



January 31, 2013

To: Senator Dawn Hill, Chair  
 Representative Margaret R. Rotundo, Chair  
 Members of the Joint Standing Committee on Appropriations and Financial Affairs

Senator Margaret M. Craven, Chair  
 Representative Richard R. Farnsworth, Chair  
 Members of the Joint Standing Committee on Health and Human Services

From: Mary C. Mayhew, Commissioner, Department of Health and Human Services

Re: DHHS response to question regarding FY'13 Supplemental Public Hearing on January 23<sup>rd</sup>.

**Q #1:** Provide a high level summary/chart of all the position transfers between DAFS and DHHS in the Supplemental.

**R:** See Attachment A, Page 5

**Q #2:** Provide the total remaining funds in the cultural affairs account.

**R:** The Office of Multicultural Affairs has 2 accounts and the total annual budget remaining after curtailment as of 1/23/13 for each are as follows:

Account	Personal Services	All Other	Note
010 10A Z03401	\$82,482	\$7,833	All Other includes the curtailment of \$171
013 10A Z03401	\$73,197	\$1,743,369	

**Q #3:** Please provide additional information on the money sent to the Attorney General's office from DLRS – a two year summary of the transfers would be adequate.

**R:** Revenue from hospital assessments is collected by DLRS. 82% of the assessment revenue collected is transferred to the Office of the Attorney General to pay for one attorney position. Revenue retained by DLRS is restricted to use on Hospital Cooperation Act expenses. The attorney in the AG's Office provides legal advice to Maine hospitals related to the Hospital Cooperation Act, including reviews of Certificates of Public Advantage, which authorizes hospitals to enter into cooperative agreements with other hospitals in the state if the likely benefits resulting from the agreement outweigh any disadvantages attributable to a reduction in competition that might result from the agreement.

Unit Name	2011	2012	2012	2012	2012	Grand Total
Hospital Assessments	6/24/2011	10/5/2011	12/29/2011	3/9/2012	6/11/2012	
Total	\$114,658.49	\$28,457.00	\$28,457.00	\$28,205.00	\$27,954.36	\$227,731.85

**Q #4:** Provide a list of recent reductions in children’s services. Is there a correlation between decreased funding and the increased need for state custody?

**R:** The cuts to these services, as well as WrapAround, Home Visiting, Child Care Subsidy and Head Start took effect in July, 2012. We began to see the rise in children coming into care starting in August, 2011. Based on this, we cannot say these spending reductions contributed to the number of children coming into care.

**Q #5:** What services currently fall into the category of “outpatient hospital” and will be affected if the proposed rate reduction is approved?

**R:** Hospital out- patient services consist of the following:

Anesthesia	Oncology services
Behavioral health services	Out-patient surgery – Operating room
Cardiology services	Physical therapy
Clinics	Recovery room
Diagnostic testing to include lab, radiology, cat scans, MRI	Respiratory therapy
Emergency room	Some Durable Medical Equipment (DME)
Hemodialysis	Speech therapy
Labor & delivery	Supplies
Nuclear medicine	
Occupational therapy	

**Q #6:** Can we provide more information related to the 25% increase in Foster Care? What are the major drivers for this increase?

**R:** Essentially, when the last biennial budget was created in 2011, the amount of money requested for Foster Care Services was based on 1,400 children being in care. Since August of 2011, we have seen the number of children in care increase from 1,457 to 1,750. Caseworkers are reporting an increasing number of family situations that involve substance abuse. The Department’s staff in the district offices must assess the immediate harm and/or jeopardy (per Statute, Title 22, Section 4004) to the child(ren) through an assessment using a nationally recognized protocol before proposing that a child be removed from the home. Our professional staff of caseworkers’ primary responsibility is the protection of children from abuse and neglect. It is in the professional judgment of these caseworkers that decisions are made to remove children from their homes. Once this determination is made, the Department must present each case to the Courts, who have ruled these 1,750 children need to be in the State’s care.

See Attachment B, Page 6 for a chart on the Foster Care Entry Rate for the United States.

**Q #7:** Did we take on many new obligations when ARRA funds became available?

**R:** We were required to maintain eligibility levels that were in place at the time the ARRA funding was enacted.

**Q #8:**

A. Please explain who the people are that are “Medically Needy”.

**R:** These are individuals who have countable assets below the MaineCare limit (\$2,000) but they have too much monthly income to qualify for MaineCare. The MaineCare limit is 100% FPL (\$931) monthly. These individuals are given a “deductible” and do not gain access to MaineCare until they have enough medical costs to meet their deductible. Deductible periods (medically needy periods) are for 6 months. At the end of the six months they are given another six month deductible period.

B. What will the impact of this reduction be?

**R:** The Department will no longer use state dollars to pay the medical costs for individuals who are not MaineCare eligible and who are seeking placement in an appendix C or F PNMI. The Department will continue to state-fund the medical costs for individuals who are currently being served in one of these facilities and whose income is above the MaineCare limit of 100% FPL (\$931). Going forward, individuals who are not MaineCare eligible and need placement in one of these facilities will not have to be eligible for state funded assistance to help pay for their costs.

C. Are there individuals in the “spend down” that are private pay?

**R:** Yes. Generally speaking, this means that an individual does not qualify for MaineCare and is NOT an individual being served under the medically needy program. This is because they have too many assets. The facility uses the terminology “spending down” because it means the individual is paying for their care privately until their assets are below the MaineCare allowable limit.

D. What services does the State currently cover in this category?

**R** It varies based on the individual. The State pays for medically necessary services.

E. Could you provide data on the current members?

**R:** Currently there are approximately 2,000 individuals in Medically Needy status in both the Appendix C and F facilities. These are facilities that serve elderly individuals who cannot live on their own and need 24 hour care/supervision.

They contribute all of their income except \$70 (some have to contribute all but \$50) to their cost of care.

**Q #9:** Please provide a description of the ZBB process. How did we develop criteria to determine impact on people?

**R:** The Zero Based Budgeting process involved meeting with individual Office Directors, Associate Directors, and their management staff. During these meetings, spanning more than six (6) months, each of the Offices were pressed to examine the services being either directly or indirectly provided to people throughout the State. They were asked to assess all impacts of the reduction or elimination of programs, regardless of funding source and tenure. Finally, the Department's mission statement was used as a measure of how closely the Program aligned with what should be the core services delivered.

**Q #10:** Where do we anticipate we will end up at the end of this year with GA funding?

**R:** Because GA is administered by the municipalities, and because we reimburse monthly in arrears, it is very difficult to accurately project GA expenditures. That said, we believe that, at worst, the last 2 months of the GA "year" are at risk. (For practical purposes, the GA year runs from July to May, since June expenditures by the municipalities are reimbursed in the following July). It is possible that there will be no shortfall, but we have advised the HHS Committee that, in order to have a reasonable degree of confidence, absent the cap, we would need a supplemental appropriation of \$1 million.

Cc: Michael Cianchette, Chief Legal Counsel, Governor's Office  
Kathleen Newman, Deputy Chief of Staff, Governor's Office  
Adrienne Bennett, Director of Communications, Governor's Office  
Sawin Millett, Commissioner, Department of Administrative and Financial Services (DAFS)  
Melissa Gott, State Budget Officer, Department of Administrative and Financial Services (DAFS)

**Attachment A**

**Maine DHHS – Position transfers between DHHS and DAFS**

<b>DEPT NO</b>	<b>POSITION NO</b>	<b>JOB_CLASS_OR_WORKING TITLE</b>	<b>Fund 010</b>		<b>Fund 014</b>	<b>Fund 013</b>	<b>Fund 029- 18F</b>
<b>IA 2228</b>			<b>012901</b>	<b>014201</b>	<b>014201</b>	<b>012901</b>	<b>071301</b>
<b>DHHS funded Service Center Positions that should be transferred TO the DAFS Service Center:</b>							
1000	020312526	FINANCIAL ANALYST	0.0		(1.0)		1.0
1000	020001980	MANAGEMENT ANALYST II		(1.0)	0.0		1.0
1000	020003300	MEDICAL SUPPORT SPEC CLAIMS	(1.0)			0.0	1.0
1000	020003058	REIMBURSEMENT SPECIALIST	0.0			(1.0)	1.0
1000	020312388	REIMBURSEMENT SPECIALIST	0.0			(1.0)	1.0
			<b>(1.0)</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(2.0)</b>	<b>5.0</b>

No impact on General Fund Allotment. DHHS has been paying for these positions by transferring the funding from Personal Services to All Other the net effect to the budget is zero.

<b>IA 2229:</b>							
			<b>012901</b>	<b>014201</b>	<b>014201</b>	<b>012901</b>	<b>071301</b>
<b>DAFS (DHHS Service Center) Positions that should be transferred TO DHHS Office of MaineCare Services:</b>							
1801	020002939	MAINECARE MANAGER	0.0			1.0	(1.0)
1801	020227197	MANAGING STAFF ACCOUNTANT	0.0			1.0	(1.0)
1801	015301279	SENIOR STAFF ACCOUNTANT	0.0			1.0	(1.0)
			<b>0.0</b>			<b>3.0</b>	<b>(3.0)</b>

No impact on General Fund Allotment. DHHS has been paying for these positions from All Other to Personal Services the net effect to the budget is zero. The count is 4.0 in the supplemental budget and will be changed by Diane Wiley in BoB

