

DHS-DIVISION OF MEDICAL SERVICES (755)

FISCAL YEAR 2018

As Enacted by Acts 852 and 1045 of 2017

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 includes Hospital & Medical services, Public and Private Nursing Home care, Prescription Drugs, Arkansas Works and ARKids First.

TOTAL APPROPRIATION

The total appropriations are \$8,378,701,869 in FY2018, with total increases of \$1,190,817,073 in FY2018. This total includes \$97,178,364 in appropriation for Medicaid Expansion programs payable from the Tobacco Settlement Proceeds Act. These programs are appropriated in a separate appropriation act.

FUNDING SOURCES

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

II) CHANGE LEVEL REQUESTS

Medical Services - Medicaid Expansion Program

The recommendation for this appropriation, funded by Federal and Tobacco Settlement Revenues, is for \$114,142 in each year with total increases of \$44,857 in each year in the following line items:

- **Regular Salaries** increase of \$32,249 in each year and **Personal Services Matching** increase of \$12,608 in each year for the restoration of a position.

Medical Services - Medicaid Expansion Program Grants

The recommendation for this appropriation, funded by federal and Tobacco Settlement revenues, is for \$97,064,222 with a total increase of \$50 million in the Hospital and Medical Services line item to accommodate changes made by Act 50 that revised the purposes of the Tobacco Settlement to include reducing the number of people on the "Developmental Disabilities Services Waiver" Waiting list.

Operations

The recommendation for this appropriation, funded by Federal,

General, and Other Revenues is for \$24,131,487 in FY2018 with decreases of \$3,039,583, including the following changes, in support of agency reorganization:

- **Regular Salaries** decreases of (\$2,073,204) in FY2018 and **Personal Services Matching** decreases of (\$721,696).
- **Operating Expenses** decrease of (\$234,253).
- **Conference Fees and Travel** decrease of (\$10,430).

Grants

The recommendation for this appropriation, funded by General, Federal and Other Revenues is for \$8,256,242,018 in FY2018, with increases of \$1,144,311,799, including the following changes for incorporation of growth and changes to the FMAP percentage:

- **Hospital and Medical Services** recommendations of \$6,660,893,014 in FY2018 with increases of \$1,075,752,870
- **Prescription Drugs** recommendations of \$517,701,197 in FY2018 with increases of \$40,557,237
- **Private Nursing Home Care** recommendations of \$703,607,064 in FY2018 with increases of \$20,493,410
- **Infant Infirmary** recommendations of \$28,453,344 in FY2018 with increases of \$1,354,921
- **Public Nursing Home** recommendations of \$211,265,397 in FY2018 with increases of \$6,153,361

Nursing Home Quality Grants

The recommendation for this appropriation, funded by the Long-Term Care Trust Fund, is \$1,000,000 in both years, with a decrease of (\$500,000).

III) ADDITIONAL POSITIONS (Total Authorized Positions FY2017:332)

Total Positions for FY2018: 263*
Total Base Level Positions: 318*
* Includes one (1) position in the Base Level and two (2) positions authorized for Medicaid Expansion funded from the Tobacco Settlement Proceeds Act and authorized in a separate appropriation act.
Increase(Decrease)from Base Level: (56)
Includes the transfer/discontinuation of (68) positions and the restoration of 12 positions, including one funded from the Medicaid Expansion.
Extra Help Positions FY2018: 8 (Base Level Extra Help: 8)

IV) SPECIAL LANGUAGE

- ****LANGUAGE TO BE DELETED** DEPARTMENT OF HUMAN SERVICES GRANTS FUND ACCOUNT:** Shows what grant programs are funded from the Grants Fund Account. **Does not appear in bill.**
- ****LANGUAGE TO BE DELETED**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. **Does not appear in bill.**
- **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.
- **GENERAL MEDICAID RATE METHODOLOGY PROVISIONS:** 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:** Authorizes ACH to request that the Division of Medical Services 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. Defines private care agencies as those 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.

- ****LANGUAGE TO BE DELETED**** REVIEW OF RULES IMPACTING STATE MEDICAID COSTS: Authorizes the review of proposed changes to existing Medicaid rules that might impact state Medicaid costs and the Arkansas Medicaid Plan by the House and Senate Public Health, Welfare and Labor Committees. **Language codified by Act 605. Does not appear in bill.**
- ****REVISED LANGUAGE**** ~~HEALTH CARE INDEPENDENCE PROGRAM~~ **ARKANSAS WORKS AND HEALTH INSURANCE MARKETPLACE RESTRICTIONS:** 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~~ **Arkansas Works**. 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~~ **Arkansas Works**. 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.
- ****LANGUAGE TO BE DELETED**** **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. **Does not appear**

in bill.

- ****LANGUAGE TO BE DELETED** MEDICAID PRIMARY CASE MANAGEMENT PROGRAM:** 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. **Does not appear in bill.**
- **SEVERABILITY:** Adds language regarding severability and allows that, in the event a portion of the act is declared invalid the remainder of the act shall still be in effect.

MEDICAID EXPANSION PROGRAM

- ****REVISED LANGUAGE** 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. Replaces listed purposes with reference to A.C.A § 19-12-116(b)(1) that lists purposes.
- **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 to continue funding the positions if sufficient funds no longer exist.
- **TRANSFER RESTRICTIONS:** No appropriations 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 the maintenance and general operations appropriation line items. The Director can also request the transfer of appropriation only between the Hospital and Medical Services and Prescription Drug line items in the Medicaid Expansion appropriation.
- **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 strictly comply with applicable state laws, rules and regulations.

- LEGISLATIVE INTENT: Requires funds to be disbursed in this act in compliance with Initiated Act 1 of 2000 and all pertinent documentation and testimony submitted and recorded during hearings or sessions that relates to its passage and adoption.