

DHS-DIVISION OF MEDICAL SERVICES (755)

FISCAL YEAR 2019

As Enacted by Acts 241 and 257 of 2018

**I) AGENCY SUMMARY & REVENUE SOURCES**

**MISSION**

The Division is responsible for administering the Medicaid program, which includes the Child Health Insurance Program (S-CHIP). 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 \$8,759,971,841 in FY2019, with total increases of \$1,572,075,310. This total includes \$97,178,364 each year 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 General Revenue; Federal funds from reimbursement; fees for services, Quality Assurance Fees, Medicaid Trust Fund, Soft Drink Tax, Tobacco Settlement funds, and drug rebates.

**II) CHANGE LEVEL REQUESTS**

**Operations**

The recommendation for this appropriation, funded by General, Federal and Other Revenues is for \$11,759,807 in FY2019, with decreases of (\$12,401,680), with the following changes for the transfer out of (145) positions from the Division of Medical Services to the newly created Division of Provider Services and Quality Assurance in support of the agency's reorganization:

- **Regular Salaries** decreases of (\$7,155,976) and **Personal Services Matching** decreases of (\$2,441,380).
- **Overtime** decrease of (\$2,759).
- **Operating Expenses** decrease of (\$2,231,741).
- **Conference Fees and Travel** decrease of (\$123,199).
- **Professional Fees** decrease of (\$416,625).

**Grants**

The recommendation for this appropriation, funded by General, Federal and Other Revenues is for \$8,209,613,313 in FY2019, with decreases of (\$46,628,705), including the following changes:

- **Hospital and Medical Services** recommendation of \$6,573,710,120 with a decrease of (\$87,182,894)
- **Prescription Drugs** recommendation of \$529,386,547 with an increase of \$11,685,350
- **Private Nursing Home Care** recommendation of \$724,715,275 with an increase of \$21,108,211
- **Infant Infirmary** recommendation \$29,876,011 with an increase of \$1,422,667
- **Public Nursing Home** recommendation of \$217,603,340 with an increase of \$6,337,961

### III) ADDITIONAL POSITIONS

Total Positions for FY2019: 119\*

Total Positions for FY2018: 263\*

\* Includes two (2) positions authorized for Medicaid Expansion funded from the Tobacco Settlement Proceeds Act and authorized in a separate appropriation act.

Increase(Decrease): (144)

Includes the transfer out of (145) positions to the newly created Division of Provider Services and Quality Assurance and the transfer in of one position from the former Division of Aging and Adult Services.

Extra Help Positions FY2019: 10 (Total FY2018 Authorized Extra Help: 8) Includes the transfer out of (3) positions to the newly created Division of Provider Services and Quality Assurance and the transfer in of five positions from the former Division of Aging and Adult Services.

### IV) SPECIAL LANGUAGE

- **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.
- 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 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 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.
- 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 - SAME LANGUAGE APPLIES TO THE DIVISIONS OF COUNTY OPERATIONS AND PROVIDER SERVICES AND QUALITY ASSURANCE**

- **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 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.