

**Health and Human Resources
Summary of 2018-2020
Governor's Proposed Budget
and FY 2018 Amendments**

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**Michael Tweedy
Senate Finance Committee Staff**

Overview of SB 29 (Caboose Bill)

- The introduced budget proposes net spending of \$60.5 million GF in FY 2018 compared to the current budget.
- Most of the spending -- \$87.6 million GF -- is a result of increased spending in Medicaid.
 - Enrollment increased by 2.0 percent in FY 2017 and is up 2.7 percent in FY 2018 year-to-date.
 - Medicaid is projected to grow 7.8 percent in FY 2018 versus the 2016 forecast of 4.1 percent.
 - A portion of this growth is due to federally delayed supplemental payments to hospitals.
- Includes an offset of \$40.5 million in Medicaid due to increased revenue to the Virginia Health Care Fund and a \$28.1 million cash balance in the fund from FY 2017.

SB 29 Spending Amendments for HHR

Agency	Amendment	FY 2018 GF
DMAS	Medicaid utilization and inflation	\$86,746,623
DSS	Restore funding to meet information technology needs	4,200,600
DMAS	FAMIS and Medicaid CHIP utilization and inflation	3,371,662
DSS	Offset NGF decrease in child support enforcement revenue	2,953,790
DSS	Fund foster care and adoption subsidy payments	2,242,786
DMAS	Fund medical services for involuntary mental commitments	2,160,194
DBHDS	Address increasing caseload in the Early Intervention Part C program	881,716
DSS	Add funding for TANF Unemployed Parents Program	796,839
DMAS	Administrative costs related to Medicaid expansion	611,953
DMAS	Medallion 4.0 program mailings	500,000
DSS	Fund rent increase for regional offices	331,919
DBHDS	Fund beds at Piedmont Geriatric for 22 VCBR residents	213,847
DBHDS	Adjust central office budget for duplicated savings strategy	200,000
Total Spending Amendments		\$105,211,929

SB 29 Savings Amendments for HHR

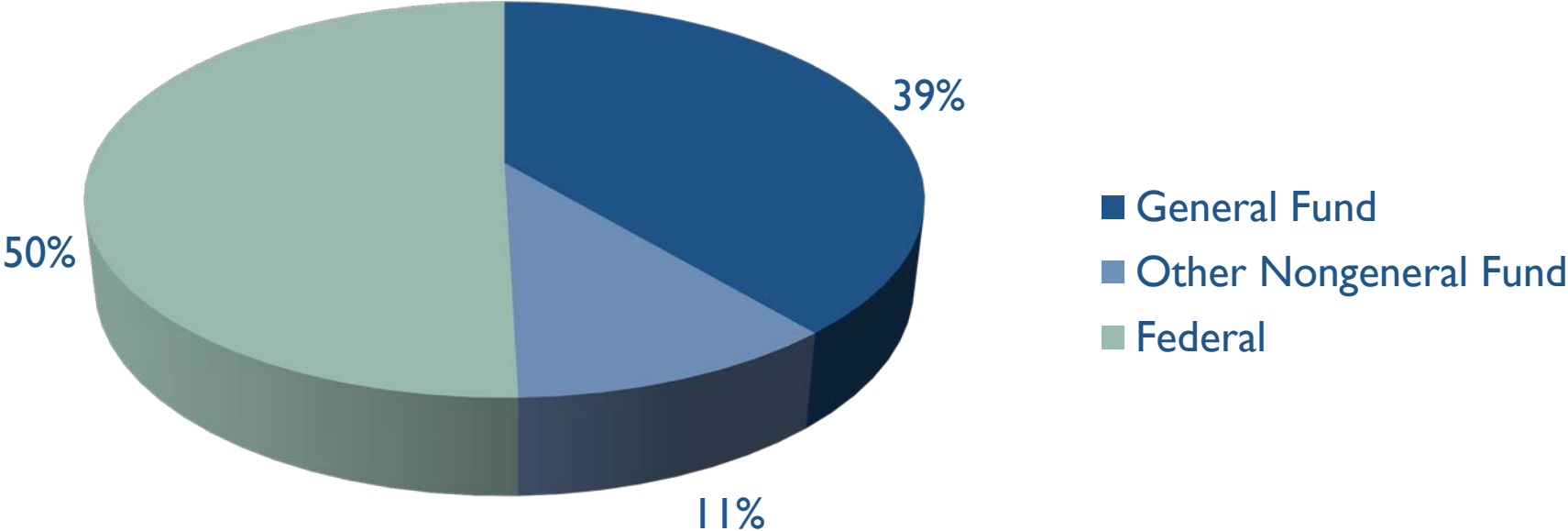
Agency	Amendment	FY 2018 GF
DMAS	Health Care Fund revenue (offsets GF state match for Medicaid) <i>- Includes \$28.1 million cash balance from FY 2017</i>	(\$40,503,418)
DSS	Reduce funding for Auxiliary Grant program to reflect lower spending	(1,800,000)
CSA	Adjust funding to reflect projected CSA spending	(1,392,054)
Total Savings Amendments		(\$43,695,472)

Summary of Health and Human Resources in SB 30

	FY 2019 GF	FY 2019 NGF	FY 2020 GF	FY 2020 NGF
FY 2018 Base Budget	\$6,437.3	\$8,478.7	\$6,437.3	\$8,478.7
Proposed Increases	373.0	1,587.9	689.2	3,181.6
Proposed Decreases	(209.6)	(285.9)	(301.1)	(376.2)
Net Change	163.4	1,302.0	388.1	2,805.4
SB 30, as Introduced	\$6,600.7	\$9,780.7	\$6,825.4	\$11,284.1
Percent Change over Base	2.5%	15.4%	6.0%	34.3%

HHR 2018 - 20 Biennial Budget

Fund Sources
\$34.5 Billion Biennial Budget



- HHR is 30% of the General Fund operating budget.
- HHR is 32% of the overall state operating budget.
- HHR has 84% of all appropriated federal funding.

Summary of Major GF Changes

Major General Fund Increases (\$ in millions)	Biennium
Mandatory spending	\$765.3
Other spending	152.9
Technical and base adjustments (central appropriation actions)	66.1
Major General Fund Decreases (\$ in millions)	Biennium
Medicaid Expansion Savings	(\$383.4)
DOJ Related Training Center Savings	(28.6)
Health Care Fund (Medicaid Offset)	(18.7)
Other Savings Strategies	(4.7)

Medicaid Expansion

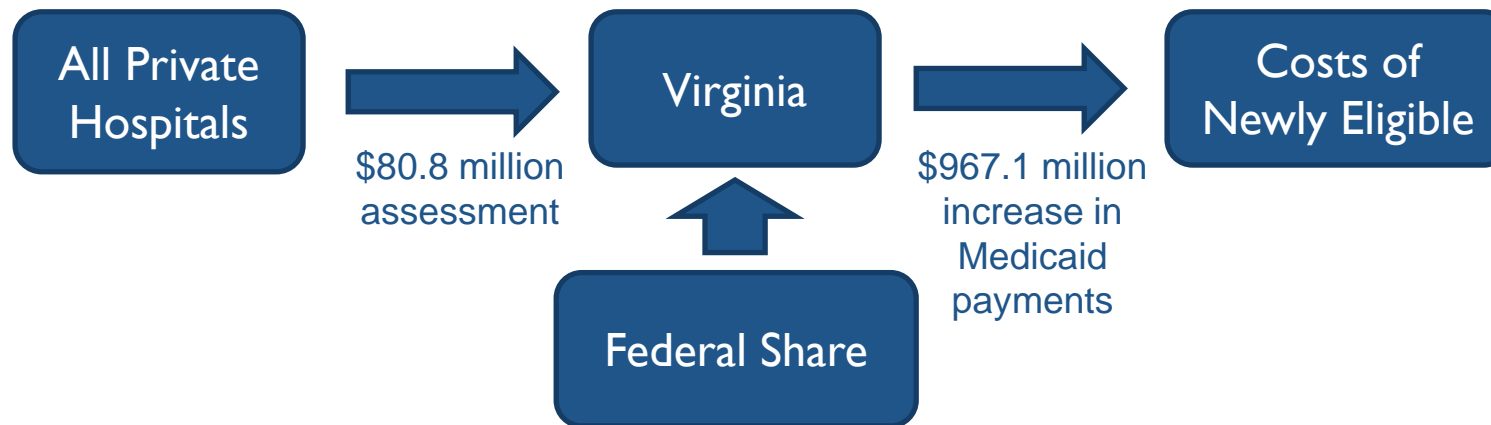
- The introduced budget proposes to expand Medicaid to individuals age 18 to 64 with incomes up to 138 percent of the federal poverty level per the Affordable Care Act.
 - **Effective beginning October 1, 2018.**
 - **300,000 are projected to enroll out of 400,000 eligible.**
 - **Costs of \$306.9 million will be covered through a provider assessment on hospitals.**
 - **Federal match rate of 94 percent in 2018, 93 percent in 2019, and 90 percent in 2020.**
 - **State GF savings of \$421.7 million from the Medicaid Expansion is allocated in the budget.**

Medicaid Expansion Costs and Savings

Item (\$ in millions)	FY 2019 Costs	FY 2020 Costs	FY 2019 NGF	FY 2020 NGF
Coverage of Newly Eligible Adults	\$62.9	\$200.2	929.9	2,194.5
Coverage of Woodwork (currently eligible)	0.9	4.9	0.9	4.9
Administrative Costs	13.5	19.8	53.3	64.9
<u>Total Costs</u>	<u>\$80.8</u>	<u>\$226.1</u>	<u>984.0</u>	<u>2,264.3</u>
Indigent Care Savings	(71.2)	(110.3)	(71.2)	(110.3)
State-funded behavioral health services	(16.7)	(25.0)	-	-
Inpatient hospital costs of state prisoners	(15.5)	(23.4)	-	-
Elimination / Substitution of state-funded coverage for newly eligible	(48.7)	(111.0)	(50.7)	(116.4)
<u>Total Savings</u>	<u>(152.1)</u>	<u>(269.7)</u>	<u>(121.9)</u>	<u>(226.7)</u>

Hospital Provider Assessment

- Proposed budget provides authority for the Department of Medical Assistance Services to impose a provider assessment on net patient revenue on private hospitals to cover the actual costs of Medicaid Expansion.
 - Estimated to be a 0.5% assessment in FY 2019 and 1.4 % in FY 2020.
 - The revenue would be deposited into the Health Care Fund.
 - The introduced budget assumes in FY 2019 and FY 2020 the revenue would be used to cover the full costs of Medicaid Expansion.



Medicaid Forecast

- The proposed budget includes \$575.9 million GF for the 2018-20 budget to address the cost of health care services under Medicaid.
 - Projected growth is 2.1 percent in FY 2019 and 4.2 percent in FY 2020.
 - Enrollment growth in Medicaid was 2.0 percent in FY 2017 and is projected to grow about 3.0 percent a year.
 - The significant shift in expenditures from the fee-for-service system to managed care results in offsetting savings that lowers the program's growth rates in the upcoming biennium.
 - Approximately \$104.4 million of the projected general fund increase in Medicaid is related to inflation for inpatient hospital services and nursing homes.

Department of Medical Assistance Services – Budget Changes

GF Budget Changes for the 2018-20 Biennium - (\$ in millions)	
Forecast for Children’s Health Insurance Programs	\$45.8
2% Rate increase for consumer-directed attendants	9.8
Fund 16 hours of overtime for consumer-directed attendants	9.6
Medical costs of Temporary Detention Orders	7.0
Cover Virginia call center re-procurement	4.9
Training for consumer-directed attendants	1.0
Other administrative funding	1.8
Offset to reflect DSH reduction to Piedmont and Catawba Hospitals	1.1
Health Care Fund revenue adjustment	(18.7)

Children's Services Act

- The proposed budget includes **\$54.2 million GF** for caseload and cost growth in the Children's Services Act (formerly the Comprehensive Services Act).
 - Caseload grew 1.4% in FY 2017 and expenditures were up 5.0% mainly due to children placed in private day treatment through federally mandated IEP plans.
 - Private day education expenditures increased \$17.9 million in FY 2017, a 12.9% increase.
- Proposes \$250,000 GF for a rate study of private day placement services
 - Will look at adequacy and a methodology for rate setting.

Virginia Department of Health - Budget Changes

Funding Item	FY 2019 GF	FY 2020 GF
Implement electronic health records across 119 local departments	\$1.8 million	\$4.2 million
Fund 12 staff in the Office of the Chief Medical Examiner to address rising caseloads	1.5 million	1.5 million
Increase decedent transport fee from \$100 to \$250	700,000	700,000
Add funding for free clinics	500,000	500,000
Fund rent increase at Local Health Departments	354,304	354,304
Fund meningococcal vaccine mandate prior to 6 th grade (legislation)	0	520,745
Contract costs for VA Environmental Information System	165,000	223,000
Fund cost increase for autopsy services related to infant deaths	102,923	102,923
Total for Department of Health	\$5.1 million	\$8.1 million

Virginia Department of Health – Other Actions

- Long-Acting Reversible Contraception
 - Includes \$6.0 million per year in TANF funds for a Long-Acting Reversible Contraception program for education and to increase access.
- Cooperative Agreement Monitoring
 - Adds NGF for six positions to actively monitor the agreement for the merger of the Wellmont Health System and Mountain State Health Alliance.
 - Legislation is proposed to allow to Health Commissioner to collect more than the \$75,000 a year the law permits to oversee such agreements.
- Study of Food Safety and Restaurant Inspection Programs
- Establish new fees for Onsite Sewage Systems to offset loss of revenue

Behavioral Health Spending

Behavioral Health GF Spending - (\$ in millions)	
STEP-VA: Fund same-day access at remaining 22 CSBs <i>- Includes Medicaid share for these services</i>	\$15.0
STEP-VA: Fund primary care screening	11.1
Fund Electronic Health Records at state hospitals	10.2
Medication Assisted Treatment (MAT)	10.0
Permanent Supportive Housing <i>- 200 adults with serious mental illness</i> <i>- 75 pregnant women with substance use disorder</i>	7.1
Discharge Assistance Planning (DAP) funds	6.9
Operational cost of 56 new beds at Western State Hospital	5.6
Funding to address MH hospital capacity issues	4.6
Backfill DSH funding for Piedmont Geriatric and Catawba Hospitals	2.2
Total Behavioral Health	\$72.7

DOJ Settlement Agreement Spending

	FY 2019 GF	FY 2020 GF
Required Waiver Slots (825 Total):		
- 70 Community Living - facility transition slots	\$14.5	\$30.5
- 680 Community Living - community slots		
- 75 Family and Individual Support waiver slots		
50 Reserve waiver slots	0.9	1.9
Training center facility savings	(10.5)	(18.0)
DD Health Supports Network (Central Virginia)	1.3	1.3
Crisis Services for children and adults	2.4	3.2
Rental Assistance	1.6	4.1
Increased Workload of Independent Reviewer	0.1	0.1
Non-Medicaid Training Center Discharges	0.2	0.2
Total DOJ Funding	\$10.5	\$24.3

Virginia Center for Behavioral Rehabilitation – Budget Actions

- The current 450 person capacity facility is nearly full.
 - The expansion is estimated to be completed by November 2020.
- Proposed budget provides \$5.7 million GF to house 22 VCBR residents with significant medical needs at Piedmont Geriatric.
- Funds \$7.8 million for staffing the first 72 beds in the expanded facility in FY 2020.
- Proposes \$1.1 million GF for Hepatitis C treatment of residents.
- Adds \$850,416 GF for supervision and monitoring of conditionally released individuals.

Department of Behavioral Health and Developmental Services – Other Spending

- **Increasing Caseload for Part C Early Intervention**
 - **Proposes \$4.6 million GF** over the biennium for to address caseload that has been averaging 5.0 percent growth each year.
- **Add Funding for Licensing Positions**
 - **Proposes \$1.1 million GF** to add nine positions by FY 2020 to address a backlog of licensing for providers and facilities.

Department of Social Services

GF Increases for the 2018-20 Biennium - (\$ in millions)	
Fund information technology costs	\$8.4
Fund foster care and adoption forecast	6.6
Fund Child Welfare information system (reinvestment funds)	6.2
Backfill child support enforcement NGF revenue loss	6.0
Funding for local eligibility workers for Medicaid expansion	5.9
Increase funding for child welfare services (reinvestment funds)	2.6
Increase Auxiliary Grant payment by \$35 a month on July 1, 2018	1.6
Fund TANF Unemployed Parents Program	1.6
Total for Department of Social Services	\$27.1

TANF Block Grant Spending

- The introduced budget proposes few changes in funding from the TANF block grant.
 - TANF caseloads continue to decline resulting in a projected TANF balance of \$123.8 million at the end of FY 2018.
 - Proposes \$6.0 million NGF in FY 2019 and \$6.0 million NGF in FY 2020 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 leaves a minor structural imbalance in the block grant.

Summary of TANF Block Grant

	FY 2019 Proposed	FY 2020 Proposed
TANF Block Grant Award	\$157.8	\$158.3
Carry-Forward from Prior Fiscal Year	\$117.7	\$110.1
TANF Resources	\$275.4	\$268.4
TANF Benefits	\$43.3	\$39.2
Administration	\$53.6	\$53.6
TANF Programming	\$37.3	\$37.3
TANF Transfers	\$31.2	\$31.2
Total TANF Expenditures and Transfers	\$165.3	\$161.2
Structural Balance (Grant versus Spending)	(\$7.6)	(\$3.0)

Other HHR Agencies

- **Department for Aging and Rehabilitative Services**
 - Proposes \$440,000 GF each year to fund the costs of a new adult services and adult protective services case management system.
- **Department for the Deaf and Hard-of-Hearing**
 - Reduces by \$2.8 NGF a year the appropriation for the telecommunications relay services contract and increases by \$65,930 the NGF for the Technology Assistance Program.
 - The source of the NGF is the Communications Sales and Use Tax.

HHR Capital Projects

- The proposed budget includes authority for capital funding for several HHR projects:
 - Detailed planning to replace Central State Hospital in Petersburg.
 - \$10 million for patient and staff safety issues at state mental health hospitals.
 - Construction funds for renovation of the Department of Blind and Vision Impaired headquarters building.
 - Detailed planning for Phase III of the renovation of the Watson Theatre and Activities building at Wilson Workforce and Rehabilitation Center in Fishersville.