
Overview of Governor's Introduced Budget for Health and Human Resources

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Summary of Health and Human Resources

- Governor's proposed amendments in HHR include a net decrease of \$193.5 million GF and a net decrease of \$320 million nongeneral fund for the 2014-16 biennium as compared to Chapter 3.
- Proposed GF spending of \$85.6 million is offset by \$279.1 million in reductions over the biennium.
 - The Governor's "A Healthy Virginia" initiative is embedded within the Medicaid Forecast and includes \$117.8 million in additional GF spending.
- Excluding mandatory spending and technical adjustments, discretionary spending in HHR totals \$25.2 million GF or 29.4 percent of new GF spending in HHR.
- Budget Savings total \$57.5 million GF over the biennium.



Summary of Major GF Changes

Major GF Increases (\$ in millions)	Biennium
Mandatory Spending	\$59.2
Discretionary Spending	25.2
Technical	1.2
Total GF Increases	\$85.6
Major GF Decreases (\$ in millions)	
Medicaid and Children's Health Insurance Program Forecasts Savings	(\$216.3)
Health Care Fund (Cash Balance)	(51.4)
Other Budget Savings	(9.2)
Technical	(2.2)
Total GF Decreases	(\$279.1)



Major Proposals

- Medicaid Expansion
 - Proposes to expand Medicaid in accordance with the Affordable Care Act to non-elderly adults up to 138 percent of the federal poverty level.
 - **The Governor's budget does not incorporate any general fund savings from expansion in the budget.**
 - Any savings would be set aside in a special fund for future Medicaid costs or deposited to the Revenue Stabilization Fund.
 - Projected GF savings, based on a January 1, 2016 implementation date is \$105 million GF in FY 2016.



Major Proposals (continued)

- Hospital Provider Assessment
 - Authorizes a new assessment on hospitals of up to six percent of revenue.
 - Increases hospital reimbursement through Medicaid using assessment revenue as state match, therefore there are no additional state costs.
 - Deposits at least 35 percent of the revenue to the Health Care Fund, offsetting general fund support for Medicaid.
 - There has been some discussion in using a hospital assessment to improve state support of private teaching hospitals.



Mandatory Spending in HHR

Spending Item	Biennium (\$ in millions)
Health Care Fund Revenue Update	\$24.9
Address Lost Revenue at Piedmont Geriatric and Catawba Hospitals	12.9
Increase Medicaid Funding for State Training Centers	5.7
Medical Costs of Involuntary Mental Commitments	4.6
Offset Decrease in Child Support Enforcement Revenue	4.2
Replace Lost Medicare Incentive Payments	3.8
Special Hospitalization Costs at State Facilities	1.9
All Other	1.3
Total Mandatory Spending in HHR	\$59.2



Mandatory Spending in HHR (continued)

- Health Care Fund Revenue Update
 - \$24.9 million GF is added to support Medicaid to offset less revenue expected from tobacco taxes and pharmacy rebates.
- Address Lost Revenue at Piedmont and Catawba Hospitals
 - \$12.9 million GF is proposed to offset Medicare and Medicaid revenues as the hospitals are converted to nursing home type facilities for reimbursement to comply with federal requirements.
- Increase Medicaid Funding for State Training Centers
 - \$5.7 million GF is added to reflect the latest discharge schedule and the delay in the closure of Northern Virginia Training Center.
- Medical Costs of Involuntary Mental Commitments
 - \$4.6 million GF is added to fund the forecast, which has increased due to recent mental health reforms related to temporary detention orders.



Mandatory Spending in HHR (continued)

- Offset Decrease in Child Support Enforcement Revenue
 - \$4.2 million GF to offset declining TANF caseload and resulting child support collections.
- Replace Lost Medicare Incentive Payments
 - \$3.8 million GF to replace lost revenue due to the Medicare decertification of medical / surgical units at state hospitals.
- Special Hospitalization Costs at State Facilities
 - \$1.9 million GF for increasing costs of providing outside medical care to facility residents.
- All Other Mandatory Spending:
 - \$456,470 GF to fully fund Medicaid disability determinations.
 - \$450,000 GF to secure tax data at the Department of Social Services.
 - \$315,943 GF to fund the forecast for children's health insurance.
 - \$49,000 GF for the DOJ independent reviewer.



Discretionary Spending in HHR

Spending Item	Biennium (\$ in millions)
Foster Care and Adoption Payments to age 21	\$5.7
Centralized Medicaid Eligibility Contract	4.3
Eligibility Staff for Local Departments of Social Services	4.0
Staff to Implement Increased Child Care Regulation	2.7
Local Inpatient Bed Purchases	2.2
Training Center Funding to Reflect Updated Discharges	1.3
Redesign of Medicaid Day Support Waiver	1.2
All Other	3.8
Total Discretionary Spending in HHR	\$25.2



Discretionary Spending in HHR (continued)

- Foster Care and Adoption Payments to age 21
 - \$5.7 million GF is added to reflect revised assumptions for the initiative to expand foster care and adoption subsidies to youth up to age 21.
- Centralized Medicaid Eligibility Contract
 - \$4.3 million GF is proposed for on-going contract costs for centralized eligibility processing of certain Medicaid applications.
- Eligibility Staff for Local Departments of Social Services
 - \$4.0 million GF is proposed to increase support for local eligibility processing of benefit programs as a result of application workloads.
- Staff to Implement Increased Child Care Regulation
 - \$2.7 million GF to fund proposed legislation that will require licensure for all child care providers that serve children receiving public subsidies.



Discretionary Spending in HHR (continued)

- Local Inpatient Bed Purchases
 - \$2.2 million GF to address the increasing costs of local hospital bed purchases due to recent mental health reforms.
- Training Center Funding to Reflect Updated Discharges
 - \$1.3 million GF is proposed to reflect the updated discharge schedule for the Training Centers.
- Redesign of Medicaid Day Support Waiver
 - \$1.2 million GF is proposed to modify the Day Support Wavier into a more robust Independent Living Wavier and add 200 slots.



All Other Discretionary Spending

Spending Item	Biennial Amount
Rent Subsidies resulting from Waiver Redesign (DBHDS)	\$675,000
Upgrade Agency Financial System (DMAS)	475,833
Staff at Western State Hospital (DBHDS)	454,532
Implement a Consolidated Waiver IT System (DBHDS)	453,888
DOJ Rental Subsidy for Rental Choice VA program (DBHDS)	400,000
Staff to Re-Procure Medicaid Management Information System (DMAS)	302,414
Staff at Commonwealth Center for Children and Adolescents (DBHDS)	268,260
Staff to Handle Increased Workload (DMAS)	181,380
Community supports for non-Medicaid individuals in Training Centers (DBHDS)	157,251
Security positions at Center for Behavioral Rehabilitation (DBHDS)	123,417
Quality Service Reviews (DBHDS)	91,000
Staff to Manage Community-Based Mental Health Programs (DBHDS)	86,024
Regional Education Coordinator Position (DBVI)	79,825
Relocate the Office of Comprehensive Services (CSA)	33,952
Total All Other Discretionary Spending	\$3,782,776



Other Budget Issues

- The Medicaid Forecast includes \$14.4 million GF related to compliance with the new U.S. Department of Labor rule eliminating the exemption from overtime requirements of the Fair Labor Standards Act for home care workers.
 - Personal care attendants in the Medicaid waivers will have to be paid overtime pursuant to this new rule.
 - In another proposed amendment, the Governor limits the hours worked each week to 56 hours per worker, generating a small savings of \$325,702.
 - The Governor's budget also limits an attendant to being employed by only one employer of record.



Summary of HHR Budget Savings

HHR Savings (\$ in millions)	GF Savings
FY 2014 General Fund Balances	(\$3.6)
Transfer of Nongeneral Fund Cash Balances	(12.9)
General Fund Revenue (New Licensing Fee)	(1.2)
Supplant General Fund with Nongeneral Fund	(10.8)
GF Budget Reductions	(29.0)
Total Savings	(\$57.5)

- Savings in HHR are generated by agency reversions of unspent FY 2014 balances, transferring excess nongeneral fund cash, additional GF revenue from a licensing fee, supplanting GF with nongeneral fund resources and \$29 million in GF budget reductions.



HHR Budget Savings

- Reductions of \$29 million GF in HHR are composed of:
 - \$21 million in Operational and Administrative Efficiencies,
 - \$2.7 million in Reduced Staffing, and
 - \$5.3 million in Program Reductions.

Program Reduction Highlights	FY 2015	FY 2016
Support for Locally-Operated Health Departments (VDH)	0	(886,919)
Employment Services Supports Programs (DARS)	(302,666)	(364,943)
Personal Assistance Services Program (DARS)	(300,000)	(300,000)
Centers for Independent Living (DARS)	(230,250)	(580,800)
Brain Injury Programs (DARS)	(426,997)	0
Funding for Didlake (DARS)	(200,000)	(200,000)
Funding for Northern Virginia Family Services (DSS)	(200,000)	(200,000)
Funding for Youth for Tomorrow (DSS)	(100,000)	(100,000)
Funding for Pharmacy Connect	0	(215,500)
Funding for the Virginia Center for Health Innovation (DMAS)	(100,000)	0
Interpreter services (VDDHH)	(14,373)	0
Total	(\$1,874,286)	(\$2,848,162)



Proposed Fees in HHR

Fee	FY 2015 Revenue	FY 2016 Revenue
Child protective services registry fee - \$7 to \$10 (DSS)	\$0	\$225,000
National background check fee - \$50 to \$60 (DSS)	\$0	\$82,000
New license fee for community-based behavioral health and developmental services providers - \$750 initial, \$500 annual (DBHDS)	\$352,022	\$947,000
Background check fee - \$13 to \$23 (DBHDS)	\$92,056	\$138,024
New fee for use of Knowledge Center by CSBs and private providers (DBHDS)	\$58,500	\$117,000
Fee increase for copies of pathology reports (VDH)	\$0	\$200,000
Restaurant inspection fee - \$40 to \$285 (VDH)	\$0	\$6,878,620
Total	\$502,578	\$8,587,644

