

Department of Social & Health Services

Children and Family Services

General Fund-State funding for the Children's Administration was increased by 14.3 percent from the 2003-05 biennium. The budget provides \$14.6 million in state and federal funding to reform the child protective services and child welfare system. An additional 124 full-time equivalent (FTE) staff will be added so that child protective services workers can conduct investigations quicker, visit children in out-of-home care at least every 30 days, and oversee an increased number of families who will participate in voluntary services agreements with the Department.

Secure crisis residential centers, which offer services to at-risk adolescents by providing them a safe and secure placement, will continue at the 2003-05 biennium spending level. The budget provides funding through the Public Safety and Education Account of approximately \$4.7 million per year. However, regional crisis residential centers were reduced by \$1.7 million.

Chapter 512, Laws of 2005, Partial Veto (ESSB 5922), modifies the threshold for screening and investigating child abuse cases to include circumstances which cause harm to or present a substantial threat of harm to the child's health, welfare, or safety. The sum of \$5 million in state and federal funding is provided for additional social workers, enhanced services, and increased foster care placements in fiscal year 2007.

Chemical dependency specialist services shall be made available at each local child welfare office. These specialists will assist at-risk families in getting the help they need to keep children safe in their own homes. A total of \$2.3 million of state and federal funds was provided.

The budget provides \$1.3 million in funding to establish education coordinators to help youth in foster care who are ages 9 to 16 years old in the K-12 and higher education systems.

Children's Advocacy Centers will receive \$355,000 in the 2005-07 biennium to support the multi-disciplinary based program that uses "best practices" in child abuse investigations. Each advocacy center receiving state funding must, at a minimum, match the state contribution.

The growth of the average cost paid per case for foster care and adoption support placements is limited to the 1 percent per year vendor rate increase. This action is expected to result in a \$5.0 million savings to the state.

Juvenile Rehabilitation

The budget provides \$1.4 million in state funds to maintain funding for a program for juvenile offenders with co-occurring substance abuse and mental health disorders in King, Snohomish, Pierce, and Kitsap Counties. Federal Juvenile Accountability Incentive Block Grant funding that was used by the agency for this and other juvenile programs was reduced by Congress in the federal fiscal year 2005 budget. The program, involving the family and a therapeutic team, begins treatment in the juvenile rehabilitation institution and continues for up to six months after release. The pilot program was evaluated by the Washington State Institute for Public Policy (WSIPP) and was shown to have a 13 percent lower rate of recidivism, and to provide \$3.15 in benefits to taxpayers and victims per each dollar of cost.

The budget transfers \$997,000 in state funding from the Governor's Juvenile Justice Advisory Committee to the Juvenile Rehabilitation Administration for the establishment of a Reinvesting in Youth pilot program. The program will award grants to counties for implementing research-based early intervention services that target juvenile justice-involved youth and reduce crime. The WSIPP has identified several programs that, if properly implemented, are likely to reduce taxpayer and other costs in the future. During the 2005-07 biennium, a pilot

program consisting of three counties or groups of counties will test methods for reinvesting state savings that result from local investments in evidence-based services for juvenile justice-involved youth.

Mental Health

Under new federal rules and policies, the state's community mental health system is no longer able to use savings achieved through Medicaid managed care for people and services that would not otherwise be eligible for Medicaid. The budget provides state revenues to replace all but \$2.2 million of the lost federal funding, for a total of \$80 million. Of the "backfill" funding provided, \$10 million is earmarked for services to persons during and after incarceration and \$3 million is earmarked for innovative service approaches. The \$67 million balance is to be used to the extent possible to maintain previous levels of non-Medicaid crisis and commitment, inpatient treatment, residential, and outpatient services.

A total of \$9.5 million is provided for eight additional psychiatrists and psychologists to conduct outpatient evaluations of competency to stand trial and to open an additional legal offender ("forensic") ward at Western State Hospital. The state psychiatric hospitals are legally responsible for evaluating competency to stand trial, for providing treatment to restore competency for defendants judged incompetent for trial, and for providing supervision and ongoing treatment for defendants found not guilty by reason of insanity. Steady increases in the demand for these services have substantially exceeded the hospital's capacity to complete required evaluations within acceptable timeframes.

The number of community hospital beds available for short-term, emergency treatment of persons committed under the Involuntary Treatment Act (ITA) decreased 12 percent between 2000 and 2004. To prevent further erosion of treatment capacity, the budget provides \$6.4 million to increase, by an average of about 40 percent, the rate paid for treatment of medically-indigent patients in hospitals that accept ITA patients.

The budget provides a 25 percent increase, \$1.4 million General Fund-State and \$1.4 million General Fund-Federal, in payment rates for the Children's Long-Term Inpatient Program (CLIP) residential treatment facilities. The CLIP facilities provide inpatient treatment for children with severe psychiatric impairments.

Home Care Workers (Developmental Disabilities and Long-Term Care)

A total of \$65 million is provided to increase compensation for home care workers who provide direct care for persons receiving publicly-funded home care services. This includes:

- \$53 million to implement an interest arbitration settlement between the Governor and the exclusive bargaining representative of individual home care providers. The settlement increases the wages of individual providers from \$8.93 per hour to \$9.20 per hour in fiscal year 2006 and to an average \$9.45 per hour in fiscal year 2007; provides state contributions for health care coverage, vision, and dental benefits that will average \$506 per eligible worker per month; and provides paid vacation leave for every 50 hours worked in fiscal year 2007.
- \$10 million to increase compensation provided to direct care workers employed by home care agencies by an amount equivalent to the hourly wage increase awarded to individual providers. An additional \$2 million is provided to certain home care agencies in recognition of higher labor market cost pressures experienced by agencies subject to collective bargaining obligations.

Developmental Disabilities

The total operating budget for the 2005-07 biennium represents a 10.4 percent increase in total state funding for services for persons with developmental disabilities, or an additional \$137 million.

The budget provides an additional \$8.6 million in new resources to add 74 new residential placements. Of these placements, 35 are provided for community protection placements, and 39 are provided for other community placements. Priority for the new placements include children aging out of other state services, clients without residential services who are in crisis and at risk of needing an institutional placement, and current waiver clients.

The budget provides \$4.1 million in state and federal funding for employment and day transition services for approximately 600 clients with developmental disabilities. Priority consideration for this ongoing funding will be for young adults with developmental disabilities living with their families who need employment opportunities and assistance after high school graduation.

The amount of \$2 million per year is provided to increase uniformity in the rates paid to supported living agency providers for administrative costs.

Funding in the amount of \$2.5 million is provided for a pilot program to provide flexible family support dollars to an estimated 1,400 families who are providing care and support for family members with developmental disabilities. The funds are targeted to families who have a documented need for services, are not currently receiving services from the Division of Developmental Disabilities, and have gross household income at or below 400 percent of poverty (\$64,360 per year for a family of three).

The sum of \$2.4 million of state and federal funds are included in the budget to develop an integrated case management information system, which will provide case resource managers with a single source of information about client needs and resources.

The budget reduces \$3.3 million in state and federal funding for efficiencies that are expected to be achieved in Fircrest School and other residential habilitation centers.

The state is expected to save \$750,000 in state funds by recovering federal funding for eligible individuals who are currently supported only with state funds.

Long-Term Care Services

A total of \$2.5 billion is appropriated for the Department of Social and Health Services (DSHS) to provide long-term care services to an average of 48,500 elderly and disabled adults per month. This represents a 2.6 percent increase in the number of persons receiving such services, and a 7.4 percent increase in expenditures from the 2003-05 biennium.

A total of \$21.9 million is provided to increase non-capital nursing home rates by 1.3 percent on July 1, 2005, and by an additional 1.3 percent on July 1, 2006. Nursing home payments are also adjusted to reflect Chapter 514, Laws of 2005 (ESHB 2314), which provides for the phased elimination of the nursing home quality maintenance fee over the course of the next three biennia. During the 2005-07 biennium, the tax will be reduced from \$6.50 per patient day to \$5.25 per patient day.

The budget appropriates \$2.5 million to increase the personal needs allowance from \$41.62 per month to \$51.62 per month, for an average of 10,200 publicly funded clients residing in nursing homes.

These expenditure increases are partially offset by a number of spending reductions, including:

- Reducing state funding for Area Agencies on Aging by \$2.8 million;
- Achieving \$6.9 million in reduced nursing home expenditures through the expansion of chemical dependency treatment services in the DSHS Alcohol and Substance Abuse program; and
- Saving \$9.2 million by increasing DSHS efforts to recover the cost of publicly-funded care from the estates of deceased Medicaid recipients.

Economic Services Administration

Family child care homes and child care centers will receive an additional \$15 million for rate increases to subsidized child care paid by the State for low-income and at-risk families. This funding will facilitate child care access and quality. This funding is in addition to approximately \$11 million for child care vendor rate increases in the 2005-07 biennium.

The budget provides \$15 million in state funding to continue activities for the Temporary Assistance to Needy Families (TANF) program. This program provides cash grants to families with children and pregnant women. This funding will help the state meet its requirement to maintain a specific level of funding and maintain current program expenditures.

The budget provides \$1.5 million for programs that serve individuals with limited English proficiency. This amount is in addition to existing state and federal funds for this purpose and is intended to support reducing General Assistance-Unemployable (GA-U) caseloads. An additional \$1 million in state funds is also provided to expand naturalization services for aging immigrants who receive services from the GA-U program.

Chapter 374, Laws of 2005 (ESHB 1314), which establishes the Domestic Violence Prevention Account, will generate revenue that will be used for preventive, non-shelter, community-based domestic violence services.

The budget provides \$500,000 in state funds to expand the TeamChild program. TeamChild helps troubled youth secure the community-based services they need by providing civil legal advocacy and offers juvenile courts practical and less costly alternatives to incarceration.

The budget anticipates \$18 million in savings in the GA-U program through strategies to improve the outcomes for GA-U clients. These strategies include: (1) investing in naturalization to reduce the number of aged clients who no longer qualify for supplemental security income; (2) facilitating an increased number of clients to obtain Social Security and veterans' benefits; (3) providing medical services through managed care demonstration projects; and (4) providing improved mental health and vocational rehabilitation and employment support to reduce the amount of time assistance is needed.

Alcohol and Substance Abuse

A total of \$2.1 million in General Fund-State and other state funds is provided for vendor rate increases to be prioritized for residential treatment providers and other providers as funds are available. Another \$5 million in General Fund-State is specifically provided for supplemental vendor rate increases to residential treatment providers.

The budget appropriates \$1.8 million to the Division of Alcohol and Substance Abuse (DASA) to continue providing the Safe Babies/Safe Moms program, which was previously funded in Economic Services. This program is for Medicaid-eligible pregnant and parenting women identified as "at serious risk for, or currently using" alcohol or substances.

The budget provides funding for a significant expansion of substance abuse treatment, as well as funding pilot projects, evaluations, and assessment costs related to Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763). Offsetting this increase in funding is assumed "cost avoidance" in medical assistance and long-term care of \$16.5 million in General Fund-State and \$14.7 million in General Fund-Federal during the 2005-07 biennium. These cost offsets are informed in part by the results of a 2002 cost offset study by the DSHS Research and Data Analysis Division. Assuming the cost offsets, the net increase to the budget is \$18 million in state general funds. Funding added to the budget includes the items below:

- \$21.1 million in state funds and \$11.9 million in federal funds to increase the amount of substance abuse treatment by 100 percent (over the fiscal year 2004 level) by the second year of the 2005-07 biennium for aged, blind, disabled, and other Medicaid-eligible adults, including clients of the GA-U program. This funding level also covers a 50 percent increase in treatment for other Medicaid-eligible adults (TANF-related).
- \$5 million in state funds and \$1.7 million in federal funds to provide substance abuse treatment to an additional 1,000 youth per year who are under 200 percent of the federal poverty level.
- \$1.1 million in state funds and \$1.2 million in federal funds for contracted substance abuse services for the child welfare system.
- \$7 million in state funds to implement pilot projects in four sites, including two cross-system crisis responder pilots that utilize an integrated involuntary treatment act approach and two intensive chemical

dependency case management pilots. This amount also includes about \$310,000 for WSIPP to evaluate the results of the pilots, conduct one other study in the bill, and report to the Legislature on cost-effectiveness and outcomes.

- \$655,000 in state funds and \$466,000 in federal funds to develop an integrated mental health/substance abuse screening and assessment tool to be used by the Mental Health Division and DASA in DSHS. The budget also provides funding for training and quality assurance.
- \$100,000 in state funds for the Joint Legislative Audit and Review Committee to conduct a study of potential facilities that could be converted to regional jails to provide services to persons who need mental health treatment.

Medical Assistance Administration

A total of \$7.7 billion in state and federal funds is provided for an average of 930,000 low-income children and adults per month to receive medical and dental care through Medicaid and other DSHS medical assistance programs during the 2005-07 biennium. Total expenditures on such services are budgeted to increase by \$402 million (5.5 percent) from the final 2003-05 biennium level, and the state share of those expenditures is projected to increase by \$561 million (17.8 percent). However, because of three significant changes in the state-federal fiscal relationship in the 2005-07 biennium, a simple biennium-to-biennium comparison of appropriation levels does not fully reflect the actual change in state and federal financial support for low-income medical assistance between the two biennia:

- Under a new federal policy, the state will no longer be able to use inter-governmental transfers to collect federal Medicaid funds to cover part of the cost of care to medically indigent and other low-income populations. Discontinuing the financial transactions associated with these transfers lowers the total 2005-07 biennium appropriation by \$335 million. Because the budget includes a new hospital reimbursement mechanism, the actual level of total public financial support for the services previously funded through the inter-governmental transfers is unchanged, and the state share of that assistance actually increases by about \$30 million.
- Under the same new federal policy, the "Pro-Share" program that has generated federal financial assistance for the state Health Services Account and for rural hospitals is discontinued in the 2005-07 biennium. This lowers the 2005-07 biennium total appropriation by \$113 million from the 2003-05 biennium level and reduces revenues to the Health Services Account and to rural hospitals by \$51 million and by \$4 million, respectively.
- Beginning in 2006, the federal government will pay directly through the new Medicare Part D program for prescription drugs on behalf of people who are eligible for both Medicare and Medicaid. Previously, such drug costs were covered through the state/federal Medicaid program. This change lowers 2005-07 biennium total appropriation by \$233 million. State-fund appropriations are essentially unchanged, as the state is required to pay the federal government the projected amount the state would otherwise have incurred under Medicaid.

After controlling for the above changes, actual 2005-07 biennium growth from the final 2003-05 biennium level is approximately \$1.1 billion (15 percent) in total funds and approximately \$665 million (22 percent) in state funds.

Approximately 90 percent of the expenditure increase is due to the continuation of existing program policies, rather than to new service enhancements. Prior to the eligibility changes discussed below, the number of persons covered through Medicaid and other DSHS medical assistance programs was projected to grow 3.6 percent per year, and medical costs per person were projected to grow about 3.4 percent per year. The higher costs per person are due to a combination of increased service utilization and higher-cost medical procedures.

The remaining 10 percent of the expenditure growth represents the net effect of several major program enhancements offset by a number of anticipated efficiencies in program operations. Major enhancements include:

- allowing children, once determined eligible, to qualify for a full year of medical assistance coverage, regardless of subsequent changes in family income, and without needing to verify their continued eligibility every six months.

- restoring state-funded medical assistance coverage for children who are ineligible for Medicaid because of their immigration status.
- continuing premium-free medical coverage for children, rather than requiring families with incomes between 150-200 percent of poverty to pay \$10 per child per month.
- providing payment rate increases that average 1.3 percent per year for hospitals and physicians and 1.0 percent per year for other medical providers.

Major efficiencies include an anticipated reduction in the use of medical services due to increased treatment for clients who have alcohol and substance abuse problems; increased case management for clients with a pattern of excessive, unnecessary service use; improved collection of drug manufacturer rebates and provider over-payments; and reductions in the cost of medical equipment and supplies.

Other

The budget eliminates redundancy and overlap in administrative positions in DSHS by reducing state and local funding by \$6.8 million for non-case carrying staff.

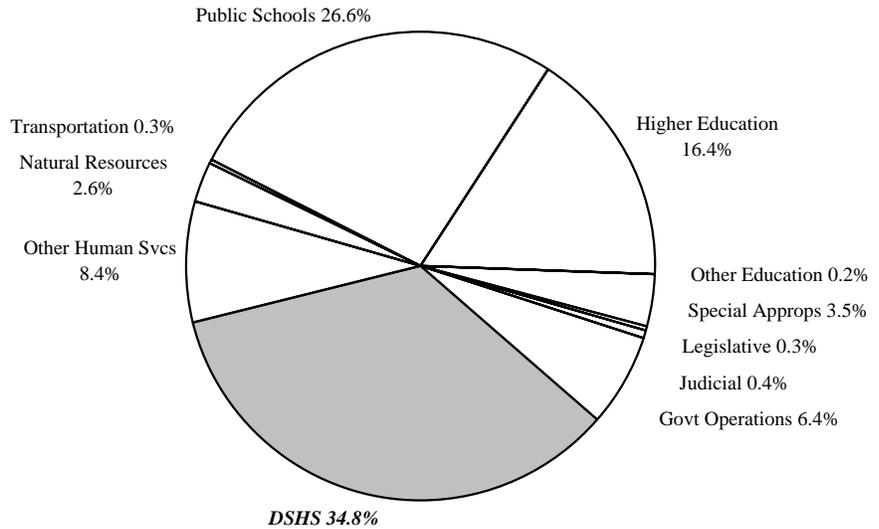
Funds that were targeted for the continued downsizing of Fircrest, a residential rehabilitation center, are eliminated.

2005-07 Washington State Operating Budget

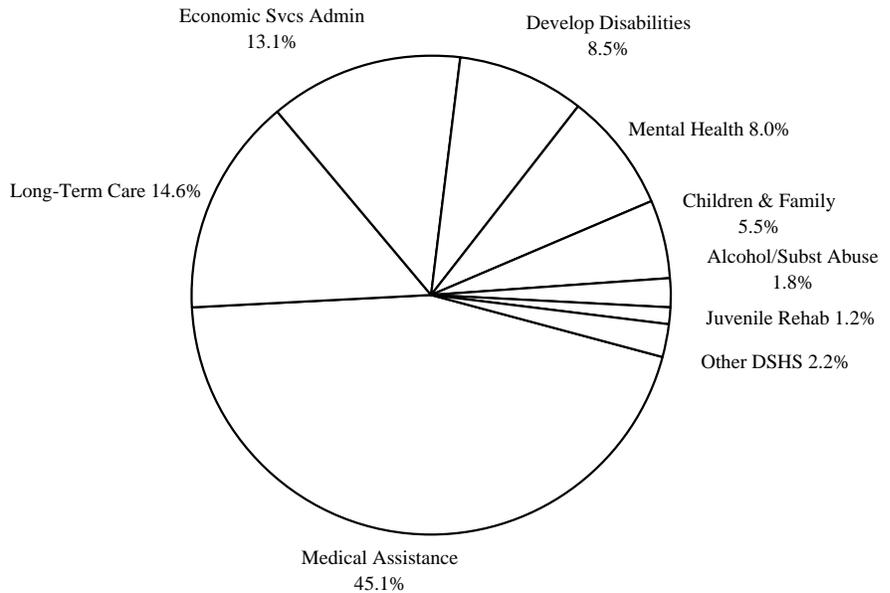
Total Budgeted Funds

(Dollars in Thousands)

Legislative	148,103
Judicial	205,183
Governmental Operations	3,188,651
DSHS	17,217,073
Other Human Services	4,153,090
Natural Resources	1,296,763
Transportation	145,790
Public Schools	13,147,661
Higher Education	8,105,412
Other Education	105,940
Special Appropriations	1,736,187
Statewide Total	49,449,853



Medical Assistance	7,767,870
Long-Term Care	2,517,105
Economic Services Admin	2,262,160
Developmental Disabilities	1,460,555
Mental Health	1,373,046
Children & Family Svcs	951,420
Alcohol/Subst Abuse	303,922
Juvenile Rehabilitation	210,670
Other DSHS	370,325
DSHS	17,217,073



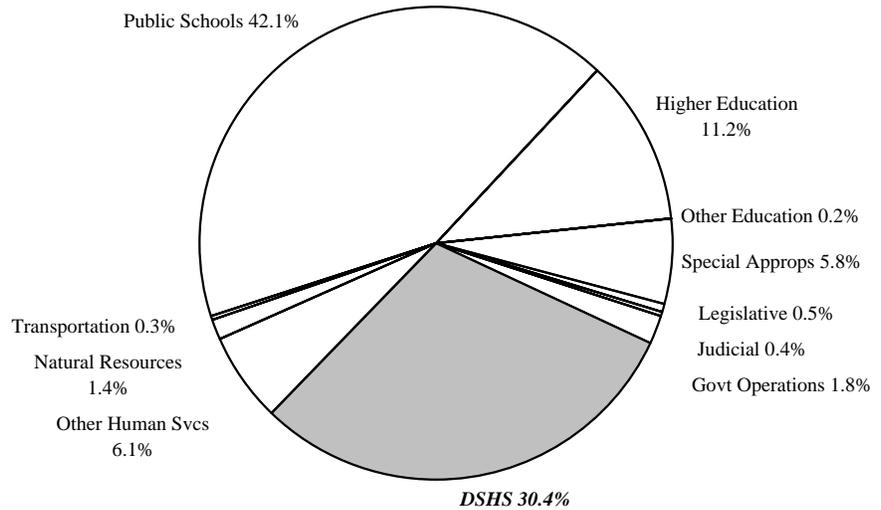
DSHS

2005-07 Washington State Operating Budget

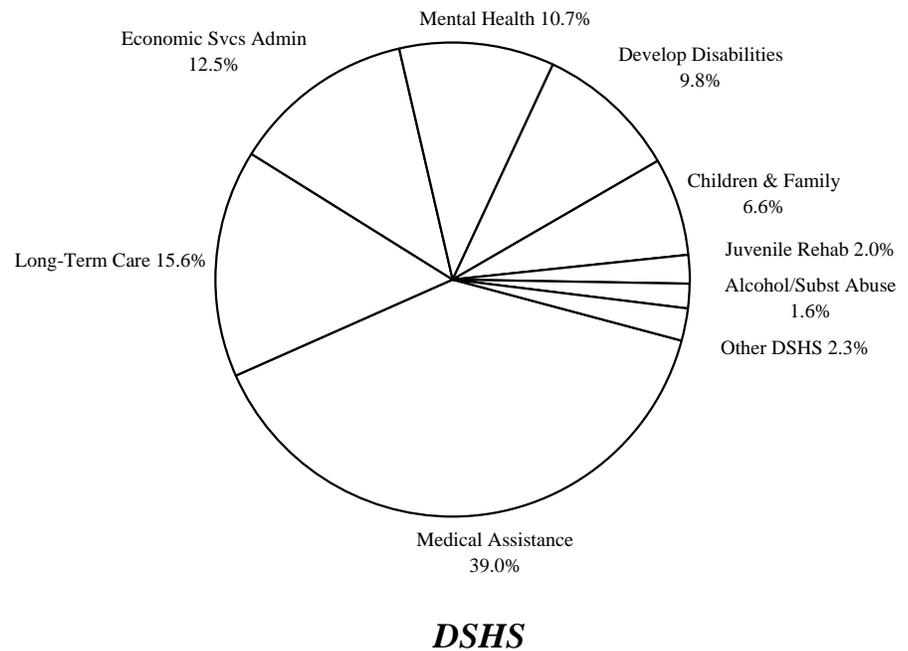
General Fund-State

(Dollars in Thousands)

Legislative	140,970
Judicial	95,869
Governmental Operations	460,076
DSHS	7,883,928
Other Human Services	1,574,840
Natural Resources	366,902
Transportation	70,464
Public Schools	10,914,763
Higher Education	2,900,607
Other Education	43,974
Special Appropriations	1,500,021
Statewide Total	25,952,414



Medical Assistance	3,077,313
Long-Term Care	1,228,339
Economic Services Admin	984,247
Mental Health	844,678
Developmental Disabilities	770,056
Children & Family Svcs	517,355
Juvenile Rehabilitation	159,568
Alcohol/Subst Abuse	124,191
Other DSHS	178,181
DSHS	7,883,928



**Department of Social and Health Services
Children & Family Services**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2003-05 Expenditure Authority	449,360	446,391	895,751
2005 Supplemental *	855	1,830	2,685
Total 2003-05 Biennium	450,215	448,221	898,436
2005-07 Maintenance Level	485,463	449,486	934,949
Policy Changes			
1. Home Care Worker Wages	419	408	827
2. Lease, Med. Inflation and Equip Red	-632	-290	-922
3. Targeted Vendor Rate Increase	5,613	2,860	8,473
4. Middle Management Reduction	-697	-340	-1,037
5. WFSE COLA/Salary Survey	5,802	2,573	8,375
6. 1199 COLA/Sal Surv/Addtl Step	1	1	2
7. Super Coalition Health Benefits	4,384	1,951	6,335
8. Classification Revisions	6	3	9
9. COLA-Non-Represented	929	436	1,365
10. Non-Represented Health Benefit Chg	323	150	473
11. Salary Survey-Non-Rep Staff	117	71	188
12. General Inflation	-460	-596	-1,056
13. VOCA Transfer to CTED	0	-14,642	-14,642
14. Enhanced Child Welfare Services	3,500	1,500	5,000
15. Adoption Grant Enhancement	0	357	357
16. Children's Advocacy Centers	355	0	355
17. Chemical Dependency Specialists	1,144	1,144	2,288
18. CPS/Child Welfare Services Reform	10,189	4,370	14,559
19. Education Coordinators	900	400	1,300
20. Pension Rate for Gain Sharing	-994	-446	-1,440
21. Suspend Unfunded Liability Contribs	-3,345	-1,496	-4,841
22. PSEA Shortfall	9,344	-9,344	0
23. Regional Crisis Residential Centers	0	-1,712	-1,712
24. Foster and Adoption Cost Management	-5,006	-2,779	-7,785
Total 2005-07 Biennium	517,355	434,065	951,420
Fiscal Year 2006 Total	251,005	214,442	465,447
Fiscal Year 2007 Total	266,350	219,623	485,973

Comments:

- Home Care Worker Wages** - In accordance with RCW 74.39A.300, the Governor must submit, as a part of the proposed biennial operating budget submitted to the Legislature, a request for funds necessary to implement compensation and fringe benefits provisions of collective bargaining agreements negotiated between the Governor and the exclusive bargaining representative of individual providers of home care services. This year, the negotiation process went into interest arbitration. Funding is provided for the purposes of implementing the interest arbitration award. The arbitration settlement award increases the wages of individual providers from \$8.93 per hour to \$9.20 per hour in FY 2006 and to an average of \$9.45 per hour in FY 2007. It also provides state contributions for health care coverage, vision, and dental benefits that will average \$506 per eligible worker per month in the 2005-07 biennium and paid vacation leave for every 50 hours worked in FY 2007. The funding for the arbitration award includes the Office of Financial Management, Home Care Quality Authority, and the Department of Social and Health Services' (DSHS) Children and Family Services, Developmental Disabilities, Aging and Adult Services, and Administration and Supporting Services programs. (General Fund-State, General Fund-Federal)
- Lease, Med. Inflation and Equip Red** - This item eliminates funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement. (General Fund-State, General Fund-Federal)
- Targeted Vendor Rate Increase** - Funding is provided for vendor rate increases of 1 percent on July 1, 2005, and 1 percent on July 1, 2006. (General Fund-State, General Fund-Federal, Public Safety and Education Account (PSEA)-State, Violence Reduction and Drug Enforcement Account-State)

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4. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)
5. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
6. **1199 COLA/Sal Surv/Addtl Step** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
7. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
8. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
9. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, PSEA-State)
10. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, PSEA-State)
11. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal)
12. **General Inflation** - Agencies are required to find efficiencies in their operations sufficient to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)
13. **VOCA Transfer to CTED** - The Governor reassigned administration of the Victims of Crime Act (VOCA) grant from DSHS to the Department of Community, Trade and Economic Development (CTED) on April 1, 2004. This package transfers expenditure authority from DSHS to CTED in accordance with this reassignment. (General Fund-Federal)
14. **Enhanced Child Welfare Services** - Funding is provided to implement provisions of Chapter 512, Laws of 2005, Partial Veto (ESSB 5922 - Child Neglect). (General Fund-State, General Fund-Federal)
15. **Adoption Grant Enhancement** - Funding was awarded to the Children's Administration for meeting adoption goals. This one-time adoption incentive award must be expended for allowable costs for the federal Adoption Incentive Payments Program. (General Fund-Federal)
16. **Children's Advocacy Centers** - Children's Advocacy Centers facilitate a multi-disciplinary approach toward the investigation and prosecution of child abuse allegations. Funding in the amount of \$177,000 in FY 2006 and \$178,000 in FY 2007 may be used for children's advocacy centers. This funding may also be used for the state association of children's advocacy centers. A 50 percent match is required of children's advocacy centers receiving funding.
17. **Chemical Dependency Specialists** - Funding is provided to implement the requirement of Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763), that chemical dependency specialist services be offered in each Children's Administration (CA) field office. The CA will contract for services. Funding is expected to cover the costs for approximately 22 FTEs. (General Fund-State, General Fund-Federal)
18. **CPS/Child Welfare Services Reform** - Funding is provided for an additional 123.9 FTEs, including 84.3 social workers, 10.5 supervisors, 15.8 office staff, and 13.3 headquarters and quality assurance and training staff to implement child protective services (CPS) and child welfare services (CWS) reforms. CPS workers will investigate emergent cases within 24 hours and non-emergent cases within 72 hours for accepted referrals. CWS workers will have face-to-face contact with children, parents, and/or caregivers every 30 days. This funding supports the goals of the Federal Program Improvement Plan and the Braam Lawsuit settlement and assists in addressing the findings of recent fatality reviews. (General Fund-State, General Fund-Federal)
19. **Education Coordinators** - Funding is provided for contracted education coordinators to assist foster children in succeeding in the K12 and higher education systems. (General Fund-State, General Fund-Federal)

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20. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, PSEA-State)
21. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, PSEA-State)
22. **PSEA Shortfall** - Expenditures from PSEA are reduced to reflect amounts available. These expenditures are instead made from the state general fund. (General Fund-State, PSEA-State)
23. **Regional Crisis Residential Centers** - Funding is reduced by \$856,000 per year for regional crisis residential centers. (PSEA-State)
24. **Foster and Adoption Cost Management** - The budget provides vendor rate increases for foster care and adoption support of 1.0 percent in FY 2006 and 1.0 percent in FY 2007. This step removes a portion of the additional increase in the cost per foster care and adoption support placement that was included in the mandatory caseload adjustment for estimated growth in the costs of services. CA will take the necessary steps to ensure that the average cost per case remains within this funding level. (General Fund-State, General Fund-Federal)

* Please see the 2005 Supplemental Operating Budget Section for additional information.par

**Department of Social & Health Services
Children & Family Services**

WORKLOAD HISTORY
By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	Estimated		
								2005	2006	2007
Foster Care ⁽¹⁾										
Avg # Children Served Monthly	8,297	8,219	8,127	8,181	8,193	8,177	7,985	7,994	8,059	8,071
% Change from prior year		-0.9%	-1.1%	0.7%	0.2%	-0.2%	-2.3%	0.1%	0.8%	0.1%
Child Care ⁽²⁾										
Avg # Children Served Monthly	4,435	4,563	4,909	5,253	4,608	4,388	4,021	4,035	4,069	4,075
% Change from prior year		2.9%	7.6%	7.0%	-12.3%	-4.8%	-8.4%	0.4%	0.8%	0.1%
Child Protective Services (CPS)										
Avg CPS Referrals Monthly	6,477	6,214	6,351	6,375	6,461	6,288	6,558	6,304	6,431	6,431
% Change from prior year		-4.1%	2.2%	0.4%	1.4%	-2.7%	4.3%	-3.9%	2.0%	0.0%
Adoption Support										
Avg Monthly # Eligible	4,683	5,455	6,318	7,247	8,049	8,704	9,632	10,450	11,242	12,034
% Change from prior year		16.5%	15.8%	14.7%	11.1%	8.1%	10.7%	8.5%	7.6%	7.0%
Caseload Ratio										
Avg Cases Per Worker ⁽³⁾	33:1	29:1	29:1	29:1	24:1	24:1	24:1	24:1	24:1	24:1

⁽¹⁾ Includes Family Foster Care, Group Foster Care, and Receiving Care.

⁽²⁾ Includes the following child care services: CPS/Child Welfare Services (CWS), Therapeutic/Medicaid Treatment, Foster Parent Employment, and Adoption Support Child Care. Prior to FY 2002, the monthly average also included teen parent and seasonal child care.

⁽³⁾ Combined average number of open cases per worker for CPS, CWS, and Family Reconciliation Services.

Data Sources :

FY 1998 through FY 2004 actuals for Foster Care and Adoption Support provided by the Caseload Forecast Council.

FY 1998 through FY 2004 actuals for Child Care and Child Protective Services provided by the Department of Social and Health Services Budget Division.

FY 2005 through FY 2007 estimates for Child Care and Child Protective Services extrapolated from recent trends (2004, 2005)

FY 2005 through FY 2007 estimates for Foster Care and Adoption Support provided by the Caseload Forecast Council.

Department of Social and Health Services Juvenile Rehabilitation

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	145,059	52,357	197,416
2005 Supplemental *	556	-100	456
Total 2003-05 Biennium	145,615	52,257	197,872
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2005-07 Maintenance Level	155,116	50,567	205,683
Policy Changes			
1. Lease, Med. Inflation and Equip Red	-1,675	0	-1,675
2. Targeted Vendor Rate Increase	628	417	1,045
3. Middle Management Reduction	-470	-70	-540
4. WFSE COLA/Salary Survey	3,685	31	3,716
5. 1199 COLA/Sal Surv/Addt'l Step	190	0	190
6. Super Coalition Health Benefits	3,125	35	3,160
7. Classification Revisions	34	0	34
8. COLA-Non-Represented	641	122	763
9. Non-Represented Health Benefit Chg	211	41	252
10. Salary Survey-Non-Rep Staff	92	65	157
11. General Inflation	-318	0	-318
12. Pension Rate for Gain Sharing	-634	-24	-658
13. Suspend Unfunded Liability Contribs	-2,144	-82	-2,226
14. Maintain Co-Occurring Disorders Pgm	1,428	0	1,428
15. Disposition Alt Utilization	-594	0	-594
16. Bed Savings-Juv. Disp. Alternatives	-744	0	-744
17. Payments to Counties-Juv. Disp. Alt	744	0	744
18. Reinvesting in Youth Program	997	0	997
19. Lapse - Juv. Disp. Alt	-744	0	-744
<hr/>			
Total 2005-07 Biennium	159,568	51,102	210,670
Fiscal Year 2006 Total	78,304	25,462	103,766
Fiscal Year 2007 Total	81,264	25,640	106,904

Comments:

- | | |
|---|--|
| <p>1. Lease, Med. Inflation and Equip Red - Funding for lease increases, medical inflation, and equipment replacement costs is eliminated.</p> <p>2. Targeted Vendor Rate Increase - Funding is provided for inflationary vendor rate increases of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006. (General Fund-State, General Fund-Federal, Violence Reduction and Drug Enforcement Account-State)</p> <p>3. Middle Management Reduction - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal, Juvenile Accountability Incentive Account-Federal)</p> <p>4. WFSE COLA/Salary Survey - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State</p> | <p>Employee Compensation." (General Fund-State, General Fund-Federal)</p> <p>5. 1199 COLA/Sal Surv/Addt'l Step - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)</p> <p>6. Super Coalition Health Benefits - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)</p> <p>7. Classification Revisions - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)</p> |
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Department of Social and Health Services Juvenile Rehabilitation

8. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, Juvenile Account Incentive-Federal)
9. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Juvenile Account Incentive-Federal)
10. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, Juvenile Account Incentive-Federal)
11. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
12. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, Juvenile Account Incentive-Federal)
13. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Juvenile Account Incentive-Federal)
14. **Maintain Co-Occurring Disorders Pgm** - State funding is provided to replace a loss of federal funding used to run the Family Integrated Transitions (FIT) Program for juvenile offenders with co-occurring substance abuse and mental health disorders in King, Snohomish, Pierce, and Kitsap counties. The FIT Program begins treatment in the institutions and continues for up to six months after release, involving the family and a therapeutic team. The pilot program was evaluated by the Washington State Institute for Public Policy (WSIPP) and was shown to have a 13 percent reduction in the rate of recidivism, and \$3.15 in benefits to taxpayers and victims per each dollar of cost.
15. **Disposition Alt Utilization** - Fewer-than-expected juvenile offenders have been adjudicated under the Suspended Disposition Alternative (SDA) and Mental Health Disposition Alternative (MHDA) established pursuant Chapter 378, Laws of 2003, Partial Veto (ESSB 5903). During the first eight months of FY 2005, total Juvenile Rehabilitation Administration (JRA) expenditures on the disposition alternatives have been 60 percent below budgeted levels. Funding to counties for the implementation of the two disposition alternatives is reduced to more closely reflect actual expenditures on these programs.
16. **Bed Savings-Juv. Disp. Alternatives** - In accordance with Chapter 508, Laws of 2005 (SHB 2073), and ESSB 5719 (Community Commitment -- vetoed by the Governor), savings are assumed by: (1) expanding the eligibility requirements for MHDA so that juvenile offenders may now be eligible for the disposition alternative regardless of commitment sentence length; and (2) permanently extending the community commitment disposition alternative (CCDA) and permitting all counties to utilize the alternative. (Note: ESSB 5719 was vetoed in its entirety.)
17. **Payments to Counties-Juv. Disp. Alt** - Funding is provided to local juvenile courts to implement Chapter 508, Laws of 2005 (SHB 2073), and ESSB 5719 (Community Commitment -- vetoed by the Governor), which will enable counties to deliver research-based intervention programs to juvenile offenders who would have normally been sentenced to secure placement in JRA facilities. Payments to counties are estimated based upon projected reductions in the JRA residential population for the biennium. Actual reimbursements to the counties will depend upon utilization of the disposition alternatives. (Note: ESSB 5719 was vetoed in its entirety.)
18. **Reinvesting in Youth Program** - Juvenile Violence Prevention grant funding is transferred from the Governor's Juvenile Justice Advisory Committee to JRA for the establishment of a reinvesting in youth pilot program that awards grants to counties for implementing research-based early intervention services that target juvenile justice involved youth and reduce crime. WSIPP has identified several programs that, if properly implemented, are likely to reduce taxpayer and other costs in the future. During the 2005-07 biennium, a pilot program consisting of three counties or groups of counties will test methods for reinvesting state savings that result from local investments in evidence-based services for juvenile justice involved youth.
19. **Lapse - Juv. Disp. Alt** - The funding, outlined in the "Payments to Counties-Juv. Disp. Alt" item above, to pay counties for local juvenile disposition alternatives under ESSB 5719 and Chapter 508, Laws of 2005 (SHB 2073) lapses. The funding was provisoed such that it would lapse unless *both* bills were enacted; however ESSB 5719 was vetoed by the Governor in its entirety.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

**Department of Social & Health Services
Juvenile Rehabilitation**

WORKLOAD HISTORY
By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	<u>Estimated</u>		
								2005	2006	2007
Community Residential ⁽¹⁾										
Avg Daily Population/Month	305	239	209	194	173	172	144	123	130	131
% Change from prior year	-15.7%	-21.6%	-12.6%	-7.2%	-10.8%	-0.5%	-16.6%	-14.4%	5.7%	0.8%
Institutions ⁽²⁾										
Avg Daily Population/Month	1,048	996	984	987	937	797	781	792	750	744
% Change from prior year	1.9%	-5.0%	-1.2%	0.3%	-5.1%	-14.9%	-2.1%	1.4%	-5.3%	-0.9%
Parole ⁽²⁾⁽³⁾										
Avg Daily Population/Month	1,002	768	1,023	1,062	1,006	847	802	729	726	722
% Change from prior year	5.6%	-23.4%	33.3%	3.8%	-5.3%	-15.8%	-5.3%	-9.1%	-0.5%	-0.5%

- ⁽¹⁾ *Includes State Group Homes, Community Residential Placements, Short Term Transition Program, and the County Commitment Program. Beginning in FY 2002, funding for County Commitment Program beds was eliminated.*
- ⁽²⁾ *FY 2006 through FY 2007 budget assumptions for institutions and parole assume savings from the enactment of Chapter 508, Laws of 2005 (HB 2073), and from SB 5719, which was vetoed in its entirety.*
- ⁽³⁾ *Parole eligibility standards were significantly modified in FY 1998, FY 2000, and FY 2003.*

Data Sources :

*FY 1998 through FY 2004 from the Department of Social and Health Services Juvenile Rehabilitation Administration.
FY 2005 through FY 2007 data from legislative fiscal staff.*

Department of Social and Health Services Mental Health

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	658,386	591,527	1,249,913
2005 Supplemental *	430	-6,162	-5,732
Total 2003-05 Biennium	658,816	585,365	1,244,181
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2005-07 Maintenance Level	732,728	593,880	1,326,608
Policy Changes			
1. Lease, Med. Inflation and Equip Red	-2,449	-979	-3,428
2. Lease, Med. Inflation & Equip. Red.	-20	0	-20
3. Targeted Vendor Rate Increase	6,554	5,514	12,068
4. Vendor Rate Increase	388	0	388
5. Middle Management Reduction	-1,120	-368	-1,488
6. Children's Medical Premiums	358	358	716
7. Eligibility Reviews	2,001	2,001	4,002
8. WFSE COLA/Salary Survey	8,712	994	9,706
9. 1199 COLA/Sal Surv/Addtl Step	2,428	320	2,748
10. Super Coalition Health Benefits	7,817	925	8,742
11. Classification Revisions	289	41	330
12. COLA-Non-Represented	1,071	253	1,324
13. Non-Represented Health Benefit Chg	298	72	370
14. Salary Survey-Non-Rep Staff	634	118	752
15. General Inflation	-970	-300	-1,270
16. CLIP Rate Adjustment	1,350	1,348	2,698
17. Community Psych Hospital Rate Adj	6,497	128	6,625
18. Transition Treatment for Children	1,075	741	1,816
19. Non-Medicaid Services-Community	75,400	-77,600	-2,200
20. State Hospital Forensic Services	7,400	1,324	8,724
21. Pharmacy Staffing	377	116	493
22. Evaluation and Treatment	539	0	539
23. Integrated Crisis Response Pilots	43	37	80
24. Personal Needs Allowance Increase	38	12	50
25. Regional Support Network RFP	150	40	190
26. Pension Rate for Gain Sharing	-1,574	-208	-1,782
27. Suspend Unfunded Liability Contribs	-5,332	-704	-6,036
28. Supplemental Nursing Care	700	0	700
29. Integrated Assessment	356	305	661
30. Transfer Mitigation Funding	0	0	0
31. Efficiencies in Ancillary Costs	-550	0	-550
32. Adjust Mitigation Funding-SCTF	-510	0	-510
<hr/>			
Total 2005-07 Biennium	844,678	528,368	1,373,046
Fiscal Year 2006 Total	413,764	259,810	673,574
Fiscal Year 2007 Total	430,914	268,558	699,472

Comments:

1. **Lease, Med. Inflation and Equip Red** - Equipment purchases in the state hospitals are reduced by 45 percent from the 2003-05 level. Increased expenditures on drugs are to be limited to 5 percent for the biennium. (General Fund-State, General Fund-Federal, General Fund-Local)
2. **Lease, Med. Inflation & Equip. Red.** - Funding for lease increases, medical inflation, and equipment replacement costs is eliminated.
3. **Targeted Vendor Rate Increase** - In order to meet federal Medicaid requirements, the Mental Health Division will adopt a

new set of federally-approved, actuarially-sound rate ranges for Medicaid managed care payments for community mental health services, effective July 1, 2005. Because those rate ranges are not yet available, it is not known whether the rates currently anticipated to be in effect during the 2005-07 biennium will fall within the rate bounds and, therefore, whether funds provided for Medicaid community mental health services will be sufficient to ensure compliance in each of the four managed care rate categories and across all regional support networks (RSNs). In the event that amounts provided are insufficient to comply with the new rate ranges, this vendor rate increase shall be selectively applied to those rate areas which are out of

Department of Social and Health Services Mental Health

- compliance. Any remaining amounts will be applied uniformly across rate categories and RSNs. (General Fund-State, General Fund-Federal)
4. **Vendor Rate Increase** - Funding is provided for inflationary vendor rate increases of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006.
 5. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)
 6. **Children's Medical Premiums** - Funding is provided to continue to provide premium-free medical and dental coverage for children with family incomes between 150 and 200 percent of the federal poverty level, which is approximately \$1,900 to \$2,600 per month for a family of three. Families within that income range would pay monthly premiums of \$10 per child, up to a maximum of \$30 per family, beginning in July 2005. (General Fund-State, General Fund-Federal)
 7. **Eligibility Reviews** - Additional funding is provided for the Department to: (1) restore annual eligibility verification for children's and family medical coverage; and (2) once eligible, allow clients to maintain coverage for a full year regardless of income changes during the eligibility period that make the child ineligible for coverage. The changes are expected to result in approximately 25,000 more children remaining on the medical assistance caseload per month by the end of FY 2007. (General Fund-State, General Fund-Federal)
 8. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and General Fund-Medicaid)
 9. **1199 COLA/Sal Surv/Addt'l Step** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
 10. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Medicaid)
 11. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
 12. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal)
 13. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Medicaid)
 14. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, General Fund-Medicaid)
 15. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)
 16. **CLIP Rate Adjustment** - Payment rates for the Children's Long-Term Inpatient Program (CLIP) residential treatment facilities are increased by 25 percent. The CLIP facilities provide inpatient treatment for children with severe psychiatric impairments. (General Fund-State, General Fund-Federal)
 17. **Community Psych Hospital Rate Adj** - The number of community hospital beds available for short-term, emergency treatment of persons committed under the Involuntary Treatment Act (ITA) decreased 12 percent between 2000 and 2004. The budget provides funding to increase the non-Medicaid payment rate to \$400 per day for treatment of medically indigent patients in hospitals that accept ITA patients. This is an approximately 40 percent increase in the non-Medicaid payment rate for such hospitals. No increase is provided for hospitals that do not accept ITA patients, or whose base non-Medicaid payment rate exceeds \$400 per day. In addition, the Medicaid payment rate is to be increased to a minimum of \$550 per day for free-standing psychiatric hospitals that accept ITA patients. (General Fund-State, General Fund-Federal)
 18. **Transition Treatment for Children** - Funding is provided to implement an evidence-based model under which children with intensive therapeutic needs will be served in foster homes that receive special funding, training, and support. The model will serve 18 children per month, with foster homes clustered in three geographic areas that presently have few or no other children's long-term treatment options. Every attempt is to be made to keep children in or close to their home community, as

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support and reintegration into their natural or adoptive family is a central goal of model implementation. Availability of this model is expected to provide opportunities for diversions and transitions from more expensive and intensive placements, such as community hospitals and children's long-term inpatient facilities. (General Fund State, General Fund-Federal)

19. **Non-Medicaid Services-Community** - Under new federal rules and policies, the state's community mental health system is no longer able to use savings achieved through Medicaid managed care for people who, and services that, are not otherwise eligible for Medicaid. The budget provides state revenues to replace all but \$2.2 million of the lost federal funding. Of this amount, \$10 million is to be used for services to persons during and after incarceration and \$3 million is to be used for innovative projects. The balance of the replacement funds are to be distributed back to the areas in which the non-Medicaid costs were incurred in FY 2003, in the following priority order: crisis and commitment services, inpatient care, and residential care, with any residual distributed proportional to population. (General Fund-State, General Fund-Federal)
20. **State Hospital Forensic Services** - Funding is provided for additional psychiatrists and psychologists to conduct outpatient evaluations of competency to stand trial and to open an additional legal offender ("forensic") ward at Western State Hospital. The state psychiatric hospitals are legally responsible for evaluating competency to stand trial, for providing treatment to restore competency for defendants judged incompetent for trial, and for providing supervision and ongoing treatment for defendants found not guilty by reason of insanity. Steady increases in the demand for these services have exceeded the hospitals' capacity to complete required evaluations within acceptable timeframes. The additional state hospital ward is needed to comply with federal court rulings that competency restoration must begin within a week of judicial order. The additional outpatient evaluators will reduce the time defendants are in jail awaiting evaluation and treatment and will reduce the need for inpatient evaluations at the state hospitals, allowing that resource to be used for the more severely impaired citizens in need of treatment. (General Fund-State, General Fund-Federal, General Fund-Private/Local)
21. **Pharmacy Staffing** - Funding is provided so that pharmacy services can be available at Eastern and Western State Hospitals during evening and weekend hours. This will prevent delays in filling medication orders and maintain compliance with hospital accreditation standards. (General Fund-State, General Fund-Federal, General Fund-Private/Local)
22. **Evaluation and Treatment** - Funding is provided for one-time start-up costs of two evaluation and treatment facilities, which will provide community-based alternatives for persons experiencing a psychiatric emergency that would otherwise require inpatient treatment in a community or state hospital bed. The start-up funding will cover staff recruitment, training, and organizational costs prior to initiation of direct client services. Funding for ongoing program operations will come from existing funds that would otherwise be expended upon short-term treatment in state or community hospitals.
23. **Integrated Crisis Response Pilots** - Funding is provided for the mental health system's implementation of the integrated crisis response provisions of Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763 - Substance Abuse and Mental Disorders). The mental health program will train county-designated chemical dependency specialists in mental health involuntary treatment act protocols so that they may function as crisis responders in the two integrated crisis response pilot sites established in the bill. (General Fund-State, General Fund-Federal)
24. **Personal Needs Allowance Increase** - Funding is provided to increase the personal needs allowance from \$41.62 per month to \$51.62 per month for an average of 12,200 publicly-funded clients residing in institutional settings, including residents of nursing facilities, residential habilitation centers, and state mental hospitals. Institutionalized clients who receive a state supplemental payment (SSP) to their social security income in lieu of a personal needs allowance will receive a commensurate \$10 per month increase in their SSP benefit. (General Fund-State, General Fund-Federal)
25. **Regional Support Network RFP** - Funds are provided for the Mental Health Division to implement the competitive bid process (i.e., request for proposal [RFP]) for the selection of RSNs required by Chapter 503, Laws of 2005, Partial Veto (E2SHB 1290). (General Fund-State, General Fund-Federal)
26. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal)
27. **Suspend Unfunded Liability Contris** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
28. **Supplemental Nursing Care** - Funding is provided for a demonstration project under which the Department will partner with a mental health RSN and with a facility specializing in mental health treatment for persons with chronic medical care needs, to provide integrated care for people who need both skilled nursing and mental health care. (General Fund-State, General Fund-Federal)
29. **Integrated Assessment** - Funding is provided for implementation within the community mental health system of the integrated assessment provisions of Chapter 504, Laws of

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2005, Partial Veto (E2SSB 5763). Specific activities will include development of a single, integrated tool and protocol that will be used by all state-funded mental health and substance abuse treatment providers to screen and assess for co-occurring mental and substance abuse disorders and training for community mental health system staff on use of that tool and protocol. (General Fund-State, General Fund-Federal)

30. **Transfer Mitigation Funding** - Funding to compensate the City of Lakewood for the additional police work associated with the presence of Western State Hospital (WSH) is transferred from the Special Commitment Center (SCC) to the WSH budget.
31. **Efficiencies in Ancillary Costs** - Funding is reduced to reflect amounts for utility increases and some minor repairs related to SCC facility costs on McNeil Island. Funding is also eliminated for three new FTEs that provide non-medical, non-clinical services, such as resident store management and custodial services. The agency added these FTEs in FY 2005 prior to receiving sufficient legislative appropriation. The agency will need to cover these positions and facility expenses by finding efficiencies that do not affect services for residents.
32. **Adjust Mitigation Funding-SCTF** - Funding is adjusted for Pierce County and some Pierce County cities. Funding for law enforcement training has been provided since FY 2001 as mitigation for the siting of a Secure Community Transition Facility (SCTF) on McNeil Island. This funding was not intended to be ongoing mitigation, and training has already been provided for several years. In the last two years, the Department has not been able to expend all of the funds due to an insufficient number of contracts with local governments. (Separate from this reduction, \$45,000 per year in funding for the city of Lakewood for police services to WSH is maintained.)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Governor's Vetoes:

The Governor vetoed Sections 204 (1)(a) and (p) of Chapter 518, Laws of 2005, Partial Veto (ESSB 6090). Subsection (a) required DSHS to continue in FY 2006 and to complete in FY 2007 the six-year phase-in under which each RSN was to be allocated the same rate per Medicaid eligible person. Subsection (p) clarified that sufficient funds were appropriated in this section of the budget to implement the integrated assessment provisions of Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763).

**Department of Social & Health Services
Mental Health**

**WORKLOAD HISTORY
By Fiscal Year**

	1998	1999	2000	2001	2002	2003	2004	Estimated		
								2005	2006	2007
State Hospitals ⁽¹⁾										
Avg Daily Census/Month	1,275	1,317	1,343	1,343	1,328	1,231	1,192	1,218	1,247	1,247
% Change from prior year	2.6%	3.3%	1.9%	0.0%	-1.2%	-7.3%	-3.1%	2.2%	2.4%	0.0%
Community Outpatient Services -- Average Persons Served per Month										
	41,328	43,882	45,174	48,487	51,206	52,047	54,509	52,900	56,000	57,500
% Change from prior year	3.7%	6.2%	2.9%	7.3%	5.6%	1.6%	4.7%	-3.0%	5.9%	2.7%
Adults	30,024	31,840	32,902	35,420	36,938	37,347	38,882	38,000	40,400	41,300
% Change from prior year	4.1%	6.0%	3.3%	7.7%	4.3%	1.1%	4.1%	-2.3%	6.3%	2.2%
Children	11,304	12,042	12,272	13,067	14,268	14,700	15,627	14,900	15,600	16,200
% Change from prior year	2.7%	6.5%	1.9%	6.5%	9.2%	3.0%	6.3%	-4.7%	4.7%	3.8%
People on Medicaid	N/A	32,303	30,832	34,048	37,750	39,522	43,213	42,600	43,900	45,300
% Change from prior year			-4.6%	10.4%	10.9%	4.7%	9.3%	-1.4%	3.1%	3.2%
People not on Medicaid	N/A	11,579	14,342	14,439	13,456	12,524	11,296	10,200	12,200	12,200
% Change from prior year			23.9%	0.7%	-6.8%	-6.9%	-9.8%	-9.7%	19.6%	0.0%
Special Commitment Center - Main Facility										
Avg Monthly Population	57	79	105	130	151	167	189	211	239	265
% Change from prior year	32.6%	38.6%	32.9%	24.0%	15.9%	10.9%	13.1%	11.6%	13.1%	11.0%
Special Commitment Center - Less Restrictive Alternatives ⁽²⁾										
Avg Monthly Population	2	3	5	5	7	9	10	12	16	21
% Change from prior year	0.0%	50.0%	66.7%	3.3%	29.0%	31.3%	15.2%	14.9%	37.4%	31.9%

⁽¹⁾ Includes: Eastern State Hospital, Western State Hospital (WSH), WSH Program for Adaptive Living Skills (PALS), and Child Study and Treatment Center.

⁽²⁾ Includes persons in less restrictive alternative placements on McNeil Island and other locations.

Data Sources:

FY 1998 through FY 2004 actuals from the Department of Social and Health Services Division of Research and Data Analysis reports.

FY 2005 through FY 2007 estimates from legislative fiscal committees.

Department of Social and Health Services Developmental Disabilities

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	677,327	640,866	1,318,193
2005 Supplemental *	-1,577	-2,687	-4,264
Total 2003-05 Biennium	675,750	638,179	1,313,929
2005-07 Maintenance Level	733,890	662,100	1,395,990
Policy Changes			
1. Home Care Worker Wages	10,055	9,792	19,847
2. Home Care Agency Rate Increase	635	600	1,235
3. Home Care Agency Supplemental Comp	130	130	260
4. Lease, Med. Inflation and Equip Red	-1,556	-1,455	-3,011
5. Targeted Vendor Rate Increase	6,166	5,039	11,205
6. Middle Management Reduction	-552	-329	-881
7. WFSE COLA/Salary Survey	5,097	4,498	9,595
8. 1199 COLA/Sal Surv/Addtl Step	422	382	804
9. Super Coalition Health Benefits	4,970	4,405	9,375
10. Classification Revisions	117	103	220
11. COLA-Non-Represented	755	639	1,394
12. Non-Represented Health Benefit Chg	222	188	410
13. Salary Survey-Non-Rep Staff	323	292	615
14. General Inflation	-564	-673	-1,237
15. Case Management Support	1,187	1,187	2,374
16. Community Protection	2,138	2,138	4,276
17. Basic/Basic Plus Waiver Growth	-750	1,000	250
18. Personal Needs Allowance Increase	120	120	240
19. Flexible Family Funding	2,500	0	2,500
20. Pension Rate for Gain Sharing	-870	-762	-1,632
21. Suspend Unfunded Liability Contribs	-2,939	-2,576	-5,515
22. Licensed Professional Services	100	0	100
23. RHC Efficiencies	-1,680	-1,680	-3,360
24. Administrative Rate Standardization	2,000	2,000	4,000
25. Expand Community Services	2,142	2,142	4,284
26. Expand Employment and Day Services	2,889	1,219	4,108
27. State Supplemental Payment Transfer	3,109	0	3,109
Total 2005-07 Biennium	770,056	690,499	1,460,555
Fiscal Year 2006 Total	377,557	338,519	716,076
Fiscal Year 2007 Total	392,499	351,980	744,479

Comments:

1. **Home Care Worker Wages** - In accordance with RCW 74.39A.300, the Governor must submit, as a part of the proposed biennial operating budget submitted to the Legislature, a request for funds necessary to implement compensation and fringe benefit provisions of collective bargaining agreements negotiated between the Governor and the exclusive bargaining representative of individual providers of home care services. This year, the negotiation process went into interest arbitration. Funding is provided for the purposes of implementing the interest arbitration award. The arbitration settlement award: increases the wages of individual providers from \$8.93 per hour to \$9.20 per hour in FY 2006 and to an average of \$9.45 per hour in FY 2007; provides state contributions for health care coverage, vision, and dental benefits that will average \$506 per eligible worker per month in the 2005-07 biennium; and provides paid vacation leave for

every 50 hours worked in FY 2007. The funding for the arbitration award includes the Office of Financial Management, Home Care Quality Authority, and the Department of Social and Health Services' (DSHS) Children and Family Services, Developmental Disabilities, Aging and Adult Services, and Administration and Supporting Services Programs. (General Fund State, General Fund Federal)

2. **Home Care Agency Rate Increase** - Funding is provided to increase payments to agency providers of home care services so direct care workers employed by home care agencies will receive the same rate increase provided to individual home care workers. (General Fund-State, General Fund-Federal)

3. **Home Care Agency Supplemental Comp** - Funding is provided to DSHS for additional supplemental compensation increases for direct care workers employed by home care

Department of Social and Health Services Developmental Disabilities

- agencies. In order to be eligible for such increases, home care agencies will submit proof of a legally binding, written commitment to increase the compensation of agency home care workers, proof of the existence of a method of enforcement of the commitment that is available to the employees or their representative, and proof that such a method is expeditious, uses a neutral decision maker, and is economical for the employees. (General Fund-State, General Fund-Federal)
4. **Lease, Med. Inflation and Equip Red** - Funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement is eliminated. (General Fund-State, General Fund-Federal)
 5. **Targeted Vendor Rate Increase** - Funding is provided for inflationary vendor rate increases of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006. This increase applies to residential care, family support, professional services, employment and day programs, voluntary foster care placement, and other community programs. Based on the results of the Department's rate standardization study, agency supportive living providers that receive administrative payments above the median payment will not receive an inflationary increase on administrative payments and instead those funds will be directed to providers whose administrative payments fall below the median. (General Fund-State, General Fund-Federal)
 6. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)
 7. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State and General Fund-Medicaid)
 8. **1199 COLA/Sal Surv/Addt'l Step** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
 9. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Medicaid)
 10. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
 11. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal)
 12. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Medicaid)
 13. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, General Fund-Medicaid)
 14. **General Inflation** - Agencies are required to find efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)
 15. **Case Management Support** - Funding is provided for the Department to develop an integrated case management information system, which will provide case resource managers with a single source of information about client needs and resources. The system will integrate the functions of assessment, care planning, case monitoring, incident reporting, and quality assurance, and will link to systems in other departments. Additional case resource managers are also funded to ensure that the Department can assess all clients in a timely and consistent manner. (General Fund-State, General Fund-Federal)
 16. **Community Protection** - Funding is provided for expanded community services for 35 clients who are: (1) being diverted or discharged from state psychiatric hospitals; (2) participants in the Dangerous Mentally Ill Offender Program; (3) participants in the Community Protection Program; or (4) mental health crisis diversion outplacements. In order to increase the number of clients served and ensure the cost-effectiveness of the waiver programs, the Department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds, provided the total projected carryforward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)

Department of Social and Health Services Developmental Disabilities

17. **Basic/Basic Plus Waiver Growth** - Additional waiver slots are prioritized for clients who are currently receiving state-only funded services and who could benefit from the service package offered on the Basic or Basic Plus waiver. The services that these clients are currently receiving through state-only funds are at a level that exceeds the normal purpose or average cost of that particular service and would be more cost effective to provide through a home- and community-based waiver program. To the extent that the Department saves state funds in excess of those budgeted, additional clients may be served provided the total projected carryforward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)
18. **Personal Needs Allowance Increase** - Funding is provided to increase the personal needs allowance from \$41.62 per month to \$51.62 per month for an average of 12,200 publicly-funded clients residing in institutional settings, including residents of nursing facilities, residential habilitation centers (RHCs), and state mental hospitals. Institutionalized clients who receive a state supplemental payment (SSP) to their social security income in lieu of a personal needs allowance will receive a commensurate \$10 per month increase in their SSP benefit. (General Fund-State, General Fund-Federal)
19. **Flexible Family Funding** - Funding is provided for a pilot program that provides flexible family support funds to families who are providing care and support for family members with developmental disabilities. The funds are targeted to families who have a documented need for services, are not currently receiving services from the Division of Developmental Disabilities, and have gross household income at or below 400 percent of poverty (\$64,360 per year for a family of three). Priority will be given to individuals in crisis or at immediate risk of needing institutional services; individuals who transition from high school without employment or day program opportunities; individuals cared for by a single parent; and individuals with multiple disabilities. Awards will be made as one-time awards or on a renewable basis and can be used to purchase support services such as respite care, training and counseling, assistive technologies, and transition services, as well as assistance with extraordinary household expenses. It is anticipated that approximately 1,400 families will receive assistance as a result of this funding.
20. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal)
21. **Suspend Unfunded Liability Contris** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
22. **Licensed Professional Services** - Funding is provided for the Department to continue to offer licensed professional services, including dental services, medical and nursing services, psychology and behavioral services, and rehabilitative services, at the state RHCs to clients who are served in community settings.
23. **RHC Efficiencies** - During the last two biennia, occupancy in RHCs has decreased, while staffing levels have remained relatively constant. It is anticipated that savings can be achieved by reducing staff and other expenditures at the institutions to be more reflective of the current census and minimum national standards and/or federal requirements. (General Fund-State, General Fund-Federal)
24. **Administrative Rate Standardization** - Funding is provided to increase administrative rates paid to supported living agency providers who are currently receiving payments less than the standardized rate recently developed by the Department. (General Fund-State, General Fund-Federal)
25. **Expand Community Services** - Funding is provided for community residential and support services for a minimum of 39 clients, which is 1 percent growth. Priority consideration for these placements shall be as follows: (1) children who are aging out of other state services; (2) clients without residential services who are in crisis or immediate risk of needing an institutional placement, including aging parents who are no longer able to care for their children; (3) current waiver clients who have been assessed as having an immediate need for residential services or increase support services; and (4) residents of RHCs who are able to be adequately cared for in community settings and who choose to live in those settings. In order to increase the number of clients served and ensure the cost effectiveness of the waiver programs, the Department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. Money not spent on new clients may be used to cover service costs of existing waiver clients, including the costs of employment and day services. In addition, if excess funds are available, additional clients may be served as long as the total projected carryforward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)
26. **Expand Employment and Day Services** - Funding is provided for employment and day services to approximately 600 clients with developmental disabilities. Priority consideration for this new ongoing funding will be young adults with developmental disabilities living with their families who need employment opportunities and assistance after high school graduation. Services will be provided for both home- and community-based waiver program clients and non-waiver clients. Federal funds may be used to enhance this funding for clients already receiving services from a home- and community-based waiver program. (General Fund-State, General Fund-Federal)

**Department of Social and Health Services
Developmental Disabilities**

27. **State Supplemental Payment Transfer** - The Division of Developmental Disabilities (DDD) has identified additional allowable expenditures that can qualify for State Supplemental Payments. Funds are transferred from the Economic Services Administration to DDD.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

**Department of Social & Health Services
Developmental Disabilities**

**WORKLOAD HISTORY
By Fiscal Year**

	1998	1999	2000	2001	2002	2003	2004	Estimated		
								2005	2006	2007
Institutions										
Avg Monthly Population ⁽¹⁾	1,228	1,189	1,139	1,116	1,093	1,044	1,035	1,004	994	994
% change from prior year		-3.2%	-4.2%	-2.0%	-2.0%	-4.5%	-0.8%	-3.0%	-1.0%	0.0%
Community Residential Programs ⁽²⁾										
Avg Month End Contracted Beds	3,742	3,747	3,920	3,957	4,010	4,005	4,469	4,935	4,955	5,012
% change from prior year		0.1%	4.6%	0.9%	1.3%	-0.1%	11.6%	10.4%	0.4%	1.2%
Employment & Day Programs										
Avg Monthly Number Served	8,455	8,567	9,193	9,636	10,186	10,751	9,700	8,544	8,740	9,217
% change from prior year		1.3%	7.3%	4.8%	5.7%	5.5%	-9.8%	-11.9%	2.3%	5.4%
Family Support ⁽³⁾										
Number of Clients Served	3,985	4,658	5,247	4,449	4,986	5,249	5,758	5,616	6,136	6,526
% change from prior year		16.9%	12.6%	-15.2%	12.1%	5.3%	9.7%	-2.5%	9.3%	6.3%
Personal Care ⁽⁴⁾										
Number of Clients Served	4,199	4,730	5,015	5,630	6,212	6,758	8,934	9,166	9,452	9,764
% change from prior year		11.2%	5.7%	10.9%	9.4%	8.1%	24.4%	2.5%	3.0%	3.2%

⁽¹⁾ Funded capacity at the Residential Habilitation Centers from FY 2000 through FY 2003 was 1,231 clients.

⁽²⁾ Includes Alternate Living (clients served), Group Homes, intermediate care facilities for the mentally retarded (IMRs), Tenant Support (clients served), and State Operated Living Alternatives (SOLA).

⁽³⁾ Family Support includes Children's Personal Care. Data was recast for FY 2001 on to include only non-waiver children receiving Medicaid Personal Care. Waiver personal care for children is included in Adult Personal Care as of FY 2001.

⁽⁴⁾ Adult Personal Care includes Medicaid Personal Care and Chore Services. Prior to FY 1990, Developmental Disabilities' clients enrolled in these programs were counted in the Long-Term Care program totals. As of 2004, waiver personal care for both children and adults are included since personal care on the waiver was not separately identified for these groups.

Data Sources :

FY 1998 through FY 2005 from the Department of Social and Health Services workload database.

FY 2006 and FY 2007 are budget estimates from legislative fiscal staff.

Department of Social and Health Services Long-Term Care

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	1,116,445	1,224,953	2,341,398
2005 Supplemental *	0	-14,125	-14,125
Total 2003-05 Biennium	1,116,445	1,210,828	2,327,273
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2005-07 Maintenance Level	1,199,805	1,261,963	2,461,768
Policy Changes			
1. Home Care Worker Wages	16,719	16,287	33,006
2. Home Care Worker Tax Withholding	152	142	294
3. Nursing Home Rate Changes	10,986	10,906	21,892
4. Nursing Home Tax Phase-Out	-4,657	-4,624	-9,281
5. Home Care Agency Rate Increase	4,300	4,305	8,605
6. Home Care Agency Supplemental Comp	870	870	1,740
7. Lease, Med. Inflation and Equip Red	-111	-106	-217
8. Targeted Vendor Rate Increase	5,227	4,702	9,929
9. Long Term Care Financing Task Force	199	198	397
10. Middle Management Reduction	-866	-463	-1,329
11. Estate Recovery	-4,600	-4,600	-9,200
12. WFSE COLA/Salary Survey	1,762	1,400	3,162
13. 1199 COLA/Sal Surv/Addtl Step	834	837	1,671
14. Super Coalition Health Benefits	1,566	1,302	2,868
15. Classification Revisions	3	3	6
16. COLA-Non-Represented	697	423	1,120
17. Non-Represented Health Benefit Chg	221	132	353
18. Salary Survey-Non-Rep Staff	20	18	38
19. General Inflation	-180	-218	-398
20. Respite Compensation Increase	0	352	352
21. Specialized Dementia Care Program	101	101	202
22. Chemical Dependency Trtmt Expansion	-3,437	-3,437	-6,874
23. Personal Needs Allowance Increase	1,232	1,224	2,456
24. Reduce AAA Funding	-1,413	-1,413	-2,826
25. Kinship Navigator Program	200	0	200
26. Pension Rate for Gain Sharing	-450	-350	-800
27. Suspend Unfunded Liability Contribs	-1,523	-1,188	-2,711
28. Farmers Market Nutrition	682	0	682
<hr/>			
Total 2005-07 Biennium	1,228,339	1,288,766	2,517,105
Fiscal Year 2006 Total	604,891	632,850	1,237,741
Fiscal Year 2007 Total	623,448	655,916	1,279,364

Comments:

1. **Home Care Worker Wages** - Funding is provided to implement the compensation-related components of an interest arbitration award to the approximately 22,000 individuals who contract with the state to provide home care services to children and adults with disabilities. The interest arbitration resulted when negotiations between the Governor's Office and the union representing the home care workers reached impasse. The award increases the wages of individual providers from \$8.93 per hour to \$9.20 per hour in FY 2006 and to an average of \$9.45 per hour in FY 2007; provides state contributions for medical benefits averaging \$475 per eligible worker per month and for dental and vision benefits averaging \$31 per eligible worker per month; and provides one hour of paid vacation leave for every 50 hours worked in FY 2007. In addition to the funds appropriated here, \$28.3 million is appropriated for
- implementation of the 2005-07 settlement award in the Children and Family Services, Developmental Disabilities, and Administration and Supporting Services Programs. (General Fund State, General Fund Federal)
2. **Home Care Worker Tax Withholding** - Under the collective bargaining agreement between the state and the Service Employees International Union, the Department of Social and Health Services (DSHS) will be responsible for withholding federal income taxes from payments to individuals who contract with the state to provide home care services. Staffing is provided for the Aging and Disability Services Administration to coordinate accurate and timely submission of federal tax withholding forms by the 22,000 individuals affected by this change. (General Fund-State, General Fund-Federal)

Department of Social and Health Services Long-Term Care

3. **Nursing Home Rate Changes** - All but the capital components of the nursing home payment rate will be increased by 1.3 percent in July 2005 and by an additional 1.3 percent in July 2006. The capital components of the rate are adjusted annually to reflect actual allowable costs. (General Fund-State, General Fund-Federal)
4. **Nursing Home Tax Phase-Out** - Chapter 514, Laws of 2005 (ESHB 2314), provides for a phased elimination of the nursing home quality maintenance fee that was levied in 2003. Effective July 1, 2005, the tax will be reduced to \$5.25 per patient day. The tax will be reduced to \$3.00 per patient day in the 2007-09 biennium, to \$1.50 per patient day in the 2009-11 biennium, and will no longer be imposed after July 1, 2011. These reductions result in a corresponding reduction in the portion of the nursing home payment rate that covers the cost of the fee on behalf of state-funded patients. (General Fund-State, General Fund-Federal)
5. **Home Care Agency Rate Increase** - Funding is provided to increase compensation for direct care workers employed by home care agencies by an amount equivalent to the hourly wage increase awarded to individual providers. (General Fund-State, General Fund-Federal)
6. **Home Care Agency Supplemental Comp** - Funding is provided to DSHS for additional supplemental compensation increases for direct care workers employed by home care agencies. In order to be eligible for such increases, home care agencies will submit proof of a legally binding, written commitment to increase the compensation of agency home care workers, proof of the existence of a method of enforcement of the commitment that is available to the employees or their representative, and proof that such a method is expeditious, uses a neutral decision maker, and is economical for the employees. (General Fund-State, General Fund-Federal)
7. **Lease, Med. Inflation and Equip Red** - This item removes funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement. (General Fund-State, General Fund-Federal)
8. **Targeted Vendor Rate Increase** - Funding is provided for long-term care service providers to receive inflationary vendor rate increases of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006. These increases apply to: adult family homes, assisted living facilities, and other community residential facilities; to adult day health and private duty nursing providers; and to the home care agency administrative rate. Nursing facilities and Area Agencies on Aging (AAA) are excluded from these increases. (General Fund-State, General Fund-Federal)
9. **Long Term Care Financing Task Force** - In accordance with Chapter 276, Laws of 2005 (2SHB 1220), funding is provided to DSHS to contract for professional services to support the work of the Joint Legislative and Executive Task Force on Long-Term Care Financing and Chronic Care Management. (General Fund-State, General Fund-Federal)
10. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)
11. **Estate Recovery** - DSHS will increase efforts to recover the cost of publicly-funded care from the estates of deceased Medicaid recipients. Specific changes include earlier initiation of probate proceedings; procedures to detect transfers and other transactions involving property to which the client holds title; an extended period during which liens imposed for recovery of long-term care expenditures may be enforced; and placement of liens on the property of clients who, due to their ailments, are unlikely to return home from a hospital or nursing facility. The last three changes are authorized by Chapter 292, Laws of 2005 (SHB 2304). (General Fund-State, General Fund-Federal)
12. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local)
13. **1199 COLA/Sal Surv/Add'l Step** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local)
14. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local)
15. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
16. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, General Fund-Private/Local)
17. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-

Department of Social and Health Services Long-Term Care

represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local)

18. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal)
19. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)
20. **Respite Compensation Increase** - Additional federal Family Caregiver Support funding is expected to be available to fund a rate increase to respite care services programs equivalent to the 2004 and 2005 rate increases for agency providers of home care services. (General Fund-Federal)
21. **Specialized Dementia Care Program** - Funding is provided to expand the number of boarding homes that receive exceptional care rates for persons with Alzheimer's disease and related dementias who might otherwise require nursing home care. The Department may expand the number of licensed boarding home facilities that specialize in caring for such conditions by up to 85 beds in FY 2006 and up to 150 beds in FY 2007. These additional dementia boarding home placements are expected to delay resident placements into nursing facilities. (General Fund-State, General Fund-Federal)
22. **Chemical Dependency Trtmt Expansion** - The number of aged and disabled medical assistance recipients receiving alcohol and drug treatment will double by FY 2007. Based upon research by DSHS, this is expected to result in reduced medical assistance and long-term care expenditures sufficient to offset almost 80 percent of the short-term state cost of the adult treatment expansion. (General Fund-State, General Fund-Federal)
23. **Personal Needs Allowance Increase** - Funding is provided to increase the personal needs allowance from \$41.62 per month to \$51.62 per month for an average of 12,200 publicly-funded clients residing in institutional settings, including residents of nursing facilities, residential habilitation centers, and state mental hospitals. Institutionalized clients who receive a state supplemental payment (SSP) to their social security income in lieu of a personal needs allowance will receive a commensurate \$10 per month increase in their SSP benefit. (General Fund-State, General Fund-Federal)
24. **Reduce AAA Funding** - State funding for AAAs is reduced by approximately 3.75 percent, beginning July 1, 2005. The state contracts with the AAAs to provide case management and nurse oversight for persons who receive in-home care services. (General Fund-State, General Fund-Federal)
25. **Kinship Navigator Program** - Funding is provided for AAAs, or entities with which AAAs contract, to provide kinship navigator services to grandparents and other kinship caregivers of children. Kinship navigator services shall include, but not be limited to, assisting kinship caregivers with understanding and navigating the system of services for children in out-of-home care while reducing barriers faced by kinship caregivers when accessing services. In providing kinship navigator services, AAAs will give priority to helping kinship caregivers maintain their caregiving role by helping them access existing services and supports, thus keeping children from entering foster care.
26. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, General Fund-Private/Local)
27. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local)
28. **Farmers Market Nutrition** - During the 2003-05 biennium, funds available from a one-time lawsuit settlement enabled significantly more seniors to participate in the Senior Farmer's Market Nutrition Program. State funds are provided to replace the one-time settlement funds, so that the 2004 program participation level can be maintained.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

**Department of Social & Health Services
Long-Term Care**

WORKLOAD HISTORY
By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	<u>Estimated</u>		
								2005	2006	2007
Nursing Homes										
Avg # Served per Day	14,645	14,081	13,783	13,529	13,154	12,945	12,454	12,146	11,744	11,316
% Change from prior year		-3.9%	-2.1%	-1.8%	-2.8%	-1.6%	-3.8%	-2.5%	-3.3%	-3.6%
Community Care *										
Avg # Served per Month	25,675	27,567	29,319	30,919	32,213	33,727	34,635	35,359	36,431	37,527
% Change from prior year		7.4%	6.4%	5.5%	4.2%	4.7%	2.7%	2.1%	3.0%	3.0%
Combined Total										
Avg Persons Served	40,320	41,648	43,101	44,448	45,367	46,672	47,089	47,505	48,175	48,843
% Change from prior year		3.3%	3.5%	3.1%	2.1%	2.9%	0.9%	0.9%	1.4%	1.4%

* Includes Chore Services, Community Options Program Entry Services, Adult Residential, and Medicaid Personal Care.

Data Sources :

Community Care for FY 1998 from Department of Social and Health Services Aging and Disability Services Administration.
All other data from the Caseload Forecast Council and legislative fiscal staff.

**Department of Social and Health Services
Economic Services Administration**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2003-05 Expenditure Authority	883,688	1,242,637	2,126,325
2005 Supplemental *	19,488	6,742	26,230
Total 2003-05 Biennium	903,176	1,249,379	2,152,555
2005-07 Maintenance Level	954,618	1,281,041	2,235,659
Policy Changes			
1. Lease, Med. Inflation and Equip Red	-1,203	-645	-1,848
2. Targeted Vendor Rate Increase	25,766	470	26,236
3. Improve GA-U Client Outcomes	-18,010	0	-18,010
4. Middle Management Reduction	-1,014	-545	-1,559
5. Children's Medical Premiums	-1,902	-1,494	-3,396
6. Eligibility Reviews	-2,127	-1,948	-4,075
7. Children's Health Program	3,473	0	3,473
8. WFSE COLA/Salary Survey	9,329	5,595	14,924
9. Super Coalition Health Benefits	7,361	4,306	11,667
10. Classification Revisions	1	0	1
11. COLA-Non-Represented	1,648	842	2,490
12. Non-Represented Health Benefit Chg	541	276	817
13. Salary Survey-Non-Rep Staff	553	233	786
14. General Inflation	-2,008	-6,092	-8,100
15. Replace TANF MOE Funds	15,000	0	15,000
16. Predictive Dialer Project	-105	-27	-132
17. Pension Rate for Gain Sharing	-1,612	-934	-2,546
18. Naturalization Services	1,000	0	1,000
19. Suspend Unfunded Liability Contribs	-5,453	-3,165	-8,618
20. LEP Services Enhancement	1,500	0	1,500
21. State Supplemental Payment Transfer	-3,109	0	-3,109
Total 2005-07 Biennium	984,247	1,277,913	2,262,160
Fiscal Year 2006 Total	483,166	634,830	1,117,996
Fiscal Year 2007 Total	501,081	643,083	1,144,164

Comments:

- 1. Lease, Med. Inflation and Equip Red** - This item eliminates funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement. (General Fund-State, General Fund-Federal)
- 2. Targeted Vendor Rate Increase** - Funding is provided for vendor rate increases of 1 percent on July 1, 2005, and 1 percent on July 1, 2006. An additional \$4.5 million is added in FY 2006 and \$9.5 million in FY 2007 specifically for child care provider rates, including \$500,000 per year for the Spokane metropolitan statistical area and \$500,000 per year for tiered-reimbursement pilot projects. (General Fund-State, General Fund-Federal)
- 3. Improve GA-U Client Outcomes** - Within funds provided to the Economic Services Administration for the General Assistance-Unemployable (GA-U) program, the Department will improve employment outcomes for GA-U clients with short-term disabilities. Savings will result from a reduced length of stay on GA-U for those clients receiving targeted services. Strategies which may be used include increased: (1) naturalization efforts; (2) coordination with other systems (social security and veteran's); (3) managed care GA-U medical services; (4) mental health, vocational rehabilitation, and employment support; and (5) new short-term medication-only transitional assistance for individuals who are able to obtain employment but need consistent access to medication to remain employable.
- 4. Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)
- 5. Children's Medical Premiums** - Funding is provided to continue to supply premium-free medical and dental coverage for children with family incomes between 150 and 200 percent of the federal poverty level, which is approximately \$1,900 to \$2,600 per month for a family of three. Families within that income range would pay monthly premiums of \$10 per child, up to a maximum of \$30 per family, beginning in July 2005. (General Fund-State, General Fund-Federal)

Department of Social and Health Services Economic Services Administration

6. **Eligibility Reviews** - Additional funding is provided for the Department to: (1) restore annual eligibility verification for children's and family medical coverage; and (2) once eligible, allow clients to maintain coverage for a full year regardless of income changes during the eligibility period that make the child ineligible for coverage. The changes are expected to result in approximately 25,000 children remaining on the medical assistance caseload by the end of FY 2007. (General Fund-State, General Fund-Federal)
 7. **Children's Health Program** - Funding is provided for health care coverage for undocumented children whose families have incomes below 100 percent of the federal poverty level. The "state-only" program that provided medical and dental coverage was eliminated in October 2002 and enrollment was offered through the Basic Health Program. It is anticipated that 8,750 children will be provided health care coverage through this program by the end of the biennium. The Department will manage enrollment to keep program expenditures at or below the appropriated level.
 8. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
 9. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
 10. **Classification Revisions** - Funding is provided to continue phasing in the classification consolidation and revisions required by the Personnel System Reform Act of 2002. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State)
 11. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal)
 12. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
 13. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal)
 14. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, General Fund-Private/Local)
 15. **Replace TANF MOE Funds** - The amount of \$7.5 million from the state general fund is provided in FY 2006 and FY 2007 to meet federally-required Temporary Assistance for Needy Families (TANF) maintenance of effort (MOE) requirements.
 16. **Predictive Dialer Project** - Funding is provided to the Division of Child Support to purchase a predictive dialer system, which will interface with the telephone and the Support Enforcement Management System mainframe. Savings reflects the estimated growth in collections that would result from the automated system. (General Fund-State, General Fund-Federal)
 17. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal)
 18. **Naturalization Services** - Funds are provided to increase naturalization services, with priority for services given to clients of the General Assistance-Unemployable and General Assistance-Aged programs who are candidates for naturalization.
 19. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
 20. **LEP Services Enhancement** - Funding of \$1.5 million is provided for programs that serve individuals with limited English proficiency (LEP). This amount will supplement existing state and federal funds in the Economic Services Administration's base budget dedicated to LEP services.
 21. **State Supplemental Payment Transfer** - The Division of Developmental Disabilities has identified additional allowable expenditures for State Supplemental Payment (SSP) funds. These funds are transferred to that program.
- * Please see the 2005 Supplemental Operating Budget Section for additional information.

**Department of Social & Health Services
Economic Services Administration**

WORKLOAD HISTORY

By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	Estimated		
								2005	2006	2007
General Assistance *										
Avg Monthly Caseload	17,657	16,921	16,416	17,857	19,934	19,582	22,029	25,377	26,434	26,430
% Change from prior year		-4.2%	-3.0%	8.8%	11.6%	-1.8%	12.5%	15.2%	4.2%	0.0%
TANF Cases *										
Avg Monthly Caseload	84,685	67,475	58,796	54,758	55,068	54,641	55,606	57,226	58,132	58,542
% Change from prior year		-20.3%	-12.9%	-6.9%	0.6%	-0.8%	1.8%	2.9%	1.6%	0.7%
Child Care										
Avg # Children Served/Month	41,677	51,168	58,511	67,425	71,908	70,734	62,216	62,506	63,919	64,439
% change from prior year		22.8%	14.4%	15.2%	6.6%	-1.6%	-12.0%	0.5%	2.3%	0.8%

* FY 1998 through FY 2000 caseload includes General Assistance-Unemployable (GA-U), General Assistance-Unemployable with expedited medical (GA-X), and General Assistance for children living with legal guardians (GA-H). Starting in FY 2001, GA-H cases are covered by Temporary Assistance to Needy Families (TANF) funding and are included in the TANF cases estimate rather than the General Assistance cases estimate.

Data Sources :

FY 1998 through FY 2002 General Assistance actuals provided by the Caseload Forecast Council.

FY 1998 through FY 2003 TANF Cases and Child Care actuals provided by the Department of Social and Health Services Budget Division and the Office of Financial Management (OFM).

FY 2005 through FY 2007 General Assistance estimates from Caseload Forecast Council March 2005 forecast.

FY 2005 through FY 2007 TANF case estimates from OFM March 2005 TANF forecast.

FY 2005 through FY 2007 children served in child care from OFM Working Connections Child Care March 2005 forecast.

**Department of Social and Health Services
Alcohol & Substance Abuse**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2003-05 Expenditure Authority	81,180	154,887	236,067
2005 Supplemental *	0	4,254	4,254
Total 2003-05 Biennium	81,180	159,141	240,321
2005-07 Maintenance Level	83,142	161,214	244,356
Policy Changes			
1. Problem Gambling	0	1,500	1,500
2. Lease, Med. Inflation and Equip Red	-20	-4	-24
3. Targeted Vendor Rate Increase	1,399	2,034	3,433
4. Middle Management Reduction	-366	-103	-469
5. WFSE COLA/Salary Survey	116	25	141
6. Super Coalition Health Benefits	90	20	110
7. COLA-Non-Represented	236	73	309
8. Non-Represented Health Benefit Chg	72	22	94
9. Salary Survey-Non-Rep Staff	16	10	26
10. General Inflation	-112	-150	-262
11. Chemical Dependency Trtmt Expansion	21,075	11,877	32,952
12. Expand Alcohol/Drug Trtmt for Youth	5,045	1,681	6,726
13. Rate Increase for Residential	5,000	0	5,000
14. Integrated Crisis Response Pilots	6,194	0	6,194
15. Intensive Case Management Pilots	488	0	488
16. Pension Rate for Gain Sharing	-56	-16	-72
17. Suspend Unfunded Liability Contribs	-187	-53	-240
18. Safe Mother/Babies Sustainable Fund	1,760	1,440	3,200
19. Integrated Assessment	299	161	460
Total 2005-07 Biennium	124,191	179,731	303,922
Fiscal Year 2006 Total	57,235	87,939	145,174
Fiscal Year 2007 Total	66,956	91,792	158,748

Comments:

- Problem Gambling** - Appropriation authority is provided to resume and expand the Department's program to prevent and treat problem and pathological gambling. Chapter 369, Laws of 2005 (ESHB 1031), creates the Problem Gambling Account and funds treatment services with revenues from taxes on private-sector gambling revenue and a set-aside of state lottery proceeds. (Problem Gambling Account-State)
- Lease, Med. Inflation and Equip Red** - The Department is expected to achieve efficiencies sufficient to offset actual and anticipated increases in leases, medical inflation, and equipment replacement. (General Fund-State, General Fund-Federal)
- Targeted Vendor Rate Increase** - Funding is provided for vendor rate increases of 1.0 percent on July 1, 2005, and 1.0 percent on July 1, 2006. Vendor rates are to be prioritized in the Division of Alcohol and Substance Abuse to residential treatment providers. To the extent that these increases, combined with the additional residential rate increases (see item below) are sufficient to maintain adequate residential capacity, the Division may prioritize remaining funds for rate increases for other kinds of providers. (General Fund-State, General Fund-Federal, Public Safety and Education Account-State, Violence Reduction and Drug Enforcement Account-State)
- Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal, General Fund-Private/Local)
- WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
- Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)

Department of Social and Health Services Alcohol & Substance Abuse

7. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)
8. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, various other funds)
9. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal, Public Safety & Education Account-State)
10. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, General Fund-Private/Local)
11. **Chemical Dependency Trtmt Expansion** - Alcohol and drug treatment service levels are significantly expanded for adults with chemical dependency problems. The treatment expansion will be phased in over the biennium so that by FY 2007 the level of treatment for adult Supplemental Security Income (SSI)-related aged, blind, and disabled and General Assistance-Unemployable (GA-U) clients is expected to double from FY 2003 levels. Current service levels are expected to increase by 50 percent for individuals receiving Temporary Assistance to Needy Families (TANF). In total, an estimated 11,800 more treatment slots are estimated to be available by FY 2007, a 76 percent increase over the FY 2003 level of 15,500.

Based on the results of a 2002 cost offset study by the Department of Social and Health Services (DSHS) Research and Data Analysis Division, and with additional input from the Joint Legislative Audit and Review Committee, the budget assumes that the treatment expansion for SSI and GA-U clients will result in cost offsets in medical assistance and long-term care of \$16.5 million in General Fund-State and \$14.7 million in General Fund-Federal during the 2005-07 biennium due to reduced utilization of nursing homes and medical services.

The funding level shown also includes \$745,000 to expand the parent-child assistance program (PCAP) to southwestern Washington. PCAP provides referral and case management services to pregnant and parenting women who are chemically dependent or who are at risk of substance abuse. (General Fund-State, General Fund-Federal)
12. **Expand Alcohol/Drug Trtmt for Youth** - In addition to the expansion in treatment services to adults shown above, funding is provided to serve an estimated additional 1,000 youth per year who are under 200 percent of the federal poverty level. (General Fund-State, General Fund-Federal)
13. **Rate Increase for Residential** - Funding is provided for supplemental vendor rate increases to residential chemical dependency treatment providers. An August 2004 Residential Rate Study suggests that current reimbursement rates fall short of the cost of providing residential services. A rate adjustment will ensure that DSHS can continue to attract and retain qualified providers for these services and avoid potential closure of residential programs. (General Fund-State)
14. **Integrated Crisis Response Pilots** - Funding is provided pursuant to Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763), to implement two cross-systems crisis responder pilots that utilize an integrated involuntary treatment act approach to persons with co-occurring mental health and chemical dependency disorders. Separate funding is provided in The Evergreen State College (TESC) budget for the Washington State Institute for Public Policy (WSIPP) to evaluate the outcome of the pilots and report back to the Legislature in 2008.
15. **Intensive Case Management Pilots** - Funding is provided pursuant to Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763), to implement two intensive chemical dependency case management pilots. Intensive case management is focused on high utilizers of state- and locally-funded medical and crisis services and/or those frequently involved in the criminal justice system. Separate funding is provided in the TESC budget for WSIPP to evaluate the outcome of the pilots and report back to the Legislature in 2008.
16. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, General Fund-Private/Local)
17. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, General Fund-Private/Local, Public Safety & Education Account-State)
18. **Safe Mother/Babies Sustainable Fund** - Funding is added to the Division of Alcohol and Substance Abuse budget to continue providing the Safe Babies/Safe Moms program. Safe Babies/Safe Moms is for Medicaid-eligible pregnant and parenting women identified as "at serious risk for, or currently using" alcohol or substances. A woman may be enrolled during

Department of Social and Health Services
Alcohol & Substance Abuse

pregnancy or anytime before her youngest child turns three years old. (General Fund-State, General Fund-Federal)

19. **Integrated Assessment** - Funding is provided to develop an integrated mental health/substance abuse screening and assessment tool, pursuant to Chapter 504, Laws of 2005, Partial Veto (E2SSB 5763). Funding also covers training and quality assurance. (General Fund-State, General Fund-Federal)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

**Department of Social & Health Services
Alcohol & Substance Abuse**

WORKLOAD HISTORY
By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	<u>Estimated</u>		
								2005	2006	2007
ADATSA - Assessment										
Avg Monthly Assessments	1,194	1,162	1,167	1,112	1,176	1,126	1,213	1,200	1,120	1,120
% Change from prior year	-0.4%	-2.7%	0.4%	-4.7%	5.8%	-4.3%	7.7%	-1.1%	-6.7%	0.0%
ADATSA - Outpatient Treatment										
Avg Monthly Admissions	322	340	351	357	386	381	388	406	375	375
% Change from prior year	4.5%	5.6%	3.2%	1.7%	8.1%	-1.3%	1.7%	4.7%	-7.6%	0.0%
ADATSA - Residential										
Avg Monthly Admissions	673	633	574	596	575	569	573	624	565	565
% Change from prior year	6.7%	-5.9%	-9.3%	3.8%	-3.5%	-1.0%	0.7%	9.0%	-9.5%	0.0%

Data Sources

FY 1998 through FY 2003 actuals provided by the Department of Social and Health Services (DSHS) Budget Division.

FY 2004 actuals from DSHS reports.

FY 2005 data includes actuals from DSHS reports through April 2005 and estimates for the remaining months provided by the DSHS Division of Alcohol and Substance Abuse (DASA).

FY 2006 and FY 2007 estimates provided by DASA.

**Department of Social and Health Services
Medical Assistance Payments**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2003-05 Expenditure Authority	2,367,653	4,893,402	7,261,055
2005 Supplemental *	97,728	6,913	104,641
Total 2003-05 Biennium	2,465,381	4,900,315	7,365,696
2005-07 Maintenance Level	3,040,644	4,992,053	8,032,697
Policy Changes			
1. Targeted Vendor Rate Increase	28,146	32,966	61,112
2. Middle Management Reduction	-745	-1,225	-1,970
3. Estate Recovery	-1,150	-1,150	-2,300
4. Children's Medical Premiums	0	22,702	22,702
5. Eligibility Reviews	0	66,241	66,241
6. Children's Health Program	9,405	888	10,293
7. Hospital Payment Study	225	225	450
8. Expand Drug Cost Management	-3,739	-3,168	-6,907
9. Patients Requiring Review	-5,334	-5,334	-10,668
10. MAA Forecast	0	323	323
11. WFSE COLA/Salary Survey	620	1,964	2,584
12. 1199 COLA/Sal Surv/Addtl Step	1	3	4
13. Super Coalition Health Benefits	537	1,652	2,189
14. COLA-Non-Represented	521	1,027	1,548
15. Non-Represented Health Benefit Chg	164	328	492
16. Salary Survey-Non-Rep Staff	22	22	44
17. General Inflation	-612	-3,452	-4,064
18. Non-Medicaid Services-Community	4,600	-4,600	0
19. Chemical Dependency Trtmt Expansion	-13,027	-11,213	-24,240
20. Pension Rate for Gain Sharing	-174	-452	-626
21. IGT Design	31,137	-366,281	-335,144
22. Medical Nutrition Scope of Coverage	-2,584	-2,583	-5,167
23. School Ad-Match	-123	-18,121	-18,244
24. MAA Relocation	594	594	1,188
25. Suspend Unfunded Liability Contribs	-591	-1,532	-2,123
26. Medical Equipment Cost Management	-4,179	-4,175	-8,354
27. Increased Rebates and Recoveries	-7,145	-7,145	-14,290
28. Newborn Screening Clinic	100	0	100
Total 2005-07 Biennium	3,077,313	4,690,557	7,767,870
Fiscal Year 2006 Total	1,481,212	2,296,649	3,777,861
Fiscal Year 2007 Total	1,596,101	2,393,908	3,990,009

Comments:

1. **Targeted Vendor Rate Increase** - Funding is provided for a 1.0 percent inflationary cost-of-living increase in July of each year for organizations and individuals that contract with the state to provide medical assistance services. Hospitals will receive a larger increase, totaling 1.3 percent each year. Hospital inpatient rate increases are to be distributed on a non-standard basis, so that hospitals whose current rates are farthest below the statewide average will receive more than the average increase, while those with rates higher than the average receive less. In addition to the standard vendor rate increase of 1.0 percent, family practice physicians practicing in rural areas, as defined by RCW 43.160.020, will receive a \$194 increase to the labor and delivery case rate in FY 2006 which will then increase to \$410 in FY 2007. Managed care payment rates are increased sufficiently for carriers to pass on at least the same

level of increase to their network providers. (General Fund-State, Health Services Account-State, General Fund-Federal)

2. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)

3. **Estate Recovery** - The Department of Social and Health Services (DSHS) will increase efforts to recover the cost of publicly-funded care from the estates of deceased Medicaid recipients. Specific changes anticipated include: earlier initiation of probate proceedings; improved notification of a

Department of Social and Health Services

Medical Assistance Payments

- client's death; and the statutory authority to place liens on the property of clients whose condition is such that discharge is not likely. (General Fund-State, General Fund-Federal)
4. **Children's Medical Premiums** - Funding is provided to continue to provide premium-free medical and dental coverage for children with family incomes between 150 and 200 percent of the federal poverty level, which is approximately \$1,900 to \$2,600 per month for a family of three. The 2004 supplemental budget anticipated that families within that income range would pay monthly premiums of \$10 per child, up to a maximum of \$30 per family, beginning in July 2005. (Health Services Account-State, General Fund-Federal)
 5. **Eligibility Reviews** - Children's continued eligibility for Medicaid will be reviewed every 12 months, rather than every 6; and, once eligible, children will remain eligible until the next review, rather than losing eligibility if family income or circumstances change. These changes are expected to result in an average of approximately 25,000 additional children per month remaining on state medical assistance caseloads in FY 2007. (General Fund-Federal; Health Services Account-State)
 6. **Children's Health Program** - Funding is provided for health care coverage for undocumented children whose families have incomes below 100 percent of the federal poverty level. The "state-only" program that provided medical and dental coverage was eliminated in October 2002 and enrollment was offered through the Basic Health Program. It is anticipated that 8,750 children will be provided health care coverage through this program by the end of the biennium. The Department is directed to manage enrollment to keep program expenditures at or below the appropriated level. (General Fund-State, General Fund-Federal)
 7. **Hospital Payment Study** - Funding is provided for an independent evaluation of the state's current system for setting Medicaid inpatient payment rates, and its strengths and weaknesses in comparison to systems used by other state, federal, and private payers. The Department is directed to report the results of the study to the Governor and Legislature by November 2006, together with recommendations for a new or updated system that will promote equity among hospitals; access to quality care for patients; and cost control and efficiency for taxpayers. (General Fund-State, General Fund-Federal)
 8. **Expand Drug Cost Management** - The evidence-based prescription drug program established pursuant to Chapter 29, Laws of 2003, 1st sp.s. (SB 6088), will be expanded to include a total of approximately 50 therapeutic drug classes. The preferred drug will be the least costly, equally effective drug or drugs in each class, as determined by the Health Care Authority administrator based upon clinical evidence reviews by the pharmacy and therapeutics committee. The therapeutic interchange and dispense-as-written provisions of SB 6088 will apply to all of these additional drug classes. (General Fund-State, General Fund-Federal, Health Services Account-State)
 9. **Patients Requiring Review** - Savings are achieved by controlling over-utilization and inappropriate use of medical services through the Patients Requiring Review Program (PRR), which assigns clients to a single primary care physician and identifies specific pharmacies and other medical providers from whom they may obtain services. Clients who have been on the PRR Program have shown a 48 percent decrease in emergency room use, a 41 percent decrease in office visits, and a 29 percent decrease in the number of prescriptions purchased. The Department anticipates that by approximately tripling the number of staff assigned to the program, it can reduce unnecessary utilization by an additional 1,500 clients per month, avoiding \$5,000 of expenditures per client per year. (General Fund-State, General Fund-Federal)
 10. **MAA Forecast** - Federal funds are provided to match increased state funds that are appropriated to the Office of Financial Management (OFM) to increase the quality, accuracy, and timeliness of Medical Assistance budget forecasting and monitoring. The forecast, which involves approximately \$3.8 billion of state and federal expenditures per year, will be produced by the DSHS Medical Assistance Administration, with assistance and guidance from a technical work group. The work group will be chaired by OFM, with participation from legislative fiscal committee and DSHS staff. (General Fund-Federal)
 11. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Health Services Trust-State)
 12. **1199 COLA/Sal Surv/Add'l Step** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Service Employees International Union 1199. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
 13. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Health Services Trust-State)
 14. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, Health Services Trust-State)

Department of Social and Health Services Medical Assistance Payments

15. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Health Services Trust-State)
16. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal)
17. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
18. **Non-Medicaid Services-Community** - An estimated 475 adults with serious and persistent mental illness do not qualify for federal financial participation in the cost of their medical care because they live in facilities with more than 16 residents that specialize in mental health treatment. State funds are provided to assure these adults continue to have access to essential medical care. (General Fund-State, General Fund-Federal)
19. **Chemical Dependency Trtmt Expansion** - Funding is provided in the DSHS Division of Alcohol and Substance Abuse budget to: (1) double chemical dependency treatment services over the FY 2004 level by the second year of the 2005-07 biennium for SSI-related aged, blind, and disabled adults; and (2) increase treatment services for other Medicaid-eligible adults by 50 percent during the same timeframe. Based upon research by DSHS, this is expected to result in reduced medical assistance and long-term care expenditures sufficient to offset almost 80 percent of the short-term state cost of the adult treatment expansion. (General Fund-State, General Fund-Federal)
20. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, Health Services Trust-State)
21. **IGT Design** - Under new federal policies, the state will no longer be able to use inter-governmental transfers (IGT) to collect federal Medicaid funds to cover part of the cost of care to medically indigent and other low-income populations. The administration has proposed a new methodology, subject to approval by the federal government, under which 17 larger public hospitals will use their own revenues, supplemented by approximately \$41 million per year of state grants, to cover the cost of care to Medicaid and charity care patients. As proposed by the Department, the 17 hospitals will be "held harmless" from the effect of the change, retaining the same amount of public funds as if the previous payment system had continued.

The net cost to the state from the change is approximately \$30 million. (General Fund-State, General Fund-Federal, General Fund-Local, Health Services Account-State)
22. **Medical Nutrition Scope of Coverage** - The Medical Assistance Administration anticipates that expenditures on nutritional supplements can be reduced by approximately 17 percent by adopting clear and uniform standards regarding when, and for how long, such supplements are medically necessary; promoting use of the least costly, equally effective formulation; and prohibiting vendors from shipping and billing for annual supplies when supplements are likely to be required for only a few weeks or months. (General Fund-State, General Fund-Federal)
23. **School Ad-Match** - Federal spending for the Medicaid administrative activities conducted by school districts has declined as a result of new federal guidelines. This item adjusts the state and federal appropriations to reflect this program change. (General Fund-State, General Fund-Federal)
24. **MAA Relocation** - Funding is provided for the increased cost of leasing space in a single, collocated, more modern facility beginning January 2006. The Medical Assistance Administration (MAA) is currently located in six separate buildings that are 18-25 years old and that do not have appropriate wiring and data connections to reliably and securely accommodate the new Medicaid Management Information System without significant remodeling and improvements. The agency is directed to cover one-time moving costs and tenant improvements from funds accumulated in the Department's savings incentives account, and through efficiencies in agency operations. (General Fund-State, General Fund-Federal)
25. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Health Services Trust-State)
26. **Medical Equipment Cost Management** - Savings are achieved by reducing the growth in expenditures on incontinence supplies, wheelchairs, special bedroom and bathroom equipment, and other medical supplies by 2 percent in FY 2006, and by an additional 7.8 percent in FY 2007. This is to be accomplished through strategies such as selective contracting, reducing rates to better reflect market prices, and more stringent reviews of the medical necessity of proposed purchases. This reduction is in addition to a 5 percent reduction that is being achieved in FY 2005 through a reduction in payment rates for incontinence supplies, and a 3 percent reduction associated with changes in medical nutrition coverage. (General Fund-State, Health Services Account-State, General Fund-Federal)

Department of Social and Health Services Medical Assistance Payments

27. **Increased Rebates and Recoveries** - Eight additional staff are provided for the Office of Financial Recovery to pursue collection of disputed drug manufacturer rebates and medical provider over-payments. Additionally, the number of third-party liability and provider audits will be increased through the addition of two staff. The Department will track actual savings achieved in this step and report quarterly to the medical assistance forecast technical workgroup on its progress in attaining the targeted savings. (General Fund-State, General Fund-Federal)
28. **Newborn Screening Clinic** - Funding is provided to support specialty clinical care for children who are identified with one of the five disorders added to the newborn screening panel in 2003. Increased clinic care will result in an estimated \$3.10 increase in the fee charged for the newborn specialty clinic care. This item represents the share of that cost borne by the state's Medical Assistance Program which pays for 43 percent of all births in the state. (General Fund-State, General Fund-Federal)

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Governor's Vetoes:

The Governor vetoed Section 209(21) of Chapter 518, Laws of 2005, Partial Veto (ESSB 6090). The provision authorized DSHS to institute a time-limited prescription drug benefit for persons leaving the General Assistance-Unemployable Program.

Department of Social & Health Services
Medical Assistance Payments

WORKLOAD HISTORY
 By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	Estimated		
								2005	2006	2007
Categorically Needy	704,900	691,838	718,286	766,349	788,931	825,437	825,167	811,641	860,485	904,870
AFDC/TANF	286,965	254,023	249,938	268,785	272,388	276,656	284,445	294,490	301,343	308,437
Elderly	45,047	47,336	50,408	51,757	53,091	54,096	54,818	55,929	57,069	58,209
Disabled	95,010	96,640	100,187	106,870	114,587	118,309	123,158	126,079	129,964	133,849
Non-AFDC Children	239,487	254,069	276,272	293,904	319,793	344,547	328,561	297,780	327,414	351,715
Non-AFDC Pregnant Women	21,430	21,851	21,702	22,353	23,937	25,832	26,356	27,537	28,556	29,615
Undocumented Children	13,050	13,297	15,328	18,100	0	0	0	0	4,692	9,978
Medicare Beneficiaries	3,911	4,622	4,451	4,580	5,036	5,734	7,360	9,166	10,594	12,022
Breast & Cervical Cancer					69	121	209	209	209	209
Medicaid Buy-In					30	142	260	451	644	836
Medically Needy	11,059	11,596	12,566	13,465	14,528	16,061	16,929	17,892	18,909	19,933
Elderly	4,625	4,822	5,158	5,642	6,005	6,437	6,527	6,672	6,851	7,034
Disabled	6,356	6,650	7,299	7,752	8,523	9,624	10,402	11,221	12,058	12,899
All Others	78	124	109	71	0	0	0	0	0	0
Children's Health Insurance Program		2	355	3,378	6,049	7,347	9,527	13,545	15,442	16,513
General Assistance/ADATSA										
# Persons/Month	13,179	12,911	11,716	11,987	11,671	10,429	12,076	14,947	16,267	17,485
State Medically Indigent										
# Persons/Month	2,284	2,271	2,457	2,690	3,331	3,997	0	0	0	0
Refugees										
# Persons/Month	1,353	1,319	1,004	1,135	933	677	830	873	873	873
Total Eligibles per Month	732,775	719,937	746,384	799,004	825,443	863,948	864,530	858,898	911,975	959,674
% Change from prior year		-1.8%	3.7%	7.0%	3.3%	4.7%	0.1%	-0.7%	6.2%	5.2%

Data Sources:

Caseload Forecast Council and legislative fiscal committees.

Department of Social and Health Services Vocational Rehabilitation

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	20,363	87,135	107,498
2005-07 Maintenance Level	21,812	89,763	111,575
Policy Changes			
1. Lease, Med. Inflation and Equip Red	-208	0	-208
2. Middle Management Reduction	-42	-159	-201
3. WFSE COLA/Salary Survey	230	771	1,001
4. Super Coalition Health Benefits	207	667	874
5. COLA-Non-Represented	71	239	310
6. Non-Represented Health Benefit Chg	22	77	99
7. Salary Survey-Non-Rep Staff	2	6	8
8. General Inflation	-38	-175	-213
9. Pension Rate for Gain Sharing	-44	-152	-196
10. Suspend Unfunded Liability Contribs	-151	-509	-660
11. Adjust Grant Levels	691	-1,389	-698
Total 2005-07 Biennium	22,552	89,139	111,691
Fiscal Year 2006 Total	11,202	43,641	54,843
Fiscal Year 2007 Total	11,350	45,498	56,848

Comments:

1. **Lease, Med. Inflation and Equip Red** - Funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement is eliminated. (General Fund-State, General Fund-Federal)
2. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)
3. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
4. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
5. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, General Fund-Federal, Telecommunication Devices Account-State)
6. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Telecommunication Devices Account-State)
7. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal)
8. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
9. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, Telecommunication Devices Account-State)
10. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is

**Department of Social and Health Services
Vocational Rehabilitation**

provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Telecommunication Devices Account-State)

11. **Adjust Grant Levels** - Sufficient state funding is provided to meet federal requirements for the 2005-07 biennium. Federal appropriation authority is adjusted to reflect expected actual expenditures. (General Fund-State, General Fund-Federal)

**Department of Social and Health Services
Administration & Supporting Services**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2003-05 Expenditure Authority	67,002	59,986	126,988
2005 Supplemental *	35	19	54
Total 2003-05 Biennium	67,037	60,005	127,042
2005-07 Maintenance Level	64,761	63,276	128,037
Policy Changes			
1. Home Care Workers Administration	3,834	3,833	7,667
2. Reduce Regional Staff Support	-5,614	-6,831	-12,445
3. Reduce Family Policy Council	0	-2,384	-2,384
4. Lease, Med. Inflation and Equip Red	-84	-39	-123
5. Middle Management Reduction	-1,781	-605	-2,386
6. Estate Recovery	651	652	1,303
7. Children's Medical Premiums	-1,054	-1,054	-2,108
8. WFSE COLA/Salary Survey	1,006	171	1,177
9. Super Coalition Health Benefits	750	153	903
10. COLA-Non-Represented	1,781	542	2,323
11. Non-Represented Health Benefit Chg	574	167	741
12. Salary Survey-Non-Rep Staff	386	87	473
13. General Inflation	-25	-313	-338
14. DV Prevention (ESHB 1314)	0	1,345	1,345
15. Employer Health Coverage Survey	75	30	105
16. Fircrest Transition Team	-1,236	-1,236	-2,472
17. Government Performance (ESHB 1064)	109	49	158
18. Pension Rate for Gain Sharing	-428	-114	-542
19. Suspend Unfunded Liability Contribs	-1,446	-378	-1,824
20. Increased Rebates and Recoveries	753	389	1,142
21. Indirect Overhead for Cap Fac	328	162	490
22. Reinvesting in Youth Program	-997	0	-997
23. TeamChild	500	0	500
24. Postpartum Depression - SB 5898	25	0	25
Total 2005-07 Biennium	62,868	57,902	120,770
Fiscal Year 2006 Total	32,958	30,435	63,393
Fiscal Year 2007 Total	29,910	27,467	57,377

Comments:

- Home Care Workers Administration** - Funding is provided to implement the compensation components of the 2005-07 collective bargaining agreement between the state and the approximately 22,000 individuals who contract to provide home care services to children and adults with disabilities. Funding is provided to pay for an arbitration award of \$1.6 million for delays in implementing dues collection and to implement the costs of making programming changes to the Social Services Payment System to implement the Home Care Workers agreement. In addition, 20 customer services FTEs will be phased in to handle payroll inputs and questions of the 25,000 home care workers covered under the arbitration agreement. An additional \$54 million is appropriated in the Children's Administration, Developmental Disabilities Division, and the Long-Term Care Administration of the Department of Social and Health Services (DSHS). (General Fund State, General Fund Federal)
- Reduce Regional Staff Support** - Support staff resources for regional offices are reduced commensurate to the FTE reduction taken in DSHS Administrative and Supportive Services Program, including the Children's Administration, Developmental Disabilities, Long Term Care, and Economic Services Administration contain the bulk of regional and field staff support. (General Fund State, General Fund Federal)
- Reduce Family Policy Council** - The Family Policy Council is reduced by approximately \$1.2 million per year. Savings will be achieved through the reduction of both staff and grants to local communities. (Violence Reduction and Drug Enforcement Account- State)
- Lease, Med. Inflation and Equip Red** - This item eliminates funding for actual and anticipated increases associated with lease renewals, medical inflation, and equipment replacement. (General Fund-State, General Fund-Federal)

Department of Social and Health Services Administration & Supporting Services

5. **Middle Management Reduction** - Statewide, the number of middle management positions will be reduced by 1,000 positions by the end of the biennium. The reductions are phased in over the entire two-year period. Funds are reduced to reflect the portion of the reduction attributable to this agency. (General Fund-State, General Fund-Federal)
6. **Estate Recovery** - This item expands the capacity of the Office of Financial Recoveries to collect revenue from the estates of medicaid eligible clients. It includes resources to initiate probate proceedings, for improved notification of a client's death, and the ability to place Tax Equity and Fiscal Responsibility (TEFRA) liens on the property of clients whose condition is such that discharge is not possible. (General Fund-State, General Fund-Federal)
7. **Children's Medical Premiums** - DSHS provides premium-free medical and dental coverage for children with family income between 150 and 200 percent of the federal poverty level, which is approximately \$1,900 to \$2,600 per month for a family of three. This reduction reflects the decrease in caseload and the number of workers who will no longer be needed to collect premiums from these families. (Health Services Account-State, General Fund-Federal)
8. **WFSE COLA/Salary Survey** - Funding is provided to cover the cost of the contract negotiated between the Governor's Office of Labor Relations and the Washington Federation of State Employees (WFSE). More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
9. **Super Coalition Health Benefits** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal)
10. **COLA-Non-Represented** - Funding is provided to give cost-of-living adjustments (COLAs) of 3.2 percent on September 1, 2005, and 1.6 percent on September 1, 2006, to non-represented employees. (General Fund-State, various other funds)
11. **Non-Represented Health Benefit Chg** - Funding is provided for the current health benefit package and level of cost sharing during the 2005-07 biennium for both represented and non-represented employees. More detailed information about this item is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, Violence Reduction and Drug Enforcement Account-State)
12. **Salary Survey-Non-Rep Staff** - Funding is provided for salary increases for non-represented employees in job classifications identified as being compensated more than 25 percent lower than the market rate in the Department of Personnel's 2002 Salary Survey. (General Fund-State, General Fund-Federal)
13. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
14. **DV Prevention (ESHB 1314)** - Funding is provided for the implementation of Chapter 374, Laws of 2005 (ESHB 1314 - Domestic Violence [DV] Prevention). (Domestic Violence Prevention Account-State)
15. **Employer Health Coverage Survey** - Funds are provided to implement Engrossed Substitute House Bill 1486 (Health Care Services), which requires the Department to report annually on the employment status of medical assistance enrollees and who their employers are. While ESHB 1486 was vetoed by the Governor, funding for the report is still included in the budget. (General Fund-State, General Fund-Federal)
16. **Firecrest Transition Team** - This item reduces staff and other resources that were funded in the 2003-05 biennium and which were used for the downsizing of Firecrest, a residential habilitation center (RHC). Funding is provided to the Office of Financial Management for a study of options for a preferred continuum of transition for state RHCs. (General Fund-State, General Fund-Federal)
17. **Government Performance (ESHB 1064)** - Funding is provided for the implementation of Chapter 358, Laws of 2005, Partial Veto (ESHB 1064 - Government Performance). (General Fund-State, General Fund-Federal)
18. **Pension Rate for Gain Sharing** - Contributions toward the future costs of gain sharing are suspended for the 2005-07 biennium, consistent with Chapter 370, Laws of 2005 (ESHB 1044). (General Fund-State, General Fund-Federal, various other funds)
19. **Suspend Unfunded Liability Contribs** - Funding levels for employer contributions to the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) are adjusted consistent with ESHB 1044 (Pension Funding Methodology). For employers and members of retirement plans unaffected by ESHB 1044, funding levels are provided consistent with the contribution rates recommended by the Pension Funding Council. Additional detail on pension contribution rates is provided in the general comments for "State Employee Compensation." (General Fund-State, General Fund-Federal, various other funds)
20. **Increased Rebates and Recoveries** - Eight additional staff are provided for the Office of Financial Recovery to pursue collection of disputed drug manufacturer rebates and medical provider over-payments. Additionally, the number of third-party liability and provider audits will be increased through the addition of two staff. The Department will track actual savings achieved in this step and report quarterly to the medical assistance forecast technical workgroup on its progress in

**Department of Social and Health Services
Administration & Supporting Services**

attaining the targeted savings. (General Fund-State, General Fund-Federal)

21. **Indirect Overhead for Cap Fac** - Funding is transferred from the capital budget to the operating budget for the overhead costs of DSHS's indirect capital management. (General Fund-State, General Fund-Federal)
22. **Reinvesting in Youth Program** - Funding in the amount of \$997,000 from the Juvenile Violence Prevention Grant Program is transferred to the Juvenile Rehabilitation Administration for the establishment of a Reinvesting in Youth Pilot Program. (General Fund-State)
23. **TeamChild** - Funding is provided for TeamChild through the Governor's juvenile justice advisory committee, which provides civil legal advocacy to troubled youth.
24. **Postpartum Depression - SB 5898** - Chapter 347, Laws of 2005 (SB 5898), appropriates one-time funding to the Governor's Council for the Prevention of Child Abuse & Neglect for a public information and outreach program regarding significance, signs, and treatment of postpartum depression.

* Please see the 2005 Supplemental Operating Budget Section for additional information.

Department of Social and Health Services Payments to Other Agencies

(Dollars in Thousands)

	GF-S	Other	Total
2003-05 Expenditure Authority	86,947	43,321	130,268
2005 Supplemental *	1,682	660	2,342
Total 2003-05 Biennium	88,629	43,981	132,610
<hr/>			
2005-07 Maintenance Level	91,080	44,306	135,386
Policy Changes			
1. Estate Recovery	300	300	600
2. General Inflation	-63	-9	-72
3. Office of the Attorney General	1,444	506	1,950
<hr/>			
Total 2005-07 Biennium	92,761	45,103	137,864
Fiscal Year 2006 Total	46,381	22,551	68,932
Fiscal Year 2007 Total	46,380	22,552	68,932

Comments:

1. **Estate Recovery** - The capacity of the Department of Social and Health Services (DSHS) to recover long-term care and medical assistance costs from the estates of deceased clients who received such services is expanded. Resources are provided to the Office of Financial Recovery to initiate probate proceedings and for improved notification of a client's death. Additional savings are achieved in accordance with Chapter 292, Laws of 2005 (SHB 2304 - Medical Assistance Debts), which authorizes DSHS to file a request for notice of transfer or encumbrance on the real property of a medical assistance recipient; expands the statute of limitations on enforcement of liens to recover medical assistance payments from 6 years to 20 years; and directs DSHS to place liens on the property of clients who receive medical assistance or long-term care services prior to their death, if their condition is such that they are unlikely to be discharged from a medical institution or return home. (General Fund-State, General Fund-Federal)

2. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)

3. **Office of the Attorney General** - Funding is provided for increased costs of litigation support in the Attorney General's Office for complex, protracted program litigation for the Department of Social and Health Services. (General Fund-State, General Fund-Federal)

* Please see the 2005 Supplemental Operating Budget Section for additional information.