

DHS-DIVISION OF MEDICAL SERVICES (755) - FISCAL YEAR 2011

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 for Fiscal Year 2011 is \$6,201,314,179, which includes \$144,134,892 in Medicaid Expansion Program appropriation.

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 OVER FY2010

- The **Medicaid Expansion Program - Hospital and Medical Services** appropriation, funded by Federal Revenue and Tobacco Settlement Revenue, provides a total appropriation of \$131,164,332 with a change level of \$56,684,986 in additional appropriation for growth and unfunded appropriation.
- The **Medicaid Expansion Program - Prescription Drugs** appropriation, funded by Federal Revenue and Tobacco Settlement Revenue, provides a total appropriation of \$12,845,491 with a change level of \$6,303,554 in additional appropriation for growth and unfunded appropriation.
- The **Private Nursing Home Care** appropriation, funded by General Revenue, Federal Revenue, and Quality Assurance Fees, provides a total appropriation of \$618,038,129, with a change level of \$25,149,273, which includes:
 1. \$23,949,273 for growth and the FMAP change.
 2. \$1,200,000 in unfunded appropriation to allow 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 \$28,251,589, with a change level of \$800,814, which includes:
 1. \$680,814 for growth.
 2. \$120,000 in unfunded appropriation to allow the capability to respond to federal and/or state mandates.
- The **Public Nursing Home Care** appropriation, funded by General Revenue, Federal Revenue, Quality Assurance Fees, and other support, provides a total appropriation of \$229,940,266, with a change level of \$8,871,610, which includes:

1. \$8,071,610 for growth.
 2. \$800,000 in unfunded appropriation to allow the capability to respond to federal and/or state mandates.
- The **Prescription Drugs** appropriation, funded by General Revenue, Federal Revenue, and Drug Rebates, provides a total appropriation of \$480,599,452, with a change level of \$35,603,584, which includes:
 1. \$34,257,917 for growth.
 2. (\$254,333) to reclassify the Breast and Cervical Cancer program to the Medicaid Expansion program.
 3. \$1,600,000 in unfunded appropriation to allow the capability to respond to federal and/or state mandates.
 - The **Hospital & Medical Services** appropriation, funded by General Revenue, Federal Revenue, Medicaid Trust Fund, and other support, provides a total appropriation of \$3,545,563,906, with a change level of \$224,535,308, which includes:
 1. \$190,579,479 for growth.
 2. (\$767,956) to reclassify the Breast and Cervical Cancer program to the Medicaid Expansion program.
 3. \$22,723,785 for various rate changes.
 4. \$12,000,000 in unfunded appropriation to allow the capability to respond to federal and/or state mandates.
 - The **ARKids B Program** appropriation, funded by General Revenue and Federal Revenue, provides a total appropriation of \$176,646,045, with a change level of \$20,243,266, which includes:
 1. \$2,817,937 for Prescription Drugs growth.
 2. \$16,625,329 for Hospital/Medical Services growth.
 3. \$800,000 in unfunded appropriation for Prescription Drugs and Hospital/Medical Services components to allow the capability to respond to federal and/or state mandates.

III) ADDITIONAL POSITIONS

Total Authorized Positions for FY 2011: 328

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Increase(Decrease): 0

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.
- 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.

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.
- **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.