

# Department of Social & Health Services

## **Children and Family Services**

The budget provides \$12.2 million in state and federal funding to improve the caseworker ratio from the current 29:1 to 24:1.

The budget increases the basic rate paid to foster parents from the current average of \$405 per month to \$420 on July 1, 2001, and to \$440 on July 1, 2002. This increase will cost \$3.8 million in state and federal funding over the biennium.

The budget expands the use of private child placing agencies and increases the rate paid to them for placement services. The cost for these enhancements is \$5.7 million in state and federal funding.

The budget provides \$2.1 million (\$2.0 million state general fund) to increase the availability of respite care for foster parents. The expansion of respite care is intended to increase the retention of foster parents.

Funding for the Family Policy Council (FPC) and Community Health and Safety Network Grants is reduced by 25 percent in the budget. This saves \$2.2 million in the state general fund. The FPC is to implement reductions in network grants so that programs and networks with the best outcomes and history of substantial contract compliance are maintained.

## **Juvenile Rehabilitation Administration**

Due to recent assessments of the number of youth with mental health issues in Juvenile Rehabilitation Administration facilities, \$1.1 million is provided for increased mental health staffing at the Maple Lane School and increased medication management resources to address workload associated with the increased usage of psychotropic medications.

Savings of \$1.6 million are achieved by implementing efficiencies in the administration of regional services programs in the community. Regional services include parole services, community facilities, drug and alcohol services, learning and life skills centers, regional support staff, regional administration, and diagnostics. Additionally, the opening of a recently constructed 64-bed unit at Green Hill School will be delayed until the second year of the biennium, saving \$812,000.

The Juvenile Rehabilitation Administration currently contracts with county detention centers to provide short-term residential programming for juvenile offenders in the community commitment program. The Governor vetoed the community commitment program proviso, and therefore \$3 million in county detention contract funding lapses.

## **Mental Health**

To keep pace with the growth in the number of persons enrolled in Medicaid, total funding for counseling, case management, residential and hospital care, and other community mental health services provided through Regional Support Networks is increased by \$48.5 million (7.8 percent). In addition, the appropriations act directs the Department to phase in a new formula for allocating available resources among the Regional Support Networks over the next six years. The new formula will use the number of low-income persons enrolled in state medical assistance programs, rather than total population, as the primary measure of the relative need for state funding in each Regional Support Network area. The budget also provides \$500,000 of state and federal funding for completion of additional studies to assess whether medical assistance enrollment is an adequate and sufficient measure of the relative prevalence of mental illness across the state.

Two new efforts are initiated to measure and evaluate the performance of the community mental health system. First, a total of \$822,000 is provided for development of an improved management information system that will track common system outcomes – such as homelessness, criminal justice system involvement, employment status, and frequency of hospitalization – across all of the Regional Support Networks. Second, a total of \$75,000 is provided for the Washington State Institute of Public Policy to begin a longitudinal study that will track the status of mental health consumers for a period of at least ten years.

A total of \$5.7 million is provided for development of community residential and support services for persons who no longer require active psychiatric treatment in an inpatient hospital setting, but whose treatment needs constitute substantial barriers to community placement. The effort is expected to permit closure of four state hospital wards over the course of the 2001-03 biennium, resulting in a net savings of \$3.5 million in state funds. A total of \$7.2 million is provided to increase staffing at the two state psychiatric hospitals in order to provide improved care for two groups of patients: those with developmental disabilities and those involved with the criminal justice system.

Pursuant to Chapter 12, Laws of 2001, 2<sup>nd</sup> sp.s. (E3SSB 6151), a community transition program will be established at an existing facility on McNeil Island. The budget provides \$5.8 million for the operating costs associated with the program that is designed for Special Commitment Center residents that have progressed enough in their treatment plans to be suitable for this type of less restrictive alternative. An additional \$2 million is provided to compensate local jurisdictions impacted by the placement of the facility.

A total of \$2.5 million is provided to implement the plan adopted for the Special Commitment Center to satisfy the United States District Court's rulings. Enhancements to the program include: the establishment of a vocational program; the adoption of a preventative health program; the establishment of another Assistant Resident Manager position to help cover evening hours; and the development of a tracking system to collect resident information, treatment progress, and other activities designed to assist residents in achieving successful treatment.

### **Developmental Disabilities**

Building upon the Division's past efforts to enable integrated community living, the budget provides a total of \$8.3 million (\$4.3 million state general fund) for community residential placements and corresponding support services for up to 80 individuals who chose to transition from state residential habilitation centers (RHCs). Funding for these placements is consistent with the Division's overall planning related to the U.S. Supreme Court decision in the *L.C. v. Olmstead* case. As a result of these moves plus normal attrition, a total of \$7.3 million (\$3.3 million state general fund) is anticipated in savings due to the consolidation of vacancies in RHC cottages.

The budget provides \$8.7 million for residential housing and supports for the following groups of individuals with developmental disabilities and community protection issues: those being released by the Department of Corrections; those in crisis using statewide diversion beds; and those in state psychiatric hospitals.

The sum of \$2.0 million from the state general fund is provided in the Developmental Disabilities Division budget for job training and placement, or other productive daytime activities, for young people with disabilities who are expected to graduate from special education programs during the 2001-03 biennium.

The budget provides \$24.3 million in state and federal funding to workers who earn less than \$10 per hour and provide direct care to persons with developmental disabilities who live in their own homes or in community residential placements. When combined with the vendor rate increase provided for in the budget, most workers will receive a 50 cent increase in their hourly compensation over the biennium.

A total of \$5.9 million (\$3.3 million state general fund) is provided to improve the case manager to client ratio for developmentally disabled clients enrolled in the Medicaid Home and Community-Based Waiver. A total of 48 caseworkers will be added over the 2001-03 biennium. The additional staff will be used to ensure better monitoring of client health and safety.

### **Long-Term Care Services**

The budget provides a total of \$2.1 billion so that an average of 47,000 people per month may receive long-term care in their own homes, assisted living facilities, adult family homes, and nursing homes. This is a 6.8 percent increase in the number of people receiving such services, and a 12 percent increase in total expenditures, from the 1999-01 level.

A total of \$27.6 million is provided to increase compensation for low-wage workers who provide direct care for persons in their own homes and in adult family homes, assisted living facilities, and nursing homes. An additional \$5.6 million is appropriated to provide health insurance for additional homecare workers, and to cover increased health insurance costs.

In accordance with Chapter 8, Laws of 2001, 1<sup>st</sup> sp.s., Partial Veto (SHB 2242), a total of \$80.6 million is provided to increase nursing home payment rates. Nursing home payment rates will increase an average of 4.4 percent per year, including the impact of the low-wage worker increase.

Funding is also provided to enhance or to increase access to long-term care services in the community. The budget provides \$1.5 million for exceptional care rates so that persons with Alzheimer's disease or related dementias who might otherwise require nursing home care may instead reside in community boarding facilities specializing in their care. A total of \$910,000 is provided to increase skilled nursing visits for persons receiving in-home care. Chapter 269, Laws of 2001 (SHB 1341), is expected to enable 1,100 people to qualify for publicly-funded, community-based long-term care, while still saving approximately \$1 million because an estimated 375 of these individuals would otherwise be served in nursing facilities, at greater public expense. Admissions to the chore services program are to be frozen effective July 1, 2001, for an anticipated savings of \$1.5 million by the end of the biennium.

### **Economic Services Administration**

The budget increases funding for subsidized childcare and other WorkFirst programs by \$29 million. The funding is from the federal Temporary Assistance for Needy Families block grant and the Child Care Development block grant.

The budget saves \$6.6 million in state general funds by shifting from federal to state administration of state supplemental payments for persons on the federal Supplemental Security Income program. The shift would occur in the second year of the biennium and is expected to save \$16-18 million per biennium once fully implemented.

The budget reduces funding by \$3 million (\$2 million in state general fund) in anticipation of savings resulting from the streamlining of processes to determine and review eligibility for income assistance programs. The savings will reduce staffing by 275 positions by the end of the 2001-03 biennium.

### **Alcohol and Substance Abuse**

The budget provides \$2.9 million from the Public Safety and Education Account for drug and alcohol treatment for persons on the Supplemental Security Income (SSI) Program. Preliminary data show that providing drug and alcohol treatment for SSI clients with indications of drug and alcohol problems saves money in the Medical Assistance Program. The estimated savings in medical services is \$5.6 million state general fund.

The budget provides \$3.2 million from the state general fund for a 35-bed chemical dependency involuntary treatment (CDIT) facility in eastern Washington. This facility will ease the pressure on the one CDIT facility in western Washington and help reduce the repeated use of emergency rooms, jails, and psychiatric hospitals by persons whose intoxication makes them a danger to themselves or others.

The budget provides \$2.8 million from the Public Safety and Education Account for drug and alcohol treatment for persons gravely disabled from their addictions, including those who are addicted to methamphetamines.

Funding is provided for additional drug courts that are exhausting their federal grants in the 2001-03 biennium. The budget funds half of the lost federal money for five additional counties, for a total cost to the Public Safety and Education Account of \$1.1 million. The balance of drug court funding is expected to come from savings at the local level.

### **Medical Assistance**

The 2001-03 budget provides a total of \$5.8 billion in state and federal funds for an average of about 835,000 persons per month to receive medical, dental, and vision care through Medicaid and other DSHS medical assistance programs. Total expenditures on such services are budgeted to increase by \$983 million (20 percent) from the 1999-01 level, and the state share of those expenditures is projected to increase by \$497 million (24 percent). The number of people receiving state medical assistance is expected to be 8 percent higher in 2001-03 than in 1999-01, and the average cost per person served is budgeted to grow by 12 percent.

The increase in the cost per person served would be greater except for certain cost-control measures anticipated in the budget. The Department of Social and Health Services is directed to develop and implement utilization- and cost-management strategies which are expected to avoid at least \$90 million of cost increases which would otherwise occur in state medical assistance programs. The budget also anticipates that the federal government will enact a Medicare prescription drug program, resulting in \$34 million of avoided prescription drug expenditures by the state Medicaid program during the second year of the biennium.

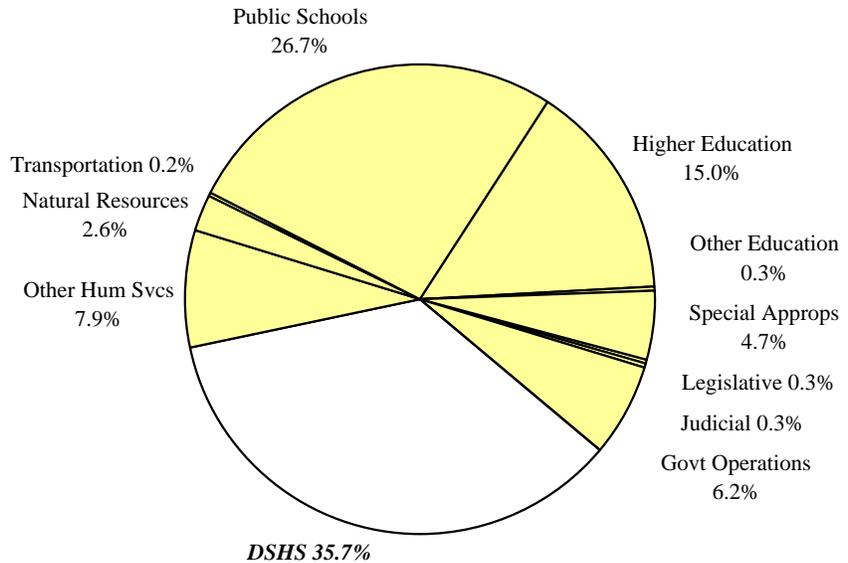
The impact of Medical Assistance cost increases on state taxpayers is also expected to be mitigated by new federal law and regulations regarding the disproportionate share hospital and Medicare upper payment limit programs. Changes to those programs are expected to result in an additional \$350 million of federal revenues into the Health Services Account during the 2001-03 biennium. These revenues are used in the budget to cover cost increases in the Basic Health Plan and in Medicaid coverage for low-income children; to provide an additional \$7 million to public hospitals to reduce the impact of uncompensated care; to enroll without a waiting period all eligible children who apply for coverage under the State Children's Health Insurance Program, which serves families with incomes between 200-250 percent of poverty; and to extend Medicaid eligibility to two additional groups of recipients. The newly-covered groups are uninsured women with incomes below 200 percent of poverty who have been diagnosed with breast or cervical cancer; and persons with incomes below 450 percent of poverty who go to work despite having disabilities severe enough to qualify for social security disability coverage.

### **Vocational Rehabilitation**

General Fund-State support for the Vocational Rehabilitation Program is increased by \$2.6 million (8.2 percent). As a result, Washington will be able to collect the full amount of federal matching funds expected to be available during the 2001-03 biennium.

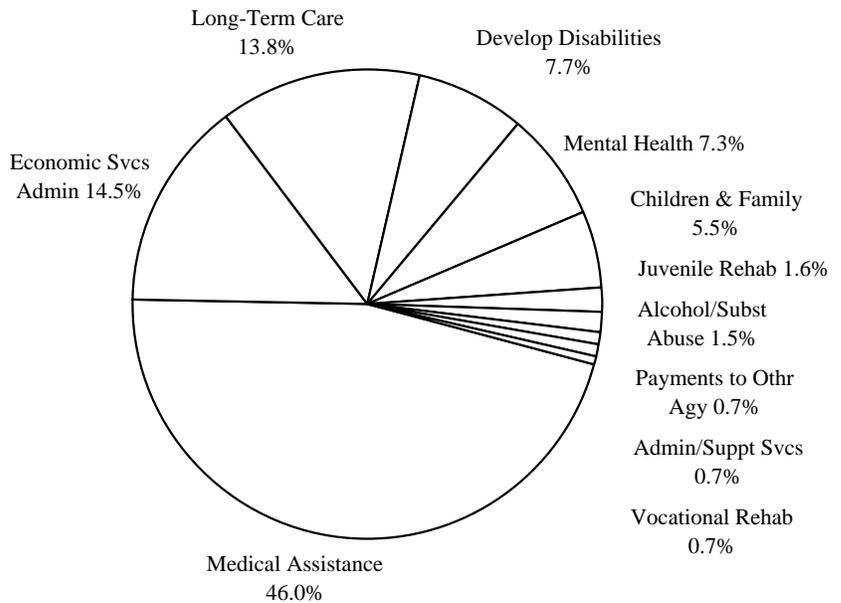
**2001-03 Washington State Operating Budget**  
**Total Budgeted Funds**  
(Dollars in Thousands)

Legislative	139,285
Judicial	141,697
Governmental Operations	2,707,559
<b>DSHS</b>	<b>15,484,051</b>
Other Human Services	3,427,544
Natural Resources	1,123,648
Transportation	104,494
Public Schools	11,571,857
Higher Education	6,502,726
Other Education	116,415
Special Appropriations	2,036,571
<b>Statewide Total</b>	<b>43,355,847</b>



**Washington State**

Medical Assistance	7,125,957
Economic Services Admin	2,249,449
Long-Term Care	2,144,082
Developmental Disabilities	1,187,715
Mental Health	1,126,665
Children & Family Svcs	844,299
Juvenile Rehabilitation	241,095
Alcohol/Subst Abuse	235,646
Pmts to Other Agencies	112,771
Admin/Support Svcs	111,185
Vocational Rehabilitation	105,187
<b>DSHS</b>	<b>15,484,051</b>

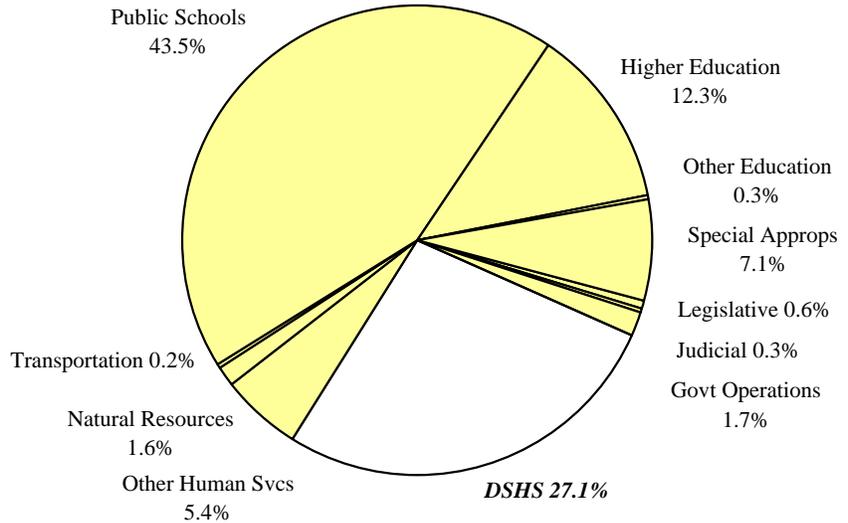


**DSHS**

## 2001-03 Washington State Operating Budget General Fund-State

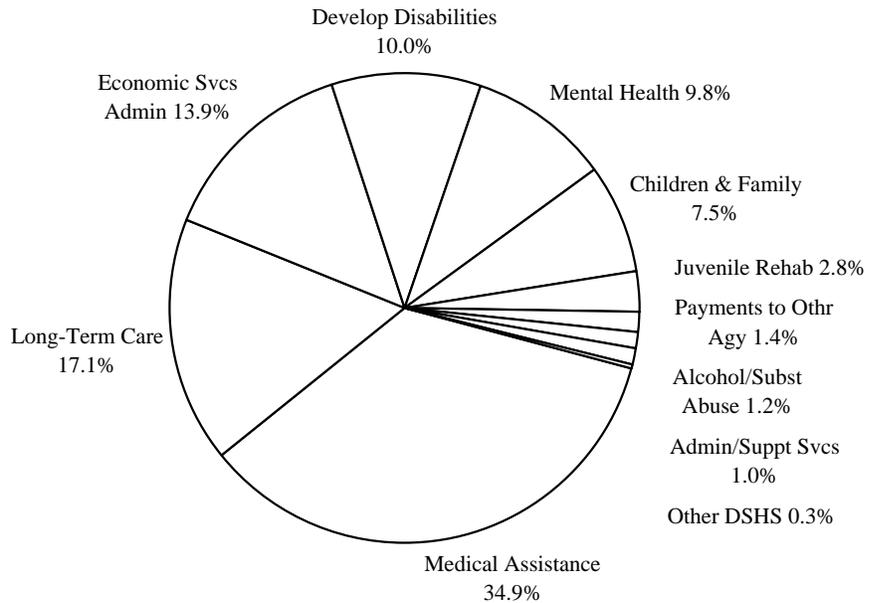
(Dollars in Thousands)

Legislative	133,124
Judicial	71,679
Governmental Operations	392,304
<b>DSHS</b>	<b>6,182,481</b>
Other Human Services	1,232,822
Natural Resources	355,477
Transportation	40,722
Public Schools	9,903,086
Higher Education	2,800,460
Other Education	59,988
Special Appropriations	1,611,095
<b>Statewide Total</b>	<b>22,783,238</b>



### Washington State

Medical Assistance	2,159,789
Long-Term Care	1,056,818
Economic Services Admin	861,310
Developmental Disabilities	620,544
Mental Health	604,510
Children & Family Svcs	464,802
Juvenile Rehabilitation	170,715
Pmts to Other Agencies	86,106
Alcohol/Subst Abuse	76,985
Admin/Support Svcs	59,813
Other DSHS	21,089
<b>DSHS</b>	<b>6,182,481</b>



**DSHS**

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

(Dollars in Thousands)

	GF-S	Other	Total
<b>1999-01 Expenditure Authority</b>	<b>410,694</b>	<b>360,197</b>	<b>770,891</b>
2001 Supplemental *	-3,537	-1,119	-4,656
<b>Total 1999-01 Biennium</b>	<b>407,157</b>	<b>359,078</b>	<b>766,235</b>
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<b>2001-03 Maintenance Level</b>	<b>455,803</b>	<b>406,004</b>	<b>861,807</b>
<b>Policy Changes</b>			
1. Vendor Rate Increases	11,938	3,404	15,342
2. General Inflation	-740	-241	-981
3. Payment Review Program	-68	-69	-137
4. Eliminate Unused Bed Capacity	-3,385	0	-3,385
5. Reduce Caseworker Ratio	6,609	5,604	12,213
6. Division of Licensed Resources	464	154	618
7. Methamphetamine Treatment	0	50	50
8. Risk Assessment Model	254	85	339
9. Fire Marshal Inspections	106	0	106
10. Native American Child Welfare	412	0	412
11. Child Placing Agency Rate Increase	2,150	755	2,905
12. Quality Assurance Improvements	966	322	1,288
13. Foster Care Basic Rate Increase	2,303	1,535	3,838
14. Regional Foster Care Recruitment	400	0	400
15. Passport Program Expansion	583	875	1,458
16. Child Care and Early Learning	-15,682	-42,908	-58,590
17. Respite Care	2,000	127	2,127
18. Private Rooms for Aggressive Youth	0	2,064	2,064
19. Expand Child Placing Agencies	2,078	730	2,808
20. Foster Parent Retention	250	0	250
21. Centennial Buildings Lease Savings	-132	-44	-176
22. Reduce Family Policy Council Funds	-2,235	0	-2,235
23. Expand Relative Placements	0	1,050	1,050
24. Expand Responsible Living Beds	728	0	728
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<b>Total 2001-03 Biennium</b>	<b>464,802</b>	<b>379,497</b>	<b>844,299</b>
Fiscal Year 2002 Total	225,789	187,564	413,353
Fiscal Year 2003 Total	239,013	191,933	430,946

**Comments:**

1. **Vendor Rate Increases** - Funding is provided to increase overall vendor payments in children's services by 2.1 percent in FY 2002 and 2.3 percent in FY 2003. The Department shall seek to control rate increases and reimbursement decisions for foster care and adoption support cases such that the cost per case for family foster care, group care, receiving homes, and adoption support does not exceed the amounts assumed in the projected expenditures plus the amounts provided for vendor rate increases and increases to the basic rate for foster care. (General Fund-State, General Fund-Federal)
3. **Payment Review Program** - Savings are anticipated from recovering amounts incorrectly paid to service providers and from revising payment procedures to prevent future errors. (General Fund-State, General Fund-Federal)
2. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)
4. **Eliminate Unused Bed Capacity** - The unused funding for Staff Secure Group Homes is eliminated, and funds are reduced for Secure Crisis Residential Centers (SCRCs). Reductions in SCRCs shall seek to maintain availability across the state, while reducing bed capacity in facilities with the lowest rate of actual placements to potential placements.
5. **Reduce Caseworker Ratio** - Funding is provided to reduce the average number of active cases for each caseworker from the current funded level of 29 to 24 by the end of the 2001-03 biennium. This is achieved through increased funding and by redeploying in FY 2003 approximately 5 percent of staff resources from administrative areas of the program to

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

- case carrying staff and the supervisors and clerical staff that support them. (General Fund-State, General Fund-Federal)
6. **Division of Licensed Resources** - Funding is provided for additional licensors to meet the projected increase in foster homes. The desired ratio of 100 cases per licensor is funded. (General Fund-State, General Fund-Federal)
  7. **Methamphetamine Treatment** - As part of a statewide methamphetamine initiative, funding is provided for training all Child Protective Services social workers on responding to children found at methamphetamine labs or sites. (Public Safety and Education Account-State)
  8. **Risk Assessment Model** - Funding is provided for enhancements to the risk assessment model. The risk assessment model allows caseworkers to provide an assessment of the risk of abuse and/or neglect to children reported to the Department. The enhancements will allow for re-assessment of risk throughout the life of the case and will include a special assessment tool if reunification is being considered for a child in out-of-home placement. Funding is also included for training caseworkers on the new model. (General Fund-State, General Fund-Federal)
  9. **Fire Marshal Inspections** - Funding is provided for the Washington State Patrol Fire Marshal to perform inspections of childcare centers and group care facilities that must have a fire safety inspection and certification prior to licensing by the Children's Administration. This funding is sufficient to meet the expected growth in the program.
  10. **Native American Child Welfare** - Funding is provided for child welfare services to three new tribes (the Samish Nation, Snoqualmie Tribe, and Cowlitz Tribe) and new tribes in the Small Tribes of Western Washington (STOWW). The Children's Administration contracts with the state's federally recognized Native American tribes, off-reservation Native American organizations, and STOWW to provide child welfare services to Native American families.
  11. **Child Placing Agency Rate Increase** - Funding is provided to increase the rate paid to child placing agencies by 35 percent to \$400 per month at the beginning of the 2001-03 biennium. Child placing agencies provide foster and adoption services including placement and monitoring of children that reside in family foster care. This rate increase is in addition to a statewide vendor rate increase. (General Fund-State, General Fund-Federal)
  12. **Quality Assurance Improvements** - Funding is provided for ten quality assurance staff to conduct additional program reviews of case records. Currently, the Department is reviewing 600 records per year. This funding would allow the review of 6,000 case files per year and would move the Department to the national accreditors recommended level of 10 percent of case files reviewed per year. These positions will be phased-in over the biennium. (General Fund-State, General Fund-Federal)
  13. **Foster Care Basic Rate Increase** - The basic rate for family foster care is increased from an average of \$405 per month to \$420 on July 1, 2001, and \$440 on July 1, 2002. (General Fund-State, General Fund-Federal)
  14. **Regional Foster Care Recruitment** - Funding is provided to expand and improve foster parent recruitment.
  15. **Passport Program Expansion** - Funding is provided to reduce the backlog of Passports for children who have been in foster care over 90 days. A Passport is a concise record of each child's current medical, dental, behavioral, psychological, and educational status. It also includes the child's care providers and a record of vaccinations, allergies, current medication and doses, and upcoming appointments. (General Fund-State, General Fund-Federal)
  16. **Child Care and Early Learning** - Funding is transferred to the Department of Social and Health Services (DSHS) Economic Services Administration as a result of the consolidation of child care and early learning programs within DSHS, and from the Department of Health and the Office of Financial Management. (General Fund-State, General Fund-Federal)
  17. **Respite Care** - Funding is increased for respite care for foster parents. The Department shall provide respite care for foster parents so as to best improve child placement stability in the foster care system. Payments for the services will be made to the respite provider. (General Fund-State, General Fund-Federal)
  18. **Private Rooms for Aggressive Youth** - Funding is provided for improved security measures involving sexually aggressive youth in group foster care. These measures include an increase in the number of private rooms and other ways to improve safety for youth in group foster care. (General Fund-State, General Fund-Federal)
  19. **Expand Child Placing Agencies** - Funding is provided to increase the capacity of child placing agencies by 15 percent in FY 2002 and 30 percent in FY 2003. Child placing agencies provide adoption support and foster care services including placement and monitoring services for children who reside in family foster care. (General Fund-State, General Fund-Federal)
  20. **Foster Parent Retention** - Funding is provided for continuation of a foster parent retention program directed at foster parents caring for children who act out sexually.
  21. **Centennial Buildings Lease Savings** - Lease costs are reduced due to the purchase of the Centennial buildings in Tacoma. (General Fund-State, General Fund-Federal)
  22. **Reduce Family Policy Council Funds** - Funding for the Family Policy Council and community public health and safety networks is reduced by 25 percent. In reducing grants to the community public health and safety networks, the Family Policy Council shall seek to maintain programs for

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

which data and/or research indicate positive outcomes and for networks that have a history of substantial contract compliance. (General Fund-State, Violence Reduction and Drug Enforcement Account)

23. **Expand Relative Placements** - Funding is provided to increase kinship care placements for children who otherwise would likely be placed in foster care. These funds are for extraordinary costs incurred by relatives at the time of placement, or for extraordinary costs incurred by relatives after placement if such costs would likely cause a disruption in the kinship care placement. Of the funds provided, \$50,000 shall be contracted to the Washington Institute for Public Policy to conduct a study of kinship care placements. The study shall examine the prevalence and needs of families who are raising related children, and shall compare services and policies of Washington State with other states that have a higher rate of kinship care placements in lieu of foster care placements. The study shall identify possible changes in services and policies that are likely to increase appropriate kinship care placements. (General Fund-Federal)
24. **Expand Responsible Living Beds** - Funding is provided for additional Responsible Living Skills Program (RLSP) beds. Eight beds shall be added by October 2001, and an additional seven beds shall be added by July 2002. The total number of RLSP beds in FY 2003 shall be 44.

\* Please see the 2001 Supplemental Operating Budget Section for additional information.

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

**WORKLOAD HISTORY**  
By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	Estimate		
								2001	2002	2003
<b>Foster Care <sup>(1)</sup></b>										
Avg # Children Served Monthly	6,665	6,762	8,333	8,283	8,297	8,220	8,127	8,105	8,114	8,088
% Change from prior year		1.5%	23.2%	-0.6%	0.2%	-0.9%	-1.1%	-0.3%	0.1%	-0.3%
<b>Child Care <sup>(2)</sup></b>										
Avg # Children Served Monthly	4,823	4,581	4,672	4,422	4,435	4,563	4,590	4,591	4,591	4,591
% Change from prior year		-5.0%	2.0%	-5.4%	0.3%	2.9%	0.6%	0.0%	0.0%	0.0%
<b>Child Protective Services <sup>(3)</sup></b>										
Avg Cases Referred Monthly	5,750	6,108	6,241	6,319	6,477	6,214	6,351	6,388	6,388	6,388
% Change from prior year		6.2%	2.2%	1.2%	2.5%	-4.1%	2.2%	0.6%	0.0%	0.0%
<b>Adoption Support</b>										
Avg # Served Monthly	2,843	3,186	3,678	4,040	4,683	5,455	6,318	7,215	8,143	9,042
% Change from prior year		12.1%	15.4%	9.8%	15.9%	16.5%	15.8%	14.2%	12.9%	11.0%
<b>Caseload Ratio</b>										
Avg Cases Per Worker <sup>(3)</sup>	36:1	36:1	36:1	36:1	33:1	29:1	29:1	29:1	24:1	24:1

(1) Includes Family Foster Care, Group Foster Care, and Receiving Care. (Note: Receiving Care is not included prior to 1996).

(2) Includes the effect of the program transfer of teen parenting and seasonal child care programs from the Children's Administration to the Economic Services Administration.

(3) Combined average number of open cases per case carrying social worker for Child Protective Services, Child Welfare Services, and Family Reconciliation Services.

Data Sources:

Child Care, Child Protective Services and Caseload Ratio from DSHS Budget Division.  
Foster Care and Adoption Support from the Caseload Forecast Council.

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

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>1999-01 Expenditure Authority</b>	<b>173,178</b>	<b>67,064</b>	<b>240,242</b>
2001 Supplemental *	-6,914	-1,591	-8,505
<b>Total 1999-01 Biennium</b>	<b>166,264</b>	<b>65,473</b>	<b>231,737</b>
<b>2001-03 Maintenance Level</b>	<b>174,252</b>	<b>69,374</b>	<b>243,626</b>
<b>Policy Changes</b>			
1. Vendor Rate Increases	1,471	1,061	2,532
2. General Inflation	-535	0	-535
3. Centennial Buildings Lease Savings	-20	0	-20
4. Efficiencies in Regional Services	-1,574	0	-1,574
5. Mental Health Services	1,118	0	1,118
6. Basic Training Camp	38	8	46
7. Administrative Efficiencies	-120	-60	-180
8. Chemical Dependency Alternative	-57	-3	-60
9. Delay Green Hill Expansion	-812	0	-812
10. Governor Veto	-3,046	0	-3,046
<b>Total 2001-03 Biennium</b>	<b>170,715</b>	<b>70,380</b>	<b>241,095</b>
Fiscal Year 2002 Total	83,759	34,992	118,751
Fiscal Year 2003 Total	86,956	35,388	122,344

**Comments:**

- Vendor Rate Increases** - Department vendors will have their rates increased by 2.1 percent on July 1, 2001, and an additional 2.3 percent on July 1, 2002. (General Fund-State, Public Safety and Education Account, Violence Reduction and Drug Enforcement Account, General Fund-Federal, General Fund-Local)
- General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
- Centennial Buildings Lease Savings** - Reduced lease costs are achieved by purchasing the Centennial buildings in Tacoma.
- Efficiencies in Regional Services** - Savings are achieved by the Juvenile Rehabilitation Administration through the implementation of efficiencies in the administration of regional services programs in the community. Regional services includes parole services, community facilities, drug and alcohol services, learning and life skills centers, regional support staff, regional administration, and diagnostics.
- Mental Health Services** - Due to recent assessments of the of number youth with mental health issues in Juvenile Rehabilitation Administration facilities, funding is provided for increased counselor assistant positions at Maple Lane School and increased medication management resources to address workload associated with increased usage of psychotropic drug medications.
- Basic Training Camp** - Funding is provided to implement Chapter 137, Laws of 2001 (HB 1070), which authorizes the Juvenile Rehabilitation Administration (JRA) to extend the current Basic Training Camp (BTC) program from 120 days up to 160 days for residents who need additional time to meet the BTC requirements. The Department of Social and Health Services is authorized to order sanctions for parole violations, including ordering BTC graduates to return to institutions for the remainder of their original sentence. (General Fund-State, General Fund-Federal)
- Administrative Efficiencies** - The Office of Juvenile Justice (OJJ) and staff to the Governor's Juvenile Justice Advisory Committee (GJJAC) operate independently of JRA. This item consolidates the OJJ and GJJAC staff into the administrative operations of JRA. Cost savings will result from the elimination of duplicative administrative operations and from aligning OJJ contract monitoring responsibilities with the monitoring expectations of JRA central office staff. (General Fund-State, General Fund-Federal)
- Chemical Dependency Alternative** - Savings are achieved through the implementation of Chapter 164, Laws of 2001 (SSB 5468), which expands the eligibility criteria for the Chemical Dependency Disposition Alternative (CDDA). As a result of the changes, it is expected that an additional six individuals will complete the CDDA requirements. (General Fund-State, General Fund-Federal)
- Delay Green Hill Expansion** - The opening of a recently constructed 64-bed unit at Green Hill School is delayed until the second year of the biennium.

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

10. **Governor Veto** - The Governor vetoed Section 203(1)(s) of Chapter 7, Laws of 2001, 2nd sp.s., Partial Veto (ESSB 6153), which earmarked \$3,046,000 General Fund-State for contracted beds at local county detention facilities. JRA currently contracts with county detention centers to provide short-term residential programming for juvenile offenders in the community commitment program. (General Fund-State, General Fund-Federal)

\* Please see the 2001 Supplemental Operating Budget Section for additional information.

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

**WORKLOAD HISTORY**  
By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	Estimate		
								2001	2002	2003
<b>Community Residential</b> <sup>(1)</sup>										
Avg Daily Population/Month	353	346	359	362	305	239	209	216	193	193
% Change from prior year		-2.0%	3.8%	0.8%	-15.7%	-21.6%	-12.6%	3.3%	-10.6%	0.0%
<b>Institutions</b>										
Avg Daily Population/Month	753	915	1,007	1,028	1,048	996	984	981	986	1,026
% Change from prior year		21.5%	10.1%	2.1%	1.9%	-5.0%	-1.2%	-0.3%	0.5%	4.1%
<b>Parole</b> <sup>(2)</sup>										
Avg Daily Population/Month	595	765	917	949	1,002	768	1,023	1,071	1,082	1,124
% Change from prior year		28.6%	19.9%	3.5%	5.6%	-23.4%	33.3%	4.7%	1.0%	3.9%

(1) Includes State Group Homes, Community Residential Placements, and the County Commitment Program. Beginning in FY 2002, funding for County Commitment Program beds is eliminated.

(2) Parole eligibility standards were significantly modified in FY 1998 and again in FY 2000.

Data Sources :

FY 1994 through FY 2001 from DSHS Juvenile Rehabilitation Administration.

FY 2002 through FY 2003 data from legislative fiscal staff.

## Department of Social and Health Services Mental Health

(Dollars in Thousands)

	GF-S	Other	Total
<b>1999-01 Expenditure Authority</b>	<b>516,029</b>	<b>500,143</b>	<b>1,016,172</b>
2001 Supplemental *	6,542	5,421	11,963
<b>Total 1999-01 Biennium</b>	<b>522,571</b>	<b>505,564</b>	<b>1,028,135</b>
<hr/>			
<b>2001-03 Maintenance Level</b>	<b>594,042</b>	<b>515,624</b>	<b>1,109,666</b>
<b>Policy Changes</b>			
1. Vendor Rate Increases	71	5,003	5,074
2. General Inflation	-951	-149	-1,100
3. Special Commitment Center/Community	5,760	0	5,760
4. LRA Mitigation Funding	2,000	0	2,000
5. Special Commitment Center/Program	2,452	0	2,452
6. Special Commitment Center/Facility	26	0	26
7. Special Commitment Center/Legal	1,253	0	1,253
8. Prevalence Study	250	250	500
9. Performance Measurement System	411	411	822
10. Forensic Unit Lawsuit	3,496	404	3,900
11. Children's Inpatient Vendor Rates	546	556	1,102
12. Non-Medicaid Comm Inpatient Funding	-1,389	0	-1,389
13. RSN Program Data Collection	0	606	606
14. Reduce Community Inpatient Pool	-1,800	0	-1,800
15. Medicare/Medicaid Crossovers	-1,514	-1,539	-3,053
16. Allen Settlement Work Plan 3	3,268	0	3,268
17. Longitudinal Study	38	38	76
18. Expand Community Services	-3,449	951	-2,498
<hr/>			
<b>Total 2001-03 Biennium</b>	<b>604,510</b>	<b>522,155</b>	<b>1,126,665</b>
Fiscal Year 2002 Total	300,510	258,630	559,140
Fiscal Year 2003 Total	304,000	263,525	567,525

**Comments:**

1. **Vendor Rate Increases** - Agencies which contract with the state to provide interpreter services at the state psychiatric hospitals, and a variety of support services at the Special Commitment Center (SCC), will receive a 2.1 percent inflationary increase in July 2001 and a 2.3 percent increase in July 2002. Additionally, federal matching funds are provided so that the three Regional Support Networks (RSN) whose allocations under the new formula authorized in the budget would otherwise not increase by at least 2.1 percent in FY 2002, and by an additional 2.3 percent in July 2002, may receive such rate increases. The non-federal share of that increase is to be provided by the RSN from accumulated fund balances or other local fund sources. (General Fund-State, General Fund-Federal, General Fund-Local)
2. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)
3. **Special Commitment Center/Community** - Funding is provided to establish an additional community transition program for residents of the SCC. In a less restrictive alternate (LRA) environment, the program will focus on learning transitional skills and putting previous skills into practical application. Residents in the LRA facility will also receive additional treatment as needed. Estimates are based on an opening date of October 2001.
4. **LRA Mitigation Funding** - Mitigation funding is provided for jurisdictions affected by the placement of LRA facilities for persons conditionally released from the SCC at McNeil Island.
5. **Special Commitment Center/Program** - The SCC adopted a plan to satisfy the United States District Court's rulings. The plan includes an enhancement to the current SCC program, including: (1) the establishment of a vocational program; (2) the adoption of a preventative health program; (3) the establishment of another Assistant Resident Manager position to help cover evening hours; and (4) the development of a tracking system to collect resident information, treatment progress, and other activities designed to assist residents in achieving successful treatment.
6. **Special Commitment Center/Facility** - The new 258-bed special commitment facility is scheduled to open July 2003.

## Department of Social and Health Services Mental Health

Three positions in facility operations are provided to plan for and coordinate occupancy.

7. **Special Commitment Center/Legal** - Funding is provided for costs associated with hiring two additional assistant attorneys general and support staff to decrease wait times and the number of cases awaiting initial commitment trials to the SCC at McNeil Island. Funding will also allow the Attorney General's office to support cases currently being handled by the Snohomish County Prosecutor's office.
8. **Prevalence Study** - Funding is provided for the Department of Social and Health Services (DSHS) to study the prevalence of mental illness among the state Regional Support Networks' service areas. The Joint Legislative Audit and Review Committee is to monitor the study within its existing funds. (General Fund-State, General Fund-Federal)
9. **Performance Measurement System** - Funds are provided for the Mental Health Division to contract for the development of an outcome-based performance measurement system for the public mental health system. (General Fund-State, General Fund-Federal)
10. **Forensic Unit Lawsuit** - Funds are provided for DSHS to settle a lawsuit by the Washington Protection and Advocacy System alleging insufficient and inappropriate treatment of persons committed to the legal offender (forensic) unit at Western State Hospital. (General Fund-State, General Fund-Federal)
11. **Children's Inpatient Vendor Rates** - Funding is provided for a 10 percent rate increase for the four facilities from which the state purchases 24-hour residential treatment for severely troubled children. The increase is needed for the facilities to address significant recruitment and retention problems and the rising cost of medical insurance and utilities. (General Fund-State, General Fund-Federal)
12. **Non-Medicaid Comm Inpatient Funding** - The RSNs are responsible for the utilization and cost of community psychiatric hospitalization services for Medicaid recipients, and also for other persons who qualify for "state-only" medical assistance, such as the medically indigent, and recipients of general assistance for the unemployed (GAU). The Department has historically deducted the actual cost of hospitalization for these "state-only" groups from the RSNs' capitation payments. However, because half of those payments are federal funding which cannot be used for non-Medicaid recipients, the Department has covered the balance of the cost with state funds which were available in the Department's base budget. Under the new formula for allocating state and federal funds among the RSNs, RSNs will be allocated state funds for the "state-only" groups at 100 percent of the payment rate the RSN would receive for a comparable Medicaid enrollee. This item reduces the Department's base funding level by charging 25 percent of the state-only costs not covered by the previous capitation rates against RSN allocations in FY 2002 and 50 percent in FY 2003. There is no reduction in the total amount of funding available to the RSNs.
13. **RSN Program Data Collection** - Additional staffing is authorized for the Mental Health Division to improve collection, monitoring, and analysis of community mental health fiscal, client characteristics, and outcomes data. Additional federal funding is available to offset this cost. (General Fund-Federal)
14. **Reduce Community Inpatient Pool** - Funding for the community inpatient pool, established in FY 2001 to assist communities maintain capacity to provide short-term psychiatric hospitalizations locally, is reduced to \$1.45 million per year.
15. **Medicare/Medicaid Crossovers** - For persons who are dually eligible for both Medicare and Medicaid, the state Medicaid program is responsible for the share of community mental health costs which under Medicare are the patient's financial responsibility. Such Medicaid co-insurance costs were included in the original expenditure base which was used to calculate the RSN capitation rates, but in 1996 the Mental Health Division began paying the co-insurance costs directly, out of a separate appropriation, without a corresponding reduction in the RSN capitation rates. This item eliminates that separate appropriation, and requires the RSNs to cover the Medicare co-insurance costs out of their current Medicaid funding levels. (General Fund-State, General Fund-Federal)
16. **Allen Settlement Work Plan 3** - Funding is provided for the state hospitals to provide additional specialized care, combining both habilitation and mental health treatment components, for persons with developmental disabilities who require the level and intensity of psychiatric care best provided by the state hospitals. These funds are in addition to the \$2.2 million per year for such additional specialized care which was first provided in the 2000 supplemental appropriation, and fulfills the state's commitments under the *Allen v. DSHS* settlement agreement. The lawsuit contended that the state was not providing adequate care for persons with developmental disabilities in the state psychiatric hospitals. (General Fund-State, General Fund-Federal)
17. **Longitudinal Study** - In accordance with Chapter 334, Laws of 2001, Partial Veto (ESSB 5583 - Mental Health Performance Audit), funding is provided for the Washington State Institute for Public Policy to design and begin implementation of a 10-year longitudinal study on the impact of public mental health services on recipients' future employment, housing stability, criminal justice system involvement, and requirement for additional services. (General Fund-State, General Fund-Federal)
18. **Expand Community Services** - A total of \$5.7 million is provided for development of community residential and support services for persons whose treatment needs

## Department of Social and Health Services Mental Health

constitute substantial barriers to community placement, and who no longer require active psychiatric treatment in an inpatient hospital setting. This is expected to permit closure of four state hospital wards over the course of the 2001-03 biennium, resulting in a net reduction in total public expenditures.

Most of the new community funding available through this initiative will be used to provide community residential, mental health, and other services for long-term state hospital residents who can be better cared for in the community. No long-term resident is to move from the hospitals until a team of community professionals, who will work with them on an ongoing basis, have gotten to know the person; assessed their strengths, preferences, and needs; assured there is a safe and stable place for them to live; and made sure that other needed medical, behavioral, and social services are in place. In addition to the state and federal funding which is provided for ongoing service delivery after the resident's movement from the hospital, the Department is expected to use federal block grant funding for up-front development, training, and operation of the community support teams.

Primary responsibility and accountability for community support for persons who would otherwise require long-term state hospital care shall reside with the Mental Health Division and the RSNs, with partnership and support from other DSHS programs such as Alcohol and Substance Abuse and Aging and Adult Services. The Department is expected to negotiate performance-based incentive contracts with those RSN's which have the most viable plans for providing community services for a significant number of long-term hospital residents, rather than distributing the new funding among all RSNs according to the standard allocation formula.

Some of the new state and federal block grant funding provided as part of this initiative is also to be used to support strategies which will reduce the unnecessary and excessive use of state and local hospitals for short-term crisis stabilization services. Such strategies may include training and technical assistance to community long-term care and substance abuse providers; the development of diversion beds and stabilization support teams; and the development of new contractual standards to assure that the statutory requirement that 85 percent of short-term detentions be managed locally is being fulfilled. (General Fund-State, General Fund-Federal)

\* Please see the 2001 Supplemental Operating Budget Section for additional information.

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

**WORKLOAD HISTORY  
By Fiscal Year**

	1994	1995	1996	1997	1998	1999	2000	<b>Estimate</b>		
								2001	2002	2003
<b>State Hospitals <sup>(1)</sup></b>										
Avg Daily Population/Month	1,444	1,349	1,278	1,276	1,311	1,354	1,358	1,367	1,402	1,281
% Change from prior year		-6.6%	-5.3%	-0.2%	2.7%	3.3%	0.2%	0.7%	2.6%	-8.6%
Avg Daily Census/Month		1,323	1,246	1,243	1,275	1,317	1,340	1,351	1,384	1,264
% Change from prior year			-5.8%	-0.2%	2.6%	3.3%	1.7%	0.8%	2.5%	-8.7%
<b>Community Outpatient Services</b>										
	<b>32,939</b>	<b>36,728</b>	<b>38,482</b>	<b>39,861</b>	<b>41,328</b>	<b>43,882</b>	<b>45,132</b>	<b>46,226</b>	<b>47,379</b>	<b>48,402</b>
% Change from prior year		11.5%	4.8%	3.6%	3.7%	6.2%	2.8%	2.4%	2.5%	2.2%
Avg Adults Served per Month	25,065	27,210	28,077	28,853	30,024	31,840	32,876	33,791	34,602	35,266
% Change from prior year		8.6%	3.2%	2.8%	4.1%	6.0%	3.3%	2.8%	2.4%	1.9%
Avg Children Served per Month	7,874	9,518	10,405	11,008	11,304	12,042	12,256	12,434	12,777	13,137
% Change from prior year		20.9%	9.3%	5.8%	2.7%	6.5%	1.8%	1.5%	2.8%	2.8%
<b>Special Commitment Center – Main Facility</b>										
Avg Daily Population/Month	23	28	33	43	57	79	105	130	151	168
% Change from prior year		23.0%	20.1%	28.4%	32.6%	38.5%	33.0%	24.4%	16.0%	11.2%
<b>Special Commitment Center – Less Restrictive Alternatives <sup>(2)</sup></b>										
Avg Daily Population/Month	0	1	2	2	2	3	5	5	10	21
% Change from prior year		100.0%	100.0%	0.0%	0.0%	50.0%	66.7%	0.0%	96.0%	112.2%

(1) Includes: Eastern State Hospital, Western State Hospital (WSH), WSH Program for Adaptive Living Skills (PALS), and Child Study and Treatment Center. Prior to FY 1995, also includes Program Offering Rehabilitation and Training in Adult Living (PORTAL).

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

Data Sources :

FY 1994 through FY 1999 actuals are from DSHS Division of Research and Data Analysis reports.

FY 2001 through FY 2003 estimates are from legislative fiscal committees.

## Department of Social and Health Services Developmental Disabilities

(Dollars in Thousands)

	GF-S	Other	Total
<b>1999-01 Expenditure Authority</b>	<b>529,486</b>	<b>496,593</b>	<b>1,026,079</b>
2001 Supplemental *	6,185	112	6,297
<b>Total 1999-01 Biennium</b>	<b>535,671</b>	<b>496,705</b>	<b>1,032,376</b>
<b>2001-03 Maintenance Level</b>	<b>582,932</b>	<b>537,450</b>	<b>1,120,382</b>
<b>Policy Changes</b>			
1. Olmstead Plan Implementation	4,274	4,056	8,330
2. Vendor Rate Increases	13,248	11,037	24,285
3. Long-Term Care Worker Wages	5,783	5,369	11,152
4. General Inflation	-707	-690	-1,397
5. Payment Review Program	-339	-353	-692
6. Caseload Ratio Improvement	3,267	2,588	5,855
7. RHC Cottage Consolidation	-3,639	-3,693	-7,332
8. DDD Improve Public Safety	4,481	4,311	8,792
9. Administrative Reduction	-304	-174	-478
10. High School Transition Funding	2,000	0	2,000
11. Increase for Autism Pilot Project	200	0	200
12. Deaf and Hard of Hearing Svc Ctr	100	0	100
13. Expand Respite Care	250	250	500
14. Limit Residential Vacancy Payments	-708	-708	-1,416
15. Voluntary Placement Program Costs	9,706	7,728	17,434
<b>Total 2001-03 Biennium</b>	<b>620,544</b>	<b>567,171</b>	<b>1,187,715</b>
Fiscal Year 2002 Total	306,271	279,375	585,646
Fiscal Year 2003 Total	314,273	287,796	602,069

**Comments:**

1. **Olmstead Plan Implementation** - Funding is provided for community residential placements and corresponding support services for up to 80 individuals to transition from state residential habilitation centers (RHCs). This item is consistent with the Department's overall planning related to the U.S. Supreme Court decision in the *L.C. v. Olmstead* case and builds upon past efforts to enable integrated, community living. (General Fund-State, General Fund-Federal)
4. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)
2. **Vendor Rate Increases** - Funding is provided to increase overall vendor payments by an average of 2.1 percent in FY 2002 and 2.3 percent in FY 2003. (General Fund-State, General Fund-Federal)
5. **Payment Review Program** - Savings are anticipated from recovering amounts incorrectly paid to service providers and from revising payment procedures to prevent future errors. (General Fund-State, General Fund-Federal)
3. **Long-Term Care Worker Wages** - Funding is provided for a 50 cent per hour pay increase for low-wage workers who provide direct care for elderly and disabled persons in their own homes, in nursing homes, and in community residential programs. When combined with the vendor rate increases funded above, hourly wages will increase an average of 50 cents effective July 1, 2001 for home-care workers, nurses aides, and residential care staff currently earning less than \$10 per hour. (General Fund-State, General Fund-Federal)
6. **Caseload Ratio Improvement** - Funding is provided to improve the case manager to client ratio for clients enrolled on the Home and Community Based Waiver in the Division of Developmental Disabilities (DDD). A total of 48 new caseworkers plus support staff will be phased-in over a 10-month period during the 2001-03 biennium. In addition, this item provides authority for 37.5 FTEs the Division has been funding within current level resources. These additional resources shall be deployed to ensure better monitoring of health and safety for clients on the waiver. (General Fund-State, General Fund-Federal)
7. **RHC Cottage Consolidation** - Savings will be achieved through the consolidation of cottages resulting from vacancies at the residential habilitation centers (RHCs). Vacancies are due to normal attrition and anticipated

## Department of Social and Health Services Developmental Disabilities

- vacancies accruing as a result of the continued efforts of the Division to move residents to community settings. Savings include costs related to staff and goods and services expenditures. (General Fund-State, General Fund-Federal)
8. **DDD Improve Public Safety** - Two client groups will be served by funding that includes residential housing support for individuals with community protection issues. 1) The division will provide intensive supervision for 26 individuals with developmental disabilities that the Department of Corrections plans to release during the 2001-03 biennium. These individuals are incarcerated for sexual offenses and violent crimes. Besides supervision, the division will provide residential and employment services. 2) The Department will also provide residential support for 30 individuals in crisis who are utilizing statewide diversion beds but lack funding for permanent placement. Outplacement will be provided for 18 individuals from state psychiatric hospitals. This element represents part of phase 2 of the Mental Health/Developmental Disabilities Collaborative in response to the Allen lawsuit settlement agreement. (General Fund-State, General Fund-Federal)
  9. **Administrative Reduction** - Savings are achieved by reducing training, planning, and other activities at RHCs. (General Fund-State, General Fund-Federal).
  10. **High School Transition Funding** - Funding is provided for employment and training services for young adults with developmental disabilities who need assistance after high school graduation. These services are intended to assist with the transition to work and promote more independent living. Funding shall be used to the greatest extent possible for vocational rehabilitation services matched with federal funding. In recent years, the state fund budget for employment and day programs has been underspent. These surpluses, built into the carryforward level budget, shall be redeployed for high school transition services.
  11. **Increase for Autism Pilot Project** - Funding is increased for the autism pilot project started in 1999. The added funding will bring the total 2001-03 biennial budget for the project to \$738,000.
  12. **Deaf and Hard of Hearing Svc Ctr** - Funding is increased for the the Southeast Washington Deaf and Hard of Hearing Service Center due to increased workload.
  13. **Expand Respite Care** - Funding is provided to expand respite care at Yakima Valley School by six beds over the biennium depending on the number of vacancies that occur. In addition to the expanded respite beds, funding is provided to improve the continuity of care from a respite stay back to the person's home. Nursing or other appropriate clinical staff will assist the family or other care givers with new ways to support the person in order to improve the stability of the living arrangement. (General Fund-State, General Fund-Federal)
  14. **Limit Residential Vacancy Payments** - Under current practice, as vacancies occur in contracted residential settings for a DDD client, the Division continues to pay a provider to ensure that capacity is maintained. This item limits such payments to three months. (General Fund-State, General Fund-Federal)
  15. **Voluntary Placement Program Costs** - Funding is increased for clients in the Voluntary Placement Program and for clients aging out of the program. (General Fund-State, General Fund-Federal)
- \* Please see the 2001 Supplemental Operating Budget Section for additional information.

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

**WORKLOAD HISTORY  
By Fiscal Year**

	1994	1995	1996	1997	1998	1999	2000	Estimate		
								2001	2002	2003
<b>Institutions</b>										
Avg Monthly Population	1,412	1,322	1,295	1,262	1,228	1,189	1,231	1,231	1,231	1,231
% change from prior year		-6.4%	-2.0%	-2.5%	-2.7%	-3.2%	3.6%	0.0%	0.0%	0.0%
<b>Community Residential Programs <sup>(1)</sup></b>										
Avg Month End Contracted Beds	3,585	3,683	3,740	3,819	3,742	3,747	3,920	4,030	4,111	4,184
% change from prior year		2.7%	1.5%	2.1%	-2.0%	0.1%	4.6%	2.8%	2.0%	1.8%
<b>Employment &amp; Day Programs</b>										
Avg Monthly Number Served	6,789	7,049	7,571	7,954	8,455	8,567	9,193	9,604	9,685	9,758
% change from prior year		3.8%	7.4%	5.1%	6.3%	1.3%	7.3%	4.5%	0.8%	0.8%
<b>Family Support <sup>(2)</sup></b>										
Number of Clients Served	2,071	2,207	2,659	3,637	3,985	4,658	5,247	6,211	6,541	6,847
% change from prior year		6.6%	20.5%	36.8%	9.6%	16.9%	12.6%	18.4%	5.3%	4.7%
<b>Adult Personal Care <sup>(3)</sup></b>										
Number of Clients Served	2,844	3,244	3,525	3,951	4,199	4,730	5,015	5,559	5,883	6,172
% change from prior year		12.3%	8.0%	10.8%	5.9%	11.2%	5.7%	9.8%	5.5%	4.7%

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

(2) Family Support includes Children's Personal Care.

(3) Adult Personal Care includes Medicaid Personal Care and Chore Services. Prior to FY 1990, Developmental Disabilities' clients enrolled in these programs were counted in the Long-term Care program totals.

Data Sources :

FY 1994 through FY 2001 from LEAP workload database DSHS Budget Office.

FY 2002 through FY 2003 are budget estimates from legislative fiscal staffs.

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

(Dollars in Thousands)

	GF-S	Other	Total
<b>1999-01 Expenditure Authority</b>	<b>921,068</b>	<b>985,315</b>	<b>1,906,383</b>
2001 Supplemental *	2,312	-716	1,596
<b>Total 1999-01 Biennium</b>	<b>923,380</b>	<b>984,599</b>	<b>1,907,979</b>
<hr/>			
<b>2001-03 Maintenance Level</b>	<b>1,010,373</b>	<b>1,039,768</b>	<b>2,050,141</b>
<b>Policy Changes</b>			
1. Dementia Exceptional Care Rates	728	740	1,468
2. Freeze Chore Services Enrollments	-1,468	0	-1,468
3. Nursing Services for In-Home Client	452	458	910
4. COPES for Medically Needy	-507	-526	-1,033
5. Vendor Rate Increases	17,624	16,909	34,533
6. Long-Term Care Worker Wages	13,760	13,833	27,593
7. General Inflation	-258	-271	-529
8. Payment Review Program	-867	-903	-1,770
9. Centennial Buildings Lease Savings	-36	-35	-71
10. Nursing Home Rates	19,315	19,613	38,928
11. Nursing Home Evaluation	75	75	150
12. Guardianship	-96	-97	-193
13. Estate Recovery	-2,277	-2,300	-4,577
<hr/>			
<b>Total 2001-03 Biennium</b>	<b>1,056,818</b>	<b>1,087,264</b>	<b>2,144,082</b>
Fiscal Year 2002 Total	518,911	533,279	1,052,190
Fiscal Year 2003 Total	537,907	553,985	1,091,892

**Comments:**

1. **Dementia Exceptional Care Rates** - Funding is provided for exceptional care rates so that an average of at least 60 persons with Alzheimer's disease or related dementias who might otherwise require nursing home care can instead reside in community boarding facilities designed and equipped to provide specialized care for such conditions. (General Fund-State, General Fund-Federal)
4. **COPES for Medically Needy** - Persons with annual incomes over \$19,000 for an individual, or about twice that amount for a couple, are currently able to receive Medicaid-funded assistance with the cost of nursing home care, but not with the cost of care in their own home, an adult family home, or an assisted living facility. As authorized in Chapter 269, Laws of 2001 (SHB 1341), the Department of Social and Health Services (DSHS) is expected to obtain two new federal waivers which will permit such individuals to receive Medicaid-funded services in their own homes or in community residential facilities. This will enable 375 of the 1,500 "medically needy" persons who currently receive Medicaid-funded nursing home care, but whose incomes exceed the current eligibility standard for community-based care, to instead be served in community-based settings at a lower public cost. Those savings will be partially offset by the cost of Medicaid-funded medical and long-term care services for up to 725 additional persons who are not presently eligible for publicly-funded services because their incomes exceed the current eligibility limit. The agency is directed to limit total enrollment in the two waivers to 650 persons by June 2002, and to 1,100 persons by June 2003; and to transfer funds from the Aging and Adult Services Administration to the Medical Assistance Administration to cover the medical costs that will result from making these additional persons eligible for state medical assistance. (General Fund-State, General Fund-Federal)
2. **Freeze Chore Services Enrollments** - The Chore Services program provides assistance with daily living activities to approximately 400 elderly and disabled persons whose incomes exceed the roughly \$6,500 per year which would enable them to qualify for Medicaid, but whose needs are not yet substantial enough to qualify for the Medicaid waiver program, which allows an income of about \$19,000 per year for a single individual. As an alternative to the proposed elimination of the program, there will be a freeze on all new admissions to the program, except for those needed for adult protective services cases. This will accelerate the phase-out of the program, which has been underway since 1994.
3. **Nursing Services for In-Home Client** - Funding is provided to triple the number of community care recipients receiving in-home skilled nursing visits and to double the average number of nursing visits per recipient and the hourly payment rate for such services. (General Fund-State, General Fund-Federal)

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

5. **Vendor Rate Increases** - Agencies that contract with the state to provide case management, home-care, community residential care, and other long-term care services will receive inflationary increases of 2.1 percent on July 1, 2001, and 2.3 percent on July 1, 2002. (General Fund-State, General Fund-Federal)
6. **Long-Term Care Worker Wages** - Funding is provided to increase pay for low-wage workers who provide direct care for elderly and disabled persons in their own homes, in nursing homes, and in community residential programs. When combined with vendor rate increases, funding is sufficient to increase hourly wages an average of 50 cents effective July 1, 2001, for home-care workers, nurses aides, and residential care staff currently earning less than \$10 per hour. (General Fund-State, General Fund-Federal)
7. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)
8. **Payment Review Program** - Savings are anticipated from recovering amounts incorrectly paid to service providers and from revising payment procedures to prevent future errors. The budget anticipates \$2.7 million less in savings than originally proposed by the Department, because the agency has agreed to substantially increase the minimum billing error allowed before repayment is pursued. This change is expected to reduce by 60 percent the number of providers who are contacted about apparent billing errors. (General Fund-State, General Fund-Federal)
9. **Centennial Buildings Lease Savings** - Lease costs are reduced due to the purchase of the Centennial buildings in Tacoma. (General Fund-State, General Fund-Federal)
10. **Nursing Home Rates** - Funding is provided to implement Chapter 8, Laws of 2001, 1st sp.s., Partial Veto (SHB 2242), and to provide rate increases to nursing facilities. When combined with the nursing home component of the long-term care worker wage increase, the weighted average nursing home payment rate is expected to be \$128.79 per patient day in FY 2002 and \$134.45 per patient day in FY 2003, a 4.4 percent average annual increase over the FY 2001 level. (General Fund-State, General Fund-Federal)
11. **Nursing Home Evaluation** - In accordance with Chapter 8, Laws of 2001, 1st sp.s., Partial Veto (SHB 2242), funding is provided for the Department to contract for a two-year evaluation of Washington's nursing home payment system. Study plans are to be approved by and evaluation results reported to the Joint Legislative Task Force on Nursing Homes. (General Fund-State, General Fund-Federal)
12. **Guardianship** - New rules are to be adopted regarding guardianships for persons receiving publicly-funded long-term care. The rules will increase the amount of income available for clients to pay toward their cost of care. (General Fund-State, General Fund-Federal)
13. **Estate Recovery** - State law provides that the publicly-funded cost of care is to be recovered from the estates of long-term care recipients following their death and that of any surviving dependents. DSHS anticipates that it can increase such recoveries by 25 percent if 3.5 additional staff are employed for this purpose. (General Fund-State, General Fund-Federal)

\* Please see the 2001 Supplemental Operating Budget Section for additional information.

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

**WORKLOAD HISTORY**  
By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	Estimate		
								2001	2002	2003
<b>Nursing Homes</b>										
# FTE Clients	17,168	16,639	15,905	14,992	14,645	14,081	13,782	13,602	13,316	12,898
% Change from prior year		-3.1%	-4.4%	-5.7%	-2.3%	-3.9%	-2.1%	-1.3%	-2.1%	-3.1%
<b>Community Care <sup>(1)</sup></b>										
# Clients Served	19,411	19,576	20,876	23,119	25,675	27,567	29,319	31,168	33,188	35,382
% Change from prior year		0.9%	6.6%	10.7%	11.1%	7.4%	6.4%	6.3%	6.5%	6.6%

(1) Includes Chore Services, Community Options Program Entry Services (COPES), Adult Residential, and Medicaid Personal Care.

Data Sources :

Nursing Homes for FY 1994 and FY 1995 from LEAP workload database.

Community Care for FY 1994 through FY 1996 from Aging and Adult Services Administration.

All other data is from the Caseload Forecast Council.

## Department of Social and Health Services Economic Services Administration

(Dollars in Thousands)

	GF-S	Other	Total
<b>1999-01 Expenditure Authority</b>	<b>838,655</b>	<b>1,260,581</b>	<b>2,099,236</b>
2001 Supplemental *	10,458	-3,730	6,728
<b>Total 1999-01 Biennium</b>	<b>849,113</b>	<b>1,256,851</b>	<b>2,105,964</b>
<hr/>			
<b>2001-03 Maintenance Level</b>	<b>865,565</b>	<b>1,320,521</b>	<b>2,186,086</b>
<b>Policy Changes</b>			
1. Vendor Rate Increases	2,329	1,461	3,790
2. General Inflation	-2,511	-3,225	-5,736
3. Child Care and Early Learning	16,564	43,253	59,817
4. Administrative Cost Containment	-4,000	-1,100	-5,100
5. Staffing Efficiencies	-800	-1,600	-2,400
6. Reduce Welfare to Work Match	-7,076	0	-7,076
7. Child Support Documents	-32	-64	-96
8. Streamline Eligibility	-2,000	-1,000	-3,000
9. Centennial Buildings Lease Savings	-215	-207	-422
10. Child Care & WorkFirst Enhancements	0	29,000	29,000
11. Cut SSI State Suppl Admin Costs	-6,562	0	-6,562
12. Filipino Veterans	48	0	48
13. Teen Pregnancy Prevention	0	1,100	1,100
<hr/>			
<b>Total 2001-03 Biennium</b>	<b>861,310</b>	<b>1,388,139</b>	<b>2,249,449</b>
Fiscal Year 2002 Total	436,440	696,939	1,133,379
Fiscal Year 2003 Total	424,870	691,200	1,116,070

**Comments:**

1. **Vendor Rate Increases** - Funding is provided to increase overall vendor payments by an average of 2.1 percent in FY 2002 and 2.3 percent in FY 2003. (General Fund-State, General Fund-Federal)
2. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
3. **Child Care and Early Learning** - The child care and early learning programs from the Department of Social and Health Services (DSHS), the Department of Health, and the Office of Financial Management are consolidated into a new division within the DSHS Economic Services Administration. This division will focus on child care and early learning programs with an emphasis on quality and availability of care. (General Fund-State, General Fund-Federal)
4. **Administrative Cost Containment** - Funding for travel and goods and services is reduced and unused capacity in state funded programs is eliminated. (General Fund-State, General Fund-Federal)
5. **Staffing Efficiencies** - Funding is reduced through efficiencies in the Division of Child Support. The division has been applying technology and quality improvements to their operations, resulting in staffing efficiencies. (General-Fund State, General Fund-Federal)
6. **Reduce Welfare to Work Match** - State matching funds for the federal Welfare to Work grant are reduced to the level needed for the biennium.
7. **Child Support Documents** - Funding is saved through the use of less costly means of delivering child support documents. (General Fund-State, General Fund-Federal)
8. **Streamline Eligibility** - Funding is saved by allowing the Department to simplify state resource eligibility policy and make such policy consistent with other federal public assistance programs. This simplification will allow the Department to eliminate 275 staff positions by the end of the 2001-03 biennium and over 400 staff positions by the end of the 2003-05 biennium. (General Fund-State, General Fund-Federal)
9. **Centennial Buildings Lease Savings** - Lease costs are reduced due to the purchase of the Centennial buildings in Tacoma. (General Fund-State, General Fund-Federal)
10. **Child Care & WorkFirst Enhancements** - Additional funding is provided for the anticipated increase in subsidized child care for low income working families and for other WorkFirst services including carrying forward investments in civil legal assistance for low income families. (General Fund-Federal)

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

11. **Cut SSI State Suppl Admin Costs** - Currently, the state pays the federal government \$10 million per year for administrative costs to add \$28.6 million per year to federal Supplemental Security Income (SSI) benefits. In many cases, the administrative costs are greater than the amount added to the benefit check. By simplifying the state supplemental payments and by distributing those payments directly, it is estimated that \$8-9 million per year can be saved once fully implemented. This item provides \$1 million in FY 2002 and \$0.5 million in FY 2003 for transition planning for an implementation date of July 1, 2002 for state administered payments. State administered SSI supplements shall be made to clients receiving federal SSI payments; therefore, no further eligibility determination will be required by the Department. SSI recipients at the time of conversion who receive state-only benefits above a certain amount per month may be "grandfathered." The Department shall submit an implementation plan by December 1, 2001 to the fiscal committees of the Legislature.
12. **Filipino Veterans** - One-time funding is provided to veterans of World War II if they were members of the Commonwealth of the Philippines military forces and were in the service of the United States on July 26, 1941, or thereafter, and who move to the Philippines to establish and maintain a residence.
13. **Teen Pregnancy Prevention** - Funding is provided for continuation of a teen pregnancy prevention program managed by the Department of Health (DOH). DSHS will provide these funds from the Temporary Assistance for Needy Families block grant to DOH through an interagency agreement. (General Fund-Federal)

\* Please see the 2001 Supplemental Operating Budget Section for additional information.

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

**WORKLOAD HISTORY  
By Fiscal Year**

	1994	1995	1996	1997	1998	1999	2000	Estimate		
								2001	2002	2003
<b>SSI State Supplement</b>										
Avg Monthly Caseload	76,518	82,249	86,299	87,674	88,006	89,176	90,947	92,664	94,288	95,664
% Change from prior year		7.5%	4.9%	1.6%	0.4%	1.3%	2.0%	1.9%	1.8%	1.5%
<b>General Assistance <sup>(1)</sup></b>										
Avg Monthly Caseload	17,617	18,371	18,074	18,155	17,657	17,129	16,416	17,737	17,392	17,392
% Change from prior year		4.3%	-1.6%	0.4%	-2.7%	-3.0%	-4.2%	8.0%	-1.9%	0.0%
<b>TANF Cases <sup>(2)</sup></b>										
Avg Monthly Caseload	104,626	104,472	101,136	97,309	84,685	67,475	58,796	54,649	53,648	53,683
% Change from prior year		-0.1%	-3.2%	-3.8%	-13.0%	-20.3%	-12.9%	-7.1%	-1.8%	0.1%
<b>Child Care <sup>(3)</sup></b>										
Avg # Children Served/Month	32,758	35,275	33,201	35,885	44,142	53,371	61,387	67,576	72,578	76,313
% Change from prior year		7.7%	-5.9%	8.1%	23.0%	20.9%	15.0%	10.1%	7.4%	5.1%

(1) FY 1994 through FY 2000 includes General Assistance-Unemployable (GA-U), General Assistance-Unemployable with expedited medical (GA-X), and General Assistance for children living with legal guardians (GA-H). Starting in FY 2001 GA-H cases are covered by TANF funding and are moved out of the General Assistance estimate into the TANF Cases estimate. Data collection changed to the Caseload Analysis and Reporting Database (CARD) system in FY 1998. To provide comparable data, monthly caseload data from FY 1995-1997 have been adjusted to reflect the CARD system, which is 7.05 percent higher on average than the previous Average Grant method.

(2) Includes General Assistance-Pregnant Woman (GA-S) cases, and GA-H cases starting in FY 2001 (see note above). To provide comparable data, monthly caseload data from FY 1994-1997 have been adjusted to reflect the CARD system, which is 7.08 percent higher on average than the previous Average Grant method.

(3) Includes the effect of the program transfer of teen parenting and seasonal child care programs from the Children's Administration to the Economic Services Administration.

Data Sources :

FY 1994 through FY 2001 SSI State Supplement and General Assistance actuals provided by the Caseload Forecast Council.

FY 1994 through FY 2001 TANF Cases and Child Care actuals provided by the DSHS Budget Division.

FY 2002 and FY 2003 estimates represent legislative budget assumptions, based upon forecasts provided by the Caseload Forecast Council and the DSHS Budget Division.

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

(Dollars in Thousands)

	GF-S	Other	Total
<b>1999-01 Expenditure Authority</b>	<b>43,439</b>	<b>175,829</b>	<b>219,268</b>
2001 Supplemental *	-35	-9	-44
<b>Total 1999-01 Biennium</b>	<b>43,404</b>	<b>175,820</b>	<b>219,224</b>
<hr/>			
<b>2001-03 Maintenance Level</b>	<b>43,989</b>	<b>176,254</b>	<b>220,243</b>
<b>Policy Changes</b>			
1. SSI Client Treatment	0	2,944	2,944
2. Vendor Rate Increases	4,615	2,580	7,195
3. General Inflation	-42	0	-42
4. Transfer Drug Screening	-340	0	-340
5. Involuntary Treatment Beds	3,232	0	3,232
6. Vocational Program Eliminated	-1,806	0	-1,806
7. Expand Treatment Capacity	0	2,800	2,800
8. Additional Drug Courts	0	1,083	1,083
9. Shift DASA Programs to GF-S	27,000	-27,000	0
10. P-CAP Funding	337	0	337
<hr/>			
<b>Total 2001-03 Biennium</b>	<b>76,985</b>	<b>158,661</b>	<b>235,646</b>
Fiscal Year 2002 Total	38,047	79,325	117,372
Fiscal Year 2003 Total	38,938	79,336	118,274

**Comments:**

1. **SSI Client Treatment** - Funding is provided for drug and alcohol treatment for Supplemental Security Income (SSI) clients. The increased cost for treatment is offset by savings in the Medical Assistance program due to consolidated treatment services and increased service effectiveness. Funding is also included for ongoing research and post-program evaluation to further determine the post-treatment utilization of medical services and the service effectiveness of consolidation. (Public Safety and Education Account-State)
2. **Vendor Rate Increases** - Funding is provided to increase overall vendor payments by an average of 2.1 percent in FY 2002 and 2.3 percent in FY 2003. (General Fund-State, Other Funds)
3. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
4. **Transfer Drug Screening** - The 1999 Legislature authorized the Division of Alcohol and Substance Abuse (DASA) to develop and implement comprehensive programs for women who are abusing alcohol and drugs and provide help for their young children. The comprehensive programs include increased drug screening by providers aimed at reducing perinatal substance abuse. Funding is transferred from DASA to the Department of Health which has responsibility for improving the rate of drug screening.
5. **Involuntary Treatment Beds** - The state of Washington currently has one chemical dependency involuntary treatment (CDIT) facility, located in western Washington. This CDIT facility treats individuals whose intoxication or withdrawal-related behaviors make them a danger to themselves or others. This one facility continuously operates at full capacity, forcing the diversion of individuals to emergency rooms, jails, detoxification centers, and state psychiatric hospitals. DASA will establish a 35-bed CDIT facility in eastern Washington, increasing the availability and accessibility to chemical dependency involuntary treatment services throughout the state. Patients meeting the commitment criteria of RCW 70.96A.140 but who voluntarily agree to treatment in lieu of commitment shall also be eligible for treatment in the new facility. The Department shall apply specific placement criteria to ensure that this new treatment capacity is prioritized for persons incapacitated as a result of chemical dependency and who are also high utilizers of hospital services.
6. **Vocational Program Eliminated** - The Vocational Opportunities Training and Education (VOTE) program is eliminated. The VOTE program assists the recovering population in becoming employed as part of an aftercare recovery plan.
7. **Expand Treatment Capacity** - Funds are provided to expand capacity for substance abuse treatment for persons gravely disabled from drug and alcohol addiction, including those who are addicted to methamphetamines. These gravely disabled persons are often high utilizers of hospital

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

services and involved with the criminal justice system due to their addiction. (Public Safety and Education Account-State)

8. **Additional Drug Courts** - Funding is provided for adult and youth drug courts in Thurston, Cowlitz, Skagit, Kitsap, and Clallam counties. Research indicates that drug courts provide savings for state and local governments because program participants are less likely to re-offend, resulting in reduced jail, court, and treatment costs. These drug courts will receive state assistance equal to one-half of their net federal funding loss. The balance in drug court funding will come from savings at the local level. (Public Safety and Education Account-State)
9. **Shift DASA Programs to GF-S** - Funding for drug and alcohol treatment is shifted from the Violence Reduction and Drug Enforcement Account to the state general fund (GF-S). (General Fund-State, Violence Reduction and Drug Enforcement Account)
10. **P-CAP Funding** - Funding is provided for capacity expansion in the Parent-Child Assistance Program (P-CAP). Expansion will occur in Region 1 programs and in Pierce County. The program in Pierce County will work together with a clean and sober housing project to prioritize services for mothers and children involved with methamphetamine labs.

\* Please see the 2001 Supplemental Operating Budget Section for additional information.

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

**WORKLOAD HISTORY**  
By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	Estimate		
								2001	2002	2003
<b>ADATSA – Assessment</b>										
Avg Monthly Assessments	1,195	1,278	1,284	1,199	1,194	1,162	1,167	1,162	1,162	1,162
% Change from prior year		6.9%	0.5%	-6.6%	-0.4%	-2.7%	0.4%	-0.4%	0.0%	0.0%
<b>ADATSA – Outpatient Treatment</b>										
Avg Monthly Admissions	272	295	325	308	322	340	351	345	345	345
% Change from prior year		8.5%	10.2%	-5.2%	4.5%	5.6%	3.2%	-1.7%	0.0%	0.0%
<b>ADATSA – Residential</b>										
Avg Monthly Admissions	586	608	610	631	673	633	574	575	575	575
% Change from prior year		3.8%	0.3%	3.4%	6.7%	-5.9%	-9.3%	0.2%	0.0%	0.0%

*The Alcoholism and Drug Addiction Treatment and Support Act (ADATSA) was established in 1987.  
Workloads in ADATSA services are limited to openings available.*

Data Sources :

*FY 1994 through FY 2001 actuals provided by the DSHS Budget Division.*

*FY 2002 and FY 2003 estimates provided by the Division of Alcohol and Substance Abuse*

## Department of Social and Health Services Medical Assistance Payments

(Dollars in Thousands)

	GF-S	Other	Total
<b>1999-01 Expenditure Authority</b>	<b>1,579,191</b>	<b>3,297,508</b>	<b>4,876,699</b>
2001 Supplemental *	141,195	197,340	338,535
<b>Total 1999-01 Biennium</b>	<b>1,720,386</b>	<b>3,494,848</b>	<b>5,215,234</b>
<b>2001-03 Maintenance Level</b>	<b>2,234,578</b>	<b>3,792,996</b>	<b>6,027,574</b>
<b>Policy Changes</b>			
1. Medicare Pharmacy	-16,874	-17,126	-34,000
2. SSI Client Treatment	-5,615	-5,709	-11,324
3. Vendor Rate Increases	33,643	36,954	70,597
4. General Inflation	-345	-964	-1,309
5. Utilization and Cost Containment	-50,119	-32,437	-82,556
6. Health Center Prospective Payment	-110	-288	-398
7. Rural Hospital Reimbursement	1,274	730	2,004
8. Emergency Room Co-Pays	-184	-188	-372
9. TANF Transitional Medical Premiums	-2,460	-2,494	-4,954
10. Medicaid Buy-In Program	0	4,000	4,000
11. Expand Proshare and DSH Programs	-33,490	1,180,026	1,146,536
12. Disease Case Management	-297	-305	-602
13. Dental Sealants	61	62	123
14. Breast and Cervical Cancer	0	2,578	2,578
15. CHIP Enrollment	0	8,610	8,610
16. Estate Recovery	-273	-277	-550
<b>Total 2001-03 Biennium</b>	<b>2,159,789</b>	<b>4,966,168</b>	<b>7,125,957</b>
Fiscal Year 2002 Total	1,028,885	2,677,466	3,706,351
Fiscal Year 2003 Total	1,130,904	2,288,702	3,419,606

**Comments:**

1. **Medicare Pharmacy** - Congress is expected to enact legislation adding outpatient prescription drugs to the federal Medicare benefits package. This is expected to result in savings for the state Medicaid program during the second year of the biennium since many seniors who must now rely upon Medicaid for assistance with their drug costs will instead receive assistance through Medicare. (General Fund-State, General Fund-Federal)
2. **SSI Client Treatment** - Savings are achieved as a result of increased funding for drug and alcohol treatment for Supplemental Security Income (SSI) recipients. Progress reports from an earlier pilot indicate that the increased cost of treatment is offset by savings from reduced hospitalizations, physician visits, and prescription drug expenditures for persons receiving treatment. (General Fund-State, General Fund-Federal)
3. **Vendor Rate Increases** - Funding is provided to increase the rates paid to hospitals, physicians, dentists, home health agencies, family planning clinics, and other organizations and individuals that contract with the state to provide medical assistance services. Rates are to be increased by 2.1 percent on July 1, 2001, and by an additional 2.3 percent on July 1, 2002. (General Fund-State, Health Services Account, General Fund-Federal)
4. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)
5. **Utilization and Cost Containment** - Additional staffing is provided for the Department to improve and expand its efforts to understand, manage, and control medical assistance expenditure growth. These efforts may include, but are not limited to: improved utilization review and prior authorization of high-cost and fast-growing expenditure areas; improved monitoring of transportation and interpreter services; resolution and recovery of disputed rebates owed the state by drug manufacturers; identification and recovery of costs on behalf of recipients who have other medical coverage or who are owed medical settlements; and implementation of primary care case management to reduce fee-for-service expenditures for recipients for whom Healthy Options coverage is not available at a competitive price. The Department is directed to establish semi-annual savings targets and to report every six months to the Legislature on the extent to which those targets are being achieved. (General Fund-State, General Fund-Federal)

## Department of Social and Health Services Medical Assistance Payments

6. **Health Center Prospective Payment** - The medical assistance program will implement a new prospective payment system for federally-qualified urban and rural health centers effective January 1, 2002. Consistent with new federal legislation, the new system will limit increases in Medicaid payment rates to a national index of medical inflation. Washington's previous practice, as required by federal law prior to 1997, has been to provide full cost reimbursement to these centers. Implementing this change will avoid a projected \$5 million of state expenditure growth which would otherwise occur during the 2001-03 biennium. Even with the change, the federally-qualified centers will continue to be paid about twice the amount which would be paid other community providers for the same service. (General Fund-State, Health Services Account, General Fund-Federal)
7. **Rural Hospital Reimbursement** - Funds are provided for enhanced reimbursement to small rural hospitals, in accordance with Chapter 2, Laws of 2001, 2nd sp.s. (HB 1162). (General Fund-State, General Fund-Federal)
8. **Emergency Room Co-Pays** - Co-payments will be imposed for non-emergency services provided in a hospital emergency room effective January 1, 2002. (General Fund-State, General Fund-Federal)
9. **TANF Transitional Medical Premiums** - During the second six months after leaving Temporary Assistance For Needy Families (TANF), adults will be required to pay premiums toward the cost of the medical and dental coverage which they receive through Medical Assistance. Premiums are expected to average approximately \$15 per adult per month, in accordance with an income-adjusted schedule similar to the one used for the Basic Health Plan (BHP). As under the BHP, coverage will be terminated for persons who, except for good cause shown, fall more than two months in arrears on premium payments. (General Fund-State, General Fund-Federal)
10. **Medicaid Buy-In Program** - Washington will participate in the new Medicaid "Ticket to Work" program under which persons with substantial disabilities who go to work are able to obtain Medicaid coverage. To be eligible for the program, individuals will need to be working; to meet Social Security disability standards; and to have an income of less than about 450 percent of poverty (about \$39,000 per year for a single individual). All participants will be required to pay monthly premiums for their coverage, and a monthly deductible equal to 50 percent of any unearned income in excess of about \$560 per month. Premiums are to equal 5 percent of unearned income, plus approximately 2.5 percent of earned income. The Department is also authorized to establish point-of-service cost-sharing requirements for drugs, office visits, and personal care services. If actual enrollment and costs exceed budgeted levels, the Department is directed to modify income eligibility and/or cost-sharing standards sufficiently to operate the program within budgeted levels. (Health Services Account-State)
11. **Expand Proshare and DSH Programs** - New federal legislation enacted in December 2000 enables the state to collect additional Medicaid matching funds through the disproportionate share hospital (DSH) and Medicare upper payment limit (Proshare) programs. Some of these additional revenues are used to offset part of the growth in state expenditures on medical assistance programs. The sum of \$7 million is provided to public hospital districts to assist them in provision of uncompensated care. The balance of the new revenues are deposited into the state's Health Services Account, in order to assure sufficient funding in that account for the Basic Health Plan and for Medicaid coverage for children with incomes below 200 percent of poverty. (General Fund-State, Health Services Account-State, General Fund-Federal)
12. **Disease Case Management** - The Medical Assistance program will research and implement at least three pilot projects to assist individuals with targeted diseases improve their health. The projects will involve two key components: (1) identifying persons who are likely to become seriously ill due to a combination of medical, social, and functional problems; and (2) working with them and their primary care provider to improve adherence to state-of-the-art treatment regimens. Based upon successful models in other states, initial diseases to be targeted are likely to include diabetes, asthma, heart failure, renal disease, or cancer. Expenditures on program design, and fees for disease case management providers, are expected to be offset by 5-10 percent reductions in the medical costs which program participants would otherwise incur, resulting in a net savings. (General Fund-State, General Fund-Federal)
13. **Dental Sealants** - Chapter 93, Laws of 2001 (SSB 6020), authorizes registered dental hygienists to administer dental sealants and fluoride varnishes in schools without a dentist's supervision. This is expected to result in approximately a 1 percent increase in the number of children for whom such treatments are reimbursed by Medicaid. In future biennia, these costs are expected to be fully offset by reductions in treatment costs. (General Fund-State, General Fund-Federal)
14. **Breast and Cervical Cancer** - In accordance with Chapter 4, Laws of 2001, 1st sp.s. (2SHB 1058), the Medical Assistance Program will provide full-scope Medicaid benefits for low-income uninsured women who have been diagnosed with breast or cervical cancer through the federal screening program administered by the Department of Health. Federal Medicaid matching funds will cover approximately 65 percent of the cost. The Susan G. Komen Foundation has committed \$400,000 of private funds to cover approximately 45 percent of the remaining state share of program costs. (Health Services Account, General Fund-Federal, General Fund-Private/Local)

## Department of Social and Health Services Medical Assistance Payments

15. **CHIP Enrollment** - Funds are provided so that the Children's Health Insurance Program (CHIP) can operate without a waiting list. A monthly average of 5,500 children are expected to be enrolled in the program during FY 2002, and an average of 8,200 during FY 2003. The program provides medical, dental, and mental health coverage for children whose families have incomes between 200-250 percent of the federal poverty level. (Health Services Account-State, General Fund-Federal)
  
16. **Estate Recovery** - Under current policy, the Department of Social and Health Services attempts to recover the cost of publicly-funded care from the estate after the deaths of a recipient of state-funded long-term care and of his or her surviving dependents. The Department is proposing to begin recovering all medical assistance costs in such cases, rather than limiting collections to just long-term care, hospitalization, and prescription drug costs as was previously the case. The recoveries from this change will not be as large as anticipated, since only costs incurred subsequent to the necessary regulatory change can be subject to recovery. To cover the difference, the budget anticipates that the Department will also initiate recoveries in the case of persons who have not received long-term care, but who have incurred substantial hospitalization or other medical assistance costs prior to death. (General Fund-State, General Fund-Federal)

\* Please see the 2001 Supplemental Operating Budget Section for additional information.

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

**WORKLOAD HISTORY**  
 By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	Estimate		
								2001	2002	2003
<b>Categorically Needy</b>	<b>559,686</b>	<b>613,968</b>	<b>653,083</b>	<b>697,456</b>	<b>704,900</b>	<b>691,838</b>	<b>725,831</b>	<b>769,201</b>	<b>790,740</b>	<b>811,474</b>
AFDC/TANF	329,660	329,519	320,540	310,247	286,965	254,023	256,711	274,080	276,578	281,881
Elderly	35,823	36,892	38,716	42,050	45,047	47,336	50,130	52,069	53,619	54,412
Disabled	85,454	91,261	94,848	94,962	95,010	96,640	98,929	104,030	107,571	110,696
Non-AFDC Children	75,602	121,343	162,748	211,707	239,487	254,069	278,465	293,828	305,426	315,867
Non-AFDC Pregnant Women	17,845	18,299	19,043	20,853	21,430	21,851	21,765	22,565	22,644	21,999
Undocumented Children	12,361	12,786	13,000	13,468	13,050	13,297	15,316	17,862	19,519	20,439
Medicare Beneficiaries	2,941	3,868	4,188	4,169	3,911	4,622	4,515	4,767	4,938	4,974
Breast & Cervical Cancer									23	81
Working Disabled									422	1,125
<b>Medically Needy</b>	<b>17,012</b>	<b>14,425</b>	<b>11,395</b>	<b>10,245</b>	<b>11,059</b>	<b>11,596</b>	<b>13,354</b>	<b>14,437</b>	<b>15,214</b>	<b>15,841</b>
AFDC-Related	5,822	3,895	1,433	0	0	0	0	0	0	0
Elderly	5,208	4,837	4,295	4,341	4,625	4,822	5,625	6,294	6,807	7,230
Disabled	5,537	5,559	5,576	5,765	6,356	6,650	7,626	8,060	8,324	8,528
All Others	445	134	91	139	78	124	103	83	83	83
<b>Children's Health Insurance Program</b>							2	356	1,806	5,768
<b>General Assistance/ADATSA</b>										
# Persons/Month	10,049	10,955	11,786	12,997	13,179	12,911	11,747	11,900	11,742	11,790
<b>State Medically Indigent</b>										
# Persons/Month	2,634	2,407	2,060	2,003	2,284	2,271	2,470	2,695	2,828	2,937
<b>Refugees</b>										
# Persons/Month	1,546	1,665	1,411	1,064	1,353	1,319	998	911	872	832
<b>Total Eligibles per Month</b>	<b>590,927</b>	<b>643,420</b>	<b>679,735</b>	<b>723,765</b>	<b>732,775</b>	<b>719,937</b>	<b>754,756</b>	<b>800,950</b>	<b>827,164</b>	<b>851,055</b>
% Change from prior year	15.0%	8.9%	5.6%	6.5%	1.2%	-1.8%	4.8%	6.1%	3.3%	2.9%

Data Source:

DSHS Budget Division, Office of Forecasting and Policy Analysis, March 2001 Forecast.

## Department of Social and Health Services Vocational Rehabilitation

(Dollars in Thousands)

	GF-S	Other	Total
<b>1999-01 Expenditure Authority</b>	<b>17,405</b>	<b>83,771</b>	<b>101,176</b>
2001 Supplemental *	-35	-109	-144
<b>Total 1999-01 Biennium</b>	<b>17,370</b>	<b>83,662</b>	<b>101,032</b>
<b>2001-03 Maintenance Level</b>	<b>20,642</b>	<b>80,940</b>	<b>101,582</b>
<b>Policy Changes</b>			
1. Vendor Rate Increases	21	0	21
2. General Inflation	-314	0	-314
3. ESS Phase Down	-189	0	-189
4. Centennial Buildings Lease Savings	-25	0	-25
5. Serve Additional Persons	954	3,158	4,112
<b>Total 2001-03 Biennium</b>	<b>21,089</b>	<b>84,098</b>	<b>105,187</b>
Fiscal Year 2002 Total	11,309	41,441	52,750
Fiscal Year 2003 Total	9,780	42,657	52,437

**Comments:**

1. **Vendor Rate Increases** - Funding is provided for a 2.1 percent increase in the rates paid to providers of extended supported employment services effective July 1, 2001, and for an additional 2.3 percent rate increase on July 1, 2002.
2. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
3. **ESS Phase Down** - Funding is adjusted to the projected level needed to continue extended job support services (ESS) for all persons currently enrolled in the program. Because the program no longer reflects current approaches to employment for persons with disabilities, new admissions to the program have been frozen for a number of years in order to allow a gradual phase-out.
4. **Centennial Buildings Lease Savings** - Lease costs are reduced due to the purchase of the Centennial buildings in Tacoma.
5. **Serve Additional Persons** - State matching funds are provided to assure that Washington is able to collect all funds which are expected to be available to it under the federal vocational rehabilitation formula grant. (General Fund-State, General Fund-Federal, General Fund-Local)

\* Please see the 2001 Supplemental Operating Budget Section for additional information.

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

(Dollars in Thousands)

	GF-S	Other	Total
<b>1999-01 Expenditure Authority</b>	<b>46,123</b>	<b>43,947</b>	<b>90,070</b>
2001 Supplemental *	6,016	3,930	9,946
<b>Total 1999-01 Biennium</b>	<b>52,139</b>	<b>47,877</b>	<b>100,016</b>
<b>2001-03 Maintenance Level</b>	<b>57,702</b>	<b>49,400</b>	<b>107,102</b>
<b>Policy Changes</b>			
1. General Inflation	-265	-113	-378
2. Payment Review Program	648	1,376	2,024
3. Centennial Buildings Lease Savings	-3	-1	-4
4. State Hospital Billing System	164	71	235
5. Financial Rptg Improvement Project	1,365	555	1,920
6. Foster Care Trust Fund System	202	84	286
<b>Total 2001-03 Biennium</b>	<b>59,813</b>	<b>51,372</b>	<b>111,185</b>
Fiscal Year 2002 Total	30,444	26,404	56,848
Fiscal Year 2003 Total	29,369	24,968	54,337

**Comments:**

1. **General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.
2. **Payment Review Program** - Funding is provided for the Payment Review Program. This funding will cover three items: 1) the contract amount that exceeded the original estimate for the fraud and abuse detection system vendor; 2) an algorithm specialist who will respond to provider inquiries and relate them to data analysis and detailed algorithm results and findings; and 3) enhancements to the travel and training budget. (General Fund-State, General Fund-Federal)
3. **Centennial Buildings Lease Savings** - Lease costs are reduced due to the purchase of the Centennial buildings in Tacoma.
4. **State Hospital Billing System** - The Health Care Financing Administration (HCFA) has directed the Mental Health Division to improve billing compliance with federal regulations. HCFA requires no less than 95 percent compliance with charges submitted, but the Finance Division has only achieved a 70 percent compliance level. Funding is provided for a fiscal technician and an accountant 2 to achieve billing compliance and reduce the payment backlog. (General Fund-State, General Fund-Federal)
5. **Financial Rptg Improvement Project** - One-time funding is provided for a joint effort between the Department of Social and Health Services (DSHS) Finance Division and the Office of Financial Management (OFM) for the development and maintenance of a new financial reporting system. The new system will bring DSHS in line with other state agencies that use the Agency Financial Reporting System (AFRS) and will move the responsibility of the cost allocation system to OFM. This move to AFRS will save DSHS \$517,000 per year in FY 2004 and every year thereafter. (General Fund-State, General Fund-Federal)
6. **Foster Care Trust Fund System** - One-time funding is provided to develop a comprehensive management and accounting system for the Children's Administration Case and Management Information System (CAMIS). The current accounting system for foster care trust funds could result in audit findings and disallowance of federal funds. A new system will automate the distribution of funds and provide immediate updates of financial information to social workers. (General Fund-State, General Fund-Federal)

\* Please see the 2001 Supplemental Operating Budget Section for additional information.

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

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
<b>1999-01 Expenditure Authority</b>	<b>62,415</b>	<b>21,932</b>	<b>84,347</b>
2001 Supplemental *	0	52	52
<b>Total 1999-01 Biennium</b>	<b>62,415</b>	<b>21,984</b>	<b>84,399</b>
<b>2001-03 Maintenance Level</b>	<b>86,106</b>	<b>26,665</b>	<b>112,771</b>
<b>Total 2001-03 Biennium</b>	<b>86,106</b>	<b>26,665</b>	<b>112,771</b>
Fiscal Year 2002 Total	43,053	13,332	56,385
Fiscal Year 2003 Total	43,053	13,333	56,386

**Comments:**

No budget changes were recommended which reflect a change in statute or agency policy.

\* Please see the 2001 Supplemental Operating Budget Section for additional information.