

ASSOCIATION FOR BEHAVIORAL HEALTHCARE

January 23, 2014

January 23, 2014

To:ABH MembersFrom:Mandy Gilman, Director of Public Policy and ResearchRe:Preliminary Analysis of the Governor's Fiscal Year 2015 Budget Proposal (House 1)

Governor Patrick filed his \$36.4 billion dollar FY 2015 budget proposal (sometimes called House 2 after the assigned bill number). Governor Patrick's budget was built around an expectation that tax revenues will grow by \$1.14 billion, or 4.9 percent. The Fiscal Year 2015 consensus revenue is set at \$24.34 billion, up from \$23.2 billion for fiscal 2014. The following are highlights of the Governor's budget proposal:

Department of Mental Health:

The Governor's budget, if enacted will result in:

- Approximately 211 children and families losing access to DMH family and flexible supports services;
- Approximately 250 adults losing access to CBFS services;
- Closure of Taunton State Hospital and the full opening of the Worcester Hospital and Recovery Center.

Department of Public Health/Bureau of Substance Abuse Services:

The Governor's budget, if enacted will result in:

- A \$2 million decrease in funding for existing services in the main BSAS line item;
- \$1.3 million in new money to create new services related to Section 35;
- A \$300,000 decrease in the BSAS jail diversion line item.

MassHealth:

The Governor's budget, if enacted will result in:

• \$1.4 billion in new funding for implementation of the Affordable Care Act. MassHealth estimates there will be 1.7 million MassHealth members by July 1, 2014.



FOR BEHAVIORAL HEALTHCARE

January 23, 2014

Chapter 257 Implementation:

- · According to EOHHS, the Governor's budget recommendations include approximately \$213 million for rates set in accordance with Chapter 257.
- Of that amount, \$188 million is contained within agency line items.
- The remaining \$25 million is in a reserve account for new rates that will become effective in FY15 and for adjustments of existing rates previously set in accordance with Chapter 257.

Next Steps:

It is important to remember that the budget proposals released today are only recommendations by the Governor. For that reason, we will be in close contact with all of our members over the next few days and in the coming months to share whatever information we receive about the budget process and to engage you in lobbying efforts with the state legislature.

The legislation will now be sent to the House of Representatives. The House Ways & Means Committee will hold a budget hearing in the late winter or early spring, likely in conjunction with the Senate Committee on Ways & Means. In early April, the House Ways & Means Committee will release its own budget proposal which will be debated, amended and voted upon by the full House. The Senate will then follow in the same manner in May.

After each chamber has approved its version of the budget, the Senate President and House Speaker will make appointments to a conference committee to resolve differences between the House and Senate spending bills and produce a final legislative budget known as a conference committee report.

The conference committee report will be voted either up or down (no amendments are permitted) by each chamber, and if approved, sent to the Governor who will have ten days to review the budget and return his vetoes and recommendations for amendment.

*** Note: Line item figures categorized as GAA come from the General Appropriations Act (GAA). The GAA is the annual budget act, effective each July 1st. Line items labeled **Spending** include any supplemental funding and trust fund transfers throughout the fiscal year.



ASSOCIATION FOR BEHAVIORAL HEALTHCARE

January 23, 2014

Department of Mental Health (DMH)

Line item/program	FY'12 Spending	FY'13 GAA	FY'13 Post 9C	FY'14 GAA	FY'14 Spending	Governor's FY'15
5011-0100						
Operations Account	\$26,748,859	\$27,373,198	\$27,035,141	\$27,275,844	\$27,275,845	\$30,123,358
5042-5000						
Child/Adolescent Services	\$71,805,352	\$76,816,757	\$74,926,757	\$85,222,740	\$85,222,740	\$86,284,967
5046-0000						
Adult Community Services	\$332,466,264**	\$344,027,150	\$344,064,965	\$353,868,606	\$356,030,330	\$357,269,145
5046-2000						
Statewide Homelessness Initiative	\$20,134,424	\$20,134,424	\$20,134,424	\$20,134,424	\$20,134,424	\$20,134,629
5047-0001						
Emergency Services/Acute Inpatient	\$35,134,207	\$35,242,254	\$34,742,257	\$35,526,443	\$35,526,443	\$36,480,406
5055-0000						
Forensic services	\$8,104,964	\$8,321,818	\$8,321,818	\$8,497,163	\$8,497,163	\$8,718,876
5046-4000						
CHOICE program RR	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
5095-0015						
State psychiatric hospitals	\$146,803,087	\$159,313,321	\$164,589,962*	\$173,116,512	\$175,616,512	\$173,223,842
5095-0017						
Trust Fund Contributions	\$10,000,000					
TOTAL	\$651,327,157**	\$671,353,922	\$673,940,324	\$703,766,897	\$708,428,457	\$712,360,223

* includes transfers ** includes Supplemental funding



FOR BEHAVIORAL HEALTHCARE

January 23, 2014

Overview:

The Department of Mental Health is funded at \$712,360,223. This is a 0.6% increase over projected FY'14 spending.

5011-0100 Operations. The funding recommendations in this line item support maintenance funding of DMH operations. It also includes an increase of \$2M to support the Integrated Facility Management (IFM) chargeback for Pittsfield, Lindemann MH Center, and the buildings associated with the power plant connected to the Bryan Building on the Worcester Campus.

5042-5000 Child/Adolescent Mental Health Services. This account includes an increase in funding of approximately \$1 million but is short \$1.32 million from DMH's FY2015 maintenance recommendation. This will reduce Child and Adolescent Individual and Family Flexible Support Services, a set of community based, individualized interventions that are not available through other DMH or community programs. It is estimated that 211 DMH clients and their families currently receiving individualized community-based services will be impacted. The line item does not include previous language regarding the Massachusetts Child Psychiatry Access Project (MCPAP) reguiring commercial insurers to contribute to the operating costs of MCPAP.

5046-0000 Adult Mental Health Community Services. This account has an approximately \$1 million increase over project FY14 spending which is \$1.77 million short of what is needed to maintain existing level of services. This represents a \$1,538M reduction to Community Based Flexible Supports, estimated to impact 249 clients receiving services. The remaining reduction restricts the annualization of the Law Enforcement Initiative

5046-2000 Homelessness Services. This account includes a small increase and supports the maintenance of all existing services.

5047-0001 Emergency Services/Acute Inpatient. This account is funded at \$36,480,406, an increase of approximately \$800,000. This funding level supports the maintenance of services provided through this appropriation; however, it does restrict the annualization of the Emergency Services Initiative.

5055-0000 Forensic Services. This account includes a slight increase from FY14 projected spending.

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.

5095-0015 State Psychiatric Hospitals. This line item includes a reduction of \$2.4 million from projected FY14 spending. DMH has indicated this funding level provides for the closure of Taunton State Hospital and the transfer of those operating dollars to fully open the Worcester Recovery Center and Hospital, maintaining 626 inpatient continuing care beds across the Commonwealth.



ASSOCIATION FOR BEHAVIORAL HEALTHCARE January 23, 2014

Line item/program	FY '12 Spending	FY'13 GAA	Final FY'13 – Post 9C	FY'14 GAA	FY'14 Spending	Governor's FY'15
4512-0200						
BSAS Programming & Operations	\$74,810,802	\$77,164,595	\$77,029,178	\$83,958,094	\$83,958,094	\$86,905,456
4512-0201						
Step-Down Services	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000
4512-0202						
Secure Treatment Facilities for Opiate Addiction/ Jail Diversion	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$1,700,000
4512-0203						
Intervention, Care Management, and Young Adult Treatment Program	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,00
Substance Abuse Service Fund			\$6,750,000***	\$4,000,000***		
TOTAL	\$83,110,802	\$85,464,595	\$92,079,179	\$96,258,094		\$93,405,456

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

**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.

Overview:

The Governor's House 2 budget funds the Bureau of Substance Abuse Services at \$93,405,456, a decrease of funding from estimated FY14 spending.

4512-0200 BSAS Programming and Operations. This account is funded at approximately \$86.9 million for FY15. DPH has indicated this appropriation is \$3 million short of funding needed to maintain existing services. The Governor is also proposing new programming in this line



January 23, 2014

item to fund appropriate treatment for civilly committee individuals; this includes \$375,000 for a central intake system and to place addiction specialists in specific courts to assist in treatment placements, and \$930,000 to expand detoxification services and clinical stabilization services.

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 funded at \$1.7 million, a \$300,000 reduction from projected FY14 spending.

The account appropriates funding for pilot jail diversion programs primarily for nonviolent offenders with OxyContin or heroin addiction. The programs will be procured by the Department of Public Health, shall have at least 60 beds, and shall provide clinical assessment services to the respective courts, inpatient treatment for up to 90 days and ongoing case management services for up to 1 year. Programs shall be established in separate counties in locations deemed suitable by the Department of Public Health. However, "not more than \$500,000 shall be used to support the ongoing treatment needs of clients after 90 days for which there is no other payer." The Department of Public Health must coordinate operations with Sheriffs, the District Attorneys, the Office of the Commissioner of Probation and the Department of Corrections.

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."



ASSOCIATION FOR BEHAVIORAL HEALTHCARE

January 23, 2014

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

Line item/program	FY '12 Spending	FY'13 GAA	Final FY'13 Post 9C	FY'14 GAA	FY'14 Spending	Governor's FY'15
4000-0300						
EOHHS Admin. Account	\$86,557,878**	\$87,224,888	\$87,244,888	\$91,785,813	\$92,085,813	\$89,758,100
4000-0500						
Managed Care Plans	\$3,980,487,347	\$4,167,478,376	\$4,257,117,147**	\$4,500,411,804	\$4,456,036,464	\$4,792,819,941
4000-0700						
MassHealth Fee for Service Payments	\$1,809,829,381	\$1,957,480,126	\$1,819,111,138**	\$2,196,315,039	\$2,160,941,377	\$2,366,012,322
4000-0870						Program rolled
MassHealth Basic	\$170,608,370	\$178,759,689	\$172,080,738**	\$180,437,109	\$161,848,020	Into 4000-0940
4000-0940						
ACA Expansion Populations	-	-	-	\$448,000,379	\$470,668,500	\$1,702,696,743
4000-0950						
Children's Behavioral Health Initiative	\$214,743,708	\$221,549,097	\$179,743,708**	\$203,200,101	\$203,000,000	\$207,893,295
4000-1405						Program rolled
MassHealth Essential	\$493,458,055	\$505,998,456	\$466,755,623**	\$489,878,244		Into 4000-0940
4000-0114						
Human Service Pilot	\$1,000,000**	\$1,000,000	\$1,000,000	\$0	\$1,000,000	\$0

**Includes supplemental appropriations



ASSOCIATION FOR BEHAVIORAL HEALTHCARE

January 23, 2014

4000-0300 Administrative. The Governor's budget funds the EOHHS & MassHealth Administration line item at \$89,758,100, a decrease of over \$2 million from projected FY15 spending. The account retains recurring language forbidding EOHHS/Center for Health Information and Analysis from implementing provider rate increases in the absence of "all measures possible" under the federal Social Security Act (which includes Medicaid) *"to ensure that rates of payment to providers do not exceed such rates as are necessary to meet only those costs which must be incurred by efficiently and economically operated providers in order to provide services of adequate quality."* The line item also retains language forbidding expenditures on programs that are not federally reimbursable (including those related to Medicaid, SCHIP, the Section 1115 Waiver or the Community First Section 1115 demonstration waiver) except as for administration of the Executive Office for the equivalent of MassHealth Standard benefits for children under 21 who are in the care/custody of DYS or DCF, for dental benefits provided to clients of DDS who are age 21 or older, or cost containment efforts for which the purposes and amounts have been submitted to Executive Office of Administration and Finance and to the House and Senate Committees on Ways & Means thirty days before making such expenditures.

Language is also retained that permits EOHHS to recover provider overpayments made in the current and prior fiscal years and that permits EOHHS to collect directly from a liable third party any amounts paid to providers, if no other course of recoupment is possible. The account retains language requiring the DMH Commissioner to approve prior authorization and other restrictions on medication used to treat mental illness "in accordance with written policies, procedures and regulations" of DMH.

4000-0500 Managed Care Plans. This account is funded at \$4,792,819,941. This is an increase of approximately \$340 million over FY14 projected spending. MassHealth has indicated this increase will fund 2% increases for all MassHealth Managed Care Entities to fund the provider rate increases approved over the past year. The language also directs that no funds shall be expended for children and adolescents under clause (c.) subsection (2) of the Medicaid law whose family incomes exceed 150% of the federal poverty level.

4000-0700 MassHealth Fee-for-Service Payments. This account is funded at \$2,366,012,322. This represents an increase of approximately \$200 million over FY14 spending. The line item includes language stating that children who have aged out of the custody of the Department of Children and Families shall be eligible for MassHealth benefits until they reach the age specified in MassHealth's approved State Plan, and states that funds may be used for individuals who qualify for early intervention. The line item includes language permitting EOHHS to reduce premiums and/or co-pays or to offer other incentives to encourage MassHealth members to comply with wellness goals. The budget also retains language permitting the use of funds for disability determination activities, utilization management and review, and patient screenings and evaluations.

4000-0870 MassHealth Basic. This line item and program were eliminated. Individuals covered in the former MassHealth Basic program have been transferred to either MassHealth Standard or the ACA expansion populations funded in 4000-0940.



January 23, 2014

4000-0940 ACA Expansion Populations. This line item is funded at \$1,702,696,743, an increase over last year due to the ACA rollout. This line item funds the ACA expansion population, individuals ages 19 through 64 whose incomes are below 133 percent of poverty and now qualify for MassHealth. This line item is partially funded from the Governor's proposed tax on candy and soda (Outside Section 7).

4000-0950 Children's Behavioral Health Initiative. Funding for this account was increased by \$4.8 million over projected FY14 spending. This line item replaced the Rosie D. Reserve (1599-7050) in the FY10 budget and funding is appropriated for "administrative and program expenses associated with the children's behavioral health initiative...to provide comprehensive community-based behavioral health services to children suffering from severe emotional disturbances."

4000-1405 MassHealth Essential. This line item and program were eliminated. Individuals covered in the former MassHealth Essential program have been transferred to the ACA expansion populations funded in 4000-0940.



ASSOCIATION FOR BEHAVIORAL HEALTHCARE

January 23, 2014

Department of Children and Families

Line item/program	FY 2012** Spending	FY'13 GAA	Final FY'13 – Post 9C	FY'14 GAA	FY'14 Spending	Governor's FY'15
4800-0015						
Operations account	\$65,257,818**	\$67,351,557	\$67,251,557*	\$68,828,898	\$71,196,589	\$74,637,692
4800-0016						
Transitional Employment	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
4800-0025						
Foster care review	\$2,839,006**	\$2,943,098	\$2,943,098	\$2,995,812	\$2,995,812	\$3,046,024
4800-0030						
Service Coord/Admin.	\$10,215,181	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,030,263
4800-0036	¢007 500	¢007 500	¢007.500	¢c00.740	¢c00.740	¢c00.470
Sexual abuse intervention	\$697,508	\$697,508	\$697,508	\$698,740	\$698,740	\$698,470
4800-0038	\$000 440 404*	¢0.40.000.404	#040.000.404	\$040.044.054	\$054 000 054	
Children and Families	\$238,142,461**	\$248,083,481	\$248,083,481	\$249,311,051	\$251,236,051	\$265,393,828
4800-0040 Family Support & Stab.	\$43,317,551**	\$44,573,551	\$44,015,551	\$44,610,551	\$44,610,551	\$44,610,551
4800-0041	+ ,	÷, ,	+, ,	÷, • , • • .	<i>•••••••••••••••••••••••••••••••••••••</i>	<i></i>
Group care	\$196,697,573**	\$196,935,991	\$193,128,991	\$206,488,950	\$208,488,950	\$216,417,590
4800-0091						
Social Worker Develop.	\$2,058,735	\$2,077,119	\$2,077,119	\$2,077,119	\$2,077,119	\$2,094,902
4800-0151 Overnight placements	\$270,919	\$1,004,678	\$1,004,678	\$1,028,388	\$1,028,388	\$504,388
	φ270,515	\$1,00 4 ,070	ψ1,004,070	ψ1,020,000	φ1,020,000	400 4,000
4800-1100 Social worker for case mgmt.	\$162,697,463**	\$166,188,468	\$165,718,468	\$171,921,284	\$173,051,284	\$180,351,997
4800-1400				^		
DV Services	\$20,727,114	\$21,455,430	\$21,022,430	\$22,755,532	\$22,905,532	\$23,198,905
TOTAL	\$744,921,329	\$759,310,881	\$753,942,881	\$778,991,325	\$786,289,016	\$818,984,610

* includes transfers

**includes supplemental funding



FOR BEHAVIORAL HEALTHCARE

January 23, 2014

Overview: The Governor's FY15 DCF budget recommendation is an approximately \$40 million increase over projected FY14 spending.

4800-0015 Operations Account. This account is funded at \$74,637,692 which is an increase of approximately \$3.5 million over projected FY14 spending.

4800-0016 Transitional Employment Program. This account was level-funded at \$2 million. Account language states that DCF may enter into a contract with Roca, Inc. to manage the transitional employment program and "to provide services to participants from the aging-out population, parolees, probationers, youth service releases, or other community residents considered to have employment needs."

4800-0030 Service Coordination/Administration. This account, which funds "lead agencies", was funded at \$6,030,263 million.

4800-0038 Services for Children and Families. This account is funded at approximately \$265 million which is an increase of approximately \$14 million over FY14 projected spending. Funding is for "permanency, stabilization, placement and congregate care...the department may contract with provider agencies for the coordination and management of services including flex".

4800-0040 Family Support and Stabilization. This account, which funds "family prevention and unification services", is level-funded at \$44,710,551.

4800-0041 Group Care. The Governor's budget funds this account at \$216,417,590. This is an increase of approximately \$8 million. 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. The Governor funds this line item at \$504,388 which is a decrease of \$500,000 over FY14 projected spending. 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 \$180 million which is an increase of \$7 million over projected FY14 spending.

4800-1400 Domestic Violence Services. This account is funded at approximately \$23 million. 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.



ASSOCIATION FOR BEHAVIORAL HEALTHCARE January 23, 2014

Chapter 257 Rate Reserve

Line item/program	FY '12 Spending	FY'13 GAA	Final FY'13 – Post 9C	FY'14 GAA	FY'14 Spending	Governor's FY'15
Chapter 257 Rate Reserve (1599-6903)	\$0	\$0	\$0	\$0	\$0	\$25,181,687

1599-6903. Chapter 247 Rate Reserve. This section is to fund rate implementations in FY15, "including, but not limited to, community-based flexible supports, placement and adoption services and supports, youth intermediate term stabilization, substance abuse residential, family stabilization, and ASAP purchased services."

Human Services Salary Reserve

Line item/program	FY '12 Spending	FY'13 GAA	Final FY'13 – Post 9C	FY'14 GAA	FY'14 Spending	Governor's FY'15
Human Services Salary Reserve	\$10,000,000 (one-time payment)	\$20,000,000 (annualized)	\$20,000,000 (annualized)	\$11,500,000*	\$11,500,000	\$0

Human Services Salary Reserve. The Governor's budget does not appear to fund the human services salary reserve, although his budget summary references \$7 million for human service salary adjustments.



ASSOCIATION FOR BEHAVIORAL HEALTHCARE

January 23, 2014

Other Line Items of Interest

Line item/program	FY 2012** Spending	FY'13 GAA	Final FY'13 – Post 9C	FY'14 GAA	FY'14 Spending	Governor's FY'15
3000-6075						
Department of Early Education & Care Early Childhood Mental Health Consultations	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
4512-0225						
DPH Compulsive Gamblers Treatment Program	\$1,270,000	\$1,830,000	\$1,270,000	\$1,500,000	\$1,500,000	\$1,500,000
4512-0103						
DPH HIV/AIDS Program	\$32,097,810	\$32,101,023	\$32,101,023	\$32,108,793	\$32,275,996	\$32,109,847
4512-0106						
DPH HIV/AIDS Drug Assistance Program	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000	\$7,500,000
4513-1026						
DPH Statewide Suicide Prevention Program	\$3,569,443	\$3,820,455	\$3,839,455	\$3,863,305	\$3,863,305	\$3,864,876
7004-9033						
Department of Housing & Community Development Rental Subsidies for DMH consumers	\$4,000,000	\$4,000,000	\$4,000,000	\$4,125,000	\$4,150,000	\$4,150,000



ASSOCIATION FOR BEHAVIORAL HEALTHCARE

January 23, 2014

Outside Sections

SECTION 4. Integrated Facilities Management of State Properties. In order to implement DCAMM's integrated facilities management program, this section includes among the agency's responsibilities the operation of state buildings and other facilities. DCAMM will have the authority to charge agencies for these operational costs. The section also allows the transfer of certain agency employees to DCAMM, with the usual protection of their collective bargaining and civil service rights.

SECTION 7. Health and Prevention Fund; Health Insurance Expansion Fund. This section establishes a new Commonwealth Health and Prevention Fund. Revenues from repealing the sales tax exemptions for candy and soda will go into this fund, to be expended, subject to appropriation, to support alcohol and tobacco addiction services, health promotion, school-based health programs, teenage pregnancy prevention, domestic violence and sexual assault prevention, work force expansion services and other critical programs that support the wellness of residents of the commonwealth. This section also establishes a Health Insurance Expansion Fund. The fund will receive additional Medicaid funding from federal health care reform, to be expended, subject to appropriation, to support the financing of health insurance coverage for low-income residents of the Commonwealth.

SECTION 13. Expand Bottle Bill. This section expands the state's bottle deposit law to include containers for non-carbonated drinks like water, juices, coffee-based drinks, and sport drinks.

SECTION 15. Inspector General's Audits of Health Safety Net and MassHealth Program. This section authorizes the Inspector General to expend \$5 million from the Health Safety Net Trust Fund over the next five fiscal years, to review both the Health Safety Net Trust Fund and MassHealth.

SECTION 16. Expenditures from Fiscal Year 2014 Surplus. This section distributes any surplus at the end of fiscal year 2014 in the following order, to the extent that funds are available: \$25,00,000 to the Massachusetts Life Sciences Investment Fund, and the remaining balance to the Commonwealth Stabilization Fund.

SECTION 23. MassHealth Dental Coverage. This section gives EOHHS the necessary discretion to make MassHealth dental coverage or service limitation decisions.