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DEPARTMENT OF HUMAN SERVICES  
JESSIE K. RASMUSSEN, DIRECTOR

Date: August 23, 2001

To: Sam Leto, Legislative Fiscal Bureau

From: Jan Clausen, DHS Fiscal Management

Re: Your Questions

Responses are provided to your questions regarding Medical Assistance and the Senior Living Trust.

**Question: What does the DHS project the FY 2002 state dollar deficit in the Medical Assistance Program to be.**

The Department is working on a projected funding level need for SFY 02. At this point, it is assumed there is the potential for a shortfall given the number of Iowans eligible for Medicaid is 16,808 more in the first month of SFY 02 than was assumed in the budget. The Department is using a number of strategies to determine a projected year end estimate. Although we will continue to review trends, in this changing economic environment it is not sufficient to rely on historical experience alone. We are also analyzing in depth the *reasons* for the growth in the number of Iowans eligible for Medicaid. We know the growth has been most significant in the number of children receiving Title XIX funded services. To more accurately assess future trends, we are working to identify the causes of the growth in order to determine if an assumption of continued growth at the SFY 01 levels is appropriate. We are also surveying all states' Medicaid agencies to determine their experience with Title XIX expenditures, the method they use to project future demand and the strategies they're implementing to manage costs. We continue to review multiple cost containment options both for SFY 02 and 03. Our goal is to manage the program within the funds available. However, that may not be possible.

**Question: Provide an explanation/detail of the source of the \$4 M in DHS appropriation transfers to offset the SFY 01 Medical Assistance shortfall and the impact to those programs.**

The following transfers have been requested:

Child Support Recovery	\$1,000,000
General Administration	700,000
Field Operations	150,000
Child & Family Services	150,000
Reactive Attachment Training	48,300
MI Special Services	40,000
MI/MR/DD State Cases	300,000
State Supplementary Assistance	80,000
Family Investment Program	300,000
Volunteers	25,000

The amounts identified above are unexpended funds and the impact to the programs for SFY 01 has already been managed. In CSRU, General Administration and Field, a hiring, purchasing and travel freeze was implemented in March.

**Question: Provide the impact of the transfer from the Nursing Facility Conversion to offset the shortfall in Medical Assistance on the Senior Living Program.**

As was shared with the Fiscal Committee at their meeting in July, this transfer has no affect on the Senior Living Program. The Department's commitment to a total of \$80 M for nursing facility conversion over the four years and the availability of funds to honor that commitment are unchanged.