

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive/Legislative Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Legislative	Pos	Agency	Pos	Executive	Pos	Legislative	Pos
36E DMS-Alcohol Drug Prevention Waiver	0	0	0	0	1,250,000	0	20,000,000	0	0	0	0	0	30,000,000	0	0	0	0	0
4KS Nursing Home Quality	289,491	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
642 DHS Medicaid Expansion Program	103,955	2	117,264	2	103,342	2	122,793	2	122,793	2	122,793	2	125,069	2	125,069	2	125,069	2
648 Medicaid Exp-Prescription Drugs	2,725,825	0	2,845,491	0	6,080,000	0	6,541,937	0	6,541,937	0	6,541,937	0	27,471,014	0	12,845,491	0	12,845,491	0
648 Medicaid Exp-Hospital & Medical Services	20,686,379	0	31,164,332	0	60,556,174	0	74,479,346	0	74,479,346	0	74,479,346	0	211,238,137	0	131,164,332	0	131,164,332	0
876 Nursing Home Closure Costs	0	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
878 Long Term Care Facility Receivership	0	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
896 Division of Medical Services	19,678,852	284	21,821,300	300	21,576,581	302	25,298,205	334	24,169,088	320	24,069,088	320	25,979,826	334	24,521,810	320	24,421,810	320
897 ARKIDS B Program	95,236,267	0	111,561,360	0	116,703,139	0	137,495,216	0	137,495,216	0	133,154,831	0	157,738,482	0	157,738,482	0	148,027,199	0
897 Hospital & Medical Services	2,408,153,725	0	2,634,264,168	0	2,897,206,587	0	2,999,642,523	0	2,999,642,523	0	2,956,871,094	0	3,224,177,831	0	3,224,177,831	0	3,086,240,331	0
897 Prescription Drugs	340,641,183	0	385,263,250	0	440,746,167	0	439,819,588	0	439,819,588	0	432,771,190	0	475,423,172	0	475,423,172	0	461,223,241	0
897 Private Nursing Home Care	534,359,123	0	548,872,748	0	627,094,449	0	592,888,856	0	592,888,856	0	588,995,254	0	618,038,129	0	618,038,129	0	609,637,245	0
898 Child & Family Life Inst	0	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0
898 Infant Infirmary	19,544,582	0	19,971,685	0	21,338,175	0	22,130,751	0	22,130,751	0	21,949,686	0	22,931,565	0	22,931,565	0	22,552,736	0
898 Public Nursing Home Care	162,058,661	0	166,564,251	0	170,497,211	0	184,273,474	0	184,273,474	0	184,084,816	0	193,145,084	0	193,145,084	0	192,669,330	0
<b>Total</b>	<b>3,603,478,043</b>	<b>286</b>	<b>3,926,195,849</b>	<b>302</b>	<b>4,366,901,825</b>	<b>304</b>	<b>4,506,442,689</b>	<b>336</b>	<b>4,485,313,572</b>	<b>322</b>	<b>4,426,790,035</b>	<b>322</b>	<b>4,990,018,309</b>	<b>336</b>	<b>4,863,860,965</b>	<b>322</b>	<b>4,692,656,784</b>	<b>322</b>

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue	4000010	675,208,553	18.7	714,396,942	18.2	807,796,426	18.9	773,091,475	18.6	714,567,938	17.5	919,195,601	20.0	885,845,545	20.0	714,641,364	16.8	
Federal Revenue	4000020	2,596,894,010	72.1	2,817,473,636	71.8	3,063,657,595	71.8	2,962,680,511	71.4	2,962,680,511	72.4	3,299,942,549	71.9	3,157,814,084	71.4	3,157,814,084	74.3	
Trust Fund	4000050	69,504,661	1.9	157,368,800	4.0	111,777,789	2.6	129,639,582	3.1	129,639,582	3.2	50,250,000	1.1	50,250,000	1.1	50,250,000	1.2	
Drug Rebates	4000200	29,765,477	0.8	27,160,000	0.7	27,160,000	0.6	29,512,056	0.7	29,512,056	0.7	27,160,000	0.6	31,937,947	0.7	31,937,947	0.8	
Insurance Premium Tax	4000298	6,923,958	0.2	0	0.0	5,124,419	0.1	5,124,419	0.1	5,124,419	0.1	0	0.0	0	0.0	0	0.0	
Miscellaneous Transfers	4000355	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	
Quality Assurance Fee	4000395	64,756,303	1.8	56,544,651	1.4	60,589,214	1.4	60,589,214	1.5	60,589,214	1.5	62,947,653	1.4	62,947,653	1.4	62,947,653	1.5	
Reimbursement	4000425	0	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	
Tobacco Settlement	4000495	8,025,170	0.2	10,491,607	0.3	19,216,727	0.5	19,216,727	0.5	19,216,727	0.5	60,927,976	1.3	60,926,977	1.4	60,926,977	1.4	
Various Program Support	4000730	152,284,911	4.2	142,545,213	3.6	169,109,506	4.0	168,940,372	4.1	168,940,372	4.1	170,966,937	3.7	170,793,250	3.9	170,793,250	4.0	
<b>Total Funds</b>		<b>3,603,478,043</b>	<b>100.0</b>	<b>3,926,195,849</b>	<b>100.0</b>	<b>4,264,646,676</b>	<b>100.0</b>	<b>4,149,009,356</b>	<b>100.0</b>	<b>4,090,485,819</b>	<b>100.0</b>	<b>4,591,605,716</b>	<b>100.0</b>	<b>4,420,730,456</b>	<b>100.0</b>	<b>4,249,526,275</b>	<b>100.0</b>	
Excess Appropriation/(Funding)		0		0		241,796,013		336,304,216		336,304,216		398,412,593		443,130,509		443,130,509		
<b>Grand Total</b>		<b>3,603,478,043</b>		<b>3,926,195,849</b>		<b>4,506,442,689</b>		<b>4,485,313,572</b>		<b>4,426,790,035</b>		<b>4,990,018,309</b>		<b>4,863,860,965</b>		<b>4,692,656,784</b>		

## **Analysis of Budget Request**

**Appropriation:** 36E - DMS-Alcohol Drug Prevention Waiver

**Funding Sources:** PWF - Grants Paying

The Alcohol and Drug Abuse Prevention appropriation was created by Act 1236 of 2007 section 8 to allow for future Medicaid waivers for substance abuse services. The goal was to utilize the appropriation in support of an affordable substance abuse benefit package for both adult and adolescent services. However, this appropriation was not funded in the current 2007-2009 biennium.

The Agency Change Level request for this appropriation is \$20,000,000 in FY2010 and \$30,000,000 in FY2011 in unfunded appropriation.

The Executive Recommendation does not provide for continuing this appropriation into the 2009-2011 biennium.

The Legislative Recommendation concurs with the Executive Recommendation.

## Appropriation Summary

**Appropriation:** 36E - DMS-Alcohol Drug Prevention Waiver

**Funding Sources:** PWF - Grants Paying

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Grants and Aid 5100004	0	0	1,250,000	20,000,000	0	0	30,000,000	0	0
Total	0	0	1,250,000	20,000,000	0	0	30,000,000	0	0

The Executive Recommendation does not provide for continuing this appropriation into the 2009-2011 biennium.

## **Analysis of Budget Request**

**Appropriation:** 4KS - Nursing Home Quality

**Funding Sources:** TLT - Long Term Care Trust Fund

The Nursing Home Quality of Life appropriation provides for two (2) new approaches to nursing home care. These approaches are as follows:

- Eden Alternative approach
- Greenhouse Project approach

Both the Eden Alternative and the Greenhouse Project are attempts to create a new model for long term care facilities that emphasizes a more home-like environment over traditional institutional settings. Evidence indicates that residents of facilities operated under either approach perform significantly better than residents of traditional long term care facilities.

The Eden Alternative approach allows residents choices in their everyday living that are traditionally dictated to the resident by the facility. These choices include, among others, the choice of meals (what is served and when) and the care routine. It also utilizes permanent assignments of caregivers to create familiarity and trust.

The Greenhouse Project approach utilizes Eden Alternative principals, but with a strikingly different physical plant. Greenhouse Project facilities are constructed on the premise that the elders will thrive in a nursing home if it's built to resemble living in one's own house. This means that facilities are built in small, separate units with each unit housing its own kitchen and laundry, and with no more than ten (10) beds - all of which are private rooms. This gives residents more privacy and more control over their lives. Additionally, Greenhouse Project facilities stress resident participation. This is performed in a number of ways. For example:

1. Residents are encouraged to participate in meal planning and preparation. The facility is constructed so that residents can both gather around the kitchen and observe or participate in meal preparation. This gives them meaningful experiences and allows a time for interaction between the elders and the staff.
2. Residents are encouraged to use their skills and interests for the benefit of other residents. An emphasis is placed on what residents can do rather than just their physical ailments and disabilities.
3. The use of "universal" workers. Under this concept, each unit or house is staffed by the same CNAs and nurses who not only perform traditional care, but also perform laundry and meal preparation. This aids in worker retention by varying the duties of the workers. It also allows the workers to better learn the desires and abilities of residents, and to encourage their participation in various aspects of their own care, as if they were home. The staffs are assigned only to one particular unit or house allowing the elders to become better acquainted with their caregivers.

Facilities that adopt the Eden Alternative/Greenhouse Project model are operated at the same cost as traditional facilities. Once a facility has adopted the model, there is no additional cost, making the on-going project cost-neutral. The cost of building a facility to meet Greenhouse Project requirements are approximately the same as for a traditional facility.

There are, however, one-time or initial startup costs for training and physical plant changes for existing facilities. In order to encourage the adoption of the Eden Alternative/Greenhouse Project model, the U. S. Department of Health and Human Services' proposed that the Arkansas Department of Human Services utilize some of the funding collected that is associated with the imposition of civil penalties levied on long-term care facilities in the Long-Term Care Trust Fund.

As the licensing and regulatory agency, the Office of Long Term Care believes that encouraging the adoption of these models benefits the State of Arkansas in a number of ways. First, the models provide a higher level of care for residents, at little or no cost to the State. Second, the adoption of these models results in an inarguable increase in the quality of life for residents. Third, adoption of this proposal places Arkansas in a leadership role in remaking the long-term care model, and demonstrates the State's commitment to seeking improvement in long-term care.

Funding for this program is derived from other revenues which are indicated as the Long-Term Care Trust Fund. This fund consist of all moneys and interest received from the imposition of civil penalties levied by the state on long-term care facilities found to be out of compliance with the requirements of federal or state law or regulations. Under this appropriation, funds are targeted for Eden Alternative/Greenhouse Project related grants to facilities. The funding would be provided by grants for:

- Eden Alternative Associate Training to providers; and
- Greenhouse Project development for new construction of facilities.

The Agency Base Level and total request for this appropriation is \$1,500,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

The Legislative Recommendation is to restrict Reallocation of Resources Language to allow no more than one transfer request each fiscal year.

## Appropriation Summary

**Appropriation:** 4KS - Nursing Home Quality  
**Funding Sources:** TLT - Long Term Care Trust Fund

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Grants and Aid 5100004	289,491	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Total</b>	<b>289,491</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Funding Sources</b>									
Trust Fund 4000050	289,491	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Total Funding</b>	<b>289,491</b>	<b>1,500,000</b>		<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>289,491</b>	<b>1,500,000</b>		<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>

## **Analysis of Budget Request**

**Appropriation:** 642 - DHS Medicaid Expansion Program

**Funding Sources:** PTA - Medicaid Expansion Program Account

The Medicaid Expansion Program provides appropriation for the administration component of the Medicaid Expansion Program established by Initiated Act 1 of 2000 for the Division of Medical Services. The expanded Medicaid programs are as follows:

1. Expansion of Medicaid coverage and benefits to pregnant women with incomes up to 200 percent of the Federal Poverty Level (approved for implementation November 1, 2001);
2. Expansion of inpatient and outpatient hospital reimbursements and benefits to adults age 19 to 64 to reduce coinsurance payment from 22 percent to 10 percent of the cost of the first Medicaid covered day of each admission and cover additional medically necessary days in the hospital from 20 days up to 24 allowed days per State Fiscal Year (approved for implementation November 1, 2001);
3. Expansion of non-institutional coverage and benefits to adults aged 65 and over. Referred to as ARSeniors, this program extends full Medicaid benefits to adults age 65 and over who have been identified as Qualified Medicare Beneficiaries (QMB) and meet specific income limits (approved for implementation October 1, 2002); and
4. Creation of a limited benefit package to assist adults age 19 to 64 who are uninsured low-wage employees of small Arkansas businesses. This program, ARHealthNetworks, was approved by the Centers for Medicare and Medicaid Services (CMS) as a Section 1115 demonstration waiver through the Health Insurance Flexibility and Accountability (HIFA) office of the Secretary of the federal Department of Health and Human Services. Enrollment in the program began December 20, 2006 with coverage effective January 2007.

Funding for this appropriation is derived from tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Base Level request for this appropriation is \$122,793 in FY2010 and \$125,069 in FY2011 with 2 budgeted Base Level positions. There is no Change Level request.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation. Due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation is to discontinue Special Language provisions for carry forward of appropriation.

## Appropriation Summary

**Appropriation:** 642 - DHS Medicaid Expansion Program

**Funding Sources:** PTA - Medicaid Expansion Program Account

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Regular Salaries	5010000	74,025	76,167	63,896	79,293	79,293	79,293	81,200	81,200	81,200
<b>#Positions</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	24,067	23,124	21,473	25,527	25,527	25,527	25,896	25,896	25,896
Operating Expenses	5020002	5,863	15,973	15,973	15,973	15,973	15,973	15,973	15,973	15,973
Conference & Travel Expenses	5050009	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>103,955</b>	<b>117,264</b>	<b>103,342</b>	<b>122,793</b>	<b>122,793</b>	<b>122,793</b>	<b>125,069</b>	<b>125,069</b>	<b>125,069</b>
<b>Funding Sources</b>										
Federal Revenue	4000020	51,978	58,632		61,397	61,397	61,397	62,535	62,535	62,535
Tobacco Settlement	4000495	51,977	58,632		61,396	61,396	61,396	62,534	62,534	62,534
<b>Total Funding</b>		<b>103,955</b>	<b>117,264</b>		<b>122,793</b>	<b>122,793</b>	<b>122,793</b>	<b>125,069</b>	<b>125,069</b>	<b>125,069</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>103,955</b>	<b>117,264</b>		<b>122,793</b>	<b>122,793</b>	<b>122,793</b>	<b>125,069</b>	<b>125,069</b>	<b>125,069</b>

Tobacco Settlement Funds do not carry forward into the new biennium unless criteria is met as prescribed in Initiated Act 1 of 2000.  
FY2009 Appropriation Carry Forward Amount is \$12,110.26.

## **Analysis of Budget Request**

**Appropriation:** 648 - Tobacco-Delay Draw-Paying

**Funding Sources:** PTD - Medicaid Expansion Program Account

### **Medicaid Expansion Program - Prescription Drugs referenced on page 1209**

The Medicaid Expansion Program - Prescription Drugs provides appropriation for the prescription drugs component of the Medicaid Expansion Program established by Initiated Act 1 of 2000. This appropriation is funded through tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

The Agency Base Level request for this appropriation is \$2,845,491 each year of the biennium.

The Agency Change Level request for this appropriation is \$3,696,446 in FY2010 and \$24,625,523 in FY2011 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$246,420 in FY2010 and \$500,575 in FY2011 for growth.
- \$1,502,261 in FY2010 and \$1,756,594 in FY2011 to reclassify the Breast and Cervical Cancer program to the Medicaid Expansion program.
- \$947,765 in FY2010 and \$2,288,354 in FY2011 for program expansion.
- \$1,000,000 in FY2010 and \$20,080,000 in FY2011 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for Base Level. Additionally, \$3,696,446 in FY2010 and \$10,000,000 in FY2011 in additional appropriation is provided for to allow for growth and unfunded appropriation which allows the Division the capability to respond to federal and/or state mandates.

The Legislative Recommendation concurs with the Executive Recommendation.

Due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation is to discontinue Special Language provisions for carry forward of appropriation.

The Legislative Recommendation is to restrict Reallocation of Resources Language to allow no more than one transfer request each fiscal year.

### **Medicaid Expansion Program - Hospital and Medical Services referenced on page 1209a**

The Medicaid Expansion Program - Hospital and Medical Services provides appropriation for the Hospital/Medical component of the Medicaid Expansion Program established by Initiated Act 1 of 2000. This appropriation is funded through tobacco settlement funds and federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

The Agency Base Level request for this appropriation is \$31,164,332 each year of the biennium.

The Agency Change Level request for this appropriation is \$43,315,014 in FY2010 and \$180,073,805 in FY2011 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$2,273,484 in FY2010 and \$4,843,778 in FY2011 for growth.
- \$10,970,807 in FY2010 and \$11,738,763 in FY2011 to reclassify the Breast and Cervical Cancer program to the Medicaid Expansion program.
- \$18,070,723 in FY2010 and \$42,991,264 in FY2011 for program expansion.
- \$12,000,000 in FY2010 and \$120,500,000 in FY2011 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for Base Level. Additionally, \$43,315,014 in FY2010 and \$100,000,000 in FY2011 in additional appropriation is provided for to allow for growth and unfunded appropriation which allows the Division the capability to respond to federal and/or state mandates.

The Legislative Recommendation concurs with the Executive Recommendation.

Due to the passage of Amendment 86 requiring annual sessions, the Legislative Recommendation is to discontinue Special Language provisions for carry forward of appropriation.

The Legislative Recommendation is to restrict Reallocation of Resources Language to allow no more than one transfer request each fiscal year.

## Appropriation Summary

**Appropriation:** 648 - Tobacco-Delay Draw-Paying

**Funding Sources:** PTD - Medicaid Expansion Program Account

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Medicaid Exp-Prescrip Drugs	5100004	2,725,825	2,845,491	6,080,000	6,541,937	6,541,937	6,541,937	27,471,014	12,845,491	12,845,491
<b>Total</b>		<b>2,725,825</b>	<b>2,845,491</b>	<b>6,080,000</b>	<b>6,541,937</b>	<b>6,541,937</b>	<b>6,541,937</b>	<b>27,471,014</b>	<b>12,845,491</b>	<b>12,845,491</b>

Funding Sources											
Federal Revenue	4000020	319,276	375,408		2,155,450	407,862	407,862	3,295,028	441,025	441,025	
Tobacco Settlement	4000495	2,406,549	2,470,083		3,386,487	2,684,049	2,684,049	4,095,986	2,905,041	2,905,041	
<b>Total Funding</b>		<b>2,725,825</b>	<b>2,845,491</b>		<b>5,541,937</b>	<b>3,091,911</b>	<b>3,091,911</b>	<b>7,391,014</b>	<b>3,346,066</b>	<b>3,346,066</b>	
Excess Appropriation/(Funding)		0	0		1,000,000	3,450,026	3,450,026	20,080,000	9,499,425	9,499,425	
<b>Grand Total</b>		<b>2,725,825</b>	<b>2,845,491</b>		<b>6,541,937</b>	<b>6,541,937</b>	<b>6,541,937</b>	<b>27,471,014</b>	<b>12,845,491</b>	<b>12,845,491</b>	

Tobacco Settlement Funds do not carry forward into the new biennium unless criteria is met as prescribed in Initiated Act 1 of 2000.

FY2009 Appropriation Carry Forward amount is \$3,274,175.41.

## Appropriation Summary

**Appropriation:** 648 - Tobacco-Delay Draw-Paying

**Funding Sources:** PTD - Medicaid Expansion Program Account

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Medicaid Exp-Hosp/Med Srvs 5100004	20,686,379	31,164,332	60,556,174	74,479,346	74,479,346	74,479,346	211,238,137	131,164,332	131,164,332
<b>Total</b>	<b>20,686,379</b>	<b>31,164,332</b>	<b>60,556,174</b>	<b>74,479,346</b>	<b>74,479,346</b>	<b>74,479,346</b>	<b>211,238,137</b>	<b>131,164,332</b>	<b>131,164,332</b>

Funding Sources									
Federal Revenue 4000020	15,119,735	23,201,440		46,710,502	24,889,990	24,889,990	68,188,182	26,789,459	26,789,459
Tobacco Settlement 4000495	5,566,644	7,962,892		15,768,844	8,547,826	8,547,826	22,549,955	9,218,651	9,218,651
<b>Total Funding</b>	<b>20,686,379</b>	<b>31,164,332</b>		<b>62,479,346</b>	<b>33,437,816</b>	<b>33,437,816</b>	<b>90,738,137</b>	<b>36,008,110</b>	<b>36,008,110</b>
Excess Appropriation/(Funding)	0	0		12,000,000	41,041,530	41,041,530	120,500,000	95,156,222	95,156,222
<b>Grand Total</b>	<b>20,686,379</b>	<b>31,164,332</b>		<b>74,479,346</b>	<b>74,479,346</b>	<b>74,479,346</b>	<b>211,238,137</b>	<b>131,164,332</b>	<b>131,164,332</b>

Tobacco Settlement Funds do not carry forward into the new biennium unless criteria is met as prescribed in Initiated Act 1 of 2000.

FY2009 Appropriation Carry Forward amount is \$27,604,955.59.

## **Analysis of Budget Request**

**Appropriation:** 876 - Nursing Home Closure Costs

**Funding Sources:** TLT - Long Term Care Trust Fund

Nursing Home Closure Costs appropriation is available in the event the Division of Medical Services finds it necessary to take over the operation of a nursing home in an emergency situation. The purpose of any take-over would be for the protection of the health or property of residents of long-term care facilities, including, but not limited to, the payment for the costs of relocation of residents to other facilities, maintenance and operation of a facility pending correction of deficiencies or closure, and reimbursement of residents for personal funds lost.

Funding for this appropriation is derived from other revenues which are indicated as the Long-Term Care Trust Fund. This fund consist of all moneys and interest received from the imposition of civil penalties levied by the state on long-term care facilities found to be out of compliance with the requirements of federal or state law or regulations.

The Agency Base Level and total request for this appropriation is \$50,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

The Legislative Recommendation is to restrict Reallocation of Resources Language to allow no more than one transfer request each fiscal year.

## Appropriation Summary

**Appropriation:** 876 - Nursing Home Closure Costs

**Funding Sources:** TLT - Long Term Care Trust Fund

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Expenses 5900046	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
<b>Funding Sources</b>									
Trust Fund 4000050	0	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding	0	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	50,000		50,000	50,000	50,000	50,000	50,000	50,000

## **Analysis of Budget Request**

**Appropriation:** 878 - Long Term Care Facility Receivership

**Funding Sources:** DLT - Long Term Care Facility Receivership Fund

As authorized by Arkansas Code Annotated §20-10-901 et seq., the Long Term Care Facility Receivership appropriation is used to pay the expenses of receivers appointed, if a nursing home is placed in receivership. Payment may not be made from this account until a court of law has found that a nursing home has insufficient funds to pay a receiver after all other operating expenses of the facility have been paid. The funding for this appropriation is from reimbursement for services provided by the agency.

The Agency Base Level and total request for this appropriation is \$100,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

The Legislative Recommendation is to restrict Reallocation of Resources Language to allow no more than one transfer request each fiscal year.

## Appropriation Summary

**Appropriation:** 878 - Long Term Care Facility Receivership

**Funding Sources:** DLT - Long Term Care Facility Receivership Fund

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Expenses 5900046	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>Funding Sources</b>									
Reimbursement 4000425	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000

## **Analysis of Budget Request**

**Appropriation:** 896 - DHS--Admin Paying Account

**Funding Sources:** PWP - Administration Paying

Act 348 of 1985 authorized the reorganization of the Department of Human Services. As part of this reorganization, the Division of Social Services became the Division of Economic and Medical Services. Act 164 of 1995 eliminated the Division of Economic and Medical Services, creating the Division of Medical Services, while functions at the county level were assigned to the Division of County Operations (formerly the Division of Program Operations). The Division of Medical Services' primary responsibility is management of the Arkansas Medicaid program, which was created by the passage of Title XIX of the Social Security Act of 1965, with Arkansas implementing the program on January 1, 1970.

Medicaid enables states to furnish:

- medical assistance to those who have insufficient incomes and resources to meet the costs of necessary medical services
- rehabilitation and other services to help these families and individuals become or remain independent and able to care for themselves

Each state has some sort of Medicaid program to meet the federal mandates and requirements as laid out in Title XIX. Arkansas, however, established a medical care program 26 years before passage of the federal laws requiring health care for the needy: Section 7 of Act 280 of 1939 and Act 416 of 1977 authorized the State of Arkansas to establish and maintain a medical care program for the indigent and vested responsibility for regulating and administering the program in the Arkansas Department of Human Services. This program receives federal grants under Title XIX. Thus Arkansas Medicaid is a joint federal and state program that provides necessary medical services to eligible persons who are not able to pay for such services. Individuals are certified as eligible for Medicaid services through the state's county Human Services Offices or District Social Security Offices. The Social Security Administration automatically sends SSI recipient information to DHS.

The Arkansas Medicaid Program is divided into three (3) forms of services:

1. Services Mandated by the Federal Government
2. Optional Services Chosen by Arkansas
3. Waivers Approved by the Centers for Medicare and Medicaid Services (CMS)

These services are as follows:

### **Services Mandated by the Federal Government:**

- Child Health Services (EPSDT - Early and Periodic Screening, Diagnosis and Treatment)
- Family Planning
- Federally Qualified Health Centers (FQHC)
- Home Health
- Hospital, Inpatient and Outpatient
- Laboratory and X-Ray
- Medical and Surgical Services of a Dentist
- Nurse Midwife

- Nurse Practitioner (Family and Pediatric)
- Nursing Facility Services (Age 21 or Older)
- Physician
- Rural Health Clinics

**Optional Services Chosen by Arkansas:**

- ✓ Ambulatory Surgical Center Services
- ✓ Audiological Services (Under Age 21)
- ✓ Certified Registered Nurse Anesthetist (CRNA)
- ✓ Child Health Management Services (CHMS) (Under Age 21)
- ✓ Chiropractic Services
- ✓ Dental Services (Under Age 21)
- ✓ Developmental Day Treatment Clinic Services (DDTCS) (Preschool and Age 18 or Older)
- ✓ Developmental Rehabilitation Services (Under Age 3)
- ✓ Domiciliary Care Services
- ✓ Durable Medical Equipment
- ✓ End-Stage Renal Disease (ESRD) Facility Services
- ✓ Hearing Aid Services (Under Age 21)
- ✓ Hospice Services
- ✓ Hyperalimentation Services
- ✓ Inpatient Psychiatric Services Under Age 21
- ✓ Intermediate Care Facility Services for Mentally Retarded
- ✓ Licensed Mental Health Practitioner Services (Under Age 21)
- ✓ Medical Supplies
- ✓ Nursing Facility Services (Under Age 21)
- ✓ Occupational, Physical, Speech Therapy Services (Under Age 21)
- ✓ Orthotic Appliances
- ✓ Personal Care Services
- ✓ Podiatrist Services
- ✓ Portable X-Ray Services
- ✓ Prescription Drugs
- ✓ Private Duty Nursing Services (for Ventilator-Dependent All Ages and High-Tech Non-Ventilator Dependent Persons (Under 21)
- ✓ Prosthetic Devices
- ✓ Radiation Therapy Center
- ✓ Rehabilitative Hospital Services
- ✓ Rehabilitative Services for Persons with Mental Illness (RSPMI)
- ✓ Rehabilitative Services for Persons with Physical Disabilities (RSPD) (Under Age 21)
- ✓ Rehabilitative Services for Youth and Children (RSYC) (Under Age 21)
- ✓ Respiratory Care Services (Under Age 21)
- ✓ School-Based Mental Health Services (Under Age 21)
- ✓ Targeted Case Management for Pregnant Women
- ✓ Targeted Case Management Beneficiaries Age 60 and Older
- ✓ Targeted Case Management for Beneficiaries of Children's Services (Under 21)
- ✓ Targeted Case Management for Beneficiaries of Children's Services who are SSI Beneficiaries or TEFRA Waiver Beneficiaries (Under Age 16)
- ✓ Targeted Case Management for Beneficiaries in the Division of Children and Family Services (Under Age 21)
- ✓ Targeted Case Management for Beneficiaries in the Division of Youth Services (Under Age 21)

- ✓ Targeted Case Management for Beneficiaries Age 21 and under with a Developmental Disability
- ✓ Targeted Case Management for Beneficiaries Age 22 and over with a Developmental Disability
- ✓ Targeted Case Management Services for other Beneficiaries Under Age 21
- ✓ Transportation Services (Ambulance, Non-Emergency)
- ✓ Ventilator Equipment
- ✓ Visual Services

**Waivers Approved by the Centers for Medicare and Medicaid Services (CMS):**

- ❖ Alternatives for Adults with Physical Disabilities Waiver
- ❖ AR HealthNet
- ❖ ArKids B Waiver
- ❖ DDS Alternative Community Services Waiver
- ❖ ElderChoices Waiver
- ❖ Living Choices (Assisted Living)
- ❖ Non-Emergency Transportation
- ❖ Tax Equity Fiscal Responsibility Act of 1982 (TEFRA)
- ❖ Women's Health (Family Planning)

The Arkansas Medicaid Program does have limitations on the services that are provided. The major benefit limitations on services for adults (age 21 and older) are as follows:

- Twelve visits to hospital outpatient departments allowed per state fiscal year.
- A total of twelve office visits allowed per state fiscal year for any combination of the following: certified nurse midwife, physician, medical services provided by a dentist, medical services furnished by an optometrist, and Rural Health Clinics.
- One basic family planning visit and three (3) periodic family planning visits per state fiscal year. Family planning visits are not counted toward other service limitations.
- Lab and x-ray services limited to total benefit payment of \$500 per state fiscal year, except for EPSDT beneficiaries.
- Three pharmaceutical prescriptions are allowed per month (family planning and smoking cessation prescriptions are not counted against benefit limit; unlimited prescriptions for nursing facility beneficiaries and EPSDT beneficiaries under age 21). Extensions will be considered up to a maximum of six (6) prescriptions per month for beneficiaries at risk of institutionalization. Beneficiaries receiving services through the Independent Choices waiver may receive up to nine (9) medically necessary prescriptions per month. Medicare-Medicaid beneficiaries (dual eligibles) are no longer eligible for Medicaid prescription drug benefits after January 1, 2006.
- Inpatient hospital days limited to 24 per state fiscal year, except for EPSDT beneficiaries and certain organ transplant patients.
- Co-insurance: Some beneficiaries must pay 10% of first Medicaid covered day of hospital stay.
- Beneficiaries in the Working Disabled aid category must pay 25% of the charges for the first Medicaid covered day of inpatient hospital services and must also pay co-insurance for some additional services.
- Some beneficiaries must pay \$.50 - \$3 of every prescription, and \$2 on the dispensing fee for prescription services for eyeglasses. Beneficiaries in the Working Disabled aid category must pay a higher co-payment for these services and also must pay co-payments for some additional services.

Additional information for limitations relating to children:

- The families of some children are responsible for coinsurance, co-payments, or premiums.
- Co-insurance: Arkids B beneficiaries must pay 20% of the charges for the first Medicaid covered

- day of inpatient hospital services and must also pay co-insurance for some outpatient services.
- Co-Pay: Arkids B beneficiaries must pay a higher co-payment for these services and also must pay co-payments for some outpatient services.
- Premiums: Based on family income certain TEFRA beneficiaries must pay a premium.

Any and all exceptions to benefit limits are based on medical necessity.

The Division consists of the Director's Office and five (5) distinct organizational units:

**Medical Services:** The Office of Medical Services includes the following operations: Program Integrity, Medical Assistance and Utilization Review. The Program Integrity section is federally mandated to comply with federal regulations outlined in 42 CFR Part 455 and 456. The goal of the Program Integrity section is to ensure payments are consistent with the quality of care being provided, verify that medical services are medically necessary and rendered as billed, payments for services are correct and funds identified for collection are pursued. Program Integrity performs on site reviews to ensure providers are in compliance with Medicaid policy. The Medical Assistance section administers the Dental, Visual and Child Health Services (EPSDT) Medicaid programs and oversees the non-emergency transportation program, Medicaid Managed Care Systems and ConnectCare programs. This section also assists providers and beneficiaries in resolving matters related to billing and coverage. The Utilization Review section develops healthcare policies based on recognized standards of care, current healthcare initiatives and participation from community stakeholders to ensure adequate coverage benefits for Medicaid beneficiaries. Utilization review monitors the quality and medical necessity of services delivered by Medicaid health care providers. In addition this section is responsible for the prior authorization of medically necessary services such as transplants, extension of benefits, prosthetics, hearing aids, hyperalimentation services and out of state transportation.

**Medicaid Management, Information, and Performance (MMIP):** The Office of Medicaid Management, Information, and Performance is responsible for developing and maintaining the Medicaid State Plan and provider policy, administering the Medicaid Management Information System (MMIS) which processes all Medicaid claims, and assuring quality in the Medicaid waivers approved by CMS. The MMIP Section consists of three Units. The Program Planning and Development (PPD) Unit develops and maintains the Medicaid State Plan and the State's Child Health Insurance Program Plan, both required by CMS. This Unit develops and maintains 57 different Medicaid provider policy manuals, which include information on covered services, benefit limits, prior approvals, and billing procedures. The MMIS Systems and Support Unit procures and administers the contracted fiscal agent that operates the MMIS. This Unit also monitors the fiscal agent's contract compliance, performs quality assurance reviews on how the MMIS operates, manages requests for modifications to the MMIS, develops enhancements to the MMIS, and develops and produces reports from the Medicaid data warehouse. The Waiver Quality Assurance Unit is responsible for monitoring operation of the Medicaid waiver programs. The Waiver QA Unit assures compliance with CMS requirements for operating the waivers through case reviews, data analysis, technical assistance to operating agencies, communication and coordination with CMS, developing new waivers and amendments to existing waivers, and developing QA strategies and interagency agreements for the waivers.

**Long Term Care:** The Office of Long Term Care (OLTC) is the unit of state government responsible for the regulation of long term care facilities in Arkansas. These facilities include Nursing Homes, Intermediate Care Facilities for the Mentally Retarded (ICF/MR), Residential Care Facilities (RCF), Adult Day Care, Adult Day Health Care, Post-Acute Head Injury Facilities, Assisted Living Facilities (ALF) and Psychiatric Residential Treatment Facilities (PRTF). This regulation of facilities includes conducting on-site

inspections of facilities, investigations of complaints against facilities, medical need determinations for placement into facilities, and licensure of facilities and facility administrators. In addition, the Office of Long Term Care administers a criminal record background check on the employees and applicants and of facilities the Office regulates, and the Office is responsible for the administration of the training and certification of Certified Nursing Assistance (CNAs), who are long term care facility caregivers that are employed in long term care facilities and hospital-based facilities. The Office of Long Term Care includes the following operations: Quality Assurance & Support, Survey & Certification, Special Programs, Abuse & Neglect, and State Regulated Facilities.

**Program and Administrative Support:** The Office of Program and Administrative Support includes the following operations: Financial Activities, Provider Reimbursement and Third Party Liability. The Financial Activities unit performs such functions as program and operational budgeting, expenditure monitoring and evaluation, federal and state reporting, and administrative support such as personnel management, contract issuance and management, requests for proposals, and the preparation of interagency agreements. The Provider Reimbursement unit is responsible for maintaining rate files, establishing and administering methodologies for provider reimbursements, including cost reports and cost settlements, and financial aspects of the Office of Long-Term Care such as budgeting, reimbursement, and audits of provider cost reports. The Third Party Liability area is responsible for implementing cost-avoidance procedures to prevent the payment of Medicaid money when other (third) parties such as private insurance companies should pay the claim. In addition, in those instances where cost-avoidance is not successful, the Third Party Liability unit is responsible for pursuing recoupment of Medicaid monies.

**Pharmacy:** The Pharmacy Office is responsible for assuring that medically necessary pharmaceutical therapy is provided to Arkansas Medicaid recipients. It seeks to deliver these services cost effectively while complying with all state and federal requirements. The OBRA 90 statute requires states to cover all outpatient drugs by a manufacturer who signs a rebate agreement with the Centers for Medicare / Medicaid (CMS) as well as to establish a Drug Utilization Review (DUR) Board which is under the direction of the Pharmacy Office. The Office researches clinical data, develops the clinical criteria and edits for various drugs and drug classes, then works directly with the states fiscal agent to apply the criteria and edits within the software, is the project manager for the stated Evidenced-based prescription drug program, researches and reviews claims information to assist providers, beneficiaries and interested parties and researches exception criteria to assist physicians.

The Agency is funded through general revenue (DEM - Medical Services Fund Account), federal and other revenues. Federal revenue is provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as various program support are derived from Third Party Liability Recovery, Nurse Aide Training and Long Term Care Licensure Fees.

Base level positions were changed from unclassified to Professional and Executive Pay Plan to reflect the recommendations of the Pay Plan Study and salaries were adjusted accordingly. Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency Base Level request for this appropriation is \$22,653,854 in FY2010 and \$22,985,808 in FY2011 with 300 budgeted base level positions.

The Agency Change Level request for this appropriation is \$2,644,351 in FY2010 and \$2,994,018 in FY2011 with a general revenue request of \$144,980 in FY2010 and \$222,949 in FY2011. The general revenue request consists of the following components:

- \$158,781 in FY2010 and \$237,007 in FY2011 in new general revenue for the state match on the operating expenses line item; and
- (\$13,801) in FY2010 and (\$14,058) requested to be transferred to the DHS Administration Fund Account which is associated with a request to transfer one (1) position to the Office of Chief Counsel.

The following delineates the agency request:

- 28 new positions with salary and matching appropriation to allow the Division to design programs, perform analysis and research to keep up with the ever changing public health care issues.
- Transfer 2 positions from the Office of Chief Counsel with salary and matching appropriation only to assist with contract oversight.
- Transfer 1 position from the Division of Behavioral Health Services with salary and matching appropriation only to perform research and analysis of innovations.
- Transfer 2 positions from the Division of Children and Family Services with salary and matching appropriation only to assist the Third Party Liability unit to ensure third parties are identified.
- Transfer 1 position with salary and matching appropriation and general revenue (noted above) to the Office of Chief Counsel to perform receptionist duties for the appeals and hearings section.
- Restoration of 2 positions that are authorized but not budgeted with salary and matching appropriation only to assist in meeting established staffing patterns.
- \$561,753 in FY2010 and \$874,661 in FY2011 for the Operating Expenses line item for building and grounds maintenance, rent of facilities, mileage, meal and lodging, and fuel purchases.
- \$195,000 each year of the biennium for the Capital Outlay line item to allow for the purchase of 10 vehicles each year. 5 vehicles would be replacements and 5 would be additional vehicles each year.
- \$30,000 each year of the biennium for the Data Processing Services line item to allow for increased costs of data processing services from the Department of Information Services.

The Executive Recommendation provides for Base Level. Additionally, 14 new positions with salary and matching appropriation have been provided for, of which, 5 of these new positions will create the new behavior health unit within DMS. The transfer of positions, as well as, the restoration of positions has been provided for with salary and matching appropriation. The transfer of general revenue (noted above) to the Office of Chief Counsel associated with the request to transfer 1 position has been recommended. \$200,000 each year of the biennium in additional appropriation for the Operating Expenses line item, as well as, \$100,000 in new general revenue each year of the biennium has been recommended. Finally, the \$195,000 each year of the biennium for the Capital Outlay line item and the \$30,000 each year of the biennium for the Data Processing Services line item is recommended.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- \$100,000 each year of the biennium associated with the request for additional Operating Expenses appropriation; and
- (\$13,801) in FY2010 and (\$14,058) in FY2011 requested to be transferred to the DHS Administration Fund Account which is associated with a request to transfer one (1) position to the Office of Chief Counsel.

Note: the above General Revenue transfer that the Executive Recommendation has provided for is from existing allocation of General Revenue from the Division of Medical Services to the Director Office's/Office

of Chief Counsel.

The Legislative Recommendation provides for the Executive Recommendation and reduces General Revenue funding and appropriation to Base Level.

The Legislative Recommendation is to restrict Reallocation of Resources Language to allow no more than one transfer request each fiscal year.

## Appropriation Summary

**Appropriation:** 896 - DHS--Admin Paying Account

**Funding Sources:** PWP - Administration Paying

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Regular Salaries	5010000	12,194,659	13,849,258	13,341,592	15,757,318	15,174,095	15,174,095	16,065,227	15,468,601	15,468,601
	<b>#Positions</b>	<b>284</b>	<b>300</b>	<b>302</b>	<b>334</b>	<b>320</b>	<b>320</b>	<b>334</b>	<b>320</b>	<b>320</b>
Extra Help	5010001	88,697	126,892	126,892	126,892	126,892	126,892	126,892	126,892	126,892
	<b>#Extra Help</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
Personal Services Matching	5010003	3,640,440	3,781,515	4,044,462	4,758,607	4,574,466	4,574,466	4,819,411	4,632,682	4,632,682
Overtime	5010006	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	3,022,160	3,152,863	3,152,863	3,714,616	3,352,863	3,252,863	4,027,524	3,352,863	3,252,863
Conference & Travel Expenses	5050009	156,932	235,840	235,840	235,840	235,840	235,840	235,840	235,840	235,840
Professional Fees	5060010	269,608	355,132	355,132	355,132	355,132	355,132	355,132	355,132	355,132
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	198,035	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000
Data Processing Services	5900044	108,321	119,800	119,800	149,800	149,800	149,800	149,800	149,800	149,800
<b>Total</b>		<b>19,678,852</b>	<b>21,821,300</b>	<b>21,576,581</b>	<b>25,298,205</b>	<b>24,169,088</b>	<b>24,069,088</b>	<b>25,979,826</b>	<b>24,521,810</b>	<b>24,421,810</b>

Funding Sources										
General Revenue	4000010	4,621,975	4,843,573		5,173,350	5,114,569	5,014,569	5,325,002	5,187,995	5,087,995
Federal Revenue	4000020	8,117,737	13,551,183		15,321,457	14,727,123	14,727,123	15,780,082	14,943,909	14,943,909
Various Program Support	4000730	6,939,140	3,426,544		4,271,530	4,102,396	4,102,396	4,338,593	4,164,906	4,164,906
<b>Total Funding</b>		<b>19,678,852</b>	<b>21,821,300</b>		<b>24,766,337</b>	<b>23,944,088</b>	<b>23,844,088</b>	<b>25,443,677</b>	<b>24,296,810</b>	<b>24,196,810</b>
Excess Appropriation/(Funding)		0	0		531,868	225,000	225,000	536,149	225,000	225,000
<b>Grand Total</b>		<b>19,678,852</b>	<b>21,821,300</b>		<b>25,298,205</b>	<b>24,169,088</b>	<b>24,069,088</b>	<b>25,979,826</b>	<b>24,521,810</b>	<b>24,421,810</b>

The FY2009 Budgeted amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2007-2009 biennium.

## **Analysis of Budget Request**

**Appropriation:** 897 - DHS-Grants Paying Account

**Funding Sources:** PWD - Grants Paying

### **Private Nursing Home Care Appropriation referenced on page 1227**

The Private Nursing Home Care appropriation pays expenses for individuals who reside in nursing homes and are eligible to receive Medicaid Benefits. The residents in nursing home facilities have chronic, medical needs. The referring physician must certify medical need with documented evidence of why services are needed in order for a person to be admitted and remain in a nursing home. Each Medicaid certified nursing facility evaluates each nursing home applicant's need for nursing home services. A thorough and complete evaluation must be conducted to ensure that individuals who do not require nursing home services are not admitted to nursing facilities. For Medicaid eligible recipients, the Office of Long Term Care cannot guarantee Medicaid reimbursement for any applicant admitted prior to approval by the Office of Long Term Care Medical Needs Determination section. No applicant with diagnoses or other indicators of mental illness, mental retardation, or developmental disabilities may be admitted to nursing home care prior to evaluation and approval by the Office of Long Term Care.

In general, nursing homes provide total care for their residents--meeting needs from social to dietary to medical. They are staffed by licensed nurses and certified nursing assistants. Nursing homes accept a variety of payment methods, such as private pay (which includes insurance), Medicaid, and Medicare. No age requirement applies to nursing home placements.

In addition to the provider payments noted above, Act 689 of 1987 created the Long Term Care Aide Training program. Under this Act, the Office of Long Term Care was required to establish a training program to be completed by all aides in long term care facilities who provide personal care to residents. This program consists of 75 hours of training and is payable from the Private Nursing Home Care appropriation.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as quality assurance fee per Act 635 of 2001, various program support which can include nursing home administration fees and Medicaid match, and miscellaneous transfers derived from Act 1217 of 2007 section 7.

The Agency Base Level request for this appropriation is \$548,872,748 each year of the biennium with general revenue of \$93,680,072.

The Agency Change Level request for this appropriation is \$44,016,108 in FY2010 and \$69,165,381 in FY2011 with general revenue request of \$3,893,602 in FY2010 and \$8,400,884 in FY2011 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$29,016,108 in FY2010 and \$52,965,381 in FY2011 for growth.
- \$15,000,000 in FY2010 and \$16,200,000 in FY2011 in unfunded appropriation to allow the Division

the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- \$3,839,114 in FY2010 and \$8,019,471 in FY2011 for growth; and
- \$54,488 in FY2010 and \$381,413 in FY2011 for the FMAP change.

The Legislative Recommendation provides for the Executive Recommendation and reduces General Revenue funding and appropriation to Base Level.

The Legislative Recommendation is to restrict Reallocation of Resources Language to allow no more than one transfer request each fiscal year.

### **Prescription Drugs Appropriation referenced on page 1227a**

The Prescription Drugs appropriation is an optional Medicaid service chosen by Arkansas. The program allows eligible recipients to obtain prescription medication through participating pharmacies in Arkansas. Reimbursement for the program is based on the drug cost and the fee for dispensing pharmaceuticals. The Omnibus Budget Reconciliation Act of 1990 authorized rebates from pharmaceutical manufacturers. The federal share is returned and the amount retained by the state is calculated based upon the state matching rate for Medicaid.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as drug rebates, and various program support which can include Medicaid match.

The Agency Base Level request for this appropriation is \$385,263,250 each year of the biennium with general revenue of \$101,909,220.

The Agency Change Level request for this appropriation is \$54,556,338 in FY2010 and \$90,159,922 in FY2011 with general revenue request of \$9,793,027 in FY2010 and \$19,300,423 in FY2011 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$34,458,599 in FY2010 and \$68,716,516 in FY2011 for growth.
- (\$1,502,261) in FY2010 and (\$1,756,594) in FY2011 to reclassify the Breast and Cervical Cancer program to the Medicaid Expansion program.
- \$1,600,000 each year of the biennium for a medication therapy management program.
- \$20,000,000 in FY2010 and \$21,600,000 in FY2011 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request for appropriation. Additionally, general revenue has been provided for in the amount of \$7,048,398 in FY2010 and \$14,199,931 in FY2011.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- \$7,010,345 in FY2010 and \$13,933,560 in FY2011 for growth; and
- \$38,053 in FY2010 and \$266,371 in FY2011 for the FMAP change.

The Legislative Recommendation provides for the Executive Recommendation and reduces General Revenue funding and appropriation to Base Level.

The Legislative Recommendation is to restrict Reallocation of Resources Language to allow no more than one transfer request each fiscal year.

### **Hospital and Medical Services Appropriation referenced on page 1227b**

The Hospital and Medical Services appropriation is one of several federally supported and state administered assistance programs within the Medicaid program and consists of many services including inpatient and outpatient hospital, community mental health centers, community health centers, rural health clinics, home health, private duty nursing, personal care, hospice, practitioners such as physicians, dentists, audiologist, psychologist, speech, occupational and physical therapists, maternity clinics, family planning, laboratory and x-ray services, case management, transportation and Early and Periodic Screening, Diagnosis and Treatment (EPSDT) for children under 21 years of age which is the Child Health Services Program. Waiver services are also included in this appropriation. Waiver services are those that the Centers for Medicare and Medicaid Services have waived traditional provisions of the Medicaid regulations and allow deviations in how and where the services are provided and include programs such as Elderchoices, DDS-Non-institutional Waiver and Adults with Physical Disabilities. Payments are made directly to providers for services for individuals who are eligible for Medicaid services. The State establishes reimbursement rates and the methodology for rate setting. However, the Centers for Medicare and Medicaid Services must approve the state's policy(ies) and regulations in order for the State to be in compliance with guidelines established in federal law.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as Medicaid trust fund, insurance premium tax per Act 2222 of 2005 and as various program support which can include matching funds from UAMS (from general revenue), Department of Education (from cash funds), Arkansas Children's Hospital, DHS Divisions (from general revenue) for services such as Therapies, Transportation, Waiver services, UPL-Upper Payment Limit match, DSH-Disproportionate Share Hospital payments, etc. Additionally, tobacco settlement funding can be utilized in this appropriation if Act 2 of the First Extraordinary Session of 2002 section 11 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$2,634,264,168 each year of the biennium with general revenue of \$469,208,860.

The Agency Change Level request for this appropriation is \$365,378,355 in FY2010 and \$589,913,663 in FY2011 with general revenue request of \$74,672,970 in FY2010 and \$166,050,057 in FY2011 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$178,111,661 in FY2010 and \$368,691,140 in FY2011 for growth.
- (\$10,970,807) in FY2010 and (\$11,738,763) in FY2011 to reclassify the Breast and Cervical Cancer program to the Medicaid Expansion program.

- \$48,237,501 in FY2010 and \$70,961,286 in FY2011 for various rate changes.
- \$150,000,000 in FY2010 and \$162,000,000 in FY2011 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request for appropriation. Additionally, general revenue is provided for in the amount of \$42,771,429 in FY2010 and \$137,937,500 in FY2011. Finally, the Executive Recommendation provides for the projected excess balance of \$7,923,456 in FY2010 and \$48,740,751 in FY2011 in the Medicaid Expansion Program Account be used to fund the Hospital and Medical Services appropriation in the 2009-2011 Biennium and to offset the agency general revenue request. The agency will be complying with Section 8 of Initiated Act 1 of 2000 which provides for the carry forward Tobacco Settlement Fund balance into a new biennium. The agency will invoke section 11 of Act 2 of the First Extraordinary Session of 2002 (A.C.A. §19-12-119) to maximize Tobacco Settlement Fund usage.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- \$42,516,315 in FY2010 and \$136,151,701 in FY2011 for growth; and
- \$255,114 in FY2010 and \$1,785,799 in FY2011 for the FMAP change.

The Legislative Recommendation provides for the Executive Recommendation and reduces General Revenue funding and appropriation to Base Level.

The Legislative Recommendation is to restrict Reallocation of Resources Language to allow no more than one transfer request each fiscal year.

### **ARKIDS B Program Appropriation referenced on page 1227c**

The ArKids B program appropriation provides medical services for children who are without medical insurance coverage. Many of the parents of these children are employed but are unable to afford the necessary coverage for their children. The parents earn sufficient salaries that make them ineligible for coverage by Medicaid, thereby leaving the children without medical care.

ArKids B Program is an optional Medicaid service chosen by Arkansas and is authorized through a federal waiver to the Medicaid program that expands coverage to children in families with income at or below 200 percent of the federal poverty level. Services are available only to children through 18 years of age and are otherwise ineligible to receive Medicaid benefits. Each child must have a Primary Care Physician who will either provide the needed services or make the appropriate referral for medically necessary treatment. A patient co-payment is required per physician visit and per prescription. Effective July 1, 2006, DHS set an annual cap on cost-sharing (co-payments and coinsurance) for ARKids B families. The annual cost-sharing cap is 5% of the family's annual gross (before taxes) income.

The ArKids B Program appropriation has two (2) components and they are as follows:

- Prescription Drugs
- Hospital/Medical

Prescription Drugs component has coverage limits based on medical necessity with a \$5 per prescription

co-pay and the recipient must use generic and rebate manufactures.

Generally, the Hospital/Medical component benefits include such programs as inpatient hospital, physician visits, vision care (1 visit per year for routine exam and 1 pair of eyeglasses), dental services (2 visits per year for cleaning, x-rays, no orthodontia), medical supplies, home health services and emergency room services, ambulance (emergency only), ambulatory surgical center, durable medical equipment (\$500 per year), family planning, FQHC, nurse midwife, outpatient mental and behavior health (\$2,500 limit), podiatry, RHC and speech therapy with some form of co-pay required. Immunizations and preventative health screenings per protocols provided by the primary care physician or Division of Health require no patient co-payments.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues, which are indicated as various program support, can include Medicaid match.

The Agency Base Level request for this appropriation is \$111,561,360 each year of the biennium with general revenue of \$30,300,065.

The Agency Change Level request for this appropriation is \$25,933,856 in FY2010 and \$46,177,122 in FY2011 with general revenue request of \$4,340,385 in FY2010 and \$9,711,283 in FY2011 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$1,663,187 in FY2010 and \$4,481,124 in FY2011 for growth for the prescription drugs component.
- \$14,270,669 in FY2010 and \$30,895,998 in FY2011 for growth for the Hospital/Medical component.
- \$10,000,000 in FY2010 and \$10,800,000 in FY2011 in unfunded appropriation for both the Prescription Drugs component and the Hospital/Medical component to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- \$451,888 in FY2010 and \$1,220,210 in FY2011 for growth for the Prescription Drugs component;
- \$2,507 in FY2010 and \$17,551 in FY2011 for the FMAP change for the Prescription Drugs component;
- \$3,877,341 in FY2010 and \$8,412,980 in FY2011 for growth for the Hospital/Medical component;
- and
- \$8,649 in FY2010 and \$60,542 in FY2011 for the FMAP change for the Hospital/Medical component.

The Legislative Recommendation provides for the Executive Recommendation and reduces General Revenue funding and appropriation to Base Level.

The Legislative Recommendation is to restrict Reallocation of Resources Language to allow no more than one transfer request each fiscal year.

## Appropriation Summary

**Appropriation:** 897 - DHS-Grants Paying Account

**Funding Sources:** PWD - Grants Paying

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Private Nursing Home Care	5100004	534,359,123	548,872,748	627,094,449	592,888,856	592,888,856	588,995,254	618,038,129	618,038,129	609,637,245
<b>Total</b>		<b>534,359,123</b>	<b>548,872,748</b>	<b>627,094,449</b>	<b>592,888,856</b>	<b>592,888,856</b>	<b>588,995,254</b>	<b>618,038,129</b>	<b>618,038,129</b>	<b>609,637,245</b>

Funding Sources										
General Revenue	4000010	75,001,753	93,680,072		97,573,674	97,573,674	93,680,072	102,080,956	102,080,956	93,680,072
Federal Revenue	4000020	390,004,850	399,138,008		420,215,951	420,215,951	420,215,951	437,299,503	437,299,503	437,299,503
Miscellaneous Transfers	4000355	115,000	115,000		115,000	115,000	115,000	115,000	115,000	115,000
Quality Assurance Fee	4000395	63,760,074	55,656,095		59,700,658	59,700,658	59,700,658	62,059,097	62,059,097	62,059,097
Various Program Support	4000730	5,477,446	283,573		283,573	283,573	283,573	283,573	283,573	283,573
<b>Total Funding</b>		<b>534,359,123</b>	<b>548,872,748</b>		<b>577,888,856</b>	<b>577,888,856</b>	<b>573,995,254</b>	<b>601,838,129</b>	<b>601,838,129</b>	<b>593,437,245</b>
Excess Appropriation/(Funding)		0	0		15,000,000	15,000,000	15,000,000	16,200,000	16,200,000	16,200,000
<b>Grand Total</b>		<b>534,359,123</b>	<b>548,872,748</b>		<b>592,888,856</b>	<b>592,888,856</b>	<b>588,995,254</b>	<b>618,038,129</b>	<b>618,038,129</b>	<b>609,637,245</b>

\$115,000 cash funds from the State Board of Collection Agencies.

## Appropriation Summary

**Appropriation:** 897 - DHS-Grants Paying Account

**Funding Sources:** PWD - Grants Paying

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Prescription Drugs	5100004	340,641,183	385,263,250	440,746,167	439,819,588	439,819,588	432,771,190	475,423,172	475,423,172	461,223,241
<b>Total</b>		<b>340,641,183</b>	<b>385,263,250</b>	<b>440,746,167</b>	<b>439,819,588</b>	<b>439,819,588</b>	<b>432,771,190</b>	<b>475,423,172</b>	<b>475,423,172</b>	<b>461,223,241</b>
<b>Funding Sources</b>										
General Revenue	4000010	77,297,556	101,909,220		111,702,247	108,957,618	101,909,220	121,209,643	116,109,151	101,909,220
Federal Revenue	4000020	224,917,094	256,194,030		280,957,341	281,252,175	281,252,175	305,453,529	305,932,668	305,932,668
Drug Rebates	4000200	29,765,477	27,160,000		27,160,000	29,512,056	29,512,056	27,160,000	31,937,947	31,937,947
Various Program Support	4000730	8,661,056	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>340,641,183</b>	<b>385,263,250</b>		<b>419,819,588</b>	<b>419,721,849</b>	<b>412,673,451</b>	<b>453,823,172</b>	<b>453,979,766</b>	<b>439,779,835</b>
Excess Appropriation/(Funding)		0	0		20,000,000	20,097,739	20,097,739	21,600,000	21,443,406	21,443,406
<b>Grand Total</b>		<b>340,641,183</b>	<b>385,263,250</b>		<b>439,819,588</b>	<b>439,819,588</b>	<b>432,771,190</b>	<b>475,423,172</b>	<b>475,423,172</b>	<b>461,223,241</b>

## Appropriation Summary

**Appropriation:** 897 - DHS-Grants Paying Account

**Funding Sources:** PWD - Grants Paying

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Hospital and Medical Services	5100004	2,408,153,725	2,634,264,168	2,897,206,587	2,999,642,523	2,999,642,523	2,956,871,094	3,224,177,831	3,224,177,831	3,086,240,331
<b>Total</b>		<b>2,408,153,725</b>	<b>2,634,264,168</b>	<b>2,897,206,587</b>	<b>2,999,642,523</b>	<b>2,999,642,523</b>	<b>2,956,871,094</b>	<b>3,224,177,831</b>	<b>3,224,177,831</b>	<b>3,086,240,331</b>

Funding Sources										
General Revenue	4000010	482,757,122	469,208,860		543,881,830	511,980,289	469,208,860	635,258,917	607,146,360	469,208,860
Federal Revenue	4000020	1,755,964,328	1,907,820,865		2,063,431,984	1,986,322,500	1,986,322,500	2,214,735,613	2,117,216,908	2,117,216,908
Trust Fund	4000050	69,215,170	155,818,800		110,227,789	128,089,582	128,089,582	48,700,000	48,700,000	48,700,000
Insurance Premium Tax	4000298	6,923,958	0		5,124,419	5,124,419	5,124,419	0	0	0
Tobacco Settlement	4000495	0	0		0	7,923,456	7,923,456	34,219,501	48,740,751	48,740,751
Various Program Support	4000730	93,293,147	101,415,643		125,212,356	125,212,356	125,212,356	124,987,356	124,987,356	124,987,356
<b>Total Funding</b>		<b>2,408,153,725</b>	<b>2,634,264,168</b>		<b>2,847,878,378</b>	<b>2,764,652,602</b>	<b>2,721,881,173</b>	<b>3,057,901,387</b>	<b>2,946,791,375</b>	<b>2,808,853,875</b>
Excess Appropriation/(Funding)		0	0		151,764,145	234,989,921	234,989,921	166,276,444	277,386,456	277,386,456
<b>Grand Total</b>		<b>2,408,153,725</b>	<b>2,634,264,168</b>		<b>2,999,642,523</b>	<b>2,999,642,523</b>	<b>2,956,871,094</b>	<b>3,224,177,831</b>	<b>3,224,177,831</b>	<b>3,086,240,331</b>

Fund transfers from UAMS are from General Revenue.

Fund transfers from Department of Education are from Cash Funds.

Fund transfers from DHS Divisions are from General Revenue.

## Appropriation Summary

**Appropriation:** 897 - DHS-Grants Paying Account

**Funding Sources:** PWD - Grants Paying

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
ARKids B Program	5100004	95,236,267	111,561,360	116,703,139	137,495,216	137,495,216	133,154,831	157,738,482	157,738,482	148,027,199
<b>Total</b>		95,236,267	111,561,360	116,703,139	137,495,216	137,495,216	133,154,831	157,738,482	157,738,482	148,027,199
<b>Funding Sources</b>										
General Revenue	4000010	23,893,352	30,300,065		34,640,450	34,640,450	30,300,065	40,011,348	40,011,348	30,300,065
Federal Revenue	4000020	69,746,488	81,261,295		92,854,766	92,854,766	92,854,766	106,927,134	106,927,134	106,927,134
Various Program Support	4000730	1,596,427	0		0	0	0	0	0	0
<b>Total Funding</b>		95,236,267	111,561,360		127,495,216	127,495,216	123,154,831	146,938,482	146,938,482	137,227,199
Excess Appropriation/(Funding)		0	0		10,000,000	10,000,000	10,000,000	10,800,000	10,800,000	10,800,000
<b>Grand Total</b>		95,236,267	111,561,360		137,495,216	137,495,216	133,154,831	157,738,482	157,738,482	148,027,199

## **Analysis of Budget Request**

**Appropriation:** 898 - DHS-Grants Paying Account

**Funding Sources:** PWE - Grants Paying

### **Child and Family Life Institute Appropriation referenced on page 1231**

Arkansas Code Annotated §20-78-104 authorized Arkansas Children's Hospital to provide administration for the Child Health and Family Life Institute (CHFLI). Children's Hospital and UAMS, Department of Pediatrics act in conjunction by either contract or cooperative agreement for necessary activities in the delivery of services through the CHFLI. The mission of the institute is "an initiated state effort to explore, develop, and evaluate new and better ways to address medically, socially, and economically interrelated health and developmental needs of children with special health care needs and their families. Utilizing a multidisciplinary collaboration of professionals, the Institute's priorities include wellness and prevention, screening and diagnosis, treatment and intervention, training and education, service access, public policy and advocacy, research and evaluation". Programs include such services as KIDS FIRST - a pediatric day health treatment program for preschool age children at risk for developmental delay; CO-MEND Councils of volunteer/local community activities with pooled resources to assist families; Outreach offers specialized health care at the local level for children who live in areas without specialized care available; Community Pediatrics-a support system with a pediatric team available to provide services in medically underserved areas; Children-at-Risk - diagnostic and treatment for children who have been abused and their families; Pediatric Psychology; Developmental/Physical Medicine and Rehabilitation for children with severe disabilities; and Adolescent Medicine. Children's Hospital is specifically to fund the KIDS FIRST Program as a priority when considering program funding decisions within the Institute. The Department of Pediatrics is the administrative oversight entity for cooperative agreements or contracts for the delivery of services.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account).

The Agency Base Level and total request for this appropriation is \$2,100,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

The Legislative Recommendation concurs with the Executive Recommendation.

The Legislative Recommendation is to restrict Reallocation of Resources Language to allow no more than one transfer request each fiscal year.

### **Infant Infirmary Appropriation referenced on page 1231a**

The Infant Infirmary Nursing Home appropriation provides for services to infants with special needs. The facilities are licensed as Private Pediatric Intermediate Care Facilities for the Mentally Retarded (ICFs/MR). Facilities receiving reimbursement through this appropriation are Arkansas Pediatric Facility, Brownwood Life Care Center, Millcreek of Arkansas and Easter Seals Children's Rehabilitation Center. These programs provide a valuable service in that many children are admitted to one of these programs when discharged from a hospital and need continuing attention and medical oversight but not on-going medical treatment.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues, which are indicated as various program support, can include Medicaid match.

The Agency Base Level request for this appropriation is \$19,971,685 each year of the biennium with general revenue of \$5,424,310.

The Agency Change Level request for this appropriation is \$2,159,066 in FY2010 and \$2,959,880 in FY2011 with general revenue request of \$181,065 in FY2010 and \$378,829 in FY2011 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$659,066 in FY2010 and \$1,339,880 in FY2011 for growth.
- \$1,500,000 in FY2010 and \$1,620,000 in FY2011 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- \$179,068 in FY2010 and \$364,849 in FY2011 for growth; and
- \$1,997 in FY2010 and \$13,980 in FY2011 for the FMAP change.

The Legislative Recommendation provides for the Executive Recommendation and reduces General Revenue funding and appropriation to Base Level.

The Legislative Recommendation is to restrict Reallocation of Resources Language to allow no more than one transfer request each fiscal year.

### **Public Nursing Home Care Appropriation referenced on page 1231b**

The Public Nursing Home Care appropriation includes Title XIX Medicaid reimbursement for services provided in the six (6) Human Development Centers (Intermediate Care Facilities for the Mentally Retarded-ICFs/MR), the Arkansas Health Center and the thirty-one (31) 15 Bed or Less (ICFs/MR) programs across the State. Services include 24 hour a day residential, medical, psychological, education and training, life skills training and therapy services needed through staffing and case plan determination. Annual staffings are required to reassess the progress of each individual and adjustments are made in case plans when necessary to help each person attain the goals and objectives established in the case plans.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as quality assurance fee per Act 635 of 2001, various program support which can include matching funds from the Human Development Centers (from general revenue), the DDS Small 10 Beds Intermediate Care Facilities for the Mentally Retarded (ICFs/MR)(from general revenue), the Arkansas Health Center (from mixed funding).

The Agency Base Level request for this appropriation is \$166,564,251 each year of the biennium with general revenue of \$6,930,842.

The Agency Change Level request for this appropriation is \$17,709,223 in FY2010 and \$26,580,833 in FY2011 with general revenue request of \$188,658 in FY2010 and \$475,754 in FY2011 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$7,709,223 in FY2010 and \$15,780,833 in FY2011 for growth.
- \$10,000,000 in FY2010 and \$10,800,000 in FY2011 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

In summary, the Executive Recommendation for new general revenue above the Base Level is:

- \$172,002 in FY2010 and \$359,159 in FY2011 for growth; and
- \$16,656 in FY2010 and \$116,595 in FY2011 for the FMAP change.

The Legislative Recommendation provides for the Executive Recommendation and reduces General Revenue funding and appropriation to Base Level.

The Legislative Recommendation is to restrict Reallocation of Resources Language to allow no more than one transfer request each fiscal year.

## Appropriation Summary

**Appropriation:** 898 - DHS-Grants Paying Account

**Funding Sources:** PWE - Grants Paying

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Child & Family Life Inst 5100004	0	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
<b>Total</b>	0	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
<b>Funding Sources</b>									
General Revenue 4000010	0	2,100,000		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
<b>Total Funding</b>	0	2,100,000		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	0	2,100,000		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000

## Appropriation Summary

**Appropriation:** 898 - DHS-Grants Paying Account

**Funding Sources:** PWE - Grants Paying

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Infant Infirmery	5100004	19,544,582	19,971,685	21,338,175	22,130,751	22,130,751	21,949,686	22,931,565	22,931,565	22,552,736
<b>Total</b>		<b>19,544,582</b>	<b>19,971,685</b>	<b>21,338,175</b>	<b>22,130,751</b>	<b>22,130,751</b>	<b>21,949,686</b>	<b>22,931,565</b>	<b>22,931,565</b>	<b>22,552,736</b>
<b>Funding Sources</b>										
General Revenue	4000010	4,975,279	5,424,310		5,605,375	5,605,375	5,424,310	5,803,139	5,803,139	5,424,310
Federal Revenue	4000020	14,274,468	14,547,375		15,025,376	15,025,376	15,025,376	15,508,426	15,508,426	15,508,426
Various Program Support	4000730	294,835	0		0	0	0	0	0	0
<b>Total Funding</b>		<b>19,544,582</b>	<b>19,971,685</b>		<b>20,630,751</b>	<b>20,630,751</b>	<b>20,449,686</b>	<b>21,311,565</b>	<b>21,311,565</b>	<b>20,932,736</b>
Excess Appropriation/(Funding)		0	0		1,500,000	1,500,000	1,500,000	1,620,000	1,620,000	1,620,000
<b>Grand Total</b>		<b>19,544,582</b>	<b>19,971,685</b>		<b>22,130,751</b>	<b>22,130,751</b>	<b>21,949,686</b>	<b>22,931,565</b>	<b>22,931,565</b>	<b>22,552,736</b>

## Appropriation Summary

**Appropriation:** 898 - DHS-Grants Paying Account

**Funding Sources:** PWE - Grants Paying

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Agency	Executive	Legislative	Agency	Executive	Legislative
Public Nursing Home Care	5100004	162,058,661	166,564,251	170,497,211	184,273,474	184,273,474	184,084,816	193,145,084	193,145,084	192,669,330
<b>Total</b>		162,058,661	166,564,251	170,497,211	184,273,474	184,273,474	184,084,816	193,145,084	193,145,084	192,669,330

Funding Sources										
General Revenue	4000010	6,661,516	6,930,842		7,119,500	7,119,500	6,930,842	7,406,596	7,406,596	6,930,842
Federal Revenue	4000020	118,378,056	121,325,400		126,923,371	126,923,371	126,923,371	132,692,517	132,692,517	132,692,517
Quality Assurance Fee	4000395	996,229	888,556		888,556	888,556	888,556	888,556	888,556	888,556
Various Program Support	4000730	36,022,860	37,419,453		39,342,047	39,342,047	39,342,047	41,357,415	41,357,415	41,357,415
<b>Total Funding</b>		162,058,661	166,564,251		174,273,474	174,273,474	174,084,816	182,345,084	182,345,084	181,869,330
Excess Appropriation/(Funding)		0	0		10,000,000	10,000,000	10,000,000	10,800,000	10,800,000	10,800,000
<b>Grand Total</b>		162,058,661	166,564,251		184,273,474	184,273,474	184,084,816	193,145,084	193,145,084	192,669,330

Fund transfers from the Division of Developmental Disability Services are from General Revenue.

Fund transfers from the Division of Behavioral Health Services are from mixed funding sources.