



Report of the Subcommittee on  
Health and Human Resources

(Senate Bill 800, As Introduced)

Senate Finance Committee  
Virginia General Assembly

February 4, 2001

## REPORT OF THE SUBCOMMITTEE ON HEALTH AND HUMAN RESOURCES

Mr. Chairman and Members of the Committee:

Last year, the General Assembly added about \$83 million in services for Virginia's most vulnerable citizens. **The introduced budget cut \$87 million from these same programs.** When we left town last year, unspecified cuts were included in the budget as "productivity savings". Little did we know that one-third of those cuts (\$30 million) would be applied in health and human resources. Now, an additional \$57 million in targeted and across-the-board cuts are proposed in this introduced budget for health and human resources.

The subcommittee took a close look at these cuts. We found that labels such as "productivity" and "management" savings disguise the true nature of some of these cuts. **People would have lost services!** Our first priority was to restore these budget cuts.

### Restoration of Proposed Budget Cuts

- ***Elderly and Disabled.*** The introduced budget eliminated Medicaid coverage for about **5,400** poor elderly and disabled persons. Funding we provided last year, \$10.8 million (\$5.2 million GF), to increase the eligibility threshold from 74 to 80 percent of the federal poverty level, was eliminated.
  - As a result, we would have lost the ability to help this population, particularly with the high cost of prescription drugs – using federal funds to pay one-half the cost.
  - Subcommittee recommendation: **Fully restore funding.**
- ***Substance Abuse Treatment for Adults and Children.*** About **16,000** low-income children and adults would not have received substance abuse treatment as we had planned. The introduced budget cut \$10.5 million for these services (\$5.1 million GF).
  - Again, we would have lost the ability to leverage federal dollars to expand services for this population, since we draw one federal Medicaid dollar for every state dollar we invest.
  - Subcommittee recommendation: **Fully restore funding.**

- *Atypical Medications for the Mentally Ill.* About 500 fewer persons would have lost access to new medications used in the treatment of mentally illness (like schizophrenia and bi-polar disorder). The \$2.0 million GF added by the 2000 General Assembly was eliminated in the introduced budget.
  - These medications help to reduce the number and length of costly hospitalizations -- an important ingredient in our efforts to improve the quality of life for our mentally disabled citizens.
  - Subcommittee recommendation: **Fully restore funding.**
  
- *Payment Rates for Adult Care Residences.* Last year, we increased rates from \$785 to \$815 per month. An additional \$15 per month increase, usually provided for inflation this January, was eliminated -- and \$3.7 million was cut from the budget.
  - We have been trying to improve the quality of care in these facilities by providing adequate reimbursement rates. In many cases, persons discharged from state mental health facilities reside there.
  - Subcommittee recommendation: **Fully restore funding.**
  
- *Children's Mental Health Services.* Last year, we tried to help about 400 children eligible (but not mandated) for care under the Comprehensive Services Act (CSA). We added \$8.5 million for children's mental health services. The state mental health department proposed to cut \$1.0 million from these services.
  - Subcommittee recommendation: **Fully restore funding**, and begin administering these services in FY 2002 under the auspices of CSA rather than the department.
  
- *Health Insurance for Poor Children.* Almost one-third of the budget had been cut in the program we adopted a few years ago that would provide health insurance for poor children who do not qualify for Medicaid. The introduced budget assumed we would serve 23,000 fewer children than had been estimated one year ago -- limiting enrollment to 40,000 children.
  - We can do better in our outreach efforts to enroll more children into this program, and we should not place children on waiting lists.
  - Subcommittee recommendation: **Require that every eligible child who applies for the program receives services.** We propose language that ensures sufficient funds will be available to accomplish that purpose.

- *TANF Funds for Local Programs.* The introduced budget cut \$10.0 million in state funds and substituted federal TANF funds for a number of local programs intended to reduce child abuse and improve family well-being. **This action threatened to reduce the number of families and children these programs serve,** because the state funds were used to leverage other federal funds.
  - Subcommittee recommendation: **Partially restore state funds, so that no reduction in services is required.**

### Added Funding for High Priority Needs

The subcommittee believed it was important to accomplish more than simply tread water – we must do more than restore budget cuts. The need for services among our disabled citizens remains high. Therefore, we recommend additional funding in areas that traditionally have been high priorities of the Senate Finance Committee.

- *Community Services for the Mentally Disabled.* We recommend an additional \$7.5 million for community services:
  - An estimated **240** more severely disabled persons on the waiting list for the mental retardation waiver could now be served.
  - An estimated **100** more mentally retarded persons who do not qualify for Medicaid could be served.
  - Access to community-based psychiatric care would be more uniformly accessible across the state.
  - It is also important to note that we do not recommend closure of Southern Virginia Mental Health Institute at this time, as proposed in the introduced budget. However, we left \$1.5 million in the budget so the surrounding community can begin developing alternatives to institutional care.
- *Services for the Elderly.* We recommend an additional \$3.2 million for services to frail elderly:
  - We recommend \$1.9 million for statewide expansion of local projects that help low-income elderly and others in accessing free prescription drugs from pharmaceutical manufacturers. As many as **24,000** more indigent persons could access more than \$18 million in free drugs through this program.

- Other efforts to serve the frail elderly include funding for in-home care, home-delivered meals, and adult protective services workers, expected to serve **1,300** more persons.
- *Services for the Physically Disabled.* We recommend an additional \$2.0 million for supported employment, centers for independent living, and special services for brain-injured persons. At least **1,100** more physically disabled persons will be served through these programs.
- *Other.* Besides these recommendations, the subcommittee also tried to ensure that other at-risk families and individuals will be served:
  - We have set aside an additional \$5.0 million in federal TANF funds for heating assistance next winter, recognizing that rising fuel prices are straining the budgets of low-income families.
  - An additional \$900,000 for improvements in rural water systems is also included.
  - Low-income women, diagnosed with breast or cervical cancer, will now be able to receive Medicaid-covered treatment. State funding of about \$600,000 will draw \$1.2 million in federal funds to pay for this treatment.
  - Services for at-risk children are also included in our recommendations – with \$575,000 added for suicide prevention and foster care prevention programs.

### Summary

In summary, we believe the Committee should maintain its commitment to serve our most vulnerable citizens, even in the face of proposed budget cuts. The subcommittee recommends restoration of \$31.6 million in budget cuts that would have reduced services (\$21.0 million in state funds). We also recommend an additional \$15.7 million in state funds to meet some of the highest priority needs in health and human resources.

Respectfully submitted,

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Chairman, William C. Wampler, Jr.

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Benjamin J. Lambert III

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Kevin G. Miller

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Janet D. Howell

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Thomas K. Norment, Jr.

## HHR Subcommittee Recommendations

	<u>GF</u>	<u>NGF</u>
<b>Fully Restore Budget Cuts</b>	<b>17,156,310</b>	
Medicaid Eligibility for Elderly & Disabled to 80%	5,200,000	5,600,000
Medicaid for Substance Abuse Services	5,056,251	5,436,073
Atypical Medications	2,000,000	
Children's Mental Health Services	1,000,000	
Adult Care Residences-Jan. 2001 Cost of Living Increase	3,673,059	
Health Planning Agencies	227,000	
<b>Partially Restore GF for TANF Substitutions</b>	<b>3,842,544</b>	
CHIP of Virginia	1,342,544	
Domestic Violence Programs	500,000	
United Community Ministries	100,000	
Hampton Healthy Start Prog.	150,000	
Healthy Families	1,750,000	
<b>Subtotal-Restoration of Budget Cuts</b>	<b>20,998,854</b>	<b>11,036,073</b>
<b>Community Mental Health, MR, SA Services</b>	<b>7,535,000</b>	
MR Waiver Waiting List□	4,000,000	4,255,934
MR Non-Waiver Waiting List□	2,000,000	
Community Psychiatric Services□	1,500,000	
Study of a Center for Geriatric Excellence	35,000	
<b>Services for Frail Elderly</b>	<b>3,171,000</b>	
Access to Prescription Drugs (\$371k for SWVa)	1,871,000	
In-Home Care for the Elderly□	450,000	
Home-Delivered Meals□	400,000	
Expand Public Guardianship Programs	50,000	
James City Co. Elderly Services	50,000	
Northern Virginia Ombudsman Program	50,000	
Expand Adult Protective Services□	300,000	
Adult Day Care & Respite Care□		2,354,500
<b>Services for Physically Disabled</b>	<b>2,000,000</b>	
Centers for Independent Living-Statewide□	600,000	
Expand 3 Satellite Centers for Independent Living□	250,000	
Disabled-Supported Employment□ (Sheltered Workshops)	700,000	
Brain Injury Support Services□	250,000	
Mill House for Brain-Injured□	100,000	
Outreach-Deaf & Hard of Hearing□	100,000	
Deaf & Hard of Hearing-Telcom Relay Fund□ (SCC)		268,000
<b>Health / Other</b>	<b>3,002,593</b>	
Medicaid Coverage-Breast/Cervical Cancer (SB 1377)□	622,593	1,220,158
VDH-Regional Water Improvement Projects (PD 1,2,3)	500,000	
SE Rural Community Assistance Project□	400,000	
Increase for 5 AHECs□	200,000	
Suicide Prevention Initiatives-VDH□	200,000	
Suicide Prevention Initiatives-MHMR	125,000	
SW Va. Graduate Med. Ed. Consortium□	50,000	

## HHR Subcommittee Recommendations

	<u>GF</u>	<u>NGF</u>
Osteopathic Medical Services in SW Va.□	75,000	
Folic Acid for Preventing Birth Defects□	45,000	
African-American Health Assessment□	50,000	
Fredericksburg Child Dental Project□	20,000	
Lynchburg Health Department Funding	50,000	
Olde Towne Medical Center	50,000	
Nelson Co. Rural Health Outreach Project	45,000	
VDH-Retention of Medical Scholarships and Loans		100,000
Nursing Home Care-Persons w/Acquired Brain Injury□	50,000	52,930
Initiatives to Reduce Foster Care Placements□	250,000	
Community Action Agencies (+TANF)	250,000	750,000
Added Federal Funds for Subsize Child Care		23,591,720
Child Care Resource and Referral		200,000
Caseload Contingency (TANF)		13,906,480
Heating Assistance (TANF)		5,000,000
Rental Assistance Pilot (TANF)		500,000
Child Advocacy Centers (TANF)		200,000
DHP-Council on the Future of Nursing (SB1378)	10,000	
DSS-Study of Permanent Foster Care (SB 912)□	10,000	
<b>Subtotal-High Priority Needs</b>	<b>15,708,593</b>	<b>52,399,722</b>
<b>TOTAL</b>	<b>36,707,447</b>	<b>63,435,795</b>



## Recommendations: GF Savings

	FY 01	FY 02	Add NGF
Eliminate Proposed Increase-EMS Training		(1,000,000)	
Revert & Reapprop. MHMR FY 2000 Balances	(3,724,563)		
VCU Indigent Care (Conform FY 01 to FY 02)	(11,000,000)		11,700,000
SVMHI-Acute Care Purchases in Community		(1,625,991)	
SVMHI-Community Long Term Care Alternatives		(1,400,000)	
SVMHI-5% Institutional Savings in FY 02		(369,638)	
	(14,724,563)	(4,395,629)	

## SVMHI

### Introduced Budget:

- 1) Close Southern Virginia Mental Health Institute.
- 2) Use institutional funds for severance benefits and treatment transition.
- 3) Add \$4.5 million for community treatment alternatives.

Introduced Budget- <b>Acute Care</b> Purchases in Community	2,450,991
Subcommittee Reduction	(1,625,991)
<b>Funds remaining for purchase of community care*</b>	<b>825,000</b>

(Estimated reduction in SVMHI capacity: 5 beds)

\* Community Acute Care (about \$450 day, average 7 day stay, \$165,000/yr. to reduce capacity by one bed)

Intro. Budget-Community <b>Long-Term Care</b> Alternatives	2,100,000
Subcommittee Reduction	(1,400,000)
<b>Funds remaining for purchase of community care**</b>	<b>700,000</b>

(Estimated reduction in SVMHI capacity: 10 beds)

\*\* Community Long-Term Care (about \$70,000/yr.)

### Current SVMHI Appropriation

GF	7,392,752
NGF	1,740,131
Total	9,132,883
5% Savings	(456,644)
Revised Total	8,676,239
GF Savings	(369,638)

### Subcommittee Recommendations:

- 1) Add budget language prohibiting closure of SVMHI.
- 2) Leave \$1.5 million in the budget to purchase community treatment.
- 3) A slight reduction in need for SVMHI capacity might occur.  
(Total capacity might decline from 70 to 55 beds).

**Language Added in SB 800:**

Dept. of Mental Health, Mental Retardation and Substance Abuse Services

Page 326, after line 26, insert:

"Q.1. The Commissioner shall establish a community implementation and transition team consisting of Department staff and representatives of the jurisdictions surrounding and encompassing any institution proposed for restructuring, including local governing officials, consumers, family members of consumers, advocates, facility employees, community services boards, public and private service providers, local health department staff, local social services staff, sheriffs' office staff, and other interested citizens. In addition, the members of the House of Delegates and the Senate of Virginia elected to serve the jurisdictions surrounding and encompassing the relevant institution shall serve on the community implementation and transition team for the relevant institution. Each community implementation and transition team shall advise the Commissioner on (i) the types, amounts, and locations of new and expanded community services needed to successfully implement the restructuring of the mental health system in Virginia; (ii) the development of a detailed implementation plan designed to build community mental health infrastructure; (iii) the creation of new and enhanced community services prior to the restructuring of the relevant institution, the reduction in beds of the relevant institution, the conversion of the use of the relevant institution, or any changes in the services of the relevant institution; (iv) the transition of institutionalized patients to community services; and (v) resolution of issues relating to the restructuring transition process, including employment issues.

2. At least nine months prior to a proposed restructuring, the community implementation and transition team shall submit a plan to the Joint Commission on Behavioral Health Care for review.

3. The Commissioner shall ensure that each restructuring plan includes the following components: (i) a plan for community education; (ii) state-of-the-art practice models, including such models for rural areas; (iii) a plan for assuring the availability of adequate professional treatment staff in the affected community; and (iv) an individual services plan for each patient being transferred or discharged as a result of the restructuring in compliance with § 37.1-197.1(A)(3), Code of Virginia.

4. The Joint Commission on Behavioral Health Care shall make recommendations to the Governor on the relevant plan no later than six months prior to the proposed restructuring date.
5. The Governor shall submit to the General Assembly such legislation and appropriations revisions as necessary to implement the plan.
6. If the necessary legislation and appropriations revisions are enacted, the Commissioner shall ensure that the plan components required by paragraph Q.3 of this item are in place and may perform all tasks necessary to facilitate restructuring of the relevant facility."

(This amendment establishes a process for developing and implementing any proposed restructuring plan for state mental health facilities.)