

**ARKANSAS BUDGET SYSTEM  
AGENCY PROGRAM COMMENTARY  
2001-2003**

The Division of Medical Services of the Department of Human Services (DHS) provides financial assistance for necessary medical services to individuals whose incomes and/or resources are insufficient to meet the costs of those services. The Division of Medical Services administers the **Medicaid Program**, including **ARKids First**, and the **Office of Long Term Care** and **Children's Medical Services** Sections.

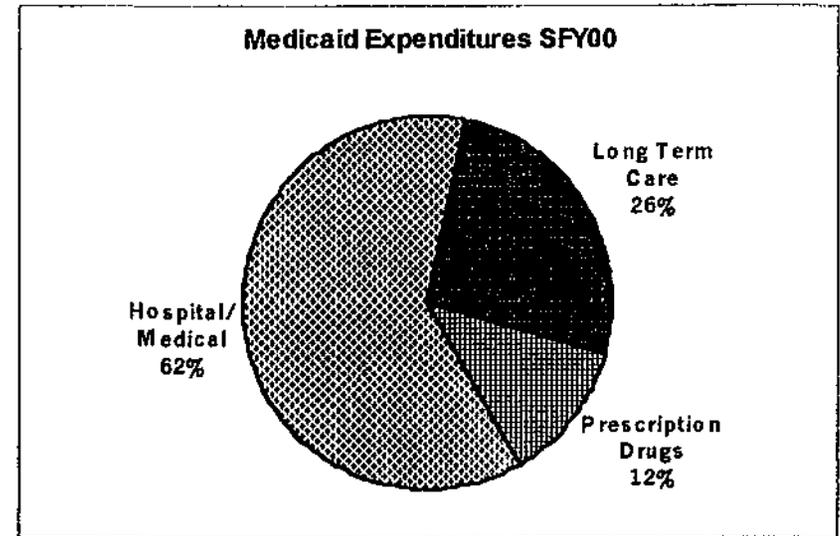
The Division of Medical Services is financed by a mixture of funding sources, including: State General Revenues, prescription drug rebates, Arkansas Soft Drink Tax Revenues, transfers from other State Agencies for services to specific Medicaid Eligibility Population Groups, and Federal Medicaid Funds (Social Security Title XIX) and Child Health Insurance Program Funds (Social Security Title XXI)

The Division of Medical Services also receives federal funding from the Social Security Title V Maternal and Child Health Block Grant for Children's Medical Services.

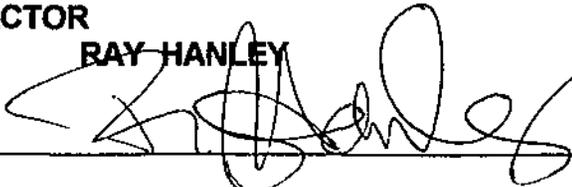
**MEDICAID**

Medicaid Program Services are organized in three general areas:

1. **Hospital and Medical Services**
2. **Prescription Drugs**
3. **Long Term Care Services**

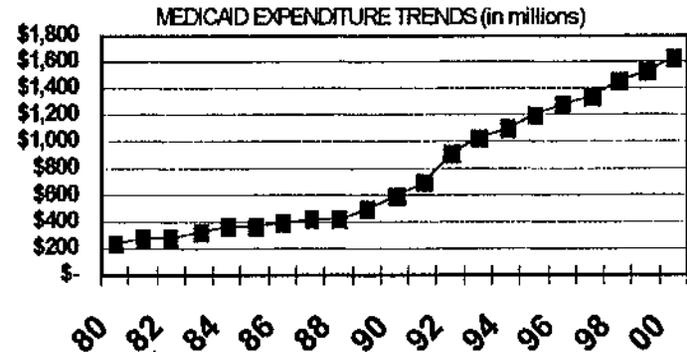


These three general program areas encompass 59 different programs and services offered through the Medicaid Program. The relative distribution of Medicaid Funds to the three general program areas is depicted in the Chart entitled: "**Medicaid Expenditures SFY00**". The Medicaid Program was implemented in Arkansas on January 1, 1970. Individuals are certified as eligible for Medicaid Services by DHS Field Staff located in County Offices or by District Social Security Offices.

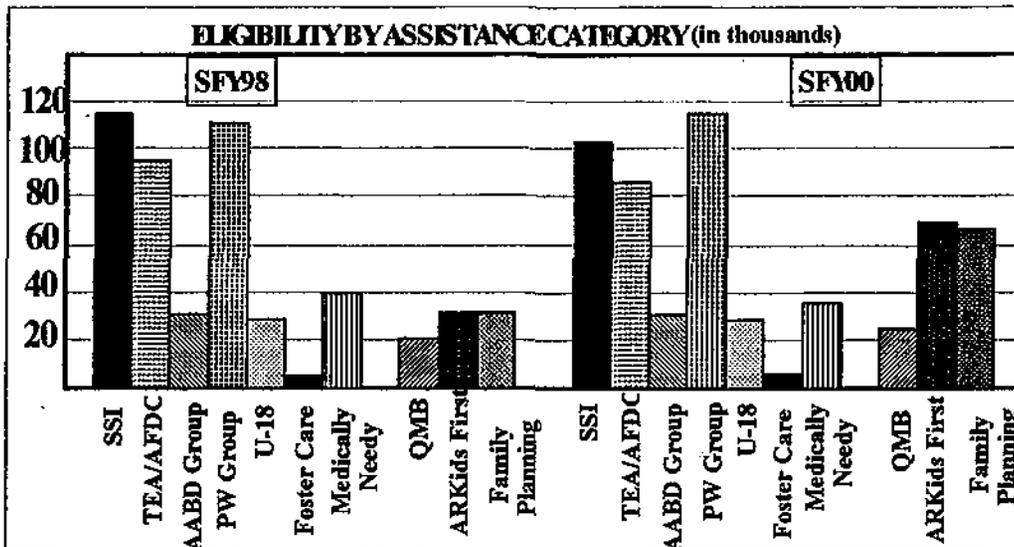
<b>AGENCY</b> DEPARTMENT OF HUMAN SERVICES DIVISION OF MEDICAL SERVICES	<b>DIRECTOR</b> RAY HANLEY 	<b>AGENCY PROGRAM COMMENTARY</b> BR21	<b>PAGE</b> 325
-------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------	------------------------------------------	--------------------

**ARKANSAS BUDGET SYSTEM  
AGENCY PROGRAM COMMENTARY  
2001-2003**

The Medicaid Program's historical expenditure growth rate is evidenced pictorially by the Chart entitled "Medicaid Expenditure Trends". Growth in the Medicaid Program is influenced by a number of factors that extend beyond normal inflation. The increases in the Medicaid eligibility population as well as the number and types of services utilized by the population influences the rise in expenditures.



The Chart entitled "Eligibility by Assistance Category" details the changes in the composition of the Medicaid Eligibility Population over the past three years.



The Division of Medical Services is on the *cutting edge* for discovering efficiencies to improve access to programs while containing program costs. Faced with the challenge of promoting the efficiency of the Medicaid Program, Arkansas Medicaid has improved the access of Medicaid Patients to mainstream private-sector medical care by combining *state of the art technology* with a self administered *managed-care program* to provide *health care innovations* to the Citizens of Arkansas.

**ARKANSAS BUDGET SYSTEM  
AGENCY PROGRAM COMMENTARY  
2001-2003**

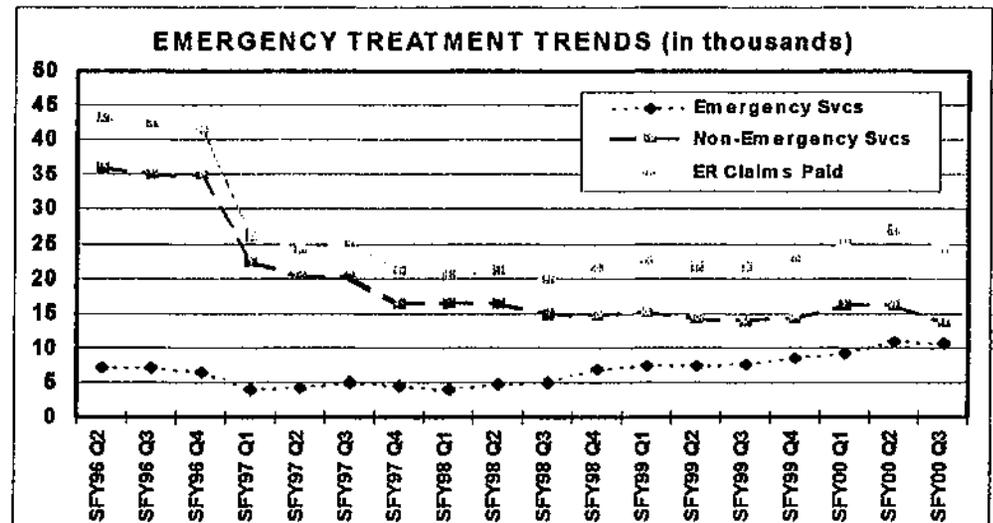
**State of the Art Technology:** Claims submitted by providers of Medicaid Services are processed by a fiscal agent, **Electronic Data Systems (EDS)** under contract with the Division of Medical Services. In partnership with EDS, Arkansas Medicaid developed and deployed the **Automated Eligibility Verification and Claims**

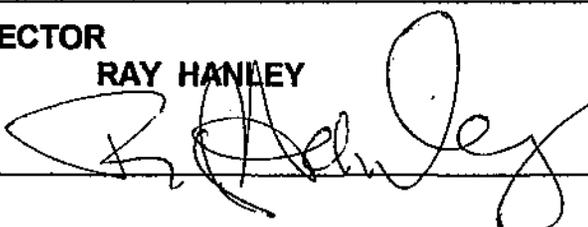
**Submission System (AEVCS),** which enables providers to electronically confirm each patient's eligibility and submit claims. This system has not only received national recognition, but is also has transformed the way Arkansas' physicians view the Medicaid Program and the 300,000 persons who carry its magnetic striped photo I.D. Card. Other technological efforts allow Providers ready access, via a worldwide web site, to manuals, forms, software, and on-line claims processing.

**Managed Care:** Our Managed Care effort, the **Arkansas ConnectCare Managed Care Program**, was selected by the Ford Foundation and the Harvard University's Kennedy School of Government as a recipient of the Innovation in American Government Award for 1997. Because we could offer quick, convenient, accurate claims processing through AEVCS, the **ConnectCare Program**

has enrolled nearly 1700 primary care physicians, greatly exceeding the initial requirement for primary care physicians at the Program's inception four years ago.

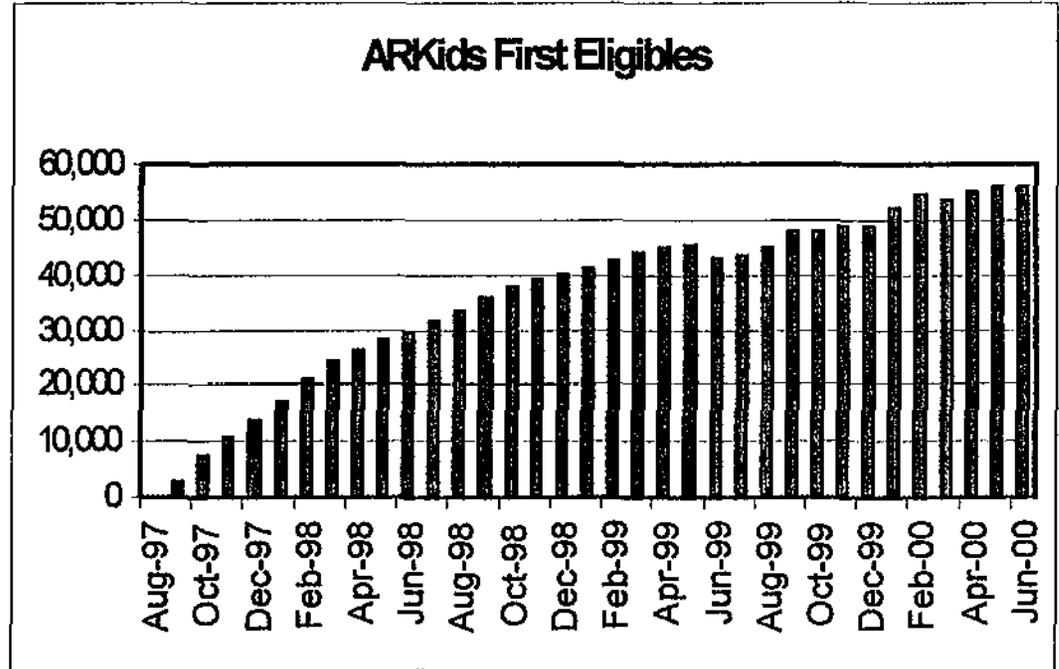
An analysis of the **ConnectCare Program** by the Arkansas Foundation for Medical Care determined that hospital costs have declined, physician visits have risen, and emergency room usage has declined by 50% since the Program's inception. The Chart entitled "**Emergency Treatment Trends**" depicts the decline in emergency room usage.

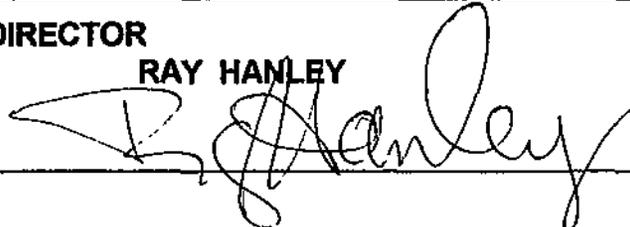


<b>AGENCY</b> DEPARTMENT OF HUMAN SERVICES DIVISION OF MEDICAL SERVICES	<b>DIRECTOR</b> RAY HANLEY 	<b>AGENCY PROGRAM COMMENTARY</b> BR21	<b>PAGE</b> 327
-------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------	------------------------------------------	--------------------

**ARKANSAS BUDGET SYSTEM  
AGENCY PROGRAM COMMENTARY  
2001-2003**

**Innovations:** On March 10, 1997, Governor Mike Huckabee signed into law historic legislation creating **ARKids First**. This new program allows the children of working families to get the health insurance coverage they need by providing the same primary-care coverage as Medicaid but slightly less benefits, and requiring copayments for most services. **ARKids First** has made Arkansas the leader among all southern states in health care coverage for children. The final Chart chronicles the utilization of the **ARKids Program** from its inception in the fall of 1997 through the spring of 2000. Public awareness efforts have made our Programs, such as **ConnectCare** and **ARKids First**, household names. The Chart entitled "ARKids First Eligibles" evidences the increase in participation in the **ARKids First Program**.

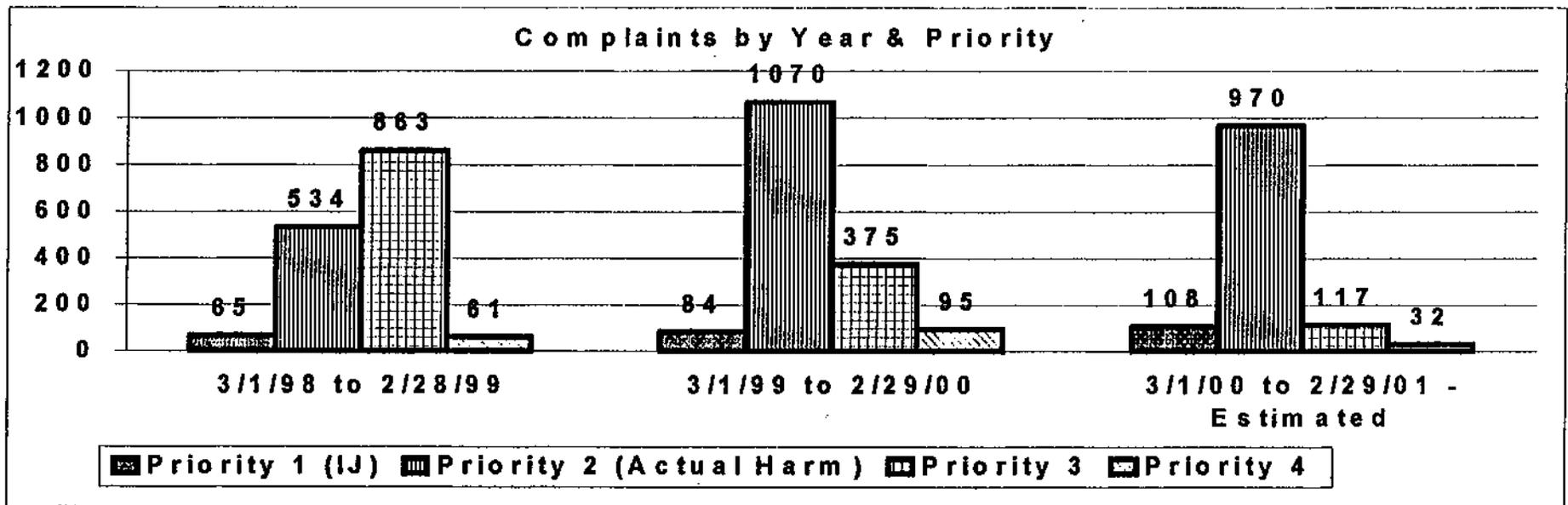


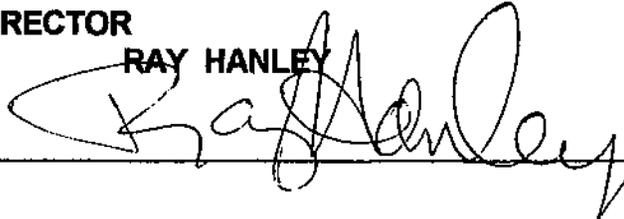
<b>AGENCY</b> DEPARTMENT OF HUMAN SERVICES DIVISION OF MEDICAL SERVICES	<b>DIRECTOR</b> RAY HANLEY 	<b>AGENCY PROGRAM COMMENTARY</b> BR21	<b>PAGE</b> 328
-------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------	------------------------------------------	--------------------

**ARKANSAS BUDGET SYSTEM  
AGENCY PROGRAM COMMENTARY  
2001-2003**

**LONG TERM CARE**

*The Office of Long Term Care* (OLTC) primary role is to ensure that persons who receive services in long term care facilities receive appropriate care and services in a safe and secure environment. Long term care facilities include Nursing Facilities, Intermediate Care Facilities for the Mentally Retarded, Residential Care Facilities and Adult Day Care. Applicants must be determined financially eligible and medical need must be established by the referring physician and approved by the OLTC prior to payment. The OLTC is responsible for the inspection, licensure, monitoring and standards enforcement of the long term care facilities. There are 238 Nursing Facilities, 40 ICF-MR facilities, 125 Residential Care Facilities and approximately forty Adult Day Care and Adult Day Health Care facilities that require annual licensure. The OLTC conducts investigations of resident and family complaints against the facility including allegations of abuse. The number of complaints requiring immediate investigation has increased over 100% since 1999. Regulations require that these allegations be investigated within ten working days.



<b>AGENCY</b> DEPARTMENT OF HUMAN SERVICES DIVISION OF MEDICAL SERVICES	<b>DIRECTOR</b> RAY HANLEY 	<b>AGENCY PROGRAM COMMENTARY</b> BR21	<b>PAGE</b> 329
-------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------	------------------------------------------	--------------------

**ARKANSAS BUDGET SYSTEM  
AGENCY PROGRAM COMMENTARY  
2001-2003**

**Change Level #3:** The Growth in the Medicaid Program is influenced by a number of factors that extend beyond normal inflation. The growth rate is influenced by the increase in the Medicaid Eligibility Population, as well as the number and types of services utilized by the population. Our projections, which are based on an analysis of cost over the previous five years, provide for a growth rate of 6.92% for each year in the Hospital/Medical Program, 17.05% each year for the Prescription Drug Program, and growth rate of 3.2% and 3.1% each year for Infant Infirmary and Public Nursing Homes.

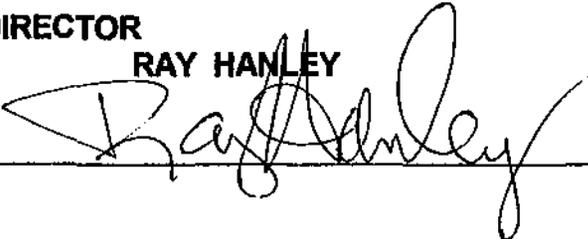
**Change Level #4:** The Division of Medical Services requests the discontinuance of the appropriation. The appropriation was established for the purpose of paying for mental health services according to a consent decree requiring DMS to pay the difference between Medicaid rates and managed care established rates. All provider claims meeting this criteria will have been paid prior to FY 2002.

**Change Level #5:** The State's Medicaid Program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. The Division of Medical Services requests appropriation only.

**Change Level #6:** The Division of Medical Services requests additional appropriation and funding on behalf of UAMS to cover the cost of services for patients who cannot afford to pay for their medical bills associated with emergency trauma. The University Hospital and UAMS physicians have been the safety net healthcare providers to this Arkansas population. These patients come to UAMS from all counties of the state. The funding for indigent care has increased a mere 4.8% from what was received in 1992-93. Bad debts for this same period have increased over 71%.

**Change Level #7:** The nursing home closure cost appropriation is available in the event that the Division finds it necessary to take over the operation of a facility in an emergency situation requiring closure of the facility. This ensures the protection and safety of the residents. The funds would be used to offset any necessary expenses to maintain operation just long enough to assess and transfer residents. Necessary expenses could include payments to vendors, facility personnel or service contracts, utilities and maintenance, and the costs associated with relocation. Base level appropriation is woefully inadequate should the need develop particularly when considering that many of the facilities are chain operated. The Division requests appropriation only for this request.

**Change Level #8:** The Health Care Financing Administration has issued new regulations titled the Health Insurance Portability and

<p><b>AGENCY</b> DEPARTMENT OF HUMAN SERVICES DIVISION OF MEDICAL SERVICES</p>	<p><b>DIRECTOR</b> RAY HANLEY</p> 	<p><b>AGENCY PROGRAM COMMENTARY BR21</b></p>	<p><b>PAGE</b>  330</p>
----------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------	---------------------------------

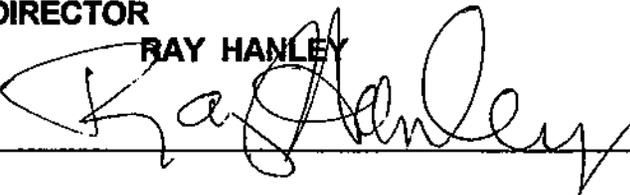
**ARKANSAS BUDGET SYSTEM  
AGENCY PROGRAM COMMENTARY  
2001-2003**

Accountability Act (HIPAA) requiring standard electronic claim and eligibility record formats. These new requirements will require significant changes to the MMIS system. HCFA will cease to fund those systems not meeting HIPAA requirements. Additionally the Data Support System (DSS) tape libraries require replacement as they are growing unreliable and the manufacturer no longer supports them. DMS will continue to build existing DSS technology to expand information base and reduce access times. The DSS makes possible reporting and data analysis on an easy to use and large-scale basis. DMS must expand support and maintenance to keep the LAN/WAN operational and accessible.

**ADMINISTRATION**

**The Division of Medical Services** consists of a Director's Office, including Program Planning and Development, and four organizational units: Medical Services, Long Term Care, Children's Medical Services, and Administrative Support. The Medicaid Program is administered by the Offices of Medical Services, Program Planning and Development, and Administrative Support. These Offices set policy and provide funding for the delivery of health services to Medicaid recipients in Arkansas. The Office of Long Term Care sets policy and monitors the delivery of services in private nursing homes, and provides funding through Medicaid for delivery of long term care services in Arkansas. Each of the organizational units provides a variety of informational resources concerning the delivery of program services, and monitors program performance to the end that resources are utilized in the most cost effective and efficient manner. It is a constant goal of the Division of Medical Services to increase cost efficiency while maintaining program effectiveness. Our staff is constantly faced with doing "more" with "less".

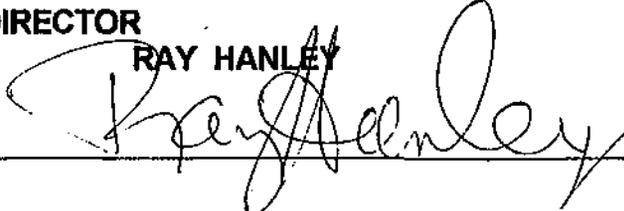
**Change Level #10:** A comprehensive salary structure reclassification request of unfunded appropriation for DHS, Grade 99, Unclassified Positions. Although the proposal increases the Maximum Line Item Salaries, the plan will be without cost. Incumbent salaries are limited to COLA increases only. Current Grade 99 salaries evolved from the salary of the incumbents at the time these positions were converted from classified to unclassified rather than being determined by position responsibility. The intent of this tiered plan is to establish a line item maximum salary that will reflect actual position responsibilities. Future hires will be made at the mid-point salary level of the position. Should any exception to this rule be requested, it will require the DHS Director's approval after consultation with the Chief Fiscal Officer of the state. In addition the Division of Medical Services requests the reclassification of certain positions to better align position titles with the functional job duties and responsibilities of these positions.

<b>AGENCY</b> DEPARTMENT OF HUMAN SERVICES DIVISION OF MEDICAL SERVICES	<b>DIRECTOR</b> RAY HANLEY 	<b>AGENCY PROGRAM COMMENTARY BR21</b>	<b>PAGE</b>  <b>331</b>
-------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------	---------------------------------------------------	-------------------------------

**ARKANSAS BUDGET SYSTEM  
AGENCY PROGRAM COMMENTARY  
2001-2003**

**Change Level #8:** The Division of Medical Services plans to replace 1/3 of current pc's, laptops and printers each year in order to have machines powerful enough to work in ANSWER and other internet applications. DMS had little character 11 in the 1999-2001 biennium and was therefore unable to make any substantive purchases of computer equipment during this two year period. Many of our computers do not have the ability to run current applications effectively. It is critical to the Divisions ability to function effectively to implement a logical upgrade and replacement policy.

**Change Level #9:** The Division of Medical Services requests appropriate appropriation and funding for positions added to the CLIP program.

<b>AGENCY</b> DEPARTMENT OF HUMAN SERVICES DIVISION OF MEDICAL SERVICES	<b>DIRECTOR</b> RAY HANLEY 	<b>AGENCY PROGRAM COMMENTARY BR21</b>	<b>PAGE</b>  <b>332</b>
-------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------	---------------------------------------------------	-------------------------------

## ARKANSAS BUDGET SYSTEM DEPARTMENT APPROPRIATION SUMMARY

AGENCY TITLE DHS-Division of Medical Services		1999-01 Expenditures				2001-03 Biennium Request				2001-03 Executive Recommendation			
Appropriations		Actual	No. of	Budgeted	No. of	Year 1	No. of	Year 2	No. of	Year 1	No. of	Year 2	No. of
Code	Name	1999-00	Pos.	2000-01	Pos.	2001-02	Pos.	2002-03	Pos.	2001-02	Pos.	2002-03	Pos.
392	Administration	\$17,261,309	377	\$20,126,888	374	\$21,055,133	374	\$21,456,609	374	\$20,918,760	374	\$21,316,678	374
321	ACH/UAMS Uncompensated Indigent Care	\$4,934,708	0	\$4,934,708	0	\$12,934,708	0	\$12,934,708	0	\$4,934,708	0	\$4,934,708	0
397	Children's Medical Services	1,705,531	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0	1,729,279	0
399	Private Nursing Home Care	284,491,828	0	290,495,753	0	368,852,681	0	395,151,066	0	370,619,015	0	392,899,325	0
401	Infant Infirmary Nursing Home	15,707,169	0	16,155,855	0	16,675,617	0	17,195,251	0	16,675,617	0	16,962,608	0
402	Public Nursing Home Care	126,323,094	0	129,258,612	0	140,108,639	0	144,553,741	0	140,108,639	0	142,652,116	0
403	Prescription Drugs	198,079,996	0	233,461,606	0	304,266,810	0	350,858,801	0	304,266,810	0	346,795,210	0
404	Hospital and Medical Services	1,006,763,378	0	1,089,508,081	0	1,267,328,479	0	1,346,851,310	0	1,231,992,025	0	1,294,170,599	0
406	Child/Family Life Institute	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0
408	Children's Medical Services-Federal	1,490,136	0	1,377,338	0	1,377,338	0	1,377,338	0	1,377,338	0	1,377,338	0
876	Nursing Home Closure Costs	0	0	50,000	0	4,050,000	0	4,050,000	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
<b>APPROPRIATIONS NOT REQUESTED</b>													
1UZ	Medicaid Recipients Court Order	40,550		100,000									
<b>TOTALS</b>		<b>\$1,658,897,699</b>	<b>377</b>	<b>\$1,789,398,120</b>	<b>374</b>	<b>\$2,140,578,684</b>	<b>374</b>	<b>\$2,298,358,103</b>	<b>374</b>	<b>\$2,094,872,191</b>	<b>374</b>	<b>\$2,225,087,861</b>	<b>374</b>
Funding Sources			% of Total		% of Total		% of Total		% of Total		% of Total		% of Total
Fund Balances													
General Revenues		353,963,686	21.3%	370,028,653	20.7%	419,391,578	21.4%	453,912,212	21.7%	406,084,821	21.2%	440,687,587	21.8%
Special Revenues													
Federal Funds		1,199,152,336	72.3%	1,295,486,799	72.4%	1,412,743,213	72.2%	1,508,604,797	72.2%	1,384,212,850	72.2%	1,452,432,111	71.9%
Const. & Fiscal Agency Fund													
State Central Services Fund													
Merit Adjustment Fund													
Cash Funds													
Various Program Support		105,781,677	6.4%	123,882,668	6.9%	125,926,762	6.4%	127,021,397	6.1%	125,926,762	6.6%	127,021,397	6.3%
Total Funding		1,658,897,699	100.0%	1,789,398,120	100.0%	1,958,061,553	100.0%	2,089,538,406	100.0%	1,916,224,433	100.0%	2,020,141,095	100.0%
Excess Appr./ (Funding)						182,517,131		208,819,697		178,647,758		204,946,766	
<b>TOTAL</b>		<b>\$1,658,897,699</b>		<b>\$1,789,398,120</b>		<b>\$2,140,578,684</b>		<b>\$2,298,358,103</b>		<b>\$2,094,872,191</b>		<b>\$2,225,087,861</b>	
DEPARTMENT				DIRECTOR					DEPARTMENT APPROPRIATION SUMMARY				
Department of Human Services Division of Medical Services				KURT KNICKREHM					BR 40				

The variance in the actual number of positions between the Appropriation Summary (BR40) and the Program Summary (BR22) is due to positions that have been paid in more than one cost center.

**ARKANSAS BUDGET SYSTEM  
DEPARTMENT PROGRAM SUMMARY**

AGENCY TITLE	1999-01 Expenditures				2001-03 Biennium Request				2001-03 Executive Recommendation			
	Actual 1999-00	No. of Pos.	Budgeted 2000-01	No. of Pos.	Year 1 2001-02	No. of Pos.	Year 2 2002-03	No. of Pos.	Year 1 2001-02	No. of Pos.	Year 2 2002-03	No. of Pos.
DHS - Division of Medical Services												
Director	\$656,992	10	\$736,029	10	\$749,003	10	\$763,301	10	\$748,501	10	\$762,785	10
Children's Medical Services (Adm)	4,749,737	113	5,415,776	112	5,603,590	112	5,714,305	112	5,563,357	112	5,673,031	112
Administrative Services (Adm)	2,229,407	47	2,885,800	44	3,205,101	44	3,250,614	44	3,191,384	44	3,236,538	44
Long Term Care (Adm)	6,238,933	130	7,289,504	127	11,579,126	127	11,729,447	127	7,502,031	127	7,650,337	127
Medical Services (Adm)	3,386,240	82	3,949,779	81	4,068,313	81	4,148,942	81	4,063,487	81	4,143,987	81
Grants	1,641,636,390	0	1,769,121,232	0	2,115,373,551	0	2,272,751,494	0	2,073,803,431	0	2,203,621,183	0
<b>TOTALS</b>	<b>\$1,658,897,699</b>	<b>382</b>	<b>\$1,789,398,120</b>	<b>374</b>	<b>\$2,140,578,684</b>	<b>374</b>	<b>\$2,298,358,103</b>	<b>374</b>	<b>\$2,094,872,191</b>	<b>374</b>	<b>\$2,225,087,861</b>	<b>374</b>
<b>Funding Sources</b>		<b>% of Total</b>		<b>% of Total</b>		<b>% of Total</b>		<b>% of Total</b>		<b>% of Total</b>		<b>% of Total</b>
<b>Fund Balances</b>												
General Revenues	353,963,686	21.3%	370,028,653	20.7%	419,391,578	21.4%	453,912,212	21.7%	406,084,821	21.2%	440,687,587	21.8%
Special Revenues												
Federal Funds	1,199,152,336	72.3%	1,295,486,799	72.4%	1,412,743,213	72.2%	1,508,604,797	72.2%	1,384,212,850	72.2%	1,452,432,111	71.9%
Const. & Fiscal Agency Fund												
State Central Services Fund												
Merit Adjustment Fund												
Cash Funds												
Various Program Support	105,781,677	6.4%	123,882,668	6.9%	125,926,762	6.4%	127,021,397	6.1%	125,926,762	6.6%	127,021,397	6.3%
Total Funding	1,658,897,699	100.0%	1,789,398,120	100.0%	1,958,061,553	100.0%	2,089,538,406	100.0%	1,916,224,433	100.0%	2,020,141,095	100.0%
Excess Appro./ (Funding)					182,517,131		208,819,697		178,647,758		204,946,766	
<b>TOTAL</b>	<b>\$1,658,897,699</b>		<b>\$1,789,398,120</b>		<b>\$2,140,578,684</b>		<b>\$2,298,358,103</b>		<b>\$2,094,872,191</b>		<b>\$2,225,087,861</b>	
DEPARTMENT	DIRECTOR				DEPARTMENT PROGRAM SUMMARY							
Department of Human Services	KURT KNICKREHM				BR 22							
Division of Medical Services												

The variance in the actual number of positions between the Appropriation Summary (BR40) and the Program Summary (BR22) is due to positions that have been paid in more than one cost center.

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

Arkansas Code Annotated §20-77-107 authorizes the Department of Human Services to establish and maintain an indigent medical care program and to enter into separate agreements with the University of Arkansas for Medical Sciences (UAMS) and private institutions to provide medical care for individuals who are indigent in the state. This appropriation provides funding to assist in defraying the cost of providing care to individuals/families unable to pay because of no resources or insurance coverage is less than the charges. Medical services are provided at either the UAMS or Arkansas Children's Hospital. This appropriation is entirely funded by General Revenue. Section 108 of Act 1360 of 1997 requires that distribution of the funds provided herein are provided to Arkansas Children's Hospital in amount equal to 33 1/3% and the balance of funds to the University of Arkansas Medical Sciences.

The Base Level is \$4,934,708 for each year. Change Level requests submitted include an \$8,000,000 request in appropriation and General Revenue funding for the University of Arkansas Medical Sciences facility for Trauma Indigent Care. The hospital continues to provide millions of dollars each year of care for those individuals who do not have insurance or sufficient insurance to pay for hospital treatment and medical care. This request will not be utilized as matching funds for the Medicaid Program but direct payments to the hospital for trauma care.

The Executive Recommendation provides for Base Level and transfer of the ACH/UAMS Uncompensated Indigent Care to the University of Arkansas for Medical Sciences.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
Name: DHS – Division of Medical Services  Code: 710	Name: ACH/UAMS Uncompensated Indigent Care  Code: 321	Name: DHS – Indigent Health Care  Code: DCA	BUDGET REQUEST  BR20	<b>335</b>

ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	EXPENDITURES			01-02 FISCAL YEAR			02-03 FISCAL YEAR			RECOMMENDATIONS			
	99-00	00-01	00-01	BASE	CHANGE LEVEL	TOTAL REQUEST	BASE	CHANGE LEVEL	TOTAL REQUEST	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPRO							01-02	02-03	01-02	02-03
ACH/UANS UNCOMPENSATED INDIGENT CAR	4,934,708	4,934,708	4,934,708	4,934,708	0	4,934,708	4,934,708	0	4,934,708	4,934,708	4,934,708		
UANS INDIGENT TRAUMA CARE GRANTS/AI	0	0	0	0	8,000,000	8,000,000	0	8,000,000	8,000,000	0	0		
<b>TOTAL</b>	<b>4,934,708</b>	<b>4,934,708</b>	<b>4,934,708</b>	<b>4,934,708</b>	<b>8,000,000</b>	<b>12,934,708</b>	<b>4,934,708</b>	<b>8,000,000</b>	<b>12,934,708</b>	<b>4,934,708</b>	<b>4,934,708</b>		
PROPOSED FUNDING SOURCES			XXXXXXXXXX										
FUND BALANCES			XXXXXXXXXX										
GENERAL REVENUES	4,934,708	4,934,708	XXXXXXXXXX	4,934,708	8,000,000	12,934,708	4,934,708	8,000,000	12,934,708	4,934,708	4,934,708		
SPECIAL REVENUES			XXXXXXXXXX										
FEDERAL FUNDS			XXXXXXXXXX										
STATE CENTRAL SERVICES FUND			XXXXXXXXXX										
NON-REVENUE RECEIPTS			XXXXXXXXXX										
CASH FUNDS			XXXXXXXXXX										
OTHER			XXXXXXXXXX										
TOTAL FUNDING	4,934,708	4,934,708	XXXXXXXXXX	4,934,708	8,000,000	12,934,708	4,934,708	8,000,000	12,934,708	4,934,708	4,934,708		
EXCESS APPRO/ (FUNDING)			XXXXXXXXXX										
<b>TOTAL</b>	<b>4,934,708</b>	<b>4,934,708</b>	<b>XXXXXXXXXX</b>	<b>4,934,708</b>	<b>8,000,000</b>	<b>12,934,708</b>	<b>4,934,708</b>	<b>8,000,000</b>	<b>12,934,708</b>	<b>4,934,708</b>	<b>4,934,708</b>		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 321 MEDICAL SERVICES -- ACH/UANS UNCOMPENSATED INDIGENT CARE  
 FUND DCA DHS-INDIGENT HEALTH CARE-(710)

APPROPRIATION SUMMARY

BR 215

PROGRAM/SERVICE INFORMATION LIST

RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----EXPENDITURES-----		-----2001 - 03 BIENNIAL REQUESTS-----						-----R E C O M M E N D A T I O N S-----					
					ACTUAL	BUDGETED	FY 2001 - 02			FY 2002 - 03			EXECUTIVE		LEGISLATIVE			
					99-00	00-01	REQUEST			REQUEST			2001-02	2002-03	2001-02	2002-03		
000		DCA	710 321	B	4,934,708	4,934,708	4,934,708 0			4,934,708 0			4,934,708	4,934,708				
001		DCA	710 321 400 70 ADMINISTRATIVE SERVICES	C06			8,000,000 0			8,000,000 0								
<p>The Division of Medical Services requests additional appropriation and funding on behalf of UAMS to cover the cost of services for patients who cannot afford to pay for their medical bills associated with emergency trauma. The University Hospital and UAMS physicians have been the safety net healthcare providers to this Arkansas population. These patients come to UAMS from all counties of the state. The funding for indigent care has increased a mere 4.8% from what was received in 1992-93. Bad debts for this same period have increased over 71%. Additional appropriation and general revenue funding in the amount of \$8,000,000 is requested for each year of the biennium.</p>																		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPR 321 MEDICAL SERVICES -- ACH/UAMS UNCOMPENSATED INDIGENT CARE  
 FUND DCA DHS-INDIGENT HEALTH CARE-(710)

RANK BY APPROPRIATION

BR 264

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

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 in 1970.

The Division has four (4) distinct organizational units:

**Medical Services:** The Office of Medical Services includes the Prescription Drug Program, Utilization Review, Medical Assistance and Field Audit. The Prescription Drug Program is an optional Medicaid benefit; however, it is mandatory for the maintenance of the health and welfare of over 100,000 monthly recipients. Utilization Review and Field Audit monitors the quality and efficiency of care to ensure that recipients of Medicaid benefits do not receive less quality service(s) than individuals utilizing private insurance. The Medical Assistance office administers the Vision; Dental; and Early, Periodic, Screening, Diagnostic and Treatment (EPSDT) programs. Vision services cover a limited number of examinations and glasses annually. Prior approval is required for medically necessary replacements and repair of glasses. Extended benefits are available for children under 21 who are in the EPSDT Program. Dental Services are covered for most services for recipients under 21 years of age in the EPSDT program. Prior approval is required for some procedures and there is no benefit limit for those under 21. Benefits limits are established for medical services provided by a dentist but no limit on surgical procedures provided by a dentist. EPSDT is a mandatory Medicaid service for recipients under 21 years of age and covers comprehensive health services.

**Long Term Care:** The role of the Office of Long Term Care (OLTC) is to ensure that persons who receive services in long term care facilities receive appropriate care and services in a safe and secure environment. Long term care facilities include Nursing Facilities, Skilled Nursing Facilities, Intermediate Care Facilities for the Mentally Retarded, Residential Care Facilities and Adult Day Care Facilities. Medical need must be established by the referring physician and approved by OLTC nursing or physician staff prior to payment. OLTC is responsible for the inspection, licensure, monitoring and standards enforcement of the long term care facilities in

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
Name: DHS-Division of Medical Services	Name: Medical Services-Operations	Name: DHS Administrative Paying	BUDGET REQUEST	338
Code: 710	Code: 392	Code: PWP	BR20	

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

---

the State. There are over 400 facilities currently licensed by the OLTC with annual licensure renewal required. OLTC further provides investigations of resident and family complaints against the facility and includes allegations of abuse.

**Children's Medical Services:** Children's Medical Services provides services to families who have children with disabilities and chronic illnesses, birth -18 years of age. The Office has an extensive community based program of service teams available to assist families at the local level with the goal of keeping families together by providing the assistance to care for their children in the home.

**Administrative Support Services:** Administrative Services includes financial activities such as program and operational budgeting, expenditure monitoring and evaluation; administrative support such as personnel management, contracts, requests for proposals and interagency agreements, reports and analysis; and systems and support which is responsible for Medicaid Management Information System (MMIS). This automated system is the mechanism used for processing claims paid through the Medicaid Program. Claims processing and maintenance of this system is contracted to Electronic Data Systems. Third Party Liability pursues the payments of non-Medicaid resources of Medicaid patients.

The automated system has evolved to the Automated Eligibility Verification Claims System (AEVCS). The State working in conjunction with Electronic Data Systems developed AEVCS. Each Medicaid recipient receives a magnetic strip card that the physician uses with a computer and eligibility and benefits are automatically verified. Claims are transmitted within seconds and payments go directly to the provider within a couple of days. Staff report that if a claim is sent in on Friday night the physician will be reimbursed by Monday night.

In an effort to contain costs while providing access to health care, Arkansas has moved toward managed care. The Arkansas Medicaid managed care program is known as ConnectCare. Each of the approximately 145,000 recipients has selected a primary care physician from a list of physicians who have volunteered for participation in the program. Physicians may have a maximum caseload of 1,000 and with the estimated 1,750 physicians enrolled. Benefits of ConnectCare are patients ability to select his or her own physician as do non-Medicaid patients; establishment of physician and patient medical relationships for treatment services and preventative care; a marked decrease in emergency room care for routine illnesses. The ARKidsFirst program is also an enhancement of the ConnectCare program by adding children in households below 200% of poverty. ARKidsFirst program is explained in further

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
<b>Name: DHS-Division of Medical Services</b>  <b>Code: 710</b>	<b>Name: Medical Services-Operations</b>  <b>Code: 392</b>	<b>Name: DHS Administrative Paying</b>  <b>Code: PWP</b>	<b>BUDGET REQUEST</b>  <b>BR20</b>	<b>339</b>

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

detail in the Medicaid Appropriation summary. The ConnectCare program is a 1997 winner of an Innovations in American Government award sponsored by the Ford Foundation and The John F. Kennedy School of Government. According to the Division Director, "Arkansas is the first state in the country to have a fully-implemented statewide program like this in operation."

This appropriation provides for the administrative function of the Division's operations and contains 374 Base Level positions. The Base Level is \$20,627,930 in FY02 with General Revenue of \$4,920,818 and \$21,025,225 in FY03 with General Revenue of \$5,029,016 and includes a 2.6% pay plan increase over FY01 salary levels and related personal services matching costs. Federal funding is provided through the U. S. Department of Health and Human Services, Health Care Finance Administration, with the State/Federal ratio being 26.98% and 73.02% respectively for FY01. For a more accurate representation of reimbursement on a fiscal year basis, the Division utilizes what is known as a blended matching rate. The blended rate is necessary to account for the difference in the Federal Fiscal Year and the State Fiscal Year and determined by taking an average of the rate for the last quarter of the FFY and the rate for the new FFY times three. The state/federal blended ratio for FY01 is 27.02% and 72.98%. Final FFP amounts for FFY02 were released in late September and are 27.36% and 72.64% which results in an increase in the States share for providing Medicaid funded services. The budget preparation for the division utilized the FFY01 rates. The FFP matching rates do vary by program and in some instances the rates will calculate at a 40/60% ratio, some at 50/50% ratio, therefore, it can be difficult to determine the exact rate when multiple ratios can be attributed to one program area. Additional federal funding is also utilized to support the administrative functions of the program and is derived from areas such as Title V Maternal and Child Health Block Grants and Medicare. Other funds are derived from Third Party Liability Recovery and Long Term Care Licensure Fees .

Change Levels total \$427,203 in FY02 and \$431,384 in FY03 with **General Revenue** of \$133,500 each year. Specific requests are as follows:

- ◆ Increases each year in Information Technology for replacement of outdated computers.
- ◆ Appropriation only is requested for Salary and Personal Services Matching to accommodate the Career Ladder Incentive Program;
- ◆ A Three Tiered Salary Pay Plan for unclassified positions below the Division Director level has been submitted by the Department

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
Name: DHS-Division of Medical Services Code: 710	Name: Medical Services-Operations Code: 392	Name: DHS Administrative Paying Code: PWP	BUDGET REQUEST BR20	340

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

---

to better align job duties, complexities and responsibilities of the job to a commensurate salary level. Additional appropriation is requested to accommodate the line item maximum for each of these positions. There are four (4) positions to which this request applies in the Division of Medical Services: one Assistant Director, CMS; one DHS/DMS ADD Program & Administrative Support; one DHS/DMS Assistant Deputy Director Long Term Care; and one DHS/DMS ADD Medical Services.

- ◆ Reclassification of various positions to help ensure retention and recruitment and more appropriately align the position classification to the current job duties.

The Executive Recommendation provides for Base Level and additional appropriation totaling \$267,000 each year for Capital Outlay as well as additional appropriation for various CLIP and reclassification requests.

Further, the Career Ladder Incentive program (CLIP) requests reflected in the Division's budget are intended to provide appropriate job classifications which are utilized to promote classified employees who complete competency-based criteria during the biennium. The Executive Recommendation reflects an adjustment in the requested CLIP levels for certain positions. These changes indicate the maximum job classification to which an employee would be expected to progress within the new biennium, based on the experience and other competency-based criteria required under the Program.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
<b>Name: DHS-Division of Medical Services</b>  <b>Code: 710</b>	<b>Name: Medical Services-Operations</b>  <b>Code: 392</b>	<b>Name: DHS Administrative Paying</b>  <b>Code: PWP</b>	<b>BUDGET REQUEST</b>  <b>BR20</b>	<b>341</b>

ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	EXPENDITURES			01-02 FISCAL YEAR			02-03 FISCAL YEAR			RECOMMENDATIONS			
	99-00	00-01	00-01	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED							01-02	02-03	01-02	02-03
REGULAR SALARIES	10,853,253	12,489,738	12,722,263	12,963,057	135,982	13,099,039	13,300,112	139,520	13,439,632	12,983,287	13,320,868		
NUMBER OF POSITIONS	377	374	379	374	0	374	374	0	374	374	374		
EXTRA HELP	73,618	126,892	126,892	126,892	0	126,892	126,892	0	126,892	126,892	126,892		
NUMBER OF POSITIONS	7	7	7	7	0	7	7	0	7	7	7		
PERSONAL SERV MATCHING	3,107,887	3,398,773	3,627,626	3,426,496	24,221	3,450,717	3,486,736	24,864	3,511,600	3,430,096	3,490,433		
OVERTIME	1,119	5,000	5,000	5,000	0	5,000	5,000	0	5,000	5,000	5,000		
OPERATING EXPENSES	2,662,952	3,132,266	3,132,266	3,132,266	0	3,132,266	3,132,266	0	3,132,266	3,132,266	3,132,266		
CONF FEES & TRAVEL	160,576	265,287	265,287	265,287	0	265,287	265,287	0	265,287	265,287	265,287		
PROF FEES & SERVICES	28,150	355,132	355,132	355,132	0	355,132	355,132	0	355,132	355,132	355,132		
CAPITAL OUTLAY	21,740	0	0	0	267,000	267,000	0	267,000	267,000	267,000	267,000		
DATA PROCESSING SERVICES	203,454	353,800	353,800	353,800	0	353,800	353,800	0	353,800	353,800	353,800		
RESPIRE CARE SERVICES	148,560	0	0	0	0	0	0	0	0	0	0		
<b>TOTAL</b>	<b>17,261,309</b>	<b>20,126,888</b>	<b>20,598,266</b>	<b>20,627,930</b>	<b>427,203</b>	<b>21,055,133</b>	<b>21,025,225</b>	<b>431,384</b>	<b>21,456,609</b>	<b>20,918,760</b>	<b>21,316,678</b>		
PROPOSED FUNDING SOURCES			*****										
FUND BALANCES			*****										
GENERAL REVENUES	3,509,427	4,815,318	*****	4,920,818	133,500	5,054,318	5,029,816	133,500	5,162,516	4,920,818	5,029,816		
SPECIAL REVENUES			*****										
FEDERAL FUNDS	10,383,834	12,827,181	*****	13,157,015	133,500	13,290,515	13,409,889	133,500	13,543,389	13,157,015	13,409,889		
STATE CENTRAL SERVICES FUND			*****										
NON-REVENUE RECEIPTS			*****										
CASH FUNDS			*****										
OTHER	3,368,048	2,494,389	*****	2,550,997		2,550,997	2,586,320		2,586,320	2,550,997	2,586,320		
TOTAL FUNDING	17,261,309	20,126,888	*****	20,627,930	267,000	20,894,930	21,025,225	267,000	21,292,225	20,627,930	21,025,225		
EXCESS APPRO/ (FUNDING)			*****		160,203	160,203		169,384	169,384	290,830	271,953		
TOTAL	17,261,309	20,126,888	*****	20,627,930	427,203	21,055,133	21,025,225	431,384	21,456,609	20,918,760	21,316,678		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPR 392 MEDICAL SERVICES - OPERATIONS  
 FUND FWP DHS-(710)ADMIN PAYING

VARIOUS PROGRAM SUPPORT INCLUDES HEALTH DEPT. MEDICARE,  
 NURSE AIDE TRAINING, SURVEY/ LTCF LICENSE FEES/  
 ADMINISTRATIVE FEES

APPROPRIATION SUMMARY

BR 215

PROGRAM/SERVICE INFORMATION LIST

RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		2001 - 03 BIENNIAL REQUESTS				RECOMMENDATIONS							
					ACTUAL	BUDGETED	FY 2001 - 02		FY 2002 - 03		EXECUTIVE		LEGISLATIVE					
					99-00	00-01	REQUEST	REQUEST	2001-02	2002-03	2001-02	2002-03						
000		PWP	710 392	B	17,261,309 377	20,126,888 374	20,627,930 374			21,025,225 374				20,651,760 374	21,049,678 374			
001		PWP	710 392 400 70 ADMINISTRATIVE SERVICES	C08			267,000 0			267,000 0				267,000	267,000			
<p>The Division of Medical Services plans to replace 1/3 of current pc's , laptops and printers each year in order to have machines powerful enough to work in ANSWER and other internet applications. DMS had little character 11 in the 1999 - 2001 biennium and was therefore unable to make any substantive purchases of computer equipment during this two year period. Many of our computers do not have the ability to run current applications effectively. It is critical to the Divisions ability to function effectively to implement a logical upgrade and replacement policy. Additional appropriation and general revenue requirements for each year of the biennium are \$267,000 and \$133,500.</p>																		
002		PWP	710 392 400 50 DMS DIRECTOR	C09			502 0			516 0								
<p>The Division of Medical Services requests appropriate appropriation and funding for positions added to the CLIP program.</p>																		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 392 MEDICAL SERVICES - OPERATIONS  
 FUND PWP DHS-(710)ADMIN PAYING

RANK BY APPROPRIATION  
 BR 264

ARKANSAS BUDGET SYSTEM  
PROGRAM/SERVICE INFORMATION LIST  
RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----EXPENDITURES-----		-----2001 - 03 BIENNIIUM REQUESTS-----						-----R E C O M M E N D A T I O N S-----					
					99-00	00-01	FY 2001 - 02		FY 2002 - 03		EXECUTIVE		LEGISLATIVE					
							REQUEST	REQUEST						2001-02	2002-03	2001-02	2002-03	
002		PWP	710 392 400 60 CHILDREN'S MEDICAL SERVICES	C09			2,414 0	2,480 0										
The Division of Medical Services requests appropriate appropriation and funding for positions added to the CLIP program.																		
002		PWP	710 392 400 70 ADMINISTRATIVE SERVICES	C09			6,732 0	6,908 0										
The Division of Medical Services requests appropriate appropriation and funding for positions added to the CLIP program.																		
002		PWP	710 392 400 80 LONG TERM CARE	C09			2,154 0	2,208 0										
The Division of Medical Services requests appropriate appropriation and funding for positions added to the CLIP program.																		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
AGY 710 DEPARTMENT OF HUMAN SERVICES  
APPRO 392 MEDICAL SERVICES - OPERATIONS  
FUND PWP DHS-(710)ADHIN PAYING

RANK BY APPROPRIATION  
BR 264

ARKANSAS PUBLIC SAFETY  
PROGRAM/SERVICE INFORMATION LIST  
RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		2001 - 03 BIENNIIUM REQUESTS				R E C O M M E N D A T I O N S							
					ACTUAL 99-00	BUDGETED 00-01	FY 2001 - 02 REQUEST		FY 2002 - 03 REQUEST		EXECUTIVE 2001-02 2002-03		LEGISLATIVE 2001-02 2002-03					
002		PWP	710 392 400 90 MEDICAL SERVICES	C09			679 0				696 0							
<p>The Division of Medical Services requests appropriate appropriation and funding for positions added to the CLIP program.</p>																		
003		PWP	710 392 400 60 CHILDREN'S MEDICAL SERVICES	C10			40,233 0				41,274 0							
<p>The Division of Medical Services requests the reclassification of certain positions to better align position titles with the functional job duties and responsibilities of these positions. This request for appropriation and general revenue are for positions that are not covered under the new CLIP program.</p>																		
003		PWP	710 392 400 70 ADMINISTRATIVE SERVICES	C10			16,769 0				17,209 0							
<p>The Division of Medical Services requests the reclassification of certain positions to better align position titles with the functional job duties and responsibilities of these positions. This request for appropriation and general revenue are for positions that are not covered under the new CLIP program.</p>																		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
AGY 710 DEPARTMENT OF HUMAN SERVICES  
APPRO 392 MEDICAL SERVICES - OPERATIONS  
FUND PWP DHS-(710)ADMIN PAYING

RANK BY APPROPRIATION  
BR 264

ARKANSAS BUDGET SYSTEM  
 PROGRAM/SERVICE INFORMATION LIST  
 RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	2001 - 03 BIENNIAL REQUESTS						R E C O M M E N D A T I O N S							
					EXPENDITURES		FY 2001 - 02		FY 2002 - 03		EXECUTIVE		LEGISLATIVE					
					ACTUAL	BUDGETED	REQUEST	REQUEST	2001-02	2002-03	2001-02	2002-03						
					99-00	00-01												
003		PHP	710 392 400 80 LONG TERM CARE	C10			82,706 0		84,869 0									
<p>The Division of Medical Services requests the reclassification of certain positions to better align position titles with the functional job duties and responsibilities of these positions. This request for appropriation and general revenue are for positions that are not covered under the new CLIP program.</p>																		
003		PWP	710 392 400 90 MEDICAL SERVICES	C10			8,014 0		8,224 0									
<p>The Division of Medical Services requests the reclassification of certain positions to better align position titles with the functional job duties and responsibilities of these positions. This request for appropriation and general revenue are for positions that are not covered under the new CLIP program.</p>																		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 392 MEDICAL SERVICES - OPERATIONS  
 FUND PWP DHS-(710)ADMIN PAYING

RANK BY APPROPRIATION  
 BR 264

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

---

The State Children's Medical Services (CMS) program is funded from General Revenues and provides services to children with special health care needs. CMS assists in the provision of services through service teams, satellite offices and parent support groups. In addition to the children with special health care needs, CMS also assists children with special needs on the Tax Equity and Fiscal Responsibility Act (TEFRA) program. TEFRA considers just the child and the child's income for eligibility and is broader in scope than Medicaid. A medical condition must be present to be eligible. CMS staff work jointly with the University of Arkansas for Medical Sciences and community providers conducting medical clinics throughout the state for children with special health care needs. Approximately 9,000 children receive services through CMS each year.

Children's Medical Services has an active Parent Advisory Council which meets on a quarterly basis and the CMS staff solicit input from families to ensure the services offered and provided by the staff is family oriented. Annual surveys are conducted to determine needs of the children and their families and obtain responses to services provided. Programs are community based with staff at the local level making decisions on behalf of the families receiving services. There are 32 community based offices located throughout the state to better meet family needs at the local level. CMS staff assist families by coordinating care in areas such as assessments, arranging medical appointments, determining additional needed services; payment authorization; coordinating parent support groups; arranging respite care and transportation; and coordinating the TEFRA program.

Section 111, Act 1360 of 1997 required the Department of Human Services to establish Prior Authorization procedures for each individual served in therapeutic child care under Children's Medical Services Program and DDS-Developmental Day Treatment Clinic Services (DDTCS). In FY98, the Division of Medical Services developed the prior approval process for Children's Medical Services. The program applies to children and young adults under the age of 21 years who are eligible for Medicaid and is applicable to targeted case management, personal care services, therapy services, private duty nursing and supplies and durable medical equipment/prosthetics program.

The Base Level each year totals \$1,729,279 and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
Name: DHS-Division of Medical Services  Code: 710	Name: Medical Services- Children's Medical Services- State  Code: 397	Name: DHS Grants  Code: DGF	BUDGET REQUEST  BR20	<b>347</b>

ARKANSAS BUDGET SYSTEM

01 02 03 04 05 06 07 08 09 10 11 12 13 14

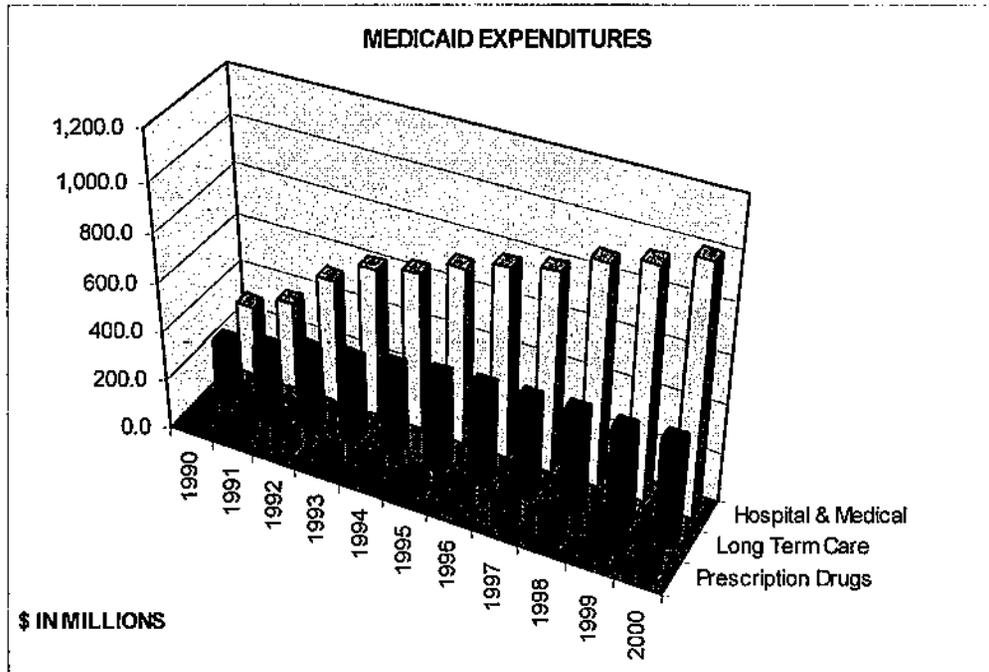
CHARACTER TITLE	-----EXPENDITURES-----		00-01	-----01-02 FISCAL YEAR-----			-----02-03 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	99-00	00-01	AUTHORIZED	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	APPRO							01-02	02-03	01-02	02-03
GRANTS/AIDS	1,705,531	1,729,279	1,729,279	1,729,279	0	1,729,279	1,729,279	0	1,729,279	1,729,279	1,729,279		
TOTAL	1,705,531	1,729,279	1,729,279	1,729,279	0	1,729,279	1,729,279	0	1,729,279	1,729,279	1,729,279		
PROPOSED FUNDING SOURCES			XXXXXXXXXX										
FUND BALANCES			XXXXXXXXXX										
GENERAL REVENUES	1,705,531	1,729,279	XXXXXXXXXX	1,729,279		1,729,279	1,729,279		1,729,279	1,729,279	1,729,279		
SPECIAL REVENUES			XXXXXXXXXX										
FEDERAL FUNDS			XXXXXXXXXX										
STATE CENTRAL SERVICES FUND			XXXXXXXXXX										
NON-REVENUE RECEIPTS			XXXXXXXXXX										
CASH FUNDS			XXXXXXXXXX										
OTHER			XXXXXXXXXX										
TOTAL FUNDING	1,705,531	1,729,279	XXXXXXXXXX	1,729,279		1,729,279	1,729,279		1,729,279	1,729,279	1,729,279		
EXCESS APPRO/ (FUNDING)			XXXXXXXXXX										
TOTAL	1,705,531	1,729,279	XXXXXXXXXX	1,729,279		1,729,279	1,729,279		1,729,279	1,729,279	1,729,279		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 397 MEDICAL SERVICES -- CHILDREN'S MEDICAL SERVICES -- STATE  
 FUND DGF DHS GRANTS FUND-(710)

APPROPRIATION SUMMARY

BR 215

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**



<p><b>AGENCY</b> Name: DHS-Division of Medical Services  Code: 710</p>	<p><b>APPROPRIATION</b> Name: Medical Services Various Appropriations  Code: 399.401.402.403.404</p>	<p><b>TREASURY FUND</b> Name: DHS Grants  Code: DGF</p>	<p><b>ANALYSIS OF BUDGET REQUEST</b>  BR20</p>	<p><b>PAGE</b>  349</p>
------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------	--------------------------------------------------------	---------------------------------

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

**MEDICAID OVERVIEW**

Title XIX of the Social Security Act provides for federal grants to states for medical assistance programs. Title XIX was approved in 1965 and is more familiarly known as Medicaid. The Medicaid program is a joint state and federal program that provides necessary medical services to eligible persons who are not able to pay for such services. Because of the numerous optional programs available under Medicaid, each states Medicaid program is different even though each state participates in the program. Arkansas is unique in that Act 280 of 1939 and Act 416 of 1977 authorized the State to establish and maintain a medical care program for the indigent and directed the Department of Human Services as the responsible agency. The early enactment of Act 280 put Arkansas in the forefront in establishment of services for individuals who could not afford needed medical assistance. The program is currently an entitlement for those deemed eligible and is financed with General Revenues, Title XIX-Medicaid, through the U. S. Department of Health and Human Services, Health Care Financing Administration with Other Funding from The Soft Drink Tax and Transfers from DHS Divisions of Developmental Disabilities, Aging and Adult Services, Children and Family Services and Youth Services as well as the Department of Health, Education and University of Arkansas Medical Sciences. The Soft Drink Tax was created by Act 7 of 1992 for the express purpose of supporting the Medicaid Program. The Arkansas Medicaid Program Trust Fund as authorized in Arkansas Code Annotated § 19-5-985 consists of all revenues derived from taxes levied on soft drinks sold in Arkansas. The Soft Drink Tax was enacted to replace the Medicaid Excise tax on service providers. This was a self-imposed tax that the Secretary of the U. S. Department of Health and Human Services determined was not a permissible health care related tax, therefore the tax expired on June 30, 1993. On June 30, 1999 a fund balance of \$15.37M was in the Trust Fund. Receipts in the for the fiscal year totaled \$42.29M with expenditures of \$39.52M leaving a Trust Fund balance of \$18.62M on June 30, 2000. The dollars in the Trust Fund are not carried as "fund balances" since the funding is not program specific, therefore showing a balance in any one appropriation would be misleading.

Eligibility for the program is determined at the local level and the DHS County Offices or District Social Security Offices. Medicaid operates as a vendor payment program with payments made directly to providers for care of individuals who are eligible to receive benefits from the program. The State establishes reimbursement rates and the methodology for rate setting. However, the federal Health Care Finance Administration must approve the state's policy(ies) and regulations in order for the State to be in compliance with guidelines established in Federal law. Persons in the following categories are eligible for Medicaid:

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
<b>Name: DHS-Division of Medical Services</b>  <b>Code: 710</b>	<b>Name: Medical Services Various Appropriations</b>  <b>Code: 399,401,402,403,404</b>	<b>Name: DHS Grants Fund</b>  <b>Code: DGF</b>	<b>BUDGET REQUEST</b>  <b>BR20</b>	<b>350</b>

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

---

salaries at a level that make them ineligible for coverage under Medicaid, thereby leaving the children without medical care. The first children received services in September 1997 and through June 30, 2000, a total of 55,578 children received services. Program officials estimate that potentially, 90,000 children will be enrolled in the program. This program 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 of \$10 is required per physician visit and a \$5 co-pay per prescription. Generally, benefits include such programs as inpatient hospital, physician visits, vision care (1 visit per year for routine exam), dental services (recent State Plan amendment decreased visits from 2 to 1 annually for cleaning, x-rays), medical supplies, home health services and emergency room services. Immunizations and preventative health screenings per protocols provided by the primary care physician or the Arkansas Department of Health require no patient co-payments.

The Special Children's Health Insurance Program (SCHIP) made available by Congress in 1997 and funded through the Health Care Financing Administration allows an enhanced reimbursement rate of 81%. Inasmuch as the ARKids First program was established, the state opted to continue the ARKids program and submit a request to allow that portion of the ARKids program between 150 and 200 percent of poverty to convert to SCHIP, however, the state has not received a response to the request. The stipulations of the SCHIP program disallowed many of the provisions currently available with ARKids, therefore, did not seek the 81% reimbursement rate and place children in that program.

Revisions in the ARKids program have resulted in what has become known as ARKids A and B. ARKids A is the more encompassing Medicaid program with more services available and requiring no co-payment. The change results in families being able to mail in the application that includes a listing of assets. The B portion of the programs does not require an assets test, however, does require nominal co-payments for services that are less extensive than the general A portion of the program.

The ARKids B program is one of the Pilot programs included in Performance Based Budgeting.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
Name: DHS-Division of Medical Services  Code: 710	Name: Medical Services Various Appropriations  Code: 399,401,402,403,404	Name: DHS Grants Fund  Code: DGF	BUDGET REQUEST  BR20	<b>353</b>

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

The Private Nursing Home Care Appropriation pays expenses for individuals who reside in nursing homes and are eligible to receive Medicaid Benefits. According to data from the Office of Long Term Care, in 1999 there were 226 licensed nursing homes in the state with approximately 25,000 beds in the facilities. 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. Funding for this program is derived from the Title XIX – Medicaid, U. S. Department of Health and Human Services, Health Care Financing Administration, General Revenues and Other Funds derived from Training Fees such as Nurse Aide Training for the Health Department.

Section 127, Act 1537 of 1999 required a new cost based Nursing Home Rate Methodology be established and implemented by July 1, 2001. The emphasis of the methodology is predicated upon a new per patient day wage enhancement rate to increase the provision of direct care services in nursing homes. The Wage Enhancement payments began in fiscal year 00. An additional \$7,000,000 in General Revenue was allocated for the express purpose of providing the wage enhancement to those nursing homes meeting staffing ratios. Payments for the wage enhancement are made quarterly on the initial basis that homes meet the ratios. A recoupment provision is allowable wherein upon auditing, payments are recouped from the homes that have not met the ratios, or withheld from future payments and deposited in the Medicaid Trust Fund and held for utilization for the new Nursing Home Rate Methodology. An allocation of \$9.5M was made available for the wage enhancement for FY01, however, with the General Revenue reduction in FY01, \$7M was again the amount used for FY01.

Base Level is \$290,495,753 each year of the biennium with General Revenue of \$78,979,287. Total Appropriation Authority requested is \$368,852,681 in FY02 and \$395,151,066 in FY03 with Change Levels as follows:

Additional appropriation totaling \$78,356,928 in FY02 and \$104,655,313 in FY03 is requested with \$58,356,928 and \$84,655,313 in FY02 and FY03 respectively to fully implement the new Rate Methodology and \$20,000,000 each year to respond to new mandates from the state and federal level.

The Executive Recommendation provides for the Agency Request and General Revenue totaling \$691,358 each year of the biennium along with the appropriation the funding would generate, to absorb the loss of the Federal Financial Participation Rate (FFP). Final FFP rates were not released from the Health Care Financing Administration until late September, therefore were not included in the Agency budget request. The new rates increased the state's participation rate from 27.02% to 27.26%.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
<b>Name: DHS-Division of Medical Services</b>  <b>Code: 710</b>	<b>Name: Medical Services Private Nursing Home Care</b>  <b>Code: 399</b>	<b>Name: DHS Grants Fund</b>  <b>Code: DGF</b>	<b>BUDGET REQUEST</b>  <b>BR20</b>	<b>354</b>

CHARACTER TITLE	-----EXPENDITURES-----			-----01-02 FISCAL YEAR-----			-----02-03 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	99-00	00-01	00-01	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPRO							01-02	02-03	01-02	02-03
GRANTS/AIDS	284,491,828	290,495,753	314,116,008	290,495,753	78,356,928	368,852,681	290,495,753	104,655,313	395,151,066	370,619,015	392,899,325		
TOTAL	284,491,828	290,495,753	314,116,008	290,495,753	78,356,928	368,852,681	290,495,753	104,655,313	395,151,066	370,619,015	392,899,325		
PROPOSED FUNDING SOURCES			XXXXXXXXXXXX										
FUND BALANCES			XXXXXXXXXXXX										
GENERAL REVENUES	77,469,729	78,979,287	XXXXXXXXXXXX	78,979,287		78,979,287	78,979,287		78,979,287	79,670,645	79,670,645		
SPECIAL REVENUES			XXXXXXXXXXXX										
FEDERAL FUNDS	207,022,099	211,516,466	XXXXXXXXXXXX	211,516,466		211,516,466	211,516,466		211,516,466	212,591,492	208,573,367		
STATE CENTRAL SERVICES FUND			XXXXXXXXXXXX										
NON-REVENUE RECEIPTS			XXXXXXXXXXXX										
CASH FUNDS			XXXXXXXXXXXX										
OTHER			XXXXXXXXXXXX										
TOTAL FUNDING	284,491,828	290,495,753	XXXXXXXXXXXX	290,495,753		290,495,753	290,495,753		290,495,753	292,262,087	288,244,012		
EXCESS APPRO/ (FUNDING)			XXXXXXXXXXXX		78,356,928	78,356,928		104,655,313	104,655,313	78,356,928	104,655,313		
TOTAL	284,491,828	290,495,753	XXXXXXXXXXXX	290,495,753	78,356,928	368,852,681	290,495,753	104,655,313	395,151,066	370,619,015	392,899,325		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 399 MEDICAL SERVICES -- PRIVATE NURSING HOME CARE  
 FUND DGF DHS GRANTS FUND-(710)

APPROPRIATION SUMMARY

ARKANSAS BUDGET SYSTEM  
PROGRAM/SERVICE INFORMATION LIST  
RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		2001 - 03 BIENNIIUM REQUESTS		R E C O M M E N D A T I O N S									
					ACTUAL	BUDGETED	FY 2001 - 02		FY 2002 - 03		EXECUTIVE		LEGISLATIVE					
					99-00	00-01	REQUEST	REQUEST	2001-02	2002-03	2001-02	2002-03						
000		PWP	710 399	B	284,491,828	290,495,753	290,495,753	290,495,753	0	0				290,495,753	290,495,753			
001		PWP	710 399 400 70 ADMINISTRATIVE SERVICES	C01			58,356,928	84,655,313	0	0				60,123,262	82,403,572			
	<p>The Division of Medical Services proposes implementation of a new rate methodology as required in Act 1537 of 1999 for private nursing facilities. Our objective was to develop a methodology that was fair to facility residents, providers and taxpayers of this state. The methodology ensures quality care for residents by placing the greatest emphasis on enhancing direct care, while providing adequate payment for services rendered by providers. The Division requests appropriation only in the amounts of \$58,356,928 for FY 2002 and \$84,655,313 for FY 2003.</p>																	
002		PWP	710 399 400 70 ADMINISTRATIVE SERVICES	C05			20,000,000	20,000,000	0	0				20,000,000	20,000,000			
	<p>The State's Medicaid Program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. The Division of Medical Services requests appropriation only in the amount of \$20,000,000.</p>																	

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
AGY 710 DEPARTMENT OF HUMAN SERVICES  
APPRO 399 MEDICAL SERVICES -- PRIVATE NURSING HOME CARE  
FUND DGF DHS GRANTS FUND-(710)

RANK BY APPROPRIATION  
BR 264

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

---

The Infant Infirmiry 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, Millcreek of Arkansas and Easter Seals Residential 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 and Title XIX – Medicaid, U. S. Department of Health and Human Services, Health Care Financing Administration.

Base Level for each year of the Biennium is \$16,155,855 with General Revenue of \$4,365,312. Total Appropriation Authority requested totals \$16,675,617 in FY02 and \$17,195,251 in FY03 with **General Revenue** increases of \$140,440 in FY02 and \$280,845 in FY03 to accommodate a growth rate of 3.2% and 3.1% respectively each year of the biennium.

The Executive Recommendation provides for Appropriation increases of \$519,762 in FY02 and \$806,753 in FY03 and General Revenue of \$140,440 and \$280,845 each year respectively for growth in the program. Further, the State's participation rate in the Medicaid program was increased in late September, therefore, the Executive Recommendation provides for General Revenue in the amount of \$40,021 and \$42,308 in FY02 and FY03 respectively to absorb the loss of the Federal Financial Participation Rate.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
<b>Name: DHS-Division of Medical Services</b>  <b>Code: 710</b>	<b>Name: Medical Services Infant Infirmiry Nursing Home</b>  <b>Code: 401</b>	<b>Name: DHS Grants Fund</b>  <b>Code: DGF</b>	<b>BUDGET REQUEST</b>  <b>BR20</b>	<b>357</b>

CHARACTER TITLE	02		03	04	05	06	07	08	09	10	11	12	13	14
	-----EXPENDITURES-----			00-01	-----01-02 FISCAL YEAR-----			-----02-03 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	99-00	00-01	AUTHORIZED		CHANGE	TOTAL	CHANGE	TOTAL	EXECUTIVE	LEGISLATIVE				
ACTUAL	BUDGETED	APPRO	BASE	LEVEL	REQUEST	LEVEL	REQUEST	01-02	02-03	01-02	02-03			
GRANTS/AIDS	15,707,169	16,155,855	16,226,148	16,155,855	519,762	16,675,617	16,155,855	1,039,396	17,195,251	16,675,617	16,962,608			
TOTAL	15,707,169	16,155,855	16,226,148	16,155,855	519,762	16,675,617	16,155,855	1,039,396	17,195,251	16,675,617	16,962,608			
PROPOSED FUNDING SOURCES			*****											
FUND BALANCES			*****											
GENERAL REVENUES	4,260,243	4,365,312	*****	4,365,312	140,440	4,505,752	4,365,312	280,845	4,646,157	4,545,773	4,688,465			
SPECIAL REVENUES			*****											
FEDERAL FUNDS	11,446,926	11,790,543	*****	11,790,543	379,322	12,169,865	11,790,543	758,551	12,549,094	12,129,844	12,274,143			
STATE CENTRAL SERVICES FUND			*****											
NON-REVENUE RECEIPTS			*****											
CASH FUNDS			*****											
OTHER			*****											
TOTAL FUNDING	15,707,169	16,155,855	*****	16,155,855	519,762	16,675,617	16,155,855	1,039,396	17,195,251	16,675,617	16,962,608			
EXCESS APPRO/ (FUNDING)			*****											
TOTAL	15,707,169	16,155,855	*****	16,155,855	519,762	16,675,617	16,155,855	1,039,396	17,195,251	16,675,617	16,962,608			

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPR 401 MEDICAL SERVICES -- INFANT INFIRHARY  
 FUND DGF DHS GRANTS FUND-(710)

APPROPRIATION SUMMARY

BR 215

CHARACTER TITLE	-----EXPENDITURES-----			-----01-02 FISCAL YEAR-----			-----02-03 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	99-00	00-01	00-01	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED APPRO							01-02	02-03	01-02	02-03
GRANTS/AIDS	126,323,094	129,258,612	132,467,999	129,258,612	10,850,027	140,108,639	129,258,612	15,295,129	144,553,741	140,108,639	142,652,116		
<b>TOTAL</b>	<b>126,323,094</b>	<b>129,258,612</b>	<b>132,467,999</b>	<b>129,258,612</b>	<b>10,850,027</b>	<b>140,108,639</b>	<b>129,258,612</b>	<b>15,295,129</b>	<b>144,553,741</b>	<b>140,108,639</b>	<b>142,652,116</b>		
<i>PROPOSED FUNDING SOURCES</i>			#####										
FUND BALANCES			#####										
GENERAL REVENUES	1,884,320	2,332,104	#####	2,332,104	192,621	2,474,795	2,332,104	285,346	2,617,450	2,803,856	2,969,474		
SPECIAL REVENUES			#####										
FEDERAL FUNDS	92,059,521	94,332,935	#####	94,332,935	5,728,950	100,061,885	94,332,935	8,972,985	103,305,920	99,732,824	101,052,271		
STATE CENTRAL SERVICES FUND			#####										
NON-REVENUE RECEIPTS			#####										
CASH FUNDS			#####										
VARIOUS PROGRAM SUPPORT	32,379,253	32,593,573	#####	32,593,573	1,978,366	34,571,959	32,593,573	3,036,798	35,630,371	34,571,959	35,630,371		
<b>TOTAL FUNDING</b>	<b>126,323,094</b>	<b>129,258,612</b>	<b>#####</b>	<b>129,258,612</b>	<b>7,850,027</b>	<b>137,108,639</b>	<b>129,258,612</b>	<b>12,295,129</b>	<b>141,553,741</b>	<b>137,108,639</b>	<b>139,652,116</b>		
EXCESS APPRO/ (FUNDING)			#####		3,000,000	3,000,000		3,000,000	3,000,000	3,000,000	3,000,000		
<b>TOTAL</b>	<b>126,323,094</b>	<b>129,258,612</b>	<b>#####</b>	<b>129,258,612</b>	<b>10,850,027</b>	<b>140,108,639</b>	<b>129,258,612</b>	<b>15,295,129</b>	<b>144,553,741</b>	<b>140,108,639</b>	<b>142,652,116</b>		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 402 MEDICAL SERVICES -- PUBLIC NURSING HOME CARE  
 FUND DGF DHS GRANTS FUND-(710)

VARIOUS PROGRAM SUPPORT INCLUDES MATCHING FUNDS FROM  
 DEVELOPMENTAL DISABILITIES FOR HDC OPERATIONS AND THE  
 10 BED INF/MR PROGRAMS, MENTAL HEALTH FOR BENTON SERVICE  
 CENTER.

APPROPRIATION SUMMARY

BR 215

ARKANSAS BUDGET SYSTEM

PROGRAM/SERVICE INFORMATION LIST

RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	-----EXPENDITURES-----		-----2001 - 03 BIENNIUM REQUESTS-----						-----RECOMMENDATIONS-----					
					ACTUAL	BUDGETED	-----FY 2001 - 02-----			-----FY 2002 - 03-----			-----EXECUTIVE-----		-----LEGISLATIVE-----			
					99-00	00-01	REQUEST			REQUEST			2001-02	2002-03	2001-02	2002-03		
000		PWP	710 402	B	126,323,094	129,258,612	129,258,612			129,258,612			129,258,612	129,258,612				
001		PWP	710 402 400 70 ADMINISTRATIVE SERVICES	C03			7,850,027			12,295,129			7,850,027	10,393,504				
<p>Growth in the Medicaid Program is influenced by a number of factors that extend beyond normal inflation. The growth rate is influenced by the increase in the Medicaid Eligibility Population, as well as the number and types of services utilized by the population. Our projections, which are based on an analysis of cost over the previous five years, provide for a growth rate of 3.2% for FY 2002 and 3.1% for FY 2003. Appropriation and general revenue requirements for FY 2002 are \$7,850,027 and \$142,691. Appropriation and general revenue requirements for FY 2003 are \$12,295,129 and \$285,346.</p>																		
002		PWP	710 402 400 70 ADMINISTRATIVE SERVICES	C05			3,000,000			3,000,000			3,000,000	3,000,000				
<p>The State's Medicaid Program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. The Division of Medical Services requests appropriation only in the amount of \$3,000,000.</p>																		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 402 MEDICAL SERVICES -- PUBLIC NURSING HOME CARE  
 FUND 06F DHS GRANTS FUND-(710)

RANK BY APPROPRIATION  
 BR 264

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

The Prescription Drug Program is an optional Medicaid Benefit, however, it vital to over 121,208 average monthly recipients receiving pharmacy services. The Division of Medical Services reports that the average prescription cost in FY99 was \$40.31 and includes an average dispensing fee of \$6.69. The program allows eligible recipients to obtain prescription medication through 745 participating pharmacies in Arkansas. Recipients of the Prescription Drug Program are allowed a maximum of three (3) prescriptions per month and an additional three (3) with prior authorization. Nursing home residents and children under 21 and certified as a Long Term Care recipient have no restrictions on the number of monthly prescriptions. 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 totaling \$42,035,398 in FY00 and the FY01 projection is \$42,144,177. The federal share is returned and the amount retained by the state is calculated based upon the state matching rate for Medicaid resulting in approximately \$11.5M. In addition to the Drug Rebates, funding for this program also is derived from General Revenues and Title XIX-Medicaid, U. S. Department of Health and Human Services, Health Care Financing Administration. The ARKids First Program is also included in the Prescription Drug Program and is included as a Pilot in Performance Based Budgeting. The BR215P following the Hospital and Medical documents shows the ARKids First Program.

Base Level is \$233,461,606 each year of the Biennium with General Revenue of \$51,717,516. Total Appropriation Authority requested totals \$304,266,810 in FY02 and \$350,858,801 in FY03 with Change Levels as follows:

- FY02 increase of \$39,805,204 - General Revenue of \$10,755,366 and FY03 increase of \$86,397,195 – General Revenue of \$23,344,522 to accommodate a 17.05% growth rate in the program;
- An additional \$31,000,000 each year in appropriation only is requested to accommodate unanticipated state and federal mandates.

The Executive Recommendation provides for additional Appropriation of \$70,805,203 with General Revenue of \$10,755,366 in FY02 and \$113,333,604 and General Revenue of \$24,194,860 in FY03 for anticipated growth in the program. Further, the State's participation rate in the Medicaid program has increased, therefore, the Executive Recommendation provides for General Revenue of \$652,120 in FY02 and \$850,338 in FY03 to replace the loss of the Federal Financial Participation Rate.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
<b>Name: DHS-Division of Medical Services</b>  <b>Code: 710</b>	<b>Name: Medical Services Prescription Drugs</b>  <b>Code: 403</b>	<b>Name: DHS Grants Fund</b>  <b>Code: DGF</b>	<b>BUDGET REQUEST</b>  <b>BR20</b>	<b>363</b>

ARKANSAS BUDGET SYSTEM

CHARACTER TITLE	01			02			03			04			05			06			07			08			09			10			11			12			13			14		
	-----EXPENDITURES-----			00-01			-----01-02 FISCAL YEAR-----			-----02-03 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----																													
	99-00	00-01	00-01	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE																														
ACTUAL	BUDGETED	AUTHORIZED	APPRO	APPRO	LEVEL	REQUEST	APPRO	LEVEL	REQUEST	01-02	02-03	01-02	02-03																													
GRANTS/AIDS	198,079,996	233,461,606	227,491,808	233,461,606	70,805,204	304,266,810	233,461,606	117,397,195	350,858,801	304,266,810	346,795,210																															
TOTAL	198,079,996	233,461,606	227,491,808	233,461,606	70,805,204	304,266,810	233,461,606	117,397,195	350,858,801	304,266,810	346,795,210																															
PROPOSED FUNDING SOURCES			#####																																							
FUND BALANCES			#####																																							
GENERAL REVENUES	42,813,113	51,717,516	#####	51,717,516	10,765,366	62,472,882	51,717,516	23,344,822	75,062,338	63,125,002	75,912,376																															
SPECIAL REVENUES			#####																																							
FEDERAL FUNDS	144,439,369	170,344,090	#####	170,344,090	29,049,838	199,393,928	170,344,090	63,052,673	233,396,763	198,791,808	228,482,834																															
STATE CENTRAL SERVICES FUND			#####																																							
NON-REVENUE RECEIPTS			#####																																							
CASH FUNDS			#####																																							
OTHER	10,827,519	11,499,000	#####	11,499,000		11,499,000	11,499,000		11,499,000	11,499,000	11,499,000																															
TOTAL FUNDING	198,079,996	233,461,606	#####	233,461,606	39,805,204	273,266,810	233,461,606	86,397,195	319,858,801	273,266,810	315,795,210																															
EXCESS APPRO/ (FUNDING)			#####		31,000,000	31,000,000		31,000,000	31,000,000	31,000,000	31,000,000																															
TOTAL	198,079,996	233,461,606	#####	233,461,606	70,805,204	304,266,810	233,461,606	117,397,195	350,858,801	304,266,810	346,795,210																															

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 403 MEDICAL SERVICES -- PRESCRIPTION DRUGS  
 FUND DGF DHS GRANTS FUND-(710)

APPROPRIATION SUMMARY

BR 215

PROGRAM/SERVICE INFORMATION LIST  
RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		2001 - 02 BIENNIAL REQUESTS		2002 - 03 BIENNIAL REQUESTS		RECOMMENDATIONS								
					ACTUAL	BUDGETED	FY 2001 - 02	FY 2002 - 03	EXECUTIVE		LEGISLATIVE								
					99-00	00-01	REQUEST	REQUEST	2001-02	2002-03	2001-02	2002-03							
000		PWP	710 403	B	198,079,996	233,461,606	233,461,606	233,461,606						233,461,606	233,461,606				
001		PWP	710 403 400 70 ADMINISTRATIVE SERVICES	C03			39,805,204	86,397,195						39,805,204	82,333,604				
	<p>Growth in the Medicaid Program is influenced by a number of factors that extend beyond normal inflation. The growth rate is influenced by the increase in the Medicaid Eligibility Population, as well as the number and types of services utilized by the population. Our projections, which are based on an analysis of cost over the previous five years, provide for a growth rate of 17.05% for each year. Appropriation and general revenue requirements for FY 2002 are \$39,805,204 and \$10,755,366. Appropriation and general revenue requirements for FY 2003 are \$86,397,195 and \$23,344,522.</p>																		
002		PWP	710 403 400 70 ADMINISTRATIVE SERVICES	C05			31,000,000	31,000,000						31,000,000	31,000,000				
	<p>The State's Medicaid Program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. The Division of Medical Services requests appropriation only in the amount of \$31,000,000.</p>																		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 403 MEDICAL SERVICES -- PRESCRIPTION DRUGS  
 FUND D6F DHS GRANTS FUND-1710)

RANK BY APPROPRIATION

BR 264

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

The Hospital and Medical 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 Health Care Financing Administration (HCFA) 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 HCFA must approve the state's policy(ies) and regulations in order for the State to be in compliance with guidelines established in Federal law. The ARKids First Program is also included in the Hospital & Medical Program and is included as a Pilot Program in Performance Based Budgeting. The BR215P following the Hospital and Medical documents shows the ARKids First Program.

The Hospital and Medical appropriation has a Base Level of \$1,089,608,081 each year of the Biennium with General Revenue of \$219,055,129. Total Appropriation authority requested totals \$1,267,328,479 in FY02 and \$1,346,851,310 in FY03 with Change Levels as follows:

- FY02 increase request of \$75,400,879 - General Revenue of \$20,373,318 and FY03 increase of \$156,019,499 – General Revenue of \$42,156,469 to provide adequate funding for the current population and utilization levels at a growth rate of 6.92%;
- FY02 request of \$19,298,546 - General Revenue of \$5,214,467 and FY03 request of \$20,634,308 – General Revenue of \$5,575,308 to replace the General Revenue reduced in FY01 due to revenue reductions made statewide;
- Increase of \$12,000,000 each year of the biennium and a General Revenue increase of \$3,242,400 in FY02 and \$3,296,440 in FY03 to provide a rate increase for physician and dental services resultant from 1994 and 1998 consent decrees;

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
<b>Name: DHS-Division of Medical Services</b>  <b>Code: 710</b>	<b>Name: Medical Services Hospital and Medical Services</b>  <b>Code: 404</b>	<b>Name: DHS Grants Fund</b>  <b>Code: DGF</b>	<b>BUDGET REQUEST</b>  <b>BR20</b>	<b>366</b>

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

---

- Appropriation of \$5,020,973 and General Revenue of \$1,255,243 in FY02 and appropriation of \$2,289,725 and General Revenue
- of \$597,431 in FY03 to meet new Health Care Financing Administration (HCFA) requirements for standard electronic claim and eligibility formats and will require significant changes to the current information system;
- Request for \$66,000,000 in appropriation only to meet state and federal mandates.

The Executive Recommendation provides for the following:

- Total Appropriation increases of \$154,325,054 in FY02 and \$203,681,968 in FY03.
- General Revenue of \$15,968,542 in FY02 and \$37,585,174 in FY03 to accommodate the anticipated growth in the program;
- General Revenue of \$3,242,400 in FY02 and \$3,296,404 in FY03 for the Consent Decree Rate Increase;
- General Revenue of \$1,255,243 in FY02 and \$597,431 in FY03 for the Electronic Claims system upgrade; and
- General Revenue of \$2,733,426 in FY02 and \$3,119,450 in FY03 to absorb the loss of the Federal Financial Participation rate.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
Name: DHS-Division of Medical Services  Code: 710	Name: Medical Services Hospital and Medical Services  Code: 404	Name: DHS Grants Fund  Code: DGF	BUDGET REQUEST  BR20	367

ARKANSAS BUDGET SYSTEM

01	02	03	04	05	06	07	08	09	10	11	12	13	14
CHARACTER TITLE	-----EXPENDITURES-----		00-01	-----01-02 FISCAL YEAR-----			-----02-03 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	99-00	00-01	AUTHORIZED	CHANGE	TOTAL	CHANGE	TOTAL	EXECUTIVE	LEGISLATIVE				
	ACTUAL	BUDGETED	APPRO	BASE	LEVEL	REQUEST	BASE	LEVEL	REQUEST	01-02	02-03	01-02	02-03
GRANTS/AIDS	1006,763,378	1089,508,081	1152,829,499	1089,608,081	177,720,398	1267,328,479	1089,608,081	257,243,229	1346,851,310	1231,992,025	1294,170,599		
TOTAL	1006,763,378	1089,508,081	1152,829,499	1089,608,081	177,720,398	1267,328,479	1089,608,081	257,243,229	1346,851,310	1231,992,025	1294,170,599		
PROPOSED FUNDING SOURCES			XXXXXXXXXXXX										
FUND BALANCES			XXXXXXXXXXXX										
GENERAL REVENUES	216,246,065	218,955,129	XXXXXXXXXXXX	219,055,129	30,085,428	249,140,557	219,055,129	51,625,648	270,680,777	242,254,740	263,653,624		
SPECIAL REVENUES			XXXXXXXXXXXX										
FEDERAL FUNDS	732,310,451	793,298,246	XXXXXXXXXXXX	793,298,246	81,634,970	874,933,216	793,298,246	139,617,581	932,915,827	846,482,579	887,262,269		
STATE CENTRAL SERVICES FUND			XXXXXXXXXXXX										
NON-REVENUE RECEIPTS			XXXXXXXXXXXX										
CASH FUNDS			XXXXXXXXXXXX										
VARIOUS PROGRAM SUPPORT	59,206,862	77,254,706	XXXXXXXXXXXX	77,254,706		77,254,706	77,254,706		77,254,706	77,254,706	77,254,706		
TOTAL FUNDING	1006,763,378	1089,508,081	XXXXXXXXXXXX	1089,608,081	177,720,398	1267,328,479	1089,608,081	257,243,229	1346,851,310	1165,992,025	1228,170,599		
EXCESS APPRO/ (FUNDING)			XXXXXXXXXXXX		66,000,000	66,000,000			66,000,000	66,000,000	66,000,000		
TOTAL	1006,763,378	1089,508,081	XXXXXXXXXXXX	1089,608,081	177,720,398	1267,328,479	1089,608,081	257,243,229	1346,851,310	1231,992,025	1294,170,599		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 404 MEDICAL SERVICES -- HOSPITAL AND MEDICAL SERVICES  
 FUND DGF DHS GRANTS FUND-(710)

VARIOUS PROGRAM SUPPORT INCLUDES MATCHING FUNDS FROM  
 DHS DIVISIONS FOR THERAPIES, WAIVER SERVICES, INPATIENT  
 PSYCHIATRIC PROGRAM, TARGETED CASE MGMT, AND PERSONAL  
 CARE. UAMS, ARKANSAS ADVOCATES FOR CHILDREN & FAMILIES,  
 DEPT. OF HEALTH AND DEPT. OF EDUCATION.

APPROPRIATION SUMMARY  
 BR 215

ARKANSAS BUDGET SYSTEM

PROGRAM/SERVICE INFORMATION LIST

RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		2001 - 03 BIENNIAL REQUESTS				RECOMMENDATIONS								
					ACTUAL	BUDGETED	FY 2001 - 02		FY 2002 - 03		EXECUTIVE		LEGISLATIVE						
					99-00	00-01	REQUEST	REQUEST	2001-02	2002-03	2001-02	2002-03							
000		PWP	710 404	B	1006,763,378	1089,508,081	1089,608,081	0	1089,608,081	0				1089,608,081	1089,608,081				
001		PWP	710 404 400 70 ADMINISTRATIVE SERVICES	C03			75,400,879	0	156,019,499	0				59,362,971	123,972,793				
<p>Growth in the Medicaid Program is influenced by a number of factors that extend beyond normal inflation. The growth rate is influenced by the increase in the Medicaid Eligibility Population, as well as the number and types of services utilized by the population. Our projections, which are based on an analysis of cost over the previous five years, provide for a growth rate of 6.92% for each year. Appropriation and general revenue requirements for FY 2002 are \$75,400,879 and \$20,373,318. Appropriation and general revenue requirements for FY 2003 are \$156,019,499 and \$42,156,489.</p>																			
002		PWP	710 404 400 70 ADMINISTRATIVE SERVICES	C01			19,298,546	0	20,634,005	0									
<p>The reduction in general revenue forecast for FY 2001 required the Division of Medical Services to budget below program requirements. These services are critical to the Medicaid population in the state of Arkansas who depend on these services to provide basic health care needs. The Division of Medical Services requests appropriation and funding to restore the Medicaid Program to projected spending levels for the biennial period. Appropriation and general revenue requirements for FY 2002 are \$19,298,546 and \$5,214,467. Appropriation and general revenue requirements for FY 2003 are \$20,634,005 and \$5,575,308.</p>																			

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 404 MEDICAL SERVICES -- HOSPITAL AND MEDICAL SERVICES  
 FUND 06F DHS GRANTS FUND-(710)

RANK BY APPROPRIATION

BR 264

ARKANSAS BUDGET SYSTEM  
PROGRAM/SERVICE INFORMATION LIST  
RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		2001 - 03 BIENNIAL REQUESTS						RECOMMENDATIONS					
					99-00	00-01	FY 2001 - 02		FY 2002 - 03				EXECUTIVE		LEGISLATIVE			
					0	0	REQUEST	REQUEST	2001-02	2002-03	2001-02	2002-03						
003		PWP	710 404 400 70 ADMINISTRATIVE SERVICES	C02			12,000,000 0				12,200,000 0			12,000,000	12,200,000			
<p>The Division of Medical Services is increasing the Medicaid reimbursement maximums for physician and dental services identified in the 1994 and 1998 consent decrees. Physician service reimbursement amounts have not been increased since July 1, 1994, and dental service reimbursement amounts have not been increased since May 31, 1998. The amounts paid to physicians directly impacts the amounts reimbursed nurse practitioners, nurse midwives, oral surgeons, podiatrists and outpatient hospital providers. Appropriation and general revenue requirements for FY 2002 are \$12,000,000 and \$3,242,400. Appropriation and general revenue requirements for FY 2003 are \$12,200,000 and \$3,296,440.</p>																		
004		PWP	710 404 400 70 ADMINISTRATIVE SERVICES	C08			5,020,973 0				2,389,725 0			5,020,973	2,389,725			
<p>HCFA has issued new regulations titled the Health Insurance Portability and Accountability Act (HIPAA) requiring standard electronic claim and eligibility record formats. These new requirements will require significant changes to the MMIS system. HCFA will cease to fund those systems not meeting HIPAA requirements. Additionally the Data Support System (DSS) tape libraries require replacement as they are growing unreliable and the manufacturer no longer supports them. DMS will continue to build on existing DSS technology to expand information base and reduce access times. The DSS makes possible reporting and data analysis on an easy to use and large-scale basis. DMS must expand support and maintenance to keep the LAN/WAN operational and accessible. Appropriation and general revenue requirements for FY 2002 are \$5,020,973 and \$1,255,243. Requirements for FY 2003 are \$2,389,725 and \$597,431.</p>																		
005		PWP	710 404 400 70 ADMINISTRATIVE SERVICES	C05			66,000,000 0				66,000,000 0			66,000,000	66,000,000			
<p>The State's Medicaid Program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. The Division of Medical Services requests appropriation only in the amount of \$66,000,000.</p>																		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
AGY 710 DEPARTMENT OF HUMAN SERVICES  
APPR 404 MEDICAL SERVICES -- HOSPITAL AND MEDICAL SERVICES  
FUND DGF DHS GRANTS FUND-(710)

RANK BY APPROPRIATION  
BR 264

**ARKANSAS BUDGET SYSTEM  
PROGRAM PERFORMANCE BUDGET REQUEST**

<b>Agency &amp; Program Name:</b>		<b>Program Description:</b>				
<b>DHS-ARKids B Program</b>		The ARKids B Program provides health insurance through a primary care coverage system for children living in households where total income is less than 200 percent of the poverty level.				
<b>Cost Data</b>	<b>Expenditures</b>		<b>Biennium Request</b>		<b>Exec. Recommendation</b>	
	<b>Actual 1999-2000</b>	<b>Budgeted 2000-2001</b>	<b>2001-2002</b>	<b>2002-2003</b>	<b>2001-2002</b>	<b>2002-2003</b>
Regular Salaries						
No. of Positions						
Extra Help						
No. of Positions						
Personal Services Matching						
Operating Expenses						
Conference Fees and Travel						
Professional Fees & Services						
Capital Outlay						
Data Processing Services						
Other: GRANTS	30,886,793	43,418,214	52,256,107	56,844,295	52,256,107	56,844,295
<b>TOTALS</b>	<b>\$30,886,793</b>	<b>\$43,418,214</b>	<b>\$52,256,107</b>	<b>\$56,844,295</b>	<b>\$52,256,107</b>	<b>\$56,844,295</b>
<b>PERFORMANCE INDICATORS</b>			<b>TARGET FY2002</b>	<b>TARGET FY2003</b>	<b>TARGET FY2002</b>	<b>TARGET FY2003</b>
1. New enrollees in the ARKids B Program			10,000	12,000	10,000	12,000
2. Utilization rate for well child services by enrollees			35%	38%	35%	38%
3. Utilization rate for medical services by enrollees			55%	58%	55%	58%
<b>Funding Sources</b>						
Fund Balances						
General Revenues	8,376,498	\$11,731,601	\$14,245,015	\$15,552,600	\$14,245,015	\$15,552,600
Special Revenues						
Federal Funds	22,510,295	\$31,686,613	\$38,011,092	\$41,291,695	\$38,011,092	\$41,291,695
Constitutional Officers Fund						
State Central Services Fund						
Non-Revenue Receipts						
Cash Funds						
Other						
Total Funding	30,886,793	43,418,214	52,256,107	56,844,295	\$56,844,295	\$56,844,295
Excess Appro./ (Funding)						
<b>TOTAL</b>	<b>\$30,886,793</b>	<b>\$43,418,214</b>	<b>\$52,256,107</b>	<b>\$56,844,295</b>	<b>\$56,844,295</b>	<b>\$56,844,295</b>
<b>DEPARTMENT 019 Department of Human Services</b>			<b>DIRECTOR</b>		<b>PERFORMANCE BUDGET REQUEST</b>	
<b>AGENCY 710 DHS-Division of Medical Services</b>			<b>KURT KNICKREHM</b>		<b>BR 215P</b>	
<b>APPROPRIATION SW1 ARKids B</b>					<b>371</b>	
<b>FUND CODE DGF</b>						

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

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. The KIDS FIRST program is to be advanced statewide and to that end, there are twelve (12) sites statewide as of June, 1998. According to the CHFLI, the Institute serves over forty thousand children and families statewide annually.

The Agency is requesting continuation of the Base Level of \$2,100,00 General Revenue for each year of the Biennium.

The Executive Recommendation provides for the Agency Request.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
<b>Name: DHS-Division of Medical Services</b>  <b>Code: 710</b>	<b>Name: Division of Medical Services Child/Family Life Institute</b>  <b>Code: 406</b>	<b>Name: DHS Grants Fund</b>  <b>Code: DGF</b>	<b>BUDGET REQUEST</b>  <b>BR20</b>	<b>372</b>

ARKANSAS BUDGET SYSTEM

01	02	03	04	05	06	07	08	09	10	11	12	13	14
CHARACTER TITLE	-----EXPENDITURES-----		00-01	-----01-02 FISCAL YEAR-----			-----02-03 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	99-00 ACTUAL	00-01 BUDGETED	AUTHORIZED APPRO	BASE	CHANGE LEVEL	TOTAL REQUEST	BASE	CHANGE LEVEL	TOTAL REQUEST	EXECUTIVE		LEGISLATIVE	
										01-02	02-03	01-02	02-03
GRANTS/AIDS	2,100,000	2,100,000	2,100,000	2,100,000	0	2,100,000	2,100,000	0	2,100,000	2,100,000	2,100,000		
<b>TOTAL</b>	<b>2,100,000</b>	<b>2,100,000</b>	<b>2,100,000</b>	<b>2,100,000</b>	<b>0</b>	<b>2,100,000</b>	<b>2,100,000</b>	<b>0</b>	<b>2,100,000</b>	<b>2,100,000</b>	<b>2,100,000</b>		
PROPOSED FUNDING SOURCES			XXXXXXXXXX										
FUND BALANCES			XXXXXXXXXX										
GENERAL REVENUES	2,100,000	2,100,000	XXXXXXXXXX	2,100,000		2,100,000	2,100,000		2,100,000	2,100,000	2,100,000		
SPECIAL REVENUES			XXXXXXXXXX										
FEDERAL FUNDS			XXXXXXXXXX										
STATE CENTRAL SERVICES FUND			XXXXXXXXXX										
NON-REVENUE RECEIPTS			XXXXXXXXXX										
CASH FUNDS			XXXXXXXXXX										
OTHER			XXXXXXXXXX										
<b>TOTAL FUNDING</b>	<b>2,100,000</b>	<b>2,100,000</b>	<b>XXXXXXXXXX</b>	<b>2,100,000</b>		<b>2,100,000</b>	<b>2,100,000</b>		<b>2,100,000</b>	<b>2,100,000</b>	<b>2,100,000</b>		
EXCESS APPRO/ (FUNDING)			XXXXXXXXXX										
<b>TOTAL</b>	<b>2,100,000</b>	<b>2,100,000</b>	<b>XXXXXXXXXX</b>	<b>2,100,000</b>		<b>2,100,000</b>	<b>2,100,000</b>		<b>2,100,000</b>	<b>2,100,000</b>	<b>2,100,000</b>		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 406 MEDICAL SERVICES -- CHILD/FAMILY LIFE INSTITUTE  
 FUND DCF DHS GRANTS FUND-(710)

APPROPRIATION SUMMARY

BR 215

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

This appropriation is a companion to the State Children's Medical Services (CMS) Appropriation 397 and provides for community-based services for children who have special health care needs and have chronic illnesses and physical disabilities. Examples of services that may be provided include therapies, medications, transportation, medical treatments or equipment. The community based offices allow for more rapid responses to the children and their family's needs. A total of approximately 9,000 children receive services through Children's Medical Services annually. This appropriation supports the programs and services detailed in the State CMS program appropriation.

This appropriation is 100% federally funded through the U. S. Department of Health and Human Services, Maternal and Child Health Block Grant. The Base Level is \$1,377,338 each year of the Biennium and represents the Agency Request.

The Executive Recommendation provides for the Agency Request.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
Name: DHS-Division of Medical Services	Name: Medical Services-Children's Medical Services - Federal	Name: DHS-Federal	BUDGET REQUEST	
Code: 710	Code: 408	Code: FWF	BR20	<b>374</b>

CHARACTER TITLE	-----EXPENDITURES-----			-----01-02 FISCAL YEAR-----			-----02-03 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	99-00	00-01	00-01	CHANGE		TOTAL	CHANGE		TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	AUTHORIZED	BASE	LEVEL	REQUEST	BASE	LEVEL	REQUEST	01-02	02-03	01-02	02-03
GRANTS/AIDS	1,490,136	1,377,338	1,377,338	1,377,338	0	1,377,338	1,377,338	0	1,377,338	1,377,338	1,377,338		
<b>TOTAL</b>	<b>1,490,136</b>	<b>1,377,338</b>	<b>1,377,338</b>	<b>1,377,338</b>	<b>0</b>	<b>1,377,338</b>	<b>1,377,338</b>	<b>0</b>	<b>1,377,338</b>	<b>1,377,338</b>	<b>1,377,338</b>		
PROPOSED FUNDING SOURCES			XXXXXXXXXX										
FUND BALANCES			XXXXXXXXXX										
GENERAL REVENUES			XXXXXXXXXX										
SPECIAL REVENUES			XXXXXXXXXX										
FEDERAL FUNDS	1,490,136	1,377,338	XXXXXXXXXX	1,377,338		1,377,338	1,377,338		1,377,338	1,377,338	1,377,338		
STATE CENTRAL SERVICES FUND			XXXXXXXXXX										
NON-REVENUE RECEIPTS			XXXXXXXXXX										
CASH FUNDS			XXXXXXXXXX										
OTHER			XXXXXXXXXX										
<b>TOTAL FUNDING</b>	<b>1,490,136</b>	<b>1,377,338</b>	<b>XXXXXXXXXX</b>	<b>1,377,338</b>		<b>1,377,338</b>	<b>1,377,338</b>		<b>1,377,338</b>	<b>1,377,338</b>	<b>1,377,338</b>		
EXCESS APPRO/ (FUNDING)			XXXXXXXXXX										
<b>TOTAL</b>	<b>1,490,136</b>	<b>1,377,338</b>	<b>XXXXXXXXXX</b>	<b>1,377,338</b>		<b>1,377,338</b>	<b>1,377,338</b>		<b>1,377,338</b>	<b>1,377,338</b>	<b>1,377,338</b>		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 408 MEDICAL SERVICES -- CHILDREN'S MEDICAL SERVICES -- FEDERAL  
 FUND FWF DHS-(710)FEDERAL

APPROPRIATION SUMMARY

DR 215

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

---

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 and safety of the residents. The funding is from reimbursement for services provided by DHS. There were no expenditures in FY00. Base Level is \$50,000 each year with one Change Level request submitted. The Agency requests an additional appropriation of \$4,000,000 in the event an emergency does arise and it becomes necessary to take over nursing home operations. This request would cover expenses such as relocation of residents, facility personnel, utility and maintenance and vendor costs.

The Executive Recommendation provides for Base Level.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
Name: DHS- Division of Medical Services	Name: Medical Services Nursing Home Closure Costs	Name: Long Term Care Trust	BUDGET REQUEST	376
Code: 710	Code: 876	Code: TLT	BR20	

CHARACTER TITLE	EXPENDITURES		00-01	01-02 FISCAL YEAR			02-03 FISCAL YEAR			RECOMMENDATIONS			
	99-00	00-01	AUTHORIZED	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	APPRO							01-02	02-03	01-02	02-03
EXPENSES	0	50,000	50,000	50,000	4,000,000	4,050,000	50,000	4,000,000	4,050,000	50,000	50,000		
<b>TOTAL</b>	<b>0</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>4,000,000</b>	<b>4,050,000</b>	<b>50,000</b>	<b>4,000,000</b>	<b>4,050,000</b>	<b>50,000</b>	<b>50,000</b>		
PROPOSED FUNDING SOURCES			XXXXXXXXXX										
FUND BALANCES			XXXXXXXXXX										
GENERAL REVENUES			XXXXXXXXXX										
SPECIAL REVENUES			XXXXXXXXXX										
FEDERAL FUNDS			XXXXXXXXXX										
STATE CENTRAL SERVICES FUND			XXXXXXXXXX										
NON-REVENUE RECEIPTS			XXXXXXXXXX										
CASH FUNDS			XXXXXXXXXX										
REIMBURSEMENT		50,000	XXXXXXXXXX	50,000		50,000	50,000		50,000	50,000	50,000		
TOTAL FUNDING		50,000	XXXXXXXXXX	50,000		50,000	50,000		50,000	50,000	50,000		
EXCESS APPRO/ (FUNDING)			XXXXXXXXXX		4,000,000	4,000,000		4,000,000	4,000,000				
<b>TOTAL</b>		<b>50,000</b>	<b>XXXXXXXXXX</b>	<b>50,000</b>	<b>4,000,000</b>	<b>4,050,000</b>	<b>50,000</b>	<b>4,000,000</b>	<b>4,050,000</b>	<b>50,000</b>	<b>50,000</b>		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 876 MEDICAL SERVICES -- NURSING HOME CLOSURE COSTS  
 FUND TLT LONG-TERM CARE TRUST-(710)

APPROPRIATION SUMMARY

BR 215

ARKANSAS BUDGET SYSTEM

PROGRAM/SERVICE INFORMATION LIST

RANK BY APPROPRIATION

01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	
RANK	PROGRAM DESCRIPTION	FUND	ACCOUNTING INFORMATION	D E S	EXPENDITURES		2001 - 03 BIENNIAL REQUESTS						RECOMMENDATIONS						
					ACTUAL	BUDGETED	FY 2001 - 02			FY 2002 - 03			EXECUTIVE		LEGISLATIVE				
					99-00	00-01	REQUEST	REQUEST	REQUEST	REQUEST	2001-02	2002-03	2001-02	2002-03					
000		TLT	710 876	B		50,000		50,000			50,000			50,000	50,000				
001		TLT	710 876 400 80 LONG TERM CARE	C07				4,000,000			4,000,000								
<p>The nursing home closure cost appropriation is available in the event that the Division finds it necessary to take over the operation of a facility in an emergency situation requiring closure of the facility. This ensures the protection and safety of the residents. The funds would be used to offset any necessary expenses to maintain operation just long enough to assess and transfer residents. Necessary expenses could include payments to vendors, facility personnel or service contracts, utilities and maintenance, and the costs associated with relocation. Base level appropriation is woefully inadequate should the need develop particularly when considering that many of the facilities are chain operated. The Division requests \$4,000,000 in appropriation only for this purpose.</p>																			

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRD 876 MEDICAL SERVICES -- NURSING HOME CLOSURE COSTS  
 FUND TLT LONG-TERM CARE TRUST-(710)

RANK BY APPROPRIATION

BR 264

**ARKANSAS BUDGET SYSTEM  
ANALYSIS OF BUDGET REQUEST  
2001 - 2003**

---

As authorized by Arkansas Code Annotated § 20-10-916 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 Base Level is \$100,000 each year and represents the Agency Request.

The Executive Recommendation is the Agency Request.

AGENCY	APPROPRIATION	TREASURY FUND	ANALYSIS OF	PAGE
Name: DHS-Division of Medical Services  Code: 710	Name: Medical Services-Long Term Care Facility Receivership  Code: 878	Name: Long Term Care Facility Receivership  Code: DLT	BUDGET REQUEST  BR20	379

CHARACTER TITLE	-----EXPENDITURES-----			-----01-02 FISCAL YEAR-----			-----02-03 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	99-00 ACTUAL	00-01 BUDGETED	00-01 AUTHORIZED APPRO	BASE	CHANGE LEVEL	TOTAL REQUEST	BASE	CHANGE LEVEL	TOTAL REQUEST	EXECUTIVE		LEGISLATIVE	
										01-02	02-03	01-02	02-03
EXPENSES	0	100,000	100,000	100,000	0	100,000	100,000	0	100,000	100,000	100,000		
TOTAL	0	100,000	100,000	100,000	0	100,000	100,000	0	100,000	100,000	100,000		
PROPOSED FUNDING SOURCES			#####										
FUND BALANCES			#####										
GENERAL REVENUES			#####										
SPECIAL REVENUES			#####										
FEDERAL FUNDS			#####										
STATE CENTRAL SERVICES FUND			#####										
NON-REVENUE RECEIPTS			#####										
CASH FUNDS			#####										
REIMBURSEMENT		100,000	#####	100,000		100,000	100,000		100,000	100,000	100,000		
TOTAL FUNDING		100,000	#####	100,000		100,000	100,000		100,000	100,000	100,000		
EXCESS APPRO/ (FUNDING)			#####										
TOTAL		100,000	#####	100,000		100,000	100,000		100,000	100,000	100,000		

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 878 MEDICAL SERVICES -- LONG-TERM CARE FAC RECEIVERSHIP  
 FUND 019 LONG TERM CARE FACILITY REC-(710)

APPROPRIATION SUMMARY

BR 215

01

02

03

04

05

06

07

08

09

10

11

12

13

14

CHARACTER TITLE	-----EXPENDITURES-----		00-01	-----01-02 FISCAL YEAR-----			-----02-03 FISCAL YEAR-----			-----R E C O M M E N D A T I O N S-----			
	99-00	00-01	AUTHORIZED	BASE	CHANGE	TOTAL	BASE	CHANGE	TOTAL	EXECUTIVE		LEGISLATIVE	
	ACTUAL	BUDGETED	APPRO							01-02	02-03	01-02	02-03
GRANTS/AIDS	40,550	100,000	0	0	0	0	0	0	0	0	0		
THIS APPROPRIATION IS NOT REQUESTED FOR THE NEW BIENNIUM													
TOTAL	40,550	100,000	0	0	0	0	0	0	0				
PROPOSED FUNDING SOURCES			XXXXXXXXXX										
FUND BALANCES			XXXXXXXXXX										
GENERAL REVENUES	40,550	100,000	XXXXXXXXXX										
SPECIAL REVENUES			XXXXXXXXXX										
FEDERAL FUNDS			XXXXXXXXXX										
STATE CENTRAL SERVICES FUND			XXXXXXXXXX										
NON-REVENUE RECEIPTS			XXXXXXXXXX										
CASH FUNDS			XXXXXXXXXX										
OTHER			XXXXXXXXXX										
TOTAL FUNDING	40,550	100,000	XXXXXXXXXX										
EXCESS APPRO/ (FUNDING)			XXXXXXXXXX										
TOTAL	40,550	100,000	XXXXXXXXXX										

DEPT 019 DEPARTMENT OF HUMAN SERVICES  
 AGY 710 DEPARTMENT OF HUMAN SERVICES  
 APPRO 1UZ MEDICAID RECIPIENTS COURT ORDER  
 FUND PWD DHS-(710)DELAY DRAW GRANTS

APPROPRIATION SUMMARY

BR 215