

*Report of the
House Appropriations
Subcommittee*

on

Health & Human Resources



House Bill 1500

February 6, 2005

**Respectfully Submitted by the House Appropriations Subcommittee
on Health & Human Resources:**

Phillip A. Hamilton, Chairman

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REPORT OF THE SUBCOMMITTEE
on
HEALTH & HUMAN RESOURCES

Mr. Chairman and Members of the Committee:

The budget we passed last year provided critical investments that preserved and improved the safety net of services for our most vulnerable citizens. I think we can all be proud of the fact that we provided 860 new mental retardation waiver slots and 105 new waiver slots for individuals with developmental disabilities. While we still have a way to go before all the slots are fully implemented, we are making tremendous progress in making these services available to individuals on the waiting list. You may remember that we also put in place a new waiver program with 300 slots for mentally retarded individuals who can benefit from day supportive services.

Last year, we also provided funding to maintain access to Medicaid services by increasing payments to critical health care providers. Most of those increases will go into effect on July 1 of this year.

With these initiatives in place, when the Subcommittee came to Richmond this year, we recognized that the Committee would be eager to address issues that did not get resolved in the budget we passed last year - issues such as transportation, the accelerated sales tax and the Chesapeake Bay. We recognized that many of our initiatives from last year were underway and that there would most likely be only short Session adjustments, but no new major initiatives.

Even so, there is reason to be proud of the budget recommendations we are making today for Health and Human Resources. These recommendations reaffirm our commitment to preserving the safety net for low-income children, elderly and disabled citizens. They provide funding to help improve access to

needed health care services. And, they attempt to build on the community-based programs that we've put into place and that have proven successful in the delivery of services to our most vulnerable citizens.

We are recommending that we maintain our commitment to preserve the current array of Medicaid services and the current eligibility criteria by providing more than \$182.7 million in state funding. We are also recommending an additional \$9.2 million in state funds to fully fund enrollment growth in the state children's health insurance program.

While this budget already contains funding to help improve access to Medicaid services by providing rate increases to some of our health care partners, we are continuing to lose other providers, such as physicians, simply because they can no longer afford to subsidize the cost of serving Medicaid recipients.

Most of our physician partners have not had an increase in Medicaid rates since 1990 - 15 years ago! Mr. Chairman, not many businessmen could afford to go 15 years without an increase in the price of the goods or services they provide, without throwing in the towel. And that is exactly what is happening in the Medicaid program. We're losing providers, which results in a loss of critical services for children, elderly and disabled individuals.

For that reason, we are recommending \$33.2 million in funding to uphold the Governor's commitment to improve access to obstetrical services. This will increase Medicaid payment rates by 34 percent. We are also recommending almost \$5.9 million to increase Medicaid rates by 10 percent for dental services. Without these increases, access for these critical services would be severely restricted.

In addition to these specific increases, we are recommending that the additional revenues expected to be deposited into the Virginia Health Care Fund, upon passage of House Bill 2918, be set

aside for Medicaid provider rate increases beginning in FY 2006. As you remember, House Bill 2918 provides for the assignment to the state of escrow funds paid by small tobacco manufacturers who do not participate in the Tobacco Master Settlement Agreement. While we believe there will be substantial new revenues as a result of this bill, we felt that it would be fiscally imprudent to appropriate funds until we have a firmer grasp on exactly how much will be generated through the provisions in the bill.

Mr. Chairman, as I indicated at the beginning of my remarks, last year we put in place a number of initiatives to address the needs of individuals with mental retardation. And while we also added funding to expand community-based programs for individuals with mental illness, we continue to face problems with acute inpatient bed shortages for individuals with serious mental illnesses.

Therefore, members of this Subcommittee felt very strongly that any additional funding that could be redirected by the Committee should be used to address one of the most pressing concerns facing our mental health system, the lack of available community hospital beds for those with serious mental illnesses. Unfortunately, our efforts were hampered by the need to provide additional resources for the Medicaid program due to a decline in revenues from the Virginia Health Care Fund.

As you know, the Governor reported that tobacco revenues that are deposited into the Fund will be \$37.9 million lower than anticipated this year. Nevertheless, the Subcommittee was able to redirect funding to provide a total of \$4.7 million to expand community crisis stabilization services across six regions in the Commonwealth. These crisis services provide intensive services for individuals who would otherwise be hospitalized at a more expensive cost.

Mr. Chairman, the Subcommittee is also recommending a number of "Olmstead Initiatives" that will continue our progress in treating disabled citizens with appropriate services in their own

communities. We are recommending about \$5.5 million in state funds to provide children's mental health services, early intervention services for infants and toddlers, public guardian programs, and services provided to physically disabled individuals through Centers for Independent Living. In addition, we are recommending \$6.9 million in state funds for critically needed medications for mentally disabled individuals in our communities and state facilities.

We are also recommending funding to help retain nurses in our state mental health and mental retardation facilities. This, along with other compensation initiatives, will help ensure that we do not lose our highly trained and most experienced nursing staff.

In terms of social services, the Subcommittee is recommending additional state funding of \$9.4 million for child day care subsidies for at-risk families and child day care licensing to free up Temporary Assistance to Needy Families funds for caseload increases. The Subcommittee also heard testimony about the need for additional funding to comply with federal requirements to improve our foster care and child welfare system. Since we have a year to renegotiate with the federal government on how much additional investment is needed to comply with federal requirements, we felt it was prudent to approach the funding with caution. Therefore, we are recommending \$2.7 million in state funds -- a level of funding that is a reasonable first step in addressing federal concerns. We know we may need to revisit this issue next year as we renegotiate with the federal government.

Over the past several weeks, the Committee has heard extensively about the problems with the backlog of cases at the forensic laboratory. A lesser known problem has been the backlog of cases requiring medical investigations performed by the Office of the Chief Medical Examiner. This backlog deprives our police of essential medical information and delays by months their ability to complete their investigations. For this reason, we are recommending funding to provide four death investigator positions and one autopsy technician.

Finally, Mr. Chairman, the Subcommittee struggled with the availability of resources to provide an increase in the Auxiliary Grant rate provided to low-income elderly and disabled adults living in Assisted Living Facilities. This past year, we've all read the articles and heard the stories related to quality of care problems facing some of these facilities that provide Assisted Living services to Auxiliary Grant recipients. The problems facing these facilities are multi-faceted. They require a comprehensive solution which includes adequate payment for services, better medication management, links to community services for those in need of specialty services such as mental health and mental retardation services, staff training, and better state oversight.

House Bill 2512, passed by this Committee and engrossed yesterday, provides a framework to improve the care and accountability in these facilities. To support this effort, the Subcommittee is recommending funding for additional licensing inspectors and an increase in the Auxiliary Grant rate from \$894 per month to \$910 per month. While we would have liked to have provided a greater increase, we recognize that "Rome wasn't built in a day." We hope to revisit this issue next Session.

Mr. Chairman, I would like to thank the Subcommittee members for their hard work this Session and I would like to thank the entire Committee for their efforts to preserve our safety net programs. The details of the Subcommittee's recommendations are contained in the attachments which the staff will walk through with you. It is my hope that you will adopt our recommendations.

BUDGET AMENDMENT RECOMMENDATIONS

<u>Amendment</u>	2004-06 BIENNIAL TOTAL		
	General <u>Fund</u>	Nongeneral <u>Fund</u>	<u>FTE</u>

Health & Human Resources

HB 1500

Secretary of Health & Human Resources

Task Force & Summit to Strengthen Families Language

Comprehensive Services Act for At-Risk Children and Youth

CSA Administrative Cost Formula Language

Department for the Aging

Alzheimer's Research 50,000 0

Evaluation of Public Guardian Program Language

Department of Health

Chief Medical Examiner-Death Investigators 260,468 0 4.00

Chief Medical Examiner-Autopsy Technician 45,649 0 1.00

Revise Audit Req.-Health Planning Agencies Language

HB 1824-Newborn Screening Program 0 952,807

Department of Medical Assistance Services

Virginia Health Care Fund Shortfall 11,000,000 (11,000,000)

Enhanced Hospital NICU Payments 250,000 250,000

Revise Funding for Involuntary Mental Commit. (2,738,799) 0

Defer FAMIS Expansion for Preg. Women (3,327,169) (6,179,029)

Defer Hospital Payment Adj. Factor Increase (3,613,900) (3,613,900)

Medicaid Effect of Aux. Grant Rate Inc. (1,167,985) (1,167,985)

HB 2918-Earmark Va. Health Care Fund Rev. Language

Defer New Program-Transition Costs for Lvg. Facilities (370,000) (370,000)

Medicaid P & T Committee Composition Language

Medicaid P & T Comm. Quarterly Meetings Language

Medicaid Preferred Drug List Reporting Language

Medicaid Day Support Waiver Services Language

Exempt Certain Drugs from Preferred Drug List Language

Report on Medicaid Rates for Dialysis Services Language

Medicaid Disease State Management Program Language

Department of Mental Health, Mental Ret. & Sub. Abuse Svs.

BUDGET AMENDMENT RECOMMENDATIONS

<u>Amendment</u>

2004-06 BIENNIAL TOTAL		
General <u>Fund</u>	Nongeneral <u>Fund</u>	<u>FTE</u>

HB 30 TOTAL

1,632,819

(21,128,107)

6.00