

Budget Brief – Health Care Financing

DEPARTMENT OF HEALTH

NUMBER DOH BB 07-07

SUMMARY

The Division of Health Care Financing is the administrative agency for the Utah’s Medical Assistance Programs. The division administers state and federal funds, and contracts with providers. It also gathers and analyzes data, and pays for the Medicaid services provided to recipients.

ISSUES AND RECOMMENDATIONS

The Analyst recommends a budget for Health Care Financing line item for FY 2007 in the amount of \$68,878,900. This budget level funds seven programs. The recommendation reflects adjustments to the General Fund allocation between programs made during FY 2006, but does not include all of the recommended adjustments to the General Fund, Federal Funds, Restricted Funds, Transfers, Dedicated Credits and Other revenue.

This budget funds seven programs within the line item, including:

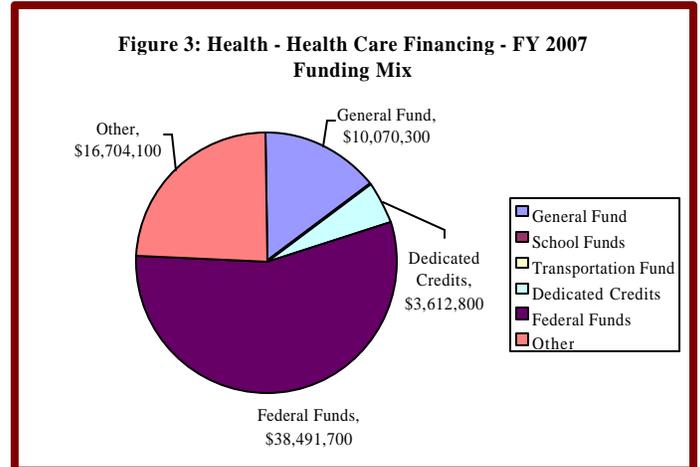
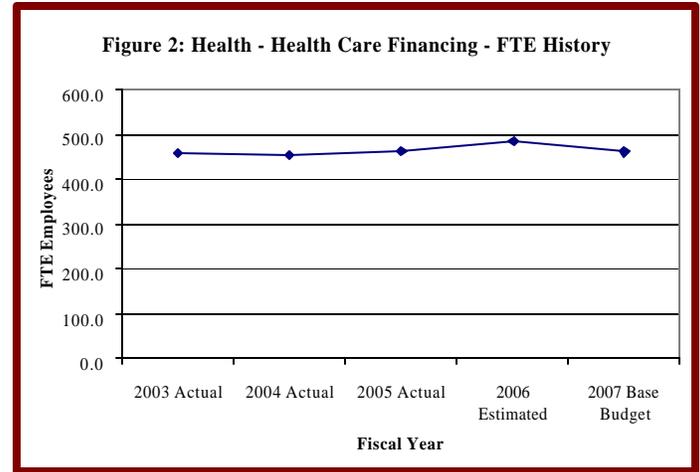
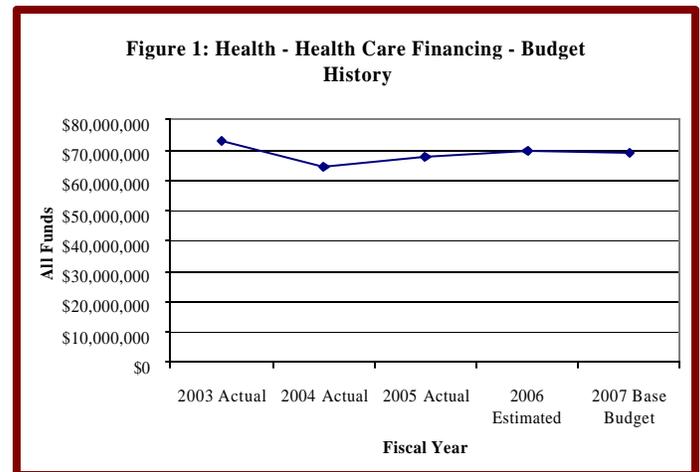
Director’s Office	\$ 4,817,600
Financial Services	\$ 6,935,000
Managed Health Care	\$ 2,912,400
Medical Claims	\$ 3,758,500
Eligibility Services	\$17,528,600
Coverage and Reimbursement	\$ 3,837,300
Contracts	\$29,089,500

The funding level supports 461.0 FTE.

One issue raised during the 2005 General Session that will need to be addressed again is a request for FTE for eligibility workers to comply with the new federal Medicare Prescription Drug Program – Part D. This is addressed in an issue brief DOH IB 07 16. A FY 2006 supplemental appropriation for these workers is also requested. No funding was appropriated for additional eligibility workers at the previous Legislative Session.

ACCOUNTABILITY DETAIL

The Health Care Financing Division provides the administrative support for the implementation of the State’s Medicaid Plan. Each section plays a part in administering portions of federal programs and assuring the appropriate payments and matches are made.

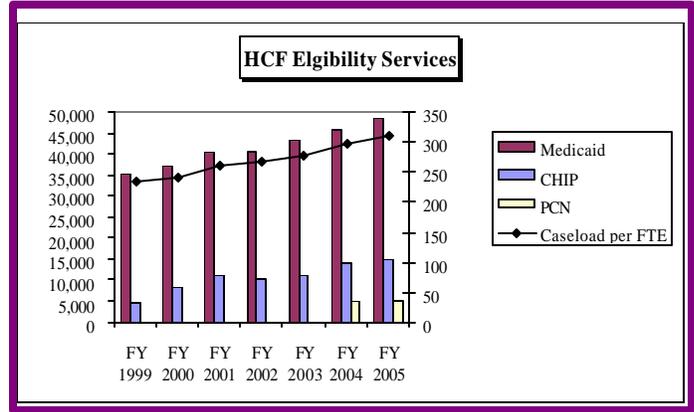


Director's Office

The Director's Office administers and coordinates the program responsibilities delegated to staff in order to develop Utah's Medicaid program in compliance with Titles XIX and XXI of the Social Security Act and other laws of the State of Utah.

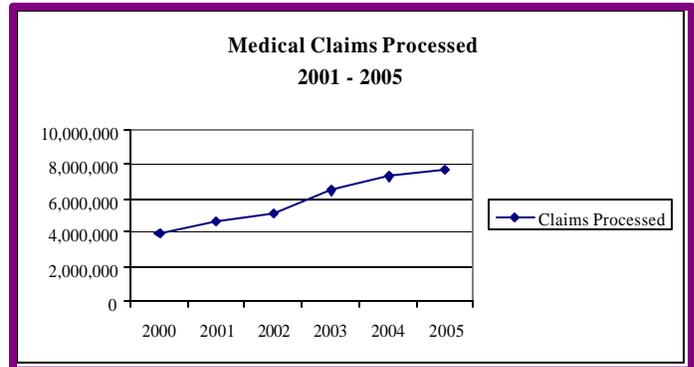
Eligibility Services

The Bureau of Eligibility Services has the responsibility of determining whether applicants for Medicaid, Children's Health Insurance Program (CHIP), or Primary Care Network (PCN) meet the eligibility criteria. Over the past few years as the number of individuals eligible for these programs has grown, the number of eligibility workers has remained fairly static. As a result the caseload per FTE ratio has increased, as can be seen in the accompanying graph.



Medical Claims

The Bureau of Medical Claims process all claims received by Medicaid, ensuring that claims are entered and adjudicated promptly. As the Medicaid program has grown, the number of claims has also grown. The graph to the right shows the number of claims over the past six years. (Note: Beginning 1 October 2002, the Bureau began processing IHC's HMO claims that were previously being processed by IHC.)



BUDGET DETAIL***Budget Recommendation***

The Analyst recommends an ongoing base budget funding in the amount of \$68,878,900 for the Health Care Financing line item. Of this amount \$10,070,300 is from the General Fund, \$38,491,700 is from Federal Funds, \$3,612,800 is from Dedicated Credits, \$300,000 is from the General Fund Restricted – Nursing Care Facilities Account, and \$16,404,100 from Transfers. The recommendation covers the budgets for the Director’s Office, Financial Services, Managed Health Care, Medical Claims, Eligibility Services, Coverage and Reimbursement, and Contracts.

Intent Language

No intent language has been requested and none is recommended for this line item.

LEGISLATIVE ACTION

The Executive Appropriations Committee requests that the Subcommittee adopt base budgets for each agency under the Subcommittee’s purview, fund Subcommittee priorities, first by reallocating revenue among programs, and provide a prioritized list of desired items for funding. Adoption of this base budget as listed in this document enables the programs to continue for the next fiscal year at relatively the same level as the current fiscal year.

1. The Analyst recommends that the Health and Human Services Appropriations Subcommittee approve a base budget for FY 2007 for the Health Care Financing line item in the amount of \$68,878,900 with funding as listed in the Budget Detail Table.
2. The Legislature should consider the following adjustments and additions to the base budget listed in the table below.

Health Care Financing		
FY 2007 Ongoing General Fund Budgetary Requests		
<u>Description</u>	<u>Issue Brief #</u>	<u>General Fund</u>
HCF Base Budget Adjustments	DOH IB 07 15	TBD
HCF Part D - Eligibility Workers	DOH IB 07 16	\$60,000

BUDGET DETAIL TABLE**Health - Health Care Financing**

Sources of Finance	FY 2005	FY 2006	Changes	FY 2006	Changes	FY 2007*
	Actual	Appropriated		Revised		Base Budget
General Fund	9,561,200	10,307,500	0	10,307,500	(237,200)	10,070,300
Federal Funds	38,074,500	35,722,500	3,142,100	38,864,600	(372,900)	38,491,700
Dedicated Credits Revenue	3,562,600	2,685,200	871,900	3,557,100	55,700	3,612,800
GFR - Nursing Care Facilities Account	300,000	300,000	0	300,000	0	300,000
Transfers	0	14,410,400	(14,410,400)	0	0	0
Transfers - Human Services	85,600	0	89,800	89,800	4,500	94,300
Transfers - Medicaid	1,171,500	0	1,210,300	1,210,300	50,700	1,261,000
Transfers - Other Agencies	8,286,200	0	8,271,600	8,271,600	0	8,271,600
Transfers - Within Agency	6,790,400	0	6,769,400	6,769,400	7,800	6,777,200
Beginning Nonlapsing	247,300	0	247,300	247,300	(247,300)	0
Closing Nonlapsing	(247,300)	0	0	0	0	0
Lapsing Balance	(152,600)	0	0	0	0	0
Total	\$67,679,400	\$63,425,600	\$6,192,000	\$69,617,600	(\$738,700)	\$68,878,900
Programs						
Director's Office	4,311,600	4,110,700	959,500	5,070,200	(252,600)	4,817,600
Financial Services	7,869,400	7,240,400	193,700	7,434,100	(499,100)	6,935,000
Managed Health Care	2,585,800	2,929,500	10,400	2,939,900	(27,500)	2,912,400
Medical Claims	3,560,100	3,574,900	187,000	3,761,900	(3,400)	3,758,500
Eligibility Services	17,383,600	16,419,700	1,101,800	17,521,500	7,100	17,528,600
Coverage and Reimbursement	3,472,800	3,521,800	298,700	3,820,500	16,800	3,837,300
Contracts	28,496,100	25,628,600	3,440,900	29,069,500	20,000	29,089,500
Total	\$67,679,400	\$63,425,600	\$6,192,000	\$69,617,600	(\$738,700)	\$68,878,900
Categories of Expenditure						
Personal Services	27,297,000	26,562,100	1,400,700	27,962,800	11,500	27,974,300
In-State Travel	81,200	76,900	3,900	80,800	0	80,800
Out of State Travel	54,100	43,100	12,300	55,400	0	55,400
Current Expense	8,714,800	9,114,000	(391,600)	8,722,400	(459,300)	8,263,100
DP Current Expense	4,443,100	3,752,400	693,300	4,445,700	7,400	4,453,100
DP Capital Outlay	792,200	0	792,200	792,200	(792,200)	0
Other Charges/Pass Thru	26,297,000	23,877,100	3,681,200	27,558,300	493,900	28,052,200
Total	\$67,679,400	\$63,425,600	\$6,192,000	\$69,617,600	(\$738,700)	\$68,878,900
Other Data						
Budgeted FTE	463.7	461.2	23.3	484.5	(23.5)	461.0
Vehicles	13	14	0	14	0	14

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.