

# DHS - DIV OF MEDICAL SERVICES

## Enabling Laws

Act 17 First Extraordinary Session of 2003  
Act 1586 of 2003

A.C.A §25-10-102  
A.C.A §20-77-All subsections

## History and Organization

The Division of Medical Services of the Department of Human Services administers the Medicaid Program, including Child Health Insurance Program (S-CHIP), and the Office of Long Term Care. Title XIX of the Social Security Act provides for federal grants to the States for medical assistance programs. Title XIX, popularly known as Medicaid, enables states to furnish:

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

The Medicaid Program was implemented in Arkansas on January 1, 1970. Arkansas Medicaid is a joint federal and state program that provides necessary medical services including long term care to eligible persons who are not able to pay for such services.

The Arkansas Medicaid Program has been a leader among Medicaid Programs nationwide in developing and utilizing technology to streamline processes and to gather and analyze information to support the development of fair, cost-effective policies, including (a) the Automated Eligibility Verification and Claims Submission (AEVCS) System, (b) the use of a worldwide web site to access manuals, forms, software, and online claims entry, (c) the Decision Support System. The Arkansas ConnectCare Managed Care Program was selected by the Harvard University's Kennedy School of Government as a recipient of the Innovation in American Government for 1997.

The AEVCS System has transformed the way Arkansas' physicians view the Medicaid Program. Because we could offer quick, convenient, accurate claims processing through AEVCS, the ConnectCare Managed Care Program, has enrolled over 1,900 primary care physicians.

In perhaps the biggest enhancement yet for the AEVCS/ConnectCare endeavor, we have expanded Medicaid coverage to all the State's children living in households where total income is less than 200 percent of the poverty level. The program, ARKids First, provides the same primary-care coverage as Medicaid but slightly less-liberal benefits, and participants must make co-payments for most services. ARKids First has made Arkansas the leader among all southern states in health care coverage.

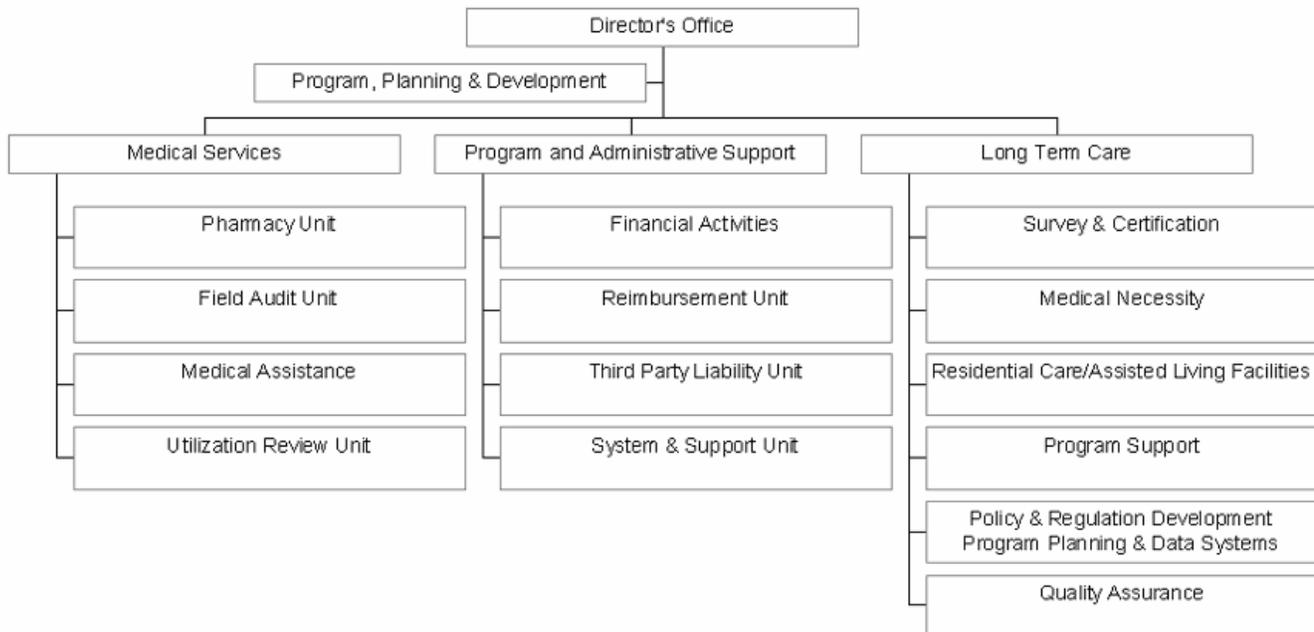
The Arkansas Medicaid Program implemented program enhancements to utilize the tobacco settlement funds. These programs include:

- Expansion of Medicaid coverage and benefits to pregnant women with incomes up to 200 percent of the Federal Poverty Level (approved for implementation November 1, 2001)
- Expansion of inpatient and outpatient hospital reimbursements and benefits to adults age 19 to 64 to reduce coinsurance payment from 22 percent to 10 percent of the cost of the first Medicaid covered day of each admission and cover additional medically necessary days in the hospital from 20 days up to 24 allowed days per State Fiscal Year (approved for implementation November 1, 2001)
- Expansion of non-institutional coverage and benefits to adults aged 65 and over, referred to as ARSeniors, extends full Medicaid benefits to older adults who have been identified as Qualified Medicare Beneficiaries (QMB) and meet specific income limits (approved for implementation October 1, 2002)
- Creation and provision of a limited benefit package to adults age 19 to 64 (not approved for implementation at the time of this writing)

The Division of Medical Services consists of five (5) program areas:

- Program Integrity and Utilization Review
- Prescription Drug Program
- Long Term Care Program
- Hospital/Medical Program
- Tobacco Settlement Medicaid Expansion Program

Each of these program areas 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.



## **Agency Commentary**

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 Child Health Insurance Program (S-Chip), and the Office of Long Term Care.

The Division of Medical Services is financed by a mixture of funding sources, including: State General Revenues, prescription drug rebates, Tobacco Settlement Funds, Tobacco Tax Revenues, Quality Assurance Fees, 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 S-CHIP funds (Social Security title XXI).

### **Medicaid**

Medicaid Program Services are organized in four general program areas:

1. Prescription Drugs
2. Long Term Care
3. Hospital and Medical Services
4. Tobacco Settlement Medicaid Expansion

These four general program areas encompass 67 different programs and services offered through the Medicaid Program. The relative distribution of Medicaid funds to the four general areas are depicted in the chart at the end of the Commentary (see chart Medicaid Expenditures SFY04).

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.

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 influence the rise in expenditures. Growth in the Hospital Medical Program excluding cost Settlements and Upper Payment Limits (UPL) payments is anticipated to increase by 16.28%. This increase is due in part to the increase in eligibles, medical inflation, and increased utilization in specific areas, i.e. Mental Health services, therapy services, and the various waiver programs.

The chart at the end of the Commentary details the changes in the composition of the Medicaid Eligible Population over the past three years (see chart Eligibility By Assistance Category).

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 Recipients 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 citizens of Arkansas.

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.

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 Innovations in American Government Award in 1997. Because we could offer quick, convenient, accurate claims processing through AEVCS, the ConnectCare Program has enrolled over 1,900 primary care physicians, greatly exceeding the initial requirements for primary care physicians at the Program's inception ten years ago.

### Long Term Care

The Office of Long Term Care (OLTC) is the unit of state government responsible for the regulation of long term care facilities in Arkansas. These facilities include Nursing Homes, Intermediate Care Facilities for the Mentally Retarded (ICF/MR), Residential Care Facilities (RCF), Adult Day Care, Adult Day Health Care, Post-Acute Head Injury Facilities, Assisted Living Facilities (ALF) and Psychiatric Residential Treatment Facilities (PRTF) in total approximately 450 facilities, serving in excess of 22,000 disabled Arkansans daily. This regulation of facilities includes conducting on-site inspections of facilities (which frequently occurs multiple times in a year), investigations of complaints against facilities, medical need determinations for placement into facilities, and licensure of facilities and facility administrators. For the calendar year 2003, the Office of Long Term Care performed approximately 1,000 state and federal surveys and complaint investigations of long term care facilities.

In addition, the Office of Long Term Care administers a criminal record background check on the employees and applicants and of facilities the Office regulates, and the Office is responsible for the administration of the training and certification of Certified Nursing Assistance (CNAs), who are long term care facility caregivers that are employed in long term care facilities and hospital-based facilities.

### CHANGE LEVEL REQUESTS

While understanding the limited amount of State dollars available for additional funding levels, the following requests are required to maintain critical programs and provide for the inescapable increases and federal mandates of the Medicaid Program:

Change Level # 1: The Division of Medical Services requests appropriation and funding to restore the Medicaid Program to projected spending levels for the biennial period. The SFY 2005 appropriation available was not adequate and required the Division of Medical Services to initially 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 healthcare needs. This change level request for appropriation and funding applies to Prescription Drug and ARKids B Program.

The Division of Medical Services requests appropriation to restore the Public Nursing Home Program to projected spending levels for the biennial period. The SFY 2005 appropriation available was not adequate and required the Division of Medical Services to initially 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 healthcare needs. There is no General Revenue requirement for this restoration.

Change Level # 2: 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 eligible population, as well as the number and types of services utilized by the population. Our projections, which are based on historical costs, provide for a growth rate of 6.76% for SFY 06 and 10.14% for SFY 2007 in the Hospital/Medical Program, 18% each year for the Prescription Drug Program, 10% for SFY 2006 and 7.62% for SFY 2007 for Private Nursing Homes and 2.8% for SFY 2006 and 2.9% for SFY 2007 for Intermediate Care Facilities for the Mentally Retarded and Public Nursing Homes. ArKids B growth rate was split appropriately utilizing the Hospital/Medical growth rate and the Prescription Drug Program growth rate for each year.

Change Level # 3: 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 # 4: (Hospital/Medical) The Division of Medical Services is requesting appropriation and funding to cover the increase in Dental rates. This request is necessary to increase access to dental services for children with an emphasis on preventative care. It is estimated that only about 2% of eligible recipients received preventative dental care in SFY 2004. This request is to increase dental rates to 80% of Delta Dental and to allow up to 2 teeth cleanings per year.

Change Level # 5: (Hospital/Medical) The Division of Medical Services is requesting appropriation and funding to expand the nutrition services currently available to CHMS providers to the general population for children.

#### Program Integrity and Utilization Review

The Division of Medical Services primary responsibility is the management of the Arkansas Medicaid Program. The organizational units of the Division consist of four organizational units: Medical Services, Long Term Care, Administrative Support Services, and the Director's Office which includes Program Planning and Development. 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 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 "more" with "less".

Change Level # 1: The Division of Medical Services request appropriation and funding for two (2) new positions. DMS is requesting a Physical Therapy Supervisor and a Utilization Review Nurse. The Physical Therapy Supervisor will be utilized by the Durable Medical Equipment and Therapy Programs and the Utilization Review Nurse will be in the suspended claims area of Utilization Review. These positions are critical to the Utilization Review section within DMS to be able to ensure medically necessary services are being provided to Arkansas recipients in the most efficient and economical manner possible.

Change Level# 2: The Division of Medical Services is requesting the transfer of five (5) positions to DCO to be a part of Client Assistance. This is a move to enhance services to clients and move closer to one central location for residents to obtain consistent information concerning services that are available through the various DHS divisions. DMS is also requesting the transfer of two (2) positions from DAAS to perform waiver medical necessity functions within the Office of Long Term Care. With the increase in waiver services, it has become critical that these positions be transferred to perform these required eligibility functions and prevent delays in receiving services.

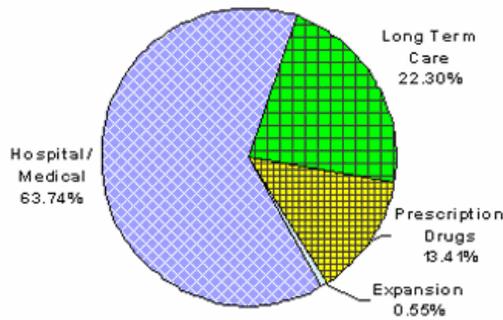
Change Level # 3: The Division of Medical Services requests an extraordinary salary increase to achieve salary equity for the DHS/DMS Assistant Deputy Director Long Term Care to be equivalent with the other DHS/DMS Assistant Deputy Directors. The discrepancy between the salaries for the DMS Assistant Deputy Directors may have been justified many years ago, but OLTC has continued to see increases in the facility types regulated, complexity of existing programs and addition of programs such as Criminal Background Check Program and increases in Nursing Home Waiver Programs. These increases are to improve the quality of services received by Arkansas recipients statewide. Approval of this request would rectify this discrepancy.

Change Level# 4: The Division of Medical Services requests capital outlay for the purchase of fifteen (15) vehicles each year of the biennium. Ten (10) vehicles each year would be replacement vehicles and five (5) would be additional vehicles. DMS currently has 20 vehicles with over 100,000 miles and over five years old, but have been unable to have them replaced through DF&A MMV Fund. DMS has a concern about the safety of staff in these vehicles and the increased liability for the state. DMS spends a considerable amount on mileage due to not having an adequate number of vehicles and has estimated based on the average mileage of existing vehicles over a five (5) year life of a vehicle that the state could save approximately \$20,000 per vehicle.

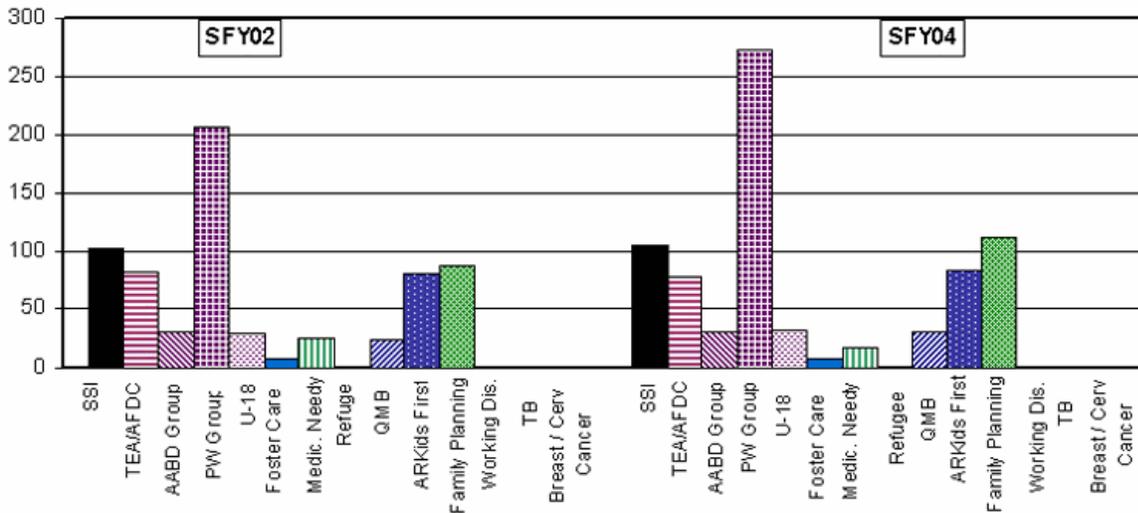
Change Level # 5: The Division of Medical Services is requesting additional Maintenance and Operations for mileage rate increase. DMS estimates that the increase from \$0.31 to \$0.34 will cost DMS additional expense of \$23,786 each year of the biennium based on SFY 2004 mileage expenditures.

Change Level # 6: The Division of Medical Services is requesting six (6) unbudgeted positions be restored as unfunded positions. This will allow DMS the flexibility to fill these positions if the funds become available during the biennium.

**Medicaid Expenditures SFY04**



**ELIGIBILITY BY ASSISTANCE CATEGORY (in thousands)**



**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 DEPARTMENT OF HUMAN SERVICES  
 FOR THE YEAR ENDED JUNE 30, 2002

Findings

Recommendations

Audit findings are reported under the DHS-Director's Office/Office of Chief Counsel on page 3.

## Publications

### A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Department Appropriation / Program Summary

Appropriation / Program	Historical Data						Agency Request and Executive Recommendation							
	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
0710P59 Prgm Integrity & Utilization Rev	16,209,003	274	18,176,038	285	18,260,930	291	19,075,887	290	19,075,887	290	19,482,639	290	19,482,639	290
0710P60 Prescription Drug Program	363,555,738	0	426,240,216	0	434,734,994	0	530,707,792	0	530,707,792	0	640,924,372	0	640,924,372	0
0710P61 Long Term Care Program	604,505,018	0	651,632,455	0	688,742,765	0	725,655,727	0	725,655,727	0	786,536,436	0	786,536,436	0
0710P62 Hospital / Medical Services	1,727,985,237	0	1,956,189,898	0	2,047,742,612	0	2,223,516,802	0	2,216,186,108	0	2,569,566,906	0	2,561,596,242	0
0710P63 Tobacco Stlmnt Med Exp Prgrm	14,859,685	1	50,541,826	2	75,942,073	2	50,545,383	2	105,545,383	2	50,548,111	2	50,548,111	2
<b>Total</b>	<b>2,727,114,681</b>	<b>275</b>	<b>3,102,780,433</b>	<b>287</b>	<b>3,265,423,374</b>	<b>293</b>	<b>3,549,501,591</b>	<b>292</b>	<b>3,597,170,897</b>	<b>292</b>	<b>4,067,058,464</b>	<b>292</b>	<b>4,059,087,800</b>	<b>292</b>

Funding Sources		%		%		%		%		%		%	
General Revenue	4000010	462,954,178	17.0	537,780,362	17.3	581,155,761	17.1	557,316,669	16.9	697,600,374	18.7	669,982,640	18.2
Federal Revenue	4000020	2,111,633,899	77.4	2,300,314,547	74.1	2,515,064,786	74.2	2,441,427,809	74.1	2,770,503,360	74.2	2,736,873,786	74.2
Trust Fund	4000050	0	0.0	52,107,540	1.7	86,607,539	2.6	86,607,539	2.6	52,107,540	1.4	52,107,540	1.4
Child & Family Life Institute	4000135	2,100,000	0.1	2,100,000	0.1	0	0.0	0	0.0	0	0.0	0	0.0
Cigarette Tax	4000140	0	0.0	2,733,234	0.1	2,733,234	0.1	2,733,234	0.1	2,733,234	0.1	2,733,234	0.1
Drug Rebates	4000200	15,829,290	0.6	18,205,200	0.6	18,205,200	0.5	18,205,200	0.6	18,205,200	0.5	18,205,200	0.5
Quality Assurance Fee	4000395	43,070,758	1.6	62,262,727	2.0	54,568,783	1.6	54,568,783	1.7	58,088,470	1.6	58,088,470	1.6
Reimbursement	4000425	0	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0
Tobacco Settlement	4000495	3,246,747	0.1	12,800,185	0.4	12,800,185	0.4	12,800,185	0.4	12,800,185	0.3	12,800,185	0.3
Various Program Support	4000730	88,279,809	3.2	114,376,638	3.7	119,118,552	3.5	119,118,552	3.6	120,190,742	3.2	136,390,742	3.7
<b>Total Funds</b>		<b>2,727,114,681</b>	<b>100.0</b>	<b>3,102,780,433</b>	<b>100.0</b>	<b>3,390,354,040</b>	<b>100.0</b>	<b>3,292,877,971</b>	<b>100.0</b>	<b>3,732,329,105</b>	<b>100.0</b>	<b>3,687,281,797</b>	<b>100.0</b>
Excess Appropriation/(Funding)		0		0		159,147,551		304,292,926		334,729,359		371,806,003	
<b>Grand Total</b>		<b>2,727,114,681</b>		<b>3,102,780,433</b>		<b>3,549,501,591</b>		<b>3,597,170,897</b>		<b>4,067,058,464</b>		<b>4,059,087,800</b>	

## **Analysis of Budget Request**

**Appropriation / Program:** 0710P59 - Prgm Integrity & Utilization Rev

**Funding Sources:** PWP-Administration Paying

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

Beginning in the 2005-2007 biennium, the Division of Medical Services will be presented in a Performance Based Budget (PBB). The Program Integrity and Utilization Review Program consist of the state operations administration. The Program's primary responsibility is the management of the Arkansas Medicaid Program.

The Division consists of the Director's Office which includes the Office of Program Planning and Development and three (3) 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. 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 there is 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 the State. OLTC further provides investigations of resident and family complaints against the facility and includes allegations of abuse.

**Program and Administrative Support:** 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 unit 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.

Under the Agency Strategic Plan as indicated by the FY04 Year End Progress Report, the agency has met or exceeded four of the six key measures. Program savings including identification of overpayments and cost avoidance as a percentage of the costs of utilization review and TPL activities exceeded the annual target of 100%, reporting 192.86%. With respect to the measure for the percentage of LTC Facilities surveyed annually in accordance with regulations compared to total LTC facilities, the agency exceeded the annual target of 82%, reporting 91.27%. The agency reports meeting continued federal approval and only one audit finding repeated in subsequent audit below the annual target of zero.

The agency is funded through General Revenue (DEM - Medical Services Fund Account), Federal and Other revenues. Federal revenue is provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS). Other revenues which are indicated as Various Program Support are derived from Third Party Liability Recovery, Nurse Aide Training, 5% Administration Fees and Long Term Care Licensure Fees.

The agency Base Level request for this Program is \$18,689,180 in FY06 and \$19,091,131 in FY07. Base Level for this Program includes graduated salary increase of 3% to 1.5% each year over the FY05 salary levels, along with related Personal Services Matching costs for 285 Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total state match of \$320 per month.

The agency Change Level request for this Program is \$386,707 in FY06 and \$391,508 in FY07, with a General Revenue request of \$90,245 in FY06 and \$112,845 in FY07. The following delineates the agency request:

- One new Utilization Review Nurse position and one new Physical Therapy Supervisor position with salary and matching appropriation for the Utilization Review Section is being requested to ensure medically necessary services are being provided to Arkansas recipients in the most efficient and economical manner possible. The Utilization Review Nurse will be assigned to the suspended claims area of Utilization Review. The Physical Therapy Supervisor will be utilized by the durable Medical Equipment and Therapy Programs.

- Restoration of 6 positions, authorized in FY05 but not budgeted, with salary and matching appropriation. DMS requests reauthorization of these positions to allow for flexibility should funds become available.
- DMS request an Extraordinary Salary Increase to achieve salary equity for the DHS/DMS Assistant Deputy Director Long Term Care along with salary and matching appropriation. DMS request this salary increase so that all DHS/DMS Assistant Deputy Directors have equivalent salaries. The DHS/DMS Assistant Deputy Director Long Term Care has continued to see increases in the facility types regulated, complexity of existing programs and addition of programs such as the Criminal Background Check Program and increases in Nursing Home Waiver Programs.
- DMS request to transfer two (2) positions from the Division of Aging and Adult Services to the Office of Long Term Care with salary and matching appropriation. These positions will perform waiver medical necessity functions with the Office of Long Term Care. Additionally, DMS request to transfer five (5) positions from DMS to the Division of County Operations with salary and matching appropriation. These positions will enhance services to clients and move closer to one central location for residents to obtain consistent information concerning services that are available through the various DHS divisions.
- \$23,786 each year of the biennium for Operating Expenses due to the mileage rate increase.
- \$195,000 each year of the biennium for Capital Outlay. DMS requests to purchase fifteen (15) vehicles each year of the biennium. Ten (10) each year would be replacement vehicles and five (5) would be additional vehicles. DMS currently has twenty (20) vehicles with over 100,000 miles and being over five years old.

The Executive Recommendation provides for the Agency Request with no new General Revenue.

## Appropriation / Program Summary

**Appropriation / Program:** 0710P59

Program Integrity and Utilization Review

**Funding Sources:** PWP-Administration Paying

Program Description	Program Goals
<p>The Division of Medical Services primary responsibility is the management of the Arkansas Medicaid Program. The organizational units of the Division include: 1) Medical Services – This Office includes the Prescription Drug Program, Utilization Review, Medical Assistance and Field Audit.</p> <p>2) Long Term Care – The role of the Office of Long Term Care is to license and certify LTC facilities and staff in compliance with state and/or federal regulations and to perform complaint investigations and medical need determinations.</p> <p>3) Administrative Support Services – This Office is responsible for budgeting, expenditure monitoring &amp; evaluation, personnel management, contracts, managing the Medicaid Management Information System, institutional and non-institutional reimbursement, and Third Party Liability.</p> <p>4) Director's Office – This office is responsible for the short and long range planning for DMS programs, processing Medicaid State Plan amendments and policy development.</p>	<p>1 To provide program integrity, utilization review and support for the Division of Medical Services.</p>

Objective Code	Name	Description
74KC	Objective 1	To provide administrative services necessary to effectively carry out the State Medicaid Plan including planning, policy development and fiscal administration.
75KC	Objective 2	To provide quality and accurate DMS Management Information Systems platform, information technology, and support services to maximize system accessibility for DMS staff and providers.
76KC	Objective 3	To continue to implement Utilization Review and Field Audit Activities to insure compliance with federal and state regulations and policy, monitor the quality of services delivered, authorize necessary medical services, and identify possible fraud and abuse.
77KC	Objective 4	To ensure that the health and safety of the public is promoted and safeguarded through proper licensing, certification and oversight of Long-Term Care facilities.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	Number of Prior year audit findings repeated in subsequent audit.	0/1	0	0
1			Outcome	Consumer satisfaction rate per biannual survey	/N/A	NA	90%
1	X	X	Outcome	Continued Federal Approval	Yes/Yes	Yes	Yes

## Appropriation / Program Summary

Appropriation / Program: 0710P59

Program Integrity and Utilization Review

Funding Sources: PWP-Administration Paying

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	Program savings including identification of overpayments and cost avoidance as a percentage of the costs of utilization review and TPL activities.	100%/192.86%	100%	100%
1	X	X	Outcome	Percentage of agency key performance measures met.	90%/91.18%	90%	90%
1	X	X	Effort	Percentage of agency budget in the Program Integrity and Utilization Review Program compared to total agency budget.	4%/19% with contract & 4% w/o contracts/ 3.39%/16.69% with contract /4.15% w/o contract	4%	4%
1			Outcome	Number of days to enter all year-end closing entries into AASIS required for CAFR Report.		63 days	63 days
1			Outcome	Number of security and privacy policies promulgated by the State Executive Chief Information Officer implemented in required timeframe.		4	4
2			Outcome	Continued Federal Approval of the MMIS	Yes/Yes	Yes	Yes
2			Effort	Number of agency proprietary systems maintained by agency staff or maintained through contractual services.	1/1	1	1
2			Effort	Agency information technology budget as a percent of total agency budget.	55%/1.19%	1.2%	1.2%
3			Output	Recipient participation as a percentage of the total Medicaid program enrollees	81%/96.49%	81%	82%
3			Output	Percent of counties with Primary Care Physician (PCP) to provide services to enrollees.	100%/100%	100%	100%
3			Output	Percentage of prior approvals completed for program services requiring prior approval.	100%/100%	100%	100%

## Appropriation / Program Summary

**Appropriation / Program:** 0710P59

Program Integrity and Utilization Review

**Funding Sources:** PWP-Administration Paying

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
4	X	X	Output	Percentage of LTC Facilities Surveyed annually in accordance with regulations compared to total LTC facilities.	82%/91.27%	82%	83%
4	X	X	Output	Percentage of LTC Complaints Investigated within regulatory timeframes compared to total complaints	90%/45%	90%	91%

## Appropriation / Program Summary

Appropriation / Program: 0710P59 Prgm Integrity & Utilization Rev  
**Authorized Program Amount 18,260,930**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	9,838,191	11,051,454	11,395,633	11,519,845	11,519,845	11,731,423	11,859,648	11,859,648
<b>#Positions</b>		<b>274</b>	<b>285</b>	<b>285</b>	<b>290</b>	<b>290</b>	<b>285</b>	<b>290</b>	<b>290</b>
Extra Help	5010001	51,363	126,892	126,892	126,892	126,892	126,892	126,892	126,892
<b>#Extra Help</b>		<b>7</b>							
Personal Services Matching	5010003	2,806,784	3,182,843	3,351,806	3,395,515	3,395,515	3,417,967	3,462,464	3,462,464
Overtime	5010006	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	2,953,919	3,129,077	3,129,077	3,152,863	3,152,863	3,129,077	3,152,863	3,152,863
Travel-Conference Fees	5050009	131,074	235,840	235,840	235,840	235,840	235,840	235,840	235,840
Professional Fees and Services	5060010	291,836	355,132	355,132	355,132	355,132	355,132	355,132	355,132
Data Processing	5090012	0	0	89,800	89,800	89,800	89,800	89,800	89,800
Capital Outlay	5120011	16,814	0	0	195,000	195,000	0	195,000	195,000
Data Processing Services	5900044	119,022	89,800	0	0	0	0	0	0
<b>Total</b>		<b>16,209,003</b>	<b>18,176,038</b>	<b>18,689,180</b>	<b>19,075,887</b>	<b>19,075,887</b>	<b>19,091,131</b>	<b>19,482,639</b>	<b>19,482,639</b>

Funding Sources									
General Revenue	4000010	3,665,669	4,574,127	4,703,262	4,793,507	4,703,262	4,804,416	4,917,261	4,804,416
Federal Revenue	4000020	10,283,210	9,169,276	9,428,142	9,577,053	9,428,142	9,630,914	9,757,718	9,630,914
Various Program Support	4000730	2,260,124	4,432,635	4,557,776	4,557,776	4,557,776	4,655,801	4,655,801	4,655,801
<b>Total Funding</b>		<b>16,209,003</b>	<b>18,176,038</b>	<b>18,689,180</b>	<b>18,928,336</b>	<b>18,689,180</b>	<b>19,091,131</b>	<b>19,330,780</b>	<b>19,091,131</b>
Excess Appro/(Funding)		0	0	0	147,551	386,707	0	151,859	391,508
<b>Grand Total</b>		<b>16,209,003</b>	<b>18,176,038</b>	<b>18,689,180</b>	<b>19,075,887</b>	<b>19,075,887</b>	<b>19,091,131</b>	<b>19,482,639</b>	<b>19,482,639</b>

## Objective Summary

**Objective:** 74KC Program Integrity & Utilization Rev-Objective 1-Treasury

**Description:** To provide administrative services necessary to effectively carry out the State Medicaid Plan including planning, policy development and fiscal administration.

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,543,741	1,742,659	1,798,606	1,833,242	1,833,242	1,850,676	1,886,512	1,886,512
<b>#Positions</b>		<b>43</b>	<b>43</b>	<b>43</b>	<b>45</b>	<b>45</b>	<b>43</b>	<b>45</b>	<b>45</b>
Extra Help	5010001	10,950	18,130	18,130	18,130	18,130	18,130	18,130	18,130
<b>#Extra Help</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching	5010003	432,473	521,178	521,582	536,090	536,090	531,810	546,554	546,554
Overtime	5010006	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	936,140	1,088,881	1,088,881	1,088,881	1,088,881	1,088,881	1,088,881	1,088,881
Travel-Conference Fees	5050009	23,796	41,571	41,571	41,571	41,571	41,571	41,571	41,571
Professional Fees and Services	5060010	287,789	333,892	333,892	333,892	333,892	333,892	333,892	333,892
Data Processing	5090012	0	0	89,800	89,800	89,800	89,800	89,800	89,800
Data Processing Services	5900044	119,022	89,800	0	0	0	0	0	0
Objective Total		3,353,911	3,841,111	3,897,462	3,946,606	3,946,606	3,959,760	4,010,340	4,010,340

## **Objective Summary**

**Objective:** 75KC Program Integrity & Utilization Rev-Objective 2-Treasury

**Description:** To provide quality and accurate DMS Management Information Systems platform, information technology, and support services to maximize system accessibility for DMS staff and providers.

### **Historical Data**

### **Agency Request and Executive Recommendation**

<b>Commitment Item</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>			<b>2006-2007</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>
Regular Salaries 5010000	229,482	296,878	306,413	323,731	323,731	315,601	333,519	333,519
<b>#Positions</b>	<b>6</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>9</b>
Personal Services Matching 5010003	71,355	85,644	91,114	98,368	98,368	92,927	100,299	100,299
Operating Expenses 5020002	113,824	8,127	8,127	8,127	8,127	8,127	8,127	8,127
Objective Total	414,661	390,649	405,654	430,226	430,226	416,655	441,945	441,945

## **Objective Summary**

**Objective:** 76KC Program Integrity & Utilization Rev-Objective 3-Treasury

**Description:** To continue to implement Utilization Review and Field Audit Activities to insure compliance with federal and state regulations and policy, monitor the quality of services delivered, authorize necessary medical services, and identify possible fraud and abuse.

### **Historical Data**

### **Agency Request and Executive Recommendation**

<b>Commitment Item</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>			<b>2006-2007</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>
Regular Salaries 5010000	2,448,888	2,889,257	2,977,461	2,929,477	2,929,477	3,065,863	3,016,264	3,016,264
<b>#Positions</b>	<b>79</b>	<b>86</b>	<b>86</b>	<b>83</b>	<b>83</b>	<b>86</b>	<b>83</b>	<b>83</b>
Extra Help 5010001	40,413	90,635	90,635	90,635	90,635	90,635	90,635	90,635
<b>#Extra Help</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Personal Services Matching 5010003	745,564	868,015	924,908	903,955	903,955	942,336	921,063	921,063
Operating Expenses 5020002	360,166	361,352	361,352	361,352	361,352	361,352	361,352	361,352
Travel-Conference Fees 5050009	15,737	25,555	25,555	25,555	25,555	25,555	25,555	25,555
Professional Fees and Services 5060010	1,929	21,240	21,240	21,240	21,240	21,240	21,240	21,240
<b>Objective Total</b>	<b>3,612,697</b>	<b>4,256,054</b>	<b>4,401,151</b>	<b>4,332,214</b>	<b>4,332,214</b>	<b>4,506,981</b>	<b>4,436,109</b>	<b>4,436,109</b>

## Objective Summary

**Objective:** 77KC Program Integrity & Utilization Rev-Objective 4-Treasury

**Description:** To ensure that the health and safety of the public is promoted and safeguarded through proper licensing, certification and oversight of Long-Term Care facilities.

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	5,616,080	6,122,660	6,313,153	6,433,395	6,433,395	6,499,283	6,623,353	6,623,353
<b>#Positions</b>		<b>146</b>	<b>148</b>	<b>148</b>	<b>153</b>	<b>153</b>	<b>148</b>	<b>153</b>	<b>153</b>
Extra Help	5010001	0	18,127	18,127	18,127	18,127	18,127	18,127	18,127
<b>#Extra Help</b>		<b>0</b>	<b>1</b>						
Personal Services Matching	5010003	1,557,392	1,708,006	1,814,202	1,857,102	1,857,102	1,850,894	1,894,548	1,894,548
Operating Expenses	5020002	1,543,789	1,670,717	1,670,717	1,694,503	1,694,503	1,670,717	1,694,503	1,694,503
Travel-Conference Fees	5050009	91,541	168,714	168,714	168,714	168,714	168,714	168,714	168,714
Professional Fees and Services	5060010	2,118	0	0	0	0	0	0	0
Capital Outlay	5120011	16,814	0	0	195,000	195,000	0	195,000	195,000
Objective Total		8,827,734	9,688,224	9,984,913	10,366,841	10,366,841	10,207,735	10,594,245	10,594,245

## **Analysis of Budget Request**

**Appropriation / Program:** 0710P60 - Prescription Drug Program

**Funding Sources:** PWD-Grants Paying

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

The Prescription Drug Program Performance Based Budget consists of the following:

- regular Prescription Drugs appropriation with associated contracts
- prescription drugs share of the ArKids B appropriation
- Prescription Drug Waiver for the Elderly appropriation

Under the Agency Strategic Plan as indicated by the FY04 Year End Progress Report, the agency has met or exceeded two of the three key measures. Percentage of Drug Rebates compared to total prescription drug expenditures exceeded the annual target of 17%, reporting 20.48%. The agency reports meeting the percentage of recipients receiving medically necessary prescriptions with only the percentage of prescription drugs filled with generic drugs falling below the target of 48%.

Funding for this program is derived from General Revenues (DGF - DHS Grants Fund Account), Federal Title XIX-Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) and Other revenues which consist of Drug Rebates and the Additional Tax on Cigarettes pursuant to Act 1698 of 2001.

The agency Base Level request for this Program is \$426,240,216 each year of the biennium with General Revenue of \$86,493,956.

The agency Change Level request for this Program is \$104,467,576 in FY06 and \$214,684,156 in FY07 with General Revenue request of \$22,103,057 in FY06 and \$44,961,434 in FY07. The following delineates the agency request:

- \$87,467,576 in FY2006 and \$177,924,156 in FY07 which will restore Base Level and provide for growth rates of 18% in FY06 and FY07.
- \$17,000,000 in FY06 and \$36,760,000 in FY07 in Unfunded Appropriation to allow for flexibility.

The Executive Recommendation provides for the Agency Request for appropriation. Also, additional General Revenue is provided for in the amount of \$12,812,356 in FY06 and \$31,103,455 in FY07. \$4,567,278 in FY07, as indicated by the funding source Various Program Support, is allocated from the DHS Federal Reimbursement/Other Holding Fund to offset the agency General Revenue request. An additional offset of \$9,290,701 each year of the biennium of the agency General Revenue request is recommended. This is based on the Arkansas Medicaid State Plan Transmittal #2004-004 for Evidence Based Drug Provisions which provided for savings from this State Plan Transmittal.

## Appropriation / Program Summary

**Appropriation / Program:** 0710P60 Prescription Drugs

**Funding Sources:** PWD-Grants Paying

Program Description	Program Goals	
The Prescription Drug Program is an optional Medicaid Benefit. The program allows eligible recipients to obtain prescription medication through participating pharmacies in Arkansas.	1	To provide quality health care services to enrolled participants in DMS programs and to increase awareness and improve access to DMS services.

Objective Code	Name	Description
80KC	Objective 1	To provide eligible recipients in the prescription Drug Program with necessary prescriptions while assuring improved pharmaceutical cost controls measures.
81KC	Objective 2	To provide eligible recipients in the ARKids First Program with necessary prescriptions while assuring improved pharmaceutical cost controls measures.
82KC	Objective 3	To provide eligible recipients under the prescription drug waiver for the elderly with necessary prescriptions while assuring improved pharmaceutical cost controls measures.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Output	Percentage of Recipients receiving medically necessary prescriptions.	100%/100%	100%	100%
1	X	X	Outcome	Percentage of Drug Rebates compared to total prescription drug expenditures	17%/20.48%	18%	19%
1	X	X	Outcome	Percentage of prescription drugs filled with generic drugs.	48%/45.11%	49%	50%
2	X	X	Output	Percentage of Recipients receiving medically necessary prescriptions.	100%/100%	100%	100%
2	X	X	Outcome	Percentage of Drug Rebates compared to total prescription drug expenditures	17%/20.48%	18%	19%
2	X	X	Outcome	Percentage of prescription drugs filled with generic drugs.	48%/34.99%	49%	50%
3	X	X	Output	Percentage of Recipients receiving medically necessary prescriptions	100%/Not Implemented	100%	100%
3	X	X	Outcome	Percentage of Drug Rebates compared to total prescription drug expenditures	17%/Not Implemented	18%	19%
3	X	X	Outcome	Percentage of prescription drugs filled with generic drugs.	48%/Not Implemented	49%	50%

## Appropriation / Program Summary

**Appropriation / Program:** 0710P60 Prescription Drug Program

**Authorized Program Amount** **434,734,994**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	363,555,738	426,240,216	426,240,216	530,707,792	530,707,792	426,240,216	640,924,372	640,924,372
Total		363,555,738	426,240,216	426,240,216	530,707,792	530,707,792	426,240,216	640,924,372	640,924,372

Funding Sources									
General Revenue	4000010	64,139,532	86,493,956	86,493,956	108,597,013	99,306,312	86,493,956	131,455,390	117,597,411
Federal Revenue	4000020	283,586,916	318,807,826	318,807,826	384,172,345	356,626,051	318,807,826	451,770,548	424,224,254
Cigarette Tax	4000140	0	2,733,234	2,733,234	2,733,234	2,733,234	2,733,234	2,733,234	2,733,234
Drug Rebates	4000200	15,829,290	18,205,200	18,205,200	18,205,200	18,205,200	18,205,200	18,205,200	18,205,200
Various Program Support	4000730	0	0	0	0	0	0	0	4,567,278
Total Funding		363,555,738	426,240,216	426,240,216	513,707,792	476,870,797	426,240,216	604,164,372	567,327,377
Excess Appro/(Funding)		0	0	0	17,000,000	53,836,995	0	36,760,000	73,596,995
Grand Total		363,555,738	426,240,216	426,240,216	530,707,792	530,707,792	426,240,216	640,924,372	640,924,372

**Objective Summary**

**Objective:** 80KC Prescription Drug Program-Objective 1-Treasury

**Description:** To provide eligible recipients in the prescription Drug Program with necessary prescriptions while assuring improved pharmaceutical cost controls measures.

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	351,196,609	399,753,505	399,753,505	499,394,825	499,394,825	399,753,505	603,916,423	603,916,423
Objective Total	351,196,609	399,753,505	399,753,505	499,394,825	499,394,825	399,753,505	603,916,423	603,916,423

## **Objective Summary**

**Objective:** 81KC Prescription Drug Program-Objective 2-Treasury

**Description:** To provide eligible recipients in the ARKids First Program with necessary prescriptions while assuring improved pharmaceutical cost controls measures.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	12,359,129	15,701,424	15,701,424	20,527,680	20,527,680	15,701,424	26,222,662	26,222,662
Objective Total	12,359,129	15,701,424	15,701,424	20,527,680	20,527,680	15,701,424	26,222,662	26,222,662

**Objective Summary**

**Objective:** 82KC Prescription Drug Program-Objective 3-Treasury

**Description:** To provide eligible recipients under the prescription drug waiver for the elderly with necessary prescriptions while assuring improved pharmaceutical cost controls measures.

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	10,785,287	10,785,287	10,785,287	10,785,287	10,785,287	10,785,287	10,785,287
Objective Total	0	10,785,287	10,785,287	10,785,287	10,785,287	10,785,287	10,785,287	10,785,287

## **Analysis of Budget Request**

**Appropriation / Program:** 0710P61 - Long Term Care Program

**Funding Sources:** PWE&PWD-Grants Paying; TLT-Long Term Care Trust Fund;  
DLT-Long Term Care Facility Receivership Fund Account

The Long Term Care Program Performance Based Budget consists of the following:

- Public Nursing Home Care appropriation
- Infant Infirmary appropriation
- Private Nursing Home Care appropriation
- Nursing Home Closure Costs appropriation
- Long Term Care Facility Receivership appropriation

The Public Nursing Home Care includes Title XIX Medicaid reimbursement for services provided in the six (6) Human Development Centers (Intermediate Care Facilities for the Mentally Retarded-ICFs/MR), the Arkansas Health Center and the thirty (30) 15 Bed or Less (ICFs/MR) programs across the State. Services include 24 hour a day residential, medical, psychological, education and training, life skills training and therapy services needed through staffing and case plan determination. Annual staffing is required to reassess the progress of each individual and adjustments are made in case plans when necessary to help each person attain the goals and objectives established in the case plans. Funding for this Program is derived from General Revenues (DGF - DHS Grants Fund Account), Federal and Other revenues. Federal revenue is provided through Title XIX-Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as Various Program Support are derived from Matching Funds provided by the DHS Division of Developmental Disabilities Services and Division of Behavioral Health Services. The matching funds support the Human Development Centers, the DDS Small 10 Beds Intermediate Care Facilities for the Mentally Retarded (ICFs/MR), and the Arkansas Health Center.

The Infant Infirmary Nursing Home 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 (DGF - DHS Grants Fund Account) and Federal Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

The Private Nursing Home Care pays expenses for individuals who reside in nursing homes and are eligible to receive Medicaid Benefits. The residents in nursing home facilities have chronic, medical needs. The referring physician must certify medical need with documented evidence of why services are needed in order for a person to be to admitted and remain in a nursing home. Funding for this Program is derived from General Revenues (DGF - DHS Grants Fund Account), Federal Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services and Other Funds derived from the Quality Assurance Fee pursuant Act 635 of 2001.

Nursing Home Closure Costs 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 the agency. Expenses are payable from the Long-Term Care Trust Fund. There were no expenditures in FY04.

As provided in Arkansas Code Annotated §20-10-916 the Long Term Care Facility Receivership is authorized 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 is from reimbursement for services provided by the agency. Expenses are payable from the Long Term Care Facility Receivership Fund Account. There were no expenditures in FY04.

Under the Agency Strategic Plan as indicated by the FY04 Year End Progress Report, the agency has met or exceeded two of the six key measures. The Average Monthly recipient Caseload for Public Nursing Homes, Private Nursing Homes and ICF/MR, the agency provided unduplicated count not average monthly and the annual target was exceeded in ICF/MR. Average Monthly cost per Medicaid eligible client for Public Nursing Homes, Private Nursing Homes and ICF/MR with the agency exceeding the annual target in Public Nursing Home. All annual targets that the agency fell below were not by a significance amount.

The agency Base Level request for this Program is \$651,632,455 each year of the biennium with General Revenue of \$70,348,598.

The agency Change Level request for this program is \$74,023,272 in FY06 and \$134,903,981 in FY07 with General Revenue request of \$20,345,052 in FY06 and \$27,476,085 in FY07. The following delineates the agency request:

- \$60,023,272 in FY06 and \$106,025,981 in FY07 which will restore Base Level and provide for growth rates of 10% in FY06 and 7.62% in FY07 for Private Nursing Home and for all other facility types growth rates of 2.8% in FY06 and 2.9% in FY07.
- \$14,000,000 in FY06 and \$28,878,000 in FY07 in Unfunded Appropriation to allow for flexibility.

The Executive Recommendation provides for the Agency Request for appropriation. There are two components of additional General Revenue to the Executive Recommendation. The first component is \$32,316 in FY06 and \$18,122,506 in FY07 in new General Revenue. The second component is the \$6,562,500 each year of the biennium moved from the Division of County Operations, Transitional Employment Assistance Program.

Further included in the Executive Recommendation: \$2,791,079 in FY07, as indicated by the funding source Various Program Support, is allocated from the DHS Federal Reimbursement/Other Holding Fund to offset the agency General Revenue request. And, an additional offset of \$13,750,236 in FY06 of the agency General Revenue request will conform with Section 8 of Initiated Act 1 of 2000 which provides for the FY04 carry forward Tobacco Settlement Fund balance into a new biennium.

## Appropriation / Program Summary

**Appropriation / Program:** 0710P61 Long Term Care

**Funding Sources:** PWE&PWD-Grants Paying; TLT-Long Term Care Trust Fund; DLT-Long Term Care Facility Receivership Fund Account

Program Description	Program Goals	
Private Nursing Home, Public Nursing Home, Intermediate Care Facilities for the Mentally Retarded and Infant Infirmaries.	1	To provide quality health care services to enrolled participants in DMS programs and to increase awareness and improve access to DMS services.

Objective Code	Name	Description
85KC	Objective 1	To provide appropriate Medicaid reimbursement for residents of Public Nursing Home facilities (state facilities).
86KC	Objective 2	To provide appropriate Medicaid reimbursement for residents of Private Nursing Home facilities.
87KC	Objective 3	To provide appropriate Medicaid reimbursement for residents of Intermediate Care Facilities for The Mentally Retarded and Infant Infirmaries.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Output	Average Monthly recipient Caseload - Public Nursing Homes	1,660/1,520	1,660	1,660
1	X	X	Efficiency	Average Monthly cost per Medicaid eligible client - Public Nursing Homes	\$6,122/ \$6,729	\$6,482	\$6,670
2	X	X	Output	Average Monthly recipient Caseload - Private Nursing Homes	20,036/ 19,432	20,262	20,376
2	X	X	Efficiency	Average Monthly cost per Medicaid eligible client - Private Nursing Homes	\$1,919/ \$1,907	\$2,102	\$2,190
3	X	X	Output	Average Monthly recipient Caseload - ICF/MR	575/588	575	575
3	X	X	Efficiency	Average Monthly cost per Medicaid eligible client - ICF/MR	\$5,053/ \$4,986	\$5,351	\$5,506

## Appropriation / Program Summary

Appropriation / Program: 0710P61 Long Term Care Program

Authorized Program Amount **688,742,765**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	604,505,018	651,482,455	651,632,455	725,655,727	725,655,727	651,632,455	786,536,436	786,536,436
Expenses	5900046	0	150,000	0	0	0	0	0	0
Total		604,505,018	651,632,455	651,632,455	725,655,727	725,655,727	651,632,455	786,536,436	786,536,436

Funding Sources									
General Revenue	4000010	60,550,774	70,348,598	70,348,598	90,693,650	76,943,414	70,348,598	97,824,683	95,033,604
Federal Revenue	4000020	472,747,220	486,345,986	486,345,986	531,201,377	491,882,389	486,345,986	565,579,201	565,579,201
Trust Fund	4000050	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Quality Assurance Fee	4000395	43,070,758	62,262,727	62,262,727	54,568,783	54,568,783	62,262,727	58,088,470	58,088,470
Reimbursement	4000425	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Various Program Support	4000730	28,136,266	32,525,144	32,525,144	35,041,917	35,041,917	32,525,144	36,016,082	38,807,161
Total Funding		604,505,018	651,632,455	651,632,455	711,655,727	658,586,503	651,632,455	757,658,436	757,658,436
Excess Appro/(Funding)		0	0	0	14,000,000	67,069,224	0	28,878,000	28,878,000
Grand Total		604,505,018	651,632,455	651,632,455	725,655,727	725,655,727	651,632,455	786,536,436	786,536,436

**Objective Summary**

**Objective:** 85KC Long Term Care Program-Objective 1-Treasury

**Description:** To provide appropriate Medicaid reimbursement for residents of Public Nursing Home facilities (state facilities).

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	139,838,231	122,972,289	122,972,289	135,931,816	135,931,816	122,972,289	142,873,839	142,873,839
Objective Total	139,838,231	122,972,289	122,972,289	135,931,816	135,931,816	122,972,289	142,873,839	142,873,839

**Objective Summary**

**Objective:** 86KC Long Term Care Program-Objective 2-Treasury

**Description:** To provide appropriate Medicaid reimbursement for residents of Private Nursing Home facilities.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	446,594,972	492,824,126	492,974,126	552,038,013	552,038,013	492,974,126	603,883,137	603,883,137
Expenses 5900046	0	150,000	0	0	0	0	0	0
Objective Total	446,594,972	492,974,126	492,974,126	552,038,013	552,038,013	492,974,126	603,883,137	603,883,137

**Objective Summary**

**Objective:** 87KC Long Term Care Program-Objective 3-Treasury

**Description:** To provide appropriate Medicaid reimbursement for residents of Intermediate Care Facilities for The Mentally Retarded and Infant Infirmaries.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	18,071,815	35,686,040	35,686,040	37,685,898	37,685,898	35,686,040	39,779,460	39,779,460
Objective Total	18,071,815	35,686,040	35,686,040	37,685,898	37,685,898	35,686,040	39,779,460	39,779,460

## **Analysis of Budget Request**

**Appropriation / Program:** 0710P62 - Hospital / Medical Services

**Funding Sources:** PWD,PWE&PWI-Grants Paying

The Hospital/Medical Services Program Performance Based Budget consists of the following:

- regular Hospital and Medical Services appropriation with associated contracts
- hospital/medical share of the ArKids B appropriation
- Child and Family Life Institute appropriation
- Employer Sponsored Insurance appropriation

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. These services include inpatient and outpatient hospital, community mental health centers, community health centers, rural health clinics, home health, private duty nursing, personal care, hospice, practitioners such as physicians, dentists, audiologist, psychologist, speech, occupational and physical therapists, maternity clinics, family planning, laboratory and x-ray services, case management, transportation, and Early and Periodic Screening, Diagnosis and Treatment (EPSDT) for children under 21 years of age, which is the Child Health Services Program. Waiver services are also included in this appropriation. Waiver services are those that the Centers for Medicare and Medicaid Services (CMS) 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, ArKidsFirst and Adults with Physical Disabilities. Payments are made directly to providers for services for individuals who are eligible for Medicaid services. The State establishes reimbursement rates and the methodology for rate setting. However, the Centers for Medicare and Medicaid Services must approve the State's policies and regulations in order for the State to be in compliance with guidelines established in Federal law.

The ArKids B Program provides medical services for children who are without medical insurance coverage. Many of the parents of these children are employed but are unable to afford the necessary coverage for their children. The parents earn sufficient salaries that make them ineligible for coverage by Medicaid, thereby leaving the children without medical care. ArKids B Program is authorized through a federal waiver to the Medicaid Program that expands coverage to children in families with income at or below 200 percent of the federal poverty level. Services are available only to children through 18 years of age and are otherwise ineligible to receive Medicaid benefits. Each child must have a Primary Care Physician who will either provide the needed services or make the appropriate referral for medically necessary treatment. A patient co-payment is required per physician visit. Generally, benefits include such programs as inpatient hospital, physician visits, vision care (1 visit per year for routine exam), dental services (2 visits per year 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.

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, which 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.

Under the Agency Strategic Plan as indicated by the FY04 Year End Progress Report, the agency has met or exceeded four of the five key measures. The agency fully met the target for the Percentage of Medicaid eligible participants enrolled in the Arkansas ConnectCare Managed Care Program, Continued access to the ConnectCare primary care network of 1800 providers enrolled in the Medicaid Program, and the target for the Percentage of rates set according to the reimbursement methodology in the federally approved Medicaid State Plan. The agency exceeded the annual target of 88% for the Percent of ARKids First B and SCHIP Program Eligibles receiving Services, reporting at 89.5%. Recipients served by Home and Community Based Waivers fell below the annual target of 13,824, which was reported by the agency at 12,832.

The agency is funded through General Revenue (DGF - DHS Grants Fund Account), Federal and Other revenues. Federal revenue is provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS). Other revenues which are indicated as Various Program Support and Trust Fund are derived from Medicaid Matching funds from DHS Divisions for Therapies, Transportation, Waiver services, Arkansas Advocates for Children & Families, UPL-Upper Payment Limit match, UAMS, Department of Health, Department of Education, Arkansas Children's Hospital and the Medicaid Trust Fund.

The agency Base Level request for this Program is \$1,956,189,898 each year of the biennium with General Revenue of \$376,363,681.

The agency Change Level request for this Program is \$267,326,904 in FY06 and \$613,377,008 in FY07 with General Revenue request of \$707,910 in FY06 and \$87,039,359 in FY07. The following delineates the agency request:

- \$147,495,970 in FY06 and \$340,195,834 in FY07 which will restore Base Level and provide for growth rates of 6.77% in FY06 and 10.14% in FY07.
- \$7,330,694 in FY06 and \$7,970,664 in FY07 for an increase in dental rates to 80% of Delta

Dental and allow two (2) teeth cleanings per year. Additionally, the agency request is to expand nutrition services currently offered to CHMS providers to the general population of eligible children.

- A reduction of (\$15,499,760) in FY06 and (\$3,728,990) in FY07 for Outpatient Hospital Base Level due to HIPAA prior year claims being included in Base Level.
- \$128,000,000 in FY06 and \$268,939,500 in FY07 in unfunded appropriation to allow for flexibility.

The Executive Recommendation provides for the Agency Request for appropriation with the exceptions of the Dental Rate Increase and the CHMS Nutrition Services Expansion to all children. Also, additional General Revenue is provided for in the amount of \$76,183,528 in FY07. \$8,841,643 in FY07, as indicated by the funding source Various Program Support, is allocated from the DHS Federal Reimbursement/Other Holding Fund to offset the agency General Revenue request.

## Appropriation / Program Summary

**Appropriation / Program:** 0710P62 Hospital/Medical Services

**Funding Sources:** PWD,PWE&PWI-Grants Paying

Program Description	Program Goals
Hospital/Medical Services program 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 and several optional waiver services.	1 To provide quality health care services to enrolled participants in DMS programs and to increase awareness and improve access to DMS services.

Objective Code	Name	Description
90KC	Objective 1	To improve access to Inpatient Hospital services for Arkansas Medicaid eligibles and to continue to explore, develop and evaluate options for providing health care in the least restrictive environment.
91KC	Objective 2	To improve access to Mental Health services for Arkansas Medicaid eligibles and to continue to explore, develop and evaluate options for providing health care in the least restrictive environment.
92KC	Objective 3	To improve access to Outpatient Hospital services for Arkansas Medicaid eligibles and to continue to explore, develop and evaluate options for providing health care in the least restrictive environment.
93KC	Objective 4	To improve access to Other Care Services for Arkansas Medicaid eligibles and to continue to explore, develop and evaluate options for providing health care in the least restrictive environment.
94KC	Objective 5	To improve access to Waiver services for Arkansas Medicaid eligibles and to continue to explore, develop and evaluate options for providing health care in the least restrictive environment.
95KC	Objective 6	To provide eligible recipients in the ARKids First B and SCHIP Program with access to health care services and to continue to explore, develop and evaluate options for providing health care in the least restrictive environment.
96KC	Objective 7	To provide necessary contract services to ensure quality Medicaid program services are accessible to Arkansas Residents.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	Percentage of Medicaid eligible participants enrolled in the Arkansas ConnectCare Managed Care Program	100%/100%	100%	100%
1			Outcome	Participation as a percentage of program budget	100%/99.65%	100%	100%

## Appropriation / Program Summary

**Appropriation / Program:** 0710P62 Hospital/Medical Services

**Funding Sources:** PWD,PWE&PWI-Grants Paying

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Outcome	Continued access to the ConnectCare primary care network of 1800 providers enrolled in the Medicaid Program	100%/100%	100%	100%
1	X	X	Output	Percentage of rates set according to the reimbursement methodology in the federally approved Medicaid State Plan	100%/100%	100%	100%
1			Output	Percent of Program Eligibles receiving Inpatient Hospital Services	16%/14.09%	16%	16%
1			Outcome	Continued federal state plan approval.	Yes/Yes	NA	NA
2			Outcome	Continued federal state plan approval	Yes/Yes	NA	NA
2			Output	Percent of Program Eligibles receiving Mental Health Services	12.40%/7.01%	13.25%	13.5%
2	X	X	Outcome	Percentage of Medicaid eligible participants enrolled in the Arkansas ConnectCare Managed Care Program	100%/100%	100%	100%
2			Outcome	Participation as a percentage of program budget	100%/99.65%	100%	100%
2	X	X	Outcome	Continued access to the ConnectCare primary care network of 1800 providers enrolled in the Medicaid Program	100%/100%	100%	100%
2	X	X	Output	Percentage of rates set according to the reimbursement methodology in the federally approved Medicaid State Plan	100%/100%	100%	100%
3			Output	Percent of Program Eligibles receiving Outpatient Hospital Services	38.20%/35.68%	39%	39.5%
3	X	X	Outcome	Percentage of Medicaid eligible participants enrolled in the Arkansas ConnectCare Managed Care Program	100%/100%	100%	100%
3			Outcome	Participation as a percentage of program budget	100%/99.65%	100%	100%

## Appropriation / Program Summary

**Appropriation / Program:** 0710P62 Hospital/Medical Services

**Funding Sources:** PWD,PWE&PWI-Grants Paying

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
3	X	X	Outcome	Continued access to the ConnectCare primary care network of 1800 providers enrolled in the Medicaid Program	100%/100%	100%	100%
3	X	X	Output	Percentage of rates set according to the reimbursement methodology in the federally approved Medicaid State Plan	100%/100%	100%	100%
3			Outcome	Continued federal state plan approval	Yes/Yes	NA	NA
4			Outcome	Continued federal state plan approval	Yes/Yes	NA	NA
4			Output	Percent of Program Eligibles receiving Other Care Services	74%/87.86%	74%	74%
4	X	X	Outcome	Percentage of Medicaid eligible participants enrolled in the Arkansas ConnectCare Managed Care Program	100%/100%	100%	100%
4			Outcome	Participation as a percentage of program budget	100%/99.65%	100%	100%
4	X	X	Outcome	Continued access to the ConnectCare primary care network of 1800 providers enrolled in the Medicaid Program	100%/100%	100%	100%
4	X	X	Output	Percentage of rates set according to the reimbursement methodology in the federally approved Medicaid State Plan	100%/100%	100%	100%
5	X	X	Outcome	Percentage of Medicaid eligible participants enrolled in the Arkansas ConnectCare Managed Care Program	100%/100%	100%	100%
5			Outcome	Participation as a percentage of program budget	100%/99.65%	100%	100%
5	X	X	Outcome	Continued access to the ConnectCare primary care network of 1800 providers enrolled in the Medicaid Program	100%/100%	100%	100%

## Appropriation / Program Summary

**Appropriation / Program:** 0710P62 Hospital/Medical Services

**Funding Sources:** PWD,PWE&PWI-Grants Paying

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
5	X	X	Output	Percentage of rates set according to the reimbursement methodology in the federally approved Medicaid State Plan	100%/100%	100%	100%
5	X	X	Output	Recipients served by Home and Community Based Waivers	13,824/ 12,832	15,131	15,884
5			Outcome	Continued federal state plan approval	Yes/Yes	NA	NA
6			Outcome	Continued federal state plan approval	Yes/Yes	NA	NA
6	X	X	Outcome	Percentage of Medicaid eligible participants enrolled in the Arkansas ConnectCare Managed Care Program	100%/100%	100%	100%
6			Outcome	Participation as a percentage of program budget	100%/96.89%	100%	100%
6	X	X	Outcome	Continued access to the ConnectCare primary care network of 1800 providers enrolled in the Medicaid Program	100%/100%	100%	100%
6	X	X	Output	Percentage of rates set according to the reimbursement methodology in the federally approved Medicaid State Plan	100%/100%	100%	100%
6	X	X	Output	Percent of ARKids First B and SCHIP Program Eligibles receiving Services	88%/89.50%	88%	88%
7			Effort	Percentage of agency budget in Hosp/Med Contracts compared to total agency budget for Hosp/Med program.		3.7%	3.7%
7			Output	Percentage of prior approvals completed for program services requiring prior approval.		100%	100%

## Appropriation / Program Summary

**Appropriation / Program:** 0710P62 Hospital / Medical Services

**Authorized Program Amount** **2,047,742,612**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	5100004	1,727,985,237	1,956,189,898	1,956,189,898	2,223,516,802	2,216,186,108	1,956,189,898	2,569,566,906	2,561,596,242
Total		1,727,985,237	1,956,189,898	1,956,189,898	2,223,516,802	2,216,186,108	1,956,189,898	2,569,566,906	2,561,596,242

Funding Sources									
General Revenue	4000010	334,598,203	376,363,681	376,363,681	377,071,591	376,363,681	376,363,681	463,403,040	452,547,209
Federal Revenue	4000020	1,333,403,615	1,448,249,818	1,448,249,818	1,552,368,813	1,545,746,029	1,448,249,818	1,705,647,967	1,699,691,491
Trust Fund	4000050	0	52,057,540	52,057,540	86,557,539	86,557,539	52,057,540	52,057,540	52,057,540
Child & Family Life Institute	4000135	2,100,000	2,100,000	0	0	0	0	0	0
Various Program Support	4000730	57,883,419	77,418,859	79,518,859	79,518,859	79,518,859	79,518,859	79,518,859	88,360,502
Total Funding		1,727,985,237	1,956,189,898	1,956,189,898	2,095,516,802	2,088,186,108	1,956,189,898	2,300,627,406	2,292,656,742
Excess Appro/(Funding)		0	0	0	128,000,000	128,000,000	0	268,939,500	268,939,500
Grand Total		1,727,985,237	1,956,189,898	1,956,189,898	2,223,516,802	2,216,186,108	1,956,189,898	2,569,566,906	2,561,596,242

**Objective Summary**

**Objective:** 90KC Hospital / Medical Services-Objective 1-Treasury

**Description:** To improve access to Inpatient Hospital services for Arkansas Medicaid eligibles and to continue to explore, develop and evaluate options for providing health care in the least restrictive environment.

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	1,636,343,690	599,178,522	599,178,522	674,032,345	674,032,345	599,178,522	791,272,531	791,272,531
Objective Total	1,636,343,690	599,178,522	599,178,522	674,032,345	674,032,345	599,178,522	791,272,531	791,272,531

**Objective Summary**

**Objective:** 91KC Hospital / Medical Services-Objective 2-Treasury

**Description:** To improve access to Mental Health services for Arkansas Medicaid eligibles and to continue to explore, develop and evaluate options for providing health care in the least restrictive environment.

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	152,835,694	152,835,694	181,175,977	181,175,977	152,835,694	212,917,095	212,917,095
Objective Total	0	152,835,694	152,835,694	181,175,977	181,175,977	152,835,694	212,917,095	212,917,095

## **Objective Summary**

**Objective:** 92KC Hospital / Medical Services-Objective 3-Treasury

**Description:** To improve access to Outpatient Hospital services for Arkansas Medicaid eligibles and to continue to explore, develop and evaluate options for providing health care in the least restrictive environment.

### **Historical Data**

### **Agency Request and Executive Recommendation**

<b>Commitment Item</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>			<b>2006-2007</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>
Grants and Aid 5100004	0	157,778,846	157,778,846	172,279,086	172,279,086	157,778,846	216,821,856	216,821,856
Objective Total	0	157,778,846	157,778,846	172,279,086	172,279,086	157,778,846	216,821,856	216,821,856

**Objective Summary**

**Objective:** 93KC Hospital / Medical Services-Objective 4-Treasury

**Description:** To improve access to Other Care Services for Arkansas Medicaid eligibles and to continue to explore, develop and evaluate options for providing health care in the least restrictive environment.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	802,072,655	802,072,655	918,164,135	910,833,441	802,072,655	1,037,177,269	1,029,206,605
Objective Total	0	802,072,655	802,072,655	918,164,135	910,833,441	802,072,655	1,037,177,269	1,029,206,605

**Objective Summary**

**Objective:** 94KC Hospital / Medical Services-Objective 5-Treasury

**Description:** To improve access to Waiver services for Arkansas Medicaid eligibles and to continue to explore, develop and evaluate options for providing health care in the least restrictive environment.

**Historical Data**

**Agency Request and Executive Recommendation**

Commitment Item	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	137,278,458	137,278,458	160,777,842	160,777,842	137,278,458	186,608,115	186,608,115
Objective Total	0	137,278,458	137,278,458	160,777,842	160,777,842	137,278,458	186,608,115	186,608,115

## **Objective Summary**

**Objective:** 95KC Hospital / Medical Services-Objective 6-Treasury

**Description:** To provide eligible recipients in the ARKids First B and SCHIP Program with access to health care services and to continue to explore, develop and evaluate options for providing health care in the least restrictive environment.

### **Historical Data**

### **Agency Request and Executive Recommendation**

<b>Commitment Item</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>			<b>2006-2007</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>
Grants and Aid 5100004	34,988,504	36,529,541	36,529,541	46,571,235	46,571,235	36,529,541	54,253,858	54,253,858
Objective Total	34,988,504	36,529,541	36,529,541	46,571,235	46,571,235	36,529,541	54,253,858	54,253,858

**Objective Summary**

**Objective:** 96KC Hospital / Medical Services-Objective 7-Treasury

**Description:** To provide necessary contract services to ensure quality Medicaid program services are accessible to Arkansas Residents.

Commitment Item	Historical Data		Agency Request and Executive Recommendation						
	2003-2004	2004-2005	2005-2006			2006-2007			
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive	
Grants and Aid 5100004	56,653,043	70,516,182	70,516,182	70,516,182	70,516,182	70,516,182	70,516,182	70,516,182	70,516,182
Objective Total	56,653,043	70,516,182	70,516,182	70,516,182	70,516,182	70,516,182	70,516,182	70,516,182	70,516,182

## **Analysis of Budget Request**

**Appropriation / Program:** 0710P63 - Tobacco Stlmnt Med Exp Prgrm

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

The Tobacco Settlement Medicaid Expansion Program provides for the Administration, Prescription Drugs and the Hospital and Medical Services components of the Medicaid Expansion Program established by Initiated Act 1 of 2000. The Program is funded through Tobacco Settlement Funds and Federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS).

Under the Agency Strategic Plan as indicated by the FY04 Year End Progress Report, the agency has met or exceeded two of the four key measures. The agency maintain the Program under the annual target of 0.5% for the Percent of administrative cost and positions compared total program costs, reported at 0.43%. Unduplicated number of adults aged 65 and over receiving expanded services provided under the Tobacco Settlement exceeded the annual target of 2,800 reported at 3,516. The agency fell below the annual targets of unduplicated number of pregnant women receiving services and the number of adults receiving expanded inpatient services provided under the Tobacco Settlement but not by significance amounts.

The agency Base Level request for this Program is \$50,545,383 in FY06 and \$50,548,111 in FY07. Base Level for this Program includes graduated salary increase of 3% to 1.5% each year over the FY05 salary levels, along with related Personal Services Matching costs for 2 Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total state match of \$320 per month.

There are no Change Level requests.

The Executive Recommendation provides for the Agency Request. Additionally, \$55,000,000 in appropriation is provided in FY06 to allow the expensing of the FY04 carry forward Tobacco Settlement Fund balance due to the agency will be complying with Section 8 of Initiated Act 1 of 2000 which provides for the carry forward Tobacco Settlement Fund balance into a new biennium. The agency will invoke Section 11 of Act 2 of the First Extraordinary Session of 2002 to maximize Tobacco Settlement Fund usage.

## Appropriation / Program Summary

**Appropriation / Program:** 0710P63 Tobacco Settlement Medicaid Expansion Program

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

Program Description	Program Goals	
Tobacco Settlement Medicaid Expansion Program established by Initiated Act 1 of 2000.	1	To provide quality health care services to enrolled participants in DMS programs and to increase awareness and improve access to DMS services.

Objective Code	Name	Description
00KG	Objective 1	To provide expanded Medicaid coverage and benefits to pregnant women.
01KG	Objective 2	To provide expanded inpatient hospital benefits to adults aged nineteen (19) to sixty-four (64).
02KG	Objective 3	To provide expanded coverage and benefits to adults aged sixty-five (65) and over.
03KG	Objective 4	To create and provide a limited benefit package of Medicaid coverage and benefits to adults aged nineteen (19) to sixty-four (64).
04KG	Objective 5	To provide administrative support for the Medicaid Expansion program to ensure policy development and provider/recipient services.

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
1	X	X	Output	Unduplicated number of pregnant women receiving services provided under the Tobacco Settlement	2,050/1,799	2,150	2,200
1			Outcome	Continued federal state plan approval.	Yes/Yes	Yes	Yes
2	X	X	Output	Unduplicated number of adults receiving expanded inpatient services provided under the Tobacco Settlement	44,500/ 37,146	45,000	45,000
2			Outcome	Continued federal state plan approval	Yes/Yes	NA	NA
3			Outcome	Continued federal state plan approval	Yes/Yes	NA	NA
3	X	X	Output	Unduplicated number of adults aged 65 and over receiving expanded services provided under the Tobacco Settlement	2,800/3,516	3,500	4,000
4	X	X	Output	Unduplicated number of adults aged 19-64 receiving a limited benefit package through the Tobacco Settlement	Not implemented/ Not Implemented	Not Implemented	Not Implemented

## Appropriation / Program Summary

**Appropriation / Program:** 0710P63 Tobacco Settlement Medicaid Expansion Program

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

### Performance Measures

Objective	Key Measures		Type	Description	2004 Target Authorized / Actual	2006 Target	2007 Target
	Exec	Leg					
4			Outcome	Continued federal state plan approval	Yes/Not Implemented	NA	NA
5			Outcome	Number of Prior year audit findings repeated in subsequent audit.	0/1	NA	NA
5	X	X	Effort	Percent of tobacco program administrative support costs compared total tobacco program costs	0.50%/0.43%	0.5%	0.5%
5			Outcome	Fully participate in the strategic planning and measurement program of the Arkansas Tobacco Settlement Commission		4 / 1	4 / 1

## Appropriation / Program Summary

Appropriation / Program: 0710P63 Tobacco Stimnt Med Exp Prgrm  
**Authorized Program Amount 75,942,073**

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2003-2004	2004-2005	2005-2006			2006-2007		
		Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	47,998	73,794	76,007	76,007	76,007	78,286	78,286	78,286
<b>#Positions</b>		<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	12,636	21,317	22,661	22,661	22,661	23,110	23,110	23,110
Operating Expenses	5020002	2,955	15,973	15,973	15,973	15,973	15,973	15,973	15,973
Travel-Conference Fees	5050009	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Grants and Aid	5100004	14,796,096	50,428,742	50,428,742	50,428,742	105,428,742	50,428,742	50,428,742	50,428,742
<b>Total</b>		<b>14,859,685</b>	<b>50,541,826</b>	<b>50,545,383</b>	<b>50,545,383</b>	<b>105,545,383</b>	<b>50,548,111</b>	<b>50,548,111</b>	<b>50,548,111</b>

Funding Sources									
Federal Revenue	4000020	11,612,938	37,741,641	37,745,198	37,745,198	37,745,198	37,747,926	37,747,926	37,747,926
Tobacco Settlement	4000495	3,246,747	12,800,185	12,800,185	12,800,185	12,800,185	12,800,185	12,800,185	12,800,185
<b>Total Funding</b>		<b>14,859,685</b>	<b>50,541,826</b>	<b>50,545,383</b>	<b>50,545,383</b>	<b>50,545,383</b>	<b>50,548,111</b>	<b>50,548,111</b>	<b>50,548,111</b>
Excess Appro/(Funding)		0	0	0	0	55,000,000	0	0	0
<b>Grand Total</b>		<b>14,859,685</b>	<b>50,541,826</b>	<b>50,545,383</b>	<b>50,545,383</b>	<b>105,545,383</b>	<b>50,548,111</b>	<b>50,548,111</b>	<b>50,548,111</b>

FY2005 Appropriation Carry Forward Amount is \$61,080,072.79

**Objective Summary**

**Objective:** 00KG Tobacco Settlement Med Exp Prgm-Objective 1-Treasury

**Description:** To provide expanded Medicaid coverage and benefits to pregnant women.

Commitment Item	Historical Data		Agency Request and Executive Recommendation						
	2003-2004	2004-2005	2005-2006			2006-2007			
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive	
Grants and Aid 5100004	14,796,096	4,249,087	4,249,087	4,249,087	4,249,087	4,249,087	4,249,087	4,249,087	4,249,087
Objective Total	14,796,096	4,249,087	4,249,087	4,249,087	4,249,087	4,249,087	4,249,087	4,249,087	4,249,087

**Objective Summary**

**Objective:** 01KG Tobacco Settlement Med Exp Prgm-Objective 2-Treasury

**Description:** To provide expanded inpatient hospital benefits to adults aged nineteen (19) to sixty-four (64).

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	9,809,211	9,809,211	9,809,211	9,809,211	9,809,211	9,809,211	9,809,211
Objective Total	0	9,809,211	9,809,211	9,809,211	9,809,211	9,809,211	9,809,211	9,809,211

**Objective Summary**

**Objective:** 02KG Tobacco Settlement Med Exp Prgm-Objective 3-Treasury

**Description:** To provide expanded coverage and benefits to adults aged sixty-five (65) and over.

Commitment Item	Historical Data		Agency Request and Executive Recommendation						
	2003-2004	2004-2005	2005-2006			2006-2007			
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive	
Grants and Aid 5100004	0	10,055,796	10,055,796	10,055,796	10,055,796	10,055,796	10,055,796	10,055,796	10,055,796
Objective Total	0	10,055,796	10,055,796	10,055,796	10,055,796	10,055,796	10,055,796	10,055,796	10,055,796

**Objective Summary**

**Objective:** 03KG Tobacco Settlement Med Exp Prgm-Objective 4-Treasury

**Description:** To create and provide a limited benefit package of Medicaid coverage and benefits to adults aged nineteen (19) to sixty-four (64).

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	26,314,648	26,314,648	26,314,648	81,314,648	26,314,648	26,314,648	26,314,648
Objective Total	0	26,314,648	26,314,648	26,314,648	81,314,648	26,314,648	26,314,648	26,314,648

## **Objective Summary**

**Objective:** 04KG Tobacco Settlement Med Exp Prgm-Objective 5-Treasury

**Description:** To provide administrative support for the Medicaid Expansion program to ensure policy development and provider/recipient services.

Commitment Item	Historical Data		Agency Request and Executive Recommendation					
	2003-2004	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	47,998	73,794	76,007	76,007	76,007	78,286	78,286	78,286
<b>#Positions</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching 5010003	12,636	21,317	22,661	22,661	22,661	23,110	23,110	23,110
Operating Expenses 5020002	2,955	15,973	15,973	15,973	15,973	15,973	15,973	15,973
Travel-Conference Fees 5050009	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Objective Total	63,589	113,084	116,641	116,641	116,641	119,369	119,369	119,369