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BRIEFLY

In 2011-13, the House-passed budget would spend \$26.7 million more on human services than the Senate-passed budget. Both budgets would make policy reductions in this area of over \$1.3 billion.

FOR HUMAN SERVICES, CUTS ALL AROUND

In both the House- and Senate-passed 2011–13 budgets, human services is the area that receives the second-highest Near General Fund–State plus Opportunity Pathways (NGFS+) appropriations, behind public schools. The \$12 billion spent on human services makes up about 38 percent of the NGFS+ total.

In all, the House would spend \$26.7 million more than the Senate on human services, but with 347.4 fewer FTEs. Maintenance level changes increase NGFS+ spending in both budgets over 2009–11 by \$2.599 billion, while policy changes in the House budget would reduce spending by \$1.316 billion and in the Senate by \$1.343 billion. In both budgets, changes to five agencies or program areas make up about 84 percent of total policy reductions: Health Care Authority (HCA), Department of Corrections, and, within DSHS, long term care, economic services administration, and medical assistance payments.

Health Care Authority

Medicaid Purchasing. Notably, the House would transfer the Medicaid Purchasing Administration from DSHS to HCA. As a consequence, there's a shift of over \$4 billion between the House and Senate that dwarfs the other differences. The governor requested this transfer (HB 1738) in order to consolidate state healthcare purchasing within one agency. The bill passed the House April 6, 2011. (Because the legislature is now in special session, all bills must be returned to their house of origin.) Excluding the transfer, other policy changes reduce HCA spending by \$123.3 million in the House budget (versus \$146.7 million in the Senate).

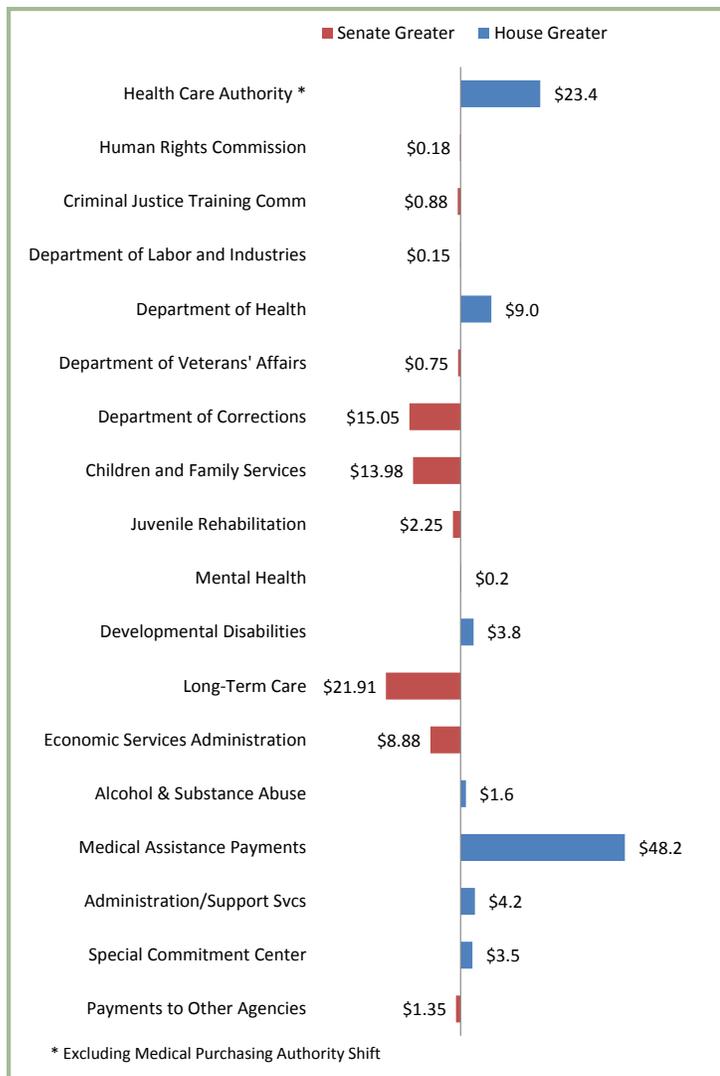
Basic Health Plan. Both budgets would make significant cuts to the Basic Health Plan. The House would limit enrollment beginning March 1, 2011 to people eligible for services under the Medicaid waiver. Enrollment would then be frozen beginning July 1, 2011 (at an expected 41,200 clients). This would reduce spending by \$107.9 million. The Senate would freeze enrollment throughout the entire biennium (at an expected 39,000 clients in FY 2012 and 34,000 in FY 2013). This would reduce spending by \$120.9 million.

Department of Corrections

A number of actions would be taken under both budgets to reduce the time offenders are in jail and under supervision. The House would release certain offenders 120 days early, saving \$26 million. The Senate would release certain offenders (fewer offenders would be eligible than under the House proposal) 60 days early, saving \$6.4 million. The Senate would also release offenders held beyond their earned release date, saving \$4.2 million. Both the House and Senate would deport all non-citizen drug and property offenders

(the House assumes this would save \$3.1 million; the Senate, \$2.5 million). The Senate would reduce supervision of certain first time offenders to save \$2.4 million and of jail and court offenders to save \$8.1 million. Both budgets would limit electronic home monitoring to save \$3.0 million. The House would eliminate “tolling” for non-sex offenders (meaning that community supervision would run continuously even if the offender is jailed during the community supervision sentence), saving \$5.2 million.

Chart 1: House and Senate Spending Differences (Dollars in Millions)



Additionally, the House would reduce offender programming to save \$4.4 million. The House would cap funding for in-state bed rentals for community custody violators at \$80 per day, saving \$5.7 million. The Senate would cap the funding at \$77 per day, saving \$8.7 million. Both the House and Senate budgets incorporate the closure of the McNeil Island Corrections Center (saving \$23.2 million) and the opening of the Elkhorn Unit at Larch Corrections Center (additional expenditures of \$4.9 million). Both budgets would make significant staff reductions, saving \$36.5 million in the House and \$36.6 million in the Senate. (These direct staff cuts reduce FTEs by 144.8 in both budgets; other policy changes also have the effect of reducing FTEs. In total, the House budget cuts 626.7 FTEs and the Senate budget cuts 334.6 FTEs.)

DSHS Long Term Care

The House would reduce nursing home reimbursement rates for Medicaid clients with the lowest acuity and lower the allowable return on investment used in calculating the state financing rate for nursing homes. It would also delay the rebasing of nursing home rates. Together, these changes would save \$32.3 million.

Both budgets assume that nursing homes will provide funds to leverage federal Medicaid matching funds. In the Senate, these funds would go toward Medicaid nursing facility payments; in the House, they would be used to return rates to June 20, 2010 levels. The House also directs that a per-bed fee be levied to generate the match. The Senate actions would save \$30 million; the House actions would save \$15 million.

Both budgets would reduce personal care hours, saving \$79.9 million in the House and \$73.9 million in the Senate. Also, both budgets would delay mandatory training until 2013–15, saving \$9.9 million. (Both would also delay mandatory training in developmental disabilities, saving \$12.2 million.)

DSHS Economic Services Administration

Disability Lifeline (DL). The House would eliminate funding for the DL-Unemployment cash grant program as of September 30, 2011 (saving \$83.2 million). Instead, funding would be provided through the Department of Commerce to counties and non-profits for housing assistance and essential needs for DL clients. Additionally, the House would reduce the average DL grant for all DL clients by 42.1 percent, saving \$100.3 million.

The Senate would also eliminate the cash grant for DL-U clients, but “homeless DL-U clients would be provided priority for housing resources

funded by the Home Security Fund in the Department of Commerce.” The DL-Expedited program would be split into housing and non-housing components, with separate benefits. These changes would save a total of \$184.3 million. The Senate would also limit enrollment in the medical component of Disability Lifeline, saving \$50.6 million (accounted for as part of Medical Assistance Payments).

Other. Both budgets would continue to suspend the child support pass-through, saving a total of \$25.1 million. (When a family receives Temporary Assistance for Needy Families benefits, any child support collected for that family may be retained by the state. The state may choose to “pass through” some of that child support money to the family, which Washington did until May 1, 2011.) Both budgets would also reduce funding for state food assistance (the House by \$30.3 million and the Senate by \$16.8 million).

DSHS Medical Assistance Payments

Medical Assistance Payments is the program area within DSHS from which the House would transfer Medicaid purchasing. Removing that line item, additional policy changes to this program area in the House budget would reduce spending by \$453.9 million and in the Senate by \$502.1 million.

Both budgets would limit reimbursements for visits to the emergency room for non-emergencies to three per enrollee per year, saving \$33.0 million. Both budgets would also reduce inpatient and outpatient hospital rates by 8 and 7 percent, respectively, saving \$110.5 million.

Both budgets would change the methodology for payments to federally-qualified and rural health centers, saving \$89.5 million in the House and \$48.3 million in the Senate. The House would reduce payments under the Non-Rural Indigent Assistance Disproportionate Share Hospital program, saving \$19.7 million.

The Senate budget would direct DSHS to seek a federal Medicaid waiver in order to charge or increase premiums for certain enrollees, to save \$8.8 million. It would also seek a waiver to allow co-payments for prescription drugs, saving \$10.3 million. Both budgets would eliminate the policy of covering the costs of Medicare Part D co-payments for people who are eligible for both Medicare and Medicaid, saving \$14.0 million. Both budgets would require school districts to share the cost of medical services for Medicaid-eligible students. The House would save \$19.2 million by using only local funds to match federal funds; the Senate would save \$9.3 million by splitting the costs between state and local funds.

The House budget would eliminate routine and preventative dental services for adults (except pregnant women), saving \$37.4 million. The Senate budget would reduce funding for these services, saving \$28.6 million.

Other Significant Policy Changes

Department of Health. Both budgets would reduce the Health Clinic Grant Program, which provides grants to community health care clinics that “provide primary care to uninsured people on a sliding-fee basis.” The House would reduce the grants by 50 percent, saving \$12 million. The Senate would suspend the grants for the biennium, saving \$24 million. In 2008, additional public health grants were funded as a result of the Blue Ribbon Commission. The Senate would reduce them by 60 percent (saving \$12 million), and the House would reduce them by 38 percent (saving \$7.5 million).

DSHS Mental Health. Both budgets would reduce funding for non-Medicaid

-eligible Regional Support Network services. The House would make a 4 percent reduction (saving \$8.7 million), and the Senate would make a 7 percent reduction (saving \$17.4 million). The House would also reduce RSN Medicaid rates by 3 percent to save \$8.7 million.

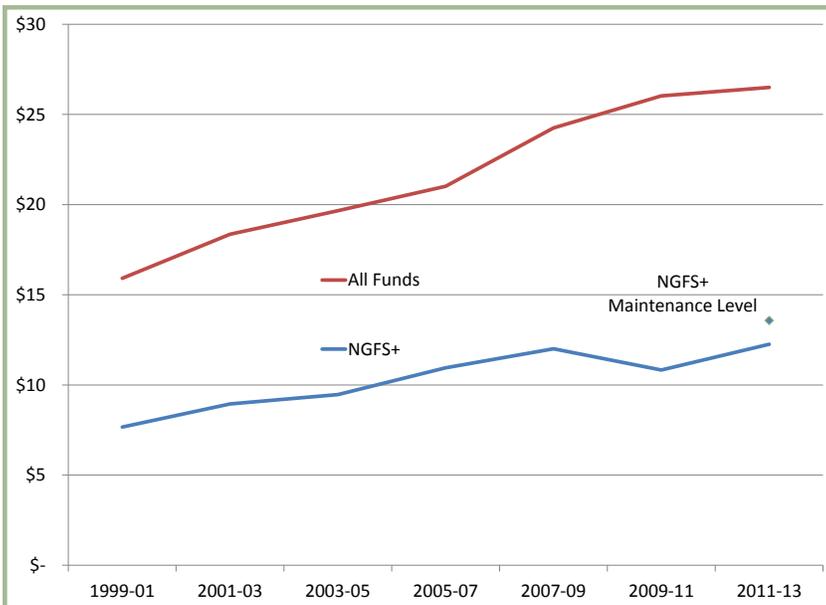


Chart 2: Historical Human Services Spending, Using the House Budget for 2011-13 (Dollars in Billions)

DSHS Developmental Disabilities. The Senate would close two unspecified Residential Habilitation Centers, saving \$15.1 million. The House incorporates closure of the Francis Haddon Morgan Center and the Yakima Valley School, saving \$6.6 million. Both the House and the Senate would reduce personal care hours, saving \$17.6 million in the House budget and \$14.4 million in the Senate budget.

Workers’ Compensation

Workers’ compensation reform (ESB 5566) passed the Senate March 5. In the House, it remains stuck in the Labor and Workforce Development Committee. Other bills related to workers’ compensation have passed the House, however.

Both the House and the Senate would authorize non-NGFS+ spending related to ESHB 1725

(workers’ compensation administrative efficiencies), which was passed by the legislature April 21.

The Senate budget includes funds for the Board of Industrial Appeals and the Department of Labor and Industries (L&I) to implement ESB 5566. The Senate would also provide non-NGFS+ funding to implement SB 5801, which establishes a medical provider network and was signed by the governor March 14.

In the House, the budget would authorize non-NGFS+ spending for L&I related to ESHB 2002 (wage subsidies to employers who provide light duty work to injured workers, passed by the House March 5 and by the Senate Labor, Commerce and Consumer Protection Committee March 24); ESHB 1869 (creating a medical provider network, passed by the House February 26); and ESHB 1487 (claims management authority for retrospective rating plan employers and groups, passed by the House March 5).