

SENATE OF VIRGINIA

Senate Finance Committee

High-Level Overview and Recent Trends in HHR Budget

July 16, 2012



SENATE FINANCE COMMITTEE

Overview of HHR Interim Schedule

- The HHR Subcommittee's interim schedule will focus on the largest agency budgets.
- The Subcommittee will explore major budget drivers among HHR agencies and emerging fiscal issues.
- Other interim budget issues that will need to be monitored include:
 - Decisions on the Affordable Care Act;
 - Implementation of the Department of Justice's Settlement Agreement;
 - Possible action on the federal budget/sequestration; and
 - Any other fiscal policy issues that may arise.



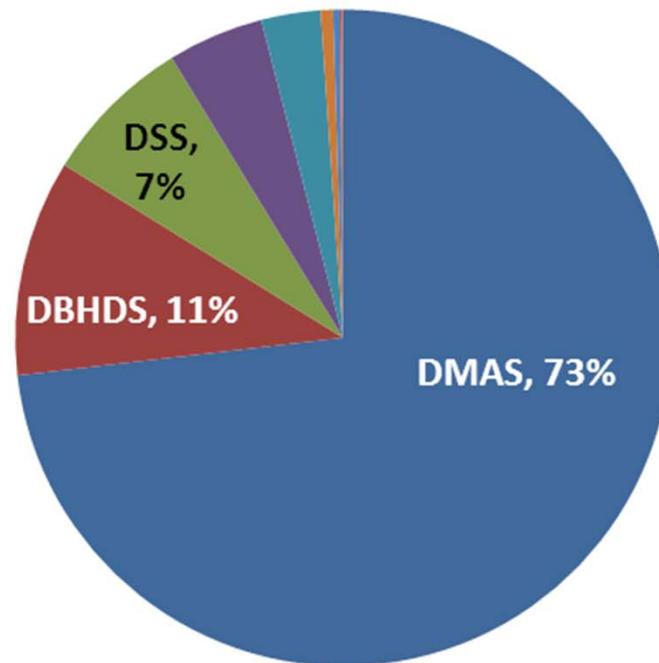
Snapshot of FY 2014 HHR Appropriations

Health and Human Resources Agencies	GF FY 2014	NGF FY 2014	TOTAL FY 2014	% of Total
Department of Medical Assistance Services	\$ 3,814,571,616	\$ 5,660,770,662	\$ 9,475,342,278	69.9%
Department of Behavioral Health and Developmental Services	\$ 555,624,165	\$ 413,968,941	\$ 969,593,106	7.2%
Department of Social Services	\$ 386,803,033	\$ 1,465,401,084	\$ 1,852,204,117	13.7%
Comprehensive Services Act	\$ 246,821,041	\$ 52,607,746	\$ 299,428,787	2.2%
Department of Health	\$ 152,362,687	\$ 471,381,793	\$ 623,744,480	4.6%
Department of Rehabilitative Services	\$ 31,696,620	\$ 157,030,315	\$ 188,726,935	1.4%
Department for the Aging	\$ 17,480,147	\$ 38,296,226	\$ 55,776,373	0.4%
Department for the Blind and Vision Impaired	\$ 6,475,173	\$ 47,233,488	\$ 53,708,661	0.4%
Department for the Deaf and Hard of Hearing	\$ 844,994	\$ 10,938,174	\$ 11,783,168	0.1%
Secretary of Health and Human Resources	\$ 640,954	\$ -	\$ 640,954	0.0%
Board for People with Disabilities	\$ 179,494	\$ 1,821,658	\$ 2,001,152	0.0%
Department of Health Professions	\$ -	\$ 27,283,810	\$ 27,283,810	0.2%
TOTAL	\$ 5,213,499,924	\$ 8,346,733,897	\$ 13,560,233,821	100.0%
	% of Total	38%	62%	100%



Three Agencies Account for More than 90% of GF Spending

FY 2014 GF Appropriations by Major HHR Agency

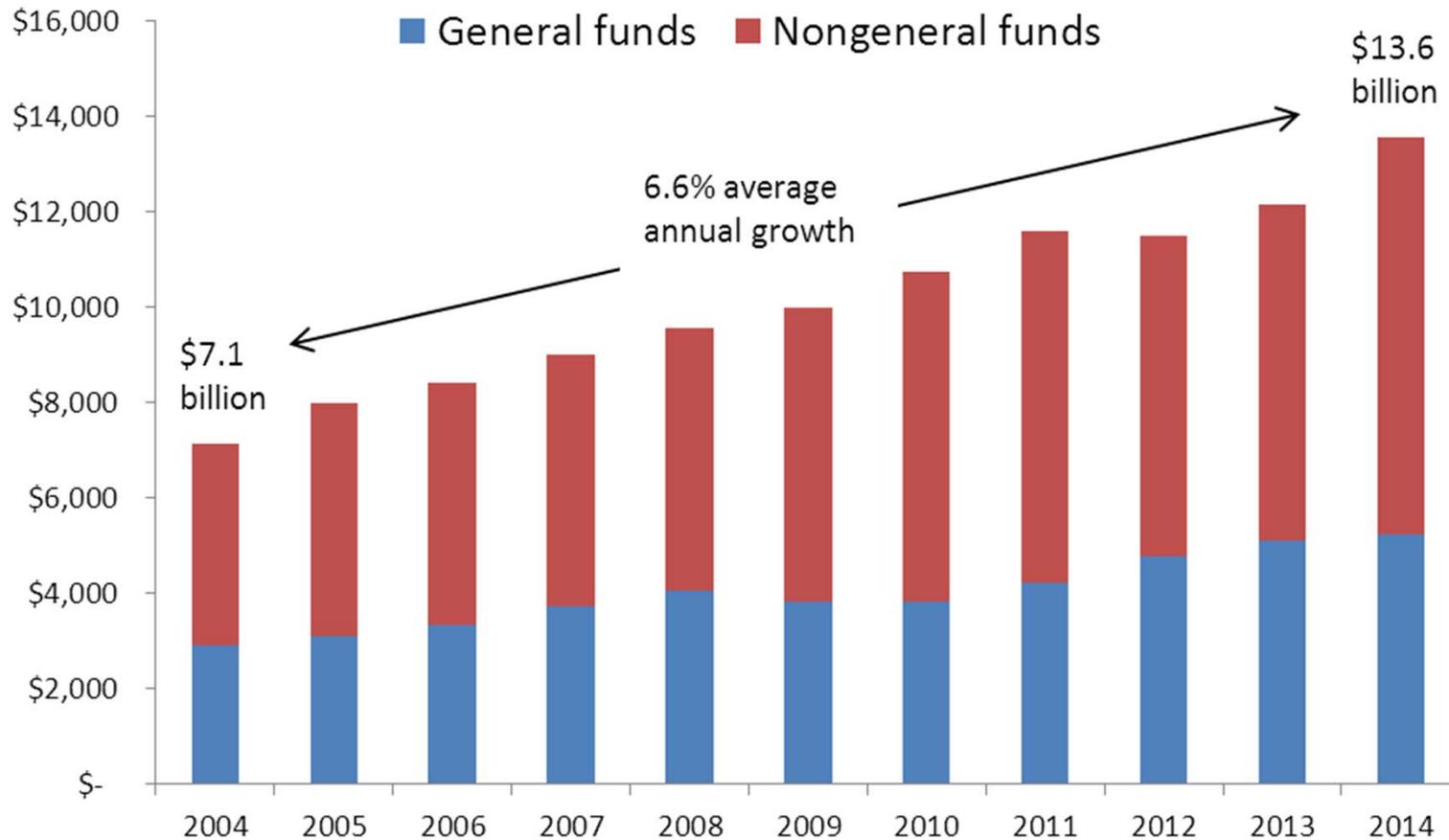


GF Appropriation
equals \$5.2 billion
in FY 2014

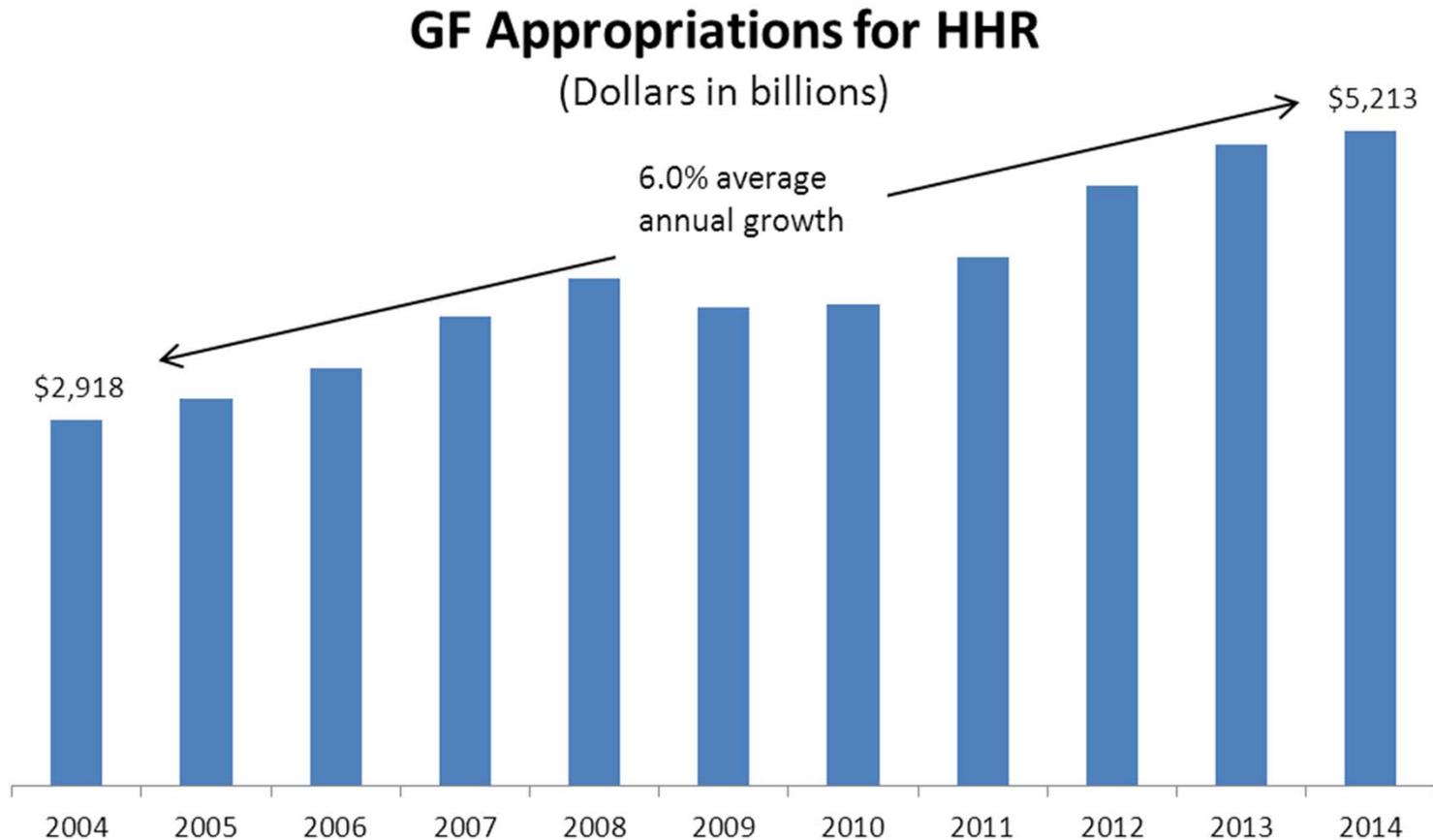


Trends in Total HHR Appropriations

HHR Appropriations by Fund Source



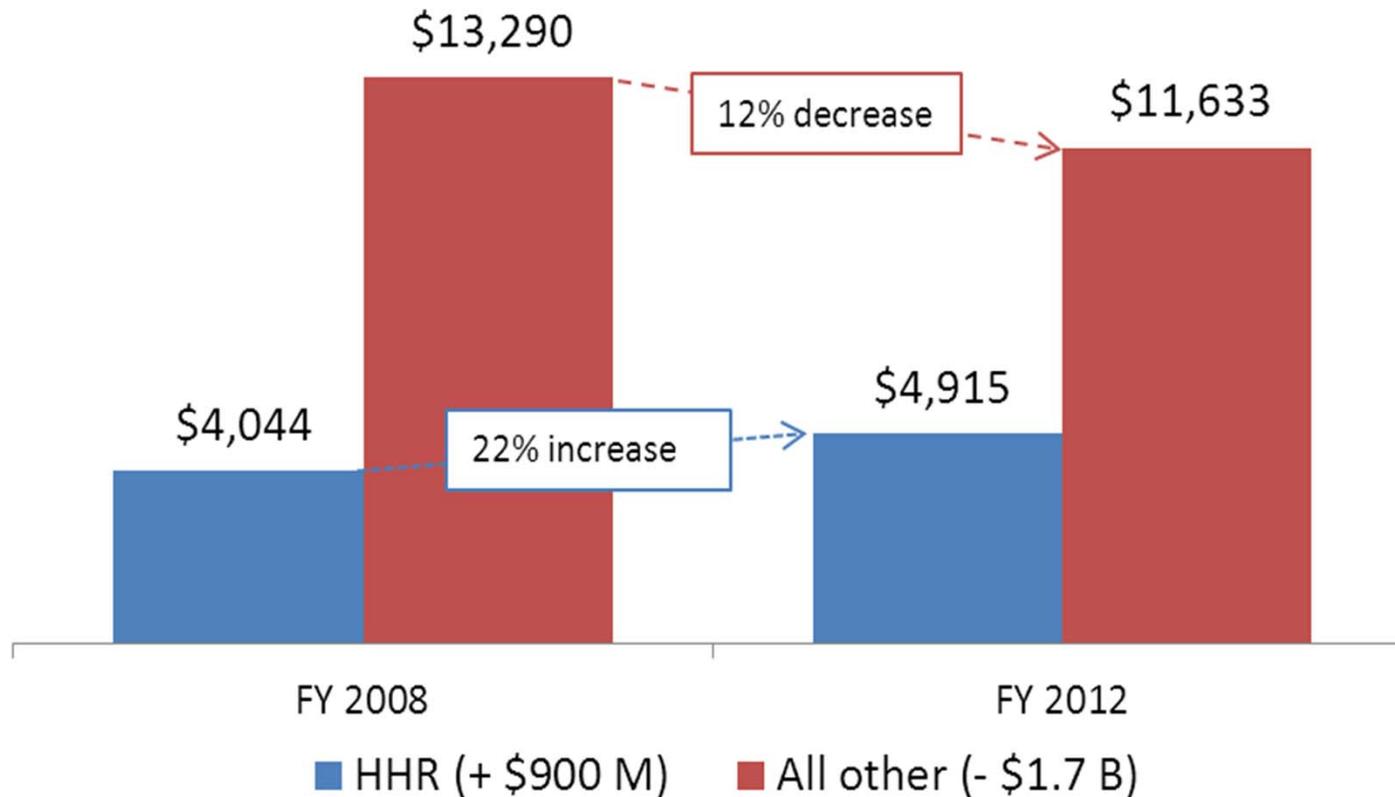
Trends in GF HHR Appropriations



Recession Has Contributed to Growth in HHR

HHR Compared to All Other State Government

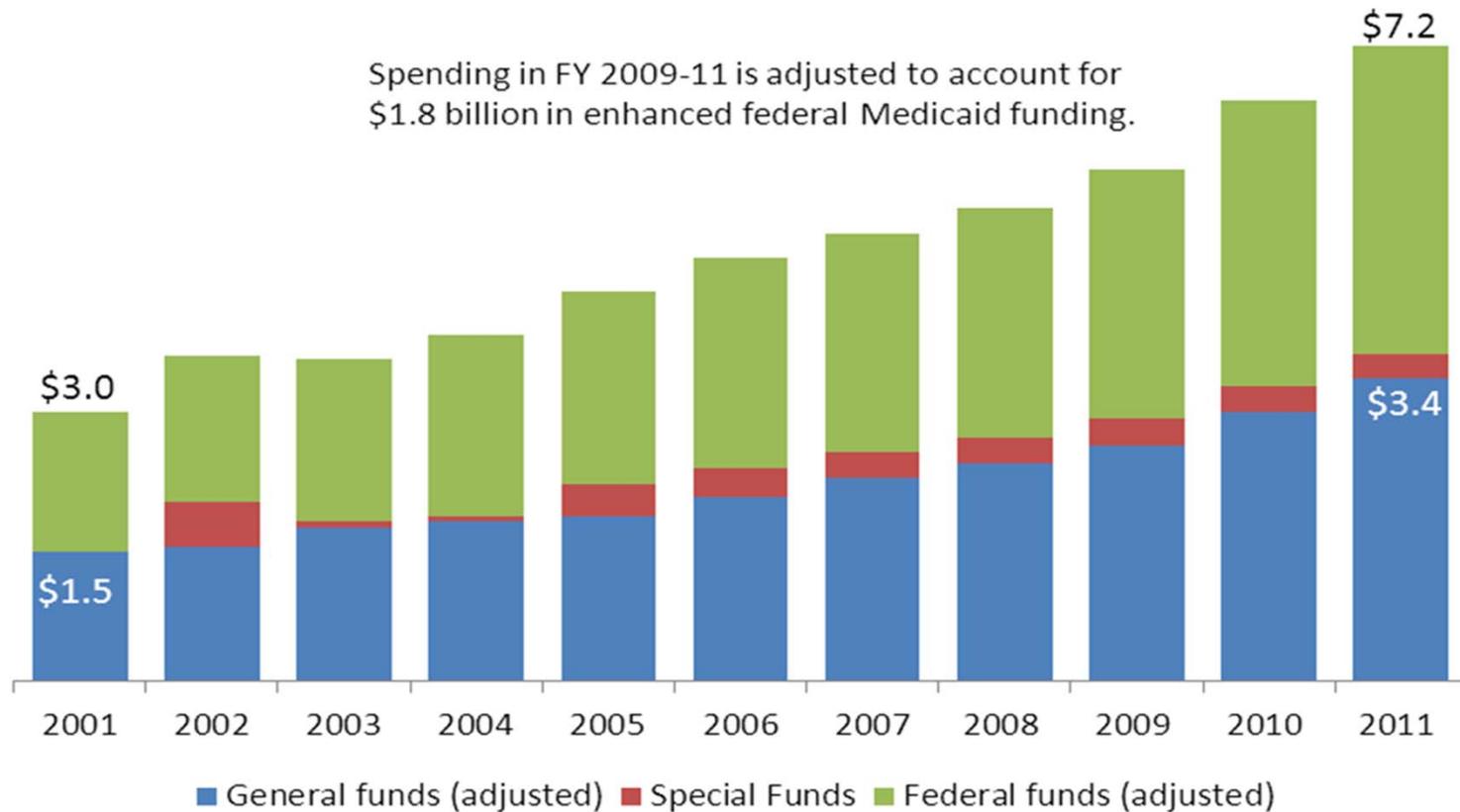
(General fund dollars in millions)



Medicaid Spending Has More Than Doubled in Ten Years

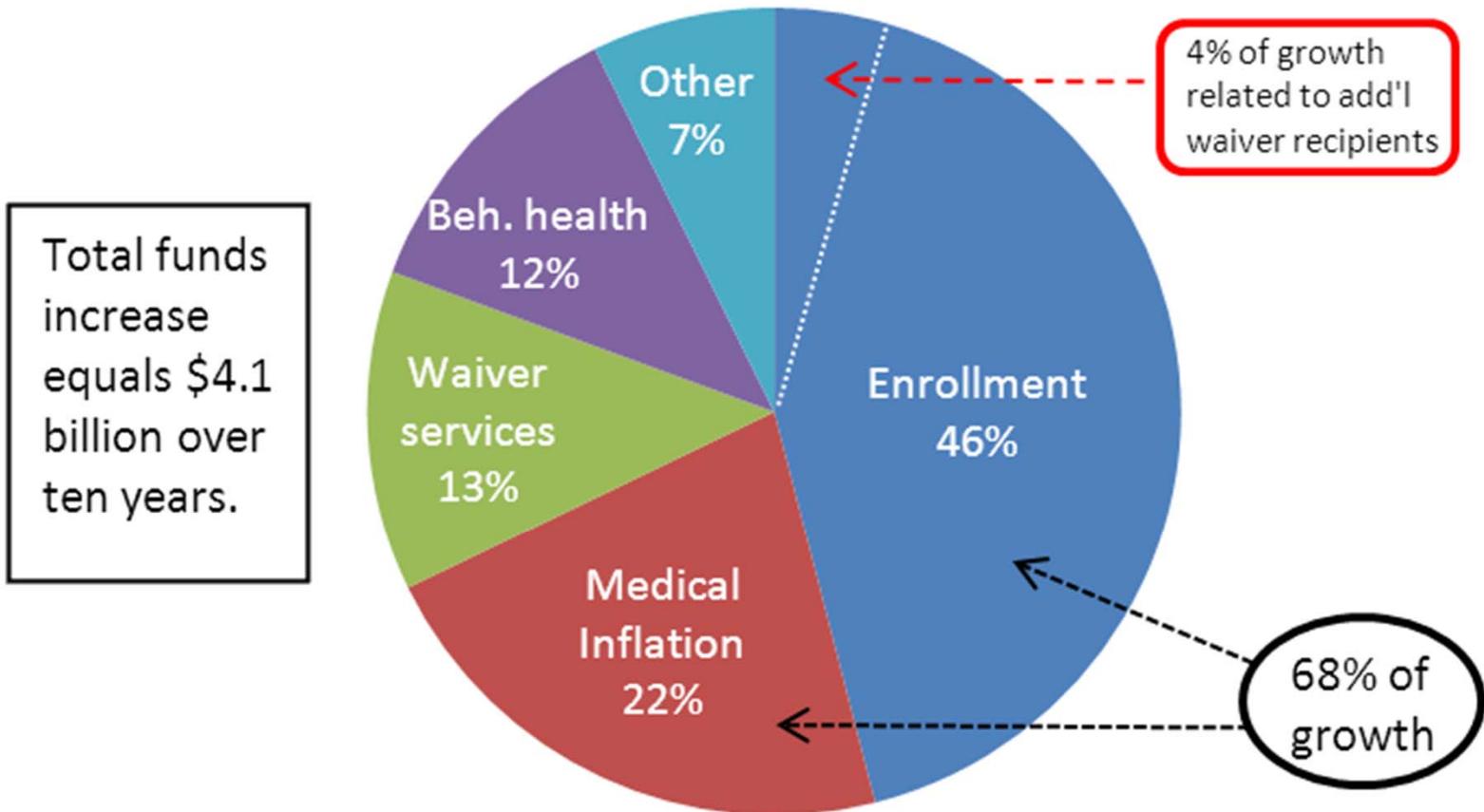
Medicaid Services Expenditures by Fiscal Year

(Dollars in millions)



Why has Medicaid spending grown?

Explanation of Medicaid Growth Since FY 2001



How has enrollment grown from FY 2001 to FY 2011?

- Enrollment growth accounts for 46 percent (\$1.9 billion in total funds) of the increase in Medicaid spending in the last ten years.

Recent Enrollment Trends in Medicaid			
<u>Population</u>	<u># of enrollees</u>	<u>% of growth</u>	<u>\$ in millions</u>
Children	208,670	64%	\$887.2
Pregnant Women/ Adults	57,490	18%	\$337.6
Elderly & Disabled	60,204	18%	\$880.6
TOTAL	326,364	100%	\$1,863.4

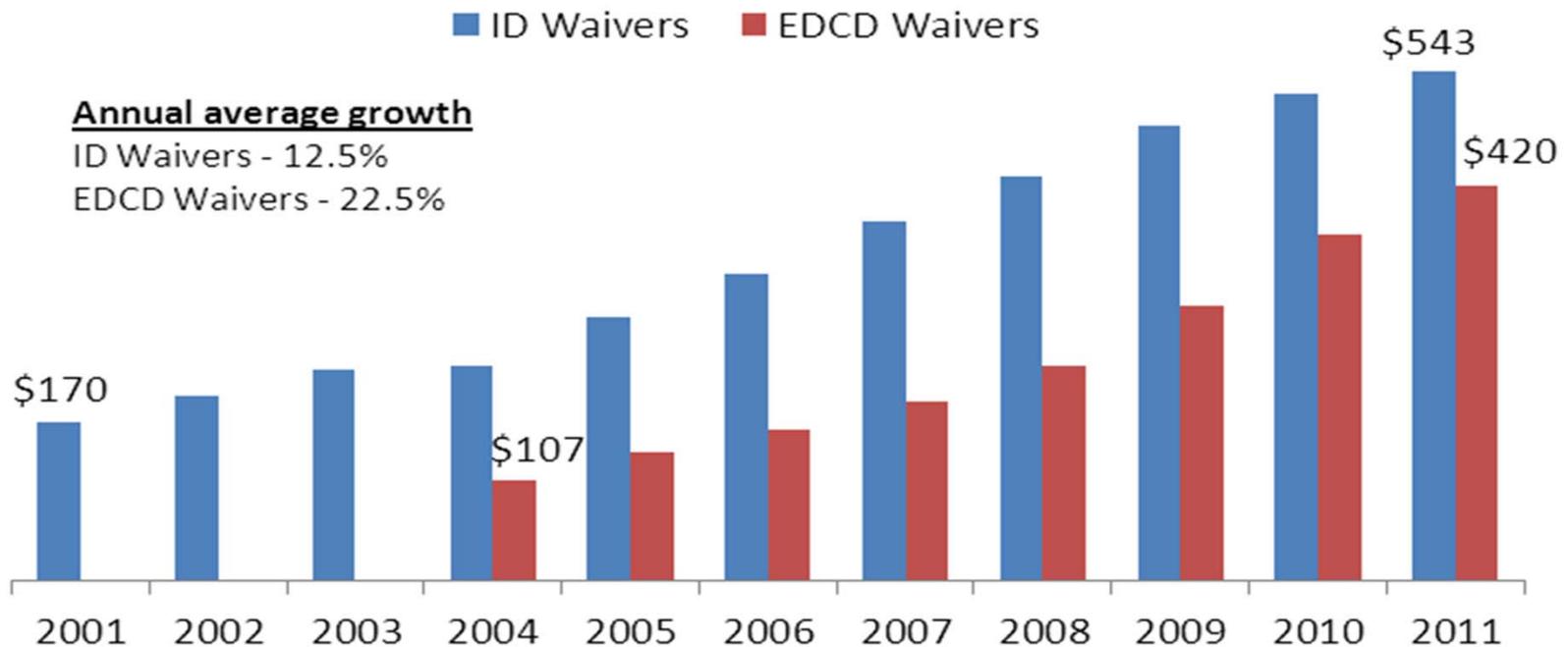


What else is contributing to rising Medicaid costs?

- Enrollment and utilization of home- and community-based waiver services added \$890 million in total costs to Medicaid.

Home & Community-based Waiver Costs

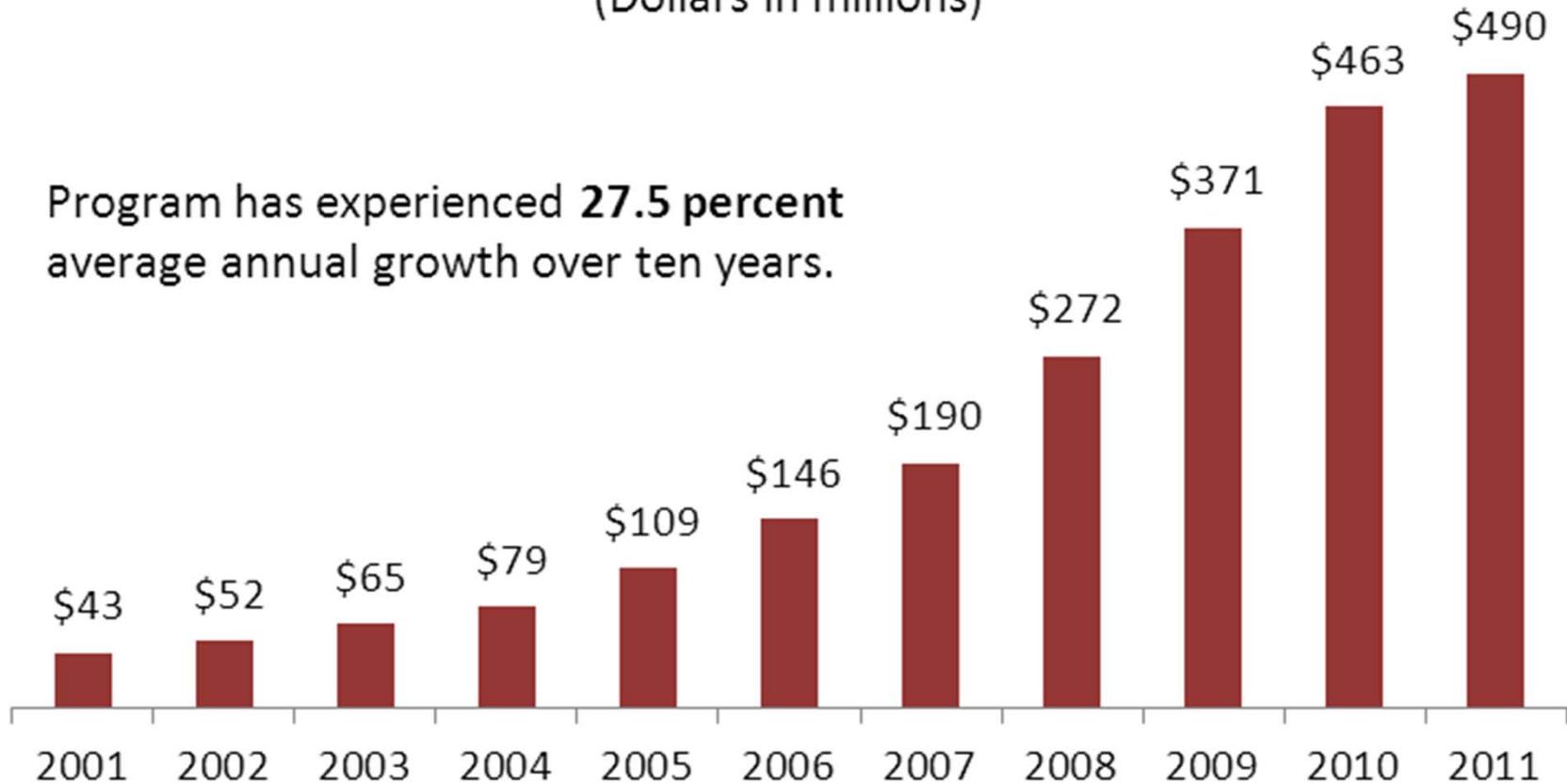
(Dollars in millions)



Are there any other areas of Medicaid growth?

Outpatient Mental Health Services Expenditures (Dollars in millions)

Program has experienced **27.5 percent** average annual growth over ten years.



Recent HHR Budget Actions

- Most new spending in HHR has focused on “must do” items including providing funding for:
 - State and federally-mandated programs;
 - Medicaid enrollment and cost increases;
 - Adoption subsidy and foster care caseload and cost increases; and
 - Infrastructure improvements to implement federal health care reform (e.g., health IT and eligibility modernization).
- The “almost final” agreement with the Department of Justice related to the care and treatment of individuals with intellectual disabilities (ID) will impose additional fiscal burdens.



Emerging HHR Budget Pressures

- The recent focus on reducing budgets has exposed unaddressed needs in HHR including:
 - More than 11,000 children waiting for “at-risk” child care services;
 - 165 individuals ready to be discharged from our state mental health facilities but waiting for services to allow them to transition to the community; and
 - Inadequately-funded Part C early intervention services for children with developmental delays.
- Agencies will be asked to highlight programs where waiting lists have developed or where additional funding may be needed to prevent other costs.

