



ARRA FUNDS APPROVAL – DEPARTMENT OF HEALTH

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: RUSSELL FRANSEN

ISSUE BRIEF

SUMMARY

The Legislature expressed interest 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 the \$29,984,400 ARRA money spent in FY 2014 and ARRA money previously approved for FY 2015. The Analyst recommends approval of the increase in ARRA funding of \$11,608,000 for FY 2016 as well as the proposed intent language associated with the FY 2016 increase.

LEGISLATIVE ACTION

The Executive Appropriations Committee requests that each subcommittee decide whether or not to accept new ARRA funding for FY 2016.

1. The Analyst recommends that the Social Services Appropriations Subcommittee approve increased ARRA funds of \$11,608,000 for FY 2016 for the Department of Health.
2. The Analyst recommends the adoption of the intent language starting on page one for all line items with new ARRA funding in FY 2016 except Medicaid Optional Services.

Further, the Legislature may want to consider reducing \$41,200 from the Department of Health's Family Health and Preparedness line items' beginning nonlapsing balance and depositing it into the General Fund. The Department of Health spent \$41,200 more ARRA than what was appropriated, contrary to established legislative intent.

DISCUSSION AND ANALYSIS

Limitations on ARRA Spending

Intent language put the following conditions on all of the money passed in FY 2014 and FY 2015 (except for Medicaid Optional Services):

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 appropriation bills passed for FY 2015. If expenditures in the Executive Director's Operations line item from Federal Funds - American Recovery and Reinvestment Act exceed amounts appropriated to the Executive Director's Operations line item from Federal Funds - American Recovery and Reinvestment Act in FY 2015, the Division of Finance shall reduce the General Fund allocations to the Executive Director's Operations 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 2015 and FY 2016 the Analyst recommends adoption of the following language for every line item where new ARRA money is anticipated except for Medicaid Optional Services:

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 (insert year). 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 (insert year), 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 2014 Stimulus Funds – Spent vs Approved

The table below details the ARRA money approved vs the ARRA money spent in FY 2014.

ARRA in FY 2014	Approved	Spent	Higher/(Lower) Than Anticipated
Medicaid Optional Services	\$56,200,000	\$28,740,700	(\$27,459,300)
Executive Director's Operations	\$926,600	\$677,600	(\$249,000)
Medicaid and Health Financing	\$833,000	\$637,700	(\$195,300)
Disease Control and Prevention	\$92,400	\$57,200	(\$35,200)
Family Health and Preparedness	\$0	\$41,200	\$41,200
Medicaid Mandatory Services	\$0	(\$170,000)	(\$170,000)
Total	\$58,052,000	\$29,984,400	(\$28,067,600)

FY 2014 Stimulus Funds – How Was the Money Used?

The money in FY 2014 was used for the following:

1. Medicaid Optional Services – **Health Information Technology** – \$28,740,700 for payments to health care providers for adopting electronic health care records and achieving meaningful use.
2. Executive Director's Operations – **Health Information Technology** – \$677,600 to expand participation in Utah's Clinical Health Exchange system, create the supports needed for a statewide Master Patient Index, and develop systems for sharing the electronic health information of patients with chronic conditions amongst providers.
3. Medicaid and Health Financing – **Health Information Technology** – \$637,700 for expanding participation in and sharing of electronic health records.
4. **Disease Control and Prevention** – \$57,200 to improve the interoperability between medical providers and the Utah Statewide Immunization Information System.
5. **Family Health and Preparedness** – \$41,200 for database development for the Early Childhood Education and Care program.
 - a. The \$41,200 above was not appropriated to the Department nor approved for spending by the Legislature. Since there was no planned ARRA expenditures in this line item, the intent language (on page one) limiting ARRA spending was not included; however, for every year since the beginning of ARRA in FY 2009, the Legislature has had all ARRA appropriations subject to what was appropriated. The only exception has been some ARRA funds to Medicaid for FY 2012 through FY 2015. As per the intent language, the consequence for spending more ARRA than appropriated is a 1:1 reduction of General Fund. As FY 2014 has already ended, the only FY 2014 funds still available is the beginning nonlapsing balance. *The Legislature may want to consider reducing \$41,200 from the Department of Health's Family Health and Preparedness line items' beginning nonlapsing balance and depositing it into the General Fund.*

6. **Medicaid Mandatory Services** – negative \$170,000 for a refund due to a health care provider not completing the requirements for electronic health records of adaptation and meaningful use.

FY 2015 Stimulus Funds – Previously Approved

1. Medicaid Optional Services – **Health Information Technology** – \$35,365,000 for payments to health care providers for adopting electronic health care records and achieving meaningful use.
2. Medicaid and Health Financing – **Health Information Technology** – \$833,000 for expanding participation in and sharing of electronic health records.

Stimulus Funds FY 2016 – Requesting Approval

1. Medicaid Optional Services – **Health Information Technology** – \$10,775,000 for payments to health care providers for adopting electronic health care records and achieving meaningful use.
2. Medicaid and Health Financing – **Health Information Technology** – \$833,000 for expanding participation in and sharing of electronic health records.

The Department of Health requests a total of \$11,608,000 ARRA funds for FY 2016 in the line items shown in the table below:

ARRA in FY 2016	Request
Medicaid Optional Services	\$10,775,000
Medicaid and Health Financing	\$833,000
Total	\$11,608,000

Additional information on all ARRA funds used in Utah

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