

## LD 1746 – Republican Amendment Summary of Proposed Initiatives

	<u>SFY '13</u>	<u>Structural</u>
<b>Summary of DHHS Estimated MaineCare General Fund Shortfall</b>		
MaineCare Shortfall - DHHS Estimates (December 2011)	\$89,228,211	
Impact of Reduction of FMAP	\$11,789,352	
Impact of Ineligible Segments on FY13 Shortfall (no FY13 repayment)	(\$5,334,408)	
Proposed Savings by Financial Order Adjustments	(\$17,100,000)	
<b>DHHS SFY '13 Shortfall</b>	<b>\$78,583,155</b>	
<b>DHHS Savings Initiatives</b>		
Adult Mental Health Crisis - General Fund	(\$675,000)	✓
Reduce Funding for Head Start	(\$2,000,000)	✓ 250 children lose
MH Children - Contracts for Residential Services	(\$1,250,000)	✓
Foster Care – Contracts for Family Reunification	(\$1,249,500)	✓
many have M.H. plan Eliminate Optional Coverage for 19 and 20 Year Olds [4,000]	(\$4,395,000)	✓
MSP/DEL	(\$2,995,615)	✓
Eliminate ambulatory surgical center services	(\$77,697)	✓
Eliminate STD Screening Clinic Services	(\$163,463)	✓
Eliminate FHM share of Slot Machine Revenue in FY '13	(\$2,500,000)	
Reduce Coverage for S-CHIP Parents From 133% to 100%	(\$3,345,000)	✓
Eliminate Smoking Cessation Products	(\$179,095)	✓
LD 1887 - DHHS Reorganization	(\$842,932)	
DHHS Salary Savings	(\$1,000,000)	
FHM Unencumbered Balance	(\$696,777)	
FHM Program Reduction - Oral Health	(\$300,000)	✓
FHM Program Elimination - Home Health Visits	(\$2,653,383)	✓
FHM Program Elimination - Family Planning	(\$401,430)	✓
FHM Program Reduction - PSS-Child Care	(\$1,971,118)	✓
FHM Program Reduction - Health Community School Grants	(\$2,764,945)	✓
Opiate Restriction Redesign	-	
LD 1840 - Methadone	(\$1,364,117)	✓
General Waiver language	-	
Medicaid Stabilization Plan	(\$5,000,000)	✓
Hospital PCP-MH Integration Proposal Replacing Section 65	(\$500,000)	✓
<b>Total of DHHS Savings Initiatives</b>	<b>(\$38,825,072)</b>	

*All numbers subject to change on advisement from the Office of Fiscal and Program Review*

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### Other Savings Initiatives

FAME - Lift Cap to \$40 Million, Transfer \$2 Million	(\$2,000,000)
Use Tax Compliance and Education Program	(\$4,990,000)
MRS Overtime Authorization to Collect Receivables	(\$1,670,000)
Bureau of Financial Regulation - Balance in Administrative Account	(\$1,500,000)
Groundwater Oil Clean Up Fund Sweep	(\$500,000)
LD 1830 - Agriculture/Conservation Merger	(\$139,980)
<u>Total of Other Savings Initiatives</u>	(\$1,799,980)

### Spending Initiatives

General Assistance	\$4,297,699
Indigent Legal Services	\$450,000
Income Tax Reduction - Pension	-
Income Tax Reduction - Active Duty Military	-
Sales Tax Exemption	-
Dolby Landfill Operating Costs	\$320,000
E-911	\$3,900,000
DSH Replacement Appropriation	\$3,176,972
Budget Stabilization Fund - \$7.3 million encumbered for DSH	\$10,000,000
* Portion of Hospital Settlements Past Due Language	-
<u>Total of Spending Initiatives</u>	\$22,144,671

**TOTAL** \$53,602,774

### Summary of Budgeted General Fund Balances

Beginning Balance - Through Enactment of LD 1816	\$345,474
Net Changes - All Actions Through LD 1903	\$19,247,769
March 2012 Revenue Revisions	(\$8,063,997)
April 2012 Revenue Revisions	\$6,711,283
Net Changes to Balance - From LD 1746 Proposals	(\$53,602,774)
Impact of Additional FY '12 Balance Carried Forward	\$41,935,475

**BUDGET ENDING BALANCES** \$6,573,230

\* See explanation on page 4 in corresponding section

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## Summary of Proposed Initiatives

### Department of Health and Human Services (DHHS) Savings Initiatives

#### Adult Mental Health Crisis

(\$675,000)

- Imposes a crisis assessment for afterhours ED usage
- Imposes a 6% reduction in mobile contracts
- Savings from initiatives related to IMDs and psych units in private hospitals *hospitals come up with Savings*

#### Reduce Funding for Head Start

(\$2,000,000)

- Program will still receive \$440,000 in State general funds *1/3 less - not emergency budget*
- Program will still receive \$1.3 million in Fund for a Healthy Maine (FHM) funds
- Program will still receive \$32 million in federal funds

#### MH Children – Contracts for Residential Services

(\$1,250,000)

- Reduces contracts for residential services for MH Children and will standardize the reimbursement rates for providers

#### Foster Care – Contracts for Family Reunification

(\$1,249,500)

- There are 1800 fewer children in need of this services and DHHS is able to adequately provide this service with existing staff resources without using this program to contract the service out
- \$500,000 of State fund is still provided to the program

#### Eliminate Optional Coverage for 19 and 20 Year Olds

(\$4,395,000)

- Only 15 states cover children ages 19 and 20

#### MSP/DEL

(\$2,995,615)

- Medicare Savings Plan (MSP) – Eligibility requirements experience a Federal Poverty Level (FPL) % drop to 140% for QMB, 160% for SLMB, and 175% for QI (Current is QMB 150%, SLMB 170%, and QI 185%)
  - Qualified Medicare Beneficiary (QMB) – Payment of Medicare Part A and B premiums and payment for Medicare coinsurance and deductibles
  - Specified Low Income Medicare Beneficiary (SLMB) – Provides payment of Medicare Part B premiums only
  - Qualified Individuals (QI) – Provides payment for Medicare part B Premiums only (100% federally Funded)
- Drugs for the Elderly (DEL) - Eligibility requirements are changed to mirror those made to the Medicare Savings Plan. – (\$1,663,555)
- WRAP benefit is adjusted to align with the MSP changes – (\$1,203,392)
- Under the governors original proposal over 65,000 people would lose coverage while under this proposal only 1,500 individuals earning more than \$19,000 per year will lose coverage

#### Eliminate Ambulatory Surgical Center Services

(\$77,697)

- Eliminate these services which provide Surgical services to persons not requiring hospitalization whose length of services would be less than 24 hours following admission
  - These services are provided through other programs

#### Eliminate STD Screening Clinic Services

(\$163,463)

- Services are still provide through other MaineCare programs

#### Eliminate FHM Share of Slot Machine Revenue in FY '13

(\$2,500,000)

## LD 1746 – Republican Amendment Summary of Proposed Initiatives

<u>Reduce Coverage for S-CHIP Parents From 133% to 100%</u>	(\$3,345,000)
<ul style="list-style-type: none"> <li>• S-CHIP – State Children’s Health Insurance Program</li> <li>• This program provides health insurance to parents of children who are covered under S-CHIP</li> <li>• This proposal lowers the income eligibility level from 133% of the FPL to 100%</li> </ul>	
<u>Eliminate Smoking Cessation Products</u>	(\$179,095)
<u>LD 1887 - DHHS Reorganization</u>	(\$842,932)
<ul style="list-style-type: none"> <li>• See bill summary for more details</li> </ul>	
<u>DHHS Salary Savings</u>	(\$1,000,000)
<u>FHM Unencumbered Balance</u>	(\$696,777)

Reduction in FHM Funding

- Reduce FHM funding for Oral Health – (\$300,000) *50% cut*
  - \$300,000 in FHM funding remains
  - Program still receives \$1.15 million in funding
  - Retains 75% of total program funding
- Eliminate FHM funding for Health Home Visits – (\$2,653,383)
  - Program will still receive \$30 million in federal grant funds over 4 years
  - Program will still receive \$4 million in other federal funds
  - Program will still receive \$1.4 million in state funds
- Eliminate FHM funding for Family Planning – (\$401,430)
  - Program will still receive over \$2 million in Federal Title X funds \*\*
  - Program will still receive over \$1.2 million in state funds \*\*
  - Program takes in over \$300,000 in program fees \*\*
  - Program raised almost \$400,000 independently in 2011 \*\*
  - Program receives \$750,000 in Investment/Agency Funds \*\*
- Reduce FHM funding for Purchased Social Services – Child Care – (\$1,971,118) *50% cut*
  - Program will still receive \$16 million in federal funds
  - Program will still receive \$1.9 million in state funds
- Reduce FHM funding for Community School Grants – (\$2,764,945) *1/3 cut*
  - Retains 2/3 of total program funding
  - 26 Healthy Maine Partnerships must be maintained

*Handwritten calculations:*  
 300,000  
 2,653,383  
 401,430  
 1,971,118  
 2,764,945  
 (1888,090,846) FHM

Opiate Restriction Redesign

- The changes made in the first supplemental were in conflict with federal law
- As a replacement, the following new pain management policy is implemented.
  - Acute Pain – A total of 15 days per calendar year will be allowed without prior authorization. Three additional 14 day refills through prior authorization may be provided before the patient is deemed to have “Chronic Pain”
  - Chronic Paine – Members must participate in one or more interventions as defined by an individualized treatment plan. Members who have a Paine Management Treatment Plan my obtain Physical Therapy services and in some cases use of Cognitive Behavioral Therapy and Acceptance Commitment Therapy with plans that meet certain protocols.
  - Prior Authorization – For patients with poor response to opioids, a prescription from a second physician from outside the practice of the prescribing provider is required

## LD 1746 – Republican Amendment Summary of Proposed Initiatives

- Prescription Monitoring Program – Provides a mechanism to provide prescription data of treatment patters and how they compare to their peers to bring providers in line with each other. Providers unable to meet standards created may have their ability to prescribe opioids to MaineCare patients restricted.

LD 1840 - Methadone (\$1,364,117) .

- Places a 2 Year Limit on Methadone
- The 2 year limit can be exceeded if the DHHS provides prior authorization
- DHHS is directed to seek input for the prior authorization rules form stakeholders and experts in the field of substance abuse addiction and recovery, including, but not limited to , representatives of the Office for Substance Abuse and individuals with expertise in medication-assisted treatment

General Waiver Language

- DHHS is directed to explore the concept of a general waiver
  - A general waiver would allow the state more flexibility in administering its Medicaid program

Medicaid Stabilization Plan (\$5,000,000) ?

*maine Care Redesign Issue - 9 members  
Report back - July, 2012  
Back up Plan - cutback*

Hospital PCP-MH Integration Proposal Replacing Section 65 (\$500,000) .

- Hospitals will hire case managers to coordinate mental health and other primary care needs to create efficiencies
- This will replace the Section 65 initiative from the biennial budget

### Other Savings Initiatives

Finance Authority of Maine (FAME) (\$2,000,000) .

- Raises the loan reserve cap from \$35 million to \$40 million and transfers \$2 million to the general fund

Use Tax Compliance and Education Program (\$4,990,000) .

- This is an educational program to inform tax payers of the use tax requirements on goods purchased outside of the State of Maine Legislature
- Taxpayers will be given the opportunity to voluntarily settle the last 6 years of use tax owed by paying the 3 highest years, free of penalties and interest, and have the other 3 years forgiven
- This Program was implemented in 2006 and was very successful

Maine Revenue Service (MRS) Overtime Authorization to Collect Receivables (\$1,670,000) .

- Allows MRS employees to work evenings and weekends to collect current receivables
- Many people who owe taxes are not available to be contact during normal business hours so this proposal will allow MRS employees to work off hours to contact these people

Bureau of Financial Regulation – Balance in Administrative Account (\$1,500,000) .

Groundwater Oil Clean Up Fund Sweep (\$500,000) .

LD 1830 - Agriculture/Conservation Merger (\$139,980) .

### Spending Initiatives

General Assistance \$4,297,699

- The shortfall identified in the General Assistance program is fully funded
- Funding is provided for the 7 positions created by the SOAR program savings initiative in LD 1903

Indigent Legal Services \$450,000

1,364,117 4,990,000 2,000,000 1,670,000 1,500,000 <hr style="border: 0; border-top: 1px solid black;"/> 11,524,117	450,000 11,524,117 500,000 139,980 <hr style="border: 0; border-top: 1px solid black;"/> 12,164,097	12,164,097 500,000 <hr style="border: 0; border-top: 1px solid black;"/> 12,664,097
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# LD 1746 – Republican Amendment

## Summary of Proposed Initiatives

### Income Tax Reduction - Pension

- Amends the pension income tax subtraction modification to raise the \$6,000 limit to \$10,000
  - Does not go into effect until FY '14

### Income Tax Reduction – Active Duty Military

- Provides an income tax exemption to active duty military service men and women for pay received while outside of the State of Maine
  - Does not go into effect until FY '14

### Sales Tax Exemption

- Provides a sales tax exemption for commercial wood harvesting and commercial greenhouse and nursery products
  - Does not go into effect until FY '14

### Dolby Landfill Operating Costs

\$320,000

### E-911

\$3,900,000

- A new emergency response system is being put in place. In order to ensure a safe transition, both the old and new systems must be operated at the same time.
- This initiative provides funding for this time period

### Disproportionate Share (DSH) Replacement Appropriation

\$3,176,972

- The State must begin paying for certain state detained mentally ill populations for which the federal government will no longer be providing funds
- The State must now pay for defendants undergoing competency evaluations and funding is provided to do so
- There is question as to whether the State must pay for both those found incompetent to stand trial and those having been found not criminally responsible so money has been set aside in the Budget Stabilization Fund for this purpose
  - Language has been provided to the Executive Branch allowing them to access this money if the Federal Government concludes the state should have been paying for this population

### Budget Stabilization Fund

\$10,000,000

- \$7.3 million of this allocation is encumbered for use by the Executive Branch to pay for the DSH population outlined previously - *To repay federal government*

### Portion of Hospital Settlements Past Due Language

*Change Cascade -- next Biennium -- Leg cannot budget this*

- In the biennial budget, a section was added to the Fixed Payment portion of the cascade in FY '12 allowing for up to \$25 million to be used to repay the hospitals for their MaineCare services
- This has been added to the fixed payment portion of the cascade for FY '13
- In addition, the balance from the Oxford Casino Slot Machine revenue that exceeds the \$10.6 million that is designated for EPS will be transferred on a one time basis to be used for hospital settlements

*Alternative Retirement Plan -- develop for next Legislature*

- Based on Social Security

2,985,615  
3,345,000  
14,325,000  
10,735,615

*85% of Oxford Casino Slot revenues go to EPS*