

## Health and Human Resources

The Governor's proposed amendments for Health and Human Resources (HHR) provide a net increase of \$119.6 million GF and \$41.0 million NGF compared to the 2006-08 biennial budget (Chapters 3 and 10). This total reflects new biennial spending of \$149.3 million GF and \$67.0 million NGF offset by reductions of \$29.7 million GF and \$26.0 million NGF.

Almost 70 percent or \$104.1 million of the increase in GF appropriations is required to comply with federal and state mandates, meet caseload and cost increases, and maintain services at current levels. More than half of this increase is due to a \$58.2 million decline in projected revenue from the Virginia Health Care Fund which is used to fund a portion of the state's share of Medicaid payments. The fund was created by the 2004 General Assembly to earmark certain revenues to pay for the provision of state-funded health care services, including Medicaid payments. The fund is comprised of revenues from 40 percent of the Tobacco Master Settlement Agreement (MSA), tobacco tax revenues, the assignment of escrow funds by small tobacco manufacturers who do not participate in the MSA, and Medicaid recoveries. Of these four revenue sources, three are expected to be less than anticipated including \$14.0 million less from the Tobacco Master Settlement Agreement, \$33.0 million less from non-participating manufacturers of tobacco products (since none have chosen to assign their escrow funds to the Commonwealth), and \$16.4 million less from tobacco tax revenues.

Spending necessary to meet federal requirements and maintain services at current levels requires the addition of \$44.8 million GF. This includes a total of \$26.0 million to meet the new federal requirements for the Temporary Assistance to Needy Families (TANF) program and \$17.7 million to offset the loss of federal funds for child welfare services, child support enforcement activities, and aging programs due to changes in federal reimbursement policy and reductions in federal funding. Caseload and cost increases account for \$16.4 million GF of this added funding: \$16.3 million for increased costs in the Comprehensive Services Act program for at-risk children and youth and \$111,530 to meet the growing caseload of children referred by courts for competency restoration services.

Proposed initiatives of \$33.1 million GF would provide selected health care provider rate increases and service expansions. These include \$5.3 million to add 170 community mental retardation waiver slots, \$5.2 million GF for an eight percent rate increase for pediatric services provided through the Medicaid and children's health insurance program, \$3.3 million GF for an increase in Medicaid-funded inpatient psychiatric hospital services, \$3.0 million to increase payments to foster care and adoptive families by 10 percent, \$2.9 million to pilot a voluntary quality ratings system for preschool day care programs, \$2.6 million to expand FAMIS eligibility for pregnant women from 166 percent to 200 percent of the federal poverty level, \$1.7 million to provide a matching grant for the renovation of a nonprofit assisted living facility, and \$1.4 million to provide funding for additional Human Papillomavirus vaccinations for girls entering the 6<sup>th</sup> grade.

General fund spending reductions are concentrated in three areas: Medicaid (\$16.7 million GF), the Department of Social Services (\$10.4 million) and mental health, mental

retardation and substance abuse services (\$1.4 million GF). Medicaid savings result from lower estimates of utilization and inflation in the Medicaid and children's health insurance programs and a lower than estimated use of community waiver slots by individuals currently residing in state mental retardation training centers. Reductions in the Department of Social Services represent surplus funding in the foster care and adoption subsidy programs. Finally, savings in the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS) result from a reduction of funds needed for the new sexually violent predator facility due to revised estimates of civil commitments through the remainder of the biennium.

- **Secretary of Health and Human Resources**

- *Small Business Health Insurance Risk Pools.* Includes \$100,000 GF the second year to encourage the development and operation of health insurance risk pools for small businesses pursuant to Chapter 427 of the 2006 Acts of Assembly.

- **Comprehensive Services for At-Risk Youth and Families**

- *Mandatory Caseload and Cost Increases.* Adds \$4.4 million GF the first year and \$7.1 million GF the second year to fully fund anticipated growth in the CSA program. Of this amount, \$1.9 million GF each year represents a transfer from the Department of Social Services for 213 children who are no longer eligible for federally-funded foster care services (Title IV-E) and are moving to the state and locally-funded foster care (CSA) program. Changes included in the Deficit Reduction Act (DRA) of 2005 have made it more difficult for children to qualify for the federally-funded foster care program. The balance of funding accommodates projected annual growth of 7.5 percent.
- *Provide GF for Therapeutic Foster Care Services.* Provides \$1.2 million in FY 2007 and \$3.6 million in FY 2008 from the general fund and reduces \$1.4 million in FY 2007 and \$5.8 million in FY 2008 from federal Medicaid matching funds to replace funding for therapeutic foster care services. The Deficit Reduction Act (DRA) of 2005 eliminated federal Medicaid matching funds for most therapeutic foster care services provided to children and adolescents in the CSA program. State funding – and local resources not reflected here – will replace lost federal funds for these services.
- *Restore GF for CSA Trust Fund.* Restores \$965,579 GF the second year for services provided according to the CSA Trust Fund. This budget action replaces general fund support for the CSA Trust Fund instead of using federal TANF block grant dollars. Similar amendments in the proposed budget leverage federal TANF block grant activities for TANF-related child care and employment services as a result of federal reauthorization of the TANF program.

- **Department for the Aging**

- *Increase Funding for Home-delivered Meals.* Adds \$704,000 GF in the second year to increase the number of meals delivered to home-bound elderly citizens. Funding will be provided to Virginia’s 25 area agencies on aging to increase the number of meals served by 135,000 each year.
- *Funding for No Wrong Door System.* Includes \$554,184 GF in the second year to continue development of the “No Wrong Door” system designed to improve statewide access to long-term care services for the elderly. Of this amount, \$340,000 is for software and other development services, \$50,000 will be added to the current \$250,000 appropriation for the Senior Navigator program, and \$164,184 will be used to develop the in-house expertise to manage the project upon completion.
- *Replace Reduction in Federal Funding.* Provides \$121,509 GF and reduces \$96,509 NGF in the second year to replace declining federal revenues from the Older Americans Act block grant. General fund dollars will provide for salary and fringe benefit costs currently supported by the grant, the largest source of federal revenue for the department.

- **Department for the Deaf and Hard-of-Hearing**

- *NGF Appropriation for Virginia Relay Services.* Includes \$14.2 million in the second year to reflect the transfer of funds for the Virginia Relay Services from the State Corporation Commission to the Department for the Deaf and Hard-of-Hearing. Funding will allow the department to continue to operate the service through AT&T, handle increased costs related to the contract extension, and pay for additional administrative costs. The source of nongeneral funds for these services comes from the new Virginia Communications Tax collected by the Department of Taxation.

- **Department of Health**

- *Purchase of Influenza Antiviral Treatment.* Includes \$9.6 million GF in the first year from FY 2006 year-end balances to purchase the maximum number of influenza antiviral treatments available from the federal government. Combined with the allocation of treatments available from the federal government, it is anticipated that the Commonwealth will be able to treat 25 percent of the population – or 1.8 million individuals – who are expected to become ill should an outbreak of flu pandemic occur.
- *Restore GF for Programs Funded with Federal TANF Block Grant Dollars.* Restores \$4.2 million GF in the second year to five health department programs that have received federal TANF block grant dollars. An equal amount of federal TANF block grant dollars are freed up for child care and employment services to

address a projected caseload increase as a result of federal reauthorization of the program. General fund restorations include the following programs and amounts:

- Comprehensive Health Investment Project - \$2,141,890
  - Teenage Pregnancy Prevention Programs - \$910,000
  - Partners in Prevention - \$765,000
  - Virginia Health Care Foundation - \$200,000
  - Resource Mothers - \$176,800
- ***Funding for Human Papillomavirus (HPV) Vaccinations.*** Adds \$1.4 million GF in the second year to supply local health departments with the HPV vaccine for girls who are ineligible for the federally-funded Vaccines for Children Program and who are not expected to receive the vaccine from private health insurance. Chapter 716 of the 2006 Acts of Assembly sets out the minimum requirements for the immunization of children for the State Board of Health to ensure the Commonwealth is in line with the immunization schedule developed and published by the Centers for Disease Control and Prevention, Advisory Committee on Immunization Practices, the American Academy of Pediatrics, and the American Academy of Family Physicians. This amendment assumes that the Centers for Disease Control (CDC) and Prevention Immunization Schedule will be updated to require the HPV vaccine.
- ***Additional Funding for Health Information Technology.*** Includes \$800,000 GF for the biennium to facilitate the adoption of health information technology by public and private providers. In the first year, an additional \$300,000 is for one-time grant awards for the development of an electronic health record system, bringing total funding available the first year to \$800,000. In the second year, \$500,000 will be used to match special funds for the development and implementation of electronic medical records that will be used by local health departments.
- ***Expand Scholarship and Loan Repayment Programs for Physicians and Nurses.*** Provides \$450,000 GF in the second year to expand financial incentives to address current physician and nursing shortages. Of this amount, \$250,000 will be added to the current appropriation of \$780,964 to provide financial incentives to increase the supply of physicians delivering care in underserved regions of the state while \$200,000 will be used to initiate a new scholarship and loan repayment program for students pursuing advanced nursing degrees with priority given to master's level degree candidates willing to teach in community colleges.
- ***Funding for Office Relocation Expenses.*** Adds \$382,336 GF and \$18,265 NGF in the first year and \$31,312 GF and \$73,060 NGF in the second year for one-time moving costs as well as higher lease costs associated with the relocation of the Office of Licensure and Certification to new office space.

- *Increase Number of Medicaid Assistance Coordinators (VHCF).* Provides \$250,000 GF in the second year to expand the number of medication assistance coordinators across the Commonwealth to provide outreach assistance to low-income, uninsured persons living in medically unserved or underserved areas of the state who need help in obtaining free prescription drugs. Current funding for the program is \$600,000 annually.
- *Additional Lease Costs for Local Health Departments.* Adds \$140,666 GF and \$56,266 NGF in the second year to pay for additional lease costs associated with new or expanded facilities in Suffolk, Tazewell, New Kent, and Middlesex counties. These localities have been identified by the Department of Health as having the top critical needs due to health, safety, and other structural deficiencies.
- *St. Mary's Health Wagon.* Includes \$100,000 GF in the second year for the St. Mary's Health Wagon, a community-based health care provider serving the residents of Buchanan, Dickenson, and Wise counties. One-time funding of \$100,000 GF was provided for the program in FY 2007.

- **Department of Health Professions**

- *Additional NGF for Prescription Drug Monitoring Program.* Adds \$276,524 in FY 2007 and \$304,230 in FY 2008 from a federal Department of Justice grant to continue the operation of the Virginia Prescription Drug Monitoring Program, allowing the department to continue to monitor the sale and dispensing of legal drugs in order to stop abuse and diversion of controlled substances
- *Regulation of Medication Aides.* Includes \$153,550 NGF from fee revenues and three positions in FY 2008 to oversee the regulation of medication aides who administer prescription drugs to residents of assisted living facilities.

- **Department of Medical Assistance Services**

- *Virginia Health Care Fund Shortfall.* Adds \$25.1 million GF in the first year and \$33.1 million GF in the second year and reduces an equal amount of appropriations from the Virginia Health Care Fund to fully fund the Medicaid program. Revenues in the fund are used as a portion of the state's match for the Medicaid program. Of the fund's four revenue sources, three are expected to be less than anticipated including \$14.0 million less from the Tobacco Master Settlement Agreement, \$33.0 million less from non-participating manufacturers of tobacco products (since none have chosen to assign their escrow funds to the Commonwealth), and \$16.4 million less from tobacco tax revenues.
- *Mental Retardation (MR) Waivers for Community Residents.* Adds \$5.3 million GF and \$5.3 million NGF from federal Medicaid matching funds to serve 170 additional individuals with mental retardation waiver services who are on the

urgent waiting list and living in the community. Approximately 3,400 individuals are currently on the waiting list for the MR waiver program.

- ***Increase Pediatric Service Rates.*** Proposes \$5.2 million GF and \$5.8 million NGF from federal Medicaid matching funds to increase pediatric service rates by an additional eight percent effective July 1, 2007, resulting in a 15 percent rate increase in FY 2008. The current budget includes funding to boost pediatric service rates by seven percent. This targeted rate increase is requested to encourage the participation of pediatricians and other pediatric service providers to address the needs of children in the FAMIS and Medicaid programs.
- ***Increase for Inpatient Hospital Psychiatric Services.*** Provides \$3.3 million GF and \$1.6 million NGF from federal matching funds in FY 2008 to increase the rates paid for inpatient hospital psychiatric services from 78 to 84 percent of allowable costs. Funding is also provided to exclude four, free-standing psychiatric hospitals from the department's triennial rebasing of inpatient hospital services, which would otherwise result in lower reimbursement rates for these facilities. This rate increase is designed to stem the loss of inpatient psychiatric beds and improve access to psychiatric services in local hospitals as opposed to state facilities.
- ***Expand Access to Prenatal Care for Pregnant Women (FAMIS Moms).*** Adds \$2.6 million GF and \$4.8 million NGF from federal matching funds the second year to increase eligibility for the FAMIS Moms program from 166 to 200 percent of the federal poverty guidelines. The 2006 General Assembly provided funding to increase eligibility from 150 to 166 percent of the federal poverty level beginning July 1, 2007. This expansion is expected to increase access to prenatal care for 900 women each year, improve birth outcomes, and reduce uncompensated care at hospitals.
- ***Increase Nursing Home Resident's Personal Needs Allowance.*** Adds \$925,235 GF and an equal amount of federal Medicaid matching funds in the second year to increase the amount of money a nursing home resident can retain for incidental expenses by \$10.00 each month. With the exception of \$30.00 each month, most income of nursing home residents is retained by Medicaid to defray the cost of an individual's care.
- ***Additional Funding for the National Provider Identifier Initiative.*** Includes \$781,765 GF and \$6.1 million NGF in FY 2007 and a reduction of \$48,403 GF and \$352,922 NGF in FY 2008 from federal matching funds to adjust funding to implement federally-mandated changes to Medicaid's health information systems. The anticipated cost of updating information technology systems to include National Provider Identifier fields for all Medicaid provider files is now expected to be higher in the first year and slightly less in the second year. Beginning in May 2007, all required health plans and medical providers must use a standard federal identifier for all electronic transactions.

- ***Improve Access to High-Risk Maternity Program.*** Includes \$498,899 GF and an equal amount of federal Medicaid matching funds in the second year to boost the rate paid for care coordination services for pregnant women and infants up to age two from \$41 to \$123, based on 30 days of care. This initiative is designed to improve access to the department’s BabyCare program to improve birth outcomes for high-risk pregnant women and diminish costly spending related to the birth and chronic care of low birth weight infants.
  
- ***Money Follows the Person Demonstration Project.*** Provides \$489,354 GF and \$6.7 million NGF from federal funds in FY 2008 to facilitate the movement of up to 290 individuals each year from more costly institutional settings to the community. The federal government is providing Medicaid funding at a higher match rate – three to one instead of a dollar for dollar match – to encourage states to build the community infrastructure necessary to transition individuals from nursing homes, intermediate care facilities, and long-stay hospitals into the community. As part of this initiative, 15 new developmental disabilities waivers will be set aside for children currently residing in nursing homes.
  
- ***Additional PACE Program Site.*** Includes one-time funding of \$250,000 GF in FY 2008 to establish an additional PACE program (Programs for the All-Inclusive Care of the Elderly) in northern Virginia. PACE programs are designed to integrate Medicaid and Medicare services to meet the range of needs of frail citizens 55 and over who are at risk of nursing home care. PACE programs may provide a more cost-effective approach to serving the long-term care needs of Virginia’s aged.
  
- ***Mental Retardation (MR) Waivers for Training Center Residents.*** Reduces \$2.6 million GF and \$2.6 million NGF in the first year and \$2.7 million GF and \$2.7 million NGF in the second year for MR waiver slots to be used in the biennium for training center residents. This reflects the fact that fewer residents than anticipated at Central Virginia and Southeastern Virginia Training Centers are projected to enroll in the community-based mental retardation waiver. The department maintains that 149 individuals who have been identified as ready for discharge will eventually choose to enroll in the MR waiver program and leave these training centers. A separate budget amendment reallocates these budget savings for 170 individuals with mental retardation who are on the urgent waiting list and living in the community.
  
- ***Family Access to Medical Insurance Security (FAMIS) Utilization and Inflation.*** Reduces \$2.5 million GF and \$4.6 million NGF in the first year and \$2.5 million GF and \$4.7 million NGF in the second year from the budgeted appropriation for the FAMIS program to reflect lower than anticipated costs in the program. Notwithstanding this reduction, expenditure growth in the program is expected to remain at double-digit levels during the biennium. The department reports that the actuarial rates paid to managed care organization in FY 2007 fell, compared to the previous year. FAMIS provides health insurance coverage to children under

- 19 in families with income between 133 and 200 percent of the federal poverty guidelines.
- ***Medicaid Utilization and Inflation.*** Reduces \$6.5 million GF and adds \$19.9 million NGF in the first year and adds \$2.1 million GF and \$22.9 million NGF in the second year to adjust appropriations for the Medicaid program, consistent with projected annual growth of eight to nine percent.
  - ***State Children's Health Insurance Program (S-CHIP).*** Reduces \$577,462 GF and \$1.1 million NGF in the first year and \$474,579 GF and \$881,360 NGF in the second year from the budgeted appropriation for the Commonwealth's S-CHIP program that provides health insurance for children older than six years who are in families with income between 100 and 133 percent of the federal poverty guidelines. Recent enrollment data suggests that caseload growth is slightly less than anticipated, resulting in lower projected spending. Even with this downward adjustment, expenditure growth in the program is expected to remain at double-digit levels during the biennium.
  - ***Reduce Funding for Involuntary Mental Commitments.*** Reduces \$742,897 GF in the first year and \$270,337 GF in the second year reflecting recent data that indicates payments from the Involuntary Mental Commitment Fund will be less than currently budgeted. The fund pays for the cost of hospital and physician services for individuals who are subject to the involuntary mental health commitment process.
  - ***Modify Implementation of the Specialty Drug Program.*** Reduces \$1.4 million GF and increases \$133,040 NGF in FY 2007 and adds \$360,111 GF and \$360,111 NGF in FY 2008 as a result of proposed changes to the Specialty Drug Program approved during the 2006 Session. This summer, federal authorities indicated that the department would need a Medicaid waiver to pursue this option, creating unexpected delays, limiting patient choice and potentially disrupting provider relations. Consequently, the department decided to pursue additional pharmacy rebates beginning in FY 2007, including rebates retroactive to FY 2003, and modify implementation of the specialty drug program beginning in FY 2008. The program is designed to control the cost of certain high-priced prescription drugs used to treat chronic conditions.
  - ***Enhance Medicaid "Waste, Fraud, and Abuse" Oversight Activities.*** Reduces \$702,165 GF and adds \$422,835 NGF in the second year to reflect additional recoveries to the Virginia Health Care Fund. Specifically, the department proposes to review and audit mental health and inpatient hospital diagnostic claims, resulting in reduced expenditures and additional recoveries. A position is included in this proposal to handle an expected increase in provider appeals.
  - ***Increase Reimbursement for Children's Intermediate Care Facility for Persons with Mental Retardation (ICF/MRs).*** Proposes budget language authorizing the



department to modify reimbursement for the capital costs of children's ICF/MRs to recognize the additional space requirements needed for equipment and treatment effective July 1, 2007. Under current law, capital costs for children's ICF/MRs are reimbursed at the same rate as nursing homes (i.e., up to 385 square feet per bed.) This proposal increases the reimbursement per square foot up to 750 for children's ICF/MRs. The \$165,000 GF annual cost of this initiative, which is not reflected in the Governor's budget recommendations, affects one facility in Norfolk (St. Mary's Home for Disabled Children).

- *Increase Fees for Hearing Aid Services.* Proposes budget language to replace the current dispensing fee for hearing aid services with a flat rate of \$300 and create a fee of \$80 for initial and subsequent visits. This change, which will become effective January 1, 2008, is designed to increase Medicaid's fee-for-serve rates to the same level paid by managed care organizations in order to improve access to hearing aids for children. The additional cost of this change, estimated to be \$68,000 GF annually when fully phased in, is not included in the proposed budget.
- *Authorize Expansion of Medicaid Family Planning Waiver.* Adds budget language authorizing the department to pursue a Medicaid waiver to extend coverage of family planning services to individuals with income between 133 and 200 percent of the federal poverty guidelines. During the 2006 session, family planning services were extended to individuals with income less than 133 percent of poverty. The expansion of Medicaid family planning services in other states has shown to avert unintended births, resulting in savings to the Medicaid program of approximately \$4,900 per case. Covered services, which are estimated to cost \$600 per individual, may include gynecological exams, breast and cervical cancer screenings, contraceptive counseling, sexually transmitted disease testing and referrals for pregnancy and prenatal care. No funds may be used to support abortion services.
- *Authorize Managed Care for Recipients of Adoption Assistance.* Includes budget language authorizing the department to move children receiving adoption subsidies into managed care for their health care services. This recommendation of the Medicaid Revitalization Committee is designed to improve the care and management of these cases.
- *Permit the Inclusion of Enhanced Benefit Accounts under the Disease State Management Program.* Adds budget language allowing the department to seek federal approval to include an incentive program for healthy behaviors under its disease state management program no earlier than July 1, 2008.
- **Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS)**
  - *Increase NGF for State MHMR Facilities.* Increases special fund appropriations by \$17.6 million NGF in FY 2007 and \$19.8 million NGF in FY 2008 to reflect

additional revenue expected to be collected by the state facilities from the Medicaid and Medicare programs. The additional revenue is expected to be used for facility staffing and medical services provided to residents.

- ***Restore Operating Costs at Southeastern and Central Virginia Training Centers.*** Restores \$3.9 million NGF in FY 2007 and \$7.6 million NGF in FY 2008 at two mental retardation training centers for operating costs that were estimated to decrease through census reduction efforts in preparation for rebuilding the facilities with a more efficient design. Restructuring efforts and facility replacement are anticipated to proceed at a slower pace than originally projected. The source of the nongeneral funds is additional revenue expected to be collected by the facilities from the Medicaid and Medicare programs.
- ***Development of Electronic Medical Records and Pharmacy Management System.*** Provides \$4.7 million NGF in the second year to begin implementation of a comprehensive clinical information system that manages the care data of patients in the state’s mental health and mental retardation facilities. An integral component of the information system will be the development of a clinical medication management application that will also support the billing system. The total cost of the project is estimated to be \$15.0 million.
- ***Child Psychiatry and Child Psychology Fellowships and Internships at the State Teaching Hospitals.*** Adds \$493,000 GF in the second year to provide eight internship positions for individuals specializing in child psychology or child psychiatry at a Virginia institution of higher education. As a condition of the internship, the recipient must agree to practice in an underserved area of the Commonwealth.
- ***Offset Loss of Federal IV-E Funds for Licensing and Human Rights Activities.*** Adds \$245,917 GF each year to offset the loss of federal IV-E funds for licensing and human rights activities. The 2006 General Assembly provided \$213,904 GF and \$34,224 NGF in FY 2007 and FY 2008 to add three inspectors in the Office of Licensing for added workload associated with statutorily-required responsibilities such as licensing, inspecting and investigating complaints of providers of mental health, mental retardation, substance abuse, and brain injury services. However, these positions were not filled and the funding was used to make up the deficit caused by the loss of Title IV-E funds.

The additional funding will allow the Office of Licensing to fill these three positions and the Office of Human Rights to maintain support for 2.5 FTE staff to monitor and implement the human rights regulations in programs licensed, operated and funded by the Department of Mental Health, Mental Retardation and Substance Abuse Services.

- ***Replace Federal Grants for Mental Health Services for Juveniles in Detention Centers.*** Adds \$173,945 GF in the second year to offset a loss of federal Juvenile

Accountability Block Grant funds at five detention centers. The block grant funds originally were awarded to the five detention centers in FY 2003 and are now scheduled to expire in FY 2008. Funding will be provided to the following detention centers: Tidewater Regional, Piedmont, Highlands, Richmond, and Shenandoah.

- ***Juvenile Competency Restoration Services.*** Proposes \$111,530 GF in the second year to provide additional court-ordered juvenile competency restoration services. Court orders for juvenile competency restoration services have increased by 52 percent in the past 8 months, which has led to waiting lists for services provided by local Community Services Boards.
- ***Add Position in Office of Community Integration for Disaster Preparedness Planning.*** Proposes one FTE position and \$67,882 GF in FY 2008 in the Office of Community Integration to work with the Office of Commonwealth Preparedness and state agencies to ensure disaster and emergency preparedness planning efforts include individuals with disabilities.
- ***Reduce Funding for Sexually Violent Predator (SVP) Facility.*** Reduces funding by \$354,911 GF in FY 2007 and \$1.0 million GF in FY 2008 based on the most recent census projections for the Virginia Center for Behavioral Rehabilitation. Current census projections, developed through a consensus forecast, indicate that the facility will have about 117 civil commitments by the end of FY 2008. Originally, the facility was estimated to house about 152 new civil commitments. This estimate was based on legislation passed during the 2006 Session which added offenses that qualify as sexually violent offenses for purposes of sentencing and changed the instrument used to identify prisoners to be reviewed for civil commitment.

- **Department of Rehabilitative Services**

- ***Adds Funds for Processing Medicaid Disability Determinations.*** Adds \$280,000 GF and \$280,000 NGF in the second year and 1.0 FTE to fund additional costs for determining whether applicants are eligible for Medicaid because of their disability. Federal law requires Medicaid disability applications to be processed within 90 days. Funding will be used to hire one full-time staff person and to pay for contractual services to assist in meeting the federally mandated timeframe.
- ***Address Waiting List for Vocational Rehabilitation Services.*** Adds \$578,871 GF in the second year to serve 180 eligible vocational rehabilitation consumers who are on the waiting list for services. The caseload for vocational rehabilitation services increased by 13.7 percent compared to last year.
- ***Transfer Certain Information Technology Positions from VITA to Agency.*** Transfers four FTE positions over the biennium from the Virginia Information Technologies Agency (VITA) back to the Department of Rehabilitative Services.

These positions support information technology that is not within the scope of VITA support such as specialized computer equipment and peripherals designed to assist persons with disabilities.

- **Department of Social Services**

- *Fund Costs to Comply with New Federal TANF Requirements.* The proposed budget adds \$1.1 million GF in FY 2007 and \$19.8 million GF and \$4.2 million NGF in FY 2008 to comply with new federal requirements for the Temporary Assistance to Needy Families (TANF) block grant. The federal Deficit Reduction Act of 2005 requires states to increase the number of TANF recipients engaged in work activities and changes the method used to calculate state work participation rates. The department estimates that an additional 6,153 TANF recipients will need to be engaged in a work activity to comply with federal requirements. The department is proposing to meet this target by eliminating some work exemptions in Virginia's program, modifying the definition of work activities and hourly requirements, providing day care assistance to families who will now be required to work, providing employment support, and implementing a new employment incentive benefit for families transitioning to self-sufficiency.

A significant amount of the new funding in the second year (\$13.8 million GF) will be provided to free up federal TANF funding that is currently used for community programs funded in the Department of Social Services that assist with self-sufficiency goals. In prior years, excess TANF funding was used to finance these community programs in lieu of general fund support or to expand the programs to serve additional needy families. Additional general fund dollars totaling \$5.2 million GF in FY 2008 are provided in the Comprehensive Services Act program and the Department of Health in lieu of TANF funds for community programs.

The introduced budget also reduces employment grants to community agencies by about \$1.6 million in TANF funds to free up funds for TANF reauthorization activities. A detailed table below shows proposed expenditures in the TANF program, including the proposed swap of general funds for community programs currently funded through TANF.

## TANF Block Grant Funding 2006-08 Budget

	Chapter 3		Governor's Proposal HB 1650/SB 750	
<u>TANF Resources</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2008</u>
Annual TANF Block Grant Award	\$158,285,000	\$158,285,000	\$158,285,000	\$158,285,000
Carry Forward From Prior Fiscal Year	67,096	326,037	(3,247,091)	180,423
<b>TANF Resources Available</b>	<b>\$158,352,096</b>	<b>\$158,611,037</b>	<b>\$155,037,909</b>	<b>\$158,292,937</b>
 <u>TANF Expenditures</u> 				
<i>VIP/VIEW Core Benefits and Services</i>				
TANF Income Benefits**	62,811,232	62,811,232	53,915,739	58,811,232
TANF Child Support Supplement	7,800,000	7,800,000	7,800,000	7,800,000
VIEW Employment Services	21,164,014	21,164,014	21,164,014	21,164,014
VIEW Child Care Services	1,500,000	1,750,000	1,500,000	1,750,000
TANF Reauthorization			3,345,493	20,711,448
<b>Subtotal, VIP/VIEW Benefits and Services</b>	<b>\$93,275,246</b>	<b>\$93,525,246</b>	<b>\$87,725,246</b>	<b>\$110,236,694</b>
 <i>Administration</i>				
State Administration	2,850,607	2,850,607	1,850,607	1,850,607
Information Systems	1,247,580	1,247,580	1,247,580	1,247,580
Local Eligibility and Administration	10,233,977	10,233,977	15,233,977	15,233,977
<b>Subtotal, Administration</b>	<b>\$14,332,164</b>	<b>\$14,332,164</b>	<b>\$18,332,164</b>	<b>\$18,332,164</b>
 <i>TANF Programming</i>				
Local Foster Care/Adoptions Staff	9,300,000	9,300,000	9,300,000	5,300,000
Employment Advancement for TANF Participants	7,466,331	7,466,331	5,850,000	5,850,000
Dept of Housing & Community Dev.	4,910,128	4,910,128	4,910,128	4,910,128
Local Domestic Violence Grants	1,062,500	1,062,500	1,062,500	0
Centers for Employment & Training	637,500	637,500	637,500	0
Domestic Awareness Campaign	127,500	127,500	127,500	0
Child Advocacy Centers	200,000	200,000	200,000	0
Teen Pregnancy Prevention Progs. (VDH)	910,000	910,000	910,000	0
Resource Mothers (VDH)	176,800	176,800	176,800	0
St Paul's College Project	85,000	85,000	85,000	0
People, Inc.	42,500	42,500	42,500	0
Community Action Agencies	3,397,859	3,397,859	3,397,859	0

## TANF Block Grant Funding 2006-08 Budget

	Chapter 3		Governor's Proposal HB 1650/SB 750	
<i>TANF Programming (continued)</i>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2008</u>
Healthy Families/Healthy Start	4,139,820	4,139,820	4,139,820	0
Comprehensive Health Investment Project	2,141,890	2,141,890	2,141,890	0
Hard to Serve Employment Services	957,821	957,821	965,579	0
Partners in Prevention (VDH)	765,000	765,000	765,000	0
United Community Ministries	38,250	38,250	38,250	0
<b><i>Subtotal, TANF Programming</i></b>	<b>\$36,358,899</b>	<b>\$36,358,899</b>	<b>\$34,750,326</b>	<b>\$16,060,128</b>
<b>TANF Expenditures, TOTAL</b>	<b>\$143,966,309</b>	<b>\$144,216,309</b>	<b>\$ 146,281,795</b>	<b>\$144,628,986</b>
<b>Transfers to other Block Grants</b>				
CCDF Transfer-Craig County Day Care	21,250	21,250	21,250	0
SSBG Transfer-Local Staff Support	4,408,502	4,408,502	4,408,502	4,408,502
SSBG Transfer-Comp. Services Act	9,419,998	9,419,998	9,419,998	9,419,998
SSBG Trans.-Fredericksburg Dental Clinic	10,000	10,000	0	0
SSBG Trans.-Va. Health Care Foundation	200,000	200,000	200,000	0
<b>TANF Transfers, TOTAL</b>	<b>\$14,059,750</b>	<b>\$14,059,750</b>	<b>\$14,048,750</b>	<b>\$13,828,500</b>
<b>TOTAL, TANF Expenditures &amp; Transfers</b>	<b>\$158,026,059</b>	<b>\$158,276,059</b>	<b>\$154,857,486</b>	<b>\$158,457,486</b>
<b>TOTAL, TANF Resources</b>	<b>\$158,352,096</b>	<b>\$158,611,037</b>	<b>\$155,037,909</b>	<b>\$158,465,423</b>
<b>TANF, Remaining Balance **</b>	<b>\$326,037</b>	<b>\$334,979</b>	<b>\$180,423</b>	<b>\$7,937</b>

NOTE: Numbers in italics represent changes proposed in HB 1650/SB 750.

\*TANF income benefits are reduced in the introduced budget due to the removal of the unemployed two-parent households as a separate program as allowed by federal TANF reauthorization. The wide fluctuations in two-parent households moving in and out of TANF on a monthly basis make it difficult to calculate and track work participation rates for these families. Removing them as a separate state program will allow the state to comply with the new federal work participation rates.

\*\*Remaining TANF balances are carried forward to the next fiscal year.

- ***Offset Loss of Federal Funds for Child Welfare Services.*** Adds \$5.2 million GF in FY 2007 and \$7.4 million GF in FY 2008 and reduces a like amount of nongeneral funds each year to offset a loss of federal Title IV-E foster care funds for child welfare services. Federal Title IV-E foster care funding provides for about 20 percent of all funding for local social worker staff, and foster parent and staff training. This revenue source is declining due to changes in federal reimbursement policy.

- ***Offset Loss of Federal Funds for Child Support Enforcement Operations.*** Adds \$4.9 million GF and reduces a like amount of nongeneral funds in FY 2008 to offset a loss of federal funds that can be counted as a match for child support enforcement incentive funds. The federal Deficit Reduction Act of 2005 changed reimbursement rules for child support enforcement earned incentives. Consequently, beginning October 1, 2008, the state will not be able to count earned federal incentive funds as the state’s match for federal child support enforcement moneys.
- ***Increase Payments to Foster Care and Adoptive Families.*** Proposes \$3.0 million GF and \$2.0 million NGF to increase maintenance payments for children in family foster homes and in adoptive families that receive subsidy payments by ten percent. In addition, the current annual clothing allowance is increased from \$300 to \$375 for children between the age of five and 12, and from \$300 to \$450 for children age 13 and above.
- ***Pilot Voluntary Quality Ratings System for Preschool Day Care Programs.*** The introduced budget proposes \$2.9 million GF and three FTE positions in FY 2008 to pilot a voluntary quality ratings system for preschool day care programs. The system is intended to provide a method of assessing and rating the quality of early childhood education programs with the goal of improving the learning environment for preschool children and providing consumers with a tool to understand and identify quality programs.
- ***Provide Match for Arlington Assisted Living Residence Renovation.*** Adds \$1.7 million GF in FY 2007 as a matching grant for Arlington County to renovate the Arlington Assisted Living Residence which serves 52 disabled, low-income residents. The County has partnered with the Volunteers of America (VOA) to operate the facility. The VOA was awarded a federal grant of \$4.8 million to cover most of the cost of renovating the facility.
- ***Implement New Payment System for Child Day Care Subsidy Program.*** Proposes \$942,491 GF in the second year to begin implementation of a new system for child day care subsidy payments. The new system will utilize electronic benefits transfer (EBT) payments to allow for real-time documentation of attendance to ensure proper use of subsidies and prevent fraud through payment tracking and alerts. The total cost of the project is estimated to be \$4.5 million. Language is added requiring the department to report on the status of the system by July 1 annually to the Chairmen of the money committees and the Secretary of Health and Human Resources and the Department of Planning and Budget.
- ***Transfer GF Funds to CSA for State Foster Care Service Costs.*** Reduces funding by \$1.9 million GF and \$1.9 million NGF to reflect a transfer of general fund amounts to the Comprehensive Services Act (CSA) program to reflect the conversion of foster care cases from the federal Title IV-E program to state foster care services. This transfer is required to comply with changes in federal law

under the Deficit Reduction Act of 2005 which restricted eligibility for children receiving federal foster care services under the Title IV-E program. The department has estimated that 213 foster care cases are no longer eligible for Title IV-E funding and service costs will have to be provided through the CSA program.

- ***Capture Savings from Revised Foster Care Estimates.*** Reduces funding by \$3.2 million GF and \$3.2 million GF each year to reflect revised estimates of funding needed for the foster care program. The program is estimated to grow at a rate lower than assumed in Chapter 3.
- ***Capture Savings from Revised Adoption Subsidy Estimates.*** Reduces funding by \$2.0 million GF each year to reflect revised estimates of funding needed for the adoption subsidy program. The program is estimated to grow at a rate lower than assumed in Chapter 3.
- ***Increase Assisted Living Facility Payments and Personal Care Allowance.*** Language is proposed to increase the maximum payment allowed under the Auxiliary Grant Program from \$982 to \$1,048 each month, effective January 1, 2007 and from \$1,010 to \$1,048 in FY 2008. Also, language is modified to increase the personal care allowance from \$70 to \$75 per month. The new rate includes a \$20 monthly increase in federal Supplemental Security Income. Funding to support the increase is provided through existing and anticipated surpluses in the program. A transfer of \$394,477 GF in surplus funding from FY 2007 to FY 2008 will fully fund the increase in FY 2008.
- ***Authority to Convert Obsolete Software Programs to Web-based Programs.*** The introduced budget adds language authorizing the department to enter into a contractual agreement to finance the conversion of certain Unisys-based software programs to a web-based programming environment. The department is authorized to finance up to \$25 million for the project, not to exceed a four-year development timeframe. Any debt incurred shall be repaid over a period of three to five years from the savings generated by reductions in annual operational expenditures after project completion. Any agreement entered into by the department for the software development must have prior approval of the Secretaries of Health and Human Resources, Technology, and Finance, and the Treasury Board.
- ***Review of Areas Unserved by Community Action Agencies.*** Adds language requiring the department to work with the Virginia Community Action Partnership to review areas of the Commonwealth not currently served by community action agencies and to make recommendations on the appropriate level and location of additional services to be provided either through expansion or creation of new community action agencies. The department is also required to examine the potential costs associated with providing services in unserved areas and recommend a timetable for phasing in additional services where appropriate.



The department is to report its findings to the Chairmen of the Senate Finance and Education and Health Committees, the House Appropriations and Health, Welfare and Institutions Committees, the Secretary of Health and Human Resources, and the Department of Planning and Budget by October 1, 2007.

- **Department for the Blind and Vision Impaired**

- *Add Rehabilitation Teacher Positions.* Proposes \$399,728 GF in the second year and seven FTE for rehabilitation teacher positions. The teachers provide services to the growing number of individuals who are eligible for the Older Blind Grant training services. The new positions will enable the agency to serve an additional 252 individuals in need of services.