

DHHS - DIV OF MEDICAL SERVICES

Enabling Laws

Act 2273 of 2005
Act 2045 of 2005
Act 2137 of 2005
Act 1858 of 2005
A.C.A. §25-10-102
A.C.A. §20-77-All subsections

History and Organization

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

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

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

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

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

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

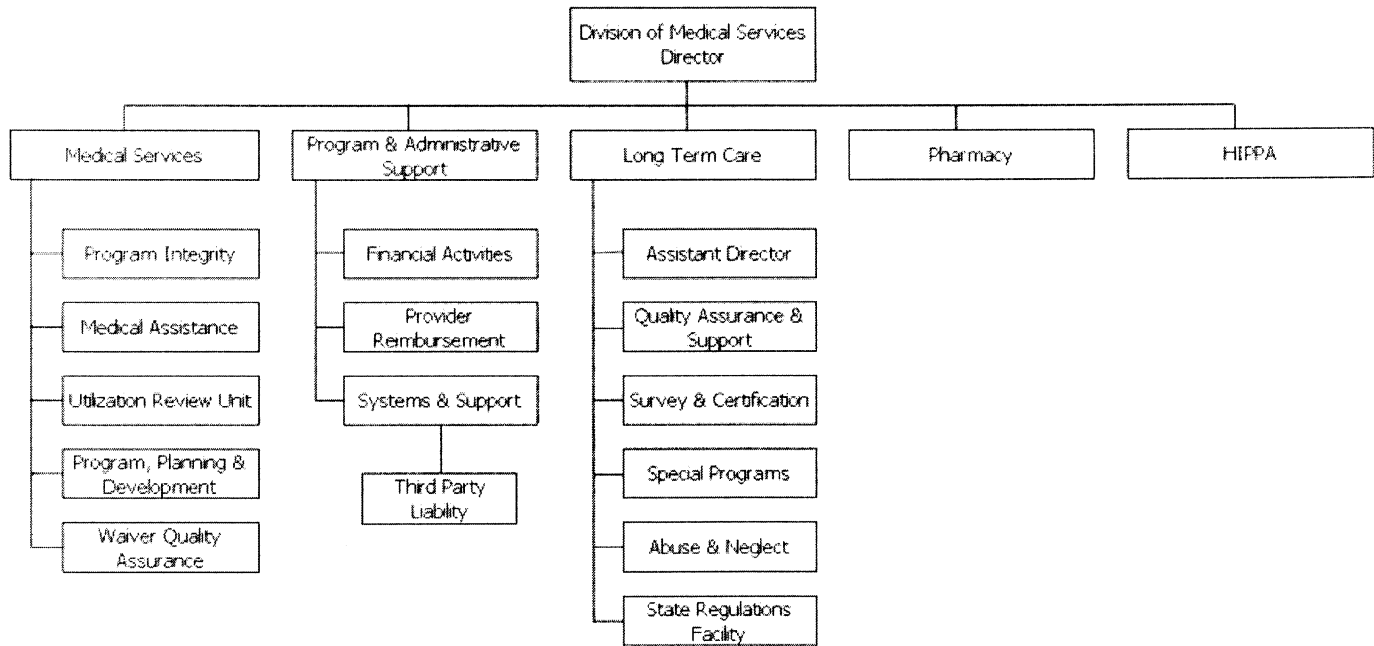
The Arkansas Medicaid Program implemented program enhancements to utilize the tobacco settlement funds. These programs include:

- Expansion of Medicaid coverage and benefits to pregnant women with incomes up to 200 percent of the Federal Poverty Level (approved for implementation November 1, 2001)
- Expansion of inpatient and outpatient hospital reimbursements and benefits to adults age 19 to 64 to reduce coinsurance payment from 22 percent to 10 percent of the cost of the first Medicaid covered day of each admission and cover additional medically necessary days in the hospital from 20 days up to 24 allowed days per State Fiscal Year (approved for implementation November 1, 2001)
- Expansion of non-institutional coverage and benefits to adults aged 65 and over, referred to as ARSeniors, extends full Medicaid benefits to older adults who have been identified as Qualified Medicare Beneficiaries (QMB) and meet specific income limits (approved for implementation October 1, 2002)
- Creation of a limited benefit package to assist adults age 19 to 64 uninsured low-wage employees of small Arkansas businesses. This program, Arkansas Safety Net Benefit Program, has recently been approved by the Centers for Medicare and Medicaid Services (CMS). Arkansas Medicaid plans to have the program operational beginning January 1, 2007.

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

- Program Administration
- Prescription Drug Program
- Long Term Care Program
- Hospital/Medical Program
- Tobacco Settlement Medicaid Expansion Program

Each of these program areas provides a variety of informational resources concerning the delivery of program services, and monitors program performance to the end that resources are utilized in the most cost effective and efficient manner.



Agency Commentary

The Division of Medical Services of the Department of Health and Human Services (DHHS) provides financial assistance for necessary medical services to individuals whose incomes and/or resources are insufficient to meet the costs of those services. The Division of Medical Services administers the Medicaid Program including Child Health Insurance Program (S-Chip), and the Office of Long Term Care.

The Division of Medical Services is financed by a mixture of funding sources, including: State General Revenues, prescription drug rebates, Tobacco Settlement Funds, Tobacco Tax Revenues, Quality Assurance Fees, Arkansas Soft Drink Tax Revenues, transfers from other State Agencies for services to specific Medicaid eligibility population groups, and Federal Medicaid funds (Social Security Title XIX) and S-CHIP funds (Social Security title XXI).

Medicaid

Medicaid Program Services are organized in four general program areas:

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

These four general program areas encompass 67 different programs and services offered through the Medicaid Program. The relative distribution of Medicaid funds to the four general areas are depicted in the chart at the end of the Commentary (see chart Medicaid Expenditures SFY 06).

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 excluding cost Settlements and Upper Payment Limits (UPL) payments is anticipated to increase by 9.08%; this increase is due in part to the increase in eligibles, medical inflation, and increased utilization in specific areas, i.e. Mental Health services, therapy services, and the various waiver programs.

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

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

State of the Art technology: Claims submitted by providers of Medicaid Services are processed by a fiscal agent, Electronic Data Systems (EDS) under contract with the Division of Medical Services.

Managed Care: Our Managed Care effort, the **Arkansas ConnectCare Managed Care Program**, was selected by the Ford Foundation and the Harvard University's Kennedy School of Government as a recipient of the Innovations in American Government Award in 1997. Because we could offer quick, convenient, accurate claims processing through AEVCS, the ConnectCare Program has enrolled over 1,900 primary care physicians, greatly exceeding the initial requirements for primary care physicians at the Program's inception ten years ago.

Current Innovation: The **Evidence Based Prescription Drug Program** is a program utilized by the Division of Medical Services Pharmacy unit providing the best selection of prescription drugs in a given class, based on efficacy and cost minimization to the state. Another innovation utilized by the pharmacy unit is the **Smart PA**. This program verifies prior authorization (PA) eligibility by reading a recipient's Medicaid profile, including medications, procedures, and diagnosis, at the Point of Sale (POS). If criteria are met a PA is setup automatically. The **Arkansas Innovative Performance Program for Nursing Homes** offers extensive quality improvement assistance to Arkansas' Medicaid certified nursing homes through on-site facility consultation and training.

Long Term Care

The Office of Long Term Care (OLTC) is the unit of state government responsible for the regulation of long term care facilities in Arkansas. These facilities include Nursing Homes, Intermediate Care Facilities for the Mentally Retarded (ICF/MR), Residential Care Facilities (RCF), Adult Day Care, Adult Day Health Care, Post-Acute Head Injury Facilities, Assisted Living Facilities (ALF) and Psychiatric Residential Treatment Facilities (PRTF) in total approximately 450 facilities, serving in excess of 22,000 disabled Arkansans daily. This regulation of facilities includes conducting

on-site inspections of facilities (which frequently occurs multiple times in a year), investigations of complaints against facilities, medical need determinations for placement into facilities, and licensure of facilities and facility administrators. For the calendar year 2005, the Office of Long Term Care performed approximately 1,000 state and federal surveys and complaint investigations of long term care facilities.

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

PROGRAM REQUESTS

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

Request # 1: Growth: The growth in the Medicaid Program is influenced by a number of factors that extend beyond normal inflation. The growth rate is influenced by the increase in the Medicaid eligible population, as well as the number and types of services utilized by the population. Our projections, which are based on historical costs, provide for a growth rate of 8.53% for SFY2008 and 8.41% for SFY 2009 for the Hospital/Medical Program, 10.32% each year for the Prescription Drug Program, 15.5% each year for ArKids B, 8.59% for SFY 08 and 7.37% for SFY 09 for Private Nursing Homes and 3.1% for each year for Intermediate Care Facilities for the Mentally Retarded and 4.07% each year for Public Nursing Homes. The total request for growth in all Medicaid programs for SFY 2008 is \$283,184,634 and \$586,341,710 for SFY 2009.

Request #2: Change in FMAP: The percentage of federal financial participation changes every Federal Fiscal Year (FFY). The Federal Medical Assistance Percentage (FMAP) for FFY 2006 is 73.77, FFY 2007 is 73.37, FFY 2008 is forecast to be 72.83 and FFY 2009 is forecast to be 72.29. The Division of Medical Services is requesting additional state funds due to this reduction in FMAP.

Request #3: Unfunded appropriation: The State's Medicaid Program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. The Division of Medical Services requests appropriation only.

Request #4: (Hospital/Medical) The Division of Medical Services is requesting appropriation and funding for an increase in Outpatient Hospital/Ambulatory Surgical rates. These providers had a 20% decrease in rates in 1992 and have not received an increase since. The total request is for \$10,645,695 General Revenue of \$2,877,531 for SFY 2008 and \$11,390,791 General Revenue of \$3,140,441 for SFY 2009.

Request #5: (Hospital/Medical) This request is to increase dental services for adults age 21 and over to include preventative care and restorative care including one set of dentures per life. All restorative care and dentures will require prior authorization. This total request is for \$10,000,000, General Revenue of \$2,703,000 for SFY 2008 and \$10,908,000, General Revenue of \$3,007,336 for SFY 2009.

Request #6: (Hospital/Medical) The Division of Medical Services is requesting appropriation and funding to expand the nutrition services currently available to CHMS providers to the general population of children. The total request is for \$2,500,000 General Revenue of \$675,750 for SFY 2008 and \$2,727,000 General Revenue of \$751,834 for SFY 2009.

Request #7: (Hospital/Medical) This request is to provide for school based vision and hearing screening in compliance with Act 1438 of 2005. The total request is for \$4,906,563 each year. The Department of Education will provide match for this requests. No General Revenue is being requested.

Request #8: (Hospital/Medical) The Division of Medical Services is requesting appropriation and funding to implement a Pay for Performance Early Periodic Screening and Diagnostic Testing (EPSDT) services. The total request is \$1,500,000, General Revenue of \$405,450 in SFY 2008 and \$1,636,200, General Revenue of \$451,100 for SFY 2009.

Request #9: (Hospital/Medical) The Division of Medical Services is requesting appropriation and funding to implement an Aging Waiver Transition program that will provide funds to allow persons to transition from an institution (nursing home) to a waiver. Housing is often the greatest barrier to returning to the community for adults. Transition funding would be used for basics such as housing deposits (can not pay rent), utility deposits, essential housekeeping items and furniture, one time cleaning of house or apartment prior to moving in, and accessibility modifications like ramps or grab bars. There would be limitations on individual allotments for transition costs. This request is for \$500,000 each year in General Revenue.

Request #10: (Hospital/Medical) This request is to increase rates for physical, occupational and speech therapy to comply with the Arkansas Medical Society vs. Reynolds consent decree. The total request is \$10,493,229, General Revenue of \$2,836,320 for SFY 2008 and \$10,493,229, General Revenue of \$2,892,983 for SFY 2009.

Request #11: (Nursing Home) This request is to establish an appropriation to be funded with Civil Money Penalty Funds (CMP) deposited into the Long Term Care Trust Fund to provide grants to nursing facilities to cover the initial start-up costs associated with becoming an Eden Alternative or Greenhouse Project facility. These are both innovative programs designed to improve the quality of life in nursing homes. The request is for \$1,500,000 each year. There is no general revenue associated with this request.

Request #12: (Nursing Home) This request is to transfer appropriation for increased training hours for Nursing Assistants from a separate appropriation and combine it with the existing appropriation for Nursing Assistant Training in the Private Nursing Home appropriation. This appropriation is funded from the State Board of Collection Agencies and the funds should follow with the appropriation. There is no general revenue with this request.

Request #13: (Expansion) The Division of Medical Services is requesting additional appropriation for SFY 2009 for the Health Insurance Flexibility and Accountability (HIFA) Safety Net Benefits Demonstration Waiver to provide a benefits package for adults ages 19 through 64 whose employers have not offered health insurance within the 12 month period prior to entry in the demonstration. It

is projected that there is adequate appropriation in SFY 2008 for anticipated expenditures. The request for SFY 2009 is \$11,264,839 in appropriation. This request does not include any general revenue.

Request #14: (Arkansas RX) This request is restore the appropriation to the original amount authorized in the 2005-2007 biennium for the Arkansas RX program. There is no General Revenue requested.

ADMINISTRATION

The Division of Medical Services primary responsibility is the management of the Arkansas Medicaid Program. The organizational units of the Division consist of six organizational units: Medical Services, Long Term Care, Administrative Support Services, Pharmacy, Health Insurance Portability and Accountability Act (HIPAA), and the Director's Office. The Medicaid Program is administered by the Offices of Medical Services, Program Planning and Development, and Administrative Support. These Offices set policy and provide funding for the delivery of health services to Medicaid recipients in Arkansas. The Office of Long Term Care sets policy and monitors the delivery of services in private nursing homes, and provides funding through Medicaid delivery of long term care services in Arkansas. Each of the organizational units provides a variety of informational resources concerning the delivery of program services, and monitors program performance to the end that resources are utilized in the most cost effective and efficient manner. It is a constant goal of the Division of Medical Services to increase cost efficiency while maintaining program effectiveness.

Request # 1: The Division of Medical Services request appropriation and funding for thirty (30) new positions. For the Division to design programs, perform analysis and research to keep up with ever changing public health care issues, qualified and experienced staff is required. The new position requests are as follows:

- Seven (7) new positions will form a new Policy, Analysis, and Research (PAR) unit to continually research and access financing and quality.
- Five (5) positions are for a Waiver Quality Assurance unit. The Division is currently responsible for the oversight of 12 separate Medicaid waivers and demonstrations. CMS has new Quality Assurance expectations for states that operate waivers; therefore, it is necessary to expand the current staff of two positions.
- In addition to these positions for new units, DMS is requesting a DMS Chief Operating Officer to assist and provide support to the DMS Director.
- One (1) position is requested for Medical Assistance to monitor the Dental and Visual programs, consultant contracts, and Medicaid Managed Care Services which include ambulance, Non-Emergency Transportation, Primary Care Physicians and Early Periodic Screening Diagnosis and Treatment (EPSDT).
- Four (4) positions are requested for Policy Planning and Development to provide necessary staff to research, establish needs, and write Medicaid policy and/or waivers to comply with state and federal regulations.
- Four (4) positions are requested for Program Integrity (Field Audit, Surveillance and Utilization Review Subsection (SURS), and Payment Error Rate Measurement (PERM)). The PERM project consists of coordinating the federally mandated requirement in establishing an error rate for the Medicaid Program. The SURS unit consists of nursing positions that will conduct

medical reviews of providers. These new positions will also utilize data mining technology to select providers to be reviewed for field audit. Field Audit conducts provider reviews and reviews complaints.

- One (1) position is requested for the pharmacy unit to assist in developing cost containment strategies, assist in data research for the Preferred Drug List (PDL), assist providers with product availability issues, work closely with state agencies and associations in setting acceptable pricing strategies, researching, analyzing and reporting the effect of cost containment strategies on expenditures.
- Systems and Support has requested one (1) position to monitor Centers for Medicare and Medicaid Services (CMS) projects that receive enhanced funding and report progress directly to CMS that relate to the Medicaid Management Information System (MMIS). This position was recommended by CMS during the on-site visit in July 2005.
- Three (3) positions have been requested by the Office of Long Term Care. One (1) Nursing Services Unit Manager for the Medical Needs Determination Unit due to program changes over the past two years that have significantly increased the job duties in scope, responsibility, and number. One (1) Program Manager for the Abuse/Neglect Unit. Pursuant to federal requirements, states must have a means of making findings or administrative determinations as to whether Certified Nurse Aides (CNAs) have committed abuse or neglect of long term care residents or have misappropriated the property of long term care residents. Under state requirements, these findings are extended to all employees of long term care facilities. This position will be making those determinations. One (1) Engineer Supervisor to perform license inspections to ensure compliance with applicable building codes in long term care facilities including Assisted Living Facilities.
- One (1) position is requested by Financial Activities to implement additional measures to monitor and analyze Medicaid expenditures and funding. Coordinate with federal representatives on issues involving federal expenditure reports. Resolving issues that arise with legislative auditors.
- Two (2) positions are requested by Program and Administrative Support. These two (2) positions will provide financial expertise in management, development and accounting for Medicaid programs. Analyzing program changes, and administering Medicaid programs. These positions will coordinate with the Center for Medicare and Medicaid Services on financial issues relating to Medicaid programs or amendments to Medicaid programs.

Request # 2: The Division of Medical Services requests capital outlay for the purchase of fifteen (15) vehicles each year of the biennium. Ten (10) vehicles each year would be replacement vehicles and five (5) would be additional vehicles. DMS currently has 20 vehicles with over 100,000 miles and over five years old, but have been unable to have them replaced through DF&A MMV Fund. DMS has a concern about the safety of staff in these vehicles and the increased liability for the state. DMS spends a considerable amount on mileage due to not having an adequate number of vehicles and employees are less willing to drive their own vehicles in light of the cost of gasoline. This request is for \$195,000 in unfunded appropriation only for each year of the biennium.

Request # 3: The Division of Medical Services is requesting additional Purchase of Data Processing. The Division has had to request transfer through Request for Resource Reallocation for the past two state fiscal years to cover costs of data processing services from the Department of Information Services. This request is reflected in the Information Technology Plan for the Division.

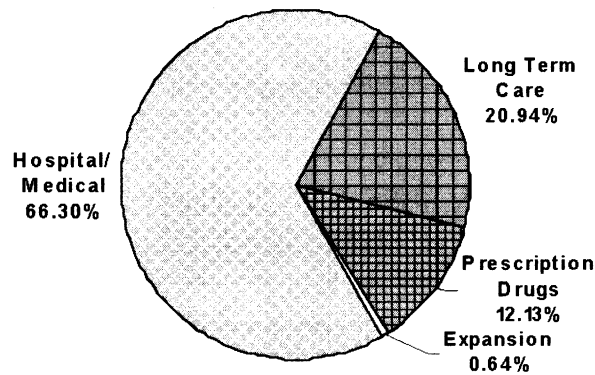
This request is for \$30,000 in unfunded appropriation only for each year of the biennium.

Request # 4: The Division of Medical Services is requesting five (5) unbudgeted positions be restored as unfunded positions. This will allow DMS the flexibility to fill these positions if the funds become available during the biennium.

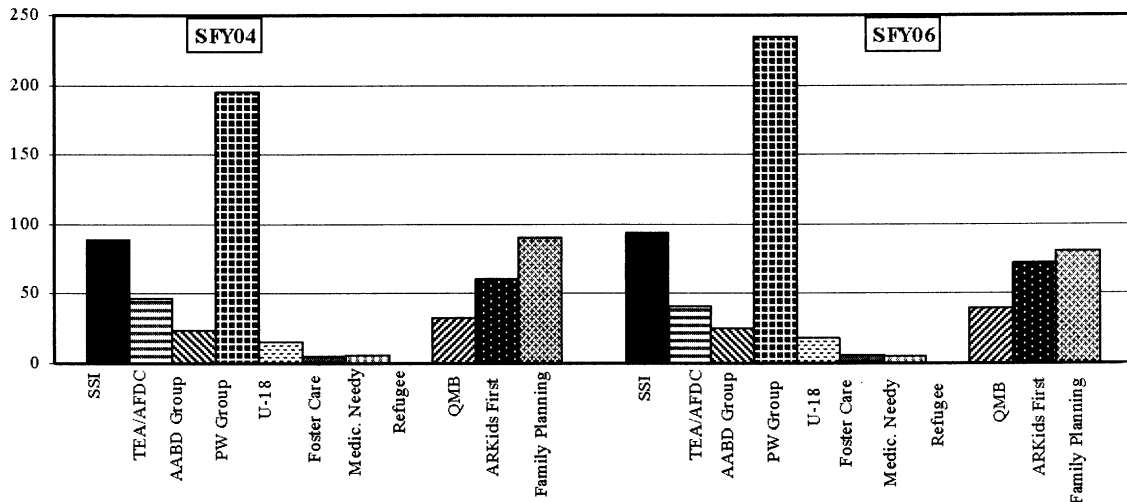
Request # 5: The Division requests the transfer of two (2) positions and general revenue to match an additional eight (8) positions to the Office of Chief Counsel. This transfer is necessary to ensure that the Medicaid program has sufficient access and support from the Office of Chief Counsel. The general revenue amount to be transferred is \$249,986 for the match on the eight positions and \$67,220 match on the two positions being transferred.

Request # 6: The Division requests the transfer of one (1) position with appropriation only from the Division of Behavioral Health Services. This position is the DMS Chief Fiscal Officer position, grade 99. There is no general revenue requested with this transfer.

Medicaid Expenditures SFY06



ELIGIBILITY BY ASSISTANCE CATEGORY (in thousands)



Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF HEALTH AND HUMAN SERVICES
 FOR THE YEAR ENDED JUNE 30, 2005

Findings

Recommendations

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

Publications

A.C.A 25-1-204

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

Department Appropriation Summary

Historical Data

Appropriation	2005-2006		2006-2007		2006-2007		2007-2008		2008-2009	
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Agency	Pos
2YP Arkansas Rx Program	183,842	0	1,922,917	0	31,389,500	0	31,389,500	0	31,389,500	0
2YT Nursing Asst Training Program	0	0	230,000	0	230,000	0	0	0	0	0
4KS Nursing Home Quality	0	0	0	0	0	0	1,500,000	0	1,500,000	0
642 DHS Medicaid Expansion Program	58,508	2	99,649	2	119,369	2	100,355	2	100,355	2
648 Medicaid Exp-Prescription Drugs	3,754,056	0	5,000,000	0	5,000,000	0	6,000,000	0	6,080,000	0
648 Medicaid Exp-Hosp & Medical Svcs	16,196,206	0	35,791,335	0	45,428,742	0	48,291,335	0	60,556,174	0
876 Nursing Home Closure Costs	1,652	0	50,000	0	50,000	0	50,000	0	50,000	0
878 Long Term Care Facility Receivers	0	0	100,000	0	100,000	0	100,000	0	100,000	0
896 Division of Medical Services	17,546,396	272	20,122,431	292	19,482,639	297	22,046,020	326	22,046,020	326
897 ARKIDS B Program	68,011,857	0	79,826,356	0	80,476,520	0	101,926,951	0	116,703,139	0
897 Hospital & Medical Services	2,029,672,173	0	2,305,620,943	0	2,554,242,384	0	2,681,042,388	0	2,897,206,587	0
897 Prescription Drugs	369,409,255	0	346,277,019	0	603,916,423	0	400,917,328	0	440,746,167	0
897 Private Nursing Home Care	490,292,174	0	524,284,278	0	603,733,137	0	584,223,887	0	627,094,449	0
898 Child & Family Life Inst	0	0	2,100,000	0	2,100,000	0	2,100,000	0	2,100,000	0
898 Infant Infirmary	17,737,260	0	18,550,234	0	21,285,102	0	20,625,291	0	21,338,175	0
898 Public Nursing Home Care	148,643,853	0	154,433,405	0	161,368,197	0	163,716,511	0	170,497,211	0
NOT REQUESTED FOR THE BIENNIUM										
2YS In-Home Svcs, WIC & Merger	0	0	0	0	15,000,000	0	0	0	0	0
2YU Prosthetic & Orthotic Svcs	0	0	0	0	0	0	0	0	0	0
897 Prescription Drug Wvr For Elderly	0	0	0	0	10,785,287	0	0	0	0	0
Total	3,161,507,232	274	3,494,408,567	294	4,154,707,300	299	4,064,029,566	328	4,397,507,777	328

Funding Sources	2005-2006		2006-2007		2006-2007		2007-2008		2008-2009		
		%		%		%		%		%	
General Revenue	4000010	564,409,864	17.9	674,919,249	19.3	691,737,943	18.1	721,245,074	19.3	906,805,496	21.9
Federal Revenue	4000020	2,314,975,124	73.2	2,527,297,852	72.3	2,742,335,337	71.8	2,686,714,748	71.8	2,946,948,184	71.2
Trust Fund	4000050	1,652	0.0	78,692,395	2.3	162,750,577	4.3	112,340,087	3.0	47,550,000	1.1
Cigarette Tax	4000140	183,842	0.0	1,922,917	0.1	1,922,917	0.1	1,922,917	0.1	1,922,917	0.0
Drug Rebates	4000200	39,141,104	1.2	23,877,000	0.7	26,298,358	0.7	26,298,358	0.7	28,970,553	0.7
Miscellaneous Transfers	4000355	0	0.0	115,000	0.0	115,000	0.0	115,000	0.0	115,000	0.0
Quality Assurance Fee	4000395	64,739,413	2.0	60,630,063	1.7	65,183,994	1.7	65,183,994	1.7	69,417,227	1.7
Reimbursement	4000425	0	0.0	100,000	0.0	100,000	0.0	100,000	0.0	100,000	0.0
Tobacco Settlement	4000495	5,200,996	0.2	10,350,029	0.3	10,350,382	0.3	10,350,382	0.3	12,955,939	0.3

Funding Sources			%		%		%		%		%		%
Various Program Support	4000730	172,855,237	5.5	116,504,062	3.3	120,048,202	3.0	120,048,202	3.1	122,495,605	3.1	148,279,809	3.7
Total Funds		3,161,507,232	100.0	3,494,408,567	100.0	3,820,842,710	100.0	3,744,318,762	100.0	4,137,280,921	100.0	4,070,439,079	100.0
Excess Appropriation/(Funding)		0		0		243,186,856		318,478,692		260,226,856		325,836,586	
Grand Total		3,161,507,232		3,494,408,567		4,064,029,566		4,062,797,454		4,397,507,777		4,396,275,665	

Fund transfers from UAMS are from General Revenue.
Fund transfers from Department of Education are from Cash Funds.
Fund transfers from DHHS Divisions are from General Revenue with the exception of the Division of Behavioral Health Services which is from mixed funding sources.
Fund transfers from the State Board of Collection Agencies are from Cash Funds.

Agency Position Usage Report

FY2004-2005				FY2005-2006				FY2006-2007				
Authorized in Act	Budgeted		Unbudgeted Total	Authorized in Act	Budgeted		Unbudgeted Total	Authorized in Act	Budgeted		Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled			Unfilled	Total			Filled	Total		
293	247	40	287	292	256	31	287	292	254	40	294	13.01%
			6				5					12.33%

Authorized in Act may differ from Authorized reflected on the Appropriation Summary due to Reallocation of Resources (Act 2303 of 2005 section 17(d)), Miscellaneous Federal Grant (A.C.A. 19-7-501 et seq.) and POOL positions (A.C.A 21-5-214(5)(A)).

Analysis of Budget Request

Appropriation: 2YP - Arkansas Rx Program

Funding Sources: SRX-Arkansas Rx Program Fund

Act 538 of 2005 established the Arkansas Rx Program to reduce prescription drug prices and to improve the quality of health care for residents of the State of Arkansas. For a resident to qualify for this program, three (3) criteria were established in this Act and are as follows:

1. Is not otherwise enrolled in or covered by any prescription drug benefit or insurance plan, including Medicaid and Medicare Part D;
2. Becomes enrolled in the program; and
3. Is sixty-five (65) years of age or older; or has a family income equal to or less than 350% of the federal poverty level.

Act 2219 of 2005 provided a funding source for the Arkansas Rx Program utilizing the additional tax on cigarette as levied in A.C.A. § 26-57-1101 and 26-57-1102.

The agency Base Level request for this appropriation is \$1,922,917 each year of the biennium in the Grant and Aid line item.

The agency Change Level request for this appropriation is \$29,466,583 each year of the biennium. The following delineates the agency request:

- \$2,866,583 each year of the biennium in unfunded appropriation in the Grant and Aid line item to restore the appropriation to the total authorized FY2007 level.
- \$26,600,000 each year of the biennium in unfunded appropriation in the Arkansas Rx Program Loan/Reimbursements/Rebates line item to restore the appropriation to the total authorized FY2007 level.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2YP Arkansas Rx Program
Funding Sources: SRX-Arkansas Rx Program Fund

Historical Data

Commitment Item	2005-2006		2006-2007		2006-2007		2007-2008			2008-2009			
	Actual	Budget	Authorized	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid	183,842	1,922,917	4,789,500	4,789,500	1,922,917	4,789,500	4,789,500	1,922,917	4,789,500	4,789,500	1,922,917	4,789,500	4,789,500
Loan/Reimbursements/Rebates	0	0	26,600,000	26,600,000	0	26,600,000	26,600,000	0	26,600,000	26,600,000	0	26,600,000	26,600,000
Total	183,842	1,922,917	31,389,500	31,389,500	1,922,917	31,389,500	31,389,500	1,922,917	31,389,500	31,389,500	1,922,917	31,389,500	31,389,500
Funding Sources													
Cigarette Tax	183,842	1,922,917			1,922,917	1,922,917	1,922,917	1,922,917	1,922,917	1,922,917	1,922,917	1,922,917	1,922,917
Total Funding	183,842	1,922,917			1,922,917	1,922,917	1,922,917	1,922,917	1,922,917	1,922,917	1,922,917	1,922,917	1,922,917
Excess Appropriation/(Funding)	0	0			0	29,466,583	29,466,583	0	29,466,583	29,466,583	0	29,466,583	29,466,583
Grand Total	183,842	1,922,917			1,922,917	31,389,500	31,389,500	1,922,917	31,389,500	31,389,500	1,922,917	31,389,500	31,389,500

FY2007 Appropriation Carry Forward Amount is \$3,650,658.00 for Grants and Aid.
 FY2007 Appropriation Carry Forward Amount is \$11,000,000.00 for Loan/Reimbursements/Rebates.

Change Level by Appropriation

Appropriation: 2YP-Arkansas Rx Program
Funding Sources: SRX-Arkansas Rx Program Fund

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	1,922,917	0	1,922,917	100.0	1,922,917	0	1,922,917	100.0
C05	Unfunded Appropriation	29,466,583	0	31,389,500	1,632.3	29,466,583	0	31,389,500	1,632.3

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	1,922,917	0	1,922,917	100.0	1,922,917	0	1,922,917	100.0
C05	Unfunded Appropriation	29,466,583	0	31,389,500	1,632.3	29,466,583	0	31,389,500	1,632.3

Justification

C05	Restore the appropriation to the original amount authorized in the 2006-2007 biennium for the Arkansas RX program. This program is in the development and implementation stages and is anticipated to require the originally requested appropriation as it develops. Arkansas RX will offer discounts on prescription drugs to Arkansas citizens who are not enrolled in another drug plan, are 65 years of age or older, or under age 65 and meet family income requirements. No general revenue requested, appropriation only.
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Analysis of Budget Request

Appropriation: 2YT - Nursing Asst Training Program
Funding Sources: PWF-Grants Paying

The Nursing Assistant Training Program appropriation provides expansion of the minimum training hours for the nurses aide training program for all long-term care facilities in the State. The original program per Act 689 of 1987 payable from the Private Nursing Home Care appropriation pays for 75 hours of training. Pursuant to Act 1184 of 2005 which expanded the nurses aids training program to 90 hours of training with no less than 15 hours of training specific to Alzheimer's and related dementia. Only this additional 15 hours of training is payable from the Nursing Assistant Training Program appropriation.

Funding for this program is derived from Federal Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services with the state share coming from the State Board of Collection Agencies as indicated by Miscellaneous Transfers per Act 2268 of 2005 section 7.

The agency Base Level request for this appropriation is \$230,000 each year of the biennium.

The agency Change Level request for this appropriation is (\$230,000) each year of the biennium. The agency is requesting to transfer this appropriation along with the funding source that provides the state share to the Private Nursing Home Care appropriation in order to combine this expansion program into the existing Nursing Assistant Training Program to allow for the total billing of Nursing Assistant Training to come from one appropriation.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 2YT Nursing Asst Training Program
Funding Sources: PWF-Grants Paying

Historical Data

Commitment Item	2005-2006		2006-2007		2006-2007		2007-2008			2008-2009		
	Actual	Budget	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive		
Grants and Aid	0	230,000	230,000	230,000	230,000	0	0	230,000	0	0		
Total	0	230,000	230,000	230,000	230,000	0	0	230,000	0	0		
Funding Sources												
Federal Revenue	0	115,000				0	0	115,000	0	0		
Miscellaneous Transfers	0	115,000				0	0	115,000	0	0		
Total Funding	0	230,000				0	0	230,000	0	0		
Excess Appropriation/(Funding)	0	0				0	0	0	0	0		
Grand Total	0	230,000				0	0	230,000	0	0		

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

Change Level by Appropriation

Appropriation: 2YT-Nursing Asst Training Program

Funding Sources: PWF-Grants Paying

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	230,000	0	230,000	100.0	230,000	0	230,000	100.0
C03	Discontinue Program	(230,000)	0	0	0.0	(230,000)	0	0	0.0

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	230,000	0	230,000	100.0	230,000	0	230,000	100.0
C03	Discontinue Program	(230,000)	0	0	0.0	(230,000)	0	0	0.0

Justification

C03 Transfer of appropriation and funding for increased training hours for Nursing Assistants to be combined with the existing appropriation for Nursing Assistant Training in the Private Nursing Home appropriation. This will allow for the total billing for Nursing Assistant Training to be from one fund center. This appropriation is funded from the State Board of Collection Agencies and the funds should follow with the appropriation. There is no general revenue with this request.

Analysis of Budget Request

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

The agency is requesting to establish the Nursing Home Quality of Life appropriation. This appropriation will provide for two (2) new approaches to nursing home care. These approaches are as follows:

- Eden Alternative approach
- Greenhouse Project approach

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

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

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

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

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

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

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

Funding for this program is derived from Other revenues which are indicated as the Long-Term Care Trust Fund. This fund consist of all moneys and interest received from the imposition of civil penalties levied by the state on long-term care facilities found to be out of compliance with the requirements of federal or state law or regulations. Under the agency proposal for this new appropriation, funds would be 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 Change Level request to establish this appropriation is \$1,500,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

Historical Data

Commitment Item	2005-2006		2006-2007		2006-2007		2007-2008			2008-2009		
	Actual	Budget	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive		
Grants and Aid	0	0	0	0	0	1,500,000	1,500,000	0	1,500,000	1,500,000		
Total	0	0	0	0	0	1,500,000	1,500,000	0	1,500,000	1,500,000		
Funding Sources												
Trust Fund	0	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000		
Total Funding	0	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000		
Excess Appropriation/(Funding)	0	0	0		0	0	0	0	0	0		
Grand Total	0	0	0		0	1,500,000	1,500,000	0	1,500,000	1,500,000		

Agency Request and Executive Recommendation

Change Level by Appropriation

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

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
C02	New Program	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
C02	New Program	1,500,000	0	1,500,000	100.0	1,500,000	0	1,500,000	100.0

Justification

C02	Establish an appropriation of \$1,500,000 to be funded with Civil Money Penalty Funds (CMP) deposited into the Long Term Care Trust Fund, to provide grants to nursing homes to cover the initial start-up costs associated with becoming an Eden alternative or Greenhouse Project facility. These are both innovative programs designed to improve the quality of life in nursing homes. The Eden Alternative approach allows residents choices in their everyday living that are traditionally dictated to the resident by the facility. These choices include but are not limited to, 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 utilizes Eden Alternative principles, but facilities that are built in small, separate units with each unit housing its own kitchen and laundry, with no more than ten (10) beds – all of which are private rooms. This more closely resembles living in one's own house and provides more privacy and control over their lives. There is no general revenue associated with this request.
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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 form 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, extends full Medicaid benefits to older adults who have been identified as Qualified Medicare Beneficiaries (QMB) and meet specific income limits (approved for implementation October 1, 2002)
4. Creation of a limited benefit package to assist adults age 19 to 64 uninsured low-wage employees of small Arkansas businesses. This program, Arkansas Safety Net Benefit Program, has recently been approved by the Centers for Medicare and Medicaid Services (CMS). Arkansas Medicaid plans to have the program operational beginning January 1, 2007.

Funding for this appropriation is derived from Tobacco Settlement Funds and Federal revenue provided through the U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The agency Base Level request for this appropriation is \$100,355 each year of the biennium with 2 budgeted Base Level positions. There is no Change Level request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

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

Historical Data

Commitment Item	2005-2006			2006-2007			2006-2007			2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive			
Regular Salaries	39,546	61,417	78,286	61,417	61,417	61,417	61,417	61,417	61,417	61,417	61,417	61,417			
#Positions	2	2	2	2	2	2	2	2	2	2	2	2			
Personal Services Matching	15,849	20,259	23,110	20,965	20,965	20,965	20,965	20,965	20,965	20,965	20,965	20,965			
Operating Expenses	3,113	15,973	15,973	15,973	15,973	15,973	15,973	15,973	15,973	15,973	15,973	15,973			
Conference & Travel Expenses	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000			
Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0			
Data Processing	0	0	0	0	0	0	0	0	0	0	0	0			
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0	0			
Total	58,508	99,649	119,369	100,355	100,355	100,355	100,355	100,355	100,355	100,355	100,355	100,355			
Funding Sources															
Federal Revenue	29,254	49,825		50,178	50,178	50,178	50,178	50,178	50,178	50,178	50,178	50,178			
Tobacco Settlement	29,254	49,824		50,177	50,177	50,177	50,177	50,177	50,177	50,177	50,177	50,177			
Total Funding	58,508	99,649		100,355	100,355	100,355	100,355	100,355	100,355	100,355	100,355	100,355			
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0	0	0	0			
Grand Total	58,508	99,649		100,355	100,355	100,355	100,355	100,355	100,355	100,355	100,355	100,355			

Tobacco Settlement Funds do not carry forward into the new biennium unless criteria is met as prescribed in Initiated Act 1 of 2000.
 FY2007 Appropriation Carry Forward Amount is \$58,233.45

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 341

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 \$5,000,000 each year of the biennium.

The agency Change Level request for this appropriation is \$1,000,000 in FY2008 and \$1,080,000 in FY2009 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.

Medicaid Expansion Program - Hospital and Medical Services referenced on page 342a

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 \$35,791,335 each year of the biennium.

The agency Change Level request for this appropriation is \$12,500,000 in FY2008 and \$24,764,839 in FY2009. The following delineates the agency request:

- \$11,264,839 in FY2009 for the Health Insurance Flexibility and Accountability (HIFA) Safety Net Benefits Demonstration Waiver. This request is to provide a benefits package for adults ages 19 through 64 whose employers have not offered health insurance within the 12 month period prior to entry in the demonstration waiver. The program is targeted at businesses with fewer than 500 employees.
- \$12,500,000 in FY2008 and \$13,500,000 in FY2009 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request

Appropriation Summary

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

Commitment Item	Historical Data						Agency Request and Executive Recommendation					
	2005-2006		2006-2007		2006-2007		2007-2008			2008-2009		
	Actual	Budget	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive		
Medicaid Exp-Prescrip Drugs 5100004	3,754,056	5,000,000	5,000,000	5,000,000	5,000,000	6,000,000	6,000,000	5,000,000	6,080,000	6,080,000		
Total	3,754,056	5,000,000	5,000,000	5,000,000	5,000,000	6,000,000	6,000,000	5,000,000	6,080,000	6,080,000		
Funding Sources												
Federal Revenue 4000020	2,785,226	3,673,500	3,673,500		3,673,500	3,673,500	3,673,500	3,673,500	3,673,500	3,673,500		
Tobacco Settlement 4000495	968,830	1,326,500	1,326,500		1,326,500	1,326,500	1,326,500	1,326,500	1,326,500	1,326,500		
Total Funding	3,754,056	5,000,000	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000		
Excess Appropriation/(Funding)	0	0	0		0	1,000,000	1,000,000	0	1,080,000	1,080,000		
Grand Total	3,754,056	5,000,000	5,000,000		5,000,000	6,000,000	6,000,000	5,000,000	6,080,000	6,080,000		

Tobacco Settlement Funds do not carry forward into the new biennium unless criteria is met as prescribed in Initiated Act 1 of 2000.
 FY2007 Appropriation Carry Forward Amount is \$4,245,944.30

Change Level by Appropriation

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

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	5,000,000	0	5,000,000	100.0	5,000,000	0	5,000,000	100.0
C05	Unfunded Appropriation	1,000,000	0	6,000,000	120.0	1,080,000	0	6,080,000	121.6

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	5,000,000	0	5,000,000	100.0	5,000,000	0	5,000,000	100.0
C05	Unfunded Appropriation	1,000,000	0	6,000,000	120.0	1,080,000	0	6,080,000	121.6

Justification

C05 The state's Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. Appropriation only is requested for this purpose.

Appropriation Summary

Appropriation: 648 Tobacco-Delay Draw-Paying / Medicaid Expansion Program-Hospital and Medical Services
Funding Sources: PTD-Medicaid Expansion Program Account

Commitment Item	Historical Data						Agency Request and Executive Recommendation						
	2005-2006		2006-2007		2006-2007		2007-2008		2008-2009		2008-2009		
	Actual	Budget	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive
Medicaid Exp-Hosp/Med Svcs 5100004	16,196,206	35,791,335	35,791,335	45,428,742	35,791,335	48,291,335	48,291,335	35,791,335	60,556,174	48,291,335	35,791,335	60,556,174	60,556,174
Total	16,196,206	35,791,335	35,791,335	45,428,742	35,791,335	48,291,335	48,291,335	35,791,335	60,556,174	48,291,335	35,791,335	60,556,174	60,556,174
Funding Sources													
Federal Revenue 4000020	11,993,294	26,817,630	26,817,630		26,817,630	26,817,630	26,817,630	26,817,630	35,476,912	26,817,630	26,817,630	35,476,912	35,476,912
Tobacco Settlement 4000495	4,202,912	8,973,705	8,973,705		8,973,705	8,973,705	8,973,705	8,973,705	11,579,262	8,973,705	8,973,705	11,579,262	11,579,262
Total Funding	16,196,206	35,791,335	35,791,335		35,791,335	35,791,335	35,791,335	35,791,335	47,056,174	35,791,335	35,791,335	47,056,174	47,056,174
Excess Appropriation/(Funding)	0	0	0		0	12,500,000	12,500,000	12,500,000	13,500,000	0	13,500,000	13,500,000	13,500,000
Grand Total	16,196,206	35,791,335	35,791,335		35,791,335	48,291,335	48,291,335	48,291,335	60,556,174	48,291,335	60,556,174	60,556,174	60,556,174

Tobacco Settlement Funds do not carry forward into the new biennium unless criteria is met as prescribed in Initiated Act 1 of 2000.
 FY2007 Appropriation Carry Forward Amount is \$81,232,535.83

Change Level by Appropriation

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

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	35,791,335	0	35,791,335	100.0	35,791,335	0	35,791,335	100.0
C01	Existing Program	0	0	35,791,335	100.0	11,264,839	0	47,056,174	325.3
C05	Unfunded Appropriation	12,500,000	0	48,291,335	350.0	13,500,000	0	60,556,174	595.3

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	35,791,335	0	35,791,335	100.0	35,791,335	0	35,791,335	100.0
C01	Existing Program	0	0	35,791,335	100.0	11,264,839	0	47,056,174	325.3
C05	Unfunded Appropriation	12,500,000	0	48,291,335	350.0	13,500,000	0	60,556,174	595.3

Justification	
C01	Additional appropriation of \$11,264,839 for SFY 2009 for the Health Insurance Flexibility and Accountability (HIFA) Safety Net Benefits Demonstration Waiver to provide a benefits package for adults ages 19 through 64 whose employers have not offered health insurance within the 12 month period prior to entry in the demonstration. It is anticipated that in Phase I, this program will serve 15,000 Arkansas citizens that currently do not have insurance and up to 50,000 when fully implemented, this will produce a healthier population by providing preventative healthcare. It is projected that there is adequate appropriation in SFY 2008 for anticipated expenditures.
C05	The state's Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. Appropriation only is requested for this purpose.

Analysis of Budget Request

Appropriation: 876 - Nursing Home Closure Costs

Funding Sources: TLT-Long Term Care Trust Fund

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

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

The agency Base Level request for this appropriation is \$50,000 each year of the biennium. There is no Change Level request.

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

Commitment Item	2005-2006		2006-2007		2006-2007		2007-2008			2008-2009		
	Actual	Budget	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive		
Expenses	1,652	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
Total	1,652	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
Funding Sources												
Trust Fund	1,652	50,000			50,000	50,000	50,000	50,000	50,000	50,000	50,000	
Total Funding	1,652	50,000			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	0	
Grand Total	1,652	50,000			50,000	50,000	50,000	50,000	50,000	50,000	50,000	

Analysis of Budget Request

Appropriation: 878 - Long Term Care Facility Receivership

Funding Sources: DLT-Long Term Care Facility Receivership Fund

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

The agency Base Level request for this appropriation is \$100,000 each year of the biennium. There is no Change Level request.

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

Commitment Item	2005-2006		2006-2007		2006-2007		2007-2008			2008-2009		
	Actual	Budget	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive		
Expenses	0	100,000	100,000	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	100,000	100,000	
Funding Sources												
Reimbursement	0	100,000			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	100,000	
Excess Appropriation/(Funding)	0	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	100,000	

Analysis of Budget Request

Appropriation: 896 - DHHS–Admin Paying Account

Funding Sources: PWP-Administration Paying

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

Medicaid, enables states to furnish:

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

Each state has some sort of Medicaid program to meet the federal mandates and requirements as laid out in Title XIX. Arkansas, however, established a medical care program 26 years before passage of the federal laws requiring health care for the needy: Section 7 of Act 280 of 1939 and Act 416 of 1977 authorized the State of Arkansas to establish and maintain a medical care program for the indigent and vested responsibility for regulating and administering the program in the Arkansas Department of Health and 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 DHHS.

The Arkansas Medicaid Program is divided into two (2) forms of services:

1. Services Mandated by the Federal Government
2. Optional Services Chosen by Arkansas

These services are as follows:

Services Mandated by the Federal Government:

- Child Health Services (EPSDT - Early and Periodic Screening, Diagnosis and Treatment)
- Family Planning
- Federally Qualified Health Centers (FQHC)
- Home Health
- Hospital, Inpatient and Outpatient
- Laboratory and X-Ray
- Medical and Surgical Services of a Dentist
- Nurse Midwife
- Nurse Practitioner (Family and Pediatric)
- Nursing Facility Services (Age 21 or Older)

- Physician
- Rural Health Clinics

Optional Services Chosen by Arkansas:

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

- ✓ Targeted Case Management for Beneficiaries of Children's Services (Under 21)
- ✓ Targeted Case Management for Beneficiaries of Children's Services who are SSI Beneficiaries or TEFRA Waiver Beneficiaries (Under Age 16)
- ✓ Targeted Case Management for Beneficiaries in the Division of Children and Family Services (Under Age 21)
- ✓ Targeted Case Management for Beneficiaries in the Division of Youth Services (Under Age 21)
- ✓ Targeted Case Management for Beneficiaries Age 21 and under with a Developmental Disability
- ✓ Targeted Case Management for Beneficiaries Age 22 and over with a Developmental Disability
- ✓ Targeted Case Management Services for other Beneficiaries Under Age 21
- ✓ Transportation Services (Ambulance, Non-Emergency)
- ✓ Ventilator Equipment
- ✓ Visual Services

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

- Twelve visits to hospital outpatient departments allowed per state fiscal year.
- A total of twelve office visits allowed per state fiscal year for any combination of the following: certified nurse midwife, physician, medical services provided by a dentist, medical services furnished by an optometrist, and Rural Health Clinics.
- One basic family planning visit and three (3) periodic family planning visits per state fiscal year. Family planning visits are not counted toward other service limitations.
- Lab and x-ray services limited to total benefit payment of \$500 per state fiscal year, except for EPSDT beneficiaries.
- Three pharmaceutical prescriptions, including refills, allowed per month (family planning prescriptions are not counted against benefit limit; unlimited prescriptions for nursing facility beneficiaries and EPSDT beneficiaries under age 21). Extensions will be considered up to a maximum of six (6) prescriptions per month for beneficiaries at risk of institutionalization. Beneficiaries receiving services through the Independent Choices waiver may receive up to nine (9) medically necessary prescriptions per month.
- 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:

- Some children are responsible for coinsurance, co-payments, or premiums.

- Co-insurance: Arkids B beneficiaries must pay 20% of the charges for the first Medicaid covered day of inpatient hospital services and must also pay co-insurance for some outpatient services.
- Co-Pay: Arkids B beneficiaries must pay a higher co-payment for these services and also must pay co-payments for some outpatient services.
- Premiums: Based on family income certain TEFRA beneficiaries must pay a premium.

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

The Division consists of the Director's Office and currently HIPAA personnel and four (4) distinct organizational units:

Medical Services: The Office of Medical Services implements Medicaid policy concerning benefits and the payment of claims. Its objectives are to provide the highest quality care to needy recipients within the program's funding limitations and reimburse providers for services as expediently as possible. The Office of Medical Services includes the following operations: Program Integrity, Medical Assistance, Utilization Review, Program Planning & Development and Waiver Quality Assurance. The Program Planning and Development unit develops and maintains the Arkansas Medicaid State Plan and Child Health Insurance Program State Plan in addition to the policy manuals for each of Arkansas Medicaid's programs. The Medical Assistance unit enrolls providers in Arkansas Medicaid and the ARKids First program as well as administers various programs for Medicaid. Utilization Review monitors the quality of service delivered by Arkansas Medicaid health care providers. It identifies and investigates possible fraudulent and abusive billing practices, and it recovers funds from providers who have received state funds through such practices. Through random-sample questionnaires to recipients, it assures that individuals actually received the services for which Arkansas Medicaid has paid. Questionable responses to the questionnaires are referred to Field Audit. Utilization Review also provides prior authorization for medical services such as prosthetics, hearing aids, hyperalimentation services, and out-of-state transportation, and it monitors the primary care physicians program.

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 Regulations Facilities.

Program and Administrative Support: The Office of Program and Administrative Support includes the following operations: Financial Activities, Provider Reimbursement and Systems & Support. This involves activities such as program and operational budgeting, expenditure monitoring and evaluation; administrative support such as personnel management, contracts,

requests for proposals, interagency agreements, reports and analysis and Third Party Liability which pursues the payments of non-Medicaid resources of Medicaid patients. Systems and Support is responsible for Medicaid Management Information System (MMIS). This automated system is the mechanism used for processing claims paid through the Medicaid Program. Claims processing and maintenance of this system is contracted to Electronic Data Systems. The automated system has evolved to the Automated Eligibility Verification Claims System (AEVCS). The State working in conjunction with Electronic Data Systems developed AEVCS. Each Medicaid recipient receives a magnetic strip card that the physician uses with a computer and eligibility and benefits are automatically verified. Claims are transmitted within seconds and payments go directly to the provider within a couple of days.

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

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

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The agency Base Level request for this appropriation is \$20,146,792 each year of the biennium with 292 budgeted base level positions.

The agency Change Level request for this appropriation is \$1,899,228 each year of the biennium with a General Revenue request of \$431,905 in each year of the biennium. The General Revenue request consists of the following components:

- \$749,111 in New General Revenue for the state match on the request for 30 new positions;
- (\$67,220) requested to be transferred to the DHS Administration Fund Account which is associated with a request to transfer two (2) positions to the Office of Chief Counsel;
- (\$249,986) also requested to be transferred to the DHS Administration Fund Account to provide state match for eight (8) Office of Chief Counsel positions.

The following delineates the agency request:

- 30 new positions with salary and matching appropriation and General Revenue (noted above) to allow the Division to design programs, perform analysis and research to keep up with the ever changing public health care issues.
- Transfer 1 position (DHS/DMS Assistant Director Fiscal - grade 99) from the Division of Behavioral Health Services with salary and matching appropriation only to place the position into the correct Division.
- Transfer 2 positions (Health Care Analyst II - grade 17 and DHS/DMS Assistant Director Program and Administrative Support - grade 99) with salary and matching appropriation and General Revenue (noted above) to the Office of Chief Counsel as part of restructuring the office.
- Restoration of 5 positions that are authorized but not budgeted with salary and matching appropriation only to assist in meeting established staffing patterns.
- \$195,000 each year of the biennium for Capital Outlay line item to allow for the purchase of 15 vehicles each year. 10 vehicles would be replacement and 5 would be additional vehicles each year.
- \$30,000 each year of the biennium for the Data Processing Services line item to allow for increased costs of data processing services from the Department of Information Services.

The Executive Recommendation provides for Base Level. Additionally, the Executive Recommendation provides for the \$249,986 in General Revenue requested to be transferred each year of the biennium to the DHS Administration Fund Account associated with support of eight (8) OCC positions and the \$67,220 in General Revenue requested to be transferred each year of the biennium to the DHS Administration Fund Account which is associated with the transferring of two (2) positions (Health Care Analyst II and DMS Assistant Director Program and Administrative Support) to OCC along with salary and matching appropriation. The one (1) positions (DMS Assistant Director Fiscal) requested to be transferred from the Division of Behavioral Health Services has been provided for with salary and matching appropriation. Also, eight (8) new positions are recommended (1 -DMS Assistant Director - Medical Services and 1 -Health Policy Administrator for the Policy, Analysis and Research (PAR) unit; 2 -DHS Program Administrator for the Waiver Quality Assurance unit; 1 - Assistant Chief Program Administrator for Medical Assistance; 1 -Assistant Chief Program Administrator and 1 -Nursing Services Unit Manager for Program Integrity; and 1 -Chief Program Administrator for the Pharmacy Office) along with the associated salary and matching appropriation and the new General Revenue funding of \$231,721 each year of the biennium. Finally, the \$195,000 each year of the biennium for the Capital Outlay line item and the \$30,000 each year of the biennium for the Data Processing Services line item is recommended.

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

- \$231,721 each year of the biennium associated with the eight (8) new positions;
- (\$67,220) requested to be transferred to the DHS Administration Fund Account which is associated with a request to transfer two (2) positions to the Office of Chief Counsel; and
- (\$249,986) also requested to be transferred to the DHS Administration Fund Account to provide state match for eight (8) Office of Chief Counsel positions.

Note: the above General Revenue transfers of \$67,220 and \$249,986 that the Executive Recommendation has provided for are from existing allocations of General Revenue from the Division of Medical Services to the Director Office's/Office of Chief Counsel.

Appropriation Summary

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

Agency Request and Executive Recommendation

Commitment Item	Historical Data				2007-2008			2008-2009		
	2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive	
Regular Salaries	10,965,485	12,405,566	11,859,648	12,405,566	13,676,874	12,748,174	12,405,566	13,676,874	12,748,174	
#Positions	272	292	297	292	326	299	292	326	299	
Extra Help	44,390	126,892	126,892	126,892	126,892	126,892	126,892	126,892	126,892	
#Extra Help	3	7	7	7	7	7	7	7	7	
Personal Services Matching	3,232,737	3,556,338	3,462,464	3,775,699	4,178,619	3,875,207	3,775,699	4,178,619	3,875,207	
Overtime	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Operating Expenses	2,662,166	3,152,863	3,152,863	3,152,863	3,152,863	3,152,863	3,152,863	3,152,863	3,152,863	
Conference & Travel Expenses	134,090	235,840	235,840	235,840	235,840	235,840	235,840	235,840	235,840	
Professional Fees	289,707	355,132	355,132	355,132	355,132	355,132	355,132	355,132	355,132	
Data Processing	0	0	0	0	0	0	0	0	0	
Capital Outlay	111,862	195,000	195,000	0	195,000	195,000	0	195,000	195,000	
Data Processing Services	105,959	89,800	89,800	89,800	119,800	119,800	89,800	119,800	119,800	
Total	17,546,396	20,122,431	19,482,639	20,146,792	22,046,020	20,813,908	20,146,792	22,046,020	20,813,908	
Funding Sources										
General Revenue	4,453,262	4,804,416		4,810,232	5,242,137	4,724,747	4,810,232	5,242,137	4,724,747	
Federal Revenue	8,202,242	9,870,272		9,882,221	10,629,271	10,042,502	9,882,221	10,629,271	10,042,502	
Various Program Support	4,890,892	5,447,743		5,454,339	5,454,339	5,454,339	5,454,339	5,454,339	5,454,339	
Total Funding	17,546,396	20,122,431		20,146,792	21,325,747	20,221,588	20,146,792	21,325,747	20,221,588	
Excess Appropriation/(Funding)	0	0		0	720,273	592,320	0	720,273	592,320	
Grand Total	17,546,396	20,122,431		20,146,792	22,046,020	20,813,908	20,146,792	22,046,020	20,813,908	

Actual exceeds Authorized Appropriation by authority of Reallocation of Resources.

Change Level by Appropriation

Appropriation: 896-DHHS–Admin Paying Account

Funding Sources: PWP-Administration Paying

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	20,146,792	292	20,146,792	100.0	20,146,792	292	20,146,792	100.0
C01	Existing Program	1,567,600	30	21,714,392	107.7	1,567,600	30	21,714,392	107.7
C05	Unfunded Appropriation	322,953	5	22,037,345	109.3	322,953	5	22,037,345	109.3
C07	Agency Transfer	(21,325)	(1)	22,016,020	109.2	(21,325)	(1)	22,016,020	109.2
C08	Technology	30,000	0	22,046,020	109.4	30,000	0	22,046,020	109.4

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	20,146,792	292	20,146,792	100.0	20,146,792	292	20,146,792	100.0
C01	Existing Program	463,441	8	20,610,233	102.3	463,441	8	20,610,233	102.3
C05	Unfunded Appropriation	195,000	0	20,805,233	103.2	195,000	0	20,805,233	103.2
C07	Agency Transfer	(21,325)	(1)	20,783,908	103.1	(21,325)	(1)	20,783,908	103.1
C08	Technology	30,000	0	20,813,908	103.3	30,000	0	20,813,908	103.3

Justification

C01	Appropriation and funding for thirty (30) new positions. For the Division to design programs, perform analysis and research to keep up with ever changing public health care issues, qualified and experienced staff is required. This request consists of professional staff with expertise in research and analysis to monitor and enhance the quality and integrity of the Medicaid program in the areas for waiver services, Dental, Visual, Policy Planning and Development, Program Integrity, pharmacy, Office of Long Term Care, Systems and Support and Finance. Medicaid is an increasingly complex program with frequent federal regulatory and statutory changes. An example is the recent Deficit Reduction Act that contains "Medicaid Reform" requirements and options for states. Because federal, state, beneficiary, and provider interests demand constant attention and action from DMS, the current staff have little time to develop expertise in new concepts to enhance use of funding and services to beneficiaries. DMS has only 292 budgeted positions to administer a \$3.5 billion dollar budget.
C05	Appropriation only in capital outlay for the purchase of fifteen (15) vehicles each year of the biennium. There are 20 vehicles with over 100,000 miles and are over five (5) years old, but have not been able to have them replaced through DF&A MMV Fund. This appropriation will allow the Division to replace up to ten (10) vehicles each year and add at least five (5) vehicles to the fleet and reduce mileage paid due to an increase in the number of vehicles available. Also, requesting five (5) unbudgeted positions be restored as unfunded positions. This will allow DMS the flexibility to fill these positions if the funds become available during the biennium.
C07	Transfer two (2) positions and general revenue funds to match an additional eight (8) positions to the Office of Chief Counsel for positions utilized by the Medicaid program. This transfer is \$317,206 in total general revenue funding, \$249,986 for the eight positions that is general revenue only and \$67,220 for the two positions that will be transferred. Transfer of one (1) position with only appropriation (no General Revenue) from the Division of Behavioral Health Services, Grade 99, for the Division of Medical Services Chief Fiscal Officer.
C08	Appropriation only for Purchase of Data Processing. The Division has had to request transfer through Request for Reallocation of Resources for the past two state fiscal years to cover costs of data processing services from the Department of Information Services (DIS). This request is to cover the cost of data processing services at existing levels. This request is appropriation only; no general revenue is being requested.

Analysis of Budget Request

Appropriation: 897 - DHHS-Grants Paying Account

Funding Sources: PWD-Grants Paying

Private Nursing Home Care Appropriation referenced on page 362

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

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

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

Funding for this program is derived from General Revenues (DGF - DHS Grants Fund Account), Federal and Other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as Quality Assurance Fee per Act 635 of 2001, Various Program Support which can include nursing home administration fees and Miscellaneous Transfers derived from Act 2268 of 2005 section 7.

The agency Base Level request for this appropriation is \$524,284,278 each year of the biennium with General Revenue of \$79,802,615.

The agency Change Level request for this appropriation is \$59,939,609 in FY2008 and \$102,810,171 in FY2009 with General Revenue request of \$0 in FY2008 and \$25,854,616 in FY2009 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$44,709,609 in FY2008 and \$86,380,171 in FY2009 based on growth rates of 8.59% in FY2008 and 7.37% in FY2009.

- \$15,000,000 in FY2008 and \$16,200,000 in FY2009 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.
- Transfer \$230,000 each year of the biennium from the Private Nursing Home Care - Expanded Nursing Assistant Training Program appropriation to Private Nursing Home Care appropriation to combine the expanded nursing assistant training program into the existing nursing assistant training program and to allow for the total billing for nursing assistant training to be from one appropriation.

The Executive Recommendation provides for the Agency Request.

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

- \$20,441,233 in FY2009 for growth; and
- \$5,413,383 in FY2009 for the FMAP change.

Prescription Drugs Appropriation referenced on page 364

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

Funding for this program is derived from General Revenues (DGF - DHS Grants Fund Account), Federal and Other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as Drug Rebates and the Medicaid Trust Fund.

The agency Base Level request for this appropriation is \$346,277,019 each year of the biennium with General Revenue of \$93,261,623.

The agency Change Level request for this appropriation is \$54,640,309 in FY2008 and \$94,469,148 in FY2009 with General Revenue request of \$0 in FY2008 and \$23,490,780 in FY2009 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$34,640,309 in FY2008 and \$72,869,148 in FY2009 based on growth rates of 10.32% in both FY2008 and in FY2009.
- \$20,000,000 in FY2008 and \$21,600,000 in FY2009 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

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

- \$20,338,076 in FY2009 for growth; and
- \$3,152,704 in FY2009 for the FMAP change.

Hospital and Medical Services Appropriation referenced on page 366

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 Medicaid Trust Fund 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, DHHS Divisions (from General Revenue) for services such as Therapies, Transportation, Waiver services, UPL-Upper Payment Limit match, DSH-Disproportionate Share Hospital payments, etc.

The agency Base Level request for this appropriation is \$2,305,620,943 each year of the biennium with General Revenue of \$465,602,970.

The agency Change Level request for this appropriation is \$375,421,445 in FY2008 and \$591,585,644 in FY2009 with General Revenue request of \$16,380,973 in FY2008 and \$173,085,362 in FY2009 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$184,875,958 in FY2008 and \$387,023,861 in FY2009 based on growth rates of 8.53% in FY2008 and 8.41% in FY2009.
- \$10,000,000 in FY2008 and \$10,908,000 in FY2009 for a rate increase for dental services for adults age 21 and over to include preventative care and restorative care including one (1) set of dentures per life. All restorative care and dentures will require prior authorization.
- \$2,500,000 in FY2008 and \$2,727,000 in FY2009 to expand nutrition services currently available to Child Health Management Services (CHMS) providers to the general population of Medicaid children. This is being requested as the next step due to the results of the Body Mass Index (BMI) by providing nutritional counseling to children with BMI levels outside the normal range.
- \$4,906,563 each year of the biennium for school based vision and hearing screenings. The

eye and vision care component for school age children is being requested to comply with Act 1438 of 2005 which mandates an eye and vision screening. It was jointly determined by Department of Education and Medicaid to add the hearing screens to provide a complete package for the children.

- \$1,500,000 in FY2008 and \$1,636,200 in FY2009 to implement a pay for performance for Early and Periodic Screening and Diagnosis and Treatment (EPSDT) services. This request will provide an incentive payment to encourage providers to perform EPSDT screenings.
- \$500,000 each year of the biennium to provide an Aging Waiver transition program which will allow persons to transition from an institution (nursing home) to a waiver. This request would assist in eliminating the housing barrier to allow nursing home residents to return to the community and provide transition funding that would provide for the basics. After the individual moves, Medicaid waiver programs will be able to claim federal reimbursement for up to 75% of the transition costs and the transition funds will be replenished.
- \$10,493,229 each year of the biennium to provide a rate increase for physical, occupational and speech therapy to comply with the Arkansas Medical Society vs. Reynolds consent decree with dictate these enhanced services.
- \$10,645,695 in FY2008 and \$11,390,791 in FY2009 to provide a rate increase for Outpatient Hospital/Ambulatory Surgical to ensure continued access to these services for Medicaid recipients.
- \$150,000,000 in FY2008 and \$162,000,000 in FY2009 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request for appropriation. Additionally, General Revenue is provided for in the amount of \$46,405,494 in FY2008 and \$16,153,940 in FY2009. \$25,784,204 in FY2009, as indicated by the funding source Various Program Support, is allocated from the DHHS Federal Reimbursement/Other Holding Fund to offset the agency General Revenue request. Finally, the Executive Recommendation provides for the projected excess balance of \$33,902,992 in the Medicaid Expansion Program Account be used to fund the Hospital and Medical Services appropriation in the 2007 - 2009 Biennium and to offset the agency General Revenue request in FY2009. The agency will be complying with Section 8 of Initiated Act 1 of 2000 which provides for the carry forward Tobacco Settlement Fund balance into a new biennium. The agency will invoke Section 11 of Act 2 of the First Extraordinary Session of 2002 (A.C.A. § 19-12-119) to maximize Tobacco Settlement Fund usage.

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

- \$2,703,000 in FY2008 and \$3,007,336 in FY2009 for rate increase for dental services for adults age 21 and over to include preventative care and restorative care including one (1) set of dentures per life;
- \$675,750 in FY2008 and \$751,834 in FY2009 to expand nutrition services currently available to Child Health Management Services (CHMS) providers to the general population of Medicaid children;
- \$405,450 in FY2008 and \$451,100 in FY2009 to implement a pay for performance for Early and Periodic Screening and Diagnosis and Treatment (EPSDT) services;
- \$500,000 each year of the biennium for an Aging Waiver transition program;
- \$2,836,320 in FY2008 and \$2,892,983 in FY2009 to provide a rate increase for physical, occupational and speech therapy;

- \$2,877,531 in FY2008 and \$3,140,441 in FY2009 to provide a rate increase for Outpatient Hospital/Ambulatory Surgical; and
- \$36,407,443 in FY2008 and \$5,410,246 in FY2009 for growth and the FMAP change.

ARKIDS B Program Appropriation referenced on page 368

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, DHHS 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.

The agency Base Level request for this appropriation is \$79,826,356 each year of the biennium with General Revenue of \$21,177,932.

The agency Change Level request for this appropriation is \$22,100,595 in FY2008 and \$36,876,783

in FY2009 with General Revenue request of \$0 in FY2008 and \$8,019,563 in FY2009 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$3,070,522 in FY2008 and \$6,616,976 in FY2009 based on growth rates of 15.5% each year of the biennium for the Prescription Drugs component.
- \$9,030,073 in FY2008 and \$19,459,807 in FY2009 based on growth rates of 15.5% each year of the biennium for the Hospital/Medical component.
- \$2,500,000 in FY2008 and \$2,700,000 in FY2009 in unfunded appropriation for the Prescription Drugs component to allow the Division the capability to respond to federal and/or state mandates.
- \$7,500,000 in FY2008 and \$8,100,000 in FY2009 in unfunded appropriation for the Hospital/Medical component to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

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

- \$1,824,300 in FY2009 for growth for the Prescription Drugs component;
- \$206,022 in FY2009 for FMAP change for the Prescription Drugs component;
- \$5,365,069 in FY2009 for growth for the Hospital/Medical component; and
- \$624,172 in FY2009 for FMAP change for the Hospital/Medical component.

Appropriation Summary

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

Historical Data Agency Request and Executive Recommendation

Commitment Item	2005-2006		2006-2007		2006-2007		2007-2008			2008-2009			
	Actual	Budget	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive
Private Nursing Home Care	490,292,174	524,284,278	524,284,278	603,733,137	524,284,278	584,223,887	584,223,887	524,284,278	627,094,449	584,223,887	524,284,278	627,094,449	627,094,449
Total	490,292,174	524,284,278	524,284,278	603,733,137	524,284,278	584,223,887	584,223,887	524,284,278	627,094,449	584,223,887	524,284,278	627,094,449	627,094,449
Funding Sources													
General Revenue	64,329,851	79,802,615	79,802,615		79,802,615	79,802,615	79,802,615	79,802,615	105,657,231	79,802,615	79,802,615	105,657,231	105,657,231
Federal Revenue	362,000,280	384,708,862	384,708,862		384,708,862	412,243,288	412,243,288	384,708,862	436,562,253	412,243,288	384,708,862	436,562,253	436,562,253
Trust Fund	0	0	0		0	12,736,252	12,736,252	0	0	12,736,252	0	0	0
Miscellaneous Transfers	0	0	0		0	115,000	115,000	0	115,000	115,000	0	115,000	115,000
Quality Assurance Fee	63,917,889	59,714,228	59,714,228		59,714,228	64,268,159	64,268,159	59,714,228	68,501,392	64,268,159	59,714,228	68,501,392	68,501,392
Various Program Support	44,154	58,573	58,573		58,573	58,573	58,573	58,573	58,573	58,573	58,573	58,573	58,573
Total Funding	490,292,174	524,284,278	524,284,278		524,284,278	569,223,887	569,223,887	524,284,278	610,894,449	569,223,887	524,284,278	610,894,449	610,894,449
Excess Appropriation/(Funding)	0	0	0		0	15,000,000	15,000,000	0	16,200,000	15,000,000	0	16,200,000	16,200,000
Grand Total	490,292,174	524,284,278	524,284,278		524,284,278	584,223,887	584,223,887	524,284,278	627,094,449	584,223,887	524,284,278	627,094,449	627,094,449

Change Level by Appropriation

Appropriation: 897-DHHS-Grants Paying Account

Funding Sources: PWD-Grants Paying

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	524,284,278	0	524,284,278	100.0	524,284,278	0	524,284,278	100.0
C01	Existing Program	44,939,609	0	569,223,887	108.5	86,610,171	0	610,894,449	116.5
C05	Unfunded Appropriation	15,000,000	0	584,223,887	111.4	16,200,000	0	627,094,449	119.6

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	524,284,278	0	524,284,278	100.0	524,284,278	0	524,284,278	100.0
C01	Existing Program	44,939,609	0	569,223,887	108.5	86,610,171	0	610,894,449	116.5
C05	Unfunded Appropriation	15,000,000	0	584,223,887	111.4	16,200,000	0	627,094,449	119.6

Justification

C01	Growth for the Medicaid Program is influenced by increases in the Medicaid eligible population and the number and type of services utilized by the population. The growth rate of 8.59% for SFY 08 and 7.37% for SFY 09 was utilized for Private Nursing Home. The percentage of federal financial participation changes every Federal Fiscal Year (FFY). The Federal Medical Assistance Percentage (FMAP) for FFY 2006 is 73.77%, FFY 2007 is 73.37%, FFY 2008 is forecast to be 72.83% and FFY 2009 is 72.29%, requiring additional general revenue due to this reduction in FMAP. Transfer of appropriation and funding for increased training hours for Nursing Assistants to be combined with the existing appropriation for Nursing Assistant Training in the Private Nursing Home appropriation. This will allow for the total billing for Nursing Assistant Training to be from one fund center. This appropriation is funded from the State Board of Collection Agencies and the funds should follow with the appropriation. There is no general revenue with this request.
C05	The state's Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. Appropriation only is requested for this purpose.

Appropriation Summary

Appropriation: 897 DHHS-Grants Paying Account / Prescription Drugs

Funding Sources: PWD-Grants Paying

Agency Request and Executive Recommendation

Historical Data

Commitment Item	2005-2006		2006-2007	2006-2007			2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive
Prescription Drugs	369,409,255	346,277,019	603,916,423	346,277,019	400,917,328	400,917,328	346,277,019	440,746,167	440,746,167	346,277,019	440,746,167	440,746,167
Total	369,409,255	346,277,019	603,916,423	346,277,019	400,917,328	400,917,328	346,277,019	440,746,167	440,746,167	346,277,019	440,746,167	440,746,167
Funding Sources												
General Revenue	71,109,084	93,261,623		93,261,623	93,261,623	93,261,623	93,261,623	116,752,403	116,752,403	93,261,623	116,752,403	116,752,403
Federal Revenue	259,159,067	229,138,396		229,138,396	250,345,756	250,345,756	229,138,396	273,423,211	273,423,211	229,138,396	273,423,211	273,423,211
Trust Fund	0	0		0	11,011,591	11,011,591	0	0	0	0	0	0
Drug Rebates	39,141,104	23,877,000		23,877,000	26,298,358	26,298,358	23,877,000	28,970,553	28,970,553	23,877,000	28,970,553	28,970,553
Total Funding	369,409,255	346,277,019		346,277,019	380,917,328	380,917,328	346,277,019	419,146,167	419,146,167	346,277,019	419,146,167	419,146,167
Excess Appropriation/(Funding)	0	0		0	20,000,000	20,000,000	0	21,600,000	21,600,000	0	21,600,000	21,600,000
Grand Total	369,409,255	346,277,019		346,277,019	400,917,328	400,917,328	346,277,019	440,746,167	440,746,167	346,277,019	440,746,167	440,746,167

Change Level by Appropriation

Appropriation: 897-DHHS-Grants Paying Account

Funding Sources: PWD-Grants Paying

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	346,277,019	0	346,277,019	100.0	346,277,019	0	346,277,019	100.0
C01	Existing Program	34,640,309	0	380,917,328	106.6	72,869,148	0	419,146,167	113.9
C05	Unfunded Appropriation	20,000,000	0	400,917,328	110.4	21,600,000	0	440,746,167	118.0

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	346,277,019	0	346,277,019	100.0	346,277,019	0	346,277,019	100.0
C01	Existing Program	34,640,309	0	380,917,328	106.6	72,869,148	0	419,146,167	113.9
C05	Unfunded Appropriation	20,000,000	0	400,917,328	110.4	21,600,000	0	440,746,167	118.0

Justification

C01	Growth for the Medicaid Program is influenced by increases in the Medicaid eligible population and the number and type of services utilized by the population. The growth rate for the Prescription Drug Program projected at 10.32% each year. The percentage of federal financial participation changes every Federal Fiscal Year (FFY). The Federal Medical Assistance Percentage (FMAP) for FFY 2006 is 73.77%, FFY 2007 is 73.37%, FFY 2008 is forecast to be 72.83% and FFY 2009 is 72.29%, requiring additional general revenue due to this reduction in FMAP.
C05	The state's Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. Appropriation only is requested for this purpose.

Appropriation Summary

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

Historical Data Agency Request and Executive Recommendation

Commitment Item	2005-2006			2006-2007			2006-2007			2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive
Hospital and Medical Services 5100004	2,029,672,173	2,305,620,943	2,554,242,384	2,305,620,943	2,681,042,388	2,681,042,388	2,305,620,943	2,681,042,388	2,681,042,388	2,305,620,943	2,897,206,587	2,897,206,587	2,305,620,943	2,897,206,587	2,897,206,587
Total	2,029,672,173	2,305,620,943	2,554,242,384	2,305,620,943	2,681,042,388	2,681,042,388	2,305,620,943	2,681,042,388	2,681,042,388	2,305,620,943	2,897,206,587	2,897,206,587	2,305,620,943	2,897,206,587	2,897,206,587
Funding Sources															
General Revenue 4000010	399,504,175	465,602,970		465,602,970	481,983,943	512,008,464	465,602,970	481,983,943	512,008,464	465,602,970	638,688,332	481,756,910	465,602,970	638,688,332	481,756,910
Federal Revenue 4000020	1,497,173,722	1,687,184,863		1,687,184,863	1,840,253,891	1,785,220,071	1,687,184,863	1,840,253,891	1,785,220,071	1,687,184,863	1,974,974,801	1,927,360,997	1,687,184,863	1,974,974,801	1,927,360,997
Trust Fund 4000050	0	78,642,395		78,642,395	133,287,595	82,877,105	78,642,395	133,287,595	82,877,105	78,642,395	46,000,000	125,120,347	78,642,395	46,000,000	125,120,347
Tobacco Settlement 4000495	0	0		0	0	0	0	0	0	0	0	33,902,992	0	0	33,902,992
Various Program Support 4000730	132,994,276	74,190,715		74,190,715	75,516,959	75,516,959	74,190,715	75,516,959	75,516,959	74,190,715	75,543,454	101,327,658	74,190,715	75,543,454	101,327,658
Total Funding	2,029,672,173	2,305,620,943		2,305,620,943	2,531,042,388	2,455,622,599	2,305,620,943	2,531,042,388	2,455,622,599	2,305,620,943	2,735,206,587	2,669,468,904	2,305,620,943	2,735,206,587	2,669,468,904
Excess Appropriation/(Funding)	0	0		0	150,000,000	225,419,789	0	150,000,000	225,419,789	0	162,000,000	227,737,683	0	162,000,000	227,737,683
Grand Total	2,029,672,173	2,305,620,943		2,305,620,943	2,681,042,388	2,681,042,388	2,305,620,943	2,681,042,388	2,681,042,388	2,305,620,943	2,897,206,587	2,897,206,587	2,305,620,943	2,897,206,587	2,897,206,587

Fund transfers from UAMS are from General Revenue.
 Fund transfers from Department of Education are from Cash Funds.
 Fund transfers from DHHS Divisions are from General Revenue.

Change Level by Appropriation

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

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	2,305,620,943	0	2,305,620,943	100.0	2,305,620,943	0	2,305,620,943	100.0
C01	Existing Program	225,421,445	0	2,531,042,388	143.0	429,585,644	0	2,735,206,587	181.9
C05	Unfunded Appropriation	150,000,000	0	2,681,042,388	171.6	162,000,000	0	2,897,206,587	212.8

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	2,305,620,943	0	2,305,620,943	100.0	2,305,620,943	0	2,305,620,943	100.0
C01	Existing Program	225,421,445	0	2,531,042,388	143.0	429,585,644	0	2,735,206,587	181.9
C05	Unfunded Appropriation	150,000,000	0	2,681,042,388	171.6	162,000,000	0	2,897,206,587	212.8

Justification

C01	<p>Growth for the Medicaid Program is influenced by increases in the Medicaid eligible population and the number and type of services utilized by the population. The growth rate for Hospital Medical is projected to be 8.53% for SFY 2008 and 8.41% for SFY 2009. The percentage of federal financial participation changes every Federal Fiscal Year (FFY). The Federal Medical Assistance Percentage (FMAP) for FFY 2006 is 73.77%, FFY 2007 is 73.37%, FFY 2008 is forecast to be 72.83% and FFY 2009 is 72.29%, requiring additional general revenue due to this reduction in FMAP. A rate increase, requested by the Hospital Association, for Outpatient Hospital/Ambulatory Surgical is necessary to ensure continued access to these services for Medicaid recipients. These providers had a 20% decrease in rates in 1992 and have not received an increase since. A rate increase for dental services for adults age 21 and over is requested to include preventative care and restorative care including one set of dentures per life (all restorative care will require prior authorization). Increased adult dental services should improve the overall health of the adult population and therefore reduce physician and hospital visits. Expanding nutrition services currently available to CHMS providers to the general population of Medicaid children is the next step as a result of the Body Mass Index (BMI) by providing nutritional counseling to children with BMI levels outside the normal range. An appropriation request is included for school based vision and hearing screenings to comply with Act 1438 of 2005 which mandated these enhanced services. The Department of Education will provide the match for this request. A request for appropriation and funding to implement a pay for performance for Early and Periodic Screening and Diagnosis and Treatment (EPSDT) services, an incentive payment to encourage providers to perform EPSDT screenings. Arkansas is below the national average for reporting EPSDT screenings. Appropriation and funds to provide an Aging waiver transition program to allow persons to transition from an institution (nursing home) to a waiver. Housing is often the greatest barrier to returning to the community, as nursing home residents in many cases no longer own a home, and do not have funds to get re-established since their incomes have been used toward their nursing home care. Transition funding would be used for basics such as housing deposits (not rent) utility deposits, essential housekeeping items, etc. There would be limitations on individual allotments for transition costs. After the individual moves from the nursing facility to the community, Medicaid waiver programs will be able to claim federal reimbursement for up to 75% of the transition costs, and the transition fund will be replenished with this reimbursement. An increase in rates for physical, occupational and speech therapy to comply with the Arkansas Medical Society vs. Reynolds consent decree.</p>
C05	<p>The state's Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. Appropriation only is requested for this purpose.</p>

Appropriation Summary

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

Historical Data Agency Request and Executive Recommendation

Commitment Item	2005-2006			2006-2007			2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive
ARKids B Program	68,011,857	79,826,356	80,476,520	79,826,356	101,926,951	101,926,951	79,826,356	116,703,139	101,926,951	79,826,356	116,703,139	116,703,139
Total	68,011,857	79,826,356	80,476,520	79,826,356	101,926,951	101,926,951	79,826,356	116,703,139	101,926,951	79,826,356	116,703,139	116,703,139
Funding Sources												
General Revenue	17,504,985	21,177,932		21,177,932	21,177,932	21,177,932	21,177,932	29,197,495	21,177,932	21,177,932	29,197,495	29,197,495
Federal Revenue	50,491,456	58,648,424		58,648,424	67,079,096	67,079,096	58,648,424	76,705,644	67,079,096	58,648,424	76,705,644	76,705,644
Trust Fund	0	0		0	3,669,923	3,669,923	0	0	3,669,923	0	0	0
Various Program Support	15,416	0		0	0	0	0	0	0	0	0	0
Total Funding	68,011,857	79,826,356		79,826,356	91,926,951	91,926,951	79,826,356	105,903,139	91,926,951	79,826,356	105,903,139	105,903,139
Excess Appropriation/(Funding)	0	0		0	10,000,000	10,000,000	0	10,800,000	10,000,000	0	10,800,000	10,800,000
Grand Total	68,011,857	79,826,356		79,826,356	101,926,951	101,926,951	79,826,356	116,703,139	101,926,951	79,826,356	116,703,139	116,703,139

Change Level by Appropriation

Appropriation: 897-DHHS-Grants Paying Account

Funding Sources: PWD-Grants Paying

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	79,826,356	0	79,826,356	100.0	79,826,356	0	79,826,356	100.0
C01	Existing Program	12,100,595	0	91,926,951	102.3	26,076,783	0	105,903,139	104.9
C05	Unfunded Appropriation	10,000,000	0	101,926,951	104.2	10,800,000	0	116,703,139	107.0

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	79,826,356	0	79,826,356	100.0	79,826,356	0	79,826,356	100.0
C01	Existing Program	12,100,595	0	91,926,951	102.3	26,076,783	0	105,903,139	104.9
C05	Unfunded Appropriation	10,000,000	0	101,926,951	104.2	10,800,000	0	116,703,139	107.0

Justification	
C01	Growth for the Medicaid Program is influenced by increases in the Medicaid eligible population and the number and type of services utilized by the population. The growth rate of 15.5% each year was projected for ArKids B. The percentage of federal financial participation changes every Federal Fiscal Year (FFY). The Federal Medical Assistance Percentage (FMAP) for FFY 2006 is 73.77%, FFY 2007 is 73.37%, FFY 2008 is forecast to be 72.83% and FFY 2009 is 72.29%, requiring additional general revenue due to this reduction in FMAP.
C05	The state's Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. Appropriation only is requested for this purpose.

Analysis of Budget Request

Appropriation: 898 - DHHS-Grants Paying Account

Funding Sources: PWE-Grants Paying

Child and Family Life Institute Appropriation referenced on page 373

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 request for this appropriation is \$2,100,000 each year of the biennium. There is no Change Level request.

The Executive Recommendation provides for the Agency Request.

Infant Infirmary Appropriation referenced on page 375

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 and the Medicaid Trust Fund.

The agency Base Level request for this appropriation is \$18,550,234 each year of the biennium with General Revenue of \$4,921,377.

The agency Change Level request for this appropriation is \$2,075,057 in FY2008 and \$2,787,941 in FY2009 with General Revenue request of \$0 in FY2008 and \$511,818 in FY2009 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$575,057 in FY2008 and \$1,167,941 in FY2009 based on a growth rate of 3.1% in both FY2008 and in FY2009.
- \$1,500,000 in FY2008 and \$1,620,000 in FY2009 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

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

- \$318,896 in FY2009 for growth; and
- \$192,922 in FY2009 for the FMAP change.

Public Nursing Home Care Appropriation referenced on page 377

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

Funding for this program is derived from General Revenues (DGF - DHS Grants Fund Account), Federal and Other revenues. Federal revenue derived from Title XIX - Medicaid, U. S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. Other revenues which are indicated as Quality Assurance Fee per Act 635 of 2001, Various Program Support which can include matching funds from the Human Development Centers (from General Revenue), the DDS Small 10 Beds Intermediate Care Facilities for the Mentally Retarded (ICFs/MR)(from General Revenue), the Arkansas Health Center (from mixed funding) and the Medicaid Trust Fund.

The agency Base Level request for this appropriation is \$154,433,405 each year of the biennium with General Revenue of \$3,248,316.

The agency Change Level request for this appropriation is \$9,283,106 in FY2008 and \$16,063,806 in FY2009 with General Revenue request of \$0 in FY2008 and \$486,387 in FY2009 which includes adjustments for the FMAP reduction. The following delineates the agency request:

- \$6,283,106 in FY2008 and \$12,823,806 in FY2009 based on growth rates of 9.12% in

FY2008 and 9.24% in FY2009.

- \$3,000,000 in FY2008 and \$3,240,000 in FY2009 in unfunded appropriation to allow the Division the capability to respond to federal and/or state mandates.

The Executive Recommendation provides for the Agency Request.

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

- \$317,403 in FY2009 for growth; and
- \$168,984 in FY2009 for the FMAP change.

Appropriation Summary

Appropriation: 898 DHHS-Grants Paying Account / Child and Family Life Institute
Funding Sources: PWE-Grants Paying

Historical Data Agency Request and Executive Recommendation

Commitment Item	2005-2006		2006-2007		2006-2007			2007-2008			2008-2009		
	Actual	Budget	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive
Child & Family Life Inst	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	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	2,100,000	2,100,000	2,100,000	2,100,000
Funding Sources													
General Revenue	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	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	2,100,000	2,100,000	2,100,000
Excess Appropriation/(Funding)	0	0			0	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	2,100,000	2,100,000	2,100,000

Change Level by Appropriation

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

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	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		2007-2008	Pos	Cumulative	% of BL	2008-2009	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

Appropriation Summary

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

Historical Data Agency Request and Executive Recommendation

Commitment Item	2005-2006		2006-2007		2006-2007			2007-2008			2008-2009		
	Actual	Budget	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive
Infant Infirmary	17,737,260	18,550,234	18,550,234	21,285,102	18,550,234	20,625,291	20,625,291	18,550,234	21,338,175	20,625,291	18,550,234	21,338,175	21,338,175
Total	17,737,260	18,550,234	18,550,234	21,285,102	18,550,234	20,625,291	20,625,291	18,550,234	21,338,175	20,625,291	18,550,234	21,338,175	21,338,175
Funding Sources													
General Revenue	4,608,616	4,921,377	4,921,377		4,921,377	4,921,377	4,921,377	4,921,377	5,433,195	4,921,377	4,921,377	5,433,195	5,433,195
Federal Revenue	13,128,644	13,628,857	13,628,857		13,628,857	13,955,725	13,955,725	13,628,857	14,284,980	13,955,725	13,628,857	14,284,980	14,284,980
Trust Fund	0	0	0		0	248,189	248,189	0	0	248,189	0	0	0
Total Funding	17,737,260	18,550,234	18,550,234		18,550,234	19,125,291	19,125,291	18,550,234	19,718,175	19,125,291	18,550,234	19,718,175	19,718,175
Excess Appropriation/(Funding)	0	0	0		0	1,500,000	1,500,000	0	1,620,000	1,500,000	0	1,620,000	1,620,000
Grand Total	17,737,260	18,550,234	18,550,234		18,550,234	20,625,291	20,625,291	18,550,234	21,338,175	20,625,291	18,550,234	21,338,175	21,338,175

Change Level by Appropriation

Appropriation: 898-DHHS-Grants Paying Account

Funding Sources: PWE-Grants Paying

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	18,550,234	0	18,550,234	100.0	18,550,234	0	18,550,234	100.0
C01	Existing Program	575,057	0	19,125,291	127.3	1,167,941	0	19,718,175	155.6
C05	Unfunded Appropriation	1,500,000	0	20,625,291	198.8	1,620,000	0	21,338,175	232.7

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	18,550,234	0	18,550,234	100.0	18,550,234	0	18,550,234	100.0
C01	Existing Program	575,057	0	19,125,291	127.3	1,167,941	0	19,718,175	155.6
C05	Unfunded Appropriation	1,500,000	0	20,625,291	198.8	1,620,000	0	21,338,175	232.7

Justification

C01	Growth for the Medicaid Program is influenced by increases in the Medicaid eligible population and the number and type of services utilized by the population. The growth rate for Infant Infirmary (Intermediate Care Facilities for the Mentally Retarded) was projected at 3.1% for each year. The percentage of federal financial participation changes every Federal Fiscal Year (FFY). The Federal Medical Assistance Percentage (FMAP) for FFY 2006 is 73.77%, FFY 2007 is 73.37%, FFY 2008 is forecast to be 72.83% and FFY 2009 is 72.29%, requiring additional general revenue due to this reduction in FMAP.
C05	The state's Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. Appropriation only is requested for this purpose.

Appropriation Summary

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

Historical Data Agency Request and Executive Recommendation

Commitment Item	2005-2006		2006-2007		2006-2007			2007-2008			2008-2009		
	Actual	Budget	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive	Base Level	Agency	Executive
Public Nursing Home Care	148,643,853	154,433,405	154,433,405	161,368,197	154,433,405	163,716,511	163,716,511	154,433,405	170,497,211	163,716,511	154,433,405	170,497,211	170,497,211
Total	148,643,853	154,433,405	154,433,405	161,368,197	154,433,405	163,716,511	163,716,511	154,433,405	170,497,211	163,716,511	154,433,405	170,497,211	170,497,211
Funding Sources													
General Revenue	2,899,891	3,248,316	3,248,316		3,248,316	3,248,316	3,248,316	3,248,316	3,734,703	3,248,316	3,248,316	3,734,703	3,734,703
Federal Revenue	110,011,939	113,462,223	113,462,223		113,462,223	117,287,002	117,287,002	113,462,223	121,167,434	117,287,002	113,462,223	121,167,434	121,167,434
Trust Fund	0	0	0		0	247,027	247,027	0	0	247,027	0	0	0
Quality Assurance Fee	821,524	915,835	915,835		915,835	915,835	915,835	915,835	915,835	915,835	915,835	915,835	915,835
Various Program Support	34,910,499	36,807,031	36,807,031		36,807,031	39,018,331	39,018,331	36,807,031	41,439,239	39,018,331	36,807,031	41,439,239	41,439,239
Total Funding	148,643,853	154,433,405	154,433,405		154,433,405	160,716,511	160,716,511	154,433,405	167,257,211	160,716,511	154,433,405	167,257,211	167,257,211
Excess Appropriation/(Funding)	0	0	0		0	3,000,000	3,000,000	0	3,240,000	3,000,000	0	3,240,000	3,240,000
Grand Total	148,643,853	154,433,405	154,433,405		154,433,405	163,716,511	163,716,511	154,433,405	170,497,211	163,716,511	154,433,405	170,497,211	170,497,211

Fund transfers from the Division of Developmental Disability Services are from General Revenue.
 Fund transfers from the Division of Behavioral Health Services are from mixed funding sources.

Change Level by Appropriation

Appropriation: 898-DHHS-Grants Paying Account

Funding Sources: PWE-Grants Paying

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	154,433,405	0	154,433,405	100.0	154,433,405	0	154,433,405	100.0
C01	Existing Program	6,283,106	0	160,716,511	399.2	12,823,806	0	167,257,211	710.6
C05	Unfunded Appropriation	3,000,000	0	163,716,511	542.0	3,240,000	0	170,497,211	864.9

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	154,433,405	0	154,433,405	100.0	154,433,405	0	154,433,405	100.0
C01	Existing Program	6,283,106	0	160,716,511	399.2	12,823,806	0	167,257,211	710.6
C05	Unfunded Appropriation	3,000,000	0	163,716,511	542.0	3,240,000	0	170,497,211	864.9

Justification

C01	Growth for the Medicaid Program is influenced by increases in the Medicaid eligible population and the number and type of services utilized by the population. The growth rate of 4.07% was projected for each year for the Public Nursing Homes. The percentage of federal financial participation changes every Federal Fiscal Year (FFY). The Federal Medical Assistance Percentage (FMAP) for FFY 2006 is 73.77%, FFY 2007 is 73.37%, FFY 2008 is forecast to be 72.83% and FFY 2009 is 72.29%, requiring additional general revenue due to this reduction in FMAP.
C05	The state's Medicaid program often undergoes changes that require additional appropriation to be able to respond to federal and state mandates. Appropriation only is requested for this purpose.

Appropriation Summary

Appropriation: 2YS In-Home Svcs, WIC & Merger
Funding Sources: PWF-Grants Paying

Agency Request and Executive Recommendation

Historical Data

Commitment Item	2005-2006		2006-2007		2006-2007		2007-2008			2008-2009		
	Actual	Budget	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive		
Grants and Aid	0	0	0	15,000,000	0	0	0	0	0	0	0	
Total	0	0	0	15,000,000	0	0	0	0	0	0	0	

THIS APPROPRIATION IS NOT REQUESTED FOR THE NEW BIENNIUM.

Appropriation Summary

Appropriation: 2YU Prosthetic & Orthotic Svcs
Funding Sources: PWF-Grants Paying

Agency Request and Executive Recommendation

Historical Data

Commitment Item	2005-2006		2006-2007		2006-2007		2007-2008			2008-2009		
	Actual	Budget	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive		
Grants and Aid	0	0	0	0	0	0	0	0	0	0	0	
Total	0	0	0	0	0	0	0	0	0	0	0	

This is a biennial appropriation.
 FY2007 Appropriation Carry Forward Amount is \$1,000,000.00
 THIS APPROPRIATION IS NOT REQUESTED FOR THE NEW BIENNIUM.

Appropriation Summary

Appropriation: 897 DHHS-Grants Paying Account / Prescription Drug Waiver for the Elderly
Funding Sources: PWD-Grants Paying

Commitment Item	Historical Data				Agency Request and Executive Recommendation					
	2005-2006	2006-2007	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Prescrip Drug Wvr For Elderly 5100004	0	0	10,785,287	10,785,287	0	0	0	0	0	0
Total	0	0	10,785,287	10,785,287	0	0	0	0	0	0

THIS APPROPRIATION IS NOT REQUESTED FOR THE NEW BIENNINIUM.