

DHS-DIVISION OF MEDICAL SERVICES (755)

FY2016

As Enacted by Acts 41, 925 and 1080 of 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 APPROPRIATION

The total appropriation is \$8,140,393,574 in FY2016.

FUNDING SOURCES

The Division of Medical Services is funded by General Revenue (14.5%); Federal funds from reimbursement (78.5%); fees for services, Quality Assurance Fees, Medicaid Trust Fund, Soft Drink Tax, Tobacco Settlement funds, and drug rebates (7%).

II) CHANGE LEVEL REQUESTS

The following changes were made to the Medicaid Expansion Program Grants appropriation:

- The **Prescription Drugs** line item, funded by Federal and Tobacco Settlement Revenues - \$4,197,034, with an increase of \$701,034
 - increase for growth and adjustments for FMAP reduction
- The **Hospital and Medical Services** line item, funded by Federal and Tobacco Settlement Revenues - \$62,510,440, a reduction of \$12,301,560
 - \$17,301,560 reduction due to the elimination of the Health Insurance Flexibility and Accountability (HIFA) program (recipients now covered under the Private Option)
 - \$5,000,000 increase in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates
- The **Division of Medical Services Operations** appropriation, funded by General, Federal and Other Revenues - \$30,197,725 in FY2016, with increases of \$4,327,755 which includes:
 - Regular Salaries and Personal Services Matching increases of \$361,236 and \$144,432 respectively in unfunded appropriation for the restoration of 12 unbudgeted positions to assist in staffing needs throughout the division
 - Operating Expenses increase of \$3,822,087 for program contract and systems development oversight, management and implementation

due to multiple changes and innovations throughout the division
The following changes were made to the Grants appropriation:

Grants appropriation line item changes (expressed in millions)

Line Item	Total Appropriation	Increases		
		Growth^	Unfunded*	Total
ARKids B Program	147	28	15	43
Hospital & Medical Services	6,480	834	725	1,559
Prescription Drugs	433	33	40	73
Private Nursing Home Care	692	37	10	47
Infant Infirmary	31	0.34	5	5
Public Nursing Home Care	255	6	50	56

^ Growth increases are needed for additional utilization

* Unfunded increases are to allow the Division the capability to respond to federal and/or state mandates.

III) ADDITIONAL POSITIONS (Total FY2015 Authorized Positions: 329)

Total Authorized Positions for FY2016: 326

Total Base Level Positions for FY2015: 314

Increase/(Decrease) over Base Level: 12

Extra Help Positions FY2016: 7 (Total FY2015 Extra Help: 7)

Restoration of 12 unbudgeted positions

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 and the entities in conjunction will report annually to ALC on all

matters of funding, existing programs and services offered.

- 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. Survey results are used as the basis for establishing dispensing fees paid to pharmacies participating in the Medicaid prescription drug program.
- MEDICAID RATE METHODOLOGY: Provides that CMS methodologies shall be used to establish rates. Rates may be increased or decreased for good cause and lists examples of 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. These funds are not recoverable to the General Revenue Allotment Reserve Fund.
- 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.
- HEALTH CARE INDEPENDENCE PROGRAM ADVERTISING: Prohibits the Department of Human Services (DHS) from allocating, budgeting, expending, or utilizing any appropriation authorized by the General Assembly for the purpose of advertisement, promotion, or other activities designed to

promote or encourage enrollment in the Arkansas Health Insurance Marketplace or the Health Care Independence Program. Prohibits DHS from applying for or accepting any funds, including without limitation federal funds, for the purpose of advertisement, promotion, or other activities designed to promote or encourage enrollment in the Arkansas Health Insurance Marketplace or the Health Care Independence Program. Prohibits DHS from allocating, budgeting, expending, or utilizing appropriations to fund activities of navigators, guides, certified application counselors, and certified licensed producers and prohibits the department from applying for or accepting any funds for that purpose. Certified application counselors at health-related institutions are excepted as are regulatory and training responsibilities related to navigators, guides, certified application counselors, and certified licensed producers.

- **HEALTH CARE INDEPENDENCE PROGRAM AMENDMENTS AND WAIVERS:** Provides the Department of Human Services shall submit and seek approval of a state plan amendment, waiver, or both for certain revisions to the Health Care Independence Program to be effective no later than February 1, 2015. If the department is unable to secure the approvals, then effective for dates of service on and after February 1, 2015, the department shall not allocate, budget, expend, or utilize appropriations for the participation of persons in the Health Care Independence Program.
- **NEW MEDICAID PRIMARY CASE MANAGEMENT PROGRAM.**: Transferred from the Division of County Operations Establishes provisions for the Division of Medical Services to contract for a Medicaid Primary Care Case Management shared savings pilot program to control costs for Medicaid patients residing in the Arkansas Delta region who are underserved, have some of the poorest health outcomes in the state and whose estimated costs are in the top quartile of expense. Sets criteria for characteristics of the preferred vendor to administer the program, the recipients who will be served by the program and how realized savings will be shared.
- **NEW FUND USAGE AUTHORIZED.** Allows the President or C.E.O. of AR Children's Hospital to request the division maintain up to \$1 million in their Grants Fund account to be used to match federal funds used for supplemental Medicaid payments to AR Children's Hospital.

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.