

Health and Human Resources 2016-2018 Proposed Budget

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Overview of SB 29 (Caboose)

- The introduced budget proposes net spending of **\$196.4 million GF** in FY 2016 compared to Chapter 665, 2015 Acts of Assembly. This is a 3.5% increase for HHR.
- Most of the spending -- **\$166.6 million GF** – is a result of increased spending in Medicaid.
 - Unexpected “woodwork” of low-income parents due to the Affordable Care Act resulted in a funding shortfall in FY 2015, delaying **\$73 million GF** in Medicaid payments into FY 2016.
 - The annualized cost of these “woodwork” parents adds **\$68 million GF** in FY 2016.
 - In addition, federal actions related to Medicare premiums and overtime requirements for personal care attendants requires **\$53.8 million GF**.
- In addition, the proposed budget includes **\$18.1 million GF** for caseload and cost growth in the Children’s Services Act.

SB 29 Spending Amendments for HHR

Agency	Amendment	FY 2016 GF
DMAS	Rebase training center budgets to reflect anticipated closures	\$7,296,656
DSS	Fund required eligibility system operating costs	7,131,072
DBHDS	Transfer funds to support Hancock Geriatric Treatment Center	4,661,987
DBHDS	Address revenue shortfall at Hancock Geriatric Treatment Center	4,432,600
DMAS	Adjust Medicaid funding for Piedmont and Catawba Geriatric Hospitals	3,969,902
DSS	Fund the child welfare forecast	1,676,519
DMAS	Fund medical services for involuntary mental commitments	1,065,392
DMAS	Fund federally mandated 1095B notification mailing	1,028,000
DBHDS	Address increasing caseload in the Early Intervention - Part C program	959,057
DSS	Fully fund Division of Child Support Enforcement salary increase	473,804
DMAS	Cover cost of enrollment broker contract	400,000
Total Spending Amendments (Including Medicaid Forecast and CSA)		\$217,813,174

SB 29 Savings Amendments for HHR

Agency	Amendment	FY 2016 GF
DMAS	Fund medical assistance services for children utilization & inflation	(\$1,381,005)
DMAS	Transfer funds to support Hancock Geriatric Facility	(4,661,987)
DMAS	Fund FAMIS utilization and inflation	(6,816,588)
DBHDS	Capture unused funds at Catawba and Piedmont	(8,575,925)
Total Spending Amendments (Including Medicaid Forecast and CSA)		(\$21,435,505)

Overview of Health and Human Resources in SB 30

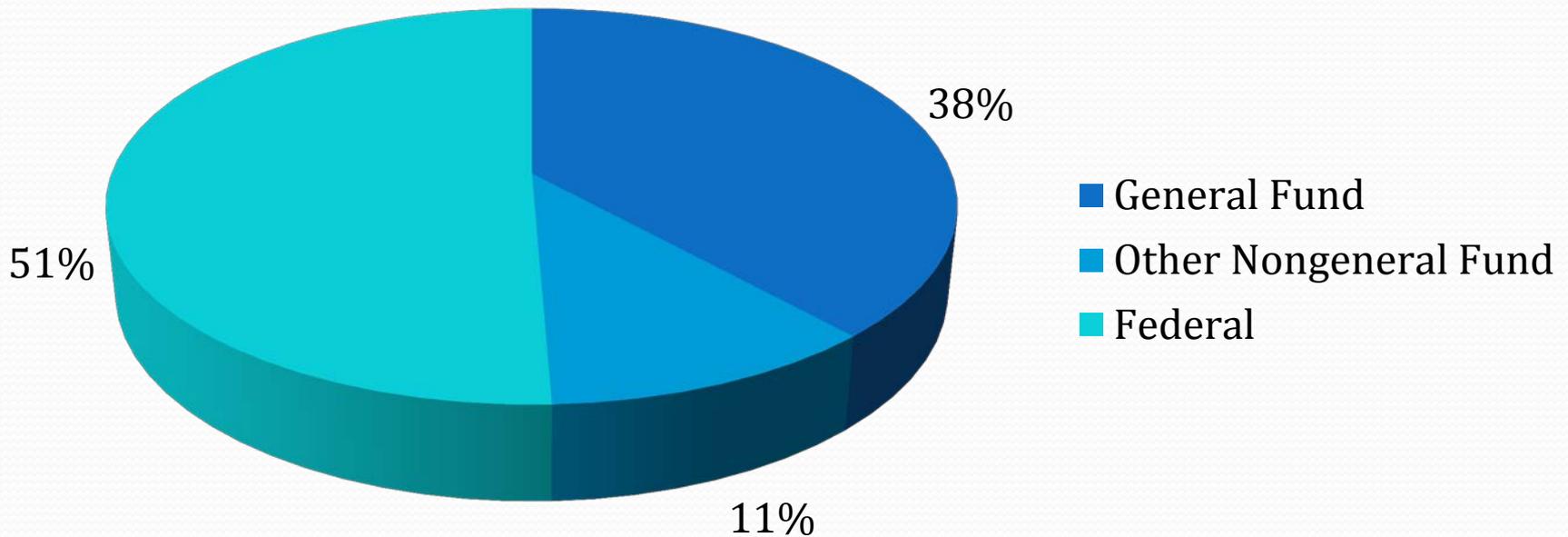
- The Governor's proposed amendments in HHR include a **net** increase of **\$824.6 from the general fund (7.5 percent)** and a net increase of **\$4.1 billion from nongeneral funds (27.1 percent)** for the 2016-18 biennial budget compared to Chapter 665.
- Proposed general fund spending of \$1.2 billion is offset by \$413.5 million in reductions for the biennium.
- Excluding mandatory spending on Medicaid and technical budget proposals, discretionary spending in HHR totals \$105.6 million GF for the biennium or 8.5 percent of new general fund spending in HHR.
 - The largest discretionary spending initiatives include \$66.7 million GF for the U.S. Department of Justice Settlement Agreement.

Overview of Health and Human Resources in SB 30

	FY 2017 GF	FY 2017 NGF	FY 2018 GF	FY 2018 NGF
FY 2016 Base Budget	\$5,645.2	\$7,649.7	\$5,645.2	\$7,649.7
Proposed Increases	532.2	1301.8	705.6	3052.5
Proposed Decreases	(180.8)	(89.8)	(232.7)	(148.2)
Net Change	351.4	1212.0	472.9	2904.3
SB 30, as Introduced	\$5,996.6	\$8,861.7	\$6,118.1	\$10,554.0
Percent Change	6.2%	15.8%	8.4%	38.0%

HHR 2016-18 Biennial Budget

Fund Sources \$31.6 Billion Budget



- HHR is 30% of the General Fund operating budget.
- HHR is 30% of the overall state operating budget.
- HHR has 85% of all appropriated Federal Funding.

Summary of Major GF Changes

Major General Fund Increases (\$ in millions)	Biennium
Mandatory spending	\$933.5
Medicaid Expansion Costs	195.0
High priority spending items	60.7
Discretionary and other spending	44.9
Technical and base adjustments (central appropriation actions)	45.1
Major General Fund Decreases (\$ in millions)	Biennium
Medicaid Expansion Savings	(\$351.8)
Eliminating Medicaid provider inflation increases	(60.6)
Forecast-related savings	(64.1)
Other Savings Strategies	(12.9)

Children's Services Act

- The proposed budget includes **\$36.2 million GF** for caseload and cost growth in the Children's Services Act (formerly the Comprehensive Services Act).
 - Caseload grew 2.5 percent in FY 2014 and 5.0 percent in FY 2015 mainly due to children placed in private day treatment through federally mandated IEP plans.
 - The base funding for the program in FY 2016 was \$9.9 million lower due to anticipated savings in fraud, waste and abuse from a new analytical system, which has not materialized and results in a \$19.8 million GF biennial need to fully fund the program.

Children's Services Act

- **Fostering Futures**
 - Reduces funding by **\$2.0 million GF** as a result of shifting the costs of serving youth from 18 -21 to the federal Title IV-E program.
- **Foster Care Rate Increase**
 - Provides **\$855,336 GF** to reflect an increase in foster maintenance payments following the year after an increase in salary for state employees, per budget language.
- **Fund Two Audit Positions**
 - Provides **\$292,836 GF** to fund audit positions to complete locality audits on a three-year cycle.

Virginia Department of Health

Funding Item	FY 2017 GF	FY 2018 GF
Eliminate Vital Records Automation Fund Transfer to Office of Epidemiology	\$518,421	\$518,421
Increase Support for Office of Rural Health	\$300,000	\$300,000
Onsite Sewage and Water Programs (3 positions to resolve backlog)	\$253,860	\$253,860
Increased Rent at Local Health Departments	\$178,629	\$178,629
Auditor Positions for Certificate of Public Need Program	\$191,656	\$182,656
Pediatric Comprehensive Sickle Cell Disease Services	\$105,000	\$105,000
Student Loan Repayment Program	\$150,000	\$0
Increase Funding for Health Wagon	\$100,000	\$100,000
Mission of Mercy Dental Project	\$100,000	\$0
Total for Department of Health	\$1,897,566	\$1,638,566

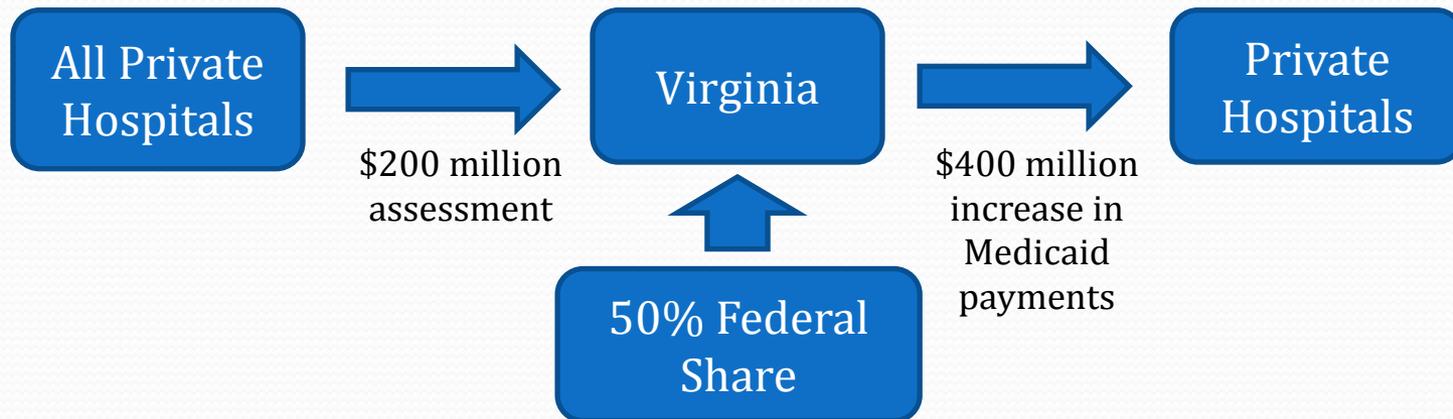
Medicaid Expansion

- The introduced budget proposes to expand Medicaid to 350,000 individuals aged 18 - 64 with incomes up to 138 percent of the federal poverty level.
 - Net savings from Medicaid Expansion is allocated in the budget.

Item (\$ in millions)	FY 2017 GF	FY 2018 GF
Coverage of New Adults	\$18.8	\$141.8
Coverage of Woodwork (currently eligible)	0.2	3.3
Administrative and Other Costs	13.5	19.8
Total Costs	\$32.5	\$164.9
Indigent Care Savings	(\$49.6)	(\$126.7)
State-funded behavioral health services	(12.1)	(29.1)
Inpatient costs of state prisoners	(9.9)	(24.7)
Elimination of state-funded coverage for newly eligible	(20.1)	(82.0)
Total Savings	(\$91.7)	(\$262.6)
<i>Net Savings from Medicaid Expansion</i>	<i>(\$59.2)</i>	<i>(\$97.7)</i>

Hospital Provider Assessment

- The proposed budget only provides authority for the Department of Medical Assistance Services to impose a provider assessment on net patient revenue of up to 3.0 percent on private hospitals.
 - A 3.0 percent assessment would generate \$443.4 million in revenue per year.
 - The revenue would be deposited into the Health Care Fund.
 - The introduced budget assumes in FY 2017 and FY 2018 that revenue would be reserved for the future costs of a Medicaid Expansion.
 - The following outlines a typical provider assessment (note this is not what the introduced budget includes.)



Medicaid Forecast

- The proposed budget includes **\$789.1 million GF** for the 2016-18 budget to address the cost of health care services under Medicaid.
 - Projected growth is 3.8 percent in FY 2017 and 2.9 percent in FY 2018.
 - Enrollment in Medicaid has slowed. Caseloads have risen 1.8 percent in FY 2015 compared to the prior year in FY 2014.
 - The rates paid to Medicaid managed care organizations are expected to average just over three percent a year during the upcoming biennium.
 - Approximately \$69.3 million of the projected general fund increase in Medicaid is related to inflation for inpatient hospital services, nursing homes and other providers.

Forecast Savings and Other Savings Strategies

GF Decreases for the 2016-18 Biennium - (\$ in millions)	
Forecast for Children's Health Insurance Programs	(\$45.0)
Health Care Fund Revenue Adjustment	(19.1)
Withhold FY 2017 and FY 2018 inflation for hospital rates	(47.7)
Continue withholding indigent care and prior year inflation for state teaching hospitals (reflected as part of Medicaid forecast)	(29.0)
MLTSS Program Savings	(17.0)
Withhold FY 2018 inflation for nursing facility rates	(12.7)
Limit overtime hours for consumer-directed personal care to 16 hours a week	(11.9)
Withhold FY18 Inflation for Home Health & Outpatient Rehab	(0.2)
TOTAL, Savings	(\$182.6)

Department of Medical Assistance Services

GF Increases for the 2016-18 Biennium - (\$ in millions)	
DOJ: Additional funding for required ID and DD waiver slots	\$46.0
DOJ: Fund ID/DD Waiver Redesign and Rate Increase	36.2
Increase Personal Care Rates by 2%	15.0
Substance Use Disorder Treatment Package	11.0
100 Reserve Waiver Slots	3.8
Medical costs of involuntary mental commitments	3.6
Increases Private Duty Nursing Rates by 2%	1.2
Add Applied Behavioral Analysis to FAMIS	0.3
Eliminate Prior Authorization for Lung Cancer Screenings	\$0.1
Subtotal GF Increases	\$107.2

Department of Medical Assistance Services

Administrative GF Increases - (\$ in millions)	
Fund Medicaid Management Information System Replacement	\$10.4
Fund Costs of MLTSS Program	9.7
Add Funds for Increased Cost of Contracts	4.8
Fund Affordable Care Notifications of Medicaid Coverage	1.5
Add Seven Staff to Oversee Managed Care Contracts	0.7
Subtotal GF Increases	\$27.2

Department of Behavioral Health and Developmental Services – Mental Health

Mental Health Facility GF Increases - (\$ in millions)	
Offset Loss of Federal Funding for Hancock Geriatric	\$16.6
Improve Compensation Issues at Mental Health Facilities	2.4
Develop a Plan for the Closure of Catawba Hospital	1.0
Add Six Direct Care Staff at Western State	0.8
Increase Pediatric Services at Commonwealth Center for Children and Adolescents	0.1
Total Mental Health Facilities	\$20.9

Department of Behavioral Health and Developmental Services – Forensics

Forensic GF Increases - (\$ in millions)	
Fund Transitional Housing for Forensic Patients	\$4.5
Magistrate Post-Booking Diversion Pilot Programs	1.2
Oversight System for Court-Ordered Evaluations	0.4
Outpatient Competency Restorations	0.1
Conditional Release for Individuals Found Not Guilty by Reason of Insanity	0.1
Total Forensics	\$6.3

DOJ Settlement Agreement Spending

	FY 2017 GF	FY 2018 GF
Required Waiver Slots (855 Total):	\$14.2	\$31.8
•180 ID Facility Transition Slots		
•625 ID Community Slots		
•50 DD Waiver Slots		
100 Reserve Emergency Waiver Slots	1.8	1.8
Waiver Redesign (higher rates and new services)	13.2	23.0
Training Center Facility Savings	(9.8)	(10.9)
Training Center Facility Closure Costs	\$4.8	\$3.9
DD Health Supports Network (Southwest)	1.3	1.3
Crisis Services	4.3	5.3
Transitional Funding	0.6	0.5
DOJ Administrative Staff	1.4	1.8
Rental Assistance	2.3	4.2
Increased Workload of Independent Reviewer	0.1	0.1
Wavier Services Staffing	0.7	0.7
Critical Event Tracking System	0.9	0.2
Staffing for Individual and Family Supports	0.4	0.5
Non-Medicaid Training Center Discharges	0.5	0.5
Guardianship Services for 195 Individuals	\$0.5	\$1.0
Total DOJ Funding	\$37.2	\$65.7

Waiver Redesign – New Services

- Adds New Services (\$7.9 million GF Biennial Cost):
 - Share Living Residential
 - Supported Living Residential
 - Independent Living Residential
 - Community Engagement
 - Community Coaching
 - Community Guide and Peer Support
 - Workplace Assistance
 - Benefits Planning
 - Private Duty Nursing
 - Crisis Supports
 - Non-Medical Transportation
 - Electronic-Based Home Supports

Waiver Redesign – Provider Rates

- Increases Rates Based on Rate Study (\$29.4 million GF Biennial Cost):
 - Congregate Residential Support (2.2%)
 - Sponsored Residential (-0.4%)
 - In-Home Residential Support (23.7%)
 - Day Services (7.5%)
 - Skilled Nursing (40%)
 - Therapeutic Consultation (43.8%)
- DD Case Management Rate Increase of 25.9% (\$2.8 million GF Biennial Cost)

Department of Behavioral Health and Developmental Services – All Other

- Increasing Caseload for Part C Early Intervention
 - Proposes **\$4.2 million GF** for a caseload that has been averaging 4.9 percent growth each year.
- Add Funding for Special Hospitalization Costs at the Virginia Center for Behavioral Rehabilitation
 - Proposes **\$2.0 million GF** to cover the rapidly growing hospitalization costs of the population, which is aging.

Dept. for Aging and Rehabilitative Services

GF Increases for the 2016-18 Biennium - (\$ in millions)	
Add Public Guardianships for Intellectually Disabled (DOJ)	\$1.5
Add Public Guardianships for Mentally Ill	1.4
Adult Services Case Management System	0.5
Position for Chronic Disease Self-Management Program	0.2
Provide Funds for the Jewish Social Services Agency	0.2
Fund Position to Monitor Auxiliary Grant	0.2
Fund Costs of Medical Disability Determinations	0.1
Total for Dept. for Aging and Rehabilitative Services	\$4.1

Department of Social Services

GF Increases for the 2016-18 Biennium - (\$ in millions)	
Fund Foster Care and Adoption Forecast	\$11.8
Fund Eligibility System Operating Costs	5.2
Fostering Futures Program	3.9
Federally-Required Increase in Child Welfare	3.5
Increase Maintenance Payment Rates for Foster Care and Adoptions	1.6
Fund Full Cost of Salary Increase for Child Support Enforcement	1.1
Total for Department of Social Services	\$27.1

TANF Block Grant Spending

- The introduced budget proposes a significant increase in the use of funding from the TANF block grant.
 - Proposes an increase of \$6.8 million NGF each year for Healthy Families, a home visiting program.
 - Proposes \$1.0 million NGF each year for CHIP of Virginia.
 - Proposes \$3.0 million NGF in FY 2017 and \$6.0 million NGF in for a pilot program at the Virginia Department of Health to educate women on long acting reversible contraception for women and increase its availability.
- While TANF funding is available from balances, the proposed spending increases the structural imbalance in the block grant.

Summary of TANF Block Grant

	FY 2017 Proposed	FY 2018 Proposed
TANF Block Grant Award	\$158.3	\$158.3
Carry-Forward from Prior Fiscal Year	\$62.8	\$40.8
TANF Resources	\$221.0	\$199.1
TANF Benefits	\$71.7	\$71.7
Administration	\$53.6	\$53.6
TANF Programming	\$21.0	\$24.0
TANF Transfers	\$34.0	\$34.0
Total TANF Expenditures and Transfers	\$180.2	\$183.2
Structural Balance (Grant versus Spending)	(\$21.9)	(\$24.9)

Other HHR Agencies

- Virginia Board for People with Disabilities
 - Proposes \$17,115 GF each year to maintain current services bases on the current level of federal support.
- Department for the Blind and Vision Impaired
 - Proposes \$200,000 GF in FY 2017 to improve campus security at the Azalea Road facility. The funding will support improved sidewalks, a notification system for alerts, modern building access controls and security cameras.

HHR Capital Projects

- The proposed budget includes authority for capital funding for several HHR projects.
 - Expansion of the Sexually Violent Predator facility in Burkeville
 - Expansion of Western State Hospital in Staunton (56 beds added)
 - Phase II of the renovation of the Anderson Vocational Training Building at Wilson Workforce and Rehabilitation Center in Fishersville
- Funding for the replacement of Central State Hospital in Petersburg was not included.