

Health and Human Resources

The adopted budget for Health and Human Resources agencies reduces spending by a net total of \$838.3 million GF and increases nongeneral fund spending by \$1.6 billion GF over the biennium. This total reflects new biennial spending of \$470.2 million GF and \$1.6 billion NGF offset by reductions of \$1.3 billion GF. In addition, balance reversions and transfers of nongeneral fund revenue provide a savings of \$66.8 million GF.

Funding for Medicaid, one of the fastest growing programs within Health and Human Resources as well as the largest, is offset by an increase in the federal Medical Assistance Percentage (FMAP) of \$962.4 million included within the federal American Recovery and Reinvestment Act of 2009. From October 1, 2008 through December 31, 2010, the Commonwealth will receive additional federal revenue to mitigate rising caseloads and costs in Medicaid. Targeted reductions in Medicaid involve shifting provider payments for savings of \$132.5 million GF in FY 2009 and reducing provider payments saving \$8.8 million GF in FY 2010. Other significant general fund savings include \$15.0 million GF in the Comprehensive Services Act program resulting from lower utilization of services.

Mandated spending on Medicaid and children's health insurance programs, due to enrollment and utilization increases, is fully funded in the adopted budget with the addition of \$463.3 million GF for the biennium. An additional \$1.8 million is provided for medical services due to increases in involuntary mental commitments at private hospitals. Significant discretionary spending includes \$2.5 million GF for 200 additional MR waivers on January 1, 2010 and \$5.1 million GF for a 3 percent increase in rates for personal care for individuals enrolled in Medicaid home- and community-based waivers. In the Department of Social Services, an additional \$2.4 million GF is provided to cover the increased cost of adoption subsidy payments, and an additional \$1.0 million GF in FY 2009 is provided for the Federation of Virginia Food Banks.

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

- *Utilization of Services.* Reduces spending by \$7.7 million GF in the first year and \$7.3 million GF in the second year to reflect lower utilization of CSA services. Policy changes adopted by the State Executive Council in FY 2008 pursuant to an Attorney General opinion requires CSA to provide mental health services to children and adolescents who are at-risk of placement in the state's custody if treatment is not provided. These services are provided to children through parental agreements. CSA funding included in Chapter 879 of the 2008 Acts of Assembly contained \$12.0 million each year to provide services to children through these agreements. The number of children qualifying for CSA services through these agreements is fewer than originally projected, resulting in general fund savings of \$7.0 million the first year and \$6.0 million the second year .

In addition, the program is experiencing a reduction in the number of children that are placed in out-of-state residential facilities which are usually more expensive due to the highly specialized nature of the services provided. Current program data indicate that out-of-state placements are declining by about 10 percent annually,

resulting in a savings of \$700,000 GF in the first year and \$1.3 million GF in the second year.

- *Elimination of Community Infrastructure Grants.* Eliminates \$500,000 GF each year for competitive grants to localities to encourage the development of community-based services as opposed to higher cost residential services outside of the community.
- *Intensive Care Coordination.* Adds budget language requiring local Community Policy and Management Teams (CPMTs) and community services boards to develop plans to determine the most appropriate and cost-effective local provider of intensive care coordination (ICC) for children who are placed in, or at-risk of placement, in residential care. Language also requires the State Executive Council and the Office of Comprehensive Services to develop guidelines for reasonable rates and provide training and technical assistance for ICC services.
- *Medicaid-funded Residential Services.* Includes budget language clarifying that CSA-funded residential services for Medicaid-eligible children are not subject to higher local matching rates during the 2008-10 biennium. During the 2008 Session, local match rates were increased for residential treatment services. An increase in local match rates may jeopardize receipt of enhanced federal Medicaid funding included within the federal American Recovery and Reinvestment Act of 2009, so this action is reversed.

- **Department for the Aging**

- *Reduce Funding for Community-Based Providers.* Reduces general fund support for ten community-based aging services providers totaling \$204,603 the first year and \$328,613 the second year. Services provided include adult day care, medication assistance, companion care and respite care.
- *Provide Special Funds for Fan Care Program.* Adds \$60,000 NGF in FY 2010 for a grant from Dominion Virginia Power to assist elderly individuals in purchasing fans for the summer. This has been an ongoing grant, however, the agency needs appropriation authority to continue the program.
- *Aging Transportation Services.* Provides funding of \$67,163 GF the second year for Bedford Ride to level fund its program to provide transportation services for low-income elderly individuals through the Central Virginia Area Agency on Aging.

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

- *Reduce Requirement for Employment Levels at the Relay Center in Norton.* Language is modified requiring the Relay Center to maintain at least 90 full-time equivalent positions. However, employment levels may fall below 90 positions to 75 due to attrition, voluntary separations, transfers and voluntary or disability retirements. The number of calls processed by the Relay Center has declined by 53 percent since 2003, while the average number of minutes handled by a relay operator

has declined from 5,000 minutes to 1,800 minutes per operator per month. In prior years, the Relay Center was required to maintain 105 full-time positions which did not reflect the decreased demand for relay services.

- **Department of Health**

- ***Restore Funding for Poison Control Centers.*** Restores \$1.0 million GF the second year for poison control services. The introduced budget proposed a reduction of \$1.0 million GF and consolidated services at one location. The Commonwealth currently contracts with the University of Virginia, Virginia Commonwealth University and the National Capital Poison Center in Washington, D.C. for poison control services. Support for poison control will continue to operate on a general fund budget of \$1.5 million annually.
- ***Maintain Funding for Free Clinics.*** Provides \$850,000 the second year to maintain general fund support for the Commonwealth's free clinics. In 2008, the General Assembly provided \$1.7 million GF in the first year and \$850,000 GF in the second year for free clinics. Without additional funding, the appropriation for free clinics would fall by \$850,000 at the same time the demand for services is rising steadily due to the downturn in the economy.
- ***Maintain Funding for Community Health Centers.*** Provides \$900,000 the second year to maintain general fund support for community health centers by adding \$150,000 and shifting \$750,000 GF from an existing allocation to develop new centers or expand new services at these centers. In 2008, the General Assembly provided \$1.8 million GF the first year and \$900,000 GF the second year for community health centers. Without additional funding, the operating appropriation for community health centers would decline by \$900,000 as demand for services is rising dramatically due to rising unemployment.
- ***Increase Funding for Death Investigators.*** Adds \$24,680 GF the first year and \$430,403 GF the second year to increase from 14 to 20 the number of death investigators within district offices of the Office of the Chief Medical Examiner (OCME). Two of the Commonwealth's four district offices are out of compliance with national accreditation standards. The addition of six full-time investigators should help the OCME comply with national staffing standards and reduce the length of time between a death investigation and its reporting to the medical examiner's district office.
- ***Restore Funding for Virginia Health Information.*** Restores \$290,957 GF the second year for Virginia Health Information to oversee patient-level data and operate the Outpatient Data Reporting System. The introduced budget reduced funding by 15 percent or \$43,644 GF the first year and eliminated funding completely in the second year.
- ***Community Health Center of the Rappahannock Region.*** Includes \$50,000 GF the second year to meet the growth in clinic patients at this community health center.

- ***Jeanie Schmidt Free Clinic.*** Provides an increase of \$25,000 GF the second year to address rising caseloads of uninsured individuals at this free clinic.
- ***NGF for HIV/AIDS Prevention and Treatment Services.*** Adds \$104,292 NGF each year from a federally-funded Centers for Disease Control and Prevention initiative to support HIV testing. Funding will be used to add two staff at the Health Department to manage the new project.
- ***Restore NGF to Rescue Squad Assistance Fund.*** Restores \$1.0 million NGF from a portion of the \$0.25 increase in motor vehicle registration fees to the Rescue Squad Assistance Fund for certification and recertification training for emergency medical services workers. Last session, the General Assembly increased registration fees by \$0.25 increasing revenues by \$1.6 million annually. The introduced budget diverted the full \$1.6 million for med-flight operations and reduced funding for med-flight services in the State Police budget by \$1.0 million GF. An appropriation in Public Safety restores \$1.0 million GF to the State Police for med-flight operations.
- ***Restore Funds for Rural Obstetrical Services Pilot Project in Emporia/Greenville.*** The introduced budget reduced support for two rural obstetrical services pilot projects by \$22,500 GF in the first year and eliminated funding of \$150,000 GF in the second year. The adopted budget restores one-time funding of \$63,750 the second year for the pilot project located in Emporia/Greenville County. A Congressional earmark will continue funding for the project in the Northern Neck.
- ***Administrative Reductions and Efficiencies.*** Reduces \$4.4 million GF in the first year and \$6.6 million GF in the second year through a combination of administrative reductions and program efficiencies. Strategies include layoffs, elimination of vacant positions, operational efficiencies and reductions in ineffective programs.
- ***Service Reductions and Program Eliminations.*** Reduces \$1.6 million GF in the first year and \$2.3 million GF in the second year by reducing or eliminating services. Notable service reductions include:
 - The phase-out of financial incentives to attract physicians and dentists to work in underserved regions of the Commonwealth (\$2.3 million biennial savings); and
 - The reduction of funding for locally-administered health departments in Fairfax and Arlington (\$1.4 million biennial savings).
- ***Replace General Fund Spending with Other Resources.*** Reduces \$1.1 million GF the first year and \$4.8 million GF the second year by tapping other non-general fund resources such as fee revenues, agency fund balances, and federal funding for agency operations. Included in the second year amount is a reduction of \$2.6 million for local drinking water improvement projects that was added in 2006

when the federal government reduced its commitment for safe drinking water programs. Federal funding provided in the American Recovery and Reinvestment Act of 2009 will expand local drinking water improvement projects.

- ***Reduced Funding for Community-Based Providers.*** Reduces \$145,992 GF in the first year and \$192,196 GF in the second year from 13 organizations providing health or health care services in their communities. All of these organizations were targeted for budget reductions in October. Funding allows these organizations to address local health care needs such as AIDS, sickle-cell disease, workforce issues, and services for the uninsured.
- ***Eliminate Funding for the Virginia Transplant Council.*** General fund support is reduced by \$7,500 in the first year and \$50,000 in the second year, eliminating funding for the Virginia Transplant Council to operate the Commonwealth's Organ and Tissue Donor Registry.
- ***Agency Balances Reverted to General Fund.*** Diverts \$12.6 million to the general fund from balances that have accrued to the following funds: Water Improvement Construction; Vital Statistics Automation; Local Health District Service Fee; Indirect Cost Recoveries; nursing, physician and dental scholarship and loan repayment programs; and other special funds.
- ***Certificate of Public Need Process (COPN).*** Removes language from the introduced budget that would have eliminated the role of local Regional Health Planning Agencies (RHPA) in the COPN process. General fund support of local RHPAs was eliminated in the current biennial budget; RHPAs will continue to operate on excess fee revenues from COPN applications, after funding for the Health Department's Division on COPN was funded. Budget language proposed to eliminate funding from excess fee revenues for local RHPAs beginning July 1, 2009.
- ***Feasibility of Heirloom Birth Certificates.*** Adds budget language requiring the Department of Health to determine the feasibility of creating an Heirloom Birth Certificate, assess the impact of the fee needed to support the certificate program, whether other states have implemented a similar program, and how much revenue other states generate.
- ***Report on Women, Infants and Children (WIC) System Procurement.*** Includes budget language requiring the Commissioner of Health to report by December 15 of each year on the progress of developing and procuring a multi-state computerized data system for the WIC program.
- ***Advisory Committee on Sewage Handling and Disposal.*** Adds budget language requiring the Department of Health to add two manufacturers representing system installers and the Association of Onsite Soil Engineers to the Advisory Committee on Sewage Handling and Disposal to ensure input is provided from experts on these issues.

- **Department of Health Professions**

- *Drug Disposal Program.* Includes budget language requiring the Board of Pharmacy to work with the Secretary of Health and Human Resources and the Department of State Police to plan for the development of an unused pharmaceuticals disposal program to ensure the proper disposal of unused prescription drugs.
- *Dentistry Board Regulations on Mobile Dental Clinics.* Adds budget language requiring the Board of Dentistry to ensure that mobile dental clinics and other portable dental operations satisfy requirements related to patient safety, appropriate dental treatment and necessary follow-up care. At a minimum, regulations require that mobile clinics be registered, locations where services are to be delivered specified, and appropriate reporting requirements to ensure accountability. The Board of Dentistry may waive these regulations for appropriate service providers as well as government-operated entities.

- **Department of Medical Assistance Services**

Enhanced Federal Revenue/American Recovery and Reinvestment Act of 2009

- *Enhanced Medicaid Funding.* In February 2009, the federal government agreed to provide states with a one-time boost in the federal Medical Assistance Percentage (FMAP), commonly referred to as the Medicaid matching rate. The increase, retroactive from October 1, 2008 through December 31, 2010, is designed to alleviate fiscal pressure on states that are experiencing rising Medicaid caseloads and costs associated with the severe downturn in the economy. Because this change increases federal reimbursements to the Commonwealth for Medicaid spending, it allows for a reduction in general fund spending for health and long-term care services under Medicaid, resulting in a temporary windfall of \$962.4 million this biennium; more than \$300 million is anticipated for the 2010-12 biennium. In addition to mitigating further reductions in Medicaid, the enhanced federal revenue in 2008-10 is designed to offset \$451.7 million in forecasted enrollment and cost increases, restore \$24.3 million for proposed reductions that may violate federal maintenance of effort or local matching requirements, and restore \$17.2 million in reductions to reimbursement rates for inpatient hospital services and nursing homes.

Forecast Changes

- *Medicaid Cost Increases.* Adds \$195.9 million GF and \$211.4 million NGF the first year and \$255.8 million GF and \$298.3 million NGF the second year to fully fund projected increases in enrollment and utilization of medical services for the Medicaid program. In November 2008, Medicaid spending was projected to grow by 12 percent in FY 2009 and 7 percent in FY 2010. A revised forecast in February 2009 now assumes Medicaid spending will grow by 14.4 percent and 8.0 percent in FY 2009 and FY 2010, respectively. The projected growth rate in FY 2009 is higher than expected for several reasons. First \$37.0 million GF in Medicaid FY 2008 payments were deferred into FY 2009. This deferral was required because managed

care enrollment growth and increases in medical expenses for inpatient hospital, physician and pharmacy services exceeded estimates. Had Medicaid expenditures not been deferred, the growth rate in FY 2009 would be 12.8 percent instead of 14.4 percent. Second, it had been expected that the expansion of managed care to the Lynchburg area would reduce fee-for-service medical expenses. However, savings from the expansion were overestimated. Third, caseloads for low-income adults with children and children have increased at rates higher than originally forecast in November 2008, while the program is projected to continue to experience small but steady enrollment growth in the number of low-income aged, blind and disabled individuals served.

Finally, the rising cost of health care services, including inpatient and outpatient hospital services, physician services and nursing facility services, requires additional resources to fund the program's growth. Also, Medicaid will be required to pay the federal government 7.2 percent more for Medicare Part D payments based on the estimate of increased pharmacy costs for Medicaid enrollees who are also eligible for Medicare benefits.

In a departure from previous Medicaid forecasts, medical cost inflation for hospitals, nursing homes, and residential psychiatric facilities -- required by Medicaid regulations or policy -- are not included in the most recent forecast of expenditures for FY 2010. If these costs had been included, the Medicaid forecast for FY 2010 would have increased by an additional \$36.6 million GF and a commensurate amount of federal matching dollars. The forecast also does not include \$463,409 GF in FY 2010 inflationary costs for home health and rehabilitation agencies which was part of the agency reduction strategies adopted by the Governor in August pursuant to Chapter 879 of the 2008 Acts of Assembly.

In addition, the Medicaid forecast does not include \$21.0 million GF and a like amount of federal matching funds in FY 2010 for managed care organizations due to a revised actuarial review of Medicaid managed care rates. The actuary estimated a rate increase of 10 percent for FY 2010 compared to a rate of 7 percent which was included in Chapter 879 of the 2008 Acts of Assembly. The approved budget makes no change to those rates for FY 2010.

- ***Family Access to Medical Insurance Security (FAMIS) Cost Increases.*** Increases funding by \$3.3 million GF and \$6.2 million NGF in FY 2009 and \$5.0 million GF and \$9.3 million NGF in FY 2010 to address anticipated caseload and expenditure growth for the FAMIS program. FAMIS spending is projected to grow by 24.8 percent in FY 2009 and 17.7 percent in FY 2010, compared to a growth rate of 21.1 percent rate in FY 2008. Monthly enrollment in FAMIS is expected to grow by 17.4 percent in FY 2009 and 6.0 percent in FY 2010 from almost 53,000 children in FY 2008 to more than 65,000 in FY 2010.
- ***Medicaid State Children's Health Insurance Program (SCHIP).*** The approved budget adds almost \$1.0 million GF and \$1.8 million NGF in FY 2009 and \$2.3 million GF and \$4.4 million NGF in FY 2010 to fully fund caseload and expenditure

growth for Medicaid-eligible low-income children living in families with incomes between 100 and 133 percent of the federal poverty level. The federal government matches Medicaid expenditures for these children at the same rate as that provided for the FAMIS program (about 65 percent). Projected monthly enrollment in Medicaid SCHIP is expected to grow 6.0 percent in FY 2009 and 5.6 percent in FY 2010 from about 37,000 children in FY 2008 to almost 41,000 in FY 2010.

- ***Involuntary Mental Commitments.*** Adds \$1.1 million GF the first year and \$687,481 GF the second year reflecting recent data that indicates payments from the Involuntary Mental Commitment Fund will be slightly more 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.
- ***Adjustments to the Virginia Health Care Fund (VHCF).*** Established in 2004, the VHCF is comprised of tobacco tax revenues, a portion of the master tobacco settlement payments, and Medicaid recoveries. Revenues in the fund are used as the state match for Medicaid spending. Accordingly, increases in revenues to the fund reduce the reliance upon the general fund for Medicaid. Conversely, lower revenues require the addition of general fund support to fully fund Medicaid spending.

Three actions in the approved budget impact revenues to the VHCF. First, the introduced budget assumed \$154.9 million in additional revenue to the VHCF from an increase in tobacco taxes of 30 cents per pack and a change in the tax for other tobacco products to 25 cents per ounce rate for moist snuff. Because separate legislation increasing the taxes failed, additional revenues that were assumed in the introduced budget fund were eliminated and \$154.9 million from the general fund was restored. Second, prior-year Medicaid recoveries deposited into the fund are expected to be lower in FY 2009 because a settlement payment from the drug manufacturer, Merck, was deposited into the fund in FY 2008, earlier than previously anticipated. As a result, revenues to the fund are reduced by \$6.7 million and \$6.7 million GF is restored in Medicaid. Finally, a payment from the Master Tobacco Settlement Agreement was received during the last week of February 2009. This unanticipated payment of \$11.1 million to the fund resulted in a reduction in general fund spending of the same amount.

Restore Funding

- ***Restore Funding for Inpatient Hospital Services.*** The introduced budget reduced Medicaid reimbursements for hospitals that provide general acute care, acute care rehabilitation services, and acute care for psychiatric services by three percent effective July 1, 2009. The approved budget reverses that action by eliminating the proposed language and restoring \$12.5 million GF and \$18.6 million NGF from federal Medicaid matching funds.
- ***Nursing Home Payment Rates.*** Includes \$4.7 million GF and \$7.0 million NGF from federal Medicaid matching dollars to restore a portion of an inflationary

adjustment for nursing homes that was enacted during the 2008 Session. While the intent of the General Assembly's action was to cap inflation at two percent for nursing homes, budget language suggested by the industry to implement this change inadvertently resulted in a greater reduction than anticipated. This funding restores inflation to two percent in FY 2010 as originally intended.

- ***Payments to High-Volume Public Nursing Homes.*** Adds \$123,998 GF and \$200,320 NGF from federal Medicaid matching funds the second year to restore an inflationary adjustment for government-owned nursing facilities with Medicaid populations of 85 percent more in calendar year 2007. The introduced budget eliminated inflation for all nursing homes in FY 2010; this provision exempts two nursing homes from this reduction because of their disproportionate reliance upon Medicaid for reimbursement.
- ***Restore Add-on Payments to Out-of-State Hospitals with High Volume Neo-natal Intensive Care Units (NICUs).*** The introduced budget eliminated an add-on payment in Medicaid for out-of-state hospitals that operate high-volume NICUs. Since 2004, Johnson City Memorial, located in Tennessee, has received this additional payment because it serves a high-volume of Virginia infants requiring a NICU level of care. Funding of \$77,653 GF and \$117,407 NGF from Medicaid is restored.
- ***Restore Funding for Budget Reduction Strategies that May Jeopardize Enhanced Federal Revenues.*** Restores \$24.3 million GF for several budget reduction strategies that may violate maintenance of effort and local match requirements in the American Recovery and Reinvestment Act of 2009. The recently passed federal law prohibits states from imposing more restrictive “eligibility standards, methodologies, or procedures...in effect on July 1, 2008.” In addition, states cannot require “political subdivisions” (e.g., local governments) to pay “a greater percentage of the non-Federal share...that would have been required...on September 30, 2008.” To satisfy those conditions, funding is restored for the following strategies:
 - ***Long-term Care Waiver Service Caps.*** The introduced budget assumed general fund savings by limiting Medicaid services to individuals in all Medicaid waiver programs to the average cost of care that otherwise would be provided in an institutional setting. The approved budget reverses that action, resulting in the restoration of \$7.3 million GF and \$11.1 million NGF.
 - ***Elderly and Disabled Waiver Caps.*** The budget as introduced capped enrollment in the Elderly and Disabled waiver at 15,250 slots, the estimated number of individuals who would be served as of July 1, 2009. An estimated 1,680 individuals would have been ineligible for waiver services in FY 2010. The budget approved by the General Assembly reverses this strategy, resulting in an increase of \$4.7 million GF and \$7.1 million NGF.
 - ***Assessment on Providers of Intermediate Care Facilities for the Mentally Retarded (ICF-MRs) Services.*** The introduced budget assumed general fund

savings from an assessment of 5.5 percent on total revenues collected by providers of ICF-MR services. Approximately one-half of the revenues collected were to be used to increase the rate paid for ICF-MR providers, generating additional federal Medicaid funding that would offset the increased costs related to the assessment fee. Because some localities operate ICF-MRs, there was a concern this budget strategy may violate the local share requirement referenced above. Accordingly, this strategy was reversed, restoring \$7.1 million GF and reducing \$7.0 million from nongeneral funds.

- ***Mental Retardation Waiver Slots.*** The 2008 General Assembly added 600 slots to address the urgent care waiting list. Of these slots, 400 were added beginning July 1, 2009, with the remainder to be phased-in later in the fiscal year. The introduced budget suspended the addition of 200 new mental retardation waiver slots that were scheduled to be filled on April 1, 2009. The approved budget provides \$4.9 million GF and \$7.5 million NGF from federal Medicaid matching funds to restore funding for the 200 MR waiver slots to be implemented in April 2009.
- ***Restore Federal Revenue for School Health Medicaid Participation.*** The introduced budget assumed savings of \$516,164 GF in FY 2010 by retaining 5 percent of federal reimbursement to school divisions for medical and transportation services for Medicaid eligible children. Currently, the department passes on 100 percent of federal matching funds to participating local school divisions for their expenses associated with special education services for Medicaid eligible children. This action was reversed in the approved budget.
- ***Restore Funds for Southeastern Virginia Training Center.*** The introduced budget proposed the closure of Southeastern Virginia Training Center (SEVTC) on July 1, 2009 that would have resulted in savings of \$12.5 million GF and \$3.9 million NGF from federal Medicaid matching funds. A portion of the general fund savings, \$4.1 million, was slated to transition 120 residents into community placements and transfer 55 residents to other state mental retardation training centers. The approved budget restores funding for the facility.

Provider Rate Increases/Service Expansions

- ***Personal Care Rate Increase.*** Adds \$5.1 million GF and \$7.4 million NGF in FY 2010 to increase rates paid to providers of personal care, respite care and companion care to Medicaid recipients enrolled in home- and community-based waivers. For agency-directed personal care, the rates would increase by 3 percent, raising hourly rates in Northern Virginia from \$14.76 to \$15.20 and \$12.53 to \$12.91 in the rest of the state. For consumer-directed personal care, the hourly rates in Northern Virginia will increase from \$11.14 to \$11.47 and in the rest of the state from \$8.60 to \$8.86.
- ***Add 200 Mental Retardation Waiver Slots.*** In addition to restoring 200 mental

retardation waiver slots described above that were proposed to be eliminated in the introduced budget, the adopted budget provides \$2.5 million GF and \$3.7 million NGF for 200 additional MR waiver slots on January 1, 2010. Separate legislation passed by the 2009 General Assembly (Chapter 303 and Chapter 228) requires the addition of at least 400 MR waiver slots and 67 DD waiver slots each year beginning July 1, 2010.

- *Medicaid Funding for Part C Services.* Adds budget language requiring the Department of Medical Assistance Services to work with the Department of Mental Health, Mental Retardation, and Substance Abuse Services to ensure that the providers of Part C services bill Medicaid as the primary payer for eligible services to comply with federal requirements.

Budget Savings Strategies

- *Change/Reduce Provider Payments.* Reduces Medicaid spending over the biennium by \$141.3 million GF and a like amount of federal matching funds by shifting or reducing provider payments. Changing the reimbursement schedules for providers from FY 2009 year-end into FY 2010 results in a savings of \$126.5 million GF and \$126.5 million NGF in FY 2009 and \$6.0 million GF and \$9.1 million NGF in FY 2010. Reducing provider payments results in savings of \$8.8 million GF and \$8.0 million NGF in FY 2010. These changes are outlined in the following tables:

<u>Changes in Provider Payment Schedules</u>	<u>FY 2009</u>		<u>FY 2010</u>	
	<u>GF Savings</u>	<u>NGF Savings</u>	<u>GF Savings</u>	<u>NGF Savings</u>
<u>Managed Care Organizations:</u>				
• Lags monthly payments by one month beginning June 2009	\$59.8	\$59.8	\$4.3	\$6.5
<u>Inpatient Hospitals:</u>				
• Changes quarterly special payments from last quarter to the first quarter of the next fiscal year beginning June 2009*	\$32.2	\$32.2		
<u>Other Medicaid Providers:</u>				
• Increases the billing lag for Medicaid payments from one week to two weeks beginning the last week of FY 2009	\$25.0	\$25.0	\$1.7	\$2.6
<u>Medicare Part A and B premiums:</u>				
• Changes payments to the federal government from the end of the state fiscal year until the beginning of the next fiscal year starting June 2009, as allowed by federal rules	\$9.5	\$9.5		
*Special payments include Disproportionate Share Hospital, Direct Medical Education and Indirect Medical Education payments.				
<u>Provider Payment Reductions</u>	<u>FY 2009</u>		<u>FY 2010</u>	
	<u>GF Savings</u>	<u>NGF Savings</u>	<u>GF Savings</u>	<u>NGF Savings</u>
<u>Inpatient Hospitals:</u>				
• Reduce capital costs from 80 to 75 percent of allowable costs*			\$4.4	\$4.3
• Eliminate payments for hospital acquired conditions			\$0.1	\$0.1
<u>Long-Stay Hospitals:</u> Modify reimbursement method from cost-based to method used for all other hospitals			\$1.0	\$1.0
<u>Congregate Residential Providers:</u> Reduce rates by 1.6 percent			\$2.2	\$2.2
<u>Freestanding Psychiatric Facilities:</u> Rebase rates not to exceed 100 percent of allowable costs			\$1.1	\$0.4
*Exempts hospitals with Medicaid usage greater than 50 percent.				

- **Teaching Hospital Reimbursement.** Language is added to allow academic health centers to use their uncompensated care costs of treating Medicaid and indigent patients to match and receive the full amount of federal reimbursement available through the Medicaid program.

- ***Pharmacy Dispensing Fee.*** In addition to the provider rate changes listed above, language is added to reduce the pharmacy dispensing fee by 25 cents effective July 1, 2009. The savings from this change was included as part of the budget reduction strategies adopted by the Governor in August pursuant to the agency reductions required by the 2008 Appropriation Act. That action will produce general fund savings of \$462,666 in FY 2010.
- ***Remove Environmental Modification and Assistive Technology from Waiver Program.*** Reduces \$3.9 million GF and \$3.9 million from federal Medicaid matching funds for two services, environmental modifications and assistive technology, that were recently added to waiver programs. These services will continue to be provided for those individuals transitioning from institutional to community settings.
- ***Additional Pharmacy Rebates on Drugs.*** Captures savings from drug manufacturers from rebates on physician-administered and institutional drugs used as part of a hospital stay which are paid for through inpatient hospital services. Federal law requires all states to begin collecting rebates on physician-administered drugs and requires hospitals to report the actual drugs administered so the Medicaid program can claim rebates from manufacturers. The program is expected to realize savings of \$1.1 million GF in FY 2009 and \$1.3 million GF in FY 2010 and a like amount of savings in federal funding.
- ***Eliminate Programs.*** Reduces \$19.4 million GF and \$8.4 million NGF by eliminating funding for several programs administered by the department as described below.
 - ***Indigent Health Care Trust Fund.*** The approved budget eliminates \$4.3 million GF and \$3.2 million NGF each year for the Indigent Health Care Trust Fund. The fund reimburses eligible hospitals for a portion of their charity care, defined as hospital care for which no payment is received that is provided to a person whose annual family income is less than 100 percent of the federal poverty level. The state and acute care hospitals contribute to the Fund. Separate legislation (Chapter 578 of the 2009 Acts of Assembly) eliminated the statutory requirements for this program.
 - ***State and Local Hospitalization Fund.*** Funding of \$10.9 million GF and \$2.0 million NGF is eliminated in FY 2010 for the State and Local Hospitalization (SLH) program. The SLH program was created in 1946 as a cooperative effort between the state and localities to provide hospital related services to indigent and medically indigent persons who do not qualify for Medicaid. The state contributes 80 percent of the funding for the program and localities contribute 20 percent.
 - ***Optional Mental Health Screenings.*** Saves \$83,000 GF and \$249,000 NGF over the biennium by eliminating an optional second screening of Medicaid waiver recipients for mental illness or mental retardation.

- ***Other Savings Strategies.*** A number of strategies were approved resulting in additional savings of \$5.2 million GF and \$7.4 million NGF over the biennium. These strategies include:
 - Implementing provider checks in the claims processing software to prevent department programs from paying for improperly coded services, saving \$1.1 million GF and \$1.1 million NGF over the biennium.
 - Increasing prior authorization of community mental health services for a savings of \$920,935 GF and \$920,935 NGF in FY 2010.
 - Modifying the Health Insurance Premium Program to exclude certain Medicaid enrollees for which it has been determined as not being cost-effective. This saves \$600,000 GF and \$600,000 NGF in FY 2010.
 - Redesigning the FAMIS program to scale back outreach efforts and focus on the most effective methods to promote the program, saving \$323,750 GF and \$601,250 NGF over the biennium.
 - Enhancing pharmacy management initiatives for a savings of \$310,511 GF and \$375,511 NGF over the biennium.
 - Reducing administrative costs and positions for a savings of \$3.8 million GF and \$3.9 million NGF. The largest of these savings is the elimination of administrative funding for new initiatives such as the integration of acute and long-term care services, and the chronic care management program. These actions will result in the reduction of 6 positions and two layoffs.

- **Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS)**

- ***Restore Funding for Mental Health Facilities and Mental Retardation Training Centers.*** The introduced budget assumed savings from the closure of three state facilities: Southeastern Virginia Training Center in Chesapeake, the Commonwealth Center for Children and Adolescents in Staunton, and the adolescent unit at Southwestern Virginia Mental Health Institute in Marion. The budget approved by the 2009 General Assembly restores full funding for each of these facilities.
 - ***Southeastern Virginia Training Center (SEVTC).*** The introduced budget assumed net savings within the Medicaid budget of \$8.4 million GF from the closure of this 200-bed state mental retardation training center. In addition, a special revenue appropriation of \$23.1 million was eliminated reflecting the closure of SEVTC by June 30, 2009. At present, the facility serves 175 residents and employs 471 individuals.

The approved budget restores full funding to SEVTC and includes budget language requiring that the Commissioner work with a community planning

team to develop a plan based on (i) completed individual assessments and service plans for each resident of the facility, (ii) the availability of community-based services to serve individuals residing at SEVTC, (iii) timelines for the completion of proposed construction or renovation of community housing and the new 75-bed state facility, and (iv) an assessment of how current state workers at SEVTC can be transitioned as community care providers. Capital funding of \$23.8 million that was set aside by the 2008 General Assembly for the renovation of SEVTC will be used to construct a smaller, 75-bed facility, addressing the needs of individuals requiring intensive, 24-hour care. In addition, \$8.4 million GF will be transferred from a capital appropriation to Central Virginia Training Center to develop between 96 and 132 beds in community-based group homes for individuals being discharged from the training center.

- ***Commonwealth Center for Children and Adolescents (CCCA).*** The introduced budget projected net savings of \$6.2 million GF from the closure of this 48-bed children's mental health treatment facility by June 30, 2009. A portion of the Center's \$8.3 million general fund appropriation (\$2.1 million) was set aside for private, inpatient mental health services for children needing acute care. Children and adolescents not eligible for this funding were assumed to receive acute mental health services in the community through private insurance or Medicaid. The approved budget restores full funding for the facility and adds language requiring a team, under the direction of the Commissioner, to determine the needs of the population currently served at the CCCA, the capacity of the community to serve them, the role of the Commonwealth in serving this population, the adequacy of funding, and strategies to maintain the safety net for children and adolescent in need of acute psychiatric services.
- ***Adolescent Unit at Southwest Virginia Mental Health Institute.*** The introduced budget assumed net savings of \$1.4 million GF from the closure by March 1, 2009 of this 16-bed unit for children and adolescents with acute mental illness. Full funding is restored for treatment services.
- ***Autism Services.*** Appropriates \$1.2 million GF the second year to reflect the transfer of \$940,000 GF from Virginia Commonwealth University for the Autism Program of Virginia and the addition of \$215,000 and two new positions to coordinate the delivery of services for individuals with Autism Spectrum Disorders and development disabilities.
- ***Transitional Services in Health Planning Region V.*** Adds budget language requiring the Commissioner of the Department of Mental Health, Mental Retardation, and Substance Abuse Services to work with community services boards in HPR V to develop and implement transitional mental health services for residents of Eastern State Hospital (ESH). Additional language requires ESH to lease buildings that are not needed for state hospital services for these services.

- ***Community Medical Detoxification and Treatments for Opioid Dependence.*** Includes budget language requiring the Department of Mental Health, Mental Retardation, and Substance Abuse Services to work with the Department of Corrections to examine the feasibility of expanding community medical detoxification and opiate (e.g., heroin) maintenance treatments in order to divert opioid-dependent individuals from jails. Language requires the Department to maximize the utilization of existing programs provided through the Medicaid and the Department’s Aftercare Pharmacy.
- ***NGF for Part C Early Intervention Services.*** Central Appropriations provides an increase in funding from the federal American Reinvestment and Recovery Act of 2009 estimated at \$10.3 million for Part C early intervention services. The adopted budget adds language requiring localities to maintain and not diminish support their for Part C services. Language is also added requiring the Department of Mental Health, Mental Retardation, and Substance Abuse Services to work with the Department of Medical Assistance Services to ensure that the providers of Part C services bill Medicaid first, when appropriate, to comply with federal requirements for the Part C program.
- ***NGF for Resident Care.*** Adds \$1.2 million each year from insurance, recyclable and surplus property revenues for patient care.
- ***NGF for Community Services Boards.*** Adds \$324,795 each year from rental income for repair and maintenance at four group homes in southwestern Virginia.
- ***Administrative Reductions and Efficiencies.*** Reduces \$18.8 million GF in the first year and \$19.7 million GF in the second year from administrative reductions and program efficiencies including layoffs, reductions in outside contracts, elimination of vacant positions, and consolidation of support services at state facilities. The largest savings strategy is a reduction of \$12.4 million per year for administrative support at Community Services Boards. This reduction in funding is slightly less than the overall administrative reduction experienced by the Central Office at the Department of Mental Health Mental Retardation, and Substance Abuse Services.
- ***Replace General Fund Spending with Other Resources.*** Supplants \$5.0 million GF appropriated to the Commonwealth’s Mental Health Treatment Centers with special revenue funds that have accumulated from third-party payers such as Medicaid, Medicare and other insurers. This is a one-time savings strategy in FY 2009 only.
- ***Service Reductions and Program Eliminations.*** Reduces \$542,000 GF in the first year and \$795,197 GF in the second year for the following services:
 - Funding designed to divert individuals with mental illness from jails;
 - Funding for individuals with mental illness at state hospitals who require private hospitalizations; and

- Funding for eight internships to attract and retain child psychologists or child psychiatrists in the Commonwealth.
- *Agency Balances Reverted to General Fund.* Diverts \$15.1 million to the general fund from special revenue fund balances that have accrued from third-party payers such as Medicaid, Medicare and other insurers. This is a one-time savings strategy in FY 2009 only.
- **Department of Rehabilitative Services**
 - *Service Reductions and Program Eliminations.* Reduces \$1.7 million GF in the first year and \$1.8 million GF in the second year for three programs that provide variable levels of employment and rehabilitation training services depending upon the physical disabilities of the individual being served. Approved reductions include:
 - Long-term employment support services (\$1.5 million);
 - Extended employment services (\$1.0 million); and
 - Vocational rehabilitation (VR) services (\$0.9 million).
 - More than one-half of the reduction in VR services will be offset by funds that were previously provided to Disability Services Boards.
 - *Additional Vocational Rehabilitation Funding from Federal ARRA of 2009.* The recently enacted federal American Recovery and Reinvestment Act of 2009 includes \$11.6 million in new funding for vocational rehabilitation services, which will allow the Department of Rehabilitative Services to reopen a category of service that had been eliminated in the introduced budget.
 - *Replace General Fund Spending with Other Resources.* Replaces \$448,803 GF in the first year and \$476,639 GF in the second year with federal funds and other agency resources.
 - *Administrative Reductions and Efficiencies.* Reduces \$461,487 GF in the first year and \$494,991 GF in the second year through a combination of administrative reductions and program efficiencies including eliminating administrative staff and reducing discretionary spending within the Department.
 - *Eliminate and Redirect Funding for Disability Services Boards.* Eliminates \$519,362 GF in each year for Disability Services Boards (DSB) and redirects funding to the Vocational Rehabilitation Program to reduce a waiting list for services. Language is also added lifting the requirement that localities establish and fund DSBs.
 - *Increase NGF for Social Security Disability Determination Program.* Adds \$4.1 million each year from federal funds to increase staffing in the Social Security Disability Determination Program. Recently, the federal government lifted a hiring

freeze and provided additional funding for disability determinations.

- *Increase NGF for Administrative Services.* Provides \$3.5 million each year from federal resources to reflect additional workload demands.

- **Woodrow Wilson Rehabilitation Center**

- *Administrative Reductions and Efficiencies.* Reduces \$694,285 GF in the first year and \$672,657 GF in the second year through a combination of administrative strategies including renegotiating existing contracts, reducing contracted services and reducing staffing levels.
- *Agency Balances Reverted to General Fund.* The agency will divert \$1.5 million from accumulated special revenue fund balances to the general fund in FY 2009 only.

- **Department of Social Services**

- *Replace General Fund Spending with Federal TANF Block.* Replaces general fund support for seven programs and services funding with federal TANF block grant dollars. A comprehensive multi-year review of federal TANF funding by the Department's staff resulted in a windfall of one-time funds that can be used to leverage general funds. This strategy uses federal TANF block grant funding instead of general funds to achieve biennial savings of \$37.8 million GF. The table on the next page summarizes funding from the federal TANF block grant. Federal TANF dollars are appropriated for the following programs:
 - \$16.4 million for at-risk child care services;
 - \$10.5 million for adoption services;
 - \$4.6 million for Community Action Agencies;
 - \$3.5 million for Healthy Families Virginia;
 - \$1.5 million for domestic violence services;
 - \$964,878 for activities that support child care; and
 - \$323,202 for Centers for Employment and Training.

**TANF Block Grant Funding
2008-10 Biennium As Approved in Chapter 781**

<u>TANF Resources</u>	<u>FY 2009</u>	<u>FY 2010</u>
Annual TANF Block Grant Award	\$158,285,000	\$158,285,000
Carry Forward From Prior Fiscal Year	53,615,681	24,144,526
TANF Resources Available	\$211,900,681	\$182,429,526
 <u>TANF Expenditures</u>		
<i>VIP/VIEW Core Benefits and Services</i>		
TANF Income Benefits	52,580,620	58,283,632
TANF Child Support Supplement	5,550,000	4,800,000
VIEW Employment Services	9,325,332	9,325,332
VIEW Child Care Services	1,170,644	2,170,644
Subtotal, VIP/VIEW Benefits and Services	\$68,626,596	\$74,579,608
<i>Administration</i>		
State Administration	2,700,607	2,700,607
Information Systems	3,997,580	3,997,580
Local Direct Service Staff and Operations	33,549,000	33,549,000
Local Eligibility and Administration	12,168,977	12,168,977
Subtotal, Administration	\$52,416,164	\$52,416,164
<i>TANF Programming</i>		
Department of Housing & Community Development	4,910,128	4,910,128
Local Domestic Violence Grants	1,062,500	1,387,500
Centers for Employment & Training	637,500	637,500
Domestic Awareness Campaign	127,500	127,500
Child Advocacy Centers	300,000	100,000
Lenowisco and Bristol-Washington County CACs	0	90,000
People, Inc.	42,500	0
Community Action Agencies	3,397,859	3,156,323
Tri-county Community Action Agency	0	100,000
Healthy Families/Healthy Start	4,139,820	5,472,779
Comprehensive Services Act Trust Fund (CSA)	965,579	965,579
United Community Ministries	38,250	0
Comprehensive Health Investment Project (VDH)	2,141,890	1,070,945
Teen Pregnancy Prevention Programs (VDH)	910,000	455,000
Partners in Prevention Programs (VDH)	765,000	382,500
Subtotal, TANF Programming	\$19,438,526	\$18,855,754
TANF Expenditures, Total	\$140,481,286	\$145,851,526
<i>Transfers to other Block Grants</i>		
CCDF Transfer - Address Child Care Shortfall	6,249,369	5,965,825
CCDF Transfer - Expand At-Risk Child Care	6,000,000	6,000,000
CCDF Transfer - At-Risk Child Care Supplement	8,200,000	8,200,000
CCDF Transfer to Head Start (Wraparound) Services	2,500,000	2,500,000
SSBG - Transfer for Adoption Services	10,500,000	0
SSBG Transfer-Comp. Services Act	4,405,502	4,405,502
SSBG Transfer-Local Staff Support	9,419,998	9,419,998
TANF Transfers, TOTAL	\$47,274,869	\$36,491,325
Total, TANF Expenditures & Transfers	\$187,756,155	\$182,342,851

- ***Recognize Virginia Preschool Initiative Spending as General MOE Spending for the Federal TANF Block Grant Program.*** Replaces \$5.0 million GF with \$5.0 million NGF from federal TANF block grant funds each year by recognizing general fund spending on pre-school activities as eligible maintenance of effort (MOE) spending. Recognizing pre-school spending as MOE allows the Commonwealth to reduce general fund spending for TANF-eligible services and replace it with available federal TANF dollars.
- ***Replace General Fund Spending with Child Support Enforcement Funds.*** Replaces general fund support for child support enforcement activities with \$5.0 million in FY 2009 and \$6.6 million in FY 2010 from federal child support dollars. The federal Deficit Reduction Act of 2005 prohibited states from using earned federal child support incentive funds as the state match for federal child support dollars. The ARRA of 2009 reverses that decision for a two-year period from October 1, 2008 through September 30, 2010 thus allowing states to use federal incentive payments as the state share of federal match for child support, resulting in \$11.6 million in general fund savings during the biennium.
- ***Replace General Fund Spending with Title IV-E Funding.*** Replaces \$4.9 million GF the first year and \$6.6 million GF the second year with additional federal Title IV-E foster care revenue. The additional revenue parallels the increase in federal Medicaid matching rates for maintenance costs under the Title IV-E program from 50 to 56.2 in FY 2009 and FY 2010. This additional revenue allows for a temporary reduction in general fund support for room and board costs for foster care recipients.
- ***Replace General Fund Spending with Food Stamp Bonus Funds.*** Reduces general fund support for local operations by \$1.4 million the first year only and replaces funding with federal food stamp dollars awarded in a prior fiscal year.
- ***Replace Federal TANF Block Nongeneral Fund Spending with Federal Community Services Funds.*** Replaces \$3.2 million from the federal TANF block grant with an increase in the federal Community Services Block Grant in FY 2010 only. Community action agencies receive support from the general funds and federal TANF block grant funds and Community Services Block Grant. The federal American Recovery and Reinvestment Act of 2009 includes a temporary three-year increase estimated at \$16.0 million.
- ***Administrative Reductions and Efficiencies.*** Removes \$2.9 million GF in the first year and \$4.1 million GF in the second year through a combination of budget reduction strategies including:
 - Eighty layoffs in the Department of Social Services' Central Office;
 - Eliminating funding for a child care automation project;
 - Maximizing federal resources for the 2-1-1 information and referral service;

- Adjusting the appropriation for the Auxiliary Grant Program to reflect projected spending.
- ***Reduce Planned Increase for Foster Care Rates and Adoption Subsidy Payments.*** Eliminates \$1.2 million GF in the second year by reducing a planned increase of 8 percent for family foster care services and adoption subsidy payments to 6 percent. Rates paid to foster care providers and for adoption subsidy payments increased by 15 percent in the current fiscal year.
- ***Service Reductions and Program Eliminations.*** The introduced budget proposed to eliminate funding for seven programs, resulting in savings of \$731,000 GF the second year. The approved budget restores \$290,000 for three programs from general funds (\$100,000 GF) and the federal TANF block grant (\$190,000 NGF), while funding of \$431,000 is eliminated for three programs in FY 2010 including:
 - \$350,000 for child care information and referral services;
 - \$42,500 for People Incorporated; and
 - \$38,500 for United Community Ministries.

Funding was restored for the following programs that were eliminated in the introduced budget.

- \$100,000 GF for Northern Virginia Family Services;
- \$100,000 NGF for Tri-County Community Action Partnership;
- \$90,000 NGF for Children’s Advocacy Centers located in the City of Bristol/Washington County and Lenowisco.
- ***Agency Balances Reverted to General Fund.*** Directs \$15.2 million in the first year and \$4.4 million in the second year to the general fund from Child Support retained earnings funds that have accrued over several years. Funds in the child support account increased significantly through a prior year adjustment and tax intercepts related to federal Economic Stimulus Payments made earlier this year.
- ***Adoption Subsidies Caseload and Cost Increases.*** Provides \$1.2 million GF and \$907,527 NGF from federal Title IV-E funds each year for the adoption subsidy programs. Foster care expenditures are moderating but adoption subsidy caseloads continue to grow but at a much slower pace than in recent years. Funding will allow for a 1.3 percent increase in expenditures from FY 2008 to FY 2009.
- ***Funding for the Federation of Virginia Food Banks.*** Adds \$1.0 million GF the first year to purchase food for distribution through food banks throughout the Commonwealth. Budget language prohibits funding for administrative or overhead expenses.

- ***Visions of Truth Ministries.*** Provides \$75,000 GF the second year to fund a portion of the cost of constructing a family life center for the Visions of Truth Ministries. The Center will provide prevention, health and social services for at-risk populations and other outreach initiatives related to safe housing, disaster services, and alcohol and drug treatment.
- ***Reston Interfaith.*** Adds \$50,000 GF the second year for Reston Interfaith to expand social and human services such as food, shelter, affordable housing, and quality child care.
- ***Parent Leadership Training Institute.*** Includes \$10,000 GF the second year to improve child outcomes through parental involvement through services provided by the Parenting Leadership Training Institute.
- ***Auxiliary Grant Pilot Project.*** Adds budget language that allows for the creation of a pilot program for portable Auxiliary Grants. The project will allow current funding to be used for housing for consumers who:
 - have lived in an assisted living facility for more than 6 months;
 - receive an Auxiliary Grant;
 - receive Medicaid-funded case management and support services from a community services board (CSB) or behavioral health authority (BHA);
 - meet residential assisted living level of care criteria;
 - are determined to be good candidates for living in the community; and
 - have a care plan in place to ensure that needs can be met in the community.
- ***Virginia Alliance of Boys and Girls Clubs.*** Includes budget language requiring the Department of Social Services to examine the feasibility of providing funding to Boys and Girls Clubs for children’s services using federal TANF block grant dollars. The Department is required to determine whether services provided by Boys and Girls Clubs qualify for federal TANF dollars and ascertain if the services they provide would have a greater impact on at-risk children than current TANF-funded services.
- ***Streamlined Eligibility System Plan.*** Adds budget language requiring the Department of Social Services to develop an implementation plan to centralize and streamline eligibility for social services benefit programs, including the development of a centralized, web-based system. The Department of Social Services is required to establish a steering committee including the Office of the Secretary of Health and Human Resources, the Virginia Information Technologies Agency, Department of Social Services, League of Social Services Executives, Department of Medical Assistance Services, and Department of Planning and Budget to oversee the development and implementation of the plan which shall be

submitted to the Joint Legislative Audit and Review Commission and the Auditor of Public Accounts for review and comment. Reports on the cost, feasibility, potential for economy of scale at an enterprise level, impact on other state and local agencies, and impact on consumers is required on October 15th of each year. Implementation of the plan is contingent upon approval of the 2010 General Assembly of the expenditures of state and federal funds for this purpose.

- ***Local Department of Social Services.*** Adds budget language allowing local Departments of Social Services to preserve their priority status with regard to reimbursement for capital projects even when the locality proceeds with making critical renovations, acquiring new space, or consolidating local services. Without this language, local Departments of Social Services may jeopardize future funding for their projects if they proceed with making capital improvements to their local offices.
- ***NGF for Local Social Services Staffing Costs.*** This amendment corrects federal funding for local Departments of Social Services that was expected to decline by \$35.0 million each year. Based on new information, the reduction is expected to be \$20.0 million annually. This amendment restores \$15.0 million NGF each year to appropriately reflect projected funding.
- ***NGF for Low Income Home Energy Assistance Program (LIHEAP).*** Includes \$15.0 million in federal funding for the LIHEAP program to address the rising costs of energy for low-income Virginians. The Commonwealth does not provide state funding for LIHEAP.
- ***NGF for Child Support Enforcement.*** Adds \$3.1 million the first year and \$6.7 million the second year from child support enforcement resources for additional costs related to the privatization of district services, mainframe (information technology) costs and customer service centers.
- ***NGF for Agency Operations.*** Provides \$1.0 million the first year and \$4.3 million the second year from federal grants that require no state matching dollars including employment and training services for food stamp recipients, temporary refugee assistance, and emergency shelter services.
- **Department for the Blind and Vision Impaired**
 - ***NGF for Rehabilitative Industries Program.*** Adds \$2.7 million NGF each year for the rehabilitative industries program to reflect an increase in spending resulting from an increase in sales.
 - ***NGF for State Education Services.*** Adds \$250,000 NGF each year from federal funds for state education services to account for an increase in spending.
 - ***NGF for Rehabilitation Assistance Services Program.*** Adds \$150,000 NGF each year from special funds to provide for increases costs for rehabilitation assistance services. The special funds are derived from program fees.

- *Administrative Reductions and Efficiencies.* Reduces funding by \$237,176 GF in the first year and \$238,025 GF in the second year by supplanting general fund support of some personnel costs with federal funds, reducing the purchase of supplies and materials, leaving the chief deputy director position vacant, and delaying filling a vacant position.