

JBC Action on the Governor's Proposed FY '09 Cuts in DD Community Based Services
(SEE PAGE 2 FOR THE GOVERNOR'S RECOMMENDED FY '10 CUTS)

On 1/23/09, the Joint Budget Committee unanimously approved the following DD cuts:

- Community programs would be cut by \$5.3 million (as compared to the \$5,294,920 requested) this and next fiscal year to recognize anticipated reversions due to the conversion to a fee-for-service billing system.
- Community programs would be cut by \$1,668,362 this and next fiscal year to take back monies associated with client turnover. This would cut 2 CES slots, 20 Comp. slots, 15.5 SLS slots, and 37.5 Case Management slots
- The roll-forward from last fiscal year of \$5,047,748 would be eliminated.
- Amounts for new slots for this fiscal year would be reduced by \$3.3 million (as compared to \$3,329,990 requested by DHS) to reflect underutilization, i.e., slots being used for a shorter period of time and/or at a lower cost of service than was appropriated. Approximately, \$2,842,000 would come from Comp. and \$458,000 from SLS.
- The Waiting List Pilot Navigator Program would not be implemented, thereby saving \$500,000 at DDD.

In summary, \$15,316,110 was removed from existing community-based DD appropriations and roll-forwards. This amount was essentially what the Department had requested.

Other matters that came up at the JBC session are as follows:

- The Department had requested that Comp. rates be reduced by \$1,489,040, which they claim represents a 1.19% cut for the last 5 months of the fiscal year. This will be taken up by the JBC some time next week as part of an overall discussion of a provider rates common policy.
- The Regional Center's request for additional staffing of \$862,594 in FY '09 and \$1,895,525 in FY '10 was scrapped in its entirety.
- The JBC approved Amanda's suggestion of lowering the amount of Local Cash in the Long Bill by \$9,528,108 to reflect the elimination of the 5% local match requirement which was scrapped during the last legislative session.
- The previously approved supplemental associated with the TREX bailout (\$1,966,000) was discussed, because the Department did not get the JBC a report on the fiscal status of TREX that was required by January 1st. Until that report is forthcoming, \$726,000 cannot be spent as part of the \$1,966,000 total bailout.
- Amanda also presented other options for balancing the budget that were not put on the table by the Department. These included: a) \$4 million remaining of the original \$6 million for a hold harmless; b) an unspecified portion of the \$31.5 million appropriated for non-Medicaid services, particularly FSSP and SLS; and, c) an unspecified portion of all DD Medicaid money which could be realized by reduced Medicaid benefits, such as lessening the maximum number of units of certain kinds of services that could be billed.
- The Department had estimated that \$10,941,756 would be reverted this fiscal year in order to fund the cuts discussed above. Amanda's calculation was \$6,252,140, meaning that her figures are \$4.7 million less than DDD's, which could mean that there won't be enough reversions to fund the cuts taken.

ADDITIONAL FY '10 CUTS PROPOSED BY THE GOVERNOR NOT SHOWN ABOVE

- The FY '10 original request included \$5,919,630 for 295 new slots: Emergency Comp. (55), Foster Care Comp. (37), Waiting List Comp. (30), CES to SLS slots (29), SLS Waiting List slots (44), and 100 FSSP slots. All of the above are recommended to be cut from the request except for the 66 Foster Care Comp. slots and the 29 CES to SLS slots, thereby saving \$3,969,715.
- DHS would take back the 1.5% COLA that was appropriated in FY '09. This would reduce the FY '10 base to that of FY '08, and would save the following amounts: Comp. (\$4,403,510) and Preventive Dental Hygiene (\$843).

Other Cuts Proposed in Non-DD Program Areas (to illustrate how well DD did)

- HCPF would reduce BHO rates to the median of the sound actuarial range. This will save \$8,366,688 in FY '10 Capitation costs or 4.0% of all Capitation funds. (One could compare this to their proposal to force 4.33% volume and rate cuts to Physician Services & EPSDT, Emergency Transportation, Non-emergency Medical transportation, Dental Services, Inpatient Hospitals, Outpatient Hospitals, Lab & X-Ray, Durable Medical Equipment, Home Health, Private Duty Nursing, Hospital, Single Entry Points, and Class I Nursing Facilities.)
- DHS would increase county match rates from 10% to 20% on 7/1/09 for Child Welfare residential services, thereby saving \$8,001,927.
- HCPF would reduce all FQHC rates to the lowest level allowable under federal law. This would represent a cut of 10.2%, and would save \$6,083,076.
- The Governor has proposed that State employees be furloughed for 5 work days next fiscal year. This represents (approximately) a 1.9% pay cut for State employees.
- HCPF also plans to get at least \$151,269,677 in additional Medicaid match from the Feds as a result of their expected change from a 50.0% match rate to at least 54.9%, effective October 1, 2008.