

FY10 & FY11 Budget Issues  
Department of Health and Human Services

HISTORY/BACKGROUND

- The legislative approved budget for DHHS for the 2008 - 2009 biennium was \$5.078 billion.

	GF	Fed.	Other	Totals	•
FY08 =	\$920.3 million	\$1.175 billion	\$441 million	\$2.511 billion	
FY09 =	<u>971.2 million</u>	<u>1.187 billion</u>	<u>453 million</u>	<u>2.567 billion</u>	
Total =	\$1.891 billion	\$2.362 billion	\$894 million	\$5.078 billion	

DHHS reduced budgets by 4.5% in January 2008. The value of these reductions was \$81.8 million in General Funds. The cuts also resulted in the loss of \$44.9 million in Federal Funds (no ability to provide matching dollars).

- In April 2008 (second round of budget reductions), DHHS identified an additional budget shortfall projected in the Medicaid budget of \$60.7 million in General Funds as a result of caseload growth over planned levels. A \$15.5 million shortage was also identified in the Child Welfare budgets. These amounts were incorporated into the overall \$914 million State budget shortfall. Additional reductions were made to numerous budgets, including approximately \$20 million being cut from Healthy Nevada Fund and Trust Fund for Public Health (TFPH).
- In June 2008, as a result of even worse budget revenue forecasts, DHHS reduced budgets by an additional \$31.8 million in General Funds. In addition, the special session of the Nevada Legislature reduced the following budget accounts:
  - \$27.3 million from the TFPH
  - 4.4 million from the April 2009 TFPH payment
  - 4.2 million from the Healthy Nevada Fund April 2009 Payment
  - 3.0 million from the Senior Rx Reserve
  - 4.0 million from the Low Level Waste Care Fund
  - \$42.9 million Total

## Budget Target for FY10 and FY11

The State Budget Office established a target for DHHS of \$920 million per year in General Funds. General Fund expenses in FY09 are projected to be approximately \$1,050,000,000 (\$1 billion, 50 million). This means DHHS budgets need to be reduced by approximately \$130 million per year in General Fund expenses before caseload growth and mandatory inflation are accounted for.

To cut budgets down to the \$920 million/year target, DHHS must take the following actions (or others of equal value):

### Director's Office

- Eliminate General Funds for the Nevada 2-1-1 system totaling \$182 K per year.

### Aging & Disability Services

- Reduce Community based Aging Waiver and eliminate 10.5 FTEs.
- Reduce the Aging Waiver Personal Care Attendant rate from \$4.625 per quarter hour to \$3.88 per quarter hour, saving \$109 K per year in GF.
- Reduce Disability Personal Assistance Services by \$522K each year, servicing 30 less clients.
- Reduce Traumatic Brain Injury Services by \$89K each year, 9.3% less than FY08 level of expenditure.
- Reduce Independent Living Assistance by \$95K each year, serving 15 fewer clients.

### Health Care Financing & Policy

- HIFA Waiver will be eliminated, saving \$2.5 million per year.
- Nevada Check-up program will be capped at 25,000 recipients per year, saving approximately \$1.5 million in GF each year.
- Nevada Check-program non-emergency vision services and orthodontia will be eliminated and dental will be capped at \$600 per year, saving \$349 K per year.

- Personal Care Services reductions for bathing, grooming and dressing will be continued saving \$5.9 million GF in FY10 and \$6.1 million GF in FY11. It is estimated as many as 1600 recipients will see reduced services.
- Hospital rates will be reduced to a total of 10% (5% already done in FY09), saving \$21.8 million GF over the biennium.
- Payments to optometrists, opticians, etc. will be reduced by approximately \$650K per year.
- Eligibility for Transitional Medicaid will be reduced effective October 2008, saving \$10.3 million GF over the biennium.
- Pediatric & OB rate reductions carried into FY10 & FY11 will give \$8.3 million GF.
- Contracted care management and coordination will save \$6.0 million GF revised.
- Drug rebates saves \$6.3 million GF.
- Shifting Medicare Part D Clawback payments to be a county responsibility will save \$1.8 million GF each year.
- Implementing a Preferred Drug List (PDL) can save \$3.0 million GF.
- Eliminating Graduate Medical Education will save \$820 K in GF.
- Implementing a Clinical Claims Editor will save approximately \$1.3 million GF.
- Increasing requirements for Institutional Level of Care from 3 to 5 on the DHCFP Functional Assessment will make approximately 300 recipients not eligible for services and save \$8.4 million GF.
- Reducing reimbursement rates for PCA services will save \$11 million GF.

#### Health Division

- Early Intervention Services to developmentally delayed children will be reduced from a base GF budget of approximately \$19 million/year to approximately \$14 million/year. 14.28 FTEs will be cut, two offices will be closed, 15,219 service hours will be lost and 380 children impacted.

## Welfare

- 13 Master Services Agreement Contractors will be converted to State FTEs, saving \$235 K in GF in FY11.
- 12 Administrative positions will be left vacant saving \$240 K in GF.
- 107 Field Service FTEs will be left vacant saving \$4.0 million in GF.
- Four Field Offices (Yerington, Hawthorne, Winnemucca and Las Vegas/Owens) would be closed saving \$775K in GF.
- Child Care Funds will be reduced by \$2.4 million in GF in FY10 and \$2.7 million in FY11. Waiting lists will be created for discretionary clients.

## Mental Health & Developmental Services

### Mental Health

- Program for Assertive Community Treatment (PACT) Team in Southern Nevada will be eliminated, saving \$642K in GF and cuts 4.51 FTEs. 48 seriously mentally ill clients will not be served.
- Improved revenue billing and collections will save the General Fund \$3.58 million in Southern Nevada.
- Westcare Triage Services (SNAMHS) will be cut by \$270K per year.
- Medication clinic savings in Southern Nevada are budgeted at \$4.0 million GF per year.
- Housing support for 85 clients in Southern Nevada will be cut, saving \$1.1 million per year.
- Eliminate Funding for North Las Vegas Clinic, cutting 17.54 FTEs and saving \$4.4 million.
- 96.81 FTEs will be eliminated from the Rawson-Neal hospital in Las Vegas based on revised staffing ratios, saving \$13.3 million in GF.
- 13.11 FTEs will be eliminated from the Dini-Townsend hospital in Reno saving \$1.7 million in GF.
- Medication Clinic growth (85 clients) and PAS is reduced in Reno saving \$2.4 million in GF.

- Reno Triage Center funding cut by \$150K per year.
- Increased revenue billing and collections in Northern Nevada will give GF of \$1.2 million.
- Northern Nevada Medical Director position will be eliminated giving \$448K in GF.
- \$2.8 million will be cut from Drug and Alcohol programs.
- Lakes Crossing Facility will eliminate 6 FTEs.
- Rural clinics will close several offices and eliminate 30 FTEs.

#### Developmental Services

- Reductions in residential supports, jobs and day training and fiscal intermediary programs will be made in rural Nevada totaling \$2.9 million.
- \$1.4 million will be saved by eliminating 12 ICF beds in Las Vegas.
- \$1.4 million will be cut from self-directed Autism program in Las Vegas. 30 slots will be cut.
- 306 people in Las Vegas will lose supported living placements; (cap of 983 will be established) saving \$18.8 million in GF.
- \$6.3 million supported living placements funding will be cut in Reno. (Cap of 576 established).

#### Child & Family Services

- Implementing a new program to get children SSI eligible in Clark County will give \$4.0 in GF.
- 38 FTEs will be cut in Clark County based on caseload trends.
- One housing unit at Caliente Youth Center will be closed giving \$840K in GF.
- One housing unit will be closed in Elko Youth Center saving \$727K in GF.

— The high school at Elko Youth center will be either operated by Elko School district or as a charter school with DSA funding, giving \$2.4 million in GF.

Case load Growth / Mandatory Inflation

As stated above the DHHS general fund expenditure target for the 2010-2011 biennium is \$920 million per year. DHHS is allowed under the state budgeting rules to request additional funding for mandated caseload growth, cost mandates and mandated inflation.

The total cost of the DHHS budget requested for the 2010-2011 biennium is as follows:

	<u>FY10 General Funds</u>		<u>FY11 General Funds</u>	
Total requested:	\$1,095,955,000	approx.	\$1,166,533,000	approx
Target Amount:	\$920,000,000	approx.	\$920,000,000	approx.
Cost of Caseload Growth and Inflation:	\$175,955,000	approx.	\$246,533,000	approx.

The primary driving force of caseload growth and inflation are as follows:

	<u>FY10 GF</u>	<u>FY11 GF</u>
Medicaid Inflation	\$37.9 million	\$50.4 million
Medicaid Case load	\$89.4 million	\$115.3 million
NV Check Up Inflation	\$1.9 million	\$2.4 million
Senior Tax Rebate	\$1.0 million	\$1.4 million
MH South Inflation (Med)	\$1.4 million	\$3.0 million
MH South Med Caseload Growth	\$1.7 million	\$3.4 million
DRC Caseload Growth	\$2.3 million	\$5.7 million
SRC Caseload Growth	\$0.9 million	\$2.4 million
Washoe CW Adoptions	\$0.9 million	\$1.4 million
Clark CW Foster Care	\$4.2 million	\$6.2 million

**BA 1499**  
**Department of Health and Human Services**  
**Nevada State Public Defender**  
**FY 2010-2011**

- The Nevada State Public Defender provides equal protection under the law and under the Nevada and US Constitutions to indigent adults and juveniles accused of crimes in certain rural areas of Nevada or in one of Nevada's prisons.
- The Public Defender also handles appeals from denial of post-conviction habeas corpus petitions for State prison inmates accused of a crime.
- The Public Defender operates under statutory authority at NRS Chapters 180 and 260.
- The Office of the Public Defender is staffed by 16 FTE---the appointed State Public Defender, 3 supervising public defenders, 6 deputy public defenders, 2 investigators, a legal office manager and 3 legal secretaries.

AGENCY REQUEST HIGHLIGHTS

- M504 SUPREME COURT MANDATE FOR STAFF BASED ON CASELOAD FILED JAN. 4, 2008: Per ADKT 411, the staff of the Public Defender's office is short-staffed based on current caseload. Request for 3 FTE: 1 Attorney (Carson City), 1 Investigator (Ely) and 1 Admin Assist 1 (Carson City).
- M505 TRAINING PURSUANT TO SUPREME COURT ORDER AKDT 411 FILED JAN. 4, 2008: Supreme Court Order AKDT 411 requires that all attorneys and investigators that represent clients in capital cases receive specialized capital case training every two years. The training in Monterey, California is held on a yearly basis, is for defense attorneys, and satisfies the required training in the Court Order.

The Supreme Court Order requires that all new attorneys receive training in trial work and that all attorneys maintain training to be proficient in trial work. The training at the Western Trial Advocacy Institute is specifically for indigent defense attorneys and also meets the requirements of the Order.

- M506 SUPREME COURT ORDER FOR INDIGENT DEFENSE COMMISSION: The only portion of ADKT 411 that is not pending further review, the Supreme Court has mandated the creation of this oversight commission.

- E 660 This Decision Unit will reduce the General Fund appropriated for Post Conviction Relief. NRS 7.155 requires that post conviction relief payments be made as necessary. They are funded through appropriations to the State Public Defender, and if necessary the reserve for statutory contingency account. SFY 2008 expenditures are below the amount budgeted, and this cut may have no impact at all but, if the claims for payment for post conviction relief increase they must be funded with general funds per NRS 7.155.
- E 710 Our equipment request consists of replacement computers per DoIT's recommended replacement schedule and one file server to replace the server currently in use. This decision unit represents replacement of 6 computer systems and related software in FY 10 and no replacements in FY 11.
- This budget accounts General Fund request for the biennium is \$2.3 million. Per a Letter of Intent from the 2005 Legislative Session, participating Counties will be charged proportionately to hours spent on their behalf by the Public Defenders Office. The current percentage breakdown for this account remains at 25% general funds and 75% County funds, with the exception of the Post Conviction Relief, which 100% general fund.

**BA 2600**  
**Department of Health and Human Services**  
**Nevada Indian Commission**  
**FY 2010-2011**

- The Nevada Indian Commission (NIC) was created by statute in 1965 to study and enhance the welfare of Native Americans in Nevada.
- The Commission is comprised of five Commissioners all appointed by the Governor. Three Commissioners are Native Americans and two represent the general public.
- The Commission is staffed by two FTE---an Executive Director, appointed by the Governor, and an Administrative Assistant.

**AGENCY REQUEST HIGHLIGHTS**

- E 606 This decision unit is used to meet the budget limit as set by the 14% cuts. The first items cut were the entire out-of-state (Cat 02) and in-state (Cat 03) travel budgets. Operating (Cat 04) was adjusted to remove costs for out-of-state and in-state conference registration fees, publications, and mail services. Statutory quarterly NIC meetings were reduced to biannual meetings, decreasing personnel costs (Cat 01) for stipends. Finally, personnel (Cat 01) was adjusted by the balance remaining to meet the budget limitation. This adjustment will cut days worked by the Executive Director by 34 days in FY 10 and 39 days in FY 11.
- This budget account meets the Biannual Cap.

**BA 3150**  
**Department of Health and Human Services**  
**DHHS Administration**  
**FY 2010-2011**

- This budget account contains funding for all Director's Office personnel and the associated travel, operating and information technology costs. A portion of the fiscal and auditing personnel are cost allocated to the funding sources in other budget accounts where they provide fiscal and auditing support.
- In addition, the budget also contains: Office of Suicide Prevention, Headstart State Collaboration Office and the Olmstead Grant.

AGENCY REQUEST HIGHLIGHTS

- E 681 This Decision Unit will eliminate the General Fund Appropriation to the 2-1-1 program. The 2-1-1 program receives funding from a number of other funding sources. Any cut certainly impacts their ability to operate but these general funds MAY be able to be replaced by other funding sources.
- E 710 This Decision Unit will replace computers per the DoIT replacement schedule. 2 desktops will be replaced with 2 desktops in FY 2010, and 5 desktops and 5 laptop units will be replaced with 1 desktop and 9 laptop units in FY 2011. Replacement computers for fiscal staff are cost allocated. All other computers are generally funded.
- E 800 through E 804: These Decision Units redistribute the cost allocation of remaining budget accounts serviced by the Director's office fiscal unit due to the removal of BA's 3261, 3154, 3266, 3276, Senior RX's associated programs and administrative costs from 3261, from the Director's Office cost allocation pool.
- E 805 This Decision Unit will reclassify the .51 FTE Admin Assistant 2 formerly funded by the Federal Headstart grant. Grant funding will not support the cost of the position. The reclassification would change the position to Accounting Assistant 2.
- E 904 This Decision Unit will transfer the funding for the Suicide Prevention Hotline from MHDS to the Director's Office. The Office of Suicide Prevention is located within the Director's Office, and this transfer will make a better fit of these program dollars.

**BA 3195**  
**Department of Health and Human Services**  
**Grants Management Unit**  
**FY 2010-2011**

- This budget account was created in FY 2004 to combine grants management functions and streamline procedures. Six social services program specialist and three administrative assistant positions were transferred in from six separate budget accounts. A new unit manager position was also created.
- Workload is shared across programs, with lead staff directing program specific requirements. All staff keep daily time records to allow for cost allocation across several funding sources. Forms, reports and procedures have been standardized wherever possible.
- There are two advisory groups that the GMU works with to administer grants: Grants Management Advisory Committee (GMAC) and the Advisory Committee on Problem Gambling.
- Statewide implementation of differential response continues in FY10 with five more service locations in Humboldt/Lander, White Pine/Eureka, Lincoln, North Rural Clark and South Rural Clark Counties. These locations will bring on staff in November for training to implement their programs in January. This will complete the full roll-out plan with 16 sites providing service to Nevadans in all 17 counties. Two senior staff from the GMU commit substantial time and effort to the development, training, coordination and administration of these programs. A steering committee composed of staff from the program sites, child welfare staff from Clark and Washoe Counties, and staff from the Division of Child and Family Services continue to work with the GMU on policies and planning. A three-year contract, funded through federal and private resources, for independent evaluation and technical assistance runs through September 30, 2010.

AGENCY REQUEST HIGHLIGHTS

- E 710 This Decision Unit will replace computers per the DoIT replacement schedule. 2 desktops will be replaced with 2 desktops in FY 2010, and 4 laptop units will be replaced with 4 laptop units in FY 2011. Computer costs are allocated to this budget's funding sources based on the time tracking of the employees.
- E275 This Decision Unit Requests the purchase of an additional import module in the GIFTS program utilized by the GMU to manage their 200+ grants each year. The new module will allow for advisory committee members to review and score

applications online. It also requests the purchase of electronic media readers to support applications and other documents for review at public meetings.

- E325 This Decision Unit requests a Title XX enhancement to stabilize funding (FY10/11): Approximately 10% of the Title XX Social Services Block Grant to Nevada is used for non-state sub-grants primarily to nonprofit organizations throughout Nevada. The federal grant totals approximately \$14 million and is projected to be at least level-funded in future years, which would allow us to maintain the sub-grants to non-state entities at approximately \$1,400,000. These sub-grants support community-based programs that are critical to social and health services for at-risk populations throughout Nevada.

**BA 3200**  
**Department of Health and Human Services**  
**Prevention & Treatment of Problem Gambling**  
**FY 2010-2011**

- The Revolving Account to Support Programs for the Prevention and Treatment of Problem Gambling was created in 2005 to reduce the economic and social impacts of problem gambling.
- Department administration provides direct grant administration (BA 3195) as well as support and coordination for the Advisory Committee on Problem Gambling to develop policies and procedures for program oversight.

AGENCY REQUEST HIGHLIGHTS

- M 150 this Decision Unit adjusts the revenue and expenditures of the Problem Gambling Account to projections for the next biennium.

**BA 3201**  
**Department of Health and Human Services**  
**Children's Trust Account**  
**FY 2010-2011**

- Effective July 1, 1985, Chapter 432 of the Nevada Revised Statutes (NRS) was amended to create a Children's Trust Account. Revenues for this account are derived from a \$3.00 fee on Nevada birth and death certificates.
- The Children's Trust Account provides matching funding for the federal Community Based Child Abuse Program (CBCAP) grant.
- Department administration provides direct grant administration (BA 3195) as well as support and coordination for the Child Abuse Prevention Grants to develop policies and procedures for program oversight.

AGENCY REQUEST HIGHLIGHTS

- M 150 this Decision Unit adjusts the revenue and expenditures of the Children's Trust Account to projections for the next biennium.

**BA 3244**  
**Department of Health and Human Services**  
**Hospital Care for Indigent Persons – Supplemental Account for Indigent Persons**  
**FY 2010-2011**

- The purpose of the Supplemental Fund for Medical Assistance to Indigent Persons is to provide reimbursement to Nevada counties for certain unpaid hospital charges for medical treatment of indigent persons, excluding injuries sustained in motor vehicle accidents.
- The purpose of the Indigent Accident Fund is to reimburse hospitals for care to indigent persons who are injured in motor vehicle accidents in Nevada.

AGENCY REQUEST HIGHLIGHTS

- Revenues were projected at base year amounts for the next biennium.

**BA 3261**  
**Department of Health and Human Services**  
**Fund for a Healthy Nevada**  
**FY 2010-2011**

- With the requested reorganization of the Division for Aging Services the Senior/Disability Rx and other Tobacco Settlement funded programs are being transferred to the new Division for Aging & Disability Services (DADS).
  - Transfers 5 positions to DAS.
- This budget account will be maintained as a conduit for the Fund for a Healthy Nevada (Tobacco Settlement) funds to be transferred to BA 3195 Grants Management Unit to fund the administrative and program expenditures of grants to prevent, reduce, and treat the use of tobacco and its consequences, and grants to improve the health of children and persons with disabilities.

**AGENCY REQUEST HIGHLIGHTS**

- With the request to transfer the Senior Rx and affiliated programs over to the Division of Aging and Disability Services, the only funding left in this account will be the Tobacco transfer funds for the Grants Management Unit. No General Funds will be in this account.