DHS - Medical Services

Enabling Laws

Act 03 of 2016
Act 191 of 2016
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 30.31% of Arkansas Medicaid program-related costs; the federal government funds approximately 69.69%. 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 12,055 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-four million claims annually, with an average processing time of 2.6 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 226 nursing facilities, 42 intermediate care facilities for persons with developmental disabilities, 88 assisted living facilities, 61 residential care facilities, and one post-acute head injury retraining residential facilities that are licensed to provide long-term care services in Arkansas. The OLTC also surveys 38 Adult Day Care and Adult Day Health Care facilities and 23 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.

In order to control cost on pharmacy claims and meet federal requirements the Pharmacy Program is changing its payment methodology for covered outpatient drugs to a model based on actual acquisition cost plus a professional dispensing fee. The professional dispensing fee will increase but will be offset by a lower ingredient reimbursement which will show significant overall savings for the State. In addition, the Pharmacy Program has made significant changes in its Preferred Drug List (PDL) process which will maximize State Supplemental rebates by adding additional classes of medications.

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.

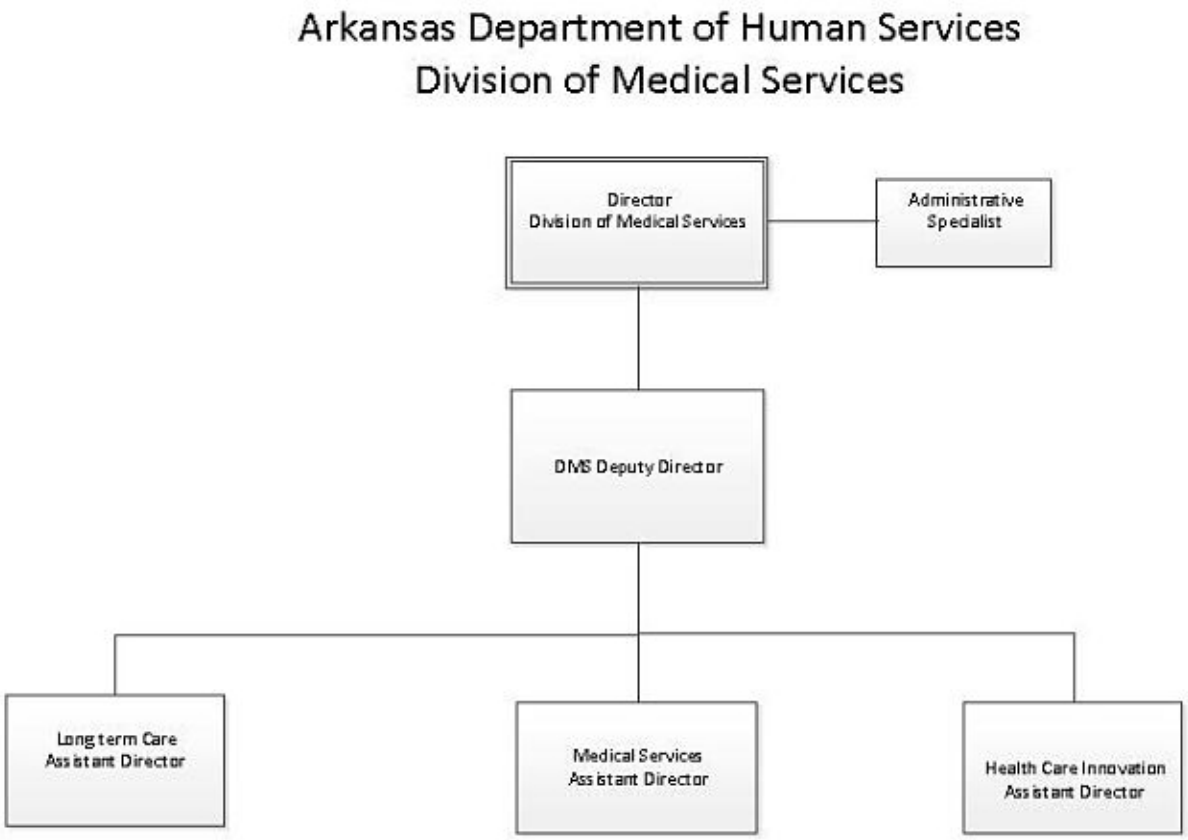
Third Party Liability

Third Party Liability (TPL) collections and cost avoidance totaled $58,884,041 for SFY 15. To 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. The identification and updating of TPL information thus increases cost avoidance and limiting Arkansas Medicaid's liability for payments. TPL has contracted with HMS to further increase saving through a HIPP (Health Premium Payment Program). Estate Recovery

collection process has been enhanced with the use of Data Scout Pro to identify potential properties of the estate.

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, and Federal Medicaid funds (Social Security Title XIX), 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 Arkansas Works Program 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 Transformation Savings

As directed by the Governor's Office and the Medicaid Task Force the Department of Human Services has worked extensively with the Stephen Group, as well as independently as a department, to develop plans for the reduction of both total spend and General Revenue need for the Medicaid program. The current budget reflects drops in anticipated General Revenue needs based on the successful implementation of transformation programs in Behavioral Health, Development Disabilities and Long Term Care. The Division has reduced the SFY 2018 General Revenue request by $54 million and the SFY 2019 General Revenue request by $56.7 million. The corresponding reduction in Federal spending is $146 million in SFY2018 and $153.3 million in SFY2019. Total planned spending reductions are $200 million in SFY2018 and $210 million in SFY2019. These initiatives will be brought to the legislature this fall seeking approval of the transformation packages for each area. The decreased need for General Revenue is almost entirely tied to the successful implementation of these savings packages. Should these packages stall or fail to be approved the Department will be forced to reevaluate its General revenue needs and make a supplemental request for the funding needed as a result of lost programmatic savings from these saving initiatives.

Medicaid Operations

In State Fiscal Year (SFY) 2015, Medicaid's fiscal agent, Hewlett Packard (HP), processed more than 44 million claims for more than 12,055 providers on behalf of more than 993,910 Arkansans. HP responded to more than 92,889 voice calls, 90,249 automated calls, nearly 51,998 written inquiries, and conducted over 2,598 provider visits, 36 virtual trainings and 22 workshops around the state.

Medicaid processes 99% of claims within 30 days with the average claim being processed in under 2.6 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 501,878 children. In SFY 2014, Medicaid paid for 18,837 of the individuals born in Arkansas, or about 49% 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 Biennium Budget for SFYs 2014 and 2015. Beginning January 1, 2017, with CMS approval pending DHS plans to implement the Arkansas Works program directed under ACT 2 of the 2016 2nd Extraordinary Session as a replacement to the Health Care Independence Program. Major changes to the program include encouraging employer based insurance, incentivizing work and work opportunities, promoting personal responsibility and enhancing program integrity.

For reference as a high-level projection, the State elected Medicaid expansion in accordance with the ACA. It is estimated that approximately 272,000 Arkansans would qualify (having incomes equal to or less than 138% of the FPL) through 2021.Total costs for the program are projected to be $1,630,373,382 in the first year of full enrollment (SFY2017) 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. Beginning January 1, 2017 this rate is 95% Federal and 05% State.

Arkansas Payment Improvement Initiative (APII)

In 2011, the Department of Human Services, through its Division of Medical Services (Arkansas Medicaid), undertook creating a statewide initiative to create a more patient-centered health care system. This initiative was conceived and implemented in collaboration with its multipayer partners, Arkansas Blue Cross Blue Shield and QualChoice of Arkansas.

The goals of AHCPII 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. These goals are known collectively as the "Triple Aim."

For SFY 2015-16, DMS, through its Health Care Innovation (HCI) team, continued and expanded implementation of Retrospective Episodes of Care (EOC) and Patient Centered Medical Homes (PCMH).

In addition to the initial 14 EOCs currently in production, four (4) more Episodes are being developed for a projected Fall 2016 launch date: Urinary Tract Infection (URI); Appendectomy (Appy); Hysterectomy (Hyst); and Uncomplicated Pediatric Pneumonia that presents in the Emergency Department. Historical data and medical literature are being examined to determine whether two additional Episodes could be considered for a subsequent launch date in 2017.

Medical Homes (PCMH) continue to gain acceptance within and beyond Medicaid. Currently, in the third year of enrollment (2016), 878 out of 1,010 eligible Medicaid PCPs (primary care providers) participate in the PCMH program, or 87% eligible PCPs; this is an increase from the first year's enrollment of 659 PCPs. This level of PCP participation equates to 323,000 Medicaid beneficiaries who are receiving the benefit of their PCP's enrollment in the program.

One benefit of participating in a PCMH is that PCPs are eligible for Shared Savings when certain conditions are met. The first year of PCMH Shared Savings saw 19 PCPs receive payments in excess of $5 million. Overall, PCMHs helped Arkansas save about $34 million in Medicaid costs for the 2014 calendar year.

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 rate of 5% in most all program categories except for Pharmacy which projects a growth rate of 8.5%. This funding request also includes the Shortfall Other Funding: The SFY 2016 and SFY 2017 Medicaid budget 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 2018 and SFY 2019.

Request #2 - FMAP Rate Change: This request results from a change in the Federal Medical Assistance Percentage, a projected rate of 70.87% for FFY 2018, and projected rate of 70.87% for FFY 2019. 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.

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 Pool Positions: The Division of Medical Services requests of nine (9) growth pool positions to support DMS business operations: There are many changes taking place in Medicaid and these positions are needed to support all programs in the division. All positions are necessary in all areas of DMS to meet the challenges of establishing and maintain current and new health initiatives this biennial period.

This request is for positions and unfunded appropriation only.

Request #2 - Restore Positions: DMS requests restoration of thirteen (13) 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 as they were needed in SFY16 and SFY17.

This request is for positions and unfunded appropriation only.

Request #3 -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.

Request #4 - 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. This request is for appropriation only.

Request #5-Position Transfer: This request results from the DHS reorganization plan set forth by Director Gillespie. The Department has changed sections and leadership models that necessitate the transfer of positions to be in line with directives.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF HUMAN SERVICES

FOR THE YEAR ENDED JUNE 30, 2015

Findings	Recommendations
Audit findings are reported under the DHS Administrative Services Division.	

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

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM

STATE CONTRACTS OVER $50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0710 DHS - Medical Services

		Minority Type per A.C.A. 15-4-303 (2)					
Minority Business	**Total Contract Awarded**	**African American**	**Hispanic American**	**American Indian**	**Asian American**	**Pacific Islander American**	**Disabled Veteran**
AR SPANISH INTERPRETERS & TRANSLATOR	$2,320		X				
ESYSTEMS INC	$21,163,680				X		
GODDESS PRODUCTS INC	$5,929	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED 3

TOTAL EXPENDITURES FOR CONTRACTS AWARDED $238,630,905

% OF MINORITY CONTRACTS AWARDED 8.11 %

Department Appropriation Summary

		Historical Data						Agency Request and Executive Recommendation											
		2015-2016		2016-2017		2016-2017		2017-2018						2018-2019					
Appropriation		Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
4KS	Nursing Home Quality	842,556	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,000,000	0	1,500,000	0	1,500,000	0	1,000,000	0
642	Medicaid Expansion-Medical Srvs	50,889	1	69,083	1	113,521	2	69,285	1	117,596	2	114,142	2	69,285	1	117,769	2	114,142	2
648	Medicaid Exp-Prescription Drugs	4,009,744	0	4,553,782	0	4,553,782	0	4,553,782	0	4,781,471	0	4,553,782	0	4,553,782	0	5,020,545	0	4,553,782	0
648	Medicaid Exp-Hospital & Medical Services	13,640,024	0	42,510,440	0	62,510,440	0	42,510,440	0	49,635,962	0	42,510,440	0	42,510,440	0	49,742,238	0	42,510,440	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	26,396,922	331	27,782,170	326	34,124,888	330	27,171,070	317	30,812,832	270	24,313,591	270	27,182,805	317	32,279,182	270	24,321,377	270
897	ARKIDS B Program	79,719,476	0	132,222,020	0	147,323,782	0	132,222,020	0	153,833,121	0	132,222,020	0	132,222,020	0	160,774,777	0	132,222,020	0
897	Hospital & Medical Services	5,101,914,119	0	5,585,140,144	0	6,689,382,816	0	5,585,140,144	0	6,660,893,014	0	6,660,893,014	0	5,585,140,144	0	7,019,281,760	0	7,019,281,760	0
897	Prescription Drugs	451,546,473	0	477,143,960	0	517,370,558	0	477,143,960	0	557,701,197	0	517,701,197	0	477,143,960	0	601,705,798	0	561,705,798	0
897	Private Nursing Home Care	656,024,021	0	683,113,654	0	724,218,533	0	683,113,654	0	713,607,064	0	703,607,064	0	683,113,654	0	734,715,275	0	724,715,275	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	27,794,285	0	27,098,423	0	32,098,423	0	27,098,423	0	33,453,344	0	28,453,344	0	27,098,423	0	34,876,011	0	29,876,011	0
898	Public Nursing Home Care	189,026,009	0	205,112,018	0	264,136,947	0	205,112,018	0	261,265,379	0	211,265,379	0	205,112,018	0	267,603,340	0	217,603,340	0
Total		6,550,964,518	332	7,188,495,694	327	8,479,583,690	332	7,187,884,796	318	8,469,850,980	272	8,328,883,973	272	7,187,896,531	318	8,909,866,695	272	8,760,153,945	272

Funding Sources			%		%			%		%		%		%		%		%
General Revenue	4000010	989,635,030	15.1	1,065,241,269	14.8		1,065,111,725	14.8	1,246,227,923	16.4	1,143,690,206	15.1	1,065,112,306	14.8	1,357,687,487	16.9	1,296,300,920	16.2
Federal Revenue	4000020	5,084,005,699	77.6	5,550,652,002	77.2		5,550,284,606	77.2	5,893,824,408	77.4	5,884,899,970	77.7	5,550,285,986	77.2	6,217,199,276	77.2	6,199,765,792	77.6
Trust Fund	4000050	48,056,739	0.7	44,331,747	0.6		44,331,747	0.6	44,331,747	0.6	43,831,747	0.6	44,331,747	0.6	44,331,747	0.6	43,831,747	0.5
Drug Rebates	4000200	52,022,896	0.8	40,859,589	0.6		40,859,589	0.6	40,859,589	0.5	40,859,589	0.5	40,859,589	0.6	40,859,589	0.5	40,859,589	0.5
General Improvement Fund	4000265	0	0.0	0	0.0		0	0.0	0	0.0	70,000,000	0.9	0	0.0	0	0.0	20,000,000	0.3
Hospital Assessment Fee	4000281	65,547,399	1.0	77,000,000	1.1		77,000,000	1.1	77,000,000	1.0	77,000,000	1.0	77,000,000	1.1	77,000,000	1.0	77,000,000	1.0
ICF/MR Provider Fee	4000282	6,547,648	0.1	10,870,062	0.2		10,870,062	0.2	10,870,062	0.1	10,870,062	0.1	10,870,062	0.2	10,870,062	0.1	10,870,062	0.1
Quality Assurance Fee	4000395	85,783,680	1.3	69,889,227	1.0		69,889,227	1.0	69,889,227	0.9	69,889,227	0.9	69,889,227	1.0	69,889,227	0.9	69,889,227	0.9
Reimbursement	4000425	0	0.0	100,000	0.0		100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0
Tobacco Settlement	4000495	8,077,352	0.1	28,215,911	0.4		28,216,011	0.4	28,527,670	0.4	28,217,738	0.4	28,216,011	0.4	28,763,415	0.4	28,217,825	0.4
Transfer from Medicaid Match	4000550	4,329,645	0.1	13,764,573	0.2		13,764,573	0.2	13,764,573	0.2	13,764,573	0.2	13,764,573	0.2	13,764,573	0.2	13,764,573	0.2
Various Program Support	4000730	206,958,430	3.2	287,571,314	4.0		287,457,256	4.0	188,181,741	2.5	188,181,741	2.5	287,467,030	4.0	193,126,413	2.4	193,126,413	2.4
Total Funds		6,550,964,518	100.0	7,188,495,694	100.0		7,187,884,796	100.0	7,613,576,940	100.0	7,571,304,853	100.0	7,187,896,531	100.0	8,053,591,789	100.0	7,993,726,148	100.0
Excess Appropriation/(Funding)		0		0			0		856,274,040		757,579,120		0		856,274,906		766,427,797	
Grand Total		6,550,964,518		7,188,495,694			7,187,884,796		8,469,850,980		8,328,883,973		7,187,896,531		8,909,866,695		8,760,153,945	

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
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	
329	295	19	314	15	10.33 %	326	290	26	316	10	11.04 %	331	285	42	327	4	13.90 %

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 is to reduce the appropriation to $1,000,000 each year of the biennium.

Appropriation Summary

Appropriation: 4KS - Nursing Home Quality

Funding Sources: TLT - Long Term Care Trust Fund

	Historical Data			Agency Request and Executive Recommendation					
	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item	**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Grants and Aid 5100004	842,556	1,500,000	1,500,000	1,500,000	1,500,000	1,000,000	1,500,000	1,500,000	1,000,000
Total	842,556	1,500,000	1,500,000	1,500,000	1,500,000	1,000,000	1,500,000	1,500,000	1,000,000
Funding Sources									
Trust Fund 4000050	842,556	1,500,000		1,500,000	1,500,000	1,000,000	1,500,000	1,500,000	1,000,000
Total Funding	842,556	1,500,000		1,500,000	1,500,000	1,000,000	1,500,000	1,500,000	1,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	842,556	1,500,000		1,500,000	1,500,000	1,000,000	1,500,000	1,500,000	1,000,000

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**1,500,000**	**0**	**1,500,000**	**100.0**	**1,500,000**	**0**	**1,500,000**	**100.0**

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**1,500,000**	**0**	**1,500,000**	**100.0**	**1,500,000**	**0**	**1,500,000**	**100.0**
C03	Discontinue Program	(500,000)	0	1,000,000	66.7	(500,000)	0	1,000,000	66.7

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:

The Agency Base Level Request for this appropriation is $69,285 with 1 budgeted position for each year of the biennium.

Change Level:

The Agency Change Level Request is $48,311 in FY2018 and $51,736 in FY2019, and reflects the following:

- Restore Unfunded Position (1): Regular Salaries and Personal Services Matching of $44,857 each year of the biennium.
- Operating Expenses of $3,454 in FY2018 and $6,879 in FY2019.

The Executive Recommendation provides for the Agency Request with the exception of $3,454 in FY2018 and $6,879 in FY2019 in Operating Expenses.

Appropriation Summary

Appropriation: 642 - DHS Medicaid Expansion Program

Funding Sources: PTA - Medicaid Expansion Program Account

		Historical Data			Agency Request and Executive Recommendation					
		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	34,934	40,396	69,476	40,396	72,645	72,645	40,396	72,645	72,645
#Positions		**1**	**1**	**2**	**1**	**2**	**2**	**1**	**2**	**2**
Personal Services Matching	5010003	12,918	14,318	26,227	14,520	27,128	27,128	14,520	27,128	27,128
Operating Expenses	5020002	2,320	12,369	15,818	12,369	15,823	12,369	12,369	15,996	12,369
Conference & Travel Expenses	5050009	717	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		50,889	69,083	113,521	69,285	117,596	114,142	69,285	117,769	114,142
Funding Sources										
Federal Revenue	4000020	25,348	34,541		34,643	36,370	36,370	34,643	36,456	36,456
Tobacco Settlement	4000495	25,541	34,542		34,642	36,369	36,369	34,642	36,456	36,456
Total Funding		50,889	69,083		69,285	72,739	72,739	69,285	72,912	72,912
Excess Appropriation/(Funding)		0	0		0	44,857	41,403	0	44,857	41,230
Grand Total		50,889	69,083		69,285	117,596	114,142	69,285	117,769	114,142

Change Level by Appropriation

Appropriation: 642 - DHS Medicaid Expansion Program
Funding Sources: PTA - Medicaid Expansion Program Account

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**69,285**	**1**	**69,285**	**100.0**	**69,285**	**1**	**69,285**	**100.0**
C01	Existing Program	3,454	0	72,739	105.0	3,627	0	72,912	105.2
C05	Unfunded Appropriation	44,857	1	117,596	169.7	44,857	1	117,769	170.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**69,285**	**1**	**69,285**	**100.0**	**69,285**	**1**	**69,285**	**100.0**
C01	Existing Program	0	0	69,285	100.0	0	0	69,285	100.0
C05	Unfunded Appropriation	44,857	1	114,142	164.7	44,857	1	114,142	164.7

Justification	
C01	"Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. 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 and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019. "
C05	The Division of Medical Services request the restoration of one (1) unbudgeted position. There are many changes taking place in the Medicaid program and these positions have been utilitized and are needed as support positions. All positions are necessary in all areas of DMS to meet the challenges of this biennial period. The Division of Medical Services request the restoration of one (1) unbudgeted position. There are many changes taking place in the Medicaid program and these positions have been utilitized and are needed as support positions. All positions are necessary in all areas of DMS to meet the challenges of this biennial period.

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 165
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 $4,553,782 each year of the biennium.

The Agency Change Level request for this appropriation is $227,689 in FY2018 and $634,114 in FY2019. This request is to meet demands due to program growth.

The Executive Recommendation provides for Base Level.

Medicaid Expansion Program - Hospital and Medical Services referenced on page 166
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 $42,510,440 each year of the biennium.

The Agency Change Level request for this appropriation is $7,125,522 in FY2018 and $8,464,601 in FY2019.

- $2,125,522 in FY2018 and $3,464,601 in FY2019 to meet demands due to program growth.
- Unfunded Appropriation of $5,000,000 for each year in the biennium to respond to federal and state mandates to the extent funds are available.

The Executive Recommendation provides for Base Level.

Appropriation Summary

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

Funding Sources: PTD - Medicaid Expansion Program Account

		Historical Data			Agency Request and Executive Recommendation					
		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Medicaid Exp-Prescrip Drugs	5100004	4,009,744	4,553,782	4,553,782	4,553,782	4,781,471	4,553,782	4,553,782	5,020,545	4,553,782
Total		4,009,744	4,553,782	4,553,782	4,553,782	4,781,471	4,553,782	4,553,782	5,020,545	4,553,782
Funding Sources										
Federal Revenue	4000020	53,870	69,690		69,690	200,000	69,690	69,690	511,541	69,690
Tobacco Settlement	4000495	3,955,874	4,484,092		4,484,092	4,581,471	4,484,092	4,484,092	4,509,004	4,484,092
Total Funding		4,009,744	4,553,782		4,553,782	4,781,471	4,553,782	4,553,782	5,020,545	4,553,782
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		4,009,744	4,553,782		4,553,782	4,781,471	4,553,782	4,553,782	5,020,545	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					
		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Medicaid Exp-Hosp/Med Srvs	5100004	13,640,024	42,510,440	62,510,440	42,510,440	49,635,962	42,510,440	42,510,440	49,742,238	42,510,440
Total		13,640,024	42,510,440	62,510,440	42,510,440	49,635,962	42,510,440	42,510,440	49,742,238	42,510,440
Funding Sources										
Federal Revenue	4000020	9,544,087	29,625,526		29,625,526	31,538,495	29,625,526	29,625,526	31,336,646	29,625,526
Tobacco Settlement	4000495	4,095,937	12,884,914		12,884,914	13,097,467	12,884,914	12,884,914	13,405,592	12,884,914
Total Funding		13,640,024	42,510,440		42,510,440	44,635,962	42,510,440	42,510,440	44,742,238	42,510,440
Excess Appropriation/(Funding)		0	0		0	5,000,000	0	0	5,000,000	0
Grand Total		13,640,024	42,510,440		42,510,440	49,635,962	42,510,440	42,510,440	49,742,238	42,510,440

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**4,553,782**	**0**	**4,553,782**	**100.0**	**4,553,782**	**0**	**4,553,782**	**100.0**
C01	Existing Program	227,689	0	4,781,471	105.0	466,763	0	5,020,545	110.3

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**4,553,782**	**0**	**4,553,782**	**100.0**	**4,553,782**	**0**	**4,553,782**	**100.0**
C01	Existing Program	0	0	4,553,782	100.0	0	0	4,553,782	100.0

Justification

C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. 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 and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019. ""Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. 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 and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019. "

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**42,510,440**	**0**	**42,510,440**	**100.0**	**42,510,440**	**0**	**42,510,440**	**100.0**
C01	Existing Program	2,125,522	0	44,635,962	105.0	2,231,798	0	44,742,238	105.2
C05	Unfunded Appropriation	5,000,000	0	49,635,962	116.8	5,000,000	0	49,742,238	117.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**42,510,440**	**0**	**42,510,440**	**100.0**	**42,510,440**	**0**	**42,510,440**	**100.0**
C01	Existing Program	0	0	42,510,440	100.0	0	0	42,510,440	100.0
C05	Unfunded Appropriation	0	0	42,510,440	100.0	0	0	42,510,440	100.0

Justification	
C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 69.67% for SFY 2018 and 69.67% for SFY 2019. 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 and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
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					
	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item	**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					
	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item	**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)
- IndependentChoices (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 polices 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:

The Agency Base Level Request for this appropriation is $27,171,070 in FY2018 and $27,182,805 in FY2019 with $7,067,957 in FY2018 and $7,068,538 in FY2019 in general revenue funding and 317 budgeted base level positions.

Change Level:

The Agency Change Level Request is $3,641,762 in FY2018 and $5,096,377 in FY2019 with $3,028,073 in FY2018 and ($553,668) in FY2019 in general revenue funding and a reduction of (47) positions, and reflects the following:

- Discontinue Position (1): Regular Salaries and Personal Services Matching of ($36,238) each year of the biennium.
- Transfer Positions Out (67): Regular Salaries and Personal Services Matching of ($4,391,377) in FY2018 and ($4,396,192) in FY2019 to support agency reorganization.
- Restore Unfunded Positions 12: Regular Salaries and Personal Services Matching of $1,119,051 in FY2018 and $1,119,917 in FY2019 to take care of the many changes taking place in the Medicaid program.
- Restore Pool Positions 9: Regular Salaries and Personal Services Matching of $695,768 each year of the biennium needed to take care of the many changes taking place in the Medicaid program.
- Extra Help of $110,132 for each year of the biennium.
- Operating Expenses of $6,154,856 in FY2018 and $7,613,420 in FY2019 which includes a transfer out of ($234,253) each year of the biennium to support agency reorganization and an increase of $1,389,109 for FY2018 and $2,847,673 for FY2019 for growth. Additional Unfunded Appropriation of $5,000,000 each year of the biennium to respond to federal and state mandates to the extent funds are available.
- Conference Fees and Travel of ($10,430) for each year of the biennium to support agency reorganization.

The Executive Recommendation provides for the Agency Request in appropriation and funding with the exception of the following:

- Extra Help of $110,132 for each year of the biennium.
- Operating Expenses increase of $6,389,109 for FY2018 and $7,847,673 for FY2019.

Appropriation Summary

Appropriation: 896 - DHS–Admin Paying Account

Funding Sources: PWP - Administration Paying

		Historical Data			Agency Request and Executive Recommendation					
		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Regular Salaries	5010000	15,613,089	15,569,802	16,603,442	15,048,530	13,116,696	13,116,696	15,058,030	13,122,996	13,122,996
#Positions		**331**	**326**	**330**	**317**	**270**	**270**	**317**	**270**	**270**
Extra Help	5010001	73,068	201,892	201,892	201,892	312,024	201,892	201,892	312,024	201,892
#Extra Help		**7**	**8**	**8**	**8**	**8**	**8**	**8**	**8**	**8**
Personal Services Matching	5010003	5,182,420	5,237,732	5,555,974	5,147,904	4,466,942	4,466,942	5,150,139	4,468,428	4,468,428
Overtime	5010006	9	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Operating Expenses	5020002	3,977,629	4,279,284	8,270,120	4,279,284	10,434,140	4,045,031	4,279,284	11,892,704	4,045,031
Conference & Travel Expenses	5050009	136,919	233,728	233,728	233,728	223,298	223,298	233,728	223,298	223,298
Professional Fees	5060010	433,626	755,132	755,132	755,132	755,132	755,132	755,132	755,132	755,132
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	90,508	0	0	0	0	0	0	0	0
Professional Admin Fee	5900044	889,654	1,499,600	2,499,600	1,499,600	1,499,600	1,499,600	1,499,600	1,499,600	1,499,600
Total		26,396,922	27,782,170	34,124,888	27,171,070	30,812,832	24,313,591	27,182,805	32,279,182	24,321,377
Funding Sources										
General Revenue	4000010	7,197,500	7,197,500		7,067,957	10,096,030	10,096,030	7,068,538	6,514,870	6,514,870
Federal Revenue	4000020	17,488,478	17,147,678		16,780,179	11,431,097	11,161,039	16,781,559	16,029,705	14,301,949
Various Program Support	4000730	1,710,944	3,436,992		3,322,934	3,056,522	3,056,522	3,332,708	3,504,558	3,504,558
Total Funding		26,396,922	27,782,170		27,171,070	24,583,649	24,313,591	27,182,805	26,049,133	24,321,377
Excess Appropriation/(Funding)		0	0		0	6,229,183	0	0	6,230,049	0
Grand Total		26,396,922	27,782,170		27,171,070	30,812,832	24,313,591	27,182,805	32,279,182	24,321,377

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**27,171,070**	**317**	**27,171,070**	**100.0**	**27,182,805**	**317**	**27,182,805**	**100.0**
C01	Existing Program	1,389,109	0	28,560,179	105.1	2,847,673	0	30,030,478	110.5
C03	Discontinue Program	(36,238)	(1)	28,523,941	105.0	(36,238)	(1)	29,994,240	110.3
C04	Reallocation	(244,683)	0	28,279,258	104.1	(244,683)	0	29,749,557	109.4
C05	Unfunded Appropriation	6,229,183	12	34,508,441	127.0	6,230,049	12	35,979,606	132.4
C06	Restore Position/Approp	695,768	9	35,204,209	129.6	695,768	9	36,675,374	134.9
C07	Agency Transfer	(4,391,377)	(67)	30,812,832	113.4	(4,396,192)	(67)	32,279,182	118.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**27,171,070**	**317**	**27,171,070**	**100.0**	**27,182,805**	**317**	**27,182,805**	**100.0**
C01	Existing Program	0	0	27,171,070	100.0	0	0	27,182,805	100.0
C03	Discontinue Program	(36,238)	(1)	27,134,832	99.9	(36,238)	(1)	27,146,567	99.9
C04	Reallocation	(244,683)	0	26,890,149	99.0	(244,683)	0	26,901,884	99.0
C05	Unfunded Appropriation	1,119,051	12	28,009,200	103.1	1,119,917	12	28,021,801	103.1
C06	Restore Position/Approp	695,768	9	28,704,968	105.6	695,768	9	28,717,569	105.6
C07	Agency Transfer	(4,391,377)	(67)	24,313,591	89.5	(4,396,192)	(67)	24,321,377	89.5

Justification

C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. 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 and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
C03	Transfer position back to DFA, no longer needed.
C04	Transfer travel and operational budget to Shared Services to support the transfer of positions.
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. The Division of Medical Services request the restoration of twelve (12) unbudgeted positions. There are many changes taking place in the Medicaid program and these positions have been utilitized and are needed as support positions. All positions are necessary in all areas of DMS to meet the challenges of this biennial period.
C06	The Division of Medical Services request the restoration of nine (9) Pool positions. These were requested and granted in last FY and are still needed to take care of the many changes taking place in the Medicaid program. All positions are necessary in all areas of DMS to meet the challenges of this biennial period.
C07	Transfer of 67 positions (salaries and personnel matching) to realign with DHS new reorganizational chart, mission and directives.

Analysis of Budget Request

Appropriation: 897 - DHS-Grants Paying Account

Funding Sources: PWD - Grants Paying

Private Nursing Home Care Appropriation referenced on page 186

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 to 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 $683,113,654 each year of the biennium with general revenue of $139,044,877.

The Agency Change Level request for this appropriation is $30,493,410 in FY2018 and $51,601,621 in FY2019 with general revenue request of ($50,550) in FY2018 and $4,057,811 in FY2019. The following delineates the agency request:

- $20,493,410 in FY2018 and $41,601,621 in FY2019 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 on the growth, but not the unfunded appropriation.

Prescription Drugs Appropriation referenced on page 187

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 $477,143,960 each year of the biennium with general revenue of $116,078,745.

The Agency Change Level request for this appropriation is $80,557,237 in FY2018 and $124,561,838 in FY2019 with general revenue reduction request of ($4,630,642) in FY2016 and an increase of $6,686,565 in FY2019. The following delineates the agency request:

- $40,557,237 in FY2018 and $84,561,838 in FY2019 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 on the growth, but not the unfunded appropriation.

Hospital and Medical Services Appropriation referenced on page 188

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 $5,585,140,144 each year of the biennium with general revenue of $792,162,845.

The Agency Change Level request for this appropriation is $1,075,752,870 in FY2018 and $1,434,141,616 in FY2019 with general revenue request of $182,927,053 in FY2018 and $280,676,723 in FY2019. The following delineates the agency request:

- $404,752,870 in FY2018 and $765,841,616 in FY2019 for growth.
- ($54,000,000) in FY2018 and ($56,700,000) in FY2019 during the biennium, the division expects to see the effects of program savings due to the transformation plan being implemented in SFY2017.
- $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 provides for Agency Request for appropriation and $80,089,339 in FY2018 and $219,290,156 in FY2019 in new general revenue funding. General improvement funds are also being recommended in the amount of $70,000,000 in FY2018 and $20,000,000 in FY2019 to fully subsidize these required funding levels.

ARKIDS B Program Appropriation referenced on page 189

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 $132,222,020 each year of the biennium.

The Agency Change Level request for this appropriation is $21,611,101 in FY2018 and $28,552,757 in FY2019. The following delineates the agency request:

- $6,611,101 in FY2018 and $13,552,757 in FY2019 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 Base Level.

Appropriation Summary

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

Funding Sources: PWD - Grants Paying

		Historical Data			Agency Request and Executive Recommendation					
		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Private Nursing Home Care	5100004	656,024,021	683,113,654	724,218,533	683,113,654	713,607,064	703,607,064	683,113,654	734,715,275	724,715,275
Total		656,024,021	683,113,654	724,218,533	683,113,654	713,607,064	703,607,064	683,113,654	734,715,275	724,715,275
Funding Sources										
General Revenue	4000010	109,480,364	139,044,877		139,044,877	138,994,327	138,994,327	139,044,877	143,102,688	143,102,688
Federal Revenue	4000020	461,507,262	476,061,905		476,061,905	496,605,865	496,605,865	476,061,905	513,605,715	513,605,715
Quality Assurance Fee	4000395	84,934,728	67,780,041		67,780,041	67,780,041	67,780,041	67,780,041	67,780,041	67,780,041
Various Program Support	4000730	101,667	226,831		226,831	226,831	226,831	226,831	226,831	226,831
Total Funding		656,024,021	683,113,654		683,113,654	703,607,064	703,607,064	683,113,654	724,715,275	724,715,275
Excess Appropriation/(Funding)		0	0		0	10,000,000	0	0	10,000,000	0
Grand Total		656,024,021	683,113,654		683,113,654	713,607,064	703,607,064	683,113,654	734,715,275	724,715,275

Appropriation Summary

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

Funding Sources: PWD - Grants Paying

		Historical Data			Agency Request and Executive Recommendation					
		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Prescription Drugs	5100004	451,546,473	477,143,960	517,370,558	477,143,960	557,701,197	517,701,197	477,143,960	601,705,798	561,705,798
Total		451,546,473	477,143,960	517,370,558	477,143,960	557,701,197	517,701,197	477,143,960	601,705,798	561,705,798
Funding Sources										
General Revenue	4000010	89,388,953	116,078,745		116,078,745	111,448,103	111,448,103	116,078,745	122,765,310	122,765,310
Federal Revenue	4000020	310,134,624	320,205,626		320,205,626	365,393,505	365,393,505	320,205,626	398,080,899	398,080,899
Drug Rebates	4000200	52,022,896	40,859,589		40,859,589	40,859,589	40,859,589	40,859,589	40,859,589	40,859,589
Total Funding		451,546,473	477,143,960		477,143,960	517,701,197	517,701,197	477,143,960	561,705,798	561,705,798
Excess Appropriation/(Funding)		0	0		0	40,000,000	0	0	40,000,000	0
Grand Total		451,546,473	477,143,960		477,143,960	557,701,197	517,701,197	477,143,960	601,705,798	561,705,798

Appropriation Summary

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

Funding Sources: PWD - Grants Paying

		Historical Data			Agency Request and Executive Recommendation					
		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Hospital and Medical Services	5100004	5,101,914,119	5,585,140,144	6,689,382,816	5,585,140,144	6,660,893,014	6,660,893,014	5,585,140,144	7,019,281,760	7,019,281,760
Total		5,101,914,119	5,585,140,144	6,689,382,816	5,585,140,144	6,660,893,014	6,660,893,014	5,585,140,144	7,019,281,760	7,019,281,760
Funding Sources										
General Revenue	4000010	768,097,543	792,162,846		792,162,845	974,789,898	872,252,181	792,162,845	1,072,839,568	1,011,453,001
Federal Revenue	4000020	4,057,656,735	4,413,457,560		4,413,457,561	4,680,592,481	4,680,592,481	4,413,457,561	4,936,434,921	4,936,434,921
Trust Fund	4000050	47,214,183	42,781,747		42,781,747	42,781,747	42,781,747	42,781,747	42,781,747	42,781,747
General Improvement Fund	4000265	0	0		0	0	70,000,000	0	0	20,000,000
Hospital Assessment Fee	4000281	61,000,000	77,000,000		77,000,000	77,000,000	77,000,000	77,000,000	77,000,000	77,000,000
ICF/MR Provider Fee	4000282	5,836,455	9,983,017		9,983,017	9,983,017	9,983,017	9,983,017	9,983,017	9,983,017
Tobacco Settlement	4000495	0	10,812,363		10,812,363	10,812,363	10,812,363	10,812,363	10,812,363	10,812,363
Transfer from Medicaid Match	4000550	4,329,645	13,764,573		13,764,573	13,764,573	13,764,573	13,764,573	13,764,573	13,764,573
Various Program Support	4000730	157,779,558	225,178,038		225,178,038	126,168,935	126,168,935	225,178,038	130,665,571	130,665,571
Total Funding		5,101,914,119	5,585,140,144		5,585,140,144	5,935,893,014	5,903,355,297	5,585,140,144	6,294,281,760	6,252,895,193
Excess Appropriation/(Funding)		0	0		0	725,000,000	757,537,717	0	725,000,000	766,386,567
Grand Total		5,101,914,119	5,585,140,144		5,585,140,144	6,660,893,014	6,660,893,014	5,585,140,144	7,019,281,760	7,019,281,760

Appropriation Summary

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

Funding Sources: PWD - Grants Paying

		Historical Data			Agency Request and Executive Recommendation					
		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
ARKids B Program	5100004	79,719,476	132,222,020	147,323,782	132,222,020	153,833,121	132,222,020	132,222,020	160,774,777	132,222,020
Total		79,719,476	132,222,020	147,323,782	132,222,020	153,833,121	132,222,020	132,222,020	160,774,777	132,222,020
Funding Sources										
General Revenue	4000010	4,422,360	0		0	0	0	0	0	0
Federal Revenue	4000020	75,297,116	132,222,020		132,222,020	138,833,121	132,222,020	132,222,020	145,774,777	132,222,020
Total Funding		79,719,476	132,222,020		132,222,020	138,833,121	132,222,020	132,222,020	145,774,777	132,222,020
Excess Appropriation/(Funding)		0	0		0	15,000,000	0	0	15,000,000	0
Grand Total		79,719,476	132,222,020		132,222,020	153,833,121	132,222,020	132,222,020	160,774,777	132,222,020

Change Level by Appropriation

Appropriation: 897 - DHS-Grants Paying Account
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**683,113,654**	**0**	**683,113,654**	**100.0**	**683,113,654**	**0**	**683,113,654**	**100.0**
C01	Existing Program	20,493,410	0	703,607,064	103.0	41,601,621	0	724,715,275	106.1
C05	Unfunded Appropriation	10,000,000	0	713,607,064	104.5	10,000,000	0	734,715,275	107.6

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**683,113,654**	**0**	**683,113,654**	**100.0**	**683,113,654**	**0**	**683,113,654**	**100.0**
C01	Existing Program	20,493,410	0	703,607,064	103.0	41,601,621	0	724,715,275	106.1

Justification

C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. 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 and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
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.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
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**477,143,960**	**0**	**477,143,960**	**100.0**	**477,143,960**	**0**	**477,143,960**	**100.0**
C01	Existing Program	40,557,237	0	517,701,197	108.5	84,561,838	0	561,705,798	117.7
C05	Unfunded Appropriation	40,000,000	0	557,701,197	116.9	40,000,000	0	601,705,798	126.1

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**477,143,960**	**0**	**477,143,960**	**100.0**	**477,143,960**	**0**	**477,143,960**	**100.0**
C01	Existing Program	40,557,237	0	517,701,197	108.5	84,561,838	0	561,705,798	117.7

Justification	
C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. 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 and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
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
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**5,585,140,144**	**0**	**5,585,140,144**	**100.0**	**5,585,140,144**	**0**	**5,585,140,144**	**100.0**
C01	Existing Program	404,752,870	0	5,989,893,014	107.2	765,841,616	0	6,350,981,760	113.7
C03	Discontinue Program	(54,000,000)	0	5,935,893,014	106.3	(56,700,000)	0	6,294,281,760	112.7
C05	Unfunded Appropriation	725,000,000	0	6,660,893,014	119.3	725,000,000	0	7,019,281,760	125.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**5,585,140,144**	**0**	**5,585,140,144**	**100.0**	**5,585,140,144**	**0**	**5,585,140,144**	**100.0**
C01	Existing Program	404,752,870	0	5,989,893,014	107.2	765,841,616	0	6,350,981,760	113.7
C03	Discontinue Program	(54,000,000)	0	5,935,893,014	106.3	(56,700,000)	0	6,294,281,760	112.7
C05	Unfunded Appropriation	725,000,000	0	6,660,893,014	119.3	725,000,000	0	7,019,281,760	125.7

Justification	
C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. 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 and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
C03	During the biennium the division expects to see the effects of program savings due the transformation plan being implemented in SFY2017. These expected changes are the culmination of projections of efficiencies from Behavioral Health, Dev. Disabilities, Aging and Long Term Care.
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
Funding Sources: PWD - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**132,222,020**	**0**	**132,222,020**	**100.0**	**132,222,020**	**0**	**132,222,020**	**100.0**
C01	Existing Program	6,611,101	0	138,833,121	105.0	13,552,757	0	145,774,777	110.2
C05	Unfunded Appropriation	15,000,000	0	153,833,121	116.3	15,000,000	0	160,774,777	121.6

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**132,222,020**	**0**	**132,222,020**	**100.0**	**132,222,020**	**0**	**132,222,020**	**100.0**

Justification	
C01	Growth rate 5%.
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 197

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 198

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 $27,098,423 each year of the biennium with general revenue of $5,217,301.

The Agency Change Level request for this appropriation is $6,354,921 in FY2018 and $7,777,588 in FY2019 with general revenue request of $157,442 in FY2018 and $489,350 in FY2019. The following delineates the agency request:

- $1,354,921 in FY2018 and $2,777,588 in FY2019 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 on the growth, but not the unfunded appropriation.

Public Nursing Home Care Appropriation referenced on page 199

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 $205,112,018 each year of the biennium with general revenue of $3,440,000.

The Agency Change Level request for this appropriation is $56,153,361 in FY2018 and $62,491,322 in FY2019 with general revenue request of ($15,178) in FY2018 and $1,218,400 in FY2019. The following delineates the agency request:

- $6,153,361 in FY2018 and $12,491,322 in FY2019 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 on the growth, but not the unfunded appropriation.

Appropriation Summary

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

Funding Sources: PWE - Grants Paying

		Historical Data			Agency Request and Executive Recommendation					
		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item		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					
		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Infant Infirmary	5100004	27,794,285	27,098,423	32,098,423	27,098,423	33,453,344	28,453,344	27,098,423	34,876,011	29,876,011
Total		27,794,285	27,098,423	32,098,423	27,098,423	33,453,344	28,453,344	27,098,423	34,876,011	29,876,011
Funding Sources										
General Revenue	4000010	6,717,301	5,217,301		5,217,301	5,374,743	5,374,743	5,217,301	5,706,651	5,706,651
Federal Revenue	4000020	19,516,839	18,884,891		18,884,891	20,082,370	20,082,370	18,884,891	21,173,129	21,173,129
ICF/MR Provider Fee	4000282	711,193	887,045		887,045	887,045	887,045	887,045	887,045	887,045
Quality Assurance Fee	4000395	848,952	2,109,186		2,109,186	2,109,186	2,109,186	2,109,186	2,109,186	2,109,186
Total Funding		27,794,285	27,098,423		27,098,423	28,453,344	28,453,344	27,098,423	29,876,011	29,876,011
Excess Appropriation/(Funding)		0	0		0	5,000,000	0	0	5,000,000	0
Grand Total		27,794,285	27,098,423		27,098,423	33,453,344	28,453,344	27,098,423	34,876,011	29,876,011

Appropriation Summary

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

Funding Sources: PWE - Grants Paying

		Historical Data			Agency Request and Executive Recommendation					
		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
Commitment Item		**Actual**	**Budget**	**Authorized**	**Base Level**	**Agency**	**Executive**	**Base Level**	**Agency**	**Executive**
Public Nursing Home Care	5100004	189,026,009	205,112,018	264,136,947	205,112,018	261,265,379	211,265,379	205,112,018	267,603,340	217,603,340
Total		189,026,009	205,112,018	264,136,947	205,112,018	261,265,379	211,265,379	205,112,018	267,603,340	217,603,340
Funding Sources										
General Revenue	4000010	4,331,009	3,440,000		3,440,000	3,424,822	3,424,822	3,440,000	4,658,400	4,658,400
Federal Revenue	4000020	132,781,340	142,942,565		142,942,565	149,111,104	149,111,104	142,942,565	154,215,487	154,215,487
Hospital Assessment Fee	4000281	4,547,399	0		0	0	0	0	0	0
Various Program Support	4000730	47,366,261	58,729,453		58,729,453	58,729,453	58,729,453	58,729,453	58,729,453	58,729,453
Total Funding		189,026,009	205,112,018		205,112,018	211,265,379	211,265,379	205,112,018	217,603,340	217,603,340
Excess Appropriation/(Funding)		0	0		0	50,000,000	0	0	50,000,000	0
Grand Total		189,026,009	205,112,018		205,112,018	261,265,379	211,265,379	205,112,018	267,603,340	217,603,340

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,100,000	0	2,100,000	100.0	2,100,000	0	2,100,000	100.0

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,100,000	0	2,100,000	100.0	2,100,000	0	2,100,000	100.0

Change Level by Appropriation

Appropriation: 898 - DHS-Grants Paying Account
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**27,098,423**	**0**	**27,098,423**	**100.0**	**27,098,423**	**0**	**27,098,423**	**100.0**
C01	Existing Program	1,354,921	0	28,453,344	105.0	2,777,588	0	29,876,011	110.2
C05	Unfunded Appropriation	5,000,000	0	33,453,344	123.5	5,000,000	0	34,876,011	128.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**27,098,423**	**0**	**27,098,423**	**100.0**	**27,098,423**	**0**	**27,098,423**	**100.0**
C01	Existing Program	1,354,921	0	28,453,344	105.0	2,777,588	0	29,876,011	110.2
C05	Unfunded Appropriation	0	0	28,453,344	105.0	0	0	29,876,011	110.2

Justification	
C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. 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 and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
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
Funding Sources: PWE - Grants Paying

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**205,112,018**	**0**	**205,112,018**	**100.0**	**205,112,018**	**0**	**205,112,018**	**100.0**
C01	Existing Program	6,153,361	0	211,265,379	103.0	12,491,322	0	217,603,340	106.1
C05	Unfunded Appropriation	50,000,000	0	261,265,379	127.4	50,000,000	0	267,603,340	130.5

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	**Base Level**	**205,112,018**	**0**	**205,112,018**	**100.0**	**205,112,018**	**0**	**205,112,018**	**100.0**
C01	Existing Program	6,153,361	0	211,265,379	103.0	12,491,322	0	217,603,340	106.1
C05	Unfunded Appropriation	0	0	211,265,379	103.0	0	0	217,603,340	106.1

Justification	
C01	Growth rate 5% along with results from a change in the Federal Medical Assistance Percentage of 69.69% in SFY 2017 to 70.87% for SFY 2018 and 70.87% for SFY 2019. This increase in federal matching affects almost all Medicaid programs and reflected in these change levels. 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 and any carryforward balances were depleted during SFY2016 and SFY2017 as well as one time GIF; therefore, the amount from the base level is not available for SFYs 2018 and 2019.
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.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.