

WASHINGTON STATE'S
Department of Social and Health Services
Aging and Disability Services Administration

Governor Gregoire's Budget Reduction Alternatives
October 31, 2011



The 2012 Budget Historical Context

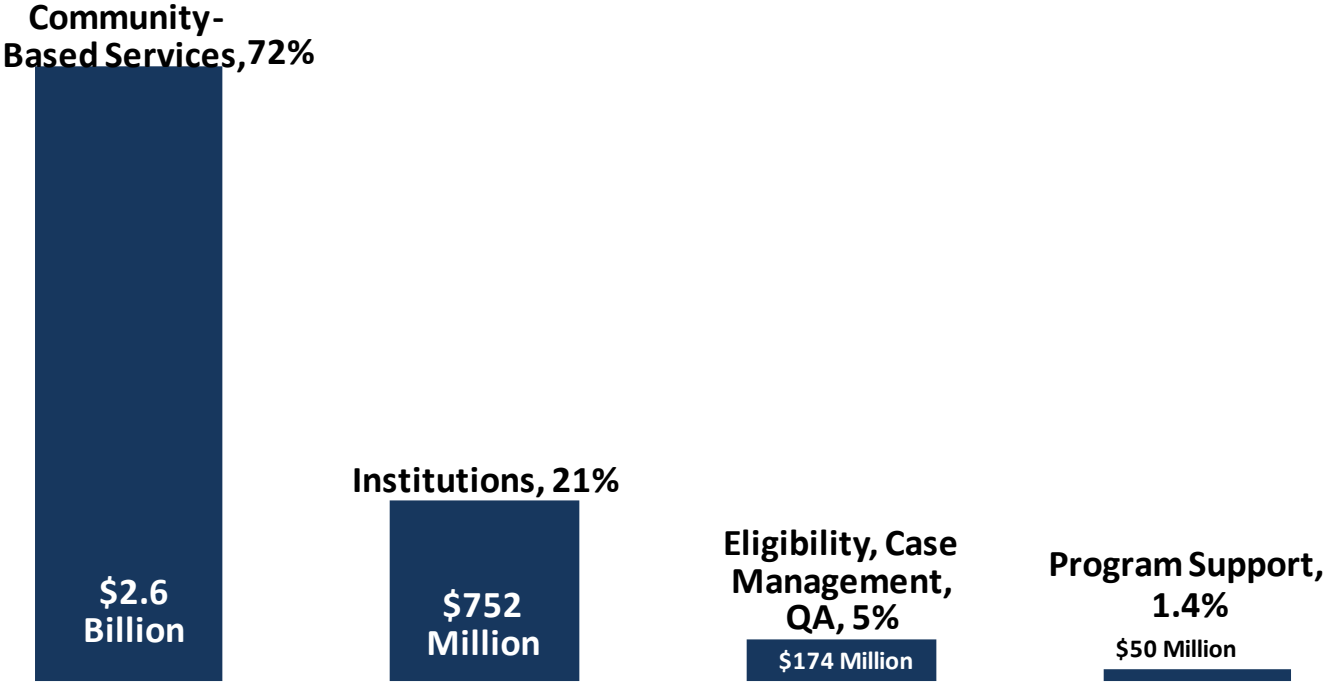
- Since September 2008, Washington State has faced a deficit of more than (\$7.5 Billion) in state revenue.
- At the same time, many demographic and economic factors have affected the cost of services or the number of persons requiring services.
- The combination of deficits in state revenue collections, caseload growth, and higher than average inflationary costs have resulted in the need for reductions totaling over (\$10 Billion) General Fund-State (GF-S) in the last three years alone.

Addressing the Additional Shortfall

- The September 15th revenue forecast projected an additional shortfall of (\$1.4 Billion) for the 2011-13 biennium.
- The November 17th forecast is expected to show more revenue decline.
- On September 22nd DSHS submitted budget options to the Office of Financial Management of (\$573M) GF-S.
- Governor Gregoire has now prepared a list of (\$2B) in reduction alternatives.
- Those alternatives would reduce state funding to DSHS by (\$381M) GF-S.
- ADSA's state funding would be reduced by (\$166M), with an almost equivalent loss of matching federal funds.
- The Governor will finalize her supplemental budget for presentation to the Legislature prior to the special session, which begins November 28th.

Reductions Must Fall Where the Money is Spent

ADSA 2011-13 Budget GF-S Portion Only (\$3.5 Billion)



Long-Term Care

- **Eliminate Nursing Home Rate Add-On** – Ends rate adds for nurse wage increases, increased support staff wages/benefits and for taking acute clients. (\$16.0M) Total, (\$8.0M) GF-S
- **Eliminate Assisted Living Capital Add-On** – Ends the rate add to Assisted Living (AL) facilities with more than 60% Medicaid occupancy. Affects 35% of AL facilities. (\$3.8M) Total, (\$1.9M) GF-S
- **Eliminate Adult Day Health** – Provides day program, nursing and rehabilitative services . 1,000 people will be affected. (\$8.1M) Total, (\$4.1M) GF-S
- **Reduce Senior Citizens Services Act Funding** – Reductions to services for senior citizens such as information and referral, foot care, bath assistance, minor home repair, adult day health/day care, transportation, meals, and case management. (\$1.6M) Total, (\$1.6M) GF-S



Long-Term Care and Developmental Disabilities

- **Major Eligibility Reduction, Personal Care** – Functional eligibility standards for people who receive personal care in their own home or a residential facility will increase so only the following qualify:
 - Those who need extensive assistance with activities of daily living (ADL's) such as bathing, mobility, personal hygiene and eating.
 - Those who need less assistance with ADL's but are cognitively impaired.

Approximately 5,000 with physical and 800 with developmental disabilities will lose eligibility for personal care:

- 3,100 in homecare
- 350 in adult family homes
- 400 in boarding homes
- 1,350 in assisted living

(\$68M) Total, (\$34M) GF-S



Developmental Disabilities

➤ Major Eligibility Reduction (*Continued*)

Intermediate Care Facility /Intellectual Disability Waiver – The savings on the prior page include functional eligibility increases for DD home and community-based service (HCBS) waivers and residential habilitation facilities so that only the following people will qualify:

- Those with need for substantial support with multiple tasks.
- Those with at least medium-level medical, behavioral support, or protective supervision needs.

About 330 clients will lose eligibility, including:

- 187 living at home alone or with a spouse
- 87 living at home with family members
- 56 in supported living, group home, or alternative living

(\$2M) Total (\$1M) GF-S

Developmental Disabilities

- **Consolidate Developmental Disability Waivers** – Two home and community-based waivers, *Basic and Basic Plus*, would be merged and total funding reduced. About 7,000 clients would select their own mix of services. (\$24M) Total, (\$12M) GF-S
- **Eliminate State-Only Employment and Day Services** – Terminates supported employment services for 488 clients with developmental disabilities who are not in a Medicaid Home and Community-Based waiver program. (\$9.1M) Total, (\$9.1M) GF-S
- **Suspend Individual and Family Support Services** – Suspends funding for respite, therapies, adaptive equipment, medical, dental, nursing and other services for 1,000 people with developmental disabilities or their families. (\$8.4M) Total, (\$8.4M) GF-S



Developmental Disabilities

➤ **System of Care Redesign for People with Developmental Disabilities—** Closes Rainier Residential Habilitation Center after federal grants and one-time funding are used to transition approximately 350 residents to community-based settings or other residential habilitation centers. Because the average monthly RHC cost is \$15,000 per resident, significant savings in future biennia are expected. The community system of care will generate:

- Short-Term Crisis Stabilization Beds
- Community–Based Respite Beds
- Professional Consultation Teams that may include Behavior Specialist, Psychologists, Nurses or others.
- Transition Team

(\$4M) Total, (\$2M) GF-S



Mental Health

- **Implement Utilization Management** – Standardize and reduce use of mental health services. (\$19.0 M) Total, (\$9.5 M) GF-S
- **Community Redesign** – Reduce the number of Regional Support Networks from 13 to six by January 1, 2013. (\$3.0 M) Total, (\$1.8 M) GF-S
- **Hospital Re-Sizing** – Approximately 52 patients at Western State Hospital who do not have a primary psychiatric diagnosis (those with dementia) will be moved, with additional supports, to nursing homes or adult family homes to better meet their needs. Two WSH wards will be closed when no longer necessary. (\$5.0 M) Total, (\$2.5 M) GF-S
- **Use Federal Block Grant for Waivered Mental Health Services (b3)** – Replaces state with federal funds for supported employment, adult clubhouse and respite care. (\$4.2 M) Total, (\$2.1 M) GF-S



Mental Health

- **Close Two Civil Wards at Western State Hospital (WSH)** - Community supports are developed for approximately 60 patients hospitalized at WSH who are ready for discharge. Two civil wards would be closed when no longer necessary. A phased process will assure community based capacity is developed prior to ward closure. (\$2.7 M) Total, (\$1.5 M) GF-S
- **Eliminate Hospital Bed Penalty Charged to Regional Support Networks (RSNs)** -Terminates the penalties charged to RSNs that excessively direct their clients to the state hospital system. (\$1.5 M) Total, (\$1.5 M) GF-S
- **Delay Implementation of Involuntary Treatment Act Changes** - Implementation date of House Bill 3076 is changed from January 1, 2012 to July 1, 2015. This postpones the expected increase in utilization of community-based and institutional mental health services. (\$33.6 M) Total, (22.6 M) GF-S



Mental Health

- **Reduce Non-Medicaid Funding for RSN's** – Priority for use of remaining funds would be: crisis response, involuntary commitments, emergency hospitalization, and residential support . (\$4.9 M) Total, (\$4.9 M) GF-S
- **Reduce Community Services** – No service decrease. Budget decrease based on expected actual expenditure level for pharmaceuticals, equipment and professional fees for individuals who are involuntarily committed and based on actual expenditure levels for mental health services to dangerously mentally ill offenders released from correctional institutions. (\$3.2 M) Total, (\$3.2 M) GF-S
- **Reduce Spokane Acute Care Diversion Proviso** – Reduce funding by 50% for services that divert mental health patients from the state hospital system (\$0.8 M) Total, (\$0.8 M) GF-S



Alcohol and Substance Abuse

- **Reduce County Outpatient Chemical Dependency Services** - Reduce chemical dependency services and convert remaining funding to a county block grant. (\$18.9M) Total, (\$18.9M) GF-S
- **Eliminate Disability Lifeline and Alcohol and Drug Abuse Treatment and Services (ADATSA) Services** - terminates the Disability Lifeline and ADATSA programs, affecting 15,000 clients who receive chemical dependency services. (\$10.4M) Total, (\$5.2M) GF-S
- **Eliminate Long-Term Residential, Recovery Houses, Pioneer Center East** - Ends residential services for 223 chronically chemically dependent or disabled clients. Terminates five recovery houses that serve 299 after residential treatment. Eliminates funds for Spokane facility serving 283. (\$4.8M) GF-S
- **Fund Drug Courts with the under spent Criminal Justice Treatment Account Funds** (\$2.1m) Total, (\$2.1m) GF-S



Next Steps

- **November 17** - Economic and Revenue Forecast
- **Week of November 21** – Governor Gregoire releases her supplemental budget
- **November 28** – Special Legislative Session begins