



ARRA FUNDS APPROVAL – DEPARTMENT OF HEALTH

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: RUSSELL FRANSEN

ISSUE BRIEF

SUMMARY

Legislative interest was expressed in reviewing the federal stimulus or *American Reinvestment and Recovery Act* (ARRA) money separate from the annual review of federal funds. This brief fulfills that request. This brief also reviews ARRA money received in FY 2010 and ARRA money previously approved for FY 2011. The increases in ARRA funding of \$46,217,400 for FY 2011 and \$5,000,000 for FY 2012 are being submitted for subcommittee approval as well as proposed intent language.

DISCUSSION AND ANALYSIS

Limitations on ARRA Spending

All of the money passed in FY 2010 and FY 2011 is subject to the following conditions, as established via intent language for each appropriation of ARRA funds:

“All General Funds appropriated to the Department of Health - Executive Director's Operations line item are contingent upon expenditures from Federal Funds - American Recovery and Reinvestment Act (H.R. 1, 111th United States Congress) not exceeding amounts appropriated from Federal Funds - American Recovery and Reinvestment Act in all appropriations bills passed for FY 2010. If expenditures in this line item from Federal Funds - American Recovery and Reinvestment Act exceed amounts appropriated to this line item from Federal Funds - American Recovery and Reinvestment Act in FY 2010, the Division of Finance shall reduce the General Fund allocations to this line item by one dollar for every one dollar in Federal Funds - American Recovery and Reinvestment Act expenditures that exceed Federal Funds - American Recovery and Reinvestment Act appropriations.”

For FY 2012 the Analyst recommends adoption of the following language for every line item where ARRA money is anticipated:

All General Funds appropriated to the Department of (agency name) - (line item name) line item are contingent upon expenditures from Federal Funds - American Recovery and Reinvestment Act (H.R. 1, 111th United States Congress) not exceeding amounts appropriated from Federal Funds - American Recovery and Reinvestment Act in all appropriation bills passed for FY 2012. If expenditures in the (line item name) line item from Federal Funds - American Recovery and Reinvestment Act exceed amounts appropriated to the (line item name) line item from Federal Funds - American Recovery and Reinvestment Act in FY 2012, the Division of Finance shall reduce the General Fund allocations to the (line item name) line item by one dollar for every one dollar in Federal Funds - American Recovery and Reinvestment Act expenditures that exceed Federal Funds - American Recovery and Reinvestment Act appropriations.

FY 2010 Stimulus Funds – Received vs Approved

The table below details the ARRA money approved vs the ARRA money received in FY 2010.

ARRA in FY 2010	Approved	Received	Higher/(Lower) Than Anticipated
Medicaid Mandatory Services	\$76,334,700	\$80,123,900	\$3,789,200
Medicaid Optional Services	\$35,396,200	\$30,414,900	(\$4,981,300)
Community and Family Health Services	\$7,130,800	\$1,840,100	(\$5,290,700)
Executive Director's Operations	\$2,001,800	\$1,033,700	(\$968,100)
Health Care Financing	\$0	\$158,900	\$158,900
Health Systems Improvement	\$121,000	\$101,500	(\$19,500)
Epidemiology and Laboratory Services	\$112,400	\$58,400	(\$54,000)
Total	\$121,096,900	\$113,731,400	(\$7,365,500)

As noted in the table above, the Department of Health recorded receiving \$7,365,500 less ARRA money than what was approved by the Legislature.

FY 2010 Stimulus Funds – How Was the Money Used?

The money in FY 2010 was used for the following:

1. \$110,538,800 in **Medicaid Mandatory Services & Medicaid Optional Services** and \$158,900 in **Health Care Financing** – mostly used for caseload growth and for forced inflation, as well as \$1,466,800 to restore dental rates retroactively to May 2009 due to federal rejection of most of a dental rate decrease, and \$1,128,800 for settlement costs from the *Houghton* lawsuit case
2. \$1,840,100 in Community and Family Health Services - **Baby Watch/Early Intervention Program** received \$1,630,400 for training, a hearing aid loaner bank, toddler size power wheelchairs, the development of a web-based data system, increased services, and computers and equipment for contracted providers. The **Women, Infant, and Children (WIC) program** received \$101,100 for purchasing laptops and training kiosks for WIC clinics, offset programmer expenses, and upgrade WIC's automated appointment reminder system. **Immunizations** received \$84,600 for improvements to inter-communication among immunization registries. **Chronic disease self-management** received \$18,900 to have seven contractors to teach evidence based self-management classes. **Tobacco cessation** received \$5,100 for piloting assessment tools for local substance abuse and mental health facilities to evaluate their tobacco policies.
3. \$1,033,700 in Executive Director's Operations – **Health Information Technology** – \$1,033,700 in FY 2010 to expand participation in Utah's Clinical Health Exchange system.
4. \$101,500 in Health Systems Improvement – **Ambulatory Surgical Centers** - \$101,500 in FY 2010 was spent to increase the current frequency of onsite inspections of ambulatory surgical center from every six years to every three.
5. \$58,400 in Epidemiology and Laboratory Services – **Vaccine Effectiveness Study** - \$27,200 in FY 2010 to measure the effectiveness of a new pneumococcal vaccine. **Healthcare Associated Infections** - \$31,200 in FY 2010 to study healthcare associated infections. The agency used the money to start to develop a statewide infection prevention plan.

FY 2011 Stimulus Funds – Previously Approved

1. **Medicaid Increased Match Rate** - \$45,954,100 in FY 2011 for a more favorable federal match rate in the Medicaid program through December 31, 2010. The Legislature provided \$43,123,700 for ongoing growth, adjusted \$1,811,600 for lower ARRA estimates, and used \$1,018,800 to replace General Fund on a one-time basis.
2. **Prevention Activities** - \$7,292,900 in FY 2011 for prevention activities for tobacco use, diabetes, and obesity.

3. **Baby Watch/Early Intervention** - \$5,450,000 in FY 2011 for additional services to children up to age 3 with developmental disabilities. The Department does not know in which year contracted providers will spend all of the ARRA funding. The \$5 million request in each year in total represents more money than what is available. The request is to cover fluctuations in local provider contract spending in either fiscal year.
5. **Health Information Technology** –\$3,230,400 in FY 2011 to expand participation in Utah’s Clinical Health Information Exchange system.
6. **Immunizations** - \$509,000 in FY 2011 to provide more immunizations for children and adults
7. **Healthcare Associated Infections** - \$129,700 in FY 2011 to continue to study healthcare associated infections. The agency also intends to use the money to work with partner agencies and healthcare organizations to develop a statewide infection prevention plan.
8. **Women, Infants, and Children (WIC) Computer System Updates** - \$95,000 in FY 2011. The agency intends to use the money to purchase laptops and training kiosks for WIC clinics.
9. **Vaccine Effectiveness Study** - \$72,600 in FY 2011 to measure the effectiveness of a new pneumococcal vaccine.
10. **Ambulatory Surgical Centers** - \$35,200 in FY 2011 to increase the current frequency of onsite inspections of ambulatory surgical center from every six years to every three.

Stimulus Funds FY 2011 & FY 2012 – Requesting Approval

1. **Medicaid Increased Match Rate** - \$35,560,000 in FY 2011 for a six month extension of more favorable federal match rate in the Medicaid program through June 30, 2011.
2. **More Stimulus Money in Medicaid** - \$9,579,700 in the first half of FY 2011 for more stimulus received than what was originally estimated for that period.
3. \$2,034,300 for Family Health and Preparedness Services in FY 2012 for increased services in **Baby Watch/Early Intervention** as well as training and technology upgrades.
4. Executive Director’s Operations – **Health Information Technology** - \$1,077,700 in FY 2011 and \$1,775,800 in FY 2012 to expand participation in Utah’s Clinical Health Exchange System. The money will also be used to support and develop the statewide Master Patient Index.
5. \$1,189,900 for **Disease Control and Prevention** in FY 2012 for ten different grants, but primarily for electronic health records improvements, improve online information access for providers to immunization records, tobacco quit line outreach, and arthritis self-management and education.
6. \$17,000 for **Family Health and Preparedness** in FY 2011 to increase the current frequency of onsite inspections of ambulatory surgical center to every three years from every six years currently.

ARRA in FY 2011	Already Approved	Change Requested
Medicaid Mandatory Services	\$31,585,500	\$ 29,833,400
Medicaid Optional Services	\$14,368,600	\$ 15,306,300
Disease Control and Prevention	\$8,004,200	\$0
Family Health and Preparedness Services	\$5,580,200	\$0
Executive Director’s Operations	\$3,230,400	\$1,077,700
Total	\$62,768,900	\$46,217,400

The FY 2011 approved amount of \$62,768,900 reflects what was approved at the conclusion of the 2010 General Session. As is done annually with all funding sources, the agency has updated their estimated ARRA funds for FY 2011. In this case the estimated funds went up \$46,217,400. The table above shows the sum of additional ARRA funds estimated by the Department of Health of \$46,217,400 for FY 2011 by line item. The Analyst recommends that the Social Services Appropriations Subcommittee approve this \$46,217,400 increase in ARRA funds for FY 2011 for the Department of Health.

The table below shows the ARRA funds requested by the Department of Health of \$5,000,000 for FY 2012 by line item:

ARRA in FY 2012	Request
Executive Director's Operations	\$1,775,800
Family Health and Preparedness Services	\$2,034,300
Disease Control and Prevention	\$1,189,900
Total	\$5,000,000

The Analyst recommends that the Social Services Appropriations Subcommittee approve this \$5,000,000 increase in ARRA funds for FY 2012 for the Department of Health.

Governor's Use of New \$36.6M FY 2011 ARRA Money in His Budget

The Governor estimated \$36,581,300 in new ARRA money in FY 2011 within Medicaid and used those funds as one-time replacement for General Fund.

Additional information on all ARRA funds used in Utah

- www.recovery.utah.gov
- www.recovery.gov

LEGISLATIVE ACTION

The Executive Appropriations Committee requests that each Subcommittee decide whether or not to accept new ARRA funding for FY 2011 and FY 2012.

1. The Analyst recommends that the Social Services Appropriations Subcommittee approve increased ARRA funds of \$46,217,400 for FY 2011 and \$5,000,000 for FY 2012 as detailed above for the Department of Health.
2. The Analyst recommends the adoption of the intent language on page one for all line items in FY 2012 with ARRA funding.