

DHS - Medical Services

Enabling Laws

Act 257 of 2014
Act 254 of 2014
A.C.A. §25-10-102
A.C.A. §20-77-All subsections

History and Organization

MEDICAID PROGRAM OVERVIEW

Medicaid is a joint federal-state program of medical assistance for eligible individuals based on financial need and/or health status.

LEGAL STRUCTURE AND HISTORY

Title XIX of the Social Security Act created grant programs popularly called "Medicaid" in 1965. Medicaid furnishes medical assistance to those who have insufficient incomes and resources to meet the costs of necessary medical services. Medicaid provides rehabilitation and other services to help families and individuals become or remain independent and able to care for themselves.

Each state has some type of Medicaid program to meet the federal mandates and requirements as laid out in Title XIX. Arkansas, however, established a medical care program 26 years before passage of the federal laws requiring health care for the needy: Section 7 of Act 280 of 1939 and Act 416 of 1977 authorized the State of Arkansas to establish and maintain a medical care program for the indigent and vested responsibility for regulating and administering the program in the Department of Human Services (DHS). This program receives federal grants under Title XIX. Thus Arkansas Medicaid is a joint federal and state program that pays for necessary medical services to eligible persons who are not able to pay for such services. The Medicaid program was implemented in Arkansas January 1, 1970. DHS administers the Medicaid program through its Division of Medical Services (DMS).

ADMINISTRATION & FUNDING

Arkansas's Medicaid program is detailed in the Arkansas Medicaid State Plan and in Provider Manuals. The Centers for Medicare and Medicaid Services (CMS) administers the Medicaid Program for the U.S. Department of Health and Human Services. CMS authorizes federal funding levels and approves each state's Medicaid State Plan, ensuring compliance with human services federal regulations.

Funding is shared between the federal government and the states, with the federal government matching the state share at an authorized rate between 50 and 90 percent, depending on the state, program and nature of the expenditure. The federal participation rate is adjusted each year to compensate for changes in the per capita income of each state relative to the nation as a whole.

Arkansas funds approximately 30% of Arkansas Medicaid program-related costs; the federal government funds approximately 70%. State funds are drawn directly from appropriated state general revenues, license fees, drug rebates, recoveries and, if necessary, the Medicaid Trust Fund.

Administrative costs for Arkansas Medicaid are generally funded 50% by Arkansas and 50% by the federal government, with some specialized activities funded 75% or 90% by the federal government.

ELIGIBILITY

Individuals are certified as eligible for Medicaid services through the state's county Human Services Offices or District Social Security Offices. The Social Security Administration automatically sends SSI recipient information to DHS. Eligibility depends on age, income, and assets. Most people who can get Medicaid are in one of these groups:

- Age 65 and older
- Under age 19
- Blind
- Disabled
- Pregnant
- The parent or the relative who is the caretaker of a child with an absent, disabled, or unemployed parent
- Live in a nursing home
- Under age 21 and in foster care
- In medical need of certain home- and community-based services
- Have breast or cervical cancer
- Disabled, including working disabled

SERVICES

Medicaid pays for a wide range of medical services. Limits, if applicable, may be daily, weekly, monthly, or annually. There are also services that have an overall dollar amount limit per time period. Some services require a referral from the beneficiaries' PCPs, and/or prior

authorization. Services may be rendered by both private and public providers. All services, by definition or regulation, fall into one of the following groups:

- **Mandatory Services** are specific services required by the federal government. They include such things as child health services, family planning, home health, in-patient and out-patient hospital services, physician services, and early and periodic screening, diagnosis, and treatment (EPSDT) for children under age 21.
- **Optional Services** are services beyond the mandatory services which the state has elected to provide. Many of these optional services enable recipients to receive care in less costly home- or community-based settings. The Arkansas Medicaid program's optional services are approved in advance by CMS. Optional services are federally funded at the same level as mandatory services.
- **Waiver and Demonstration Services** are CMS approved services that, by design, waive one or more of the basic tenets of the federal Medicaid program, such as the requirement that benefits must be uniform throughout all geographic areas of the state or must be comparable in amount, duration, and scope for all population groups. Waiver and demonstration services allow states to provide services in different or more creative ways. Arkansas has approximately ten active waiver or demonstration programs including such programs as AR Kids First, Independent Choices, and Women's Health.

MEDICAID PROVIDERS

Arkansas Medicaid has approximately 11,790 actively PARTICIPATING providers, meaning these providers have performed services to Medicaid members and submitted claims to Arkansas Medicaid in the last year. Arkansas Medicaid processes over forty million claims annually, with an average processing time of 3.1 days. All Medicaid claims are processed through the Medicaid Management Information System (MMIS), an automated system certified by CMS. DMS receives federal matching funds at 50%, 75%, and 90% for MMIS functions.

ORGANIZATION

The DHS - Division of Medical Services houses two major programs under one administration:

Medicaid

DHS is the single state agency authorized and responsible for regulating and administering the Medicaid program. DHS administers the Medicaid Program through DMS. The Centers for Medicare and Medicaid Services (CMS) administers the Medicaid Program for the U.S. Department of Health and Human Services. CMS authorizes federal funding levels and approves each state's State Plan, ensuring compliance with federal regulations. Individuals are certified as eligible for Medicaid services by DHS field staff located in DHS County Offices or by District Social Security Offices.

Long Term Care

Each year, more than 25,000 Arkansans who have chronic, long-term medical needs require services in long-term care facilities. These individuals live in 227 nursing facilities, 40 intermediate care facilities for persons with developmental disabilities, 73 assisted living facilities, 65 residential care facilities, and two post-acute head injury retraining residential facilities that are licensed to provide long-term care services in Arkansas. Arkansas Medicaid's Office of Long Term Care (OLTC) also surveys 39 Adult Day Care and Adult Day Health Care facilities and 10 Alzheimer's Special Care Units which make up the long-term care facilities regulated and licensed by the OLTC.

Improving the quality of life for residents and protecting their health and safety through enforcing state and federal standards are primary goals of the OLTC. Using qualified health care professionals, the OLTC inspects all facilities to ensure residents receive the care they need in a clean, safe environment and are treated with dignity and respect.

In addition to surveying facilities, the OLTC administers the Nursing Home Administrator Licensure program, Criminal Background program, Certified Nursing Assistant registry and training program, processes Medical Needs Determinations for Nursing Home and Waivers and operates a Complaints Unit.

The DMS administers its two major programs through a total of seven administrative and program areas:

- Long Term Care
- Program and Administrative Support
- Programs and Provider Management
- Pharmacy
- Policy, Program & Contract Oversight
- Medicaid Information Management
- Health Care Innovation

DMS operations are administered by approximately 326 employees--151 long-term care employees and 175 employees working in the remaining six areas. Each of the seven program areas provides a variety of informational resources concerning the delivery of program services, and monitors program performance to ensure that resources are utilized in the most cost effective and efficient manner.

PROGRAM ACHIEVEMENTS

DMS Medicaid Pharmacy Program

The Pharmacy Program continues to implement clinical edits and audits on medications which serve to assure appropriate utilization and patient safety, and prevent waste and abuse which ultimately results in cost containment. With the creation of an additional analyst position in

the Pharmacy unit in 2009, Arkansas Medicaid has been better able to identify brand name drugs for which a generic equivalent is available. Once identified, an upper limit payment per unit is applied on the generic and its brand equivalent, thus shifting utilization to the generic and containing costs in the program. Currently, there are occurring drug shortages and limited generic availability causing the removal or increase in upper limit prices that have been previously applied by the Pharmacy program.

In addition to the numerous edits and audits applied using the Point of Sale Prior Authorization (POS PA) system, manual review is placed on medications whose standards are outside of POS and other table driven edits. For example there may be required testing or certain lab values that must be met prior to these drugs being given. Patient profiles are reviewed by the Pharmacy unit to assure these values are met prior to the drug being dispensed. The state has been successful in placing criteria on many new specialty drugs that have been introduced preventing spending on these very expensive medications. The program has also been successful in implementing quantity edits and other criteria on opiates to curb the abuse of these highly addictive and abused medications. Criteria have also been placed on a number of psychotropic medications for children thus reducing the quantities and numbers of prescriptions.

The need for federally mandatory drugs will increase the expenditures in the Pharmacy program by at least 8.5%. New Hepatitis-C drugs which could conservatively add \$1.3 million to SFY15 expenses. Oral chemotherapy drugs are federally mandated as well and expected to cost millions (current estimates \$10,000 PMPM). Further increases include the rising cost of insulin along with reduced state share of drug rebates for ARKids B benefits being absorbed by 100% FMAP Private Option.

Contract Monitoring Unit

The Contract Monitoring Unit's primary responsibility is to monitor DMS contracts for quality and compliance. As part of the review, the Unit works with contractors and DMS contract administrators to ensure the contract continues to meet the needs of the parties and that the contracts reflect the work being performed. The Unit also reviews RFP's and contracts prior to implementation for completeness and measurability.

Program Budgeting and Analysis Unit

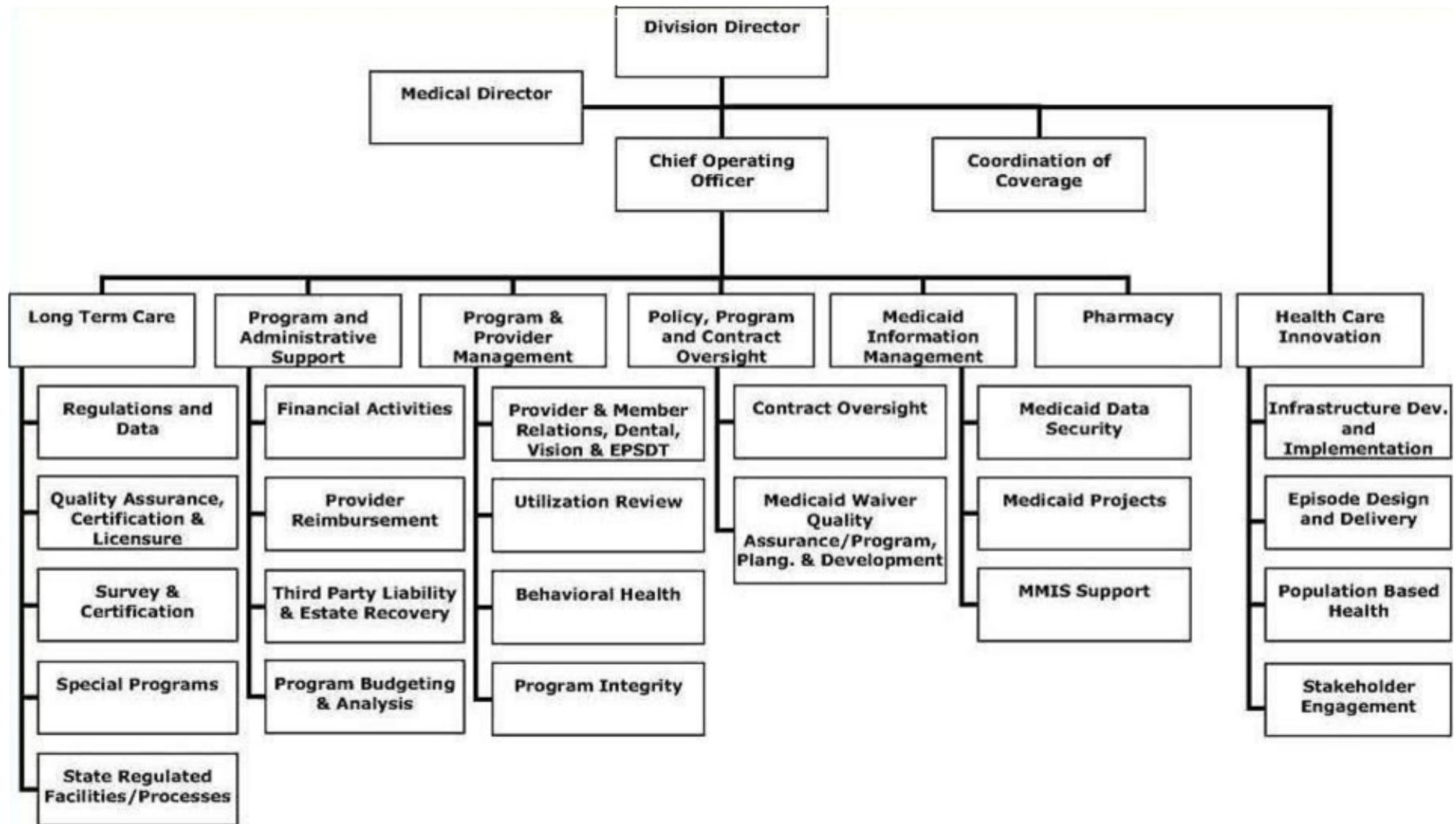
The Program Budgeting and Analysis Unit was developed in 2009 to assist in analyzing waiver budget information, estimate the cost of proposed rate or program expansions, and prepare required periodic reports. This unit also analyzes overall DMS expenditures by category of service, aid category, provider type and at a program-specific level to identify trends and assist in management decision making.

Third Party Liability

Third Party Liability (TPL) collections and cost avoidance have almost doubled from 2007-2013 (\$28 mil. to \$53 mil.). To further enhance collections, Arkansas Medicaid has contracted with HMS to identify and update TPL information in the MMIS and to implement electronic billing for the collection of post payment recoveries. Also, a supplemental insurance file tape that is updated monthly was added to the MMIS, thus increasing cost avoidance and limiting Arkansas Medicaid's liability for payments. Finally, online access to a national provider's insurance information was made available to DMS and its contractor, HMS, which greatly increased savings through cost avoidance.

Health Care Innovation

The Health Care Innovation Area is responsible for coordinating the operations and activities to redesign the Arkansas Medicaid payment and service delivery systems. This unit works with multi-payers, staff and contractors to design and deliver episodes of care for acute conditions; implement new models of population-based health care for chronic conditions (e.g. patient-centered medical homes and health homes); develop and coordinate infrastructure requirements; and facilitate stakeholder, provider and beneficiary engagement through the Arkansas Health Care Payment Improvement Initiative.



Agency Commentary

The Division of Medical Services (DMS) of the Department of Human Services (DHS) provides financial assistance for necessary medical services to families and individuals whose incomes and/or resources are insufficient to meet the costs of those services or who otherwise meet

Arkansas Medicaid eligibility requirements. The Division of Medical Services administers the Arkansas Medicaid Program including the State Child Health Insurance Program (SCHIP), as well as operating the Office of Long Term Care (OLTC).

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, Federal Medicaid funds (Social Security Title XIX), and SCHIP funds (Social Security Title XXI).

Medicaid 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 Arkansas Medicaid Program. It should be noted that the Private Option as enacted via the Health Independence Act of 2013 (Act 1498) is accounted for in the Hospital and Medical Services general program area.

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 influences the rise in expenditures. Growth in the Hospital Medical Program expenditures is due in part to an increase in eligibles, medical inflation, and increased utilization in specific areas, i.e. mental health services, therapy services, and the various waiver programs.

Growth in the Arkansas Medicaid program, both in terms of expenditures and number of beneficiaries served, continues to outpace growth in staffing. This is accomplished through better program management, increased use of technology, and continued process improvements.

Arkansas Medicaid management and staff are committed to ensuring that all Medicaid-eligible Arkansans have access to the best medical services possible. Arkansas Medicaid management and staff work with providers and their professional organizations across the state to increase the use of technology in the delivery and administration of services, to identify and support use of the best evidence-based practices, and to ensure access to those services in all areas of the state.

Medicaid Operations

In State Fiscal Year (SFY) 2013, Medicaid's fiscal agent, Hewlett Packard (HP), processed more than 40 million claims for more than 11,791 providers on behalf of more than 777,922 Arkansans. HP responded to more than 81,753 voice calls, 141,327 automated calls, nearly 31,055 written inquiries, conducted over 2,530 provider visits and 59 workshops around the state.

Medicaid processes 99% of claims within 30 days with the average claim being processed in under 3.1 days. That means on average providers are receiving payments within a week of the claim submissions.

Medicaid is a critical component of health care financing for children and pregnant women. Through ARKids First and other programs, Medicaid insures approximately 494,946 children. In SFY 2012, Medicaid paid for 24,970 of the 38,415 individuals born in Arkansas, or about 65% of the total births.

The Division of Medical Services is on the cutting edge of 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 that provides health care innovations to citizens of Arkansas.

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 Individuals with Intellectual Disabilities (ICF/ID), Residential Care Facilities (RCF), Adult Day Care, Adult Day Health Care, Post-Acute Head Injury Facilities, and Assisted Living Facilities (ALF). In total, the OLTC is responsible for regulating 460 facilities, serving in excess of 22,000 disabled Arkansans daily. Regulating 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.

The OLTC also performs criminal record background checks on the employees and applicants of facilities it regulates, and the OLTC is responsible for the administration of the training and certification of Certified Nursing Assistants (CNAs), who are long term care facility caregivers that are employed in long term care facilities and hospital-based facilities.

Implementation of New Laws and Current Innovations

Patient Protection and Affordable Care Act of 2010 (ACA)

The June 28, 2012 ruling by The Supreme Court of the United States (SCOTUS) upheld substantially all of the ACA of 2010. In a five to four decision, the SCOTUS upheld that The US Congress has the authority and power to enact the mandatory federal mandate under its taxation

authority. However, in regards to Medicaid expansion in the ACA, States have the right to not expand, effectively delegating that decision to individual States. DMS has included the impact of Medicaid expansion as "Private Option" or Health Care Independence Program as outlined in Act 1496 of 2013 and Act 257 of 2014 in our Biennial Budget for SFYs 2016 and 2017.

For reference as a high-level projection, through the State elected Medicaid expansion in accordance with the ACA, it is estimated that approximately 248,000 Arkansans would qualify (having incomes equal to or less than 138% of the FPL). Full enrollment is expected to be reached in late SFY2015. Total costs for the program are projected to be \$1,900,000,000 in the first year of full enrollment (SFY2016) including costs related to individuals enrolled in the Private Option and those determined to be medically frail who are cared for in the traditional Medicaid program, but are funded at enhanced federal participation rates under the Affordable Care Act.

Arkansas Payment Improvement Initiative (APII)

Following the direction of Governor Beebe, the DHS through its DMS, along with collaboration with Blue Cross Blue Shield of Arkansas and QualChoice of Arkansas has undertaken a statewide initiative to create a more patient-centered health care system. The goals are to improve the health of Arkansans, enhance the patient experience of care, including quality, access and outcome, and reduce, or at least control the cost of health care in Arkansas. The DMS, along with its third-party insurance partners have implemented Episodes of Care and are collaborating on the implementation of the Patient Centered Medical Home (PCMH). The DMS and its partners and stakeholders began a statewide operation of the new system July 1, 2012 for five areas of health care delivery: Upper Respiratory Infection (URI); Prenatal and Delivery; Attention Deficit/Hyperactivity Disorder (ADHD); Congestive Heart Failure (CHF); and Hip/Knee Replacements. Since then, Episodes of Care for Colonoscopy, Cholecystectomy, Tonsillectomy, Oppositional Defiant Disorder (ODD), Asthma, Chronic Obstructive Pulmonary Disease (COPD), Percutaneous Coronary Intervention (stents) and Coronary Artery Bypass Graft (CABG) have been designed or implemented. In addition, the Medicaid PCMH began enrollment and reporting for providers in SFY2014. Throughout SFY2015, DHS/DMS plans to launch Health Homes for clients receiving behavioral health, developmental disability, and long-term services and services. The goal of a health home is to improve client experience as well as promote high-quality and more efficient care.

System of Care Initiatives

Health Information Technology

The Health Information Technology (HIT) provisions of the American Recovery and Reinvestment Act of 2009 (ARRA) allowed states and their Medicaid providers an opportunity to leverage existing HIT efforts to achieve the vision of interoperable information technology for health care. Arkansas Medicaid plays a critical role in fulfilling this vision.

Since November 2011, the Arkansas Department of Human Services, Division of Medical Services, has developed and been involved in the Health Information Technology Electronic Health Record Incentive Program. One aspect of the program is to determine if eligible professionals and eligible hospitals meet the required volume of Medicaid patients and show Meaningful Use of the Electronic Health Record

System. As of June 2012, there have been 1,244 eligible providers that have received a combined total of over \$32 million and, in addition, 69 eligible hospitals that have received over \$39 million. EHR payments to providers and hospitals are 100% federally funded. ■

PROGRAM REQUESTS

While understanding there is a 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:

Request #1 - Growth: The growth in the Medicaid Program is influenced by a number of factors that extend beyond normal inflation and which are generally unaffected by DMS policy decisions. For example, in a declining economy, the Medicaid eligible population generally increases, resulting in an increase in the number of individuals accessing services without any changes in Medicaid policy. Additionally, because Medicaid is an entitlement program, if the number and/or types of services utilized by the eligible population changes, the cost to the Arkansas Medicaid program could increase accordingly. Finally, there is a significant number of facilities that receive reimbursement for services to Medicaid recipients using a cost-based methodology. For these facilities (UAMS, ACH, nursing homes, the State Hospital, etc.), as medical costs continue to climb, so do DMS expenditures. DMS change level requests, which are based on historical cost trends and anticipated socioeconomic conditions, provide for modest growth rates in all program categories.

Request #2 - FMAP Rate Change: This request results from a change in the Federal Medical Assistance Percentage, a projected rate of 70.69% for FFY 2015, and projected rate of 70.66% for FFY 2016. This decrease in federal matching affects almost all Medicaid programs.

Request #3 - Unfunded Appropriation: Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. In addition, unfunded appropriation will allow Arkansas Medicaid to participate in new demonstration grants contained in the Affordable Care Act, as appropriate. This request is for appropriation only.

Request #4 - Shortfall Other Funding: The SFY 2014 and SFY 2015 Medicaid budgets were funded using one-time money and accumulated balances, resulting from the receipt of ARRA funds over SFY 2009-2011, such as the Medicaid Trust Fund in place of additional general revenue. These one-time funds including the Medicaid Trust Fund balance were largely depleted during SFY2014; therefore, the amount from the Base Level is not available for SFY 2016 and SFY 2017.

Request #5 - New MMIS System: It is anticipated that the initial year for the replacement of the MMIS will cost \$85 million (SFY15), \$76 million the second year (SFY16) and \$60 million the third year (SFY17) and through full implementation. The replacement system is required due to mandated new architecture for Medicaid Management Information System (MMIS) and the expiration of the current system contract. Centers for Medicare and Medicaid Services will provide 90% federal funds for development and implementation with some funding at 75% and 50% for maintenance and reimbursable expenses. This request is based on an 85% federal match rate.

ADMINISTRATIVE REQUESTS

The Division of Medical Services' (DMS) primary responsibility is the management of the Arkansas Medicaid Program. DMS consists of seven organizational units: (1) Medical Services (2) Pharmacy (3) Office of Long-Term Care (4) Medicaid Management Information (5) Policy, Program & Contract Oversight and Performance (6) Program and Administrative Support and (7) Health Care Innovation. These units set policy and manage funding for the delivery of health services to Medicaid recipients. In addition, the Office of Long Term Care sets policy and monitors the delivery of services in private nursing homes. Collectively, the units of DMS provide program information and monitor program performance to ensure that resources are utilized in the most cost effective and efficient manner.

Request #1 - Restore Positions: DMS requests restoration of twelve (12) unbudgeted positions. There are many changes taking place in the Medicaid program and these positions may be needed as support positions within some of the new areas necessary to meet the challenges of this biennial period. This will allow the Division the flexibility to fill these positions if they are needed. This request is for positions and unfunded appropriation only.

Request #2 - General Revenue Increase: This request results from accounting for 5% growth rate. Also with the implementation of the new MMIS and Eligibility systems, increased support is needed for the Project Management Office. Administration increase includes the oversight, management and implementation of many new contracts for programs and systems development due to the health care law changes and innovations across Department of Human Services to provide the best service and care to citizens' of Arkansas.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES
FOR THE YEAR ENDED JUNE 30, 2011

Findings

Recommendations

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

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Change in Fee Schedule

CURRENT FEE STRUCTURE				PROPOSED CHANGE			Reason for Change
Description	Fee Amount	Estimated Receipts 2014-2015	Authorizing Act or AR Code	Fee Amount	Estimated Receipts		
					2015-2016	2016-2017	
N/A	\$0.00	\$0	N/A	\$0.00	\$0	\$0	N/A

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
4KS Nursing Home Quality	100,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
642 Medicaid Expansion-Medical Svcs	86,374	2	112,834	2	121,604	2	113,521	2	113,521	2	113,521	2	113,521	2	113,521	2	113,521	2
648 Medicaid Exp-Prescription Drugs	3,719,446	0	3,496,000	0	5,728,242	0	3,496,000	0	4,197,034	0	4,197,034	0	3,496,000	0	4,553,782	0	4,553,782	0
648 Medicaid Exp-Hospital & Medical Services	55,298,500	0	74,812,000	0	92,024,933	0	74,812,000	0	62,510,440	0	62,510,440	0	74,812,000	0	62,510,440	0	62,510,440	0
876 Nursing Home Closure Costs	0	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
878 Long Term Care Facility Receivership	0	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
896 Division of Medical Services	24,185,460	317	25,801,157	312	26,955,488	327	25,869,970	312	30,197,725	324	30,197,725	324	25,885,544	312	31,519,767	324	31,519,767	324
897 ARKIDS B Program	94,799,368	0	103,515,000	0	148,436,682	0	103,515,000	0	147,222,020	0	147,222,020	0	103,515,000	0	157,323,782	0	157,323,782	0
897 Hospital & Medical Services	3,782,334,535	0	4,920,975,348	0	5,066,397,953	0	4,920,975,348	0	6,480,004,382	0	6,480,004,382	0	4,920,975,348	0	6,729,382,816	0	6,729,382,816	0
897 Prescription Drugs	348,768,244	0	360,723,246	0	385,783,553	0	360,723,246	0	433,889,916	0	433,889,916	0	360,723,246	0	467,370,558	0	467,370,558	0
897 Private Nursing Home Care	623,905,366	0	644,952,670	0	716,865,047	0	644,952,670	0	692,112,888	0	692,112,888	0	644,952,670	0	726,218,533	0	726,218,533	0
898 Child & Family Life Inst	0	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0
898 Infant Infirmary	24,512,824	0	25,947,910	0	27,555,873	0	25,947,910	0	31,283,630	0	31,283,630	0	25,947,910	0	32,098,423	0	32,098,423	0
898 Public Nursing Home Care	188,911,010	0	198,636,754	0	223,528,121	0	198,636,754	0	255,112,018	0	255,112,018	0	198,636,754	0	264,136,947	0	264,136,947	0
Total	5,146,621,127	319	6,362,722,919	314	6,697,147,496	329	6,362,792,419	314	8,140,393,574	326	8,140,393,574	326	6,362,807,993	314	8,478,978,569	326	8,478,978,569	326

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue	4000010	886,910,070	17.2	903,201,290	14.2	902,076,699	14.2	1,046,346,154	14.4	981,097,040	13.6	902,076,699	14.2	1,173,065,456	15.4	1,182,999,688	15.5	
Federal Revenue	4000020	3,721,752,128	72.3	4,842,626,423	76.1	4,842,669,538	76.1	5,749,090,552	78.9	5,749,090,552	79.3	4,842,679,219	76.1	5,965,702,212	78.2	5,965,702,212	78.0	
Trust Fund	4000050	99,261,232	1.9	58,963,165	0.9	58,963,165	0.9	46,443,185	0.6	46,443,185	0.6	58,963,165	0.9	46,443,185	0.6	46,443,185	0.6	
Drug Rebates	4000200	32,171,968	0.6	39,424,279	0.6	39,424,279	0.6	54,249,094	0.7	54,249,094	0.7	39,424,279	0.6	54,249,094	0.7	54,249,094	0.7	
General Improvement Fund	4000265	29,278,262	0.6	69,999,970	1.1	0	0.0	0	0.0	30,000,000	0.4	0	0.0	0	0.0	10,000,000	0.1	
Rainy Day Fund	4000267	0	0.0	18,891,428	0.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Hospital Assessment Fee	4000281	60,016,833	1.2	61,458,300	1.0	61,458,300	1.0	61,458,300	0.8	61,458,300	0.8	61,458,300	1.0	61,458,300	0.8	61,458,300	0.8	
ICF/MR Provider Fee	4000282	12,494,282	0.2	11,689,155	0.2	11,689,155	0.2	11,682,065	0.2	11,682,065	0.2	11,689,155	0.2	11,682,065	0.2	11,682,065	0.2	
Inter-agency Fund Transfer	4000316	(1,124,591)	0.0	(1,124,591)	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
Miscellaneous Transfers	4000355	14,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	
Quality Assurance Fee	4000395	77,585,027	1.5	76,711,057	1.2	76,711,057	1.2	75,604,018	1.0	75,604,018	1.0	76,711,057	1.2	75,604,017	1.0	75,604,017	1.0	
Reimbursement	4000425	0	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	
Tobacco Settlement	4000495	64,443,477	1.3	60,413,266	0.9	25,413,609	0.4	17,913,070	0.2	17,913,070	0.2	25,413,609	0.4	17,930,323	0.2	17,930,323	0.2	
Transfer from Medicaid Match	4000550	14,792,781	0.3	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	
Various Program Support	4000730	149,025,658	2.9	207,385,334	3.3	331,302,774	5.2	210,717,091	2.9	210,717,091	2.9	331,308,667	5.2	205,953,872	2.7	205,953,872	2.7	
Total Funds		5,146,621,127	100.0	6,362,722,919	100.0	6,362,792,419	100.0	7,286,587,372	100.0	7,251,338,258	100.0	6,362,807,993	100.0	7,625,172,367	100.0	7,645,106,599	100.0	
Excess Appropriation/(Funding)		0		0		0		853,806,202		889,055,316		0		853,806,202		833,871,970		
Grand Total		5,146,621,127		6,362,722,919		6,362,792,419		8,140,393,574		8,140,393,574		6,362,807,993		8,478,978,569		8,478,978,569		

WITH TAX DELAY

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
4KS Nursing Home Quality	100,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
642 Medicaid Expansion-Medical Svcs	86,374	2	112,834	2	121,604	2	113,521	2	113,521	2	113,521	2	113,521	2	113,521	2	113,521	2
648 Medicaid Exp-Prescription Drugs	3,719,446	0	3,496,000	0	5,728,242	0	3,496,000	0	4,197,034	0	4,197,034	0	3,496,000	0	4,553,782	0	4,553,782	0
648 Medicaid Exp-Hospital & Medical Services	55,298,500	0	74,812,000	0	92,024,933	0	74,812,000	0	62,510,440	0	62,510,440	0	74,812,000	0	62,510,440	0	62,510,440	0
876 Nursing Home Closure Costs	0	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
878 Long Term Care Facility Receivership	0	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0	100,000	0
896 Division of Medical Services	24,185,460	317	25,801,157	312	26,955,488	327	25,869,970	312	30,197,725	324	30,197,725	324	25,885,544	312	31,519,767	324	31,519,767	324
897 ARKIDS B Program	94,799,368	0	103,515,000	0	148,436,682	0	103,515,000	0	147,222,020	0	147,222,020	0	103,515,000	0	157,323,782	0	157,323,782	0
897 Hospital & Medical Services	3,782,334,535	0	4,920,975,348	0	5,066,397,953	0	4,920,975,348	0	6,480,004,382	0	6,480,004,382	0	4,920,975,348	0	6,729,382,816	0	6,729,382,816	0
897 Prescription Drugs	348,768,244	0	360,723,246	0	385,783,553	0	360,723,246	0	433,889,916	0	433,889,916	0	360,723,246	0	467,370,558	0	467,370,558	0
897 Private Nursing Home Care	623,905,366	0	644,952,670	0	716,865,047	0	644,952,670	0	692,112,888	0	692,112,888	0	644,952,670	0	726,218,533	0	726,218,533	0
898 Child & Family Life Inst	0	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0
898 Infant Infirmary	24,512,824	0	25,947,910	0	27,555,873	0	25,947,910	0	31,283,630	0	31,283,630	0	25,947,910	0	32,098,423	0	32,098,423	0
898 Public Nursing Home Care	188,911,010	0	198,636,754	0	223,528,121	0	198,636,754	0	255,112,018	0	255,112,018	0	198,636,754	0	264,136,947	0	264,136,947	0
Total	5,146,621,127	319	6,362,722,919	314	6,697,147,496	329	6,362,792,419	314	8,140,393,574	326	8,140,393,574	326	6,362,807,993	314	8,478,978,569	326	8,478,978,569	326

Funding Sources		%		%		%		%		%		%		%		%		%
General Revenue	4000010	886,910,070	17.2	903,201,290	14.2		902,076,699	14.2	1,046,346,154	14.4	986,297,040	13.6	902,076,699	14.2	1,173,065,456	15.4	1,158,499,688	15.2
Federal Revenue	4000020	3,721,752,128	72.3	4,842,626,423	76.1		4,842,669,538	76.1	5,749,090,552	78.9	5,749,090,552	79.1	4,842,679,219	76.1	5,965,702,212	78.2	5,965,702,212	78.2
Trust Fund	4000050	99,261,232	1.9	58,963,165	0.9		58,963,165	0.9	46,443,185	0.6	46,443,185	0.6	58,963,165	0.9	46,443,185	0.6	46,443,185	0.6
Drug Rebates	4000200	32,171,968	0.6	39,424,279	0.6		39,424,279	0.6	54,249,094	0.7	54,249,094	0.7	39,424,279	0.6	54,249,094	0.7	54,249,094	0.7
General Improvement Fund	4000265	29,278,262	0.6	69,999,970	1.1		0	0.0	0	0.0	40,000,000	0.6	0	0.0	0	0.0	20,000,000	0.3
Rainy Day Fund	4000267	0	0.0	18,891,428	0.3		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Hospital Assessment Fee	4000281	60,016,833	1.2	61,458,300	1.0		61,458,300	1.0	61,458,300	0.8	61,458,300	0.8	61,458,300	1.0	61,458,300	0.8	61,458,300	0.8
ICF/MR Provider Fee	4000282	12,494,282	0.2	11,689,155	0.2		11,689,155	0.2	11,682,065	0.2	11,682,065	0.2	11,689,155	0.2	11,682,065	0.2	11,682,065	0.2
Inter-agency Fund Transfer	4000316	(1,124,591)	0.0	(1,124,591)	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Miscellaneous Transfers	4000355	14,000	0.0	115,000	0.0		115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0
Quality Assurance Fee	4000395	77,585,027	1.5	76,711,057	1.2		76,711,057	1.2	75,604,018	1.0	75,604,018	1.0	76,711,057	1.2	75,604,017	1.0	75,604,017	1.0
Reimbursement	4000425	0	0.0	100,000	0.0		100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0
Tobacco Settlement	4000495	64,443,477	1.3	60,413,266	0.9		25,413,609	0.4	17,913,070	0.2	17,913,070	0.2	25,413,609	0.4	17,930,323	0.2	17,930,323	0.2
Transfer from Medicaid Match	4000550	14,792,781	0.3	12,868,843	0.2		12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2	12,868,843	0.2
Various Program Support	4000730	149,025,658	2.9	207,385,334	3.3		331,302,774	5.2	210,717,091	2.9	210,717,091	2.9	331,308,667	5.2	205,953,872	2.7	205,953,872	2.7
Total Funds		5,146,621,127	100.0	6,362,722,919	100.0		6,362,792,419	100.0	7,286,587,372	100.0	7,266,538,258	100.0	6,362,807,993	100.0	7,625,172,367	100.0	7,630,606,599	100.0
Excess Appropriation/(Funding)		0		0			0		853,806,202		873,855,316		0		853,806,202		848,371,970	
Grand Total		5,146,621,127		6,362,722,919			6,362,792,419		8,140,393,574		8,140,393,574		6,362,807,993		8,478,978,569		8,478,978,569	

WITHOUT TAX DELAY

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
335	300	47	347	-12	10.45 %	324	284	30	314	10	12.35 %	329	284	30	314	15	13.68 %

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 282 of 2014 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A. 21-5-225(b)(1)).

Analysis of Budget Request

Appropriation: 4KS - Nursing Home Quality

Funding Sources: TLT - Long Term Care Trust Fund

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

- Eden Alternative approach
- Greenhouse Project approach

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

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

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

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

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

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

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

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 4KS - Nursing Home Quality

Funding Sources: TLT - Long Term Care Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	100,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total	100,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Funding Sources									
Trust Fund 4000050	100,000	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Funding	100,000	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	100,000	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000

Analysis of Budget Request

Appropriation: 642 - DHS Medicaid Expansion Program

Funding Sources: PTA - Medicaid Expansion Program Account

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

1. Expansion of Medicaid coverage and benefits to pregnant women with incomes up to 200 percent of the Federal Poverty Level (approved for implementation November 1, 2001);
2. Expansion of inpatient and outpatient hospital reimbursements and benefits to adults age 19 to 64 to reduce coinsurance payment from 22 percent to 10 percent of the cost of the first Medicaid covered day of each admission and cover additional medically necessary days in the hospital from 20 days up to 24 allowed days per State Fiscal Year (approved for implementation November 1, 2001);
3. Expansion of non-institutional coverage and benefits to adults aged 65 and over. Referred to as ARSeniors, this program extends full Medicaid benefits to adults age 65 and over who have been identified as Qualified Medicare Beneficiaries (QMB) and meet specific income limits (approved for implementation October 1, 2002);

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

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Base Level and total request for this appropriation is \$113,521 each year of the biennium with 2 budgeted Base Level positions.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 642 - DHS Medicaid Expansion Program

Funding Sources: PTA - Medicaid Expansion Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	61,083	69,114	76,241	69,476	69,476	69,476	69,476	69,476	69,476
#Positions		2	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	22,625	25,902	27,545	26,227	26,227	26,227	26,227	26,227	26,227
Operating Expenses	5020002	2,458	15,818	15,818	15,818	15,818	15,818	15,818	15,818	15,818
Conference & Travel Expenses	5050009	208	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		86,374	112,834	121,604	113,521	113,521	113,521	113,521	113,521	113,521
Funding Sources										
Federal Revenue	4000020	43,187	56,417		56,761	56,761	56,761	56,761	56,761	56,761
Tobacco Settlement	4000495	43,187	56,417		56,760	56,760	56,760	56,760	56,760	56,760
Total Funding		86,374	112,834		113,521	113,521	113,521	113,521	113,521	113,521
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		86,374	112,834		113,521	113,521	113,521	113,521	113,521	113,521

Analysis of Budget Request

Appropriation: 648 - Tobacco-Delay Draw-Paying

Funding Sources: PTD - Medicaid Expansion Program Account

Medicaid Expansion Program - Prescription Drugs referenced on page 351.

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

The Agency Base Level request for this appropriation is \$3,496,000 each year of the biennium.

The Agency Change Level request for this appropriation is \$701,034 in FY2016 and \$1,057,782 in FY2017 with new general revenue request of \$230,151 in FY2016 and \$336,079 in FY2017 which includes adjustments for the FMAP reduction. This request is to meet demands due to program growth.

The Executive Recommendation provides for the Agency Request in appropriation only.

Medicaid Expansion Program - Hospital and Medical Services referenced on page 352.

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

The Agency Base Level request for this appropriation is \$74,812,000 each year of the biennium.

The Agency Change Level request for this appropriation is a reduction of (\$12,301,560) each year of the biennium which includes adjustments for the FMAP reduction. The following delineates the agency request:

- (\$17,301,560) each year of the biennium due to the HIFA program being eliminated. This program is now covered under the Private Option.
- \$5,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 648 - Tobacco-Delay Draw-Paying/Prescription Drugs

Funding Sources: PTD - Medicaid Expansion Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Medicaid Exp-Prescrip Drugs 5100004	3,719,446	3,496,000	5,728,242	3,496,000	4,197,034	4,197,034	3,496,000	4,553,782	4,553,782
Total	3,719,446	3,496,000	5,728,242	3,496,000	4,197,034	4,197,034	3,496,000	4,553,782	4,553,782
Funding Sources									
General Revenue 4000010	0	0		0	230,151	0	0	336,079	0
Federal Revenue 4000020	116,157	125,121		125,121	2,966,883	2,966,883	125,121	3,217,703	3,217,703
Tobacco Settlement 4000495	3,603,289	3,370,879		3,370,879	1,000,000	1,000,000	3,370,879	1,000,000	1,000,000
Total Funding	3,719,446	3,496,000		3,496,000	4,197,034	3,966,883	3,496,000	4,553,782	4,217,703
Excess Appropriation/(Funding)	0	0		0	0	230,151	0	0	336,079
Grand Total	3,719,446	3,496,000		3,496,000	4,197,034	4,197,034	3,496,000	4,553,782	4,553,782

Appropriation Summary

Appropriation: 648 - Tobacco-Delay Draw-Paying/Hospital/Medical Services

Funding Sources: PTD - Medicaid Expansion Program Account

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Medicaid Exp-Hosp/Med Svcs	5100004	55,298,500	74,812,000	92,024,933	74,812,000	62,510,440	62,510,440	74,812,000	62,510,440	62,510,440
Total		55,298,500	74,812,000	92,024,933	74,812,000	62,510,440	62,510,440	74,812,000	62,510,440	62,510,440
Funding Sources										
Federal Revenue	4000020	37,269,625	52,884,603		52,884,603	40,654,130	40,654,130	52,884,603	40,636,877	40,636,877
Tobacco Settlement	4000495	18,028,875	21,927,397		21,927,397	16,856,310	16,856,310	21,927,397	16,873,563	16,873,563
Total Funding		55,298,500	74,812,000		74,812,000	57,510,440	57,510,440	74,812,000	57,510,440	57,510,440
Excess Appropriation/(Funding)		0	0		0	5,000,000	5,000,000	0	5,000,000	5,000,000
Grand Total		55,298,500	74,812,000		74,812,000	62,510,440	62,510,440	74,812,000	62,510,440	62,510,440

Change Level by Appropriation

Appropriation: 648 - Tobacco-Delay Draw-Paying
Funding Sources: PTD - Medicaid Expansion Program Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	3,496,000	0	3,496,000	100.0	3,496,000	0	3,496,000	100.0
C01	Existing Program	701,034	0	4,197,034	120.1	1,057,782	0	4,553,782	130.3

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	3,496,000	0	3,496,000	100.0	3,496,000	0	3,496,000	100.0
C01	Existing Program	701,034	0	4,197,034	120.1	1,057,782	0	4,553,782	130.3

Justification

C01	8.5% growth per federally mandated drugs, results from a change in the Federal Medical Assistance Percentage of 70.69% in SFY 2015 to 70.66% for SFY 2016 and 70.66% for SFY 2017. This decrease in federal matching affects almost all Medicaid programs. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017. This request also includes a higher prescription growth rate due to high cost of mandatory drugs like cancer treatment and Hep-C.
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Change Level by Appropriation

Appropriation: 648 - Tobacco-Delay Draw-Paying
Funding Sources: PTD - Medicaid Expansion Program Account

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	74,812,000	0	74,812,000	100.0	74,812,000	0	74,812,000	100.0
C03	Discontinue Program	(17,301,560)	0	57,510,440	76.9	(17,301,560)	0	57,510,440	76.9
C05	Unfunded Appropriation	5,000,000	0	62,510,440	83.6	5,000,000	0	62,510,440	83.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	74,812,000	0	74,812,000	100.0	74,812,000	0	74,812,000	100.0
C03	Discontinue Program	(17,301,560)	0	57,510,440	76.9	(17,301,560)	0	57,510,440	76.9
C05	Unfunded Appropriation	5,000,000	0	62,510,440	83.6	5,000,000	0	62,510,440	83.6

Justification

C03	Reduction in HIFA program being eliminated. Services are now covered under the Private Option.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Analysis of Budget Request

Appropriation: 876 - Nursing Home Closure Costs

Funding Sources: TLT - Long Term Care Trust Fund

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

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

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 876 - Nursing Home Closure Costs

Funding Sources: TLT - Long Term Care Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses 5900046	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Funding Sources									
Trust Fund 4000050	0	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding	0	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	50,000		50,000	50,000	50,000	50,000	50,000	50,000

Analysis of Budget Request

Appropriation: 878 - Long Term Care Facility Receivership

Funding Sources: DLT - Long Term Care Facility Receivership Fund

As authorized by Arkansas Code Annotated §20-10-901 et seq., the Long Term Care Facility Receivership appropriation is used to pay the expenses of receivers appointed, if a nursing home is placed in receivership. Payment may not be made from this account until a court of law has found that a nursing home has insufficient funds to pay a receiver after all other operating expenses of the facility have been paid. The funding for this appropriation is from reimbursement at the beginning of a biennium from the general revenue fund account of the state apportionment fund prior to the distribution of revenue stabilization law with a maximum amount of one hundred thousand dollars (\$100,000).

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

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 878 - Long Term Care Facility Receivership

Funding Sources: DLT - Long Term Care Facility Receivership Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Expenses 5900046	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Funding Sources									
Reimbursement 4000425	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Total Funding	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	100,000		100,000	100,000	100,000	100,000	100,000	100,000

Analysis of Budget Request

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

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

Medicaid enables states to furnish:

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

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

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

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

These services are as follows:

Services Mandated by the Federal Government:

- Child Health Services - Early and Periodic Screening, Diagnosis and Treatment (EPSDT) (Under Age 21)
- Family Planning Services and Supplies (All Ages)
- Federally Qualified Health Center (FQHC) (All Ages)
- Home Health Services (All Ages)

Hospital Services - Inpatient and Outpatient (All Ages)

- Laboratory and X-Ray (All Ages)
- Certified Nurse-Midwife Services (All Ages)
- Medical and Surgical Services of a Dentist (All Ages)
- Nurse Practitioner (Pediatric, Family, Obstetric-Gynecologic and Gerontological) (All Ages)
- Nursing Facility Services (Age 21 and Older)
- Physician Services (All Ages)
- Rural Health Clinic (RHC) (All Ages)
- Transportation (to and from medical providers when medically necessary) (All Ages)

Optional Services Chosen by Arkansas:

- Ambulatory Surgical Center Services (All Ages)
- Audiological Services (Under Age 21)
- Certified Registered Nurse Anesthetist (CRNA) Services (All Ages)
- Child Health Management Services (CHMS) (Under Age 21)
- Chiropractic Services (All Ages)
- Dental Services (All Ages)
- Developmental Day Treatment Clinic Services (DDTCS) (Preschool and Age 18 and Older)
- Developmental Rehabilitation Services (Under Age 3)
- Domiciliary Care Services (All Ages)
- Durable Medical Equipment (DME) (All Ages)
- End-Stage Renal Disease (ESRD) Facility Services (All Ages)
- Hearing Aid Services (Under Age 21)
- Hospice Services (All Ages)
- Hyperalimentation Services (All Ages)
- Independent Choices (Age 18 and Older)
- Inpatient Psychiatric Services (Under Age 21)
- Intermediate Care Facility (ICF) Services (All Ages)
- Licensed Mental Health Practitioner Services (Under Age 21)
- Medical Supplies (All Ages)
- Medicare Crossovers (All Ages)
- Nursing Facility Services (Under Age 21)
- Occupational, Physical, Speech Therapy Services (Under Age 21)
- Orthotic Appliances (All Ages)
- PACE (Program of All-Inclusive Care for the Elderly) (Age 55 and Older)
- Personal Care Services (All Ages)

Podiatrist Services (All Ages)

- Portable X-Ray (All Ages)
- Prescription Drugs (All Ages)
- Private Duty Nursing Services (All Ages)
- Prosthetic Devices (All Ages)
- Rehabilitative Hospital Services (All Ages)
- Rehabilitative Services for:
 - Persons with Mental Illness (RSPMI) (All Ages)
 - Persons with Physical Disabilities (RSPD) and Youth and Children (Under Age 21)
- Respiratory Care Services (Under Age 21)
- School-Based Mental Health Services (Under Age 21)
- Targeted Case Management:
 - Children's Services (Title V), SSI, TEFRA, EPSDT, Division of Children and Family Services and Division of Youth Services (Under Age 21)
 - Beneficiaries with a Developmental Disability (All Ages)
 - Adults (Age 60 and Older)
 - Pregnant Women (All Ages)
- Tuberculosis Services (All Ages)
- Ventilator Equipment (All Ages)
- Visual Care Services (All Ages)

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

- Alternatives for Adults with Physical Disabilities (Age 21-64)
- ARKids B (Age 18 and Under)
- Autism (Age 18 months-6 years)
- Developmental Disabilities Services (DDS- Alternative Community Services) (All Ages)
- ElderChoices (Age 65 and Older)
- Living Choices (Assisted Living) (Age 21 and Older)
- Non-Emergency Transportation (All Ages)
- Tax Equity Fiscal Responsibility Act of 1982 (TEFRA) (Under Age 21)
- Women's Health (Family Planning) (All Ages)

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

- Twelve visits to hospital outpatient departments allowed per state fiscal year.
- A total of twelve office visits allowed per state fiscal year for any combination of the following: certified nurse midwife, nurse practitioner,

- physician, medical services provided by a dentist, medical services furnished by an optometrist, and Rural Health Clinics.
- One basic family planning visit and three (3) periodic family planning visits per state fiscal year. Family planning visits are not counted toward other service limitations.
 - Lab and x-ray services limited to total benefit payment of \$500 per state fiscal year, except for EPSDT beneficiaries.
 - Three pharmaceutical prescriptions are allowed per month (family planning and tobacco cessation prescriptions are not counted against benefit limit; unlimited prescriptions for nursing facility beneficiaries and EPSDT beneficiaries under age 21). Extensions will be considered up to a maximum of six (6) prescriptions per month for beneficiaries at risk of institutionalization. Beneficiaries receiving services through the Assisted Living waiver may receive up to nine (9) medically necessary prescriptions per month. Medicare-Medicaid beneficiaries (dual eligibles) receive their drugs through the Medicare Part D program as of January 1, 2006.
 - Inpatient hospital days limited to 24 per state fiscal year, except for EPSDT beneficiaries and certain organ transplant patients.
 - Co-insurance: Some beneficiaries must pay 10% of first Medicaid covered day of hospital stay.
 - Beneficiaries in the Working Disabled aid category must pay 25% of the charges for the first Medicaid covered day of inpatient hospital services and must also pay co-insurance for some additional services.
 - Some beneficiaries must pay \$.50 - \$3 of every prescription, and \$2 on the dispensing fee for prescription services for eyeglasses. Beneficiaries in the Working Disabled aid category must pay a higher co-payment for these services and also must pay co-payments for some additional services.

Additional Information for limitations relating to children:

- The families of some children are responsible for co-insurance, co-payments, or premiums.
- Co-insurance: ARKids B beneficiaries must pay 10% of the charges for the first Medicaid covered day of inpatient hospital services and must also pay co-insurance for some outpatient and DME services.
- Co-Pay: ARKids B beneficiaries must pay a co-payment for most services; for example \$10.00 for most office visits and \$5.00 for most prescription drugs (and must use generic drugs and manufacturer rebates, if available). ARKids B beneficiaries annual cost-sharing is capped at 5% of the family's gross annual income.
- Premiums: Based on family income certain TEFRA beneficiaries must pay a premium. TEFRA families whose income is at or below 150% of the Federal Poverty level cannot be assessed a premium.

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

The Division consists of the Director's Office and eight (8) distinct organizational units:

Program and Provider Management: The Office of Program and Provider Management includes the following operations: Provider & Member Relations, Dental, Visual and EPSDT, Behavioral Health and Utilization Review. The Provider and Member Relations, Dental, Visual and EPSDT section administers the Dental, Visual and Child Health Services (EPSDT) Medicaid programs and oversees the non-emergency transportation program, Medicaid Managed Care Systems and ConnectCare programs. This section also assists providers and beneficiaries in resolving matters related to billing and coverage. The Utilization Review section develops healthcare policies based on recognized standards of care, current healthcare initiatives and participation from community stakeholders to ensure adequate coverage benefits for Medicaid

beneficiaries. Utilization review monitors the quality and medical necessity of services delivered by Medicaid health care providers. In addition this section is responsible for the prior authorization of medically necessary services such as transplants, extension of benefits, prosthetics, hearing aids, hyperalimentation services and out of state transportation.

Medicaid Information Management: The Office of Medicaid Information Management is responsible for administering the Medicaid Management Information System (MMIS) which processes all Medicaid claims. The MMIS Systems and Support Unit procures and administers the contracted fiscal agent that operates the MMIS. This Unit also monitors the fiscal agent's contract compliance, performs quality assurance reviews on how the MMIS operates, manages requests for modifications to the MMIS, develops enhancements to the MMIS, and develops and produces reports from the Medicaid data warehouse.

Long Term Care: The Office of Long Term Care (OLTC) is the unit of state government responsible for the regulation of long term care facilities in Arkansas. These facilities include Nursing Homes, Intermediate Care Facilities for the Mentally Retarded (ICF/MR), Residential Care Facilities (RCF), Adult Day Care, Adult Day Health Care, Post-Acute Head Injury Facilities, Assisted Living Facilities (ALF) and Psychiatric Residential Treatment Facilities (PRTF). This regulation of facilities includes conducting on-site inspections of facilities, investigations of complaints against facilities, medical need determinations for placement into facilities, and licensure of facilities and facility administrators. In addition, the Office of Long Term Care administers a criminal record background check on the employees and applicants and of facilities the Office regulates, and the Office is responsible for the administration of the training and certification of Certified Nursing Assistance (CNAs), who are long-term care facility caregivers that are employed in long term care facilities and hospital-based facilities. The Office of Long Term Care includes the following operations: Quality Assurance & Support, Survey & Certification, Special Programs, Abuse & Neglect, and State Regulated Facilities.

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

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

researches and reviews claims information to assist providers, beneficiaries and interested parties and researches exception criteria to assist physicians.

Policy, Program and Contract Oversight: The Policy, Program and Contract Oversight consists of three units. The Program Planning and Development (PPD) unit develops and maintains the Medicaid State Plan and the State's Child Health Insurance Program Plan, both required by CMS. This Unit develops and maintains fifty-seven (57) different Medicaid provider policy manuals, which include information on covered services, benefit limits, prior approvals, and billing procedures. The Waiver Quality Assurance unit is responsible for monitoring operation of the Medicaid waiver programs. The Waiver QA unit assures compliance with CMS requirements for operating the waivers through case reviews, data analysis, technical assistance to operating agencies, communication and coordination with CMS, developing new waivers and amendments to existing waivers, and developing QA strategies and interagency agreements for the waivers. The Contract Oversight unit is responsible for assisting program and contract staff in developing performance indicators for contracts and monitoring the performance of all Division of Medical Services contractors.

Healthcare Innovation: The Health Care Innovation Unit is responsible for directing the operations and activities to redesign the Medicaid payment and service delivery systems by working with multi-payers, staff, and contractors to design and deliver episodes of care for acute conditions; implement new models of population based health for chronic conditions; develop and coordinate infrastructure requirements; and facilitate stakeholder, provider and patient engagement. Arkansas Medicaid is creating a patient-centered health care system that embraces the triple aim: (1) improving the health of the population; (2) enhancing the patient experience of care, including quality, access, and reliability; and (3) reducing, or at least controlling, the cost of health care. This will be accomplished by transforming the vast majority of care and payment from a fee for service models to models that reward and support providers for delivering improved outcomes and high quality, cost effective care.

Coordination of Coverage: The Coordination of Coverage Unit is responsible for coordinating any DMS efforts in the implementation of the Affordable Care Act, identifying potential improvement in the Medicaid consumer experience, and ongoing coordination of coverage for Medicaid recipients as they move in and out of Medicaid and other health insurance plans through the upcoming health insurance exchange. In addition, this new team will participate in other Medicaid changes, and will coordinate with all areas within DMS, several other DHS Divisions, and other State agencies.

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

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries do not include appropriation for Merit Pay Increases.

The Agency Base Level request for this appropriation is \$25,869,970 in FY2016 and \$25,885,544 in FY2017 with general revenue of \$3,969,700 each year and 312 budgeted base level positions.

The Agency Change Level request for this appropriation is \$4,327,755 in FY2016 and \$5,634,223 in FY2017 with new general revenue request of \$3,235,561 in FY2016 and \$3,892,824 in FY2017. The following delineates the agency request:

- Regular Salaries and Personal Services Matching of \$505,668 each year for the restoration of twelve (12) positions that are authorized but not budgeted to assist in meeting staffing needs throughout the Division. This request is for unfunded appropriation.
- Operating Expenses of \$3,822,087 in FY2016 and \$5,128,555 in FY2017 with \$521,553 in FY2016 and \$1,828,021 in FY2017 in new general revenue funding for the oversight, management and implementation of many new contracts for programs and systems development due to the health care law changes and innovations across DHS.
- New general revenue of \$2,714,008 in FY2016 and \$2,064,803 in FY2017 to offset a reduction in other funding.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 896 - DHS--Admin Paying Account

Funding Sources: PWP - Administration Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	14,906,374	15,635,169	16,445,333	15,776,628	16,137,864	16,137,864	15,788,728	16,149,964	16,149,964
#Positions		317	312	327	312	324	324	312	324	324
Extra Help	5010001	147,438	201,892	201,892	201,892	201,892	201,892	201,892	201,892	201,892
#Extra Help		7	7	7	7	7	7	7	7	7
Personal Services Matching	5010003	5,071,989	5,184,683	5,528,850	5,256,425	5,400,857	5,400,857	5,259,899	5,404,331	5,404,331
Overtime	5010006	2	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	3,105,905	3,541,565	3,541,565	3,541,565	7,363,652	7,363,652	3,541,565	8,670,120	8,670,120
Conference & Travel Expenses	5050009	114,225	233,728	233,728	233,728	233,728	233,728	233,728	233,728	233,728
Professional Fees	5060010	492,845	555,132	555,132	555,132	555,132	555,132	555,132	555,132	555,132
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	144,388	144,388	0	0	0	0	0	0
Data Processing Services	5900044	346,682	299,600	299,600	299,600	299,600	299,600	299,600	299,600	299,600
Total		24,185,460	25,801,157	26,955,488	25,869,970	30,197,725	30,197,725	25,885,544	31,519,767	31,519,767
Funding Sources										
General Revenue	4000010	5,092,024	5,094,291		3,969,700	7,205,261	7,205,261	3,969,700	7,862,524	7,862,524
Federal Revenue	4000020	14,501,872	16,037,006		16,079,777	13,186,262	13,186,262	16,089,458	13,851,041	13,851,041
Inter-agency Fund Transfer	4000316	(1,124,591)	(1,124,591)		0	0	0	0	0	0
Various Program Support	4000730	5,716,155	5,794,451		5,820,493	6,000,000	6,000,000	5,826,386	6,000,000	6,000,000
Total Funding		24,185,460	25,801,157		25,869,970	26,391,523	26,391,523	25,885,544	27,713,565	27,713,565
Excess Appropriation/(Funding)		0	0		0	3,806,202	3,806,202	0	3,806,202	3,806,202
Grand Total		24,185,460	25,801,157		25,869,970	30,197,725	30,197,725	25,885,544	31,519,767	31,519,767

Change Level by Appropriation

Appropriation: 896 - DHS--Admin Paying Account
Funding Sources: PWP - Administration Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	25,869,970	312	25,869,970	100.0	25,885,544	312	25,885,544	100.0
C01	Existing Program	521,553	0	26,391,523	102.0	1,828,021	0	27,713,565	107.1
C05	Unfunded Appropriation	3,806,202	12	30,197,725	116.7	3,806,202	12	31,519,767	121.8

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	25,869,970	312	25,869,970	100.0	25,885,544	312	25,885,544	100.0
C01	Existing Program	521,553	0	26,391,523	102.0	1,828,021	0	27,713,565	107.1
C05	Unfunded Appropriation	3,806,202	12	30,197,725	116.7	3,806,202	12	31,519,767	121.8

Justification

C01	Request results from 5% growth rate as well as SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017.
C05	The Division of Medical Services requests the restoration of twelve (12) unbudgeted positions. There are many changes taking place in Medicaid and these positions are needed to support all programs in the division. All positions are necessary for DMS to meet the challenges of this biennial period within some of the new areas as well as existing areas of the Division. This request is for unfunded appropriation only for salaries and personal services matching. Additional unfunded appropriation is requested for Arkansas Medicaid Program to be able to respond to federal and state mandates to the extent funds are available.

Analysis of Budget Request

Appropriation: 897 - DHS-Grants Paying Account

Funding Sources: PWD - Grants Paying

Private Nursing Home Care Appropriation referenced on page 373.

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

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

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

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as quality assurance fee per Act 635 of 2001, various program support which can include nursing home administration fees and Medicaid match, miscellaneous transfers derived from Arkansas Code Annotated §17-24-305(b)(1)(A), and the Medicaid Trust Fund. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$644,952,670 each year of the biennium with general revenue of \$113,206,942.

The Agency Change Level request for this appropriation is \$47,160,218 in FY2016 and \$81,265,863 in FY2017 with general revenue request of \$11,001,327 in FY2016 and \$21,212,558 in FY2017. The following delineates the agency request:

- \$37,160,218 in FY2016 and \$71,265,863 in FY2017 for growth.

- \$10,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

Prescription Drugs Appropriation referenced on page 374.

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

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as drug rebates, the Medicaid Trust Fund, and various program support which can include Medicaid match. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$360,723,246 each year of the biennium with general revenue of \$90,537,765.

The Agency Change Level request for this appropriation is \$73,166,670 in FY2016 and \$106,647,312 in FY2017 with general revenue reduction request of (\$29,512,910) in FY2016 and (\$19,571,522) in FY2017. The following delineates the agency request:

- \$33,166,670 in FY2016 and \$66,647,312 in FY2017 for growth.
- \$40,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

Hospital and Medical Services Appropriation referenced on pages 375 and 376.

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

reimbursement rates and the methodology for rate setting. However, the Centers for Medicare and Medicaid Services must approve the state's policy(ies) and regulations in order for the State to be in compliance with guidelines established in federal law.

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as Medicaid Trust Fund, intermediate care facilities for individuals with developmental disabilities or ICF/MR provider fee per Act 433 of 2009, hospital assessment fee per Act 562 of 2009 (as amended per Act 19 of 2011), and as various program support which can include matching funds from UAMS (from general revenue), Department of Education (from cash funds), Arkansas Children's Hospital, DHS Divisions (from general revenue) for services such as Therapies, Transportation, Waiver services, UPL-Upper Payment Limit match, DSH-Disproportionate Share Hospital payments, etc. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$4,920,975,348 each year of the biennium with general revenue of \$662,223,536.

The Agency Change Level request for this appropriation is \$1,559,029,034 in FY2016 and \$1,808,407,468 in FY2017 with general revenue request of \$131,153,785 in FY2016 and \$239,500,884 in FY2017. The following delineates the agency request:

- \$834,029,034 in FY2016 and \$1,083,407,468 in FY2017 for growth.
- \$725,000,000 each year in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation contemplates a two-year delay in pending tax cuts for reduction of the sales and use tax on natural gas and electricity used by manufacturers (Act 1411 of 2013) and reduction in the income tax on capital gains and an increased standard deduction (Act 1488 of 2013). Arkansas Code § 19-4-201(b)(1) provides that should the Governor propose revenue measures to finance all proposed programs, two sets of budgets must be submitted to the Legislative Council and General Assembly, one set based on the resources available from the then-existing laws and another showing the additional expenditures proposed to be financed from the revenue measures. Pursuant to the provisions of law, the Executive Recommendation provides for the following alternative budgets:

With Tax Delays referenced on page 375:

The Executive Recommendation provides for Agency Request for appropriation and \$66,134,822 in FY2016 and \$249,771,195 in FY2017 in new general revenue funding. These increases are necessary in order to: accommodate the net change in the Federal Medical Assistance Percentage (FMAP) as a result of increases in per capita household income from FY2009 to FY2016; to transition from one-time funds to continuing funding for ongoing obligations; and to fund normally expected inflationary program growth for existing levels of service delivery. General improvement funds are also being recommended in the amount of \$30,000,000 in FY2016 and \$10,000,000 in FY2017 to fully subsidize these required funding levels.

Without Tax Delays referenced on page 376:

The Executive Recommendation provides for Agency Request for appropriation and \$71,334,822 in FY2016 and \$225,271,195 in FY2017 in new general revenue funding. These increases are necessary in order to: accommodate the net change in the Federal Medical Assistance Percentage (FMAP) as a result of increases in per capita household income from FY2009 to FY2016; to transition from one-time funds to continuing funding for ongoing obligations; and to fund normally expected inflationary program growth for existing levels of service delivery. General improvement funds are also being recommended in the amount of \$40,000,000 in FY2016 and \$20,000,000 in FY2017 to fully subsidize these required funding levels.

ARKIDS B Program Appropriation referenced on page 377.

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

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

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

- Prescription Drugs
- Hospital/Medical

Prescription Drugs component has coverage limits based on medical necessity with a \$5 per prescription co-pay and the recipient must use generic and rebate manufactures.

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

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as the Medicaid Trust Fund, and as various program support which can include Medicaid match. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$103,515,000 each year of the biennium with general revenue of \$21,662,245 each year.

The Agency Change Level request for this appropriation is \$43,707,020 in FY2016 and \$53,808,782 in FY2017 with general revenue reduction request of (\$14,162,245) in FY2016 and (\$19,662,245) in FY2017. The following delineates the agency request:

- \$28,707,020 in FY2016 and \$38,808,782 in FY2017 for growth.
- \$15,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account/Private Nursing Home Care

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Private Nursing Home Care	5100004	623,905,366	644,952,670	716,865,047	644,952,670	692,112,888	692,112,888	644,952,670	726,218,533	726,218,533
Total		623,905,366	644,952,670	716,865,047	644,952,670	692,112,888	692,112,888	644,952,670	726,218,533	726,218,533
Funding Sources										
General Revenue	4000010	87,301,651	113,206,942		113,206,942	124,208,269	124,208,269	113,206,942	134,419,500	134,419,500
Federal Revenue	4000020	437,457,523	455,639,606		455,639,606	482,185,601	482,185,601	455,639,606	506,080,016	506,080,016
Trust Fund	4000050	8,598,199	0		0	0	0	0	0	0
General Improvement Fund	4000265	1,404,784	0		0	0	0	0	0	0
Miscellaneous Transfers	4000355	14,000	115,000		115,000	115,000	115,000	115,000	115,000	115,000
Quality Assurance Fee	4000395	76,905,403	75,604,018		75,604,018	75,604,018	75,604,018	75,604,018	75,604,017	75,604,017
Tobacco Settlement	4000495	0	58,573		58,573	0	0	58,573	0	0
Various Program Support	4000730	12,223,806	328,531		328,531	0	0	328,531	0	0
Total Funding		623,905,366	644,952,670		644,952,670	682,112,888	682,112,888	644,952,670	716,218,533	716,218,533
Excess Appropriation/(Funding)		0	0		0	10,000,000	10,000,000	0	10,000,000	10,000,000
Grand Total		623,905,366	644,952,670		644,952,670	692,112,888	692,112,888	644,952,670	726,218,533	726,218,533

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account/Prescription Drugs

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Prescription Drugs	5100004	348,768,244	360,723,246	385,783,553	360,723,246	433,889,916	433,889,916	360,723,246	467,370,558	467,370,558
Total		348,768,244	360,723,246	385,783,553	360,723,246	433,889,916	433,889,916	360,723,246	467,370,558	467,370,558
Funding Sources										
General Revenue	4000010	78,653,898	90,537,765		90,537,765	61,024,855	61,024,855	90,537,765	70,966,243	70,966,243
Federal Revenue	4000020	220,229,031	230,586,017		230,586,017	278,440,782	278,440,782	230,586,017	301,980,036	301,980,036
Trust Fund	4000050	2,237,436	175,185		175,185	175,185	175,185	175,185	175,185	175,185
Drug Rebates	4000200	32,171,968	39,424,279		39,424,279	54,249,094	54,249,094	39,424,279	54,249,094	54,249,094
Various Program Support	4000730	15,475,911	0		0	0	0	0	0	0
Total Funding		348,768,244	360,723,246		360,723,246	393,889,916	393,889,916	360,723,246	427,370,558	427,370,558
Excess Appropriation/(Funding)		0	0		0	40,000,000	40,000,000	0	40,000,000	40,000,000
Grand Total		348,768,244	360,723,246		360,723,246	433,889,916	433,889,916	360,723,246	467,370,558	467,370,558

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account/Hospital and Medical Services

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Hospital and Medical Services 5100004	3,782,334,535	4,920,975,348	5,066,397,953	4,920,975,348	6,480,004,382	6,480,004,382	4,920,975,348	6,729,382,816	6,729,382,816
Total	3,782,334,535	4,920,975,348	5,066,397,953	4,920,975,348	6,480,004,382	6,480,004,382	4,920,975,348	6,729,382,816	6,729,382,816
Funding Sources									
General Revenue 4000010	688,239,524	662,223,536		662,223,536	793,377,321	728,358,358	662,223,536	901,724,420	911,994,731
Federal Revenue 4000020	2,787,392,410	3,846,685,999		3,846,685,999	4,643,304,529	4,643,304,529	3,846,685,999	4,789,099,083	4,789,099,083
Trust Fund 4000050	87,816,866	55,460,460		55,460,460	44,718,000	44,718,000	55,460,460	44,718,000	44,718,000
General Improvement Fund 4000265	27,873,478	69,999,970		0	0	30,000,000	0	0	10,000,000
Rainy Day Fund 4000267	0	18,891,428		0	0	0	0	0	0
Hospital Assessment Fee 4000281	60,016,833	61,458,300		61,458,300	61,458,300	61,458,300	61,458,300	61,458,300	61,458,300
ICF/MR Provider Fee 4000282	7,000,297	5,041,130		5,041,130	5,041,130	5,041,130	5,041,130	5,041,130	5,041,130
Tobacco Settlement 4000495	42,768,126	35,000,000		0	0	0	0	0	0
Transfer from Medicaid Match 4000550	14,792,781	12,868,843		12,868,843	12,868,843	12,868,843	12,868,843	12,868,843	12,868,843
Various Program Support 4000730	66,434,220	153,345,682		277,237,080	194,236,259	194,236,259	277,237,080	189,473,040	189,473,040
Total Funding	3,782,334,535	4,920,975,348		4,920,975,348	5,755,004,382	5,719,985,419	4,920,975,348	6,004,382,816	6,024,653,127
Excess Appropriation/(Funding)	0	0		0	725,000,000	760,018,963	0	725,000,000	704,729,689
Grand Total	3,782,334,535	4,920,975,348		4,920,975,348	6,480,004,382	6,480,004,382	4,920,975,348	6,729,382,816	6,729,382,816

WITH TAX DELAY

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account/Hospital and Medical Services

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Hospital and Medical Services 5100004	3,782,334,535	4,920,975,348	5,066,397,953	4,920,975,348	6,480,004,382	6,480,004,382	4,920,975,348	6,729,382,816	6,729,382,816
Total	3,782,334,535	4,920,975,348	5,066,397,953	4,920,975,348	6,480,004,382	6,480,004,382	4,920,975,348	6,729,382,816	6,729,382,816

Funding Sources									
General Revenue 4000010	688,239,524	662,223,536		662,223,536	793,377,321	733,558,358	662,223,536	901,724,420	887,494,731
Federal Revenue 4000020	2,787,392,410	3,846,685,999		3,846,685,999	4,643,304,529	4,643,304,529	3,846,685,999	4,789,099,083	4,789,099,083
Trust Fund 4000050	87,816,866	55,460,460		55,460,460	44,718,000	44,718,000	55,460,460	44,718,000	44,718,000
General Improvement Fund 4000265	27,873,478	69,999,970		0	0	40,000,000	0	0	20,000,000
Rainy Day Fund 4000267	0	18,891,428		0	0	0	0	0	0
Hospital Assessment Fee 4000281	60,016,833	61,458,300		61,458,300	61,458,300	61,458,300	61,458,300	61,458,300	61,458,300
ICF/MR Provider Fee 4000282	7,000,297	5,041,130		5,041,130	5,041,130	5,041,130	5,041,130	5,041,130	5,041,130
Tobacco Settlement 4000495	42,768,126	35,000,000		0	0	0	0	0	0
Transfer from Medicaid Match 4000550	14,792,781	12,868,843		12,868,843	12,868,843	12,868,843	12,868,843	12,868,843	12,868,843
Various Program Support 4000730	66,434,220	153,345,682		277,237,080	194,236,259	194,236,259	277,237,080	189,473,040	189,473,040
Total Funding	3,782,334,535	4,920,975,348		4,920,975,348	5,755,004,382	5,735,185,419	4,920,975,348	6,004,382,816	6,010,153,127
Excess Appropriation/(Funding)	0	0		0	725,000,000	744,818,963	0	725,000,000	719,229,689
Grand Total	3,782,334,535	4,920,975,348		4,920,975,348	6,480,004,382	6,480,004,382	4,920,975,348	6,729,382,816	6,729,382,816

WITHOUT TAX DELAY

Appropriation Summary

Appropriation: 897 - DHS-Grants Paying Account/ARKids B Program

Funding Sources: PWD - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
ARKids B Program	5100004	94,799,368	103,515,000	148,436,682	103,515,000	147,222,020	147,222,020	103,515,000	157,323,782	157,323,782
Total		94,799,368	103,515,000	148,436,682	103,515,000	147,222,020	147,222,020	103,515,000	157,323,782	157,323,782
Funding Sources										
General Revenue	4000010	18,027,538	21,662,245		21,662,245	7,500,000	7,500,000	21,662,245	2,000,000	2,000,000
Federal Revenue	4000020	75,097,959	81,852,755		81,852,755	124,722,020	124,722,020	81,852,755	140,323,782	140,323,782
Trust Fund	4000050	374,765	0		0	0	0	0	0	0
Various Program Support	4000730	1,299,106	0		0	0	0	0	0	0
Total Funding		94,799,368	103,515,000		103,515,000	132,222,020	132,222,020	103,515,000	142,323,782	142,323,782
Excess Appropriation/(Funding)		0	0		0	15,000,000	15,000,000	0	15,000,000	15,000,000
Grand Total		94,799,368	103,515,000		103,515,000	147,222,020	147,222,020	103,515,000	157,323,782	157,323,782

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account/Private Nursing Home Care
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	644,952,670	0	644,952,670	100.0	644,952,670	0	644,952,670	100.0
C01	Existing Program	37,160,218	0	682,112,888	105.8	71,265,863	0	716,218,533	111.0
C05	Unfunded Appropriation	10,000,000	0	692,112,888	107.3	10,000,000	0	726,218,533	112.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	644,952,670	0	644,952,670	100.0	644,952,670	0	644,952,670	100.0
C01	Existing Program	37,160,218	0	682,112,888	105.8	71,265,863	0	716,218,533	111.0
C05	Unfunded Appropriation	10,000,000	0	692,112,888	107.3	10,000,000	0	726,218,533	112.6

Justification

C01	Includes 5% growth rate and results from a change in the Federal Medical Assistance Percentage of 70.69% in SFY 2015 to 70.66% for SFY 2016 and 70.66% for SFY 2017. This decrease in federal matching affects almost all Medicaid programs. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account/Prescription Drugs
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	360,723,246	0	360,723,246	100.0	360,723,246	0	360,723,246	100.0
C01	Existing Program	33,166,670	0	393,889,916	109.2	66,647,312	0	427,370,558	118.5
C05	Unfunded Appropriation	40,000,000	0	433,889,916	120.3	40,000,000	0	467,370,558	129.6

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	360,723,246	0	360,723,246	100.0	360,723,246	0	360,723,246	100.0
C01	Existing Program	33,166,670	0	393,889,916	109.2	66,647,312	0	427,370,558	118.5
C05	Unfunded Appropriation	40,000,000	0	433,889,916	120.3	40,000,000	0	467,370,558	129.6

Justification

C01	Includes 8.5% growth rate due to federal mandated drugs and results from a change in the Federal Medical Assistance Percentage of 70.69% in SFY 2015 to 70.66% for SFY 2016 and 70.66% for SFY 2017. This decrease in federal matching affects almost all Medicaid programs. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account/Hospital and Medical Services
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	4,920,975,348	0	4,920,975,348	100.0	4,920,975,348	0	4,920,975,348	100.0
C01	Existing Program	834,029,034	0	5,755,004,382	116.9	1,083,407,468	0	6,004,382,816	122.0
C05	Unfunded Appropriation	725,000,000	0	6,480,004,382	131.7	725,000,000	0	6,729,382,816	136.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	4,920,975,348	0	4,920,975,348	100.0	4,920,975,348	0	4,920,975,348	100.0
C01	Existing Program	834,029,034	0	5,755,004,382	116.9	1,083,407,468	0	6,004,382,816	122.0
C05	Unfunded Appropriation	725,000,000	0	6,480,004,382	131.7	725,000,000	0	6,729,382,816	136.7

Justification

C01	Regular Hospital Medical 5% growth rate along with change in the Federal Medical Assistance Percentage of 70.69% in SFY 2015 to 70.66% for SFY 2016 and 70.66% for SFY 2017. This decrease in federal matching affects almost all Medicaid programs. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017. This request includes the 100% Federal Funded Private Option, (A.C.A). Enrollees expected to increase to 248,000 along with increased Medically Frail eligible claims for 100% FMAP.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only. This is mainly for the unexpected changes for the Private Option Program and contract costs for changes and updates to Medicaid Programs. Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account/ARKids B Program
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	103,515,000	0	103,515,000	100.0	103,515,000	0	103,515,000	100.0
C01	Existing Program	28,707,020	0	132,222,020	127.7	38,808,782	0	142,323,782	137.5
C05	Unfunded Appropriation	15,000,000	0	147,222,020	142.2	15,000,000	0	157,323,782	152.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	103,515,000	0	103,515,000	100.0	103,515,000	0	103,515,000	100.0
C01	Existing Program	28,707,020	0	132,222,020	127.7	38,808,782	0	142,323,782	137.5
C05	Unfunded Appropriation	15,000,000	0	147,222,020	142.2	15,000,000	0	157,323,782	152.0

Justification

C01	Budget Impact of Arkids B (waiver) to be covered under the Arkansas Medicaid State Plan.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Analysis of Budget Request

Appropriation: 898 - DHS-Grants Paying Account

Funding Sources: PWE - Grants Paying

Child and Family Life Institute Appropriation referenced on page 385.

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

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

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

The Executive Recommendation provides for the Agency Request.

Infant Infirmary Appropriation referenced on page 386.

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

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as intermediate care facilities for individuals with developmental disabilities or ICF/MR provider fee per Act 433 of 2009, the Medicaid Trust

Fund, and various program support which can include Medicaid match. Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$25,947,910 each year of the biennium with general revenue of \$5,150,660.

The Agency Change Level request for this appropriation is \$5,335,720 in FY2016 and \$6,150,513 in FY2017 with general revenue request of \$1,883,010 in FY2016 and \$2,129,955 in FY2017. The following delineates the agency request:

- \$335,720 in FY2016 and \$1,150,513 in FY2017 for growth.
- \$5,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

Public Nursing Home Care Appropriation referenced on page 387.

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

Funding for this program is derived from general revenues (DGF - DHS Grants Fund Account), federal and other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as quality assurance fee per Act 635 of 2001, intermediate care facilities for individuals with developmental disabilities or ICF/MR provider fee per Act 433 of 2009, various program support which can include matching funds from the Human Development Centers (from general revenue), the DDS Small 10 Beds Intermediate Care Facilities for the Mentally Retarded (ICFs/MR)(from general revenue), the Arkansas Health Center (from mixed funding). Additionally, tobacco settlement funding can be utilized in this appropriation if Section 11 of Act 2 of the First Extraordinary Session of 2002 is invoked and approved by the Governor and the Chief Fiscal Officer of the State.

The Agency Base Level request for this appropriation is \$198,636,754 each year of the biennium with general revenue of \$3,225,851.

The Agency Change Level request for this appropriation is \$56,475,264 in FY2016 and \$65,500,193 in FY2017 with general revenue request of \$40,440,776 in FY2016 and \$43,150,224 in FY2017. The following delineates the agency request:

- \$6,475,264 in FY2016 and \$15,500,193 in FY2017 for growth.
- \$50,000,000 each year of the biennium in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account - Child & Family Life Institute

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Child & Family Life Inst 5100004	0	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Total	0	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Funding Sources									
General Revenue 4000010	0	2,100,000		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Total Funding	0	2,100,000		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	2,100,000		2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account/Infant Infirmary

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Infant Infirmary	5100004	24,512,824	25,947,910	27,555,873	25,947,910	31,283,630	31,283,630	25,947,910	32,098,423	32,098,423
Total		24,512,824	25,947,910	27,555,873	25,947,910	31,283,630	31,283,630	25,947,910	32,098,423	32,098,423
Funding Sources										
General Revenue	4000010	6,087,643	5,150,660		5,150,660	7,033,670	7,033,670	5,150,660	7,280,615	7,280,615
Federal Revenue	4000020	17,187,728	18,342,578		18,342,578	18,579,898	18,579,898	18,342,578	19,147,746	19,147,746
Trust Fund	4000050	133,966	1,777,520		1,777,520	0	0	1,777,520	0	0
ICF/MR Provider Fee	4000282	842,732	677,152		677,152	670,062	670,062	677,152	670,062	670,062
Various Program Support	4000730	260,755	0		0	0	0	0	0	0
Total Funding		24,512,824	25,947,910		25,947,910	26,283,630	26,283,630	25,947,910	27,098,423	27,098,423
Excess Appropriation/(Funding)		0	0		0	5,000,000	5,000,000	0	5,000,000	5,000,000
Grand Total		24,512,824	25,947,910		25,947,910	31,283,630	31,283,630	25,947,910	32,098,423	32,098,423

Appropriation Summary

Appropriation: 898 - DHS-Grants Paying Account/Public Nursing Home Care

Funding Sources: PWE - Grants Paying

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2015-2016			2016-2017		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Public Nursing Home Care	5100004	188,911,010	198,636,754	223,528,121	198,636,754	255,112,018	255,112,018	198,636,754	264,136,947	264,136,947
Total		188,911,010	198,636,754	223,528,121	198,636,754	255,112,018	255,112,018	198,636,754	264,136,947	264,136,947
Funding Sources										
General Revenue	4000010	3,507,792	3,225,851		3,225,851	43,666,627	43,666,627	3,225,851	46,376,075	46,376,075
Federal Revenue	4000020	132,456,636	140,416,321		140,416,321	144,993,686	144,993,686	140,416,321	151,309,167	151,309,167
ICF/MR Provider Fee	4000282	4,651,253	5,970,873		5,970,873	5,970,873	5,970,873	5,970,873	5,970,873	5,970,873
Quality Assurance Fee	4000395	679,624	1,107,039		1,107,039	0	0	1,107,039	0	0
Various Program Support	4000730	47,615,705	47,916,670		47,916,670	10,480,832	10,480,832	47,916,670	10,480,832	10,480,832
Total Funding		188,911,010	198,636,754		198,636,754	205,112,018	205,112,018	198,636,754	214,136,947	214,136,947
Excess Appropriation/(Funding)		0	0		0	50,000,000	50,000,000	0	50,000,000	50,000,000
Grand Total		188,911,010	198,636,754		198,636,754	255,112,018	255,112,018	198,636,754	264,136,947	264,136,947

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account/Infant Infirmary
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	25,947,910	0	25,947,910	100.0	25,947,910	0	25,947,910	100.0
C01	Existing Program	335,720	0	26,283,630	101.3	1,150,513	0	27,098,423	104.4
C05	Unfunded Appropriation	5,000,000	0	31,283,630	120.6	5,000,000	0	32,098,423	123.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	25,947,910	0	25,947,910	100.0	25,947,910	0	25,947,910	100.0
C01	Existing Program	335,720	0	26,283,630	101.3	1,150,513	0	27,098,423	104.4
C05	Unfunded Appropriation	5,000,000	0	31,283,630	120.6	5,000,000	0	32,098,423	123.7

Justification

C01	3.10% growth rate in addition to results from a change in the Federal Medical Assistance Percentage of 70.69% in SFY 2015 to 70.66% for SFY 2016 and 70.66% for SFY 2017. This decrease in federal matching affects almost all Medicaid programs. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account/Public Nursing Home Care
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	198,636,754	0	198,636,754	100.0	198,636,754	0	198,636,754	100.0
C01	Existing Program	6,475,264	0	205,112,018	103.3	15,500,193	0	214,136,947	107.8
C05	Unfunded Appropriation	50,000,000	0	255,112,018	128.4	50,000,000	0	264,136,947	133.0

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	198,636,754	0	198,636,754	100.0	198,636,754	0	198,636,754	100.0
C01	Existing Program	6,475,264	0	205,112,018	103.3	15,500,193	0	214,136,947	107.8
C05	Unfunded Appropriation	50,000,000	0	255,112,018	128.4	50,000,000	0	264,136,947	133.0

Justification

C01	Growth rate at 5% plus results from a change in the Federal Medical Assistance Percentage of 70.69% in SFY 2015 to 70.66% for SFY 2016 and 70.66% for SFY 2017. This decrease in federal matching affects almost all Medicaid programs. The SFY 2014 and SFY 2015 Medicaid budgets were funded, in part, using one-time monies and accumulated balances primarily resulting from the receipt of ARRA funds during SFYs 2009 – 2011. Examples include monies accumulated in the Medicaid Trust. These one-time funds including the Medicaid Trust Fund balance will be depleted during SFY2015; therefore, the amount from the base level is not available for SFYs 2016 and 2017.
C05	Arkansas' Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates to the extent funds are available. This request is for appropriation only.