

DHS-DIVISION OF MEDICAL SERVICES (755)

FISCAL YEAR 2015

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 AUTHORIZED

The total budget for FY2015 is \$6,697,147,496.

FUNDING SOURCES

The Medicaid program is funded by General Revenue (21%); Federal funds from reimbursement (70%); fees for services, Quality Assurance Fees, Medicaid Trust Fund, Soft Drink Tax, Tobacco Settlement funds, and drug rebates (9%).

II) SIGNIFICANT CHANGES

- The **Nursing Home Quality** appropriation, funded by Trust Funds, provides a total Base Level appropriation of \$1,500,000 with no change level requests.
- The **Medicaid Expansion Operations** appropriation, funded by Federal and Tobacco Settlement Revenues, provides a total Base Level appropriation of \$121,604 with no change level requests.
- The **Medicaid Expansion Program - Prescription Drugs** appropriation, funded by Federal and Tobacco Settlement Revenues, provides a total appropriation of \$5,728,242 with change level requests of \$1,113,974, which includes:
 1. \$113,974 for growth.
 2. \$1,000,000 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.
- The **Medicaid Expansion Program - Hospital and Medical Services** appropriation, funded by Federal and Tobacco Settlement Revenues, provides a total appropriation of \$92,024,933 with change level requests of \$11,025,560, which includes:
 1. \$8,025,560 for growth.
 2. \$3,000,000 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.
- The **Nursing Home Closure Costs** appropriation, funded by Trust Funds, provides a total Base Level appropriation of \$50,000 with no change level requests.
- The **Long Term Care Facility Receivership** appropriation, funded by State Apportionment Funds, provides a total Base Level appropriation of \$100,000 with no change level

requests.

- The **Division of Medical Services Operations** appropriation, funded by General, Federal and Other Revenues, provides a total Base Level appropriation of \$26,615,147 with \$340,341 change level requests for a total appropriation of \$26,955,488, which includes:
 1. Regular Salaries increased by \$256,242 and Personal Services Matching increased by \$84,099 for position transfers.
- The **ARKids B Program** appropriation, funded by General, Federal and Other Revenues, provides a total appropriation of \$148,436,682 with change level requests of \$11,099,890, which includes:
 1. \$10,299,890 for growth.
 2. \$800,000 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.
- The **Hospital and Medical Services** appropriation, funded by General, Federal and Other Revenues, provides a total appropriation of \$5,066,397,953 with change level requests of \$1,160,555,002, which includes:
 1. \$253,555,002 for growth.
 2. \$12,000,000 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.
 3. (\$20,000,000) for reductions to Base Level related to the Medicaid Management Information System (MMIS).
 4. \$915,000,000 to support the implementation of the Private Option.
- The **Prescription Drugs** appropriation, funded by General, Federal and Other Funds, provides a total appropriation of \$385,783,553 with change level requests of \$12,641,130, which includes:
 1. \$11,041,130 for growth.
 2. \$1,600,000 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.
- The **Private Nursing Home Care** appropriation, funded by General, Federal and Other Revenues, provides total appropriation of \$716,865,047 with change level requests of \$29,077,285, which includes:
 1. \$27,877,285 for growth.
 2. \$1,200,000 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.
- The **Child and Family Life Institute** appropriation, funded by General Revenue, provides a total Base Level of appropriation of \$2,100,000 with no change level requests.
- The **Infant Infirmary** appropriation, funded by General, Federal and Other Revenues, provides a total appropriation of \$27,555,873 with change level requests of \$822,727, which includes:
 1. \$766,727 for growth.
 2. \$56,000 in unfunded appropriation to allow the Division the

capability to respond to federal and/or state mandates.

- The **Public Nursing Home** appropriation, funded by General, Federal and Other Revenues, provides a total appropriation of \$223,528,121 with change level requests of \$10,929,911, which includes:
 1. \$10,129,911 for growth.
 2. \$800,000 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

III) ADDITIONAL POSITIONS

Total Positions for FY2014: 359

Total Positions for FY2015: 329

Increase(Decrease): (30)

+5 Net Positions transferred from other Divisions

-35 Positions transferred to Office of Medicaid Inspector Gen

IV) SPECIAL LANGUAGE

- DEPARTMENT OF HUMAN SERVICES GRANTS FUND ACCOUNT: Shows what grant programs are funded from the Grants Fund Account.
- 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. Any rate methodology changes must receive prior approval by the Legislative Council/Joint Budget Committee.
- 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 Early and Periodic Screening, Diagnosis and Treatment Services (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.

- REVIEW OF RULES IMPACTING STATE MEDICAID COSTS: Authorizes the review of proposed changes to existing Medicaid rules and the Arkansas Medicaid Plan by various Public Health, Welfare and Labor Committees and the Joint Budget Committee.

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.
- 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.