

DHS-DIVISION OF MEDICAL SERVICES (755) - 2009-11 BIENNIUM

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

The Division is responsible for administering the Medicaid program, which includes the Child Health Insurance Program (S-CHIP) and the Office of Long Term Care in Arkansas. The Medicaid program also includes Hospital & Medical services, Public and Private Nursing Home care, Prescription Drugs, and ARKids First.

TOTAL BIENNIAL BUDGET

The total budget of the 2009-11 biennium is \$5,822,754,763 the first year and \$4,863,860,965 the second year.

FUNDING SOURCES

The Medicaid program is funded by General Revenue (19%); Federal funds from reimbursement (71%); fees for services, Quality Assurance Fees, Medicaid Trust Fund, Soft Drink Tax, Tobacco Settlement funds, and drug rebates (10%).

II) SIGNIFICANT CHANGES

- **Revenue Stabilization Act** reallocated General Revenue of \$13,801 to the Office of Chief Counsel due to a position transfer and provided additional Operations General Revenue of \$100,000 above base level with DHS Grants Fund General Revenue of \$690,872,709 for total General Revenue of \$695,987,278 for FY2010.
- The **Medicaid Expansion Program Administration** appropriation, funded by Federal Revenue and Tobacco Settlement Revenue, provides Base Level of \$122,793 in FY10 and \$125,069 in FY11 with no Change Levels.
- The **Medicaid Expansion Program - Prescription Drugs** appropriation, funded by Federal Revenue and Tobacco Settlement Revenue, provides a total appropriation of \$6,541,937 in FY10 and \$12,845,491 in FY11 with Base Level of \$2,845,491 each year with Change Levels of \$3,696,446 in FY10 and \$10,000,000 in FY11 in additional appropriation for growth and unfunded appropriation.
- The **Medical Expansion Program - Hospital and Medical Services** appropriation, funded by Federal Revenue and Tobacco Settlement Revenue, provides a total appropriation of \$74,479,346 in FY10 and \$131,164,332 in FY11 with Base Level of \$31,164,332 each year with Change Levels \$43,315,014 in FY10 and \$100,000,000 in FY11 in additional appropriation for growth and unfunded appropriation.
- The **Operations** appropriation, funded by General Revenue, Federal Revenue, and other support, provides a total appropriation of \$25,176,916 in FY10 and \$24,521,810 in FY11 with Base Level of \$22,653,854 in FY10 and \$22,985,808 in FY11 with Change Levels of \$2,523,062 in FY10 and

\$1,536,002 in FY11, which includes:

1. Regular Salaries increased by \$1,051,166 in FY10 and \$845,551 in FY11 for Restoration of (2) positions to assist in meeting established staffing patterns; (20) New positions, of which, 5 will create the new Behavioral Health Unit within DMS; Transfer (2) positions from the Office of Chief Counsel to assist with contract oversight; Transfer (1) position from the Division of Behavioral Health Services to perform research and analysis of innovations; Transfer (2) positions from the Division of Children and Family Services to assist the Third Party Liability unit; and Transfer (1) position to the Office of Chief Counsel to perform receptionist duties for the appeals and hearings section.
 2. Personal Services Matching increased by \$335,191 in FY10 and \$265,451 in FY11 for matching requirements of additional positions.
 3. Operating Expenses increased by \$293,380 in FY10 and \$200,000 in FY11 for building and grounds maintenance, rent, mileage, meal and lodging, and fuel purchases.
 4. Conference & Travel Fees increased by \$10,500 in FY10 for conference and travel expenses related to additional positions.
 5. Capital Outlay increased by \$195,000 each year for the purchase of 10 vehicles each year.
 6. Data Processing Services increased by \$179,800 in FY10 and \$30,000 in FY11 for increased costs of data processing services from the Department of Information Services and additional positions.
 7. American Recovery and Reinvestment Act of 2009 appropriation of \$458,025 in FY10 added for federal grants and stimulus funding.
- The **Private Nursing Home Care** appropriation, funded by General Revenue, Federal Revenue, and Quality Assurance Fees, provides a total appropriation of \$592,888,856 in FY10 and \$618,038,129 in FY11 with Base Level of \$548,872,748 each year with Change Levels of \$44,016,108 in FY10 and \$69,165,381 in FY11, which includes:
 1. \$29,016,108 in FY10 and \$52,965,381 in FY11 for growth and the FMAP change.
 2. \$15,000,000 in FY10 and \$16,200,000 in FY11 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.
 - The **Infant Infirmary** appropriation, funded by General Revenue and Federal Revenue, provides a total appropriation of \$27,450,775 in FY10 and \$22,931,565 in FY11 with Base Level of \$19,971,685 each year with Change Levels of \$7,479,090 in FY10 and \$2,959,880 in FY11, which includes:
 1. \$659,066 in FY10 and \$1,339,880 in FY11 for growth.
 2. \$1,500,000 in FY10 and \$1,620,000 in FY11 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.
 3. \$5,320,024 in FY10 to implement assessment fees on hospitals and ICF-MR's authorized by Act 433 and Act 562 of 2009.
 - The **Public Nursing Home Care** appropriation, funded by General Revenue, Federal Revenue, Quality Assurance Fees,

and other support, provides a total appropriation of \$221,068,656 in FY10 and \$193,145,084 in FY11 with Base Level of \$166,564,251 each year with Change Levels of \$54,504,405 in FY10 and \$26,580,833 in FY11, which includes:

1. \$7,709,223 in FY10 and \$15,780,833 in FY11 for growth.
 2. \$10,000,000 in FY10 and \$10,800,000 in FY11 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.
 3. \$36,795,182 in FY10 to implement assessment fees on hospitals and ICF-MR's authorized by Act 433 and Act 562 of 2009.
- The **Prescription Drugs** appropriation, funded by General Revenue, Federal Revenue, and Drug Rebates, provides a total appropriation of \$444,995,868 in FY10 and \$475,423,172 in FY11 with Base Level of \$385,263,250 each year with Change Levels of \$59,732,618 in FY10 and \$90,159,922 in FY11, which includes:
 1. \$34,458,599 in FY10 and \$68,716,516 in FY11 for growth.
 2. (\$1,502,261) in FY10 and (\$1,756,594) in FY11 to reclassify the Breast and Cervical Cancer program to the Medicaid Expansion program.
 3. \$1,600,000 each year for a medication therapy management program.
 4. \$20,000,000 in FY10 and \$21,600,000 in FY11 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.
 5. \$5,176,280 in FY10 for Healthcare Initiative components.
 - The **Hospital & Medical Services** appropriation, funded by General Revenue, Federal Revenue, Medicaid Trust Fund, and other support, provides a total appropriation of \$3,321,028,598 in FY10 and \$3,224,177,831 in FY11 with Base Level of \$2,634,264,168 each year with Change Levels of \$686,764,430 in FY10 and \$589,913,663 in FY11, which includes:
 1. \$178,111,661 in FY10 and \$368,691,140 in FY11 for growth.
 2. (\$10,970,807) in FY10 and (\$11,738,763) in FY11 to reclassify the Breast and Cervical Cancer program to the Medicaid Expansion program.
 3. \$48,237,501 in FY10 and \$70,961,286 in FY11 for various rate changes.
 4. \$150,000,000 in FY10 and \$162,000,000 in FY11 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.
 5. \$131,386,075 in FY10 for Healthcare Initiative components.
 6. \$190,000,000 in FY10 to implement assessment fees on hospitals and ICF-MR's authorized by Act 433 and Act 562 of 2009.
 - The **Child & Family Life Institute** appropriation, funded by General Revenues, provides Base Level of \$2,100,000 each year with no Change Levels.
 - The **ARKids B Program** appropriation, funded by General Revenue and Federal Revenue, provides a total appropriation

of \$156,402,779 in FY10 and \$157,738,482 in FY11 with Base Level of \$111,561,360 each year with Change Levels of \$44,841,419 in FY10 and \$46,177,122 in FY11, which includes:

1. \$1,663,187 in FY10 and \$4,481,124 in FY11 for prescription drugs growth.
 2. \$14,270,669 in FY10 and \$30,895,998 in FY11 for Hospital/Medical Services growth.
 3. \$10,000,000 in FY10 and \$10,800,000 in FY11 in unfunded appropriation for Prescription Drugs and Hospital/Medical Services components to allow the Division the capability to respond to federal and/or state mandates.
 4. \$18,907,563 in FY10 for Healthcare Initiative components.
- The **Nursing Home Closure Costs** appropriation, funded by Trust Funds, provides Base Level of \$50,000 each year with no Change Levels.
 - The **Long Term Care Facility Receivership** appropriation, funded by reimbursements, provides Base Level of \$100,000 each year with no Change Levels.
 - The **Nursing Home Quality Grants** appropriation, funded by Trust Funds, provides Base Level of \$1,500,000 each year with no Change Levels.
 - The **American Recovery and Reinvestment Act of 2009** appropriations, funded by Federal Funds, provides a total appropriation of \$948,848,239 in FY10, which includes:
 1. \$134,694,759 for Private Nursing Home Care
 2. \$4,901,102 for Infant Infirmary Services
 3. \$40,875,288 for Public Nursing Home Care
 4. \$94,544,574 for Prescription Drugs
 5. \$646,455,077 for Hospital and Medical Services
 6. \$27,377,439 for ArKids B Program Services

III) ADDITIONAL POSITIONS

Total Positions for FY 2009-11: 328

Total Base Level Positions for FY 2009: 302

Increase(Decrease): 26

- * 2 Restorations
- * 20 New Positions
- * 2 Transferred from Office of Chief Counsel
- * 1 Transferred from Division of Behavioral Health
- * 2 Transferred from Division of Children & Family Services
- * (1) Transferred to Office of Chief Counsel

IV) SPECIAL LANGUAGE

- DEPARTMENT OF HUMAN SERVICES GRANTS FUND ACCOUNT: Shows what grant programs are funded from the Grants Fund Account. Deletes Rx Elderly grant program. **REVISED**
- CHILD HEALTH AND FAMILY LIFE INSTITUTE (CHFLI): Funds appropriated for the Child Health and Family Life Institute (CHFLI) must be administered by the Arkansas Children's Hospital through a cooperative agreement or contract with the University of Arkansas for Medical Sciences.
- PHARMACEUTICAL DISPENSING FEE SURVEY: Language which provides for a pharmaceutical dispensing fee survey, so that the Division is required to conduct a survey at least every two years.
- MEDICAID RATE METHODOLOGY: Provides that CMS methodologies shall be used to establish rates. Rates may be increased or decreased for good cause. This section also provides that cost of living adjustments are to be based on the CMS Market Basket Index.
- FUND USAGE AUTHORIZED: The Division of Medical Services to retain an amount not to exceed \$2,100,000 in the DHS Grants Fund to match federal funds for supplemental Medicaid payments to the Arkansas Children's Hospital.
- STATE PLAN: Updated the State Medicaid Plan concerning EPSDT services.
- STATE MEDICAID PROGRAM/PERSONAL CARE PROGRAM: Allows reimbursable personal care services seven days a week. Private care agencies licensed by the Department of Labor, certified as ElderChoices Providers, who also furnish in-home staffing services for respite, chore services, and homemaker services and carry \$1 million of liability insurance to offer Medicaid reimbursable personal care services seven days a week. These private care agencies will be supervised by the Arkansas Department of Health (ADH) and shall acquire a separate license established by ADH for the provision of this weekend care. **NEW**

MEDICAID EXPANSION PROGRAM

- MEDICAID EXPANSION PROGRAM-PAYING ACCOUNTS: Separate Paying Accounts will be established by the Department for each component of the Medicaid Expansion Program to draw federal funds.
- ACCOUNTS: Appropriation and Fund Accounts will be established on the books of the Treasurer and Auditor of the State.
- POSITIONS: General revenue funds will not be used to replace Tobacco Settlement funds when funds expire. No positions paid from the Tobacco Settlement will be construed as a commitment.
- TRANSFER RESTRICTIONS: No funds in the Medicaid Expansion Program Appropriation act shall be transferred, but only as

provided by this act. Deletes a repealed ACA cite. **REVISED**

- **TRANSFERS OF APPROPRIATIONS:** Provides the process in which transfers can be made within appropriations. The Director can request the transfer of appropriation only in the Hospital and Medical Services and Prescription Drug line items.
- **COMPLIANCE WITH OTHER LAWS:** Disbursement of funds authorized shall be limited to the appropriation for such agency and funds made available by law and shall be strictly complied.
- **LEGISLATIVE INTENT:** Any funds disbursed in this act shall be in compliance with Initiated Act 1 of 2000.