

HEALTH SERVICES PERMIT AGENCY

Enabling Laws

Act 137 of 2016
Arkansas Code Annotated §20-8-101 et seq.

History and Organization

Health Services Permit Agency

Arkansas Code annotated §20-8-101 et seq. authorizes the Health Services Permit Agency as an independent agency under the supervision and control of the Governor. With direction from a nine (9) member Health Services Permit Commission, the Agency is responsible for implementing the State's Health Services Program which includes a Permit of Approval (POA) process. The current POA process evolved from federal initiatives in the sixties resulting in passage of an Arkansas Act 593 of 1987, as amended, created the Health Services Permit Commission (Commission) and the Health Services Permit Agency (Agency) to implement the State's long term care planning and review program. Act 1800 of 2001 added one member to represent the Hospice Association to the Commission, which is composed of the following membership appointed by the Governor and confirmed by the Senate:

- A member from the Arkansas Hospital Association
- A member from the Arkansas Health Care Association
- A member from the Arkansas Chapter, American Association of Retired Persons
- A member from the Arkansas Home Care Association of Arkansas
- A member from the Arkansas Residential Assisted Living Association
- A representative of the Department of Human Services
- A consumer knowledgeable in business health insurance
- A practicing physician and
- A representative from the Arkansas Hospice Association

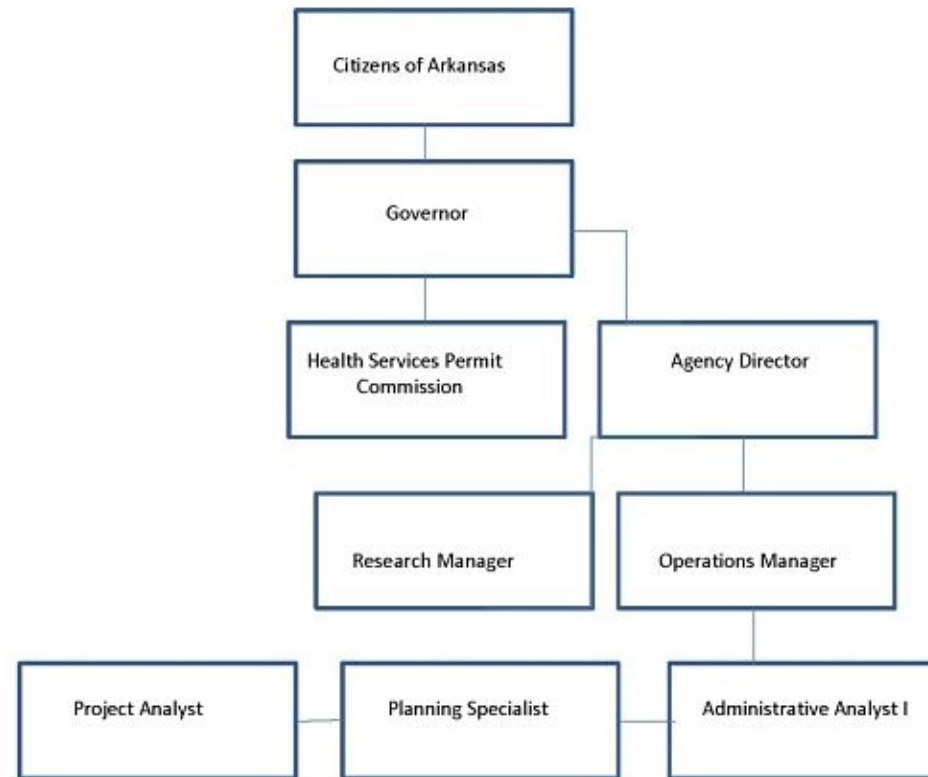
Mission Statement:

The Commission /Agency mission is to ensure appropriate distribution of health care providers through the regulation of new services, protection of quality care and negotiation of competing interests so that community needs are appropriately met without unnecessary duplication and expense.

The following agency goals and objectives are currently being supported organizationally.

- Evaluate the availability and adequacy of health facilities and health services as they relate to long term care facilities, home health agencies and hospice agencies and facilities in Arkansas.
- Designate those areas of the state and specify categories of health services that are underserved or over served, and exempt certain underserved areas or categories of service from the permit of approval process.

Develop policies and adopt criteria for the review of applications and issuing of permits of approval



Agency Commentary

Health Services Permit Agency is requesting a Change Level 01. The change level request is for additional \$17,500 in appropriations for operational expenses. The additional request is a result of the Executive Order 15-19. The Executive order moved the Arkansas Governor's Developmental Disabilities Council (DDC) to DF&A. Prior to their move, all operational expenses were shared. Since their departure the agency is now 100% responsible for all expenses. Approval of this request will eliminate the need for the agency to request a supplemental appropriation request during the annual session(s). Once the additional appropriation is received the agency will be able to continue to operate efficiently.

The Agency does not request additional revenue, the agency will fund the additional operational expenses from special revenue, and maintain its current base levels for salaries/fringe, travel and professional fees. The Agency will continue its role in implementing the policies and procedures adopted by the Health Services Permit Commission and reviewing all Permit of Approval applications.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
HEALTH SERVICES PERMIT AGENCY
FOR THE YEAR ENDED JUNE 30, 2014

Findings	Recommendations
<p>Ark. Code Ann. § 19-4-1108 requires that agencies retain documents supporting expenditures of the State. The Agency had inadequate or incomplete supporting documentation for 3 expenditures tested in fiscal year 2013, totaling \$6,783, and 12 expenditures tested in fiscal year 2014, totaling \$115,109. All expenditures were related to the Developmental Disabilities Council (DDC). Arkansas Legislative Audit (ALA) staff could not verify that the expenditures were for correct amounts or for allowable costs.</p> <p>According to Section R1-19-4-702 of the DFA Financial Management Guide, if an Agency pays an invoice in the subsequent fiscal year to when goods are received, that invoice should be recorded as a payable and attributed to the prior fiscal year budget. The Agency</p>	<p>We recommend the Agency maintain detailed documentation to support all expenditures made during the fiscal year.</p> <p><u>Agency Response:</u> The Governor's DDC agrees with the finding. On July 30, 2015, the Department of Finance and Administration (DFA) became the designated state agency for the DDC. All policies and procedures are being reviewed as part of the restructuring of the office due to the cessation of the federal grant. Review of all financial transactions will be made by the DFA CAFR section after review by the DFA Management Services Administrative Services staff.</p> <p>We recommend the Agency review and implement DFA regulations regarding the recording of payables.</p>

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
HEALTH SERVICES PERMIT AGENCY
FOR THE YEAR ENDED JUNE 30, 2014

Findings

paid \$9,191 (\$4,595 related to DDC) in expenditures in fiscal year 2014 that should have been recorded as a payable in fiscal year 2013. Additionally, the Agency paid \$57,787 (all related to the DDC) in expenditures in fiscal year 2015 that should have been recorded as a payable for fiscal year 2014. Accounts payable and expenditures at the end of fiscal year 2013 and fiscal year 2014 are understated.

Recommendations

Agency Response:

The Governor's DDC agrees with the finding. On July 30, 2015, DFA became the designated state agency for the DDC. All policies and procedures are being reviewed as part of the restricting of the office due to the cessation of the federal grant. Review of all financial transactions will be made by the DFA CAFR section after review by the DFA Management Services Administrative Services staff.

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	0	1	1	20 %
Black Employees	1	3	4	80 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			4	80 %
Total Employees			5	100 %

Publications

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Arkansas Permit of Approval Rulebook	A.C.A. 2-8-104	N	N	4	Distributed by request and published on agency web site to keep the public informed of the Rules and Regulations regarding Permits of Approval, and of the changes to those rules.	0	0.00
Health Care Facilities and Services Need	A.C.A. 20-8-104	N	N	4	Distributed by request and published on agency web site to keep the public informed of the need for health services in the State.	0	0.00
Health Services Permit Agency Annual Report	A.C.A. 20-8-110	Y	Y	3	Distributed by request, to keep the public, Governor, and General Assembly informed of activities of agency.	0	0.00

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
11	8	3	11	0	27.27 %	11	5	6	11	0	54.55 %	6	5	1	6	0	16.67 %

Analysis of Budget Request

Appropriation: 844 - Health Serv Permit Agency-State

Funding Sources: HUA - General Revenue/Fees

The Agency uses this appropriation to review all applications for permits of approval, for nursing homes, residential care facilities, etc., addressing such issues as need, staffing, and economic feasibility. The State Operations appropriation is funded from general revenue and fees from certificate of need applications as authorized by Arkansas Code Annotated §20-8-108.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY17 line item maximum plus the previously authorized 2016 1% Cost of Living Adjustment authorized by Act 1007 (3 (B)) of 2015.

The Agency is requesting a Change Level Request of \$17,500 each year of the 2017-2019 Biennium in the Operating Expenses line item. The increase is needed due to Executive Order 15-19 that moved the Arkansas Governor's Developmental Disabilities Council (DDC) to Department of Finance and Administration during FY16. Prior to the move, all operating expenses were shared between Health Services and the DDC.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 844 - Health Serv Permit Agency-State

Funding Sources: HUA - General Revenue/Fees

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	271,315	268,021	222,179	300,275	300,275	300,275	300,275	300,275	300,275
#Positions		5	6	6	6	6	6	6	6	6
Personal Services Matching	5010003	87,376	105,758	70,941	107,350	107,350	107,350	107,350	107,350	107,350
Operating Expenses	5020002	61,339	60,627	60,627	60,627	78,127	78,127	60,627	78,127	78,127
Conference & Travel Expenses	5050009	2,740	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274
Professional Fees	5060010	363	20,267	20,267	20,267	20,267	20,267	20,267	20,267	20,267
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		423,133	456,947	376,288	490,793	508,293	508,293	490,793	508,293	508,293
Funding Sources										
Fund Balance	4000005	279,786	171,165		90,711	90,711	90,711	8,555	0	0
General Revenue	4000010	276,096	322,493		354,637	354,637	354,637	354,637	354,637	354,637
Permit of Approval Fees	4000375	38,416	54,000		54,000	54,000	54,000	54,000	54,000	54,000
Total Funding		594,298	547,658		499,348	499,348	499,348	417,192	408,637	408,637
Excess Appropriation/(Funding)		(171,165)	(90,711)		(8,555)	8,945	8,945	73,601	99,656	99,656
Grand Total		423,133	456,947		490,793	508,293	508,293	490,793	508,293	508,293

FY17 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 844 - Health Serv Permit Agency-State
Funding Sources: HUA - General Revenue/Fees

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	490,793	6	490,793	100.0	490,793	6	490,793	100.0
C01	Existing Program	17,500	0	508,293	103.6	17,500	0	508,293	103.6

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	490,793	6	490,793	100.0	490,793	6	490,793	100.0
C01	Existing Program	17,500	0	508,293	103.6	17,500	0	508,293	103.6

Justification

C01	The change level request is for additional \$17,500 in appropriations for operational expenses. The additional request is a result of the Executive Order 15-19. The Executive order moved the Arkansas Governor's Developmental Disabilities Council (DDC) moved to DF&A. Prior to their move, all operational expenses were shared. Since their departure the agency is now 100% responsible for all expenses. Approval of this request will eliminate the need for the agency to request a supplemental appropriation request during the annual session(s). Once the additional appropriation is received the agency will be able to continue to operate efficiently.								
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**CARRY FORWARD OF ANY REMAINING FUND BALANCES
FROM FISCAL YEAR 2016 TO FISCAL YEAR 2017**

Agency: Health Services Permit Agency

Program: Health Serv Permit Agency-State

Act #: 403 of 2015 Section(s) #: 2 & 5

Estimated Carry Forward Amount \$ 212,792.00 Funding Source: Special Revenue

Accounting Information:

Business Area: 0665 Funds Center: 844 Fund: HUA Functional Area: HHS

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward funding for a program or a specific line item within a program remaining on June 30th of a fiscal year.

Justification for carry forward of fund balance:

These funds are necessary for the operations of the agency. The funds are generated from fines and fees collected pursuant to A.C.A. 20-8-108 and deposited into the Miscellaneous Agencies Fund. They will carry forward into FY17.

Actual Funding Carry Forward Amount \$ 171,165.00

Current status of carry forward funding:

The funds will be used to support the operations of the Agency for FY17.

Tracy Steele

Director

08-11-2016

Date