <b>Department For The Deaf And Hard-Of-Hearing</b>              |                |                |                |
| 288 #1s: Norton Relay Center Minimum Position Level             | \$ -           | \$ -           | Language       |
| <b>Department Of Health</b>                                     |                |                |                |
| 291 #1s: Reduce First Year Funding for Chief Medical Examiner   | \$ (24,680)    | \$ -           | \$ (24,680)    |
| 294 #2s: Regional Health Planning Agencies and COPN Fees        | \$ -           | \$ -           | Language       |
| 294 #3s: Restore Regional Health Planning Agency Funding & COPN | \$ -           | \$ -           | Language       |
| 297 #9s: Restore Funding for Poison Control Centers             | \$ -           | \$ 1,049,691   | \$ 1,049,691   |
| 297 #10s: Eliminate Funding for Patient Advocate Foundation     | \$ -           | \$ (225,000)   | \$ (225,000)   |
| 297 #11s: Eliminate Funding for Bedford Hospice House, Inc.     | \$ -           | \$ (90,000)    | \$ (90,000)    |
| 297 #12s: Funding for Obstetrical Pilot Project in Emporia      | \$ -           | \$ 63,750      | \$ 63,750      |
| 297 #13s: Community Health Centers Funding                      | \$ -           | \$ 150,000     | \$ 150,000     |

|   | FY 2009 | FY 2010         | Biennium        |
|---|---------|-----------------|-----------------|
| 297 #14s: Free Clinics Funding  | \$ -    | \$ 850,000      | \$ 850,000      |
| 297 #15s: Reduce Funding for CHIP of Virginia by 10%                              | \$ -    | \$ (164,195)    | \$ (164,195)    |
| 298 #1s: Reduce Funding for Drinking Water State Revolving Fund                   | \$ -    | \$ (2,600,000)  | \$ (2,600,000)  |
| 301.05 #2s: Adjust General Fund Appropriation                                     | \$ -    | \$ 60,000       | \$ 60,000       |
| <b>Department Of Medical Assistance Services</b>                                  |         |                 |                 |
| 306 #23s: Emergency Regulatory Language for Long-stay Hospital Payment Changes    | \$ -    | \$ -            | Language        |
| 306 #24s: Medicaid Funding for Healthy Families                                   | \$ -    | \$ -            | Language        |
| 306 #25s: Remove Regulations Regarding Hospice Care                               | \$ -    | \$ -            | Language        |
| 306 #26s: Remove Language Limiting Transportation Costs for Home Health Providers | \$ -    | \$ -            | Language        |
| 306 #27s: Virginia Health Care Fund - Tobacco Tax Increase                        | \$ -    | \$ 154,900,000  | \$ 154,900,000  |
| 306 #28s: Virginia Health Care Fund - VTSF  | \$ -    | \$ (7,309,000)  | \$ (7,309,000)  |
| 306 #29s: Remove Language for Review of Durable Medical Equipment                 | \$ -    | \$ -            | Language        |
| 306 #29s: Enhanced School Revenue Maximization                                    | \$ -    | \$ (516,164)    | \$ (516,164)    |
| 306 #30s: Restore Partial Funding for SEVTC                                       | \$ -    | \$ 5,500,000    | \$ 5,500,000    |
| 306 #31s: Medically Needy Income Limits   | \$ -    | \$ (563,081)    | \$ (563,081)    |
| 306 #31s: Reduce Pharmacy Dispensing Fee  | \$ -    | \$ (462,666)    | \$ (462,666)    |
| 306 #32s: Reduce Reimbursements to Nursing Homes by 3%                            | \$ -    | \$ (12,016,013) | \$ (12,016,013) |
| 306 #33s: Reduce Reimbursements for Physicians by 3%                              | \$ -    | \$ (8,111,010)  | \$ (8,111,010)  |
| 306 #34s: Reduce Medicaid Reimbursements for Dentists by 3%                       | \$ -    | \$ (1,894,566)  | \$ (1,894,566)  |
| 306 #35s: Reduce Medicaid Reimbursements to Teaching Hospitals by 3%              | \$ -    | \$ (3,284,589)  | \$ (3,284,589)  |
| 306 #36s: Remove Exemption for Children's Hospital of the King's Daughter         | \$ -    | \$ (418,648)    | \$ (418,648)    |
| 306 #37s: Nursing Homes with 95% Medicaid Utilization                             | \$ -    | \$ 198,800      | \$ 198,800      |
| 306 #38s: Remove Add-On for Neonatal Intensive Care Units                         | \$ -    | \$ (902,470)    | \$ (902,470)    |
| 311 #3s: Forecast of Medicaid Expenditures  | \$ -    | \$ -            | Language        |

|  | FY 2009 | FY 2010        | Biennium       |
|--|---------|----------------|----------------|
| <b>Department Of Mental Health, Mental Retardation And Substance Abuse Services</b>      |         |                |                |
| 315 #9s: Modify Budget Language Closing Mental Health Facilities                         | \$ -    | \$ -           | Language       |
| 315 #10s: Maintain Operations at SEVTC Through December 31, 2009                         | \$ -    | \$ -           | Language       |
| 315 #11s: Reduce Funding for Commonwealth Autism Services                                | \$ -    | \$ (100,000)   | \$ (100,000)   |
| 315 #12s: Staff for Autism Spectrum Disorders  | \$ -    | \$ (115,000)   | \$ (115,000)   |
| 315 #13s: WTA COSTS of Facility Closures   | \$ -    | \$ -           | Language       |
| 316 #8s: Medication Assisted Treatment for Opioid Dependence                             | \$ -    | \$ -           | Language       |
| 316 #9s: Eliminate funding for Holiday House   | \$ -    | \$ (100,000)   | \$ (100,000)   |
| 316 #11s: Mental Health Funding Allocation   | \$ -    | \$ -           | Language       |
| 320 #3s: Restore Bed Capacity at Commonwealth Center for Children and Adolescents at 50% | \$ -    | \$ 4,000,000   | \$ 4,000,000   |
| 320 #4s: Restore Adolescent Unit at Marion at 50 percent Capacity                        | \$ -    | \$ 700,000     | \$ 700,000     |
| 320 #5s: Inpatient Mental Health Funding for Children & Adolescents                      | \$ -    | \$ -           | Language       |
| 322 #3s: Partially Restore Funding and FTEs at CCCA and SWVMHI                           | \$ -    | \$ -           | NGF            |
| 325 #1s: SEVTC Regional Community Support Center   | \$ -    | \$ 400,000     | \$ 400,000     |
| 327 #1s: Restore Funds & Positions at SEVTC through December 31, 2009                    | \$ -    | \$ -           | NGF            |
| <b>Department Of Social Services</b>   |         |                |                |
| 337 #1s: Forecast of Department of Social Services Programs                              | \$ -    | \$ -           | Language       |
| 338 #6s: Child Day Care Services Payments  | \$ -    | \$ -           | Language       |
| 341 #3s: Reduce Auxiliary Grant Rate by 3%   | \$ -    | \$ (1,729,383) | \$ (1,729,383) |
| 341 #4s: Funding for Victims of Domestic Violence  | \$ -    | \$ 580,000     | \$ 580,000     |
| 341 #5s: Correct Auxiliary Grant Pilot Language  | \$ -    | \$ -           | Language       |
| 344 #7s: Bristol-Washington County Children's Advocacy Center                            | \$ -    | \$ 45,000      | \$ 45,000      |

|  | FY 2009 | FY 2010      | Biennium     |
|--|---------|--------------|--------------|
| 344 #7s: Lenowisco Children's Advocacy Center                | \$ -    | \$ 45,000    | \$ 45,000    |
| 346 #1s: Remove Funding for Relocation of DSS Central Office | \$ -    | \$ (755,908) | \$ (755,908) |
| 346 #6s: Local Departments of Social Services                | \$ -    | \$ -         | Language     |
| 346 #7s: Eligibility Determination System Changes            | \$ -    | \$ -         | Language     |

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**GRAND TOTAL, Health and Human Resources Subcommittee Report \$ (2,024,680) \$ 126,012,900 \$ 123,988,220**

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|  |            |              |              |
|--|------------|--------------|--------------|
| 3-1.01 #4s: Revert VDH Agency Fund Balances                | \$ 616,000 | \$ -         | \$ 616,000   |
| 3-1.01 #5s: \$4.00 for Life Funding                        | \$ -       | \$ 9,450,000 | \$ 9,450,000 |
| 3-1.02 #1s: Virginia Tobacco Settlement Foundation Funding | \$ -       | \$ -         | Language     |

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**Transfers**

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|  |            |              |               |
|--|------------|--------------|---------------|
|  | \$ 616,000 | \$ 9,450,000 | \$ 10,066,000 |
|--|------------|--------------|---------------|

**Health And Human Resources**

Secretary Of Health And Human Resources

Language

**Language:**

Page 292, after line 59, insert:

"E. It is the intent of the General Assembly that funding provided to the Commonwealth through the federal American Recovery and Reinvestment Act of 2009 shall be appropriated based on a thorough review of the reductions contained within the Health and Human Resources Secretariat where appropriate."

**Explanation:**

(This language amendment states the intent of the General Assembly to review the reductions contained within the Health and Human Resources budget in light of the anticipated passage of the proposed federal economic stimulus plan embodied in the American Recovery and Reinvestment Act.)

**Health And Human Resources**

Department Of Health

**FY 08-09**

\$0

**FY 09-10**

\$150,000 GF

**Language:**

Page 313, line 44, strike "\$15,257,022" and insert "\$15,407,022".

Page 315, line 12 strike "and".

Page 315, line 13, strike "\$750,000 the second year".

Page 315, line 35, strike "900,000" and insert "1,800,000"

**Explanation:**

(This amendment maintains an increase provided to community health centers at \$1.8 million GF each year. Last session, \$1.8 million GF was provided the first year and \$900,000 GF the second year for community health centers to address increasing caseloads. This amendment adds \$150,000 GF the second year and redirects \$750,000 GF the second year for operating costs; in prior years this funding has been used to expand or develop new community health centers for operating costs.)

Health and Human Resources Subcommittee

Item 306 #27s

| <b>Health And Human Resources</b> | <b>FY 08-09</b> | <b>FY 09-10</b> |     |
|-----------------------------------|-----------------|-----------------|-----|
| Department Of Medical Assistance  | \$0             | \$154,900,000   | GF  |
| Services                          | \$0             | (\$154,900,000) | NGF |

**Language:**

Page 331, line 42, strike "458,719,489" and insert "303,819,489".

**Explanation:**

(This amendment adds \$154.9 million GF to the Medicaid program and reduces \$154.9 million to the Virginia Health Care Fund as a result of the defeat of the proposed 30 cent increase in the cigarette tax, dealer discount, and moist snuff bill. Because tobacco revenues are deposited into the fund and used as the state's share of Medicaid matching funds, the loss of these revenues results in the need for additional general funds.)

Health and Human Resources Subcommittee

Item 306 #28s

| <b>Health And Human Resources</b> | <b>FY 08-09</b> | <b>FY 09-10</b> |     |
|-----------------------------------|-----------------|-----------------|-----|
| Department Of Medical Assistance  | \$0             | (\$7,309,000)   | GF  |
| Services                          | \$0             | \$7,309,000     | NGF |

**Language:**

Page 331, line 42, strike "458,719,489" and insert "466,028,494".

**Explanation:**

(This amendment reflects the transfer of \$7.3 million from the Virginia Tobacco Settlement Fund to the Virginia Health Care Fund to offset the cost of Medicaid spending. Additional revenues to the VHCF that are used as the state share of Medicaid spending allows for a reduction in general fund spending. A separate amendment to Item 3-1.02 transfers funding to the VHCF.)

Health and Human Resources Subcommittee

Item 306 #30s

| <b>Health And Human Resources</b> | <b>FY 08-09</b> | <b>FY 09-10</b> |     |
|-----------------------------------|-----------------|-----------------|-----|
| Department Of Medical Assistance  | \$0             | \$5,500,000     | GF  |
| Services                          | \$0             | \$5,500,000     | NGF |

**Language:**

Page 324, line 2, strike "\$5,933,087,351" and insert "\$5,944,087,351".

Page 324, line 45, strike "90,026,990" and insert "95,526,990".

Page 324, line 47, strike "90,026,990" and insert "95,526,990".

**Explanation:**

(This amendment restores \$5.5 million GF and \$5.5 million from federal Medicaid matching funds to Southeastern Virginia Training Center (SEVTC) to continue operations through December 31, 2009. The introduced budget assumed savings of \$11.0 million GF and \$11.0 million from federal Medicaid matching funds by closing the facility on June 30, 2009. Delaying the closure of the facility by six months will allow additional time to find appropriate placements in the community for individuals with intellectual disabilities. A separate amendment in general government will provide incentives for community services boards to hire employees departing from SEVTC.)

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Health and Human Resources Subcommittee

Item 320 #3s

**Health And Human Resources**

**FY 08-09**

**FY 09-10**

Mental Health Treatment Centers

\$0

\$4,000,000 GF

\$0

\$1,000,000 NGF

**Language:**

Page 364, line 43, strike "\$197,020,496" and insert "\$202,020,496".

**Explanation:**

(This amendment restores \$4.0 million GF and \$1.0 million NGF from special revenues to continue operations at the Commonwealth Center for Children and Adolescents (CCCA) at 50 percent of its current capacity beginning July 1, 2009. The introduced budget proposed the closure of the facility on June 30, 2009. From July 1, 2007 to June 30, 2008, the average daily census at the CCCA was 33. To operate at 24 beds, instead of 48, approximately 9 adolescents at any given time will need to find placements in private facilities. Funding of \$2.1 million GF is retained to address the anticipated need for payments at private psychiatric hospitals.)

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Health and Human Resources Subcommittee

Item 320 #4s

|                                   |                 |                 |    |
|-----------------------------------|-----------------|-----------------|----|
| <b>Health And Human Resources</b> | <b>FY 08-09</b> | <b>FY 09-10</b> |    |
| Mental Health Treatment Centers   | \$0             | \$700,000       | GF |

**Language:**

Page 364, line 43, strike "\$197,020,496" and insert "\$197,720,496".

**Explanation:**

(This amendment restores \$700,000 GF to continue operating the Adolescent Unit at Southwestern Virginia Mental Health Institute at 50 percent of its current bed capacity beginning July 1, 2009. From July 1, 2007 to June 30, 2008, the average daily census at Marion was 9. To operate at 8 beds, instead of 16, one adolescent at any given time will need to be placed in a private facility. Funding of \$2.1 million GF is retained to address the anticipated need for payments at private psychiatric hospitals. The introduced budget proposed the closure of this facility by June 30, 2009.)

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Health and Human Resources Subcommittee

Item 3-1.01 #5s

**Transfers**

Interfund Transfers

Language

**Language:**

Page 612, after line 26, insert:

"F. On or before June 30, 2010, the State Comptroller shall transfer \$9,450,000 from the special emergency medical services fund to the general fund."

**Explanation:**

(This amendment transfers \$1.50 from "\$4.25 for Life" to the general fund in fiscal year 2010. The introduced budget directs \$0.25 to the state police for operations of med-flight. This amendment diverts \$1.50 of each registration fee to the general fund in FY 2010 only. The remaining fee of \$2.50 will be used for recruitment, retention, training and equipment for volunteer rescue squads.)

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