

Office of the
Legislative Fiscal Analyst

FY 2002 Supplemental

Joint Appropriations Subcommittee for
Health and Human Services

Department of Health
Supplemental Funding Items

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1.0 Summary: Department of Health

Supplemental funding is for any items in the current fiscal year which have funding issues that were not anticipated during the previous Legislative session. Usually this is for additional, one-time funding for an unexpected expense. The current economic situation in the State makes this year's supplemental recommendations different, in that instead of additional funding being recommended, budget reductions will need to be implemented to balance the FY 2002 State budget, given the projected \$202.5 million shortfall.

The Governor anticipated a shortfall early in the fiscal year and requested that agencies "holdback" expenditures at approximately the 2.5 percent level. When it became obvious that the holdback would indeed need to occur, the Governor implemented those holdbacks. The Department of Health's General Fund holdbacks totaled \$3,093,200. Following that, the shortfall grew even larger and the Governor requested additional reductions from agencies and suggested using the State's Rainy Day Fund and other one-time revenue sources to supplement the difference. However, the current supplemental recommendations of the Legislative Fiscal Analyst do not include the use of the Rainy Day Fund.

For FY 2002, the Analyst recommends reducing the current General Fund appropriation for the Department of Health by the original \$3,093,200 plus an additional \$7,301,900, for a total of \$10.4 million.

Virtually all of the budgets are impacted to some degree in these proposed reductions. The Analyst has identified specific programs or functions that could be downsized or eliminated. In addition, several across-the-board reductions have been identified. The Analyst has included 10 percent across the board decreases in the General Fund in the following expense categories: Conventions / Workshops, Data Processing, Entertainment / Receptions, Office supplies / Equipment, and Travel. For FY 2002, the reduction was limited to eight months of the year to allow for expenditures made prior to the Legislative session.

	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	229,149,800		229,149,800
General Fund, One-time	1,235,000	(10,404,800)	(9,169,800)
Federal Funds	767,933,900	(7,001,215)	760,932,685
Dedicated Credits Revenue	69,608,100	(4,100)	69,604,000
GFR - Cigarette Tax Rest	250,000		250,000
GFR - Kurt Oscarson Trans	100,000		100,000
GFR - Medicaid Restricted	615,600	1,500,000	2,115,600
GFR - State Lab Drug Testing Account	267,500	(100)	267,400
GFR - Tobacco Settlement	9,549,500	1,999,600	11,549,100
Transfers	80,038,500	(212,500)	79,826,000
Beginning Nonlapsing	8,062,500		8,062,500
Closing Nonlapsing	(1,933,200)		(1,933,200)
Total	\$1,164,877,200	(\$14,123,115)	\$1,150,754,085
Programs			
Executive Director's Operations	11,024,100	(731,200)	10,292,900
Veterans' Nursing Home	3,244,100		3,244,100
Health Systems Improvement	13,515,800	(483,700)	13,032,100
Physician & Physician Assistants Grant &	422,200	(106,900)	315,300
Nurse Education Financial Assistance Prc	296,000	(95,300)	200,700
Special Population Health Care Provider	143,400	(35,000)	108,400
Epidemiology & Lab Services	15,728,700	(287,100)	15,441,600
Community & Family Health	89,644,400	(918,700)	88,725,700
Health Care Financing	72,480,600	(1,616,600)	70,864,000
Medical Assistance	929,896,200	(9,756,550)	920,139,650
Children's Health Ins Prog	25,799,000	(100)	25,798,900
Medical Education Program	550,000		550,000
Local Health Departments	2,132,700	(91,965)	2,040,735
Total	\$1,164,877,200	(\$14,123,115)	\$1,150,754,085
FTE/Other			
Total FTE	1,273	(40)	1,233

2.0 Issues: Department of Health

The following summarizes the total Departments' recommended reductions, by category. In subsequent sections, the reductions will be detailed in each applicable line item.

2.1 Internal Service Fund Rate Changes

As a result of rate changes for services provided by the Department of Administrative Services, the Analyst recommends a one-time supplemental budget reduction of \$66,700; \$9,700 of which is from the General Fund. The specific line item funding varies between programs within the Department.

General Fund **(\$9,700)**

2.2 Original Governor's Holdbacks

In the first series of holdbacks, the Governor identified \$3,093,200 in General Fund reductions, \$2,293,200 of which is in ongoing programs with ongoing funds.

General Fund **(\$3,093,200)**

2.3 Across-the-Board Reductions

The Analyst has included 10 percent across the board decreases in the General Fund in the following expense categories: Conventions / Workshops, Data Processing, Entertainment / Receptions, Office supplies / Equipment, and Travel. For the Department of Health, these General Fund reductions total \$121,600. The specific line item funding varies between programs within the Department.

General Fund **(\$121,600)**

2.4 One-Day Furlough

A one-day furlough at the Department of Health will save the State \$101,600 in General Funds.

General Fund **(\$101,600)**

2.5 Program Eliminations/Reductions

The Analyst has identified several programs that, while worthy and useful, could be eliminated or significantly downsized, with less of an impact of the operation of the Department. The Analyst has identified Health Care Statistics, the Bureau of Primary Care and Rural, Ethnic Health, the three grant/scholarship programs, FACT, and a portion of the Cardiovascular program as programs which would have the least impact on the Department's ability to achieve its mission. The FY 2002 General Fund associated with these programs is \$1,183,000.

General Fund **(\$1,183,000)**

2.6 Other FTE Position Eliminations

The Analyst has identified several programs which have funded vacancies, or where positions may be considered less essential to the Department's operations. These reductions affect several programs and include approximately 14 FTE positions. The total estimated General Fund savings would be \$552,100.

General Fund **(\$552,100)**

2.7 Medical Assistance Reductions

Medicaid and the Division of Health Care Financing make up over 87 percent of the Department's General Fund budget. It would be impossible to take the Department's necessary reductions from the remaining 13 percent. The Analyst has identified several areas which could be changed to achieve savings in the Medicaid program. These changes include implementing a copay for some services, decreasing the reimbursement rates for prescriptions, and limiting the number of prescriptions dispensed on a monthly basis. In addition, a one-time savings in reinsurance costs will save \$780,000. The total for Medicaid reductions and adjustments is \$1,798,600.

General Fund **(\$1,798,600)**

2.8 Local Health Department Funding

The Analyst recommends decreasing the pass-through block grant to the local health departments by approximately 2.5 percent.

General Fund **(\$45,000)**

2.9 Revenue Enhancements

In an attempt to alleviate some of the General Fund revenue shortfall, the Analyst has identified two one-time sources of funding. The Analyst recommends using \$2 million of the funds freed up upon the settlement of the lawsuit dealing with the outside attorneys' work with the Master Settlement Agreement and \$1.5 million from the Medicaid Restricted Account. Using this \$3.5 million frees up that much in General Fund to go toward the overall shortfall and allows the associated programs operate at levels which otherwise would be much lower.

General Fund	(\$3,500,000)
General Fund Restricted	3,500,000

4.0 Additional Information: Department of Health

4.1 Funding History

	1999	2000	2001	2002	Difference
Financing	Actual	Actual	Actual	Revised	2001 to 2002
General Fund	174,081,500	183,089,900	193,861,600	229,149,800	35,288,200
General Fund, One-time		683,800	976,300	(9,169,800)	(10,146,100)
Federal Funds	616,661,003	660,577,580	712,290,102	760,932,685	48,642,583
Dedicated Credits Revenue	73,655,910	58,678,204	66,450,520	69,604,000	3,153,480
Federal Mineral Lease	600,000	600,000			
GFR - Cigarette Tax Rest	250,000	250,000	250,000	250,000	
GFR - Hosp Provider Assess	5,500,000	5,500,000			
GFR - Kurt Oscarson Trans	100,000	100,000	100,000	100,000	
GFR - Medicaid Restricted	3,439,000	5,400,200	9,141,000	2,115,600	(7,025,400)
GFR - Nursing Facility	4,276,700	4,244,800	6,022,400		(6,022,400)
GFR - State Lab Drug Testing Account	150,000	150,000	149,400	267,400	118,000
GFR - Tobacco Settlement			9,498,900	11,549,100	2,050,200
Transfers	43,994,938	68,313,773	90,494,456	79,826,000	(10,668,456)
Beginning Nonlapsing	3,149,400	3,900,639	3,542,183	8,062,500	4,520,317
Closing Nonlapsing	(3,909,433)	(3,670,000)	(8,062,581)	(1,933,200)	6,129,381
Lapsing Balance	(2,463,071)	(1,324,964)	(628,995)		628,995
Total	\$919,485,947	\$986,493,932	\$1,084,085,285	\$1,150,754,085	\$66,668,800
Programs					
Executive Director's Operations	11,548,883	12,216,274	12,151,209	10,292,900	(1,858,309)
Veterans' Nursing Home	1,864,876	1,427,954	1,491,280	3,244,100	1,752,820
Health Systems Improvement	9,158,511	10,548,444	11,233,488	13,032,100	1,798,612
Physician & Physician Assistants Grant &	227,228	197,090	231,815	315,300	83,485
Nurse Education Financial Assistance Prc	237,654	194,664	213,248	200,700	(12,548)
Special Population Health Care Provider	22,083	82,602	155,220	108,400	(46,820)
Epidemiology & Lab Services	10,689,928	11,679,219	13,890,950	15,441,600	1,550,650
Community & Family Health	72,598,762	74,123,685	80,816,137	88,725,700	7,909,563
Health Care Financing	50,255,653	54,291,792	67,722,683	70,864,000	3,141,317
Medical Assistance	755,417,063	805,145,035	872,041,299	920,139,650	48,098,351
Children's Health Ins Prog	6,894,197	15,651,947	23,626,756	25,798,900	2,172,144
Health Policy Commission	530,438	437,640			
Medical Education Program	40,671	497,586	511,200	550,000	38,800
Local Health Departments				2,040,735	2,040,735
Total	\$919,485,947	\$986,493,932	\$1,084,085,285	\$1,150,754,085	\$66,668,800
Expenditures					
Personal Services	51,374,986	56,688,098	60,566,487	64,195,300	3,628,813
In-State Travel	533,572	552,055	565,192	664,100	98,908
Out of State Travel	386,594	483,208	435,684	575,500	139,816
Current Expense	21,322,484	30,745,628	38,534,747	46,150,200	7,615,453
DP Current Expense	5,030,701	5,371,589	6,178,544	5,371,500	(807,044)
DP Capital Outlay	90,769	365,916	184,335	(20,000)	(204,335)
Capital Outlay	283,301	339,319	231,111	490,300	259,189
Other Charges/Pass Thru	840,463,540	891,948,119	977,389,185	1,033,327,185	55,938,000
Total	\$919,485,947	\$986,493,932	\$1,084,085,285	\$1,150,754,085	\$66,668,800
FTE/Other					
Total FTE	1,170	1,149	1,221	1,233	13

1.0 Department of Health – Executive Director’s Office

Summary

The Analyst recommends a General Fund reduction in the FY 2002 General Fund appropriation of \$528,100. Other reductions in other revenue sources make a total decrease in the FY 2002 Executive Director’s Office budget of \$731,200.

	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	5,530,300		5,530,300
General Fund, One-time	203,000	(528,100)	(325,100)
Federal Funds	3,006,700	6,600	3,013,300
Dedicated Credits Revenue	1,237,900	(300)	1,237,600
GFR - Kurt Oscarson Trans	100,000		100,000
Transfers	855,100	(209,400)	645,700
Beginning Nonlapsing	324,900		324,900
Closing Nonlapsing	(233,800)		(233,800)
Total	<u>\$11,024,100</u>	<u>(\$731,200)</u>	<u>\$10,292,900</u>
Programs			
Executive Director	2,161,600	(396,900)	1,764,700
Program Operations	3,355,300	79,900	3,435,200
Medical Examiner	1,900,100	(26,100)	1,874,000
Center for Health Data	3,607,100	(388,100)	3,219,000
Total	<u>\$11,024,100</u>	<u>(\$731,200)</u>	<u>\$10,292,900</u>
FTE/Other			
Total FTE	145	(25)	120

2.0 Issues: Executive Director’s Office

2.1 Internal Service Fund Rate Changes

As a result of rate changes for services provided by the Department of Administrative Services, the Analyst recommends a one-time supplemental increase of \$36,700; \$19,800 of which is from the General Fund.

General Fund	\$19,800
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2.2 Original Governor’s Holdbacks

In the first series of holdbacks, the Governor identified \$112,900 in General Fund reductions. These include the following reductions:

Printing expenses	\$5,000
Retirement savings	10,000
Reduction of .5 FTE Indian Health	33,000
DP Equipment	10,000
DP Programming expenses	20,000
Reduction in Health Status Survey	15,000
Reduction in Medical Examiner’s operating budget	19,900

General Fund	(\$112,900)
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2.3 Across-the-Board Reductions

The Analyst has included 10% across the board decreases in the General Fund in the following expense categories: Conventions / Workshops, Data Processing, Entertainment / Receptions, Office supplies / Equipment, and Travel. For the Executive Director’s Office, these General Fund reductions total \$21,400.

General Fund	(\$21,400)
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2.4 One-Day Furlough

A one-day furlough in the Executive Director’s Office will save the State \$17,400 in General Funds.

General Fund	(\$17,400)
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2.5 Program Eliminations/Reductions

The Analyst has identified Health Care Statistics as a program that, while worthy and useful, could be eliminated or significantly downsized, with less of an impact of the operation of the Department. The FY 2002 General Fund associated with these programs is \$153,000.

General Fund **(\$153,000)**

2.6 Other FTE Position Eliminations

The Analyst has identified several positions that may be considered less essential to the Department's operations. These reductions are mainly in the Executive Director's budget and include approximately 10 FTE positions. The positions include those in Human Resources, Legal Counsel, Public Information, Policy Support, and Employee Support. The total estimated General Fund savings would be \$414,600.

General Fund **(\$414,600)**

2.7 IT Transfer

The Department is trying to centralize its Information Technology (IT) functions to the Program Operations budget. The Analyst recommends the approval of the centralization and moving the funding from various Departmental budgets to this program. The recommended General Fund consolidation is \$192,000.

General Fund **\$192,000**

2.8 Funding Transfer

The Analyst recommends decreasing the General Fund in the Executive Director's budget and moving those funds to the Division of Health Care Financing to reflect the transfer of .5 FTE. The amount is \$20,600.

General Fund **(\$20,600)**

1.0 Department of Health – Health Systems Improvement

Summary

The Analyst recommends a General Fund reduction in the FY 2002 General Fund appropriation of \$334,700. Reductions in other revenue sources make a total decrease in the Health Systems Improvement budget of \$483,700.

	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	4,777,100		4,777,100
General Fund, One-time	544,500	(334,700)	209,800
Federal Funds	3,061,400	(147,500)	2,913,900
Dedicated Credits Revenue	2,858,800	(700)	2,858,100
GFR - Medicaid Restricted	5,600		5,600
Transfers	1,207,900	(800)	1,207,100
Beginning Nonlapsing	1,507,900		1,507,900
Closing Nonlapsing	(447,400)		(447,400)
Total	<u>\$13,515,800</u>	<u>(\$483,700)</u>	<u>\$13,032,100</u>
Programs			
Director's Office	424,300	(118,000)	306,300
Emergency Medical Services	5,174,000	(9,000)	5,165,000
Licensing	2,965,700	(18,000)	2,947,700
Program Certification and Resident Asses	3,251,700	(35,800)	3,215,900
Primary Care and Rural, Ethnic Health	1,700,100	(302,900)	1,397,200
Total	<u>\$13,515,800</u>	<u>(\$483,700)</u>	<u>\$13,032,100</u>
FTE/Other			
Total FTE	143	(10)	133

2.0 Issues: Health Systems Improvement

2.1 Internal Service Fund Rate Changes

As a result of rate changes for services provided by the Department of Administrative Services, the Analyst recommends a one-time supplemental budget reduction of \$6,200; \$3,200 of which is from the General Fund.

General Fund **(\$3,200)**

2.2 Original Governor's Holdbacks

In the first series of holdbacks, the Governor identified \$40,000 in General Fund reductions. These cuts include reductions in travel and operating expenses and hiring delays.

General Fund **(\$40,000)**

2.3 Across-the-Board Reductions

The Analyst has included 10% across the board decreases in the General Fund in the following expense categories: Conventions / Workshops, Data Processing, Entertainment / Receptions, Office supplies / Equipment, and Travel. For the Division of Health Systems Improvement, these General Fund reductions total \$18,600. The specific line item funding varies between programs within the Division.

General Fund **(\$18,600)**

2.4 One-Day Furlough

A one-day furlough at the Division will save the State \$12,900 in General Funds.

General Fund **(\$12,900)**

2.5 Program Eliminations/Reductions

The Analyst has identified the Bureau of Primary Care and Rural, Ethnic Health within this Division that could be eliminated with less of an impact than other programs. The FY 2002 General Fund associated with this program is \$155,000.

General Fund **(\$155,000)**

2.6 Other FTE Position Eliminations

The Analyst has identified two FTE positions which are vacant that could be eliminated. The total estimated General Fund savings would be \$75,000.

General Fund	(\$75,000)
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2.7 IT Transfer

The Department is trying to centralize its Information Technology (IT) functions in the Executive Director's line item. The Analyst recommends the approval of the centralization and moving \$30,000 of General Funds from this Division's budget. The recommended General Fund transfer is \$30,000.

General Fund	(\$30,000)
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1.0 Department of Health – Physicians and Physician Assistants Grant and Scholarship Program

Summary

The Analyst recommends a General Fund reduction in the FY 2002 General Fund appropriation of \$106,900.

	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	296,400		296,400
General Fund, One-time		(106,900)	(106,900)
Beginning Nonlapsing	956,600		956,600
Closing Nonlapsing	(830,800)		(830,800)
Total	<u>\$422,200</u>	<u>(\$106,900)</u>	<u>\$315,300</u>
Programs			
Physician & Physician Assistants Grant &	<u>422,200</u>	<u>(106,900)</u>	<u>315,300</u>
Total	<u>\$422,200</u>	<u>(\$106,900)</u>	<u>\$315,300</u>
FTE/Other			
Total FTE		1	1

2.0 Issues: Physicians and Physician Assistants Grant and Scholarship Program

2.1 Original Governor's Holdbacks

In the first series of holdbacks, the Governor identified \$6,500 in General Fund reductions. This cut will reduce the amount of funds available for loan repayments.

General Fund **(\$6,500)**

2.2 Across-the-Board Reductions

The Analyst has included 10% across the board decreases in the General Fund in the following expense categories: Conventions / Workshops, Data Processing, Entertainment / Receptions, Office supplies / Equipment, and Travel. For the Physician Loan Program, these General Fund reductions total \$300.

General Fund **(\$300)**

2.3 One-Day Furlough

A one-day furlough will save the State \$100 in General Funds.

General Fund **(\$100)**

2.4 Program Eliminations/Reductions

The Analyst has identified the Physicians Loan Program to be eliminated. The FY 2002 General Fund associated with this program is \$100,000.

General Fund **(\$100,000)**

1.0 Department of Health – Nurse Education Financial Assistance Program

Summary

The Analyst recommends a General Fund reduction in the FY 2002 General Fund appropriation of \$95,300.

	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	191,700		191,700
General Fund, One-time		(95,300)	(95,300)
Beginning Nonlapsing	210,900		210,900
Closing Nonlapsing	(106,600)		(106,600)
Total	<u>\$296,000</u>	<u>(\$95,300)</u>	<u>\$200,700</u>
Programs			
Nurse Education Financial Assistance Prc	296,000	(95,300)	200,700
Total	<u>\$296,000</u>	<u>(\$95,300)</u>	<u>\$200,700</u>
FTE/Other			
Total FTE	1	(1)	(1)

2.0 Issues: Nurse Education Financial Assistance Program

2.1 Across-the-Board Reductions

The Analyst has included 10% across the board decreases in the General Fund in the following expense categories: Conventions / Workshops, Data Processing, Entertainment / Receptions, Office supplies / Equipment, and Travel. For the Nurse Education program, these General Fund reductions total \$200.

General Fund	(\$200)
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2.2 One-Day Furlough

A one-day furlough will save the State \$100 in General Funds.

General Fund	(\$100)
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2.3 Program Eliminations/Reductions

The Analyst has identified this program as one that could be eliminated with less of an impact than other programs. The FY 2002 General Fund associated with this program is \$95,000.

General Fund	(\$95,000)
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1.0 Department of Health – Special Population Health Care Provider Financial Assistance Program

Summary

The Analyst recommends a General Fund reduction in the FY 2002 General Fund appropriation of \$35,000.

	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	77,500		77,500
General Fund, One-time		(35,000)	(35,000)
Beginning Nonlapsing	125,300		125,300
Closing Nonlapsing	(59,400)		(59,400)
Total	<u>\$143,400</u>	<u>(\$35,000)</u>	<u>\$108,400</u>
Programs			
Special Population Health Care Provider	<u>143,400</u>	<u>(35,000)</u>	<u>108,400</u>
Total	<u>\$143,400</u>	<u>(\$35,000)</u>	<u>\$108,400</u>
FTE/Other			
Total FTE		1	1

2.0 Issues: Special Population Health Care Provider Financial Assistance Program

2.1 Program Eliminations/Reductions

The Analyst has identified this program as one that could be eliminated with less of an impact than other programs. The FY 2002 General Fund associated with this program is \$35,000.

General Fund

(\$35,000)

1.0 Department of Health – Epidemiology and Laboratory Services

Summary

The Analyst recommends a General Fund reduction in the FY 2002 General Fund appropriation of \$286,500.

	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	4,696,800		4,696,800
General Fund, One-time		(286,500)	(286,500)
Federal Funds	7,437,000	(200)	7,436,800
Dedicated Credits Revenue	1,839,800	(300)	1,839,500
GFR - State Lab Drug Testing Account	267,500	(100)	267,400
Transfers	1,073,800		1,073,800
Beginning Nonlapsing	413,800		413,800
Total	\$15,728,700	(\$287,100)	\$15,441,600
Programs			
Director's Office	1,771,300	(78,200)	1,693,100
Environmental Testing and Toxicology	2,196,500	(44,200)	2,152,300
Laboratory Improvement	891,300	(72,500)	818,800
Microbiology	2,181,800	(2,700)	2,179,100
Communicable Disease Control	5,679,900	(30,600)	5,649,300
Food Safety and Environmental Health	452,400	(53,600)	398,800
Epidemiology	2,555,500	(5,300)	2,550,200
Total	\$15,728,700	(\$287,100)	\$15,441,600
FTE/Other			
Total FTE		142	142

2.0 Issues: Epidemiology and Laboratory Services

2.1 Internal Service Fund Rate Changes

As a result of rate changes for services provided by the Department of Administrative Services, the Analyst recommends a one-time supplemental budget reduction of \$1,500; \$900 of which is from the General Fund.

General Fund **(\$900)**

2.2 Original Governor's Holdbacks

In the first series of holdbacks, the Governor identified \$188,000 in General Fund reductions. These cuts include reductions in Indoor Clean Air funding, Health Laboratory Testing and Supplies, new equipment, and maintenance of existing equipment.

General Fund **(\$188,000)**

2.3 Across-the-Board Reductions

The Analyst has included 10% across the board decreases in the General Fund in the following expense categories: Conventions / Workshops, Data Processing, Entertainment / Receptions, Office supplies / Equipment, and Travel. For the Division of Epidemiology and Laboratory Services, these General Fund reductions total \$15,400. The specific line item funding varies between programs within the Division.

General Fund **(\$15,400)**

2.4 One-Day Furlough

A one-day furlough at the Division will save the State \$12,200 in General Funds.

General Fund **(\$12,200)**

2.5 IT Transfer

The Department is trying to centralize its Information Technology (IT) functions in the Executive Director's line item. The Analyst recommends the approval of the centralization and moving \$70,000 of General Funds from this Division's budget.

General Fund **(\$70,000)**

1.0 Department of Health – Community and Family Health Services

Summary

The Analyst recommends a General Fund reduction in the FY 2002 General Fund appropriation of \$2,900,800. This reduction is offset by other revenue, so that the total reduction is \$918,700.

	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	11,401,200		11,401,200
General Fund, One-time	70,000	(2,900,800)	(2,830,800)
Federal Funds	53,782,100	(13,800)	53,768,300
Dedicated Credits Revenue	14,588,400	(2,700)	14,585,700
GFR - Cigarette Tax Rest	250,000		250,000
GFR - Tobacco Settlement	4,053,700	1,999,600	6,053,300
Transfers	4,439,900	(1,000)	4,438,900
Beginning Nonlapsing	1,284,900		1,284,900
Closing Nonlapsing	(225,800)		(225,800)
Total	<u>\$89,644,400</u>	<u>(\$918,700)</u>	<u>\$88,725,700</u>
Programs			
Director's Office	2,723,700	(14,400)	2,709,300
Health Promotion	16,349,700	(314,100)	16,035,600
Maternal and Child Health	49,975,600	(523,300)	49,452,300
Children with Special Health Care Needs	20,595,400	(66,900)	20,528,500
Total	<u>\$89,644,400</u>	<u>(\$918,700)</u>	<u>\$88,725,700</u>
FTE/Other			
Total FTE	290	(4)	286

2.0 Issues: Community and Family Health Services

2.1 Internal Service Fund Rate Changes

As a result of rate changes for services provided by the Department of Administrative Services, the Analyst recommends a one-time supplemental budget reduction of \$23,400; \$5,500 of which is from the General Fund. The specific line item funding varies between programs within the Division.

General Fund **(\$5,500)**

2.2 Original Governor's Holdbacks

In the first series of holdbacks, the Governor identified \$170,000 in General Fund reductions. These include reductions in the funding for the abortion video, the Pregnancy Risk Assessment Monitoring System (PRAMS), literacy kits for Child Literacy, the Cancer Registry, and Sexual Violence and Community Awareness.

General Fund **(\$170,000)**

2.3 Across-the-Board Reductions

The Analyst has included 10 percent across the board decreases in the General Fund in the following expense categories: Conventions / Workshops, Data Processing, Entertainment / Receptions, Office supplies / Equipment, and Travel. For the Division of Community and Family Health Services, these General Fund reductions total \$19,600. The specific line item funding varies between programs within the Department.

General Fund **(\$19,600)**

2.4 One-Day Furlough

A one-day furlough at the Division will save the State \$18,200 in General Funds.

General Fund **(\$18,200)**

2.5 Program Eliminations/Reductions

The Analyst has identified several programs that, while worthy and useful, could be eliminated or significantly downsized, with less of an impact of the operation of the Department. The Analyst has identified FACT and a portion of the Cardiovascular program as programs which would have the least impact on the Department's ability to achieve its mission. The FY 2002 General Fund associated with these programs is \$545,000.

General Fund **(\$545,000)**

2.6 Other FTE Position Eliminations

In conjunction with the previous reduction, the Analyst recommends eliminating the administrative costs associated with FACT. This represents 2 FTE positions. The total estimated General Fund savings would be \$62,500.

General Fund	(\$62,500)
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2.7 Revenue Enhancements

In an attempt to alleviate some of the General Fund revenue shortfall, the Analyst recommends using \$2 million of the funds freed up upon the settlement of the lawsuit dealing with the outside attorneys' work with the Master Settlement Agreement. Using this \$2 million frees up that much in General Fund to go toward the overall shortfall and allows the associated programs operate at levels which otherwise would be much lower.

General Fund	(\$2,000,000)
General Fund Restricted	2,000,000

2.8 IT Transfer

The Department is trying to centralize its Information Technology (IT) functions in the Executive Director's line item. The Analyst recommends the approval of the centralization and moving \$80,000 of General Funds from this Division's budget.

General Fund	(\$80,000)
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1.0 Department of Health – Health Care Financing

Summary

The Analyst recommends a General Fund reduction in the FY 2002 General Fund appropriation of \$1,134,000.

	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	10,346,200		10,346,200
General Fund, One-time		(1,134,000)	(1,134,000)
Federal Funds	43,056,600	(481,900)	42,574,700
Dedicated Credits Revenue	4,825,900	(100)	4,825,800
Transfers	12,651,900	(600)	12,651,300
Beginning Nonlapsing	1,600,000		1,600,000
Total	\$72,480,600	(\$1,616,600)	\$70,864,000
Programs			
Director's Office	3,659,800	(1,369,100)	2,290,700
Financial Services	11,199,100	(25,400)	11,173,700
Managed Health Care	2,496,500	(108,600)	2,387,900
Medicaid Operations	2,854,300	(67,800)	2,786,500
Eligibility Services	13,208,200	(36,500)	13,171,700
Coverage and Reimbursement	3,322,900	(5,000)	3,317,900
Contracts	34,858,600		34,858,600
Utah Medical Assistance	881,200	(4,200)	877,000
Total	\$72,480,600	(\$1,616,600)	\$70,864,000
FTE/Other			
Total FTE		480	480

2.0 Issues: Health Care Financing

2.1 Internal Service Fund Rate Changes

As a result of rate changes for services provided by the Department of Administrative Services, the Analyst recommends a one-time supplemental budget reduction of \$71,400; \$19,800 of which is from the General Fund. The specific line item funding varies between programs within the Division.

General Fund **(\$19,800)**

2.2 Original Governor's Holdbacks

In the first series of holdbacks, the Governor identified \$954,000 in General Fund reductions. These include reductions in the funding for the administrative contracts and vacancy savings. In addition, the Division will claim more FTEs' salaries at a higher federal fund match rate, and pay some eligible expenses with TABF funds, rather than General Fund.

General Fund **(\$954,000)**

2.3 Across-the-Board Reductions

The Analyst has included 10 percent across the board decreases in the General Fund in the following expense categories: Conventions / Workshops, Data Processing, Entertainment / Receptions, Office supplies / Equipment, and Travel. For the Division of Health Care Financing, these General Fund reductions total \$36,400.

General Fund **(\$36,400)**

2.4 One-Day Furlough

A one-day furlough at the Division will save the State \$32,400 in General Funds.

General Fund **(\$32,400)**

2.5 Program Eliminations/Reductions

The Analyst has identified an additional \$100,000 in expenditures that should be reduced from this Division.

General Fund **(\$100,000)**

2.6 IT Transfer

The Department is trying to centralize its Information Technology (IT) functions in the Executive Director’s line item. The Analyst recommends the approval of the centralization and moving \$12,000 of General Funds from this Division’s budget.

General Fund **(\$12,000)**

2.8 Funding Transfer

The Analyst recommends increasing the General Fund in the Division of Health Care Financing to reflect the transfer of .5 FTE from the Executive Director’s budget. The amount is \$20,600.

General Fund **\$20,600**

1.0 Department of Health – Medical Assistance

Summary

The Analyst recommends a General Fund reduction in the Medical Assistance budget of \$9.7 million. The FY 2002 General Fund appropriation would be decreased by \$4,891,500.

	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	189,699,900		189,699,900
General Fund, One-time	307,500	(4,891,500)	(4,584,000)
Federal Funds	633,952,900	(6,364,315)	627,588,585
Dedicated Credits Revenue	42,491,900		42,491,900
GFR - Medicaid Restricted	610,000	1,500,000	2,110,000
Transfers	61,226,500	(700)	61,225,800
Beginning Nonlapsing	1,607,500		1,607,500
Total	<u>\$929,896,200</u>	<u>(\$9,756,515)</u>	<u>\$920,139,685</u>
Programs			
Medicaid Base Program	770,502,800	(9,745,415)	760,757,385
Title XIX for Human Services	150,726,600		150,726,600
Utah Medical Assistance Program	8,666,800	(11,100)	8,655,700
Total	<u>\$929,896,200</u>	<u>(\$9,756,515)</u>	<u>\$920,139,685</u>
FTE/Other			
Total FTE		63	63

2.0 Issues: Medical Assistance

2.1 Internal Service Fund Rate Changes

As a result of rate changes for services provided by the Department of Administrative Services, the Analyst recommends a one-time supplemental increase of \$800; \$100 of which is from the General Fund.

General Fund **((\$100))**

2.2 Original Governor's Holdbacks

In the first series of holdbacks, the Governor identified \$1,574,800 in General Fund reductions. These include reducing the inflationary increases for hospitals, physicians, nursing facilities, and HMOs approved during the 2001 Legislative Session. Also included is a reduction in the period for which Medicaid can be retroactively approved. The reduction is also covered by increasing copays for some services for certain recipients and by delaying the mandated coverage of 18 year olds until October 1, 2001 instead of July 1, 2001.

General Fund **((\$1,574,800))**

2.3 Across-the-Board Reductions

The Analyst has included 10% across the board decreases in the General Fund in the following expense categories: Conventions / Workshops, Data Processing, Entertainment / Receptions, Office supplies / Equipment, and Travel. For the Executive Director's Office, these General Fund reductions total \$9,700.

General Fund **((\$9,700))**

2.4 One-Day Furlough

A one-day furlough will save the State \$8,300 in General Funds.

General Fund **((\$8,300))**

2.5 Other Medical Assistance Changes

The Analyst has identified several services which will need to be reduced, or covered by higher copays. These include limiting the number of prescriptions that a Medicaid recipient may obtain during a month's time, reducing the reimbursement rate for prescription drugs, savings on HMO reinsurance, and increasing copays for certain services. The total projected General Fund savings will be \$1,798,600.

General Fund **((\$1,798,600))**

2.6 Revenue Enhancements

In an attempt to alleviate some of the General Fund revenue shortfall, the Analyst recommends using \$1.5 million from the Medicaid Restricted Account. Using this \$1.5 million frees up that much in General Fund to go toward the overall shortfall and allows Medicaid programs to operate at levels which otherwise would be much lower.

General Fund	(\$1,500,000)
General Fund Restricted	1,500,000

1.0 Local Health Departments

Summary

The Analyst recommends a reduction in the General Fund block grant for the local health departments in the amount of \$92,000.

	Analyst FY 2002 Estimated	Analyst FY 2002 Supplemental	Analyst FY 2002 Revised
Financing			
General Fund	2,132,700		2,132,700
General Fund, One-time		(91,965)	(91,965)
Total	\$2,132,700	(\$91,965)	\$2,040,735
 Programs			
Local Health Department Funding	2,132,700	(91,965)	2,040,735
Total	\$2,132,700	(\$91,965)	\$2,040,735
 FTE/Other			

2.0 Issues: Local Health Departments

2.1 Original Governor's Holdbacks

In the first series of holdbacks, the Governor identified \$47,000 in General Fund reductions. This is a reduction in the General Fund block grant funding to the Local Health Departments.

General Fund	(\$47,000)
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2.1 Local Health Department Funding

The Analyst recommends decreasing the pass-through block grant to the local health departments by an additional 2.5 percent.

General Fund	(\$45,000)
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