

## Health and Human Resources

<b>Proposed Adjustments as Introduced</b>				
(\$ in millions)				
	<b>FY 2019 Proposed</b>		<b>FY 2020 Proposed</b>	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2018-20 Base Budget, Ch. 836	\$6,437.3	\$8,478.7	\$6,437.3	\$8,478.7
Proposed increases	374.4	1,587.9	690.6	3,181.6
Proposed decreases	<u>(211.0)</u>	<u>(285.9)</u>	<u>(302.5)</u>	<u>(376.2)</u>
\$ Net Change	163.4	1,302.0	388.1	2,805.4
<b>HB/SB 30, as Introduced</b>	<b>\$6,600.7</b>	<b>\$9,780.7</b>	<b>\$6,825.4</b>	<b>\$11,284.1</b>
% Change	2.5%	15.4%	6.0%	33.1%
FTEs	8,577.90	6,469.12	8,848.65	6,480.12
# Change	37.18	(326.18)	307.93	(315.18)

- **Secretary of Health and Human Resources**

- *Increase Funding for the Secretary's Office.* Adds \$75,000 GF each year (a 10 percent increase) to fund the operations of the Secretary of Health and Human Resources. Three other cabinet secretaries also received increases to reflect increased operating costs. This funding reduces the need to make administrative transfers between cabinet offices.

- **Children's Services Act (Formerly Comprehensive Services for At-Risk Youth and Families)**

- *Mandatory Caseload and Cost Increases.* Adds \$16.9 million GF in FY 2019 and \$37.3 million GF in FY 2020 to fund the anticipated growth in the CSA program. Caseload grew 1.4 percent in FY 2017 to 15,740 from 15,518 in FY 2016. While total census growth is low, expenditures in FY 2017 were up 5 percent over FY 2016. Most of this growth was due to an increasing number of children placed in private day treatment through federally mandated Individualized Education Program (IEP) plans. In FY 2017, 231 additional children were provided private day treatment, a 6.4 percent increase over FY 2016. Expenditures for private day treatment increased by \$17.9 million, which is a 12.9 percent increase over FY 2016. The annual cost of a private day treatment placement was \$41,088 in FY 2017

compared with the average annual cost of \$24,274 for all CSA services.

- *Fund a Rate Study for Private Day Placement Services.* Proposes \$250,000 GF in FY 2019 for the Office of Children’s Services to contract for a study to determine the adequacy of the current rates paid by localities to special education private day programs. In addition to determining adequacy, the study shall also develop recommendations for the implementation of a rate-setting structure. An interim report is due to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2018, and a final report is due by July 1, 2019.

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

- *Adjust NGF Appropriation for the Relay Services Contract and Technology Assistance Program.* Reduces by \$2.8 million in each year the special fund appropriation to reflect a reduction in the cost of the telecommunications relay services contract of \$2.8 million a year as more individuals use services made available through the Internet. In addition, the appropriation for the Technology Assistance Program is increased by \$65,930 to cover higher costs in the program resulting in a net decrease of \$2.7 million a year in the agency’s budget. The source of the special fund for these programs is the Communications Sales and Use Tax.

- **Department of Health**

- *Add Funds for an Electronic Health Records System.* Proposes \$1.8 million GF in FY 2019 and \$4.2 million GF in FY 2020 and one position each year to design and implement an electronic health records system for the 119 local health departments. The system will handle over 332,000 individual client records annually.
- *Increase Funds for Education and Access for Women’s Reproductive Health.* The introduced budget provides \$6.0 million NGF each year from the federal Temporary Assistance to Needy Families (TANF) block grant for education and expanded access to contraceptives, particularly Long Acting Reversible Contraceptives (LARC). One position is added for the initiative. Language is also added requiring a report on program results and expenditures by October 1st each year.
- *Increase Funds for Additional Staff in the Office of the Chief Medical Examiner.* Adds \$1.5 million GF each year to fund 12 additional positions to address rising caseloads and continue meeting national standards for autopsy examinations. In the period from 2012 to 2016, deaths from drug overdoses were up nearly 79

percent and all other deaths, under the jurisdiction of the office, were up 47 percent during that same time period.

- ***Increase the Decedent Transport Fee.*** Proposes \$700,000 GF each year to increase the rate the Office of the Chief Medical Examiner pays to funeral homes and transport companies to transport decedents, typically due to traffic accidents. The proposal increases the current fee of \$100 to \$250 for removals with 25 miles. There is no change to the \$1.50 per mile rate for distances greater than 25 miles. The fee was last increased in 2001 from \$50 to the current fee of \$100.
- ***Fund Staff to Actively Supervise a Health System Merger Cooperative Agreement.*** Proposes \$624,518 NGF each year and six positions to actively monitor a cooperative agreement in Southwest Virginia related to the merger of Wellmont Health System and Mountain States Health Alliance. This merger creates one health system for all of Southwest Virginia and Northeast Tennessee. The cooperative agreement between the health systems, as approved by the State Health Commissioner, allows for the merger to be insulated from anti-trust considerations of the Federal Trade Commission. Current law only allows the State Health Commissioner to collect up to \$75,000 a year to supervise the cooperative agreement. This funding provides the State Health Commissioner with the staff necessary to oversee this complex cooperative agreement. Separate legislation will be submitted to modify the *Code of Virginia* to allow for greater reimbursement from the health systems to fund the required supervision.
- ***Add GF Support for Free Clinics.*** Proposes adding \$500,000 GF each year to support free and charitable clinics. This additional funding increases total general fund support for the clinics to \$6.8 million annually.
- ***Add Funds for Increased Rents at Local Health Departments.*** Proposes \$345,304 GF and \$230,959 NGF each year to address higher lease costs for 18 local health departments that have moved into new facilities or experienced higher costs in current leased space. While lease arrangements are negotiated by the Department of General Services, the cost of new leases is the responsibility of local health departments, which are funded jointly by the state and local governments.
- ***Fund Costs Related to Mandating Meningococcal Vaccine To Enter Sixth Grade.*** Proposes \$520,745 GF and \$1.6 million NGF the second year for the costs associated with mandating that children must receive one dose of the meningococcal conjugate (MCV4) vaccine prior to entering the sixth grade.
- ***Fund Contract Costs for Virginia Environmental Information System.*** Proposes \$165,000 GF the first year and \$223,000 GF the second year to cover the increase in costs associated with a new contract for the Virginia Environmental Information System (VENIS). The VENIS data system supports the Office of Environmental

Health and the 35 health districts for on-site sewage systems, food establishment inspections, bedding and upholstered furniture inspections, and various other Environmental Health functions.

- ***Fund Cost Increase in Autopsy Services for Sudden Infant Deaths.*** Proposes adding \$102,923 GF each year to fund the costs of laboratory services provided by the Division of Consolidated Laboratory Services (DCLS), which tests autopsy specimens from the Office of the Chief Medical Examiner for infant deaths due to Sudden Infant Death Syndrome. According to DCLS, federal grant funding to support this testing has been reduced and costs are higher due to newer laboratory technology.
- ***Transfer Appropriation and Positions for Food Programs to the Department of Education.*** Transfers \$15.0 million NGF each year and five positions related to the transfer of responsibility for the Child and Adult Care Feeding Program and Summer Food Services Program to the Department of Education. This transfer was authorized in Chapter 836 of the 2017 Acts of Assembly.
- ***Increase NGF Appropriation for the Federal Ryan White Program.*** Proposes to add \$12.5 million NGF each year to reflect larger federal grant funds for the program due to an increase in the number of clients in the AIDS Drug Assistance Program (ADAP). This action eliminates the need for annual administrative appropriation increases by the Department of Planning and Budget.
- ***Increase NGF Appropriation for the Drinking Water State Revolving Fund.*** Adds \$2.5 million NGF each year to match the current federal share of funding for waterworks construction projects. The fund is supported by a grant from the U.S. Environmental Protection Agency. This action eliminates the need for annual administrative appropriation increases by the Department of Planning and Budget.
- ***Increase NGF Appropriation for the Trauma Center Fund.*** Proposes to add \$1.5 million NGF each year to match recent expenditures from the Emergency Medical Services Trauma Center Fund. This fund provides funding to hospital trauma centers to offset higher costs necessary for maintaining around the clock availability of trauma care. Revenue for the fund is derived from a \$100 fee for driver's license reinstatements related to convictions for driving under the influence.
- ***Authorize Study of Food Safety and Restaurant Inspection Fees.*** Proposes budget language that requires the Department of Health and Department of Agriculture and Consumer Services to develop a long-term plan for funding the food safety and restaurant inspection programs that shall include consideration for merging

the two programs. The report is due to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by October 1, 2018.

- ***Establish New Fees for Onsite Sewage Systems.*** Proposes to establish new fees for onsite sewage system repairs, voluntary upgrades, and requests for written authorization, for which the department does not currently charge fees. Legislation requires the department to transition evaluation and design services for onsite sewage systems and wells to the private sector. These new fees are proposed to offset the loss of revenue from the transition of those services. The new fees are illustrated in the following table below.

<u><b>New Permit Type</b></u>	<u><b>Proposed Fee</b></u>
Onsite Sewage System Repair (Non-certified Work) < 1000 Gallons	\$425
Onsite Sewage System Repair (Certified Work) < 1000 Gallons	\$225
Written Authorizations (Non-Certified Work)	\$150
Written Authorizations (Certified Work)	\$100
Onsite Sewage System Repair > 1000 Gallons	\$1,400

- **Department of Health Professions**

- ***Increase NGF Appropriation to Cover Additional Costs for Authorized Positions.*** Adds \$1.2 million NGF each year to support the costs of 12 positions authorized in the 2017 Session to address increases in workload. No appropriation for these positions was provided in the current budget. The source of the nongeneral funds is generated from fees charged to regulated health professionals.
- ***Increase NGF to Reflect Costs for Telephone Services.*** Proposes to add \$84,000 NGF in appropriation for an update of the agency's phone system. Support for the previous system was ended by the vendor and the resulting change to a new system incurred additional expenses for Virginia Information Technology Agency charges, long distance charges, and equipment rental costs.

- **Department of Medical Assistance Services**

***Forecast Changes***

- ***Medicaid Utilization and Inflation.*** Adds \$177.0 million GF and \$312.0 million NGF in FY 2019 and \$398.8 million GF and \$512.5 million NGF in FY 2020 to fund expected increases in enrollment and medical costs for the Medicaid program. Medicaid spending is expected to increase by 2.1 percent and 4.2 percent,

respectively, in FY 2019 and FY 2020, well below the average annual growth rate of 7.1 percent over the past 10 years. Spending growth in the program is largely due to enrollment growth, inflation for providers, and increased supplemental payments to hospitals.

Spending growth is typically impacted by managed care rate increases, however the Medicaid Forecast is impacted by the transfer of expenditures from the fee-for-service system to the managed care system. The Commonwealth Coordinated Care Plus (CCC Plus) program includes both long-term care and behavioral health services and the new Medallion 4.0 program includes behavioral health services which were previously only provided through fee-for-service. The resulting shift in expenditures reflects assumed savings in fee-for-service costs and the rates for the two managed care programs reflects savings that combined, have a significant impact on Medicaid expenditures for FY 2019 and FY 2020. The CCC Plus program began August 1, 2017 and Medallion 4.0 will be launched August 1, 2018. The savings assumed is the primary reason for the lower expenditure growth rates for Medicaid.

The November 2017 Medicaid Forecast assumes that managed care rates for CCC Plus will increase by 2.4 percent the first year and 3.5 percent the second year. For the Medallion 4.0 program managed care rates are assumed to increase 28.2 percent (the rate is high due to the new services being moved into the program) the first year and 3.8 percent the second year. Enrollment is expected to grow around 3 percent a year. The forecast does not assume any additional “woodwork” effect from current Affordable Care Act enrollment.

The Medicaid forecast also contains additional funding for inflation adjustments of certain provider rates required by law or regulation. Funding is included for inflation adjustments for hospitals (\$70.2 million GF) and nursing homes (\$34.2 million GF).

The funding amounts noted above are adjusted to reflect a correction to the Official 2017 Medicaid Forecast to reflect two errors in the forecast. The introduced budget includes the amount of these two errors as a separate action, but for this document they are included here as part of the Medicaid Forecast.

- ***Adjust Appropriation for the Virginia Health Care Fund.*** Proposes to reduce the appropriation by \$12.2 million GF in FY 2019 and \$6.5 million GF in FY 2020 and adds a like amount of nongeneral funds each year to reflect changes in revenues to the Virginia Health Care Fund. Revenues from the Fund are used as a portion of the state’s match for the Medicaid program; therefore, higher revenues result in a reduction of the general fund appropriation needed to maintain currently-funded Medicaid services. Conversely, lower revenues require additional general fund

support. Revenues in the fund are derived from tobacco taxes, Medicaid recoveries and revenue maximization initiatives, and a portion of the Master Tobacco Settlement Agreement (41.5 percent of tobacco settlement revenues). Changes to the fund include:

- An increase of \$5.8 million each year in Medicaid recoveries,
  - An increase of \$15.5 million in FY 2019 and \$10.5 million in FY 2020 in expected pharmacy rebates,
  - A decrease of \$10.1 million in FY 2019 and \$10.8 million in FY 2020 from projected reductions in tax collections from cigarettes and other tobacco products.
- ***Family Access to Medical Insurance Security (FAMIS) Utilization and Inflation.*** Proposes to add \$3.8 million GF and \$28.2 million NGF in FY 2019 and \$23.4 million GF and \$19.3 million NGF in FY 2020 to reflect the forecast of expenditures in the FAMIS program. The increase in the program costs is due to higher growth in the number of children served by the program, managed care rate increases, and the transition to a lower federal match rate. The federal match rate under the Affordable Care Act was increased temporarily from 65 percent to 88 percent beginning October 1, 2015 through October 1, 2019. However, bills related to the reauthorization of the Children’s Health Insurance program in Congress provide a one year transition rate of 76.5 percent from October 1, 2019 through September 30, 2020 when the rate is lowered back to 65 percent. Therefore, in FY 2020, the federal match rate decreases to 76.5 percent for three-quarters of the state fiscal year.

FAMIS enrollment of children increased by 4.9 percent in FY 2016 and 4.9 percent in FY 2017. Through December 1, 2017, average monthly enrollment for FY 2018 is up 8.6 percent for children. The FAMIS program serves pregnant women and children under the age of 19 in families with income between 133 and 200 percent of poverty.

- ***Medicaid Children’s Health Insurance Program (CHIP) Utilization and Inflation.*** The proposed budget adds \$1.9 million GF and \$14.1 million NGF in FY 2019 and \$16.6 million GF and \$4.6 million NGF in FY 2020 to reflect the forecast of expenditures in the Medicaid CHIP program. As with the FAMIS program, the growth is due to increasing enrollment in the number of children served by the program, managed care rate increases, and the transition to a lower federal match rate. The federal match rate under the Affordable Care Act was increased temporarily from 65 percent to 88 percent beginning October 1, 2015 through October 1, 2019. However, bills related to the reauthorization of the Children’s Health Insurance program in Congress provide a one year transition rate of 76.5

percent from October 1, 2019 through September 30, 2020 when the rate is lowered back to 65 percent. Therefore, in FY 2020, the federal match rate decreases to 76.5 percent for three-quarters of the state fiscal year.

Enrollment in the Medicaid CHIP program has increased by 5.3 percent in FY 2016 and 5.3 percent in FY 2017. Through December 1, 2017, average monthly enrollment for FY 2018 is up 11.7 percent. The Medicaid CHIP program provides services for Medicaid-eligible low-income children, aged 6 – 18, living in families with incomes between 100 and 133 percent of the federal poverty level.

- ***Adjust Funding for Involuntary Mental Commitments.*** The introduced budget adds \$3.0 million GF in FY 2019 and \$3.9 million in FY 2020 for expected expenditure growth as a result of higher caseload for hospital and physician services related to involuntary mental health commitment hearings. Legislation adopted by the 2014 General Assembly related to the duration of emergency custody and temporary detention orders have resulted in higher than anticipated additional costs for these medical services.

### ***Policy Changes***

- ***Medicaid Expansion for Low-Income Individuals.*** Proposes to reduce funding by \$120.4 million GF in FY 2019 and \$221.4 million GF in FY 2020 and increases funding of \$926.1 million NGF in FY 2019 and \$2.2 billion NGF in FY 2020 to reflect the net impact of expanding Medicaid to individuals with income up to 138 percent of the federal poverty level pursuant to the Patient Protection and Affordable Care Act (ACA) by October 1, 2018. The proposal assumes that 300,000 individuals would be enrolled.

The cost of the expanded coverage would be offset by revenue from the Health Care Fund that is generated from a provider assessment on hospitals. The proposed hospital provider assessment (authorized on Part 3 of the introduced budget) would apply to only private acute care hospitals (excludes public, freestanding psychiatric and rehabilitation, children's, long stay, long-term acute care and critical access hospitals). The assessment will be calculated annually by May 1. Each hospital's assessment will be based on the assessment percentage times net patient service revenue. The assessment percentage for each hospital is calculated by taking 1.08 times the non-federal share of the full cost of expanded Medicaid coverage divided by hospital net patient service revenue. The estimated cost of the coverage expansion for which the provider assessment would be based is \$80.8 million in FY 2019 and \$226.1 million in FY 2020. The estimated general fund costs and savings are illustrated in the table below.

The introduced budget reduces general fund spending for Medicaid related expenditures by \$119.8 million GF in FY 2019 and \$221.3 million GF in FY 2018



and increases federal Medicaid matching funds by \$942.6 million in FY 2019 and \$2.2 billion in FY 2020 to reflect the impact of Medicaid expansion on the agency's budget. Companion budget actions also reduce spending in the Department of Behavioral Health and Developmental Services and the Department of Corrections to capture anticipated savings in those agencies. In addition, 15 positions are proposed to be added in the Department to support Medicaid expansion.

<b>Proposed Medicaid Expansion Estimated GF Costs and Savings</b>		
	<u>FY 2019</u>	<u>FY 2020</u>
<b>Estimated Medicaid Expansion Costs</b>		
Coverage of Newly Eligible Adults to 138% FPL - Current Medicaid Benefits	\$62,365,125	\$198,158,096
Coverage for Additional Eligible but Unenrolled "Woodwork"	867,365	4,878,138
ACA Insurance Tax (Additional Woodwork & Newly Eligible)	570,083	2,076,845
DMAS Admin. Costs for Additional Enrollment	14,770,834	17,368,267
DSS Eligibility Determinations	<u>2,250,545</u>	<u>3,642,480</u>
<b>Estimated Costs of Medicaid Expansion</b>	<b>\$80,823,952</b>	<b>\$226,123,826</b>
<b>Estimated Savings by Eliminating Public Program Coverage for Newly Eligible Individuals</b>		
Substitution of Medicaid Coverage for Indigent Care Funding	\$(71,182,685)	\$(110,298,750)
State-Funded Community Behavioral Health Services	(16,653,864)	(24,980,796)
Incarcerated Populations (DOC Prisons/State Inmates in Jails)	(15,496,404)	(23,444,094)
FAMIS Pregnant Women Enrollees	(15,661,891)	(47,554,452)
GAP Program for Seriously Mentally Ill up to 100% FPL	(26,874,997)	(41,960,010)
Divert Disabled/Medically Needy Enrollments	(2,469,590)	(12,906,279)
Medicaid Breast & Cervical Cancer Enrollees	(1,482,296)	(4,824,184)
Services for Individuals with Temporary Detention Orders	(1,624,715)	(2,784,949)
Medicaid Plan First-Family Planning Enrollees (0-100% FPL)	<u>(546,748)</u>	<u>(938,031)</u>
<b>Estimated Savings of ACA Expansion</b>	<b>(\$151,993,190)</b>	<b>(\$269,691,545)</b>

***Proposed Spending for Department of Justice (DOJ) Related Items***

- ***DOJ: Add Funding for Required Community Living (CL) and Family and Individual Supports (FIS) Waiver Slots.*** Proposes \$14.5 million GF in FY 2019 and \$30.5 million GF in FY 2020 and an equal amount of federal Medicaid matching funds to add 825 new CL and FIS waiver slots over the biennium as required under the DOJ settlement agreement. Funding will be used to add 70 new CL waiver slots for individuals transitioning from state intellectual disability training centers to the community, 680 new CL waiver slots for individuals residing in the

community on the waiting list, and 75 new FIS waiver slots for individuals residing in the community during the 2018-20 biennium.

- ***DOJ: Reduce Funding for State Intellectual Disability (ID) Training Centers.*** Proposes net general fund savings of \$10.5 million in FY 2018 and \$17.0 million in FY 2020 and an equal amount of federal Medicaid matching funds each year reflecting the ongoing closure of operations at state ID training centers. The Department of Justice settlement agreement requires that individuals be transitioned into more integrated settings in the community. Savings this biennium reflect the closure of Southwestern Virginia Training Center in June of 2018 and the estimated impact of discharges from Central Virginia Training Center, which is expected to close by the end of FY 2020. A companion budget action within DBHDS provides funds for closure costs not reimbursable through the Medicaid program.

#### ***Other New or Reduced Spending***

- ***Authorize Overtime Pay for Consumer-Directed Attendants.*** Proposes an additional \$9.6 million GF and an equivalent amount of federal Medicaid matching funds the second year to allow consumer-directed attendants to receive up to 16 hours of overtime pay per week. Changes in federal regulations eliminated the overtime exemption for home care workers. In the 2016 Session and the 2017 Session, the General Assembly did not provide any authority for Medicaid to pay overtime for these attendants.
- ***Increase Personal Care Rates.*** Proposes \$4.8 million GF and \$4.8 million NGF in FY 2019 and \$5.1 million GF and \$5.1 million NGF in FY 2020 to increase Medicaid rates for consumer directed personal care, respite care and companion care by 2 percent in FY 2019 in the home and community-based waiver programs and the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program.
- ***Fund the Medicaid Costs of Full Implementation of Same Day Access at Community Services Boards.*** The introduced budget proposes \$1.6 million GF in FY 2019 and \$1.6 million GF in FY 2020 and a like amount of matching federal Medicaid funds each year, to fund the Medicaid costs of same day access to services at 22 Community Services Boards (CSBs). Chapter 836 provided funding for the first 18 CSBs. This service is the first part of the STEP-VA initiative to improve access and uniformity of services across the Community Board System. Chapters 683 and 607 of the 2017 Acts of Assembly (HB1549/SB1005) mandate all Community Services Boards provide same day access to services by July 1, 2019.
- ***Add 50 Reserve Waiver Slots.*** Proposes adding \$937,238 GF and \$937,238 NGF in FY 2019 and \$1.9 million GF and \$1.9 million NGF in FY 2020 to fund 50 reserve waiver slots in the Community Living Medicaid waiver serving individuals with

intellectual and developmental disabilities (I/DD). The reserve slots will be used for emergencies, individuals transferring between the three waiver programs, or for individuals transitioning from an intermediate care facility or nursing facility to the community.

- ***Fund Training for Consumer-Directed Attendants.*** Proposes \$500,000 GF and a like amount of matching federal Medicaid funds each year to fund training for consumer-directed attendants that provide personal, respite and companion care services in the Medicaid program.
- ***Use Civil Money Penalty Funds to Improve Patient Care in Nursing Facilities.*** Adds \$700,000 NGF each year to support quality improvement initiatives at nursing facilities. Civil Money penalties are collected from nursing facilities that are found out of compliance of federal standards. These funds provide an emergency source of funds in cases of sudden nursing facility closures when resources are necessary to relocated residents. The proposed funding uses only a portion of the revenue collected.
- ***Fund Eye Care Services for Low-Income Children Not eligible for Medicaid or FAMIS.*** Proposes \$336,096 NGF each year from federal Children's Health Insurance Program administrative allotment to allow the Department of Medical Assistance Services to contract with Vision to Learn, a non-profit organization, to fund eye exams and provide corrective lenses, if necessary, for children in Title I schools. Only those schools with 51 percent or higher of the student body receives free or reduced lunch would qualify. It is estimated that 2,700 children each year with incomes above the FAMIS eligibility of 200 percent of the federal poverty level would qualify under the program. The state share of costs would be matched by the Virginia Health Care Foundation.
- ***Reduce Appropriation for Piedmont Geriatric and Catawba Hospitals due to Federal Reductions.*** The introduced budget proposes a reduction of \$453,910 GF in FY 2019 and \$635,474 GF in FY 2020 and a like amount of federal Medicaid matching funds each year to reflect federal reductions in Disproportionate Share Hospital (DSH) funding. The federal DSH allotment is provided to states to make payments to qualifying hospitals that serve high numbers of Medicaid and uninsured patients. The Affordable Care Act included a reduction to DSH allotments to reflect the reduction in uninsured patients resulting from Medicaid expansion and health insurance provisions in the law. The reductions have been delayed previously and under current law begin to take effect in federal fiscal year 2019. Another proposed action in the Department of Behavioral Health and Developmental Services provides GF support to offset the DSH reduction to Piedmont Geriatric and Catawba Hospitals.

## *Administrative Funding*

- ***Fund Re-procurement Costs of the Cover Virginia Center.*** Adds \$3.8 million GF and \$6.3 million GF in FY 2019 and \$1.1 million GF and \$3.4 million NGF in FY 2020 to fund the anticipated costs to re-procure the contract for the Cover Virginia Call Center. The contract includes a call center, centralized eligibility processing unit, and a special unit for the GAP program. The department will exercise a one-year extension of the current contract for FY 2019 but expects to have startup costs prior to a new vendor beginning operations in FY 2020.
- ***Fund External Quality Review Activities for Managed Care Oversight.*** Proposes \$301,755 GF and \$905,266 NGF in FY 2019 and \$570,449 GF and \$1.7 million NGF in FY 2020 to fund a contract with an External Quality Review Organization (EQRO). An EQRO analyzes and evaluates data from the managed care companies related to quality, timeliness, and access to care for Medicaid enrollees as required by federal regulation. The funding would also support an audit of the managed care companies' provider networks.
- ***Add Two Positions to Strengthen Agency Data Security and Processes.*** The introduced budget proposes \$138,087 GF and \$138,087 in matching federal Medicaid funds each year of the biennium to fund two positions to address data security weaknesses. These positions will enhance risk management, encryption key management, intrusion protection and detection, and vulnerability scanning to ensure the agency's systems are secure and fully compliant with federal standards.
- ***Backfill a Reduction in Federal Support for Information Technology Staff.*** Proposes an increase of \$250,000 GF and a decrease of \$250,000 NGF in FY 2020 to backfill funds due to a reduction in the federal match rate for certain information technology positions involved in the Medicaid Enterprise System (MES) replacement. A prior savings action reduced the GF for these positions because federal rules permit a 90 percent federal match for certain activities related to the re-procurement of the MES. The period of time the higher match rate can be claimed ends by FY 2020.
- ***Fund Increase in Costs for Third Party Liability Verifications.*** Proposes \$104,175 GF and \$104,175 in matching federal Medicaid funds each year to fund the increase in costs associated with performing 28,000 Third Party Liability (TPL) verifications each year. In addition, this funding would also support 2,000 additional TPL verifications each year along with 675 Medicare verifications, which are currently not conducted at all.
- ***Evaluation of the GAP Waiver.*** The introduced budget adds \$85,000 GF and \$85,000 NGF each year to pay for an independent evaluation of the GAP waiver.

The GAP waiver provides a limited Medicaid benefit to seriously mentally ill individuals with incomes up to 100 percent of the federal poverty level that are otherwise not eligible for the regular Medicaid program. The federal government requires an evaluation of waivers.

- ***Increase Funding for FAMIS Outreach and Enrollment.*** Adds \$11,280 GF and \$82,720 NGF in FY 2019 and \$19,388 GF and \$74,612 NGF in FY 2020 to provide additional funding for a contract with the Virginia Health Care Foundation to increase support for outreach and enrollment efforts for the FAMIS program.

### ***Language***

- ***Modify Language for the Graduate Medical Residency Program.*** Includes language specifying the hospitals that have been awarded the remaining ten graduate medical residency slots. This program uses Medicaid funding to fund up to 25 slots for medical residents at Virginia hospitals. Last year only 15 of the 25 slots were filled and this language reflects the award of the remaining 10 slots.
- ***Require Data Reporting on Managed Care Payments for Services under the Children’s Services Act (CSA).*** Adds language requiring the Department of Medical Assistance Services (DMAS) to collect from Medicaid managed care companies all data and information necessary to be provided to the Office of Children’s Services (OCS) in order to ensure the collection of the local matching share of Medicaid eligible services under CSA. Services provided through the CSA program require a local matching share. DMAS is transitioning these services from a fee-for-service payment to a capitated payment model, but OCS still needs to receive the data on services provided, on a monthly basis, in order to calculate and collect the local share.
- ***Require Notice of Changes to the State Plan or Medicaid Waivers.*** Adds language requiring that the Department of Medical Assistance Services provide notice to the Department of Planning and Budget 30 days prior to the submission of a state plan or waiver amendment for Medicaid. The notice would state the purpose of the change and if any future regulatory action or additional funding would be needed.
- ***Update the Eligibility Performance Management Program.*** Requires the Department of Medical Assistance Services and the Department of Social Services to report data on the functioning of the eligibility system for Medicaid and the Children’s’ Health Insurance Program. Based on the data collected, the agencies are required to develop meaningful performance metrics that shall be publicly reported to demonstrate the performance of the eligibility system including the performance of local departments of social services and the centralized processing unit.

- **Department of Behavioral Health and Developmental Services (DBHDS)**

*Community Mental Health and Substance Use Disorder Treatment Services*

- *Add Funds for STEP-VA Assessment Services at Community Services Boards (CSBs).* The proposed budget adds \$7.5 million GF and \$1.6 million NGF each year over the biennium to complete the implementation of same-day access to assessment services at 22 remaining CSBs. Of this amount, \$5.9 million GF each year is provided in the budget for DBHDS and \$1.6 million GF and \$1.6 million in matching federal Medicaid matching funds each year is provided in the budget for the Department of Medical Assistance Services (DMAS) for those services provided on behalf of Medicaid recipients. Funding will be used for additional staffing to provide intake and increase mental health evaluations.
- *Add Funds for STEP-VA Primary Care Screening Services at CSBs.* Proposes \$3.7 million GF the first year and \$7.4 million GF the second year to implement primary care screening services at all 40 CSBs. Legislation passed by the 2016 General Assembly requires CSBs to provide for outpatient primary care screening and monitoring for physical health indicators and health risks, and follow-up services for individuals identified as being in need of assistance with overcoming barriers to accessing primary health services beginning in FY 2020.
- *Continue Funds for Medication Assisted Treatment Services.* Proposes \$5.0 million GF each year to replace federal funding from the federal State Targeted Response to the Opioid Crisis Grant for opioid medication assisted treatment services to approximately 700 individuals. The 2017 General Assembly appropriated available federal grant funding for this purpose in FY 2018. However, federal grant funding will expire in FY 2019.
- *Add Funds for Discharge Assistance Plans to Reduce Census at State Facilities.* Proposes \$2.3 million GF the first year and \$4.6 million GF the second year to transition 92 individuals from state facilities who face extraordinary barriers to discharge into the community. Funding will help to reduce census pressures at state mental health facilities.
- *Expand Permanent Supportive Housing for Mentally Ill.* The Governor’s proposed budget includes the following actions to expand permanent supportive housing and program oversight for individuals with serious mental illness and substance use disorders:
  - \$1.5 million GF the first year and \$3.1 million GF the second year to expand permanent supportive housing for up to 200 individuals with serious mental illness with priority for those who are currently residing in state facilities and are ready for discharge;

- \$826,260 GF the first year and \$1.7 million GF the second year for pregnant women or women with children with substance use disorders; and
  - a transfer of \$200,000 GF from the funds for permanent supportive housing for individuals in the community to the central office to fund two additional positions to provide program oversight. The 2017 actions by the General Assembly provided \$100,000 and one position to oversee the program.
- ***Develop Assisted Living Facility to Increase Community Capacity for Facility Discharges.*** Adds \$700,000 GF the first year and \$1.7 million GF and 10 positions the second year for the development of one assisted living facility (ALF) for individuals with serious mental illness transitioning from state facilities to communities. The target population will be individuals in state hospitals who have the most complex and resource intensive needs to provide them with the potential for transitioning to more integrated settings. The ALF will be strategically located in an area of highest need and provide 24-hour residential care for individuals with significant medical needs, co-occurring mental health, substance abuse, and neuro-cognitive disorders, treatment resistant symptoms, and histories of high risk behaviors, and who require high levels of nursing supervision and frequent medical and psychiatric assessments. A companion amendment (described below) proposes \$250,000 GF the second year for a support team to provide supplement services in the ALF for these individuals. Another amendment in the Department of Social Services proposes additional funding to support associated costs to the Auxiliary Grant program for room and board for these individuals.
- ***Fund Community Support Teams to Assist with Community Integration.*** Adds \$1.1 million GF each year for community support teams to develop and oversee a continuum of integrated community settings for individuals leaving state hospitals. Out of this amount, \$250,000 the second year will be used for a team to provide nursing, case management and staff support for high risk individuals discharged from state hospitals to the proposed new assisted living facility. The remaining funding would fund a specialized community integration team with psychiatric, clinical/behavioral, nursing and geriatric expertise to work with an array of providers to ensure individuals discharged from state behavioral health hospitals have access to a continuum of community-based services including behavioral, nursing, case management support, and permanent supportive housing.
- ***Medicaid Expansion Savings for Community Behavioral Health Services.*** Proposes reducing spending by \$16.7 million GF the first year and \$25.0 million GF the second year to reflect the impact of estimated savings from Medicaid

expansion. The savings would come from state support to Community Services Boards for individuals receiving community behavioral health and substance use disorder treatment services, who would become eligible for Medicaid through the proposed expansion on October 1, 2018.

### ***Mental Health Treatment Centers***

- ***Fund Electronic Health Records System at all DBHDS Facilities.*** Proposes \$5.1 million GF each year to implement electronic health records (EHR) at nine DBHDS facilities which were slated for conversion several years ago. The initial implementation of EHR extended to only three facilities due to a number of unanticipated issues related to project scope.
- ***Operating Support for New 56-Bed Unit at Western State Hospital (WSH).*** Proposes \$5.6 million GF and \$621,805 NGF the second year for 112 positions and operating costs for two new 28-bed units at WSH that are scheduled to open by FY 2020. The units are expected to be fully operational in FY 2021 with an annual operating cost of \$8.5 million.
- ***Backfill NGF with GF for Reduction in Medicaid Disproportionate Share (DSH) Payments.*** Proposes adding \$907,820 GF the first year and \$1.3 million GF the second year to backfill the loss of Medicaid DSH payments at Piedmont Geriatric Hospital and Catawba Hospital. The proposed budget reduces a commensurate amount each year in nongeneral funds. The reduction in DSH funds is due to provisions in the federal Affordable Care Act, which reduces these funds for all states.

### ***Proposed Department of Justice (DOJ) Budget Actions***

- ***Summary of Proposed Actions.*** The introduced budget includes a net addition of \$9.1 million GF the first year and \$23.3 million GF the second year to continue implementation of the settlement agreement with the U.S. Department of Justice related to the training centers and community integration of individuals with intellectual and developmental disabilities into the community. The budget proposals are included in the budgets for the Department of Medical Assistance Services, and the Department of Behavioral Health and Developmental Services (DBHDS). The summary table below illustrates all DOJ related budget actions in the agencies. The individual descriptions of related budget actions for DBHDS follow.



**Department of Justice (DOJ) Settlement Agreement**  
**Proposed Funding\***  
(GF \$ in millions)

<u>Programs and Services</u>	HB/SB 30	
	<u>FY 2019</u>	<u>FY 2020</u>
<b>Department of Medical Assistance Services:</b>		
Required Medicaid Waiver Slots (825 total):	\$14.5	\$30.5
- 70 ID Facility Transition Waiver Slots		
- 680 ID Community Living Waiver Slots		
- 75 Family & Individual Support Waiver Slots		
50 Reserve Medicaid Community Living Waiver Slots	0.9	1.9
Training Center Facility Closure Savings	<u>(10.5)</u>	<u>(17.0)</u>
<b>Subtotal of Proposed DMAS Funding</b>	<b>\$4.9</b>	<b>\$15.4</b>
<b>Department of Behavioral Health and Developmental Services:</b>		
Develop Community Homes for Individuals with Complex Medical Support Needs (\$3.8 million NGF)	NGF	0
Crisis Services for Children and Adults	2.4	3.2
Rental Assistance	1.5	4.1
DD Health Supports Network (Central Virginia)	0	1.3
Provider Training, Provider Compliance Review, Quality Management, and Information Technology Improvements (\$1.2 million NGF)	NGF	0
Increased Workload of Independent Reviewer	0.1	0.1
Non-Medicaid Training Center Discharges	0.2	0.2
Training Center Facility Closure Savings	<u>0</u>	<u>(1.0)</u>
<b>Subtotal of Proposed DBHDS Funding</b>	<b>\$4.2</b>	<b>\$7.9</b>
<b>Total DOJ Proposed GF Spending</b>	<b>\$9.1</b>	<b>\$23.3</b>

\*Additional nongeneral funds are also proposed for DOJ related activities through the federal Medicaid match for waiver slots and reserve slots totaling \$45 million over the biennium, as well as \$5.0 million in FY 2019 from the BHDS Trust Fund for increasing community capacity for individuals with medically complex support needs, provider training and compliance reviews, quality management and information technology.

- *DOJ: Expand Crisis Services.* Proposes \$2.4 million GF the first year and \$3.2 million GF the second year to improve crisis programs to comply with requirements of the settlement agreement. This funding will support staffing for a children’s crisis therapeutic home and an adult transition home located in the

Northern Virginia catchment area. The 2017 General Assembly provided one-time funds from the Behavioral Health and Developmental Services Trust Fund to develop services in Northern Virginia for those with intensive behavioral or medical needs, including two eight-bed therapeutic homes. The settlement agreement requires the Commonwealth to implement a statewide crisis system to support individuals with developmental disabilities.

- ***DOJ: Increase Funds for State Rental Assistance Program for Individuals with Developmental Disabilities to Live in Independent Settings.*** Proposes \$1.6 million GF the first year and \$4.1 million the second year to support 343 individuals to live in their own housing with appropriate supports. This funding will allow the Commonwealth to achieve its goal to provide rental assistance to 847 individuals as agreed upon by the agency and the Department of Justice.
- ***DOJ: Fund a Developmental Disabilities Health Support Network in the Central Virginia Region.*** Provides \$1.3 million GF and 8.75 FTE positions the second year to create a health support network in the central Virginia region of the Commonwealth to ensure that appropriate services are available for individuals in the community that have transitioned from the training centers. The current budget of \$3.9 million GF supports three health support networks: one in Northern Virginia and one in the Richmond area and one in Southwest Virginia. These networks provide health education, dental services and equipment repair. A network in Central Virginia is proposed to be developed to coincide with the planned closure of the Central Virginia Training Center in 2020.
- ***DOJ: Fund Community Services for Non-Medicaid Training Center Residents.*** Provides \$175,000 GF each year for the costs of community services for two individuals currently residing in state training centers that are not eligible for Medicaid. These individuals are expected to be transitioned from the training centers to the community in FY 2019.
- ***DOJ: Increase Funding for Independent Reviewer.*** Adds \$62,167 GF the first year and \$101,815 GF the second year for a larger than anticipated workload for the independent reviewer, who is appointed by the court to monitor the Commonwealth's compliance with the settlement agreement. Funding was added in the 2016-18 biennium for serious incident reviews, which were required by the judge and which were not anticipated in the original settlement agreement.
- ***DOJ: Increase Funding for Provider Training, Compliance, and Quality Improvements.*** Proposes \$1.2 million the first year from the BHDS Trust Fund to be spent on provider training, provider compliance review, quality management, and information technology improvements. The added amount in the trust fund comes from the sale of the Northern Virginia Training Center.

- ***DOJ: Increase Community Capacity for Individuals with Medically Complex Support Needs.*** Proposes allocating \$3.8 million the first year from the BHDS Trust Fund to develop provider capacity to serve individuals with multiple diagnoses (i.e Developmentally Disabled (DD) individuals experiencing a mental health issue, and having a personality disorder) and individuals with complex medical support needs. The one-time funds will be used for the purchase of homes as well as initial development and training of specialized staff. Monies allocated to funding homes for individuals with complex medical supports will be utilized to support capacity development in the area of the Central Virginia Training Center. Funding allocated to tri-diagnoses homes will be deployed throughout the Commonwealth to enhance each region’s capacity.
- ***DOJ: Reduce Funds to Reflect Downsizing and Closure of Training Centers.*** Proposes reducing funding by \$1.0 million GF and in FY 2020 to reflect savings from the continued downsizing and closure of training centers. Separate actions also reduce the special fund appropriation for training centers by \$50.0 million NGF each year and eliminate 365 positions to reflect a reduction in Medicaid and third party reimbursements due to downsizing and closure.

***Other Spending Initiatives***

- ***Fund Increasing Caseload for Part C Early Intervention Services.*** Proposes \$1.8 million GF the first year and \$2.8 million GF the second year to cover the costs of the increasing caseload for the program. The program has been growing on average by 5.0 percent a year over the past six years. The program provides early intervention services to children from birth to 2 years old with a developmental delay or at-risk of a developmental delay. This program is part of the federal Individuals with Disabilities Education Act.
- ***Add Licensing Positions.*** Proposes \$238,692 this first year and \$859,294 and four additional positions the second year to increase licensing positions in the agency by five positions in FY 2019 and an additional four positions in FY 2020. The added positions will address the backlog of providers and facilities that must be licensed by the agency in order to provide services.

***Virginia Center for Behavioral Rehabilitation (VCBR)***

- ***Fund Temporary Beds for Individuals with Significant Medical Needs.*** Proposes \$2.8 million GF the first year and \$2.9 million GF the second year and 55 positions to staff and operate 22 temporary beds for VCBR residents with significant medical needs. The temporary beds will be located at Piedmont Geriatric Hospital. The census at the VCBR is projected to be over capacity in 2018. Funds, staff and residents will be transferred back to the VCBR once the planned expansion is complete in FY 2021.

- ***Fund VCBR Expansion Operating Costs.*** The introduced budget adds \$7.8 million GF and 147 positions in the second year for the increased operating costs associated with the 72-bed expansion. The first unit is projected to open in August 2019 with full expansion to be completed in FY 2021.
- ***Fund Hepatitis C Treatment Costs.*** Proposes \$540,000 GF each year for the costs of providing treatment for hepatitis C for 28 residents at the center. Additional funding will cover the cost of drugs, exams, laboratory services and transportation to treatment centers.
- ***Fund Increased Costs for Sexually Violent Predator Supervision and Monitoring.*** Adds \$331,846 GF the first year and \$518,570 GF the second year for the increased costs to supervise and monitor sexually violent predators who are discharged from the Virginia Center for Behavioral Rehabilitation. The agency contracts with the Department of Corrections to provide these services.
- ***Remove Language Restricting Fund Transfers to the VCBR.*** The introduced budget eliminates language which restricted the agency from transferring funds within the agency to the VCBR. The agency requested greater flexibility while it approaches capacity at the VCBR and moves residents to temporary space until the expansion is complete.

- **Department for Aging and Rehabilitative Services**

- ***Provide Funds for a New Adult Services and Adult Protective Services Case Management System.*** Proposes \$440,000 GF each year for the ongoing costs of replacing and operating a new case management system. Funding of \$560,000 from two federal grants was used for most of the system development costs. The proposed funding will be used to pay for licensing fees, training of local workers and on-going support costs.

- **Department of Social Services**

- ***Fund Projected Information Technology Costs.*** The introduced budget adds \$4.2 million GF and \$4.2 million NGF each year for projected information systems operating costs through VITA and other systems costs related to the transition from the UNISYS system to the Virginia Case Management System. The agency is experiencing system redundancy costs as it terminates use of the UNISYS mainframe, which was not accounted for in VITA base budget adjustments that were proposed in Central Accounts.
- ***Fund Foster Care and Adoption Forecast.*** Proposes a net increase of \$3.3 million GF and \$6.7 million NGF each year for forecast changes to the foster care and adoption programs. Adoption subsidies are projected to increase by \$15.6 million

GF and \$13.4 million in federal Title IV-E funds over the 2018-20 biennium above FY 2018 appropriations. Title IV-E foster care expenditures are expected to increase by \$4.0 million GF and \$4.0 million NGF over the 2018-20 biennium above FY 2018 appropriations. The increased costs for the Title IV-E foster care and adoption programs are partially offset by a projected decline in state adoption subsidies by \$13.1 million GF and \$4.0 million NGF over the 2018-20 biennium. The following table details total spending for child welfare services.

<b>Proposed Funding for Child Welfare Services Spending</b>			
(All Funds, \$ in millions)			
	<b>HB/SB 29</b>	<b>HB/SB 30</b>	
	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>
Title IV-E Foster Care*	\$66.5	\$66.2	\$66.0
Title IV-E Adoption Subsidies*	101.2	111.6	121.7
State Funded Adoptions (GF)	<u>26.2</u>	<u>23.1</u>	<u>20.0</u>
<b>Total</b>	<b>\$193.9</b>	<b>\$200.9</b>	<b>\$207.7</b>
*The general fund share of these costs is 50 percent.			

- ***Fund Child Welfare Information System with Mandated Reinvestment Funds.***  
The introduced budget adds \$3.1 million GF each year to implement a new comprehensive child welfare information system for case management to replace four information systems, using federally required reinvestment funding. The new system will be used for foster care and adoption case management, investigations of abuse and neglect, to track and monitor preventive services to at-risk families and provide for other record keeping needs. Since federal FY 2010, the program criteria for an applicable child for federal Title IV-E adoption assistance have resulted in an increase in children eligible for federal funding. Services for these children were fully state-supported, resulting in state savings. The savings are required by federal law to be reinvested in the child welfare system.
- ***Fund Increase in Child Welfare Services with Mandated Reinvestment Funds.***  
Proposes \$1.3 million GF each year to fund an increase in child welfare services using mandated reinvestment funding as required by federal law. As indicated above, state savings in adoption assistance funds due to increases in eligibility for federal Title IV-E adoption assistance must be reinvested in the child welfare system. The funds will be used for post adoption case management services,

mutual family assessments, foster care and adoption services, and substance abuse services for parents.

- ***Backfill Loss of Nongeneral Fund Revenues for Child Support Enforcement Operations.*** Proposes an addition of \$3.0 million GF and reduces \$3.5 million NGF each year for child support enforcement operations. Nongeneral fund revenues come from allowable retained child support collections on behalf of TANF recipients. Federal law allows the program to retain any child support payments in excess of \$50 each month for operating costs if the family receives TANF assistance in addition to child support.

As the TANF caseload continues to decrease, the amount of child support collected on the families' behalf also declines. TANF collections declined by about 10% in FY 2017 and are estimated to decline by an additional 6% in FY 2018. These retained collections are used to provide the state match for federal child support enforcement funding, which are available at a two-to-one federal-to-state match rate. This action assumes that the Division of Child Support Enforcement will continue hold about 10 percent of its positions vacant as part of its efforts to decrease operational costs.

- ***Increase Support for Additional Local Eligibility Workers as a Result of Expanding Medicaid.*** Provides \$2.3 million GF and \$16.9 million NGF the first year and \$3.6 million GF and \$27.3 million NGF the second year to fund additional eligibility workers in the local Departments of Social Services. The introduced budget includes an expansion of Medicaid as allowed by the federal Affordable Care Act. This expansion may result in as many as 300,000 new enrollees in the program and many of the eligibility determinations would be handled at the local level.
- ***Reinvest Auxiliary Grant Rate Savings in Rate Increase.*** Proposes \$1.4 million GF each year to increase the Auxiliary Grant rate by \$35 per month beginning July 1, 2019. This increases the grant rate by 2.8 percent over the proposed FY 2018 rate of \$1,236 per month, which was adjusted by \$15 per month to reflect a Supplemental Security Income cost of living adjustment beginning January 1, 2018.
- ***Fund Auxiliary Grants for Individuals with Serious Mental Illness Discharged from State Behavioral Health Facilities.*** Proposes adding \$299,040 GF the second year to support associated costs to the Auxiliary Grant program for room and board for individuals with serious mental illness with complex needs that are transitioning from state behavioral health facilities to more integrated community settings. Companion amendments in the Department of Behavioral Health and Developmental Services provide funding for the development of the assisted

living facility (ALF) and a support team to provide supplement services in the ALF for these individuals.

- ***Capture Surplus in Funding from the Auxiliary Grant Program.*** Reduces by \$1.8 million GF each year the funding appropriated for the auxiliary grant program. Fewer individuals are expected to participate in the program. Expenditures in the program have declined by about 12.5 percent over the past three fiscal years.
- ***Fund Increase in TANF Unemployed Parents Program.*** Proposes \$796,839 GF each year to fund the forecast of costs in the unemployed parents cash assistance program.
- ***Fund Rent Increases for Regional Offices.*** Proposes funding of \$331,919 GF and \$417,041 NGF each year to support increases in rent for regional offices whose leases are set to expire.
- ***Fund Office of Immigrant Assistance.*** Proposes funding of \$450,000 GF the first year and \$300,000 GF the second year and two positions to create an Office of Immigrant Assistance to assist lawful immigrants in becoming U.S. citizens.

#### ***Nongeneral Fund Increases***

- ***Adjust Appropriation for Local Staff and Operations.*** Proposes \$27.0 million NGF each year to reflect a projected increase in federal appropriations for local DSS staff and operations. Federal funding is provided based on an agreed upon cost allocation formula.
- ***Add Federal Child Care And Development Fund (CCDF) Funds for Child Care Subsidies and Improvements.*** Proposes adding \$1.1 million NGF each year from the federal CCDF awarded to the agency for child care subsidies and child care quality improvement activities. Out of this funding, \$500,000 NGF each year will be used in underserved areas to increase the number of subsidies. The remaining funding will be used to address increased need for quality rating system (QRS) services to providers who are now required to participate in the QRS due to new federal program standards for Head Start.
- ***Add Federal CCDF for Child Care Licensing Information Technology Upgrades.*** Proposes adding \$714,469 NGF each year from the federal CCDF to upgrade the Division of Licensing Programs Health and Information Network (DOLPHIN). The system is used to manage the Division’s licensing program.
- ***Adjust Appropriation for Supplemental Nutrition Assistance Program (SNAP) Employment and Training Pilot Grant.*** Proposes reducing \$4.2 million NGF the first year and \$8.3 million NGF the second year from an appropriation for a

federal grant award to the state for a pilot program. The purpose of this pilot program was to increase the number of SNAP recipients that obtain employment and increase the income of those employed with the ultimate goal of reducing reliance on SNAP benefits. The 3-year pilot program will be completed by December 31, 2018.

- ***Increase Appropriation for Virginia Birth Father Registry Program.*** Proposes an increase of \$100,000 NGF each year from the Virginia Birth Father Registry Program for increased marketing about the registry. The program was created by the 2006 General Assembly to allow putative fathers to register and be entitled to notification if a child is conceived and placed for adoption.

#### ***Temporary Assistance to Needy Families Block Grant***

- ***Adjust Temporary Assistance to Needy Families (TANF) Funding to Account for Providing Mandated Benefits.*** Reduces TANF spending by a net of \$25.0 million NGF the first year and \$29.1 million NGF the second year to reflect the spending forecast of TANF income benefits. TANF spending for mandated benefits has declined in recent years and is expected to decline by 4.5 percent in FY 2019 and an additional 4.2 percent in FY 2020 from the FY 2018 estimated spending level. This reduction is offset by additional TANF spending in the proposed budget that includes \$6.0 million NGF each year from estimated TANF balances for a long-acting reversible contraception pilot program. These actions will leave a \$107.1 million TANF balance at the end of FY 2020. The table below provides detail on the TANF budget for the biennium.



**TANF Block Grant Funding**  
**Proposed for FY 2018, FY 2019 and FY 2020**

	<b>HB/SB 29 Proposed FY 2018</b>	<b>HB/SB 30 Proposed FY 2019</b>	<b>HB/SB 30 Proposed FY 2020</b>
<b>TANF Resources</b>			
Annual TANF Block Grant Award	\$157,762,831	\$157,762,831	\$158,285,172
Carry-Forward From Prior Fiscal Year	<u>123,754,882</u>	<u>117,664,697</u>	<u>110,102,367</u>
<b>Total TANF Resources Available</b>	<b>\$281,517,713</b>	<b>\$275,427,528</b>	<b>\$268,387,539</b>
<b>TANF Expenditures</b>			
<i>VIP/VIEW Core Benefits and Services</i>			
TANF Income Benefits	\$30,946,293	\$26,418,438	\$22,330,974
VIEW Employment Services	13,612,144	13,612,144	13,612,144
VIEW Child Care Services	1,250,137	1,250,137	1,250,137
TANF Caseload Reserve	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
<b>Subtotal VIP/VIEW Benefits and Services</b>	<b>\$47,808,574</b>	<b>\$43,280,719</b>	<b>\$39,193,255</b>
<i>Administration</i>			
State Administration	\$3,002,653	\$3,002,653	\$3,002,653
Information Systems	4,052,023	4,052,023	4,052,023
Local Staff and Operations	45,513,536	45,513,536	45,513,536
Eligibility System Maintenance/IT	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
<b>Subtotal Administration</b>	<b>\$53,568,212</b>	<b>\$53,568,212</b>	<b>\$53,568,212</b>
<i>TANF Programming</i>			
Healthy Families/Healthy Start	\$9,035,501	\$9,035,501	\$9,035,501
Community Employment & Training Grants	7,500,000	7,500,000	7,500,000
Community Action Agencies	4,250,000	4,250,000	4,250,000
Local Domestic Violence Prevention Grants	3,346,792	3,346,792	3,346,792
CHIP of Virginia (VDH)	2,400,000	2,400,000	2,400,000
Virginia Early Childhood Foundation	1,250,000	1,250,000	1,250,000
Resource Mothers	1,000,000	1,000,000	1,000,000
Boys and Girls Clubs	1,000,000	1,000,000	1,000,000
Child Advocacy Centers	825,500	825,500	825,500
Northern Virginia Family Services	500,000	500,000	500,000
EITC Grants	185,725	185,725	185,725
Long Acting Reversible Contraceptives	<u>0</u>	<u>6,000,000</u>	<u>6,000,000</u>
<b>Subtotal TANF Programming</b>	<b>\$31,293,518</b>	<b>\$37,293,518</b>	<b>\$37,293,518</b>
<b>Total TANF Expenditures</b>	<b>\$132,670,304</b>	<b>\$134,142,449</b>	<b>\$130,054,985</b>
<b>Transfers to other Block Grants</b>			
CCDF for At-Risk Child Care	\$12,857,212	\$12,857,212	\$12,857,212
CCDF for Head Start Wraparound Services	2,500,000	2,500,000	2,500,000
SSBG for Children's Services Act	9,419,998	9,419,998	9,419,998
SSBG for Local Staff Support	<u>6,405,502</u>	<u>6,405,502</u>	<u>6,405,502</u>
<b>Total TANF Transfers</b>	<b>\$31,182,712</b>	<b>\$31,182,712</b>	<b>\$31,182,712</b>
<b>Total TANF Expenditures &amp; Transfers</b>	<b>\$163,853,016</b>	<b>\$165,325,161</b>	<b>\$161,237,697</b>