

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

Page # of Governor's Executive Budget:
Pp. E30.6, E30.16, E30.17

APPROPRIATION:
Special Pharmaceutical Services

I. SUMMARY FINANCIAL DATA	2014-2015 Actual	2015-2016 Available	2016-2017 Budgeted
State Funds	\$1,195	\$1,377	\$1,268
Federal Funds Total	\$0	\$0	\$0
Federal Sources Itemized			
Other Funds Total	\$0	\$0	\$0
Total	\$1,195	\$1,377	\$1,268
IA. REQUESTED SUPPLEMENTALS (Included above)			
State Funds		\$0	
Federal Funds Total		\$0	
Total		\$0	

II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	APPROPRIATION: Special Pharmaceutical Services				
	2014-2015 Actual	2015-2016 Available	2016-2017 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
<i>State Funds</i>	\$11	\$11	\$11	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Operating	\$11	\$11	\$11	\$0	0.00%
FIXED ASSETS					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
<i>State Funds</i>	\$1,184	\$1,178	\$1,257	\$79	6.71%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Grant & Subsidy	\$1,184	\$1,178	\$1,257	\$79	6.71%
NONEXPENSE					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Nonexpense	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
<i>State Funds</i>	\$0	\$188	\$0	(\$188)	-100.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Budgetary Reserve	\$0	\$188	\$0	(\$188)	-100.00%
UNCOMMITTED					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Uncommitted	\$0	\$0	\$0	\$0	0.00%
OTHER					
<i>State Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Other	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
<i>State Funds</i>	\$1,195	\$1,377	\$1,268	(\$109)	-7.92%
<i>Federal Funds</i>	\$0	\$0	\$0	\$0	0.00%
<i>Other Funds</i>	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$1,195	\$1,377	\$1,268	(\$109)	-7.92%

APPROPRIATION:
Special Pharmaceutical Services

III. HISTORY OF LAPSES (\$ Amounts in Thousands)	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016 Estimated</u>
State Funds	\$143	\$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>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Federally Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Other Funded			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Total			
<i>Authorized</i>	N/A	N/A	N/A
<i>Filled</i>	N/A	N/A	N/A
Benefit Rate	N/A	N/A	N/A

V. DERIVATION OF REQUEST / LEGISLATIVE CITATIONS / DISBURSEMENT CRITERIA

Derivation of Request:
The Governor's Executive Budget for Fiscal Year 2016-2017 recommends funding based on projected levels of utilization, increases in pharmaceutical costs, mandatory manufacturer rebates and additional third party liability recoveries.

Detail on the appropriation request is outlined in section VI entitled "Explanation of Changes" on the following pages.

Legislative Citations:
62 P.S. § 201

Disbursement Criteria:
The provider of a service must be enrolled in the Medical Assistance program; the service recipient must be deemed eligible for Special Pharmaceutical Services and not eligible for the Medical Assistance program; and the service provided must be a covered Special Pharmaceutical Services Program benefit. The claims processing functions for the Special Pharmaceutical Services Program, which include provider enrollment, on-line claims processing, and provider remittance, are performed by the Department of Aging's contractor for the Pharmaceutical Assistance Contract for the Elderly (PACE) Program. Funding is advanced to the Department of Aging via a Memorandum of Understanding for reimbursing the contractor for program expenses.

VI. EXPLANATION OF CHANGES

(\$ Amounts in Thousands)

APPROPRIATION:

Special Pharmaceutical Services

	<u>State \$</u>	<u>Federal \$</u>	<u>Other \$</u>	<u>Total \$</u>
GRANT & SUBSIDY				
1. Provides for an increase in provider payments for Baseline Formulary drugs in Fiscal Year 2016-2017:	\$22	\$0	\$0	\$22
2. Provides for a decrease in refunds/rebates due to a large non-recurring Third Party Liability recovery in Fiscal Year 2015-2016:	<u>\$57</u>	<u>\$0</u>	<u>\$0</u>	<u>\$57</u>
Subtotal Grant & Subsidy	\$79	\$0	\$0	\$79
BUDGETARY RESERVE				
1. Impact of excess State appropriation authority in Fiscal Year 2015-2016:	<u>(\$188)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$188)</u>
TOTAL	<u><u>(\$109)</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>(\$109)</u></u>

Special Pharmaceutical Services
Fiscal Year 2016-2017 Governor's Executive Budget
Fiscal Year 2015-2016

	<u>Number of Claims</u>	<u>Cost/Claim</u>	<u>Total Cost</u>
Total Baseline Formulary	11,424	\$104.11	\$1,189,299
Pharmaceutical Rebates			(\$141,501)
Third Party Liability Refunds			(\$107,940)
Medicare Part D Premiums			\$237,707
Total Current Program			<u>\$1,177,565</u>
Claims Processing Automation:			
Regular Claims Processing			\$10,421
AdHoc reporting services			\$579
Total Operating			<u>\$11,000</u>
Budgetary Reserve			\$188,435
Total Program Requirement			\$1,377,000
Act 10-A of 2015			\$1,377,000
Surplus/(Deficit)			<u>\$0</u>

Special Pharmaceutical Services
Fiscal Year 2016-2017 Governor's Executive Budget
Fiscal Year 2016-2017

	<u>Number of Claims</u>	<u>Cost/Claim</u>	<u>Total Cost</u>
Total Baseline Formulary	11,644	\$104.10	\$1,212,174
Pharmaceutical Rebates			(\$176,986)
Third Party Liability Refunds			(\$16,132)
Medicare Part D Premiums			\$237,707
Total Current Program			<u>\$1,256,763</u>
Claims Processing Automation:			
Regular Claims Processing			\$10,421
AdHoc reporting services			\$579
Total Operating			<u>\$11,000</u>
Total Program Requirement			\$1,267,763

SPECIAL PHARMACEUTICAL SERVICES

PROGRAM STATEMENT

The Special Pharmaceutical Services program for Mental Health is administered by the Pennsylvania Department of Human Services and provides payment for specific atypical antipsychotic medications for eligible participants with behavioral health needs.

The Special Pharmaceutical Services program is for individuals residing in the community who are not eligible for pharmaceutical coverage under the Medical Assistance Program. The income limit for an individual is \$35,000 with an increase of \$2,893 for each additional family member. Funding up to the amount of the State appropriation is available; this is not an entitlement program. During Fiscal Year 2014-2015, a total of 11,891 claims were paid supporting 1,452 mental health clients in Pennsylvania.