



DEPARTMENT OF HUMAN SERVICES - SERVICES FOR PEOPLE WITH DISABILITIES

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: STEPHEN JARDINE

BUDGET BRIEF

SUMMARY

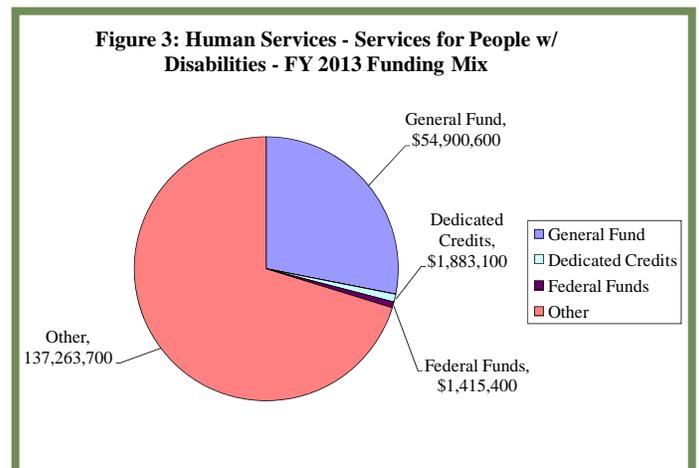
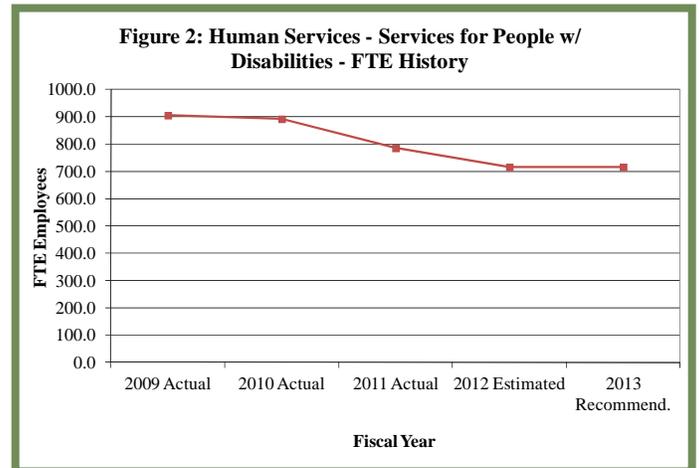
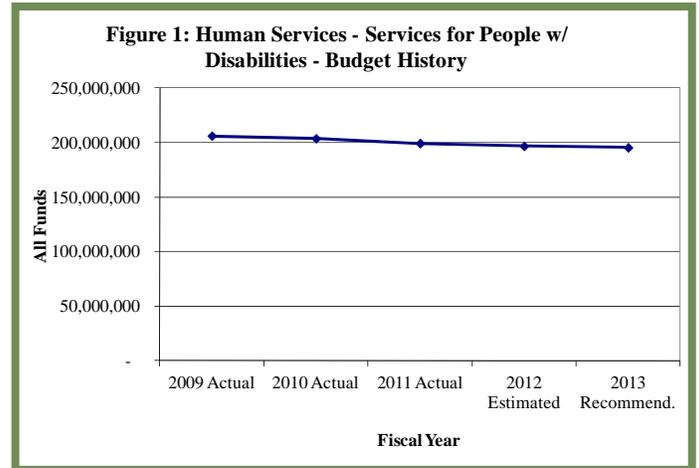
The Division of Services for People with Disabilities (DSPD) is responsible for providing residential, day services, family support services, and attendant care for people with severe intellectual disabilities or other related conditions, brain injuries, or physical disabilities. To receive services, people must have substantial functional limitations in three or more of the following life activities: self care, receptive and expressive language, learning, mobility, self direction, capacity for independent living, or economic self-sufficiency. The services provided range from limited family support to a full array of 24-hour services both in the community and at the Utah State Developmental Center. Services are also available in private Intermediate Care Facilities for People with Intellectual Disabilities funded in the Department of Health.

DSPD contracts for services with local private providers and oversees and evaluates the quality of services provided.

DSPD, under the State Medicaid plan, has an interagency agreement with the Department of Health to act as the operating agency to administer the Home and Community-based Services Waiver program which allows services to be provided in a less restrictive setting than institutional care while still qualifying for Medicaid. DSPD, under the State Medicaid Plan, administers three waiver programs: 1) the Community Supports Waiver, 2) the Acquired Brain Injury Waiver, and 3) the Physical Disability Waiver. Waiver programs are exceptions to the regular Medicaid State Plan allowing states more flexibility. DSPD also offers non-waiver services for individuals who do not qualify for the Medicaid waivers.

For additional information on DSPD, please refer to the Compendium of Budget Information for the 2012 General Session found at

http://le.utah.gov/lfa/reports/cobi2012/agcy_200.htm



LEGISLATIVE ACTION

1. For the Division of Services for People with Disabilities, the Fiscal Analyst recommends an FY 2013 budget of \$195,462,800 as shown in the Table 1 on page 5.
2. The Fiscal Analyst further recommends the subcommittee forward to the Executive Appropriations Committee for further consideration, an increase of \$5,689,600 from the General Fund for: 1) correcting a structural imbalance in the Community Supports waiver program, 2) funding to meet required additional needs of individuals as a condition of participation in the Medicaid waiver programs, and 3) maintaining youth with intellectual disabilities on the Medicaid waiver who are aging out of the Division of Child and Family Services (DCFS) custody. The Governor's budget recommended \$5,887,000 in FY 2013 for the above three items.
3. The Fiscal Analyst further recommends the subcommittee transfer \$2,260,400 General Fund for FY 2012 from the Division of Child and Family Services to the Division of Services for People with Disabilities to cover the FY 2012 structural imbalance.
4. The Fiscal Analyst further recommends the subcommittee forward to the Executive Appropriations Committee for further consideration the following intent language:

Given the potential reduction in federal funds historically supporting Division of Services for People with Disabilities (DSPD) programs, the Legislature intends DSPD work with all stakeholders to develop a plan to live within 95 percent of its appropriated ongoing funding levels, should that be necessary, and require DSPD report the combined agency/stakeholder agreed-upon plan to the Office of the Legislative Fiscal Analyst by October 1, 2012. As part of its plan, DSPD and stakeholders should provide a comprehensive list of reductions and efficiencies taken in other states for the area of services to individuals with disabilities and how these can apply to Utah.

The Legislature intends the departments of Health and Human Services report to the Office of the Legislative Fiscal Analyst by October 1, 2012 a range of viable options with a recommendation for combining Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICFs/ID) and the programs operated by the Division of Services for People with Disabilities, with input from all stakeholders, under either unified budgetary control or a single management structure in order to provide more consistency in oversight, scope of services, safety, accountability, eligibility, rates, and effectiveness.

ISSUES

FY 2013 Budget Adoption

Adoption of the FY 2013 budget enables the programs to continue for the next fiscal year at the level outlined. Some changes in the budget may occur, namely non-state fund increases or decreases (i.e. federal funds, transfers, dedicated credits and non-lapsing balances) and program shifts within a line item.

Department Requests for Consideration

The department requests the following actions from the subcommittee for the Division of Services for People with Disabilities:

1. ***Request for \$3,390,000 in General Fund and \$8,310,800 in federal Medicaid funds to correct for a structural imbalance in the Community Supports Waiver program.*** This request represents a Community Supports Waiver

structural imbalance resulting from the agency not fully implementing appropriated budget reductions from previous sessions combined with using one-time funding sources to balance its budget in those previous years. No additional one-time sources of funding are anticipated for FY 2013. For a more detailed description and discussion of this issue, see the issue brief *Structural Imbalance in the DSPD Community Supports Waiver*. The Governor recommends funding this request with ongoing funds for FY 2013. The Analyst recommends the subcommittee forward to the Executive Appropriations Committee for further consideration, an increase of \$3,390,000 from the General Fund for this request.

The department also requested FY 2012 supplemental funding of \$2,260,400 in General Fund and \$5,540,800 in federal Medicaid funds to correct the structural imbalance in the current fiscal year. The Governor did not recommend any FY 2012 additional General Fund. The department proposes to fund this supplemental by reducing FY 2012 appropriations derived from nonlapsing carry forward appropriation authority to the Division of Child and Family Services (DCFS) on a one-time basis. This request requires appropriation approval to decrease DCFS funding and increase DSPD funding, but does not require additional General Fund beyond what is already appropriated to the Department of Human Services. The Analyst recommends \$2,260,400 in General Fund be transferred from DCFS to DSPD for FY 2012.

Given the potential reduction in federal funds historically supporting DSPD programs, the Fiscal Analyst further recommends DSPD work with all stakeholders to develop a plan to live within 95 percent of its appropriated levels using ongoing funding, should that be necessary, and require DSPD report its plan to the Office of the Legislative Fiscal Analyst by October 1, 2012. As part of its plan, DSPD should provide a comprehensive list of reductions and efficiencies taken in other states for the area of services to individuals with disabilities and how these options may apply to Utah.

2. ***Request for \$1,364,000 in General Fund and \$3,463,700 in federal Medicaid funds to pay for required additional needs of individuals as a condition of participation in the Medicaid waiver programs.*** Utah serves 4,700 individuals in its DSPD Medicaid waiver programs. Of the 4,700 covered individuals, 470 or 10.0 percent have been identified as having increased health and safety needs. These are individuals already receiving services whose needs have increased due to worsened condition. In order for a person to meet the test to receive additional services, the person must have lost a primary caregiver or had a dramatic change in his or her health or behavior. Whether a person meets the test is determined by a review administered by a services review committee. It is a Medicaid requirement that the health and safety service needs of individuals receiving services under these waivers be met. The Medicaid waiver requires a review of an individual's needs take place at least annually. The Governor recommends funding this request with ongoing funds for FY 2013. The Analyst recommends the subcommittee forward to the Executive Appropriations Committee for further consideration, an increase of \$1,166,600 from the General Fund and \$2,716,200 from Federal Medicaid Funds for this request.
3. ***Request for \$1,133,000 in General Fund to maintain youth with intellectual disabilities on the Medicaid waiver who are aging out of Division of Child and Family Services (DCFS) custody.*** A small number of children and youth with intellectual disabilities in DCFS custody are put on the Medicaid Community Services Waiver in order to meet their needs. In FY 2011 the total number was 114. When these youth become adults they *age out* of DCFS custody and lose the funding previously provided for them as the funding stays with DCFS to pay for new children and youth with intellectual disabilities placed in DCFS custody. As a condition of the federal waiver approval, Utah agreed not to drop current waiver recipients from service (State Medicaid Directors Letter – *Olmstead Update No. 4*). In recent years, the cost associated with youth aging out of DCFS was covered by nonlapsing funds. The

division does not anticipate having nonlapping funds available for FY 2013. The Governor recommends funding this request with \$750,000 ongoing and \$383,000 one-time General Fund for FY 2013. The Analyst recommends the subcommittee forward to the Executive Appropriations Committee for further consideration, an increase of \$1,133,000 from the General Fund for this request.

4. ***Item of intent language for inclusion in FY 2013 recommended by the Governor***

The Legislature intends the Division of Services for People with Disabilities (DSPD) use FY 2013 beginning nonlapsing funds to provide services for individuals needing emergency services, individuals needing additional waiver services, individuals who turn 18 years old and leave state custody from the divisions of Child and Family Services and Juvenile Justice Services, individuals court ordered into DSPD services, and or lease expenses.

Statewide Waiting List

The division maintains a statewide waiting list for services. Calculation of the estimated cost of providing service for individuals on the statewide waiting list is based on the average cost of providing each service for each person who is waiting. The waiting list is updated using an ongoing review process. People no longer needing services or who no longer wish to wait for services are removed from the waiting list. As of June 30, 2011, there were 1,825 individuals with severe disabilities waiting for services at a total calculated cost of \$43,006,800 (\$12,461,200 in state General Fund). At the beginning of the current budget process, the department made a request of the Governor to fund \$2,540,300 in General Fund and \$6,226,900 in federal Medicaid funds to bring 20 percent or 362 of the most critical individuals on the disabilities waiting list into services. The Governor did not recommend funding this request at this time.

ACCOUNT FOR PEOPLE WITH DISABILITIES

The Account for People with Disabilities, a restricted account within the General Fund, was created in 1995 to receive revenues from the sale, lease, or other disposition of real property associated with the Utah State Developmental Center. Although statute states the principal of the fund cannot be appropriated, UCA 63J-1-211(2) overrides this restriction in times of an *operating deficit*. The beginning balance of the account as of July 1, 2010 was \$3,765,228. The Legislature appropriated \$3,682,100 from the account for FY 2011, a fiscal period meeting the qualifications of an operating deficit. Just as this account was depleted, the Legislature, at its discretion, could replenish the account if and when state revenues allow. For a more detailed explanation regarding the account, see the issue brief *Account for People with Disabilities* found at: <http://le.utah.gov/interim/2011/pdf/00001396.pdf>.

RESIDENTIAL PROGRAMS IN SEPARATE STATE AGENCIES

Residential services for individuals with intellectual disabilities are provided by the State of Utah in three different settings. The three settings include one setting operated under the Department of Health and two settings operated by the Department of Human Services. All three settings are governed by Medicaid policies and regulations and all three settings primarily utilize federal Medicaid funding to provide services. Each setting has its own history of existence and evolution. However, the separation of these programs under two different departments currently provides differing infrastructures for oversight, eligibility, scope of service, rates, and accountability for essentially similar populations. The Analyst recommends the two departments provide to the Office of the Legislative Fiscal Analyst by September 1, 2012 a range of viable options with a recommendation for combining these programs under a single management structure in order to provide consistency in oversight, scope of services, safety, accountability, eligibility, rates, and effectiveness. For a related discussion regarding the costs associated with residential care in these three settings, see the issue brief *Costs of Residential Care for Individuals with Intellectual Disabilities* at <http://le.utah.gov/interim/2011/pdf/00001394.pdf>.

ACCOUNTABILITY DETAIL

For a seven year history of output and outcome measures used by the division, see the issue brief *Division of Services for People with Disabilities Output and Outcome Measures*.

BUILDINGS

For a discussion of buildings used by the Division of Services for People with Disabilities including the Utah State Developmental Center, see the *Department of Human Services In-depth Budget Review* found at <http://le.utah.gov/interim/2010/pdf/00001613.pdf> pages 79 through 86. For a listing of those buildings see the *Department of Human Services In-depth Budget Review Appendix 3*, pages 25 through 27 found at <http://le.utah.gov/interim/2010/pdf/00001614.pdf>.

BUDGET DETAIL

The following table shows the budget history for the Division of Services for People with Disabilities and its FY 2013 Recommended Budget. This proposed FY 2013 Budget consists of the ongoing portion of FY 2012 state funds (General Fund and various restricted funds) plus the most recent estimates of other funds (federal funds, dedicated credits collections and various transfer or carry over funds). Estimated expenditures are then proposed based upon available funding.

Human Services - Services for People w/ Disabilities

Sources of Finance	FY 2011	FY 2012	Changes	FY 2012	Changes	FY 2013*
	Actual	Appropriated		Revised		Recommended
General Fund	51,252,200	54,900,600	0	54,900,600	0	54,900,600
General Fund, One-time	(6,416,600)	356,600	0	356,600	(356,600)	0
Federal Funds	1,415,400	1,415,400	0	1,415,400	0	1,415,400
American Recovery and Reinvestment Ac	11,278,200	0	0	0	0	0
Dedicated Credits Revenue	2,998,200	2,049,700	(166,600)	1,883,100	0	1,883,100
GFR - Account for People with Disabilitie:	100,000	100,000	0	100,000	0	100,000
Transfers - Medicaid	137,967,900	135,916,800	1,285,900	137,202,700	(874,100)	136,328,600
Transfers - Other Agencies	863,400	535,000	300,100	835,100	0	835,100
Total	\$199,380,800	\$195,275,400	\$1,491,700	\$196,767,100	(\$1,304,300)	\$195,462,800
Programs						
Acquired Brain Injury Waiver	2,793,900	2,974,700	(27,000)	2,947,700	0	2,947,700
Administration - DSPD	2,967,500	2,965,700	166,700	3,132,400	0	3,132,400
Community Supports Waiver	151,270,400	145,378,000	1,499,400	146,877,400	(1,079,400)	145,798,000
Non-waiver Services	1,424,700	1,559,400	0	1,559,400	0	1,559,400
Physical Disabilities Waiver	1,920,300	1,867,800	(16,900)	1,850,900	0	1,850,900
Service Delivery	6,988,400	6,527,200	(130,500)	6,396,700	(1,300)	6,395,400
Utah State Developmental Center	32,015,600	34,002,600	0	34,002,600	(223,600)	33,779,000
Total	\$199,380,800	\$195,275,400	\$1,491,700	\$196,767,100	(\$1,304,300)	\$195,462,800
Categories of Expenditure						
Personnel Services	33,872,900	33,574,100	960,500	34,534,600	(100)	34,534,500
In-state Travel	62,300	2,091,000	(2,025,800)	65,200	0	65,200
Out-of-state Travel	0	7,200	(4,200)	3,000	0	3,000
Current Expense	6,661,900	5,996,600	1,207,500	7,204,100	(224,800)	6,979,300
DP Current Expense	1,395,200	1,606,800	(82,300)	1,524,500	0	1,524,500
Capital Outlay	0	50,000	0	50,000	0	50,000
Other Charges/Pass Thru	157,388,500	151,949,700	1,436,000	153,385,700	(1,079,400)	152,306,300
Total	\$199,380,800	\$195,275,400	\$1,491,700	\$196,767,100	(\$1,304,300)	\$195,462,800
Other Data						
Budgeted FTE	785.4	709.8	6.2	716.0	0.0	716.0
Actual FTE	655.1	0.0	0.0	0.0	0.0	0.0
Vehicles	69.0	70.0	0.0	70.0	0.0	70.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

TABLE 1