

# Department of Social & Health Services

## Children and Family Services

Savings of \$1.4 million in total funds (\$1.1 million Near General Fund-State) are achieved through the elimination of 20 FTEs from the DSHS Children's Administration. Filled case-carrying staff positions are not eliminated in this reduction.

The budget reduces a total of \$2.8 million in state near general funds for Secure Crisis Residential Centers and HOPE beds and provides funding for these services from the Home Security Account, rather than the state near general fund.

The budget reduces funding by \$1.3 million in total funds (\$1.0 million Near General Fund-State) for supervised visits. The Department will revise supervised visit contracts and reimbursements to achieve savings.

One-time savings of \$3.2 million in total funds (\$2.1 million Near General Fund-State) are achieved through under-expenditures in the Behavioral Rehabilitative Services (BRS) program. BRS services are provided to children in foster care who need intensive services. The Department will continue to focus on decreasing the length of stay and moving children to a less restrictive setting.

Savings of \$1.4 million in total funds (\$1.1 million Near General Fund-State) are achieved through increasing Supplemental Security Income facilitation for children who are eligible for social security benefits.

## Juvenile Rehabilitation Administration

The 2009-11 biennial budget directed the Office of Financial Management to conduct a study of the feasibility of closing state institutions/facilities including Juvenile Rehabilitation Administration (JRA) institutions. One of the final recommendations of the facilities closure study was closure of Maple Lane School, which the Legislature assumes will be closed by June 30, 2013. General fund savings total \$5.8 million which includes \$5.0 million for the transition costs of facility closure from the State Efficiency and Restructuring Account, effectively assuming the future savings this biennium. (Note: The capital budget provides \$760,000 in state bonds and \$15.9 million in certificate of participation authority for renovation and construction of specialized housing and treatment facilities at other JRA institutions and community based facilities to accommodate the closure of Maple Lane School).

Other JRA savings include:

- \$7.6 million for institutional and administrative staff reductions, in which staff reductions are made at JRA institutions, other than Maple Lane School, as well as at JRA headquarters and regional offices.
- \$2.5 million in funding for county juvenile courts; the reduction is in non-evidence based, non-sex offender disposition alternatives.

## Mental Health

A total of \$1.6 billion (\$806.7 million Near General Fund-State) is provided for operation of the public mental health system during the 2009-11 biennium. This is a \$48.1 million (3.2 percent) increase from the amount originally appropriated for the biennium. This \$48.1 million increase includes:

- \$38 million (\$15.5 million Near General Fund-State) to provide community mental health services for the substantial growth in the number of people enrolling in Medicaid in response to the recession. The number of people now projected to enroll in Medicaid is almost 10 percent more than were expected to do so when the original 2009-11 budget was enacted.
- \$7.2 million for an approximate 13 percent increase each year in payment rates for community psychiatric hospitalizations. The non-federal share of this increase is covered by a new assessment to be paid by the hospitals.
- \$4.9 million for increased Medicaid services in selected areas of the state. These increases are possible because Regional Support Networks (RSNs) expect to provide \$1.8 million of local tax revenues that will, in turn, earn an additional \$3.2 million of federal match.
- \$3.4 million (\$3 million Near General Fund-State) to increase the monthly state contribution for employee health benefits.

The cost of these increases is partially offset by:

- A \$4.5 million reduction in state funding for staffing at the state psychiatric hospitals. Approximately 31 full-time positions are to be eliminated, approximately 24 of them from administrative and indirect care activities and the balance from vacant direct care functions.
- A \$1.3 million (\$1.0 million Near General Fund-State) reduction in compensation expenditures, to be achieved through furloughs, reduced work hours, or other approved methods.

### **Aging and Disabilities Services (Long-Term Care and Developmental Disabilities)**

The Aging and Disability Services Administration (ADSA) administers the Long-Term Care (LTC) and Division of Developmental Disabilities (DDD) programs. These two programs combined account for approximately \$5.2 billion total (\$2.0 billion Near General Fund-State) in budgeted expenditures for the 2009-11 biennium.

The DDD and LTC programs share administration, operate several similar programs, and often utilize the same set of vendors. As a result, numerous budget items impact both programs. These shared budget items are described for both programs collectively. Budget items unique to each program are described separately.

Several savings items in the 2009-11 biennial appropriations act were subsequently impacted by court action including case decisions and temporary restraining orders. The specific items and the relevant litigation are detailed below. The total state near general fund savings associated with these four items in the biennial budget was \$101 million.

- Nursing Home rates – *WHCA v. Dreyfus*
- In-Home Hours Reduction – *Koshelnik-Turner v. Dreyfus* and *Faith Freeman v. Dreyfus*
- Adult Day Health – *LTC Ombudsman v. Dreyfus*
- Chapter 571, Laws of 2009 (SHB 2361– in-home care/state payments) – *Carter v. Gregoire*

The 2010 supplemental appropriations act makes several adjustments to these items to account for the impacts of the litigation, changes in caseload assumptions, and partial restorations of the Adult Day Health program and the in-home hours reduction. As a result, the revised Near General Fund-State savings for the biennium are \$47.9 million.

Savings of \$5.1 million are assumed by the Department using individual client assessments to allocate hours for laundry and meal preparation. Previously, the Department had been allocating hours for these tasks regardless of

client need or availability of informal supports. Utilizing the individual assessment to allocate hours results in some clients losing a portion of their currently allocated hours; all clients will receive hours per the needs identified in their assessment.

Chapter 3, Laws of 2010 (ESHB 2921), and Chapter 37, Laws of 2010, 1<sup>st</sup> sp.s., Partial Veto (ESSB 6444), both addressed the 2010 supplemental budget. Combined, these two budget bills made Near General Fund-State reductions totaling \$6.8 million to ADSA administration, including consolidating printing and human resources functions and reductions in the operations of the residential habilitation centers.

The budget assumes an increase in the annual license fees for nursing homes and boarding homes in order to fully recover the costs of the licensure, inspection, and regulatory program. The increased license fee revenue results in a \$3.0 million offset to the licensing costs previously subsidized by the state near general fund. The nursing home fee is assumed to increase from \$275 per bed to \$326 per bed while the boarding home fee is assumed to increase from \$79 per bed to \$106 per bed. Corresponding adjustments are made to the Medicaid reimbursement rate for both care settings to adequately compensate facilities for the impact of the fee on publicly-funded Medicaid beds.

### **Developmental Disabilities**

The budget provides \$3.5 million Near General Fund-State to fund employment and other daytime supports and services to eligible students graduating from high school during the current biennium. This funding provides services and support to individuals already on a waiver, provides some waiver slots for individuals not currently on a waiver, and some state-only funded services and support to certain qualifying individuals. In total, approximately 1,400 graduating seniors will receive additional services.

### **Long-Term Care**

The budget assumes \$10.7 million state near general fund savings resulting from changes in the nursing home vendor rate methodology. The specific methodological changes are detailed in the budget bill and also in Chapter 34, Laws of 2010, 1<sup>st</sup> sp.s., Partial Veto (ESSB 6872). Although the Governor's veto eliminated some of the methodological changes, the budget contains a specified appropriation ceiling otherwise known as the budget dial.

### **Economic Services Administration**

The budget provides \$78.8 million in total funds (\$16.8 million Near General Fund-State) to maintain Temporary Assistance for Needy Family (TANF) services through January 2011. The budget also reduces \$23.7 million in state fund appropriations through elimination of services to non-TANF recipients, changing sanction policies, and reducing the number of hours needed to meet participation requirements for certain clients.

Chapter 8, Laws of 2010, 1<sup>st</sup> sp.s., Partial Veto (E2SHB 2782), made a number of changes to the General Assistance program including changing its name to the Disability Lifeline program. Savings of \$12.3 million in state near general funds is realized through implementation of time limits. Benefits will be capped at 24 months in a 60-month period, from September 1, 2010, to June 30, 2013. Further caseload decreases are assumed through requiring participation in chemical dependency treatment if referred and the elimination of the Administrative Review Team.

Savings of \$5.9 million in total funds (\$3.0 million Near General Fund-State) are achieved through the temporary suspension of the redistribution of Internal Revenue Service refund payments that previously prioritized former TANF clients over repayment of state debt. This savings step reverses state rules established in 2008.

## **Medical Assistance Administration**

A total of \$9.9 billion (\$3.5 billion Near General Fund-State) is provided for the Medical Assistance Administration (MAA) for the 2009-11 biennium. This is a \$1.07 billion (12.1 percent) increase from the total amount originally appropriated for the biennium. The state share appropriated to MAA is reduced by \$95.0 million. This

\$1.1 billion increase in total funds includes:

- \$483.6 million in total funds (\$308.4 million Near General Fund-State) for maintenance level increases primarily as a result of additional caseload growth in programs most affected by the economic downturn, such as the Categorically Needy (CN) Family Medical program and the CN Children's program for those under 200 percent of the federal poverty level.
- \$448.7 million in total funds (Near General Fund-State savings of \$66.8 million) for reimbursement rate increases for hospitals from a Hospital Safety Net Assessment pursuant to Chapter 30, Laws of 2010, 1<sup>st</sup> sp.s. (E2SHB 2956). These funds will leverage federal Medicaid matching funds. Rate increases range from between 4 percent and 17 percent for inpatient services and between 4 percent and 41 percent for outpatient services, depending on hospital type.
- \$95.3 million in total funds (\$39.9 million Near General Fund-State) for rate increases for Federally Qualified Health Centers (FQHCs). Effective January 2009, a new Washington State-specific inflationary index will replace the Medicare Economic Index (MEI) in determining the FQHC fee-for-service encounter rates. Reimbursement rates will increase by 3.8 percent annually compared to 1.2 percent under the MEI for the 2009-11 biennium.
- \$38.2 million in total funds (\$19.1 million Near General Fund-State) to restore administrative reductions taken in the enacted 2009-11 operating budget. The Department must implement a management strategy that minimizes disruption of service and negative impacts on employees.
- \$35.9 million in total funds (\$3.7 million Near General Fund-State) for the transformation of the General Assistance program to the Disability Lifeline program pursuant to Chapter 8, Laws of 2010, 1<sup>st</sup> sp.s., Partial Veto (E2SHB 2782). Funding is provided to support caseload growth above the enacted 2009-11 appropriation and the transition to a managed care service delivery system statewide. State savings are achieved under E2SHB 2782 through a time limit of 24 months in a 60-month period and requiring clients with addictions to participate in treatment to maintain eligibility. Elimination of the Administrative Review Team process will also decrease the Lifeline caseload. Finally, the state anticipates the receipt of federal matching funds for Medicaid coverage of Lifeline clients under a Section 1115 Waiver from the federal Centers for Medicare and Medicaid Services.

Program reductions include the following:

- \$6.4 million in total funds (\$2.5 million Near General Fund-State) in dental services, with reductions focused on the fastest growing cost drivers of dental care; and
- \$3.4 million in total funds (\$2.5 million Near General Fund-State) saved through a reduction to Healthy Options administrative costs, which include an annual quality incentive payment.

## **Special Commitment Center**

The 2010 supplemental budget adjusted the funding for the Special Commitment Center (SCC), providing a total of \$95.7 million state near general funds for the operations of the SCC; this is an \$11.4 million (10.7 percent) reduction from the 2009-11 enacted budget.

Major savings items include:

- \$4.3 million through staff reductions and efficiencies;
- \$1.5 million through changes to residential and community programs including closing the SCC store;
- \$1.4 million through reductions in resident salaries to reflect adherence to treatment plans;
- \$1.2 million through reduced nursing contracts; and
- \$0.7 million through standardizing reimbursements and activities related to evaluations pursuant to Chapter 28, Laws of 2010, 1<sup>st</sup> sp.s. (ESB 6870).

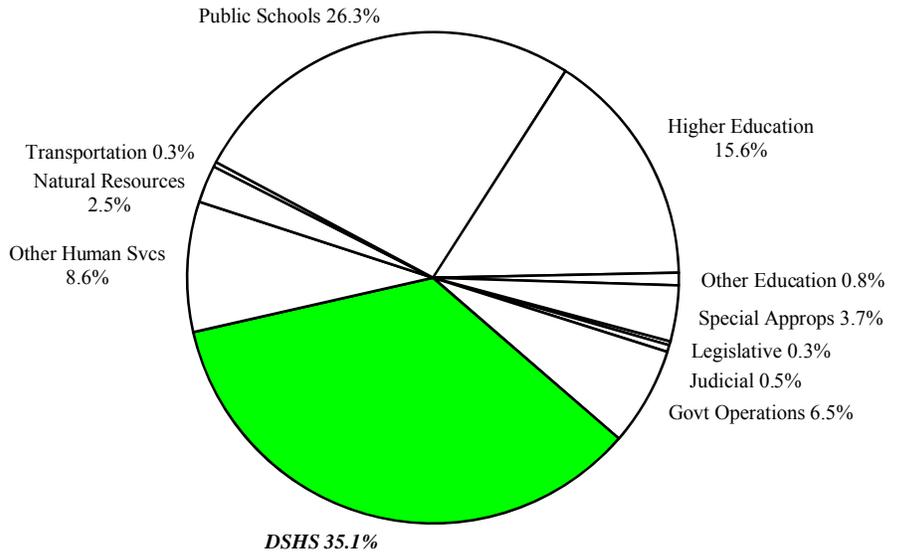
### **Payments to Other Agencies**

The Payments to Other Agencies program within DSHS is the budgeting and accounting center for payments for services and systems support received from other agencies. For example, this program budgets and tracks payments to the Office of the Attorney General (AG), the Department of Personnel, and the Office of Financial Management. The largest single budget item is payments to the AG's office, which total approximately 40 percent of all expenditures.

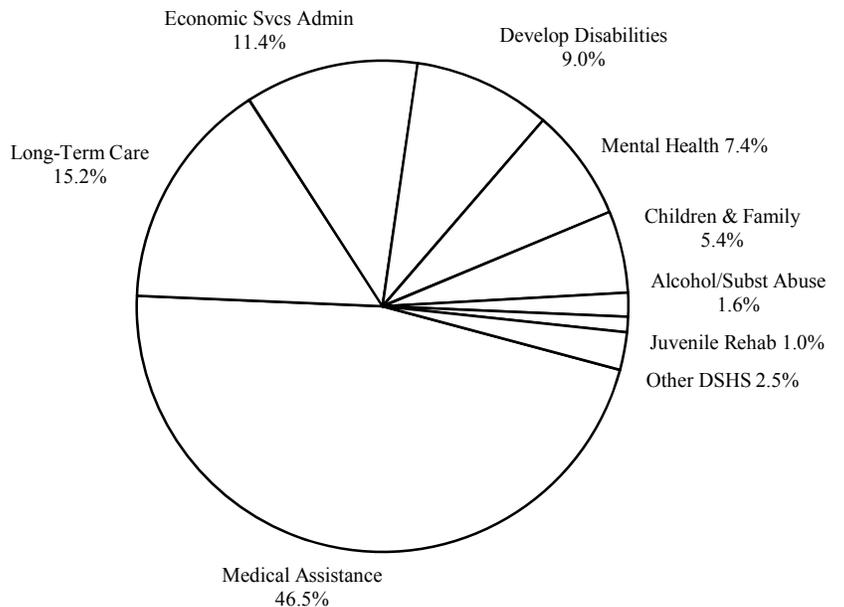
The 2010 supplemental budget provides \$16.2 million from Near General Fund-State to partially restore a \$22.3 million reduction taken in the 2009-11 biennial appropriations act.

**2009-11 Washington State Omnibus Operating Budget  
Including 2010 Supplemental  
Total Budgeted Funds**  
(Dollars in Thousands)

Legislative	158,277
Judicial	273,554
Governmental Operations	3,921,845
<b>DSHS</b>	<b>21,262,641</b>
Other Human Services	5,187,799
Natural Resources	1,494,562
Transportation	195,202
Public Schools	15,909,596
Higher Education	9,453,410
Other Education	496,323
Special Appropriations	2,229,691
<b>Statewide Total</b>	<b>60,582,900</b>



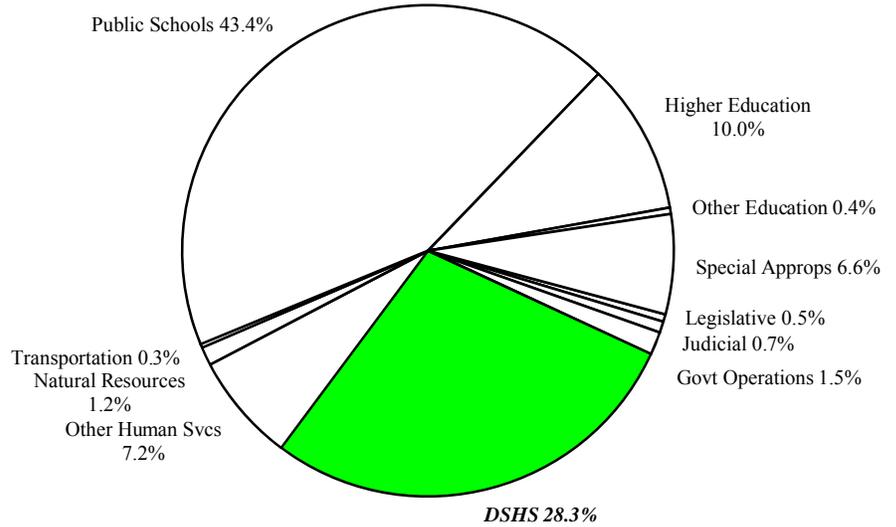
Medical Assistance	9,890,632
Long-Term Care	3,230,810
Economic Services Admin	2,425,685
Developmental Disabilities	1,922,104
Mental Health	1,573,678
Children & Family Svcs	1,143,579
Alcohol/Subst Abuse	334,326
Juvenile Rehabilitation	216,471
Other DSHS	525,356
<b>DSHS</b>	<b>21,262,641</b>



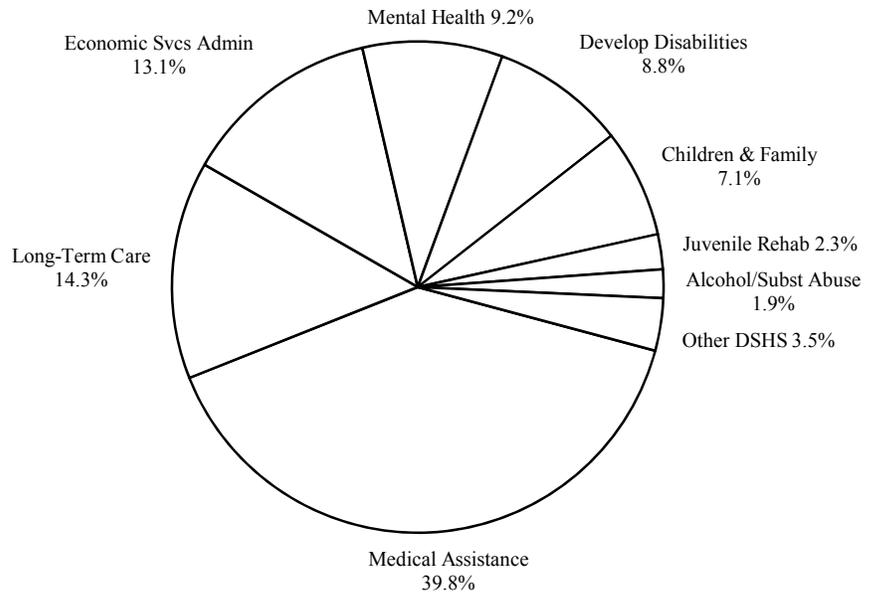
**DSHS**

**2009-11 Washington State Omnibus Operating Budget  
Including 2010 Supplemental  
Near General Fund-State**

Legislative	153,900
Judicial	228,493
Governmental Operations	464,535
<b>DSHS</b>	<b>8,761,093</b>
Other Human Services	2,214,952
Natural Resources	372,107
Transportation	77,996
Public Schools	13,442,302
Higher Education	3,094,912
Other Education	125,446
Special Appropriations	2,035,286
<b>Statewide Total</b>	<b>30,971,022</b>



Medical Assistance	3,487,176
Long-Term Care	1,255,372
Economic Services Admin	1,145,701
Mental Health	806,672
Developmental Disabilities	775,340
Children & Family Svcs	622,674
Juvenile Rehabilitation	201,198
Alcohol/Subst Abuse	164,375
Other DSHS	302,585
<b>DSHS</b>	<b>8,761,093</b>



**DSHS**

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(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Original Appropriations</b>	<b>633,214</b>	<b>506,880</b>	<b>1,140,094</b>
<b>Total Maintenance Changes</b>	<b>7,143</b>	<b>9,215</b>	<b>16,358</b>
<b>Policy Changes - Early Action Savings</b>			
1. Passport Program	-171	-170	-341
2. Consolidate Printing Functions	-62	-55	-117
3. Human Resources Reduction	-159	-177	-336
4. Foster Care Health Care to MA	-1,218	-1,218	-2,436
<b>Policy Changes - Early Action Savings</b>	<b>-1,610</b>	<b>-1,620</b>	<b>-3,230</b>
<b>Policy Changes - Non-Comp</b>			
5. Administrative and Staff Reductions	-1,080	-360	-1,440
6. Stimulus FMAP Extension	-6,713	6,713	0
7. Parent Sentencing Alternative	11	3	14
8. Evaluations and Treatment	-912	0	-912
9. Ancillary and Child Services	-664	0	-664
10. Assessment Programs	-121	-11	-132
11. Administrative Streamlining	-52	-58	-110
12. Medicaid Treatment Child Care	-58	-74	-132
13. Crisis Family Intervention	-287	0	-287
14. Secure Crisis Residential Centers	-2,407	2,407	0
15. HOPE Centers	-403	403	0
16. Child Care for CPS Clients	-246	0	-246
17. Educational Advocacy Coordinators	-466	466	0
18. Planning Policy Development	-133	-45	-178
19. Street Youth Program	1,016	-1,016	0
20. Adoption Maintenance	-145	-143	-288
21. Alternative Response	-171	-171	-342
22. One-Time Underexpenditure	-2,076	-1,160	-3,236
23. Foster Care Recruitment	-243	-90	-333
24. Pediatric Interim Care	-266	0	-266
25. SSI Reimbursements	-1,056	-351	-1,407
26. Supervised Visits	-1,045	-282	-1,327
<b>Policy -- Non-Comp Total</b>	<b>-17,517</b>	<b>6,231</b>	<b>-11,286</b>
<b>Policy Changes - Comp</b>			
27. Health Insurance Increase	1,968	912	2,880
28. Temporary Layoffs	-524	-713	-1,237
<b>Policy -- Comp Total</b>	<b>1,444</b>	<b>199</b>	<b>1,643</b>
<b>2009-11 Revised Appropriations</b>	<b>622,674</b>	<b>520,905</b>	<b>1,143,579</b>
Fiscal Year 2010 Total	-2,073	-937	-3,010
Fiscal Year 2011 Total	-15,610	5,747	-9,863

**Comments:**

- 1. Passport Program** - Savings are achieved through redesigning and transferring the Passport Program to Health and Recovery Services. (General Fund-State, General Fund-Federal)
- 2. Consolidate Printing Functions** - The Department will improve the agency-wide coordination and efficiency of printing functions to achieve savings. (General Fund-State, General Fund-Federal)
- 3. Human Resources Reduction** - Savings are achieved by streamlining human resources functions across the Department. The Department will eliminate 11.2 FTEs agency-wide. (General Fund-State, General Fund-Federal)
- 4. Foster Care Health Care to MA** - The redesigned Passport Program, now known as the Fostering Well-Being Program, is transferred to Medical Assistance (MA) Administration. This

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- program provides coordinated care management for children in foster care. (General Fund-State, General Fund-Federal)
5. **Administrative and Staff Reductions** - Funding is reduced to reflect savings from the elimination of 20 FTEs from Department of Social and Health Service's (DSHS') Children's Administration. Filled case-carrying staff positions are not eliminated. (General Fund-State, General Fund-Federal)
  6. **Stimulus FMAP Extension** - The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs that the federal government provides. The American Recovery and Reinvestment Act of 2009 increased FMAP by almost 13 percentage points for FY 2010 and the first six months of FY 2011. The Legislature anticipates that the FMAP increase from 50 percent to 62.94 percent will be extended for six additional months through June 2011, resulting in a reduction in state expenditures for services that receive Medicaid Title XIX and Title VI-E federal match. (General Fund-State, General Fund-Federal)
  7. **Parent Sentencing Alternative** - Funding is reduced in the Department of Corrections (DOC) to reflect the creation of alternatives to incarceration for nonviolent offenders with minor children pursuant to Chapter 224, Laws of 2010 (SSB 6639). These savings result from a reduction in the average daily population of 82 offenders, allowing DOC to close a prison unit at a women's facility. Funding is provided to DOC for community supervision because supplemental services will be provided to offenders in lieu of prison sentences. Funding is provided to the Health and Recovery Services Administration for medical assistance for these offenders and to the Children's Administration for the costs of providing reports to courts on offenders that are under consideration for the sentencing alternative. (General Fund-State, General Fund-Federal)
  8. **Evaluations and Treatment** - Funding for neuropsychological testing and neuro-behavioral examinations for adults and children is reduced by 10 percent. Ongoing counseling, case consultation, and family or group treatment services remain available.
  9. **Ancillary and Child Services** - Funding is reduced by 10 percent to reflect savings achieved through efficiency measures adopted by the Department. These funds are utilized to cover miscellaneous expenses for those families involved with children and family services.
  10. **Assessment Programs** - Funding for the Intensive Foster Care Assessment Program (FCAP) and the Safety Assessment Programs is combined and reduced by 5 percent. The Department will redesign the program to administer the funding more flexibly and maintain the availability of the assessment programs. (General Fund-State, General Fund-Federal)
  11. **Administrative Streamlining** - Savings are achieved by streamlining administrative functions across DSHS. (General Fund-State, General Fund-Federal)
  12. **Medicaid Treatment Child Care** - Funding is reduced by 2.5 percent for Medicaid Treatment Child Care (MTCC). MTCC provides intensive child development services to young children. Savings are achieved through a second review of the medical need for psychosocial services. (General Fund-State, General Fund-Federal)
  13. **Crisis Family Intervention** - Funding is reduced by 12.5 percent for the Crisis Family Intervention (CFI) services. These contracted services are provided to youth 12 to 17 years of age and their families to address a conflict.
  14. **Secure Crisis Residential Centers** - Funding is provided for Secure Crisis Residential Centers (SCRC) from the Home Security Fund and General Fund-State. SCRCs are secure facilities that provide temporary residential placement and reunification services to street youth or youth in conflict with their family. (Home Security Fund Account-State, General Fund-State)
  15. **HOPE Centers** - Funding is provided for these beds from the Home Security Fund rather than General Fund-State. HOPE centers provide assessments, permanency planning services, and temporary residential placement to street youth for up to 30 days. (Home Security Fund Account-State, General Fund-State)
  16. **Child Care for CPS Clients** - Funding to assist Child Protective Services (CPS) parents with child care in an effort to maintain the child in the home is reduced by 3 percent.
  17. **Educational Advocacy Coordinators** - Funding is reduced for the educational advocacy coordinator program, which provides educational support services to children in out-of-home placements. The Department will obtain 33 percent of the funding through private and local resources.
  18. **Planning Policy Development** - Savings will be achieved through a reduction of two FTE staff associated with non-essential business functions. (General Fund-State, General Fund-Federal)
  19. **Street Youth Program** - Funding for the Street Youth Program is moved from the Home Security Fund to General Fund-State. The Street Youth Program provides assistance to homeless youth living on the streets. (Home Security Fund Account-State, General Fund-State)
  20. **Adoption Maintenance** - Savings are achieved through setting a maximum adoption payment standard of 90 percent of the foster care maintenance payment in the same time period for future adoptions. Federal law requires that adoptive parents may not receive a monthly payment higher than what the child would have received in foster care for the same time period. Adoptive parents may also receive up to a \$10,000 tax credit for

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the adoption of a child. The item does not reduce current adoption assistance agreements. (General Fund-State, General Fund-Federal)

21. **Alternative Response** - Funding is reduced by 12.5 percent for the Alternative Response System (ARS). The ARS is used to provide contracted services to families whose referrals to Child Protective Services are determined to be low risk or moderately low risk of intake following an investigation. (General Fund-State, General Fund-Federal)
22. **One-Time Underexpenditure** - Savings are achieved through under expenditures in the Behavioral Rehabilitative Services (BRS) program. The Department will continue to focus on decreasing the length of stay and moving children to a less restrictive setting. (General Fund-State, General Fund-Federal)
23. **Foster Care Recruitment** - Funding is reduced for foster care recruitment to reflect the use of informal networks of community-based outreach and recruitment, including former or current foster parents and local community organizations. (General Fund-State, General Fund-Federal)
24. **Pediatric Interim Care** - Funding for the Pediatric Interim Care (PIC) center beds is reduced from 17 beds to 13 beds to reflect utilization. PIC services are provided to medically-fragile drug-impacted infants.
25. **SSI Reimbursements** - Funding is provided for additional Supplemental Security Income (SSI) facilitators to move children in foster care from a state-only foster care payment or a state and federal foster care payment to a SSI payment. (General Fund-State, General Fund-Federal)
26. **Supervised Visits** - Funding is reduced for supervised visits. The Department will revise supervised visit contracts and reimbursements to achieve savings. (General Fund-State, General Fund-Federal)
27. **Health Insurance Increase** - Funding is provided for an increase in the monthly employer funding rate for state employee health benefits for FY 2011 from \$768 to \$850. (General Fund-State, various other accounts)
28. **Temporary Layoffs** - Agency appropriations are reduced consistent with Chapter 32, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6503), due to the closure of state agencies and higher education institutions, or approved alternative compensation reduction plans. (General Fund-State, various other accounts)

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### WORKLOAD HISTORY By Fiscal Year

	2002	2003	2004	2005	2006	2007	2008	2009	Estimated	
									2010	2011
<b>Foster Care <sup>(1)</sup></b>										
Avg # Children Served Monthly	7,853	7,880	7,713	7,769	7,769	7,909	7,829	7,347	6,747	6,169
% Change from prior year		0.3%	-2.1%	0.7%	0.0%	1.8%	-1.0%	-6.2%	-8.2%	-8.6%
<b>Relative Placements <sup>(2)</sup></b>										
Avg # Children Served Monthly	3,833	3,909	3,998	4,246	4,588	4,684	4,804	4,767	4,430	4,357
% Change from prior year		2.0%	2.3%	6.2%	8.1%	2.1%	2.6%	-0.8%	-7.1%	-1.6%
<b>Child Care <sup>(3)</sup></b>										
Avg # Children Served Monthly	4,441	4,389	4,064	4,182	4,235	4,687	5,457	5,202	5,032	5,131
% Change from prior year		-1.2%	-7.4%	2.9%	1.3%	10.7%	16.4%	-4.7%	-3.3%	2.0%
<b>Child Protective Services (CPS)</b>										
Avg CPS Referrals Monthly	6,461	6,288	6,558	6,481	6,426	6,206	6,109	6,028	6,234	6,222
% Change from prior year		-2.7%	4.3%	-1.2%	-0.8%	-3.4%	-1.6%	-1.3%	3.4%	-0.2%
<b>Adoption Support <sup>(4)</sup></b>										
Avg # Children Served Monthly	6,603	7,392	8,387	9,208	9,964	10,632	11,254	11,964	13,199	14,355
% Change from prior year		12.0%	13.5%	9.8%	8.2%	6.7%	5.8%	6.3%	10.3%	8.8%
<b>Caseload Ratio</b>										
Avg Cases Per Worker <sup>(5)</sup>	24:1	24:1	24:1	24:1	23:1	22:1	20:1	18:1	18:1	18:1

<sup>(1)</sup> Includes unduplicated count of children in licensed foster care placements (family foster care, behavioral rehabilitative services, and receiving care). Does not include unlicensed kinship care. These data are not comparable with prior editions of the Legislative Budget Notes, which provided a duplicated count of children in licensed foster care. Official forecasts are now based on an unduplicated count of children in licensed foster care placements, rather than a duplicated count.

<sup>(2)</sup> Includes an unduplicated count of children in unlicensed kinship care. These data are not comparable with prior editions of the Legislative Budget Notes, which provided a count based on point-in-time during the month and excluded children in guardianships and children in Tribal custody. The placements are now counted based on events occurring at any time during the month and include children in guardianships and children in Tribal custody, so that the population counted for relative placements mirrors the population counted for Foster Care.

<sup>(3)</sup> Includes the following child care services: Child Protective Services (CPS)/Child Welfare Services (CWS), Therapeutic/Medicaid Treatment, and Foster Parent Employment. Data is not comparable to prior editions of the Legislative Budget Notes, which also included teen parent, seasonal child care, and adoption support.

<sup>(4)</sup> Data reflect Adoption Support maintenance payments. These data are not comparable to caseloads displayed in editions of the Legislative Budget Notes published prior to 2006, which reported total eligibles. Official forecasts are now based on maintenance payments rather than eligibles.

<sup>(5)</sup> Combined average number of open cases per worker for CPS, CWS, and Family Reconciliation Services at the end of the fiscal year.

Data Sources:

FY 2000 through FY 2009 actuals for Foster Care, Relative Placements, Child Care, CPS, and Adoption Support are from the Department of Social and Health Services (DSHS) Division of Research and Data Analysis reports.

FY 2000 through FY 2009 actuals for Caseload Ratio are from the DSHS Children's Administration Budget Office.

FY 2010 through FY 2011 data for Relative Placements is from the Caseload Forecast Council.

FY 2010 through FY 2011 estimates for Foster Care and Adoption Support represent the Caseload Forecast Council February 2010 forecast.

FY 2010 through FY 2011 estimates for Child Care, CPS, and Caseload Ratio are from DSHS Children's Administration.

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Original Appropriations</b>	<b>197,951</b>	<b>15,162</b>	<b>213,113</b>
<b>Total Maintenance Changes</b>	<b>8,494</b>	<b>-4,850</b>	<b>3,644</b>
<b>Policy Changes - Early Action Savings</b>			
1. Consolidate Printing Functions	-5	0	-5
2. WSIPP Contract Reduction	-90	0	-90
3. Tribal Contract Reductions	-31	0	-31
4. County Administration Reductions	-48	0	-48
5. EBP Leveraging	-1,200	0	-1,200
<b>Policy Changes - Early Action Savings</b>	<b>-1,374</b>	<b>0</b>	<b>-1,374</b>
<b>Policy Changes - Non-Comp</b>			
6. Reinstate Closure Funding	12,000	0	12,000
7. Youthful Offenders to Corrections	-312	0	-312
8. Reduce Institution Staffing	-3,899	0	-3,899
9. Juvenile Court Reduction	-2,513	0	-2,513
10. JRA Administrative Staff Reduction	-3,742	0	-3,742
11. Close Maple Lane School	-5,833	4,958	-875
12. L&I Rate Changes for Institutions	-171	0	-171
<b>Policy -- Non-Comp Total</b>	<b>-4,470</b>	<b>4,958</b>	<b>488</b>
<b>Policy Changes - Comp</b>			
13. Health Insurance Increase	1,023	5	1,028
14. Temporary Layoffs	-426	-2	-428
<b>Policy -- Comp Total</b>	<b>597</b>	<b>3</b>	<b>600</b>
<b>2009-11 Revised Appropriations</b>	<b>201,198</b>	<b>15,273</b>	<b>216,471</b>
Fiscal Year 2010 Total	-5,170	0	-5,170
Fiscal Year 2011 Total	-77	4,961	4,884

**Comments:**

- Consolidate Printing Functions** - The Department will improve the agency-wide coordination and efficiency of printing functions to achieve savings. (General Fund-State, General Fund-Federal)
- WSIPP Contract Reduction** - Unobligated funds for evaluations of Juvenile Rehabilitation Administration (JRA) programs by the Washington State Institute for Public Policy (WSIPP) are reduced.
- Tribal Contract Reductions** - Funding for tribal contracts related to adjudicated youth is reduced by 5 percent.
- County Administration Reductions** - JRA will reduce goods and services costs associated with administering county contracts.
- EBP Leveraging** - Four JRA staff in institutions and four staff in regional offices will no longer provide case management services to JRA youth. Instead, these staff will provide evidence-based treatment programs (EBP) to youth.
- Reinstate Closure Funding** - The 2009-11 operating budget included a study to develop a plan to close 235 beds in juvenile institutions and reduced funding for the JRA by \$12 million in FY 2011. The supplemental budget assumes closure of Maple Lane School (MLS) by June 30, 2013, and makes other capacity and institutional staffing reductions. As a result of this decision, the unspecified reduction of \$12 million in the 2009-11 biennium is restored.
- Youthful Offenders to Corrections** - Juveniles who are scheduled to finish their sentences in a Department of Corrections (DOC) facility are transferred from JRA to DOC at the age of 18 beginning in FY 2011. These transfers will reduce the annual average daily population by 13. A proviso requires JRA to evaluate offenders prior to transfer to determine the offender's physical and emotional suitability for transfer.
- Reduce Institution Staffing** - The number of JRA staff in the residential institutions is reduced.
- Juvenile Court Reduction** - County pass-through funding for juvenile courts is reduced by 10 percent, effective April 1,

## Department of Social and Health Services Juvenile Rehabilitation

2010. The reduction is in non-evidence based, non-sex offender disposition alternative funding.

10. **JRA Administrative Staff Reduction** - Funding for JRA regional and headquarters staffing is reduced.
11. **Close Maple Lane School** - Funding from the State Efficiency and Reorganization Account (SERA) is provided and General Fund-State savings are assumed for the closure of MLS by June 30, 2013. Phased reduction and reallocation of capacity from MLS are (amount remaining from full funding and capacity): 70 percent in FY 2011, 40 percent in FY 2012, and 20 percent in FY 2013. The capital budget provides \$760,000 in state bonds and \$15.8 million in certificate of participation authority for renovation and construction of specialized housing and treatment facilities at other institutions. Funding from SERA makes greater state general fund savings possible, effectively bringing future savings associated with MLS closure into the 2009-11 biennium. (General Fund-State, State Efficiency and Restructuring Account-State)
12. **L&I Rate Changes for Institutions** - Agencies are required to find sufficient efficiencies in their operations to cover any increased worker's compensation costs needed to allow them to perform their mission.
13. **Health Insurance Increase** - Funding is provided for an increase in the monthly employer funding rate for state employee health benefits for FY 2011 from \$768 to \$850. (General Fund-State, various other accounts)
14. **Temporary Layoffs** - Agency appropriations are reduced consistent with Chapter 32, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6503), due to the closure of state agencies and higher education institutions, or approved alternative compensation reduction plans. (General Fund-State, various other accounts)

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

**WORKLOAD HISTORY**  
By Fiscal Year

	2002	2003	2004	2005	2006	2007	2008	2009	<u>Estimated</u>	
									2010	2011
<b>Community Residential</b> <sup>(1)</sup>										
Avg Daily Population/Month	173	172	144	123	99	92	102	78	101	131
% Change from prior year		-0.5%	-16.6%	-14.7%	-19.2%	-7.1%	10.9%	-23.5%	29.5%	29.7%
<b>Institutions</b>										
Avg Daily Population/Month	937	797	781	782	728	736	676	624	615	572
% Change from prior year		-14.9%	-2.1%	0.1%	-6.8%	1.1%	-8.2%	-7.7%	-1.4%	-7.0%
<b>Parole</b> <sup>(2)</sup>										
Avg Daily Population/Month	1,006	847	802	728	751	692	708	689	440	440
% Change from prior year		-15.8%	-5.3%	-9.2%	3.1%	-7.9%	2.3%	-2.7%	-36.1%	0.0%

<sup>(1)</sup> 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.

<sup>(2)</sup> Parole eligibility standards were significantly modified in FY 2000 and FY 2003.

Data Sources :

FY 2002 through FY 2006 from the Department of Social and Health Services (DSHS) Juvenile Rehabilitation Administration (JRA).

FY 2007 through FY 2009 data are from legislative fiscal staff.

FY 2010 through FY 2011 data are from DSHS JRA and legislative fiscal staff.

**Department of Social and Health Services  
Mental Health**

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Original Appropriations</b>	<b>820,901</b>	<b>704,690</b>	<b>1,525,591</b>
<b>Total Maintenance Changes</b>	<b>17,981</b>	<b>21,752</b>	<b>39,733</b>
<b>Policy Changes - Early Action Savings</b>			
1. Administrative and Staff Reductions	-154	-232	-386
2. Consolidate Printing Functions	-17	-13	-30
<b>Policy Changes - Early Action Savings</b>	<b>-171</b>	<b>-245</b>	<b>-416</b>
<b>Policy Changes - Non-Comp</b>			
3. Staff Reduction Direct Care-Vacant	-1,218	0	-1,218
4. Inst Staff Admin & Indirect Care	-3,281	0	-3,281
5. Stimulus FMAP Extension	-27,142	27,142	0
6. Implement New Medicaid Rates	139	236	375
7. RSN Technical Assistance	100	0	100
8. Administrative Streamlining	-48	-62	-110
9. RSN Local Match	0	4,873	4,873
10. Community Detention Capacity	60	0	60
11. Involuntary Treatment Assessments	60	0	60
12. Psychiatric Security Review Panel	260	0	260
13. Medicaid Match on PACT	-1,300	1,300	0
14. Hospital Safety Net Assessment	0	7,165	7,165
15. L&I Rate Changes for Institutions	-1,645	0	-1,645
<b>Policy -- Non-Comp Total</b>	<b>-34,015</b>	<b>40,654</b>	<b>6,639</b>
<b>Policy Changes - Comp</b>			
16. Health Insurance Increase	2,947	444	3,391
17. Temporary Layoffs	-971	-289	-1,260
<b>Policy -- Comp Total</b>	<b>1,976</b>	<b>155</b>	<b>2,131</b>
<b>2009-11 Revised Appropriations</b>	<b>806,672</b>	<b>767,006</b>	<b>1,573,678</b>
Fiscal Year 2010 Total	-2,717	3,079	362
Fiscal Year 2011 Total	-29,493	37,485	7,992

**Comments:**

- Administrative and Staff Reductions** - The Mental Health Division will achieve savings by eliminating 1.1 administrative positions in headquarters and 2.0 non-direct care staff positions at the Child Study and Treatment Center. (General Fund-State, General Fund-Federal)
- Consolidate Printing Functions** - The Department will improve the agency-wide coordination and efficiency of printing functions to achieve savings. (General Fund-State, General Fund-Federal)
- Staff Reduction Direct Care-Vacant** - Savings are achieved by eliminating 7.0 vacant direct care positions.
- Inst Staff Admin & Indirect Care** - Savings are achieved by eliminating indirect care and administrative positions at the state psychiatric hospitals.
- Stimulus FMAP Extension** - The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs that the federal government provides. The American Recovery and Reinvestment Act of 2009 increased FMAP by almost 13 percentage points for FY 2010 and the first six months of FY 2011. The Legislature anticipates that the FMAP increase from 50 percent to 62.94 percent will be extended for six additional months through June 2011, resulting in a reduction in state expenditures for services that receive Medicaid Title XIX and Title VI E federal match. (General Fund-State, General Fund-Federal)
- Implement New Medicaid Rates** - The Department of Social and Health Services has completed a federally-required "rebasin" and actuarial re-certification of the managed care rates that are paid to Regional Support Networks (RSNs) for delivery of Medicaid mental health services. Sufficient state and federal funds are provided to set rates at a level equivalent to: (1) the RSN's current state and federal rates; (2) at the lower end of the RSN's new actuarially-sound rate range, if that is higher than the RSN's current rate level; or (3) at the top of the RSN's new federally-allowable rate range, if that is less than the

## Department of Social and Health Services Mental Health

- RSN's current rate. This is expected to result in: higher state and federal payment levels in two RSN areas; no change in the total funding available in nine others; and in reductions of 7-13 percent in two sparsely populated regions. (General Fund-State, General Fund-Federal)
7. **RSN Technical Assistance** - Funding is provided for consultation and technical assistance on methods for effectively delivering mental health services in very sparsely populated Regional Support Network (RSN) areas, such as the Chelan-Douglas and North Central RSNs.
  8. **Administrative Streamlining** - Additional staffing reductions are achieved through efficiencies in the executive workforce.
  9. **RSN Local Match** - Appropriation authority is provided so that RSNs may provide additional Medicaid services with a combination of local and federal funds. (General Fund-Federal, General Fund-Private/Local)
  10. **Community Detention Capacity** - Funds are provided for the Washington State Institute for Public Policy (WSIPP) to research cost-effective strategies for achieving the increased community detention and treatment capacity associated with implementation of sections 2 and 3 of Chapter 280, Laws of 2010 (2SHB 3076).
  11. **Involuntary Treatment Assessments** - As required by 2SHB 3076, funds are provided for WSIPP to identify research-based tools that might be used to more objectively and consistently determine when a person poses so significant a danger to themselves or others by reason of a mental condition as to require involuntary mental health treatment.
  12. **Psychiatric Security Review Panel** - Funds are provided for implementation of Chapter 263, Laws of 2010 (ESB 6610), which establishes a new independent panel to review and provide recommendations to the court on all applications for release of persons who have been judged not guilty by reason of insanity.
  13. **Medicaid Match on PACT** - Program for Assertive Community Treatment (PACT) teams provide evidence-based, intensive, and multi-disciplinary community mental health services to individuals at demonstrated risk of repeated and long-term psychiatric hospitalization. The Department will implement strategies by January 2011 to incorporate most of the services provided into Medicaid managed care rates, while maintaining service quality and consistency with evidence-based practice. (General Fund-State, General Fund-Federal)
  14. **Hospital Safety Net Assessment** - Funding is provided to cover the cost of the psychiatric hospital rate increases required by Chapter 30, Laws of 2010, 1st sp.s. (E2SHB 2956). (General Fund-State, General Fund-Federal, Hospital Safety Net Assessment Fund)
  15. **L&I Rate Changes for Institutions** - Agencies are required to find sufficient efficiencies in their operations to cover increased worker's compensation costs.
  16. **Health Insurance Increase** - Funding is provided for an increase in the monthly employer funding rate for state employee health benefits for FY 2011 from \$768 to \$850. (General Fund-State, various other accounts)
  17. **Temporary Layoffs** - Agency appropriations are reduced consistent with Chapter 32, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6503), due to the closure of state agencies and higher education institutions, or approved alternative compensation reduction plans. (General Fund-State, various other accounts)

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

**WORKLOAD HISTORY  
By Fiscal Year**

	2002	2003	2004	2005	2006	2007	2008	2009	<u>Estimated</u>	
									2010	2011
<b>State Hospitals <sup>(1)</sup></b>										
Avg Daily Census/Month	1,328	1,231	1,192	1,207	1,262	1,292	1,251	1,172	1,197	1,189
% Change from prior year		-7.3%	-3.1%	1.2%	4.6%	2.4%	-3.1%	-6.3%	2.1%	-0.6%
<b>Community Outpatient Services</b>										
<b>Avg Persons Served per Month</b>	<b>51,206</b>	<b>53,141</b>	<b>55,252</b>	<b>53,918</b>	<b>51,779</b>	<b>49,874</b>	<b>49,203</b>	<b>44,500</b>	<b>48,000</b>	<b>50,500</b>
% Change from prior year		3.8%	4.0%	-2.4%	-4.0%	-3.7%	-1.3%	-9.6%	7.9%	5.2%
Adults	36,938	38,091	39,402	38,340	36,979	35,738	35,278	32,300	34,800	36,200
% Change from prior year		3.1%	3.4%	-2.7%	-3.5%	-3.4%	-1.3%	-8.4%	7.7%	4.0%
Children	14,268	15,050	15,849	15,578	14,800	14,136	13,925	12,200	13,200	14,300
% Change from prior year		5.5%	5.3%	-1.7%	-5.0%	-4.5%	-1.5%	-12.4%	8.2%	8.3%
People on Medicaid	37,750	40,782	45,174	46,752	45,219	42,802	42,322	38,100	42,700	45,200
% Change from prior year		8.0%	10.8%	3.5%	-3.3%	-5.3%	-1.1%	-10.0%	12.1%	5.9%
People not on Medicaid	13,456	12,358	10,078	7,166	6,560	7,072	6,881	6,400	5,300	5,300
% Change from prior year		-8.2%	-18.5%	-28.9%	-8.4%	7.8%	-2.7%	-7.0%	-17.2%	0.0%

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

Data Sources :

FY 2000 through FY 2009 actuals are from DSHS Division of Research and Data Analysis reports.

FY 2010 and FY 2011 estimates are by legislative fiscal committee staff.

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Original Appropriations</b>	<b>820,242</b>	<b>1,098,649</b>	<b>1,918,891</b>
<b>Total Maintenance Changes</b>	<b>11,300</b>	<b>1,039</b>	<b>12,339</b>
<b>Policy Changes - Early Action Savings</b>			
1. Administrative and Staff Reductions	-3,521	-2,347	-5,868
2. Consolidate Printing Functions	-24	-12	-36
<b>Policy Changes - Early Action Savings</b>	<b>-3,545</b>	<b>-2,359</b>	<b>-5,904</b>
<b>Policy Changes - Non-Comp</b>			
3. Reduce Institutional Funding	-890	-1,605	-2,495
4. Stimulus FMAP Extension	-56,833	56,833	0
5. Utilization of Residential Services	-1,841	-1,031	-2,872
6. Employment Partnership	-787	-963	-1,750
7. Federal Funds Adjustment	0	5,346	5,346
8. Employment and Day (Transition)	1,702	0	1,702
9. Employment and Day to Waiver	1,104	1,772	2,876
10. Waiver Graduate Employment Services	680	1,111	1,791
11. DD Community Protection Residential	869	1,316	2,185
12. DD Expanded Community Residential	975	1,458	2,433
13. Adjust Res Rate for Licens Fee Incr	0	1	1
14. Reduce Agency Admin Rate	-95	-154	-249
15. Eliminate Hours Add-On	-725	-1,175	-1,900
16. DD Revised Residential Phase-In	1,038	1,833	2,871
17. Community Direct Support	200	0	200
18. MPC Restoration	508	822	1,330
19. Infant and Toddler Program Transfer	0	-16,795	-16,795
20. Governor Veto	-200	0	-200
<b>Policy -- Non-Comp Total</b>	<b>-54,295</b>	<b>48,769</b>	<b>-5,526</b>
<b>Policy Changes - Comp</b>			
21. Health Insurance Increase	1,775	1,581	3,356
22. Temporary Layoffs	-137	-915	-1,052
<b>Policy -- Comp Total</b>	<b>1,638</b>	<b>666</b>	<b>2,304</b>
<b>2009-11 Revised Appropriations</b>	<b>775,340</b>	<b>1,146,764</b>	<b>1,922,104</b>
Fiscal Year 2010 Total	-3,640	-4,653	-8,293
Fiscal Year 2011 Total	-52,562	51,729	-833

**Comments:**

- 1. Administrative and Staff Reductions** - The Division of Developmental Disabilities (DDD) will capture savings by reducing travel, deferring equipment replacement, and reducing the use of personal services contracts. The agency will hold open vacant case manager positions. Some residential habilitation center cottages have been consolidated; as a result of this consolidation, some positions in these centers will be eliminated. (General Fund-State, General Fund-Federal)
- 2. Consolidate Printing Functions** - The Department will improve the agency-wide coordination and efficiency of printing functions to achieve savings. (General Fund-State, General Fund-Federal)
- 3. Reduce Institutional Funding** - Savings are achieved through the implementation of efficiency measures at the state's Residential Habilitation Centers. Measures include cottage consolidation, changing maintenance schedules, reduced adult training programs, and reductions in services such as dental care. (General Fund-State, General Fund-Federal)
- 4. Stimulus FMAP Extension** - The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs that the federal government provides. The American Recovery and Reinvestment Act of 2009 increased FMAP by almost 13 percentage points for FY 2010 and the first six months of FY 2011. The Legislature anticipates that the FMAP increase from 50 percent to 62.94 percent will be extended for six additional months through June 2011, resulting in a reduction in state

## Department of Social and Health Services Developmental Disabilities

- expenditures for services that receive Medicaid Title XIX and Title VI E federal match. (General Fund-State, General Fund-Federal)
5. **Utilization of Residential Services** - Funding is provided for residential services in Adult Supported Living, Child Supported Living, Group Homes, Community Protection, and Community Intermediate Care Facilities for the Mentally Retarded. (General Fund-State, General Fund-Federal)
  6. **Employment Partnership** - The Jobs by 21 Partnership provides project awards to counties to help leverage funding to improve employment outcomes for individuals with developmental disabilities. Partnership funding will be reduced by 75 percent in FY 2010 and eliminated as of July 1, 2010. (General Fund-State, General Fund-Federal)
  7. **Federal Funds Adjustment** - Federal funds were appropriated for FY 2009 and FY 2010. These funds will instead be expended in FY 2011.
  8. **Employment and Day (Transition)** - Funding is provided for supported employment services for 429 individuals who are expected to graduate from high school during the 2009-11 biennium. No funding was provided in the biennial budget for this item. Employment and day services include job creation and job supports for paid employment. Services are provided at an average per client funding level of \$515 per month.
  9. **Employment and Day to Waiver** - Funding is provided for supported employment and other services for a total of 629 clients of DDD who graduate from high school during the 2009-11 biennium. (General Fund-State, General Fund-Federal)
  10. **Waiver Graduate Employment Services** - Funding is provided for supported employment and day service for approximately 343 graduating high school or transition students. These students are currently on a Home and Community-Based Services Waiver, and supported employment and day services are a component of the waiver. Funding was not included for these waiver clients in the 2009-11 biennial appropriations act. (General Fund-State, General Fund-Federal)
  11. **DD Community Protection Residential** - Residential services, employment services, specialized therapies, and intensive case management and supports are provided for 13 additional new clients who pose a public safety risk. (General Fund-State, General Fund-Federal)
  12. **DD Expanded Community Residential** - Residential services and support will be provided for 24 people with developmental disabilities that will be aging out of other Department of Social and Health Services (DSHS) services such as the Juvenile Rehabilitation Administration and Children's Administration without other living arrangements available. (General Fund-State, General Fund-Federal)
  13. **Adjust Res Rate for Licens Fee Incr** - Boarding home Medicaid rates for publicly-funded beds are increased by approximately \$0.07 per patient day to cover costs associated with higher licensing fees that will begin July 1, 2010. (General Fund-Federal, Private-Local)
  14. **Reduce Agency Admin Rate** - The administrative portion of the hourly vendor rate paid to agency providers of in-home care is reduced by 2.5 percent. (General Fund-State, General Fund-Federal)
  15. **Eliminate Hours Add-On** - Authorized in-home personal care hours for clients who receive the highest possible authorization of hours for special meal preparation or incontinence despite having assistance available from family or friends are reduced. Authorization for service hours will now, like other services, be based upon the individual's assessed needs. Approximately 1,400 DDD clients will have a reduction in service hours. (General Fund-State, General Fund-Federal)
  16. **DD Revised Residential Phase-In** - Funding is provided to cover additional costs associated with an adjustment to the phase-in schedule for individuals entering the Expanded Community Services and Public Safety programs. These funds will be used to provide residential services for individuals released from mental hospitals, correctional facilities, or aging out of other DSHS programs this year who do not have alternative living arrangements. (General Fund-State, General Fund-Federal)
  17. **Community Direct Support** - The sum of \$100,000 General Fund-State is provided for direct support to families of individuals with developmental disabilities, also provided is \$100,000 General Fund-State for direct support of local organizations that utilize parent-to-parent networks and communication to promote access and quality of care for individuals with developmental disabilities and their families. This item was vetoed (please see Governor Veto item below).
  18. **MPC Restoration** - Additional funding is provided for restoration of the Medicaid Personal Care (MPC) hours reduction in the 2009-11 biennial appropriations act. (General Fund-State, General Fund-Federal)
  19. **Infant and Toddler Program Transfer** - Funding for the Infant and Toddler Early Intervention Program is transferred to the Department of Early Learning per Chapter 233, Laws of 2010 (SB 6593).
  20. **Governor Veto** - The Governor vetoed Section 205 (1) (r) and (s) of Chapter 37, Laws of 2010, 1st. sp.s., Partial Veto (ESSB 6444), which directed DSHS to spend an additional \$100,000 to provide instruction in self-advocacy to families of individuals with developmental disabilities.
  21. **Health Insurance Increase** - Funding is provided for an increase in the monthly employer funding rate for state employee health benefits for FY 2011 from \$768 to \$850. (General Fund-State, various other accounts)

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

22. **Temporary Layoffs** - Agency appropriations are reduced consistent with Chapter 32, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6503), due to the closure of state agencies and higher education institutions, or approved alternative compensation reduction plans. (General Fund-State, various other accounts)

## Department of Social & Health Services Developmental Disabilities

### WORKLOAD HISTORY

By Fiscal Year

	2002	2003	2004	2005	2006	2007	2008	2009	Estimated	
									2010	2011
<b>Institutions<sup>(1)</sup></b>										
Avg Monthly Population	1,093	1,044	1,035	1,101	982	996	997	982	976	960
% Change from prior year		-4.5%	-0.9%	6.4%	-10.8%	1.4%	0.1%	-1.5%	-0.6%	-1.6%
<b>Community Residential Programs<sup>(2)</sup></b>										
Avg Month End Contracted Beds	4,010	4,005	4,469	4,903	4,723	4,637	4,493	5,645	6,554	6,872
% Change from prior year		-0.1%	11.6%	9.7%	-3.7%	-1.8%	-3.1%	25.6%	16.1%	4.9%
<b>Employment &amp; Day Programs<sup>(3)</sup></b>										
Avg Monthly Number Served	10,186	10,693	8,731	8,636	9,021	9,454	9,853	10,515	10,757	11,167
% Change from prior year		5.0%	-18.3%	-1.1%	4.5%	4.8%	4.2%	6.7%	2.3%	3.8%
<b>Individual and Family Services<sup>(4)</sup></b>										
Number of Clients Served	3,307	2,368	3,710	3,655	4,089	4,493	2,708	2,742	2,669	2,811
% Change from prior year		-28.4%	56.7%	-1.5%	11.9%	9.9%	-39.7%	1.3%	-2.7%	5.3%
<b>Waiver Respite<sup>(5)</sup></b>										
Number of Clients Served						129	2,097	2,098	2,175	2,330
% Change from prior year							1525.6%	0.0%	3.7%	7.1%
<b>Personal Care<sup>(6)</sup></b>										
Number of Clients Served	9,972	10,677	10,933	10,986	11,150	11,391	11,662	12,192	12,876	14,058
% Change from prior year		7.1%	2.4%	0.5%	1.5%	2.2%	2.4%	4.5%	5.6%	9.2%

<sup>(1)</sup> Caseload counts include long-term and short-term stays.

<sup>(2)</sup> Includes Alternate Living, Group Homes, Companion Homes, Supported Living, Community Protection, and Community Intermediate Council. Prior to FY 1990, Developmental Disabilities' clients enrolled in these programs were counted in the Long-Term Care program totals.

<sup>(3)</sup> Employment and day programs include Supported Employment, Group Supported Employment, Person to Person, Child Development Services, Sheltered Industries, and Community Access.

<sup>(4)</sup> Individual and Family Services (IFS) cover state-only respite, therapies, equipment and supplies, modifications for disability access, recreation and nursing. Respite in the waivers was included in this caseload through 2006. At that time, the respite waiver services was moved to another budget unit. Individual and Family Services now contains state-only respite.

<sup>(5)</sup> Waiver respite was moved from Family Support to other community services. It is no longer part of IFS.

<sup>(6)</sup> Personal Care services include children and adults receiving individual provider and agency provider in-home services and personal care adult family home and adult residential care in both the Medicaid personal care and Waiver programs.

#### Data Sources:

For Personal Care, FY 2009 forward is from the Caseload Forecast Council.

Except as noted above, FY 2010 and FY 2011 are estimates from the allotment process.

Other data is from the Department of Social and Health Service's Executive Management Information System and the Aging and Disability Services Administration Comprehensive Assessment Reporting Evaluation database.

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Original Appropriations</b>	<b>1,284,289</b>	<b>1,836,288</b>	<b>3,120,577</b>
<b>Total Maintenance Changes</b>	<b>37,036</b>	<b>-160</b>	<b>36,876</b>
<b>Policy Changes - Early Action Savings</b>			
1. Administrative and Staff Reductions	-2,032	-2,659	-4,691
2. Consolidate Printing Functions	-24	-21	-45
3. Human Resources Reduction	-142	-125	-267
4. Expedite Nursing Home Discharges	-4,025	-5,736	-9,761
<b>Policy Changes - Early Action Savings</b>	<b>-6,223</b>	<b>-8,541</b>	<b>-14,764</b>
<b>Policy Changes - Non-Comp</b>			
5. Administrative and Staff Reductions	-75	-95	-170
6. Stimulus FMAP Extension	-90,401	90,401	0
7. Administrative Streamlining	-48	-62	-110
8. Traumatic Brain Injury	0	750	750
9. TBI Transfer	-1,500	1,500	0
10. ProviderOne Implementation	209	210	419
11. Adult Day Health - TRO	19,306	17,439	36,745
12. Increase Residential License Fees	-1,104	1,702	598
13. Adjust Res Rate for Licens Fee Incr	0	180	180
14. Increase Nursing Home License Fees	-1,920	31	-1,889
15. Adjust NH Rate for License Fee Incr	0	521	521
16. Reduce Agency Admin Rate	-531	-862	-1,393
17. Eliminate Hours Add-On	-4,386	-7,114	-11,500
18. NH Rates Retention Incentive	-28	-107	-135
19. NH Rates Freeze Capital Growth	-370	-600	-970
20. NH Rates Eliminate Bed Banking	-444	-720	-1,164
21. NH Rates Eliminate Variable Return	-4,619	-7,491	-12,110
22. NH Rates Increase Minimum Occupancy	-2,221	-3,602	-5,823
23. NH Rates Case Mix Adjustments	-163	-264	-427
24. NH Rates Finance Allowance	-2,058	-3,337	-5,395
25. WHCA v Dreyfus	38,247	62,499	100,746
26. NH Rates Add-On Adjustment	-844	-1,369	-2,213
27. NH Exceptional Care TBI Rate	0	188	188
28. Adult Day Health - Partial Restore	1,358	2,050	3,408
29. MPC Restoration	3,070	4,980	8,050
30. Individual Provider Registry	1,000	0	1,000
31. Adult Day Health - Revised Savings	-12,570	-8,148	-20,718
32. Expedite Nursing Home Discharges	716	123	839
<b>Policy -- Non-Comp Total</b>	<b>-59,376</b>	<b>148,803</b>	<b>89,427</b>
<b>Policy Changes - Comp</b>			
33. Health Insurance Increase	632	564	1,196
34. Temporary Layoffs	-986	-1,516	-2,502
<b>Policy -- Comp Total</b>	<b>-354</b>	<b>-952</b>	<b>-1,306</b>
<b>2009-11 Revised Appropriations</b>	<b>1,255,372</b>	<b>1,975,438</b>	<b>3,230,810</b>
Fiscal Year 2010 Total	22,303	35,683	57,986
Fiscal Year 2011 Total	-88,256	103,627	15,371

**Comments:**

- 1. Administrative and Staff Reductions** - The Long-Term Care program will achieve savings by eliminating 25.8 vacant and administrative staff positions. (General Fund-State, General Fund-Federal)
- 2. Consolidate Printing Functions** - The Department will improve the agency-wide coordination and efficiency of printing functions to achieve savings. (General Fund-State, General Fund-Federal)

## Department of Social and Health Services Long-Term Care

3. **Human Resources Reduction** - Savings are achieved by streamlining human resources functions across the Department. The Department will eliminate 11.2 FTEs agency-wide. (General Fund-State, General Fund-Federal)
4. **Expedite Nursing Home Discharges** - Aging and Disability Services will achieve savings through increased case management to facilitate timely discharge from nursing homes for approximately 60 additional clients per month. The actual number of clients being served in nursing homes is about 250 per month higher than the projected November forecast. This is due to some extent to the length of stay that has increased partly because of higher caseloads per case managers. These staff will provide outreach, financial counseling, and support to facilitate more discharges to community settings for clients that are medically-ready and prefer care in a less skilled nursing environment. The costs of serving a client in a nursing home are approximately twice as much as those for serving a client in a home- or community-based setting. (General Fund-State, General Fund-Federal)
5. **Administrative and Staff Reductions** - Long-Term Care will reduce their administration by approximately 1.0 FTE to support Department of Social and Health Services (DSHS) streamlining. The reduction must not be taken from Aging and Disability Services Administration's (ADSA) Decision Support and Data Analysis team.
6. **Stimulus FMAP Extension** - The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs that the federal government provides. The American Recovery and Reinvestment Act of 2009 increased FMAP by almost 13 percentage points for FY 2010 and the first six months of FY 2011. The Legislature anticipates that the FMAP increase from 50 percent to 62.94 percent will be extended for six additional months through June 2011, resulting in a reduction in state expenditures for services that receive Medicaid Title XIX and Title VI E federal match. (General Fund-State, General Fund-Federal)
7. **Administrative Streamlining** - The agency will reduce its executive workforce. (General Fund-State, General Fund-Federal)
8. **Traumatic Brain Injury** - Funding is provided for the purpose of expanding Traumatic Brain Injury (TBI) services as recommended by the TBI Council. Funding will be used to expand support group services with an emphasis on persons returning from active military duty with TBI and their families. The TBI Council will also work to establish training and outreach for first responders and medical emergency staff, to improve awareness of health insurance coverage options, to promote best practices in private health insurance, and to secure additional federal and private funding to develop housing specifically for individuals with traumatic brain injuries.
9. **TBI Transfer** - The unspent balance in the TBI Account is used to offset costs for long-term care clients such as increases in mandatory caseloads. As of September 2009, long-term care was serving 2,092 clients in the home-and-community-based system and 136 clients in the nursing home system with some level of TBI. (General Fund-State, Traumatic Brain Injury Account)
10. **ProviderOne Implementation** - Two temporary FTEs and associated funding are required to develop and implement an automated interface between the Department's ProviderOne payment system and ADSA's Case Management Information System. (General Fund-State, General Fund-Federal)
11. **Adult Day Health - TRO** - The 2009 Legislature eliminated adult day health services for clients living in residential settings in the 2009-11 biennial budget; however, savings have not been realized due to a lawsuit. A court decision in Ryan v. Dreyfus implemented a temporary restraining order (TRO) that blocked the 2009-11 decision to only offer adult day health services to in-home clients. All clients who were previously denied services were reinstated by December 2009. (General Fund-State, General Fund-Federal)
12. **Increase Residential License Fees** - Beginning July 1, 2010, license fees for Boarding Homes (BH) are increased from \$79 to \$106 per bed to cover the cost of providing licensure, regulatory, and re-inspection services that the agency is required by law to provide. BHs that serve Medicaid-eligible clients will receive additional funding in their Medicaid rates to cover the increased costs for licensing and regulating publicly-funded beds. (General Fund-State, General Fund-Federal, Private-Local)
13. **Adjust Res Rate for Licens Fee Incr** - BH Medicaid rates for publicly-funded beds are increased by approximately \$0.07 per patient day to cover costs associated with higher licensing fees that will begin July 1, 2010. (General Fund Federal, Private-Local)
14. **Increase Nursing Home License Fees** - Beginning July 1, 2010, license fees for Nursing Homes (NH) are increased from \$275 to \$327 per bed to cover the cost of providing licensure, regulatory, and re-inspection services that the agency is required by law to provide. NHs that serve Medicaid-eligible clients will receive additional funding in their Medicaid rates to cover the increased costs for licensing publicly-funded beds. (General Fund-State, General Fund-Federal, Private-Local)
15. **Adjust NH Rate for License Fee Incr** - NH Medicaid rates for publicly-funded beds are increased by approximately \$0.14 per patient day to cover costs associated with higher licensing fees that will begin July 1, 2010. (General Fund Federal, Private-Local)
16. **Reduce Agency Admin Rate** - The administrative portion of the hourly vendor rate paid to agency providers of in-home care

## Department of Social and Health Services Long-Term Care

is reduced by 2.5 percent. (General Fund-State, General Fund-Federal)

17. **Eliminate Hours Add-On** - Authorization for in-home service hours allowed for special meal preparation or incontinence will be based upon individual assessments of a client's needs like the authorization for other long-term care services. Previously, clients were authorized the maximum number of hours available for these two services regardless of acuity levels, individual needs, and the level of available assistance from family or friends. Approximately 8,100 long-term care clients will receive a reduction in authorized service hours. The average reduction is 8.4 hours. Clients whose individual assessments indicate a continued need for the maximum number of hours will continue to be authorized for those service hours. (General Fund-State, General Fund-Federal)
18. **NH Rates Retention Incentive** - Effective July 1, 2010, and thereafter, a retention incentive is created as required by Chapter 34, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6872). The total NH rate is reduced by 1 percent for those facilities with direct care staff turnover above 75 percent as reported for all facilities on the relevant annual cost reports submitted to the Department. Effective July 1, 2010, and thereafter, the retention incentive funding that is returned to the state will be redistributed as a supplemental performance payment for the facilities that keep their direct care staff turnover at or below the 75 percent direct care staff turnover. One-time funding in FY 2010 is for the purpose of contracting with a consultant to review and evaluate pay-for-performance subsidy options and to develop recommendations in a report to the Legislature. (General Fund-State, General Fund-Federal)
19. **NH Rates Freeze Capital Growth** - New capital projects are put on hold and the allowance for growth of less than 2 percent per year in the property and financing allowance is frozen. (General Fund-State, General Fund-Federal)
20. **NH Rates Eliminate Bed Banking** - As required by ESSB 6872, approximately 20 nursing facilities will no longer be able to reduce the effects of minimum occupancy through bed banking (temporarily reducing the number of patient beds for which they are licensed). These facilities will need to decide whether to renew the Medicaid licensing on these beds, sell them, or relinquish them. (General Fund-State, General Fund-Federal)
21. **NH Rates Eliminate Variable Return** - The variable return component of the NH payment system is eliminated. Variable return was intended to reward facilities with the lowest costs by providing them flexible funding. It was calculated by ranking all facilities from highest to lowest based on their adjusted costs (lids excluded). The highest dollar amounts were paid to the facilities with the lowest cost regardless of the individual facility's level of efficiency or quality of care.

As required by the final passage of ESSB 6872, the variable return component is phased-out rather than eliminated all at

once. Beginning July 1, 2010, variable return is funded at 30 percent of the June 30, 2006, level. Effective July 1, 2011, variable return is eliminated. (General Fund-State, General Fund-Federal)

22. **NH Rates Increase Minimum Occupancy** - Minimum occupancy in the operating, finance, and property components of the NH payment system is raised from 90 percent to 95 percent for large non-essential community provider nursing facilities. Per RCW 74.46, if a facility does not maintain the minimum level of occupancy, they are charged a penalty. NHs with 60 or fewer beds (small non-essential community providers) will continue to be held at 90 percent occupancy. Essential community providers will continue to be held at 85 percent occupancy.

As required by the final passage of ESSB 6872, the minimum occupancy in the operating, finance, and property components of the NH payment system is raised from 90 percent to 92 percent for large non-essential community provider nursing facilities. (General Fund-State, General Fund-Federal)

23. **NH Rates Case Mix Adjustments** - The average level of case mix for Medicaid clients in Washington will be adjusted once every six months rather than on a quarterly basis. The facility's average case mix index will continue to get updated when rates are re-based. (General Fund-State, General Fund-Federal)
24. **NH Rates Finance Allowance** - The allowable return on investment in the Finance Allowance component is reduced from 8.5 percent to 4.0 percent on the net book value of a facility's assets acquired on or after May 17, 1999 (tangible fixed assets such as leases and allowable land costs). The percentage of return on investment is set by the state and is adjusted to reflect lowering interest rates for commercial health industry loans.

ESSB 6872, as passed the Legislature, also reduced the allowable return on investment in the Finance Allowance component from 10 percent to 4 percent on the net book value of a facility's assets acquired before May 17, 1999. However, the Governor vetoed Section 6 of the bill that made the changes to the Finance Allowance component. Thus, the allowable return on investment for all assets will remain as in current law. (General Fund-State, General Fund-Federal)

25. **WHCA v Dreyfus** - The 2009 Legislature reduced the Medicaid payment rates for NHs by 4 percent from the FY 2009 funded levels. A court decision in Washington Health Care Association (WHCA) v. Dreyfus blocked the implementation of this rate reduction. (General Fund-State, General Fund-Federal)
26. **NH Rates Add-On Adjustment** - Eliminates a 0.06 percent add-on established in 2001 by the Legislature to "increase the median price per case-mix unit." Since that time, a regular rebase has been enacted in statute that takes into account actual changes in case mix, the costs therein, and makes funding

## Department of Social and Health Services Long-Term Care

adjustments accordingly. (General Fund-State, General Fund-Federal)

27. **NH Exceptional Care TBI Rate** - Funding is provided for an exceptional rate add-on for facilities serving a high concentration of traumatic brain injury (TBI) residents and that also have a high percentage Medicaid census. (General Fund-State, General Fund-Federal).
28. **Adult Day Health - Partial Restore** - Funding is provided for additional enrollment in the Adult Day Health (ADH) program. The total number of persons to be served by ADH will be maintained at approximately 1,575 clients. (General Fund-State, General Fund-Federal)
29. **MPC Restoration** - Additional funding is provided for restoration of the Medicaid Personal Care (MPC) hours reduction in the 2009-11 biennial appropriations act. (General Fund-State, General Fund-Federal)
30. **Individual Provider Registry** - Funding is provided for the Department to contract for the provision of an individual provider registry. (General Fund-State)
31. **Adult Day Health - Revised Savings** - A court decision blocked the 2009-11 decision to only offer Adult Day Health services to in-home clients, resulting in lower savings than were assumed in the biennial budget. All clients who were previously denied services were offered reinstatement by December 2009. The program will move to a 1915(i) Medicaid state plan option as of January 1, 2010, and enrollment will be capped. (General Fund-State, General Fund-Federal)
32. **Expedite Nursing Home Discharges** - The savings assumed in Chapter 3, Laws of 2010, 1st sp.s. (EHB 2360), for providing additional NH discharge staff to help an additional 700 Medicaid NH residents move to community care residential settings when they are ready is adjusted. (General Fund-State, General Fund-Federal)
33. **Health Insurance Increase** - Funding is provided for an increase in the monthly employer funding rate for state employee health benefits for FY 2011 from \$768 to \$850. (General Fund-State, various other accounts)
34. **Temporary Layoffs** - Agency appropriations are reduced consistent with Chapter 32, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6503), due to the closure of state agencies and higher education institutions, or approved alternative compensation reduction plans. (General Fund-State, various other accounts)

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

**WORKLOAD HISTORY**  
By Fiscal Year

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Estimated</b>	
									<b>2010</b>	<b>2011</b>
<b>Nursing Homes</b>										
Avg # Served per Day	13,154	12,943	12,446	12,088	11,928	11,546	11,057	10,699	10,657	10,630
% Change from prior year		-1.6%	-3.8%	-2.9%	-1.3%	-3.2%	-4.2%	-3.2%	-0.4%	-0.3%
<b>Community Care <sup>(1)</sup></b>										
Avg # Served per Month	32,213	33,727	34,635	35,514	37,041	38,094	39,506	41,780	44,343	47,056
% Change from prior year		4.7%	2.7%	2.5%	4.3%	2.8%	3.7%	5.8%	6.1%	6.1%
<b>Combined Total</b>										
<b>Avg Persons Served</b>	<b>45,367</b>	<b>46,670</b>	<b>47,080</b>	<b>47,602</b>	<b>48,969</b>	<b>49,611</b>	<b>50,400</b>	<b>51,226</b>	<b>50,400</b>	<b>51,226</b>
% Change from prior year		2.9%	0.9%	1.1%	2.9%	1.3%	1.6%	1.6%	-1.6%	1.6%

<sup>(1)</sup> Includes Chore Services, Community Options Program Entry Services (COPES), Medically Needy, Adult Residential, and Medicaid Personal Care.

Data Sources:

Caseload Forecast Council and legislative fiscal staff.

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Original Appropriations</b>	<b>1,145,907</b>	<b>1,197,423</b>	<b>2,343,330</b>
<b>Total Maintenance Changes</b>	<b>37,051</b>	<b>15,124</b>	<b>52,175</b>
<b>Policy Changes - Early Action Savings</b>			
1. Consolidate Printing Functions	-239	-316	-555
2. Human Resources Reduction	-243	-152	-395
<b>Policy Changes - Early Action Savings</b>	<b>-482</b>	<b>-468</b>	<b>-950</b>
<b>Policy Changes - Non-Comp</b>			
3. Administrative and Staff Reductions	-5,650	-3,810	-9,460
4. Reduction of Mandatory Workload	-6,416	-5,166	-11,582
5. Career Services for Non-WorkFirst	-3,600	0	-3,600
6. Non-Compliance Sanction	-769	0	-769
7. Sanction Cure Period	-500	0	-500
8. Suspend Community Works Programs	-5,500	0	-5,500
9. Single Parent Participation	-11,000	0	-11,000
10. Refugee Assistance	200	0	200
11. Limited English Proficiency	250	0	250
12. Planning & Policy Development	-115	-152	-267
13. Administrative Streamlining	-47	-63	-110
14. Redistribution of Fed Tax Intercept	-3,015	-2,900	-5,915
15. Transfer OFR to Div Child Support	2,695	2,965	5,660
16. Basic Food Stimulus Funds	0	10,870	10,870
17. Federal Food Stamp Admin	-4,740	0	-4,740
18. Child Care Policy and Eligibility	-516	0	-516
19. Mobile Community Service	0	600	600
20. Reduce Job Search	-2,363	0	-2,363
21. Security Lifeline Act	-12,317	3,626	-8,691
22. Maintain TANF Program	16,783	62,000	78,783
23. Governor Veto	-250	0	-250
<b>Policy -- Non-Comp Total</b>	<b>-36,870</b>	<b>67,970</b>	<b>31,100</b>
<b>Policy Changes - Comp</b>			
24. Health Insurance Increase	2,494	1,814	4,308
25. Temporary Layoffs	-2,399	-1,879	-4,278
<b>Policy -- Comp Total</b>	<b>95</b>	<b>-65</b>	<b>30</b>
<b>2009-11 Revised Appropriations</b>	<b>1,145,701</b>	<b>1,279,984</b>	<b>2,425,685</b>
Fiscal Year 2010 Total	-10,311	7,434	-2,877
Fiscal Year 2011 Total	-26,946	60,003	33,057

**Comments:**

- |   |  |
|---|--|
| <p>1. <b>Consolidate Printing Functions</b> - The Department will improve the agency-wide coordination and efficiency of printing functions to achieve savings. (General Fund-State, General Fund-Federal)</p> <p>2. <b>Human Resources Reduction</b> - Savings are achieved by streamlining human resources functions across the Department. The Department will eliminate 11.2 FTEs agency-wide. (General Fund-State, General Fund-Federal)</p> <p>3. <b>Administrative and Staff Reductions</b> - Funding for administrative costs within the Economic Services Administration (ESA) is reduced. This reduction will result in</p> | <p>consolidation of some office functions. (General Fund-State, General Fund-Federal)</p> <p>4. <b>Reduction of Mandatory Workload</b> - This item eliminates funding provided for anticipated workload expenses. The item does not eliminate current staff but eliminates funding provided for increased staff work due to caseload growth. (General Fund-State, General Fund-Federal)</p> <p>5. <b>Career Services for Non-WorkFirst</b> - Savings are assumed through elimination of career services provided to non-WorkFirst Basic Food/Supplemental Nutrition Assistance Program (SNAP) recipients. Funding had been provided for up</p> |
|---|--|

## Department of Social and Health Services Economic Services Administration

- to 600 cases per month at \$500 per case that were receiving Basic Food/SNAP assistance but who were not on the Temporary Assistance to Needy Families (TANF) caseload.
6. **Non-Compliance Sanction** - Savings are assumed through a two-month reduction in sanction periods. Currently, if a family on WorkFirst/Temporary Assistance to Needy Families (TANF) does not comply with program requirements, they are placed on sanction status for six months and receive a reduced cash grant. The six-month time sanction period is reduced to four months.
  7. **Sanction Cure Period** - If a client leaves or is removed from the WorkFirst/TANF program and re-applies within six months, they are required to participate in and comply with program requirements for four weeks (a "cure period") prior to receiving a cash grant. If a client returns after six months, there is no cure period required to receive their grant. This item extends the cure period to all families returning to WorkFirst after being sanctioned, regardless of the length of time they have been off the program.
  8. **Suspend Community Works Programs** - Funding for all Community Works programs within the WorkFirst program, except for Community Jobs, is suspended for FY 2011.
  9. **Single Parent Participation** - This item reduces demand for the Working Connections Child Care program by allowing single parents with children under the age of six to meet federal participation requirements of 20 hours per week, rather than the state requirement of 32 hours per week.
  10. **Refugee Assistance** - Funding is provided for the Department of Social and Health Services (DSHS) to award grants to small mutual assistance or small community-based organizations in FY 2011 for transitional assistance, language skills, and other resources to improve refugees' economic self sufficiency.
  11. **Limited English Proficiency** - Additional funding is provided in FY 2010 to ESA for Limited English Proficiency (LEP) programs. This item was vetoed (please see Governor Veto item below).
  12. **Planning & Policy Development** - Savings are achieved through a reduction of three FTE staff associated with non-essential business functions. (General Fund-State, General Fund-Federal)
  13. **Administrative Streamlining** - Additional staffing reductions are achieved through efficiencies in the executive workforce. (General Fund-State, General Fund-Federal)
  14. **Redistribution of Fed Tax Intercept** - Savings are assumed through the temporary suspension of the redistribution of Internal Revenue Service (IRS) refund payments. The federal Deficit Reduction Act allows states to pay support collected through the federal tax offset procedure to former TANF families before repaying the state debt. Effective October 1, 2008, IRS collections began to be distributed to families first, whether on TANF or not. The redistribution of federal refund payments to former TANF families before repaying the state debt is suspended. (General Fund-State, General Fund-Federal)
  15. **Transfer OFR to Div Child Support** - The Office of Financial Recovery (OFR) is transferred from DSHS Administration and Support Services to the Division of Child Support within ESA. No savings are assumed through this transfer. (General Fund-State, General Fund-Federal, General Fund-Private/Local).
  16. **Basic Food Stimulus Funds** - As part of the federal FY 2011 Department of Defense Appropriations Act, the state is expected to receive \$10.9 million in additional Basic Food/SNAP funding. These funds do not have matching requirements. (General Fund-State, General Fund-Federal)
  17. **Federal Food Stamp Admin** - Savings are assumed through a reduction in administrative expenditures related to the processing of Basic Food/SNAP benefits.
  18. **Child Care Policy and Eligibility** - The Working Connections Child Care policy functions are transferred from the Department of Early Learning to DSHS in order to consolidate policy functions with eligibility determinations. This is to be done through a Memorandum of Agreement between the agencies.
  19. **Mobile Community Service** - The Department will use funds received from a Gates Foundation grant to purchase a mobile Community Service Office. The vehicle will be used to increase outreach and food stamp participation by providing service to areas that are not near a Community Service Office. The mobile unit will also be used in emergency situations such as natural disasters to assist victims. (General Fund-Local)
  20. **Reduce Job Search** - Funding for the WorkFirst job search activities is reduced to reflect a reduction in the required participation hours in job search activities for participants with children six years old or younger.
  21. **Security Lifeline Act** - Funding and staff are provided to implement Chapter 8, Laws of 2010, 1st sp.s., Partial Veto (E2SHB 2782). DSHS will sponsor the planning process for creating a user-friendly electronic Opportunity Portal to allow Washington residents to access a broad array of benefits. The Department will expand the Basic Food Employment and Training program to three community colleges, subject to federal approval. The Department will, through performance-based contracts, expedite the transition of individuals that are likely to be eligible for federal benefits to the Disability Lifeline Expedited Program. Caseloads are expected to decrease because an individual cannot continue to receive Disability Lifeline benefits if he or she refuses, without good cause, to participate in needed chemical dependency treatment. This legislation specifies that lifetime benefits will be capped at 24 months in a 60-month period, from September 1, 2010, to June 30, 2013. Savings in this item assume elimination of the Administrative Review Team (ART) process. The ART teams review client cases that have not been approved for assistance

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

through the standard process and are the last opportunity for a client to receive benefits.

22. **Maintain TANF Program** - State and federal funding is provided to maintain TANF services through January, 2011. The funding assumes no expenditure reductions other than those in the budget will occur as a result of the new funding. The federal funding assumes passage of pending federal legislation that would allocate additional emergency TANF funds in FY 2011. DSHS estimates the state could receive \$62 million in state FY 2011.
23. **Governor Veto** - The Governor vetoed Section 207 (11) of Chapter 37, Laws of 2010, 1st. sp.s., Partial Veto (ESSB 6444), which provided \$250,000 General Fund-State for LEP programs through the Office of Refugee and Immigrant Assistance in FY 2010.
24. **Health Insurance Increase** - Funding is provided for an increase in the monthly employer funding rate for state employee health benefits for FY 2011 from \$768 to \$850. (General Fund-State, various other accounts)
25. **Temporary Layoffs** - Agency appropriations are reduced consistent with Chapter 32, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6503), due to the closure of state agencies and higher education institutions, or approved alternative compensation reduction plans. (General Fund-State, various other accounts)

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

**WORKLOAD HISTORY**  
By Fiscal Year

	2002	2003	2004	2005	2006	2007	2008	2009	<u>Estimated</u>	
									2010	2011
<b>Lifeline Clients</b>										
(formerly General Assistance)										
Avg Monthly Caseload	19,933	19,483	22,028	25,578	27,676	29,239	30,726	35,001	38,381	41,098
% Change from prior year		-2.3%	13.1%	16.1%	8.2%	5.6%	5.1%	13.9%	9.7%	7.1%
<b>TANF Cases</b>										
Avg Monthly Caseload	55,043	54,641	55,609	56,949	55,520	51,936	50,119	56,458	64,474	64,914
% Change from prior year		-0.7%	1.8%	2.4%	-2.5%	-6.5%	-3.5%	12.6%	14.2%	0.7%
<b>Working Connections Child Care</b>										
Avg # Children Served/Month	71,890	70,709	62,189	61,606	60,860	59,646	60,620	61,111	63,639	64,323
% Change from prior year		-1.6%	-12.0%	-0.9%	-1.2%	-2.0%	1.6%	0.8%	4.1%	1.1%

Data Sources:

*FY 2002 and FY 2003 General Assistance actuals are from DSHS Division of Research and Data Analysis reports.*

*FY 2004 through FY 2009 General Assistance actuals provided by the Caseload Forecast Council.*

*FY 2010 and FY 2011 General Assistance estimates are from Caseload Forecast Council.*

*FY 2002 through FY 2009 Temporary Assistance to Needy Families (TANF) case actuals are from the Office of Financial Management (OFM).*

*FY 2010 through FY 2011 TANF case estimates are from the OFM February 2010 TANF forecast.*

*FY 2002 through FY 2006 Child Care actuals are from DSHS Division of Research and Data Analysis reports.*

*FY 2007 through FY 2009 Child Care actuals are from OFM.*

*FY 2010 and FY 2011 Child Care estimates are from the OFM Working Connections Child Care February 2010 forecast.*

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Original Appropriations</b>	<b>166,889</b>	<b>167,596</b>	<b>334,485</b>
<b>Total Maintenance Changes</b>	<b>-3</b>	<b>2</b>	<b>-1</b>
<b>Policy Changes - Early Action Savings</b>			
1. Administrative and Staff Reductions	-176	-64	-240
2. Consolidate Printing Functions	-3	-3	-6
<b>Policy Changes - Early Action Savings</b>	<b>-179</b>	<b>-67</b>	<b>-246</b>
<b>Policy Changes - Non-Comp</b>			
3. Stimulus FMAP Extension	-2,506	2,506	0
4. Reduce County Administration Costs	-1,343	0	-1,343
5. Agency Staff Reductions	-258	-149	-407
6. Reduce K-12 Prevention Funding	-970	0	-970
7. Transfer Juvenile Drug Courts	566	0	566
8. Substance Abuse Treatment	0	133	133
9. Security Lifeline Act	2,247	0	2,247
<b>Policy -- Non-Comp Total</b>	<b>-2,264</b>	<b>2,490</b>	<b>226</b>
<b>Policy Changes - Comp</b>			
10. Health Insurance Increase	58	53	111
11. Temporary Layoffs	-126	-123	-249
<b>Policy -- Comp Total</b>	<b>-68</b>	<b>-70</b>	<b>-138</b>
<b>2009-11 Revised Appropriations</b>	<b>164,375</b>	<b>169,951</b>	<b>334,326</b>
Fiscal Year 2010 Total	-133	-59	-192
Fiscal Year 2011 Total	-2,378	2,412	34

**Comments:**

- Administrative and Staff Reductions** - The Department will implement efficiency measures such as reductions in travel, equipment replacement, and personal services contracts. (General Fund-State, General Fund-Federal)
- Consolidate Printing Functions** - The Department will improve the agency-wide coordination and efficiency of printing functions to achieve savings. (General Fund-State, General Fund-Federal)
- Stimulus FMAP Extension** - The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs that the federal government provides. The American Recovery and Reinvestment Act of 2009 increased FMAP by almost 13 percentage points for FY 2010 and the first six months of FY 2011. The Legislature anticipates that the FMAP increase from 50 percent to 62.94 percent will be extended for six additional months through June 2011, resulting in a reduction in state expenditures for services that receive Medicaid Title XIX and Title VI-E federal match. (General Fund-State, General Fund-Federal)
- Reduce County Administration Costs** - State support for county administration expenses is reduced from 10 percent to 8 percent per year.
- Agency Staff Reductions** - Administrative staff is reduced by five FTEs. (General Fund-State, General Fund-Federal)
- Reduce K-12 Prevention Funding** - The Office of the Superintendent of Public Instruction (OSPI) receives \$970,000 in state funding each year for administrative costs and chemical dependency prevention grants for schools. This funding is eliminated. OSPI will continue to receive \$4 million in federal funding for chemical dependency prevention grants. (General Fund-State)
- Transfer Juvenile Drug Courts** - Funding for juvenile drug courts is transferred from the Department of Commerce to the Division of Alcohol and Substance Abuse. This program improves the capacity of juvenile drug courts statewide. (General Fund-State)
- Substance Abuse Treatment** - Funding for the Residential Substance Abuse Treatment Program is transferred from the Department of Commerce to the Department of Social and Health Services (DSHS). The program helps state and local correctional facilities implement substance abuse programs for prisoners that are incarcerated for long periods. (General Fund-Federal)

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

9. **Security Lifeline Act** - Funding is provided to implement Chapter 8, Laws of 2010, 1st sp.s., Partial Veto (E2SHB 2782). Lifeline clients cannot continue to receive benefits if they refuse without good cause to participate in needed chemical dependency treatment. Funding is provided for treatment for clients that decide to participate. DSHS will give high priority for drug or alcohol treatment to Lifeline clients that require treatment to improve their health to transition to employment or federal benefits, but pregnant women and parents will be given first priority.
10. **Health Insurance Increase** - Funding is provided for an increase in the monthly employer funding rate for state employee health benefits for FY 2011 from \$768 to \$850. (General Fund-State, various other accounts)
11. **Temporary Layoffs** - Agency appropriations are reduced consistent with Chapter 32, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6503), due to the closure of state agencies and higher education institutions, or approved alternative compensation reduction plans. (General Fund-State, various other accounts)

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

**WORKLOAD HISTORY**  
By Fiscal Year

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<u>Estimated</u>	
									<b>2010</b>	<b>2011</b>
<b>ADATSA - Assessment</b>										
Avg Monthly Assessments	1,164	1,104	1,202	1,226	1,140	1,029	1,047	974	971	971
% Change from prior year		-5.2%	8.9%	2.0%	-7.0%	-9.7%	1.7%	-7.0%	-0.3%	0.0%
<b>ADATSA - Outpatient Treatment</b>										
Avg Monthly Admissions	408	392	402	429	466	446	490	446	480	480
% Change from prior year		-3.9%	2.6%	6.7%	8.6%	-4.3%	9.9%	-9.0%	7.6%	0.0%
<b>ADATSA - Residential</b>										
Avg Monthly Admissions	590	574	579	647	589	556	562	512	528	528
% Change from prior year		-2.7%	0.9%	11.7%	-9.0%	-5.6%	1.1%	-8.9%	3.1%	0.0%

Data Sources :

*FY 2002 through FY 2008 workload data updated by the Department of Social and Health Services (DSHS) Division of Alcohol and Substance Abuse.*

*FY 2009 through FY 2011 workload estimates provided by DSHS Division of Alcohol and Substance Abuse.*

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Original Appropriations</b>	<b>3,582,184</b>	<b>5,242,417</b>	<b>8,824,601</b>
<b>Total Maintenance Changes</b>	<b>308,389</b>	<b>175,255</b>	<b>483,644</b>
<b>Policy Changes - Early Action Savings</b>			
1. Administrative and Staff Reductions	-878	-1,057	-1,935
2. Consolidate Printing Functions	-60	-69	-129
3. Human Resources Reduction	-102	-101	-203
4. DOC Prisoner Health Care Transfer	1,478	2,192	3,670
5. Foster Care Health Care to MA	1,218	1,218	2,436
<b>Policy Changes - Early Action Savings</b>	<b>1,656</b>	<b>2,183</b>	<b>3,839</b>
<b>Policy Changes - Non-Comp</b>			
6. Stimulus FMAP Extension	-295,748	281,008	-14,740
7. Parent Sentencing Alternative	73	50	123
8. Medicare Part D Stimulus FMAP	-86,901	0	-86,901
9. Administrative Streamlining	-48	-62	-110
10. Decision Support & Data Analysis	-37	-48	-85
11. Forecast Variance Adjustment	-5,813	-8,682	-14,495
12. CHIPRA Bonus Payment	-7,461	7,461	0
13. ProviderOne Implementation	0	19,376	19,376
14. Disability Determination Workload	0	6,304	6,304
15. Poison Center Funding Transfer	662	1,228	1,890
16. Correcting Medical Asst Admin Base	19,103	19,085	38,188
17. Hospital Safety Net Assessment	-66,800	515,484	448,684
18. Lifeline Caseload	22,248	4,964	27,212
19. Lifeline Managed Care	23,892	-218	23,674
20. Security Lifeline Act	-15,869	860	-15,009
21. Community Clinic FQHC Rate Increase	39,902	55,405	95,307
22. Reduce Dental Enhancements	-2,500	-3,855	-6,355
23. Suspend Apple Health Outreach	-425	-790	-1,215
24. HO Administrative Adjustment	-2,523	-891	-3,414
25. MCS Bridge Federal Waiver	-26,531	26,531	0
26. Professional Svcs Supplemental Pymt	0	60,063	60,063
27. Electronic Health Record Project	137	1,235	1,372
<b>Policy -- Non-Comp Total</b>	<b>-404,639</b>	<b>984,508</b>	<b>579,869</b>
<b>Policy Changes - Comp</b>			
28. Health Insurance Increase	371	709	1,080
29. Temporary Layoffs	-785	-1,616	-2,401
<b>Policy -- Comp Total</b>	<b>-414</b>	<b>-907</b>	<b>-1,321</b>
<b>2009-11 Revised Appropriations</b>	<b>3,487,176</b>	<b>6,403,456</b>	<b>9,890,632</b>
Fiscal Year 2010 Total	-43,065	261,177	218,112
Fiscal Year 2011 Total	-360,332	724,607	364,275

**Comments:**

- Administrative and Staff Reductions** - The Department will implement efficiency measures such as reductions in travel, equipment replacement, and personal services contracts. (General Fund-State, General Fund-Federal)
- Consolidate Printing Functions** - The Department will improve the agency-wide coordination and efficiency of printing functions to achieve savings. (General Fund-State, General Fund-Federal)
- Human Resources Reduction** - Savings are achieved by streamlining human resources functions across the Department. The Department will eliminate 11.2 FTEs agency-wide. (General Fund-State, General Fund-Federal)

## Department of Social and Health Services Medical Assistance Payments

4. **DOC Prisoner Health Care Transfer** - The cost of providing inpatient services for Medicaid-eligible residents of state correctional facilities is transferred from the Department of Corrections (DOC) to the Department of Social and Health Services (DSHS). This creates savings in DOC because the state will now receive federal matching funds for these services. (General Fund-State, General Fund-Federal)
5. **Foster Care Health Care to MA** - The redesigned Passport Program, now known as the Fostering Well-Being Program, is transferred to Medical Assistance (MA) Administration. This program provides coordinated care management for children in foster care. (General Fund-State, General Fund-Federal)
6. **Stimulus FMAP Extension** - The Federal Medical Assistance Percentage (FMAP) is the share of Medicaid costs that the federal government provides. The American Recovery and Reinvestment Act of 2009 increased FMAP by almost 13 percentage points for FY 2010 and the first six months of FY 2011. The Legislature anticipates that the FMAP increase from 50 percent to 62.94 percent will be extended for six additional months through June 2011, resulting in a reduction in state expenditures for services that receive Medicaid Title XIX and Title VI-E federal match. (General Fund-State, General Fund-Federal)
7. **Parent Sentencing Alternative** - Funding is reduced in DOC to reflect the creation of alternatives to incarceration for nonviolent offenders with minor children pursuant to Chapter 224, Laws of 2010, (SSB 6639). These savings result from a reduction in the average daily population of 82 offenders, allowing DOC to close a prison unit at a women's facility. Funding is provided to DOC for community supervision because supplemental services will be provided to offenders in lieu of prison sentences. Funding is provided to the MA program for medical care for these offenders and to Children's Administration for the costs of providing reports to courts on offenders that are under consideration for the sentencing alternative. (General Fund-State, General Fund-Federal)
8. **Medicare Part D Stimulus FMAP** - The state will receive increased federal funding because the federal government reversed its decision not to apply the increased FMAP in the American Recovery and Reinvestment Act of 2009 to the reimbursement paid by the state to the federal government for Medicare Part D coverage for prescription drugs. (General Fund-State, General Fund-Federal)
9. **Administrative Streamlining** - DSHS will reduce its executive workforce. (General Fund-State, General Fund-Federal)
10. **Decision Support & Data Analysis** - Seven FTEs that provide decision support and data analysis functions are eliminated across DSHS. (General Fund-State, General Fund-Federal)
11. **Forecast Variance Adjustment** - Funding is reduced based on recent data showing that caseload levels are trending lower than the Caseload Forecast Council February 2010 forecast. (General Fund-State, General Fund-Federal)
12. **CHIPRA Bonus Payment** - The Centers for Medicare and Medicaid Services (CMS) will provide a one-time performance bonus payment for federal FY 2009 under the Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009. (General Fund-State, General Fund-Federal)
13. **ProviderOne Implementation** - Funding is provided for the continued implementation of ProviderOne, the system scheduled to replace the Medicaid Management Information System (MMIS) as the Department's primary payment system. When fully operational, the system will pay more than 100,000 providers, support the delivery of services to more than one million clients, and manage roughly \$4 billion per year in Medicaid and other payments. Additional federal expenditure authority and transfers of state and federal funding from state FY 2010 to state FY 2011 are provided. The additional authority will support an expanded test environment and supporting services for providers, including a live ProviderOne help desk for a period of six months beginning January 1, 2010. (General Fund-State, General Fund-Federal)
14. **Disability Determination Workload** - Additional federal expenditure authority is provided to support increased workloads for determining eligibility for federal disability benefits. (General Fund-Federal)
15. **Poison Center Funding Transfer** - A portion of the Department of Health's funding for the Washington State Poison Center (WPC) is transferred to the MA program at DSHS, which will disburse the funds to the WPC and seek federal matching funds under the Children's Health Insurance Program. WPC provides statewide treatment advice and assistance in the case of exposure to poisonous, hazardous, or toxic substances. (General Fund-State, General Fund-Federal)
16. **Correcting Medical Asst Admin Base** - Administrative funding for the MA program is increased to offset reductions in the biennial budget. Remaining administrative reductions will be achieved, to the greatest extent possible, by reducing those administrative costs that do not affect providers, direct client services, or direct service delivery or programs. The Department will seek to mitigate impacts related to cost recovery and cost avoidance, prior authorizations, claims backlogs, and hold times or unanswered calls from clients and providers. The Department will make every effort to maintain current employment levels and achieve administrative savings through vacancies and employee attrition. The Department will implement efficiencies as soon as possible in order to minimize actual reductions in force. The Department shall implement a management strategy that minimizes disruption of service and negative impacts on employees. The Department will maintain employer-sponsored insurance program staff, coordination of benefits unit staff, the payment integrity team, and family planning nursing. (General Fund-State, General Fund-Federal)

## Department of Social and Health Services Medical Assistance Payments

17. **Hospital Safety Net Assessment** - Pursuant to Chapter 30, Laws of 2010, 1st sp.s (E2SHB 2956), the Hospital Safety Net Assessment Fund is created in the state treasury. Hospitals will provide the funds to leverage federal Medicaid matching funds and approximately \$187 million of the increased revenues will be returned to the hospitals in the form of increased reimbursement rates ranging from 4 percent to 17 percent for inpatient services and between 4 percent and 41 percent for outpatient services. Approximately \$67.5 million from the Hospital Safety Net Assessment Fund and \$95.4 million in federal Medicaid funds are provided for Healthy Options managed care premium rate increases resulting from the increased hospital rates. Funding is provided to bring Small Rural Disproportionate Share Hospital payments to 120 percent of 2009 levels. Hospital assessments are based on the number of non-Medicare inpatient days, and the assessment amounts are increased in four phases from July 2009 through June 2013. Hospitals exempt from the assessment include those that are owned or operated by the federal or state government, those that participate in the Certified Public Expenditure program, those that do not charge directly or indirectly for hospital services, and long-term acute care hospitals. The sum of \$49.3 million is provided in lieu of General Fund-State expenditures for hospitals. An additional \$17.5 million in General Fund-State savings is provided if enhanced federal financial participation under the federal American Recovery and Reinvestment Act (5001 of P.L. No. 111-5) is extended beyond December 31, 2010. (General Fund-State, Hospital Safety Net Assessment Fund-State, General Fund-Federal)
18. **Lifeline Caseload** - Funding is provided for enrollment in the Lifeline caseload above levels supported by the 2009-11 appropriation, as projected in the Caseload Forecast Council February 2010 forecast. (General Fund-State, General Fund-Federal)
19. **Lifeline Managed Care** - The Lifeline program pursuant to Chapter 8, Laws of 2010, 1st sp.s., Partial Veto (E2SHB 2782), began the statewide transition to a managed care system of service delivery in November 2009. The per member per month (pmpm) cost for the managed care benefit package is \$72 higher than the fee-for-service equivalent. This is due primarily to the addition of a mental health benefit (\$32 pmpm) and care coordination and administration (\$40 pmpm), as estimated by the Department's actuary.
20. **Security Lifeline Act** - Funding is provided to implement E2SHB 2782. Lifeline clients can receive benefits for a maximum of 24 months in a 60-month period starting September 1, 2010, and ending June 30, 2013. Caseloads are also expected to decrease because an individual cannot continue to receive Lifeline benefits if he or she refuses, without good cause, to participate in needed chemical dependency treatment. The Administrative Review Team process is eliminated. DSHS will implement a pilot project in King, Pierce, and Spokane counties to contract with the managed care organization that provides Lifeline health care benefits for services related to transitioning persons receiving Lifeline benefits to Lifeline Expedited and federal benefits. (General Fund-State, General Fund-Federal)
21. **Community Clinic FQHC Rate Increase** - In response to a 2006 federal Centers for Medicare and Medicaid Services (CMS) audit, the per person enhancement payments that ensure that Federally Qualified Health Centers (FQHCs) are paid at cost for Healthy Options (HO) managed care clients were reduced to make them consistent with the fee-for-service encounter rates that the enhancement payments are based on. In order to offset this reduction, a new Washington State specific inflationary index will be used to replace the Medicare Economic Index (MEI) in determining the FQHC fee-for-service encounter rates. As a result of this change, encounter rates paid to these clinics will increase by 3.8 percent per year compared to 1.2 percent per year under the MEI for the 2009-11 biennium. This increase is projected to offset the reductions taken as a result of the lower HO enhancement rates and increase utilization and the encounter rates paid to FQHCs in the 2011-13 biennium. (General Fund-State, General Fund-Federal)
22. **Reduce Dental Enhancements** - The Health and Recovery Services Administration will reduce dental expenditures by focusing reductions on the fastest growing cost areas of dental care. Reductions in preventive care and particularly preventive care for children will be avoided if possible. (General Fund-State, General Fund-Federal)
23. **Suspend Apple Health Outreach** - Funding for outreach activities related to the Apple Health for Kids program is suspended. (General Fund-State, General Fund-Federal)
24. **HO Administrative Adjustment** - The Healthy Options Quality Incentive Pool payments of \$2 million per year are suspended. Additionally, the administrative component of the delivery case rate (DCR) is increased by the MEI from 2007 through 2010 rather than being increased proportionately with a 21.5 percent increase in the DCR that occurred as a result of the 2007 rebasing of inpatient hospital reimbursement. (General Fund-State, General Fund-Federal)
25. **MCS Bridge Federal Waiver** - State savings are achieved through anticipated approval of a Section 1115, Medical Care Services (MCS) Waiver from CMS which will allow Lifeline and Alcohol and Drug Treatment and Support Act (ADATSA) enrollees to be eligible for federal Medicaid matching funds starting in January 2011. (General Fund-State, General Fund-Federal)
26. **Professional Svcs Supplemental Pymt** - As directed by the Legislature and starting retroactively July 1, 2009, DSHS will implement the professional services supplemental payment program for University of Washington (UW) Medicine professional providers. The program will increase rates to the Average Commercial Rate to maximize allowable payment levels under the Medicare Upper Payment Limit (UPL). UW Medicine is responsible for providing the local match required

## Department of Social and Health Services Medical Assistance Payments

to obtain federal matching funds for supplemental payments made under the Medicare UPL. The Department will also expand this program to include Valley Medical Center and Olympic Medical Center professional providers. (General Fund-Federal, General Fund-Private/Local)

27. **Electronic Health Record Project** - Additional federal expenditure authority is provided to develop the Health Information Technology Medicaid Plan, as created in the American Recovery and Reinvestment Act. The Health Care Authority (HCA) is the lead agency, and it received funding in the 2009-11 budget to implement state efforts. State funds are transferred from the HCA to DSHS, and federal authority is provided because the federal government provides matching funds for 90 percent of these costs. (General Fund-State, General Fund-Federal)
28. **Health Insurance Increase** - Funding is provided for an increase in the monthly employer funding rate for state employee health benefits for FY 2011 from \$768 to \$850. (General Fund-State, various other accounts)
29. **Temporary Layoffs** - Agency appropriations are reduced consistent with Chapter 32, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6503), due to the closure of state agencies and higher education institutions, or approved alternative compensation reduction plans. (General Fund-State, various other accounts)

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

**WORKLOAD HISTORY**  
By Fiscal Year

	2002	2003	2004	2005	2006	2007	2008	2009	Estimated	
									2010	2011
<b>Categorically Needy</b>	<b>788,862</b>	<b>823,222</b>	<b>815,257</b>	<b>810,363</b>	<b>840,971</b>	<b>843,163</b>	<b>878,541</b>	<b>937,136</b>	<b>1,028,370</b>	<b>1,104,892</b>
AFDC/TANF	272,388	275,716	283,973	293,185	283,290	267,472	251,971	264,413	294,582	315,210
Elderly	53,091	53,819	54,573	55,544	56,467	57,041	57,647	59,168	62,455	65,317
Disabled	114,587	118,466	123,248	126,868	129,667	132,375	135,929	140,840	148,553	154,322
Non-AFDC Children	319,793	343,521	319,772	298,548	329,580	332,404	363,328	397,252	445,741	487,151
Non-AFDC Pregnant Women	23,937	25,707	26,366	27,121	27,589	28,488	29,176	29,482	30,126	30,820
Undocumented Children	0	0	0	0	2,528	10,127	23,567	27,595	26,730	28,383
Medicare Beneficiaries	5,036	5,850	7,066	8,563	10,689	13,781	15,203	16,409	17,813	21,033
Breast & Cervical Cancer	0	0	0	56	375	495	565	655	809	911
Medicaid Buy-In	30	143	261	479	787	981	1,157	1,322	1,560	1,746
<b>Medically Needy</b>	<b>14,528</b>	<b>15,949</b>	<b>16,972</b>	<b>17,849</b>	<b>16,536</b>	<b>13,594</b>	<b>13,566</b>	<b>13,023</b>	<b>12,032</b>	<b>11,912</b>
Elderly	6,005	6,382	6,510	6,592	6,150	5,233	5,159	5,047	4,947	4,879
Disabled	8,523	9,567	10,462	11,257	10,385	8,361	8,407	7,976	7,085	7,032
<b>Childrens Health Insurance Program</b>	<b>6,049</b>	<b>7,320</b>	<b>9,516</b>	<b>13,303</b>	<b>11,786</b>	<b>11,409</b>	<b>11,974</b>	<b>14,476</b>	<b>18,604</b>	<b>20,658</b>
<b>Lifeline Cases</b> (formerly General Assistance/ADATSA)										
# Persons/Month	11,671	10,169	11,651	14,109	15,982	17,137	17,917	19,865	21,135	19,274
<b>State Medically Indigent</b>										
# Persons/Month	3,331	3,997	0	0	0	0	0	0	0	0
<b>Refugees</b>										
# Persons/Month	933	677	684	685	754	738	673	754	1,019	1,198
<b>Total Eligibles per Month</b>	<b>825,374</b>	<b>861,334</b>	<b>854,080</b>	<b>856,310</b>	<b>886,028</b>	<b>886,042</b>	<b>922,672</b>	<b>985,253</b>	<b>1,081,161</b>	<b>1,157,935</b>
% Change from prior year		4.4%	-0.8%	0.3%	3.5%	0.0%	4.1%	6.8%	9.7%	7.1%

Data Sources:

Caseload Forecast Council and legislative fiscal committees.

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Original Appropriations</b>	<b>20,579</b>	<b>85,532</b>	<b>106,111</b>
<b>Total Maintenance Changes</b>	<b>2</b>	<b>10,054</b>	<b>10,056</b>
<b>Policy Changes - Early Action Savings</b>			
1. Consolidate Printing Functions	-3	-19	-22
<b>Policy Changes - Early Action Savings</b>	<b>-3</b>	<b>-19</b>	<b>-22</b>
<b>Policy Changes - Non-Comp</b>			
2. Administrative and Staff Reductions	-244	-1,141	-1,385
3. Administrative Streamlining	-24	-86	-110
4. State Match for Federal VR Grant	0	20,000	20,000
<b>Policy -- Non-Comp Total</b>	<b>-268</b>	<b>18,773</b>	<b>18,505</b>
<b>Policy Changes - Comp</b>			
5. Health Insurance Increase	352	0	352
6. Temporary Layoffs	-258	-403	-661
<b>Policy -- Comp Total</b>	<b>94</b>	<b>-403</b>	<b>-309</b>
<b>2009-11 Revised Appropriations</b>	<b>20,404</b>	<b>113,937</b>	<b>134,341</b>
Fiscal Year 2010 Total	-126	-590	-716
Fiscal Year 2011 Total	-51	18,941	18,890

**Comments:**

1. **Consolidate Printing Functions** - The Department will improve the agency-wide coordination and efficiency of printing functions to achieve savings. (General Fund-State, General Fund-Federal)
2. **Administrative and Staff Reductions** - The Vocational Rehabilitation program will continue to implement administrative efficiency measures such as holding vacant positions open and reducing travel, equipment replacement, and personal services contracts. (General Fund-State, General Fund-Federal)
3. **Administrative Streamlining** - The Department of Social and Health Services (DSHS) will reduce its executive workforce. (General Fund-State, General Fund-Federal)
4. **State Match for Federal VR Grant** - Funds from the Telecommunications Devices for the Hearing and Speech Impaired Account are provided to meet the state's maintenance of effort requirements to continue to receive full Department of Education vocational rehabilitation (VR) grants. This is expected to increase the Telecommunications Relay Service excise tax from \$0.11 to the statutory maximum of \$0.19. (General Fund-Federal, Telecommunications Devices for the Hearing and Speech Impaired Account-State)
5. **Health Insurance Increase** - Funding is provided for an increase in the monthly employer funding rate for state employee health benefits for FY 2011 from \$768 to \$850.
6. **Temporary Layoffs** - Agency appropriations are reduced consistent with Chapter 32, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6503), due to the closure of state agencies and higher education institutions, or approved alternative compensation reduction plans. (General Fund-State, various other accounts)

**Department of Social and Health Services  
Special Commitment Center**

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Original Appropriations</b>	<b>107,164</b>	<b>0</b>	<b>107,164</b>
<b>Total Maintenance Changes</b>	<b>-770</b>	<b>0</b>	<b>-770</b>
<b>Policy Changes - Early Action Savings</b>			
1. Reduce Contract Nursing Services	-1,214	0	-1,214
2. Residential and Community Programs	-1,469	0	-1,469
3. Clinical Staff Workload	-329	0	-329
4. Pharmaceuticals for Residents	-454	0	-454
5. Resident Salary Reductions	-1,370	0	-1,370
6. Human Resources Reduction	-150	0	-150
7. Administrative Reduction	-4,343	0	-4,343
8. Treatment Contract Savings	-758	0	-758
<b>Policy Changes - Early Action Savings</b>	<b>-10,087</b>	<b>0</b>	<b>-10,087</b>
<b>Policy Changes - Non-Comp</b>			
9. Eliminate City Agreement Funding	-161	0	-161
10. Limit Evaluation Costs	-717	0	-717
<b>Policy -- Non-Comp Total</b>	<b>-878</b>	<b>0</b>	<b>-878</b>
<b>Policy Changes - Comp</b>			
11. Health Insurance Increase	487	0	487
12. Temporary Layoffs	-167	0	-167
<b>Policy -- Comp Total</b>	<b>320</b>	<b>0</b>	<b>320</b>
<b>2009-11 Revised Appropriations</b>	<b>95,749</b>	<b>0</b>	<b>95,749</b>
Fiscal Year 2010 Total	-4,259	0	-4,259
Fiscal Year 2011 Total	-6,386	0	-6,386

**Comments:**

- 1. Reduce Contract Nursing Services** - Funding is reduced for agency nursing contracts which will decrease the nurse staffing model at the Special Commitment Center (SCC).
- 2. Residential and Community Programs** - Funding is reduced for residential and community programs at SCC. The SCC store will close, and existing staff will assume management of community programs and the Secure Community Transition Facility in Pierce County. The SCC warehouse staff and vocational specialists will have increased workloads.
- 3. Clinical Staff Workload** - Funding is reduced for clinical program psychologist staff. Residents at SCC will continue to receive all necessary evaluations.
- 4. Pharmaceuticals for Residents** - Funding is reduced by 30 percent to reflect savings from utilizing generic pharmaceutical drugs.
- 5. Resident Salary Reductions** - Funding for resident salaries is reduced from \$1.6 million to \$250,000 for the 2009-11 biennium. SCC will adjust salary pay scales to residents based on their adherence to treatment plans.
- 6. Human Resources Reduction** - Savings are achieved by streamlining human resources functions across the Department. The Department will eliminate 11.2 FTEs agency-wide. (General Fund-State, General Fund-Federal)
- 7. Administrative Reduction** - Funding is reduced to reflect savings due to staff reductions and efficiencies. Forensic therapists, residential nurses, residential area managers, and central office staff positions are eliminated. Additionally, savings are achieved as a result of underexpenditures at the Secure Transitional Community Facility in King County and a reduction in the cost per meal for residents through centralized purchasing.
- 8. Treatment Contract Savings** - Funding is reduced to reflect actual expenditures for contracted treatment. Residents at SCC will continue to received treatment.
- 9. Eliminate City Agreement Funding** - SCC currently funds an agreement with the city of Seattle Police Department. This funding is discontinued effective January 2010.
- 10. Limit Evaluation Costs** - Funding is reduced to reflect savings SCC will achieve, pursuant to Chapter 28, Laws of 2010, 1st

**Department of Social and Health Services  
Special Commitment Center**

sp.s. (ESB 6870), by standardizing the reimbursements and associated activities related to evaluations.

11. **Health Insurance Increase** - Funding is provided for an increase in the monthly employer funding rate for state employee health benefits for FY 2011 from \$768 to \$850.
12. **Temporary Layoffs** - Agency appropriations are reduced consistent with Chapter 32, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6503), due to the closure of state agencies and higher education institutions, or approved alternative compensation reduction plans. (General Fund-State, various other accounts)

**Department of Social & Health Services  
Special Commitment Center**

**WORKLOAD HISTORY**  
By Fiscal Year

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Estimated</b>	
									<b>2010</b>	<b>2011</b>
<b>Special Commitment Center - Main Facility</b>										
Avg Daily Population/Month	151	167	189	211	232	251	270	277	282	297
% Change from prior year		10.6%	13.2%	11.6%	10.0%	8.2%	7.6%	2.6%	1.8%	5.3%
<b>Special Commitment Center - Less Restrictive Alternatives <sup>(1)</sup></b>										
Avg Daily Population/Month	7	9	10	11	11	12	14	15	17	17
% Change from prior year		28.6%	11.1%	10.0%	0.0%	9.1%	16.7%	7.1%	13.3%	0.0%

<sup>(1)</sup> Includes persons in less restrictive alternative placements on McNeil Island and other locations. Beginning in FY 2002, funding for County Commitment program beds was eliminated.

Data Sources :

FY 2002 through FY 2009 from DSHS Executive Management Information System reports.

FY 2010 through FY 2011 data are from legislative fiscal staff.

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

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Original Appropriations</b>	<b>69,392</b>	<b>56,933</b>	<b>126,325</b>
<b>Total Maintenance Changes</b>	<b>341</b>	<b>124</b>	<b>465</b>
<b>Policy Changes - Early Action Savings</b>			
1. Consolidate Printing Functions	-13	-8	-21
2. Human Resources Reduction	-327	-230	-557
<b>Policy Changes - Early Action Savings</b>	<b>-340</b>	<b>-238</b>	<b>-578</b>
<b>Policy Changes - Non-Comp</b>			
3. Administrative and Staff Reductions	-1,842	-819	-2,661
4. Council Child & Family Reduction	-300	0	-300
5. Streamline Planning & Policy	-164	-135	-299
6. Administrative Streamlining	-182	-148	-330
7. Decision Support & Data Analysis	-140	-115	-255
8. Reimburse Spokane County Sheriff	0	22	22
9. Transfer OFR to Div Child Support	-2,695	-2,965	-5,660
10. Language Access Provider Bargaining	150	0	150
11. Family Policy Council Reduction	-300	0	-300
12. Autism Coverage Study	25	0	25
13. Thrive By Five Program	-300	0	-300
14. Governor Veto	-25	0	-25
<b>Policy -- Non-Comp Total</b>	<b>-5,773</b>	<b>-4,160</b>	<b>-9,933</b>
<b>Policy Changes - Comp</b>			
15. Health Insurance Increase	709	178	887
16. Temporary Layoffs	-1,343	-575	-1,918
<b>Policy -- Comp Total</b>	<b>-634</b>	<b>-397</b>	<b>-1,031</b>
<b>2009-11 Revised Appropriations</b>	<b>62,986</b>	<b>52,262</b>	<b>115,248</b>
Fiscal Year 2010 Total	-1,303	-724	-2,027
Fiscal Year 2011 Total	-5,444	-4,071	-9,515

**Comments:**

- Consolidate Printing Functions** - The Department will improve the agency-wide coordination and efficiency of printing functions to achieve savings. (General Fund-State, General Fund-Federal)
- Human Resources Reduction** - Savings are achieved by streamlining human resources functions across the Department. The Department will eliminate 11.2 FTEs agency-wide. (General Fund-State, General Fund-Federal)
- Administrative and Staff Reductions** - The agency's Administrative and Support Services Program, which includes Executive Management, Financial Services, and Management Services, will reduce 15 FTE staff and continue to reduce travel, equipment, and contract expenses to achieve savings. This is in addition to the 101 FTE staff reduction implemented by the program in the 2009-11 biennial appropriations act. (General Fund-State, General Fund-Federal)
- Council Child & Family Reduction** - Savings are assumed in the operations of the Council on Children and Families. (General Fund-State)
- Streamline Planning & Policy** - Savings are achieved by reducing planning and policy development functions across the Department. (General Fund-State, General Fund-Federal)
- Administrative Streamlining** - Savings are achieved by reducing the agency's executive workforce. (General Fund-State, General Fund-Federal)
- Decision Support & Data Analysis** - Savings are assumed throughout the Department of Social and Health Services (DSHS) in decision support and data analysis functions. (General Fund-State, General Fund-Federal)
- Reimburse Spokane County Sheriff** - The Spokane County Sheriff's office is reimbursed for expenses related to apprehending a resident of Eastern State Hospital in September 2009. (Institutional Impact Account)

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

9. **Transfer OFR to Div Child Support** - The Office of Financial Recovery (OFM) is transferred to the Division of Child Support within the Economic Services Administration in order to consolidate the agency's financial recovery functions. (General Fund-State, General Fund-Federal, General Fund-Private/Local)
10. **Language Access Provider Bargaining** - Funding is provided for legal services related to Chapter 296, Laws of 2010, Partial Veto (ESSB 6726 - Collective Bargaining for Language Access Providers).
11. **Family Policy Council Reduction** - Savings are assumed in the operations of the Family Policy Council. (General Fund-State)
12. **Autism Coverage Study** - Funding is provided for the Department to work with the Department of Health and the Health Care Authority to provide an analysis of the full costs and savings to all state purchased health care from the inclusion of coverage for the diagnosis and treatment of autism spectrum disorders for individuals less than 21 years of age. This item was vetoed (please see Governor Veto item below).
13. **Thrive By Five Program** - Transfers the Thrive by Five contract funds from the Council for Children and Families to the Department of Early Learning. (General Fund-State)
14. **Governor Veto** - The Governor vetoed Section 212 (7) of Chapter 37, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6444), which would have required a report on the fiscal impact of state purchased health care dealing with autism.
15. **Health Insurance Increase** - Funding is provided for an increase in the monthly employer funding rate for state employee health benefits for FY 2011 from \$768 to \$850. (General Fund-State, various other accounts)
16. **Temporary Layoffs** - Agency appropriations are reduced consistent with Chapter 32, Laws of 2010, 1st sp.s., Partial Veto (ESSB 6503), due to the closure of state agencies and higher education institutions, or approved alternative compensation reduction plans. (General Fund-State, various other accounts)

**Department of Social and Health Services  
 Payments to Other Agencies**

(Dollars in Thousands)

	<u>NGF-S</u>	<u>Other</u>	<u>Total</u>
<b>2009-11 Original Appropriations</b>	<b>106,903</b>	<b>49,494</b>	<b>156,397</b>
<b>Total Maintenance Changes</b>	<b>2,819</b>	<b>1,563</b>	<b>4,382</b>
<b>Policy Changes - Non-Comp</b>			
1. Central Service Adjustment	16,148	6,932	23,080
2. Infant and Toddler Program Transfer	0	-31	-31
3. Unemployment Compensation	-2,424	-1,386	-3,810
<b>Policy -- Non-Comp Total</b>	<b>13,724</b>	<b>5,515</b>	<b>19,239</b>
<b>2009-11 Revised Appropriations</b>	<b>123,446</b>	<b>56,572</b>	<b>180,018</b>
Fiscal Year 2010 Total	6,862	2,772	9,634
Fiscal Year 2011 Total	6,862	2,743	9,605

**Comments:**

1. **Central Service Adjustment** - Funding is provided to cover the cost of services provided to the Department by other state agencies such as the Attorney General, Office of Financial Management, and Department of General Administration. This partially restores a reduction in the biennial budget. (General Fund-State, General Fund-Federal)
2. **Infant and Toddler Program Transfer** - Funding for the Infant and Toddler Early Intervention Program is transferred to the Department of Early Learning per Chapter 233, Laws of 2010 (SB 6593).
3. **Unemployment Compensation** - Agencies are required to find sufficient efficiencies in their operations to cover any increased unemployment insurance costs needed to allow them to perform their mission.