



ASSOCIATION  
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HEALTHCARE

## ABH Preliminary Analysis of the Governor's FY 2016 Budget

**March 4, 2015**

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**To:** ABH Members  
**From:** Vic DiGravio, President/CEO  
Mandy Gilman, Senior Director of Public Policy and Research  
**Re:** Preliminary Analysis of the Governor's Fiscal Year 2016 Budget

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Governor Charlie Baker proposed his Fiscal Year 2016 Budget today (referred to as House 1). The proposed budget includes \$38.062 billion in spending, a 3.0% increase over anticipated Fiscal Year 2015 spending. The Executive Office of Health and Human Services was funded at approximately \$21 billion, a 4.8% increase over projected FY'15 spending. This includes a 5.6% increase in funding for MassHealth.

The FY '16 budget includes the following highlights.

### Department of Mental Health (DMH)

- DMH is funded at \$727,125,889. This is a \$12.3 million increase over projected FY15 spending.
- Annualizes the \$10 million in new money DMH received in FY15 to fund 100 new DMH community placements for individuals currently stuck in continuing care beds who are ready for discharge.
- EOHHS has indicated there will not be any reductions in DMH inpatient beds for kids or adults.
- Includes a \$5.9 million reduction to the Individual & Family Flexible Supports (IFFS) program.
- Proposes converting the current state-operated Emergency Service Programs (ESPs) to provider-operated programs.

### Bureau of Substance Abuse Services (BSAS)

- BSAS sees a reduction in funding of approximately \$1.8 million in the Governor's House 1 proposal. EOHHS has indicated there will be no cuts in services.
- The budget includes annualized funding for two line items created in the FY15 budget to fund new addiction treatment services and to fund access to Narcan for bystanders and first responders.

### MassHealth

- No cuts to MassHealth behavioral health services.

### Additional Highlights

- Funds the Chapter 257 rate reserve at \$30 million.
- DCF budget recommendation is an approximately \$27 million increase over projected FY15 spending.



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ABH will hold an **all-member conference call on Thursday March 5<sup>th</sup> at 1:00 p.m.** to brief you on the FY 2016 Budget recommendations. The conference call will provide an overview of the budget and its impact on ABH members. It will conclude with a question and answer period.

### Community Conversation Details

**Date:** Thursday March 5, 2015

**Time:** 1:00 pm

**Call:** 1-800-714-9583

**Access Code:** 120799



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### Department of Mental Health (DMH)

Line item/program	FY'13 GAA	FY'13 Post 9C	FY'14 GAA	FY'14 Spending	FY'15 GAA	FY'15 Post 9C	FY'16 Governor
<b>5011-0100</b> Operations	\$27,373,198	\$27,035,141	\$27,275,844	\$27,275,845	\$28,098,283	\$28,048,283	<b>\$28,720,221</b>
<b>5042-5000</b> Child/Adolescent Services	\$76,816,757	\$74,926,757	\$85,222,740	\$85,222,740	\$87,567,266	\$80,420,672	<b>\$80,420,672</b>
<b>5046-0000</b> Adult Community Services	\$344,027,150	\$344,064,965	\$353,868,606	\$356,030,330	\$360,697,453	\$352,977,208	<b>\$370,816,150</b>
<b>5046-0005</b> Comm Placements	N/A	N/A	N/A	N/A	\$10,000,000	\$10,000,000	<b>Consolidated To 5046-0000</b>
<b>5046-2000</b> Homeless Initiative	\$20,134,424	\$20,134,424	\$20,134,424	\$20,134,424	\$20,134,629	\$20,134,629	<b>\$22,134,979</b>
<b>5046-4000</b> CHOICE RR	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	<b>\$125,000</b>
<b>5047-0001</b> Emergency/Acute Inpatient	\$35,242,254	\$34,742,257	\$35,526,443	\$35,526,443	\$36,416,490	\$31,402,706	<b>\$24,258,428</b>
<b>5055-0000</b> Forensic services	\$8,321,818	\$8,321,818	\$8,497,163	\$8,497,163	\$8,978,876	\$8,878,876	<b>\$9,183,473</b>
<b>5095-0015</b> State psych hosp	\$159,313,321	\$164,589,962*	\$173,116,512	\$175,616,512	\$183,883,536	\$182,773,537	<b>\$191,466,966</b>
<b>TOTAL</b>	<b>\$671,353,922</b>	<b>\$673,940,324</b>	<b>\$703,766,897</b>	<b>\$708,428,457</b>	<b>\$735,901,533</b>	<b>\$714,760,911</b>	<b>\$727,125,889</b>



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The Department of Mental Health is funded at \$727,125,889. This is a \$12.3 million increase over projected FY15 spending.

**5011-0100 Operations.** The budget includes an increase of approximately \$671,000 over projected FY15 spending, but does not maintain FY15 staffing levels and will result in a reduction of 13 FTEs.

**5042-5000 Child/Adolescent Mental Health Services.** This account is level funded with projected FY15 spending but does not allow DMH to maintain existing services. EOHHS has indicated this will result in a \$5.9 million reduction in the Individual & Family Flexible Supports (IFFS) program and a reduction of \$1.6 million implementation of the Family Partner Pilot.

**5046-0000 Adult Mental Health Community Services.** This account has an approximately \$7.9 million increase over projected FY15 spending and maintains existing services (when consolidated with 5046-0005 FY15 spending). The funding level supports \$3.2M in annualization for Adult Mental Health Community Based Placements. This funding supports over 100 individuals being discharged from inpatient settings. It will create three (3) Program for Assertive Community Treatment Teams (PACT) as well as develop additional group home placements and supported housing slots. The appropriation level will require DMH to reduce funding for the six Recovery Learning Community contracts, reduce funding for research and reduce some funding for the adult court clinics.

**5046-2000 Homelessness Services.** This account includes an increase over projected FY15 spending. The line item earmarks \$2 million for a new special initiative for homeless individuals with mental illness.

**5046-4000 CHOICE Program Retained Revenue.** This line item is level-funded at \$125,000. This account allows DMH to retain up to \$125,000 of the revenue they collect from occupancy fees charged to participants in the CHOICE housing program. The fees must then be used for the routine maintenance and repair of CHOICE facilities.

**5047-0001 Emergency Services/Acute Inpatient.** This account is funded at \$24,258,428 a decrease of approximately \$7.1 million from projected FY15 spending. EOHHS has indicated they will convert the remaining state operated Emergency Service Programs to provider-operated programs. There will be no reduction in services with the Emergency Services program due to these reductions. DMH will eliminate their current Interagency Service Agreement with MassHealth to fund uninsured clients because the number of individuals served through this program has decreased.

**5055-0000 Forensic Services.** This account, funded at \$9,183,473, includes an increase of approximately \$300,000 from FY15 projected spending.

**5095-0015 State Psychiatric Hospitals.** This line item includes an increase of \$8.7 million over FY15 projected spending. EOHHS has indicated there will not be any reductions in DMH inpatient beds for kids or adults and this appropriation funds current services.



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### Department of Public Health/Bureau of Substance Abuse Services (BSAS)

Line item/program	FY'13 GAA	Final FY'13 – Post 9C	FY'14 GAA	FY'14 Spending	FY'15 GAA	FY'15 Post 9C	FY'16 Governor
<b>4512-0200</b> BSAS Programming & Operations	\$77,164,595	\$77,029,178	\$83,958,094	\$83,958,094	\$91,317,333	\$92,221,778	<b>\$90,424,903</b>
<b>4512-0201</b> Step-Down Services	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	<b>\$4,800,000</b>
<b>4512-0202</b> Jail Diversion	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	<b>\$2,000,000</b>
<b>4512-0203</b> Young Adult Treatment Program	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	<b>\$1,500,000</b>
<b>4512-0204</b> Naloxone for First Responders	N/A	N/A	N/A	N/A	\$1,000,000	\$1,000,000	<b>\$1,000,000</b>
<b>4512-0205</b> Sober Homes Accred	N/A	N/A	N/A	N/A	Earmarked In 4512-0200	N/A	<b>N/A</b>
<b>4512-0210</b> New Addiction Treatment Programs	N/A	N/A	N/A	N/A	\$10,000,000	\$10,000,000	<b>\$10,000,000</b>
<b>Substance Abuse Service Fund</b>		\$6,750,000***	\$4,000,000***	\$4,000,000***			
<b>TOTAL</b>	<b>\$85,464,595</b>	<b>\$92,079,179</b>	<b>\$96,258,094</b>	<b>\$96,258,094</b>	<b>\$111,617,333</b>	<b>\$111,521,778</b>	<b>\$109,724,903</b>

\*\*Includes supplemental funding

\*\*\*This is carryover trust fund money from the FY12 allocation of \$10m. Original estimates said \$6.75m of this funding of the funding would be used in FY13 for the Section 35 expansion programs, and \$3.25 of the funding will carry forward past the current July 1, 2013 expiration. BSAS has indicated the funding has been rolled into the operating account for FY15.



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The Governor's budget funds the Bureau of Substance Abuse Services (BSAS) at \$109,724,903, a decrease of approximately \$1.8 million over projected FY15 spending. EOHHS has indicated this will not result in any decreases in services. ABH believes these reductions could include the removal of earmarks approved in FY15.

**4512-0200 BSAS Programming and Operations.** This account is funded at approximately \$90.4 million for FY16, a \$1.8 million decrease from projected FY15 spending.

**4512-0201 Step-Down Services.** This account is level-funded at \$4.8 million. The language states that the account will fund "substance abuse step-down recovery services, otherwise known as level-B beds and services, and other critical recovery services with severely reduced capacity."

**4512-0202 Pilot Jail Diversion Program.** This account is level-funded at \$2 million. The account appropriates funding for pilot jail diversion programs primarily for nonviolent offenders with OxyContin or heroin addiction.

**4512-0203 Family Intervention, Care Management, and Young Adult Treatment Pilot Program.** This account is level-funded at \$1.5 million. The language states that this appropriation is "for family intervention and care management services programs, a young adult treatment program, and early intervention services for individuals who are dependent on or addicted to alcohol or controlled substances or both alcohol and controlled substances."

**4512-0204 Naloxone Distribution Programs for First Responders.** The budget includes level funding for last year's new line item which funds the purchase, administration and training of first-responders and bystander naloxone distribution programs.

**4512-0210 New Addiction Treatment Services.** The budget level funds FY15's new line item that expands the number of clients receiving BSAS services by 10,000 individuals. BSAS must utilize a range of services, including detoxification, clinical stabilization services, residential treatment and outpatient. BSAS must report to the Legislature quarterly on how they plan to use these funds.



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### Executive Office of Health & Human Services (EOHHS)/Office of MassHealth

Line item/program	FY'13 GAA	Final FY'13 Post 9C	FY'14 GAA	FY'14 Spending	FY'15 GAA	FY'15 Post 9C	FY'16 Governor
<b>4000-0300</b> EOHHS Admin.	\$87,224,888	\$87,244,888	\$91,785,813	\$92,085,813	\$91,557,569	\$88,223,229	<b>\$90,898,463</b>
<b>4000-0328</b> State Plan Amend Planning	N/A	N/A	N/A	N/A	\$400,000	\$394,000	<b>\$400,000</b>
<b>4000-0500</b> MCOs	\$4,167,478,376	\$4,257,117,147	\$4,500,411,804	\$4,456,036,464	\$4,792,819,941	\$5,162,825,921	<b>\$5,931,539,597</b>
<b>4000-0700</b> Fee for Service Payments	\$1,957,480,126	\$1,819,111,138	\$2,196,315,039	\$2,160,941,377	\$2,381,458,986	\$2,558,152,397	<b>\$2,489,792,092</b>
<b>4000-0870</b> Basic	\$178,759,689	\$172,080,738	\$180,437,109	\$161,848,020	Program rolled Into 4000-0940	Program rolled Into 4000-0940	Program rolled Into 4000-0940
<b>4000-0940</b> ACA Expansion	-	-	\$448,000,379	\$470,668,500	\$1,702,696,743	\$1,569,631,096	<b>\$1,712,110,508</b>
<b>4000-0950</b> CBHI	\$221,549,097	\$179,743,708	\$203,200,101	\$203,000,000	\$207,371,693	\$211,389,021	<b>\$221,798,049</b>
<b>4000-1405</b> Essential	\$505,998,456	\$466,755,623	\$489,878,244		Program rolled Into 4000-0940	Program rolled Into 4000-0940	Program rolled Into 4000-0940



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### MassHealth Proposals

MassHealth accounts for just over \$15 billion in funding in this year's budget, a 5.6 % increase over projected FY'15 spending. This is \$1.6 billion below original FY16 projected spending.

- The Governor's proposal does not change current MassHealth eligibility.
- The proposal projects approximately \$300 million in savings from the MassHealth redetermination process. MassHealth has begun this process in FY15.
- There are no proposed changes to the current ConnectorCare subsidized health insurance program.
- **There were no proposed cuts to MassHealth behavioral health services.** EOHHS indicated most provider rates have been held at FY15 levels with some limited exceptions. Our understanding at this time is that there are not proposed rates cuts for behavioral health services.
- Chiropractic services were eliminated as a MassHealth benefit.
- Applied Behavioral Analysis for children with autism was newly funded at MassHealth for FY16. It will cover these services for 10,000 children.
- MassHealth Dental services available at the end of FY15 would be preserved for FY16.
- Reforms include allowing the bulk purchasing of critical medical equipment and the approval of shorter-term drug prescriptions to prevent waste and abuse.





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### Department of Children and Families (DCF)

Line item/program	FY'13 GAA	Final FY'13 – Post 9C	FY'14 GAA	FY'14 Spending	FY'15 GAA	FY'15 Post 9C	FY'16 Governor
<b>4800-0015</b> Operations	\$67,351,557	\$67,251,557*	\$68,828,898	\$71,196,589	\$74,871,347	\$76,244,337	<b>\$80,703,822</b>
<b>4800-0200</b> Family Resource Centers	\$0	\$0	\$0	\$0	\$5,227,963	\$5,228,000	<b>\$7,393,000</b>
<b>4800-0025</b> Foster care	\$2,943,098	\$2,943,098	\$2,995,812	\$2,995,812	\$3,028,757	\$3,125,044	<b>\$3,247,347</b>
<b>4800-0030</b> Lead Agencies	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	<b>\$6,000,000</b>
<b>4800-0036</b> Sexual abuse	\$697,508	\$697,508	\$698,740	\$698,740	\$698,740	\$698,740	<b>\$698,740</b>
<b>4800-0038</b> Child & Families	\$248,083,481	\$248,083,481	\$249,311,051	\$251,236,051	\$261,553,353	\$270,288,680	<b>\$277,494,460</b>
<b>4800-0040</b> Fam Supp Stab.	\$44,573,551	\$44,015,551	\$44,610,551	\$44,610,551	\$44,610,551	\$44,610,551	<b>\$44,610,551</b>
<b>4800-0041</b> Group care	\$196,935,991	\$193,128,991	\$206,488,950	\$208,488,950	\$216,417,590	\$243,802,414	<b>\$249,564,682</b>
<b>4800-0091</b> Social Worker	\$2,077,119	\$2,077,119	\$2,077,119	\$2,077,119	\$2,094,902	\$2,094,903	<b>\$2,510,154</b>
<b>4800-0151</b> Overnight place	\$1,004,678	\$1,004,678	\$1,028,388	\$1,028,388	\$504,388	\$504,388	<b>\$504,388</b>
<b>4800-1100</b> Social worker for case mgmt.	\$166,188,468	\$165,718,468	\$171,921,284	\$173,051,284	\$185,551,997	\$192,916,020	<b>\$201,819,297</b>
<b>4800-1400</b> DV Services	\$21,455,430	\$21,022,430	\$22,755,532	\$22,905,532	\$24,448,905	\$23,808,905	<b>\$23,972,020</b>
<b>TOTAL</b>	<b>\$759,310,881</b>	<b>\$753,942,881</b>	<b>\$778,991,325</b>	<b>\$786,289,016</b>	<b>\$821,780,530</b>	<b>\$866,093,982</b>	<b>\$893,125,461</b>



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The FY16 DCF budget recommendation is an approximately \$27 million increase over projected FY15 spending.

**4800-0015 Operations Account.** This account is funded at \$80,703,822 which is an increase of approximately \$4.5 million over projected FY15 spending. The line item also allows the Commission or DCF to transfer funds between line items when necessary.

**4800-0200 Family Resource Centers.** The Governor's budget recommends an increase of approximately \$2.1 million to the Family Resource Center line item.

**4800-0030 Service Coordination/Administration.** This account, which funds "lead agencies", was funded at \$6,000,000, level funded with FY15.

**4800-0038 Services for Children and Families.** This account is funded at approximately \$277.4 million which is an increase of approximately \$7.2 million over FY15 projected spending. Funding is for "guardianship, foster care, adoption, family preservation and kinship services."

**4800-0040 Family Support and Stabilization.** This account, which funds "family prevention and unification services", is funded at \$44,610,551.

**4800-0041 Group Care.** The budget funds this account at \$249,564,682. This is an increase of approximately \$5.7 million over projected FY'14 spending. The language in the account permits the use of funds "to provide intensive community-based services, including intensive in-home support and stabilization services, to children who would otherwise be placed in residential settings."

**4800-0151 Placement for Juvenile Offenders.** This account was level-funded at \$504,388. This account funds "alternative overnight non-secure placements for status offenders and nonviolent delinquent youths to prevent the inappropriate use of juvenile cells in police stations for such offenders".

**4800-1100 Social Worker Case Management.** This account is funded at approximately \$201.8 million which is an increase of \$8.9 million over projected FY15 spending. EOHHS has indicated the DCF budget includes the annualized cost of the increased amount of social workers hired in the last year.

**4800-1400 Domestic Violence Services.** This account is funded at approximately \$23.9 million, an increase of \$1.3 million over projected FY15F spending. This account funds shelter and support services for people at risk for domestic violence as well as for the operation of the New Chardon Street Homeless Shelter.



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### Chapter 257 Rate Reserve

Line item/program	FY'13 GAA	Final FY'13 – Post 9C	FY'14 GAA	FY'14 Spending	FY'15 GAA	FY'15 Post 9C	FY'16 Governor
Chapter 257 Rate Reserve (1599-6903)	\$0	\$0	\$0	\$0	\$15,013,791	\$15,013,791	<b>\$30,000,000</b>

**1599-6903. Chapter 247 Rate Reserve.** This line item is for the fiscal year 2016 costs of Chapter 257 of the Acts of 2008 rate implementation.

### Human Services Salary Reserve

Line item/program	FY'13 GAA	Final FY'13 – Post 9C	FY'14 GAA	FY'14 Spending	FY'15 GAA	FY'15 Post 9C	FY'16 Governor
Human Services Salary Reserve	\$20,000,000 (annualized)	\$20,000,000 (annualized)	\$11,500,000*	\$11,500,000	\$8,000,000	\$8,000,000	<b>\$0</b>

**1599-6901. Human Services Salary Reserve.** The Governor's budget does not fund the salary reserve.



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### Other Line Items of Interest

Line item/program	FY'12 Spending	FY'13 GAA	Final FY'13 – Post 9C	FY'14 GAA	FY'14 Spending	FY'15 GAA	FY'15 Post 9C	FY'16 Governor
<b>3000-6075</b> Early Childhood Mental Health	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	<b>\$750,000</b>
<b>4512-0103</b> DPH HIV/AIDS Program	\$32,097,810	\$32,101,023	\$32,101,023	\$32,108,793	\$32,275,996	\$32,229,847	\$32,229,848	<b>\$29,911,301</b>
<b>4512-0106</b> DPH HIV/AIDS Drug Assistance Program	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	<b>\$7,500,000</b>
<b>4512-0225</b> DPH Compulsive Gamblers	\$1,270,000	\$1,830,000	\$1,270,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	<b>\$1,500,000</b>
<b>4513-1026</b> DPH Statewide Suicide Prevention	\$3,569,443	\$3,820,455	\$3,839,455	\$3,863,305	\$3,863,305	\$4,000,000	\$3,855,239	<b>\$3,953,741</b>
<b>7004-9033</b> DHCD Rental Subsidies for DMH consumers	\$4,000,000	\$4,000,000	\$4,000,000	\$4,125,000	\$4,150,000	\$5,125,000	\$5,048,125	<b>\$5,048,125</b>
<b>7010-0060</b> New grants for BH counselors in schools	N/A	N/A	N/A	N/A	N/A	\$5,000,000	\$0	<b>\$0</b>



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### Outside Sections

**SECTION 5 & SECTION 10. Center for Health Information & Analysis.** These sections re-establish the center for health information and analysis (CHIA) as an entity operating within the executive office of health and human services.

**SECTION 14. Commonwealth Care Trust Fund Spending.** This section codifies the ability of the Commonwealth Care Trust Fund to spend in anticipation of revenues.

**SECTION 38. Inspector General's Health Care Audits.** This section authorizes the Inspector General's Office to conduct audits of the Health Safety Net and the Medicaid program, at a cost of \$1 M for fiscal year 2016. As in past years, this cost will be borne by the Health Safety Net Trust Fund.

**SECTION 39. MassHealth Dental Coverage.** This section proposes to allow MassHealth to provide the same level of dental benefits that it is offering in fiscal year 2015.

**SECTION 43. MassHealth Transferability.** This section authorizes the secretary of health and human services, with the approval of the secretary of administration and finance, to transfer any surpluses in MassHealth line items to other MassHealth line items that may be deficient during fiscal year 2016.

**SECTION 45. MassHealth Chiropractor Services Coverage.** This section permits MassHealth to adjust the level of chiropractic benefits it offers in fiscal year 2016 from the 2002 levels MassHealth is required to provide under statute.