

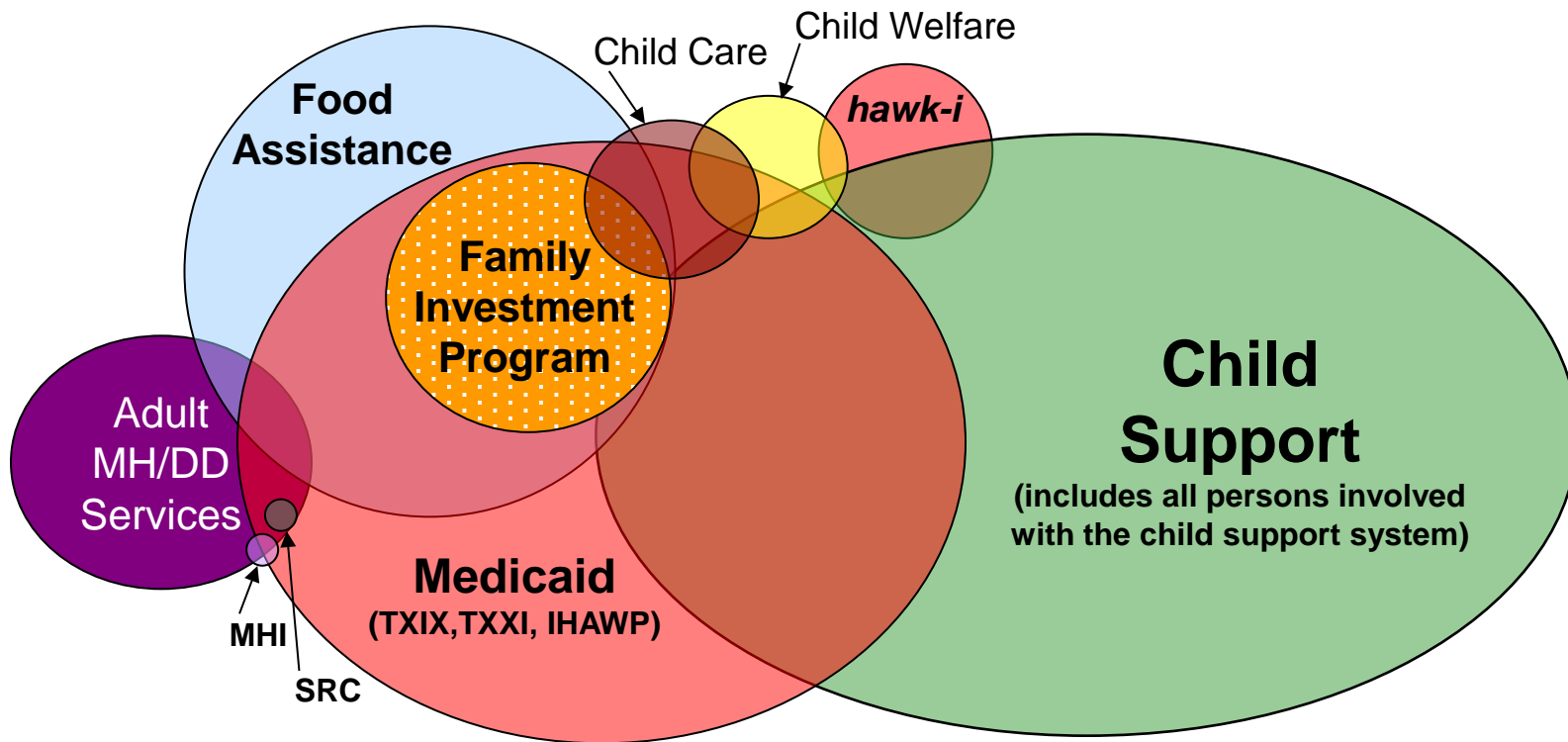


SFY16 & 17 Budget HHS Budget Subcommittee

January 22, 2015

Total DHS Clients Served

(973,223 unduplicated)



Data as of June 2014: This report shows lowans served by DHS in a single month. Some individuals may be included in more than one program.

Report Generated – August 15, 2014

Iowa Population in 2010 Census 3,046,355 % of Population Served 32%
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Where Does the Money Go?

Manage Resources & Service Delivery \$0.03

Employment & Economic Security \$0.05

Safety, Well-Being, & Permanency for Children \$0.04

Behavioral & Disabilities Health Programs \$0.03

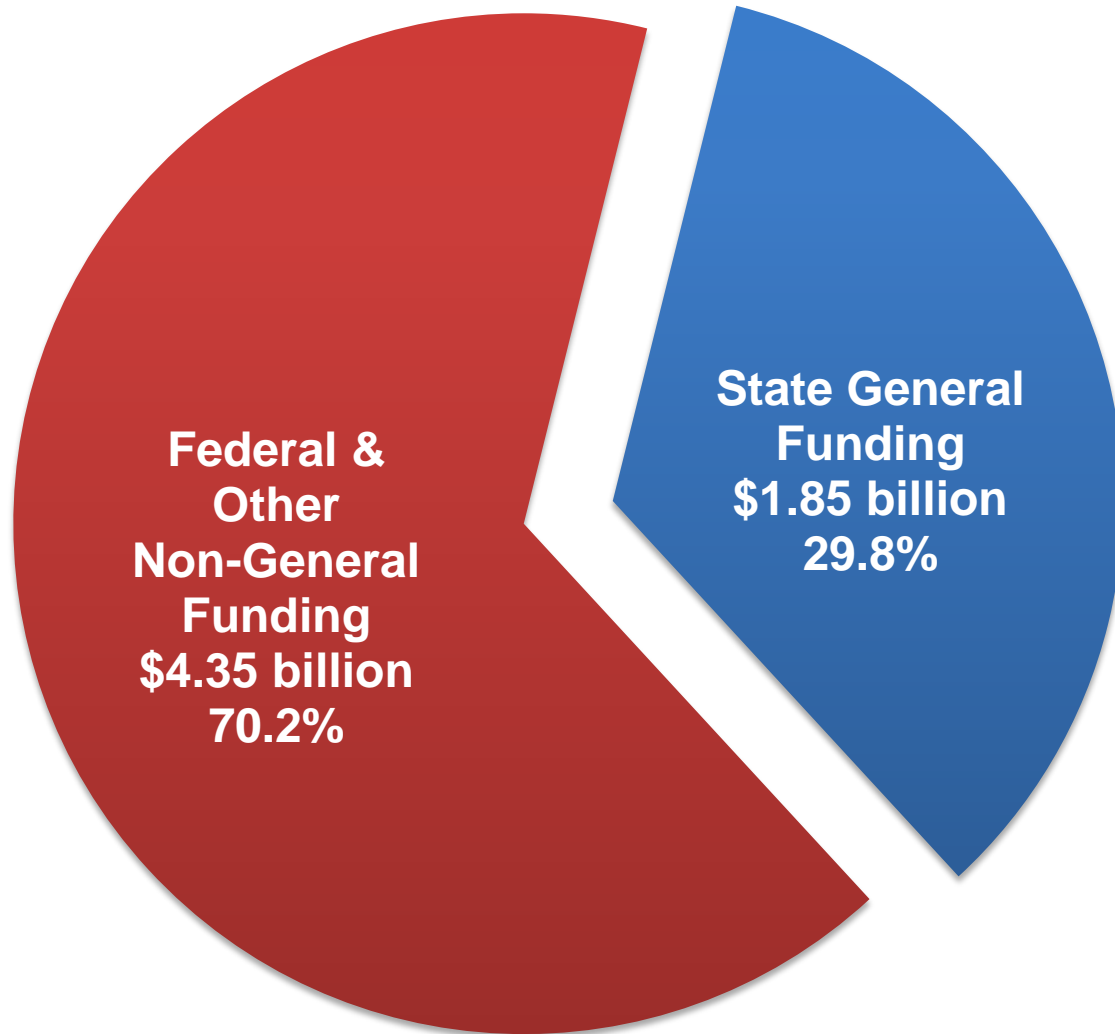
Health Programs \$0.85



SFY16 Budget

By Funding Source

Total Budget \$6.2 billion





SFY16 Budget – General Funds

Increase over SFY15 appropriation = \$70,797,876

% Increase over SFY15 appropriation = 4%

SFY17 Budget – General Funds

Increase over SFY16 appropriation = \$27,791,431

% Increase over SFY16 appropriation = 1.5%



Major categories of increases

SFY16 increase over SFY15 enacted -- \$70,797,876

- FMAP decreases -- \$58,723,829
- Enhances FMAP for CHIP – (\$29,244,956)
- SFY15 unfunded need -- \$68,000,000

- One-time funds -- \$14,041,761
 - Medical Assistance – Medicaid Fraud Fund
 - Medical Contracts – Rx Settlement Fund
 - Child Care Carry-forward

- Growth/Other – (\$40,722,758)
 - Medicaid cost containment
 - Equalization
 - Institutional re-alignment
 - Growth

Increase by Strategic Focus

	General Fund	Recommended change in General Fund Appropriation			
	SFY 15 Enacted	SFY16 change from SFY15		SFY17 change from SFY16	
Improve Health Status*	\$1,301,931,910	\$116,953,576	9.0%	\$27,178,641	1.9%
Promote Behavioral & Disabilities Health Status*	\$97,248,053	(\$11,611,380)	-11.9%	(\$282,455)	-0.3%
MHDS Equalization	\$30,555,823	(\$30,555,823)	-100.0%	\$0	--
Improve Safety, Wellbeing & Permanency for Children	\$153,108,897	(\$1,501,278)	-1.0%	\$747,503	0.5%
Promote Employment & Economic Security	\$110,737,185	\$5,173,342	4.7%	\$147,742	0.1%
Effectively Manage Resources	\$81,835,730	(\$7,660,561)	-9.4%	\$0	0.0%
Total	\$1,775,417,598	\$70,797,876	4.0%	\$27,791,431	1.5%
* SFY15 enacted reflects status quo adjustment for transfer from Medical Assistance to Mental Health Institutes					

Improve Iowans' Health Status



Iowa Department
of Human Services

Medical Assistance

Medical Contracts

Children's Health Insurance Program

Iowa Health and Wellness Plan

State Supplementary Assistance



Health Care Redesign (Affordable Care Act)

- Access expanded
- Improved integration of care
- Focus on individual responsibility for health status



Iowa Health and Wellness Plan Benefits Iowa's Hospitals

- The Iowa Hospital Association reports a 46% drop in uninsured patients hospitalized from January through June of 2014 compared to the same period in 2013
- The cost of charity care costs fell 18.5% or \$32.5 million
- Hospital admissions in Iowa dropped 4.4% during the time period
- Emergency room visits held steady during the time period, increasing less than 1%



Access to Health Care Coverage

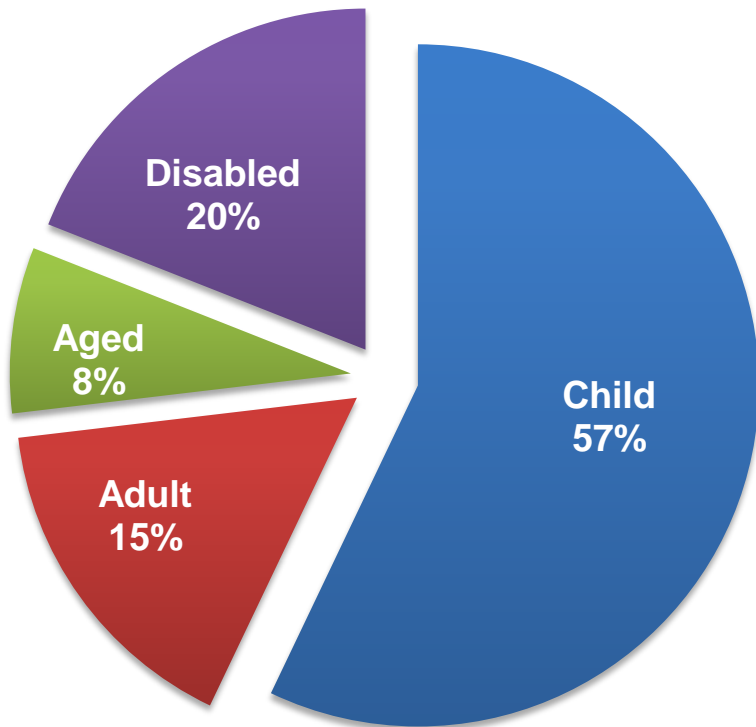
- **Current enrollment is 544,837** (as of December 2014)
 - 403,937 traditional Medicaid
 - 121,275 IHWP
 - 19,625 Family Planning Waiver

- **58,321 children in Iowa have access to health coverage through CHIP and hawk-i** (as of December 2014)

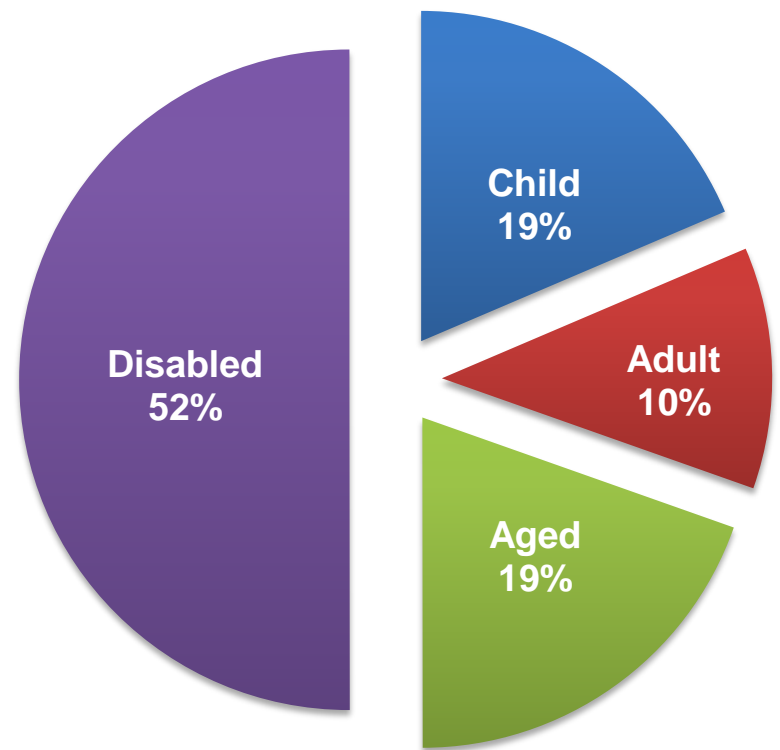
Medicaid Enrollment and Expenditures

Traditional Medicaid only

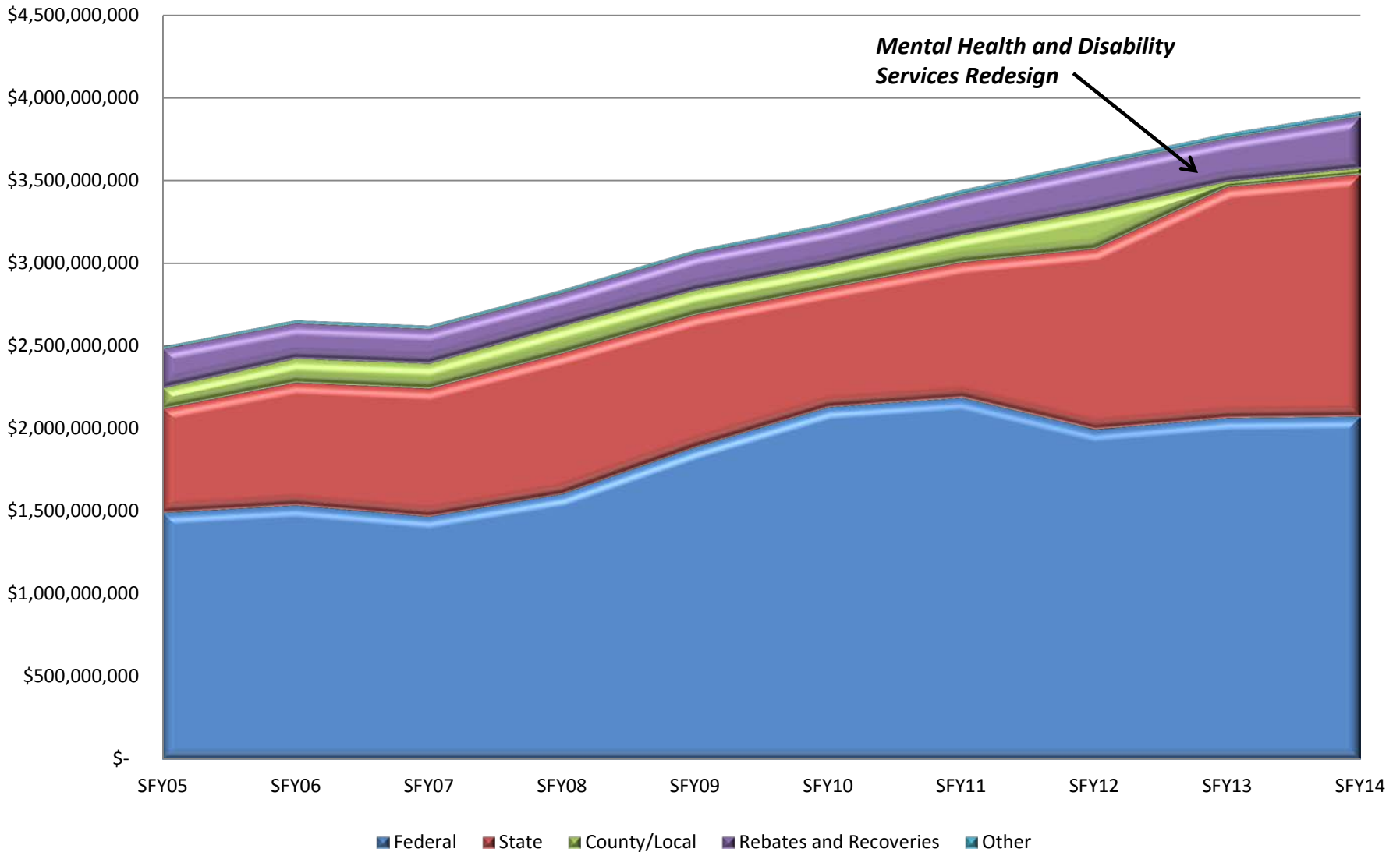
Enrollment - SFY14



Expenditures - SFY14



Iowa Department of Human Services Historical Medicaid Expenditures by Fund Source



Traditional Medicaid only incl. not newly eligible

SFY15 – SFY16 Medicaid Estimates

Includes Medical Assistance, MHDS Redesign, and Iowa Health and Wellness Plan.

	Forecasting Group Midpoint (as of December 2014)		Governor's Budget
	SFY15	SFY16	SFY16
State Revenue	\$1,540,323,200	\$1,537,560,429	\$1,656,732,462
State Expenditures	\$1,608,323,200	\$1,743,560,429	\$1,656,732,462
Ending Balance	(\$68,000,000)	(\$206,000,000)	\$0

SFY15 Explained

SFY15 Forecasting Group Midpoint - History

	2014 Session	Current Estimate	Variance
Projected Revenue	\$1,551,310,082	\$1,540,323,200	(\$10,986,882)
Projected Expenses	\$1,585,310,082	\$1,608,323,200	\$23,013,118
Ending Balance	(\$34,000,000)	(\$68,000,000)	(\$34,000,000)

Explanation of Current SFY15 Variance

Variance from 2014 Session to Current	\$34,000,000	
Magellan Excess Claims	\$11,375,877	All excess claims revenue was used to offset the SFY14 shortfall. No additional funds are anticipated for SFY15.
June 2014 Forecasting Group Adjustments	\$9,624,123	The incorporation of SFY14 trends increased the SFY15 expenditure estimate.
SFY14 Payments Occurring in SFY15	\$6,500,000	Includes the 1% provider rate increase, nursing facility, mental health case management, and HMO payments.
SFY15 Payment Trends	\$6,500,000	Year-to-date trend approximately 1 percent above projections - occurring across both medical and long-term care.
Grand Total	\$34,000,000	

SFY16 Revenue

	Governor's Budget
	SFY16
General Fund	\$1,361,820,871
Health Care Trust	\$221,790,000
Quality Assurance Trust*	\$36,705,208
Hospital Trust	\$34,700,000
Palo Tax	\$1,216,383
Medicaid Fraud	\$500,000
CHIP Bonus	\$0
Total State Revenue	\$1,656,732,462

** Includes \$7.5 million to reflect the Governor's recommendation for an increase in the nursing facility assessment fee*

SFY15 – SFY16 Expenditure Comparison

	Forecasting Group Midpoint	Governor’s Budget
	SFY15	SFY16
State Expenditures	\$1,608,323,200	\$1,656,732,462
SFY16 Increase		\$48,409,262

SFY16 Expenditures

	Governor's Budget
FMAP Changes	\$56,105,434
Medicaid Trend	\$36,331,795
NF Rebase	\$32,500,000
Hospital Rebase	\$6,400,000
Home Health Rebase	\$3,900,000
NF Assmt. Fee Payments	\$3,630,405
Geropsychiatric Capacity	\$1,765,119
MHI Transfers (status quo adjustment)	(\$25,874,211)
Cost Containment	(\$66,349,280)
Total State Expenditures	\$48,409,262

Cost Containment Initiatives

Governor's Budget	SFY16 Savings	SFY17 Savings above SFY16
Integrity:		
Prepay editing	\$500,000	-
Consumers Directed Attendant Care	\$1,000,000	-
Service Delivery Reform:		
Medicaid Modernization – more coordinated care	\$51,136,508	\$51,136,508
Eliminate systems of care due to integrated health homes	\$1,600,000	-
Waiver management & Wait List prioritization	\$6,000,000	-
Complex Pharmacy Oversight Program	\$700,000	-

Cost Containment Initiatives (cont'd)

Governor's Budget	SFY16 Savings	SFY17 Savings above SFY16
Payment Reform:		
Nat'l Avg Drug Acquisition Cost (NADAC) Reimbursement for Rx	\$400,000	-
Nursing Facility Assessment Fee Increase to 3%	included in rev/exp above	
Medicare Alignment:		
Medicare policy - reduced hospital pymt for readmissions within 30 days	\$500,000	-
Payment Adjustments:		
State share of DSH payments (U of I)	\$4,512,772	-
Total Medicaid Cost Containment Initiatives	\$66,349,280	\$51,136,508
Nursing Facility Assessment Fee Increase to 3%	\$3,879,150	-
Revised Total	\$70,228,430	\$51,136,508

Children's Health Insurance Program (CHIP)

The SFY16 budget includes a \$24.7M decrease over SFY15 due to enhanced FMAP under the ACA.

	SFY15 Estimated Average Monthly Enrollment	SFY16 Estimated Average Monthly Enrollment	Percent Change
Medicaid Expansion	19,337	20,888	+ 8.0%
<i>hawk-i</i>	37,089	37,542	+ 1.2%
Dental only	2,562	2,678	+ 4.5%

Promote Iowan's Behavioral and Disabilities Health Status



**Mental Health Institutes
State Resource Centers
Civil Commitment Unit for
Sexual Offenders
MHDS Regional Services Funds
Conner Training**



Facilities

The budget recommendations for institutions reflect

- Institutional re-alignment within mental health facilities
 - Zero budget recommendation for Mt. Pleasant and Clarinda MHIs
 - Expansion of bed capacity at nationally accredited state facility
 - Maintaining the Mental Health Institutes (MHIs) at current bed levels
- Increased census is anticipated at the Civil Commitment Unit for Sexual Offenders (CCUSO)
- Maintaining planned reductions at the State Resource Centers (SRCs)

As census and revenues decline at SRCs, each will continue to right size to match the needs and number of individuals served.



Independence Mental Health Institute

- On the “Top Performers” list of hospitals in The Joint Commission’s annual report “America’s Hospitals: Improving Quality and Safety” – 2nd year in a row to make the list
- Achieved cumulative performance of more than 95 percent across all performance measures submitted during 2013
- Measures are related to processes closely linked to positive patient outcomes



MHDS Regional Services Fund

Recommendation is an alternative approach to achieving and maintaining equalization

- Maintains tax relief achieved through equalization and offset
- Recognizes significant savings from the Iowa Health and Wellness Plan
- Recalibrates funding based on actual expenditure history
- Provides a consistent and predictable funding approach for regions

County ending balances increasing

- SFY13 aggregate ending balance approximately \$62 million
- SFY14 aggregate ending balance approximately \$104.5 million
- Regions project SFY15 ending balance of approx. \$99.6 million



MHDS Regional Services Fund

Alternative funding approach

SFY15 funding
less Iowa Health and Wellness Savings
less maximum levy after offset

Equals remaining need to meet funding level

Apply SSBG and CMBG funding

Remaining balance difference is approximately \$8 million

Recommendation assumes this need is met through ending balances

Improve Safety, Well-Being, and Permanency for Iowa's Children



**Child Abuse
Prevention**

Adoption Subsidy

Child and Family Services

Eldora State Training School

Iowa Juvenile Home

**Comprehensive Family
Support Programs**

**Children Adjudicated as
Delinquent or CINA**



Adoption Services & Child Welfare and Family Services (CFS)

The SFY16 adoption subsidy budget reflects a nominal \$307,637 increase over SFY15 (less than 1%).

The SFY16 CFS budget reflects a nominal \$109,625 increase over SFY15 (less than 1%).



Juvenile Facilities

State Training School at Eldora

The SFY16 budget reflects a \$87,267 (0.7%) increase over SFY15.

- Aftercare/PALS funding is transferred to CFS
- Additional funding provided to replace education funding change

Iowa Juvenile Home/Toledo

Status quo funding provided for ongoing maintenance.

Promote Employment and Economic Security for Iowans



**Family Investment
Program/PROMISE JOBS
Food Assistance
Child Care Assistance
Child Support Recovery**



Food Assistance (FA)

Food Assistance benefits and The Emergency Food Assistance Program (TEFAP) are paid with 100 percent by federal dollars.

Nutrition Education and the Commodity Supplemental Food Program (CSFP) are paid 100 percent with federal dollars.

Employment & Training (E & T) is funded with a mixture of federal and state dollars as well as local match provided by community colleges (existing program expenditures).

The program is anticipated to serve 380,575 recipients in SFY16 at an annual average benefit of \$1,301 per individual.



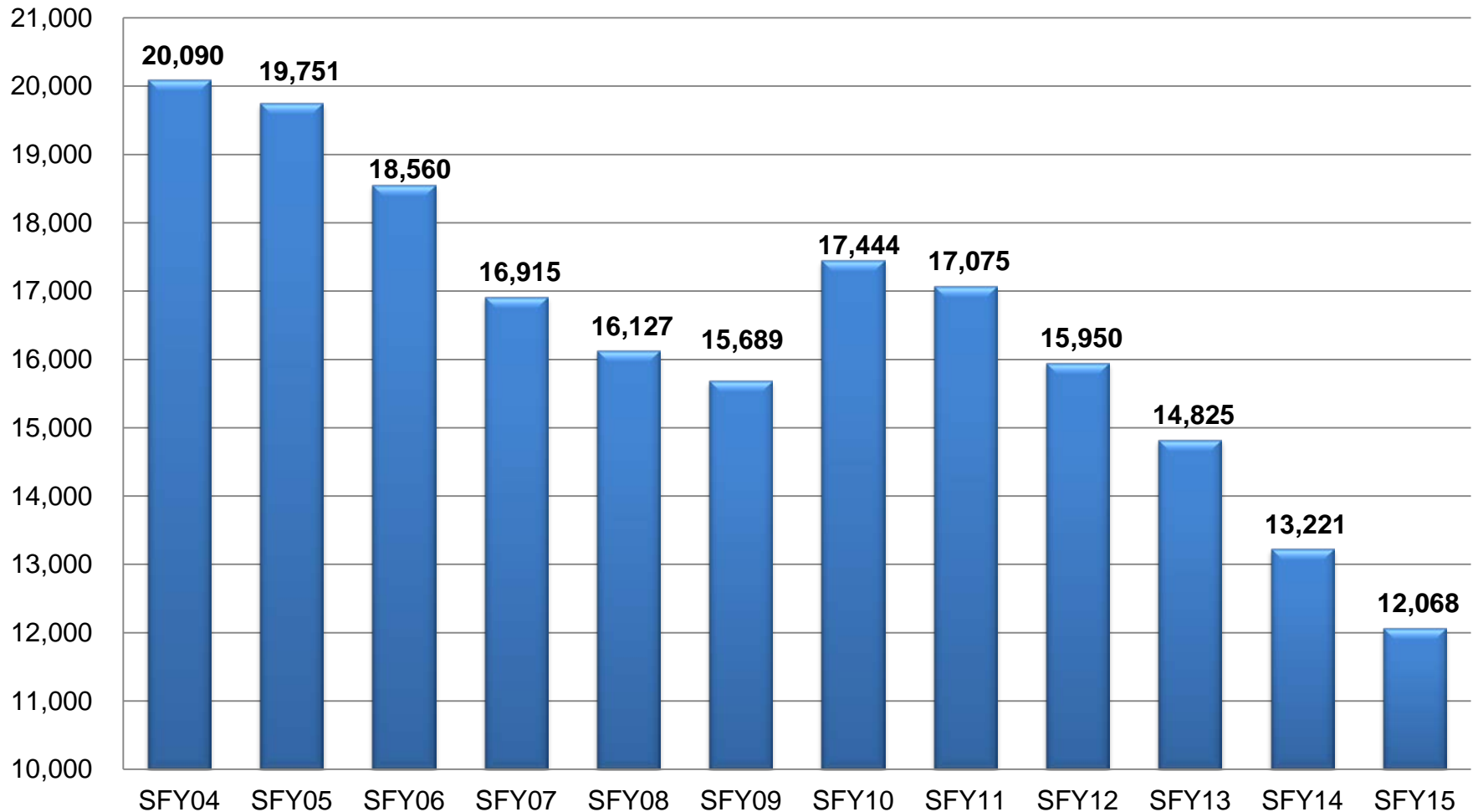
Family Investment Program (FIP)

The FIP budget for state general funds is consistent from SFY15 to SFY16.

- Benefits are limited to a five-year lifetime limit with exceptions in hardship cases (the limit does not apply to child-only cases).
- The average family receives FIP for 23 months.
- Caseloads began falling again in April 2011 and have set modern-day lows
- Caseloads continue to decline in SFY15 and are anticipated to level out in SFY16.

FIP monthly caseload

FIP caseload has decreased dramatically in the past four years.





Child Care Assistance

The Child Care Assistance (CCA) Program supports low-income families with working parents, parents gaining work skills, and/or parents going to school.

- The percentage of families qualifying for CCA due to employment has increased in each of the last three years:
 - SFY11: 90% of families received assistance due to work
 - SFY12: 92.6% of families received assistance due to work
 - SFY13: 93.8% of families received assistance due to work
 - SFY14: 94.7% of families received assistance due to work



Child Care Programs

The SFY16 General Fund Governor's recommendation is a \$5.4 million increase from SFY15 (11.5 percent).

- Replaces one-time carry forward from SFY14 to SFY15

Total program funding for SFY16 is projected at \$132.9 million compared with \$134.6 million in SFY15 (enacted plus carry forward).

The projected average number of children served monthly in SFY16 is 22,455.

- The average number projected to be served in SFY15 is 21,788



Child Support Recovery Unit

- Iowa ranks 5th nationally in child support recovery results.
- In SFY14, \$325.8 M was collected for the 177,228 cases served.
 - Includes \$8.6M recovered to offset the cost of public assistance (FIP).

The SFY16 budget reflects \$247,857 decrease over SFY15 (-1.7%).

Effectively Manage Resources



Field Operations
General Administration
Volunteers



Service Delivery

Field

- Number of social work staff directly affects child and adult safety.
- Number of income maintenance staff directly affects timely, accurate determination of initial and ongoing eligibility for benefits and service.
- Number of all field staff—supervisors, support and workers—directly impacts compliance with state and federal requirements.
- Less than 3¢ of every dollar of the total DHS budget is spent on Field.

The SFY16 recommendation reflects a \$6.3 million (9.6%) decrease from SFY15.



Service Delivery

General Administration

- Less than 1¢ of every dollar of the total DHS budget is spent on General Administration.

The SFY16 recommendation reflects a \$1.4 million (8.8%) decrease from SFY15



***... making a positive difference
in the lives of Iowans***