

Department of Health & Human Services
Summary of 4.5% Budget Reduction
(Revised 1/10/08)

Directors Office/Disability Services/Public Defender

- State Public Defender position will be held vacant 3 months following planned retirement.
- Nevada Indian Commission travel reduced; out of state travel eliminated.
- Nevada 2-1-1 funding reduced by \$208,602 from a total of \$600,000.
- Governor's Methamphetamine Working Group administrative costs reduced by \$30,000 from \$100,000 total.
- Grants Management Unit:
 - Support position held vacant until September 2008.
 - Family Resource Center funding reduced by \$273,270 from a total of \$4,339,064.
 - Casey Family Programs funding used to support Differential Response Program.
- Use \$442,396 of tobacco settlement money to replace a similar amount of General Funds used to pay dual eligible Senior Rx client Medicare co-payments.
- Autism Funding provided by AB 629, Section 40, reduced by \$87,600 of \$2 million total as a result of delayed start up savings.
- Office of Disability Services
 - Traumatic Brain Injury (TBI) services growth funding reduced by \$274,400 of \$1,319,916 total.
 - Services were planned for 92 clients. Eight less will be served.
 - Independent Living Services growth funding reduced by \$176,050 of \$1,388,764 total.
 - Estimate 20 less people on waiting list served in FY08; eight less in FY09.
 - Personal Assistance Services growth funding reduced by \$60,900 of \$1,038,782 total.

- No reductions in FY08 planned.
- Program had planned to add 63 new clients over the biennium.
Estimated 4 less people will be served in FY09.

Aging Services

- Senior Citizens Property Tax Rebate Program:
 - Revert \$581,940 to the General Fund based on projected surplus funds in the account.
 - No projected impact on numbers served.
- Community Options Program for the Elderly (COPE) reduced by \$233,712 from a total of \$4,268,325.
 - Program service levels reduced from 4 hours to 2 hours per client to align with the Community Home Based Initiatives Program (CHIP).
 - COPE serves appropriately 180 persons per month.
 - COPE has a higher income level of eligibility than CHIP.
 - COPE is state funded; CHIP is a Medicaid waiver.
- State transportation funding of \$64,917 replaced with federal Title III-B funds.
- Projected salary/vacancy savings of \$149,801 cut from the Elder Protective Services-Homemaker program in FY08.

Health Care Finance and Policy

NOTE: A 4.5% budget reduction in General Funds in the Health Care Financing and Policy budget represents approximately \$42.4 million.

In addition, DHCFP must plan for a projected loss of \$19.7 million in Federal Matching Assistance (FMAP) in FY09, when Nevada's FMAP is scheduled to decline from 52.64% federal share to 50%, beginning in October 2008.

Further, based on Nevada's economic slowdown, DHCFP is concerned projected caseloads will exceed the budgeted amount. Should higher than budgeted caseload become a reality, much more serious reductions would need to be implemented on top of

those implemented to meet the 4.5% budget reduction total and the impending FMAP reduction.

- \$14.3 million in Medicaid reserve replacing General Funds.
 - Inter-Governmental Transfer Program (IGT) funds.
 - This action will generally deplete the Medicaid reserve.
- \$634,618 in Nursing Facility Provider Tax Administration fund reversion to General Fund.
- Collect an estimated \$1 million more than budgeted in settlements with various pharmaceutical manufacturers.
- Recover overpayments of \$8.9 million, based on external and internal audits:
 - Clark County School District Administrative Claims - \$5.7 million
 - Clark County School District school based services - \$700,000
 - Dialysis Center overpayments for drugs - \$1.7 million
 - End Stage Renal Disease drug charges - \$1.4 million
- 15 vacant administrative/program related positions left vacant: savings of \$906,291
- Increase drug rebate revenue for physician administered drugs, as required by the Deficit Reduction Act (DRA).
 - Impacts hospital outpatient and clinic settings.
 - Implementation effective January 2008: anticipated to produce \$1.1 million in additional revenue.
- Establish poly-pharmacy criteria disallowing use of multiple drugs within the same therapeutic class: estimated savings of \$244,884 in FY09.
- Expand Managed Care for eligible children and families to Carson City, Douglas County, Elko County, Lyon County, and Nye County (Managed Care is currently required in Clark and Washoe counties): estimated savings of \$4.6 million in FY09.
 - Proposal will affect approximately 9,500 Medicaid recipients and 2,700 Nevada Check-Up recipients, effective July 1, 2008.
- Retain current income cap for the Health Insurance for Work Advancement (HIWA) program.

- 2007 Legislature funded Medicaid to lift the cap on unearned income, effective October 2007.
 - Has not been implemented to date: projected savings of \$665,432.
 - Currently, approximately 20 people are enrolled in the HIWA program.
- Cap Nevada Check-Up enrollment at 30,000 children, effective April 2008: estimated savings of \$721,000 over the remainder of the biennium.
 - 2007 Legislature funded growth to cover 32,634 children by the end of the biennium.
 - January 2008 enrollment is 29,178 children.
- Increase quarterly premiums charged in Nevada check-Up program, effective April 2008: estimated revenue increase of \$702,540, resulting in \$298,439 General Fund savings.
 - Premium increases for a family of four:
 - Less than \$30,975 income: \$25/quarter, up from \$15/quarter
 - 30,975 to \$36,138 income: \$50/quarter, up from \$35/quarter
 - \$36,139 to \$41,300 income: \$80/quarter, up from \$70/quarter
- Discontinue the Health Insurance Flexibility and Accountability (HIFA) waiver and revert funding provided in AB629 of 2007 Legislature related to the HIFA waiver.
 - The waiver approved in the 2005 legislative session was designed to provide additional health care coverage to pregnant women and low-income workers with children in small businesses.
 - The 2007 Legislature provided additional funding for outreach (\$500,000) and to provide subsidies for group health coverage for childless adults (\$1.2 million).
 - Discontinuing the HIFA waiver will impact 5 subsidy recipients and approximately 100 pregnant women: approximate savings of \$8.1 million:
 - HIFA Holding Account: \$6.4 million
 - AB629 Outreach: \$500,000
 - AB629 Childless Adult subsidies: \$1.2 million
 - Seven state positions will be eliminated.

- Eliminate funding provided in AB629, sections 9 and 10, to establish websites: estimated savings of \$410,000 in General Funds.
 - Certain health care information (hospital outpatient and Ambulatory Surgery Centers)
 - Commonly prescribed prescription drugs.

To cover the anticipated loss of FMAP in FY09, the following actions will be taken:

- Budgeted increases in physician reimbursements will be deferred: estimated savings of approximately \$17.2 million in General Funds.
 - Reimbursements were to be increased in August 2008, from a 2002 Medicare-based fee schedule to a 2007 Medicare-based fee schedule.
- New services for TBI clients in the Waiver for Independent Nevadans (WIN) will be deferred: approximate saving of \$1 million in General Funds in FY09.
 - Estimated 45 people would have benefited from these new services (Long Term Care Residential and Behavioral Adult Day care).
- Medicaid Reserve Funds (IGT) totaling \$1.4 million will be used to fill the remaining gap relative to the FMAP shift.

Health

- Eliminate Technology Improvement Requests (TIR's) for a Health Data Warehouse and web enabled Vital Records: approximate saving of \$3.4 million.
 - Two related FTEs cut.
- Reduce General Funds needed for Immunization programs: saving of \$201,805, based on revised methodology related to Nevada Check-Up matching needs.
- Sexually Transmitted Disease Control savings of \$82,773, based on under-utilization of AIDS Drug Assistance Program (ADAP) funds and impact of Medicare Part D.
- Eliminate \$223,821 approved in AB629, section 16, for the Vascular Health Coordinator position.
- Eliminate \$101,169 approved in AB629, section 42, for additional Fetal Alcohol Specialty Clinics.

- Eliminate \$300,000 approved in AB629, section 20, for Emergency Medical Services equipment.
- Reduce several budgets based on projected salary savings/vacancies and reduce one-shot appropriations for replacement equipment.
- Eliminate \$100,000 approved in SB579, section 35, for Fitness and Wellness Council.

Mental Health/Developmental Services/SAPTA

- \$1.1 million in added Medicare revenue will be reverted to the General Fund as a result of “cost report settlements.”
- Several Capital Improvements Projects (CIPs) deferred or reduced.
 - Southern Nevada security - \$393,211
 - Northern Nevada security - \$123,273
 - Northern Nevada building demolition - \$378,737
 - Northern Consolidated Facility - \$1,305,885
- Reduce One-Shot equipment
 - Southern Nevada - \$100,477
 - Northern Nevada - \$40,539
 - Rural Nevada - \$331,673
 - Administration - \$59,649
- Reduce funding to the Triage Centers operated by Westcare
 - Southern Nevada - \$300,000 out of \$1.8 million in total State funding.
 - Northern Nevada - \$300,000 out of \$1 million in total State funding.
 - Northern Triage center funding is based on hospital matching funds of \$700,000/year and State match of \$350,000/year.
- Mental Health Court growth funding reduced.
 - South: reduced by \$183,210 of growth funding totaling \$996,230, plus \$1,610,710 base funding
 - North: reduced by \$152,675 of growth funding totaling \$629,638, plus \$1,232,593 base funding
- North Las Vegas Mental Health Clinic lease expiration on February 29, 2008: \$1.2 million in savings.

- New clinic planned opening in May 2008.
 - Clinic operations will be temporarily downsized with full restoration in FY09.
- Closure of Westcare contracted emergency observation beds, effective December 31, 2007: approximate savings of \$729,000.
 - The state will bring on 22 additional psychiatric inpatient beds in February 2008.
 - A 30-45 day gap from closure of Westcare to the opening of State-operated beds generates the savings.
- Medication clinic budgets reduced based on anticipated surpluses and additional free medications.
 - Southern Nevada - \$2,320,000
 - Northern Nevada - \$394,747
 - Client services should not be impacted.
- Budgeted growth in residential services for mental health patient reduced.
 - Southern Nevada- \$258,041
 - Northern Nevada- \$160,000
- Delay start date of Northern Nevada Mental Health Mobile Outreach Program to June 2008: savings of \$265,653.
 - Budgeted start date of October 1, 2007.
- Delay growth in Northern Nevada Psychiatric Ambulatory Services and Medication Clinic services, and delay the opening of Reno Medical Clinic: savings of \$1.9 million.
- Eliminate psychiatric testing materials in Rural Clinics: approximate savings of \$241,000.
- Delay hiring of additional staff in Rural Clinics: approximate savings of \$243,000.
- Use federal mental health administration funding to replace \$872,000 in General Funds.
- Substance Abuse Prevention and Treatment Agency funding reduced:
 - Co-occurring disorder treatment pilot program: reduced \$500,000 from a total of \$3 million.

- Prevention funding reduced \$350,000 out of a total of \$7.3 million in new General Funds
- Funding to service treatment waiting lists reduced \$265,000 out of a total of \$3.8 million.
- Lakes Crossing Facility for Mental Offenders budget reduced by approximately \$1 million in General Funds.
 - Elimination of purchase of new equipment
 - Delay in hiring 11 new staff
 - Reduction of pharmacy costs
- Budgets for Three Regional Centers for Developmental Services reduced (South- \$4,479,474, North- \$1,500,889, Rural- \$880,337)
 - Reduction of one-shot equipment purchases
 - Delay the start of new positions
 - Delay ICF-small conversions to waiver-based SLAs
 - Reduce support living services growth and funding for waiting lists.
 - Reduce job and day training growth funding.

Welfare and Supportive Services

- Twenty-five eligibility positions frozen and held vacant, in conjunction with natural turnover and shifts in cost allocations, will result in \$3.3 million in General Fund reduction.
- Reversion of State share of Child Support Enforcement collections: \$500,000.
- Child Care Assistance budget reversion of \$1.5 million.
 - Certified match will be used to replace General Fund loss in order to meet federal matching requirement.

Child and Family Services

NOTE: Child Welfare budgets (Clark County, Washoe County and Rural) are exempt from cuts. However, \$590,105 in salary savings will be generated due to delays in filling authorized positions and reverted to the General Fund.

- Desert Willow Treatment Center CIP downsizing: savings of \$1.4 million.
 - Original plan was to add 14 new beds. General Funds will be removed from the project, leaving bond funds to finance a smaller scale project.
- Suspension of Juvenile Justice upgrades to certain administrative positions: approximate savings of \$58,000.
- Delayed hiring of certain staff and savings in operating costs and travel: \$315,013
- Northern and Southern Nevada Mental Health programs position reclassifications: savings of \$325,377.