

DEPARTMENT OF HEALTH AND HUMAN SERVICES BUDGET HIGHLIGHTS FY10 & FY11

GENERAL:

- DHHS General Fund appropriations total \$1,998,637,727 for the biennium, which is 32.4% of the State General Fund budget.
- Caseload growth, as a result of poor economic conditions in Nevada and nationally, is the primary driver of the need for increasing General Funds.
- Lawsuits, the threat of lawsuits, and federally required case processing standards also have significant impact on the DHHS budget.
- All budgets that include staff/personnel costs have been reduced as follows:
 - 6% reduction in salaries (\$27.2 million General Fund)
 - merit increases have been suspended (\$9.9 million General Fund)
 - longevity payments have been suspended (\$1.8 million General Fund)
 - State subsidies for active and retired employees have been reduced (\$11.2 million General Fund).

The total General Fund savings for these four actions is \$50.1 million.

Director's Office

- Tribal Suicide prevention grant of \$150,000/year is included.
- One Auditor position is eliminated for savings.
- State General Funds for the 2-1-1 system are eliminated. Program receives funding from other grant sources.
- Administration for the statewide suicide hotline funding of \$100,000/year will transfer from the Mental Health Division to the State Suicide Prevention Office/Director's Office.
- Indigent Supplemental Account is budgeted to be transferred to Health Care Financing to be used as match for federal funding totaling approximately \$28 million per year. Funds will not be used for Indigent Accidents/catastrophic events payments as established in NRS. A similar "sweeping" of these funds was approved for FY09.
- Public Defender's Office includes funding (75% County, 25% State) for three new positions, specialized capital case training, and for the creation and support of an Indigent Defense Commission. These requests are pursuant to a Nevada Supreme Court order.

- Executive Director of the Nevada Indian Commission is decreased from a 100% FTE to 83% FTE for savings. Travel costs are also eliminated.

AGING AND DISABILITY SERVICES

- Senior Rx and Disability Rx programs are transferred from the Director's Office to the newly proposed Division for Aging and Disability Services. Minor amounts of Tobacco funding are included for caseload growth 4.5% and medication inflation 5.7%.
- Office of Disability Services budget accounts 3154, 3266 and 3276 are transferred into this newly formed division. Several cost allocation adjustments are made as a result of the reorganization.
- Elder Rights Advocate positions (formerly called Ombudsmen) are re-allocated to state General Funding from federal funds based on refusal of federal agency to pay costs (\$104,000/year impact).
- State General Funds totaling \$151,000 supports 36 new slots in FY10 and 72 new slots in FY11 in the Community Options Program for frail seniors.
- Medicaid funded community waiver slots are reduced by 459 and seven associated positions are cut.
- Rates paid for Personal Care Attendants (PCAs) are reduced by approximately \$3.00 per hour (\$18.50 to \$15.52). Service hours were reduced in the FY09 budget reductions.
- \$2.2 million/year in state General Funds is included for mandatory service waiting lists (Olmstead) for personal assistance services, TBI, and independent living services.
- Caseload growth of \$1.0 million in FY10 and \$1.4 million in FY11 is included for Senior Citizen's Property Tax Assistance. Average assistance payments were reduced in FY09 to help with budget shortfalls.

CHILD AND FAMILY SERVICES

- Federal Medical Assistance Percentage (FMAP) is budgeted at 58% federal share in several budget accounts, up from 50/50 match reducing General Fund costs by \$3.9 million in FY10 and \$1 million in FY11.
- Seven percent (7%) increase in caseload is expected in non-custody mental health room and board, costing \$580K in FY10 and \$690 K in FY11 in State General Funds.
- Approximately \$5 million per year in costs to the State General Fund for Child Welfare Services is added as the result of reduced Title IV-E revenue mandated by the Deficit Reduction Act. Impacts several budgets.

- Rate increases for children who require "higher levels of care" are totaling \$8.3 million General Fund in FY10 and \$8.8 million General Fund in FY11. Impacts several budgets.
- Four (4) positions will be eliminated in FY11 funded by the expiring State Infrastructure Grant (SIG).
- Four (4) administrative positions will be eliminated for cost savings.
- Clark County Adoption subsidy growth of 10% results in added General Fund costs of \$1.9 million in FY10 and \$2.8 million in FY11.
- Ten (10) new staff are funded in FY11 for Clark County Foster Care caseload growth and maintaining 1:22 staffing ratio.
- Clark County Foster Care growth of 14.72% results in General Fund needs of \$2.8 million in FY10 and \$4.5 million in FY11.
- State General Fund savings of approximately \$2.0 million per year are included as a result of a new effort in Clark County to get children Supplemental Security Income (SSI) eligible. Three new staff are added for this function.
- Washoe County adoption subsidies growth of 12% results in added General Fund costs of \$900 K in FY10 and \$1.4 million in FY11.
- Two (2) new Social Workers are budgeted for Washoe County Child Welfare due to increased adoptions.
- Only minor Foster Care placement growth is budgeted for Washoe County (\$64K/year).
- Four (4) Information Technology positions are eliminated for savings.
- Four (4) additional Child Care Surveyor positions are added at a General Fund cost of approximately \$240K per year, as the result of the City of Las Vegas serving the State notice that it will no longer license facilities.
- Rural Child Welfare adoption subsidy payment growth of 15% will add General Fund impact of \$142 K in FY10 and \$161K in FY11.
- Eleven percent (11%) growth in Foster Care payments is budgeted for Rural Child Welfare resulting in General Fund Needs of \$370,000 in FY10 and \$570,000 in FY11.
- The Hawthorne Child Welfare Office will be closed.
- Approximately \$600 K per year in new revenue from Social Security Payments is included in the Child Welfare Trust Account to help offset the cost of ten new

positions for Rural Child Welfare to provide in-home assistance and education to families.

- Victims of Domestic Violence Funding will decline approximately \$1.0 million per year based on projected marriage license fees.
- Summit View Juvenile Correctional Facility will be reduced from 96 beds to 48 beds, saving \$1.6 million per year in General Fund. Twenty-four positions will be eliminated.
- Caliente Youth Center will close one housing unit (20 beds), saving approximately \$310 K in General Fund per year. Nine positions will be eliminated. A psychologist position will be converted from a state employee to contract funds.
- Nevada Youth Training Center at Elko will close one housing unit (20 beds) saving approximately \$333 K per year in General Fund. Six positions will be eliminated.
- The state funded high school at NYTC will be transferred to the Elko County School District saving approximately \$925 K per year in General Fund. Eighteen positions will be transferred.

HEALTH CARE FINANCING AND POLICY

- Approximately \$576,765 is budgeted in General Fund to takeover/transfer the existing Medicaid Management Information Systems (MMIS) from the current provider who plans to leave the health care/fiscal agent market. Three staff are included. General Fund dollars are budgeted in BA 1325 (State Budget Office) and the remainder is in BA 3158 to pay the state share of staffing costs.
- The Medicaid budget includes \$19 million in General Fund in FY10 and \$28.7 million in General Fund in FY11 for medical inflation and mandatory rate increases.
- \$84.2 million General Fund is budgeted for caseload growth in Medicaid for FY10; \$117.6 million is budgeted for FY11.
- FMAP savings at 58% federal share, as well as the state being held harmless from a reduction in FMAP for the first quarter of the biennium, will save the state General Fund \$70.3 million in FY10 and \$22.5 million in FY11.
- Graduate Medical Education (GME) is eliminated saving \$410 K in General Fund per year. GME was eliminated in FY09 cuts.
- Pediatric professional and OB rate reductions implemented in FY09 are continued saving 4 million in FY10 and 4.3 million in FY11.

- Hospital inpatient rate reductions of 5% implemented in FY09 are continued, and an additional 5% is implemented July 1, 2009. Total reduction is 10%, saving \$10.7 million in General Fund in FY10 and \$11.2 million General Fund in FY11.
- Savings from the Welfare Division income disregard budget changes (Transitional Medicaid Group) implemented in October 2008 will save the Medicaid program approximately \$4 million General Fund in FY10 and \$6.3 million General Fund in FY11.
- Implementing a Preferred Drug List (PDL) for certain drugs will save \$1.4 million in FY10 and \$1.6 million in FY11.
- PCA \$3.00/hour rate reduction will save \$5.5 million General Fund in FY10 and \$5.7 million General Fund in FY11.
- Continuing the PCA limits for bathing, grooming and dressing of one hour per day implemented in FY09 will save approximately \$5 million General Fund per year in FY10 and FY11.
- Reducing payments for non-emergency vision services for adults will save more than \$633 K in General Fund per year.
- Cost savings of \$645 K per year in General Fund are included and associated with the implementation of the McKesson Clinical Claims Editor.
- More efficient diabetic supply procurement will save \$176K per year in General Fund.
- Savings from implementing National Drug Code pricing and poly pharmacy criteria will save over \$3.5 million per year in General Fund.
- Savings from the APS care management and coordination contract are budgeted at \$3.3 million in General Fund in FY10 and \$3.6 million in General Fund in FY11.
- Shifting Medicare Part D "clawback" payments on County Match cases to the responsible county will save \$1.8 million in General Fund each year.
- Inflation payments in the Nevada Check Up program will cost \$1.9 million General Fund in FY10 and \$2.4 million General Fund in FY11.
- Nevada Check Up program will be capped at 25,000 recipients saving approximately \$1.5 million General Fund per year. The HIFA waiver will be eliminated. Four associated positions will be cut. Similar rate reductions as implemented in the Medicaid program will be also implemented in Nevada Check Up.

HEALTH DIVISION

- Thirteen (13) administrative positions are eliminated in Health Administration, and the fiscal services unit is reorganized, including several transfers from other budget accounts.
- Radiologist Health staff are reorganized into the Bureau of Health Care Quality and Radiation Compliance.
- Twelve (12) new positions are added to the new Bureau of Health Care Quality (formerly BLC) to "beef-up" initial licensing, complaint review and resurvey of health facilities. Funding is from existing reserves.
- Five (5) positions are eliminated in the Community Health Services budget saving over \$170 K in General Fund per year as a result of reorganization efforts.
- Ten (10) positions are eliminated in the Maternal Child Health Services budget. Savings are reprogrammed to provide additional medical/dental services.
- Approximately \$9 million in General Fund dollars is being added to the Early Intervention Services budget over the biennium. This additional funding, along with salary savings and revised rate structure, will allow all "wait listed" children to be served, plus caseload growth for 155 children over the biennium.
- Four (4) administrative positions are eliminated in the WIC program and savings redirected to local program sub grants.
- Medical Marijuana program is transferred from the State Department of Agriculture to the State Health Division.

MENTAL HEALTH AND DEVELOPMENTAL SERVICES

- Several administrative changes are made within the Central Administrative budget including reorganization of fiscal staff for central billing services, elimination of the Medical Director position and elimination of the four preparedness and response staff.
- Seventeen (17) positions left vacant in FY09 in the Northern Nevada Mental Health Budget are eliminated saving approximately \$1.2 million in General Fund per year.
- Thirteen (13) positions are eliminated in the Dini-Townsend hospital based on revised staff ratios; saving approximately \$720 K in General Fund per year.
- Eight (8) positions related to service coordination, psychiatric rehabilitation medical clinic, and psychiatric ambulatory services are eliminated saving approximately \$590 K in General Fund per year.

- Lakes Crossing Facility for Mental Offenders will be reduced from 76 beds to 70 beds. Six positions will be eliminated. Saving approximately \$410K per year in General Fund will be accomplished.
- Twenty-five (25) positions will be eliminated from the Rural Clinics budget and 8 clinics will be closed (2 previously). A new service model will be implemented requiring travel to/from larger clinics by staff and clients. Additional travel costs are included.
- One hundred twenty-six (126) positions are being eliminated in the Southern Nevada Mental Health budget as a result of revised staffing ratios in the Rawson-Neal hospital and elimination of positions frozen in the FY09 budget cuts. Additionally ten (10) Mental Health Technicians are cut and converted to contract labor to accommodate fluctuating staffing needs.
- Improved billing for medical claims will save approximately \$1.8 million per year in General Fund in the Southern Nevada Mental Health budget.
- Medication Clinic base budget in Southern Nevada Mental Health has been adjusted downward by approximately \$10 million per year due to improved management (private pay), better inventory control, and increased free medications.
- Caseload growth in the Sierra Regional Center budget will cost \$742K in General Fund in FY10 and \$2.1 million in FY11.
- Several reductions in service levels are included in the Sierra Regional Center budget including:
 - Cutting 2.51 FTEs.
 - Reduced allocation to families using self-directed care (\$223K/year).
 - Reduced allocation to the fiscal intermediary program (\$100K/year).
 - Capped self-directed Autism support (\$77 K/year).
 - Reduced respite and Purchase of Service Supplements (POS) agreements (\$150K/year).
 - Reduced staff (6) for crisis intervention (\$193K/year).
- Caseload growth in the Desert Regional Center budget will cost \$1.5 million General Fund in FY10 and \$4.1 million General Fund in FY11.
- A few reductions in service levels are included in the Desert Regional Center budget:
 - Self-directed care program (\$318K/year)
 - Self-directed Fiscal Intermediary Program (\$88K/year)
 - POS agreements (\$66 K/year)
- Caseload growth in the Rural Regional Center will cost \$141 K in General Fund in FY10 and \$509K in General Fund in FY11.

- Several reduction in service levels are included in the Rural Regional Center budget:
 - Self-directed care program (\$147K/year)
 - Self-directed fiscal intermediary (\$82K/year)
 - JDT contracts (\$190K/year)
 - Residential support cost per contract (\$271 K/year)
 - JDT placements (\$220 K/year)
 - Capped Autism at 21 families (\$103K/year)
 - POS agreements (\$50K in FY11)
- \$1.4 million General Fund per year is cut from Substance Abuse Prevention and Treatment Agency (SAPTA) funding. Also, 2.5 administrative staff are eliminated.

WELFARE AND SUPPORTIVE SERVICES

- The Welfare Administration budget includes several changes due to growth and fiscal concerns:
 - Twelve (12) administrative positions are eliminated for savings
 - Three (3) new positions are added because of caseload impact on the Quality Assurance and Hearings functions.
 - Increasing caseload in TANF and Food Assistance programs are increasing costs associated with Electronic Benefit Transfers (EBT). Impact on the General Fund is \$435K in FY10 and \$565K in FY11.
 - Thirteen (13) contract MSA positions are converted to state employees saving \$220 K in General Fund over the biennium.
- A new web-based interactive benefit application system will be developed and implemented over the biennium costing \$10.8 million. The system should increase work efficiency by at least 20% and save \$13 -\$16 million a year in future year staffing costs.
- Caseload growth in the Medicaid, TANF and Food Assistance programs will justify 478 new workers over the biennium. After subtracting positions being eliminated as a result of FY09 budget cuts, vacancy savings, etc., the net request for new positions is 376.5 FTEs over the upcoming biennium. If caseload growth funding/need is not addressed/ approved, the Welfare Division will close four office (Las Vegas-Owens, Winnemucca, Yerington, and Hawthorne).
- Growth in the TANF program is projected to out-strip the available federal block grant. General Funds totaling \$4.4 million in FY10 and \$7.5 million in FY11 will need to be added.
- TANF Block grant payments to Clark and Washoe Counties will be reduced by 75% saving and \$3.6 million in federal block dollars each year that will be redirected to cash assistance.

- Caseload growth in the Aged and Blind budget will cost the General Fund \$456K in FY10 and \$699K in FY11.
- The Child Care eligibility function will be transferred from a contract with UNLV to a state operated/state staffed function. Seventy-five (75) FTEs will be added. The single source (Washington Street Office) application site will be closed and staff relocated into existing Welfare Offices and Family Resource Centers. Fifteen (15) overhead/administration positions employed with the UNLV Child Care program will be eliminated.