

Summary of LD 1816 Streamlining Recommendations And FY 12 MaineCare Supplemental Budget

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**Prepared by the
Office of Fiscal & Program Review**

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LD 1816
Streamlining Recommendations and FY 12 MaineCare Supplemental
Summary of General Fund Budgeted Balance

| | FY 12 | FY 13 |
|---|-------------------------|-------------------------|
| Summary of General Fund Status | | |
| Beginning Balances - Through 125th Legislature, 1st Special Session | \$19,019,140 | \$236,596 |
| Net Changes to Balances - Prior to December 2011 Forecast | (\$18,286,976) | \$4,548,338 |
| Net Changes from December 2011 Revenue Forecast | \$10,645,254 | (\$9,643,359) |
| Net Change from Unsigned Laws Effective During 2nd Regular Session | \$0 | (\$112,000) |
| Net Changes to Balances - From LD 1816 (see below) | (\$11,140,822) | \$5,275,222 |
| General Fund Budgeted Ending Balances - After LD 1816 | <u>\$236,596</u> | <u>\$304,797</u> |

Summary of Appropriations and Revenue/Transfers - LD 1816

| | | |
|--|------------------------------|------------------------------|
| Resources (Transfers/Adjustments to Balance and Revenue): | | |
| - General Fund Transfers and Adjustments to Balance | \$70,904,000 | (\$58,400,000) |
| - General Fund Revenue | \$1,015,000 | \$3,409,688 |
| Net Increase (Decrease) to Resources | <u>\$71,919,000</u> | <u>(\$54,990,312)</u> |
| General Fund Appropriations: | | |
| - General Fund Appropriations | \$83,059,822 | (\$60,265,534) |
| Net Increase (Decrease) of Appropriations | <u>\$83,059,822</u> | <u>(\$60,265,534)</u> |
| Net Increase (Decrease) to Balance - LD 1816 | <u>(\$11,140,822)</u> | <u>\$5,275,222</u> |

Summary General Fund "Spending" and "Savings" in LD 1816

| | | |
|---|------------------------------|----------------------------|
| Initiatives Decreasing Resources ("Spending") | | |
| - DHHS - MaineCare Shortfall Offset | \$107,257,307 | \$0 |
| - Deappropriation for Streamlining Task Force Offset | \$0 | \$25,000,000 |
| Total Spending - LD 1816 | <u>\$107,257,307</u> | <u>\$25,000,000</u> |
| Initiatives Increasing Resources ("Savings") | | |
| Amended Streamlining Task Force Recommendations (see Pages 2 & 3) | \$3,651,457 | \$21,498,293 |
| Non-DHHS/Non-Streamlining Savings (see Page 4) | \$68,632,198 | (\$50,844,841) |
| DHHS MaineCare Initiatives (See Page 5) | \$13,832,830 | \$52,131,786 |
| DHHS non-MaineCare Initiatives (See Page 5) | \$10,000,000 | \$7,489,984 |
| Total Savings - LD 1816 | <u>\$96,116,485</u> | <u>\$30,275,222</u> |
| Net Increase (Decrease) to General Fund Resources | <u>(\$11,140,822)</u> | <u>\$5,275,222</u> |

Summary of DHHS Estimated MaineCare General Fund Shortfall ¹

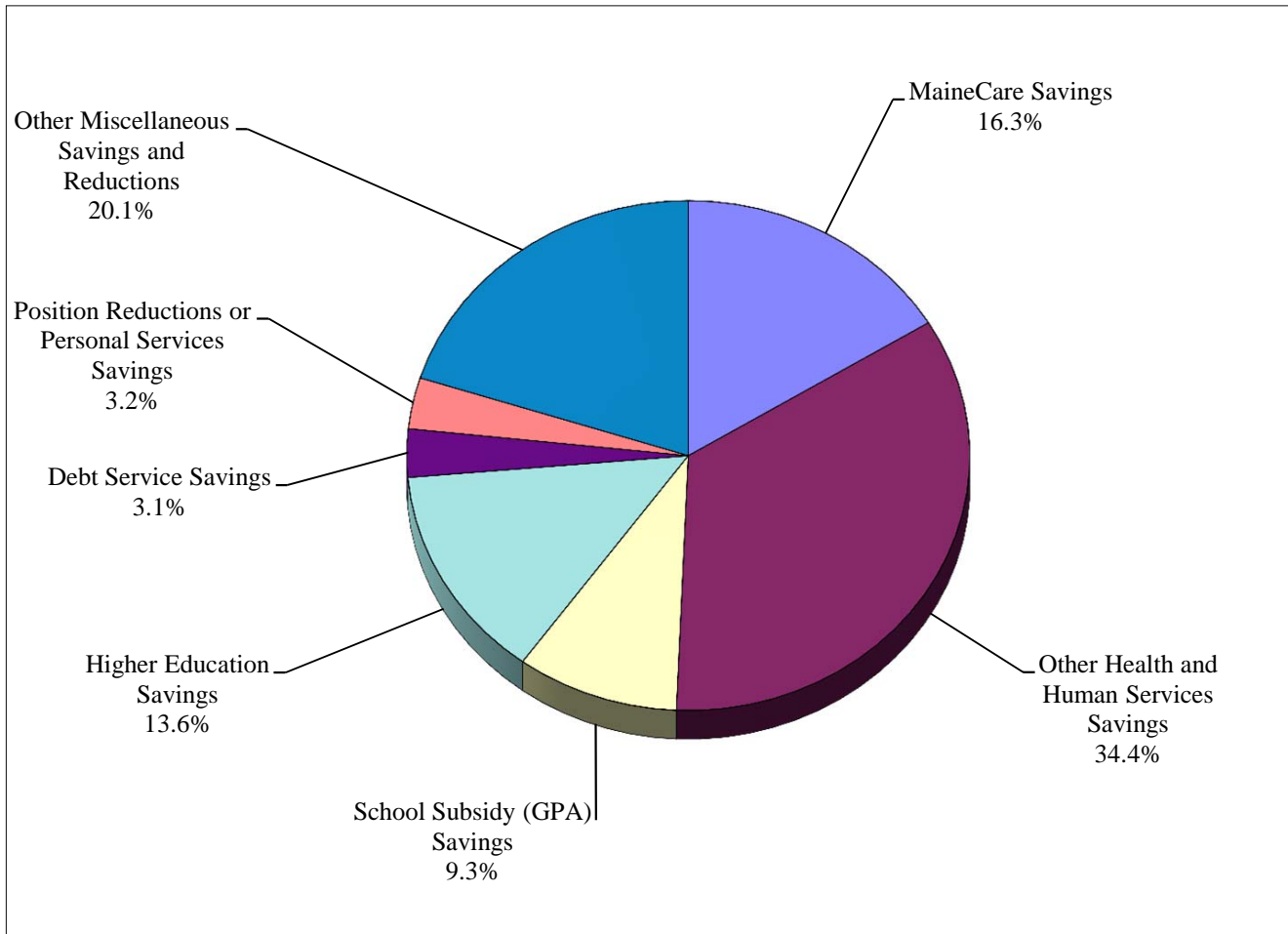
| | | |
|--|-----------------------------|----------------------------|
| MaineCare Shortfall - DHHS Estimates (December 2011) | \$120,944,523 | \$101,017,563 |
| Proposed Savings by Administrative Actions (Financial Order Adjustments) | (\$13,687,216) | (\$17,100,000) |
| Net DHHS Estimated Shortfall Requiring Legislative Changes | <u>\$107,257,307</u> | <u>\$83,917,563</u> |

Notes:

¹ Reflects estimates of the General Fund MaineCare "Shortfall" developed by DHHS.

LD 1816
Streamlining Recommendations and FY 12 MaineCare Supplemental
Summary of General Fund Savings from Streamlining Task Force
As Amended by the Appropriations Committee

| | FY 12 | FY 13 | % of Total |
|--|--------------------|---------------------|---------------|
| MaineCare Savings | \$5,919 | \$4,086,188 | 16.3% |
| Other Health and Human Services Savings | \$660,752 | \$7,991,173 | 34.4% |
| School Subsidy (GPA) Savings | \$2,000,000 | \$350,000 | 9.3% |
| Higher Education Savings | \$0 | \$3,425,422 | 13.6% |
| Debt Service Savings | \$0 | \$767,694 | 3.1% |
| Position Reductions or Personal Services Savings | \$260,134 | \$554,418 | 3.2% |
| Other Miscellaneous Savings and Reductions | \$724,652 | \$4,323,398 | 20.1% |
| Total Streamlining Savings | \$3,651,457 | \$21,498,293 | 100.0% |



LD 1816

Streamlining Recommendations and FY 12 MaineCare Supplemental

Summary of Differences Between Streamlining Task Force Recommendations and Part A of the Committee Bill

Net General Fund Costs (Savings)

| | FY 12 | FY 13 |
|--|----------------------|-----------------------|
| Offset of Statewide deappropriation (PL 2011 c. 380 Sec. KKK) | \$0 | \$25,000,000 |
| Task Force Recommendations to offset statewide deappropriations | (\$3,222,617) | (\$21,940,606) |
| Net General Fund Cost (Savings) from Task Force Recommendations | (\$3,222,617) | \$3,059,394 |

Changes to the Task Force Recommendations - Net General Fund Costs (Savings)

| | FY 12 | FY 13 |
|---|----------------------|--------------------|
| Changes Requested by the Executive Branch | | |
| DECD Office of Innovation (additional savings in All Other) | \$0 | (\$200,000) |
| DECD Maine Small Business and Entrepreneurship Commission | \$0 | \$200,000 |
| DHHS Developmental Services - Community (Position transfers moved to FY12) | (\$428,840) | \$0 |
| IFW Administrative Services- IFW (additional savings in All Other) | \$0 | (\$6,540) |
| IFW Various Programs (delete cost savings from vacating a state-owned facility) | \$0 | \$6,540 |
| Subtotal - Changes Requested by the Executive Branch | (\$428,840) | \$0 |
| Appropriations Committee Changes to the Task Force Recommendations | | |
| DHHS Medical Payments to Providers (substitution for "Suboxone" initiative) | \$0 | \$187,313 |
| DHHS - Independent Housing With Services (contract savings initiative removed) | \$0 | \$125,000 |
| DOE - GPA (restoration of teacher salary supplement) | \$0 | \$100,000 |
| DOL - Women Work and Community (savings reduced by 1/2) | \$0 | \$30,000 |
| Subtotal - Appropriations Committee Changes | \$0 | \$442,313 |
| Total Net Changes to the Task Force Recommendations | (\$428,840) | \$442,313 |
| Net General Fund Cost (Savings) from Committee Bill | (\$3,651,457) | \$3,501,707 |

LD 1816
Streamlining Recommendations and FY 12 MaineCare Supplemental
Summary of Non-DHHS Initiatives

| Part | Description | <u>FY 12</u> | <u>FY 13</u> |
|---|--|-------------------------------------|-----------------------------------|
| Non-DHHS General Fund Revenue and Transfers: | | | |
| II | One-day Borrowing Increase to \$102 million | \$59,000,000 | (\$59,000,000) |
| Q | Other Special Revenue Transfers - Statewide to be determined | \$2,000,000 | \$0 |
| R | Other Special Revenue Transfers - Professional and Financial Regulation accounts | \$3,000,000 | \$0 |
| S | Lapse balance from Salary Plan | \$0 | \$600,000 |
| T | Transfer from Workers' Comp Board Reserve | \$500,000 | |
| V | Lapsed balances from Legislative accounts | \$1,404,000 | \$0 |
| U | Transfer from FAME's Loan Insurance Reserve Fund | \$1,000,000 | \$1,000,000 |
| EE | Racino revenue shifted from the Fund for a Healthy Maine (FHM) to General Fund by lowering FHM's share cap | \$0 | \$2,000,000 |
| | | <u>\$66,904,000</u> | <u>(\$55,400,000)</u> |
| Non-DHHS General Fund Appropriations (Deappropriations): | | | |
| M | Debt services savings from delay in public safety radio network system | (\$1,728,198) | \$0 |
| N | Executive branch 1% All Other Deappropriation | \$0 | (\$4,555,159) |
| | | <u>(\$1,728,198)</u> | <u>(\$4,555,159)</u> |
| Total Costs (Savings) from Non-DHHS Initiatives | | <u><u>(\$68,632,198)</u></u> | <u><u>\$50,844,841</u></u> |

LD 1816
Streamlining Recommendations and FY 12 MaineCare Supplemental
Department of Health and Human Services Initiatives
General Fund Savings

| | FY 12 | FY 13 |
|---|-----------------------|-----------------------|
| Non-Streamlining MaineCare and Related | | |
| MaineCare Eligibility/ Recipients Reductions | | |
| Childless Adult Waiver (FY12 Dirigo transfer; FY13 \$40M limit) | (\$10,000,000) | (\$11,000,000) |
| Reduce MaineCare Parent Eligibility from 200% to 133% 10/2012 | \$0 | (\$7,210,000) |
| Transfer from Dirigo for Cub Care MaineCare seed | (\$472,800) | (\$2,566,881) |
| MaineCare Prescription Drugs - mandating the use of generic drugs with limited exceptions | (\$1,134,000) | (\$6,780,000) |
| MaineCare Hospitals - Service limits and reimbursement reductions | (\$1,150,932) | (\$7,977,560) |
| MaineCare Optional Services - Limits and rate reductions | (\$123,912) | (\$667,808) |
| Developmental Services - 5% rate reduction for agency per diem homes | \$0 | (\$3,654,635) |
| MaineCare Other: | | |
| Collection of overpayments to MaineCare providers due to errors in calculating cost of care | \$0 | (\$11,000,000) |
| Increased third party cost avoidance efforts | (\$500,000) | (\$500,000) |
| Collection of legal settlement payments from MaineCare providers | (\$363,696) | \$0 |
| Transfer from the HOME fund for TCM for the homeless | \$0 | (\$300,000) |
| Lowering weekly methadone reimbursement from \$70 to \$60 | (\$87,490) | (\$474,902) |
| Subtotal MaineCare Savings/Reductions | (\$13,832,830) | (\$52,131,786) |
| Other Non-Streamlining DHHS savings | | |
| DHHS Management - Salary Savings | (\$5,000,000) | (\$3,000,000) |
| Office of Medical Services Lapsed Balance | (\$5,000,000) | \$0 |
| Developmental Services - Rental Assistance | \$0 | (\$1,200,000) |
| Children's Services - eliminates funding for the supplemental services for children with complex emotional and behavioral needs (Wraparound ME) | \$0 | (\$1,999,984) |
| Children's Services - reduces funding by reducing contracts in the alternative response program | \$0 | (\$1,290,000) |
| Subtotal Other DHHS Savings/Reductions | (\$10,000,000) | (\$7,489,984) |
| DHHS Streamlining Savings/Reductions | | |
| MaineCare Savings - outpatient hospital and prescription drug limits | (\$5,919) | (\$4,086,188) |
| Children's Services - reduces funding for the supplemental services for children with complex emotional and behavioral needs (Wraparound ME) | \$0 | (\$2,186,686) |
| DHHS Administrative/Management Initiatives | (\$597,608) | (\$4,913,575) |
| Other DHHS Streamlining Initiatives | (\$63,144) | (\$890,912) |
| Subtotal DHHS Streamlining Savings/Reductions | (\$666,671) | (\$12,077,361) |
| Total DHHS Savings/Reductions ¹ | (\$24,499,501) | (\$71,699,131) |

¹ DHHS has identified additional administrative offsets of \$13.7 million in FY 12 and \$17.1 million in FY 13 to help fund the total estimated MaineCare shortfall.