

Department of Social & Health Services

Children and Family Services

Total funding for children and family services increased by \$42 million (4.4 percent) over the level originally budgeted for the 2005-07 biennium. Most of this increase (\$30.1 million total funds) is due to higher per person costs for adoption support and foster care services than originally budgeted. These higher per person costs are partially offset by a savings of \$9.6 million in total funds from lower caseloads than assumed in the original budget.

The Children's Administration continues to work with the Braam Oversight Panel to establish benchmarks and achieve outcomes in areas related to placement safety and stability, mental health, foster parent training, sibling separation, and services to adolescents. The budget provides the following funding increases to support a number of these goals:

- \$5.8 million in state funding to phase-in an additional 200 child welfare workers toward achieving the goal of face-to-face contact with children, parents, and/or caregivers every 30 days, for both in-home services and out-of-home placements.
- \$3.8 million in state funding for a new statewide-automated child welfare information system (SACWIS), which is expected to improve the Department of Social and Health Services' (DSHS) ability to report on Braam-related outcomes.
- \$1.0 million in state funding for legislation that expands services to foster parents and children. Chapter 266, Laws of 2006 (2SHB 2002), extends foster care eligibility to age 21 for an additional 50 youths per year who pursue post-secondary education. Chapter 353, Laws of 2006, Partial Veto (2SHB 3115), establishes a statewide foster parent recruitment and retention program, involving in-home training for foster parents who care for sexually and physically aggressive youth.
- \$0.9 million in state funds for costs associated with supervised visitation, which can allow the parent to demonstrate parenting skills and expedites permanency.
- \$0.3 million in state funding for costs associated with placement evaluations, which assist in preventing out-of-home placements, making appropriate out-of-home placements, or implementing a permanent plan.

Juvenile Rehabilitation Administration

The supplemental budget provides \$0.3 million for enhanced staffing to support juvenile offenders residing in mental health living units at Echo Glen Children's Center and Maple Lane School.

Mental Health

State funding for the public mental health system is increased by \$54.8 million (7.3 percent). Major increases include:

- \$33 million (\$30.8 million state) to begin a comprehensive transformation in the delivery of public mental health services for people with severe and persistent mental illness. Core components of the strategy include opening five additional wards at Eastern and Western State Hospitals on a temporary basis, at a cost of \$29 million this biennium and \$31 million next; and providing \$3.2 million this biennium for initial development of new community program approaches which, when fully operational next biennium, will cost approximately \$34 million, and will permit phased closure of the wards that are being opened this biennium. Other elements of the system transformation include development of a plan for expanding community housing options for people with persistent mental illness; development of a utilization review system to assure people receive appropriate levels and duration of inpatient care; a comprehensive review

of the state's involuntary commitment statute and system; and a study of alternative approaches to establishing Medicaid managed care rates, with particular emphasis upon approaches that emphasize defined benefits levels and risk adjustment.

- \$22.2 million (\$11.2 million state) to increase Medicaid managed care payments for community mental health services. Regional Support Network's (RSNs) whose rates are above the statewide average will receive a 3.5 percent rate increase. RSNs whose rates are below the current statewide average will be increased to that average.
- \$2.0 million (state) to satisfy a judgment in a lawsuit brought by Pierce County charging that DSHS had illegally denied prompt state hospital admission of persons committed for long-term treatment and had inappropriately charged the Pierce RSN for excessive use of the state hospitals.
- \$1.8 million (\$1.3 million state) to increase staffing in the criminal offender unit at Eastern State Hospital.

Developmental Disabilities

2006 supplemental state and federal spending on the Developmental Disabilities Medicaid Personal Care (MPC) program total \$345 million for the biennium, 3 percent less than budgeted under the 2005-07 enacted budget. This is \$10.9 million in total funds and \$5.7 million in state funds lower than the 2005-07 enacted budget, primarily due to a lower caseload of children eligible to receive MPC services than originally anticipated. In total, a biennial average of 11,400 adults and children are expected to be eligible for MPC services during the 2005-07 biennium.

A total of \$1.2 million in state and federal funding is provided for an additional 19 persons needing community residential and support services. Seven additional clients will be served in the community protection program, and priority consideration for the remaining 12 placements shall be for children with high behavior needs aging out of state services; clients who are in crisis or immediate risk of needing an institutional placement; and residents of state institutions who have chosen to move to a community setting.

The sum of \$1.1 million is provided to extend employment and day services to approximately 250 additional clients. Priority consideration for this new ongoing funding will be young adults living with their families who need employment opportunities and assistance after high school graduation.

A rate increase is provided for supported living providers of 15 cents per hour for King County providers and 12 cents per hour for all other providers. A total of \$1.9 million in state and federal funding is provided for this enhancement.

A total of \$1.4 million in state and federal funding is provided to add 14 case resource managers and related support staff in fiscal year 2007 for more timely distribution of programs to clients waiting for services, including Medicaid Personal Care, family support, and other programs. Half of the caseworkers will be devoted to accelerating the implementation of the Mini-Assessment tool to clients who are currently not receiving paid services.

Long-Term Care

A total of \$2.6 billion is appropriated for DSHS to provide long-term care services to an average of 49,600 elderly and disabled adults per month. This is \$320 million (14 percent) more than was expended on such services last biennium and \$93 million (3.7 percent) more than was originally budgeted for the 2005-07 biennium.

The 2006 supplemental budget contains a number of adjustments to long-term care provider payment rates, including:

- \$20.2 million to increase nursing facility payment rates in accordance with Chapter 258, Laws of 2006 (EHB 2716);
- \$2.3 million to provide boarding homes and adult family homes with a 1 percent vendor rate increase in addition to the 1 percent annual vendor rate increases provided in the initial budget;
- \$2.0 million to increase payments for assisted living facilities that meet certain criteria; and

- \$1.5 million to restore a reduction to Area Agency on Aging (AAA) services included in the original budget and to provide AAAs with the same 1 percent annual vendor rate increase as was provided in the original budget for most other health and human services contractors.

In addition, a total of \$11.3 million is provided to implement Chapter 9, Laws of 2006 (SHB 2333), which requires that home care agency payment rates include all of the same wage and benefit increases as are awarded to individual home care providers through collective bargaining or binding arbitration. The Department's contribution rate for health care benefits, including medical, dental, and vision benefits, will be paid to agency providers of home care services at the same rate as negotiated and funded for individual providers, increasing monthly premium payments from \$413 per eligible worker to \$532 per eligible worker in fiscal year 2007. In addition, monthly premium payments for fiscal year 2006 are increased from \$380 per eligible worker to \$449 per eligible worker.

The 2006 supplemental budget also appropriates a total of \$15 million to settle a lawsuit between DSHS and nursing home contractors. The disbursement of these funds is contingent upon the plaintiff's release of all claims in the case.

Economic Services Administration

A total of \$51 million is provided to balance WorkFirst (Washington's program for Temporary Assistance to Needy Families and Working Connections Child Care), a state and federally-funded program managed by the Governor. The Governor requested a 2005 workgroup to re-examine the WorkFirst program, which has a \$106 million deficit for the 2005-07 biennium and to provide recommendations to balance the program. In addition to the use of \$20 million in resources from federal incentives and other one-time sources, the Governor expects to implement portions of the workgroup's recommendations by making \$36 million in reductions through various efficiencies, caseload reductions, and full-family sanctions. Child care is unaffected. A total of \$50.5 million in new state funds is provided to balance the remaining shortfall. An additional \$0.7 million is provided due to a delay in implementation of full-family sanctions until March 1, 2007.

A total of \$1.5 million is provided to supplement existing state and federal funds dedicated to limited English proficiency services, which assist public assistance-eligible refugees and others who have a limited ability to speak English by providing specialized job training, English-as-a-Second-Language classes, and other services.

Medical Assistance Administration

State and federal spending on the Medical Assistance program is now budgeted to total \$7.7 billion for the biennium. This is \$58 million (0.8 percent) less than previously budgeted.

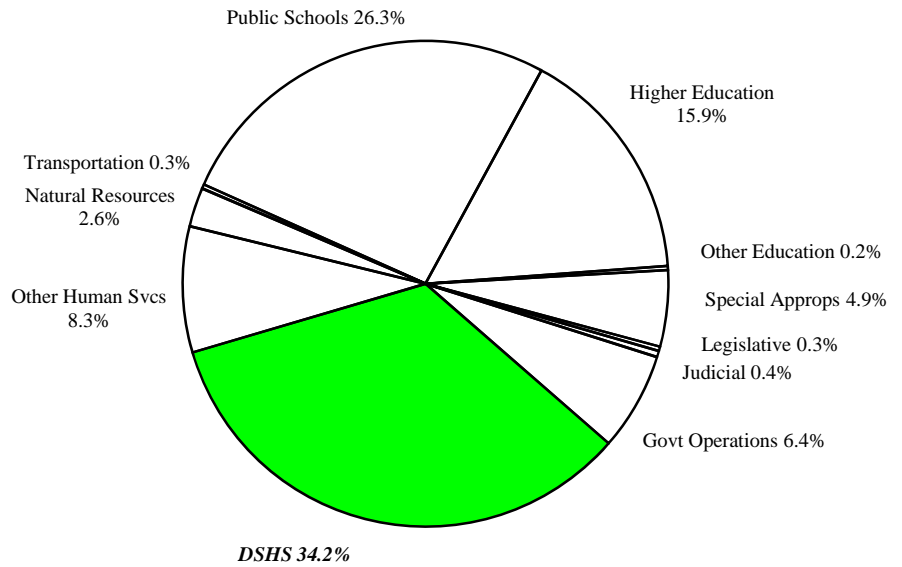
The primary reason for the reduced expenditure is that caseloads are growing more slowly than previously projected. A biennial average of 915,000 low-income persons per month are now expected to receive medical and dental care through the program. This is 2.2 percent less than the average of 936,000 people per month anticipated in the original biennial budget.

The savings from slower caseload growth are largely offset by higher medical cost inflation, and by two significant program enhancements. Medical costs per person covered are now projected to increase by an average of about 3.6 percent per year, rather than by the average of about 3.3 percent per year anticipated in the original biennial budget. Significant program enhancements include:

- \$18.2 million in state funds to cover the co-payment costs that 100,000 elderly and disabled Washingtonians whose drug costs were previously covered in full by the state Medicaid program are now being charged under the new federal Medicare Part D program.
- \$7.3 million in state funds to increase the number of children enrolled in the Immigrant Children's Health Program to 13,000 in July 2006 and to 14,000 in October 2006. The program currently provides medical and dental care for 4,300 children whose family incomes are below the poverty level but who are not eligible for Medicaid because of their immigration status.

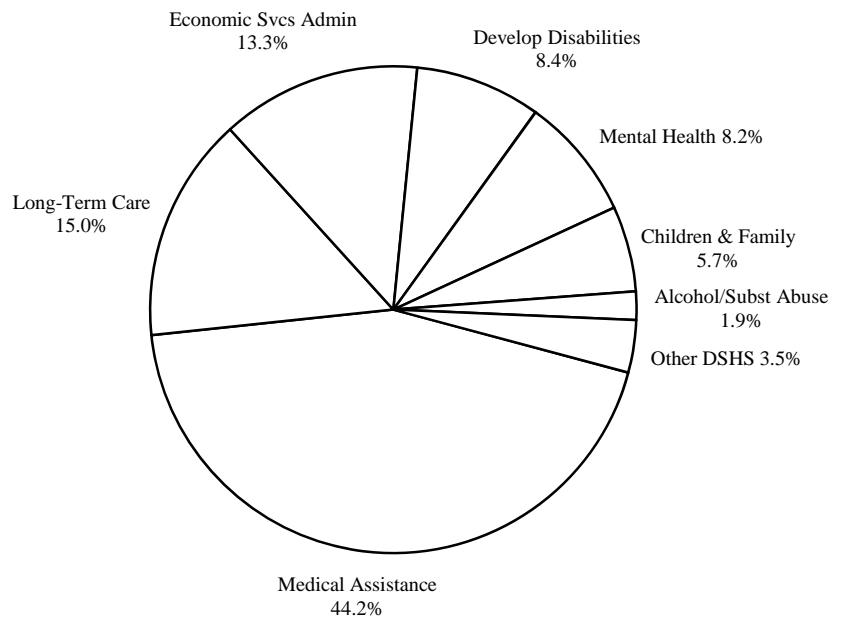
2005-07 Washington State Omnibus Operating Budget
Including 2006 Supplemental
Total Budgeted Funds
(Dollars in Thousands)

Legislative	149,275
Judicial	216,066
Governmental Operations	3,348,551
DSHS	17,455,913
Other Human Services	4,291,704
Natural Resources	1,340,259
Transportation	148,331
Public Schools	13,440,836
Higher Education	8,162,627
Other Education	139,846
Special Appropriations	2,595,329
Statewide Total	51,288,737



Washington State

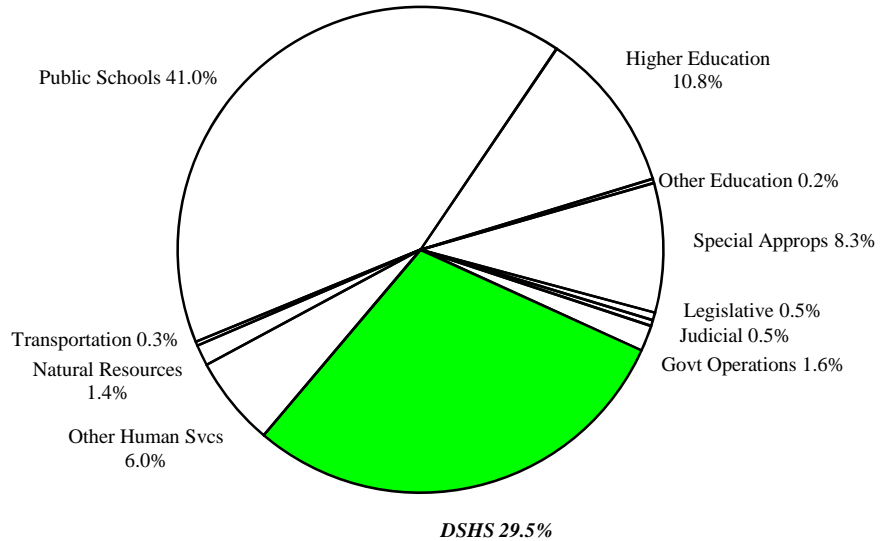
Medical Assistance	7,709,386
Long-Term Care	2,610,163
Economic Services Admin	2,319,934
Developmental Disabilities	1,459,232
Mental Health	1,426,764
Children & Family Svcs	993,406
Alcohol/Subst Abuse	328,677
Other DSHS	608,351
DSHS	17,455,913



DSHS

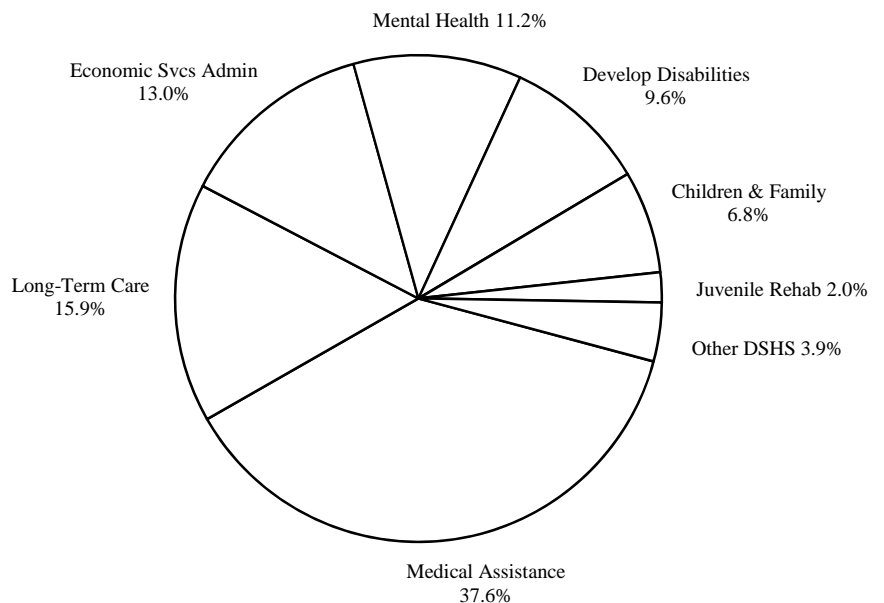
2005-07 Washington State Omnibus Operating Budget
Including 2006 Supplemental
General Fund-State
(Dollars in Thousands)

Legislative	141,772
Judicial	105,942
Governmental Operations	471,118
DSHS	8,015,464
Other Human Services	1,633,078
Natural Resources	382,648
Transportation	73,593
Public Schools	11,098,029
Higher Education	2,949,314
Other Education	77,375
Special Appropriations	2,349,573
Statewide Total	27,297,906



Washington State

Medical Assistance	3,012,988
Long-Term Care	1,273,947
Economic Services Admin	1,045,849
Mental Health	895,386
Developmental Disabilities	768,999
Children & Family Svcs	544,868
Juvenile Rehabilitation	159,646
Other DSHS	313,781
DSHS	8,015,464



DSHS

Department of Social and Health Services Children & Family Services

(Dollars in Thousands)

	GF-S	Other	Total
2005-07 Original Appropriations	517,355	434,065	951,420
Total Maintenance Changes	13,706	5,683	19,389
Policy Changes			
1. Transfers	0	0	0
2. Pension Plan 1 Unfunded Liabilities	0	1,012	1,012
3. Lease Rate Adjustments	1,539	707	2,246
4. Placement Evaluations	270	0	270
5. Supervised Visitation	916	360	1,276
6. Replace Child Welfare Info System	3,802	3,802	7,604
7. Foster Care to Age 21 Pilot	450	0	450
8. Family Planning Services	185	191	376
9. Home Care Agency Parity	96	97	193
10. Children's Advocacy Centers	50	0	50
11. Child Welfare 30-Day Visits	5,828	2,398	8,226
12. Continuum of Care Region 1	100	0	100
13. Foster Parent Critical Support	521	223	744
14. Safe Havens Supervised Visitation	50	0	50
Total Policy Changes	13,807	8,790	22,597
2005-07 Revised Appropriations	544,868	448,538	993,406
Fiscal Year 2006 Total	257,266	216,951	474,217
Fiscal Year 2007 Total	287,602	231,587	519,189

Comments:

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| <p>1. Transfers - Expenditures funded from the Public Safety and Education Account are transferred to the Violence Reduction and Drug Enforcement Account. (Public Safety and Education Account-State, Violence Reduction and Drug Enforcement Account-State)</p> | <p>the forecasted costs of supervised visitation for FY 2007. Supervised visitation helps to maintain the parent-child and sibling relationships when safe to do so, allows the parent the opportunity to demonstrate parenting skills, and expedites permanency. (General Fund-State, General Fund-Federal)</p> |
| <p>2. Pension Plan 1 Unfunded Liabilities - Funding is provided to cover the cost of increased employer pension contributions resulting from additional contribution rates established to make payments towards the unfunded accrued actuarial liabilities in Plan 1 of the Public Employees' and Teachers' Retirement Systems (PERS 1 and TRS 1). Contributions that would have been made from the General Fund-State are paid from the newly-established Pension Funding Stabilization Account. (various funds)</p> | <p>6. Replace Child Welfare Info System - Funding is provided for a new information system to replace the legacy-based Case Management Information System (CAMIS). The Department will select a statewide automated child welfare information system (SACWIS), hire an implementation vendor, and perform initial implementation work. Successful implementation of a proven SACWIS is expected to support Child Protective Services (CPS) and Child Welfare Services (CWS) reform efforts by improving the quality and accessibility of case and contract data, including outcome measures. (General Fund-State, General Fund-Federal)</p> |
| <p>3. Lease Rate Adjustments - Funding is provided to bring the Children's Administration's allotments for leases into alignment with actual costs. (General Fund-State, General Fund-Federal)</p> | <p>7. Foster Care to Age 21 Pilot - Funding is provided to continue foster care and support services to age 21 for up to 50 youths annually who enroll in post-secondary education pursuant to Chapter 266, Laws of 2006 (2SHB 2002).</p> |
| <p>4. Placement Evaluations - Funding is provided for an increase in the forecasted costs of placement evaluations. These psychiatric and psychological evaluations for children and/or parents assist in preventing out-of-home placements, making appropriate out-of-home placements, and developing and implementing permanency plans. (General Fund-State, General Fund-Federal)</p> | <p>8. Family Planning Services - Funding is provided to increase access to family planning services in the Department of Social and Health Services' (DSHS') Community Service Offices (CSOs). Funds will be used to: 1) provide family planning information and referral to persons involved with CPS or CWS; 2) increase the availability of family planning nurses and health</p> |
| <p>5. Supervised Visitation - Funding is provided for an increase in</p> | |

Department of Social and Health Services Children & Family Services

educators at CSOs to full time; and 3) increase the hourly rate for CSO-based family planning contracts by up to 5 percent. Resources will be prioritized to those areas where pregnancy rates are higher than the statewide average. (General Fund-State, General Fund-Federal)

9. **Home Care Agency Parity** - Chapter 9, Laws of 2006 (SHB 2333), requires DSHS to increase home care agency payment rates to reflect the cost of all hourly wage and benefit increases that are negotiated and funded on behalf of individual providers of home care services. This item includes funding for hourly wage, vacation leave, seniority pay, and workers' compensation increases. It also includes funding to increase the state's contribution for agency worker medical benefits from the \$413 per eligible worker per month FY 2007 rate included in the original budget to the \$532 per eligible worker per month rate funded under the individual provider collective bargaining agreement. Monthly medical premium rates for FY 2006 are increased from \$380 per eligible worker to \$449 per eligible worker. (General Fund-State, General Fund-Federal)
10. **Children's Advocacy Centers** - Additional funding is provided for Children's Advocacy Centers. Children's Advocacy Centers provide a team response to allegations of child abuse that includes forensic interviews, medical evaluations, therapeutic intervention, victim support/advocacy, case review, and case tracking.
11. **Child Welfare 30-Day Visits** - Funding is provided to phase in an additional 200 child welfare services staff by the end of FY 2007 toward achieving the goal of face-to-face contact with children, parents, and/or caregivers every 30 days for both in-home services and out-of-home placements. This funding supports the goals of the Federal Program Improvement Plan, the Braam Lawsuit settlement agreement, and recent child fatality review recommendations. (General Fund-State, General Fund-Federal)
12. **Continuum of Care Region 1** - Funding is provided for Continuum of Care in Region 1. Continuum of care is an early intervention alternative response system for low-risk families offered by contracted service providers. (General Fund-State)
13. **Foster Parent Critical Support** - Funding is provided to implement a statewide foster parent recruitment and retention program for children who act out sexually and/or physically as provided in Chapter 353, Laws of 2006, Partial Veto (2SHB 3115 - Foster Parent Critical Support).
14. **Safe Havens Supervised Visitation** - One-time funding is provided for the Supervised Visitation and Safe Exchange Center in Kent.

Department of Social & Health Services

Children & Family Services

WORKLOAD HISTORY

By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	2005	Estimated	
									2006	2007
Foster Care ⁽¹⁾										
Avg # Children Served Monthly	8,297	8,219	8,127	8,181	8,193	8,177	7,985	7,976	7,994	8,086
% Change from prior year		-0.9%	-1.1%	0.7%	0.2%	-0.2%	-2.3%	-0.1%	0.2%	1.2%
Child Care ⁽²⁾										
Avg # Children Served Monthly	4,435	4,563	4,909	5,253	4,608	4,388	4,021	4,028	4,205	4,194
% Change from prior year		2.9%	7.6%	7.0%	-12.3%	-4.8%	-8.4%	0.2%	4.4%	-0.3%
Child Protective Services (CPS)										
Avg CPS Referrals Monthly	6,477	6,214	6,351	6,375	6,461	6,288	6,558	6,481	6,546	6,611
% Change from prior year		-4.1%	2.2%	0.4%	1.4%	-2.7%	4.3%	-1.2%	1.0%	1.0%
Adoption Support ⁽³⁾										
Avg # Children Served Monthly	3,156	3,903	4,720	5,683	6,603	7,392	8,387	9,208	9,962	10,831
% Change from prior year		23.7%	20.9%	20.4%	16.2%	11.9%	13.5%	9.8%	8.2%	8.7%
Caseload Ratio										
Avg Cases Per Worker ⁽⁴⁾	33:1	29:1	29:1	29:1	24:1	24:1	24:1	24:1	24:1	22:1

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

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

⁽³⁾ Data reflect Adoption Support maintenance payments. These data are not comparable to caseloads published in prior editions of the Legislative Budget Notes, which reported total eligibles. Official forecasts are now based on maintenance payments rather than eligibles.

⁽⁴⁾ Combined average number of open cases per worker for CPS, CWS, and Family Reconciliation Services.

Data Sources :

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

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

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

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

Department of Social and Health Services Juvenile Rehabilitation

(Dollars in Thousands)

	GF-S	Other	Total
2005-07 Original Appropriations	159,568	51,102	210,670
Total Maintenance Changes	-275	-453	-728
Policy Changes			
1. Mental Health Beds	343	0	343
2. Pension Plan 1 Unfunded Liabilities	0	467	467
3. Classification Revisions	10	0	10
Total Policy Changes	353	467	820
2005-07 Revised Appropriations	159,646	51,116	210,762
Fiscal Year 2006 Total	79,031	25,278	104,309
Fiscal Year 2007 Total	80,615	25,838	106,453

Comments:

1. **Mental Health Beds** - Funding is provided for mentally-ill juvenile offenders residing in mental health living units at Echo Glen Children's Center (16 beds) and Maple Lane School (48 beds). The additional funding will support enhanced staffing levels at these living units.
2. **Pension Plan 1 Unfunded Liabilities** - Funding is provided to cover the cost of increased employer pension contributions resulting from additional contribution rates established to make payments towards the unfunded accrued actuarial liabilities in Plan 1 of the Public Employees' and Teachers' Retirement Systems (PERS 1 and TRS 1). Contributions that would have been made from the General Fund-State are paid from the newly-established Pension Funding Stabilization Account. (various funds)
3. **Classification Revisions** - Funding is provided to cover changes in the cost of state merit system classifications resulting from implementation of collective bargaining agreements and personnel rules. (various funds)

Department of Social & Health Services Juvenile Rehabilitation

WORKLOAD HISTORY

By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	2005	Estimated	
									2006	2007
Community Residential ⁽¹⁾										
Avg Daily Population/Month	305	239	209	194	173	172	144	123	106	108
% Change from prior year		-21.6%	-12.6%	-7.2%	-10.8%	-0.5%	-16.6%	-14.7%	-13.5%	1.9%
Institutions										
Avg Daily Population/Month	1,048	996	984	987	937	797	781	782	726	708
% Change from prior year		-5.0%	-1.2%	0.3%	-5.1%	-14.9%	-2.1%	0.1%	-7.1%	-2.5%
Parole ⁽²⁾										
Avg Daily Population/Month	1,002	768	1,023	1,062	1,006	847	802	728	770	770
% Change from prior year		-23.4%	33.3%	3.8%	-5.3%	-15.8%	-5.3%	-9.2%	5.7%	0.0%

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

⁽²⁾ Parole eligibility standards were significantly modified in FY 1998, FY 2000, and FY 2003.

Data Source :

FY 1998 through FY 2005 from the Department of Social and Health Services Juvenile Rehabilitation Administration.

FY 2006 through FY 2007 data are from legislative fiscal staff.

Department of Social and Health Services Mental Health

(Dollars in Thousands)

	GF-S	Other	Total
2005-07 Original Appropriations	844,678	528,368	1,373,046
Total Maintenance Changes	1,052	-11,876	-10,824
Policy Changes			
1. Increased Defender Costs	955	0	955
2. Spokane County Lawsuit	520	0	520
3. Pension Plan 1 Unfunded Liabilities	0	1,260	1,260
4. Classification Revisions	195	22	217
5. Pierce County Lawsuit	2,032	0	2,032
6. Allen Lawsuit Settlement	503	0	503
7. Evidence-Based Children's MH Pilots	450	0	450
8. Personal Needs Allowance Increase	6	0	6
9. RSN Allocation Increases	11,241	10,922	22,163
10. System Stabilization Grants	1,593	0	1,593
11. System Transformation Initiative	30,834	2,216	33,050
12. Forensic Admission Staff (ESH)	1,327	466	1,793
Total Policy Changes	49,656	14,886	64,542
2005-07 Revised Appropriations	895,386	531,378	1,426,764
Fiscal Year 2006 Total	423,717	255,925	679,642
Fiscal Year 2007 Total	471,669	275,453	747,122

Comments:

1. **Increased Defender Costs** - Funding is provided for increased King County defender costs for Civil Commitment. King County Superior Court ordered the Department of Social and Health Services (DSHS) to increase its defender rates for special commitment cases by \$20.65 per hour for attorneys and \$16 per hour for paralegals and investigators effective January 1, 2006.
2. **Spokane County Lawsuit** - Funding is provided to settle a claim by the Spokane County Regional Support Network (RSN) regarding costs incurred on behalf of clients who may have been incorrectly denied Medicaid coverage during initial implementation of the Temporary Assistance for Needy Families program during the late 1990's. The RSN contends that because these individuals were not on Medicaid, it was incorrectly denied state and federal funding for their care. A related lawsuit by many of the state's hospitals was settled several years ago.
3. **Pension Plan 1 Unfunded Liabilities** - Funding is provided to cover the cost of increased employer pension contributions resulting from additional contribution rates established to make payments towards the unfunded accrued actuarial liabilities in Plan 1 of the Public Employees' and Teachers' Retirement Systems (PERS 1 and TRS 1). Contributions that would have been made from the General Fund-State are paid from the newly-established Pension Funding Stabilization Account. (various funds)
4. **Classification Revisions** - Funding is provided to cover changes in the cost of state merit system classifications resulting from implementation of collective bargaining agreements and personnel rules. (various funds)
5. **Pierce County Lawsuit** - Funding is provided to comply with and satisfy the final court order and judgment in the *Pierce County v. State of Washington* lawsuit.
6. **Allen Lawsuit Settlement** - Funding is provided for additional staff training and support for people with developmental disabilities during their treatment in the state psychiatric hospitals. This additional programming is expected to result in resolution of a lawsuit first filed in 1999 that challenged the constitutional adequacy of the care previously provided such individuals.
7. **Evidence-Based Children's MH Pilots** - Funding is provided for the Mental Health (MH) Division, in collaboration with the Children's Administration and the Juvenile Rehabilitation Administration, to establish a pilot program to provide evidence-based mental health services to children. The mental health service or services to be provided under the pilot program must be selected from a list of evidence-based service options developed by the Department, in consultation with a broadly representative group of individuals with expertise in children's mental health. The program site or sites will be selected through a request for proposal process, open to counties or groups of counties, and will be operational by December 2006.
8. **Personal Needs Allowance Increase** - Funding is provided to increase the personal needs allowance by 4 percent, from

Department of Social and Health Services Mental Health

\$51.62 per month to \$53.68 per month, for an average of 11,100 publicly-funded clients residing in institutional settings, including residents of nursing facilities, residential habilitation centers, and state mental hospitals. Institutionalized clients who receive a state supplemental payment (SSP) to their social security income in lieu of a personal needs allowance will receive a commensurate \$2.06 per month increase in their SSP benefit. (General Fund-State, General Fund-Federal)

Other elements of the system transformation include: preparation of a plan for expanding community housing options for people with persistent mental illness; development of a utilization review system to assure people receive appropriate levels and durations of inpatient care; a comprehensive review of the state's involuntary commitment statute and system; and a study of alternative approaches to establishing Medicaid managed care rates, with particular emphasis upon approaches that emphasize defined benefits levels and risk adjustment. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

12. **Forensic Admission Staff (ESH)** - Funding is provided for increased staffing and operating costs on the forensic admissions ward at Eastern State Hospital (ESH). The forensic admissions wards evaluate criminal defendants for competency to stand trial and provide short-term treatment aimed at competency restoration. ESH admissions for such services are consistently exceeding budgeted capacity. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

9. **RSN Allocation Increases** - Funding is provided to improve the quality and availability of community mental health services and to assure more equitable access to such services statewide. In FY 2007, non-Medicaid funds are to be distributed proportional to total population in each RSN region. Medicaid payment rates are increased to the statewide average for those RSNs whose rates would otherwise be below that level and by 3.5 percent for those RSNs whose rates are above the current average. Additional state funds are provided to assure that no RSN receives less total funding next year than this year. Statewide, total RSN funding is increased by \$34.6 million, or 9.1 percent, in FY 2007. (General Fund-State, General Fund-Federal)

10. **System Stabilization Grants** - Together with funds available in the base appropriation level, funding is provided to:

- 1) refund 50 percent of the "liquidated damages" that were charged RSNs from FY 2002 to FY 2005 for using more than their allocated amount of state hospital services;
- 2) provide \$750,000 of grants to offset uncompensated care costs for hospitals that no longer qualify for federal funds for that purpose because of federal Medicaid restrictions; and
- 3) provide a one-time start-up grant for a nonprofit home for women recovering from mental illness.

11. **System Transformation Initiative** - Funds are provided to begin a comprehensive transformation in the delivery of public mental health services for people with severe and persistent mental illness. As provided in Chapter 333, Laws of 2006 (2SSB 6793), the strategy: clearly defines state hospital and RSN responsibilities with regard to people who require short- and long-term care; emphasizes the use of evidence-based practices; funds the phased-in development and ongoing support of community-based alternatives to state psychiatric hospitalization; links the receipt of community funding to achievement of negotiated performance objectives; holds RSNs accountable for managing state hospital admissions and discharges within established bed allocation targets; and holds the state hospitals accountable for admitting people who need intensive long-term care on a timely basis, and for effectively supporting their recovery and return to the community. Core components of the strategy include: opening five additional wards at Eastern and Western State Hospitals on a temporary basis, at a cost of \$29 million this biennium and \$31 million next biennium; and providing \$3.2 million this biennium for initial development of new community program approaches, which when fully operational next biennium will cost approximately \$34 million and will permit phased closure of the wards that are being opened this biennium.

Department of Social & Health Services Mental Health

WORKLOAD HISTORY

By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	2005	Estimated	
									2006	2007
State Hospitals ⁽¹⁾										
Avg Daily Census/Month	1,275	1,317	1,343	1,343	1,328	1,231	1,192	1,207	1,266	1,380
% Change from prior year		3.3%	1.9%	0.0%	-1.2%	-7.3%	-3.1%	1.2%	4.9%	9.0%
Community Outpatient Services - Average Persons Served per Month										
	41,328	43,882	45,174	48,487	51,206	52,047	54,509	52,800	52,500	53,700
% Change from prior year		6.2%	2.9%	7.3%	5.6%	1.6%	4.7%	-3.1%	-0.6%	2.3%
Adults	30,024	31,840	32,902	35,420	36,938	37,347	38,882	37,500	36,600	37,200
% Change from prior year		6.0%	3.3%	7.7%	4.3%	1.1%	4.1%	-3.6%	-2.4%	1.6%
Children	11,304	12,042	12,272	13,067	14,268	14,700	15,627	15,300	15,900	16,500
% Change from prior year		6.5%	1.9%	6.5%	9.2%	3.0%	6.3%	-2.1%	3.9%	3.8%
People on Medicaid	N/A	32,303	30,832	34,048	37,750	39,522	43,213	44,733	45,800	46,900
% Change from prior year			-4.6%	10.4%	10.9%	4.7%	9.3%	3.5%	2.4%	2.4%
People not on Medicaid	N/A	11,579	14,342	14,439	13,456	12,524	11,296	8,022	6,700	6,800
% Change from prior year			23.9%	0.7%	-6.8%	-6.9%	-9.8%	-29.0%	-16.5%	1.5%
Special Commitment Center - Main Facility										
Avg Monthly Population	57	79	105	130	151	167	189	211	239	265
% Change from prior year		38.6%	32.9%	24.0%	15.9%	10.9%	13.1%	11.6%	13.1%	11.0%
Special Commitment Center - Less Restrictive Alternatives ⁽²⁾										
Avg Monthly Population	2	3	5	5	7	9	10	12	16	21
% Change from prior year		50.0%	66.7%	3.3%	29.0%	31.3%	15.2%	14.9%	37.4%	31.9%

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

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

Data Sources :

FY 1998 through FY 2005 actuals are from DSHS Division of Research and Data Analysis reports.

FY 2006 and FY 2007 estimates are by legislative fiscal committee staff.

Department of Social and Health Services Developmental Disabilities

(Dollars in Thousands)

	GF-S	Other	Total
2005-07 Original Appropriations	770,056	690,499	1,460,555
Total Maintenance Changes	-5,216	-4,466	-9,682
Policy Changes			
1. Pension Plan 1 Unfunded Liabilities	0	1,152	1,152
2. Classification Revisions	-17	-15	-32
3. Community Protection	241	242	483
4. Home Care Agency Parity	452	452	904
5. Additional Case Management Support	778	580	1,358
6. Licensed Professional Services	100	0	100
7. Personal Needs Allowance Increase	11	11	22
8. Boarding Home Rate Increase	12	12	24
9. Adult Family Home Rate Increase	134	134	268
10. Expand Community Services	391	393	784
11. Expand Employment and Day Services	1,102	281	1,383
12. Supported Living Rate Increase	955	958	1,913
Total Policy Changes	4,159	4,200	8,359
2005-07 Revised Appropriations	768,999	690,233	1,459,232
Fiscal Year 2006 Total	375,376	336,579	711,955
Fiscal Year 2007 Total	393,623	353,654	747,277

Comments:

1. **Pension Plan 1 Unfunded Liabilities** - Funding is provided to cover the cost of increased employer pension contributions resulting from additional contribution rates established to make payments towards the unfunded accrued actuarial liabilities in Plan 1 of the Public Employees' and Teachers' Retirement Systems (PERS 1 and TRS 1). Contributions that would have been made from the General Fund-State are paid from the newly-established Pension Funding Stabilization Account. (various funds)
2. **Classification Revisions** - Funding is provided to cover changes in the cost of state merit system classifications resulting from implementation of collective bargaining agreements and personnel rules. (various funds)
3. **Community Protection** - Funding is provided for community residential and support services for a minimum of 7 clients, which brings the total number of new clients served during the 2005-07 biennium to 42 clients. New placements will serve clients who are: 1) being diverted or discharged from state psychiatric hospitals; 2) participants in the Dangerous Mentally Ill Offender Program; 3) participants in the Community Protection Program; or 4) mental health crisis diversion outplacements. In order to increase the number of clients served and ensure the cost effectiveness of the waiver programs, the Department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. If this can be accomplished, additional clients may be served with excess funds, provided the total projected carryforward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)
4. **Home Care Agency Parity** - Chapter 9, Laws of 2006 (SHB 2333), requires the Department of Social and Health Services to increase home care agency payment rates to reflect the cost of all hourly wage and benefit increases that are negotiated and funded on behalf of individual providers of home care services. This item includes funding for hourly wage, vacation leave, seniority pay, and workers' compensation increases. It also includes funding to increase the state's contribution for agency worker medical benefits from the \$413 per eligible worker per month FY 2007 rate included in the original budget to the \$532 per eligible worker per month rate funded under the individual provider collective bargaining agreement. Monthly medical premium rates for FY 2006 are increased from \$380 per eligible worker to \$449 per eligible worker. (General Fund-State, General Fund-Federal)
5. **Additional Case Management Support** - Funding is provided for an additional 14 case resource managers and related support staff in FY 2007 to assist the Division of Developmental Disabilities in areas where additional case worker staff is necessary to speed up referral to existing entitlement programs or distribution of resources to clients waiting for services. This may include expediting assessments to move eligible clients to Medicaid Personal Care and assisting clients in accessing current family support resources. Half of the new resources provided are dedicated to accelerating the implementation of the mini-assessment tool on clients who are not receiving paid services. (General Fund-State, General Fund-Federal)
6. **Licensed Professional Services** - Funding is provided for DSHS to continue to offer licensed professional services,

Department of Social and Health Services Developmental Disabilities

including dental services, medical and nursing services, psychology and behavioral services, and rehabilitative services, at the state Residential Habilitation Centers (RHCs) to clients who are served in community settings.

non-waiver clients. Federal funds may be used to enhance this funding to the extent that clients are already receiving services from a home- and community-based waiver program. (General Fund-State, General Fund-Federal)

7. **Personal Needs Allowance Increase** - Funding is provided to increase the personal needs allowance by 4 percent, from \$51.62 per month to \$53.68 per month, for an average of 11,100 publicly-funded clients residing in institutional settings, including residents of nursing facilities, RHCs, and state mental hospitals. Institutionalized clients who receive a state supplemental payment (SSP) to their social security income in lieu of a personal needs allowance will receive a commensurate \$2.06 per month increase in their SSP benefit. (General Fund-State, General Fund-Federal)
8. **Boarding Home Rate Increase** - Funding is provided for a 1.0 percent vendor rate increase to boarding home payment rates, effective July 1, 2006. (General Fund-State, General Fund-Federal)
9. **Adult Family Home Rate Increase** - Funding is provided for a 1.0 percent vendor rate increase to adult family home payment rates, effective July 1, 2006. (General Fund-State, General Fund-Federal)
10. **Expand Community Services** - Funding is provided for community residential and support services for a minimum of 12 clients, which brings the total number of new clients served during the 2005-07 biennium to 51. Priority consideration for these placements shall be as follows: 1) children who are aging out of other state services; 2) clients without residential services who are in crisis or immediate risk of needing an institutional placement, including individuals who are living with aging parents who are no longer able to care for their children; 3) current waiver clients who have been assessed as having an immediate need for residential support services; and 4) residents of RHCs who are able to be adequately cared for in community settings and who choose to live in those settings. In order to increase the number of clients served and ensure the cost effectiveness of the waiver programs, the Department will strive to limit new client placement expenditures to 90 percent of the budgeted daily rate. Money not spent on new clients may be used to cover service costs of existing waiver clients, including the costs of employment and day services. In addition, if excess funds are available, additional clients may be served as long as the total projected carryforward expenditures do not exceed those currently projected. (General Fund-State, General Fund-Federal)
11. **Expand Employment and Day Services** - Funding is provided for additional employment and day services to approximately 250 clients with developmental disabilities. Priority consideration for this new ongoing funding will be young adults with developmental disabilities living with their families who need employment opportunities and assistance after high school graduation. Services will be provided for both home- and community-based waiver program clients and
12. **Supported Living Rate Increase** - Funding is provided for a rate increase for supported living providers of 15 cents per hour for King County and 12 cents per hour for all other counties with appropriate benchmark adjustments to the administrative portion of the rate. (General Fund-State, General Fund-Federal)

Department of Social & Health Services

Developmental Disabilities

WORKLOAD HISTORY

By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	2005	Estimated	
									2006	2007
Institutions										
Avg Monthly Population ⁽¹⁾	1,228	1,189	1,139	1,116	1,093	1,044	1,035	1,001	994	994
% Change from prior year		-3.2%	-4.2%	-2.0%	-2.0%	-4.5%	-0.8%	-3.3%	-0.7%	0.0%
Community Residential Programs ⁽²⁾										
Avg Month End Contracted Beds	3,742	3,747	3,920	3,957	4,010	4,005	4,469	4,903	4,955	5,026
% Change from prior year		0.1%	4.6%	0.9%	1.3%	-0.1%	11.6%	9.7%	1.1%	1.4%
Employment & Day Programs										
Avg Monthly Number Served	8,455	8,567	9,193	9,636	10,186	10,751	9,700	8,636	8,914	9,444
% Change from prior year		1.3%	7.3%	4.8%	5.7%	5.5%	-9.8%	-11.0%	3.2%	5.9%
Family Support & Children's Medicaid Personal Care ⁽³⁾										
Number of Clients Served	3,985	4,658	5,247	4,449	4,986	5,249	5,758	5,648	5,453	6,526
% Change from prior year		16.9%	12.6%	-15.2%	12.1%	5.3%	9.7%	-1.9%	-3.5%	19.7%
Personal Care ⁽⁴⁾										
Number of Clients Served	4,199	4,730	5,015	5,630	6,212	6,758	8,934	9,132	9,430	9,695
% Change from prior year		12.6%	6.0%	12.3%	10.3%	8.8%	32.2%	2.2%	3.3%	2.8%

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

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

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

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

Data Sources :

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

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

Department of Social and Health Services Long-Term Care

(Dollars in Thousands)

	GF-S	Other	Total
2005-07 Original Appropriations	1,228,339	1,288,766	2,517,105
Total Maintenance Changes	16,844	20,689	37,533
Policy Changes			
1. Pension Plan 1 Unfunded Liabilities	0	563	563
2. Classification Revisions	0	-1	-1
3. AAA Funding Increase	740	740	1,480
4. Assisted Living Facility Payments	818	797	1,615
5. Supplemental Assisted Living Rates	183	184	367
6. Kinship Caregiver Support Program	500	0	500
7. Home Care Agency Parity	5,669	5,644	11,313
8. Loss of Eligibility - AEM Prog	959	-959	0
9. Nursing Home Rate Increase	10,090	10,090	20,180
10. Nursing Home Lawsuit	7,500	7,500	15,000
11. Personal Needs Allowance Increase	122	121	243
12. Adult Day Health Rate Increase	830	753	1,583
13. Boarding Home Rate Increase	732	715	1,447
14. Adult Family Home Rate Increase	443	437	880
15. Homecare Hours Bargaining	121	120	241
16. Residential Standards Enforcement	57	57	114
Total Policy Changes	28,764	26,761	55,525
2005-07 Revised Appropriations	1,273,947	1,336,216	2,610,163
Fiscal Year 2006 Total	610,082	638,329	1,248,411
Fiscal Year 2007 Total	663,865	697,887	1,361,752

Comments:

1. **Pension Plan 1 Unfunded Liabilities** - Funding is provided to cover the cost of increased employer pension contributions resulting from additional contribution rates established to make payments towards the unfunded accrued actuarial liabilities in Plan 1 of the Public Employees' and Teachers' Retirement Systems (PERS 1 and TRS 1). Contributions that would have been made from the General Fund-State are paid from the newly-established Pension Funding Stabilization Account. (various funds)
2. **Classification Revisions** - Funding is provided to cover changes in the cost of state merit system classifications resulting from implementation of collective bargaining agreements and personnel rules. (various funds)
3. **AAA Funding Increase** - The state contracts with Area Agencies on Aging (AAAs) to provide case management and nurse oversight for persons who receive in-home care services. Funding is provided in FY 2007 to restore the 3.75 percent reduction to such services that was included in the initial 2005-07 budget. Funding is also provided for a 2.01 percent inflationary vendor rate increase, effective July 1, 2006. The initial 2005-07 budget excluded AAAs from receiving the 1.0 percent annual vendor rate increases that were provided for most other health and human services contractors. (General Fund-State, General Fund-Federal)
4. **Assisted Living Facility Payments** - Effective July 1, 2006, in accordance with Chapter 260, Laws of 2006 (ESHB 2925), the Department of Social and Health Services (DSHS) will provide capital add-on rates to assisted living facilities that have a minimum Medicaid occupancy percentage of 60 percent or greater. Managed care clients will be included in the calculation of Medicaid occupancy. (General Fund-State, General Fund-Federal)
5. **Supplemental Assisted Living Rates** - One-time funding is provided in FY 2006 for payments to any assisted living facility licensed under Chapter 18.20 RCW on January 25, 2002, which serves 20 or more clients participating in the program for all-inclusive care. (General Fund-State, General Fund-Federal)
6. **Kinship Caregiver Support Program** - Funding is provided to the AAAs, or entities with which AAAs contract, to provide support services through the kinship caregiver support program for grandparents and other informal kinship caregivers of children throughout the state.
7. **Home Care Agency Parity** - Chapter 9, Laws of 2006 (SHB 2333), requires DSHS to increase home care agency payment rates to reflect the cost of all hourly wage and benefit increases that are negotiated and funded on behalf of individual providers of home care services. This item includes funding for hourly wage, vacation leave, seniority pay, and workers' compensation

Department of Social and Health Services Long-Term Care

increases. It also includes funding to increase the state's contribution for agency worker medical benefits from the \$413 per eligible worker per month FY 2007 rate included in the original budget to the \$532 per eligible worker per month rate funded under the individual provider collective bargaining agreement. Monthly medical premium rates for FY 2006 are increased from \$380 per eligible worker to \$449 per eligible worker. (General Fund-State, General Fund-Federal)

8. **Loss of Eligibility - AEM Prog** - State funds are provided to continue nursing home care for 34 very low-income adults who are not eligible for Medicaid because of their immigration status. Care for these individuals was previously funded through the Medicaid Alien Emergency Medical (AEM) Program, but that coverage has been discontinued because their conditions do not qualify as emergencies under federal program guidelines. Budget projections anticipate that no new clients are admitted to the long-term care component of the program. (General Fund-State, General Fund-Federal)
9. **Nursing Home Rate Increase** - Funding is provided to implement Chapter 258, Laws of 2006 (EHB 2716), which makes the following changes in the nursing home payment system effective July 1, 2006: a) direct care and operations rates will be re-based to reflect calendar year 2003 costs; b) the minimum occupancy standard for the direct care component of the rate is repealed; c) the case-mix corridor floor is eliminated, and the ceiling is increased to 112 percent of the industry median; d) variable return rates are frozen at their June 30, 2006, level; and e) a "hold harmless" provision will assure that certain facilities do not receive a lower rate under the revised system than they are receiving as of June 30, 2006. (General Fund-State, General Fund-Federal)
10. **Nursing Home Lawsuit** - Funds are provided to settle the *Regency Pacific et al. v. Department of Social and Health Services* lawsuit in which nursing home contractors claimed that DSHS inaccurately paid for care provided to patients dually eligible for both Medicaid and Medicare. Disbursement of these funds is contingent upon plaintiff's release of all claims in the case. (General Fund-State, General Fund-Federal)
11. **Personal Needs Allowance Increase** - Funding is provided to increase the personal needs allowance by 4 percent, from \$51.62 per month to \$53.68 per month, for an average of 11,100 publicly-funded clients residing in institutional settings, including residents of nursing facilities, residential habilitation centers, and state mental hospitals. Institutionalized clients who receive a state supplemental payment (SSP) to their social security income in lieu of a personal needs allowance will receive a commensurate \$2.06 per month increase in their SSP benefit. (General Fund-State, General Fund-Federal)
12. **Adult Day Health Rate Increase** - Funding is provided to increase payment rates for adult day health services by 14 percent, effective July 1, 2006. (General Fund-State, General Fund-Federal)
13. **Boarding Home Rate Increase** - Funding is provided to increase boarding home payment rates by an additional 1.0 percent effective July 1, 2006. This is in addition to the 1.0 percent vendor rate increase already funded for July 2006 in the original biennial budget. (General Fund-State, General Fund-Federal)
14. **Adult Family Home Rate Increase** - Funding is provided to increase adult family home payment rates by an additional 1.0 percent effective July 1, 2006. This is in addition to the 1.0 percent vendor rate increase already funded for July 2006 in the original biennial budget. (General Fund-State, General Fund-Federal)
15. **Homecare Hours Bargaining** - In accordance with Chapter 106, Laws of 2006 (ESHB 2475), the Governor will collectively bargain DSHS policies and practices that affect hours of work for individual providers. Funding is provided for DSHS to support the Governor's Office with these negotiations. (General Fund-State, General Fund-Federal)
16. **Residential Standards Enforcement** - Chapter 303, Laws of 2006 (E2SSB 6630), provides additional mechanisms for DSHS to sanction community residential agencies and for those agencies to appeal proposed sanctions. Funds are provided for the Department's residential care quality assurance unit to implement these provisions. (General Fund-State, General Fund-Federal)

Department of Social & Health Services Long-Term Care Services

WORKLOAD HISTORY

By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	2005	<u>Estimated</u>	
									2006	2007
Nursing Homes										
Avg. # Served per Day	14,645	14,081	13,783	13,529	13,154	12,943	12,446	12,088	11,791	11,400
% Change from prior year		-3.9%	-2.1%	-1.8%	-2.8%	-1.6%	-3.8%	-2.9%	-2.5%	-3.3%
Community Care *										
Avg. # Served per Month	25,675	27,567	29,319	30,919	32,213	33,727	34,635	35,514	37,248	38,689
% Change from prior year		7.4%	6.4%	5.5%	4.2%	4.7%	2.7%	2.5%	4.9%	3.9%
Combined Total										
Avg. Persons Served	40,320	41,648	43,101	44,448	45,367	46,670	47,080	47,602	49,039	50,089
% Change from prior year		3.3%	3.5%	3.1%	2.1%	2.9%	0.9%	1.1%	3.0%	2.1%

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

Data Sources :

Community Care for FY 1998 from Department of Social and Health Services Aging and Disability Services Administration.

All other data is from the Caseload Forecast Council and legislative fiscal staff.

Department of Social and Health Services Economic Services Administration

(Dollars in Thousands)

	GF-S	Other	Total
2005-07 Original Appropriations	984,247	1,277,913	2,262,160
Total Maintenance Changes	8,954	-5,446	3,508
Policy Changes			
1. WorkFirst Funding Shortfall	51,148	0	51,148
2. Pension Plan 1 Unfunded Liabilities	0	1,798	1,798
3. Head Start Collaboration Transfer	0	-180	-180
4. Child Support Schedule	135	261	396
5. LEP Services Enhancement	1,500	0	1,500
6. Governor Veto	-135	-261	-396
Total Policy Changes	52,648	1,618	54,266
2005-07 Revised Appropriations	1,045,849	1,274,085	2,319,934
Fiscal Year 2006 Total	513,976	631,971	1,145,947
Fiscal Year 2007 Total	531,873	642,114	1,173,987

Comments:

1. **WorkFirst Funding Shortfall** - Funding is provided to balance the WorkFirst program. In addition to: 1) \$35 million in savings due to various efficiencies, caseload reductions, and full-family sanctions recommended by the WorkFirst Reexamination Workgroup; and 2) \$20 million in federal incentives and other one-time sources, the amount provided should be sufficient to cover the program's \$106 million deficit for the 2005-07 biennium. No changes are proposed to child care eligibility and benefits.
2. **Pension Plan 1 Unfunded Liabilities** - Funding is provided to cover the cost of increased employer pension contributions resulting from additional contribution rates established to make payments towards the unfunded accrued actuarial liabilities in Plan 1 of the Public Employees' and Teachers' Retirement Systems (PERS 1 and TRS 1). Contributions that would have been made from the General Fund-State are paid from the newly-established Pension Funding Stabilization Account. (various funds)
3. **Head Start Collaboration Transfer** - Federal funding and FTEs supporting the Head Start Collaboration Office are transferred from DSHS to the new Department of Early Learning, created under Chapter 265, Laws of 2006 (2SHB 2964). (General Fund-Federal)
4. **Child Support Schedule** - Funding is provided to implement 2SHB 2462 (Child Support Schedule), which establishes a work group to evaluate and recommend changes to the existing child support schedule. This bill was not enacted by the Legislature, funding lapsed, and the Governor vetoed this appropriation (see veto item below). (General Fund-State, General Fund-Federal)
5. **LEP Services Enhancement** - Funding is provided to supplement existing state and federal funds dedicated to limited English proficiency (LEP) services in order to prevent reductions to service contracts. LEP services assist public assistance-eligible refugees and others who have a limited ability to speak English by providing specialized job training, English-as-a-Second-Language classes, and other services.
6. **Governor Veto** - The Governor vetoed Section 207(5) of Chapter 372, Laws of 2006, Partial Veto (ESSB 6386), which provided funding to implement 2SHB 2462 (Child Support Schedule). The bill did not pass the Legislature (see item 4 above).

Department of Social & Health Services

Economic Services Administration

WORKLOAD HISTORY

By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	2005	Estimated	
									2006	2007
General Assistance *										
Avg Monthly Caseload	17,467	16,921	16,416	17,857	19,934	19,487	22,028	25,576	27,799	29,778
% Change from prior year		-3.1%	-3.0%	8.8%	11.6%	-2.2%	13.0%	16.1%	8.7%	7.1%
TANF Cases *										
Avg Monthly Caseload	84,685	67,475	58,796	54,758	55,068	54,641	55,606	56,942	56,645	56,426
% Change from prior year		-20.3%	-12.9%	-6.9%	0.6%	-0.8%	1.8%	2.4%	-0.5%	-0.4%
Child Care										
Avg # Children Served/Month	41,677	51,168	58,511	67,425	71,908	70,734	62,216	61,606	62,126	62,703
% change from prior year		22.8%	14.4%	15.2%	6.6%	-1.6%	-12.0%	-1.0%	0.8%	0.9%

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

Data Sources :

FY 1998 through FY 2005 General Assistance actuals provided by the Caseload Forecast Council.

FY 1998 through FY 2005 TANF Cases and Child Care actuals provided by the Department of Social and Health Services Budget Division and the Office of Financial Management (OFM).

FY 2006 through FY 2007 General Assistance estimates from Caseload Forecast Council February 2006 forecast.

FY 2006 through FY 2007 TANF case estimates from OFM February 2006 TANF forecast, which contains no step adjustments related to the Governor's proposed 2007 Workfirst actions.

FY 2006 through FY 2007 estimates of children served in child care from OFM Working Connections Child Care August 2005 forecast.

Department of Social and Health Services Alcohol & Substance Abuse

(Dollars in Thousands)

	GF-S	Other	Total
2005-07 Original Appropriations	124,191	179,731	303,922
Total Maintenance Changes	-2,235	26,416	24,181
Policy Changes			
1. Pension Plan 1 Unfunded Liabilities	0	49	49
2. Expand Parent-Child Asst Program	375	0	375
3. Ensure Problem Gambling Trtmt	150	0	150
Total Policy Changes	525	49	574
2005-07 Revised Appropriations	122,481	206,196	328,677
Fiscal Year 2006 Total	55,136	106,255	161,391
Fiscal Year 2007 Total	67,345	99,941	167,286

Comments:

1. **Pension Plan 1 Unfunded Liabilities** - Funding is provided to cover the cost of increased employer pension contributions resulting from additional contribution rates established to make payments towards the unfunded accrued actuarial liabilities in Plan 1 of the Public Employees' and Teachers' Retirement Systems (PERS 1 and TRS 1). Contributions that would have been made from the General Fund-State are paid from the newly-established Pension Funding Stabilization Account. (various funds)
2. **Expand Parent-Child Asst Program** - Funding is provided to expand the Parent-Child Assistance Program (PCAP) to Skagit County. PCAP provides intensive support and referral services to pregnant and parenting women who are using drugs or are at risk of substance abuse. The program is managed by local contractors in conjunction with the University of Washington's Fetal Alcohol and Drug Unit and currently operates in six counties statewide.
3. **Ensure Problem Gambling Trtmt** - Funding is provided to supplement dedicated fee revenues for the newly-established problem gambling treatment program, created by Chapter 369, Laws of 2005 (ESHB 1031). Revenues from the new taxes and lottery set-asides created by the bill are about \$150,000 lower than expected when the program was authorized. State funds are provided to ensure that the level of treatment available is equivalent to the level expected under the 2005-07 biennium budget. (General Fund-State, Problem Gambling Account-State)

Department of Social & Health Services
Alcohol & Substance Abuse

WORKLOAD HISTORY

By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	2005	Estimated	
									2006	2007
ADATSA - Assessment										
Avg Monthly Assessments	1,194	1,162	1,167	1,112	1,176	1,126	1,213	1,232	1,120	1,120
% Change from prior year		-2.7%	0.4%	-4.7%	5.8%	-4.3%	7.7%	1.6%	-9.1%	0.0%
ADATSA - Outpatient Treatment										
Avg Monthly Admissions	322	340	351	357	386	381	388	411	375	375
% Change from prior year		5.6%	3.2%	1.7%	8.1%	-1.3%	1.7%	6.0%	-8.8%	0.0%
ADATSA - Residential										
Avg Monthly Admissions	673	633	574	596	575	569	573	639	565	565
% Change from prior year		-5.9%	-9.3%	3.8%	-3.5%	-1.0%	0.7%	11.6%	-11.6%	0.0%

Data Sources

FY 1998 through FY 2004 actuals provided by the Department of Social and Health Services (DSHS) Budget Division.

FY 2005 actuals from DSHS reports.

FY 2006 and FY 2007 estimates provided by the Division of Alcohol & Substance Abuse, 2005.

Department of Social and Health Services Medical Assistance Payments

(Dollars in Thousands)

	GF-S	Other	Total
2005-07 Original Appropriations	3,077,313	4,690,557	7,767,870
Total Maintenance Changes	-90,816	5,444	-85,372
Policy Changes			
1. Employer-Sponsored Insurance Pgm	-17	-16	-33
2. Children's Health Program	10,730	190	10,920
3. Pension Plan 1 Unfunded Liabilities	0	442	442
4. Foster Care to Age 21 Pilot	66	66	132
5. Family Planning Services	255	2,107	2,362
6. Employment Status Report	70	70	140
7. Expand Provider Review & Prior Auth	-3,129	-3,129	-6,258
8. Medicare Part D Co-Pays	18,188	0	18,188
9. Preventive Care Collaborative	50	150	200
10. Breast & Cervical Cancer Screening	278	517	795
11. Federal SCHIP Flexibility	0	0	0
Total Policy Changes	26,491	397	26,888
2005-07 Revised Appropriations	3,012,988	4,696,398	7,709,386
Fiscal Year 2006 Total	1,462,447	2,298,224	3,760,671
Fiscal Year 2007 Total	1,550,541	2,398,174	3,948,715

Comments:

1. **Employer-Sponsored Insurance Pgm** - Funds are provided to expand a small pilot project under which, when it is cost effective for the state, the Department of Social and Health Services (DSHS) will cover the cost of employer-sponsored insurance for children and families who would otherwise be covered by state medical assistance programs. Based upon pilot project experience to date, the program is expected to return modest savings after covering administrative costs, while reinforcing enrollment in employer-based coverage, particularly among small employers. (General Fund-State, General Fund-Federal)
2. **Children's Health Program** - The Children's Health Program provides medical and dental care for children who, because of their immigration status, are not eligible for Medicaid. Enrollment in the program is increased to 12,890 children per month in July 2006 and to 14,000 children per month in October 2006. (General Fund-State, General Fund-Federal)
3. **Pension Plan 1 Unfunded Liabilities** - Funding is provided to cover the cost of increased employer pension contributions resulting from additional contribution rates established to make payments towards the unfunded accrued actuarial liabilities in Plan 1 of the Public Employees' and Teachers' Retirement Systems (PERS 1 and TRS 1). Contributions that would have been made from the General Fund-State are paid from the newly-established Pension Funding Stabilization Account. (various funds)
4. **Foster Care to Age 21 Pilot** - Funding is provided to implement Chapter 266, Laws of 2006 (2SHB 2002 - Foster Care Support Services). The bill provides that up to 50 young people may remain in foster care until age 21 while participating in post-secondary education. Because they are in foster care, the state Medicaid program will continue to pay for their medical and dental care. (General Fund-State, General Fund-Federal)
5. **Family Planning Services** - Funding is provided to increase access to family planning services in the DSHS' Community Service Offices (CSOs). Funds will be used to: 1) provide family planning information and referral to persons involved with Child Protective Services or Child Welfare Services; 2) increase the availability of family planning nurses and health educators at CSOs to full time; and 3) increase the hourly rate for CSO-based family planning contracts by up to 5 percent. Resources will be prioritized to those areas where pregnancy rates are higher than the statewide average. (General Fund-State, General Fund-Federal)
6. **Employment Status Report** - Funding is provided for implementation of Chapter 264, Laws of 2006, Partial Veto (ESHB 3079 - Employment Status Reporting), which requires DSHS, in cooperation with the Health Care Authority, to report annually to the Legislature on the employment status of enrollees in the Basic Health Plan and state Medical Assistance programs. (General Fund-State, General Fund-Federal)
7. **Expand Provider Review & Prior Auth** - Funding is provided to expand current efforts to assure appropriate and cost-effective utilization of medical services. Savings will be achieved by preventing inappropriate and off-label use of certain prescription drugs; by reviewing, and potentially terminating, contractual arrangements with providers who have

Department of Social and Health Services

Medical Assistance Payments

demonstrated substandard practice patterns; and by increasing record reviews to assure that expensive procedures are being delivered in accordance with clinical guidelines. (General Fund-State, General Fund-Federal)

8. **Medicare Part D Co-Pays** - Approximately 100,000 low-income elderly and disabled individuals whose drug costs were previously covered in full by the state Medicaid program must now pay \$1, \$3, or \$5 per prescription under the new federal Medicare Part D program. State funds are provided to cover the cost of these co-payments on their behalf.
9. **Preventive Care Collaborative** - Funds are provided for the Medical Assistance program to sub-contract through its external quality review organization for dissemination of evidence-based best practices for preventing and treating children's health problems. (General Fund-State, General Fund-Federal)
10. **Breast & Cervical Cancer Screening** - State funds are provided to increase by 25 percent the number of low-income, uninsured women screened through the Washington Breast and Cervical Health Program in the Department of Health. This is expected to result in a corresponding 25 percent increase in the number of women receiving Medicaid-funded treatment for these conditions. (General Fund-State, General Fund-Federal)
11. **Federal SCHIP Flexibility** - The 2006 federal budget allows states to use unspent State Children's Health Insurance Program (SCHIP) funds to match Medicaid expenditures for children with family incomes over 150 percent of the federal poverty level. Because the federal matching funds rate is higher for SCHIP expenditures than for the regular Medicaid program, this reduces required state funding. This is a one-time savings, as the federal statutory provision is due to expire in September 2007. (General Fund-Federal, Health Services Account-State)

Department of Social & Health Services

Medical Assistance Payments

WORKLOAD HISTORY

By Fiscal Year

	1998	1999	2000	2001	2002	2003	2004	Estimated		
								2005	2006	2007
Categorically Needy	704,900	691,838	718,286	766,349	788,931	825,437	824,262	811,462	848,337	885,696
AFDC/TANF	286,965	254,023	249,938	268,785	272,388	276,656	284,308	293,175	284,123	282,774
Elderly	45,047	47,336	50,408	51,757	53,091	54,096	54,599	55,620	56,737	57,901
Disabled	95,010	96,640	100,187	106,870	114,587	118,309	123,058	126,396	129,861	133,639
Non-AFDC Children	239,487	254,069	276,272	293,904	319,793	344,547	328,394	299,740	336,660	356,304
Non-AFDC Pregnant Women	21,430	21,851	21,702	22,353	23,937	25,832	26,392	27,202	27,818	28,584
Undocumented Children	13,050	13,297	15,328	18,100	0	0	0	0	2,150	13,873
Medicare Beneficiaries	3,911	4,622	4,451	4,580	5,036	5,734	7,068	8,545	9,885	11,203
Breast & Cervical Cancer					69	121	182	306	347	427
Medicaid Buy-In					30	142	261	476	757	990
Medically Needy	11,059	11,596	12,566	13,465	14,528	16,061	16,972	17,839	18,092	18,281
Elderly	4,625	4,822	5,158	5,642	6,005	6,437	6,514	6,589	6,562	6,537
Disabled	6,356	6,650	7,299	7,752	8,523	9,624	10,458	11,250	11,530	11,744
All Others	78	124	109	71	0	0	0	0	0	0
Children's Health Insurance Program		2	355	3,378	6,049	7,347	9,531	13,332	12,239	11,679
General Assistance/ADATSA										
# Persons/Month	13,179	12,911	11,716	11,987	11,671	10,429	11,739	14,083	15,568	17,038
State Medically Indigent										
# Persons/Month	2,284	2,271	2,457	2,690	3,331	3,997	0	0	0	0
Refugees										
# Persons/Month	1,353	1,319	1,004	1,135	933	677	685	685	688	688
Total Eligibles per Month	732,775	719,937	746,384	799,004	825,443	863,948	863,189	857,400	894,924	933,382
% Change from prior year		-1.8%	3.7%	7.0%	3.3%	4.7%	-0.1%	-0.7%	4.4%	4.3%

Data Sources:

Caseload Forecast Council and legislative fiscal committees.

Department of Social and Health Services Vocational Rehabilitation

(Dollars in Thousands)

	GF-S	Other	Total
2005-07 Original Appropriations	22,552	89,139	111,691
Total Maintenance Changes	-1,300	-381	-1,681
Policy Changes			
1. Pension Plan 1 Unfunded Liabilities	0	137	137
2. Maximize Federal Funds for Emplmt	456	2,400	2,856
Total Policy Changes	456	2,537	2,993
2005-07 Revised Appropriations	21,708	91,295	113,003
Fiscal Year 2006 Total	10,694	45,811	56,505
Fiscal Year 2007 Total	11,014	45,484	56,498

Comments:

1. **Pension Plan 1 Unfunded Liabilities** - Funding is provided to cover the cost of increased employer pension contributions resulting from additional contribution rates established to make payments towards the unfunded accrued actuarial liabilities in Plan 1 of the Public Employees' and Teachers' Retirement Systems (PERS 1 and TRS 1). Contributions that would have been made from the General Fund-State are paid from the newly-established Pension Funding Stabilization Account. (various funds)
2. **Maximize Federal Funds for Emplmt** - Funding is provided to provide the maximum level of vocational rehabilitation services for which the state can receive federal matching dollars. State funding is also provided to match \$1.2 million in federal reallocation dollars should they become available. (General Fund-State, General Fund-Federal)

Department of Social and Health Services Administration & Supporting Services

(Dollars in Thousands)

	GF-S	Other	Total
2005-07 Original Appropriations	62,868	57,902	120,770
Total Maintenance Changes	5,115	8,678	13,793
Policy Changes			
1. Pension Plan 1 Unfunded Liabilities	0	374	374
2. Central Service Agency Charges	1,764	792	2,556
3. Family Policy Council	1,500	0	1,500
4. System Transformation Initiative	313	0	313
Total Policy Changes	3,577	1,166	4,743
2005-07 Revised Appropriations	71,560	67,746	139,306
Fiscal Year 2006 Total	34,700	33,426	68,126
Fiscal Year 2007 Total	36,860	34,320	71,180

Comments:

1. **Pension Plan 1 Unfunded Liabilities** - Funding is provided to cover the cost of increased employer pension contributions resulting from additional contribution rates established to make payments towards the unfunded accrued actuarial liabilities in Plan 1 of the Public Employees' and Teachers' Retirement Systems (PERS 1 and TRS 1). Contributions that would have been made from the General Fund-State are paid from the newly-established Pension Funding Stabilization Account. (various funds)
2. **Central Service Agency Charges** - Funding is provided to pay increased service charges by the Department of Personnel and the Office of Financial Management (OFM). The service charges reflect increased costs associated with the development of the new Human Resource Management System, improvements to the state's capital budgeting systems, and the completion of OFM's Roadmap Feasibility Study. (various funds)
3. **Family Policy Council** - Funding for the Family Policy Council and for community public health and safety networks is increased to partially offset reductions to those programs that were implemented in the 2001-03 biennial budget. The Council and community-based networks work to prevent child abuse and neglect and recommend policy changes at the state and local levels.
4. **System Transformation Initiative** - Additional staff are provided for the Office of Financial Recovery to manage the increase in billing to insurance companies and private individuals that will result from the opening of five additional wards at the two state psychiatric hospitals.

Department of Social and Health Services Payments to Other Agencies

(Dollars in Thousands)

	GF-S	Other	Total
2005-07 Original Appropriations	92,761	45,103	137,864
Total Maintenance Changes	5,234	2,132	7,366
Policy Changes			
1. Residential Standards Enforcement	37	13	50
Total Policy Changes	37	13	50
2005-07 Revised Appropriations	98,032	47,248	145,280
Fiscal Year 2006 Total	48,755	23,547	72,302
Fiscal Year 2007 Total	49,277	23,701	72,978

Comments:

1. **Residential Standards Enforcement** - Chapter 303, Laws of 2006 (E2SSB 6630 - Establishing the Community Protection Program), provides additional mechanisms for the Department of Social and Health Services to sanction community residential agencies and for those agencies to appeal proposed sanctions. Funds are provided for Attorney General support with implementation of these provisions. (General Fund-State, General Fund-Federal)

