

**Selected Initiatives Related to the Governor's Proposed
Budget Changes and ARRA Spending
For Public Comment Period - May 4, 2009**

FY09 FY10 FY11

HEALTH AND HUMAN SERVICES

Hospital Payments **0 36,720,000 0**

Original commitment to pay hospitals for hospital fiscal years 2005 and 2006 of \$57 million in FY10 was reduced to \$36.72 million for state share. \$5 million reduced from savings due to enhanced FMAP rate and \$15 million in proposed hospital settlement payments shifted to a FY09 and FY10 end of fiscal year transfer from the unappropriated surplus of the General Fund (also known as the "Cascade"). See Part DD of Change Package.

Eliminate Targeted Case Management for members receiving care management from Schaller Anderson **0 (1,370,000) (1,370,000)**

Approximately 5,402 MaineCare members who receive care management services from DHHS's contracted care management provider also receive case management services from other providers. The care management provider will be responsible for managing all services to these individuals and these members will no longer be eligible for other case management services.

Increase the medical necessity requirement for Targeted Case Management services for children with a CAFAS score from 50 to 70 **0 (3,800,000) (3,800,000)**

Proposes to establish eligibility criteria that requires a minimum CAFAS (child and adolescent functional assessment scale) or GAF (global assessment of functioning) score in order to establish medical necessity. Based on this criteria, it is expected that approximately 50% of the children now receiving services would not be eligible. Providers will be required to provide necessary clinical information and to obtain authorization in order to continue targeted case management services after one month.

Increase MR waiver residential reductions in rates from 5% to 7% **0 (1,700,000) (1,700,000)**

Proposes to reduce Home Support in Section 21 by a total of 7% from the original published rates of January 1, 2008. A 5% reduction is already included in LD 353 as amended.

	FY09	FY10	FY11
Maine Children's PNMI reimbursement rates to New England Average	0	(8,983,878)	(8,961,970)

Proposes to move the reimbursement for children's private non-medical institutions in line with the New England Average. Currently, Maine's average cost is approximately \$158,000 per child. New Hampshire's rate is approximately \$80,000. This proposal is based on Maine's reimbursement moving to the average of approximately \$107,000.

Pharmacy reductions - DHHS	0	(1,671,000)	(2,600,000)
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This reduction is comprised of four individual initiatives. The Department will begin utilization management for ulcer drugs. This will require dose reductions and a move to less expensive h2 blockers. MaineCare reimbursement of prescription drugs will decrease due to a reduction of the Average Wholesale Price (AWP) as a result of the McKesson Settlement effective October 2009. Another initiative will require hospitals to report on all rebateable National Drug Codes (NDCs) to increase the State's drug rebate collections. The final initiative will require a 15 day supply limit on first prescriptions of expensive chronic condition medications. This will reduce waste and eliminate the need for a 30 day supply on a medication that may not work for a member.

Fund for a Healthy Maine - Reductions Fund-wide	0	(3,454,844)	(6,907,306)
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Reduces Baseline Budget funding for all Fund for a Healthy Maine programs based on the net changes to revenue of the Revenue Forecasting Committee.

HEALTH AND HUMAN SERVICES - AMERICAN RECOVERY AND REINVESTMENT ACT

Patient Centered Medical Homes	0	500,000	0
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Proposed use of increased Federal Medicaid Assistance Payment (FMAP). Provides funding for demonstration project known as Patient Centered Medical Home, to better manage chronic disease, thru 15 medical practices across the state. Funds to be administered by DHHS to enable match with federal funds when possible.

Consent Decree: MR Services - Community	0	1,290,199	649,374
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Proposed use of increase Federal Medicaid Assistance Payment (FMAP). Provides funding for MR-waiver account to achieve compliance with Community Consent Decree.

Health Info Net	0	0	0
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Previously proposed use of \$1,700,000 of the increased Federal Medicaid Assistance Payment (FMAP). It was removed from the Governor's recommendations in order to replace funding cuts in other HHS programs. The proposal would have provided funds for grants to HealthInfoNet for the State's contribution to support Maine's health information exchange system. This proposal was also contained in LD 563.

TAXATION	FY09	FY10	FY11
Homestead Property Tax Exemption Reimbursement	(200,000)	0	0
<i>Deappropriates funds not needed in FY2009.</i>			
Homestead Property Tax Exemption Reimbursement	0	(2,843,657)	(2,843,550)
<i>Deappropriates funding to reduce reimbursement to municipalities as a result of decreasing homestead exemption from \$13,000 to \$11,700 for 4/1/09 and 4/1/10 property tax years. See Part SSS of the Change Package.</i>			
Circuitbreaker Income Limits	0	(3,619,605)	(4,725,137)
<i>Reduces eligibility threshold from \$60,000/\$80,000 to \$45,750/\$61,000 for circuit breaker applications periods beginning 8/1/09 and 8/1/10. See Part RRR of the Change Package.</i>			
Tree Growth Program	0	(292,500)	(312,500)
<i>Provides 5% further reduction in tree growth reimbursement to municipalities.</i>			
Municipal Revenue Sharing	0	(6,195,592)	(6,269,770)
<i>Reduces revenue sharing to municipalities by an additional 5%. See amended Part S in Change Package.</i>			
Tax Receivable Collection	0	(6,950,000)	(7,700,000)
<i>Increased revenue net of funding for contract collections and 2 new examiner positions to assist with collection of recession-induced tax debt before it becomes uncollectible. See Part JJJ of the Change Package.</i>			
Financial Institution Data Matching	0	(2,233,488)	(2,233,488)
<i>Require financial institutions to disclose deposit account information to the Maine Revenue Service for the purpose of establishing, modifying and enforcing tax debts. See Part UUU of the Change Package.</i>			
Income Tax Indexing	0	(17,052,924)	(14,749,358)
<i>Suspend indexing of income tax brackets for income tax years beginning in 2009, 2010 and 2011. See Part QQQ of the Change Package.</i>			

	FY09	FY10	FY11
Net Operating Loss (NOL) Carry Forwards	0	(9,490,000)	(7,117,500)

Eliminate NOL carryover/recapture deduction and NOL federal carry forward for tax years beginning in 2009, 2010 and 2011. See Part TTT of the Change Package.

Maine Revenue Services – 2009 Tax Receivables Reduction	0	(9,015,500)	949,000
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Establish a program to shorten the collection period and provides an incentive for payment by providing for the waiver of penalties if the tax and interest are paid during the period 9/1/09 to 11/1/09. See Part JJJ of the Change Package.

Income tax – Standard deduction	0	(8,015,254)	(5,830,656)
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Decoupling standard deduction from federal standard deduction. See Part III of the Change Package.

Conformity Issues	0	0	0
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Updates references to the Internal Revenue Code to 2/17/09 for tax years beginning on or after 1/1/08 and provides for nonconformity with certain federal changes that would result in a reduction in Maine income tax. See Part VVV of the Change Package.

STATE AND LOCAL GOVERNMENT

Statewide Services (Shutdown Days)	0	(7,800,000)	(7,800,000)
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Proposes to close state government for 12 days each fiscal year. It is the intent of the administration that there be no more than 1 shutdown day in any given month and no more than 1 shutdown day in any given pay cycle. Essential state employees are exempt from the statewide closure. See Part MMM of the Change Package.

American Recovery and Reinvestment Act Administration	0	750,000	250,000
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Appropriates funding for ARRA Administration due to uncertainty of whether or how much ARRA funding is available for administration and what, if any, restrictions would be placed on use of such funding.

Merit Increase Freeze	0	(3,151,944)	(6,303,888)
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Proposes to eliminate merit pay increases for state employees during the 2010-2011 biennium. See Part LLL of the Change Package.

	FY09	FY10	FY11
Health Insurance - New Employees	0	(235,085)	(708,419)

Proposes to require state employees hired on or after July 1, 2009 to pay 15% of the cost of the individual health insurance premium, regardless of their annual income. See Part GG of Change Package.

Voluntary Employee Incentive Program (VEIP)	0	(300,000)	(300,000)
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Proposes to increase the savings from the Voluntary Employee Incentive Program that are already included in LD 353. See Part Z amendment in Change Package.

Commission to Recommend Streamlining of State Programs and Service Delivery and make Recommendations to 2nd Session of the 124th Legislature

	0	(7,500,000)	(30,000,000)
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Proposes to establish the Commission to Recommend Streamlining of State Government Programs and Service Delivery. The 10 member commission is charged with identifying ongoing General Fund savings of \$7,500,000 in fiscal year 2009-10 and \$30,000,000 in fiscal year 2010-11. See Part KKK of the Change Package.

EDUCATION

General Purpose Aid for Local Schools	0	(11,600,000)	(71,593,864)
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Reduces funding for General Purpose Aid for Local Schools in fiscal year 2009-10 and fiscal year 2010-11.

General Purpose Aid for Local Schools	0	11,600,000	0
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Allocates Federal IDEA funds carried over from fiscal years 2005-06, 2006-07, and 2007-08 federal allocation.

Higher Education - University of Maine System	0	(2,070,118)	(2,070,118)
Higher Education - Maine Community College System	0	(785,604)	(785,604)
Higher Education - Maine Maritime Academy	0	(144,278)	(144,278)

Prorates a \$3 million reduction to Higher Education funding in Fiscal Year 2010 and Fiscal Year 2011 using the same formula as was used to calculate the distribution of the original ARRA (stimulus) funding.

	FY09	FY10	FY11
EDUCATION - AMERICAN RECOVERY AND REINVESTMENT ACT			
Doctor's for Maine's Future School Fund	0	1,750,000	1,750,000

Provides funding for medical school scholarships for eligible Maine residents. Funding provided in this initiative will provide medical school scholarships to eligible Maine residents attending a program sponsored by the University of New England's School of Osteopathic Medicine; the joint program between Tufts University and the Maine Medical Center; or an emerging program with the University of Vermont School of Medicine, Eastern Maine Healthcare Systems and the University of Maine. Scholarships of up to \$25,000 per student, per year may not exceed 10 per class, per school each year. The medical school programs must match funds for scholarships equal to the amount provided by the State. Funding is available as a result of the enhanced Federal Medical Assistance Percentage provided in the American Recovery and Reinvestment Act of 2009.

Graduate School of Biomedical Science (GSBS)	0	1,250,000	0
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Provides funding for tuition stipends, fees and operating costs of the Graduate School of Biomedical Science at the University of Maine. Private and Special Law 2005, chapter 28, authorized the University of Maine System to establish a graduate school of biomedical sciences to educate and train students in basic and clinical fields of biomedicine and the biosciences. Demand for admission to the program currently exceeds available slots, and this funding will allow additional students to be accepted into the program. Funding is available as a result of the enhanced Federal Medical Assistance Percentage provided in the American Recovery and Reinvestment Act of 2009.

EduCare Central Maine	2,000,000		
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Allocates State Fiscal Stabilization Funds received as part of the American Recovery and Reinvestment Act of 2009 to establish an EduCare Center in Waterville, Maine. EduCare Central Maine will serve as a state-of-the-art professional development and resource child center for child care professionals across the state, as well as a teaching lab directed by the Kennebec Valley Community College and University of Maine faculty for students seeking an early childhood degree in Maine. Funding for this program will be matched by more than \$6 million in private funds.

OTHER

Budget Stabilization Fund	(51,455,943)	(24,000,000)	0
Reserve for General Fund Operating Capital	(40,615,146)	0	0

Transfers from reserve funds to the Unappropriated Surplus of the General Fund. The transfers will fully deplete the reserve funds. See Parts GGG and HHH of the Change Package.

Debt Service			3,865,481
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The depletion of the reserve funds will impact the State's capacity for internal borrowing necessitating Tax Anticipation Notes in excess of previous assumptions. Also adjusts the funding request based on the Governor's proposed bond package (LD 913).