

DHS BUDGET REQUEST FOR FY 2016-2017
(\$ Amounts in Thousands)

Page # of Governor's Executive Budget:
Pp. A1.14, A1.16, A1.20, A3.8, C1.9, E7.6, E19.1-3,
E30.3, E30.22-23, H50, I5

APPROPRIATION:
County Administration-Statewide

I. SUMMARY FINANCIAL DATA

	2014-2015 <u>Actual</u>	2015-2016 <u>Available</u>	2016-2017 <u>Budgeted</u>
State Funds	\$33,367	\$41,204 ¹	\$52,832
Federal Funds Total	\$125,896	\$136,270	\$121,932
Federal Sources Itemized			
<i>TANFBG - Statewide</i>	\$1,072	\$1,072	\$1,072
<i>Medical Assistance - Statewide</i>	\$56,198	\$60,027	\$59,603
<i>Food Stamp - Statewide</i>	\$50,462	\$51,143	\$40,318
<i>ARRA - Health Information Technology</i>	\$13,900	\$20,849	\$20,939
<i>CHIPRA - Statewide</i>	\$4,264	\$3,179	\$0
Other Funds Total	\$2,152	\$1,939	\$1,934
Other Fund Sources Itemized			
<i>Fee for Material from Outside Vendors</i>	\$1	\$5	\$0
<i>Food Stamps Retained Collections</i>	\$1,997	\$1,780	\$1,780
<i>County Administration-Statewide</i>	\$154	\$154	\$154
Total	\$161,415	\$179,413	\$176,698

IA. REQUESTED SUPPLEMENTALS (Included above)

State Funds	\$5,611
Federal Funds Total	<u>\$0</u>
Total	\$5,611

¹ Reflects a recommended supplemental appropriation of \$5.611 million. Appropriation Act 10-A of 2015 provided \$35.593 million for this program in Fiscal Year 2015-2016.

II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)		APPROPRIATION: County Administration-Statewide			
		2014-2015 Actual	2015-2016 Available	2016-2017 Budgeted	Change Budgeted vs. Available
PERSONNEL					
State Funds	\$13,757	\$33,239	\$39,427	\$6,188	18.62%
Federal Funds	\$59,508	\$55,927	\$52,763	(\$3,164)	-5.66%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Personnel	\$73,265	\$89,166	\$92,190	\$3,024	3.39%
OPERATING					
State Funds	\$19,108	\$7,456	\$12,896	\$5,440	72.96%
Federal Funds	\$7,674	\$15,521	\$20,644	\$5,123	33.01%
Other Funds	\$1,998	\$1,785	\$1,780	(\$5)	-0.28%
Total Operating	\$28,780	\$24,762	\$35,320	\$10,558	42.64%
FIXED ASSETS					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
State Funds	\$502	\$503	\$503	\$0	0.00%
Federal Funds	\$45,166	\$31,784	\$28,759	(\$3,025)	-9.52%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Grant & Subsidy	\$45,668	\$32,287	\$29,262	(\$3,025)	-9.37%
NONEXPENSE					
State Funds	\$0	\$6	\$6	\$0	0.00%
Federal Funds	\$9,373	\$14,581	\$19,766	\$5,185	35.56%
Other Funds	\$154	\$154	\$154	\$0	0.00%
Total Nonexpense	\$9,527	\$14,741	\$19,926	\$5,185	35.17%
BUDGETARY RESERVE					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$4,175	\$18,457	\$0	(\$18,457)	-100.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Budgetary Reserve	\$4,175	\$18,457	\$0	(\$18,457)	-100.00%
UNCOMMITTED					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Uncommitted	\$0	\$0	\$0	\$0	0.00%
EXCESS FEDERAL					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Excess Federal	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$33,367	\$41,204	\$52,832	\$11,628	28.22%
Federal Funds	\$125,896	\$136,270	\$121,932	(\$14,338)	-10.52%
Other Funds	\$2,152	\$1,939	\$1,934	(\$5)	-0.26%
Total Funds	\$161,415	\$179,413	\$176,698	(\$2,715)	-1.51%

APPROPRIATION:
County Administration-Statewide

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016 Estimated</u>
State Funds	\$5,617	\$0	\$0

IV. COMPLEMENT INFORMATION	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>2016-2017 Budgeted</u>
State/Federally Funded			
<i>Authorized</i>	934	934	955
<i>Filled</i>	728	832	817
Federally Funded			
<i>Authorized</i>	0	0	0
<i>Filled</i>	0	0	0
Other Funded			
<i>Authorized</i>	0	0	0
<i>Filled</i>	0	0	0
Total			
<i>Authorized</i>	934	934	955
<i>Filled</i>	728	832	817
Benefit Rate	69.13%	78.69%	85.00%

V. DERIVATION OF REQUEST / LEGISLATIVE CITATIONS / DISBURSEMENT CRITERIA

Derivation of Request:

The Fiscal Year 2016-2017 Governor's Executive Budget reflects an authorized complement of 955 positions, an increase of 21 from Fiscal Year 2015-2016. The increase provides for staff to support implementation of the Community Health Choices Initiative.

Legislative Citations:

62 P.S. § 403

Disbursement Criteria:

This appropriation continues to fund administrative costs for portions of the Office of Income Maintenance, Office of Medical Assistance Programs, Office of Administration, Office of Long-Term Living and the Office of Mental Health and Substance Abuse Services. Disbursements are made on the basis of approved positions, established employee benefits and invoices submitted for operating expenses and fixed assets.

VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands)	APPROPRIATION: County Administration-Statewide			
	State \$	Federal \$	Other \$	Total \$
PERSONNEL				
1. Net impact of changes in number of filled salary positions, change in vacant and leave without pay positions, average bi-weekly, funded periods and other personnel costs from Fiscal Year 2015-2016:	(\$516)	(\$1,023)	\$0	(\$1,539)
2. Provides for a salary adjustment factor, which includes the annualization of a January 1, 2016 step increase (excludes associated benefit costs) offset by a turnover rate:	\$310	\$614	\$0	\$924
3. Provides for a decrease in wages and overtime expenses:	(\$23)	(\$45)	\$0	(\$68)
4. Reflects an increase in the total cost of employee benefits primarily due to an increase in the retirement rate:	\$814	\$1,610	\$0	\$2,424
5. Reflects non-recurring prior year Federal revenue utilized in Fiscal Year 2015-2016:	\$4,961	(\$4,961)	\$0	\$0
Subtotal Personnel	\$5,546	(\$3,805)	\$0	\$1,741
OPERATING				
1. Reflects new federal funding related to the Connecting Kids to Coverage Outreach and Enrollment:	\$0	\$1,000	\$0	\$1,000
2. Reflects mailing, postage and customer support costs associated with Affordable Care Act client notifications:	\$2,057	\$4,493	\$0	\$6,550
3. Reflects an increase in administrative costs in the Federal Health Information Technology appropriation:	\$0	\$77	\$0	\$77
4. Reflects a decrease in consulting expense related to the Federal Children's Health Insurance Program Reauthorization Act due to the grant expiring on 2/21/2015:	\$0	(\$104)	\$0	(\$104)
5. Reflects annualization of Fiscal Year 2015-2016 relocation costs:	\$280	\$334	\$0	\$614
6. Reflects administrative expenses transferred from the e-Health Partnership Authority:	\$1,291	\$750	\$0	\$2,041
7. Reflects change in available fee for material from outside vendors:	\$5	\$0	(\$5)	\$0

VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands)	APPROPRIATION: County Administration-Statewide			
	State \$	Federal \$	Other \$	Total \$
8. Reflects non-recurring prior year Federal revenue utilized in Fiscal Year 2015-2016:	\$1,617	(\$1,617)	\$0	\$0
Subtotal Operating	\$5,250	\$4,933	(\$5)	\$10,178
GRANTS & SUBSIDIES				
1. Reflects a decrease in consulting expense related to the Federal Children's Health Insurance Program Reauthorization Act due to the grant expiring on 2/21/2015:	\$0	(\$3,025)	\$0	(\$3,025)
Subtotal Grants & Subsidies	\$0	(\$3,025)	\$0	(\$3,025)
NONEXPENSE				
1. Reflects an increase in Health Information Exchange funding through the Federal Health Information Technology appropriation:	\$0	\$5,185	\$0	\$5,185
Subtotal Nonexpense	\$0	\$5,185	\$0	\$5,185
EXCESS FEDERAL				
1. Reflects non-recurring Fiscal Year 2015-2016 excess federal spending authority:	\$0	(\$18,457)	\$0	(\$18,457)
Subtotal Budgetary Reserve	\$0	(\$18,457)	\$0	(\$18,457)
FISCAL YEAR 2016-2015 INITIATIVES				
1. Community HealthChoices				
A. Personnel - Reflects funding increase for 21 new positions for 18 pay periods to support the Community HealthChoices Initiative (including benefits):	\$642	\$641	\$0	\$1,283
B. Operating - Reflects general operating expenses to support the Community HealthChoices Initiative:	\$190	\$190	\$0	\$380
Subtotal Fiscal Year 2015-2016 Initiatives	\$832	\$831	\$0	\$1,663
TOTAL	<u>\$11,628</u>	<u>(\$14,338)</u>	<u>(\$5)</u>	<u>(\$2,715)</u>

COUNTY ADMINISTRATION - STATEWIDE

PROGRAM STATEMENT

This appropriation funds certain headquarters and field staff in the Office of Income Maintenance (OIM), Office of Medical Assistance Programs (OMAP), Office of Long-Term Living (OLTL), Office of Mental Health and Substance Abuse Services (OMHSAS) and Office of Administration (OA).

OFFICE OF INCOME MAINTENANCE

The functions of OIM funded in the County Administration–Statewide appropriation are housed within the Bureau of Program Evaluation, the Bureau of Program Support, the Bureau of Policy and the Bureau of Operations.

The Bureau of Program Evaluation, through its Divisions of Quality Control, Corrective Action, and Program Implementation, monitors and evaluates the accuracy of eligibility decisions in County Assistance Offices (CAOs) as well as work performed by Employment and Training (E&T) vendors, analyzes problem areas and prepares plans to correct deficiencies in CAOs and E&T vendor performance. The Bureau is also responsible for satisfying major State and Federal reporting requirements and ensuring accurate quality control and monitoring procedures. In addition, the Bureau is responsible for the accurate and timely submission of Temporary Assistance for Needy Families (TANF) work participation data through the Federal TANF Data Report, which includes efforts to ensure maximum hours of participation are recorded in order to meet the Federal Work Participation Requirement.

The Bureau of Program Support provides administrative support to the other bureaus within OIM and serves as the liaison between those bureaus and other Department of Human Services (DHS) offices. The Bureau is responsible for budget preparation, fiscal analysis, personnel administration, acquisition planning, space and equipment management, contract and grant monitoring, resolution of audits, management of the Electronic Benefits Transfer (EBT) System and EBT risk management. The Bureau conducts detailed financial monitoring and analyses and produces statistical monthly reports needed to support program administration decisions. The Bureau is also responsible for the development, monitoring and maintenance of OIM's automated information systems.

The Bureau of Policy is responsible for the analysis, interpretation, development and maintenance of the regulatory base for Federal and State funded public assistance programs. The Bureau is responsible for assuring program consistency and monitoring interactive effects among the various OIM programs. The Bureau also develops procedures and provides policy clarifications to guide the application of regulations by staff in the CAOs.

The Bureau of Operations is responsible for the overall management of the CAOs whose staff members work to determine eligibility for programs designed to assist Pennsylvania's most vulnerable citizens. The programs that are managed by the CAOs include TANF Cash Assistance, Medical Assistance (MA), Supplemental Nutrition Assistance Program (SNAP), Low-Income Home Energy Assistance Program (LIHEAP) and E&T services. These services are delivered to eligible persons in Pennsylvania in an efficient, accurate and timely manner. The Bureau also has the primary responsibility for training new employees through a network of Staff Development sites as well as CAOs and providing updated and/or refresher training to all staff in the CAOs and district offices. The Bureau operates offices in all 67 counties so that Pennsylvania's vulnerable citizens have a place where they can apply for benefits, renew existing benefits and request supportive services. The Bureau also operates a network of Customer Service Centers that are designed to assist clients across the Commonwealth over the phone via a toll-free number. The Bureau resolves client problems and answers questions received on the telephone hotline, in person, or in letters and electronic mail from clients, legislators and the general public.

OFFICE OF MEDICAL ASSISTANCE PROGRAMS

OMAP administers the jointly funded State/Federal MA program. Funded health care services include hospital care and a large array of outpatient services, which are provided through a fee-for-service (FFS) or capitated managed care delivery system. OMAP is responsible for developing and maintaining the policy and regulatory framework that supports the operation of the program; enrolling providers for participation in the program; reviewing prior authorized service requests for pharmacy, medical, and dental services; establishing rates or fees; reviewing, approving and processing invoices submitted by providers; and contracting with managed care organizations. The Office of Clinical Quality Improvement assists in the planning, direction, coordination and evaluation of the clinical quality improvement goals and objectives defined by OMAP.

The Bureau of Policy, Analysis and Planning has overall administrative and management responsibility for policy development and planning for most MA program initiatives in both the FFS and capitated managed care delivery systems. The Bureau is responsible for policy-related activities impacting Pennsylvania's Medicaid program including analysis of proposed Federal and State statutes and regulations, the formal promulgation of regulations, and the development and issuance of administrative policy directives. In addition, the Bureau is responsible for maintenance of the Medicaid State Plan in conformance with Federal requirements, as well as the development and maintenance of Federal Medicaid Waivers in accordance with programmatic and budgetary initiatives.

The Bureau of Fee-for-Service Programs is responsible for functions that support the operation of the FFS delivery system. Operations include establishing payment fees and rates, provider enrollment, managing provider relations, responding to billing inquiries, provider credentialing, recipient case management and reviewing prior authorized service requests for pharmacy, inpatient/outpatient medical and dental services. Utilization review activities also include medical review of admissions to hospitals and continued hospital stays. In addition, the Bureau administers the process for paying hospitals under the uncompensated care program.

The Bureau of Managed Care Operations is responsible for the oversight, management and support of prepaid capitation programs that provide comprehensive physical health services to recipients. This includes contract procurement and development, as well as compliance monitoring. The Bureau also performs quality management monitoring, special needs oversight, rate-setting, financial analysis and monitoring for adherence to financial contract terms. Additionally, the Bureau oversees the Independent Enrollment Assistance contract(s) for recipient enrollment in mandatory managed care and manages special programs. This Bureau also oversees non-emergency medical transportation services provided through the MA Transportation Program. The Bureau also procures, develops and monitors the technical assistance and consultant services contract that serves multiple areas within OMAP.

The Bureau of Data and Claims Management is the gatekeeper for all OMAP information technology initiatives. This Bureau is responsible for control and oversight of the State Medicaid Management Information System known as PROMISe, which performs medical, dental, and pharmacy claims processing and payment as well as all data interfaces to and from contracted Managed Care Organizations.

OFFICE OF LONG TERM LIVING

The OLTL is responsible for administration of a full continuum of services for the elderly and persons with disabilities in the Commonwealth ranging from institutional care to independent living at home with the support of community services. The office works to integrate management of the Commonwealth's long-term living system.

Institutional services are provided to eligible persons by nursing facilities certified, in accordance with established standards, to participate in the MA program. Older Pennsylvanians who are in need of nursing home care can also receive services in the community through the Federal Medicaid Home and

Community-Based Waiver Program and through Living Independence for the Elderly. Younger Pennsylvanians with disabilities may receive services through the Attendant Care and the Services to Persons with Disabilities waiver programs.

The OLTL is also responsible for developing and implementing policies and procedures for all providers of nursing facility and home and community-based care waiver services; overseeing a system that offers a full range of cost-effective, quality services in the most appropriate setting; enrolling and certifying providers for MA participation; annually ensuring that nursing facilities continue to meet certification requirements established by State and Federal regulations; and assuring that payments made to providers for services are allowable, reasonable and promote the delivery of quality services.

OFFICE OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES

The OMHSAS has the primary responsibility for program development, policy and financial oversight of the delivery of behavioral health services in the Commonwealth which includes the operation of six State mental hospitals and one restoration center, the provision of mental health services through county programs and the provision of drug and alcohol services through single county authorities. The OMHSAS also manages, through county or direct contracts, the HealthChoices MA Behavioral Health Managed Care Program.

The OMHSAS is also responsible for the oversight, management and support of FFS programs that provide comprehensive behavioral health services to individuals. This includes prior authorizations for inpatient psychiatric services, inpatient drug and alcohol services, residential treatment for children and behavioral health rehabilitation services for children. This also includes the review of individual cases for billing and eligibility accuracy.

OFFICE OF ADMINISTRATION

The OA administers support functions for each of the program offices within DHS, including human resource services, equal opportunity policies and programs, hearings and appeals, financial audits and contract development, information systems, human services licensing, fraud and abuse recoveries, and various administrative services. This appropriation funds the Bureau of Program Integrity (BPI) and Third Party Liability (TPL).

The BPI has primary responsibility for monitoring provider and contracted managed care organizations for fraud, waste and abuse, and for adherence to Federal and State program integrity standards. The Bureau staff reviews providers' records and claims to ensure that MA payments are valid and the services rendered are effective. The Bureau manages a computerized system that is used to detect potential fraud, waste and abuse. Depending on the nature of the problem detected, the Bureau requests restitution from the provider, requests corrective action, terminates the provider's participation, or in cases of suspected provider fraud, refers the case to the Medicaid Fraud Control Section of the Office of Attorney General. Cases of suspected recipient fraud are referred to the Office of Inspector General.

The TPL Division is responsible for ensuring Medicaid is the payer of last resort. TPL maintains the integrity of the TPL data on the Client Information System (CIS) and coordinates and monitors multiple data exchanges, which result in additions and updates of TPL resource information. The health resources gathered through the exchanges are utilized for all health insurance cost avoidance and recovery activities performed by the division.

TPL's Health Insurance Premium Payment (HIPP) Program identifies cases in which enrollment of a Medicaid recipient in an employer group health plan as the recipient's primary source of health care

is more cost-effective than providing medical services through the MA Program. In addition, TPL collects premiums from MA clients who are required under the Medical Assistance for Worker's with Disabilities Program to pay for their MA coverage.

The TPL Division is also responsible for recovering cash benefits and MA expenditures against liable third parties, insurers, recipients and probate estates. The claim may be a result of a MA recipient being involved in a personal injury accident, medical malpractice suit, product liability suit, workers compensation claim or assault. The claim may also be against the probate estate of certain deceased MA recipients. A significant volume of recoveries are performed post payment where other health insurance is identified after Medicaid has paid for the service. These post payment recoveries are performed by both a vendor and in-house staff through ongoing recovery projects.

FISCAL YEAR 2016-2017 INITIATIVE – COMMUNITY HEALTHCHOICES

Community HealthChoices is the delivery of long-term services and supports through a capitated managed care program. It will ensure that one entity is responsible for coordinating the physical health and long-term services and supports needs of participants, which will improve care coordination and health outcomes while allowing more individuals to live in their community. The personnel budget provides for 21 new positions to support implementation, quality control, contract monitoring and compliance, performance management, health information reporting, rates design and forecasting.